BANK OF MONGOLIA

ANNUAL REPORT 2013

STATEMENT FROM THE GOVERNOR

Ladies and gentlemen,

The year of 2013 was a big challenge for us in terms of macroeconomic policies. European debt distress and its exacerbation, slowdown in Chinese economic growth, decline in mineral commodities and raw materials, and capital outflows from developing economies have negatively affected to our economy. In this uncertain and volatile environment, the central bank's mandate was not only limited by maintaining price stability, but also aimed at promoting sustainable economic growth, structural reforms, real sector activities, and increasing domestic savings and investments.

Although, current account deficit of Mongolia was 3.1 billion US dollars in average during 2010-2012, of which trade in goods used to have over 2 billion US dollars of deficit per year, surplus in capital and financial account, which was mainly contributed by foreign direct investment inflows, used to fully finance the current account deficits. However, net foreign direct investments and export proceeds sharply declined by 2.4 billion and 0.8 billion US dollars respectively in 2013. In addition, short-term external borrowings during 2011-2012 in the form of advance payments of future exports had caused a significant decline in foreign exchange inflows into the economy of Mongolia. These negative factors affected shrinkage of capital inflows by 4 billion US dollars (equivalent to 6.1 trillion togrogs) and net foreign assets by 78.5% or 3.5 trillion togrogs only in 2013, and became fundamental reasons of current economic difficulties, which started from late 2012.

Within its legal mandate, the Bank of Mongolia has made timely and necessary monetary injections in consistent with monetary conditions and macroeconomic outlook only through the private sector since November 2012 in order to prevent from a potential economic crisis, stabilize the overall economy, and ensure financial stability because risks of potential credit crunch at the end of 2012, financial sector stress and instability, broad money contraction in 2013, as well as potential economic crisis were evident back then. The countercyclical monetary injections were conducted through following unconventional monetary policy measures:

First, the Bank of Mongolia has injected 677 billion togrogs in the form of program loans to banks under "Price stabilization and supply shock elimination program". Thanks to this program, the main consumer goods' inflation, especially supply-driven inflation has been low and stable throughout the year of 2013.

Second, the Bank of Mongolia has deposited 900 billion togrogs as a term deposit in order to stimulate financial sector confidence, support overall liquidity condition of banks, and prevent from a potential credit crunch. This measure was a key to ensure financial stability and prevent the banking sector from potential instability risks.

Third, while expectations of inflation outlook were consistent with its target, the Monetary Policy Committee has cut policy interest rate 3 times by 2.75 percentage point in total to promote economic activity and provide stable monetary and credit growth. In addition, unconventional monetary policy injections have recovered and stabilized money supply through issuing more circulating capital loans in the real sector.

As a result of implementing these set of policies, broad (M2) money and real GDP growth rates were maintained at 24.3% and 11.7% respectively, prevented from potential systemic risks and credit crunch, enhanced overall financial sector resilience as well.

For the purpose of reducing a huge pressure of supply shocks on the overall CPI inflation, the Bank of Mongolia has been leading and implementing the “Price stabilization and supply shock elimination program”. This medium-term program aims at reducing supply-driven inflationary pressure, stabilizing main consumer good prices, maintaining low and stable inflation, abolishing supply distortions/constraints and infrastructure bottlenecks, and establishing a market-based, sustainable and efficient supply chain mechanism.

The outcomes of retail gasoline price stabilization under the supply shock elimination program showed that stabilizing retail gasoline price is possible by effectively using financial derivatives to mitigate exchange rate risks. Direct impacts of meat and meat products’ inflation on total CPI inflation have been decreased by 3.1 times compared to the previous year thanks to “Food price stabilization program”. In addition, launching new financial instruments to finance warehouse stocks of grain, flour and meat was the beginning of establishing a market-based, efficient and sustainable mechanism of main consumer goods’ supply chain. Annual CPI inflation in nationwide and Ulaanbaatar city levels has been declined by 1.5 and 1.9 percentage points to 12.5% and 12.3% respectively thanks to the programs against supply shocks. If administrative prices including electricity, heating and water supply tariffs and education service prices did not increase in 2013, nationwide inflation would definitely be in a single digit at the end of 2013.

The Bank of Mongolia has supported residential building and construction sector from both supply and demand sides within its policy measures to promote balanced economic growth and increase middle class savings. For instance, domestic production of construction materials and residential housing supply were supported by monetary injections, so a number of newly built residential apartments grew by over 60% in 2013. On the other hand, the Bank of Mongolia has initiated a sustainable mortgage financing program and banks have issued 739.1 billion togrogs of new residential mortgage loans and refinanced 474.5 billion togrogs of existing mortgage loans under this program so far. The Bank of Mongolia is fully committed to continue its policy to increase middle class savings through the sustainable mortgage financing program, which justifies and rationalizes expenditure structure of households. We expect further development of mortgage backed securities market, recapitalization of social insurance and pension fund, and more transparency in labor market, tax and insurance environments.

Since March 2013, the Bank of Mongolia has established an interest rate corridor with a ceiling of 2 percentage point above the policy interest rate and a floor of 2 percentage point below the policy interest rate in order to improve interest rate channel of monetary transmission mechanism and reduce volatility in short-term interest rates. This development has launched new policy instruments such as overnight repo and overnight deposit facilities, which are offered to banks, as well as enabled banks to manage their reserves in money market more effectively.

Due to continuous deterioration on terms of trade condition, sharp decline in foreign direct investments, and severe shocks hit and totally negative expectations arisen in foreign exchange market in late July, nominal and real effective exchange rates were depreciated by 15.5% and 7.2% respectively in 2013. This inevitable change in exchange rate has brought some costs and difficulties in a short period of time though, it plays a significant role to meet prerequisite conditions to decrease foreign trade and current account deficits, mitigate external sector risks through both flexible exchange rate and preservation of foreign exchange official reserves, make structural economic reforms, and not to lose export capabilities and economic competitiveness in the long-run. On the other hand, foreign exchange market shocks, excessive and dramatic volatilities in exchange rates have negative impacts on macroeconomic stability in a country like Mongolia, where foreign trade turnover exceeds its nominal GDP. Therefore, during the balance of payments difficulties, the Bank of Mongolia has continued its policy to intervene to the foreign exchange market only for the purpose of smoothing excessive exchange rate volatilities and not for changing exchange rate trend, which was consistent to macroeconomic fundamentals. This measure has enabled to mitigate the negative impacts of balance of payment shock on financial sector and maintain macroeconomic stability.

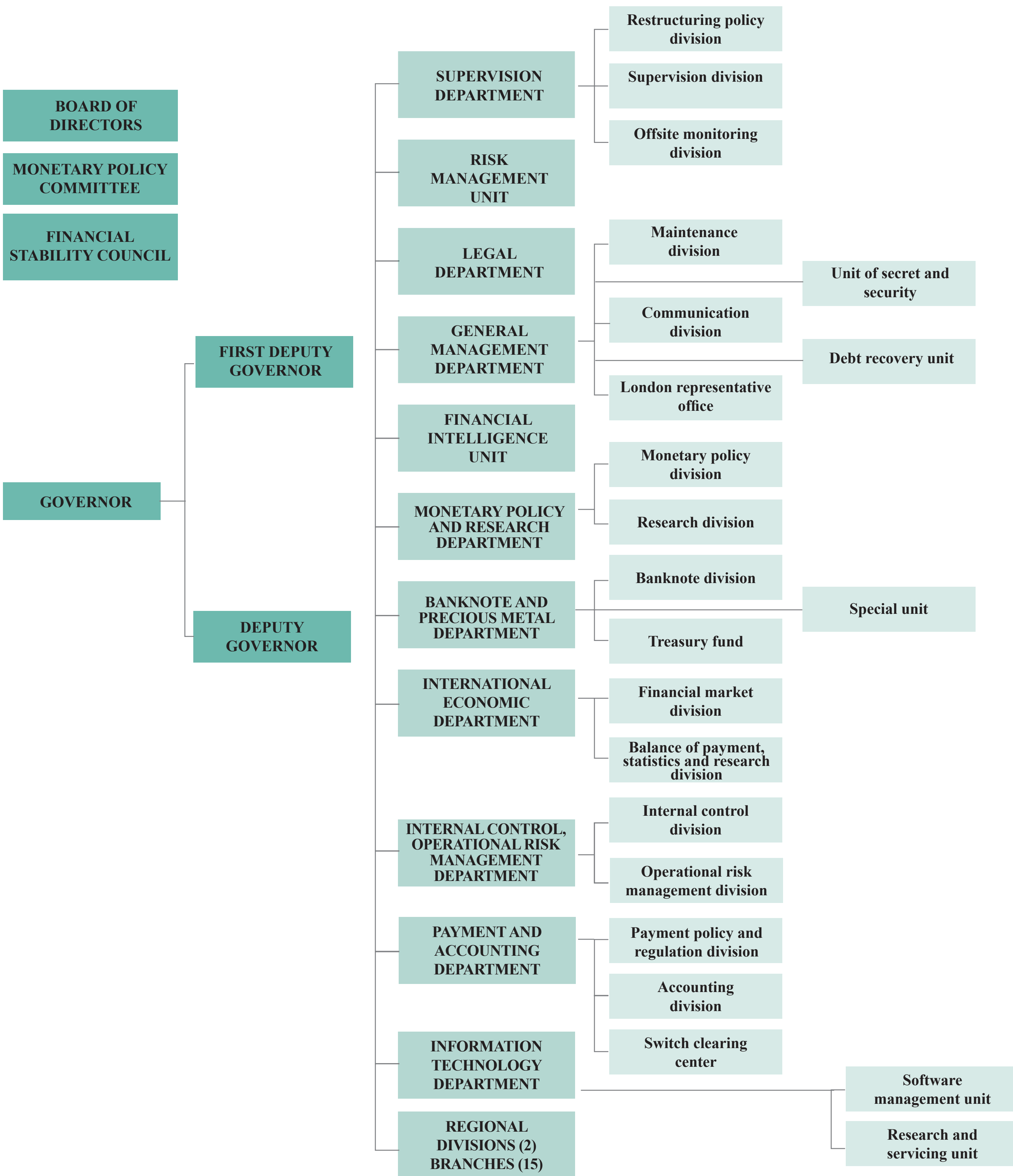
In 2013, banking sector total assets increased by 74.1% to 20.1 trillion togrogs, outstanding loans grew by 54.1% to 10.8 trillion togrogs, and total deposits increased by 30.1% to 6.4 trillion togrogs. All banks have been fulfilling the prudential requirements including capital adequacy since 2013 and it should definitely be emphasized here that overall banking sector stability, soundness and resilience have significantly been improved as ever before. At the end of 2013, the weighted average interest rate of loans decreased by 4.6 percentage points to 14.9% from its peak level of 2013.

The number of inter-bank transactions made through payment system has been increasing year by year in accordance with economic expansion and financial sector development. Specifically, the number of inter-bank transactions grew by 2.5 times and transaction volume increased by 82% in 2013.

Mongolia aims at maintaining long-term sustainable economic growth same as to other countries. Our main economic policy objectives are to maintain macroeconomic and financial stability and based upon that to further reform current inefficient, vulnerable and consumption-based structure of the economy, which has been dependent on mineral commodity prices and foreign direct investments in mining sector, to a well diversified, more resilient, competitive and productivity-based economy, which promotes and relies upon domestic production, savings and investments. Hence, the Bank of Mongolia's medium-term policy guideline shall direct towards achieving these objectives.

N.ZOLJARGAL
Governor, Bank of Mongolia

ORGANIZATIONAL CHART OF BANK OF MONGOLIA



CONTENT

MONGOLIA – MACROECONOMIC OVERVIEW

1

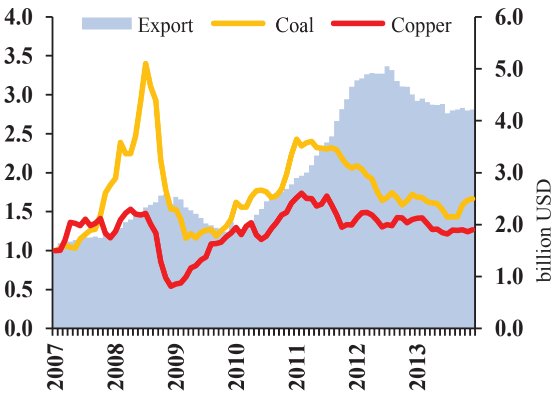
1.1 Real sector

Real GDP growth

Real GDP growth of Mongolia was 11.7% in 2013, maintaining its double-digit growth for 3 consecutive years. The economy has experienced a slowdown since 2012, due to decreasing foreign currency inflow and net foreign assets, reaching 7.1% in the first quarter of 2013. At that point, Bank of Mongolia implemented countercyclical monetary policy with the aim to prevent from any potential crisis and to stabilize the economy. The implementation of this policy bolstered the balanced economic growth, and as a result, real GDP growth began to sustain in steady pace from the second quarter of 2013. Thus, it succeeded to absorb the external economic shocks towards real sector, and lowered the risk of losing approximately 180 thousand work places.

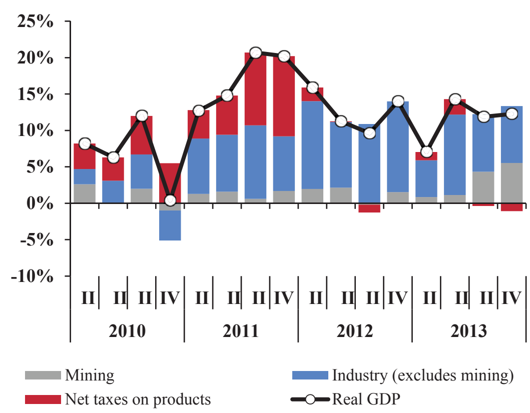
Contribution of mining sector in the real economic growth slumps in 2013, on the contrary, growth has been recovered by agricultural sector.

Figure 1:Copper, coal price index /2007=1.0/, export



Source:NSO

Figure 2: Real GDP growth (%)



Source:NSO, World Bank

Looking at the breakdown of the GDP growth, wholesale and retail sector has increased its share of GDP growth, as well as mining sector and manufacturing sector, while net taxes on products and transportation sector have decreased from the previous year.

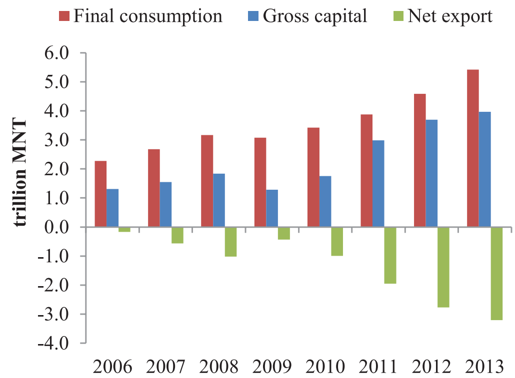
As for sector-by-sector breakdown of the GDP growth, services sector still remains the largest contributor to the overall growth despite declining in the fourth quarter, and mining sector contribution to overall growth has increased in the second half of the year.

Table 1:Real GDP growth

	2013			
	I	II	III	IV
Real GDP	**10.7%**	**11.6%**	**12.2%**	**11.7%**
Agriculture	2.9%	3.0%	2.6%	2.0%
Mining and quarrying	1.1%	0.8%	2.1%	3.2%
Industry /excludes mining/	1.3%	1.7%	2.5%	1.9%
Service	5.5%	5.6%	4.3%	4.3%
Net taxes on products	0.6%	1.1%	2.0%	1.4%

Source: NSO

Figure 3:GDP breakdown /final consumption method/



Source:NSO

According to the final consumption method, final consumption is amounted to 5.4 trillion MNT, 4 trillion MNT for gross capital, and -3.2 MNT for net export, showing that the economy continues to be heavily dependent on consumption. Policy makers are to consistently implement the macro policy tended for supporting the middle class savings, turning excessive consumption into capital accumulation, so that there would be some positive effects such as increase in domestic productivity, net export, and gross capital.

Non-mineral sector

The non-mineral sector grew by 10.1% (y-o-y) in 2013 and contributed around 8.5 percentage points to the GDP growth of 11.7% in 2013, with the largest contributors being the construction, the retail and wholesale trade and the agricultural sectors.

Mainly owing to the several types of projects financed by the Development Bank of Mongolia that are being implemented with the aim of infrastructure development and the measures taken by the Bank of Mongolia with the purpose of enhancing the supply of household apartments and supporting the domestic production of construction materials, the construction sector grew by 66.5% (y-o-y) in 2013 which is 2.2 times higher than its period average growth between 2010-2012 and contributed around 1.4 percentage point to the overall GDP growth which is twice larger contribution than that of 2012.

Among services' sectors, the retail and wholesale trade sector exhibited the highest growth contribution of 2.1 percentage points to the overall GDP growth. On the other hand, the transportation sector contributed negatively of around -0.2 percentage point to the GDP growth which was consistent with the decline of 0.9% (y-o-y) in total freight turnover and 6.8% (y-o-y) in total passenger turnover in 2013.

The agricultural sector contributed about 2.0 percentage points to the real economic growth. A part of the price stabilization program implemented by the Bank of Mongolia in cooperation with the Government that focused on stabilizing the prices of main consumer goods' was one of the contributors to this growth. With 15.7 million heads of breeding stock giving birth, 15.2 million heads of newly-born stock being able to survive and 0.8 million heads of livestock death by natural causes occurring throughout the year of 2013 led to the total livestock growing by 10.3% (y-o-y) to reach 45.1 million heads at the end of 2013.

Looking at real GDP growth by its expenditure components, final consumption contributed around 13.7% and out of which, private consumption contributed solely around 16.8 percentage points (figure 5). Due to the Fiscal Stability Law being fully enforced and thus, some fiscal expansion activities such as, the act of handing out cash to citizens being able to be avoided, public consumption was on a downward trend in 2013. The contribution of gross capital formation to the overall GDP growth slowed down to around 1.5 percentage points due to a significant fall in foreign direct investment to Mongolia. Goods and services' exports contributed 8.9 percentage points to the GDP growth while goods and services' imports contribution stood at -12.5 percentage points. In net terms, foreign trade deficit contributed -3.6 percentage points to the overall GDP growth.

Figure 4: Growth of real GDP and its production components in 2010-2013

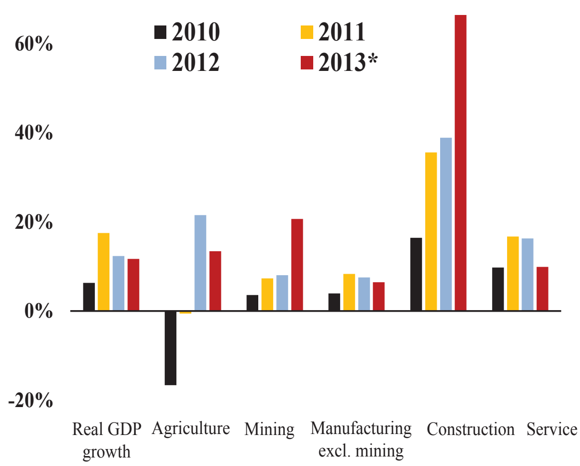
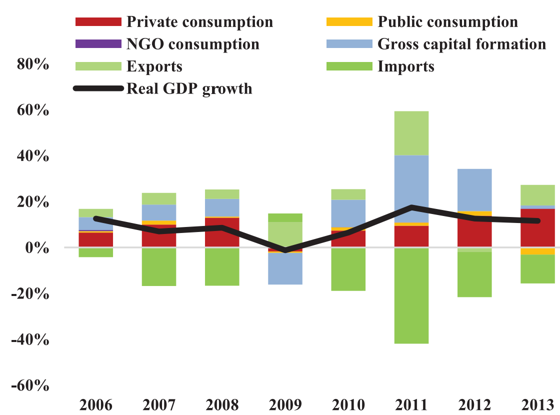


Figure 5: Real GDP growth and contribution of its expenditure components



Source: NSO

Labour

In the third quarter of 2013, working age population has increased by 5.6% from the previous year and has reached to 1894.5 thousand. From which, economically active population or total labour force is 62.1% and labour participation rate has increased by 0.5% (figure 6). The number of employed has increased by 68.2 thousands, reached to 1086.4 thousands, while the number of unemployed reached to 89.5 thousands and unemployment rate has dropped to 7.6% from the year 2012 (figure 7).

Considering the number of employed by main sectors of economic activities, 32.5% or 353.1 thousand workers in agricultural, 21.1% or 229.6 thousand workers in production and 46.4% or 503.7 thousand workers in services sector in 2013. Besides, by employment status, 47.3% or 514.0 thousand workers are paid employee, 1.3% or 14.1 thousand workers are employer. Moreover, 18.7% or 203.3 thousand people of total employed are self-employed workers, 2.3% or 25.5 thousand people are unpaid family workers, and 29.9% or 325.2 thousand people are employed in animal husbandry (figure 9).

Figure 6: Labour force participation rate*

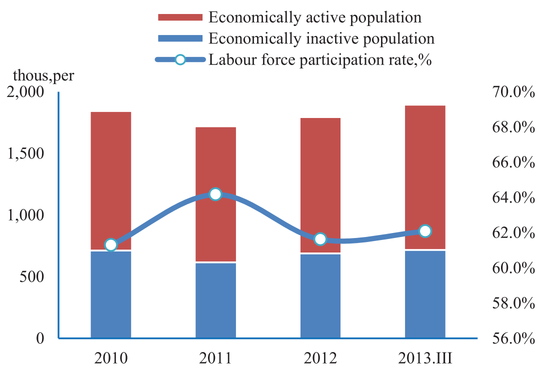


Figure 7: Unemployment rate

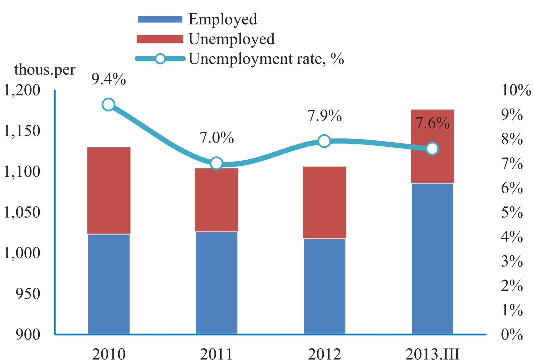


Figure 8: Employee (by main sectors of economic activities)

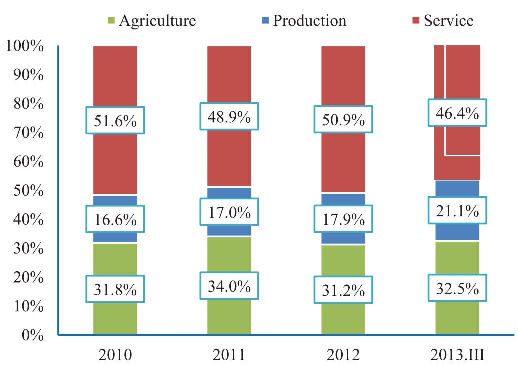


Figure 9: Employee (by employment status)

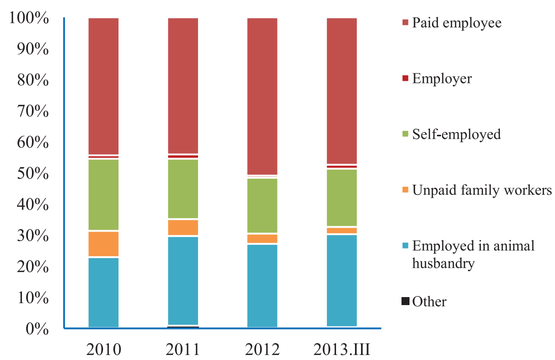


Figure 10: Employment in industry

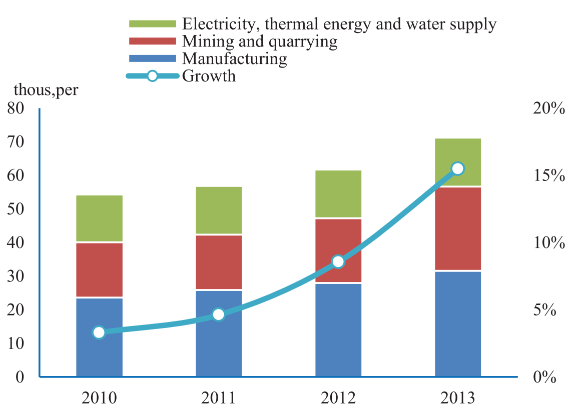


Table 2: Labour productivity

Labour productivity** (at 2005 constant prices, thousand.tog)	**2011**	**2012**	**2013**	**2013/ 2012**
Industrial sector	**37,745**	**39,244**	**40,764**	**3.9%**
Mining and quarrying	70,472	69,805	71,422	2.3%
Manufacturing	26,467	29,048	28,307	-2.6%
Electricity, thermal energy and water supply	16,526	17,140	17,714	3.3%

Source:NSO

* Labour force participation rate represents share of economically active population to population of working age (15 and over).

** Gross output per employees (Number of employees as of average of the year)

Sources:NSO

At the end of 2013, the number of employed in manufacturing industry has reached to 71.2 thousands and production of per worker or labor productivity has reached 40.7 million MNT by 2005 constant price. Mining and quarrying sector has shown the highest productivity, reached 71.4 million MNT, and increased by 2.3%. However, labor productivity in manufacturing has dropped by 2.6% to 28.3 million MNT, while labor productivity in electricity, thermal energy and water supply has increased by 3.3% from the previous year to 17.7 million MNT (table 2).

1.2 External sector

Balance of payment

According to the preliminary results of Balance of Payments for the year ended 2013, the current account incurred a deficit of USD 3,155.6 million and the capital and financial account had a surplus of USD 1,471.7 million, which resulted in Balance of Payments deficit of USD 1,883.3 million.

Figure 11: Balance of Payments

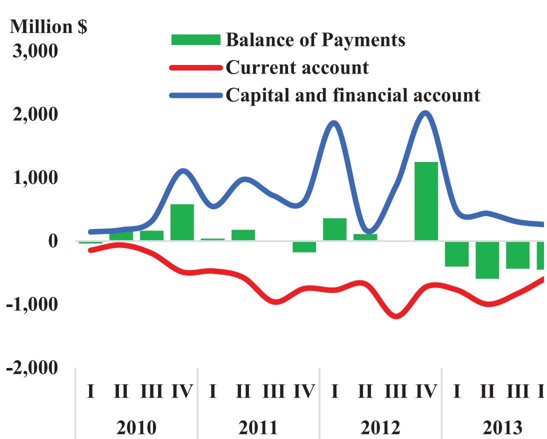
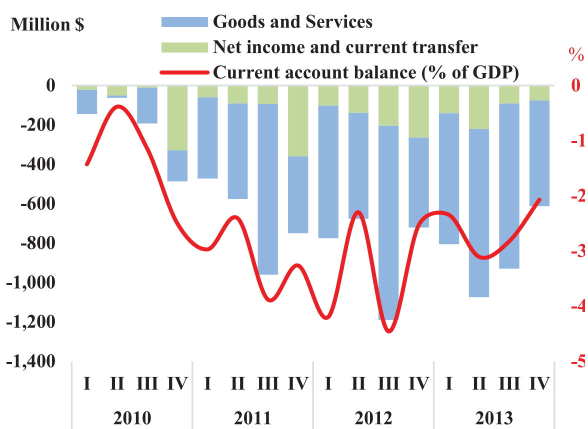


Figure 12: Structure of Current account balance



Source: Bank of Mongolia

In 2013, current account deficit decreased by 6% or USD 206.7 million from the previous year. The decrease was due to narrowing trade deficit by 15%, reaching USD 1,314.5 million, ii) income account deficit by 29%, reaching USD 670.3 million, iii) current transfer surplus by 40%, reaching USD 142.7 million. Mongolian Balance of Payments deficit was 32% of GDP in 2011 and 33% of GDP in 2012 due to following seasonal budget expansion, increase in demand of goods regarding flat ministering policy, followed by sharp increase in imports for consumption, as well as increase in oil imports, mining machinery and other equipments which are primarily associated with the amount of investment to the mining and manufacturing sector. However, the Balance of Payments deficit decreased to 26% of GDP in 2013. This is caused by the i) weakening togrog against foreign currencies over the year, resulting decrease in imports for consumption, ii) significant decrease in foreign direct investment.

During the reporting year, capital and financial account surplus decreased by 70% from the previous year and reached USD 1,471.7 million. This is mostly caused by a decline in foreign direct investment and portfolio investment of USD 2,411.3 million and USD 2,476.6 million, respectively. Therefore to examine the decline in foreign direct investment, following main influencing factors have been listed:

- Foreign direct investment decrease of 55% from 2012, reaching USD 1,996.5 (provisional) million has been affected by the following reasons.
  - Regional economic investment environment condition became uncertain. For example, since 2012, the foreign direct investment from China to other developing countries has been decreasing significantly.
  - In the beginning of 2013, China reformed its economic structure shifting from its export and saving based economy to a domestic consumption based economy. The policy-changing has resulted in mineral and raw material's price to be lowered in the international market. Furthermore, this caused delay and waiting for the investors in the mining sector.
  - Following the Federal Reserve Bank's monetary policy regarding security expansion, accommodating the suppression of money supply has affected the investment stream to the developing countries negatively.
  - The law issued by the Mongolian government in May, 2012 lead to a negative investment environment in the second half of 2012 and the first 10 months of 2013. The uncertainty of the legal environment has lowered foreign investors' trust. Furthermore, this effected small and medium foreign investment to decline by 79% compared to the previous year.
  - Although the firstphase of Oyu Tolgoi project's development had been completed and production started, however, for the reasons such as unclearness of the second phase investment, indecisiveness of involved parties' negotiation over the year has affected the investment and financing of Oyu Tolgoi project negatively and the overall foreign investment into Mongolia.
- Portfolio investment account deficit of USD 151.1 million has been affected by the following reasons.
  - Repayment of the Trade and Development Bank's bond,
  - No new Government bond issuance.

Figure 13: Structure of Capital and Financial account balance

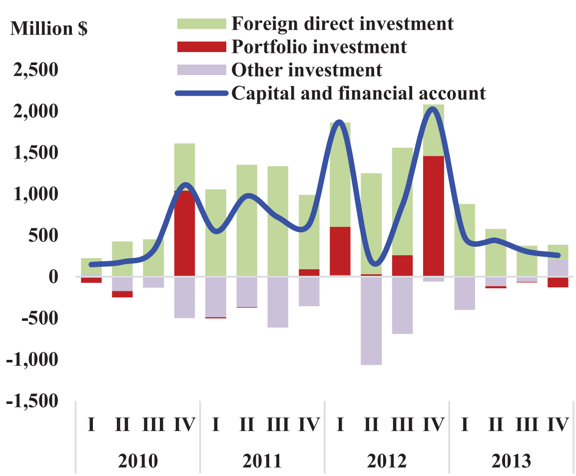
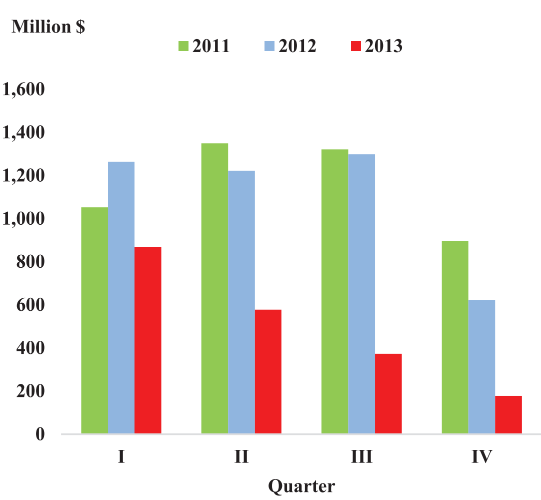


Figure 14: Foreign direct investment



Source: Bank of Mongolia

International Investment Position

Mongolia's net international investment position had a liability of USD -19,361.8 million at the end of 2013. In other words, the value of foreign investment into Mongolia exceeds the value of Mongolian investment to foreign countries by USD 19.4 billion.

Table 3: Mongolia's international investment position, at the end of 2013 /USD million/

A. ASSET	**4,033**	**B. LIABILITIES**	**23,395**
1. Direct investment abroad	552	6. Foreign direct investment in Mongolia	15,471
2. Portfolio investment	120	7. Portfolio investment	2,479
3. Financial derivatives	0	8. Financial derivatives	0
4. Other investments	1,113	9. Other investments	5,445
5. Reserve assets	2,248	**C. INTERNATIONAL INVESTMENT POSITION**	**(19,362)**

Source: Bank of Mongolia

Mongolia's net foreign assets were USD 4,032.9 million, of which 56% were foreign exchange reserves, 28% were other investments' assets, 14% were foreign direct investments and 3% were portfolio investments.

Whereas net foreign liabilities stood at USD 23,394.6 million of which 66% were foreign direct investments, 23% were other investments' liabilities and 11% were portfolio investments.

Out of total direct investments into Mongolia, 32% (USD 5,020.3 million) were shareholders' investments into share capital and 68% (USD 10,450.3 million) were outstanding of loans from parent companies (inter-company lending).

Table 4. Mongolia's international investment position /by accounts/ (million USD)

	2010	**2011**	**2012**	**2013**
International investment position	**(1,678)**	**(7,692)**	**(14,219)**	**(19,362)**
Foreign direct investment	(2,048)	(7,602)	(12,267)	(14,918)
Portfolio investment	(230)	(313)	(2,584)	(2,359)
Financial derivatives	-	-	-	-
Other investments	(1,688)	(2,228)	(3,495)	(4,333)
Reserve	2,288	2,451	4,126	2,248

Source: Bank of Mongolia

In 2013, international investment short position has increased by 37% from the previous year which is increase of USD 5,144.4 million. This can be explained as follows:

- net foreign assets have decreased by 37% or USD 2,347.2 and net foreign liabilities have increased by 13% or USD 2,797.1 million;
- while foreign direct investments and other investments have increased by USD 2,651.4 million and USD 839.9 million (24%) respectively, portfolio investments and foreign exchange reserves have decreased by USD 224.9 million (9%) and USD 1,878.1 million (46%) respectively.

External debt

In 2013, Mongolia's total external debt (including public and private sectors) has increased by 23% or USD 3,536.1 million from 2012, thus outstanding external debt was USD 18,920.6 million. Following factors have induced the increase of external debt:

- Domestic enterprises' (except banks) debt from foreign banks and financial organizations have increased by 48% to USD 1,884 million; and
- Mining companies' debt liabilities to their foreign investors has increased by 25% or USD 2,092.9 million.

Government and Government-guaranteed external debt were 22%, 41% and 36% of GDP in 2011, 2012 and 2013 respectively.

Table 5: Mongolia's total external debt (millions of USD)

Indicators	2010	2011	2012	2013	Changes	
					Amount	*Percentage*
Total external debt	**5,928**	**9,628**	**15,385**	**18,921**	**3,536**	**23%**
I. Government	**1,788**	**1,951**	**4,264**	**4,256**	**-8**	**-0.2%**
II. Central bank	**274**	**268**	**414**	**1,065**	**651**	**157%**
III. Banks	**506**	**710**	**1,074**	**1,265**	**190**	**18%**
Short term	77	82	58	118	60	103%
Long term	429	628	1,016	1,147	131	13%
IV. Other sector	**646**	**949**	**1,275**	**1,884**	**609**	**48%**
Short term	289	502	508	451	-57	-11%
Long term	357	447	768	1,433	665	87%
V. Loan from investors (Intercompany lending)	**2,715**	**5,750**	**8,357**	**10,450**	**2,093**	**25%**

Source: Government information is from Ministry of Finance and others are from Bank of Mongolia

Box 1:
Quantitative easing - Unconventional monetary policy in advanced economies.

Quantitative easing is an unconventional monetary policy measures which lets the central bank to increase money supply by purchasing financial assets, for the sake of real economic buoyancy. It is mainly sought after in environment where traditional monetary policy tool, policy rate, is close to zero and there is no room to reduce policy rate further to boost real economic activity. Quantitative easing measures became more attractive since the 2008-09 global financial crisis, among central banks of advanced economies such as Federal Reserve Bank (Fed), Bank of England (BOE), European Central Bank (ECB) and Bank of Japan (BOJ). Nonetheless, monetary injection made during quantitative easing program did not exceed 14% of M2 in case of BOE and Fed, while BOJ's injection amounted to 7.4% of M2 in 2013.

Table 6: Size of QE, relative to broad money and nominal GDP.

	Percent of Broad Money				Percent of Nominal GDP (2013)			
	FED	BOE	BOJ	BOM	FED	BOE	BOJ	BOM
2008	7.4		0.2		1.0		0.3	
2009	13.8	13.6	2.4		1.8	13.2	3.8	
2010	6.9		3.6		1.0		5.9	
2011	0.0	3.6	2.6			4.0	4.4	
2012	6.4	5.0	7.0		0.4	5.3	12.2	
2013	9.3		7.4	38.6	1.5		13.3	20.8

Source: Websites of every central bank.

Bank of England implemented quantitative easing program during 2009-2012, which according to research analysis, had positive impact of reducing government borrowing rate and promoting credit growth, private investment and economic buoyancy by inflating asset prices. Some research results show that the program contributed a 1.5 percentage point to economic growth, while adding 1.25 percentage points to consumer inflation each year, hence inflicted a negative impact on income distribution. To elaborate, more than 40% of financial assets and stocks at the market are owned by less than 5% of total population; quantitative easing program boosted price of financial assets and increased the wealth of that 5% of the population while decreased real return on pension funds, deposits and future income of the rest of the population.

Bank of Japan initiated quantitative and qualitative easing (QQE) program starting April 2013, with the purpose of reducing long term interest rate, increasing monetary base, loosening monetary policy and hence heightening inflation expectations of both consumers and corporates. For an economy with chronic deflation issue, Japanese central bank is taking ambitious steps toward increasing inflation to 2%. In particular, it is purchasing immense amount of government debt and stretching its maturity from 3 years to 7 years. It is a qualitative measure focused on reducing long term interest rate, promoting longer term private investment and higher wages. After a chronic deflation record of 15 years, the fact that inflation rate reached 1.6% in December, 2013, is a milestone for the program.

Federal Reserve Bank of the United States implemented quantitative easing policy three times in its history, of which the latest program started in September 2012 and still on-going. Under the QE 3 program, the Fed purchased asset backed securities (ABS) worth 85 billion USD every month, for the purpose of providing liquidity to the market, promoting private investment and reducing unemployment. As a result unemployment rate of 8.1% as of August 2012 declined to 6.7% in February 2014, which promoted Fed's confidence that business sentiment has picked up and that employment and real sector operations are ready to progress on its own. Hence, starting December 2013, Fed began to reduce its monthly purchases and as of April 2014, Fed is buying ABS worth of 55 billion USD every month. Overall, the Fed plans to keep policy rate around 0-0.25%, continue QE 3 program and smooth out asset purchases to 0 by November 2014, until unemployment rate falls to targeted 6.5% and inflation rises to target rate of 2%.

In addition to the fact that Mongolian economy is prone to supply side pressure on inflation, in 2013 foreign exchange inflow to domestic economy declined by 4 billion USD and net international assets dropped by 78.5% which is 3.5 trillion MNT, which rendered Mongolian economy to face a physical threat of potential economic and financial crisis. Hence, this very threat brought about the need for the Bank to implement countercyclical monetary policy and provide funding to real sector. In this regard, in 2013 the Bank has injected i) 677 billion MNT for alleviating supply side pressure on inflation and creating a market based mechanism for sustainable food supply chain, ii) 900 billion MNT to avoid a potential credit crunch situation in banking sector and shield the system from financial crisis risk, (iii) 534.5 billion MNT for enhancing a sustainable housing construction and (iv) 1540 billion MNT for building a sustainable mortgage funding system for housing market and supporting middle income class saving. A total injection of 3.6 trillion MNT, which is equivalent to 38.6% of M2 money or 20.8% of nominal GDP, served as a cushion for financial and macroeconomic sustainability and stable economic growth and as a safeguard against potential risk of economic crisis.

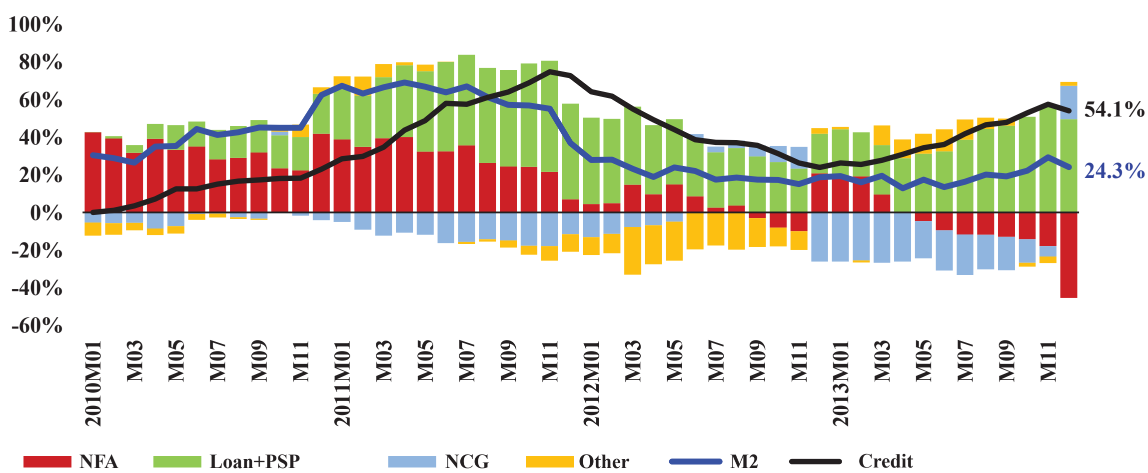
The fact that size of quantitative easing relative to M2 or GDP is higher for Mongolian case compared to other advanced economies, indicates the extent of potential damage to Mongolian financial and macroeconomic condition, which negative external shock starting late 2011 through 2012 and 2013 would have caused.

1.3 Money and Credit indictors

Monetary indicators

The growth of money supply (M2) has been decreasing rapidly during 2012, but since the end of 2012, the growth has stabilized, money supply increased by 24.3% and reached 9.5 trillion MNT as of the end of 2013 due to monetary policy and medium term "Price stabilization program" (PSP) in conjunction with the Government of Mongolia. Quasi money, especially deposits in domestic currency contributed significantly to the growth of M2, which is 31 percentage points at the end of 2013.

Figure 15: Credit and M2 growth, by contributions



Source: Bank of Mongolia

Although contribution of net foreign assets to the money supply growth was -45.4%, the domestic components of money supply such as loans (with PSP), net credit to government contributed 49.6%, 17.8% respectively which led to M2 growth of 24.3% in 2013.

Bank of Mongolia initiated a sub program in cooperation with the Ministry of Construction and Urban Development for the purpose of developing a long-term sustainable framework for mortgage financing of housing via providing secondary mortgage market with sources of financing and supporting the demand for housing.

As of December 2013, the total outstanding mortgage loan which provided by Bank of Mongolia (the Bank) through the sub program was 1540.8 billion MNT, of which 51.3% financed new mortgage loan. If mortgage loan were not provided by the Bank, annual growth of M2 and credit would be 12.1% and 40.8% respectively (figure 16-17).

Figure 16: Annual growth of M2 (%)

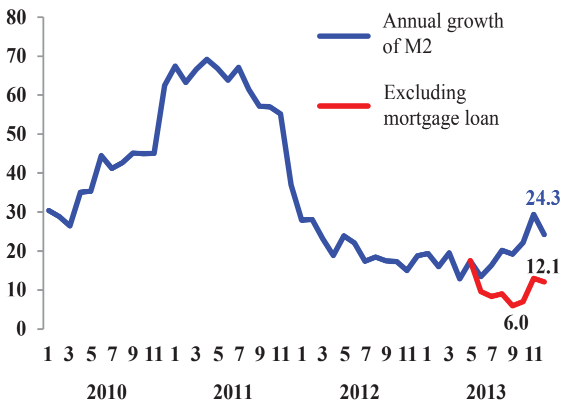
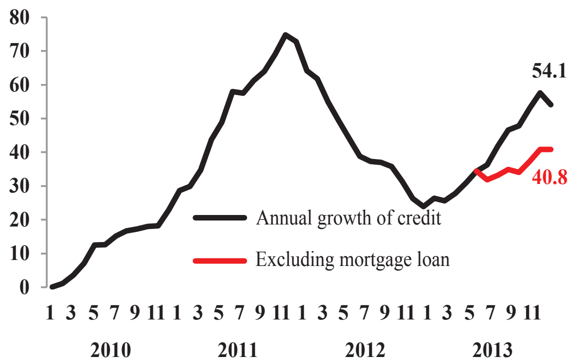
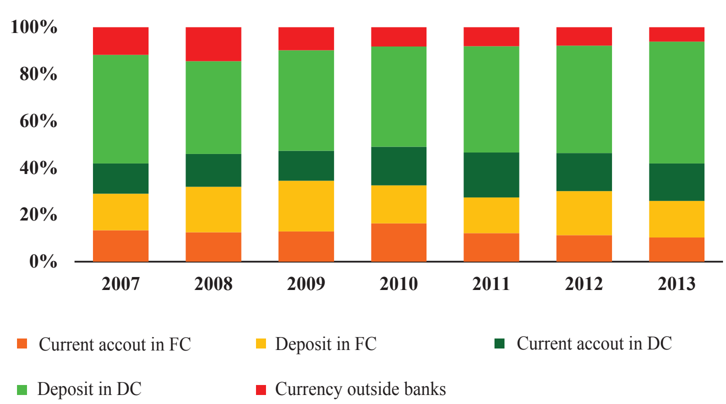


Figure 17: Annual growth of credit (%)



Source: Bank of Mongolia

Figure 18: Components of M2



Source: Bank of Mongolia

In terms of the components of money supply, the percentage contribution of currency outside the banking sector has decreased while the percentage contribution of deposits in domestic currency has risen in recent years. Compared to previous year, the percentage contribution of currency outside banks, deposits in foreign currency declined while deposits in domestic currency had higher percentage contribution to money supply in 2013 (figure 18).

Box 2: Price Stability

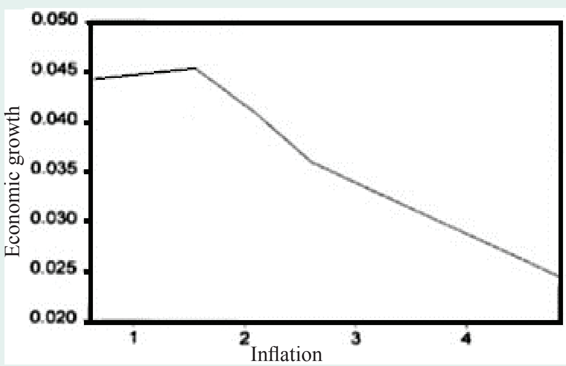
In Article 4 of Law of Mongolia on Central Bank states that, "*1. The main objective of the Bank of Mongolia shall be to ensure stability of the togrog.*" While Article 22 states that, "*2. When determining foreign currency policy and the togrog exchange rate the Bank of Mongolia shall follow the principles of keeping the exchange rate free and realistically determined, of maintaining the stability of the togrog, and of the need for balanced development of the national economy.*"

According to the Law, the primary objective of the Bank of Mongolia is to maintain price stability and low and stable inflation. Moreover, the Law explicitly states that the togrog will have a flexible exchange rate consistent with price stability and balanced growth.

The objective of price stability refers to the general level of prices in the economy and implies the prevention of prolonged inflation and deflation.

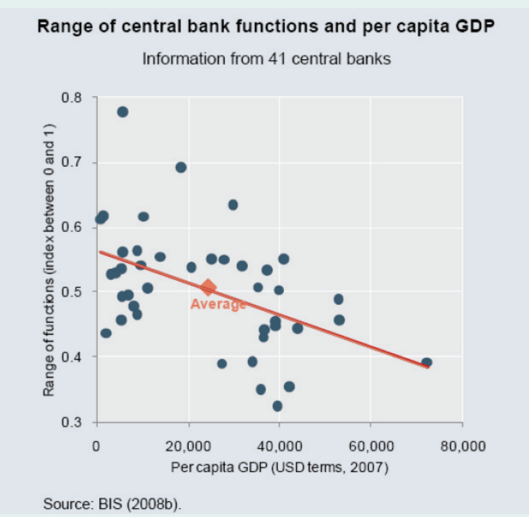
Khan and Senhadji (2000) use a dataset of 140 countries comprising of both developed and developing countries and covers the period from 1960 to 1998. The authors find that the threshold above which inflation significantly slows growth differs between developed and developing countries. Namely, this threshold is estimated to be 1 to 3 percent for developed countries and 7 to 11 percent for developing countries.

Figure 19: Inflation and economic growth



Source: Levine (1997), Khan, Senhadji (2000)

Figure 20: Central bank functions and GDP per capita



Source: BIS, 2008 (41 Central Banks)

Price stability is a common goal for central banks. Thus, the ECB aims to keep inflation rates below, but close to, 2% over the medium term, while copper dependent Chile sees its year-end inflation at 2.5%.

It is generally believed that central banks in emerging market economies tend to perform wider range of functions than central banks in developed countries (Graph 20).

The central bank's monetary policy must defend the value of its domestic currency, and must seek to maintain a low and stable inflation. In fact, the central bank's greatest contribution to growth and progress is based on the confidence in the future associated with price stability. This stability provides an incentive to saving, investment and productivity gains, all of which are vital for economic growth. Furthermore, low and stable inflation is beneficial because it favors the growth of employment and protects the income of the most vulnerable sectors of the society.

Monetary policy takes an countercyclical stance that, along with preserving price stability, seeks to avoid extreme variations in overall expenditure and/or domestic demand, and is conducive to preventing risks in financial markets and difficult conditions regarding recession and unemployment.

Mongolia faces big challenges in maintaining price stability. Firstly, due to significant ongoing structural changes in the economy, investigating the monetary transmission mechanism, including its channels and their strengths, pose serious difficulties. Secondly, monetary policies are demand-side macroeconomic policies. However, the composition of the CPI basket in Mongolia restricts the impact of monetary policy on inflation. For a long time, Mongolian inflation has been subject to supply shocks from food items, gasoline, and structural bottlenecks.

To address this issue, the Bank of Mongolia began to implement the "Supply shock elimination program" with the government based on warehouse financing scheme and buffer stock model. This medium term program essentially aims to stabilize prices of core commodities, including retail trade gasoline, meat, grain, and flour, to restore market based efficient mechanism in warehouse financing.

The price stability helps keep inflation expectations under control, extends maturity of financial transactions and establishes the yield curve. These are prerequisites to the development of capital markets. Therefore, by pursuing low and stable inflation, the Bank of Mongolia would also be able to meet the objective determined in Section 2 of Article 4: *"Within its main objective the Bank of Mongolia shall also promote balanced and sustained development of the national economy, through maintaining the stability of money, financial markets and the banking system."*

Financial Sector

Banking sector key performance indicators

As of the end of 2013, there are a total of 13 commercial banks operating in banking sector through their 1409 branches and units. Total number of depositors and borrowers reached to 2.5 million and 693.9 thousand respectively.

- ***Assets***

This reporting year observed a high growth in banking sector assets, an increase of 68.2% from the previous year totaling MNT 19.3 trillion. The key components of the asset growth were increase in short-term investments and loans outstanding. Particularly, as of the end of 2013, short-term investments in Government bonds totaled MNT 400.6 billion with an increase of 24.2% (y-o-y), whereas the short-term investments in Central bank bills increased by 114% from the previous year totaling MNT 1.6 trillion.

In terms of asset composition, 53.1% of total banking sector assets is composed of loans outstanding, 22.3% of cash and cash equivalents, 11.5% of short-term investments, 8.7% of long-term investments and the remaining 4.3% were other investments. Equity investments were 0.6% of short-term investments indicating no direct influence from the equities market in the banking sector assets.

As a major asset category of banking sector, loans outstanding in this reporting year increased by MNT 3.6 trillion or 52.6% from the previous year amounting to MNT 10.4 trillion in total. In regards to the quality of total loans outstanding, 96.6% or MNT 10 trillion were performing, 1.1% or MNT 115.6 billion was classified as past due and the remaining 2.5% equaling MNT 261.4 billion were non-performing. Although the main loan quality indicator-non-performing loans increased by MNT 113.4 billion or 76.4% from the previous year, non-performing loans to total loans outstanding ratio remained relatively stable with an increase of 0.3% from the previous year.

In terms of loan financing in economic sectors, real estate and construction sector accounted for 30.1% of total loans, 16.3% in wholesale and retail sector, 12.4% in mining, 10.1% in manufacturing and the remaining 31.1% were in other sectors. Loan financing as a share of total loans has increased the most in real estate and construction sector by 3.1 percentage points while in other sectors declined by 2.5 percentage points.

The factors influencing the loan repayment include foreign and local economic conditions, business environment, foreign currency flows, investments, currency exchange rate, inflation, manufacturing, service etc. In 2013, Mongolia faced economic difficulties due to the decline in foreign currency inflow by USD 4 billion and sharp decrease in net foreign assets. This has raised the risks of increasing non-performing loans. In order to buffer from the credit risk losses, banks had loan loss reserves of 71.6% of total non-performing loans or MNT 187.2 billion as of the end of 2013. Non-performing loans adjusted by the loan loss provision fund equaled MNT 74.2 billion or 0.7% of total loans outstanding, indicating adequate level of risk bearing capacity in the banking system.

- ***Liabilities***

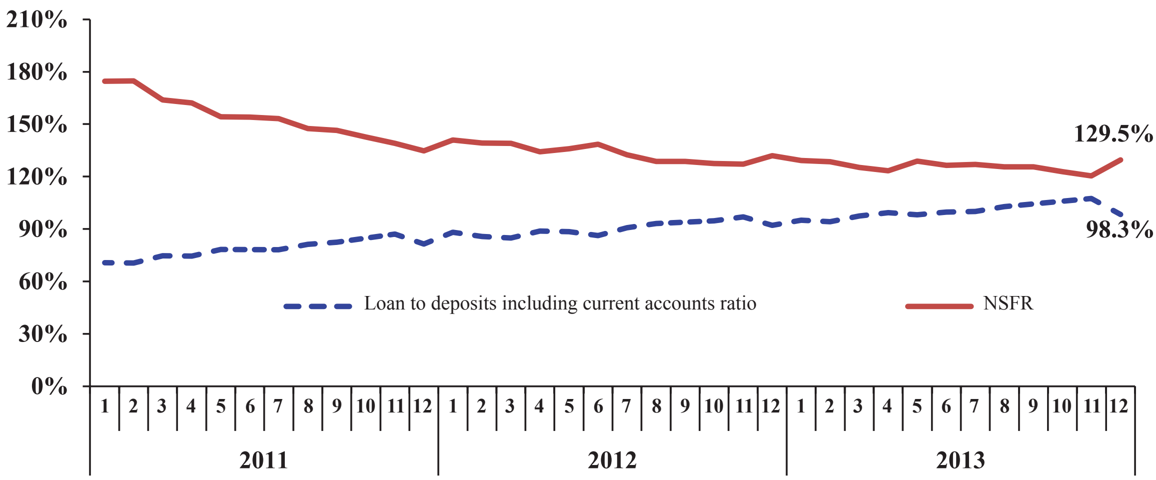
At the end of the reporting year, total liabilities in banking sector increased by MNT 7.4 trillion or 68.3% from the previous year totaling MNT 17.5 trillion. Key determinant of the above mentioned growth in liabilities was increase in funds from financial institutions, particularly; the case that loans extended by Central bank to commercial banks under the Economic Stabilization Policy reached MNT 2.8 trillion. In terms of structure, 43.4% of total liabilities comprised of savings, 16.9% current accounts, 28.8% funds from non-bank financial institutions and the remaining 10.8% were other sources.

Deposits, the main funding source in banking sector, increased by MNT 2.5 trillion or 49.7% from the previous year amounting to MNT 7.6 trillion at the end of the reporting year. Of which, MNT 5.1 trillion or 67.3% were from private sectors: individuals, institutions and foreign residents. Although deposits from private sectors increased by 16.2% or MNT 714.1 billion from the previous year, its share in total loans declined by 19.4 percentage points. Short-run unstable current accounts outstanding reached MNT 3 trillion, increasing 28.2% or MNT 652.9 billion from 2012. Totaling MNT 2 trillion and increasing 53.6% or MNT 691 billion from the previous year, increase in current accounts from private sectors was relatively high in this reporting year.

By the end of 2013, share of foreign currency funds in aggregate sources of funds in banking system declined by 8.6 percentage points from 2012 and amounted to 30.6% due to the sharp decline in foreign currency flows throughout several quarters. Furthermore, share of foreign currency loans in total loans was 27.5%, declined by 5.1 percentage points from the previous year. This has direct influence from the decline of borrowers' interest in borrowing in foreign currency due to the foreign exchange rate fluctuations.

As of the end of this reporting year, banking system loan to deposits including the current accounts ratio increased by 6.2 percentage points from last year accounting for 98.3%. In other words, there is a tendency of increase in activities of funding loans by short-term sources of funds. For instance, by the end of 2011, 80.9% of funds concentrated in banking system from other parties were current accounts and deposits, while at the end of 2012 this has decreased to 72.8%, and 60.4% in 2013. However, Basel Committee's newly introduced prudential norm on long-term stable funding, Net Stable Funding Ratio (NSFR[1]) of 129.5% as of 2013 indicates that stable sources of funds such as current accounts, deposits, equity, interbank loans with maturity more that 1 year are accounting for majority of total funds.

Figure 21: Stable funding ratios



Source:Bank of Mongolia

- ***Prudential norms***

In accordance with the "*Regulation on Setting and Monitoring Prudential Ratios to Commercial Banks*" approved by the Bank of Mongolia Governor decree 460 on July 30, 2010, prudential norms encapsulating capital adequacy, liquidity, foreign exchange risk and credit concentration are calculated.

- ***Capital Adequacy***

As of the end of 2013, bank's capital, an indicator of banking system's risk bearing capacity, totaled MNT 1.7 trillion, an increase of 35.2% or MNT 477.3 billion from the previous year. As of December, 31, 2013, banking system's capital to risk-weighted assets ratio or Capital Adequacy Ratio (CAR) equaled 16%, Tier I CAR was 12%, that is 4 percentage points and 3 percentage points above the minimum requirement set by the Bank respectively. Minimum capital requirements set by Bank are above the Basel III requirements.

- ***Liquidity***

With respect to the increase in banks' financing in liquid and risk-free assets, banking sector capacity against liquidity risk has relatively increased in 2013. Particularly, liquidity ratio reached 44.4%, 5.6 percentage points above the previous year's estimate and 19.4 percentage points higher than the minimum regulatory requirement set by the Bank.

[1] Basel Committee has prepared a guideline on calculation of NFSR. In the case of Mongolia, the ratio was calculated in a slightly different manner than proposed by Basel Committee.

Figure 22: Capital Adequacy Ratio

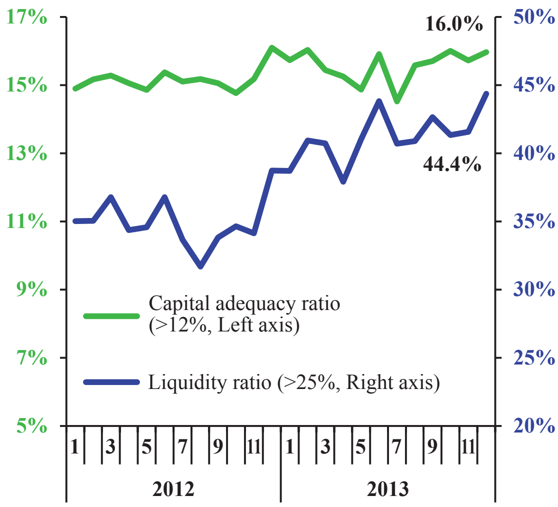
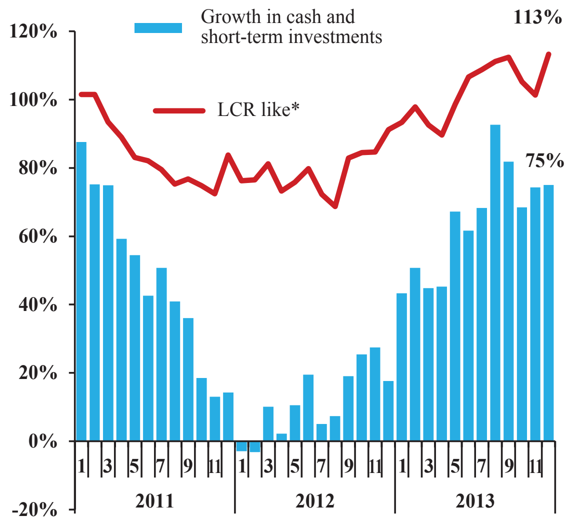


Figure 23: Liquidity Ratio



Source:Bank of Mongolia

Aiming to strengthen banking sector resilience, Basel III is planning to introduce a new regulatory standard, Liquidity Coverage Ratio (LCR). LCR is a prudential norm on bank's short-term liquidity, designed to require banks to hold an amount of highly-liquid assets over a 30 day period in order to avoid short-term liquidity disruptions. Although there are not enough available information in Mongolia to compute LCR, there is a similar ratio of liquid assets (cash and short-term investments) to probable short-term net outflow of funds (current accounts, current deposits, sources of funds from domestic and foreign financial institutions) which was 113.3% in 2013 indicates high capacity of covering short-term liquidity disruptions in banking system.

- ***Prudential norms on foreign currency operations***

As per the regulation, net foreign currency open positions to capital ratio shall be within +/-15% range for single currency, while total net open positions to capital ratio is set to be within +/-40% range. At the end of 2013, banking sector foreign currency prudential norms were within the regulatory level set by the Bank; 14.8% for total net positions and -10.2% was the highest estimate for single currency.

Policy Actions

By the first half of 2013, in response to the BOM Governor's 404th decree passed on July, 8, 2011, banks had successfully complied with the minimum paid-in capital requirement of MNT 16 billion.

Within the framework of reducing banks' credit risks, bank examination frequencies were increased and further attentions were drawn to banks with higher concentration and related party loans and moreover, any breaches of norms were enforced to comply with the regulations. In parallel, on-site inspections were conducted with an added attention to the banks risk management system evaluation, analyzing optimality of the banks risk assessment guidelines, effectiveness of the potential risk assessment and mitigation policy and adequacy of the internal control system.

In the framework of maintaining banking sector stability, the process of transferring certain assets and liabilities of Savings bank, as a result of which the banking capital was deteriorated due to the related party non-performing loans, to State bank was successfully conducted within one business day without harming banks' routine operation.

This reporting year BOM received crisis management plans from all banks, evaluated the plans individually and on systemic level and determined prospective actions. This process has a crucial importance of increasing banking system risk bearing capacity and the ability to promptly restore banks solvency.

Within the framework of stabilization programs on development of construction, manufacturing, transportation and warehouse sectors through banking intermediation, implemented under the economic stabilization, crisis prevention and economic activation policies conducted by BOM, and to optimally determine banking capital adequacy and risk level, amendments to the Regulation on setting prudential ratios to commercial banks were done and compliance is supervised accordingly.

Banks compliance with the temporary regulation on supporting banking capital, approved within the framework of sustaining stable supply of basic goods and products in order to retain low and stable mid-term inflation level, were monitored closely and related orders were carried out.

Compliance of banks' policies and implementation of the mortgage lending program assigned within the framework of developing long-term, stable mortgage financing system with the relevant laws and regulations have been supervised by the Bank as well as conducting corrective actions on violations detected, giving instructions and guidance and developed an action plan.

In cooperation with relevant entities, the Bank has prepared regulations and organizational structure of the Deposit Insurance Corporation, which was established with a primary objective to protect depositors and sustain financial stability.

Within the framework of implementing Article 19.1 of Law on Central Bank, improving basic financial knowledge of the public and ensuring transparency of banks' loans and deposits, service conditions and fees, "Guidance on interest rate calculation of banks" was prepared and the compliance was monitored.

The Bank conducted impact analysis of newly proposed Basel standards by Basel Committee and policy implementation on setting banking capital and other norms consistent with the Basel Standards. Consequently, banking sector risk bearing capacity will be increased, thus, allowing prevention and avoidance of financial instability and failures due to the sudden shocks in the system. In connection with that, draft mid-term supervisory strategy till 2018 is completed in line with the recommendations of international institutions and consistent with the norms complied by international standards. Following the approval of above mentioned strategy the supervision process will be improved with an introduction of risk-based supervisory approach.

Moreover, the reform of banking system accounting rules and regulations consistent with the International Financial Reporting Standards (IFRS) is set to be presented by the end of this reporting year and to be effective from 2014.

To accelerate the repayment of non-performing loans and decrease banking expenditure, 8 amendments to the relevant laws were proposed in relation to the selling of movable and immovable collateral through non-judicial process and sent to the Ministry of Justice reform working group of Law on Enforcement of Civil Court Decrees.

Banking sector supervision

- ***On-site inspection***

Among all banks operating in banking sector that were subject to full-scope on-site examinations in accordance with the directive and approved schedule by Bank of Mongolia in 2013, additional partial on-site examinations were conducted on Savings bank, Capitron bank, Golomt bank and Zoos bank and Anod bank's appointed receivers' board. From the total of 17 on-site examinations conducted, 14 examination reports were presented to the Bank of Mongolia Board and accordant resolutions were made.

On-site inspections were conducted with an added attention to the banks risk management system evaluation by analyzing optimality of the banks' risk assessment guidelines, effectiveness of the potential risk assessment and mitigation policy and adequacy of the internal control system.

In accordance with the 726th decree of the Banks' Governor dated in 2011, systemically important banks have complied with the increased capital adequacy ratio of 14 percent and Tier I capital ratio of 9 percent respectively.

Examinations were conducted on the compliance with laws and regulations of banks' loans issued under the sub programs on price stabilization of the main consumer goods', stabilization of retail gasoline prices, reduction of costs of imported consumer goods and support program for construction sector and housing price stabilization within the framework of the the Bank mid–term program to be implemented in conjunction with the Government of Mongolia approved by the Governor's A-168 decree, and the adequacy of loan issuance of control system were evaluated.

Compliance of policies and implementation, extending mortgage loans with 8% annual interest rate by banks within the framework of developing long-term, stable mortgage financing system, with the relevant laws and regulations were examined by on-site partial inspections in a timely manner.

According to the Article 48.2 of Banking law, due to the insolvency and incompliance with the capital adequacy norms caused by the increase of loss level and liabilities' outweighing the assets, from July 7, 2013 the Bank appointed the receiver to the Savings bank which operated under the remediation plan for the last 2 years. Following the appointment of the receiver to the Savings bank, financial liabilities were imposed on related shareholders, losses were offset by shareholders capital, then certain deposits, current accounts and other liabilities were transferred to State bank within a short time period. Thus, cash assets of Savings bank depositors and customers were protected from risks and costs on public were decreased, hence sustaining banking system stability.

According to the directive approved by the Banks' Governor, all supervisors of the Supervision department had worked on the process of transferring certain assets and liabilities of Savings bank to The State bank through 22 local units and branches.

In the reporting year, supervisors of the Supervision Department of the Bank and State inspectors formed conclusions through court and law enforcement institutions' decrees on 14 criminal, civil and administrative cases related to banks and bank employees and were sent to relevant institutions.

Off-site examination

In the reporting year, off-site supervision was conducted in a timely manner on the basis of monthly financial reports received from banks and on-site examination results and in accordance with the Bank Governor's orders and decrees along with the laws and regulations.

Enforcements on banks compliance with the Article 38 of the Banking law on disclosure of the financial reports and other pertinent documents was conducted regularly.

Within the scope of off-site supervision, banks' violations of legislations including inadequate asset classification and provision for loan losses, inaccurate fulfillment of accounting standards and submission of faulty reports were discovered promptly and related enforcements were conducted on a timely manner.

To the extent of implementing quality and efficient supervision of banks in a timely manner, quarterly analyses on banks with foreign investments, on banks compliance with the Article 38.2 of the Banking law, on banking capital and on derivative instruments were conducted; furthermore, analyses on change of banks' units and branches were done annually.

Box 3: The Bank actions taken to sustain banking sector stability

For the last few years, the Bank consistently incorporated an objective to increase risk bearing capacity of banking sector to The Monetary Policy Guidance. Particularly, in the framework of increasing banks' risks bearing capacity, prudential norms on capital adequacy were raised consistent with Basel standards, as shown below:

- Risk weights of loans extended under the sub programs implemented by the decree of the Bank Governor, loans to construction, refinery, transportation and warehouse sectors and residential mortgage backed securities are set at 0 percent, 70 percent and 50 percent respectively
- By the Bank Governor's decree, minimum paid-in capital of banks established as a subsidiary of a foreign bank is set as MNT 65 billion.
- By the decree of the Bank Governor:
  - Systemically important bank is a bank comprising no less than 5 percent of total assets in the banking system throughout the last 6 months.
  - Systemically important banks and other banks are obliged to comply with the capital adequacy ratios within a defined time period and the compliance is monitored by the Bank.

Table 7: Regulatory norms on capital adequacy

Date	2012.6.30	2012.12.31	2013.6.30
Tier I capital adequacy ratio	7.0%	8.0%	9.0%
Capital adequacy ratio	12.0%	12.0%	12.0%
Additional capital requirements for systemically important banks	0.5%	1.0%	2.0%
Total capital to risk weighted assets ratio	12.5%	13.0%	14.0%

Source: Bank of Mongolia

- Minimum paid-in capital requirement of local banks was raised to MNT 16 billion by the Bank Governor's decree.
- In the context of improving liquidity of banks, regulatory liquidity ratio was raised and the structure of liquid assets and sources of funds were revised to reflect banks' financial conditions realistically.
- The Bank prepared policy concepts and guidance on transition from the compliance-based supervision to risk-based supervision
- Accounting guidance for banks was prepared consistent with the international financial reporting standards to ensure transparency of financial conditions and accuracy of financial reports of banks.

Moreover, based on best practices of other countries and in line with the context of local financial system characteristics, the Bank constantly conducts research on diminishing potential risks in the financial system and on evaluation and implementation of appropriate new policy tools in the case of crisis.

Capital Market

As of the end of 2013, The Mongolian Stock Exchange had held a total of 254 trades, where trading worth 97.6 billion MNT for 65.8 million shares of 134 companies and secondary market trading worth 1.01 billion MNT for 10.0 thousand government bonds, overall transaction worth 98.6 billion MNT was conducted. Compared to the same period of the previous year, value of shares traded decreased by 47.1 billion MNT or 32.6%.

Table 8. Capital market transaction, billion MNT

	Transaction amount		Changes	
	2012	2013	Amount	percent
Government bonds	0.000525	1.01	1.01	100.0
Shares	144.7	97.6	-47.1	-32.6
Corporate bonds	0	0	0	0
Total	**144.700525**	**98.6**	**-46.1**	**-31.9**

Source: Mongolian Stock Exchange

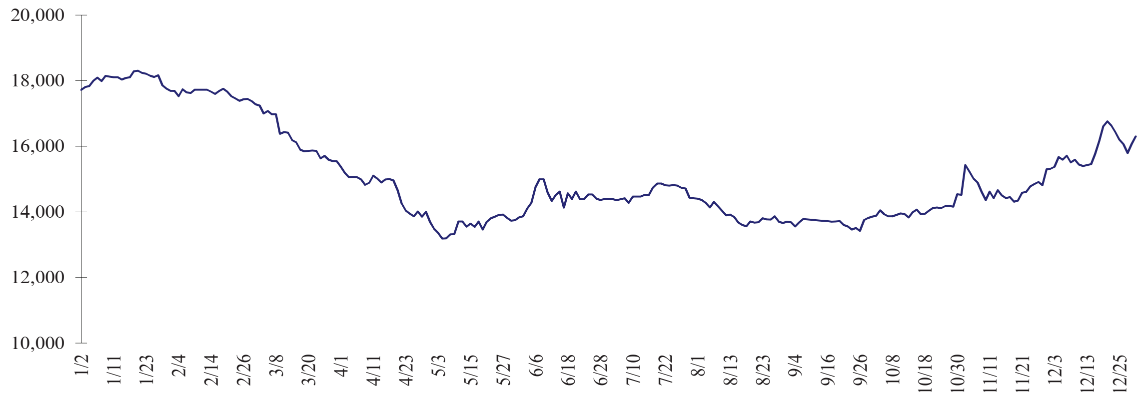
The total market capitalization dropped by 129.4 billion MNT or 7.2% compared to the same period last year, and is reading at 1670.5 billion MNT which equivalent to 9.4% of GDP. Tavan tolgoi, APU, Shivee ovoo, Baganuur, Berkh uul, and Sharyn gol companies have the highest market capitalizations and currently account for 59% of total market capitalization.

In 2013, the TOP-20 index reached 18301.93 at the highest, 13188.46 at the lowest and 15094.94 unit on average. Compared to the same period of the previous year, TOP-20 index has depreciated by 1412.70 unit points, or 7.97%, to 16301.81 units. Stock prices of TOP-20 index contributors such as BDSec /34%

/, Tavan tolgoi / 31% /, Mongolia Development resources / 25% / Blue Steel / 24% /, Shivee ovoo / 23% /, Mongolian, telecommunication / 19% / Sharyn gol / 12% / or Baganuur / 12% / Remicon / 11% / have declined.

During the reporting period of through 19 portfolio trading operations, 33.8 million shares were sold to 83.2 billion MNT, which accounted for 85% of the total trade. On October 21st, 2013 14.7 million shares of "APU" securities (19.8% of total shares) were traded for 47.5 billion MNT, which broke the record of highest trading value in history.

Figure 24. TOP-20 index (billion MNT)



Source: Mongolian Stock Exchange

Table 9. The most active securities

Securities companies	Volume /million/	Securities companies	Amount /billion MNT/
APU	15.150.762	APU	49.172.847.053
NACO TULSH	12.152.641	BAGANUUR	26.155.977.729
MONINJBAR JSC	10.816.995	MONINJBAR JSC	3.240.691.457
HBOil JSC	5.538.337	HBOil JSC	2.547.624.077
REMICOM	5.131.385	TAVAN TOLGOI	2.056.635.301

Source: Mongolian Stock Exchange

In the reporting year, out of 134 companies whose shares were traded, the share price of 84 companies had increased, those of 43 companies had decreased, and share prices of 7 companies remained stable. Average worth of transactions per day was MNT 384.3 million, 33.6% lower compared to the previous year.

1.4 General government budget

Government Finance

The preliminary data for Mongolian total stabilization budget revenue and grant was 5880.7 billion MNT, total expenditure and net lending was 6178.0 billion MNT in 2013, resulting in budget deficit of 297.3 billion MNT or 1.7% of national GDP, which is within the legal boundaries of the fiscal stability law.

Budget Revenues

Total stabilization revenue and grant stood at 5880.7 billion MNT, which was 7.9% or 503.4 billion MNT less than projected; however, it was 20.9% or 1017.6 billion MNT more than that of the previous year.

Current revenue which contributes to 99.9% of total stabilization revenue and grant, was 21.8% or 1051 billion MNT higher than that of the previous year. Tax revenue contributed to 86% of the current revenue, which was 21% or 878 billion MNT higher than that of the previous year. Domestic goods and services tax revenue increased by 16.8% or 276.2 billion MNT, while income tax receipts increased by 27.2% or 236.8 billion MNT, and social insurance contributions and premium income increased by 32.4% or 210.7 billion MNT, which influenced tax revenue to reach 5057.3 billion MNT. Non-tax revenue (14% of the current revenue) increased by 26.7% or 173 billion compared to the previous year, reaching 821.7 billion MNT.

Budget expenditure

Total budget expenditure and net lending was 622.9 billion MNT or 9.2% less than it was projected and 184.2 billion or 3.1% more than that of the previous year, totaling to 6178 billion MNT.

Current expenditure (73.8% of total expenditure and net lending) was 155.2 billion MNT or 3.5% higher compared to previous year while repaid net lending (2.8% of total expenditure and net lending) was 107 billion MNT or 166% higher compared to the previous year. However, capital expenditure (23.4% of total expenditure and net lending) was 78 billion MNT or 5.1% lower compared to the previous year.

A detailed analysis of each component in current expenditure, goods and services expenditure (52.5% of current expenditure) was 341.2 billion MNT or 16.6% higher, interest payments (2.8% of current expenditure) was 144.5 billion MNT or 114.8% higher compared to previous year's data. However, subsidies and transfers (41% of current expenditure) was 330.5 billion MNT or 14.8% less than that of the previous year. The decrease in subsidies and transfers reduced the overall current expenditure by 323 billion MNT.

Sources to finance the deficit

In 2013, 308.5 billion MNT of foreign project loans were lent out, including advance payment of 76.5 billion MNT in previous years accrued as income in 2013. Short-term government bonds of 1,563 billion MNT, and 1,085.7 billion MNT of long-term bonds were also traded.

MONETARY POLICY IMPLEMENTATION

2

2.1 Monetary policy objectives, measures and outcome

The Bank implemented complex and sequential policy measures in 2013 to prevent the financial market from certain risks, sustain macroeconomic stability, protect the purchasing power of mid-income households encourage them to increase their savings, support real economic sector activity, protect workplaces and sustain balanced economic growth via private sector in line with the state monetary policy guideline of 2013.

The annual inflation rate for Ulaanbaatar city decreased gradually to 7% in the first 7 months of 2013; however, the inflation increased in the second half of the year, reaching 12.3% in December, which was 4.3 percentage points higher than its target level. According to the breakdown analysis of the inflation, price inflations of food excluding meat and meat products (2.92%), state regulated services (1.52%), meat and meat products (1.43%) were the main contributors to the increase in prices and price inflation of the remaining products which contributed to 6.42 percentage points. Moreover, weak external conditions, high pressure on the balance of payments and decrease in financial funds by 6.1 trillion MNT in 2013 resulted a depreciation of the national currency and caused a further increase in inflation through an exchange rate channel in the second half of the year. Only taking the direct effect of the exchange rate depreciation into consideration, 3.7 percentage points of the annual inflation for in Ulaanbaatar city was due to the increase in the price of imported goods. If the amount of foreign exchange inflows were more by U.S. $2 billion than it was in 2013 in Mongolia, inflation would have been able to reach its target of 8% while real economic growth would have been around 13-14%.

The Bank has taken necessary measures to serve the purpose of sustaining price stability, and facilitating macroeconomic and financial sector stability in the reporting year. Because there was a little pressure on inflation from the fiscal expenditure side and supply side pressures on inflation were expected to decrease due to the result of price stabilization programs, The Bank decreased the policy rate 3 times by 0.75, 1.0, 1.0 percentage points in January, April and June 2013 respectively to 10.5%. The purpose of these tightening measures was to stabilize money and credit growth, facilitate normal activities of financial market and support real economic liveliness.

In 2013, The Bank implemented “Medium-term program for price stabilization of the main consumer goods’ and supply shock elimination” in conjunction with the government in order to decrease supply side pressure on the inflation and create a market based stable mechanism. As a result of the program, the growth of the price of consumer goods decreased considerably. In particular, food price inflation decreased by 6.6 percentage points to 13.3% in 2013, meat price inflation decreased 4.2 times to 10.5% in 2013. As a result of “Supporting construction sector and housing price stabilization” sub program, the number of buildings that were built increased 60% in 2013 compared to the previous year.

The Bank applied a sequential measure in line with the macroeconomic policy to stabilize the economy and prevent from the expected crisis risks and monetary growth:

- Improvement and protection of the banking sector’s capacity: In order to prevent financial instability and risk, the Bank financed 900 billion MNT in the banks’ savings in case when the funds will be needed. Since the banks are the main funding organizations to the real sector, the Bank prevented the lending system failure by increasing lending to production and services and by establishing and supporting business activity and economic growth.

- "The sustainable mortgage financing system" was started to implement on 17 June 2013 in order to build a stronger middle class by increasing their savings, initiate the policy to transfer consumer economic savings to ensure long-term sustainable growth. Mortgage financing with interest rate of 8% of the "The sustainable mortgage financing system" was funded by commercial banks, which resulted the increase of the average housing mortgage loan by 19% in 2013, more than 12 percentage points as of from 2011 and 17 percentage points as of from 2012. In addition, in December 2013, mortgage portfolio sales and securitization activities were successfully implemented and the first mortgage-backed bonds were traded in the stock market, which is a new tool and an important step in the development of asset-backed securities market.

- Introduction of a new interest rate corridor, based on best international practices, that ensured a favourable domestic macroeconomic environment, financial market and monetary policy development. Therefore, the measure allowed the Bank to manage the money market more effectively and reduce fluctuations in short term interest rates, and improved the effects of interest rate channel. Furthermore, this advanced the transparency in the implementation of monetary policy, increased the efficiency of the interbank market, and decreased the lending interest rate from the Central Bank to commercial banks. Overall, this had a significant positive impact on the economy.

- The Bank formed and regularly organized government securities (government securities issuance) in the primary and secondary markets for trading. By doing so, reached long term goals by allowing to finance the state budget deficit and by financing it at the minimum cost of the lowest program risk potential level. Furthermore, developed the capital market, formed government issuance and togrog yield curve, as well as the balance and harmonization between the fiscal and monetary policies.

- On 12 October 2013, within the framework of the Bank's initiation of the "Creating legal environment to decrease interest rate program" the Bank also implemented and adopted the "Bank interest rate methodology, fees, and information transparency rule." The policy measures came into force on 2 January 2014. With the compliance with the new rules and procedures, banks' products, service fees, charges and information in terms of fees became transparent. Furthermore, the policy measures also allowed customers to receive honest and reliable information, interest rate reduction through the encouragement of competition in the banking system, and securing of the interests of the customers.

The result of the above mentioned policy measures are as follows:

1. Supply side pressure on the inflation decreased significantly, national inflation decreased by 1.5 percentage points from 2012, inflation in Ulaanbaatar city decreased by 1.9 percentage points, while macroeconomic stability was maintained.

2. The financial stability was ensured, the capacity of the banking sector was improved, and interruption in the banking sector lending and systemic failure was prevented successfully.

3. The policy measures helped to ensure an economic growth of 11.7% in 2013, and encouraged the real economic sector by preventing rapid decrease in money supply, economic recession, and the loss of 180 thousand jobs in the labor market.

Box 4: Bank of Mongolia on stabilizing the economy in 2013

Mongolian exports declined by 800 million USD in 2013 while FDI fell by 2.4 billion USD. Furthermore, from 2011 to 2012, the country borrowed approximately 800 million USD of short-term loans against future export revenues. As a result, the economy experienced a shortage in FX inflows worth 4 billion USD or about 35% of the national GDP. The reduction in funding sources and a slump in NFA (Net Foreign Assets) by 78.5% could cause 3.9% drop in lending, lead to 10.9% decrease in M2 supply, shatter the financial sector and result in negative GDP growth with 180 thousand jobs lost.

To prevent this scenario, the Bank implemented the following comprehensive measures in order to prevent the economy from a potential crisis, and to stimulate the real sector:

First: The Bank began to implement the "Supply shock elimination program" with the government based on warehouse financing scheme and buffer stock model. This medium term program essentially aims to stabilize prices of core commodities, including retail trade gasoline, meat, grain, and flour, to restore market based efficient mechanism in warehouse financing.

Second: The Bank conducted targeted monetary easing to stimulate real sector growth and promote productivity. By supporting the liquidity conditions of Mongolian banks, the prevented credit crunch and promoted economic activities. The Bank deposited 900 billion MNT (15% of M2) into the banks and reduced its policy rate by 2.75 percentage points overall. In addition, the Bank improved financial sector supervision, surveillance and prudential regulations in order to safeguard and restore greater confidence in the overall financial sector.

Third: In order to build a stronger middle class by increasing their savings and safeguarding their real income and jobs, the Bank initiated the sustainable mortgage financing scheme. Furthermore, the Bank also stimulated the real sector's balanced growth by supporting the agriculture and construction sectors. Easy monetary policy pursued by the Bank has been a key factor behind 11.7% real GDP growth in 2013. This clearly reflects the strengthening of the fundamentals of the economy to a more disciplined environment in which fiscal policy, through proactive monetary policy measures, increased involvement and contributions from the private sector to real economic growth.

Fourth: The Bank has been fully committed to a flexible exchange rate system. Togrog exchange rate fluctuates in line with macroeconomic fundamentals. The togrog has depreciated by 19% against USD in 2013 due to weaker terms of trade conditions, decreasing FDI, and FX shortage equivalent to 6.1 trillion MNT. The nominal exchange rate depreciation allowed to avoid overstating the real exchange rate. Thus, the real effective exchange rate of the togrog fluctuates closer to its long run equilibrium. This automatic adjustment of the exchange rate results in long term benefits despite short term costs of adjustment. It also plays an important role in changing the consumption based, commodity dependent economy to a savings based, productivity driven and solvent economy.

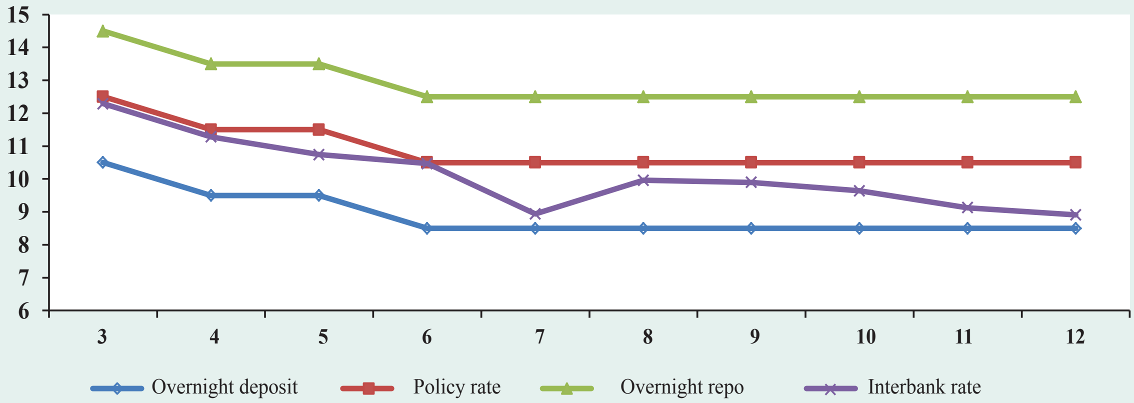
Box 5: Monetary policy instruments and interest rate corridor

The Monetary Policy Committee (MPC) of the Bank decided to establish an interest rate corridor during its meeting on 27 February 2013. The interest rate corridor around the policy interest rate consists of two end-of-day standing facilities. The rate of overnight repo facility will become the 'ceiling' (policy interest rate +2 percentage points) and the rate of overnight deposit facility will serve as the 'floor' (policy interest rate -2 percentage points) of the corridor (figure 25).

Overnight repo facility is a collateralized lending facility eligible for the fulfillment of reserve requirements. The borrowed amount will be transferred to the bank only as the last transaction of the day, and withdrawn again in the next morning as the first transaction of the day. At the end of the day, the Bank offers a deposit facility where banks can place excess reserves overnight.

The interbank rate is the interest rate banks charge each other on loans. It is expected to follow the Bank policy rate and fluctuate within the interest rate corridor. Since banks can always approach the Bank for overnight repo facility, they will not pay more than 12.5% on a loan on the interbank market. Furthermore, banks will not extend any loan on rates lower than 8.5% at which banks can deposit its excess reserves with the central bank.

Figure 25: Bank of Mongolia interest rate corridor, March-December 2013



Source: Bank of Mongolia

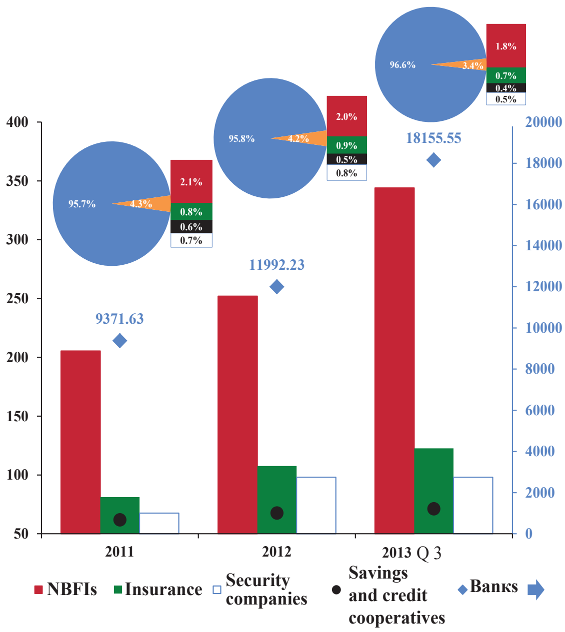
Introduction of the interest rate corridor with improved monetary policy instruments will play a significant role in reducing short-term interest rate volatility, improving interest rate channel of monetary transmission mechanism, and bringing more transparency in the implementation of monetary policy.

2.2 Financial Stability

The primary role of the financial system is to create financial assets, efficiently allocate them in the market and optimally place them for investment. Due to the wide range of financial sector and its strong correlation with other sectors, it is difficult to define and measure the financial stability, as a common understanding has not been reached yet. However, common value of definitions given to the financial stability is the ability to continuously carry out financial intermediation activities in times of any negative external effects and risks.

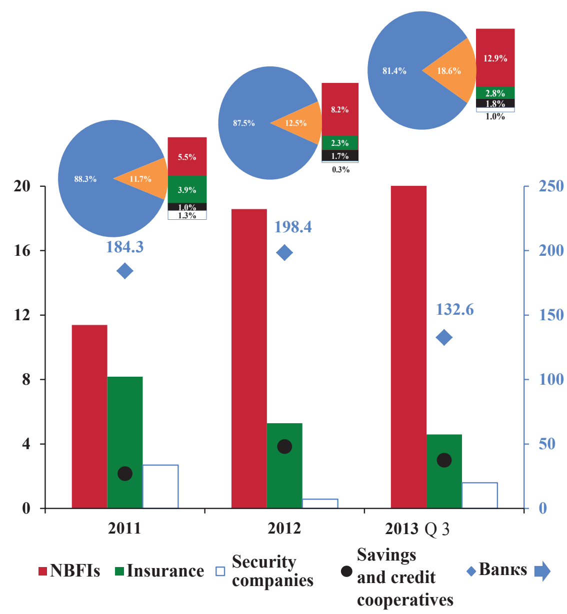
In Mongolia, the banking sector alone constitutes 96% of the financial system and addressing banking sector and monetary policy issues may not be sufficient to ensure financial stability. Therefore, a balanced development in the financial sub-sectors, an effective and integrated macro and micro policies aimed at ensuring long-term sustainable economic growth, an appropriate and structured financial institutional arrangements and infrastructure reforms coherent with socio-economic development objectives, and a positive public understanding of the financial sector have to be considered as a general framework in ensuring financial stability. This tendency has spread around the world, and created significant changes.

Figure 26. Total Assets of the financial institutions (billion MNT) and its share on the financial sector



Source: The Bank of Mongolia, FRC.

Figure 27. Profits of the financial institutions (billion MNT) and its share on the financial sector



Source:The Bank of Mongolia, FRC.

The Bank's key role in the financial system is to ensure the stability of the financial markets and the banking sector. In our country, the stability of the banking sector is essential in maintaining the financial stability. Within its mandate of financial stability, the Bank has been conducting a regular supervision for banks and promoting interbank payment and settlement functioning so as to support financial system's efficiency and stability, and to avoid potential stress to financial system due to disruptions in bank operations. Besides, the Parliament passed the "Law on Insurance of Bank Deposits" on January 1st 2013. This formed a legal framework to create a deposit insurance system, which is an important step in ensuring the stability of the banking sector. Moreover, in relation with the full implementation of "Fiscal Stability Law" since 2013, the pro-cyclical fiscal policy's negative impact on the financial system has been reduced, and this may have a positive impact on financial stability.

Although the financial system is based on the banking sector, significant numbers of people are still getting financial services from the non-bank financial institutions; therefore, the scope of activities of those institutions are expected to intensify in the next few years. There are 263 non-bank financial institutions, 141 savings and credit cooperatives, 87 brokerage organizations, 17 insurance companies and 323 joint-stock companies operating as of the end of 2013. Appropriate measures are undertaken regularly towards providing a relevant legal environment, which would facilitate a balanced development of financial sector. For instance, the Parliament approved “Securities Market Law" on May 24th 2013 and related laws and regulations expected to be approving consistently.

As stated by the Law on Central Bank and Financial Stability Council’s (FSC) rule, 4 Council meetings were held and a total of 13 issues were discussed in 2013. For instance, according to the decisions of the regular session meeting on 19th of February 2013, Analytic Group of FSC was established at the Bank with 5 staffs. Analytic Group is a permanent unit that performs risk assessment in the financial system, developing proposals within the macroeconomic policy coordination and the implementation of the macro-prudential policy, and preparing and publishing Mongolia’s semi-annual financial stability report. Furthermore, during the regular and non-regular meetings on 25th of September 2013 and 4th of October 2013, FSC reviewed the draft of Monetary Policy Guidelines for 2014, the draft law on 2014 budget of Mongolia, Export promoting program implemented by the Government, proposals for legislations amendments regarding with ensuring implementation of the Law on Conducting Settlement in National Currency and draft of the Law on non-bank financial activities. Also, on 13th of December 2013, FSC discussed the policy proposal on supporting the economic development and stabilizing the exchange rate, issuing asset-backed securities of the Mongolian Mortgage Corporation, an annual report 2013 of the Financial Information Unit of the Bank, and the dates of FSC’s regular meetings in 2014. In accordance with decisions of the meetings, members of the Council, within their respective functions, assigned duties and delivered recommendations to the relevant parties.

A better understanding of the financial sector, combined with accurate, equal and timely information will increase the public confidence in the financial sector, thus ensuring its stability. Under this objective, the first two editions of the “Financial Stability Report” was released from the Financial Stability Council and made available to the public for the first time in July and December.

Within the framework of MSTAP project, which is being implemented at the Ministry of Finance (MoF), foreign and domestic consultants collaborated with the Analytic Group of the FSC to develop the activities of the Counciland to improve the capacity of its Analytic Group. Besides, two seminars were held between the Bank, Ministry of Finance (MoF), and the Financial Regulatory Commission (FRC) and the first comprehensive report was released. This report covers a wide range of topics such as the principles of institutions in charge of financial stability, the best practices of other countries, and also, the issues faced in policy and technical levels along with the assessment of Mongolia’s legal environment related to financial stability.

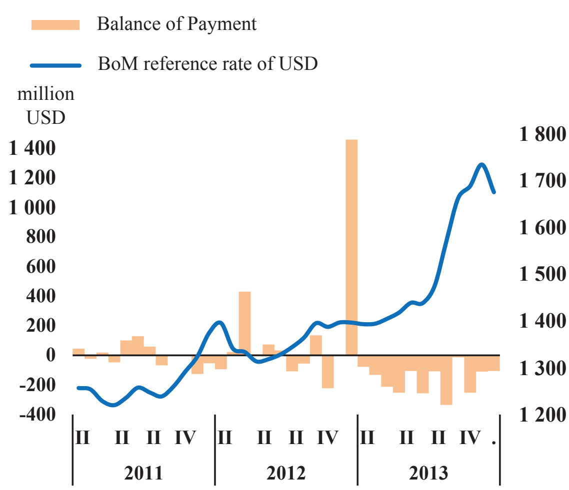
2.3 Exchange rate policy

A managed floating exchange rate regime contributes to mid- and long-term economic growth and prevents potential financial and economic crises by providing cushion in case of an adverse external shock via exchange rate and establishing macroeconomic equilibrium in the market in an economic way. Therefore, under monetary policy framework of the last few years: The Bank has continued to pursue a floating exchange rate regime and allowed it to be set consistent with macroeconomic fundamentals.

Although in 2013, the current account deficit stabilized at USD 3.2 billion, previous year level, the capital and financial account reached to USD 1.5 billion or decreased by 3.3 times. The drawback of foreign exchanges in domestic market, which has equivalent amount of 6.1 trillion togrog was major factor for the exchange rate depreciation last year.

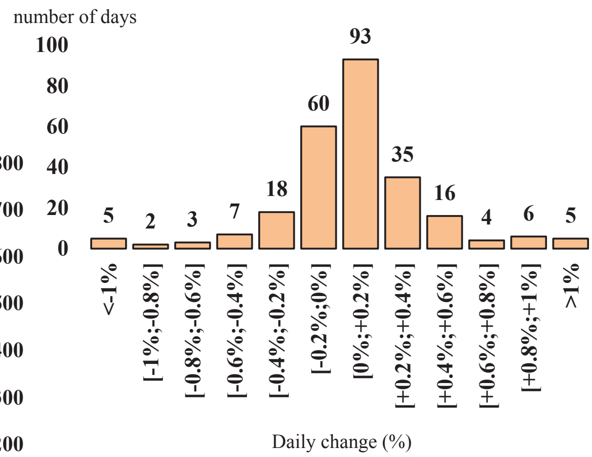
The Bank has been holding the Foreign Exchange Auctions every Tuesday and Thursday. In order to decrease short-run imbalances of supply and demand in domestic FX market, to smooth excessive volatility of exchange rate and correct expectation's distortion of participants, the Bank has been intervening necessary foreign exchanges in market through the Foreign Exchange Auction and therefore smoothened the adverse shocks of external sector, created the essential condition to make necessary exchange rate adjustment into external trade and the economy and prevented potential harmful exchange rate crises in the economy. In addition to that, we have introduced foreign exchange derivatives such as swap and forward for MNT, USD and CNY in domestic FX market. Through swap and forward transactions with the commercial banks, the Bank was able to improve FX Auction efficiency by providing liquidity and hedging instruments for banks, therefore stabilizing FX market and decreasing the pressure on spot market.

Figure 28: Balance of Payment and Exchange rate



Sources: *Bank of Mongolia*

Figure 29: Histogram of exchange rate's daily changes



As of December 31st 2013, MNT's reference rate against USD by the Bank was 1659.34, indicating 19% depreciation from that of the beginning of the year. During the reporting period, the average daily volatility rate was 0.25%, whereas the average daily appreciation and depreciation rates were 0.24% and 0.26% respectively. In 2013, the fluctuations of the exchange rate over 60% of the year did not exceed 0.2%, and there was only 5 days where it moved more than 1% in the whole year.

2.4 Foreign Exchange Reserve Management

Subject to the 5th, 21st Articles of the Law of Mongolia on Central Bank, the Bank manages its' foreign exchange reserves by investing in assets of the highest credit quality with sufficient liquidity to meets its' policy objectives and payment obligations. Only after fulfilling these objectives of safety and liquidity, the Bank seeks to optimize its return.

During the fiscal year, the Bank carried out its foreign exchange reserves management in accordance with the generally accepted asset management principles and within the scope of established risk limits. In terms of general structure, the Bank defined its foreign currency asset composition, foreign currency investment composition, optimal investment duration, and eligible financial instruments. Financial due diligence has been conducted on capital markets periodically to assess idiosyncratic risk, systematic risk, credit risk and other key investment risks. Moreover, global market has been studied thoroughly and conferring investment reports have been published regularly.

The Bank prioritized its assets' safety by investing in major reserve currencies, allocated and unallocated gold, current and deposit accounts with highly regarded central banks such as the Federal Reserve System, Bank of Japan and Bank of France and money market instruments issued by world class supranational such as the Bank for International Settlements. The Bank took a traditional risk-averse approach when investing in foreign corporate banks and financial institutions and it has only proceeded to invest in entities with the highest investment grade credit ratings. With the Federal Reserve System's profoundly popular 'tapering' talks, an eventual halt to its' monthly bond purchase program and potential end of its' massive quantitative easing, sweeping the financial markets, the Bank positioned its' bond holdings in the investment bucket of 0-3 year based on our view of the United States' Treasury curve expectations.

In spite of the European Central Bank's persistent expansionary monetary policy, the lingering economic slowdown of the Eurozone had an observable and a significantly negative impact on the balance of payments of developing countries. This prevalence, in turn, led to an increased systematic risk in the financial sector as a whole. As a responsive measure, the Bank did not invest any of our assets without a method in place for a guarantee.

The Bank worked thoroughly with other central banks, the World Bank Treasury and the Bank for International Settlements to advance its current reserve management practice. It is important to note that the Bank progressively improved and continued to build upon on our relations with foreign financial institutions in all aspects of public finance.

Upon completing diligent studies on generally accepted asset management principles of central banks with track record of success and consulting with the World Bank Treasury, the Bank classified its' foreign exchange reserves portfolio into two tranches; a liquidity tranche with a duration of 0-1 year and an investment tranche with a duration of 0-3 years. Moreover, the Bank implemented a passive management on its' fixed income portfolio by mirroring the United States treasury 0-3 year index.

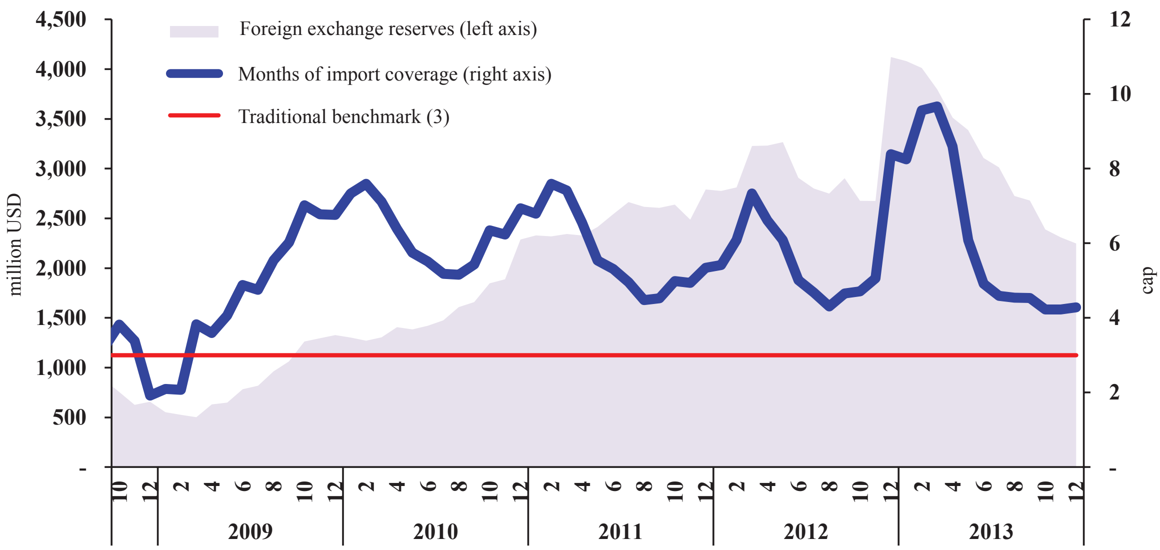
In 2013, the monetary expansionary theme continued as major central banks kept its policy rates at historic low levels. However, expectations of monetary policy and the influence of that on gold was the dominant factor. The Federal Reserve System made a sensitive announcement regarding a potential of tapering, a reduction of its' monthly bond purchases, to the public which set off chain reaction of readjustments in the financial market. Treasury curve steepened on the back end with longer dated Treasury yields rising substantially. Gold prices fell by 28%, locking in the largest annual decline since 1981 and ending a 12-year bull run. The Federal Reserve System finally made the call in December, saying it would reduce the stimulus by $10 billion, to $75 billion a month, starting in January, with the aim of slowly winding down the program over 2014.

The biggest losses against the U.S. currency came from the yen amid proactive policies under "Abenomics' led by the newly appointed Prime Minister Shinzo Abe and their correspondingly accommodative central bank. The yen dropped sharply in 2013, with dollar up 22% for the year. The prolonged European debt crisis prompted European Central Bank to pursue further expansionary policy, which led to continuation of the negative yield in the Euro. As a result, the return of the foreign-exchange reserves remained low in the year of 2013.

As of December 31, 2013, the foreign-exchange reserves reached USD 2,248.0 million, a decrease of USD 1,887.8 million from the previous year. This level satisfies the measure of international standards that requires meeting 12 weeks of import payment in the following ways:

- 17.3 weeks of actual foreign currency denominated import payment of December, 2013,
- 17.3 weeks of foreign currency denominated import payment of the last 12 months' average imports,
- 17.7 weeks of import payment of balance of payments' projection for the year of 2014.

Figure 30: Foreign exchange reserves



Source: The Bank of Mongolia months

During the fiscal year, Bank's purchases of gold Dore from local gold producers increased by 82% from the previous year to 6 tons. The Bank monetized 7.4 ton of gold from new purchased and old stock in 2013 and increased the foreign exchange reserves by USD 328.4 million.

Return on foreign reserve management investments totaled to a loss of USD 34.3 million even though 16.7 million was earned from interest income on demand deposits, time deposits, and short-term securities, 28% decline in price of gold and 22% percent decline in price of the Japanese Yen led to a revaluation loss of USD 51.1 million.

2.5 Payment and Settlement System

The Bank is pursuing a policy aiming to ensure the safety, stability and efficiency of the payment and settlement systems, promoting the use of non-cash payments and supporting the development of financial market infrastructures.

In order to strengthen the legal basis for payment systems, the Bank regulations on the inter-bank high and low value payments have been updated and followed by the participants.

With the Asian Development Bank financial support, the Bank successfully implemented "Transformational Mobile Banking Services" project to promote the use of non-cash payment instruments, establish a robust legal framework for the system and support the cooperation among the system participants. The results of the project and further measures to be taken have been discussed at the 11th meeting of the National Payment System Council.

The Bank of Mongolia, together with the Government and Asian Development Bank is aiming to implement the 'Payment system modernization' project with the main objectives of modernizing payment system infrastructures, improving a legal framework, creating common standards for unified system and promoting non-cash payments.

To ensure the safety and efficiency of the payment system and to protect the end-users rights, the Bank of Mongolia oversees the payment systems operations by supervising, examining and granting the relevant licenses to participants for new payment instruments and services.

Table 10: Interbank transaction volume and value for 2010-2013, quarterly (volume in thousand, value in trillion MNT)

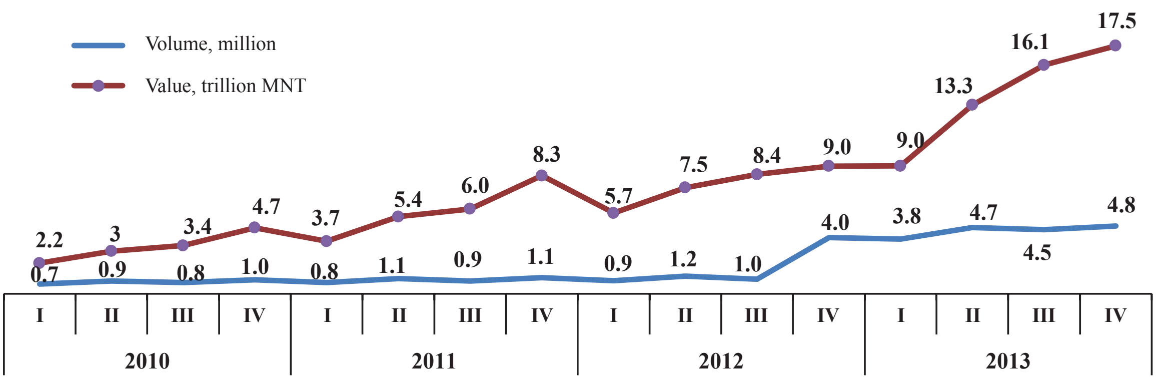
	2010		2011		2012		2013	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value
I quarter	693.8	2.2	798.0	3.7	914.9	5.7	3846.3	9.0
growth (%)	38.2	25.8	15.1	68.2	14.6	53.8	320.4	57.9
II quarter	908.9	3.0	1077.5	5.4	1249.4	7.5	4 664.1	13.3
growth (%)	27.0	69.6	18.5	80.0	16.0	38.5	273.3	77.3
III quarter	801.9	3.4	903.6	6.0	1018.5	8.4	4 524.5	16.1
growth (%)	28.1	74.2	12.7	73.5	12.7	40.2	344.2	91.7
IV quarter	983.1	4.7	1139.3	8.3	3954.9	9.0	4 780.1	17.5
growth (%)	22.8	86.2	15.9	76.6	247.1	8.4	20.9	94.4
Total	**3387.7**	**13.2**	**3919.3**	**23.4**	**7137.8**	**30.6**	**17 815.0**	**55.9**
growth (%)	**28.1**	**66.5**	**15.7**	**77.3**	**82.1**	**30.7**	**149.6**	**82.7**

Source: Bank of Mongolia

Comparing with the previous year, interbank transactions in 2010 increased by 28.1% in volume and by 66.5% in value, by 15.7% and 77.3% in 2011, by 82.1% and 30.7% in 2012 and by 149.6% and 82.7% in 2013 respectively.

Since 2010, interbank transactions constantly growing both in volume and value, thus, 17.8 million transactions with the value of 55.9 trillion MNT were successfully processed in 2013.

Figure 31:Interbank transactions volume and value for 2010-2013, quarterly



Source: Bank of Mongolia

Payment card

Following the relevant Resolutions of the Government, National Electronic Transaction Center of the Bank is allocating money through respective bank accounts to children from Human Development Fund, as well as financial incentives to herders for providing the wool to domestic factories. Furthermore, citizens are able to withdraw money granting from the Human Development Fund, using the national payment card for children named "Ireedui".

Table 11. Usage of payment cards

Numbers of cardholders		2011	2012	2013	Rural region	*Growth (%)*
	Cardholder (in million)	2 169 838	2 855 378	3 456 440	1 098 072	*21.1*
	Active cardholder (in million)	440 177	1 123 041	1 343 284	306 779	*19.6*
Number of devices		2011	2012	2013	Rural region	*Growth (%)*
	POS	5624	7210	9535	2011	*32.2*
	POB	2354	2384	2765	1696	*16.0*
	ATM	634	915	1032	244	*12.8*
	Others	373	316	314	-	-
Settled payments by each device		2011	2012	2013	Rural region	*Growth (%)*
POS	Volume, million	5.9	10.3	13.6	1.2	*32.0*
	Value, billion	448.8	735.1	738.7	24.9	*0.5*
POB	Volume, million	2.2	1.7	1.4	0.4	*-17.6*
	Value, billion	515.5	557.0	422.5	67.8	*-24.1*
ATM	Volume, million	36.7	57.4	57.0	10.8	*-0.7*
	Value, billion	2603.8	3993.2	4647.5	854.7	*16.4*
Total	Volume, million	44.8	69.5	72.0	*12.4*	*3.6*
	Value, billion	3568.1	5305.3	5808.7	*947.4*	*9.5*

Source: Bank of Mongolia

The data of card payments indicates a significant growth in card usage every year except for payments at POB terminal meaning that the use of non-cash payment instruments increasing constantly.

2.6 Regulatory reform in the banking sector

For the reporting year, laws including on Insurance for bank deposits, Securities market, Combating money laundering and terrorism financing, Investment, and Investment fund are enacted by the Great State Khural, and, in connection with it, laws on Central bank and on banking were amended.

1. On 10 January 2013, the Deposit Insurance Law was adopted. The law establishes a legal basis of a mandatory insurance for bank deposits with purpose of protecting interests of bank depositors and ensuring stability of financial market, and regulates relations relating to functions of insurance fund for deposits. Importance of the law is that it sets a juristic person /Deposit Insurance Corporation/ with special task of carrying out the compulsory insurance for bank deposits, insures money deposits at current and saving accounts by banks to the Deposit Insurance Corporation, and regulates activities concerning payment of insurance compensation to depositors in case of insurance event. With enactment of the law, it sets out that, in occurrence of insurance event, the Deposit Insurance Corporation's compensation covers every depositors of banks in paying total amount of up to 20 million MNT and foreign currency deposits held by those depositors in such banks, and that a bank having a banking license according to banking legislations are subject to deposit insurance scheme.

2. The Law on Securities Market enacted on 24 May 2013 regulates relations concerning operations of participants in securities market (initial public offering, trading, registering, clearing, settlements and depositing, and other regulated activities), supervises, and protects interests of investors. It also provides general regulation for issuance and trading of derivative financial instruments based on goods and commodities and for undertaking of professional investment activities in securities market. Importance of the law are reducing risk in securities market and ensuring of fair, transparent, and efficient conditions.

3. Amendment to the Anti Money Laundering and Combating the Finance of Terrorism Law or Law on Anti-Money Laundering and Combating Terrorism Financing was enacted on 31 May 2013. In effective duration of the law since its introduction in 2006, as banking, financial system and foreign investment is being developed and increased, improved legal environment regarding ensuring of stability of such developments, detecting, eradicating, forfeiting, and seizing of illegal assets, were required. Due to incompatibility of our legal basis with relevant UN convention and the recommendations of the International organization combating financial crimes, it had been subject to international scrutiny and pressure. Therefore, conformed law to such requirements, legal basis preventing potential financial risk is formed.

4. The Law on Investment was passed on 13 October 2013. It provides regulations to protect legal rights and interests of investors in territory of Mongolia, to set up common legal guarantee for investment, to support investing, stabilize tax environment, and to determine an authority of governmental agencies and rights and duties of investors. By this law, it establishes basis for implementation of policy for long term investing and stable, explicit and certain environment for foreign and domestic investment.

5. The Law on Investment Fund was enacted on 13 October 2013. It legalizes relations concerning to establish investment fund, to operate investment fund, to protect interests of an investor, to regulate and control activities of investment fund by governmental authority.

MONEY MARKET OPERATIONS 3

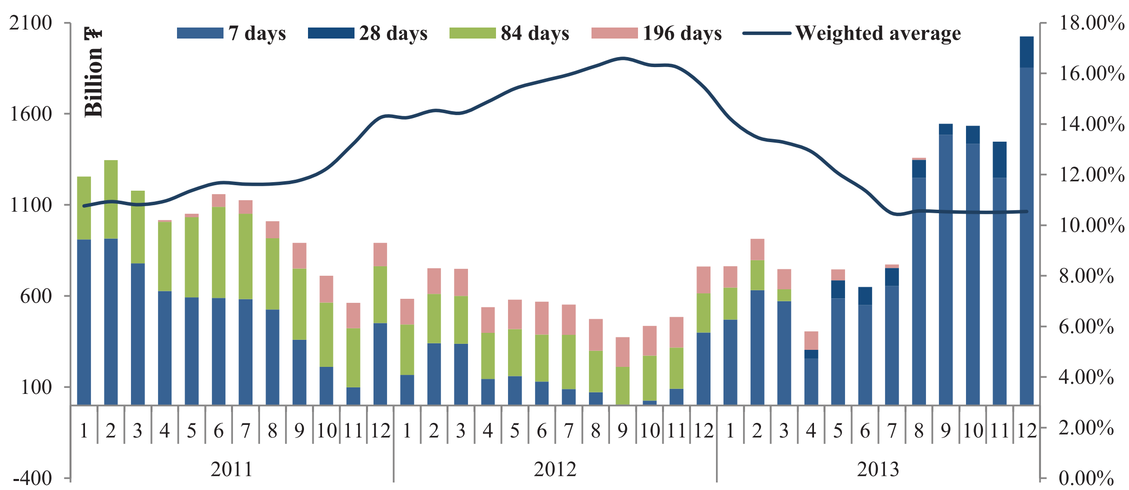
3.1 Central Bank Bills /CBB/

The Central bank bill /hereinafter CBB/ is one of the most important instrument in implementing and presenting the current level of monetary policy as well as maintaining the interbank rate within the targeted level. Currently, two types of bills are sold to the banks by the Central bank:

- 7 day tenor CBB[3]
- 28 days tenor CBB[4]

In an effort by the Bank to set up an environment where the equilibrium rate is set by market forces and any gap between the CBB rate and the market rate is moderated, the 7-day CBB's frequency of issuance was increased to three times a week, on every Monday, Wednesday and Friday, since March 2013. As of December 31 2013, the total outstanding balance of CBB was worth 2 trillion MNT /out of which, 92% is one week tenor CBB, and 8% is four week tenor CBB/. Such figures show that the outstanding balance of CBB in 2013 has increased by 62% as compared to 2012, and has increased by 56% as compared to the year 2011 (Figure 32).

Figure 32: Total outstanding CBB's owned by the banks /Monthly/



Source: Bank of Mongolia

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3 -No maximum bid amount. Fixed rate principle /Policy rate/.
-Auctioned every Monday, Wednesday, and Friday.
-Full allotment.
-The Bank of Mongolia may not fulfill all of the received bids in certain circumstances.

4 -Banks are required to bid within the announced maximum rate /repo rate+ 0.5%/.
-Preannounced volume limitation.
-Auctioned every four weeks.
-Allotment: Lowest rate to the highest.

3.2 Central Bank Financing

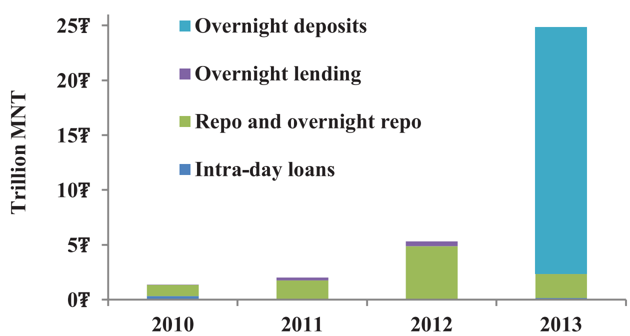
In March of 2013, the Bank implemented a monetary policy framework known as "interest rate corridor" in order to increase the capacity of control on short-term interbank interest rates, its volatility, and to improve an effect of interest rate channel of money transmission mechanism. It was also an important step forward to enhance the effectiveness of the monetary policy.

By introducing a corridor system, the central bank launched two new monetary policy instruments and amended the previous instruments in the following manner:

1. "Central bank overnight deposit" facility (the deposit rate serves as a floor of the corridor: 2 percentage points below the policy rate)
2. "Central bank overnight repo" facility, introduced instead of "Central bank overnight lending" facility and "Central bank repo"(repo rate is set as a ceiling of the corridor, 2 percentage points above the policy rate)
3. "Central bank reverse-repo financing" which was auctioned by the initiative of the Central bank, was changed to 7 days maturity and its rate was defined to +0.5 percentage points plus the policy rate. The auction rules include: 1) No maximum bid amount limit, (2) full allotment of the received bids.

In 2013, the Bank carried out transactions of MNT 24.9 trillion through its financing and deposit facilities, of which are 90% in overnight deposits and 9% in the repo and overnight repo, and the remaining 1% in the intra-day loans and overnight lending[5] .

Figure 33. Central bank financing facilities, 2010-2013

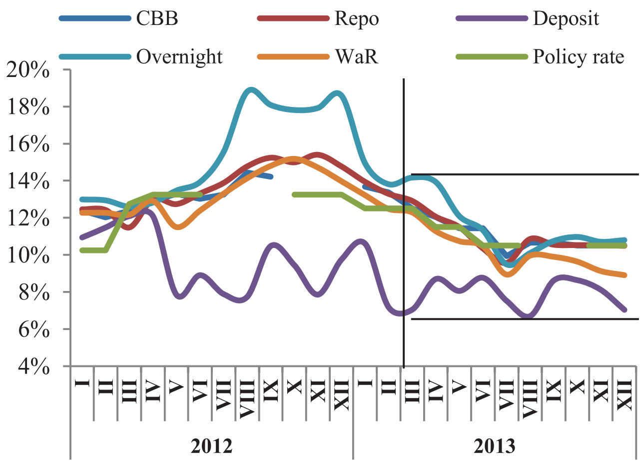


In reporting year, the amount of central bank's overnight repo funding has reduced by twice as compared to previous year due to banks' increased liquidity which is at MNT 2.2 trillion. In addition, new facility overnight deposits reached MNT 22.5 trillion (figure 33).

Source: Bank of Mongolia

[5] It is used until interest rate corridor is introduced

Figure 34. Policy rate and interbank money market rate



As shown in Figure 34, interbank market interest rate volatility decreased significantly due to the interest rate corridor facilities.

Source: Bank of Mongolia

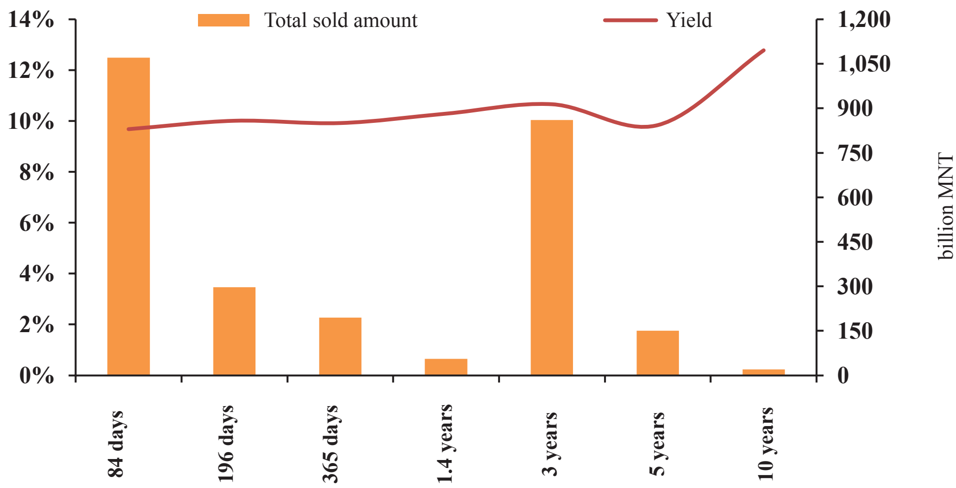
3.3 Government securities /GS/

GS Primary Market

In order to improve the functions and trading of the government bonds, the "Regulation of Government securities issuance and auction" had passed jointly by the Ministry of Finance and the Bank in October 2012. Since then, 63 Government securities auctions were held /worth face value of 2.6 trillion MNT through the Bank (figure 35).

Due to proper regulation and frequent auctioning framework, the yields of the government securities have been constantly decreasing. The current yield of 12 weeks tenor Government bill is at 9.1% as compared to 12.88% from the previous year. Such factors have helped significantly in generating proper amount of outstanding GS's in the primary market and made able to introduce GS secondary market.

Figure 35:Total amount of GS's auctioned in 2013 for each tenors.



Source: Bank of Mongolia

GS Secondary Market

In 2013, the regulation on "GS trading in the secondary market" had passed jointly by the Ministry of Finance, The Bank of Mongolia, and the Financial Regulatory Committee. Total of 295 billion MNT worth of GS was traded in the secondary market /out of which, 55 billion MNT worth of GS was traded by investors, companies, and individuals excluding banks/.

Active trading in the secondary market has enabled to build market-based GS yield curve as well as making the market more liquid.

In order to further enhance the GS trading framework, The Ministry of Finance and the Bank of Mongolia are jointly working on introducing a primary dealer's system, which amends the right to purchase GS's in the primary market to certain number of investors and give obligations to hold required amount of GSs for certain period of time.

3.4 Foreign Exchange Market

In 2013, the Bank has continued a foreign exchange market intervention framework that allows exchange rates to move in line and set consistent with the macroeconomic fundamentals. The Bank has arranged 103 FX auctions with the purpose of maintaining the stability in the FX market and smoothening the excessive volatility of exchange rate caused by the gap between demand and supply.

Over the past few years, the current account deficit has been largely financed by foreign direct investments. However, balance of payments difficulties in 2013, mainly caused by sudden decrease in the foreign direct investment and worsened terms of trade, started to signal crisis and strongly influenced in the direction of weakening togrog against foreign currencies.

In 2013, the Bank has injected net of USD 1.2 billion into the foreign exchange market. Moreover, in order to provide liquidity in the market and to reduce the pressure on USD demand generated via the CNY, the Bank injected net of CNY 4.3 billion into the spot market as well. Furthermore, the total of USD 213 million was injected into the FX market through non-auction practice in order to stabilize the excessive volatility of the exchange rate.

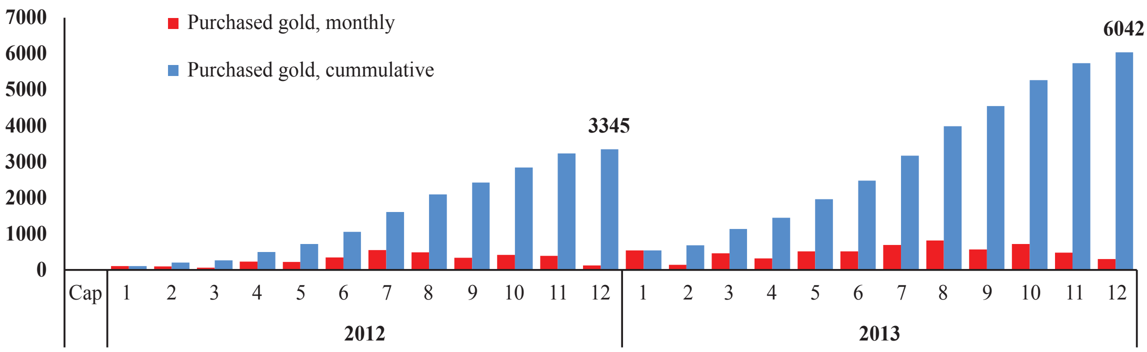
With intent to provide the banks and their clients with FX liquidity in alignment with hedging the FX risk, the Bank has been actively employing financial derivatives along with the spot market intervention. For example, in 2013, the Bank has carried out MNT swap deals worth USD 6.6 billion, USD swap deals worth USD 457.0 million, and forward transactions worth USD 305.0 million in an accumulated basis. Moreover, with regard to the “Bilateral Local Currency Swap agreement” between the People’s Bank China and the Bank, the Bank has also carried out CNY swap deals worth CNY 183 million with domestic commercial banks.

3.5 Domestic market gold purchase

One of the main source of expanding national foreign exchange reserve is purchasing gold Dores from domestic market. The Bank engage purchasing gold Dores from domestic gold miners and artisanal miners further refine the gold Dores at foreign refinery up to international standard level, and increase foreign exchange reserves. In compiling period the Bank purchased from 75 gold miners and 13 persons 6.04 tons of gold Dores in total, spent for purchasing 378.1 billion togrog, which is 2.7 tons higher that year on year basis or 81.8% increased result compared to the previous year.

In 2013 the Bank in total 7.4 tons of gold Dores refined at refinery, which is in terms of 328.4 million USD increase of national foreign exchange reserve accumulation.

Figure 36. Purchasing of the Bank of Mongolia in 2013 (gross weight terms / kg, compared to 2013 with 2012 blue to green lines in corresponding months)



Source: Bank of Mongolia

Commemorative coins

In the frame of general contract signed with Coin invest trust company the Bank issued the permission to be minted the “Eagle” silver coin “Chinggis Khan” golden coin and “John F.Kennedy” gold and silver coin “Horse” gold and gold plated silver coin, “Chinggis Khan” silver coin and colored coins and are sold to international coin collectors.

Coins issued in 2013

“Eagle” gold, silver coin

“John F Kennedy” gold coin

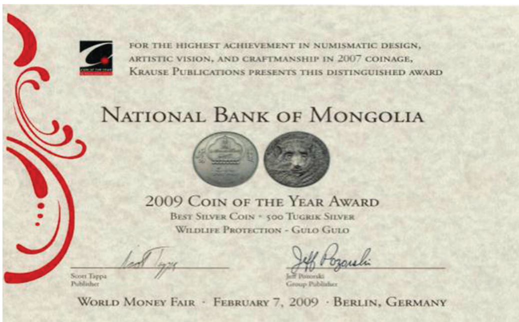
“Chinggis Khaan” gold, silver and colored coins

“Horse” gold, gold plated silver coin

“Manuul” gold, silver coin

In the reporting year by contract between the Bank and Coin Invest trust company, the sales royalty payment of coins to the Bank reached 4,249.25 USD and 6,195.90 Euro.

In 2013 coins issued by the Bank was awarded prestigious international awards such as “ Wild life protection Gulo Gulo” – “Best silver coin” and “Best coin of the year ” at Berlin Money fair Germany organized by Krause publications, at Moscow 6th International commemorative coin contest the “Ural Owl” coin awarded 3rd place of “ Silver coin of the year “ and “Most popular coin “ at Berlin Money fair, Germany. This coin has also very potential to get awarded 2014 September Berlin International contest of coins.


For the highest achievement in numismatic design, artistic vision, and craftsmanship in 2007 coinage, Krause Publications presents this distinguished award
National Bank of Mongolia
2009 Coin of the Year Award
Best Silver Coin · 500 Tugrik Silver
Wildlife Protection - Gulo Gulo
Scott Tappa
Publisher
Jeff Pozorski
Group Publisher
World Money Fair · February 7, 2009 · Berlin, Germany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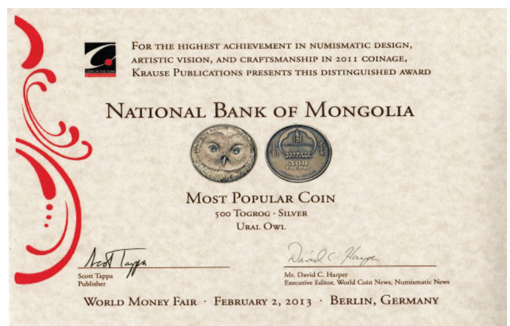
Group Publisher
World Money Fair · February 7, 2009 · Berlin, Germany


Диплом
Diploma
Монетное созвездие-2012
Coin Constellation-2012
III место в номинации
Серебряная монета года
III place in the nomination
Silver coin of the year
Неясыть
(Coin Invest Trust)
Ural Owl
(Coin Invest Trust)


For the highest achievement in numismatic design, artistic vision, and craftsmanship in 2011 coinage, Krause Publications presents this distinguished award
National Bank of Mongolia
Most Popular Coin
500 Togrog · Silver
Ural Owl
Scott Tappa
Publisher
Mr. David C. Harper
Executive Editor, World Coin News, Numismatic News
World Money Fair · February 2, 2013 · Berlin, Germany

MEDIUM-TERM PROGRAM FOR PRICE STABILIZATION OF THE MAIN CONSUMER GOODS' AND SUPPLY SHOCK ELIMINATION 4

In Mongolia, the supply mechanisms of some consumer goods and products have been inefficient and unstable for a long time, which explains the fact that supply driven and cost pushed inflation being high, consistently. Thus, in order to prioritize the decrease of inflation, protection of citizens' real incomes, macroeconomic stability, reduction of demand side inflationary pressures, the Bank intends to remove restrictions that prevent the stabilization of prices of main consumer goods. Furthermore, the Bank intends to create a sustainable system for supply of products.

Within the above objectives, the Bank in cooperation with the Government, implemented the "Memorandum of understanding to cooperate on the implementation of Price stabilization medium term program" on 22 October 2012. The program is composed of Sub programs that will deliver the objectives through the private sector, and short-term capital loans. This includes:

4.1 Sub program for food price stabilization (FPS)

"Meat accumulation and meat price stabilization" program: Within the sub program, an enough meat reserves were secured for the population in 2013, and a new system of sales successfully implemented. The Ministry of Food and Agriculture selected meat reserve managers: "Just Agro" LLC in Ulaanbaatar, "Baatruud tenger" LLC in Darkhan, and "Erdmiit" LLC in Erdenet, and implemented the sub program from 16 November 2013 to 15 July 2013 successfully. The banks that are participating in the program were chosen by the Ministry of Food and Agriculture, and made a contract based on the assessment of the risk of the program. The banks lent 87.0 billion MNT to the three companies to reserve meat and the loan was fully repaid to the banks and the Bank.

Within the sub program, total amount of meat reserves accumulation was 11,446.1 tons of which Darkhan had 1025.1 tons, Erdenet had 1016.1 tons, and the reserves were sold completely. In these cities, meat reserve managers were given 5.45 billion MNT loan and, repaid the loan completely and consistently with repayment schedule at the beginning of July 2013. In Ulaanbaatar, meat reserves were 9405.0 tons and were sold completely by July 2013.

During the implementation of the program from October 2012 to July 2013, the growth in average meat prices was twice less than during the same period of the year before. The annual growth of the beef price in July 2013 was 2.5 times less than the average growth of the previous 5 years, while annual growth rate of beef bone meat as well as mutton was 2.2 times less and 3.4 times less, respectively (Figure 37).

Figure 37: Annual growth rate of meat prices

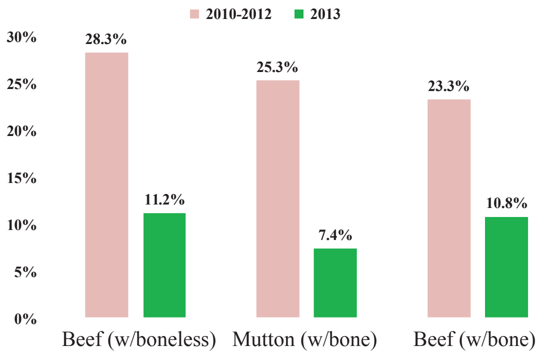
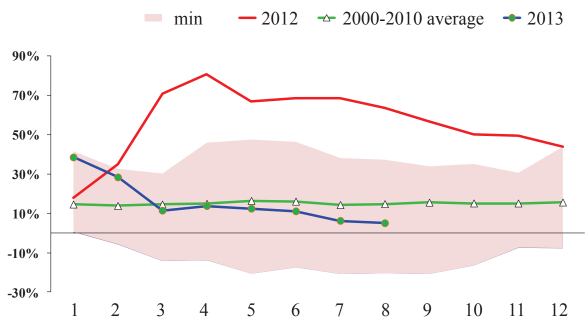


Figure 38: Annual growth rate of meat prices



Source: NSO

The annual growth of meat prices of 10.5% in 2013 was 4.2 times less than the growth rate in 2012 and 3.3 times less than the growth rate during 2010-2012.

For the purpose of meat reserves, storage, and sales in 2014, the Bank, from November to December of 2013, lent 61.6 billion MNT while participating banks lent 15.4 billion MNT, a total of 77 billion MNT was lent to companies that are implementing the program. Starting in 2014, the funding of loans to accumulate meat reserves were partially funded by banks other than the Bank. In the future, banks would wholly finance the loans and the Bank will gradually exit the program. As for 2014 program, meat reserve managers of 4 companies accumulated a total of 13.2 thousand tons of meat, accounting for 94.3% of the total reserves by the end of 2013.

Flour price stabilization program: Reducing the cost of producing wheat flour, accumulate wheat reserves, and monitor wheat sales. Within the sub program, the soft loans made from the Central Bank to commercial banks, which in turn a total of 61 billion MNT planned to be loaned to 36 wheat production companies. In 2013, 23 wheat production companies received 48.7 billion MNT of soft loans of which 36.2 billion MNT were already repaid and 17 wheat production companies completely paid off their loans leaving 12.5 billion MNT in remaining loans. These loans were repaid in full accordance with the repayment schedule. Factories fully paid for their purchases of flour from farmers and from the Agricultural Support Fund and wheat flour production has been stable.

The program's goal to expand flour production and to meet 100% of Ulaanbaatar city's demand for flour was met as well as the first objective to keep flour price stable throughout the year.

4.2 Sub program for supporting the construction sector and housing price stabilization (HPS):

The program, in cooperation with the Ministry of Construction and Urban Development, came into force on 9 January 2013 and implemented the following objectives:

Stabilizing prices of major construction materials:

- To maintain the stability of domestic supply of important construction materials
- To eliminate the constraints caused by seasonal supply of important construction materials that must be

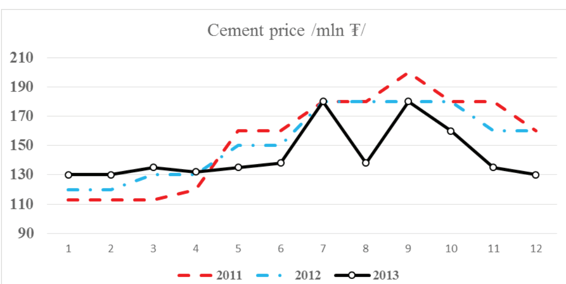
imported such as cement and steel
- To advance and support the production of environmentally friendly building materials

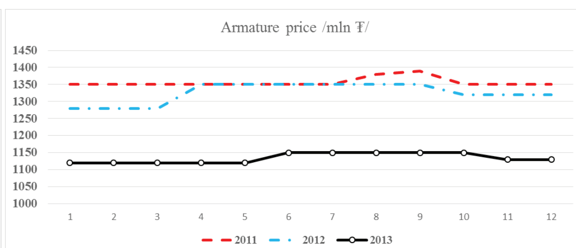
Create the possibility for construction material producers that made contracts with the government to give soft loans to domestic enterprises to expand its production. In order to ensure to stability of domestic supply of key construction materials, 174.7 billion MNT loans were made to 71 companies from banks. Furthermore, in order to eliminate the constraints caused by seasonal supply of important constructions materials that must be imported such as cement and steel banks made 125.4 billion MNT loans to 55 companies. This adds up to a total of 301.6 billion MNT loans were granted from banks. According to the report by the Ministry of Construction and Urban Development, since the program was implemented in 2013, companies that import cement and steel imported a total of 1,520,000 tons of cement and 179,198 tons of steel, of which 490,000 tons of cement (32%), and 161,605 tons of steel (90%) was imported through the financing from the program.

Since the launch of the program, the price of cement during the first 6 months of 2013 was very stable, while started to fluctuate beginning in July 2013. The price of steel was stable throughout 2013. Entities that received soft loans, in accordance with the contract, sold one ton of steel for 1150 MNT and met the contractual agreement, fully meeting the program's objectives.

As a result of promoting the construction sector and stabilizing housing prices, the construction industry grew by 66.5% in 2013, which significantly contributed to a double-digit real GDP growth and the protection of jobs in the labor market.

Figure 39: Steel, cement price /month, thousand MNT/





Source: MCUD

Mortgage financing to create a long-term sustainable system:

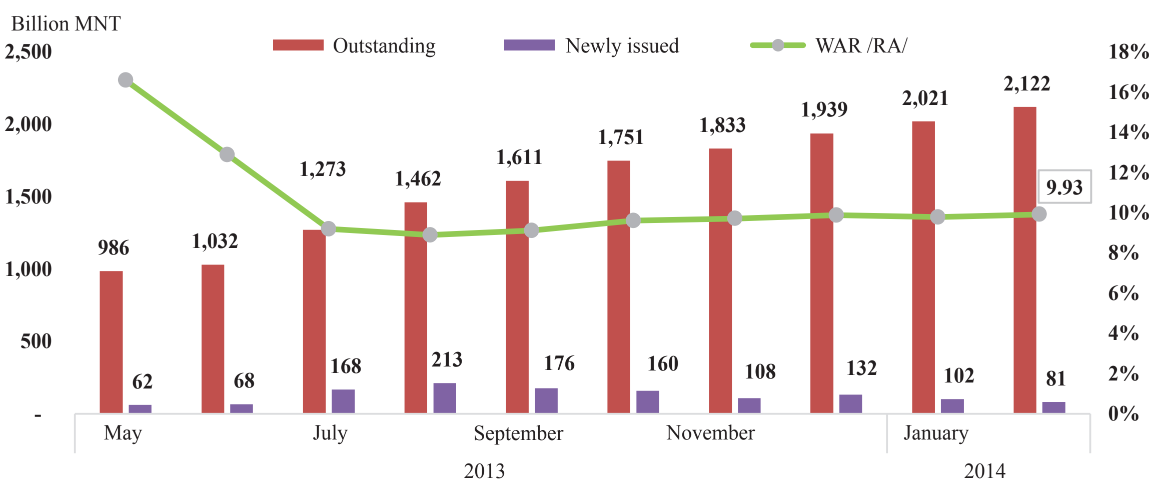
In order to promote a decrease in inflation to stabilize the macroeconomic environment, ensure fast and efficient flow of capital and the strength of the banking sector, prevent financial weakness and market failure, and support housing supply and the real economic sector activity, the Bank in increasing the savings of the middle class and creating a strong foundation for long term sustainable system, implemented the "Mortgage financing to create a long-term sustainable system" program.

The Mortgage financing to create a sustainable system was created on 13 April 2013 by the Central Bank in cooperation with the Government. The Central Bank approved the program on 14 June 2013 and made the main contract with banks as well as MIK, which refinanced previous mortgages and established new lending for mortgages by setting aside 1.5 trillion MNT in banks.

The program was implemented starting on 17 June 2013. By the end of 2013, banks refinanced 16,750 residential mortgage loans worth 474.5 billion MNT, which helped eliminate 8% of the loan rate. While 12,803 citizens were granted 739.1 billion MNT in new residential mortgage loans.

Therefore, by implemented the sustainable mortgage financing system, Mongolian consumer economic savings and middle class savings increased, which also increased productivity and improved the transparency of the labor market. Furthermore, the program resulted in increase in the income of the social insurance fund. The system, in turn, will contribute to the decrease of long-term inflation, which will contribute towards a long-term sustainable economic growth.

Figure 40: Mortgage loans



Source: Bank of Mongolia

4.3 Sub program for trade logistics and facility aimed at lowering costs of the main imported goods (TLF)

Necessity and goal of the program: Limited capacity and high cost of transportation and logistics systems have been increasing imported goods' price and pressuring on inflation many years in Mongolia. There was a need to improve international trade transportation and logistics systems to create sustainable supply of imported consumer goods and to limit the price increase.

Therefore, the Bank of Mongolia and the Ministry of Road and Transportation jointly launched the subprogram "Trade logistics and facility sub program (TLF)" on October 26, 2012. The program will be implemented in medium term and it has several consecutive tasks of management and policymaking for international and domestic relationship aimed at improving and facilitating railway service quality. Following objectives planned to be financed by MNT 303 billion.

1.	Capacity enhancement of railroad Wagon Park	MNT 136 billion
2.	Capacity enhancement of railroad Locomotive Park	MNT 95 billion
3.	Financing working capital of petroleum product	MNT 22 billion
4.	Capacity enhancement of logistic terminal	MNT 50 billion

Implementation of the sub program:

On March 21st 2013, the Bank lent MNT 22 billion with interest rate of 3.8% and maturity of 3 years to "Ulaanbaatar railway" Mongolia-Russia Joint Venture Company to finance its working capital of fuel import through a commercial bank. In the end of 2013, MNT 10 billion of total amount was already repaid. In the scope of subprogram, following tasks which have not financing are completed:

- Freight turnover of consumer goods and products from Zamiin-Uud to Ulaanbaatar reduced from 2-3 days to 23 hours.
- Zamiin-Uud transshipping team's technological time reduced from 24 hours to 11 hours. As a result, loaded wagons became able to connect to the trains according to train schedule within a day.
- A special regulation to manage freight loading/unloading and transferring is effective since April 1st 2013. As a result, loaded wagons connect to the trains according to train schedule within a day and wagon turnover decreased to 3 days compared to 4.41 days in 2011 and 3.59 days in 2012.
- Rail services for enterprises and individuals engaged to import of goods are improved substantially. For example, several measures were taken such as facilitation of transshipping process for freights passed through auto road and railway, improvement in management in loading crew, advisory services for customers, text message notification to customers about arrival of freight in Ulaanbaatar, introduction of "door-to-door" freight delivery system, placement of extra trains on rail during overloading days.
- The 76th order by Ministry of Road and Transportation dated on November 9th 2012 established a task force responsible for contracting with "Rosneft" Company and coordination of procurement for Ulaanbaatar Railway's fuel consumption. Furthermore, Ulaanbaatar Railway made trade contracts with "Rosneft" Company, Russia and "KB energy", South Korea, which saved MNT 4.0 billion of fuel costs by October 1st 2013.
- In order to facilitate freight transportation between Tianjin and Zamiin-Uud, particular actions dedicated to fasten transshipping for trains came through narrow gauge railway were taken constantly since November 2012. As wagon turnover increases and transshipping time decreases, there is no longer accumulated loads and delay in China Railway and Tianjin port.
- On January 29, 2013, Ulaanbaatar Railway's General committee approved to borrow MNT 70 billion to purchase 400 open wagons, 60 boxcars, 3 mainline locomotives and 3 shunting locomotives. The company sent its proposal and budget to Russian wagon manufactures and made connections with 6 of companies. Therefore, "Transmashholding" company was selected to supply wagons by the General committee on May 8th 2013 and contracting is under process.

As a result of the subprogram, imported consumer goods are transported in 24 hours from Zamiin-Uud to Ulaanbaatar. Moreover, it reduced adverse effects resulted from limitation in infrastructure and created suitable situation to keep core inflation in a lower level.

Current progress of the sub program

- As aforementioned, Ulaanbaatar Railway's General committee approved to borrow MNT 70 billion to purchase 400 open wagons, 60 boxcars, 3 mainline locomotives and 3 shunting locomotives on January 29 2013. The negotiating and contracting with "Transmashholding" company are under process.
- 13th Intergovernmental Joint meeting on Commerce, Economy, Science and Technology cooperation between Mongolia and China was held in Beijing on May 20-23 2013. The Government of China

agreed to show convenient condition on transit traffic for Mongolia and support all the issues related to the railway transportation and an exit to the sea.

Further actions:

- To sign a contract with China Railway to exchange information about approaching trains between Mongolia and China border stations.
- To sign a contract with contractor to build open and closed warehouses for Zamiin-Uud logistics center's transshipment, finance the project accordance with the regulations and monitor the project's implementation regularly.

Public relations:

According to the joint order of the Bank and Ministry of Road and Transportation, those organizations concluded the implementation of the subprogram and published evaluation reports which include further actions in official website of the Bank.

4.4 Sub program for strategic importing goods' financing scheme aimed at stabilizing the retail fuel prices (SIFS)

In order to stabilize retail fuel prices through financing retail fuel import with minimum cost and minimizing the exchange rate risk at the border, the Bank of Mongolia and the Ministry of Mining signed an agreement and jointly launched the "SIFS" sub program on October 26, 2012.

The main goal of the sub program is to stabilize the retail fuel price through financing retail fuel imports with Bank's predetermined interest rate and minimizing its exchange rate related risks. Following objectives shall be met to achieve the sub program goal.

1. Retail fuel price is stabilized.
    - Financial cost is reduced.
    - Exchange rate risk is minimized.
2. Other objectives.
    - Oil import tax is set based on the border price of oil.
    - Stock reserving containers of oil products are built.
    - Reserve of oil products is increased.
    - Supply source of oil products is diversified.

Implementation process of the subprogram

- According to the agreement, the parties shall evaluate the implementation in every 3 months. As of December 26, 2013, the results are following:

Implementation by the Bank:

- In this scope, MNT 192 billion credit with 3.8% interest rate was granted to proponent companies and USD 432.6 million financial derivatives contracts were made with companies, which resulted stable retail fuel prices (figure 41,42).

Figure 41: Monthly price changes of AI-92 gasoline (MNT)

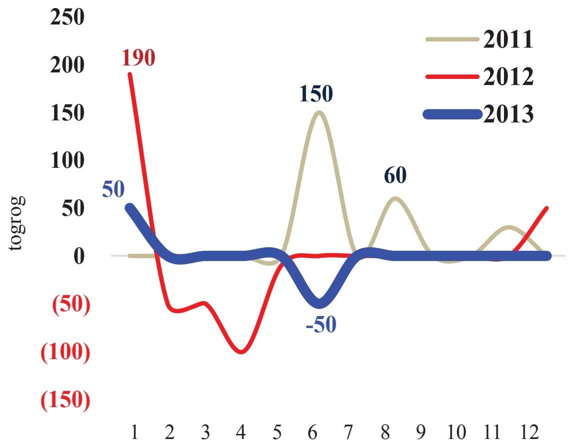
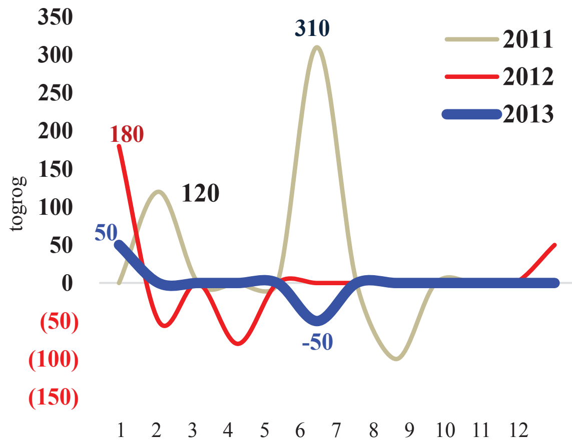


Figure 42: Monthly price changes of Diesel fuel (MNT)



Source: Bank of Mongolia, Petroleum authority of Mongolia

Implementation by Ministry of Mining and other government agencies:

- As a result of the Government Decree no.126, total reserve of oil products has increased by threefold from that of prior sub program level and therefore stable supply of the oil products was maintained.

Figure 43:Monthly oil reserve (Thousand tons)

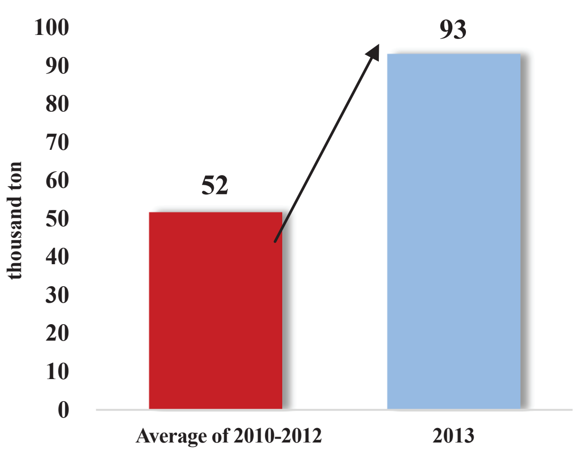
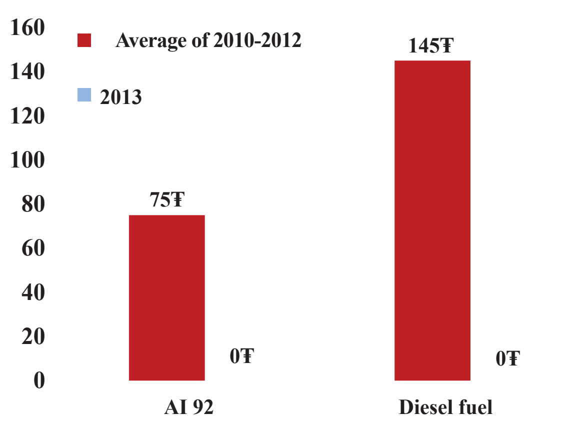


Figure 44:Monthly retail price changes (MNT



- Legal environment of tax on oil products, which are imported to be used by special license holders of mining and processing, is provided. Furthermore, Custom and excise duties are increased by Government Decree no.236.
- Legal environment, for retail sales of oil products with special permission is provided by making amendments to "Special permission of operations law" and "Petroleum products law".
- Sales price of oil products supplied by Rosneft and China Oil Co. Ltd is beginning to base international oil market prices.
- In order to diversify the supply source of oil products, procurement contracts with discounted terms were signed with several foreign companies. In this scope, oil transportation agreement signed with

China railway, which 200 thousand tons of oil products will be transported yearly on Chinese territory.

- Coherence between state agencies and oil sales companies is improved.
- Public monitoring of reserve, price and processing industry of oil products is highly improved with the implementation of the subprogram.

4.5 Sub program for supporting energy sector aimed at stabilizing energy tariffs (ETS)

The governor of the Bank and the Minister of Energy implemented the program on 9 July 2013 in order to secure the financial capability of state-owned enterprises in fuel and energy sectors, ensure adequate reserves of coal in preparation for winter, and to stabilize the prices and tariffs of the energy sector.

Prior to the implementation of the sub program, the Energy Regulatory Commission has stated that it will increase electricity costs and tariffs by 20% starting from 1 August 2013. Therefore, in order to prevent inflationary pressured caused by the sharp increases in electricity costs, the need to implement the program was necessary.

The implementation of the sub program will meet the following objectives:

- In cooperation with the Ministry of Energy, the Energy Regulatory Commission, State Property Committee, and the Government, the program will only allow changes in fuel and energy prices and tariffs to take place only from June to December. Furthermore, change in fuel or energy prices and tariffs should not exceed 2% per month.
- To secure adequate coal reserves in the State Property Committee from 2013 to 2014
- To ensure uninterrupted and reliable supply of fuel and energy
- To maintain electricity and heating prices and tariffs relatively stable, and decrease the impact of inflationary pressures caused by change in costs

ORGANIZATIONAL STRUCTURE OF THE BANK, OTHER ACTIVITIES

5

5.1 Organizational structure of the Bank

The Bank includes 9 departments, 2 independent units, 17 regional branches and a representative office in London, United Kingdom. For the reporting year, the Bank employs 455 staff, of which 334 employees work at the head office and 121 employees work in the regional branches.

In 2013, regarding to the curriculum, 168 employees participated in related seminars which took place for 229 times and 36 employees participated international conferences and meetings which took place for 86 times.

During the reporting year, the 92nd anniversary of People's Revolution was occurred. In accordance with celebration, the Bank has defined the successful and settled 46 employees to an honorarium of state medal and 34 best workers received state prize.

5.2 Communication

The Bank's communications initiatives in 2013 focused on several key areas including the economic outlook, monetary policy soundness for the better accountability and credibility. Accomplishing the initiatives, some strategic actions which have increased the understanding of the central bank's main objective, transparency, resilience of the monetary and budgetary policies were carried out through various channels involving press conferences, meetings, workshops, interviews, lectures, and articles. Moreover, intending the students and attendances "Visit Bank of Mongolia" excursion has been enduring.

Promoting the 'Draft on Monetary Policy Guidelines

Within promoting and interpreting the 'Draft on Monetary Policy Guidelines for 2014' to the Parliament, Government, press, and the public, the Bank held the seminar involving the journalists and publicists of the mass media. Therefore, statement from the governor and the interviews of the directors in accordance with the draft on guideline was published on the daily papers for the public understanding.

Monetary policy decision making and press conference

The Bank has established monetary policy committee (MPC) in October, 2012 which was separated from the Board of directors and increased the number of independent members. Thus, the MPC works with new structure and regulation by discussing the draft of monetary policy decision with 3 steps in the large scale from all aspects and the decision was published on the official press conference and public media.

The press conference comprises explanations on background considerations of monetary policy decision and the MPC members answer the related questions of the journalists. The monetary policy statements are also communicated on the Bank's official website immediately after the conferences. Besides, the concise minutes of the conference were published on the website in two hours after press conference.

Publications

The Annual Report 2012, the Draft on Monetary Policy Guidelines for 2014, the Research Book'8 and the Financial Stability report were released in the year of 2013 and delivered to the Parliament, members of the Government, government agencies, universities and libraries, etc. All of them also has published on the Bank's official website.

Improving the website

The Bank has given substantial emphasize on improving the website in 2013. 'Banner of 8^{+-1}', 'External sector', and 'Economic alphabet' etc many core areas are newly added on the website and updated regularly. Also the list on 'Monetary Policy' was now became significantly developed on the content and newly added monetary policy framework and transmission mechanism, etc. Therefore, the Bank substantially proclaimed the public about the independence, accountability, transparency, credibility of the central bank via using the website. The Bank products including researches, reports, and statistics were being informed through the website.

5.3 International cooperation

The Bank continues developing its relations with various international financial organizations and expanded relationship with other central banks to promote and deepen regional cooperation. In this regard the Bank organized following activities in 2013:

- The Bank hosts the 12th SEACEN Executive Committee (EXCO) Meeting in conjunction with SEACEN-BIS Executive Seminar on New Normal and the Nature of the Macro-Financial Links on 28-30 September 2013 in Ulaanbaatar. Delegates from 16 South East Asian countries such as People's Republic of China, Republic of Korea and Socialist Republic of Vietnam have participated at this seminar and discussed about "What have we learned since the global financial crisis about what central banks can and cannot do?; Maintaining financial stability in the face of volatile capital flows and exchange rates; The credit cycle and its policy implications; Coping with interest rate normalization in the major advanced economies.
- Asia/Pacific group on Money Laundering (APG) and the Eurasian group on combating money laundering and financing of terrorism (EAG) Joint Typologies and Capacity Building workshop was held in Ulaanbaatar Mongolia, during 23-27 September 2013. This is the first time that Mongolia is hosting such major meeting and it is also the first APG/EAG joint typologies workshop. There are over 250 delegates from the APG/EAG and its membership countries participating at this event as well as 8 international organizations such as FATF, World Bank, IMF etc, participate as an observer.

5.4 Anti-money laundering and Combating financing of terrorism measures

The Bank cooperated with the Ministry of Justice and other relevant governmental authorities in drafting amendment to Law on Combating money laundering and terrorism financing in compliance with FATF 40 recommendations, under the review of the FATF.

Consequently, Parliament of Mongolia adopted revised versions of Law on Combating money laundering and terrorism financing, Anti-terrorism law and Law on Registration of legal entities in May 31, 2013.

According to the action plan agreed upon with FATF, the Government of Mongolia adopted amendments to Anti-terrorism law, Regulation of designation of terrorists, freezing their assets and review of assets in accordance with United Nations Security Council resolution 1267 and 1373 in October 12, 2014.

By adopting amendments to Criminal Code and Criminal Procedure Code in January 16, 2014 by Parliament of Mongolia, Mongolia completed implementing all measures of action plan agreed upon with FATF. As a result, FATF has decided to remove Mongolia from "black grey" list of High-risk and non-cooperative jurisdictions at the plenary held in Paris, France in February 17, 2014 acclaiming significant improvement of AML/CFT regime of Mongolia.

The Bank received recommendations from WB, IMF, UN Monitoring Team, and APG consultants reflecting FATF recommendations. The Bank reported each quarter to the FATF and APG on every advancements relating to amendments of AML/CFT law, other relevant laws and regulations.

FIU, as the main body which operates within the structure of the Bank carrying out functions of receiving suspicious transaction reports (STRs) from reporting entities, analyzing and disseminating STRs to law enforcement agencies, took measures to increase staff numbers and enhance the capacity of FIU for the year of 2013. Consequently, such measures taken by FIU in regard of enhancement on analysis, supervision, and overall capacity of the FIU were highly commended by the 2012 APG Mutual evaluation follow-up report.

The Bank and FIU has received technical assistance from IMF on developing financial institution's risk assessment, risk based on-site and off-site supervision programs, procedures and carried out activities for strengthening capacity of supervisors.

In 2013, FIU received and updated its database by 2.5 million Cash transaction reports (CTRs) of 20 million MNT /or equivalent foreign currency/ or above conducted in cash from banks and non-banking financial institutions; and 285 Suspicious transaction reports from financial institutions increasing STRs' numbers by twice from the previous year. Accordingly, FIU collected a total of 601 STRs in its database as sum of all the years.

During the period, the FIU extended developing effective way to exchange information to support domestic law enforcement agencies on activity of AML/CFT and to detect proceeds of crime. In 2013, FIU provided information on 780 persons and legal entities for three law enforcement agencies within the framework of MOUs. This brings total number of information requests made from law enforcement agencies to 1329 in total. Furthermore, in 2013, FIU disseminated 10 STRs to three law enforcement agencies and total number of dissemination reaches 199.

As a member of Egmont Group, FIU of Mongolia signed a number of MOUs with FIUs of other countries with the purpose of exchanging financial information. Exchange of information and cooperation with foreign counterparts allows FIU to support law enforcement agencies in detecting inflow and outflow of illegal funds.

Within the scope of functions set forth in AML/CFT law, FIU conducted 4 training sessions for 229 officials of financial institutions and conducted 5 training sessions in cooperation with other agencies for 421 participants to increase awareness and improve compliance of AML/CFT for the year of 2013. The Bank of Mongolia as a representing organization of Mongolia in the APG, periodically reported implementation of action plan and continuously expressed its full commitment to sound and effective AML/CFT regime.

5.5 Internal Control and Operational Risk Management

The Internal Control and Operational Risk Management Department (ICORMD) is composed of two related divisions, which are Internal Control Division and Operational Risk Management Division. Internal Control Division performs inspections of departments, units, and regional branches of the Bank to supervise their compliance with laws and regulations in implementing the State Monetary Policy, takes necessary measures when breaches are detected, gives assignments, provides management with information, whereas Operational Risk Management Division measures, assesses and monitors operational risks, as well actively develops risk management policies and regulations, conducts researches, and responsible for organizing external auditing of the financial reports of the Bank.

In accordance with the action plan for 2011-2015, in current year Internal Control Division performed inspections of departments, units, and all 17 rural divisions and branches of the Bank. Summary of off-site control and on-site reports are being prepared and reported quarterly to the Board of Directors of the Bank and The Supervisory Board.

Furthermore, we have implemented in stages actions to optimize our department's organizational structure, enabling us more effectively and continuously execute primary and consecutive controls, prevent potential risk exposure, enhance employees' skills and carry out our duties with more sophisticated approach.

In cooperation with the Banknote and Precious Metal Department, we have conducted unexpected inspections of two rural branches to enhance the control of operations related to the reserve fund. Results of the inspections were reported to the management of the bank and certain decisions were made.

5.6 Issuance of Banknotes

In the reporting year, the Bank carried out the following activities, regarding the issuance of currency. Last year notes in 10, 20 and 50 MNT denominations were printed in the French company, Oberthur Fiduciare, notes in 500 and 1000 MNT denominations in the UK company, De La Rue Currency, notes in 5000 and 20000 MNT denominations in the German company, Giesecke and Devrient respectively.

As for the end of the reporting period, cash in circulation totaled MNT 842.2 billion, a 1.9% or 16.2 billion MNT increase from the previous year. According to the abovementioned table, by the end of reporting year cash in circulation in pieces increased by 23.2 million notes or 7.9% from the previous year. The reason is that notes in 1,5,10 and 20MNT denominations increased in circulation.

Table 12

№	Notes	31st December 2012				31st December 2013			
		/Million MNT/	Per cent	Piece/ Thousand/	Per cent	/Million MNT/	Per cent	Piece/ Thousand/	Per cent
1	1	26	0.0%	26,437	9.0%	29	0.0%	29,264	9.3%
2	5	12	0.0%	23,481	8.0%	131	0.0%	26,237	8.3%
3	10	527	0.1%	52,729	18.0%	571	0.1%	57,064	18.1%
4	20	736	0.1%	36,804	12.6%	880	0.1%	43,999	13.9%
5	50	1676	0.2%	33,516	11.5%	1,843	0.2%	36,858	11.7%
6	100	3375	0.4%	33,753	11.5%	3,745	0.4%	37,447	11.9%
7	200	68	0.0%	338	0.1%	34	0.0%	169	0.1%
8	500	5200	0.6%	10,400	3.6%	5,661	0.7%	11,321	3.6%
9	1000	13,727	1.7%	13,727	4.7%	14,263	1.7%	14,262	4.5%
10	5000	64,394	7.8%	12,878	4.4%	53,975	6.4%	10,794	3.4%
11	10000	234,702	28.4%	23,470	8.0%	207,230	24.6%	20,723	6.6%
12	20000	501,525	60.7%	25,076	8.6%	553,908	65.8%	27,695	8.8%
		826,074	100.0%	292,615	100.0%	842,269	100.0%	315,840	100%

Source: Bank of Mongolia

The changes for amount and pieces of banknotes supplied to commercial bank and withdrawal from commercial banks are indicated in the following table (table 13).

Table 13

Years	Supply to Banks		Withdrawal from banks	
	Billion MNT	Thousand piece	Billion MNT	Thousand piece
2009	630.5	111,489	761.4	117,774
2010	827.9	131,954	862.5	123,713
2011	1246.4	181,258	1310.6	170,460
2012	1564.2	213,305	1663.4	198,521
2013	1601.6	216,394	1728.7	202,035
Total	**6694.0**	**993,650**	**7293.0**	**963,774**

Source: Bank of Mongolia

In the reporting year 225.2 billion MNT were supplied to local branches of the Bank of Mongolia and 38.5 billion MNT of unfit banknotes were withdrawn.

5.7 Information technology

In the reporting year, the Bank has worked by providing reliable, stable and failsafe operations of the information technology systems within the organization and interbank payment system.

We have developed in-house new application software for the government bond trading that conducts primary and secondary market auction trade of long and short-term bonds. Furthermore, we have introduced some application software for local activities and upgraded existing applications.

In order to mitigate risk of information technology systems, IT team have achieved some success in area of the information system security and safety.

5.8 Summary of documents approved by the Bank in 2013

No	Date	Decree No.	Title of policy and procedure	Content
1	2013.01.24	A-15	To approve Central Bank policy rate	To stabilize money and credit growth, to maintain normal functioning of financial sector, and support stimulation of economy, monetary policy rate had been reduced by 0.75 basis points to 12.5 percent.
2	2013.01.24	24/A-9	Regulation on Opening and Closing accounts for Government and Budget entities	To provide regulation for opening and closing accounts for government and budget entities, and for permitting to put an zero outstanding budget account
3	2013.03.06	A-40	Regulation on Central Bank overnight deposit	To govern operations concerning the overnight deposit placed by commercial banks at the Bank of Mongolia

4	2013.03.06	A-41	Regulation on Central Bank overnight repo financing	With the purpose of implementing monetary policy and bringing the interbank market rate to its target level, It regulates the relations concerning overnight repo financing issued by the Bank of Mongolia to commercial banks
5	2013.03.06	A-42	Regulation on Central Bank repo auction	With purpose of implementing monetary policy, it regulates the relations issuing financing to commercial banks through repo auction
6	2013.03.06	A-43	Regulation on Central Bank's bills trading	Regulation sets out procedure of trading of securities issued by the Bank of Mongolia in implementing monetary policy
7	2013.03.06	A-44	Regulation on issuance of intraday credit by Central Bank	With purpose of maintaining normal operation of the inter-bank payment and settlement, it regulates issuance of togrog denominated intraday credit by the Bank of ongolia to commercial banks
8	2013.03.11	A-51	Regulation on high valued payments between participants in payment system	It sets out regulation on high valued payments between participants in payment system through "Bank Network"
9	2013.04.02	A-6	Regulation on implementing foreign trading	Regulation determines full rights of participants responsible for reserve management's everyday activities such as placing foreign exchange reserves in allowed investment instruments, buying and selling investment instruments, converting in between in accordance with regulations of "Management of official foreign exchange reserve", "Implementing Portfolio trading" and "Management of special sources of the Government".
10	2013.04.05	76/A-66	To establish Deposit Insurance Corporation	It approved the structure of National Committee of Deposit Insurance Corporation and a consolidated plan for the organization
11	2013.04.05	A-67	To approve Central Bank policy rate	In order to improve credit and investment, to support real economic sector and business stimulation, monetary policy rate had been cut by 1.0 basis point to 11.5 percent.
12	2013.04.19	24/A-77	Regulation on opening and closing accounts for Election expenses, amassing and spending money capital, book keeping, and reporting balances	In collaboration between The General Election Commission and the Bank of Mongolia, it regulates the relations concerning opening and closing accounts for expenses Presidential election of Mongolia, capital accumulation and spending in and from such accounts, book keeping, and reporting balances.
13	2013.05.07	A-84/, A/39,540	Regulation on information exchange	It sets out legal basis for providing prepared information outlined in annex of the regulation by the Bank of Mongolia for formulation of statistical unification of foreign sector of Mongolia by the State Registration General Office
14	2013.05.17	A-101	Regulation on management of foreign exchange reserves	Purpose of management of foreign exchange reserves, policy of investment, principles of risk management, structure of arrangement in reserve management, and full rights of participants are determined.

15	2013.05.21	111/A-105/131	Regulation on exchange of Government securities in secondary market	Relations concerning exchange of Government securities in secondary market, its direct participants' duties and responsibilities, internal control, prohibited activities, trading between direct participants, fee, entering in contract with indirect market participants, amending, nullifying, terminating, and providing information are regulated.
16	2013.05.24	A-105, 118	The Charter of Deposit Insurance Corporation and the Regulation of National Committee of Deposit Insurance	It regulates operations of National Committee of deposit insurance and other related relations
17	2013.05.28	A-109	Regulation on information base of banknotes	Activities concerning information base in determining aging of banknotes issued by the Bank of Mongolia in transaction are regulated
18	2013.06.12	A-121/158/360	Regulation on transferring, registering, keeping and destroying counterfeit banknotes detected in transaction	Sets collaborative framework among competent agencies /the Bank of Mongolia, Financial Regulatory Committee, Police General Department/ in preventing counterfeit notes from entering cash settled transactions in territory of Mongolia between individuals, companies, banking and financial entities, and transferring, registering, keeping and destroying counterfeit banknotes if detected in transaction, and exchanging information, and preventing crimes producing, using, selling of counterfeit notes.
19	2013.06.14	A-122	Regulation on Mortgage Financing	Mortgage Financing regulation was set up based on sub-scheme "Supporting construction sector and stabilizing housing price" approved by co-order, No. A-2/06 of 2013, of the Governor of the Bank of Mongolia and the Minister for Construction and Urbanization, and on "Memorandum of Understanding of Cooperation on Establishing Stable System for Mortgage Financing" signed by the Cabinet and the Bank of Mongolia on 13 April 2013.
20	2013.06.24	A-136	To approve Central Bank policy rate	In order to support real economic sector, monetary policy rate had been cut by 1.0 basis point to 10.5 percent.
21	2013.12.13	A-236	Regulation on transparent information regarding method of calculating Bank rate, fee and charge	Determining principles of calculating interest rate and ensuring transparent information on rate, fee and charge are regulated

BANK OF MONGOLIA
(Incorporated in Mongolia)

Audited Financial Statements
31 December 2013

BANK OF MONGOLIA

STATEMENT BY THE BOARD OF DIRECTORS

The Bank's Board of Directors is responsible for the preparation of the financial statements.

The financial statements of Bank of Mongolia (the Bank) have been prepared to comply with International Financial Reporting Standards. The Board of Directors is responsible for ensuring that these financial statements present fairly the financial position of the Bank as at 31 December 2013 and its financial performance and its cash flows for the year then ended.

The Board of Directors have the responsibility for ensuring that the Bank keeps proper accounting records which disclose with reasonable accuracy the financial position of the Bank and which enable them to ensure that the financial statements comply with the requirements set out in Note 2 thereto.

The Board of Directors also have a general responsibility for taking such steps which are reasonably open to them to safeguard the assets of the Bank and to prevent and detect fraud and other irregularities.

The Board of Directors consider that, in preparing the financial statements on pages 5 to 86 they have used appropriate policies, consistently applied and supported by reasonable and prudent judgment and estimates, and that all applicable accounting standards have been followed.

Signed in accordance with a resolution of the Board of Directors:

N. ZOLJARGAL
(Governor, Bank of Mongolia)

Ulaanbaatar, Mongolia
Date: 28 April 2014

REPORT OF THE INDEPENDENT AUDITORS

TO THE MEMBER OF THE BANK OF MONGOLIA

We have audited the accompanying financial statements of Bank of Mongolia (the "Bank"), which comprise the statement of financial position as at 31 December 2013 and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these 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.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

REPORT OF THE INDEPENDENT AUDITORS (CONTD.)

TO THE MEMBER OF THE BANK OF MONGOLIA

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Bank as at 31 December 2013, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

Restriction on use

This report is made solely to the member of the Bank, as a body, in connection with the audit requested by the member in accordance with Article 40 of the Central Bank Law of Mongolia and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

ERNST AND YOUNG MONGOLIA AUDIT LLC
Certified Public Accountants

PETER MARKEY
Director

Ulaanbaatar, Mongolia
Date: 28 April 2014

BANK OF MONGOLIA

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2013

	Note	2013 MNT'million	2012 MNT'million
Interest income	3	132,717	59,349
Interest expense	4	(255,387)	(104,773)
Net interest expense		**(122,670)**	**(45,424)**
Net gains/(losses) from trading of gold and precious metals	5	(66,805)	20,753
Foreign exchange gains/(losses), net	6	21,278	(23,694)
Losses from financial derivatives		(14,381)	(10,267)
Losses from disposal of securities	10	(6,529)	(453)
Other operating income	8	4,205	3,297
(Provision for)/reversal of impairment losses	7	23,508	(88,616)
Administrative and other operating expenses	9	(89,678)	(36,990)
Loss for the year		**(251,072)**	**(181,394)**
Other comprehensive income			
Other comprehensive income to be reclassified to profit or loss in subsequent periods:			
Available-for-sale reserve			
-Fair value changes		425	(837)
-Recycled to profit or loss		(135)	453
		290	**(384)**
Net other comprehensive income to be reclassified to profit or loss in subsequent periods		**290**	**(384)**
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:			
Revaluation of buildings		4,263	-
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods		**4,263**	**-**
Other comprehensive income for the year		**4,553**	**(384)**
Total comprehensive income for the year		**(246,519)**	**(181,778)**

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

BANK OF MONGOLIA

STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 31 DECEMBER 2013

	Note	2013 MNT'million	2012 MNT'million
ASSETS			
Cash on hand	11	63,691	28,317
Due from foreign financial institutions	12	1,951,095	3,272,979
Financial investments available-for-sale	13	953,530	142,553
Reverse repurchase agreements	14	1,529,215	2,123,953
Gold bullion and precious metals	15	287,169	439,669
Government securities	16	-	159,210
Due from local banks	17	405,896	-
Loans to local banks	18	2,787,461	202,488
Other assets	19	208,227	7,421
Property, equipment and intangible assets	20	28,446	26,631
TOTAL ASSETS		**8,214,730**	**6,403,221**
LIABILITIES			
Cash in circulation		841,129	828,450
Central bank bills	21	1,627,017	752,151
Liabilities due to government organizations	22	1,710,024	2,959,686
Deposits from local banks	23	2,497,197	1,371,671
Liabilities due to foreign parties	24	1,774,807	576,414
Other liabilities	25	158,707	62,481
TOTAL LIABILITIES		**8,608,881**	**6,550,853**
EQUITY			
Charter capital	26	5,000	5,000
Accumulated loss		(424,209)	(302,685)
Other reserves	27	25,058	150,053
TOTAL EQUITY		**(394,151)**	**(147,632)**
TOTAL LIABILITIES AND EQUITY		**8,214,730**	**6,403,221**

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

BANK OF MONGOLIA

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2013

	Note	Charter capital MNT'million	Accumulated losses MNT'million	Other reserves MNT'million	Total equity MNT'million
At 1 January 2012		**5,000**	**(91,799)**	**120,945**	**34,146**
Total comprehensive income		-	(181,394)	(384)	(181,778)
Transfer to other reserves	27	-	(29,492)	29,492	-
At 31 December 2012		**5,000**	**(302,685)**	**150,053**	**(147,632)**
Total comprehensive income		-	(251,072)	4,553	(246,519)
Transfer from other reserves	27	-	129,548	(129,548)	-
At 31 December 2013		**5,000**	**(424,209)**	**25,058**	**(394,151)**

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

BANK OF MONGOLIA

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2013

	Note	2013 MNT'million	2012 MNT'million
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss for the year:		**(251,072)**	**(181,394)**
Adjustments for:			
Unrealised (gain)/loss on revaluation of gold	5	23,021	(15,291)
Unrealised (gain)/loss on foreign currency translation	6	264,438	(14,201)
Unrealised loss in financial derivatives	31	67,214	399
Loss on disposal of government securities	10	6,664	-
Revaluation loss of property and equipment	9	3,618	-
Gain on disposal of property and equipment		(56)	-
Losses on initial recognition of loans at rates below market	9	-	17,895
Property and equipment written off	9, 20	151	8
Depreciation of property, equipment and intangible assets	9, 20	2,038	1,800
Provision for impairment losses		-	88,616
Provision for social development fund		3,000	2,000
Losses from disposal of investment securities			
available-for-sale		135	453
Interest income	3	(132,717)	(59,349)
Interest expense	4	255,387	104,773
Operating activities before working capital changes		**241,821**	**(54,291)**
Changes in operating assets:			
(Increase)/decrease in gold bullion and precious metals		129,479	(156,293)
(Increase)/decrease in reverse repurchase agreements		594,738	(1,353,135)
Decrease in due from foreign financial institutions		-	155
Increase in due from local banks		(405,896)	-
Increase in loans to local banks		(2,566,817)	(59,614)
Increase in government securities		-	(1,320)
(Increase)/decrease in other assets		(198,023)	523
Changes in operating liabilities:			
Increase/(decrease) in central bank bills		884,812	(138,009)
Increase/(decrease) in deposits of government organizations		(1,315,175)	1,810,983
Increase in deposits of local banks		1,125,525	356,441
Increase in other liabilities		13,921	297
Cash flows from/(used in) operating activities before interest		**(1,495,615)**	**405,737**
Interest received		118,384	53,406
Interest paid		(261,116)	(92,493)
Net cash flows from/(used in) operating activities		**(1,638,347)**	**366,650**

BANK OF MONGOLIA

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2013

	Note	2013 MNT'million	2012 MNT'million
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, equipment and intangible assets	20	(3,951)	(2,574)
Proceeds from disposal of property and equipment		66	138
Purchase of financial instruments available for sale		(2,953,721)	(137,970)
Proceeds from sale of financial instruments available-for-sale		2,153,898	203,371
Proceeds from disposal/ settlement of government securities		149,931	-
Net cash flows generated from/(used in) investing activities		**(653,777)**	**62,965**
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase of cash in circulation		12,679	115,099
Repayment of liabilities due to foreign parties		(222,920)	-
Drawdown of liabilities due to foreign parties		1,235,512	471,002
Net cash flows generated from financing activities		**1,025,271**	**586,101**
Effect of exchange rate changes on cash and cash equivalents		(19,808)	(3,350)
Net increase/(decrease) in cash and cash equivalents		**(1,286,661)**	**1,012,366**
Cash and cash equivalents brought forward		**3,300,601**	**2,288,235**
Cash and cash equivalents carried forward	**11**	**2,013,940**	**3,300,601**

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

1. CORPORATE INFORMATION

The Bank of Mongolia (the "BOM" or the "Bank") is the central bank of Mongolia and operates in accordance with the constitution of Mongolia, the Law on Central Bank (Bank of Mongolia), and other laws of Mongolia. The Bank was established under the resolution of the Government of Mongolia dated 2 June 1924 and is located at Baga Toiruu 3, Ulaanbaatar 46, Mongolia.

All operations of the BOM are conducted in Mongolia. The BOM network includes 17 regional offices throughout Mongolia and its representative office in London, England.

In accordance with the legislation, the primary function of the BOM is ensuring the stability of the national currency of Mongolia and to promote balanced and sustained development of the national economy, through maintaining stability of the financial market and the banking system.

The BOM does not aim to earn profits. The financial results of BOM's activities, as well as the structure of its assets, liabilities and equity are defined by the functions of the BOM as a special central government authority.

In accordance with the Law on Central Bank, the main functions of BOM are as follows:

- Issue of national currency of Mongolia and organisation of its circulation;
- Formulation and implementation of monetary policy by regulating money supply in the economy;
- Acting as depository of the Government of Mongolia (the "Government" or the "State")
- Exercising banking regulation and supervision
- Organization of interbank payments and settlements;
- Holding and management of the State's reserves of foreign currency;
- Acting as a lender of the last resort for banks and organizing a system of refinancing;
- Representing Mongolia in other central banks, international banks and other credit institutions where co-operation is maintained between the central banks;
- Exercising other functions in financial and credit areas within the competence defined by the Law.

According to the Law, BOM provides loans to banks to support their liquidity, buys and sells securities in the secondary market, buys and sells foreign currency valuables, precious metals, sells commemorative coins made of precious and non-precious metals in the domestic and foreign markets, performs operations of servicing of the government debt in respect of placement of government securities, their redemption and interest payments, maintains accounts of the government and other governmental institutions, including accounts of the Ministry of Finance (fiscal agent of the Government of Mongolia), accounts of international organizations and conducts other operations necessary for the performance of its functions.

The charter capital of BOM is fully owned by the State of Mongolia.

The financial statements of the Bank were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 28 April 2014.

2. ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

The financial statements of the Bank have been prepared on a historical cost basis, except for buildings, and available-for-sale financial investments which have been measured at fair value. The financial statements are presented in Mongolian Togrog, which is denoted by the symbol MNT, and all values are rounded to the nearest million, except when otherwise indicated.

Statement of compliance

The financial statements of the Bank have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Presentation of financial statements

The Bank presents its statement of financial position broadly in order of liquidity. An analysis regarding recovery or settlement within 12 months after the statement of financial position date (current) and more than 12 months after the statement of financial position date (non–current) is presented in Note 32.

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liability simultaneously. Income and expense is not offset in the statement of comprehensive income unless required or permitted by any accounting standard or interpretation, and as specifically disclosed in the accounting policies of the Bank.

2.2 CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

The accounting policies adopted are consistent with those of the previous financial year except for the adoption of the following amended IFRS applicable to the Bank, which became effective on 1 January 2013.

New and amended standards and interpretations

- IFRS 1, First-time Adoption of International Financial Reporting Standards (Amendment) – Government Loans - Amendments to IFRS 1
- IFRS 7, Financial Instruments: Disclosures - Offsetting Financial Assets and Financial Liabilities – Amendments to IFRS7
- IFRS 10, Consolidated Financial Statements, IAS 27 Separate Financial Statements
- IFRS 11, Joint Arrangements, IAS 28 Investments in Associates and Joint Ventures
- IFRS 12, Disclosure of Interests in Other Entities
- IFRS 13, Fair Value Measurements
- IAS 19, Employee Benefits (Revised 2011)
- IAS 27, Separate Financial Statements (Revised 2011)
- IAS 28, Investments in Associates and Joint Ventures (Revised 2011)

2.2 CHANGES IN ACCOUNTING POLICY AND DISCLOSURES (CONTINUED)

Except as discussed below, the adoption of the above standards and interpretations did not result in significant changes to accounting policies and did not have any effect on the financial performance or position of the Bank.
IFRS 13 establishes a single source of guidance for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted. The impact of IFRS 13 on the Bank's financial statements is not significant; however there will be new disclosures for the inputs and valuation techniques to develop fair value measurement, which is defined as an exit price. Please refer to Note 31 of this financial statement for the new disclosures under IFRS 13.

Standards issued but not yet effective
The Standards and Interpretations that are issued, but not yet effective, up to the date of issuance of the Bank's financial statements are disclosed below. The Bank intends to adopt these standards, if applicable, when they become effective.

- IFRS 9, Financial Instruments[3]
- IFRS 9, IFRS 7 and IAS 39 Amendments, Hedge Accounting and amendments to IFRS 9, IFRS 7 and IAS 39[3]
- IFRS 10, IFRS 12 and IAS 27 (2011), Amendments to IFRS 10, IFRS 12 and IAS 27 (2011) – Investment Entities[1]
- IAS 19 Amendments, Amendments to IAS 19 Employee Benefits – Defined Benefit Plans: Employee Contributions[2]
- IAS 32 Amendments, Amendments to IAS 32 Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities[1]
- IAS 39 Amendments, Amendments to IAS 39 Financial Instruments: Recognition and
- Measurement – Novation of Derivatives and Continuation of Hedge Accounting[1]
- IFRIC 21, Levies[1]
- Annual Improvements, 2010-2012 Cycle and 2011-2013 Cycle, Amendments to a number of IFRSs issued in December 2013[4]

1 Effective for annual periods beginning on or after 1 January 2014

2 Effective for annual periods beginning on or after 1 July 2014

3 No mandatory effective date yet determined but is available for adoption

4 These improvements are effective for annual periods beginning on or after 1 July 2014, but early adoption is permitted.

The Bank is in the process of assessing if the adoption of these Standards and Interpretations in the future periods will have material impact on its financial statements.

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Foreign currency translation

The financial statements are presented in Mongolian Togrog, which is the Bank's functional and presentation currency. Transactions in foreign currencies are initially recorded at the functional currency rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange at the statement of financial position date. It is the Bank's policy to revalue its monetary assets and liabilities denominated in foreign currencies daily. Foreign exchange differences arising on translation are recognised in statement of comprehensive income profit or loss. Annually, such gains or losses arising from the above translation are transferred to or recovered from "Foreign currency translation reserve", respectively.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non–monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

At 31 December 2013, the principal rates of exchange used for translating foreign currency balances were:

	31 December 2013 MNT	31 December 2012 MNT
USD	1,654.10	1,392.10
SDR	2,555.93	2,145.90
EUR	2,275.63	1,835.83
CNY	272.88	223.39

Financial instruments – initial recognition and subsequent measurement

(i) **Date of recognition**

All financial assets and liabilities are initially recognised on the trade date, i.e., the date that the Bank becomes a party to the contractual provisions of the instrument. This includes "regular way trades": purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place.

(ii) **Derivatives recorded at fair value through profit or loss**

The Bank uses derivatives such as currency forwards and swaps to manage its exposure to market risks. Derivatives are recorded at fair value and carried as assets when their fair value is positive and as liabilities when their fair value is negative. Changes in the fair value of derivatives are included in 'Gains/losses on financial derivatives'.

Derivatives embedded in other financial instruments are treated as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contract, and the host contract is not itself held-for-trading or designated at fair value through profit or loss.

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(ii) **Derivatives recorded at fair value through profit or loss (Continued)**

The embedded derivatives separated from the host are carried at fair value in the trading portfolio with changes in fair value in the trading portfolio recognised in the statement of comprehensive income.

(iii) **Financial assets or financial liabilities held-for-trading**

Financial assets or financial liabilities held–for–trading are recorded in the statement of financial position at fair value. Changes in fair value are recognised in profit or loss within the statement of comprehensive income. Interest and dividend income or expense is recorded in 'Net trading income' according to the terms of the contract, or when the right to the payment has been established.

As at 31 December 2013 and 2012, the Bank does not have financial assets or liabilities held for trading.

(iv) **Financial assets and financial liabilities designated at fair value through profit or loss**

Financial assets and financial liabilities classified in this category are those that have been designated by management on initial recognition. Management may only designate an instrument at fair value through profit or loss upon initial recognition when the following criteria are met, and designation is determined on an instrument by instrument basis:

- The designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the assets or liabilities or recognising gains or losses on them on a different basis.
- The assets and liabilities are part of a group of financial assets, financial liabilities or both which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management or investment strategy.
- The financial instrument contains one or more embedded derivatives which significantly modify the cash flows that otherwise would be required by the contract.

Financial assets and financial liabilities at fair value through profit or loss are recorded in the statement of financial position at fair value. Changes in fair value are recorded in the statement of comprehensive income. Interest earned or incurred is accrued in interest income or expense, respectively, according to the terms of the contract, while dividend income is also recorded in the statement of comprehensive income when the right to the payment has been established.

As at 31 December 2013 and 2012, the Bank does not have financial assets or liabilities designated at fair value through profit or loss.

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(v) **Available-for-sale financial investments**

Available-for-sale financial investments include equity and debt securities. Equity investments classified as available-for-sale financial investments are those which are neither classified as held-for-trading nor designated at fair value through profit or loss. Debt securities in this category are those which are intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or in response to changes in the market conditions.

The Bank has not designated any loans or receivables as available-for-sale financial investments. After initial measurement, available-for-sale financial investments are subsequently measured at fair value.

Unrealised gains and losses are recognised directly in equity (other comprehensive income) in the 'Available-for-sale reserve'. When the investment is disposed of, the cumulative gain or loss previously recognised in equity is recognised in profit or loss within the statement of comprehensive income. Where the Bank holds more than one investment in the same security they are deemed to be disposed of on a first-in first-out basis. Interest earned whilst holding available-for-sale financial investments is reported as interest income using the effective interest rate. Dividends earned whilst holding available-for-sale financial investments are recognised in the statement of comprehensive income when the right of the payment has been established. The losses arising from impairment of such investments are recognised in profit or loss within the statement of comprehensive income and removed from the 'Available-for-sale reserve'.

(vi) **Held-to-maturity financial investments**

Held-to-maturity financial investments are non-derivative financial assets with fixed or determinable payments and fixed maturities, which the Bank has the intention and ability to hold to maturity. After initial measurement, held-to-maturity financial investments are subsequently measured at amortised cost using the effective interest rate, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the effective interest rate. The amortisation is included in 'Interest income' in the statement of comprehensive income. The losses arising from impairment of such investments are recognised in the statement of comprehensive income.

If the Bank were to sell or reclassify more than an insignificant amount of held-to-maturity investments before maturity (other than in certain specific circumstances), the entire category would be tainted and would have to be reclassified as available-for-sale. Furthermore, the Bank would be prohibited from classifying any financial asset as held-to-maturity financial investments during the following two years.

As at 31 December 2013 and 2012, the Bank does not have held-to-maturity instruments.

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) **Loans and advances**

This includes ‘Due from local banks’ and 'Loans to local banks' which are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than:

- Those that the Bank intends to sell immediately or in the near term and those that the Bank upon initial recognition designates as at fair value through profit or loss.
- Those that the Bank, upon initial recognition, designates as available-for-sale financial investments.
- Those for which the Bank may not recover substantially all of its initial investment, other than because of credit deterioration

After initial measurement, loans and advances are subsequently measured at amortised cost using the effective interest rate, less allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees and costs that are integral part of the effective interest rate. The amortisation is included in 'Interest income' in profit or loss. The losses arising from impairment are recognised in the profit or loss as ‘Provision for impairment losses’.

(ii) **Loans and borrowings**

Financial instruments issued by the Bank, which are not designated at fair value through profit or loss, are classified as liabilities under loans and borrowings. This account includes 'Central bank bills', ‘Liabilities due to government organizations’, ‘Deposits from local banks’ and ‘Liabilities due to foreign parties. The substance of the contractual arrangement results in the Bank having an obligation either to deliver cash or another financial asset to the holder, or to satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares. A compound financial instrument which contains both a liability and an equity component is separated at the issue date. A portion of the net proceeds of the instrument is allocated to the debt component on the date of issue based on its fair value (which is generally determined based on the quoted market prices for similar debt instruments). The equity component is assigned the residual amount after deducting from the fair value of the instrument as a whole the amount separately determined for the debt component. The value of any derivative features (such as a call option) embedded in the compound financial instrument other than the equity component is included in the debt component.

After initial measurement, loans and borrowings are subsequently measured at amortised cost using the effective interest method. Amortised cost is calculated by taking into account any discount or premium on the issue and costs that are an integral part of the effective interest rate.

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(iii) **Reclassification of financial assets**

For a financial asset reclassified out of the available-for-sale category, any previous gain or loss on that asset that has been recognised in equity is amortised to profit or loss over the remaining life of the investment using the effective interest rate. Any difference between the new amortised cost and the expected cash flows is also amortised over the remaining life of the asset using the effective interest rate. If the asset is subsequently determined to be impaired then the amount recorded in equity is recycled to the statement of comprehensive income.

The Bank may reclassify a non-derivative trading asset out of the 'Held-for-trading' category and into the 'Loans and receivables' if it meets the definition of loans and receivables and the Bank has the intention and ability to hold the financial asset for the foreseeable future or until maturity. If a financial asset is reclassified, and if the Bank subsequently increases its estimates of future cash receipts as a result of increased recoverability of those cash receipts, the effect of that increase is recognised as an adjustment to the effective interest rate from the date of the change in estimate.

Reclassification is at the election of management, and is determined on an instrument by instrument basis. The Bank does not reclassify any financial instrument into the fair value through profit or loss category after initial recognition.

Derecognition of financial assets and financial liabilities

(i) **Financial assets**

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- The rights to receive cash flows from the asset have expired.
- The Bank has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass–through' arrangement; and either:
- The Bank has transferred substantially all the risks and rewards of the asset, or
- The Bank has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Bank has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Bank's continuing involvement in the asset. In that case, the Bank also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Bank has retained.

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) **Financial assets (Continued)**

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the bank could be required to repay.

(ii) **Financial liabilities**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognised in statement of comprehensive income.

Repurchase and reverse repurchase agreements

Securities sold under agreements to repurchase at a specified future date ('repos') are not derecognised from the statement of financial position as the Bank retains substantially all the risk and rewards of ownership. The corresponding cash received, including accrued interest, is recognised in the statement of financial position as a 'Repurchase agreements', reflecting its economic substance as a loan to the Bank. The difference between the sale and repurchase prices is treated as interest expense and is accrued over the life of the agreement using the effective interest method. Where the counterparty has the right to sell or repledge the asset, the Bank reclassifies those securities in its statement of financial position to ‘Financial assets held–for–trading pledged as collateral’ or to ‘Financial investments available–for–sale pledged as collateral’, as appropriate.

Conversely, securities purchased under agreements to resell at a specified future date ('reverse repos') are not recognised in the statement of financial position. The corresponding cash paid, including accrued interest, is recognised in the statement of financial position as a 'reverse repurchase agreements'. The difference between the purchase and resale prices is treated as interest income and is accrued over the life of the agreement using the effective interest method.

Determination of fair value

The fair value for financial instruments traded in active markets at the statement of financial position date is based on their quoted market price or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs.

For all other financial instruments not traded in an active market, the fair value is determined by using appropriate valuation techniques. Valuation techniques include the discounted cash flow method, comparison to similar instruments for which market observable prices exist, options pricing models, credit models and other relevant valuation models.

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Determination of fair value (Continued)

Certain financial instruments are recorded at fair value using valuation techniques in which current market transactions or observable market data are not available. Their fair value is determined using a valuation model that has been tested against prices or inputs to actual market transactions and using the Bank's best estimate of the most appropriate model assumptions. Judgment is sometimes required to establish fair values such as discount rates used in forward valuation models. Also, profit or loss calculated when such financial instruments are first recorded ('Day 1' profit or loss) is deferred and recognised only when the inputs become observable or on derecognition of the instrument.

An analysis of fair values of financial instruments and further details as to how they are measured are provided in Note 31.

Impairment of financial assets

The Bank assesses at each statement of financial position date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the borrower or a group of borrowers is experiencing significant financial difficulty, the probability that they will enter bankruptcy or other financial reorganisation, default or delinquency in interest or principal payments and where observable data indicates that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

(i) **Financial assets carried at amortised cost**

For financial assets carried at amortised cost (such as amounts due from local banks, loans to local banks), the Bank first assesses individually whether objective evidence of impairment exists for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Bank determines that no objective evidence of impairment exists for an individually assessed financial asset, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) **Financial assets carried at amortised cost (Continued)**

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the statement comprehensive income. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of 'Interest income' in the statement of comprehensive income. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Bank. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is recorded in the statement of comprehensive income.

The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. The calculation of the present value of the estimated future cash flows of a collateralised financial asset reflect the cash flows that may result from foreclosure less costs for obtaining and selling the collateral, whether or not foreclosure is probable.

For the purpose of a collective evaluation of impairment, financial assets are grouped based on credit risk characteristics such as asset type, industry, geographical location, collateral type, past-due status and other relevant factors.

Future cash flows on a group of financial assets that are collectively evaluated for impairment are estimated on the basis of historical loss experience with credit risk characteristic to those in the group. Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions that did not affect the years on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not exist currently.

The methodology and assumptions used for estimating future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(ii) **Available-for-sale financial investments**

For available-for-sale financial investments, the Bank assesses at each statement of financial position date whether there is objective evidence that an investment is impaired.

In the case of debt instruments classified as available-for-sale, the Bank assesses individually whether there is objective evidence of impairment based on the same criteria as financial assets carried at amortised cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less any impairment loss on that investment previously recognised in the statement of comprehensive income. Future interest income is based on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of 'Interest income' in the statement of comprehensive income. If, in a subsequent period, the fair value of a debt instrument increases and the increase can be objectively related to a credit event occurring after the impairment loss was recognised in the statement of comprehensive income, the impairment loss is reversed through the statement of comprehensive income.

In the case of equity investments classified as available-for-sale, objective evidence would also include a 'significant' or 'prolonged' decline in the fair value of the investment below its cost. Where there is evidence of impairment, the cumulative loss measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the statement of comprehensive income, is removed from equity and recognised in profit or loss within the statement of comprehensive income. Impairment losses on equity investments are not reversed through profit or loss; increases in the fair value after impairment are recognised in other comprehensive income.

Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously. This is not generally the case with master netting agreements, therefore, the related assets and liabilities are presented gross in statement of financial position.

'Day 1' profit or loss

When the transaction price differs from the fair value of other observable current market transactions in the same instrument, or based on a valuation technique whose variables include only data from observable markets, the Bank immediately recognises the difference between the transaction price and fair value (a Day 1 profit or loss) in the statement of comprehensive income. In cases where fair value is determined using data which is not observable, the difference between the transaction price and model value is only recognised in the statement of comprehensive when the inputs become observable, or when the instrument is derecognised.

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recognition of income and expenses

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Bank and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised.

(i) Interest income and expense

For all financial instruments measured at amortised cost, interest bearing financial assets classified as available–for–sale and financial instruments designated at fair value through profit or loss, interest income or expense is recorded using the effective interest rate, which is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or financial liability.

The calculation takes into account all contractual terms of the financial instrument (for example, prepayment options) and includes any fees or incremental costs that are directly attributable to the instrument and are an integral part of the effective interest rate, but not future credit losses. Interest income is recognised in the statement of comprehensive income as it accrued, except in the case of impaired loans and advances. Interest on impaired financial assets is recognised at the original effective interest rates of the financial assets applied to the impaired carrying amount.

(ii) Commission income

Commission income derived by the Bank relate mainly to inter-bank settlement and foreign bank settlement. Commission income is generally recognised on an accrual basis when the service has been provided.

Cash and cash equivalents

For the purposes of reporting cash flows reflecting changes in both foreign and domestic liquidity, cash and cash equivalents include items which are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Cash and cash equivalents include financial assets, which are on demand or maturing within three months and which are available for use at short notice (See Note 11). Financial assets that cannot be freely converted into cash due to insufficient liquidity or due to restrictions on their use are excluded from cash and cash equivalents. Cash and cash equivalents are carried at amortized cost using the effective interest method.

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Gold bullion and precious metals

Gold bullion consists of the stocks of gold bars of international standard held in foreign banks. Gold bullion represents a part of international reserves. Gold bullion is recorded in physical weight in troy ounces and is valued in Mongolian Togrog at the official exchange rate of the BOM. The official exchange rate is calculated based on information on gold prices determined (fixed) by participants of the London Bullion Market Association in US dollars translated into MNT at the BOM official MNT/US dollar exchange rate. Apart from holding gold as gold bullion, the Bank purchases unrefined gold from producers and companies in Mongolia and trades in gold (See Note 15).

Gold bullion and silver bars of international standard are measured in the statement of financial position at their fair value and revaluation is performed daily. The fair value is determined by taking into consideration the market value of gold and silver. Revaluation gain or loss is recognized in the profit or loss. Annually, unrealized gain or loss on fair value changes is transferred from the retained earnings to "Precious metal valuation reserve" within other reserves in equity.

Other precious metals including gold and silver ore, coins and cultural valuables are recognized as inventory and are carried at lower of cost and net realizable value.

Property and equipment

Properties are stated at re-valued amounts, as described below, less accumulated depreciation and provision for impairment, where required.

Properties owned by the Bank are initially measured at cost. Properties are subject to regular revaluations with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period. Increases in the carrying amount arising on the revaluation are credited to other comprehensive income and increase the revaluations surplus in equity. Decreases that offset previously recognized revaluation surplus are charged to equity; all other decreases are charged to profit or loss for the year. The revaluation reserve for premises included in equity is transferred directly to accumulated loss in equity when surplus is realized.

Equipment is initially recorded at cost. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Bank and the cost of the item can be measured reliably. The carrying amount of any replaced part is derecognised. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and equipment (Continued)

Depreciation of other property and equipment is provided for on a straight-line basis to write off the cost of each asset to its residual value over the estimated useful life at the following annual rates:

	Useful lives
Buildings	25-60 years
Furniture and office equipment	8-10 years
Computer and technical equipment	5-10 years
Motor vehicle	6-8 years

The residual values, useful life and depreciation method are reviewed at each financial year-end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property and equipment.

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any and the net carrying amount is recognised in statement of comprehensive income and the unutilised portion of the revalued surplus on that item is taken directly to accumulated loss in equity.

Intangible assets

The Bank's intangible assets include the value of computer software and licenses. An intangible asset is recognised only when its cost can be measured reliably and it is probable that the expected future economic benefits that are attributable to it will flow to the Bank.

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over the useful economic life. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, and treated as changes in accounting estimates.

The amortisation expense on intangible assets with finite lives is recognised in the statement of comprehensive income in the expense category consistent with the function of the intangible asset.

Amortisation is calculated using the straight-line method to write down the cost of intangible assets to their residual values over their estimated useful lives of 3 years.

Income taxes

In accordance with Economic Entity and Organisation Income Tax Law of Mongolia, the Bank is exempted from income tax.

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment of non–financial assets

The Bank assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Bank estimates the asset’s recoverable amount. An asset’s recoverable amount is the higher of an asset’s or cash–generating unit’s (CGU) fair value less costs to sell and its value in use. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre–tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. Impairment loss are recognised in profit or loss except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

An assessment is made at each statement of financial position date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

Employee benefits

(i) **Short term benefits**

Wages, salaries and other salary related expenses are recognised as an expense in the year in which the associated services are rendered by employees of the Bank. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short term non-accumulating compensated absences such as sick leave are recognised when absences occur.

(ii) **Defined contribution plans**

As required by law, companies in Mongolia make contributions to the government pension scheme, Social and Health Fund. Such contributions are recognised as an expense in profit or loss as incurred.

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Provisions

Provisions are recognised when the Bank has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense relating to any provision is presented in the statement of comprehensive income net of any reimbursement.

Charter capital

Charter capital (fund) is classified as equity (See Note 26).

Other reserves

Other reserves consist of unrealized foreign exchange translation gains and losses, unrealized revaluation gains and losses on gold bullion and precious metals (silver), revaluation reserve (related to buildings), and reserve for available-for-sale financial investments. Refer to Note 27. In accordance with its policies, the Bank transferred unrealized foreign exchange translation gains and losses and unrealized revaluation gains and losses on gold bullion and precious metals, previously recognised through profit or loss, to other reserves at the end of the year.

2.4 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

In the process of applying the Bank's accounting policies, management has exercised judgment and estimates in determining the amounts recognised in the financial statements. The most significant uses of judgment and estimates are as follows:

Initial recognition of borrowings from the Ministry of Finance and loans to local bank

The Bank has borrowings due to the Ministry of Finance in the amount of MNT 31,612 million (2012: MNT 26,261 million). Out of this amount, MNT 24,064 million (2012: MNT 20,433) relate to the borrowings received by the Ministry of Finance on behalf of the Government of Mongolia, under inter-state project financing from the Government of Germany (KfW) and Asian Development Bank. These resources are subject to low interest rates ranging from 0.75% to 1% per annum and are conditional on lending to selected sectors of the economy or for other specified purposes at low rates. Management has considered whether gains should arise on initial recognition of such instruments. In making this judgment management made a conclusion that these borrowings should be considered as instruments of a special purpose market represented by inter-state project financing aimed to serve the public interest that is often provided at just a token or even free of charge. Further, the funding from these institutions was also available at low interest rates to certain Mongolian commercial banks for selected sectors or specific purposes. As a result, no initial recognition gains were recognized.

As a result of such financing, the Bank is able to advance funds to eligible banks at advantageous rates. Management has considered whether losses should arise on initial recognition of such instruments. As the transactions are with unrelated parties, management's judgment is that this lending is at the market rates and no initial recognition losses should arise. In making this judgment management also considered that these instruments are a separate market segment.

Fair value of financial instruments

Where the fair values of financial assets and financial liabilities recorded on the statement of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of mathematical models. The inputs to these models are derived from observable market data where possible, but where observable market data are not available, judgment is required to establish fair values such as discount rates used in forward valuation models. The fair value financial instruments as well as its fair hierarchy are described in more detail in Note 31.

Impairment of loan related to Anod bank

The Bank regularly reviews its loan related to Anod bank to assess impairment. In determining whether an impairment loss should be recorded, the Bank makes judgments as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows.

2.4 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)

Impairment of loan related to Anod bank (Continued)

The Bank's management was of the opinion that this loan was recoverable from the Government of Mongolia, through the issuance of a government bond by the Ministry of Finance. As of the date of these financial statements, the issuance of a government bond has not yet been approved by the Parliament of Mongolia. Given the high uncertainty about the issuance of this bond, the Bank raised 100 percent provision against loan related to Anod Bank.

Impairment of available-for-sale investments

The Bank records impairment charges on available-for-sale equity investments when there has been a significant or prolonged decline in the fair value below their cost. The determination of what is 'significant' or 'prolonged' requires judgment. In making this judgment, the Bank evaluates, among other factors, historical price movements and duration and extent to which the fair value of an investment is less than its cost.

Initial recognition of loans under Price Stabilization Program

As disclosed in Note 18, starting from November 2012, the Bank has issued loans in MNT to local banks for further lending to local companies in the petroleum and food sectors as part of the Government Price Stabilisation Program. These loans were issued under terms and conditions defined by Government joint resolutions and the Bank has no discretion in defining the terms of these loans. In addition, decisions on participation of certain companies in the program are also taken by the Government, and the companies selected are entitled to obtain loans, which are refinanced by the Bank of Mongolia, from any commercial bank.

In accordance with the government instructions the interest rate at which the loans have been granted to commercial banks is 0.5% to 4% per annum.

As these loans from Price Stabilisation Program of the Government was created for a specific purpose and targeting specific Mongolian economic sectors, no initial loss were recognised.

Control over banks under receivership

Management applies judgment to determine whether the substance of the relationship between BOM and banks under receivership indicates that these banks are controlled by BOM and, hence, should be consolidated by BOM. In making this judgment management takes into account the following:

2.4 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)

Control over banks under receivership (Continued)

- the receiver is appointed by BOM following the requirements of the Law;
- the receiver effectively acts in a fiduciary capacity and has the narrow objective to wind up the bank and there are no other strategic decisions to be made;
- the receiver acts within the prescribed legal framework and the order of priority of liabilities is also set by the legislation, therefore the receiver cannot use its power specifically with the aim to influence benefits attributable to Bank of Mongolia;
- although Bank of Mongolia may issue loans to banks under receivership, these loans are provided effectively on behalf of the Government as it is the Government's responsibility under the Law to guarantee repayment of customer deposits; therefore Management believes that the benefits receivable by Bank of Mongolia from such loans will be ultimately in the form of Government bonds;
- further, benefits received from receivership are limited with low variability.

Based on above, although Bank of Mongolia has power to govern activities of banks under receivership, it cannot use that power to influence its own benefits as those benefits are independent from the performance of banks under receivership. Therefore management concluded that these banks should not be consolidated into these financial statements.

Control over Deposit Insurance Corporation (DIC)

Management applies judgment to determine whether the substance of the relationship between BOM and DIC indicates that DIC is controlled by BOM and, hence, should be consolidated by BOM. In making this judgment management takes into account the following:

- power over the DIC;
- exposure, or rights, to variable returns from its involvement with the DIC; and
- the ability to use its power over the DIC to affect the amount of the BOM's returns.

BOM has power over DIC if it can direct the relevant activities of DIC. According to the Charter of DIC, the National Committee, has seven members, and is chaired by the Deputy Governor of BOM. The remaining six members comprise of the following members:

- Mongolian Secretary of the State;
- Deputy Head of the Mongolian Financial Regulatory Committee;
- Executive Director of DIC;
- Three members to be appointed by the joint decisions of the BOM Governor, Minister of Finance and Mongolian Bankers Association (an independent Association made up of local banks and financial institutions and does not include BOM).

2.4 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)

Control over Deposit Insurance Corporation (DIC) (Continued)

All decisions concerning the activities of DIC must be approved by vote from each of the seven members of the National Committee and no member has any unilateral power to direct the activities of DIC. Despite BOM having its Deputy Governor chairing the National Committee, the fact that the Chairman does not have any unilateral power to direct the activities of DIC and BOM has limited influence in the appointment of the remaining three members of the National Committee sufficiently demonstrates that BOM does not have power over DIC. Therefore management concluded that DIC should not be consolidated into these financial statements.

Going concern

Management prepared these financial statements on a going concern basis. As of 31 December 2013 that Bank has negative equity position. Management believes that there is no risk that the Bank will not be able to continue as a going concern in the foreseeable future as BOM is the issuer of the national currency, and therefore the Bank is not exposed to MNT liquidity risk.

Revaluation of buildings

The Bank measures its buildings at revalued amounts with changes in fair value being recognised in other comprehensive income. The Bank engaged an independent valuation specialist to assess fair value as at 31 December 2013. Buildings were valued by reference to market-based evidence, using comparable prices adjusted for specific market factors such as nature, location and condition of the property, as a result of which significant estimates are involved in determining the fair value of the buildings.

Depreciation of buildings

Buildings are depreciated on a straight line basis over the estimated useful lives of 25-60 years. Management believes that the Bank has met the conditions set consistently and for the purposes of depreciation of buildings, the estimated useful lives set are reasonable and appropriate.

3 INTEREST INCOME

	2013 MNT'million	2012 MNT'million
Loans to local banks	114,582	20,022
Government securities – at amortised cost	6,741	17,279
Loans to government organisations	-	15,753
Due from foreign financial institution	7,706	3,489
Financial investments – available-for-sale	3,012	1,157
Other interest income	676	1,649
	132,717	**59,349**

4 INTEREST EXPENSE

	2013 MNT'million	2012 MNT'million
Central bank bills	109,243	84,351
Liabilities due to foreign parties	55,127	10,042
Liabilities due to government organizations	80,247	9,778
Other interest expense	10,769	602
	255,387	**104,773**

5 NET GAINS/(LOSSES) FROM TRADING OF GOLD AND PRECIOUS METALS

	2013 MNT'million	2012 MNT'million
Gain/(loss) on gold trading	(36,980)	3,604
Unrealized gain/(loss) on revaluation of gold	(23,021)	15,291
Gain/(loss) of other precious metals trading	(6,804)	1,858
	(66,805)	**20,753**

6 FOREIGN EXCHANGE GAINS/(LOSSES), NET

	2013 MNT'million	2012 MNT'million
Unrealised gain/(loss) on translation of foreign exchange	(264,438)	30,225
Realised gain/(loss) on translation of foreign exchange	293,963	(38,839)
Foreign exchange trading loss	(8,247)	(15,080)
	21,278	**(23,694)**

7 REVERSAL OF/(PROVISION FOR) IMPAIRMENT LOSS

	2013 MNT'million	2012 MNT'million
Other assets (Note 19)	5,244	(51)
Loans to local banks (Note 18)	11,860	(88,565)
Government securities (Note 16)	6,404	-
	23,508	**(88,616)**

8 OTHER OPERATING INCOME

	2013 MNT'million	2012 MNT'million
Fees and commission	3,452	2,452
Rental income of property, equipment	601	502
Other operating income	152	343
	4,205	**3,297**

9 ADMINISTRATIVE AND OTHER OPERATING EXPENSES

	2013 MNT'million	2012 MNT'million
Administrative expenses		
Staff cost	9,983	7,788
Cost of printing banknotes	16,484	3,274
Depreciation and amortization of property, equipment and intangible assets (Note 20)	2,038	1,800
Others	5,564	4,662
	34,069	**17,524**
Other operating expenses		
Expense to Deposit Insurance Corporation	50,000	-
Revaluation loss on property and equipment	3,618	-
Property and equipment written-off	151	8
Other operating expenses	1,840	1,563
Losses on initial recognition of loans at below market rate	-	17,895
	55,609	19,466
Total	**89,678**	**36,990**

10 LOSSES FROM DISPOSAL OF SECURITIES

	2013 MNT'million	2012 MNT'million
Loss from disposal of government securities	(6,664)	-
Gain/(loss) from disposal of investment securities available-for-sale	135	(453)
	(6,529)	**(453)**

11 CASH AND CASH EQUIVALENTS

	2013 MNT'million	2012 MNT'million
Cash in hand	63,691	28,317
Due from foreign financial institutions (Note 12)		
– Short term deposits in foreign currency	1,592,170	2,789,889
– Demand deposits	247,620	387,748
– Special drawing rights holdings	110,459	94,647
	2,013,940	**3,300,601**

The above balances are presented as cash and cash equivalents for the purposes of the statement of cash flows.

12 DUE FROM FOREIGN FINANCIAL INSTITUTIONS

	2013 MNT'million	2012 MNT'million
Short-term deposits in foreign currencies	1,592,170	2,789,889
Demand deposits	247,620	387,748
Special drawing rights holdings	110,459	94,647
Restricted cash	738	604
World Bank subscription	104	87
Other subscription	4	4
	1,951,095	**3,272,979**

Short-term deposits in foreign currencies

This balance represents short-term time deposits with foreign central banks and other financial institutions which are denominated in USD, EUR, GBP, CNY and AUD with initial maturity periods up to 92 days (2012: 90 days).

Demand deposits

This balance represents current account deposits with foreign central banks and other financial institutions.

12 DUE FROM FOREIGN FINANCIAL INSTITUTIONS (CONTINUED)

Restricted cash

This balance represents an amount of CHF 397,703 equivalent MNT 738 million (2012: MNT 604 million), which is blocked by the District Court of Zurich at the request of third parties. For details on this litigation refer to Note 25.

Special Drawing Rights Holdings

This balance represents the Bank's holding of special drawing rights to supplement existing reserve assets related to the subscription to International Monetary Fund. As at 31 December 2013 the balance is SDR 43.2 million (2012: SDR 44.1 million) and is interest bearing.

World Bank subscription

This balance represents the deposits and quota at the World Bank, as part of the condition to be a member of the World Bank group. This amount is matched by a corresponding liability (see Note 24) and is non-interest bearing.

All balances are neither past due nor impaired and management believes that they are fully recoverable, as funds are placed in the central banks of OECD countries and other reputable international institutions. None of these balances are collateralized. Management believes that fair value of these balances approximates carrying value. The geographical analysis, currency risk analysis, interest rate risk analysis, and maturity analysis are disclosed in Note 29.

13 FINANCIAL INVESTMENTS - AVAILABLE-FOR-SALE

	2013 MNT'million	2012 MNT'million
Debt instruments available for sale:		
Bonds issued by Bank for International Settlements	494,187	-
US treasury bills	290,149	-
RAMP Investment Account Assets	166,110	139,469
Equity securities available for sale		
Equity investments at cost	3,084	3,084
	953,530	**142,553**

RAMP Investment Account Assets

As of 31 December 2013 the investment account assets consist of cash balance in the amount of USD 0.3 million (MNT 527 million), and securities in the amount of USD 100.1 million (MNT 165,583 million). The custodian of the investment account assets is the Federal Reserve Bank of New York.

The securities representing the major part of investment account assets mainly include US treasury bills and securities issued by other governmental agencies.

Credit quality of debt securities included in Investment Account Assets, ranges from AA- to AAA based on the lowest of the ratings assigned by Standard and Poor's, Fitch Ratings and Moody's.

Equity investments at cost

Unquoted equities represent investments in Mongolian Mortgage Corporation, International Investment Bank, and International Bank of Economic Co-operation. The investments are recorded at cost. There is no market for these investments and the Bank intends to hold them on a long-term basis.

Based on available financial information of the investees, management believes that there are no indications of impairment for these investments as of 31 December 2013 and 31 December 2012.

14 REVERSE REPURCHASE AGREEMENTS

	2013 MNT'million	2012 MNT'million
Federal Reserve Bank of New York	503,177	2,031,631
Local banks	1,026,038	92,322
	1,529,215	**2,123,953**

Federal Reserve Bank of New York

The Bank entered into an automatic investment program arrangement in respect of its deposit account held with Federal Reserve Bank of New York. Under this program, amounts exceeding minimum balance of USD 100,000 are to be invested in Repurchase Agreement Pool ("repo pool") of the Federal Reserve Bank of New York. As at 31 December 2013 the funds invested in repo pool amounted to USD 304.2 million (equivalent of MNT 503,177 million). These investments have two days maturity and carry an interest rate of 0.17% per annum.

Local Banks

Reverse repurchase agreements with local banks represent short-term loans to local banks secured by central bank bills (refer to Note 21) and government securities to resell at a certain date in the future at a fixed price. The maturity of these instruments is two days and they bear an interest rate of 12.5% per annum. These balances are considered neither past due nor impaired.

15 GOLD BULLION AND PRECIOUS METALS

	2013 MNT'million	2012 MNT'million
At fair value		
Gold bullion	251,440	271,909
Silver	305	42
At cost		
Gold purchased from miners	30,127	115,472
Coins and cultural valuable	5,297	52,246
	287,169	**439,669**

16 GOVERNMENT SECURITIES

	2013 MNT'million	2012 MNT'million
Ministry of Finance securities, at amortised cost	-	165,614
Less: Provision	-	(6,404)
	-	**159,210**

Movements in the provision for government securities during 2013 are as follows:

	2013 MNT'million	2012 MNT'million
At 1 January	6,404	6,404
Recoveries (Note 7)	(6,404)	-
At 31 December	**-**	**6,404**

17 DUE FROM LOCAL BANKS

	2013 MNT'million	2012 MNT'million
Time deposits in local banks	405,000	-
Accrued interest	896	-
	405,896	**-**

This balance represents time deposits with local banks which are denominated in MNT with initial maturity periods up to 365 days with interest rate of 4% or 7% per annum. Time deposits with local banks were placed starting in 2013.

18 LOANS TO LOCAL BANKS

	2013 MNT'million	2012 MNT'million
Loans issued under price stabilization program	2,770,573	188,360
Loans related to Anod Bank	77,630	89,490
Other loans	16,888	14,128
	2,865,091	291,978
Less: Allowances for impairment losses	(77,630)	(89,490)
	2,787,461	**202,488**

Loans issued under Price Stabilization Program

Starting from November 2012 the Bank has issued loans in MNT to local banks in the amount of MNT 2,770,573 million for further lending to local companies from selected industries (petroleum, food, construction, etc.) as part of the government price stabilisation program. These loans were issued under terms and conditions defined by the government and the participating banks have no discretion in defining the terms. In addition, decisions on participation of particular companies in the program are also taken by the government and the companies selected are entitled to obtain loans, which are refinanced by the Bank of Mongolia, from any commercial bank.

In accordance with the government instructions the interest rate at which the loans have been granted to commercial banks range from 0.5% to 4% per annum.

Loans related to Anod Bank

The Bank signed the loan agreement with the Receivership of Anod Bank on 12 December 2008 in order to provide short-term liquidity to Anod Bank, which has been put under receivership. The main purpose of the loan was to finance the required amount of money to return customer deposits of Anod Bank in accordance with the Blanket Guarantee Law, which states that the Government of Mongolia guarantees that citizens' deposits placed in the Mongolian commercial banks are recoverable and will be returned to citizens in the case of the default or bankruptcy of a commercial bank.

The loan agreement represents a credit line with maximum amount of MNT 147.9 billion. Based on the agreement Anod Bank can request in tranches, while total outstanding amount should not exceed this limit. Each tranche should be returned within 6 months from its origination. The interest rate is equivalent to the interest rate of 7-day central bank bills, which was 9.75% per annum at the time of the origination of this loan arrangement. Based on the agreement, interest shall be accrued every 90 days and deducted directly from the current account of Anod Bank. The loans to Anod Bank under this arrangement are collateralized by Anod Bank's loans issued to customers in the amount of MNT 186.3 billion. The first tranche was disbursed immediately upon signing of the Agreement, on 12 December 2008.

Due to difficulties faced in collection of these loans, maturity date of loans was extended from 6 months to 12 months, based on the appendix to the agreement dated 28 July 2009. Further, no contractual interest was accrued for the loans since 2009, while recoveries during 2010 and 2011 were not significant. Consequently, no new loans were approved during 2010 and 2011, and the Bank has started the negotiation process with the Government of Mongolia and the Ministry of Finance related to recovery of these loans.

During 2013 and 2012 the Bank recovered MNT 11.8 billion and MNT 12.5 billion respectively.

Prior to 2010 management was of the opinion that these loans were recoverable from the Government of Mongolia through the issuance of a government bond by the Ministry of Finance, which was to be used for repayment of receivables due from Anod Bank. However, the issuance of the government bond was not approved by the Parliament of Mongolia during 2012. Taking into account the high uncertainty of the issuance of the government bond, full impairment was provided against the loans related to Anod Bank in 2012. Refer to Note 7.

18 LOANS TO LOCAL BANKS (CONTINUED)

Loans in local currency

The loans in local currency included as part of “Other loans”, consist of loans related to the programs of Asian Development Bank (ADB) in the amount of MNT 1,103 million (2012: MNT 1,406 million) and Government of Germany through KfW in the amount of MNT 5,225 million (2012: MNT 500 million).

The loans related to ADB programs were disbursed to various local banks in Mongolia, for the further lending to Mongolian enterprises. The funding was made available by the Asian Development Bank to create more job opportunities for the people of Mongolia and to develop the agricultural sector in the country. The loans bear interest at the rate of 10% per annum and the repayment terms for each disbursed loan vary according to the date of disbursement. The Bank’s credit risk does not depend on the repayments of these funds by the borrowers, as BOM has the right to automatically withdraw funds from the accounts of commercial banks with BOM when repayments are due.

The loans in foreign currency, included as part of “Other loans”, consist mainly of loans disbursed to local banks to promote small and medium scale companies in the amount of MNT 9,846 million (2012: MNT 5,435 million) and loans for improving commercial banks' systems and enhancing capability of banking specialists in the amount of MNT 701 million (2012: MNT 623 million).

Loans disbursed to local banks for further lending to Mongolian enterprises to promote small and medium scale companies were made available under two separate programs by the Government of Germany through KfW. The loans under both programs bear interest at the rate ranging from 1.25% to 1.75% per annum and are not backed by any security. The loans under both programs are disbursed through three local banks to the borrowers which meet specific criteria set by KfW. Accordingly, the repayment terms for each disbursed loan vary according to the date of disbursement. The Bank’s credit risk does not depend on the repayments of these funds by the borrowers, as BOM has the right to automatically withdraw funds from the accounts of commercial banks with BOM when repayments are due. For more details on these programs and related liabilities to the Ministry of Finance see Note 22.

Loans for improving commercial banks' systems and enhancing capability of banking specialists are provided by the Bank to commercial banks to finance the training conducted by DAI (Thailand) Limited Company for bank staff at the bank training center in accordance with the agreement signed between Mongolia and the Asian Development Bank. Repayment period of this loan is 14 years.

Movements in the provision for loan impairment during 2013 are as follows:

	2013 **MNT’million**	**2012** **MNT’million**
At 1 January	89,490	925
Charge for the year	-	89,490
Recoveries	(11,860)	(925)
At 31 December	**77,630**	**89,490**

No provisions have been raised against loans issued under price stabilization program, loans in national and foreign currency as at 31 December 2013 or 31 December 2012 as these loans have no indication of impairment.

None of the loans to local banks are collateralized except for that related to Anod Bank. Based on the terms of the agreement with the receivership of Anod Bank, the related loans are collateralized by the loan portfolio of Anod Bank. As disclosed above, Anod Bank is currently in liquidation.

19 OTHER ASSETS

	2013 MNT'million	2012 MNT'million
Other financial assets		
Receivable from Deposit Insurance Corporation	204,912	-
Receivables from companies	44,821	43,896
Claims on foreign financial institutions	14,461	12,169
Derivative financial instruments (Note 30)	2,803	834
Less: Provision for impairment losses	(59,282)	(56,065)
Other non-financial assets		
Prepaid expenses	124	6,438
Other	617	368
Less: Provision for impairment losses	(229)	(219)
	208,227	**7,421**

Receivable from Deposit Insurance Corporation

Receivables from Deposit Insurance Corporation ('DIC') include a loan of MNT 119.9 billion and financial support of MNT 85 billion issued to DIC. The loan of MNT 119.9 billion will be repaid in full by 30 September 2023, and the financial support of MNT 85 billion will be repaid by 25 December 2014.

Receivable from companies

Receivables from companies include receivables due from gold producing companies that have not fulfilled their obligations under the gold option contracts entered into with the Bank in prior years. These receivables amount to MNT 31,358 million (2012: MNT 26,632 million), are considered impaired and thus they are fully provided for. The Bank no longer enters into gold option contracts. Remaining balances due from companies are also considered impaired and fully provided as of 31 December 2013 and 31 December 2012.

These outstanding balances are related to 2005 to 2007 transactions that resulted to non-compliance with Article 23 of the Law on Central Bank which states that is the Bank is prohibited to take deposits from or extend credit or provide settlement services to individuals or legal entities other than the Government of Mongolia and banks. Management issued regulation No. 99 on 26 February 2003, which relates to conducting trade deals when gold miner or trader requests trade deal. In accordance with this regulation, the Bank made its internal investigation and has identified some cases of non-compliance, which in management's view do not have adverse consequences on the Bank's operations.

Claims on foreign financial institutions

Claims on foreign financial institutions are considered to be non-recoverable and thus fully provided, as related foreign institutions are no longer operating.

19 OTHER ASSETS (CONTINUED)

Other non-financial assets

Other non-financial assets mainly consist of prepayments, advances to staff, consumable materials and stationary supplies.

Provision for impairment

Movements in the provision for impairment of other financial assets during 2013 and 2012 are as follows:

	2013 MNT'million	2012 MNT'million
At 1 January	56,065	56,154
Translation of provisions denominated in foreign currency	8,461	(140)
Charge for the year	-	218
Recoveries	(5,244)	(167)
At 31 December	**59,282**	**56,065**

Movement in provision for other non-financial assets is entirely due to foreign exchange fluctuation.

20 PROPERTY, EQUIPMENT AND INTANGIBLE ASSETS

	Buildings/ premises	Construction in progress	Office and computer equipment	Total premises and equipment	Intangible assets	Total
At 31 December 2012	**MNT'million**	**MNT'million**	**MNT'million**	**MNT'million**	**MNT'million**	**MNT'million**
Cost						
At 1 January 2012	23,804	533	8,048	32,385	2,268	34,653
Additions	814	-	1,652	2,466	108	2,574
Disposals	-	-	(152)	(152)	-	(152)
Write-offs	-	-	(472)	(472)	-	(472)
Reclassification	499	(499)	-	-	-	-
At 31 December 2012	25,117	34	9,076	34,227	2,376	36,603
Accumulated Depreciation						
At 1 January 2012	3,354	-	4,213	7,567	1,083	8,650
Charge for the year	389	-	1,140	1,529	271	1,800
Disposals	-	-	(14)	(14)	-	(14)
Write-offs	-	-	(464)	(464)	-	(464)
At 31 December 2012	3,743	-	4,875	8,618	1,354	9,972
At 31 December 2012						
Net carrying value	**21,374**	**34**	**4,201**	**25,609**	**1,022**	**26,631**

20 PROPERTY, EQUIPMENT AND INTANGIBLE ASSETS (CONTINUED)

	Buildings/ premises	Construction in progress	Office and computer equipment	Total premises and equipment	Intangible assets	Total
At 31 December 2013	**MNT'million**	**MNT'million**	**MNT'million**	**MNT'million**	**MNT'million**	**MNT'million**
Cost						
At January 2013	25,117	34	9,076	34,227	2,376	36,603
Additions	1,414	725	1,812	3,951	-	3,951
Disposals	-	-	(1,604)	(1,604)	(75)	(1,679)
Write-offs	-	-	(411)	(411)	-	(411)
Revaluation Upward	25,649	-	-	25,649	-	25,649
Revaluation Downward	(5,448)	-	-	(5,448)	-	(5,448)
At 31 December 2013	46,732	759	8,873	56,364	2,301	58,665
Accumulated Depreciation						
At January 2013	3,743	-	4,875	8,618	1,354	9,972
Charge for the year	545	-	1,229	1,774	264	2,038
Revaluation Depreciation	20,138	-	-	20,138	-	20,138
Disposals	-	-	(1,594)	(1,594)	(75)	(1,669)
Write-offs	-	-	(260)	(260)	-	(260)
At 31 December 2013	24,426	-	4,250	28,676	1,543	30,219
At 31 December 2013						
Net carrying value	**22,306**	**759**	**4,623**	**27,688**	**758**	**28,446**

In accordance with the regulations effective in Mongolia, the Bank is obliged to perform revaluation of buildings once in five year period. The last valuation was performed as of 31 December 2013 by independent appraisers "Consortium of companies on appraisal and project".

Had the re-valued buildings been carried at historical cost, the net book value of the buildings that would have been included in the financial statements of the Bank as at 31 December 2013 would have been MNT 15,684 million (2012: MNT 14,899 million).

The building with carrying value of MNT 2,504 million (2012: MNT 1,641 million) has been pledged as security for borrowings as disclosed in Note 24.

21 CENTRAL BANK BILLS

	2013 MNT'million	2012 MNT'million
Bills payables	1,627,017	752,151

This balance represents BOM bills issued to local banks. Such bills have maturities between 7 days to 28 days and bear interest rates ranging from 10.50% to 10.88% as of 31 December 2013 (2012: from 13.25% to 17.25%). The Bank uses BOM bills to withdraw excessive cash from the economy to control inflation.

22 LIABILITIES DUE TO GOVERNMENT ORGANIZATIONS

	2013 MNT'million	2012 MNT'million (restated)
Liabilities to the Ministry of Finance related borrowings:		
– Government of Germany (KfW)	16,015	13,443
– Asian Development Bank (ADB)	8,049	6,990
– International Development Association (IDA)	7,548	6,187
Current accounts of Ministry of Finance	1,678,412	2,933,065
	1,710,024	**2,959,686**

Ministry of Finance accounts

This relates to various current accounts that the Ministry of Finance maintains with the Bank.

Liabilities due to the Ministry of Finance related to borrowings from international organisations

These liabilities relate to the borrowing agreements signed by the Government of Mongolia with KfW (acting on behalf of the Government of Germany) and Asian Development Bank (ADB). The Ministry of Finance of Mongolia ('MOF') acts as fiscal agent with regard to these agreements, while the Bank of Mongolia acts as project executing agency.

The loans received from the Government of Germany under the credit programme for small and medium enterprises (SMEs) were made available under two separate programmes in 1995 and 2003. The loans under both programmes are denominated in Euro with maturity of 30 years and bear interest at 0.75% per annum. The repayment of loan principal of the first programme commenced in 2005 and for the second programme in 2012.

The loans received from the ADB are mainly for purposes of reducing poverty in Mongolia by developing and promoting private enterprises, and providing training and consultancy to the Government, nongovernment organisations and local banks. The loans bear interest of 1% per annum (2012: 1% per annum) and have maturity ranging from 27 to 30 years.

The Bank's obligations are to MOF and it has no direct obligations toward KfW and ADB, as the MOF acts as a fiscal agent of the Government of Mongolia. However, the Bank, as project executing agency, was responsible for channeling funds to commercial banks, which further channeled funds to final customers (borrowers) who meet criteria specified by KfW and ADB.

22 LIABILITIES DUE TO GOVERNMENT ORGANIZATIONS (CONTINUED)

Liabilities due to the Ministry of Finance related to borrowings from international organisations (Continued)

Based on the arrangement between the MOF and BOM, BOM has borrowed related funds from the MOF under the same conditions, as MOF has borrowed under the agreement with KfW and ADB. Further, BOM also acts as a depository i.e. it is responsible for settling payments from the account of the MOF with regard to KfW and ADB. Loans issued to local banks from these funds are disclosed in Note 18. For management's judgment as to whether BOM acts as principal or agent related to these liabilities to MOF and loans to local banks, refer to Note 2.

Proceeds of the borrowings received by the MOF on behalf of the Government of Mongolia from the International Development Association (IDA) are for the private sector development project and the financial capacity development project, and are on lent to BOM by the MOF with interest rates of 1% and 3% per annum.

Balances and transactions with related parties are disclosed in Note 33.

23 DEPOSITS FROM LOCAL BANKS

	2013 MNT'million	2012 MNT'million
Correspondent accounts:		
– In national currency	1,748,766	842,958
– In foreign currency	711,641	528,713
Short-term deposits	36,790	-
	2,497,197	**1,371,671**

Correspondent accounts mainly consist of various deposit accounts and obligatory reserves of local banks maintained with the Bank, calculated as a percentage of their eligible liabilities to deposit holders.

Short-term deposits consist of overnight saving placed by local banks with interest rate of 8.50% per annum.

24 LIABILITIES DUE TO FOREIGN PARTIES

	2013 MNT'million	2012 MNT'million
Secured		
Loan from HSBC, London	238	389
Unsecured		
Loan from People's Bank of China	1,649,346	470,788
International Monetary Fund ("IMF")		
– IMF No.1 account	287	272
– IMF No.2 account	7	6
– Allocation of Special Drawing rights ("SDR")	124,620	104,628
Subscription to World Bank	104	87
Subscription to IDA	34	34
Current account of World Bank	160	210
Current account of ADB	11	-
	1,774,807	**576,414**

24 LIABILITIES DUE TO FOREIGN PARTIES (CONTINUED)

Loan from HSBC, London

This balance represents a 10 year term loan from HSBC, London for the purpose of funding the acquisition of a property. The repayment of loan principal had commenced in 2005 and bears interest at 1.75% above HSBC's base rate per annum. The loan is secured by a building as referred in Note 20.

Loan from People's Bank of China

This balance represents a 6 month loan denominated in CNY from People's Bank of China that was used by BOM for CNY funding to local banks. Interest is based on SHIBOR+200 bps.

Allocations of Special Drawing Rights

IMF member countries are allocated SDR in proportion to their subscription to the IMF. The allocation represents a dormant liability of the Bank to the IMF, against which assets are received in SDR Holdings account from the IMF (See Note 12). The net accumulation of the allocation was MNT 124,620 million (2012: MNT 104,628 million) equivalent to SDR 48.757 million (2012: SDR 48.757 million).

Subscription to World Bank and IDA

The balance represents the Bank's subscription obligations to World Bank and IDA.

25 OTHER LIABILITIES

	2013	**2012**
	MNT'million	**MNT'million**
Other financial liabilities		
Initial capital contribution for local banks	16,388	2,000
Deposits by non-banking entities	10,395	7,030
Derivative financial instruments (Note 30)	70,017	1,233
Other payables	7,850	6,545
Other liabilities		
Social development fund	9,525	9,209
Provision for claims under documentary letter of credit issued	44,532	36,464
	158,707	**62,481**

Initial capital contribution for local banks

Initial capital contributions relate to special purpose accounts for the purpose of increase of share capital of Mongolian commercial banks. These accounts have restricted use i.e. they are used only for making investments in respective banks. Initial capital contributions as of 31 December 2013 represent share capital increase of Golomt Bank (31 December 2012: Credit Bank).

25 OTHER LIABILITIES (CONTINUED)

Social development fund

Based on its internal regulations, the Bank allocates certain funds to the social development fund which is used for improving living and working conditions of the Bank's employees. These funds are used for payment of retirement benefits, reimbursements, work performance remunerations of the Bank's employees, purchasing apartments to guarantee social welfare of employees and help to employees in need etc. Management believes that allocated funds in social development fund are sufficient as of 31 December 2013 and 2012 to cover outstanding obligations.

Derivative financial instruments

Derivative financial instruments represent the fair value of swap transactions with local banks that have maturity in 2014 and forward transactions with local banks related to price stabilisation program for the petroleum industry, which are mandatory to be concluded when a loan is granted. See Note 30.

Deposits by non-banking entities

Deposits by non-banking entities relate to deposits from the government organizations, Securities Clearing House Central Depository and Deposit Insurance Corporation (DIC).

Provision for claims under documentary letter of credit issued

Provision for claims under documentary letter of credit issued relates to litigation initiated in 2008, whereby the Bank acts as defendant in legal proceedings held in Swiss and German courts in connection with the payments allegedly due under issued documentary letters of credit to two financial institutions, which operate in these countries. Though the Bank has been vigorously defending its position in these cases, taking into account its contractual obligations under the issued letters of credit, the Bank has created provision in the amount of its full exposure (including interest) in 2009. There were no movements in the provision during 2013 and 2012 apart from the impact of foreign exchange fluctuations.

With regard to these letters of credit, the Bank has initiated litigations against certain individuals and corporations in the United States District Court for the Southern District of Florida for breach of law and other offences (such as fraudulent misrepresentation, negligent misrepresentation, breach of contract, indemnification, unjust enrichment etc.). The amount of claims against these individuals and corporations significantly exceeds the amount of claims against the Bank outlined above. Though the outcome of these proceedings is likely to be favorable for the Bank, there is no sufficient certainty about the recoverability of these receivables from defendants. Thus, the Bank has not recognized receivables related to these claims in these financial statements, though the Bank makes the best efforts to recover the claimed amounts.

26 CHARTER FUND

	2013 MNT'million	2012 MNT'million
Charter Fund	5,000	5,000

The Bank is wholly owned by the state of Mongolia. The Charter Fund represents the capital of the Bank.

In accordance with the Law on Central Bank (Bank of Mongolia), at least 40% of the Bank's net income for the year has to be allocated to its General Reserve Fund, while the remaining amount (i.e. maximum 60% of net income) can be transferred to the State Budget account. Thus, general reserve fund includes only such portions of net income accumulated over years (40% of annual net income or higher percentage), over which the Bank has the full right to determine how to utilize them. This reserve fund does not include amounts that were distributed to the State budget in the past or which can be distributed in the future, as these portions have been already transferred to the Government in respective years. There were no transfers to general reserve in 2013 and 2012.

27 OTHER RESERVES

Available-for-sale Reserve

This reserve comprises changes in fair value of financial investments - available-for-sale.

Revaluation Surplus on Property and Equipment

The revaluation surplus reserve is used to record the surplus arising from the revaluation of the Bank's building carried out by the Governor's decree in 2013.

Foreign Currency Translation Reserve

The foreign currency translation reserve is used to record the amount of gains or losses arising from the translation of monetary assets and liabilities denominated in foreign currency transferred from retained earnings.

Precious Metal Valuation Reserve

Precious Metal Valuation Reserve is used to record the amount of gains or losses arising from fair value changes of gold bullion held transferred from retained earnings.

27 OTHER RESERVES (CONTINUED)

Movements in the other reserves during 2013 and 2012 are as follows:

	Available-for-sale investment reserve	Revaluation surplus	Foreign currency translation reserve	Precious metal valuation reserve	Total
	MNT 'million	MNT 'million	MNT 'million	MNT 'million	MNT 'million
At 1 January 2012	42	7,788	92,326	20,789	120,945
Loss on fair value changes of available-for-sale investments	(837)	-	-	-	(837)
Transfer to profit or loss upon disposal	453	-	-	-	453
Transfer from accumulated loss	-	-	14,201	15,291	29,492
At 31 December 2012	**(342)**	**7,788**	**106,527**	**36,080**	**150,053**
At 1 January 2013	(342)	7,788	106,527	36,080	150,053
Gain on fair value changes of available-for-sale investments	425	-	-	-	425
Transfer to profit or loss upon disposal	(135)	-	-	-	(135)
Transfer to accumulated loss	-	-	(106,527)	(23,021)	(129,548)
Transfer of revaluation surplus	-	4,263	-	-	4,263
At 31 December 2013	**(52)**	**12,051**	**-**	**13,059**	**25,058**

28 CONTINGENCIES AND COMMITMENTS

To meet the financial needs of the Bank’s counterparties, the Bank enters into various irrevocable commitments and contingent liabilities. Even though these obligations may not be recognised on the statement of financial position, they do contain credit risk and are therefore part of the overall risk of the Bank.

	2013	2012
	MNT’million	**MNT’million**
Contingent Asset		
Receivable from foreign financial institutions	11,677	-
Contingent liabilities		
Export letters of credit	(279,320)	(61,856)
Commitments		
Undrawn credit lines – People’s Bank of China	(545,760)	(89,356)
	(813,403)	**(151,212)**

Receivable from foreign financial institutions

The Bank has recorded its investments in several foreign financial institutions at cost due to new valuations of the investments being disputed by third party investors of the same investment. As a result the Bank has decided to record the difference between cost and the disputed valuations as a contingent asset until the dispute is settled. The current value of disputed investments (at cost) is MNT 2,594 million.

28 CONTINGENCIES AND COMMITMENTS (CONTINUED)

Export letters of credit

Export letters of credit are mainly issued to the Government of Mongolia with regard to export arrangements. Through issued letters of credit the Bank is obliged to make payment on behalf of the Government or its institutions to foreign legal entities which provided services or delivered goods to the Government, its institutions or other entities at the Government's request. Further, the recorded amount also includes letters of credit subject to the litigations that are currently held in the Swiss, German and US courts, as disclosed in these financial statements. The Bank has recognised provision for material losses that could be incurred with regard to these legal proceedings amounting to MNT 44,532 million and MNT 36,464 million as of 31 December 2013 and 2012, respectively (Note 25 above).

The Bank's management believes that the fair value of letters of credit and credit line commitments is not material as of 31 December 2013, apart from the recognised provision for litigation related to letters of credit. The total outstanding contractual amount of undrawn credit lines and letters of credit does not necessarily represent future cash requirements, as these financial instruments may expire or terminate without being funded.

SWAP Agreement with People's Bank of China

The Bank has entered into "Chinese Yuan / Mongolian Togrog Bilateral Currency Swap Arrangement between the People's Bank of China and the Bank of Mongolia" in May 2011. Both central banks agreed to establish a bilateral currency swap arrangement for the purpose of promoting bilateral trade for economic development of the two countries, and providing short-term liquidity for stabilization of financial markets.

Based on the agreement, the People's Bank of China (PBoC) and BOM may, from time to time, conduct transactions involving the purchase and sale, and subsequent repurchase and resale, of CNY (Chinese Yuan) against MNT and of MNT against CNY. For these purposes, each central bank has opened a special non-interest bearing account in its national (home) currency for the other party: PBoC has opened account for BOM in CNY while BOM opened an account in MNT for PBoC.

Central banks can use this money for financing trade between the two countries, for providing short-term liquidity for stabilization of financial markets, and for other purposes agreed upon by both parties. Based on the agreement, the period of use of funds (i.e. usage period) can be three to six months. Each usage is made upon the request of one bank and approval of another bank. The maximum amounts requested for use are limited to the opened limit of CNY 10 billion when BOM is the requesting party and MNT 2 trillion when PBoC is the requesting party. The bank using funds is obliged to pay interest for the used amount on the date of repayment at interest rates specified by the Agreement. In the case of BOM requests for use of CNY, the interest rate is equivalent to 200 basis points plus the Shanghai Interbank Offered Rate ("SHIBOR") for CNY deposits with corresponding usage period. In the case PBoC requests for use of MNT, the interest rate is equivalent to the Interbank MNT Weighted Rate with corresponding usage period.

During the year BOM has made additional purchase of CNY funds of CNY 3.9 billion and increased its usage to CNY 6 billion equal to MNT 1,637,280 million as of 31 December 2013 (2012: CNY 2.1 billion, MNT 469,119 million equivalent). The unused amount of CNY 2 billion equivalent to MNT 545,760 million represents BOM's credit related commitment as at 31 December 2013 (2012: CNY 0.4 billion, MNT 89,356 million equivalent).

28 CONTINGENCIES AND COMMITMENTS (CONTINUED)

Other Legal proceedings

Apart from the provision raised for an ongoing litigation with respect to letters of credit as disclosed in Note 25, management is not aware of any other legal proceedings as of 31 December 2013, in which the Bank acts as defendant and which could result in material losses to the Bank. Thus, management believes that no provision, apart from the provision related to the above claims connected with issued letters of credit, is necessary in these financial statements.

29 FINANCIAL RISK MANAGEMENT

Risk is inherent in the Bank's activity; however it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. This process of risk management is critical to the Bank's management to pursue its monetary policy (including control of inflation), financial stability and business continuity of Mongolian banking operations. At certain times, the Bank may be overly exposed to certain risks and/or take disadvantageous positions of fulfilling its primary objectives and responsibilities, which are typical for central banks and consequently the Bank may incur unexpected financial losses, e.g. losses from translation of foreign currency balances. Such financial losses could be incurred with regard to all financial risks.

From the financial point of view, the Bank is exposed to credit risk, liquidity risk and market risk. In addition, it is also subject to operational, reputation and legal risks. Currently, the Bank has a decentralized risk management process. Each department is responsible for the independent control of risks, including monitoring the risk of exposures against their activities. Those risks which are unique to the Bank as the central bank of Mongolia are monitored through the Bank's strategic planning process. In addition, the Bank actively explores the possibility of setting up a Risk Committee which would have the overall responsibility for the development of the risk strategy and implementing principles, frameworks, policies and limits, as well as for making relevant decisions related to monitoring and managing risks. At present, the Investment Committee is responsible for development of risk strategy and making decisions on relevant limits, while the Risk Management Unit and International Economic Department are in charge of implementing principles, frameworks, policies and limits.

Risk Management Structure

The Board of Directors is ultimately responsible for identifying and controlling risks; however, there are separate independent bodies responsible for managing and monitoring risks.

Board of Directors. The Board of Directors is responsible for the overall risk management approach and for approving the risk strategies and principles. Further, it provides recommendations on risk management related issues to the Governor and the First Deputy Governor of the Bank.

Supervisory Board. The Supervisory Board has been established outside of the Bank's internal organization in order to maintain an external supervisory role and has the responsibility to monitor the overall risk process within the Bank.

Investment Committee. The Investment Committee is a key body responsible for risk management in the Bank. As such, the Committee is responsible for offering recommendations on the area of risk management policy to the Governor and the Board of Directors. It consists of the First Deputy Governor, Deputy Governor, Director of Risk Management Unit, Director of International Economic Department and Director of Payment and Accounting Department.

29 FINANCIAL RISK MANAGEMENT (CONTINUED)

Risk Management Structure (Continued)

The Investment Committee approves the "Annual Investment Policy" and determines acceptable levels of risk. Based on the acceptable risk, the Investment Committee proposes the structure of the State foreign currency reserve for the Governor's approval. The Committee's proposal defines the currency composition of foreign currency reserves and its acceptable variation, asset allocation and its acceptable variance, duration of investments, eligible instruments, counterparties and the counterparty limits. Limits over the foreign currency reserve are approved by the Governor on a quarterly basis and represent the key method used in managing foreign currency risk, as well as credit risk, liquidity risk and interest rate risk.

The risks related to the Bank's foreign currency assets (reserves) are a key area of focus, given the proportion of foreign currency reserves in the Bank's total assets. Thus, the activities of the Investment Committees and departments involved in the risk management process are mainly focused on monitoring and managing risks related to foreign currency reserves. However, the Investment Committee is also responsible for monitoring the activities of the Risk Management Unit and other responsible departments which address financial risks related to the Bank's financial assets and liabilities, and overall compliance with the Bank's investment policy. The methods used in managing financial risks are further outlined below.

Risk management unit. The Risk Management Unit ("RMU") is responsible for implementing and maintaining foreign exchange reserve management and other risk related procedures to ensure an independent control process. RMU is responsible for monitoring compliance with strategic benchmark for foreign exchange reserve management, risk principles, policies and limits. In addition, RMU also ensures the complete capture of risk measures related to the foreign exchange reserves and reporting system.

According to the Regulation on State Foreign Exchange Reserve Management, the objectives of reserve management are subordinated to the Bank's monetary and foreign exchange policies. The main objectives in holding foreign reserves are to:

- Support monetary policy;
- Control excessive volatility of the foreign exchange market;
- Guarantee payment of government foreign exchange debt;
- Use as a liquidity buffer in the event of national disaster or emergency.

Risk management of foreign reserves contributes to these objectives by strategically managing and controlling the exposure to financial and operational risks. The Bank determines strategy for asset selection and allocation to control exposures to external risks. This involves establishing parameters for the currency holding and composition necessary to maintain the ready availability of convertible currencies, the permissible range of investment instruments that meet liquidity and security requirements, and duration requirements for limiting exposure to interest rate risk.

29 FINANCIAL RISK MANAGEMENT (CONTINUED)

Risk Management Structure (Continued)

International Economic Department

International Economic Department is responsible for general implementation of the investment policy through its specific units. The Director of International Economic Department monitors and manages the general structure of the asset portfolio, including asset composition, instruments, counterparties, maturity, as well as limits over the foreign currency reserve.

Internal Control, Operational Risk Management Department

The Bank's Internal Control, Operational Risk Management Department mission is to examine and evaluate the adequacy and effectiveness of the risk management system in its activities toward the accomplishment of the Bank's objectives, and fulfillment of policies and plans. Internal Control, Operational Risk Management Department ("ICORMD") charter determines its duties to examine the effectiveness of all levels of risk management in planning, organization, coordination and controlling the implementation of the policies and procedures adopted by the Bank, examining the compliance of operations and systems with laws, regulations as well as integrity, and security of financial and operational information. ICORMD carries out general risk assessment and further assessment focused on specific issues. General risk assessment is undertaken during the development of long-term and annual audit plans to ensure proper allocation of audit resources according to the degree of risk, while specific assessment focuses on particular issues at the specific level. ICORMD of the Bank has carried out activities in accordance with audit program and annual audit plan for 2013. Priorities for audits are determined by applying criteria which reflect potential and actual degree of risk to which each area of operation is exposed. For these purposes certain criteria are developed and appropriate weights are assigned to each type of criteria in relation to the activities audited. The weighted scores are totaled for each operational area and the degree of risk is classified as high, medium and low accordingly.

The evaluation of internal control system is also a very important aspect of internal audit work. The evaluation is aimed at ensuring the existence of adequate procedures and competent performance, as well as reliability of financial reporting system and compliance of all activities with applicable laws and regulations. ICORMD reports about findings and its recommendations administratively to the Governor, and functionally to the Supervisory Board. After each assessment, ICORMD discusses the results with management of the Bank, as well as undertaking follow-up reviews on the actions taken by management.

29 FINANCIAL RISK MANAGEMENT (CONTINUED)

Credit Risk

Credit risk is the risk that the Bank will incur a loss because its counterparties failed to discharge their contractual obligations. Exposure to credit risk results from the Bank's lending and other transactions with counterparties, which give rise to financial assets. Credit risk is managed and controlled through proper selection of investment assets, credit quality of investment assets and setting limits on the amount of investment per investment asset. Limits on the level of credit risk by type of investment and counterparty are approved regularly by management. Such risks are monitored on a revolving basis and subject to an annual or more frequent review.

The credit quality of the Bank's financial assets is primarily monitored based on the assigned ratings of international rating agencies, including country ratings if related foreign institution (such as central bank) is not individually rated. The Bank has fully suspended trading with certain parties without considering their ratings due to instability of international financial markets, which could lead to a system risk, if counterparty risk is not properly addressed.

In order to minimize credit risk, foreign exchange reserves are invested in securities issued by the AAA rated governments (or central banks) and international institutions. The credit risk on foreign currency deposits and money market instruments is limited by transacting with counterparties rated "A-" or above by internationally recognized rating agencies. The minimum rating is taken when a counterparty has ratings from more than one rating agency.

For domestic monetary policy operations, the Bank actively uses collateral to reduce its exposure to credit risk. According to the Regulation on Central Bank Refinancing, the main types of collateral used when financial instruments are issued to Mongolian commercial banks are as follows:

1. Central Bank bills;
2. Short-term government securities;
3. Government securities issued by the OECD members and accepted by the Bank;
4. Liquid securities of AAA rating issued by recognized foreign financial institution;
5. Promissory notes of financial institutions accepted by the Bank;
6. Time deposits at the Bank and foreign banks.

The eligible borrowing banks have to meet all prudential ratios set by the Bank. If the borrowing local bank breaches one of the prudential ratios, the Bank terminates the refinancing operation in order to limit total exposure to the borrowing bank.

29 FINANCIAL RISK MANAGEMENT (CONTINUED)

Credit Risk (Continued)

Given that the biggest Mongolian commercial banks are rated by international rating agencies, financial assets due from local banks are also monitored on this basis. In the case of unrated Mongolian commercial bank, the Bank considers their financial conditions based on recent financial information, compliance with prudential ratios, and other information available to the Banking Supervision Department and other relevant departments for assessing credit quality of related assets. At present, the Bank does not use internal credit rating systems for assessing credit quality of financial assets due from commercial banks.

In addition, all counterparties have credit limits, which are set taking into consideration their ratings, capital, and other factors. The credit limits are set quarterly by the Investment Committee and compliance with the limits is monitored daily. In order to monitor its credit risk, the Bank also monitors the aging of its financial assets, particularly loans to commercial banks and other financial assets. Any significant exposures against counterparties with deteriorating creditworthiness are reported to and reviewed by the Board of Directors, which also makes decisions on necessary actions.

The table below shows the credit quality by class of asset for all financial assets expose to credit risk, based on Moody's ratings system. The amounts presented are gross of impairment allowances.

At 31 December 2013	Neither past due nor impaired					Past due or individually impaired	
	AAA	**AA**	**A**	**B**	**Not rated**		**Total**
	MNT' million	**MNT' million**	**MNT' million**	**MNT' million**	**MNT' million**	**MNT' million**	**MNT' million**
Assets							
Due from foreign financial institutions	1,518,168	321,867	15	-	4	-	1,840,054
Financial investments available-for-sale	922,692	9,814	1,686	-	19,338	-	953,530
Reverse repurchase agreements	503,177	-	-	682,461	343,577	-	1,529,215
Government securities	-	-	-	-	-	-	-
Due from banks	-	-	-	180,342	225,554	-	405,896
Loans to local banks	-	-	-	1,468,035	1,319,426	77,630	2,865,091
Other assets	31	2,227			205,493	59,282	267,033
	2,944,068	**333,908**	**1,701**	**2,330,838**	**2,113,392**	**136,912**	**7,860,819**

29 FINANCIAL RISK MANAGEMENT (CONTINUED)

At 31 December 2012	Neither past due nor impaired					Past due or individually impaired	
	AAA	AA	A	B	Not rated		Total
	MNT' million	MNT' million	MNT' million	MNT' million	MNT' million	MNT' million	MNT' million
Assets							
Due from foreign financial institutions	2,662,811	514,910	56	-	4	-	3,177,781
Financial investments available-for-sale	114,737	1,470			26,346		142,553
Reverse repurchase agreements	2,031,630	-	-	62,959	29,363	-	2,123,952
Government securities	-	-	-	159,210	-	6,404	165,614
Due from banks	-	-	-	-	-	-	-
Loans to local banks	-	-	-	109,961	92,527	89,490	291,978
Other assets	-	836	-	-	-	56,065	56,901
	4,809,178	**517,216**	**56**	**332,130**	**148,240**	**151,959**	**5,958,779**

When the counterparty is a central bank or international financial institution, which is not rated (such as Bank of England), its rating is equivalent to the country credit rating. Cash on hand and special drawing rights holdings in IMF do not expose the Bank to credit risk.

As disclosed in Note 28, the Bank enters into certain credit related commitments, which are deemed to be of importance for the country (e.g. exporting goods and/or services) and/or when such arrangements are requested by the Government of Mongolia or its institutions. The primary purpose of these instruments is to ensure that funds are available to the Government or other relevant parties in these arrangements as required. Issued letters of credit represent irrevocable assurances that the Bank will make payments in the event that the party requesting this arrangement cannot meet its obligations to third parties and expose the Bank to similar risks to loans, which are mitigated by the same control processes and policies. Commitments to extend credit represent unused portions of authorisations to extend credit and relate to the arrangement with the People's Bank of China (Note 28). Based on analysis performed, the Bank's management believes that counterparty risk in the case of this arrangement is low.

The Bank's maximum exposure to credit risk is reflected in the carrying amounts of monetary financial assets in the statement of financial position. The credit risk is mitigated by collateral as disclosed in Notes 18. For letters of credit and commitments to extend credit, the maximum exposure to credit risk is the amount of the commitment (Note 28).

29 FINANCIAL RISK MANAGEMENT (CONTINUED)

Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates or foreign exchange rates. When assessing market risk, as well as liquidity risk, management's main considerations also include intervention needs, structure of the import and current liabilities to foreign parties. The Bank manages and monitors this risk element using sensitivity analyses. Except for the concentrations within foreign currencies, the Bank has no significant concentration of market risk. The Bank is not significantly exposed to other price risk.

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Currency risk is managed through diversification of foreign currency portfolio and determination of the below parameters:

- foreign currency reserve management.
- maximum share of the managed currency in related assets denominated in foreign currencies for foreign currency reserve and short-term and long-term investment portfolio.

Limits over the foreign currency reserve are approved by the Governor on a quarterly basis, based on the proposal of the Investment Committee. The proposed limits are based on the "Annual Investment Policy", which defines acceptable levels of risk.

The following table indicates the currencies and SDRs to which the Bank had significant exposure at 31 December 2013 and 31 December 2012 on its monetary assets and liabilities.

29 FINANCIAL RISK MANAGEMENT (CONTINUED)

Currency risk (Continued)

	Financial assets MNT'million	Financial liabilities MNT'million	Derivatives MNT'million	Net position MNT'million
2013				
US Dollars	2,772,425	(1,184,119)	1,107,134	2,695,440
Mongolian Togrog	4,414,883	(4,281,298)	(929,257)	(795,673)
CNY	213,169	(2,848,227)	(245,091)	(2,880,149)
Euros	209,787	(33,461)	-	188,003
SDRs	110,459	(132,669)	-	(22,210)
Others	175,113	(5,034)	-	170,080
	7,895,836	**(8,484,808)**	**(67,214)**	**(644,509)**

	Financial assets MNT'million	Financial liabilities MNT'million	Derivatives MNT'million	Net position MNT'million
2012				
US Dollars	4,929,204	(2,699,439)	(229,440)	2,000,325
Mongolian Togrog	448,020	(3,143,102)	229,041	(2,466,041)
CNY	44,301	(475,012)	-	(430,711)
Euros	295,929	(69,909)	-	226,020
SDRs	94,647	(111,549)	-	(16,902)
Others	114,224	(4,936)	-	109,288
	5,926,325	**6,503,947**	**(399)**	**(578,021)**

The following table presents sensitivities of profit or loss and equity to reasonably possible changes in exchange rates of foreign currencies and SDRs applied at the end of the reporting period relative to the functional currency of the Bank, with all other variables held constant. A negative amount in the table reflects a potential net reduction in profit or loss while a positive amount reflects a net potential increase.

Currency	Change in currency rate in %	Effect on profit or loss and equity	Change in currency rate in %	Effect on profit or loss and equity
	2013	2013	2012	2012
		MNT'million		MNT'million
USD	15%	404,316	5%	100,016
	(15%)	(404,316)	(5%)	(100,016)
CNY	15%	(432,022)	5%	(21,536)
	(15%)	432,022	(5%)	21,536
EUR	15%	26,449	5%	11,301
	(15%)	(26,449)	(5%)	(11,301)
SDR	15%	(3,331)	5%	(845)
	(15%)	3,331	(5%)	845
Others	15%	25,512	5%	5,464
	(15%)	(25,512)	(5%)	(5,464)

29 FINANCIAL RISK MANAGEMENT (CONTINUED)

Currency risk (Continued)

The exposure was calculated only for monetary balances denominated in currencies other than the functional currency of the Bank and monetary balances denominated in SDRs.

Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments. The main objective when managing the interest rate risk is to maintain stable return on investments while not exceeding the risk levels that can be undertaken per investment policies.

Assets and liabilities of the Bank are predominantly fixed rate or non-interest bearing, which significantly reduces exposure to interest rate risk. Further, in its strategic benchmark development process the Bank sets duration requirements for its foreign reserve portfolio in order to limit exposure to interest rate risk. The duration requirement is monitored on a daily basis. The duration of the investment is assessed through the application of horizon analysis. The Bank uses a one-year investment horizon, defined negative return as minimum return and up to 5% of acceptable variance of negative return for calculation of prudential duration.

The table below summarises the Bank's exposure to interest rate risks. The table presents the aggregated amounts of the Bank's financial assets and liabilities at carrying amounts, categorised by the earlier of contractual interest repricing or maturity dates:

	Total	Demand and less than 1 month	From 1 to 6 months	From 6 to 12 months	Over 12 months	Non-interest bearing
	MNT'million	MNT'million	MNT'million	MNT'million	MNT'million	MNT'million
2013						
Total financial assets	7,898,638	3,871,839	1,926,556	500,882	987,819	611,542
Total financial liabilities	(8,554,825)	(6,699,647)	(1,699,778)	(778)	(29,476)	(125,146)
Total interest sensitivity gap	**(656,187)**	**(2,827,808)**	**226,778**	**500,104**	**958,343**	**486,396**
2012						
Total financial assets	5,930,334	4,926,610	50,000	238,438	301,442	419,844
Total financial liabilities	(6,505,180)	(2,616,574)	(694,904)	-	(115,080)	(3,078,622)
Total interest sensitivity gap	**(574,846)**	**2,304,036**	**(644,904)**	**238,438**	**186,362**	**(2,658,778)**

29 FINANCIAL RISK MANAGEMENT (CONTINUED)

Interest is accrued at floating rates on the following assets and liabilities: SDR holdings (Note 12), SDR allocation, loan from HSBC and loan from People's Bank of China (Note 24). The following table demonstrates the sensitivity to a reasonably possible change in interest rates (all other variables being held constant) of the Bank's profit or loss.

	Effect on profit or loss
	MNT'million
31 December 2013	
100 basis points increase	(16,517)
100 basis points decrease	16,517
31 December 2012	
200 basis points increase	(9,382)
200 basis points decrease	9,382

The primary reason for the above effects on profit or loss is mainly as a result of (higher)/lower interest expense paid on variable interest liabilities if interest rates (increased)/decreased, primarily on the loan from the People's Bank of China.

Geographical risk concentrations. The geographical concentration of the Bank's financial assets and liabilities at 31 December 2013 is set out below:

	Mongolia	OECD	IMF	Non-OECD	Total
2013	**MNT'million**	**MNT'million**	**MNT'million**	**MNT'million**	**MNT'million**
Assets					
Cash on hand	63,691	-	-	-	63,691
Due from foreign financial institutions	-	1,639,726	110,459	200,910	1,951,095
Financial investments available for sale	490	950,446	-	2,594	953,530
Reverse repurchase agreements	1,026,038	503,177	-	-	1,529,215
Government securities	-	-	-	-	-
Due from local banks	405,896	-	-	-	405,896
Loans to local banks	2,787,461	-	-	-	2,787,461
Other financial assets	207,715	-	-	-	207,715
Total financial assets	**4,491,291**	**3,093,349**	**110,459**	**203,504**	**7,898,603**
Liabilities					
Cash in circulation	841,129	-	-	-	841,129
Central bank bills	1,627,017	-	-	-	1,627,017
Liabilities due to government organizations	1,710,024	-	-	-	1,710,024
Deposits from local banks	2,497,197	-	-	-	2,497,197
Liabilities due to foreign parties	-	547	124,914	1,649,346	1,774,807
Other financial liabilities	104,650	-	-	-	104,650
Total financial liabilities	**6,780,017**	**547**	**124,914**	**1,649,346**	**8,554,824**
Net	**(2,288,727)**	**(3,092,802)**	**(14,455)**	**(1,445,842)**	**(656,222)**
Contingencies and commitments		**(267,643)**		**(545,760)**	**(813,402)**

29 FINANCIAL RISK MANAGEMENT (CONTINUED)

The geographical concentration of the Bank's financial assets and liabilities at 31 December 2012 is set out below:

2012	Mongolia MNT'million	OECD MNT'million	IMF MNT'million	Non-OECD MNT'million	Total MNT'million
Assets					
Cash in hand	28,317	-	-	-	28,317
Due from foreign financial institutions	-	3,133,983	94,647	44,349	3,272,979
Financial investments available for sale	490	139,469	-	2,594	142,553
Reverse repurchase agreements	92,322	2,031,631	-	-	2,123,953
Government securities	159,210	-	-	-	159,210
Loans to local banks	202,488	-	-	-	202,488
Other financial assets	834	-	-	-	834
Total financial assets	**483,661**	**5,305,083**	**94,647**	**46,943**	**5,930,334**
Liabilities					
Cash in circulation	828,450	-	-	-	828,450
Central bank bills	752,151	-	-	-	752,151
Liabilities due to government organizations	2,959,686	-	-	-	2,959,686
Deposits from local banks	1,371,671	-	-	-	1,371,671
Liabilities due to foreign parties	-	720	104,906	470,788	576,414
Other financial liabilities	16,808	-	-	-	16,808
Total financial liabilities	**5,928,766**	**720**	**104,906**	**470,788**	**6,505,180**
Net	**(5,445,105)**	**5,304,363**	**(10,259)**	**(423,845)**	**(574,846)**
Contingencies and commitments	**(61,856)**	**-**	**-**	**(89,356)**	**(151,212)**

Other risk concentrations

Management monitors concentrations of credit risk through obtaining reports listing exposures to borrowers per counterparty limits, which are disclosed above. The Bank did not have any such significant risk concentrations as of 31 December 2013 and 31 December 2012.

29 FINANCIAL RISK MANAGEMENT (CONTINUED)

Liquidity risk

Liquidity risk is the risk that the Bank will be unable to meet its payment obligations when they fall due under normal and stress circumstances. Liquidity risk of foreign currency is the main area of risk faced by the Bank. With respect to the classical investment triad (safety–liquidity-return), the investment policy of the Bank is maximizing returns which ought to be considered only if all the liquidity and safety requirements are met. In circumstances of high import dependence, constant supply requirement of Government external debt servicing, volatility of demand and supply of foreign exchange in the domestic market, liquidity is the most important concern of foreign exchange reserve management. In order to manage liquidity risk, the Bank divided its foreign reserve portfolio into two sub-portfolios:

- The Short-term Investment Portfolio (including the cash management or liquidity portfolio): This portfolio is used for purposes of debt servicing and smooth functioning of the foreign exchange market. It consists of cash, overnights and demand deposits. It is also invested in time deposits, highly liquid money market instruments (commercial papers) and securities ranging from a week to twelve month maturity and commodities (monetary gold).
- The Long-term Investment Portfolio: This portfolio is invested in medium to long-term high liquid instruments including government bonds and securities.

The Investment Committee proposes the limits for foreign exchange portfolio. In order to minimize the liquidity risk, the following asset structure is followed in accordance with the regulation on State Foreign Exchange Reserve Management:

- Not less than below limit defined as certain percentage of total assets with short-term maturity (i.e. maturity up to 1 year) shall be placed as current accounts and cash in foreign currency;

- Not less than below limit defined as percentage of total assets with short-term maturity (i.e. maturity up to 1 year) shall be placed as deposits with maturity up to 6 months.

Stop-loss limit of foreign trading is USD 400,000, while the limit of trading unit is USD 100,000 and the limit of one-off trading is USD 50,000, which also reduces liquidity risk.

The table below shows liabilities at 31 December 2013 by their remaining contractual maturity. The amounts of liabilities disclosed in the maturity table are the contractual undiscounted cash flows, including gross loan commitments and financial guarantees. Such undiscounted cash flows differ from the amount included in the statement of financial position because the amount in the statement of financial position is based on discounted cash flows. Financial derivatives are included at the contractual amounts to be paid or received i.e. payments in respect of gross settled forwards and swaps are accompanied by related cash inflows.

29 FINANCIAL RISK MANAGEMENT (CONTINUED)

Liquidity risk (Continued)

Liquidity requirements to support calls under issued letters of credit are considerably less than the amount of the commitment disclosed in the maturity analysis, because the Bank does not generally expect the third party to draw funds under the agreement. The total outstanding contractual amount of commitments to extend credit as included in the maturity table below does not necessarily represent future cash requirements, since these commitments may expire or terminate without being funded.

When the amount payable is not fixed, the amount disclosed is determined by reference to the conditions existing at the end of the reporting period. Foreign currency payments are translated using the spot exchange rate at the end of the reporting period.

The maturity analysis of financial liabilities based on undiscounted cash flows at 31 December 2013 is as follows:

2013	**Demand and less than 1 month MNT'million**	**From 1 to 6 months MNT'million**	**From 6 to 12 months MNT'million**	**Over 12 months MNT'million**	**Total MNT'million**
Liabilities					
Cash in circulation	841,129	-	-	-	841,129
Central bank bills	1,630,500	-	-	-	1,630,500
Liabilities due to government organizations	1,679,230	980	974	32,497	1,713,681
Deposits from local banks	2,497,197	-	-	-	2,497,197
Liabilities due to foreign parties	125,223	1,675,356	-	238	1,800,817
Other financial liabilities	34,633	-	-	-	34,633
Gross settled swaps and forwards					
- Inflows	(752,690)	(354,444)	-	-	(1,107,134)
- Outflows	770,330	404,018	-	-	1,174,348
Credit related commitments	825,080	-	-	-	825,080
Total potential future payments for financial obligations	**7,650,632**	**1,725,910**	**974**	**32,735**	**9,410,251**

29 FINANCIAL RISK MANAGEMENT (CONTINUED)

Liquidity risk (Continued)

The maturity analysis of financial liabilities based on undiscounted cash flows at 31 December 2012 is as follows:

2012	**Demand and less than 1 month MNT'million**	**From 1 to 6 months MNT'million**	**From 6 to 12 months MNT'million**	**Over 12 months MNT'million**	**Total MNT'million**
Liabilities					
Cash in circulation	828,450	-	-	-	828,450
Central bank bills	524,500	237,500	-		762,000
Liabilities due to government organizations	2,939,266	64	77	23,804	2,963,211
Deposits from local banks	1,371,671	-	-	-	1,371,671
Liabilities due to foreign parties	105,237	470,788	-	389	576,414
Other financial liabilities	15,575	-	-	-	15,575
Gross settled swaps and forwards					
- Inflows	(188,638)	(115,577)	-	-	(304,215)
- Outflows	188,203	116,411	-	-	304,614
Credit related commitments	151,212	-	-	-	151,212
Total potential future payments for financial obligations	**5,935,476**	**709,186**	**77**	**24,193**	**6,668,932**

A significant portion of deposits from local banks and liabilities due to government organizations represent core deposits, i.e. stable sources of financing the Bank's operations.

Similarly, cash in circulation also represents a stable source of financing, although the Bank does not have unconditional contractual rights to delay payment. Refer to maturity analysis based on expected maturity below.

The Bank does not use the above maturity analysis based on undiscounted contractual maturities of liabilities to manage liquidity. Instead, the Bank monitors expected maturities of carrying amounts of financial assets and liabilities and the resulting expected liquidity gap. The table below shows the maturity analysis of financial assets and liabilities based on expected maturity.

Expected maturity of financial liabilities significantly differs from contractual maturity, due to a large amount of core deposits (consisting primarily from deposits from government organizations and local banks) and cash in circulation, as mentioned above. Financial assets that are readily saleable if it should be necessary to meet cash outflows on financial liabilities are included in the maturity analysis based on their expected date of disposal. Impaired loans are included at their carrying amounts net of impairment provisions, and based on the expected timing of cash inflows.

29 FINANCIAL RISK MANAGEMENT (CONTINUED)

The maturity analysis at 31 December 2013 is as follows:

2013	Demand and less than 1 month MNT'million	From 1 to 6 months MNT'million	From 6 to 12 months MNT'million	Over 12 months MNT'million	Total MNT'million
Assets					
Cash in hand	63,691	-	-	-	63,691
Due from foreign financial institutions	1,950,253	-	-	842	1,951,095
Financial investments available-for-sale	379,260	337,861	13,649	222,760	953,530
Reverse repurchase agreements	1,529,215	-	-	-	1,529,215
Government securities	-	-	-	-	-
Due from local banks	255,896	150,000			405,896
Loans to local banks	8,353	1,728,116	402,221	648,771	2,787,461
Other financial assets	2,803	-	204,912	-	207,715
Total financial assets	**4,189,471**	**2,215,977**	**620,782**	**872,373**	**7,898,603**
Liabilities					
Cash in circulation	841,129	-	-	-	841,129
Central bank bills	1,627,017	-	-	-	1,627,017
Liabilities due to government organizations	1,679,197	778	778	29,238	1,710,024
Deposits from local banks	2,497,197	-	-	-	2,497,197
Liabilities due to foreign parties	125,223	1,649,346	-	238	1,774,807
Other financial liabilities	55,076	49,574	-	-	104,650
Total financial liabilities	**6,824,839**	**1,699,698**	**778**	**29,476**	**8,554,824**
Net liquidity gap	**(2,635,368)**	**516,279**	**620,004**	**842,897**	**(656,221)**

29 FINANCIAL RISK MANAGEMENT (CONTINUED)

The maturity analysis at 31 December 2012 is as follows:

	Demand and less than 1 month	From 1 to 6 months	From 6 to 12 months	Over 12 months	Total
2012	**MNT'million**	**MNT'million**	**MNT'million**	**MNT'million**	**MNT'million**
Assets					
Cash in hand	28,317	-	-	-	28,317
Due from foreign financial institutions	3,179,637	-	-	93,342	3,272,979
Financial investments available-for-sale	-	-	-	142,553	142,553
Reverse repurchase agreements	2,123,953	-	-	-	2,123,953
Government securities	-	50,000	50,000	59,210	159,210
Due from local banks					
Loans to local banks	6,087	-	188,438	7,963	202,488
Other financial assets	435	399	-	-	834
Total financial assets	**5,338,429**	**50,399**	**238,438**	**303,068**	**5,930,334**
Liabilities					
Cash in circulation	-	-	-	828,450	828,450
Central bank bills	523,754	228,397	-	-	752,151
Liabilities due to government organizations	1,915,611	-	-	1,044,075	2,959,686
Deposits from local banks	780,935	-	-	590,736	1,371,671
Liabilities due to foreign parties	210	471,177	-	105,027	576,414
Other financial liabilities	15,575	1,233	-	-	16,808
Total financial liabilities	**3,236,085**	**700,807**	**-**	**2,568,288**	**6,505,180**
Net liquidity gap	**2,101,344**	**(650,408)**	**238,438**	**(2,265,220)**	**(574,846)**

30 DERIVATIVE FINANCIAL INSTRUMENTS

The table below sets out fair values, at the end of the reporting period, of currencies receivable or payable under foreign exchange forward and swap contracts entered into by the BOM. The table reflects gross positions before the netting of any counterparty positions (and payments) and covers the contracts with settlement dates after the end of the respective reporting period. The contracts are short term in nature.

	Assets 2013 MNT'million	Liabilities 2013 MNT'million	Assets 2012 MNT'million	Liabilities 2012 MNT'million
Foreign exchange forwards and swaps: fair values, at the end of the reporting period, of				
– USD receivable on settlement (+)	156,565	249,911	-	37,219
– USD payable on settlement (-)	(245,091)	(512,855)	(248,933)	(17,726)
– MNT receivable on settlement (+)	-	455,381	249,767	17,229
– MNT payable on settlement (-)	(153,949)	(262,454)	-	(37,955)
– CNY receivable on settlement (+)	245,278	-	-	-
Net fair value of foreign exchange forwards and swaps	**2,803**	**(70,017)**	**834**	**(1,233)**

Foreign exchange derivative financial instruments entered into by BOM are generally traded in an over-the counter market with professional market counterparties on standardized contractual terms and conditions. Derivatives have potentially favourable (assets) or unfavourable (liabilities) conditions as a result of fluctuations in market interest rates, foreign exchange rates or other variables relative to their terms. The aggregate fair values of derivative financial assets and liabilities can fluctuate significantly from time to time.

31 FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced sale or liquidation, and is best evidenced by an active quoted market price. Where quoted market prices are not available, the Bank used valuation techniques.

The Bank uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities

31 FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly

Level 3: techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

The following table provides the fair value measurement hierarchy of the Bank's assets and liabilities.

Quantitative disclosures fair value measurement hierarchy for assets as at 31 December 2013 and 2012 are as follows:

		Fair value measurement using		
	Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
2013	**MNT'million**	**MNT'million**	**MNT'million**	**MNT'million**
Assets measured at fair value				
Financial investments available-for-sale				
RAMP investment account assets	166,110	166,110	-	-
Bonds of Bank for International Settlements	494,187	494,187	-	-
US Treasury	290,149	290,149		
Equity Investment at cost	3,084	-	3,084	-
Gold bullion and precious metals				
Gold Bullion	251,440	251,440	-	-
Silver	305	305	-	-
Other financial assets:				
Derivative financial instruments	2,803	-	2,803	-
Revalued property and equipment				
Buildings/premises	22,305	-	-	22,305
Liabilities measured at fair value				
Other financial liabilities				
Derivative financial instruments	70,017	-	12,544	57,473

There have been no transfers between Level 1 and Level 2 during the period.

31 FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

		Fair value measurement using		
	Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
2012	**MNT'million**	**MNT'million**	**MNT'million**	**MNT'million**
Assets measured at fair value				
Financial investments available for sale				
RAMP investment account assets	139,469	139,469	-	-
Equity Investment at cost	3,084	-	3,084	-
Gold Bullion and Precious Metals				
Gold Bullion	271,909	271,909	-	-
Silver	42	42	-	-
Other financial assets:				
Derivative financial instruments	834	-	834	-
Liabilities measured at fair value				
Other financial liabilities				
Derivative financial instruments	1,233	-	1,233	-

The following table sets out the gains and losses of level 3 assets and liabilities measured at fair value included in profit or loss and other comprehensive income.

Level 3 Assets and Liabilities	**2013**	**2012**
	MNT'million	**MNT'million**
Unrealised losses for the year included in profit or loss		
– Revaluation of properties	(3,618)	-
– Derivatives	(57,473)	-
	(61,091)	**-**
Gains for the year included in other comprehensive income		
– Revaluation of properties	4,263	-
	4,263	**-**

31 FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

Derivatives

Derivative products valued using a valuation technique with market-observable inputs are mainly interest rate swaps and currency swaps and forward foreign exchange contracts. The most frequently applied valuation techniques include forward pricing and swap models, using present value calculations. The models incorporate various inputs including foreign exchange spot and forward rates.

Derivative products valued using a valuation technique with significant non–market-observable inputs are SIFS forwards. These derivatives are valued using swap models which incorporate using the Bank's specific interest rates as a significant non-market-observable input. Significant increases (decreases) in the interest rates used in the calculation would result in a significantly lower (higher) fair value.

Level 3 Financial Assets or Liabilities	Valuation technique	Significant unobservable Inputs	Range	Sensitivity of the input to fair value
Forwards	Forward Valuation Model	Annual interest rate	0.89% - 10.5%	9.6% increase (decrease) in the annual loan interest rate offered to local banks would result in decrease (increase) in fair value by MNT 9,197 million.

Revaluation of Properties

Fair value of the buildings and premises was determined by using cost approach. This means that valuations performed by the valuer are based on the estimated costs of construction of a similar building type as approved by the Mongolian Government Resolution 336. As at the date of revaluation 1 October 2013, the properties' fair values are based on valuations performed by a consortium of companies who are all accredited independent valuers.

Significant unobservable valuation input:

Price per square meter (office building): MNT 619.27

Price per square meter (bank): MNT 593.34

Price per square meter (garage): MNT 509.80

Significant increases (decreases) in estimated price per square meter for each type of building in isolation would result in a significantly higher (lower) fair value.

Set out below is a comparison, by class, of the carrying amounts and fair values of the Bank's financial instruments that are not carried at fair value in the financial statements. This table does not include the fair values of non–financial assets and non–financial liabilities.

31 FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

	2013		2012	
	Carrying value MNT'million	Fair value MNT'million	Carrying value MNT'million	Fair value MNT'million
Financial assets				
Cash in hand	63,691	63,691	28,317	28,317
Due from foreign financial institutions	1,951,095	1,950,522	3,272,979	3,272,637
Reverse repurchase agreements	1,529,215	1,529,215	2,123,953	2,123,953
Government securities	-	-	159,210	155,480
Due from local banks	405,896	405,000	-	-
Loans to local banks	2,787,461	2,786,766	202,488	200,869
Other financial assets	204,948	204,900	-	-
	6,942,306	**6,940,094**	**5,786,947**	**5,781,256**

	2013		2012	
	Carrying value MNT'million	Fair value MNT'million	Carrying value MNT'million	Fair value MNT'million
Financial liabilities				
Cash in circulation	841,129	841,129	828,450	828,450
Central bank bills	1,627,017	1,627,017	752,151	752,151
Liabilities due to government organizations	1,710,024	1,708,201	2,959,686	2,952,193
Deposits from local banks	2,497,197	2,497,197	1,371,671	1,371,671
Liabilities due to foreign parties	1,774,807	1,762,739	576,296	574,626
Other financial liabilities	34,632	34,574	15,575	15,572
	8,484,806	**8,470,857**	**6,503,829**	**6,494,663**

Financial assets and liabilities which are not measured at fair value but whose fair values are disclosed in the fair value table

The fair value of these financial assets and liabilities are categorized under level 2 as the Bank determined the fair value based on valuation technique (eg. discounted cash flow model) using market observable inputs.

32 MATURITY ANALYSIS

The following table provides information for each line item in the statement of financial position which combines amounts expected to be recovered or settled before and after twelve months after the reporting period.

As at 31 December 2013	**Within 12 months MNT'million**	**After 12 months MNT'million**	**Total MNT'million**
Assets			
Cash in hand	63,691	-	63,691
Due from foreign financial institutions	1,950,253	842	1,951,095
Financial investments available-for-sale	730,771	222,759	953,530
Reverse repurchase agreements	1,529,215	-	1,529,215
Gold bullion and precious metals	283,154	4,015	287,169
Government securities	-	-	-
Due from local banks	405,896	-	405,896
Loans to local banks	2,138,690	648,771	2,787,461
Property, equipment and intangible assets	-	28,446	28,446
Other assets	88,327	119,900	208,227
Total assets	**7,189,997**	**1,024,733**	**8,214,730**
Liabilities			
Cash in circulation	841,129	-	841,129
Central bank bills	1,627,017	-	1,627,017
Liabilities due to government organizations	1,680,786	29,238	1,710,024
Deposits from local banks	2,497,197	-	2,497,197
Liabilities due to foreign parties	1,774,569	238	1,774,807
Other liabilities	158,707	-	158,707
Total liabilities	**8,579,405**	**29,476**	**8,608,881**
Net	**(1,389,408)**	**995,257**	**(394,151)**

32 MATURITY ANALYSIS (CONTINUED)

As at 31 December 2012	Within 12 months MNT'million	After 12 months MNT'million	Total MNT'million
Assets			
Cash in hand	28,317	-	28,317
Due from foreign financial institutions	3,179,637	93,342	3,272,979
Financial investments available-for-sale	-	142,553	142,553
Reverse repurchase agreements	2,123,953	-	2,123,953
Gold bullion and precious metals	435,778	3,891	439,669
Government securities	100,000	59,210	159,210
Loans to local banks	194,525	7,963	202,488
Property, equipment and intangible assets	-	26,631	26,631
Other assets	7,421	-	7,421
Total assets	**6,069,631**	**333,590**	**6,403,221**
Liabilities			
Cash in circulation	-	828,450	828,450
Central bank bills	752,151	-	752,151
Liabilities due to government organizations	1,915,611	1,044,075	2,959,696
Deposits from local banks	780,935	590,736	1,371,671
Liabilities due to foreign parties	471,387	105,027	576,414
Other liabilities	62,481	-	62,481
Total liabilities	**3,982,565**	**2,568,288**	**6,550,853**
Net	**2,087,066**	**(2,234,698)**	**(147,632)**

33 RELATED PARTY TRANSACTIONS

Parties are generally considered to be related if the parties are under common control or one party has the ability to control the other party or can exercise significant influence over the other party in making financial or operational decisions. In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form.

33 RELATED PARTY TRANSACTIONS (CONTINUED)

As of 31 December 2013 and 31 December 2012, the Bank has disclosed balances and transactions with the following related parties: Government (which includes organizations, such as Ministry of Finance, which management is appointed by the central government), local commercial bank, State Bank, which is owned by MOF and DIC and the management is appointed by the government; Development Bank of Mongolia, which is owned by MOF and the management is appointed by the government, and DIC, which is fully owned by the government and all decisions concerning the activities of DIC must be approved by vote from each of the seven members of the National Committee Chaired by the Deputy Governor of BOM. The Bank utilised the amendment in IAS 24 on 'partial exemption from the disclosure requirement for government-related entities'. Thus, individually immaterial transactions with government-related entities are not disclosed in these financial statements.

The outstanding balances with related parties as of 31 December 2013 and 2012 were as follows:

31 December 2013	**Government MNT'million**	**State Bank MNT'million**	**Development Bank MNT'million**	**DIC MNT'million**
Government securities	-	-	-	-
Loans to local banks	-	249,691	-	-
Loans to non-financial institutions	-	-	-	204,911
Other assets		36		
Central bank bills	-	(209,505)	-	-
Deposits from local banks	-	(278,714)	(419)	-
Deposit from non-financial institutions	-	-	-	(3,533)
Liabilities due to government organizations	(1,710,024)	-	-	-
Swap derivative liabilities	-	(394)	-	-
Other liabilities	-	(59)	-	-
	(1,710,024)	**(238,945)**	**(419)**	**201,378**

31 December 2012	**Government MNT'million**	**State Bank MNT'million**	**Development Bank MNT'million**	**DIC MNT'million**
Government securities	159,210	-	-	-
Other assets	-	2	-	-
Central bank bills	-	(36,034)	-	-
Deposits from local banks	-	(52,479)	(31,672)	-
Liabilities due to government organizations	(2,959,686)	-	-	-
Swap derivative liabilities	-	(29)	-	-
	(2,800,476)	**(88,540)**	**(31,672)**	**-**

33 RELATED PARTY TRANSACTIONS (CONTINUED)

The income and expense items with related parties for the years 2013 and 2012 were as follows:

	Government	State Bank	Development Bank	DIC
31 December 2013	**MNT'million**	**MNT'million**	**MNT'million**	**MNT'million**
Interest income	6,957	7,838	-	155
Interest expense	(87,128)	(8,024)	-	-
Commission income	281	262	2	-
Subscription for share capital	-	-	-	50,000
	(79,890)	**76**	**2**	**50,155**

	Government	State Bank	Development Bank
31 December 2012	**MNT'million**	**MNT'million**	**MNT'million**
Interest income	33,032	-	-
Interest expense	(9,778)	(1,166)	-
Commission income	217	44	-
	23,471	**(1,122)**	**-**

In 2013, the Bank recognized as expense its subscription for share capital in DIC (Note 9).

The transactions with related parties arose from the ordinary course of business. The interests charged to and by related parties are at normal commercial rates. Outstanding balances except for loans and advances to related parties at year end are unsecured. There have been no guarantees provided or received for any related party receivables and payables.

Key management compensation is presented below:

	2013	2012
	MNT'million	**MNT'million**
Salaries and wages	465	427
Benefits in-kind	113	83
Social and pension fund contribution	64	56
Other compensation	597	-
	1,239	**566**

34 CAPITAL MANAGEMENT

The capital of the Bank comprises the residual value of the Bank's assets after deduction of all its liabilities. The Bank's objectives when managing capital are to maintain an appropriate level of capital to ensure the economic independence of the Bank and its ability to perform its functions. The Bank considers total capital under management to be equity shown in the statement of financial position as disclosed in these financial statements.

No external capital requirements exist for the Bank as the central bank. The Law on Central Bank defines the minimum amount of statutory capital (charter fund) and minimum portion of annual net income which needs to be allocated to the Bank's equity. As disclosed in Note 26, statutory capital of the Bank was MNT 5,000 million (31 December 2012: MNT 5,000 million), which represents the minimum amount defined by the Law. Also, the Law states that at least 40% of the Bank's net income has to be allocated to the Bank's equity, while the remaining amount (i.e. maximum 60% of net income) can be transferred to the State Budget account. The Bank has accumulated losses and thus, no transfers were made to the State Budget during 2012 and 2013.

As disclosed in the statement of comprehensive income, the Bank has incurred loss of MNT 251,072 million in 2013 and had negative equity position of MNT 394,151 million as at 31 December 2013. Article 38 of the Law stipulates that, if a deficit of the Central Bank arises, the Parliament shall make a decision whether the Government has to issue securities in order to cover the difference in the amount of the net deficit.

Thus, the Government has no obligation to fund a net deficit of the Bank. However, issuance of government bonds for covering a deficit is a possibility which could be used by the Parliament, if covering a deficit is necessary to enable the Bank to perform its functions and continue its operations. According to Article 37 of the Law, the revaluation fund of the Bank should include the following:

- differences resulting from the foreign currency revaluation of assets and liabilities that are held in gold and in foreign currency due to fluctuations of foreign exchange rate of Mongolian Togrog (MNT);
- differences resulting from the revaluation of fixed assets (i.e. buildings).

According to Article 37 of the Law, the differences resulting from the revaluation of foreign currency denominated assets and liabilities and gold should not be included in the determination of net distributable income of the Bank.

As a result, the Bank has established a foreign currency revaluation fund, revaluation reserve for precious metals, revaluation reserve for fixed assets, and revaluation reserve for financial investments available for sale, refer to Note 27.

35 EVENTS AFTER THE END OF THE REPORTING PERIOD

On 20 December 2013, certain local banks sold their apartment mortgage loans to Mongolian Mortgage Corporation (MIK) in consideration for the junior and senior Residential Mortgage Backed Securities (RMBS). BOM received the senior RMBS from these local banks on 21 and 24 February 2014 that are intended to be used to offset against the loans provided to these local banks. The fair value of the senior RMBS bonds amounted to MNT 290.6 billion with maturity period of 240 months and coupon rate of 4.5% per annum. No gain or loss was recognized in the transaction.

On 12 February 2014, BOM purchased the promissory note of Development Bank of Mongolia from a local bank. The promissory note had a nominal value of MNT 177.2 billion and was acquired at a discounted price of MNT 171.0 billion with interest of 3.75% per annum.

Management is not aware of any other events that occurred after the end of reporting period until 28 April 2014, which would have impact on these financial statements.

36 COMPARATIVES

Certain comparative amounts have been reclassified to conform with current year's presentation.

37 MONGOLIAN TRANSLATION

These financial statements are also prepared in the Mongolian language. In the event of discrepancies or contradictions between the English version and the Mongolian version, the English version will prevail.

Money supply

in millions of togrogs

End-of-period	Currency issued in circulation		Of which			Money (M1)		Of which
				Currency outside banks				
	amount	monthly changes %	Bank's vault	amount	monthly changes %	amount	monthly changes %	Current account in DC
2000 12	107,394.4	7.8	6,461.0	100,933.4	7.3	130,775.0	8.9	29,841.6
2001 12	119,205.8	5.7	10,045.1	109,160.7	8.2	156,155.3	6.9	46,994.6
2002 12	134,642.8	0.5	13,859.2	120,783.6	1.2	187,727.8	6.9	66,944.1
2003 12	152,826.6	1.1	21,329.9	131,496.7	-2.1	212,833.4	4.4	81,336.7
2004 12	168,521.1	1.7	25,008.4	143,512.7	3.9	221,327.6		77,814.9
2005 12	191,688.3	3.1	39,318.8	152,369.5	-0.4	269,124.4	6.3	116,754.9
2006 12	245,098.9	5.1	59,972.2	185,126.7	2.6	331,903.4	2.1	146,776.7
2007 12	364,074.4	12.5	80,749.1	283,325.3	8.2	590,471.6	13.6	307,146.3
2008 12	407,210.5	23.0	78,486.5	328,724.0	25.0	647,335.3	18.1	318,611.3
01	346,623.4	-14.9	68,287.5	278,335.9	-15.3	535,268.2	-17.3	256,932.2
02	397,300.9	14.6	91,636.8	305,664.2	9.8	549,886.6	2.7	244,222.4
03	338,280.4	-14.9	65,679.7	272,600.7	-10.8	511,386.8	-7.0	238,786.1
04	355,608.6	5.1	67,948.0	287,660.5	5.5	517,897.9	1 .3	230,237.3
05	381,150.2	7.2	73,139.4	308,010.7	7.1	559,144.5	8.0	251,133.8
06	357,754.2	-6.1	73,955.4	283,798.8	-7.9	544,382.1	-2.6	260,583.2
07	350,644.3	-2.0	76,370.4	274,273.9	-3.4	521,831.8	-4.1	247,557.9
08	384,122.6	9.5	83,693.9	300,428.7	9.5	597,140.1	14.4	296,711.4
09	363,478.7	-5.4	81,061.0	282,417.7	-6.0	622,707.3	4.3	340,289.6
10	359,644.3	-1.1	85,077.9	274,566.4	-2.8	608,778.2	-2.2	334,211.8
11	363,915.6	1.2	85,322.6	278,593.0	1.5	600,593.4	-1.3	322,000.4
2009 12	371,831.9	2.2	86,838.0	284,993.9	2.3	651,247.0	8.4	366,253.2
01	350,828.3	-5.6	90,323.6	260,504.7	-8.6	629,701.0	-3.3	369,196.2
02	352,347.5	0.4	94,173.2	258,174.4	-0.9	627,897.5	-0.3	369,723.1
03	384,484.6	9.1	90,156.6	294,328.0	14.0	693,003.0	10.4	398,675.0
04	444,973.7	15.7	105,321.0	339,652.7	15.4	754,299.9	8.8	414,647.2
05	462,669.7	4.0	105,800.2	356,869.5	5.1	795,971.6	5.5	439,102.1
06	447,442.0	-3.3	98,536.3	348,905.7	-2.2	839,932.0	5.5	491,026.3
07	452,341.7	1.1	107,858.0	344,483.7	-1.3	826,662.4	-1.6	482,178.7
08	467,523.0	3.4	112,967.6	354,555.4	2.9	932,036.2	12.7	577,480.8
09	452,599.2	-3.2	108,822.1	343,777.0	-3.0	959,096.3	2.9	615,319.2
10	462,234.4	2.1	109,499.2	352,735.2	2.6	1,000,575.4	4.3	647,840.2
11	472,914.7	2.3	122,275.7	350,639.0	-0.6	995,746.4	-0.5	645,107.4
2010 12	519,692.4	9.9	131,489.8	388,202.7	10.7	1,157,617.9	16.3	769,415.2
2011 01	565,690.3	8.9	170,922.1	394,768.2	1.7	1,131,534.4	-2.3	736,766.2
02	474,517.4	-16.1	138,076.2	336,441.2	-14.8	1,031,274.1	-8.9	694,833.0
03	531,134.7	11.9	144,313.1	386,821.6	15.0	1,181,542.7	14.6	794,721.1
04	628,571.6	18.3	153,753.1	474,818.5	22.7	1,338,482.3	13.3	863,663.8
05	624,752.2	-0.6	145,813.1	478,939.2	0.9	1,422,762.8	6.3	943,823.7
06	638,773.5	2.2	159,073.3	479,700.2	0.2	1,552,624.4	9.1	1,072,924.2
07	673,939.2	5.5	176,800.3	497,138.9	3.6	1,559,400.7	0.4	1,062,261.9
08	705,791.8	4.7	175,363.1	530,428.7	6.7	1,653,779.0	6.1	1,123,350.3
09	705,251.3	-0.1	180,113.0	525,138.2	-1.0	1,676,234.5	1.4	1,151,096.3
10	694,919.4	-1.5	187,343.0	507,576.4	-3.3	1,622,945.0	-3.2	1,115,368.6
11	678,907.7	-2.3	190,946.8	487,960.9	-3.9	1,552,663.2	-4.3	1,064,702.2
12	713,351.1	5.1	195,857.0	517,494.2	6.1	1,741,075.7	12.1	1,223,581.5
2012 01	656,998.9	-7.9	197,571.7	459,427.3	-11.2	1,565,796.9	-10.1	1,106,369.6
02	673,778.6	2.6	215,380.7	458,397.9	-0.2	1,500,327.8	-4.2	1,041,929.9
03	648,454.6	-3.8	200,372.5	448,082.1	-2.3	1,488,163.7	-0.8	1,040,081.6
04	708,876.4	9.3	210,050.7	498,825.7	11.3	1,595,806.6	7.2	1,096,980.9
05	782,922.5	10.4	187,269.2	595,653.3	19.4	1,741,358.4	9.1	1,145,705.1
06	891,527.8	13.9	228,596.4	662,931.5	11.3	1,797,175.2	3.2	1,134,243.8
07	801,409.3	-10.1	209,693.3	591,716.0	-10.7	1,660,362.3	-7.6	1,068,646.3
08	814,882.5	1.7	223,623.9	591,258.7	-0.1	1,681,086.8	1.2	1,089,828.2
09	745,629.7	-8.5	193,840.6	551,789.1	-6.7	1,658,017.5	-1.4	1,106,228.4
10	717,559.2	-3.8	216,271.6	501,287.6	-9.2	1,578,738.0	-4.8	1,077,450.3
11	722,110.5	0.6	220,890.6	501,220.0	0.0	1,557,134.1	-1.4	1,055,914.1
12	828,450.3	14.7	224,565.9	603,884.4	20.5	1,835,413.2	17.9	1,231,528.8
2013 01	742,095.5	-10.4	226,997.2	515,098.3	-14.7	1,579,396.5	-13.9	1,064,298.2
02	675,601.5	-9.0	209,119.2	466,482.3	-9.4	1,480,366.9	-6.3	1,013,884.6
03	687,718.8	1.8	205,061.0	482,657.7	3.5	1,589,180.2	7.4	1,106,522.4
04	759,822.5	10.5	228,295.1	531,527.4	10.1	1,668,296.9	5.0	1,136,769.5
05	830,979.7	9.4	233,190.4	597,789.3	12.5	1,779,178.3	6.6	1,181,389.0
06	835,813.3	0.6	235,487.4	600,325.9	0.4	2,026,793.2	13.9	1,426,467.3
07	832,173.6	-0.4	245,126.3	587,047.3	-2.2	1,927,595.6	-4.9	1,340,548.3
08	867,821.9	4.3	237,157.0	630,664.9	7.4	1,950,472.6	1.2	1,319,807.8
09	874,965.7	0.8	277,479.2	597,486.4	-5.3	2,016,712.3	3.4	1,419,225.9
10	824,792.1	-5.7	245,402.2	579,389.9	-3.0	1,938,258.2	-3.9	1,358,868.3
11	803,911.5	-2.5	246,227.8	557,683.7	-3.7	1,826,929.8	-5.7	1,269,246.1
12	841,129.3	4.6	258,982.5	582,146.8	4.4	2,093,310.4	14.6	1,511,163.6

Money supply

in millions of togrogs

Continued

End-of-period	Quasi money		Of which					Money (M2)	
	amount	monthly changes %	Time deposit in DC	Of which: Individuals	Of which: Corporations	Time deposits in FC	Current account in FC	amount	monthly changes %
2000 12	128,067.7	2.1	59,004.3	54,125.9	4,878.4	33,681.9	35,381.5	258,842.6	5.4
2001 12	174,908.9	3.0	87,590.4	79,321.6	8,268.7	47,017.1	40,301.5	331,064.3	4.8
2002 12	282,570.9	3.8	147,384.8	137,355.8	10,029.0	71,147.8	64,038.2	470,298.7	5.0
2003 12	490,499.0	15.8	240,280.1	228,133.5	12,146.6	123,253.9	126,965.0	703,332.4	12.1
2004 12	625,704.9	-0.2	300,976.4	287,894.4	13,082.0	216,434.0	108,294.5	847,032.4	0.9
2005 12	871,014.4	1.6	426,033.6	399,980.0	26053.6*	245,675.0	199,305.8	1140138.8*	2.7
2006 12	1,204,590.0	-4.5	692,483.4	647,774.2	44,709.3	302,921.7	209,184.9	1,536,493.3	-3.1
2007 12	1,810,778.1	5.6	1,113,729.7	1,014,880.8	98,848.9	375,987.2	321,061.2	2,401,249.7	7.4
2008 12	1,622,666.1	-4.2	898,692.5	829,539.3	69,153.1	440,199.5	283,774.2	2,270,001.4	1.3
01	1,665,977.4	2.7	887,761.4	812,383.6	75,377.9	493,644.4	284,571.5	2,201,245.6	-3.0
02	1,764,924.4	5.9	905,268.2	834,311.2	70,957.1	541,914.8	317,741.3	2,314,811.0	5.2
03	1,841,171.2	4.3	966,546.7	890,798.6	75,748.1	526,807.9	347,816.7	2,352,558.1	1.6
04	1,823,929.7	-0.9	998,035.9	912,356.6	85,679.3	491,566.5	334,327.3	2,341,827.5	-0.5
05	1,845,529.8	1.2	964,341.2	892,364.0	71,977.2	546,650.5	334,538.0	2,404,674.2	2.7
06	1,894,865.5	2.7	982,461.0	921,066.3	61,394.8	568,226.2	344,178.2	2,439,247.6	1.4
07	1,987,939.3	4.9	985,294.2	923,163.3	62,130.9	617,006.3	385,638.8	2,509,771.1	2.9
08	1,966,857.2	-1.1	1,027,885.7	962,780.0	65,105.7	580,364.3	358,607.2	2,563,997.3	2.2
09	2,030,707.4	3.2	1,072,211.9	1,004,645.2	67,566.7	580,759.1	377,736.4	2,653,414.7	3.5
10	2,062,242.6	1.6	1,133,696.4	1,050,083.3	83,613.1	561,906.8	366,639.5	2,671,020.9	0.7
11	2,114,668.4	2.5	1,147,503.6	1,053,386.3	94,117.3	577,949.4	389,215.4	2,715,261.8	1.7
2009 12	2,228,786.8	5.4	1,234,289.7	1,125,607.8	108,681.9	622,133.6	372,363.5	2,880,033.9	6.1
01	2,241,310.1	0.6	1,240,788.9	1,139,173.9	101,614.9	607,118.3	393,402.9	2,871,011.1	-0.3
02	2,353,955.3	5.0	1,366,290.1	1,264,587.7	101,702.3	592,424.6	395,240.6	2,981,852.7	3.9
03	2,281,480.3	-3.1	1,374,391.0	1,281,022.3	93,368.8	550,546.3	356,542.9	2,974,483.3	-0.2
04	2,408,657.9	5.6	1,363,602.5	1,264,842.2	98,760.2	609,930.8	435,124.7	3,162,957.8	6.3
05	2,458,107.6	2.1	1,411,151.3	1,314,434.6	96,716.7	601,651.7	445,304.6	3,254,079.2	2.9
06	2,683,675.2	9.2	1,467,080.2	1,376,782.3	90,297.9	602,923.0	613,672.0	3,523,607.2	8.3
07	2,716,472.8	1.2	1,528,049.7	1,427,431.8	100,617.9	626,028.2	562,394.9	3,543,135.2	0.6
08	2,725,373.0	0.3	1,553,856.7	1,444,402.0	109,454.7	610,734.0	560,782.3	3,657,409.2	3.2
09	2,892,619.1	6.1	1,610,067.7	1,500,538.0	109,529.7	664,484.0	618,067.3	3,851,715.3	5.3
10	2,872,484.9	-0.7	1,656,273.0	1,547,737.4	108,535.6	647,780.3	568,431.6	3,873,060.3	0.6
11	2,943,893.7	2.5	1,749,261.6	1,641,120.7	108,140.8	631,437.6	563,194.5	3,939,640.0	1.7
2010 12	3,522,363.5	19.6	2,001,596.0	1,835,395.4	166,200.6	754,620.1	766,147.4	4,679,981.4	18.8
2011 01	3,673,919.9	4.3	2,236,593.2	1,947,921.4	288,671.8	829,272.3	608,054.4	4,805,454.3	2.7
02	3,836,157.5	4.4	2,311,625.7	2,016,739.1	294,886.6	842,059.1	682,472.6	4,867,431.6	1.3
03	3,773,586.1	-1.6	2,338,658.1	2,068,784.6	269,873.5	792,974.6	641,953.4	4,955,128.8	1.8
04	4,012,030.3	6.3	2,363,348.0	2,094,155.4	269,192.6	859,476.7	789,205.6	5,350,512.6	8.0
05	4,006,154.0	-0.1	2,434,478.5	2,166,378.3	268,100.1	849,213.7	722,461.9	5,428,916.9	1.5
06	4,219,933.5	5.3	2,555,476.5	2,282,435.6	273,040.9	850,500.2	813,956.8	5,772,557.8	6.3
07	4,360,991.7	3.3	2,641,049.8	2,350,471.9	290,577.9	866,835.6	853,106.3	5,920,392.4	2.6
08	4,249,456.1	-2.6	2,680,172.2	2,379,244.6	300,927.6	865,361.4	703,922.6	5,903,235.1	-0.3
09	4,377,634.3	3.0	2,778,679.9	2,440,373.9	338,306.0	893,335.5	705,619.0	6,053,868.9	2.6
10	4,455,359.6	1.8	2,843,670.9	2,497,040.3	346,630.6	901,189.0	710,499.8	6,078,304.6	0.4
11	4,560,531.7	2.4	2,809,589.6	2,460,719.4	348,870.2	1,004,914.2	746,027.8	6,113,194.9	0.6
12	4,671,183.6	2.4	2,912,432.3	2,586,648.3	325,784.0	977,902.4	780,849.0	6,412,259.3	4.9
2012 01	4,581,661.8	-1.9	2,859,121.7	2,614,113.3	245,008.4	1,026,832.4	695,707.7	6,147,458.7	-4.1
02	4,737,242.4	3.4	2,995,548.2	2,743,409.3	252,138.9	999,690.5	742,003.8	6,237,570.2	1.5
03	4,616,653.9	-2.5	2,980,692.6	2,729,181.8	251,510.8	765,641.0	870,320.3	6,104,817.6	-2.1
04	4,767,102.1	3.3	2,981,443.4	2,738,807.9	242,635.5	999,587.1	786,071.6	6,362,908.7	4.2
05	4,988,250.9	4.6	3,023,980.7	2,777,971.3	246,009.3	1,200,918.4	763,351.8	6,729,609.3	5.8
06	5,254,022.5	5.3	3,079,726.5	2,855,003.7	224,722.8	1,287,877.6	886,418.4	7,051,197.7	4.8
07	5,293,169.2	0.7	3,130,745.7	2,905,401.2	225,344.4	1,287,022.0	875,401.5	6,953,531.5	-1.4
08	5,316,061.1	0.4	3,081,023.8	2,854,473.4	226,550.4	1,334,530.0	900,507.2	6,997,147.9	0.6
09	5,454,158.5	2.6	3,082,286.2	2,844,351.5	237,934.7	1,496,225.8	875,646.5	7,112,176.0	1.6
10	5,553,857.1	1.8	3,174,975.0	2,870,656.2	304,318.8	1,487,330.6	891,551.6	7,132,595.1	0.3
11	5,476,076.7	-1.4	3,164,672.5	2,905,611.3	259,061.1	1,432,376.6	879,027.6	7,033,210.8	-1.4
12	5,781,859.3	5.6	3,488,022.5	3,109,244.6	378,777.9	1,434,728.1	859,108.6	7,617,272.4	8.3
2013 01	5,761,304.5	-0.4	3,604,128.1	3,174,665.6	429,462.5	1,332,263.3	824,913.1	7,340,701.0	-3.6
02	5,757,678.1	-0.1	3,696,441.8	3,267,275.1	429,166.7	1,257,292.4	803,944.0	7,238,045.0	-1.4
03	5,711,420.0	-0.8	3,698,789.8	3,299,691.9	399,097.9	1,187,615.3	825,015.0	7,300,600.2	0.9
04	5,515,865.2	-3.4	3,669,698.3	3,280,166.1	389,532.2	1,029,468.2	816,698.8	7,184,162.1	-1.6
05	6,129,721.6	11.1	3,949,014.0	3,291,788.9	657,225.1	1,190,003.0	990,704.6	7,908,899.9	10.1
06	5,977,230.7	-2.5	3,940,301.1	3,348,446.7	591,854.4	1,100,707.6	936,222.0	8,004,023.9	1.2
07	6,161,088.6	3.1	4,013,744.5	3,332,389.2	681,355.4	1,227,616.5	919,727.6	8,088,684.2	1.1
08	6,459,674.0	4.8	3,970,477.2	3,266,783.8	703,693.4	1,398,048.5	1,091,148.3	8,410,146.6	4.0
09	6,465,175.8	0.1	4,084,489.6	3,406,572.0	677,917.6	1,239,102.2	1,141,583.9	8,481,888.2	0.9
10	6,777,667.3	4.8	4,362,390.8	3,385,688.5	976,702.4	1,319,041.9	1,096,234.6	8,715,925.5	2.8
11	7,274,507.8	7.3	4,630,963.4	3,396,388.5	1,234,574.9	1,410,480.0	1,233,064.4	9,101,437.6	4.4
12	7,367,642.4	1.3	4,917,186.2	3,668,233.3	1,248,952.9	1,476,207.3	974,248.9	9,460,952.8	4.0

Depository Corporations Survey

End-of-period	Net foreign assets	Domestic credit (net)	Of which		
			Government	Of which:	
				General Government	Local Government
2000 12	201,696.9	84,831.1	17,171.2		
2001 12	220,165.7	129,259.5	-6,829.1		
2002 12	308,507.4	200,027.4	-32,439.3		
2003 12	256,341.5	514,615.2	96,687.3		
2004 12	311,005.2	647,305.1	40,506.5	45,022.0	-4,515.6
2005 12	570,198.7	769,004.[62]	-90,847.2	-87,822.4	-3,024.9
2006 12	1,131,772.5	745,404.8	-477,882.5	-470,640.1	-7,242.4
2007 12	1,352,046.2	1,329,532.9	-726,528.0	-719,606.1	-6,921.9
2008 12	683,478.2	2,061,976.5	-573,575.1	-566,471.1	-7,104.0
01	611,000.1	2,102,999.3	-568,995.0	-561,518.3	-7,476.6
02	659,613.7	2,195,108.3	-490,193.2	-482,686.7	-7,506.5
03	696,315.7	2,169,795.5	-501,931.0	-495,236.0	-6,695.0
04	732,889.8	2,094,759.5	-485,479.9	-480,307.8	-5,172.1
05	845,183.7	2,039,053.9	-495,853.0	-488,301.3	-7,551.8
06	944,242.6	1,977,766.1	-581,163.6	-574,386.6	-6,777.1
07	1,091,823.2	1,926,044.3	-654,734.3	-648,298.9	-6,435.4
08	1,174,831.5	1,888,563.5	-700,265.6	-689,294.3	-10,971.3
09	1,250,760.3	1,930,001.0	-700,933.7	-690,570.6	-10,363.0
10	1,493,330.9	1,734,009.7	-883,976.6	-875,409.6	-8,566.9
11	1,541,558.5	1,782,186.4	-849,844.7	-840,799.7	-9,045.0
2009 12	1,532,827.5	1,937,874.3	-717,126.1	-709,477.0	-7,649.1
01	1,549,683.2	1,989,667.8	-684,776.7	-676,642.2	-8,134.5
02	1,569,011.8	2,096,576.2	-619,174.9	-611,919.4	-7,255.5
03	1,441,851.9	2,139,661.1	-628,887.2	-623,329.0	-5,558.2
04	1,651,075.5	2,079,478.2	-685,392.9	-677,573.6	-7,819.4
05	1,644,686.8	2,184,974.2	-667,743.2	-660,415.8	-7,327.4
06	1,801,207.9	2,283,798.6	-598,830.8	-591,589.6	-7,241.2
07	1,801,553.6	2,302,072.3	-669,921.0	-660,553.5	-9,367.5
08	1,921,080.2	2,256,881.9	-765,162.7	-757,056.4	-8,106.3
09	2,099,024.3	2,298,844.8	-786,507.3	-778,518.8	-7,988.5
10	2,120,248.5	2,253,429.7	-836,860.8	-829,641.2	-7,219.6
11	2,151,707.9	2,216,315.7	-896,178.6	-887,616.9	-8,561.7
2010 12	2,739,285.7	2,429,981.1	-834,796.9	-828,917.2	-5,879.7
01	2,666,682.5	2,611,222.8	-829,042.3	-821,162.2	-7,880.1
02	2,610,140.3	2,637,578.4	-888,724.7	-880,054.7	-8,670.0
03	2,618,912.3	2,734,749.6	-996,082.0	-988,369.0	-7,712.9
04	2,920,282.0	2,951,367.3	-1,022,511.7	-1,008,053.3	-14,458.5
05	2,697,019.9	3,195,242.3	-1,051,576.6	-1,034,400.8	-17,175.9
06	2,949,693.7	3,380,151.7	-1,172,639.7	-1,161,741.9	-10,897.8
07	3,064,096.1	3,458,332.7	-1,223,066.5	-1,203,839.6	-19,226.9
08	2,885,662.8	3,585,761.8	-1,285,041.0	-1,267,576.9	-17,464.1
09	3,041,323.7	3,699,454.1	-1,359,623.3	-1,350,632.8	-8,990.5
10	3,059,841.8	3,699,329.9	-1,522,578.4	-1,514,016.6	-8,561.8
11	3,005,462.5	3,840,801.2	-1,597,937.7	-1,588,186.5	-9,751.2
2011 12	3,067,439.5	4,270,983.8	-1,370,249.9	-1,362,960.6	-7,289.3
2012 01	2,882,446.5	4,187,918.7	-1,459,709.5	-1,446,271.6	-13,437.9
02	2,851,992.2	4,264,746.3	-1,441,488.0	-1,416,663.1	-24,824.9
03	3,354,801.4	4,403,777.8	-1,377,728.3	-1,347,112.8	-30,615.4
04	3,444,431.7	4,550,257.9	-1,385,724.8	-1,355,422.0	-30,302.8
05	3,512,764.8	4,808,497.9	-1,312,702.2	-1,279,327.6	-33,374.6
06	3,448,389.3	5,287,742.3	-1,030,442.9	-1,018,306.4	-12,136.5
07	3,218,826.0	5,376,276.0	-1,052,243.5	-1,027,807.9	-24,435.6
08	3,102,716.0	5,627,434.6	-1,047,636.4	-1,029,299.7	-18,336.7
09	2,866,553.8	5,863,181.6	-1,004,152.4	-994,354.1	-9,798.4
10	2,575,164.5	5,848,798.4	-1,006,617.6	-995,441.7	-11,175.9
11	2,398,308.1	5,973,956.0	-893,825.8	-882,502.0	-11,323.7
12	4,403,282.6	3,950,731.9	-3,039,814.5	-3,032,884.1	-6,930.3
2013 01	4,107,071.1	4,076,637.2	-3,063,187.2	-3,055,812.6	-7,374.6
02	4,048,308.3	4,141,002.8	-3,027,461.0	-3,011,180.1	-16,280.9
03	3,938,384.0	4,379,959.4	-3,010,669.5	-2,996,783.1	-13,886.4
04	3,436,957.5	4,739,585.3	-3,031,474.9	-3,018,768.5	-12,706.4
05	3,206,523.8	5,584,661.8	-2,641,757.0	-2,629,733.9	-12,023.1
06	2,781,132.9	6,074,964.4	-2,532,767.9	-2,522,290.6	-10,477.3
07	2,403,695.4	6,573,912.7	-2,543,775.3	-2,532,935.7	-10,839.6
08	2,273,155.5	7,455,595.6	-2,327,505.0	-2,317,025.2	-10,479.8
09	1,953,275.2	7,883,795.1	-2,269,602.1	-2,261,680.2	-7,921.9
10	1,569,404.8	8,581,484.1	-1,907,312.9	-1,902,584.3	-4,728.6
11	1,149,221.7	9,529,739.7	-1,292,701.2	-1,287,776.5	-4,924.7
12	945,904.3	9,720,989.0	-1,048,347.6	-1,044,432.7	-3,914.9

Depository Corporations Survey

Continued

End-of-period	Other financial corporations	Public corporations	Private corporations	Individuals	Other	Unclassified loans
2000 12		6,281.5	45,482.9			15,895.6
2001 12		10,402.0	114,670.4			11,016.2
2002 12		12,184.9	203,567.2			16,714.5
2003 12		16,203.6	365,024.4			36,700.0
2004 12	455.1	13,125.7	365,057.9	210,931.1	17,228.9	
2005 12	498.8	34,169.2	489,064.7	321,606.8	14,512.4	
2006 12	1,597.1	36,731.6	659,019.3	507,570.0	18,369.3	
2007 12	2,828.5	27,331.8	1,166,149.5	838,778.5	20,972.4	
2008 12	3,412.1	34,794.6	1,570,398.9	1,013,694.2	13,251.7	
01	3,934.3	26,411.5	1,631,658.9	995,905.1	14,084.4	
02	3,278.4	25,436.3	1,653,170.0	989,544.2	13,872.6	
03	4,039.9	26,158.4	1,672,342.0	963,525.9	5,660.2	
04	4,078.1	22,441.4	1,617,792.1	930,567.3	5,360.5	
05	4,385.7	21,635.9	1,607,257.3	894,662.2	6,965.9	
06	3,767.8	20,199.9	1,653,214.5	875,248.8	6,498.8	
07	4,021.2	27,764.4	1,662,311.1	880,152.4	6,529.6	
08	5,155.8	26,099.5	1,639,487.7	911,531.9	6,554.1	
09	4,274.1	24,402.5	1,663,783.5	924,277.4	14,197.1	
10	4,310.8	23,089.8	1,652,200.0	928,245.8	10,139.9	
11	4,845.3	21,492.9	1,693,188.3	901,729.8	10,774.9	
2009 12	4,711.2	20,429.4	1,716,253.8	904,892.3	8,713.7	
01	3,827.1	20,422.8	1,720,862.3	920,916.9	8,415.5	
02	4,942.8	19,615.3	1,724,255.4	953,654.9	13,282.6	
03	12,013.7	16,948.8	1,760,220.7	964,035.3	15,329.8	
04	11,883.5	16,589.3	1,754,070.2	972,219.7	10,108.4	
05	10,470.7	15,245.7	1,815,477.0	1,001,587.6	9,936.5	
06	11,354.6	15,592.9	1,806,502.8	1,038,929.1	10,250.0	
07	10,436.2	32,651.1	1,844,147.8	1,075,174.1	9,584.2	
08	11,083.2	34,614.5	1,789,347.8	1,177,478.7	9,520.5	
09	11,745.6	37,686.6	1,808,074.9	1,218,394.9	9,450.1	
10	11,778.3	38,336.0	1,797,039.9	1,233,809.4	9,326.8	
11	12,458.1	36,873.6	1,783,352.2	1,270,186.9	9,623.5	
2010 12	14,067.6	17,073.9	1,854,774.6	1,369,232.5	9,629.5	
01	13,711.5	16,598.0	1,909,018.9	1,491,117.4	9,819.4	
02	13,252.8	15,756.6	1,999,058.5	1,488,750.3	9,484.9	
03	14,479.0	13,029.5	2,099,485.9	1,596,083.2	7,753.9	
04	13,580.2	16,163.3	2,226,969.0	1,709,263.3	7,903.3	
05	15,444.4	15,421.2	2,393,198.6	1,815,285.5	7,469.3	
06	14,951.3	16,160.3	2,568,669.9	1,944,813.6	8,196.1	
07	13,720.4	23,953.4	2,637,482.9	1,998,308.4	7,934.2	
08	15,631.8	26,441.7	2,685,825.7	2,134,699.7	8,203.7	
09	18,284.0	27,143.3	2,770,747.4	2,234,430.6	8,472.1	
10	16,503.3	26,225.8	2,861,279.8	2,309,733.5	8,165.9	
11	17,704.3	41,716.2	2,969,558.6	2,401,950.0	7,809.8	
2011 12	17,469.1	100,646.0	3,064,543.2	2,452,685.0	5,890.4	
2012 01	13,745.9	58,975.0	3,095,504.6	2,472,319.2	7,083.7	
02	15,165.6	51,022.3	3,116,170.9	2,516,673.6	7,201.9	
03	16,445.1	50,675.2	3,154,928.2	2,552,540.0	6,917.5	
04	15,218.4	58,984.7	3,246,970.0	2,606,016.8	8,792.8	
05	16,220.6	63,851.6	3,328,245.3	2,704,399.3	8,483.4	
06	11,774.3	64,108.9	3,451,365.5	2,783,070.3	7,866.2	
07	11,883.1	66,356.2	3,541,896.9	2,799,379.9	9,003.3	
08	10,672.2	71,128.3	3,635,612.4	2,945,413.2	12,244.9	
09	10,266.3	71,286.3	3,730,255.2	3,044,689.0	10,837.2	
10	10,249.0	46,185.2	3,723,563.2	3,064,678.5	10,740.1	
11	9,794.7	48,662.1	3,715,577.6	3,082,934.9	10,812.5	
12	9,711.6	41,959.8	3,827,721.5	3,099,585.0	11,568.4	
2013 01	8,142.4	39,665.8	3,884,346.8	3,196,958.2	10,711.2	
02	9,043.1	14,596.4	3,893,630.0	3,240,664.0	10,530.3	
03	11,466.9	31,655.3	3,961,354.1	3,375,979.4	10,173.2	
04	11,087.0	30,540.7	4,215,492.2	3,503,843.1	10,097.2	
05	10,912.1	44,789.8	4,487,364.7	3,673,215.2	10,137.1	
06	10,887.0	47,154.6	4,727,167.7	3,811,349.9	11,173.1	
07	12,288.6	49,332.3	5,021,567.1	4,017,084.7	17,415.3	
08	13,833.0	51,033.4	5,342,958.7	4,365,047.8	10,227.9	
09	19,431.7	59,600.5	5,489,504.4	4,567,425.1	17,435.4	
10	19,945.7	59,399.4	5,652,555.9	4,746,525.9	10,370.1	
11	21,559.8	78,861.1	5,866,721.7	4,831,687.8	23,610.5	
12	19,088.6	80,546.4	5,998,812.7	4,663,445.9	7,443.0	

Depository Corporations Survey

Continued

End-of-period	Money	Total deposits & foreign currency current account	IMF loan Ministry of Finance*	Government *lending loans*	Other items (net)
2001 12	156,155.3	174,908.9			18,360.9
2002 12	187,727.8	282,397.8			38,409.2
2003 12	212,833.4	490,499.0			67,624.3
2004 12	221,327.6	625,704.9			111,277.8
2005 12	269,124.4	871,014.4		17,272.7	181,791.8
2006 12	331,903.4	1,204,590.0		18,765.0	321,918.9
2007 12	590,471.6	1,810,778.1		17,620.0	262,709.3
2008 12	647,335.3	1,622,666.2		18,122.4	457,330.8
01	535,268.2	1,665,977.3		18,495.5	494,258.4
02	549,886.6	1,764,924.4		19,458.1	520,452.9
03	511,386.8	1,841,171.2		20,449.5	493,103.7
04	517,897.9	1,823,929.6		18,775.8	467,046.0
05	559,144.5	1,845,529.7		19,767.1	459,796.3
06	544,382.1	1,894,865.5		19,879.3	462,881.8
07	521,831.8	1,987,939.3		20,198.0	487,898.3
08	597,140.1	1,966,857.2		20,168.5	479,229.3
09	622,707.3	2,030,707.4		20,421.0	506,925.7
10	608,778.2	2,062,242.6		20,592.0	535,727.8
11	600,593.4	2,114,668.4		21,115.6	587,367.5
2009 12	651,247.0	2,228,786.8		20,201.7	570,466.3
01	629,701.0	2,241,310.1		19,995.3	648,344.5
02	627,897.5	2,353,955.3		19,177.2	664,557.9
03	693,003.0	2,281,480.3		18,075.6	588,954.2
04	754,299.9	2,408,657.9		17,786.0	549,809.9
05	795,971.6	2,458,107.6		16,923.1	558,658.7
06	839,932.0	2,683,675.2		16,456.8	544,942.5
07	826,662.4	2,716,472.8		17,251.7	543,239.1
08	932,036.2	2,725,373.0		16,247.5	504,305.4
09	959,096.3	2,892,619.1		17,499.9	528,653.9
10	1,000,575.4	2,872,484.9		19,034.8	481,583.1
11	995,746.4	2,943,893.7		17,873.9	410,509.6
2010 12	1,157,617.9	3,522,363.5		17,781.0	471,504.4
01	1,131,534.4	3,673,919.9		18,171.1	454,279.9
02	1,031,274.1	3,836,157.5		18,453.8	361,833.2
03	1,181,542.7	3,773,586.1		17,856.7	380,676.4
04	1,338,482.3	4,012,030.3		19,530.3	501,606.6
05	1,422,762.8	4,006,154.0		16,854.6	446,490.7
06	1,552,624.4	4,219,933.5		17,181.1	540,106.4
07	1,559,400.7	4,360,991.7		17,153.5	584,882.9
08	1,653,779.0	4,249,456.1		17,083.4	551,106.1
09	1,676,234.5	4,377,634.3		16,657.5	670,251.4
10	1,622,945.0	4,455,359.6		17,419.3	663,447.8
11	1,552,663.2	4,560,531.7		17,064.5	716,004.4
2011 12	1,741,075.7	4,671,183.6		17,133.5	909,030.4
2012 01	1,565,796.9	4,581,661.8		17,050.7	905,855.9
02	1,500,327.8	4,737,242.4		16,925.2	862,243.0
03	1,488,163.7	4,616,653.9		16,665.7	1,637,095.9
04	1,595,806.6	4,767,102.1		16,467.7	1,615,313.2
05	1,741,358.4	4,988,250.9		15,606.2	1,576,047.1
06	1,797,175.2	5,254,022.5		15,710.8	1,669,223.2
07	1,660,362.3	5,293,169.2		15,575.5	1,625,995.0
08	1,681,086.8	5,316,061.1		16,202.8	1,716,799.9
09	1,658,017.5	5,454,218.5		17,040.1	1,600,459.3
10	1,578,738.0	5,553,907.1		17,108.1	1,274,209.7
11	1,557,134.1	5,476,176.7		17,131.0	1,321,822.2
12	1,835,413.2	5,781,969.3	222,553.6	17,031.9	497,046.5
2013 01	1,579,396.5	5,761,427.5	207,088.0	17,363.1	618,433.2
02	1,480,366.9	5,761,632.7	205,208.1	16,997.0	725,106.4
03	1,589,180.2	5,715,499.2	187,735.4	16,722.0	809,206.7
04	1,668,296.9	5,519,577.9	178,034.5	17,336.0	793,297.5
05	1,779,178.3	6,142,668.0	177,966.8	17,302.2	674,070.4
06	2,026,793.2	5,988,740.4	160,034.4	17,107.2	663,422.2
07	1,927,595.6	6,171,880.2	153,052.1	18,070.2	707,010.1
08	1,950,472.6	6,471,348.0	165,082.7	19,449.6	1,122,398.2
09	2,016,712.3	6,477,112.6	145,018.6	20,101.9	1,178,124.8
10	1,938,258.2	6,790,090.7	135,628.6	21,337.5	1,265,573.8
11	1,826,929.8	7,274,507.8	136,952.6	21,451.2	1,419,120.0
12	2,093,310.4	7,367,642.4	107,751.6	20,184.9	1,078,003.9

* Since December 2012 the IMF loan is not reported in Central bank balance sheet. IMF loan is now reported as a Government account

Financial Corporations Survey

in millions of togrogs

End-of-period	Net foreign assets	Domestic credit (net)	Of which: General Government	Of which: Central Government
1999 12	167,541.5	116,635.6	34,555.7	
2000 12	201,696.9	84,831.1	17,171.2	
2001 12	220,165.7	129,259.5	-6,829.1	
2002 12	308,507.4	200,027.4	-32,439.3	
2003 12	256,341.5	514,615.2	96,687.3	
2004 12	311,005.2	646,850.0	40,506.5	45,022.0
2005 12	570,198.7	768,505.8	-90,847.2	-87,822.4
2006 12	1,131,772.5	743,807.7	-477,882.5	-470,640.1
2007 12	1,352,046.2	1,326,704.3	-726,528.0	-719,606.1
2008 12	683,478.2	2,058,564.4	-573,575.1	-566,471.1
2009 12	1,532,827.5	1,933,163.1	-717,126.1	-709,477.0
2010 03	1,439,459.5	2,178,977.6	-629,417.9	-623,859.7
06	1,797,632.0	2,329,485.5	-599,207.2	-591,966.0
09	2,096,505.7	2,348,807.9	-787,055.7	-779,067.2
12	2,736,016.4	2,478,983.7	-835,523.9	-829,644.2
2011 03	2,613,967.8	2,790,891.5	-996,777.3	-989,064.4
06	2,943,481.5	3,449,704.1	-1,173,940.0	-1,163,042.2
09	3,033,837.7	3,765,565.2	-1,360,911.5	-1,351,921.0
12	3,055,546.7	4,354,219.2	-1,371,073.4	-1,363,784.1
2012 03	3,341,200.3	4,489,092.9	-1,378,430.1	-1,347,814.7
06	2,632,492.3	5,391,730.2	-1,031,201.1	-1,019,064.6
09	2,015,854.1	6,060,877.0	-1,004,831.4	-995,033.1
12	3,807,703.2	4,509,985.1	-3,040,624.5	-3,033,694.1
2013 03	3,293,587.6	5,164,304.0	-3,011,789.5	-2,997,903.1
06	1,975,908.4	6,795,346.8	-2,962,476.0	-2,951,998.7
09	988,611.9	8,539,646.9	-3,227,793.8	-3,219,871.8
12	72,675.0	10,275,808.7	-3,029,591.1	-3,025,676.2

[1] *From December 2008 the Settlement on PRGF loan was included in Net Domestic Credit, particularly in Claims on Government*
[2] *Data of Savings and Credit Cooperatives was included in Broad Money*

Financial corporations survey

Continued

End-of-period	Local Government	Public sector	Private sector	Individuals	Other
1999 12		8,564.5	31,408.6		
2000 12		6,281.5	45,482.9		
2001 12		10,402.0	114,670.4		
2002 12		12,184.9	203,567.2		
2003 12		16,203.6	365,024.4		
2004 12	-4,515.6	13,125.7	365,057.9	210,931.1	17,228.9
2005 12	-3,024.9	34,169.2	489,064.7	321,606.8	14,512.4
2006 12	-7,242.4	36,731.6	659,019.3	507,570.0	18,369.3
2007 12	-6,921.9	27,331.8	1,166,149.5	838,778.5	20,972.4
2008 12	-7,104.0	34,794.6	1,570,398.9	1,013,694.2	13,251.7
2009 12	-7,649.1	20,429.4	1,716,253.8	904,892.3	8,713.7
2010 03	-5,558.2	16,948.8	1,760,220.7	1,015,896.2	15,329.8
06	-7,241.2	15,592.9	1,806,502.8	1,096,347.0	10,250.0
09	-7,988.5	37,686.6	1,808,074.9	1,280,652.2	9,450.1
12	-5,879.7	17,073.9	1,854,774.6	1,433,029.7	9,629.5
2011 03	-7,712.9	13,029.5	2,099,485.9	1,667,399.5	7,753.9
06	-10,897.8	16,160.3	2,568,669.9	2,030,617.7	8,196.1
09	-8,990.5	27,143.3	2,770,747.4	2,320,113.9	8,472.1
12	-7,289.3	100,646.0	3,064,543.2	2,554,213.0	5,890.4
2012 03	-30,615.4	50,675.2	3,154,928.2	2,655,002.0	6,917.5
06	-12,136.5	71,278.4	3,451,365.5	2,892,421.2	7,866.2
09	-9,798.4	155,625.4	3,730,255.2	3,168,990.6	10,837.2
12	-6,930.3	402,467.4	3,913,008.5	3,223,565.3	11,568.4
2013 03	-13,886.4	609,835.5	4,047,757.4	3,508,327.4	10,173.2
06	-10,477.3	977,692.9	4,815,767.3	3,953,189.5	11,173.1
09	-7,921.9	1,407,157.1	5,620,929.8	4,721,918.4	17,435.4
12	-3,914.9	1,892,147.8	6,274,588.1	5,131,220.9	7,443.0

[1] *Data of Savings and Credit Cooperatives was included in Broad Money*

Financial corporations survey

Continued

End-of-period	Currency outside financial corporations	Deposits	Government lending loans	Other items (net)
1999 12	87,281.3	105,341.3		64,010.1
2000 12	100,933.4	157,909.2		27,685.4
2001 12	109,160.7	221,903.6		18,360.9
2002 12	120,783.6	349,342.0		38,409.2
2003 12	131,496.7	571,835.7		67,624.3
2004 12	143,512.7	703,519.7		110,822.7
2005 12	152,369.5	987,769.3	17,272.7	181,791.8
2006 12	185,126.7	1,351,366.7	18,765.0	320,321.7
2007 12	283,325.3	2,117,924.4	17,620.0	259,880.7
2008 12	328,724.0	1,941,277.4	18,122.4	453,918.7
2009 12	284,993.9	2,595,040.0	20,201.7	565,755.1
2010 03	294,303.8	2,680,155.2	18,075.6	625,902.5
06	348,882.6	3,174,701.5	16,456.8	587,076.6
09	343,754.5	3,507,938.3	17,499.9	576,120.9
12	388,179.9	4,291,778.8	17,781.0	517,260.5
2011 03	386,793.5	4,568,307.2	17,856.7	431,901.8
06	479,673.2	5,292,857.7	17,181.1	603,473.6
09	525,108.8	5,528,730.6	16,657.5	728,906.0
12	517,462.4	5,894,765.2	17,133.5	980,404.8
2012 03	448,055.9	5,656,735.5	16,665.7	1,708,836.1
06	662,897.8	6,388,267.3	15,710.8	957,346.7
09	551,754.6	6,566,543.9	17,040.1	941,392.6
12	603,331.3	7,016,536.6	17,031.9	680,788.5
2013 03	482,622.1	6,844,753.9	16,722.0	1,113,793.5
06	599,992.6	7,451,874.5	17,107.2	702,280.9
09	597,444.0	7,926,004.9	20,101.9	984,708.0
12	581,989.6	8,889,077.5	20,184.9	857,231.7

[1] *Data of Savings and Credit Cooperatives was included in Broad Money*

Other financial corporations survey

In millions of togrogs

End-of-period	Cash in vault	Foreign assets	Claims on		
			General Government	Of which:	
				Central Government	Local Government
1999 12					
2000 12					
2001 12					
2002 12					
2003 12					
2004 12					
2005 12					
2006 12					
2007 12					
2008 12					
2009 12					
2010 03	24.2				
06	23.1				
09	22.5				
12	22.8				
2011 03	28.1				
06	27.0				
09	29.5				
12	31.7				
2012 03	26.2				
06	33.7	12.0			
09	34.5	4.0			
12	34.0	3.7			
2013 03	35.6	3.3			
06	41.8	2.7	3,857.3	3,857.3	
09	42.5	16.6	3,857.3	3,857.3	
12	44.6	24.3	8,132.7	8,132.7	

Consumer price index

In percent

End of period	Food & non-alcoholic beverages	Of which							
		Food	Of which						Non-alcoholic beverages
			Bread, flour, cereals	Meat, meat products	Milk dairy products, eggs	Sugar, candy	Vegetables	Oils & fats	
					2005.12=100				
2005 12[1]	*41.08*	*39.52*	*9.92*	*16.51*	*3.55*	*1.61*	*4.12*	*2.27*	*1.56*
03	42.51	40.94	9.92	17.12	3.63	1.62	4.61	2.21	1.57
06	46.70	45.09	10.11	20.67	3.31	1.97	4.72	2.20	1.61
09	42.73	41.10	10.18	19.07	3.23	1.88	4.07	2.22	1.63
2006 12	41.96	40.31	10.25	16.39	3.75	1.87	4.12	2.25	1.65
03	45.45	43.83	10.28	19.32	3.79	1.84	4.46	2.21	1.62
06	50.72	49.08	10.41	24.34	3.33	1.84	4.76	2.28	1.64
09	52.17	50.47	12.95	21.79	3.57	1.84	5.08	3.23	1.70
2007 12	52.26	50.55	13.87	19.75	4.47	1.87	4.75	3.66	1.72
03	60.57	58.73	14.99	24.72	5.22	1.98	5.63	3.72	1.85
06	77.03	75.13	19.97	32.57	5.25	2.11	8.36	4.29	1.90
09	71.39	69.28	19.78	26.93	5.14	2.22	8.04	4.50	2.11
2008 12	65.08	62.96	18.77	21.84	6.03	2.23	7.01	4.41	2.12
03	69.62	67.34	19.12	24.40	6.38	2.51	9.09	4.39	2.28
06	73.07	70.78	19.15	27.65	5.61	2.73	8.43	4.27	2.29
09	66.15	63.79	19.21	21.30	5.30	3.05	7.71	4.24	2.36
2009 12	64.76	62.34	18.85	20.14	6.37	3.04	6.96	4.18	2.42
03	76.10	73.60	18.74	29.03	6.99	3.42	8.37	4.08	2.50
06	86.61	84.15	18.96	40.39	6.20	3.19	8.26	3.99	2.46
09	76.11	73.68	20.39	27.81	5.92	3.45	8.84	4.00	2.42
2010 12	78.07	75.64	20.76	28.93	7.00	3.41	8.23	4.03	2.43
					2010.12=100				
2010 12[2]	*30.03*	*28.61*	*8.26*	*10.11*	*3.40*	*1.09*	*2.95*	*1.45*	*1.42*
01	31.50	30.08	8.26	11.34	3.55	1.09	3.02	1.46	1.42
02	31.60	30.17	8.23	11.45	3.52	1.09	3.05	1.46	1.43
03	30.72	29.28	8.24	10.58	3.48	1.09	3.06	1.45	1.44
04	30.22	28.78	8.20	10.16	3.42	1.09	3.07	1.44	1.44
05	31.32	29.89	8.27	11.26	3.34	1.08	3.13	1.42	1.43
06	31.70	30.26	8.28	11.28	3.23	1.08	3.59	1.41	1.44
07	32.26	30.82	8.29	11.62	3.16	1.08	3.86	1.42	1.44
08	31.88	30.44	8.29	11.55	3.12	1.08	3.58	1.43	1.44
09	31.70	30.27	8.28	11.66	3.19	1.08	3.21	1.47	1.43
10	31.30	29.86	8.28	11.35	3.33	1.10	2.89	1.46	1.43
11	31.46	30.01	8.26	11.29	3.49	1.10	2.95	1.47	1.45
2011 12	32.31	30.87	8.28	11.91	3.61	1.12	3.03	1.47	1.45
01	34.24	32.74	8.32	13.36	3.78	1.15	3.10	1.49	1.50
02	36.53	35.03	8.34	15.43	3.82	1.16	3.20	1.53	1.50
03	39.41	37.87	8.43	18.07	3.77	1.16	3.30	1.54	1.53
04	39.60	38.04	8.42	18.34	3.68	1.16	3.32	1.56	1.55
05	40.07	38.52	8.47	18.78	3.59	1.16	3.37	1.55	1.55
06	40.19	38.63	8.51	19.01	3.33	1.17	3.57	1.48	1.56
07	40.94	39.38	8.53	19.58	3.29	1.18	3.74	1.47	1.56
08	40.45	38.89	8.58	18.88	3.26	1.20	3.82	1.48	1.56
09	39.30	37.74	8.60	18.27	3.23	1.20	3.24	1.50	1.55
10	38.10	36.53	8.69	17.03	3.38	1.20	3.00	1.51	1.57
11	38.14	36.57	8.69	16.85	3.51	1.20	3.08	1.51	1.57
2012 12	38.75	37.18	8.73	17.11	3.60	1.20	3.30	1.50	1.58
01	39.63	38.05	8.78	17.60	3.73	1.20	3.49	1.51	1.58
02	42.23	40.64	8.96	19.80	3.75	1.21	3.64	1.51	1.59
03	43.14	41.54	9.34	20.13	3.93	1.21	3.60	1.53	1.60
2013 04	43.96	42.34	9.46	20.87	3.89	1.22	3.60	1.53	1.61
05	44.15	42.53	9.43	21.11	3.87	1.20	3.66	1.51	1.62
06	43.90	42.28	9.45	21.11	3.62	1.20	3.63	1.52	1.61
07	43.69	42.07	9.46	20.80	3.51	1.19	3.85	1.52	1.61
08	42.72	41.10	9.61	19.84	3.58	1.20	3.56	1.53	1.62
09	41.32	39.66	9.82	18.22	3.82	1.20	3.22	1.53	1.65
10	41.24	39.40	10.26	17.56	3.99	1.23	2.89	1.60	1.84
11	41.90	40.04	10.32	17.21	4.52	1.24	3.20	1.62	1.86
12	42.84	40.96	10.40	17.54	4.64	1.25	3.57	1.63	1.88

Source: Monthly Statistical Bulletin, NSC

[2] *Since december 2000 the CPI calculation is based on the basket containing 239 consumer goods compared to 205 in previous years.*

[3] *Since April 2006 the items in consumer basket updated to 287 and prices of December 2005 was taken as the base period.*

Consumer price index

Continued

End of perioda	Alcoholic beverages, tobacco	Clothing, footwear and cloths	Of which: Clothing, cloth	Men's clothing	Women's clothing	Children's clothing	Foot-wear	Housing, water electricity, and fuels	Of which: Water supply, miscellaneous services	Electricity, gas, other fuels
					2005.12=100					
2005 12[1]	*2.26*	*12.38*	*8.11*	*3.26*	*2.93*	*1.11*	*4.27*	*13.40*	*4.24*	*7.60*
03	2.26	12.63	8.46	3.47	3.07	1.10	4.17	13.12	4.78	6.73
06	2.28	12.70	8.44	3.40	3.09	1.13	4.26	13.01	4.78	6.67
09	2.29	12.86	8.58	3.45	3.14	1.17	4.29	14.38	5.18	7.61
2006 12	2.41	13.28	8.84	3.54	3.21	1.22	4.45	14.70	5.18	7.91
03	2.32	13.07	8.73	3.50	3.20	1.18	4.32	13.69	5.34	6.60
06	2.32	12.66	8.41	3.37	3.05	1.14	4.26	13.37	5.34	6.70
09	2.41	13.01	8.68	3.49	3.07	1.27	4.33	14.91	5.34	7.67
2007 12	2.38	13.56	8.96	3.58	3.10	1.35	4.60	15.73	5.37	8.41
03	2.51	13.80	9.19	3.66	3.19	1.39	4.62	15.53	5.37	8.15
06	2.52	14.73	9.95	3.98	3.55	1.49	4.78	15.65	5.37	8.11
09	2.58	16.01	10.82	4.42	3.73	1.69	5.19	19.30	5.80	10.93
2008 12	2.59	17.10	11.35	4.62	3.91	1.76	5.74	18.45	5.83	9.90
03	2.85	16.73	11.29	4.63	3.85	1.75	5.44	17.78	5.83	9.28
06	3.11	16.71	11.47	4.79	3.99	1.73	5.24	17.47	5.87	9.04
09	3.15	17.39	12.09	4.97	4.09	1.89	5.30	17.90	5.89	9.39
2009 12	3.17	17.71	12.17	4.97	4.14	1.93	5.54	17.74	5.90	9.23
03	3.21	18.36	12.37	5.07	4.22	1.94	5.99	17.68	6.29	8.81
06	3.23	18.20	12.49	5.20	4.22	1.96	5.72	18.40	6.29	9.66
09	3.25	18.93	13.11	5.46	4.32	2.19	5.82	19.54	7.32	9.63
2010 12	3.43	19.86	13.38	5.57	4.40	2.21	6.48	19.96	7.32	9.96
					2010.12=100					
2010 12[2]	*3.69*	*12.17*	*8.87*	*3.27*	*3.54*	*1.53*	*3.30*	*14.07*	*2.17*	*6.63*
01	3.77	12.25	8.93	3.31	3.55	1.53	3.32	13.90	2.17	6.40
02	3.78	12.39	9.04	3.31	3.61	1.57	3.35	13.82	2.17	6.35
03	3.78	12.51	9.10	3.34	3.63	1.58	3.41	13.62	2.17	6.21
04	3.79	12.74	9.26	3.42	3.69	1.63	3.47	13.52	2.17	6.02
05	3.80	12.71	9.20	3.41	3.65	1.62	3.51	14.40	2.27	6.56
06	3.80	12.90	9.32	3.43	3.68	1.68	3.58	14.28	2.28	6.41
07	3.79	12.95	9.34	3.43	3.70	1.69	3.61	14.26	2.28	6.33
08	3.79	13.22	9.60	3.49	3.85	1.73	3.62	14.58	2.28	6.47
09	3.79	13.67	9.98	3.54	4.09	1.80	3.69	15.99	2.28	7.83
10	3.79	14.22	10.42	3.79	4.20	1.82	3.80	16.03	2.28	7.83
11	3.80	14.46	10.51	3.82	4.20	1.87	3.95	16.08	2.28	7.83
2011 12	3.80	14.41	10.46	3.85	4.12	1.87	3.96	16.09	2.28	7.83
01	3.90	14.85	10.82	3.87	4.38	1.93	4.03	15.90	2.28	7.64
02	3.92	14.94	10.89	3.88	4.42	1.95	4.05	15.57	2.28	7.31
03	3.97	14.98	10.99	3.91	4.51	1.93	3.99	15.33	2.28	7.05
04	3.99	15.29	11.19	3.94	4.68	1.94	4.10	15.35	2.39	6.92
05	4.01	15.32	11.20	3.98	4.64	1.95	4.12	15.82	2.39	7.03
06	4.02	15.32	11.19	3.99	4.64	1.92	4.13	16.06	2.39	7.01
07	4.04	15.37	11.24	4.00	4.64	1.97	4.13	16.03	2.39	7.01
08	4.05	15.56	11.36	4.04	4.67	2.02	4.20	16.68	2.39	7.42
09	5.69	15.94	11.72	4.09	4.84	2.12	4.22	17.22	2.39	7.96
10	5.80	16.22	12.00	4.21	4.93	2.19	4.22	17.95	2.39	8.60
11	5.83	16.26	12.12	4.34	4.93	2.16	4.14	17.61	2.39	8.26
2012 12	5.87	16.29	12.15	4.37	4.92	2.17	4.14	17.49	2.39	8.14
01	5.87	16.28	12.16	4.39	4.93	2.17	4.12	17.27	2.39	8.04
02	5.88	16.31	12.16	4.39	4.94	2.16	4.16	16.94	2.39	7.71
03	5.88	16.27	12.20	4.42	4.95	2.16	4.07	16.88	2.39	7.62
2013 04	5.92	16.23	12.16	4.45	4.86	2.17	4.07	16.88	2.39	7.62
05	5.92	16.28	12.20	4.46	4.90	2.17	4.07	16.18	2.39	7.05
06	5.92	16.28	12.20	4.46	4.91	2.16	4.08	15.98	2.39	6.79
07	5.92	16.32	12.21	4.47	4.93	2.15	4.11	16.38	2.39	6.93
08	5.94	16.78	12.63	4.58	5.04	2.34	4.15	17.47	2.39	7.38
09	6.21	16.96	12.79	4.70	5.11	2.31	4.16	17.65	2.62	7.39
10	6.31	17.53	13.18	4.93	5.20	2.35	4.35	18.52	2.62	8.18
11	6.37	17.81	13.33	4.98	5.24	2.39	4.48	18.76	2.62	8.23
12	6.56	18.48	13.81	5.29	5.29	2.49	4.67	18.95	2.62	8.43

[2] *Since december 2000 the CPI calculation is based on the basket containing 239 consumer goods compared to205 in previous years.*

[3] *Since April 2006 the items in consumer basket updated to 287 and prices of December 2005 was taken as the base period.*

Consumer price index

Continued

End-of-period	Furnishings, household equipment, tools	Medical care, services	Transport	Of which: Maintenance of personal transport	Of which: Transport services	Communi-cation	Recreation, culture	Educa-tion	Restraurants, hotels	Miscella-neous goods & services
									2005.12=100	
2005 12[1]	*4.30*	*1.62*	*8.71*	*2.47*	*5.76*	*4.05*	*3.33*	*4.15*	*1.72*	*3.00*
03	4.34	1.64	9.35	2.44	6.46	3.39	3.42	4.15	1.73	3.04
06	4.37	1.64	9.42	2.53	6.46	3.11	3.50	4.15	1.74	3.22
09	4.45	1.66	9.63	2.71	6.48	3.09	3.58	4.58	1.79	3.24
2006 12	4.64	1.77	9.57	2.53	6.07	3.09	3.62	4.58	1.89	3.32
03	4.66	1.77	9.60	2.54	6.49	2.98	3.60	4.58	1.92	3.33
06	4.73	1.79	9.79	2.64	6.61	2.91	3.52	4.58	1.95	3.34
09	4.98	2.01	10.12	2.82	6.73	2.90	3.51	5.50	2.04	3.39
2007 12	5.22	2.10	10.59	3.19	6.81	2.90	3.73	5.50	2.08	3.48
3	5.51	2.18	10.91	3.47	6.84	2.89	3.90	5.50	2.18	3.51
6	5.76	2.52	11.11	3.49	7.01	2.88	3.91	5.50	2.47	3.88
9	5.95	2.70	15.05	4.54	9.86	2.78	3.95	7.57	2.76	3.99
2008 12	5.99	2.68	14.17	3.59	9.87	2.78	4.05	7.57	2.80	4.02
03	6.17	2.70	13.88	3.49	9.63	2.77	4.08	7.57	2.86	4.25
06	6.29	2.91	13.08	3.00	9.37	2.99	4.19	7.57	3.03	4.42
09	6.37	2.95	14.02	3.77	9.58	2.98	4.10	8.25	3.13	4.66
2009 12	6.37	3.06	14.06	3.82	9.57	2.98	4.14	8.25	3.14	4.66
03	6.37	3.07	14.19	3.83	9.61	3.48	4.16	8.25	3.42	4.72
06	6.45	3.11	14.28	3.79	9.75	3.48	4.12	8.25	3.48	4.74
09	6.50	3.12	14.25	3.76	9.74	3.48	4.16	9.93	3.51	4.79
2010 12	6.66	3.17	14.32	3.85	9.73	3.48	4.20	9.93	3.61	4.80
									2010.12=100	
2010 12[2]	*3.51*	*3.00*	*12.58*	*4.92*	*3.74*	*4.41*	*3.10*	*6.12*	*3.55*	*3.77*
01	3.52	3.00	12.58	4.92	3.74	4.41	3.10	6.12	3.55	3.78
02	3.53	3.01	12.74	5.06	3.75	4.41	3.10	6.12	3.55	3.78
03	3.53	3.01	12.74	5.06	3.76	4.42	3.10	6.12	3.55	3.78
04	3.57	3.02	12.82	5.15	3.76	4.42	3.12	6.12	3.55	3.81
05	3.59	3.03	12.80	5.11	3.76	4.43	3.13	6.12	3.56	3.87
06	3.63	3.04	13.73	5.57	4.23	4.43	3.19	6.12	3.63	3.93
07	3.63	3.04	14.02	5.57	4.51	4.42	3.20	6.12	3.63	3.93
08	3.68	3.04	14.12	5.58	4.60	4.42	3.20	6.58	3.63	3.93
09	3.69	3.05	14.12	5.58	4.60	4.42	3.20	6.58	3.65	3.93
10	3.73	3.05	14.14	5.59	4.60	4.42	3.21	6.58	3.68	3.98
11	3.73	3.05	14.18	5.62	4.61	4.42	3.21	6.58	3.68	4.00
2011 12	3.70	3.05	14.18	5.62	4.62	4.42	3.16	6.58	3.68	4.00
01	3.74	3.09	14.84	6.21	4.68	4.42	3.21	6.58	3.76	4.06
02	3.77	3.14	15.09	6.07	4.70	4.40	3.26	6.58	4.21	4.06
03	3.80	3.24	15.08	6.02	4.74	4.40	3.27	6.58	4.21	4.08
04	3.81	3.25	14.66	5.83	4.74	4.40	3.29	6.58	4.28	4.09
05	3.78	3.25	14.75	5.94	4.71	4.38	3.28	6.58	4.43	4.11
06	3.79	3.23	14.79	5.98	4.71	4.38	3.25	6.58	4.43	4.12
07	3.81	3.23	14.79	5.98	4.71	4.38	3.23	6.58	4.43	4.12
08	3.83	3.33	14.79	5.98	4.71	4.38	3.28	7.64	4.48	4.14
09	3.82	3.36	14.84	6.03	4.71	4.36	3.22	7.64	4.48	4.17
10	3.83	3.40	15.08	6.03	4.71	4.36	3.25	7.64	4.48	4.22
11	3.85	3.41	15.01	6.03	4.73	4.36	3.28	7.64	4.48	4.23
2012 12	3.87	3.41	15.25	6.17	4.73	4.36	3.28	7.64	4.48	4.25
01	3.87	3.41	15.46	6.39	4.73	4.37	3.28	7.64	4.65	4.25
02	3.87	3.41	15.49	6.39	4.76	4.36	3.28	7.64	4.65	4.25
03	3.87	3.54	15.52	6.39	4.79	4.36	3.29	7.64	4.74	4.28
2013 04	3.88	3.54	15.53	6.39	4.79	4.36	3.29	7.64	4.74	4.31
05	3.89	3.58	15.53	6.39	4.79	4.36	3.26	7.64	4.74	4.32
06	3.91	3.63	15.38	6.25	4.79	4.36	3.22	7.64	4.74	4.33
07	3.96	3.70	15.14	6.25	4.79	4.36	3.23	7.64	4.74	4.36
08	4.09	3.75	15.27	6.33	4.84	4.36	3.25	9.81	4.94	4.51
09	4.27	3.93	15.38	6.37	4.91	4.35	3.21	9.81	4.95	4.63
10	4.41	4.07	15.41	6.40	4.91	4.35	3.20	9.81	5.14	4.85
11	4.54	4.07	15.50	6.40	5.00	4.35	3.21	9.81	5.26	5.06
12	4.67	4.15	15.50	6.40	5.00	4.35	3.21	9.81	5.27	5.14

[2] *Since december 2000 the CPI calculation is based on the basket containing 239 consumer goods compared to205 in previous years.*
[3] *Since April 2006 the items in consumer basket updated to 287 and prices of December 2005 was taken as the base period.*
[4] *Core inflation is estimated after excluding the most price volatile 29 items, such as meat, milk, diary, and vegetables, from consumer basket.*

Consumer price index

Continued

End-of-period	General CPI	Inflation monthly	Inflation from the beginning of the year	Inflation annual	Moving average of monthly inflation	Core inflation			National CPI		
						Monthly	Changes from the begin. of year	Annual	Monthly	Changes from the begin. of year	Annual
2005 12[1]	100.0										
03	101.6	-0.61	1.59			-0.6					
06	105.9	1.3	5.9			0.2					
09	104.3	-0.3	4.3			2.4					
2006 12	104.8	0.5	4.8	4.8	0.0	0.0					
03	107.0	0.5	2.0	5.3	0.2	0.0	-1.4	4.0	1.0	2.9	7.2
06	111.7	2.1	6.5	5.5	0.5	0.1	-1.5	2.7	0.3	5.4	5.9
09	116.9	1.3	11.6	12.1	0.5	3.0	7.4	9.1	2.0	11.0	12.6
2007 12	119.5	0.5	14.0	14.0	0.4	-0.6	12.5	12.5	1.8	17.8	17.8
3	129.0	2.7	7.9	20.6	1.7	1.6	3.0	17.6	3.2	7.9	24.0
6	147.9	1.9	23.8	32.4	2.5	1.0	11.2	28.0	0.3	18.8	33.7
9	154.0	-0.2	28.8	31.7	2.4	2.6	24.4	30.2	0.5	24.6	32.2
2008 12	147.3	-0.5	23.2	23.2	1.6	-0.5	23.1	23.1	0.0	22.1	22.1
03	151.3	2.8	2.7	17.2	1.1	1.3	0.4	19.9	1.8	3.2	16.3
06	155.0	-0.7	5.1	4.7	0.4	0.2	1.0	12.3	-1.4	4.2	6.3
09	151.1	-1.2	2.6	-1.9	-0.2	1.0	4.1	3.3	-0.1	2.1	0.0
2009 12	150.0	0.2	1.9	1.9	0.2	0.2	4.1	4.1	0.7	4.2	4.2
03	163.0	1.9	8.7	7.8	0.6	-0.3	2.2	6.0	1.9	7.4	8.5
06	174.3	0.1	16.2	12.6	1.0	0.7	3.0	6.1	-1.5	11.4	11.4
09	167.6	-1.4	11.7	10.9	0.9	0.4	7.3	7.2	-0.7	8.3	10.6
2010 12	171.5	2.4	14.3	14.3	1.1	0.3	9.4	9.4	2.4	13.0	13.0
2010 12[2]	100.0										
01	101.5	1.5	1.5	13.0	1.1	0.1	0.1	8.9	1.5	1.5	8.6
02	101.8	0.3	1.8	9.2	0.8	0.3	0.3	7.9	0.5	2.0	8.7
03	100.9	-0.9	0.9	6.1	0.5	-0.1	0.3	8.3	-0.4	1.6	9.1
04	100.7	-0.2	0.7	3.3	0.3	0.3	0.6	8.9	-0.1	1.6	9.3
05	102.8	2.0	2.8	1.2	0.1	1.2	1.8	9.8	1.5	3.1	8.9
06	104.4	1.6	4.4	2.7	0.2	1.4	3.3	10.7	1.1	4.3	9.7
07	105.2	0.8	5.2	7.8	0.6	0.4	3.7	10.7	0.7	5.0	9.6
08	106.1	0.8	6.1	7.0	0.6	1.4	5.1	8.1	0.3	5.3	10.3
09	107.8	1.6	7.8	10.3	0.8	2.2	7.4	10.1	1.1	6.5	10.8
10	108.1	0.3	8.1	11.8	0.9	0.9	8.4	10.1	0.4	6.9	10.5
11	108.6	0.5	8.6	11.3	0.9	0.4	8.8	9.8	0.7	7.7	9.8
2011 12	109.4	0.7	9.4	9.4	0.8	-0.1	8.7	8.7	1.1	8.9	8.9
01	112.6	2.9	2.9	10.9	0.9	1.7	1.7	10.5	2.8	2.8	10.2
02	115.5	2.6	5.6	13.4	1.1	0.7	2.4	11.0	2.5	5.4	12.4
03	118.3	2.5	8.2	17.3	1.3	0.2	2.6	11.3	2.2	7.6	15.3
04	118.6	0.2	8.4	17.8	1.4	0.1	2.7	10.9	0.5	8.2	16.0
05	119.8	1.0	9.5	16.6	1.3	0.8	3.5	10.6	1.0	9.2	15.4
06	120.1	0.3	9.8	15.1	1.2	0.2	3.7	9.2	0.5	9.7	14.7
07	120.9	0.7	10.6	14.9	1.2	0.1	3.8	8.9	0.6	10.4	14.5
08	122.6	1.4	12.1	15.6	1.2	2.5	6.4	10.1	0.7	11.1	14.9
09	124.0	1.2	13.4	15.1	1.2	2.8	9.3	10.7	1.0	12.2	14.8
10	124.3	0.2	13.7	15.0	1.2	1.6	11.1	11.4	0.6	12.9	15.0
11	124.1	-0.2	13.4	14.2	1.1	-0.3	10.8	10.7	0.2	13.1	14.4
2012 12	124.9	0.7	14.2	14.2	1.1	0.3	11.1	11.1	0.8	14.0	14.0
01	126.0	0.8	0.8	11.9	0.9	0.2	0.2	9.6	1.4	1.4	12.6
02	128.3	1.1	2.7	11.1	0.9	0.0	0.2	8.7	1.0	2.8	11.3
03	129.4	0.8	3.6	9.4	0.7	0.6	0.8	9.2	0.8	3.6	9.8
2013 04	130.3	0.7	4.3	9.8	0.8	0.2	1.0	9.3	1.1	4.8	10.4
05	129.9	-0.3	3.9	8.4	0.7	-0.7	0.3	7.6	0.3	5.1	9.7
06	129.3	-0.4	3.5	7.6	0.6	-0.3	0.0	7.1	-0.3	4.7	8.8
07	129.5	0.1	3.6	7.0	0.6	0.4	0.4	7.4	0.1	4.9	8.3
08	132.9	2.6	6.3	8.4	0.7	4.5	4.9	9.6	1.7	6.7	9.4
09	132.7	1.0	6.2	6.9	0.6	1.4	6.4	8.1	1.4	8.2	9.9
10	134.8	1.6	7.9	8.5	0.7	2.8	9.4	9.4	1.4	9.7	10.8
11	136.6	1.3	9.4	10.1	0.8	1.2	10.7	11.0	1.3	11.1	12.0
12	138.9	1.7	11.2	11.2	0.9	1.3	12.1	12.1	0.7	11.9	11.9

Loans outstanding

In millions of togrogs

End-of-period	Total loan outstanding		Of which:					
				Of which: By sectors				
	amount	monthly changes	Standard loans	Public coporations	Private corporations	Individuals	Other	Other financial corporations
2000 12	66,756.7	6.6	50,861.2	5,378.3	43,305.6		2,177.3	
2001 12	135,070.7	5.2	124,204.8	9,534.4	108,722.7		5,947.7	
2002 12	231,449.8	9.4	214,885.5	11,318.3	194,578.2		8,989.0	
2003 12	442,148.1	2.7	405,448.2	15,647.4	335,978.3		53,822.5	
2004 12	606,798.6	2.5	546,063.4	12,560.1	320,077.8	196,020.3	16,950.6	454.6
2005 12	859,851.8	4.4	789,451.2	34,112.2	437,639.1	304,817.1	12,384.4	498.3
2006 12	1,223,287.3	3.5	1,129,945.4	36,255.6	594,446.6	483,212.6	14,436.8	1,593.9
2007 12	2,056,060.8	4.8	1,947,669.5	25,939.1	1,089,555.3	810,622.5	19,057.0	2,495.6
2008 12	2,635,551.6	-1.2	2,353,561.2	33,624.9	1,348,449.7	955,037.6	13,101.0	3,348.0
01	2,671,994.3	1.4	2,351,039.5	25,390.3	1,382,481.4	925,471.1	13,792.4	3,904.3
02	2,685,301.5	0.5	2,344,099.3	24,565.3	1,393,346.2	909,241.0	13,720.7	3,226.1
03	2,671,726.6	-0.5	2,273,868.7	26,033.8	1,362,579.5	875,758.6	5,515.6	3,981.2
04	2,580,239.4	-3.4	2,152,091.0	22,026.7	1,281,333.3	839,596.7	5,106.1	4,028.2
05	2,534,907.0	-1.8	2,075,746.6	21,271.3	1,246,396.4	797,194.4	6,714.9	4,169.7
06	2,558,929.7	0.9	2,108,849.8	19,474.6	1,296,776.6	782,912.1	6,292.9	3,393.6
07	2,580,778.5	0.9	2,084,489.3	24,577.9	1,265,705.2	784,089.5	6,319.8	3,796.8
08	2,588,829.1	0.3	2,060,250.6	23,134.5	1,220,517.6	805,320.6	6,345.2	4,932.7
09	2,630,934.7	1.6	2,035,010.9	21,435.7	1,175,349.5	820,087.2	13,911.7	4,226.7
10	2,617,986.3	-0.5	2,011,002.5	20,534.0	1,153,811.0	822,559.5	9,838.1	4,259.9
11	2,632,031.1	0.5	2,009,508.7	19,262.9	1,181,642.4	793,245.7	10,553.9	4,803.8
2009 12	2,655,000.4	0.9	2,071,259.4	18,594.3	1,238,995.1	800,490.4	8,513.8	4,665.7
01	2,674,444.5	0.7	2,093,793.2	18,774.1	1,251,606.3	811,343.2	8,288.0	3,781.6
02	2,715,751.1	1.5	2,123,853.9	18,389.5	1,266,896.9	820,527.6	13,149.8	4,890.1
03	2,768,548.3	1.9	2,183,364.9	16,749.7	1,327,133.0	812,403.3	15,116.2	11,962.7
04	2,764,871.2	-0.1	2,209,829.6	16,350.4	1,331,654.1	840,715.7	9,246.4	11,863.0
05	2,852,717.4	3.2	2,310,437.6	15,164.7	1,380,789.7	894,973.4	9,056.1	10,453.8
06	2,882,629.3	1.0	2,367,050.8	15,500.1	1,390,759.3	939,971.9	9,476.0	11,343.5
07	2,971,993.3	3.1	2,447,021.7	32,568.0	1,426,201.6	969,523.2	8,810.7	9,918.2
08	3,022,044.7	1.7	2,526,125.9	34,532.0	1,393,012.2	1,079,057.6	8,748.3	10,775.9
09	3,085,352.1	2.1	2,598,330.8	37,603.4	1,413,976.0	1,126,379.9	8,677.3	11,694.2
10	3,090,290.4	0.2	2,609,386.6	38,193.9	1,403,691.9	1,147,400.1	8,420.8	11,679.9
11	3,112,494.3	0.7	2,651,322.4	36,747.4	1,407,872.3	1,185,521.1	8,756.0	12,425.6
2010 12	3,264,778.0	4.9	2,799,863.4	17,073.9	1,471,293.9	1,293,012.4	4,445.7	14,037.6
01	3,440,265.1	5.4	2,975,812.1	16,598.0	1,524,722.8	1,416,230.5	4,635.9	13,625.0
02	3,526,303.0	2.5	3,053,334.9	15,756.6	1,608,257.6	1,411,817.3	4,301.1	13,202.4
03	3,730,831.5	5.8	3,278,230.3	13,029.5	1,727,484.4	1,520,243.1	3,047.1	14,426.2
04	3,973,879.1	6.5	3,510,236.0	16,163.3	1,844,186.5	1,632,691.8	3,657.5	13,537.0
05	4,246,818.9	6.9	3,773,411.1	15,393.4	1,993,612.0	1,745,751.2	3,299.9	15,354.7
06	4,552,791.3	7.2	4,092,375.6	16,132.5	2,177,210.6	1,879,891.5	4,286.2	14,854.8
07	4,681,399.2	2.8	4,228,143.3	23,925.6	2,253,704.5	1,932,432.8	4,491.5	13,589.0
08	4,870,802.7	4.0	4,427,856.9	26,413.9	2,310,497.5	2,070,560.3	4,868.7	15,516.6
09	5,059,077.4	3.9	4,641,346.2	27,117.4	2,427,321.5	2,163,593.8	5,137.2	18,176.3
10	5,221,908.3	3.2	4,803,393.2	26,201.8	2,513,241.7	2,242,542.2	5,003.6	16,403.8
11	5,438,738.9	4.2	5,024,079.8	41,692.3	2,626,566.0	2,333,243.2	4,960.6	17,617.7
2011 12	5,641,233.7	3.7	5,237,535.7	100,646.0	2,745,096.9	2,369,499.7	4,905.1	17,388.0
01	5,647,628.3	0.1	5,247,166.8	58,975.0	2,785,723.9	2,382,689.5	6,099.0	13,679.4
02	5,706,234.3	1.0	5,321,745.4	51,022.3	2,816,921.9	2,432,552.6	6,166.5	15,082.0
03	5,781,506.0	1.3	5,399,905.4	50,675.2	2,852,963.2	2,473,802.0	6,078.6	16,386.3
04	5,935,982.7	2.7	5,548,213.0	51,526.7	2,946,813.5	2,526,753.0	7,953.9	15,165.8
05	6,121,200.1	3.1	5,745,491.2	56,425.5	3,039,112.2	2,626,757.4	7,066.9	16,129.1
06	6,318,185.2	3.2	5,958,571.7	54,763.8	3,171,047.2	2,714,003.8	7,026.8	11,730.2
07	6,428,519.6	1.7	6,037,638.0	58,813.4	3,232,577.5	2,726,717.3	8,118.4	11,411.5
08	6,675,071.0	3.8	6,262,134.6	65,357.4	3,305,357.2	2,870,445.7	10,363.6	10,610.6
09	6,867,334.0	2.9	6,444,040.3	65,459.5	3,385,436.6	2,973,954.0	8,963.9	10,226.3
10	6,855,416.0	-0.2	6,416,773.4	40,378.2	3,365,491.5	2,991,836.9	8,858.9	10,207.9
11	6,867,781.8	0.2	6,421,673.1	42,856.6	3,348,047.8	3,012,575.6	8,438.2	9,754.9
2012 12	6,990,546.3	1.8	6,584,829.9	35,394.4	3,501,852.6	3,029,013.8	8,904.1	9,665.0
01	7,139,824.4	2.1	6,726,843.2	33,239.9	3,551,634.3	3,125,497.7	8,388.7	8,082.7
02	7,168,463.8	0.4	6,751,652.7	13,940.7	3,557,961.4	3,162,503.3	8,246.6	9,000.7
03	7,390,628.9	3.1	6,981,873.8	31,107.6	3,635,804.2	3,296,208.1	7,327.2	11,426.7
2013 04	7,771,060.2	5.1	7,349,390.1	30,001.5	3,878,932.9	3,422,150.5	7,256.3	11,048.9
05	8,226,418.8	6.0	7,761,983.8	44,260.6	4,106,765.7	3,592,781.2	7,325.8	10,850.5
06	8,607,732.4	4.6	8,141,409.9	46,630.4	4,347,974.1	3,727,590.2	8,361.8	10,853.4
07	9,117,688.0	5.9	8,503,418.8	48,819.9	4,497,633.9	3,930,120.3	14,587.7	12,257.0
08	9,783,100.7	7.3	9,131,848.7	50,525.0	4,786,121.0	4,274,009.3	7,390.0	13,803.4
09	10,153,397.2	3.8	9,462,785.3	59,100.1	4,895,735.1	4,473,953.6	14,592.1	19,404.4
10	10,488,797.0	3.3	9,758,863.2	58,899.0	5,028,407.8	4,642,535.5	9,100.5	19,920.5
11	10,822,440.9	3.2	10,088,845.6	78,360.7	5,244,403.4	4,721,903.8	22,649.3	21,528.3
12	10,764,170.3	-0.5	10,079,999.6	80,032.1	5,418,355.6	4,555,685.7	6,858.4	19,067.8

Loans outstanding

In millions of togrogs

Continued

End-of-period	Principal in arrears	Of which: By sectors				
		Public coporations	Private corporations	Individuals	Other	Other financial corporations
2000 12	1,281.8					
2001 12	1,798.3					
2002 12	4,819.4					
2003 12	15,549.7					
2004 12	21,617.1	209.3	16,685.0	4,709.3	13.6	
2005 12	20,929.6	45.8	15,124.4	3,899.4	1,859.9	
2006 12	33,320.4	369.9	22,252.8	8,674.6	2,020.4	2.7
2007 12	40,320.0	872.1	32,283.1	7,134.9	0.0	30.0
2008 12	93,323.1	1,046.3	74,988.0	17,278.1	0.0	10.8
01	124,743.5	897.8	98,969.1	24,737.8	138.7	0.0
02	142,585.0	746.4	112,146.1	29,677.8	0.0	14.6
03	132,173.0		102,409.2	29,742.8	0.0	21.0
04	154,235.4	300.0	123,202.1	30,609.0	112.1	12.2
05	164,724.4	250.0	131,357.2	32,859.5	79.3	178.4
06	152,115.4	611.9	124,354.7	26,761.4	50.0	337.5
07	143,381.4	3,073.1	112,199.0	27,868.3	53.4	187.6
08	173,480.6	2,867.3	134,397.1	35,975.7	53.1	187.4
09	198,226.4	2,873.9	160,263.5	34,947.2	130.1	11.7
10	200,873.4	2,462.8	166,808.5	31,444.6	146.6	10.9
11	166,456.5	2,137.0	134,534.3	29,681.4	92.9	10.9
2009 12	121,739.5	1,674.9	96,447.6	23,531.9	74.1	10.9
01	122,464.7	1,489.0	93,977.0	26,997.2	1.5	0.0
02	147,254.7	1,066.5	97,262.6	48,915.6	7.0	3.0
03	153,354.0	49.9	84,427.6	68,784.0	89.7	2.9
04	139,045.2	145.9	82,939.0	55,133.0	824.9	2.4
05	127,498.5		93,808.7	32,840.9	843.1	5.9
06	112,653.0	11.8	84,609.3	27,289.1	737.0	5.8
07	110,511.5		80,080.5	29,701.0	730.0	0.0
08	85,443.2		65,516.6	19,196.6	730.0	0.0
09	75,818.8	0.6	62,230.8	12,851.9	730.0	5.4
10	78,628.9	61.1	66,078.3	11,577.4	864.2	47.9
11	90,223.4	45.2	77,933.7	11,410.7	831.3	2.4
2010 12	90,557.1		76,197.3	9,212.4	5,147.3	0.0
01	102,970.3		88,733.6	9,141.4	5,041.3	54.0
02	112,551.5		94,909.6	12,580.2	5,041.3	20.4
03	80,518.5		62,926.6	13,729.6	3,850.8	11.5
04	82,175.9		63,179.7	15,594.5	3,390.9	10.8
05	75,774.0		59,718.3	12,687.1	3,317.8	50.8
06	69,878.3		58,248.2	11,513.5	59.9	56.7
07	71,349.3		57,922.4	13,345.2	0.0	81.7
08	67,014.4		54,273.3	12,699.0	0.0	42.1
09	60,477.6		49,564.1	10,891.4	0.0	22.1
10	70,990.7		57,363.4	13,624.9	0.0	2.3
11	71,500.7		58,358.8	13,139.6	0.0	2.3
2011 12	73,736.9		42,061.7	31,662.7	0.0	12.6
01	73,822.9		35,550.7	38,269.9	0.0	2.4
02	61,172.1		29,988.3	31,162.1	0.0	21.8
03	61,438.1		30,153.9	31,284.2	0.0	0.0
04	71,159.1	7,458.0	32,023.3	31,677.8	0.0	0.0
05	60,055.9		30,603.6	29,402.4	0.0	50.0
06	51,777.5	1,765.3	31,748.2	18,251.3	0.0	12.7
07	85,133.2		63,516.6	21,576.6	0.0	40.0
08	100,632.1		76,887.0	22,724.1	1,001.0	20.0
09	117,001.2		90,758.3	25,242.2	1,000.7	0.0
10	132,473.5		103,597.0	27,867.9	1,008.5	0.0
11	147,657.5		120,898.1	25,217.7	1,541.7	0.0
2012 12	110,620.0		83,907.5	26,380.7	331.7	0.0
01	105,793.7		77,928.5	27,850.2	0.0	15.0
02	110,870.7		79,206.9	31,663.8	0.0	0.0
03	99,915.7		68,542.1	31,373.6	0.0	0.0
2013 04	110,936.6		78,117.1	32,819.5	0.0	0.0
05	146,428.0		114,768.2	31,659.8	0.0	0.0
06	149,744.0		115,274.5	34,469.5	0.0	0.0
07	161,319.6		123,918.8	37,385.8	15.0	0.0
08	186,415.5		145,773.2	40,619.7	22.6	0.0
09	153,448.3		111,691.1	41,736.6	20.6	0.0
10	169,420.9		123,037.1	45,700.6	683.2	0.0
11	161,107.9		111,812.0	48,913.0	374.5	8.5
12	118,364.9	13.9	73,382.6	44,968.4	0.0	0.0

Loans outstanding

In millions of togrogs

Continued

End-of-period	Non-performing loans	Of which: By sectors				
		Public coporations	Private corporations	Individuals	Other	Other financial corporations
2000 12	14,613.8					
2001 12	9,067.6					
2002 12	11,744.9					
2003 12	21,150.3					
2004 12	39,118.0	356.4	28,295.0	10,201.5	264.6	0.5
2005 12	49,471.0	11.1	36,301.1	12,890.3	268.1	0.5
2006 12	60,021.6	106.1	42,320.0	15,682.7	1,912.2	0.6
2007 12	68,071.3	520.7	44,311.1	21,021.2	1,915.4	302.9
2008 12	188,667.2	123.4	146,961.2	41,378.4	150.8	53.4
01	196,211.4	123.4	150,208.4	45,696.1	153.4	30.0
02	198,617.2	124.6	147,677.7	50,625.4	151.9	37.7
03	265,684.9	124.6	207,353.3	58,024.5	144.6	37.8
04	273,913.0	114.6	213,256.6	60,361.7	142.4	37.7
05	294,436.0	114.6	229,503.7	64,608.4	171.6	37.7
06	297,964.5	113.4	232,083.2	65,575.3	155.9	36.7
07	352,907.9	113.4	284,406.8	68,194.5	156.3	36.7
08	355,097.8	97.8	284,573.0	70,235.7	155.7	35.7
09	397,697.4	93.0	328,170.4	69,243.0	155.3	35.6
10	406,110.4	93.0	331,580.5	74,241.8	155.3	39.9
11	456,065.9	93.0	377,011.6	78,802.7	128.0	30.5
2009 12	462,001.5	160.2	380,811.0	80,870.0	125.7	34.6
01	458,186.6	159.8	375,278.9	82,576.4	126.0	45.5
02	444,642.5	159.3	360,095.9	84,211.7	125.9	49.8
03	431,829.4	149.1	348,660.1	82,848.0	124.0	48.2
04	415,996.4	93.0	339,477.1	76,371.2	37.1	18.1
05	414,781.3	81.0	340,878.7	73,773.3	37.4	10.9
06	402,925.6	81.0	331,134.3	71,668.0	37.0	5.3
07	414,460.1	83.1	337,865.7	75,949.9	43.4	518.0
08	410,475.6	82.6	330,818.9	79,224.6	42.2	307.2
09	411,202.5	82.5	331,868.1	79,163.0	42.8	46.0
10	402,274.9	81.0	327,269.7	74,831.9	41.8	50.5
11	370,948.5	81.0	297,546.2	73,255.0	36.3	30.0
2010 12	374,357.6	0.0	307,283.3	67,007.7	36.5	30.0
01	361,482.7	0.0	295,562.5	65,745.5	142.2	32.4
02	360,416.6	0.0	295,891.4	64,352.9	142.4	30.0
03	372,082.8	0.0	309,074.9	62,110.5	856.1	41.2
04	381,467.2	0.0	319,602.8	60,977.0	855.0	32.4
05	397,633.8	27.8	339,868.3	56,847.2	851.7	38.9
06	390,537.4	27.8	333,211.2	53,408.6	3,849.9	39.8
07	381,906.6	27.8	325,855.9	52,530.5	3,442.7	49.7
08	375,931.5	27.8	321,055.0	51,440.5	3,335.1	73.2
09	357,253.6	25.9	293,861.7	59,945.3	3,335.0	85.7
10	347,524.4	23.9	290,674.7	53,566.4	3,162.4	97.1
11	343,158.4	23.9	284,633.8	55,567.3	2,849.2	84.2
2011 12	329,961.1	0.0	277,384.7	51,522.6	985.3	68.5
01	326,638.5	0.0	274,230.0	51,359.8	984.7	64.1
02	323,316.7	0.0	269,260.6	52,958.9	1,035.4	61.8
03	320,162.6	0.0	271,811.2	47,453.7	838.9	58.8
04	316,610.6	0.0	268,133.2	47,585.9	838.9	52.6
05	315,653.0	7,426.1	258,529.5	48,239.5	1,416.4	41.4
06	307,836.0	7,579.8	248,570.2	50,815.2	839.4	31.4
07	305,748.3	7,542.8	245,802.8	51,086.1	884.9	431.7
08	312,304.3	5,770.9	253,368.2	52,243.3	880.3	41.6
09	306,292.5	5,826.8	254,060.3	45,492.8	872.6	40.0
10	306,169.1	5,807.0	254,474.6	44,973.7	872.7	41.1
11	298,451.2	5,805.5	246,631.7	45,141.6	832.7	39.8
2012 12	295,096.5	6,565.5	241,961.4	44,190.5	2,332.6	46.6
01	307,187.5	6,425.9	254,784.0	43,610.4	2,322.6	44.7
02	305,940.3	655.7	256,461.6	46,496.8	2,283.8	42.4
03	308,839.5	547.7	257,007.9	48,397.7	2,845.9	40.2
2013 04	310,733.4	539.2	258,442.2	48,873.1	2,841.0	38.0
05	318,007.1	529.2	265,830.8	48,774.2	2,811.2	61.6
06	316,578.4	524.2	263,919.1	49,290.2	2,811.3	33.6
07	452,949.5	512.4	400,014.4	49,578.5	2,812.6	31.6
08	464,836.4	508.4	411,064.5	50,418.8	2,815.2	29.5
09	537,163.6	500.4	482,078.2	51,734.9	2,822.8	27.3
10	560,512.9	500.4	501,111.0	58,289.8	586.5	25.2
11	572,487.4	500.4	510,506.3	60,870.9	586.8	23.0
12	565,805.8	500.4	507,074.5	57,625.4	584.7	20.8

Exchange rates on foreign exchange market

Togrog against foreign currency

End-of-period	USD end-of-period	USD monthly average	EUR	SEK	BGN	HUF	CZK	KRW	JPY	CNY	GBP	HKD	RUB	CHF
2000 12	1,097.00	1,097.00	1,006.61					0.89	9.74	132.52	1,615.11	140.66	39.18	659.53
2001 12	1,102.00	1,101.29	973.60					0.83	8.39	133.10	1,598.60	141.30	36.20	657.30
2002 12	1,125.00	1,124.09	1,169.40	128.00	599.30	5.00	37.30	0.94	9.38	135.90	1,804.00	144.30	35.40	804.00
2003 12	1,168.00	1,170.30	1,460.20	160.60	746.50	5.60	44.90	0.98	10.92	141.10	2,073.40	150.50	39.90	935.70
2004 12	1,209.00	1,211.77	1,647.40	183.20	842.40	6.70	54.00	1.16	11.65	146.10	2,320.90	155.50	43.40	1,067.70
2005 12	1,221.00	1,226.68	1,449.10	153.82	741.20	5.80	50.10	1.21	10.37	151.30	2,103.70	157.50	42.50	930.10
2006 12	1,165.00	1,164.84	1,535.30	169.83	785.00	6.10	55.80	1.25	9.81	149.20	2,290.90	149.80	44.30	955.00
2007 12	1,169.97	1,170.22	1,717.16	181.49	877.99	6.78	64.49	1.25	10.33	160.18	2,337.54	149.99	47.68	1,032.58
2008 12	1,267.51	1,228.97	1,786.75	163.07	913.52	6.67	67.20	1.01	14.04	185.25	1,837.19	163.55	43.12	1,202.57
01	1,381.66	1,333.41	1,807.63	170.77	924.13	6.32	65.69	1.00	15.32	202.01	1,948.83	178.11	39.76	1,194.90
02	1,470.17	1,436.96	1,875.57	166.61	958.95	6.33	66.12	0.97	15.43	214.99	2,136.60	189.62	40.93	1,265.48
03	1,524.07	1,562.95	2,009.71	182.97	1,027.52	6.53	73.22	1.10	15.84	222.94	2,157.63	196.65	44.60	1,325.85
04	1,423.86	1,430.72	1,877.22	174.81	959.80	6.42	70.10	1.06	14.73	208.61	2,095.71	183.71	42.82	1,246.92
05	1,428.37	1,423.94	1,982.51	184.03	1,013.64	6.95	74.10	1.14	14.78	209.19	2,276.46	184.23	45.64	1,310.91
06	1,435.49	1,428.56	2,012.13	184.23	1,029.06	7.28	77.43	1.12	15.03	210.08	2,371.79	185.22	45.93	1,318.90
07	1,455.30	1,455.62	2,044.48	195.15	1,045.36	7.61	79.95	1.18	15.32	212.97	2,398.26	187.76	45.75	1,337.84
08	1,429.05	1,446.33	2,048.11	201.40	1,047.23	7.59	80.51	1.15	15.22	209.20	2,327.14	184.37	45.24	1,346.95
09	1,426.01	1,418.47	2,078.84	202.92	1,062.84	7.71	82.52	1.20	15.89	208.85	2,261.65	184.00	47.35	1,376.39
10	1,423.84	1,438.60	2,109.99	203.10	1,078.83	7.72	79.97	1.20	15.64	208.51	2,353.75	183.72	48.95	1,396.74
11	1,446.41	1,431.46	2,150.09	204.96	1,099.22	7.83	81.33	1.23	16.79	211.80	2,358.81	186.63	48.62	1,424.89
2009 12	1,442.84	1,446.52	2,071.34	200.66	1,058.97	7.59	78.45	1.24	15.66	211.35	2,295.77	186.05	47.67	1,392.03
01	1,455.70	1,455.09	2,031.94	198.42	1,038.97	7.48	77.43	1.25	16.14	213.23	2,352.56	187.39	47.87	1,384.67
02	1,449.82	1,446.08	1,966.10	201.61	1,005.25	7.27	75.70	1.25	16.22	212.38	2,211.63	186.77	48.24	1,343.55
03	1,367.10	1,412.82	1,847.43	189.20	944.52	6.97	72.74	1.21	14.77	200.28	2,057.90	176.07	46.51	1,288.87
04	1,372.46	1,382.64	1,812.75	188.05	926.84	6.74	70.86	1.23	14.59	201.05	2,088.88	176.71	46.90	1,263.83
05	1,384.85	1,387.24	1,710.29	177.07	874.61	6.23	66.72	1.16	15.16	202.73	2,009.28	177.82	45.36	1,199.73
06	1,368.65	1,380.33	1,671.94	175.42	854.87	5.82	64.78	1.12	15.43	201.42	2,058.31	175.82	43.82	1,258.47
07	1,353.49	1,365.63	1,766.85	186.99	903.35	6.21	71.35	1.14	15.67	199.83	2,116.05	174.27	44.78	1,304.95
08	1,301.80	1,325.13	1,657.45	176.62	847.53	5.85	66.99	1.09	15.29	191.37	2,026.71	167.33	42.44	1,264.62
09	1,325.59	1,324.81	1,804.39	197.21	922.60	6.53	73.34	1.16	15.85	198.16	2,097.08	170.88	43.61	1,358.12
10	1,283.38	1,306.77	1,778.83	189.45	909.49	6.51	72.18	1.14	15.91	192.26	2,040.96	165.45	41.66	1,297.72
11	1,246.69	1,274.15	1,658.16	179.28	847.54	5.94	66.99	1.08	14.87	187.09	1,950.38	160.59	39.88	1,247.63
2010 12	1,256.47	1,234.08	1,662.31	184.92	849.94	5.95	65.63	1.11	15.42	190.21	1,949.35	161.43	41.35	1,332.84
01	1,245.46	1,256.42	1,696.81	191.22	867.58	6.19	69.97	1.11	15.18	188.82	1,977.17	159.78	41.81	1,322.99
02	1,254.51	1,253.41	1,726.58	195.97	882.84	6.34	70.56	1.11	15.36	190.87	2,019.45	161.04	43.36	1,352.43
03	1,195.27	1,228.45	1,695.61	189.93	866.92	6.37	69.08	1.09	14.43	182.51	1,928.99	153.54	42.03	1,305.02
04	1,258.47	1,219.90	1,867.44	209.28	954.80	7.07	77.44	1.18	15.43	193.84	2,097.55	161.96	45.87	1,442.21
05	1,245.35	1,235.71	1,974.36	201.92	917.32	6.73	73.29	1.15	15.26	192.20	2,056.88	160.11	44.55	1,465.55
06	1,258.64	1,257.29	1,821.06	198.71	930.98	6.85	74.91	1.18	15.66	194.72	2,011.87	161.73	45.16	1,507.99
07	1,251.25	1,246.93	1,785.66	196.42	913.02	6.62	73.77	1.19	16.13	194.30	2,038.10	160.53	45.13	1,560.84
08	1,248.67	1,238.63	1,805.58	196.94	923.20	6.64	74.97	1.17	16.30	195.80	2,037.52	160.19	43.15	1,537.87
09	1,285.64	1,259.89	1,738.76	187.65	889.07	5.93	70.47	1.09	16.77	201.35	2,002.19	165.01	40.01	1,426.35
10	1,297.67	1,291.94	1,822.06	201.71	931.83	6.06	73.82	1.17	16.47	204.23	2,081.72	167.07	43.07	1,492.00
11	1,340.90	1,323.42	1,779.58	193.35	909.92	5.70	69.33	1.17	17.19	210.36	2,083.96	172.18	42.69	1,451.90
2011 12	1,396.37	1,374.20	1,806.76	202.11	923.62	5.82	70.12	1.21	18.00	221.63	2,155.30	179.72	43.44	1,484.08
01	1,366.30	1,395.12	1,798.39	202.41	919.51	6.09	71.29	1.22	17.91	216.49	2,149.80	176.16	45.02	1,491.92
02	1,340.19	1,340.73	1,804.16	204.47	922.30	6.22	72.26	1.20	16.65	212.93	2,134.59	172.82	46.14	1,496.58
03	1,318.80	1,333.28	1,760.47	199.11	900.05	5.96	71.04	1.16	16.05	209.36	2,107.64	169.87	44.91	1,461.11
04	1,316.11	1,313.13	1,743.39	195.81	891.42	6.08	70.25	1.17	16.43	208.69	2,144.62	169.73	44.82	1,451.03
05	1,316.00	1,318.03	1,632.37	181.76	834.65	5.43	63.65	1.12	16.70	206.49	2,037.04	169.50	39.94	1,359.22
06	1,342.23	1,328.01	1,687.12	192.45	862.56	5.85	65.85	1.17	16.86	211.19	2,098.24	173.06	40.86	1,404.37
07	1,349.10	1,344.04	1,654.27	198.10	854.83	5.93	65.42	1.19	17.23	211.88	2,117.41	173.99	41.87	1,377.19
08	1,381.99	1,364.22	1,729.21	207.05	884.22	6.08	69.63	1.22	17.61	217.59	2,181.13	178.19	42.39	1,439.95
09	1,394.47	1,394.83	1,803.26	213.80	921.90	6.36	71.78	1.25	17.98	221.83	2,264.62	179.85	45.04	1,490.30
10	1,397.28	1,386.98	1,812.97	210.69	926.82	6.40	72.56	1.28	17.53	224.00	2,248.15	180.29	44.59	1,500.27
11	1,397.28	1,396.40	1,819.05	210.17	930.16	6.50	72.22	1.29	16.91	224.41	2,243.89	180.29	45.29	1,510.00
2012 12	1,392.10	1,396.11	1,835.83	212.97	938.45	6.31	73.22	1.30	16.15	223.39	2,240.03	179.58	45.66	1,519.35
01	1,392.56	1,392.76	1,887.41	218.94	965.01	6.42	73.71	1.28	15.32	223.93	2,203.87	179.51	46.35	1,528.02
02	1,402.15	1,393.90	1,843.34	217.92	942.37	6.22	71.82	1.29	15.18	225.37	2,127.62	180.77	45.92	1,508.42
03	1,410.32	1,404.39	1,806.97	216.07	923.83	5.94	70.08	1.27	14.99	227.13	2,142.28	181.68	45.39	1,484.63
2013 04	1,436.12	1,417.41	1,879.23	219.67	960.87	6.26	72.92	1.30	14.70	232.95	2,226.70	185.05	46.28	1,533.58
05	1,442.20	1,438.27	1,879.84	218.95	961.05	6.35	72.96	1.28	14.33	235.03	2,193.23	185.76	45.31	1,512.06
06	1,446.17	1,437.78	1,886.89	215.38	964.69	6.40	72.56	1.27	14.64	235.45	2,205.99	186.45	44.11	1,528.48
07	1,499.60	1,474.07	1,991.69	228.68	1,018.33	6.63	77.17	1.34	15.32	244.67	2,283.44	193.37	45.44	1,616.99
08	1,616.98	1,570.43	2,139.99	245.02	1,094.22	7.13	83.11	1.46	16.49	264.19	2,509.31	208.50	48.62	1,738.03
09	1,646.48	1,662.45	2,221.92	256.21	1,136.13	7.41	86.53	1.53	16.69	269.02	2,646.96	212.33	50.75	1,812.01
10	1,716.28	1,687.62	2,351.30	267.51	1,202.13	8.00	91.41	1.62	17.45	281.64	2,749.48	221.37	53.57	1,904.86
11	1,741.71	1,733.47	2,369.94	265.52	1,211.75	7.91	86.62	1.65	17.03	285.86	2,845.26	224.65	52.49	1,923.37
12	1,659.34	1,674.58	2,288.81	258.40	1,170.32	7.72	83.54	1.57	15.80	274.17	2,735.17	213.99	50.58	1,868.31

Exchange rates on foreign exchange market

Togrog against foreign currency

Continued

End-of-period	EGP	CAD	AUD	THB	IDR	MYR	SGD	XAU	XAG	SDR	REER	NEER
2000 12		720.81	608.56	26.10	0.12	288.68	634.84	300,358.60	5,062.66	1,426.96	100.00	100.00
2001 12		691.00	559.70	24.90	0.11	290.00	595.90	306,080.50	4,937.00	1,382.40	109.15	103.45
2002 12	242.80	720.60	634.90	26.00	0.13	296.10	647.60	393,187.50	5,298.80	1,519.20	104.33	100.48
2003 12	188.80	892.60	872.10	29.50	0.14	307.40	686.40	485,537.60	6,926.20	1,729.00	98.74	91.94
2004 12	197.70	999.00	936.70	31.00	0.13	318.20	738.40	528,151.70	8,263.50	1,875.00	98.46	85.73
2005 12	212.40	1,048.30	892.60	29.80	0.12	323.00	733.10	625,152.00	10,897.40	1,751.80	106.42	86.24
2006 12	204.00	1,004.20	923.20	32.30	0.13	330.70	760.20	738,959.50	15,034.30	1,751.20	108.84	86.48
2007 12	211.66	1,194.58	1,024.02	34.75	0.12	352.61	808.74	969,437.14	17,204.41	1,833.66	110.82	81.11
2008 12	229.41	1,027.82	875.03	38.68	0.11	363.86	878.75	1,110,719.01	13,765.16	1,973.04	130.97	79.83
01	247.83	1,132.79	908.30	39.59	0.12	383.79	918.26	1,221,871.02	16,462.48	2,088.01	122.41	74.96
02	262.30	1,176.89	952.60	41.18	0.12	401.41	963.16	1,455,394.79	21,302.76	2,182.11	117.12	72.03
03	270.31	1,217.50	1,034.77	42.88	0.13	416.93	1,001.39	1,412,508.08	20,292.99	2,279.37	110.15	65.99
04	252.47	1,175.48	1,016.99	40.23	0.13	396.07	952.73	1,272,503.68	17,848.09	2,118.85	120.67	71.07
05	254.09	1,274.59	1,114.34	41.49	0.14	406.42	983.29	1,358,379.87	21,175.59	2,202.49	119.85	69.86
06	256.29	1,242.42	1,151.84	42.13	0.14	405.73	986.15	1,349,073.50	20,161.46	2,226.47	117.92	69.07
07	262.27	1,339.13	1,195.53	42.74	0.15	411.80	1,006.85	1,353,720.06	19,406.43	2,260.55	115.73	68.31
08	258.46	1,313.77	1,200.97	42.01	0.14	405.29	991.50	1,358,169.12	20,521.16	2,227.88	114.42	68.12
09	259.32	1,316.18	1,245.69	42.44	0.15	408.48	1,005.37	1,414,815.89	23,022.93	2,254.10	113.78	68.67
10	260.16	1,333.68	1,299.75	42.61	0.15	416.63	1,018.70	1,487,343.26	23,607.27	2,259.96	109.03	66.73
11	265.35	1,351.28	1,297.72	43.46	0.15	426.54	1,039.39	1,661,129.56	25,818.42	2,329.35	109.18	66.68
2009 12	262.86	1,376.89	1,288.38	43.26	0.15	421.08	1,027.96	1,581,641.21	24,593.21	2,264.28	108.84	66.68
01	266.34	1,366.28	1,298.70	43.93	0.16	426.58	1,036.60	1,574,630.69	23,545.95	2,265.91	110.95	66.71
02	264.08	1,368.01	1,287.08	43.86	0.16	426.07	1,029.26	1,610,532.55	23,371.10	2,217.30	116.06	67.60
03	248.43	1,342.20	1,257.12	42.28	0.15	418.39	977.30	1,519,873.43	23,828.55	2,076.31	120.42	68.79
04	246.89	1,360.29	1,270.62	42.45	0.15	428.09	999.86	1,602,347.05	24,807.21	2,067.63	125.35	70.04
05	244.67	1,318.15	1,181.90	42.56	0.15	420.54	987.49	1,681,069.42	25,640.50	2,037.54	132.85	71.26
06	240.61	1,310.65	1,176.29	42.22	0.15	421.71	981.57	1,690,351.18	25,395.30	2,025.05	134.93	72.21
07	237.41	1,308.54	1,216.45	41.95	0.15	425.56	994.26	1,583,008.07	23,814.66	2,059.54	128.91	71.89
08	228.23	1,241.52	1,170.51	41.62	0.14	414.85	961.66	1,610,001.15	24,929.47	1,966.86	133.68	73.66
09	232.61	1,288.92	1,286.88	43.51	0.15	429.90	1,006.75	1,737,450.81	29,017.17	2,048.65	130.80	73.44
10	222.24	1,255.81	1,249.56	42.82	0.14	412.63	987.79	1,719,376.27	30,698.45	2,014.34	128.25	73.18
11	215.84	1,225.49	1,209.10	41.33	0.14	396.09	948.13	1,703,726.55	33,828.93	1,921.45	132.92	75.52
2010 12	216.45	1,256.91	1,277.58	41.67	0.14	407.48	972.01	1,775,574.30	38,674.15	1,926.40	140.19	78.11
01	212.63	1,246.33	1,239.79	40.12	0.14	406.81	970.21	1,665,049.25	34,791.93	1,948.27	138.16	75.29
02	213.12	1,284.83	1,275.40	41.00	0.14	411.11	986.33	1,773,249.89	42,082.54	1,969.04	136.54	74.68
03	200.36	1,231.09	1,235.13	39.51	0.14	395.00	948.55	1,706,427.22	45,139.37	1,970.04	135.62	75.45
04	211.61	1,321.78	1,374.82	42.09	0.14	424.37	1,026.02	1,929,089.79	60,784.10	2,038.30	133.99	75.15
05	209.36	1,283.14	1,333.33	41.09	0.15	413.60	1,010.84	1,917,403.13	48,082.96	1,983.82	135.23	74.05
06	210.83	1,302.74	1,350.21	40.92	0.15	416.35	1,023.37	1,898,947.93	43,800.67	2,010.41	136.43	72.76
07	210.01	1,315.17	1,367.43	42.07	0.15	421.94	1,037.52	2,017,822.06	49,355.56	2,003.85	138.83	73.14
08	209.75	1,277.67	1,333.64	41.67	0.15	418.60	1,038.05	2,282,568.76	51,576.31	2,008.29	139.97	73.83
09	215.52	1,231.81	1,252.79	41.32	0.15	403.09	991.62	2,092,359.82	39,726.28	2,014.91	140.87	74.23
10	217.36	1,300.27	1,371.18	42.26	0.15	423.04	1,040.80	2,224,375.08	44,756.64	2,072.35	137.22	72.82
11	223.33	1,295.49	1,335.60	42.97	0.15	422.26	1,033.53	2,294,212.86	42,419.37	2,073.35	134.54	70.98
2011 12	231.54	1,368.72	1,417.11	44.26	0.15	439.66	1,073.84	2,177,583.16	38,574.72	2,137.00	131.94	68.88
01	226.60	1,365.48	1,451.90	44.03	0.15	447.75	1,088.08	2,377,191.21	46,078.47	2,114.25	132.05	67.69
02	222.14	1,349.23	1,449.15	44.29	0.15	447.55	1,075.25	2,396,051.99	49,828.26	2,083.70	138.77	69.43
03	218.34	1,321.58	1,371.35	42.80	0.14	430.35	1,049.33	2,192,999.55	42,696.15	2,037.64	142.74	69.91
04	217.69	1,341.97	1,375.61	42.82	0.14	434.52	1,065.42	2,189,519.24	41,268.83	2,040.28	144.99	70.99
05	217.68	1,280.78	1,280.40	41.30	0.14	413.90	1,022.93	2,056,440.82	36,769.04	1,989.23	147.98	71.66
06	221.56	1,308.22	1,364.44	42.19	0.14	421.82	1,056.29	2,107,703.77	36,079.14	2,027.57	150.40	72.42
07	222.12	1,347.08	1,417.57	42.76	0.14	430.82	1,083.61	2,188,638.18	38,044.62	2,034.17	149.27	71.38
08	226.50	1,393.28	1,424.62	44.08	0.14	442.31	1,105.15	2,292,548.66	42,081.60	2,101.69	147.66	69.86
09	228.72	1,424.24	1,457.85	45.31	0.15	455.26	1,138.48	2,481,982.29	48,395.08	2,146.65	144.26	67.62
10	228.72	1,399.59	1,450.24	45.53	0.15	458.27	1,145.31	2,395,909.03	44,775.84	2,149.35	144.70	67.77
11	228.65	1,407.70	1,457.85	45.54	0.15	459.56	1,145.08	2,416,309.32	47,905.74	2,144.13	143.01	67.14
2012 12	224.93	1,399.17	1,444.79	45.49	0.14	454.71	1,138.08	2,309,841.93	41,839.57	2,145.90	142.71	66.85
01	208.29	1,388.53	1,447.78	46.75	0.14	448.74	1,125.30	2,335,107.27	44,561.92	2,145.44	144.31	66.95
02	208.06	1,372.30	1,440.92	47.13	0.15	453.70	1,134.70	2,245,403.01	40,914.74	2,123.27	145.42	67.22
03	207.31	1,388.79	1,469.13	48.15	0.15	456.41	1,137.95	2,251,716.91	39,890.90	2,112.68	146.79	67.09
2013 04	207.10	1,419.44	1,487.17	48.87	0.15	472.72	1,164.36	2,118,485.24	35,026.97	2,167.45	146.44	66.58
05	206.51	1,395.65	1,385.16	47.74	0.15	466.73	1,142.29	2,036,963.28	32,665.83	2,158.65	144.15	65.58
06	206.03	1,381.12	1,338.94	46.62	0.15	456.28	1,144.89	1,739,417.12	27,282.00	2,174.70	144.13	65.88
07	214.19	1,455.36	1,355.34	47.87	0.15	461.84	1,178.93	1,999,116.76	29,917.02	2,271.50	141.06	64.56
08	231.47	1,536.03	1,445.10	50.31	0.15	491.71	1,269.61	2,257,627.48	38,047.54	2,451.65	135.38	60.51
09	238.91	1,594.81	1,536.66	52.66	0.14	510.06	1,311.20	2,183,355.97	35,572.20	2,522.61	128.33	56.95
10	249.12	1,639.16	1,629.78	55.15	0.15	543.47	1,384.99	2,293,207.52	38,418.93	2,649.14	126.91	55.69
11	253.02	1,643.90	1,584.17	54.26	0.15	540.32	1,387.98	2,167,026.87	34,572.94	2,673.89	125.86	54.51
12	239.15	1,558.80	1,482.95	50.61	0.14	505.36	1,311.42	1,990,336.85	32,357.13	2,555.38	132.44	56.48

Deposit rate

In percent, annual

End of period	Deposit rate								
	Current account				Deposit				
	Offered rate, highest lowest		Weighted average rate		Demand deposit	Time deposit		Weighted average rate	
						DC	FC		
	DC	FC	DC	FC		0-1 year	0-1 year	DC	FC
2000 12	2.4-6.0	1.0-3.6			1.2-13.2	3.6-24.0	1.2-12.0		
2001 12	0.0-5.1	0.3-4.2			1.2-9.60	2.4-24.0	1.0-13.2		
2002 12	0.0-6.0	0.3-3.0			2.4-10.2	6.0-22.0	1.2-12.0		
2003 12	0.0-6.0	0.3-3.0			1,8-10.0	6.0-22.0	2.4-12.0		
2004 12	0.0-4.8	0.3-3.0			6.0-9.60	6.0-20.4	1.4-9.60		
2005 12	0.0-4.8	0.0-7.2			6.0-9.96	6.0-19.2	1.4-10.8		
2006 12	0.0-5.0	0.0-4.0			6.0-10.2	7.56-19.4	1.4-11.4		
2007 12	0.0-4.8	0.0-3.6			6.0-10.3	7.56-19.3	1.2-11.4		
2008 12	0.0-7.2	0.0-3.6	2.4	1.1	4.8-12.0	2.4-19.4	1.2-14.04	13.6	7.4
01	0.0-7.2	0.0-4.2	2.3	1.1	4.8-12.0	2.4-19.4	1.4-14.04	13.6	6.9
02	0.0-7.2	0.0-4.2	2.2	1.2	4.8-12.0	2.4-19.4	1.4-15.60	13.4	7.2
03	0.0-5.4	0.0-4.2	2.4	1.1	4.8-12.0	2.4-19.4	1.4-14.04	13.5	6.3
04	0.0-5.4	0.0-3.6	2.1	1.0	4.8-12.0	2.4-19.4	1.4-14.04	13.6	6.2
05	0.0-7.2	0.0-7.2	2.1	1.1	4.8-12.0	2.4-19.4	1.4-14.04	13.2	7.2
06	0.0-7.3	0.0-7.3	2.2	1.1	4.8-12.1	2.4-19.5	1.4-14.05	13.2	7.0
07	0.0-7.3	0.0-7.3	2.3	1.3	4.8-12.1	2.4-19.5	1.4-14.05	13.1	6.8
08	0.0-7.2	0.0-7.2	2.4	1.0	4.8-12.0	2.4-19.4	1.4-14.04	13.2	7.0
09	0.0-7.2	0.0-7.2	2.5	1.1	4.8-12.0	2.4-19.6	1.4-14.04	13.2	7.0
10	0.0-7.2	0.0-7.2	2.5	1.2	3.6-12.0	2.4-19.2	1.2-14.04	13.2	6.3
11	0.0-7.2	0.0-7.2	2.6	1.3	3.6-12.0	2.4-19.2	1.2-14.04	13.24	6.8
2009 12	0.0-7.2	0.0-7.2	2.6	1.8	3.6-12.0	2.4-19.2	1.2-14.04	12.9	6.4
01	0.0-7.2	0.0-7.2	2.6	1.8	0.0-18.0	2.4-19.2	1.2-14.04	12.9	6.2
02	0.0-8.4	0.0-3.0	2.7	1.6	0.0-12.0	6.0-19.2	1.4-14.04	12.3	5.8
03	0.0-8.4	0.0-3.0	2.9	1.6	0.0-12.0	6.0-19.2	1.0-14.04	12.3	5.7
04	0.0-8.4	0.0-3.0	2.9	1.5	0.1-17.0	6.0-19.2	1.0-14.04	12.2	5.7
05	0.0-8.4	0.0-3.0	2.8	1.5	0.0-8.4	2.4-19.2	0.6-14.04	12.0	6.1
06	0.0-8.4	0.0-3.0	2.9	1.6	0.0-8.4	6.0-18.5	0.6-14.04	11.9	5.8
07	0.0-8.4	0.0-3.0	2.9	1.6	0.0-8.4	6.0-19.2	0.6-14.04	11.7	5.7
08	0.0-8.4	0.0-3.0	2.9	1.8	0.0-10.2	6.0-19.2	0.6-14.04	11.8	5.8
09	0.0-8.4	0.0-3.0	3.0	1.8	0.0-8.4	6.0-19.2	0.6-14.04	11.8	5.7
10	0.0-8.4	0.0-3.0	3.5	1.8	0.0-8.4	6.0-19.2	0.6-14.04	11.6	5.4
11	0.0-8.4	0.0-3.0	3.4	2.0	0.0-8.4	6.0-19.2	0.6-14.04	11.1	3.4
2010 12	0.0-8.4	0.0-3.0	3.2	1.6	0.0-8.4	6.0-18.0	0.6-14.04	10.7	4.0
01	0.0-7.2	0.0-3.0	3.2	1.3	0.0-8.4	6.0-18.0	0.6-14.04	10.7	4.3
02	0.0-7.2	0.0-3.0	3.1	1.3	0.0-8.4	6.0-18.5	0.6-14.04	10.6	4.9
03	0.0-7.2	0.0-3.0	3.1	1.3	0.0-8.4	6.0-18.5	0.6-14.04	10.5	5.0
04	0.0-7.2	0.0-3.0	2.9	1.4	0.0-8.4	6.0-18.0	0.6-14.04	10.7	4.8
05	0.0-7.2	0.0-3.0	3.0	1.3	0.0-8.4	6.0-18.0	0.6-14.04	10.4	5.0
06	0.0-7.2	0.0-7.2	3.0	1.3	0.0-8.4	6.0-18.0	0.6-14.04	10.3	4.2
07	0.0-7.2	0.0-7.2	2.9	1.3	0.0-8.4	6.0-18.0	0.6-14.04	10.4	4.9
08	0.0-7.2	0.0-7.2	3.0	1.2	0.0-8.4	6.0-18.0	0.6-14.04	10.3	4.7
09	0.0-7.2	0.0-7.2	2.8	1.1	0.0-8.4	6.0-18.0	0.6-14.04	10.2	4.7
10	0.0-7.2	0.0-7.2	3.0	1.2	0.0-8.4	6.0-18.0	0.6-14.04	10.4	4.7
11	0.0-7.2	0.0-7.2	2.9	1.3	0.0-8.4	3.0-18.0	0.6-14.04	10.5	4.7
2011 12	0.0-7.2	0.0-7.2	2.8	1.1	0.0-8.4	3.0-18.0	1.0-10.2	10.5	4.5
01	0.0-7.2	0.0-7.2	2.9	1.5	0.0-8.4	3.0-18.0	1.0-15.2	10.8	4.6
02	0.0-7.8	0.0-7.2	3.0	1.3	0.0-8.4	3.0-18.0	1.0-15.2	10.8	4.7
03	0.0-7.8	0.0-7.2	2.8	1.4	0.0-8.4	4.0-18.0	1.0-15.2	10.8	4.9
04	0.0-7.8	0.0-7.2	2.8	1.4	0.0-8.4	4.0-18.0	1.0-15.2	11.0	5.6
05	0.0-7.8	0.0-7.2	2.7	1.4	0.0-8.4	3.0-18.0	1.0-15.2	11.2	6.1
06	0.0-7.8	0.0-18.0	2.5	1.4	0.0-8.4	3.0-18.0	1.0-15.2	11.0	5.9
07	0.0-7.8	0.0-18.0	2.6	1.4	0.0-8.4	3.0-18.0	1.0-15.2	11.2	5.9
08	0.0-15.6	0.0-18.0	2.6	1.5	0.0-8.4	3.0-18.0	1.0-15.2	11.4	6.0
09	0.0-15.0	0.0-18.0	2.8	1.5	0.0-8.4	3.0-18.0	1.0-15.2	11.5	5.5
10	0.0-8.0	0.0-14.4	2.9	1.5	0.0-8.4	6.0-18.0	0.6-15.2	11.8	5.6
11	0.0-7.2	0.0-4.8	2.9	1.5	0.0-8.4	6.0-18.0	0.6-15.2	12.0	5.6
2012 12	0.0-7.2	0.0-7.2	2.7	1.3	0.0-8.4	6.0-18.0	0.6-15.2	11.7	6.1
01	0.0-7.2	0.0-7.2	2.9	1.4	1.8-8.4	3.0-18.0	1.2-15.0	11.7	6.2
02	0.0-7.2	0.0-7.2	2.9	1.4	0.1-8.4	3.0-18.0	1.0-10.2	11.5	6.6
03	0.0-7.2	0.0-7.2	3.0	1.5	0.0-8.0	3.0-18.0	1.0-10.2	12.3	7.0
2013 04	0.0-7.2	0.0-7.2	3.0	1.4	0.0-8.0	3.0-18.0	1.0-15.2	12.1	6.0
05	0.0-7.2	0.0-7.2	2.8	1.5	0.1-9.5	3.0-18.0	1.0-15.2	12.2	5.4
06	0.0-7.2	0.0-7.2	2.8	1.5	0.0-9.5	3.0-18.0	0.0-15.2	12.1	5.6
07	0.0-7.2	0.0-7.2	2.8	1.4	0.1-9.5	3.0-18.0	0.0-10.2	11.8	5.5
08	0.0-7.2	0.0-7.2	2.7	1.4	0.0-9.5	3.0-18.0	0.0-10.2	12.2	5.5
09	0.0-7.2	0.0-7.2	2.7	1.5	0.0-9.5	3.0-18.0	0.0-10.2	12.1	5.4
10	0.0-7.2	0.0-7.2	2.6	1.5	0.0-9.6	3.0-18.1	0.0-10.3	12.2	5.3
11	0.0-7.3	0.0-7.3	2.8	1.5	0.0-9.5	3.0-18.1	0.0-10.2	12.3	5.4
12	0.0-7.2	0.0-7.2	2.6	1.5	0.0-9.5	3.0-18.0	0.0-10.2	12.1	5.4

Loan rate

In percent, annual

End of period	Central bank's bills rate					Government treasury bill yield (as a trading rate)						
						Period						
	Policy rate rate	Weighted average rate	1 week	4 weeks	12 weeks	12 weeks	13 weeks	1 year	1.4 years	3 years	5 years	10 years
2000 12		8.6	8.5	10.5								
2001 12		8.6	6.8	8.8								
2002 12		9.9	10.0	10.9								
2003 12		11.5	9.2	11.9								
2004 12		15.75	15.49	15.90								
2005 12		4.75		3.80								
2006 12		6.42										
2007 12	8.40	9.85	8.40		11.50							
2008 12	9.75	14.78	9.75		17.77							
01	9.75	12.07	9.75		13.48							
02	9.75	11.14	9.75		13.48							
03	14.00	13.59	14.00		19.82							
04	14.00	16.14	14.00		19.89							
05	12.75	16.83	12.75		19.68							
06	11.50	16.48	11.50		16.34							
07	11.50	14.05	11.50		14.21							
08	11.50	12.85	11.50		13.54							
09	10.00	11.95	10.00		11.91							
10	10.00	10.89	10.00		12.06							
11	10.00	10.64	10.00		11.90							
2009 12	10.00	10.82	10.00		10.95							
01	10.00	10.45	10.00		11.05							
02	10.00	10.36	10.00		9.99							
03	10.00	10.03	10.00		10.47							
04	10.00	10.03	10.00		9.81							
05	11.00	10.24	11.00*		10.91							
06	11.00	10.87	10.86		11.11							
07	11.00	11.27	10.97		11.61							
08	11.00	11.21	10.87		11.68							
09	11.00	11.01	10.50		11.17							
10	11.00	10.07	9.02		10.70							
11	11.00	10.44	11.00		9.65							
2010 12	11.00	10.99	10.99		10.22							
01	11.00	10.77	10.82		10.63							
02	11.00	10.93	10.96		10.81							
03	11.00	10.81	11.00		10.50							
04	11.50	10.95	10.98		10.86							
05	11.50	11.37	11.40		11.27							
06	11.50	11.65	11.49		11.72							
07	11.50	11.67	11.49		11.72							
08	11.75	11.63	11.50		11.63							
09	11.75	11.77	11.75		11.62							
10	12.25	12.23	11.82		12.29							
11	12.25	13.22	12.25		13.68							
2011 12	12.25	14.25	12.25		15.28							
01	12.25	14.25	12.25		15.80							
02	12.25	14.53	12.25		16.14							
03	12.75	14.42	12.44		16.11							
04	13.25	14.88	12.92		16.11							
05	13.25	15.40	13.25		16.17							
06	13.25	15.69	13.25		16.43							
07	13.25	15.95	13.25		16.63							
08	13.25	16.31	13.25		16.86							
09	13.25	16.59	13.25		16.92							
10	13.25	16.33	13.25		16.87							
11	13.25	16.25	13.25		16.78							
2012 12	13.25	15.47	13.25		16.45							
01	12.50	14.20	13.20		14.98	12.75	12.86	11.65				
02	12.50	13.47	12.50		14.36	11.04	10.49	10.99				
03	12.50	13.27	12.50		14.24	10.32	10.29	10.24				
2013 04	11.50	12.91	11.95	11.50	13.67	10.18	10.39					
05	11.50	12.05	11.50	11.59		10.35	10.76	10.36				
06	10.50	11.39	11.31	11.61		8.75	10.05	10.12		10.52	9.64	
07	10.50	10.47	10.50	9.89		7.74	7.76	8.04				
08	10.50	10.56	10.50	10.76		8.81	8.41	9.75				
09	10.50	10.53	10.50	10.89	12.00	8.95	10.49	9.70				
10	10.50	10.51	10.50	10.70		8.16	8.25	9.22		10.01		
11	10.50	10.51	10.50	10.67		8.52	8.39	8.95		10.73	10.24	
12	10.50	10.54	10.50	10.77		9.15	9.97		10.29	10.72		12.85

Loan rate

In percent, annual

Continued

End of period	*Interbank market rate*						Weighted average lending rates		
	Interbank loans	*Repos*	*Central bank bills*	*Overnight loans*	*Interbank deposits*	*Weigthed average rate*	*Domestic currency*		*Foreign currency*
2000 12							34.70		25.80
2001 12							41.40		22.20
2002 12	15.87	7.18	5.16	12.00		6.91	33.40		19.80
2003 12	15.57	9.59	11.89			10.24	31.48		19.61
2004 12	15.91	15.59	15.74	15.52		15.36	30.00		17.90
2005 12	13.20	4.35	4.92	6.10		6.13	28.30		14.80
2006 12	5.80	6.06		6.16		6.12	24.50		15.50
2007 12	8.39	6.76	8.11	8.67	8.78	8.25	19.90		14.20
2008 12	11.00			19.82	14.71	17.87	20.40		16.80
01	12.13			19.50	18.37	19.15	21.20		17.50
02	12.41	9.75	10.04	19.24	13.66	15.78	21.60		17.00
03	14.07		8.34	19.07	16.50	17.86	20.40		19.40
04	12.37	15.15	14.14	17.02	15.94	15.75	19.45		19.87
05	15.23	15.73	16.72	15.58	14.68	15.33	23.30		17.60
06	15.40	13.96		12.86	20.25	15.05	23.50		16.30
07	13.51	7.36	11.50	10.55	12.70	11.89	23.39		17.64
08	11.00	12.49		8.37	12.06	11.20	23.70		15.90
09	11.00	7.00	11.30	10.00	12.14	11.51	22.16		14.79
10	11.00	6.56	9.74	7.84	12.01	10.36	21.93		15.85
11	11.00	10.86	9.42	7.37	11.98	10.33	18.55		16.40
2009 12	11.00	7.48	9.87	7.15	8.89	8.58	20.82		16.51
01	12.75	5.84	7.51	5.89	6.94	7.22	22.25		15.38
02	11.00	7.88	8.94	8.00	8.00	8.43	21.41		14.94
03	11.00	7.11	6.97	5.29	9.14	7.24	20.05		14.93
04	11.00	5.00			10.43	10.23	20.47		15.57
05	11.00	7.28	10.13	12.33	9.64	9.53	20.17		14.49
06	11.19	9.67	10.85	10.00	10.93	10.42	19.73		13.99
07	11.00	12.50	10.57	10.05	11.41	10.71	19.43		14.33
08	11.00	6.00	9.62	9.47	12.00	8.82	20.39		13.98
09	11.00	10.35	10.39	9.56	11.92	10.33	19.41		14.06
10	11.00	8.28	8.63		11.18	8.63	19.49		13.79
11		8.74	9.66		11.33	9.53	18.88		12.89
2010 12	11.19	10.45	10.32	11.09	6.53	9.45	17.91		12.64
01		8.43	9.63	10.00	11.00	9.33	18.40		12.46
02	11.00	7.46	8.58		11.00	8.38	17.79		12.20
03	11.00	8.82	10.06	10.19	11.86	10.15	15.77		13.03
04	11.00	10.39	10.69	13.44	12.11	11.38	16.38		12.93
05	13.03	11.27	11.48	12.79	14.00	11.71	16.57		14.30
06	13.20	10.29	10.43	11.00	6.09	9.36	16.19		12.27
07	11.30	10.93	11.19	11.29	6.55	9.29	17.38		12.20
08	11.00	10.87	10.66	11.28	6.80	9.18	17.24		12.72
09	11.00	11.36	11.10	11.75	6.80	10.50	16.14		12.10
10	11.00	11.78	11.72	6.71	7.01	10.59	15.90		13.29
11	11.00	12.84	11.87		8.79	11.48	16.07		12.15
2011 12	11.54	12.65	12.84	12.61	8.10	12.11	15.49		12.09
01		12.46	12.39	12.99	10.94	12.27	15.52		13.02
02		12.42	12.02	12.94	11.48	12.27	18.39		14.00
03		11.48	12.38	12.60	12.09	12.17	17.89		12.35
04		13.00	12.93	12.82	12.10	12.91	18.45		12.39
05		12.74	13.29	13.47	7.85	11.50	18.56		12.94
06		13.31	13.03	13.93	8.91	12.39	17.93		12.94
07		13.88	13.25	15.55	7.89	13.30	18.28		12.93
08		14.77	14.44	18.80	7.74	14.13	18.29		14.07
09		15.24	14.21	18.08	10.48	14.80	18.58		14.25
10		14.99		17.81	9.45	15.18	18.74		14.40
11		15.40	15.78	17.92	7.86	14.71	18.58		13.34
2012 12		14.77		18.59	9.75	13.97	18.15	14.9	13.47
01		13.94	13.68	14.94	10.61	13.22	18.90	18.7	13.60
02		13.29	13.37	13.81	7.18	12.48	19.10	18.1	13.10
03		12.91	12.51	14.17	7.05	12.29	19.56	19.5	14.16
2013 04		12.06	12.05	13.93	8.70	11.28	19.10	17.6	13.20
05		11.50	11.44	12.09	8.06	10.74	18.48	16.2	13.24
06		10.35	11.43	11.33	8.77	10.47	17.91	15.8	12.34
07		9.57	9.93	9.49	7.53	8.94	17.30	15.1	12.80
08		10.86	10.66	10.10	6.70	9.96	18.90	16.0	12.50
09		10.55	10.67	10.75	8.62	9.90	19.00	15.3	12.10
10		10.53	10.51	10.97	8.64	9.64	18.82	16.0	12.02
11		10.52	10.51	10.71	8.12	9.13	17.31	15.7	12.29
12		10.49	10.52	10.8	7.04	8.91	17.40	14.9	12.70