



REACHING

NEW

HORIZONS

2013



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OUR MISSION



To be the most innovative, reliable, and profitable bank through high integrity, right strategy and skilled, energetic workforce while giving first priority to providing complete in-demand banking services to our customers in a state-of-the art environment upholding a “bank-customer partnership” culture.

BOARD OF DIRECTORS

Erdenebat Badarch

Tumurkhoo Davaakhuu

Sergelen Davaakhuu

Erdenesanaa Burenjargal
Independent member

Rolf Dieter Woerle
Independent member

EXECUTIVE MANAGEMENT



Chief Executive Officer
Tumurkhoo Davaakhuu



Deputy CEO, Chief Operating Officer
Bayarmaa Tsengel



Human Resource Manager
Battsetseg Baatarxuu



Deputy CEO, Chief Sales Officer
Naranbaatar Radnaa

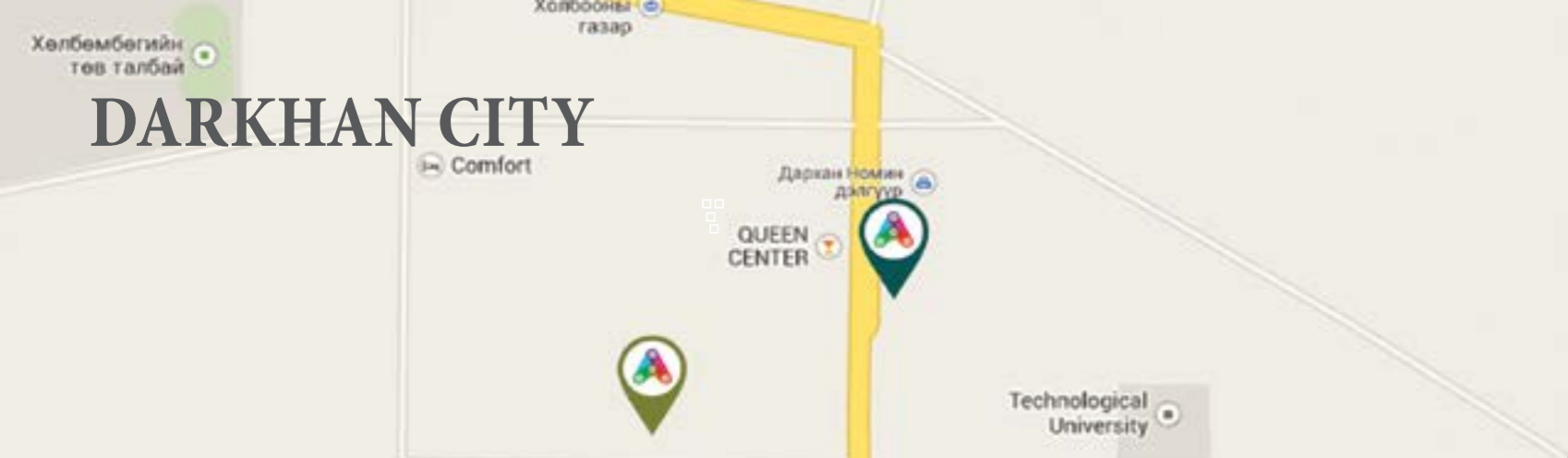


Deputy CEO, Chief Risk Officer
Gelegjants Jav

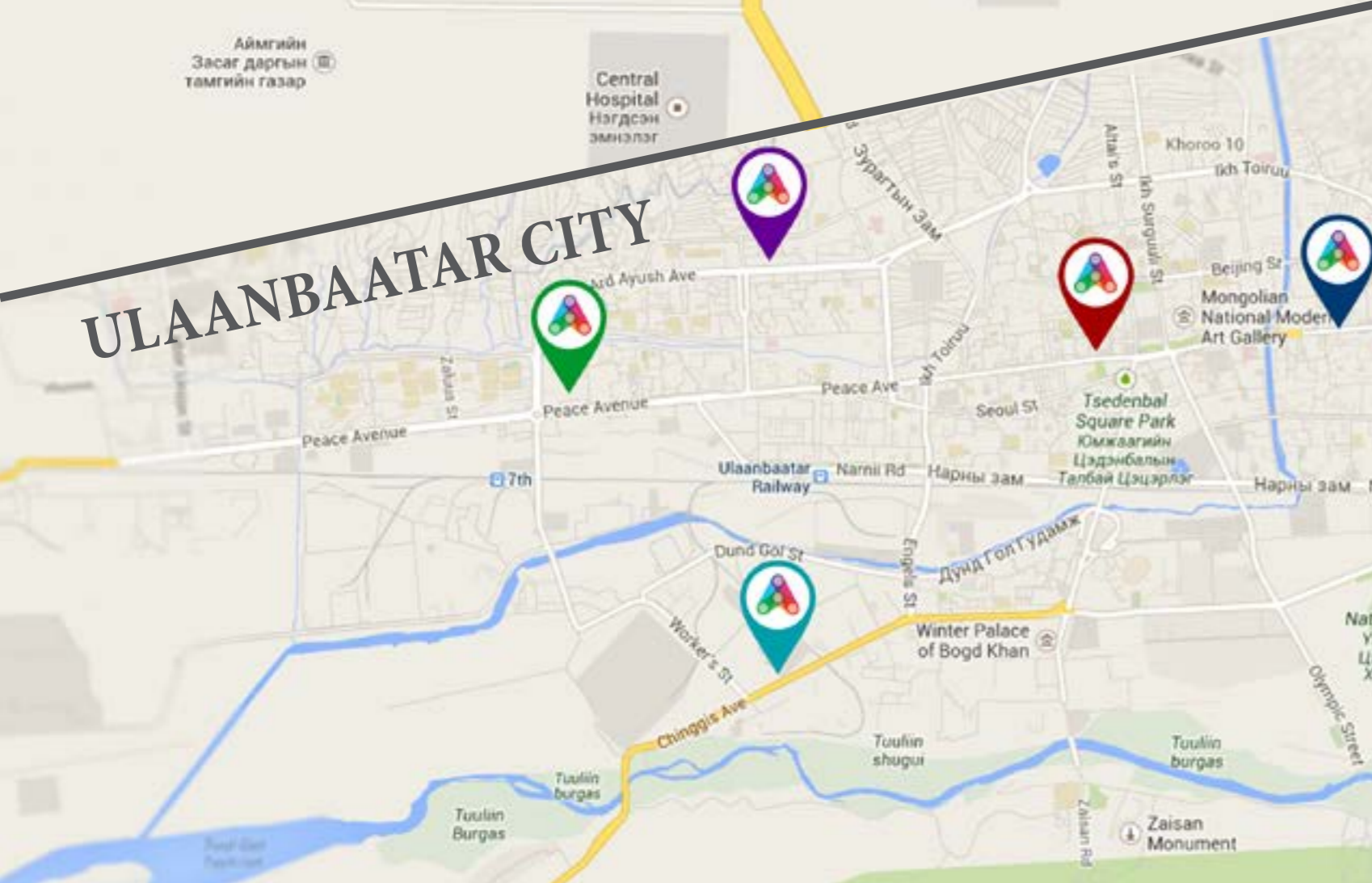


Internal Auditor
Narantsetseg Jamiyn

DARKHAN CITY



ULAANBAATAR CITY



OUR BRANCHES

Branches located in major metropolitan areas in Ulaanbaatar and Darkhan cities.

KHAN-UUL

DUCHIN MYANGAT

KHOROOLOL

SONGINOKHAIRKHAN

BAYANZURKH

NEW DARKHAN

OLD DARKHAN

EXTERNAL AUDITOR



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 Ulaanbaatar 15240, Mongolia
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INDEPENDENT AUDITOR'S REPORT

To the Shareholder of Erel Bank LLC:

We have audited the accompanying financial statements of Erel Bank LLC ("Bank"), which comprise the statement of financial position as at December 31, 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 Banking Law of Mongolia and Guidelines issued by Bank of Mongolia ("the Guidelines") 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.

Auditor's 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 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 auditor's 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 auditor considers 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 basis for our audit opinion.

Deloitte Osh Audit LLC

Deloitte Osh Audit LLC
 Ulaanbaatar, Mongolia
 March 28, 2014



STATEMENT BY EXECUTIVES

We, Tumurkhuu Davaakhuu, the Chief Executive Officer of Erel Bank LLC ("the Company"), and Sarantsetseg Sandagdorj, the General Accountant, being the officers primarily responsible for the financial reporting of the Company, do hereby state that, in our opinion, the accompanying financial statements set out on pages 1 to 57 are drawn up in accordance with the Banking Law of Mongolia and Guidelines issued by the Bank of Mongolia and the financial position of the Company as at December 31, 2013 and of its financial performance and the cash flows of the Company for the year ended are fairly presented.

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 No. 1
 2014.03.28
 Date: _____

CC: _____

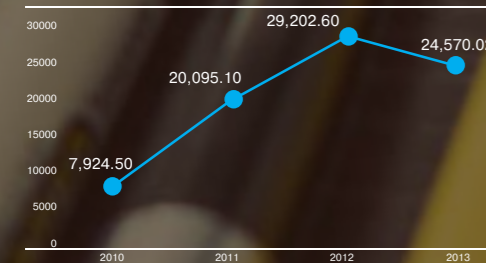
Tumurkhuu Davaakhuu
 Chief Executive Officer

Sarantsetseg Sandagdorj
 General Accountant

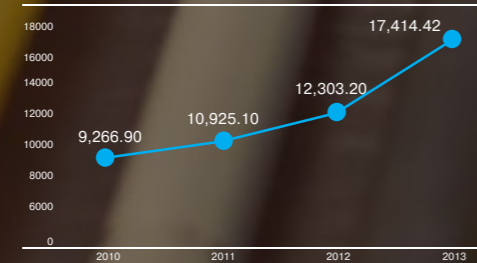
Chinggis Avenue
 Khan-Uul District
 Ulaanbaatar 210626
 Mongolia

KEY STATISTICS

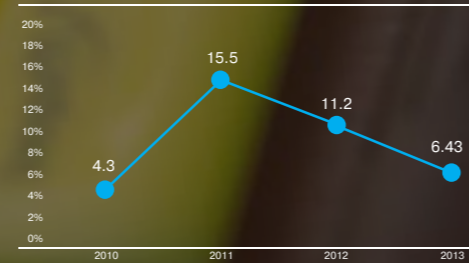
Deposits (in millions of MNT, as of Dec 31)



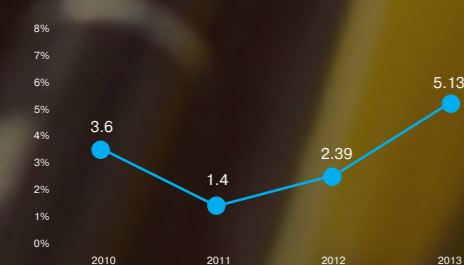
Equity (in millions of MNT, as of Dec 31)



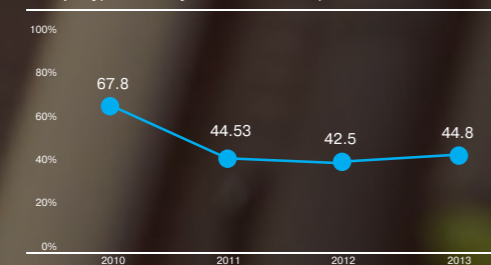
ROE (in %, as of Dec 31)



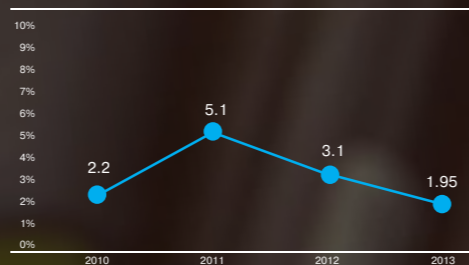
Non performing loans (in %, as of Dec 31)



Equity/Risk Adjusted Assets (in %, as of Dec 31)



ROA (in %, as of Dec 31)



Erelbank

FINANCIAL HIGHLIGHTS

(in thousands of MNT)

ASSETS	2011	2012	2013
Cash and cash equivalents	1,482,164	1,822,843	1,317,312
Current account with other banks	2,884,550	6,403,784	9,504,069
Investment securities	-	1,999,265	4,990,023
Loans /net/	26,523,137	31,373,750	33,844,375
Foreclosed properties /net/	125,847	-	879,555
Fixed assets /net/	1,442,863	1,523,102	1,782,865
Intangible assets	240,500	190,164	158,253
Long-term investments	41,152	41,152	3,550,852
Other assets	469,627	1,044,685	1,405,345
Total assets	33,209,843	44,398,747	57,432,652
LIABILITIES	2011	2012	2013
Current account	418,625	1,655,728	539,500
Deposits	19,676,502	27,546,852	24,030,523
Funds from other banking Institution	1,101,240	1,096,560	13,582,782
Borrowed funds	-	60,000	347,213
Other liabilities	1,088,350	1,736,388	1,588,209
Total liabilities	22,284,718	32,095,529	40,088,228
OWNER'S EQUITY	2011	2012	2013
Equity fund	8,000,000	10,921,083	16,290,000
Reserved and other funds	4,041	4,041	4,041
Current period earnings/loss	1,693,649	1,378,093	1,050,383
Previous period earnings/loss	1,227,434	-	-
TOTAL EQUITY	10,925,124	12,303,218	17,414,424
TOTAL LIABILITIES AND OWNER'S EQUITY	33,209,843	44,398,747	57,432,652
PRUDENTIAL RATIO	2011	2012	2013
Tier 1 Capital adequacy ratio	44.5%	42.2%	44.90%
Capital adequacy ratio	44.5%	42.2%	44.90%
Liquidity ratio	19.6%	31.9%	39.50%
INCOME STATEMENT	2011	2012	2013
Interest Income	4,876,494	7,644,278	8,722,612
Interest Expense	(2,042,110)	(3,925,514)	(4,313,862)
Net Interest Income	2,834,383	3,718,764	4,408,750
Credit Risk Reserve Fund Expense	(74,862)	(367,452)	(537,164)
Net Risk Reserve and asset revaluation expense	(74,862)	(367,452)	(537,164)
Non-interest income	1,519,053	1,271,443	416,629
Non-interest expense	(2,026,727)	(2,234,408)	(3,155,681)
Net Non-Interest Income	(507,673)	(962,965)	(2,739,052)
Operating income	262,796	255,687	115,010
Operating expenses	(625,228)	(1,087,377)	(46,767)
Net Operating income	(362,431)	(831,690)	68,243
Profit before taxation	1,889,416	1,556,656	1,200,776
Income tax expense	195,767	178,562	150,393
Net profit after tax	1,693,649	1,378,093	1,050,383



CONVENIENT PERSONAL BANKING

Erelbank serves a full range of consumer banking needs including; checking, saving accounts, loans and small business services. We strive to provide face-to-face personal experience services as well as concierge-style customer services to make branch visits as convenient as possible. To fully serve and comfort our customers, within each branch we have corners dedicated for children (playground).



PIONEERING THE FUTURE OF DIGITAL BANKING SERVICE

Erelbank is in the stage of researching and developing new technology to pioneer Swipe card readers, mobile payment solution for smart phones that will be suited best for today's modern digital lifestyle. Swipe card readers will enable merchants, small business owners and individuals to cost efficiently receive payments from bank cards in a matter of seconds.

Furthermore, consumers will simply use their bank cards at any corner and anywhere they go, whether taking a cab, riding a bus, or shopping in a market. As a result, ATM hunting and worrying about shopping without cash on hand will be eliminated.



BALANCED RISK MANAGEMENT

Balancing between managing, controlling, and preventing risks are among Erelbank's key priorities. This focus not only ensures that the bank can meet its obligations to its customers but also ensures compliance with the regulations in force. The team, who ensures balanced risk management, consists of Credit Risk management, Liquidity Risk management, Market Risk management, and Operational Risk management sub teams.



OUR STAFF Business success today depends more than ever on employees skills and engagement. We invest in our people by training and developing their skills to thrive in our fast moving and competitive sector.

An effective performance management process is critical to our business success. All employees are evaluated periodically on KPI (Key Performance Indicators) to help our bank define and measure progress. And each time managers provide comprehensive feedback to clarify employee expectations, inform pay and promotion decisions and highlight individuals' strengths and areas that need work.



Ali	Buyant	Munkhtsetseg.	Sarantsetseg	Erdenebaatar	Ankhubayar	Dolgorsuren	Erdenejargal	Bayarmaa	Tuya
Altansukh	Buyankhishig	Myagmar	Tuguldur	Erdene-Ochir	Bayarsaikhan	Sodgerel	Erdenetuya	Gankhuyag	Orkhon
Badamjugnee	Byambaa	Munkh-Aldarmaa	Tumurkhuu	Ariun-Enkh	Gerelt-Od	Tsogbayar	Azzaya	Dulmaa	Jargalmaa
Batbileg	Gelegjamts	Naranbaatar	Turbayar	Baasanbat	Ishdorj	Enkhjargal	Bat-orshikh	Dolgormaa	Sarantuya
Batzaya	Dulamsuren	Narantsetseg.	Temuujin	Gombosuren	Munkhzaya	Enkhtaivan	Byambasuren	Munkhbaatar	Myagmarnaran
Battuvshin	Javkhantugs	Nergui	Undarmaa	Gansuvd	Odontuul	Bat-Orgil	Gantulga	Munkhtsatsralt	Enkhtuul
Battsetseg	Jiizedmaa	Odontsetseg	Uranchimeg	Gereltuya	Orgilmaa	Batchimeg	Gankhuyag	Khorlmaa	Undrakh
Battseren	Zandanshagai	Orgilmaa	Kharibold	Jargalsaikhan	Oyuntsetseg	Ganbaatar	Munkhtsetseg	Enkhtaivan	Tumur-Ochir
Bat-Erdene	Zoljargal	Ochbayar	Tsendsuren	Uyanga	Oyunsuvd	Davaatsogt	Tuvshindalai	Khandiimaa.	Gan-Mumur
Bat-Erdene	Zolzaya	Oyunjargal	Tselmeg	Tserennadmid	Sukhbolor	Temuujin	Tuya	Baasandulam	Batorshikh
Bayarmaa	Zolzaya.	Oyun-Erdene	Enkhzorig	Enkhtsetseg	Tsenguunjav	Delger	Tsetsgee	Oyunzul	
Bayarmaa	Munkhtuya.	Saikhanjargal	Enkhnasan	Erdenechuluun	Bayarkhuu	Tsogjargal	Erdenbayar	Unurjargal	



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