



THE BANK OF MONGOLIA



ANNUAL REPORT 2016

FOREWORD



Bayartsaikhan Nadmid
Governor of the Bank of Mongolia

Honorable Ladies and Gentlemen!

The Bank of Mongolia has reviewed its achievements of 2016 and presents you its annual report.

Economy of Mongolia faced significant challenges in 2016: a rapid decline in economic growth, an increase in budget deficit, a shortfall in the foreign direct investment, price volatility and an arising foreign debt pressure.

In response, the Bank of Mongolia and Ministry of Finance jointly developed a special program entitled “Program to overcome the economic difficulties” and submitted to Parliament. Parliament’s approval of the program enabled the implementation of the following corrective measures for economic stabilization:

First: Exchange rate flexibility greatly encouraged exports, reduced the outflow of foreign currencies, and allowed us to maintain foreign currency reserves a sustainable level of.

Second: The Bank of Mongolia established the policy rate in accordance with the current economic conditions. Given high exchange rate volatility, increasing the policy rate by 4.5 percentage points was crucial in stabilizing the foreign exchange rate and rapidly restoring the stability of the banking sector.

Third: Analyzing mistakes of the past in policy making, we were able to draft suitable amendments to the Law on Central Bank with a view to improving our governance and strengthening our independence.

Fourth: We have taken legal and operational measures to improve our ability to promptly and effectively execute both foreign and domestic payments. To improve the legal framework, we drafted the National Payment System Law, which was submitted to the Parliament by the Government and adopted into law. To ensure the security and continuity of operations in the National Settlement Center under the Bank of Mongolia we have been working with the International Financial Institutions (IFIs) to modernize the Center’s technology and software, and improve the capability of its staff.

The Bank of Mongolia and the Ministry of Finance reached an agreement with the IMF on the Extended Fund Facility arrangement for Mongolia, which marks another significant event in the reporting year. Concessional loans and financing accessible within the EFF framework are key to overcoming Mongolia’s main economic challenges. They make reduction of the debt burden, ensuring currency stability, maintaining international reserves, boosting investor confidence and restructuring the banking and financial sectors possible. Financing on concessional terms by the IFIs under the EFF program has important implications for foreign debt restructuring.

Implementation of the “Program to overcome the economic difficulties” and IMF approval of the EFF arrangement have already begun to have a positive effect on the Mongolian economy. As we prepare this annual report, economic growth has improved, the budget deficit has shrunk; the pressure on the exchange rate and foreign currency reserves is much reduced. We intend to reinforce these positive outcomes, and this requires commitment and hard work from both public and private sectors.

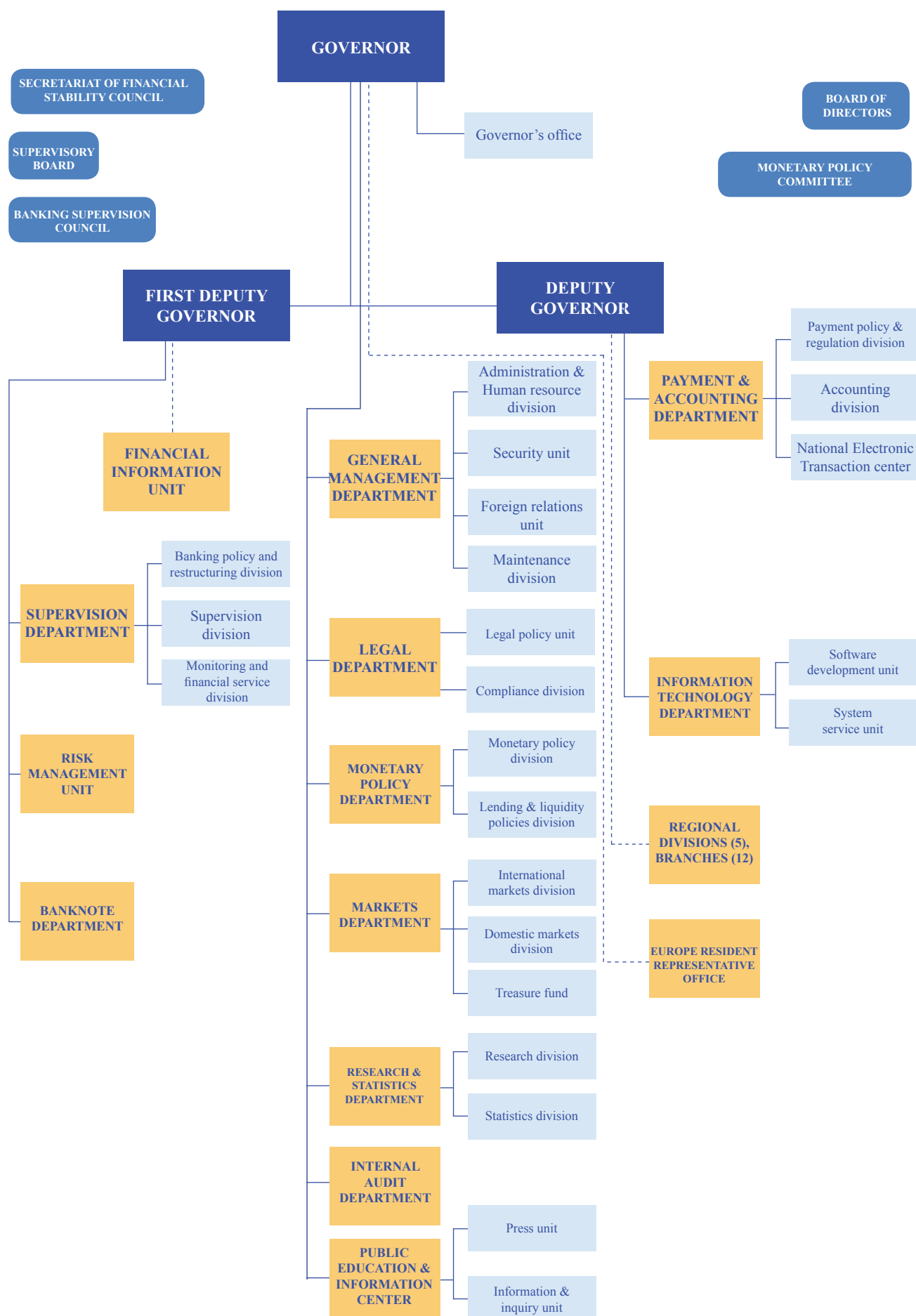
I wish you all success.

Bayartsaikhan Nadmid

Governor of the Bank of Mongolia

A handwritten signature in black ink, appearing to read 'Bayartsaikhan Nadmid', written in a cursive style.

ORGANIZATIONAL CHART OF THE BANK OF MONGOLIA



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MACROECONOMIC OVERVIEW OF MONGOLIA

1

1.1 REAL SECTOR

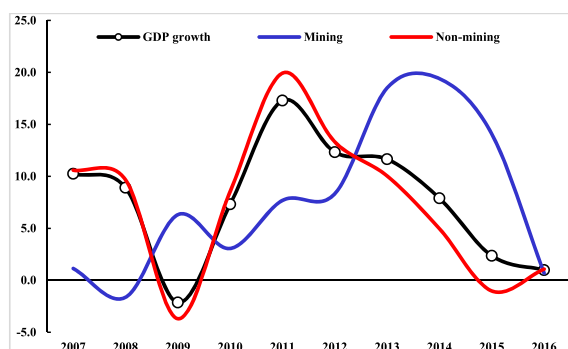
Real sector of the economy

Mongolian real gross domestic product (GDP) grew by 1.0% YOY in 2016, which was 1.4 percentage points lower than the previous year. Mining sector, which contributed significantly to the economic growth in the recent years slowed down considerably by 13 percentage points to 0.7% YOY in 2016. On the other hand, non-mining sectors which contracted by 1.0% YOY in the previous year grew by 1.1% YOY in 2016 (Figure 1).

The main contributions from the supply or production side to the economic growth of 1.0% YOY in 2016 were transportation and agriculture sectors, while construction and trade sectors contributed negatively to the economic growth. Specifically, transportation sector contributed the largest proportion of 0.9 percentage points, while 0.6 percentage points of contribution by agriculture, 0.2 percentage points of contribution by mining and other services¹ each, 0.1 percentage points of contribution by electricity and net tax² each were made to the economic growth. On the other hand, construction contributed -0.6 percentage points; trade contributed -0.4 percentage points and manufacturing contributed -0.1 percentage points negatively to the economic growth (Figure 2).

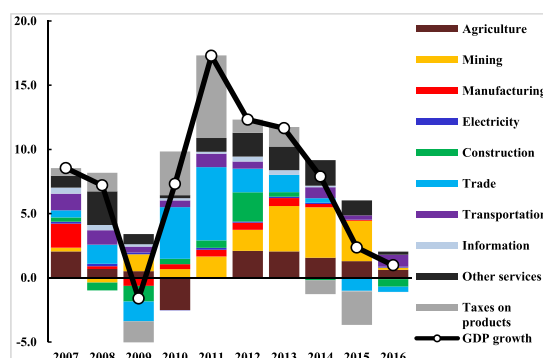
The main contributions to the mining growth of 0.7% YOY in 2016 came from coal, gold, and iron ore production, while copper concentrates and crude oil production contributed negatively to the mining growth. Specifically, coal production amounted to 35.4 million tons (46.7 YOY%); gold production amounted to 18.4 tons (26.7 YOY%); iron ore production amounted to 7.1 million tons (15.8 YOY%); crude oil production amounted to 8.2 million barrels (-5.9 YOY%). A significant decline in the portion of metals in the Oyu Tolgoi copper concentrates contributed to a sharp decline in the mining sector growth in 2016.

Figure 1: Real GDP growth (mining and non-mining)



Source: National Statistics Office

Figure 2: Real GDP growth (by production sectors)



Looking at the contributions from the demand or the expenditure side to the economic growth in 2016, exports of goods and services were the largest with the proportion of 9.4 percentage points, while 3.6 percentage points of contribution by investment, 1.2 percentage points of contribution by government consumption were made to the economic growth. On the other hand, imports of goods and services contributed -8.1 percentage points and household consumption contributed -5.1 percentage points negatively to the economic growth (Figure 3).

¹ The majority of growth in other services' sectors is explained by the growth of financial services, insurance and real estate activities

² Net tax on products mainly comprise of VAT, excise tax, customs duties collected as general government revenues and subsidies

Figure 3: Real GDP growth (by expenditure components)

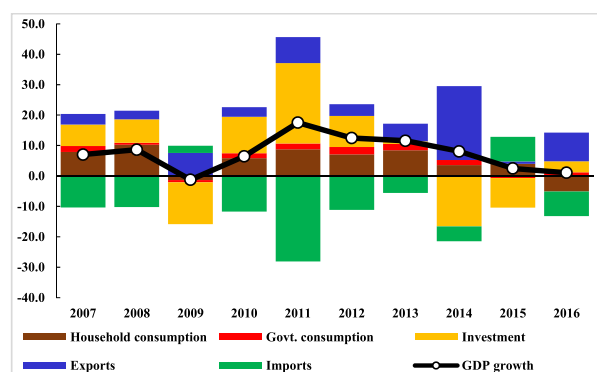
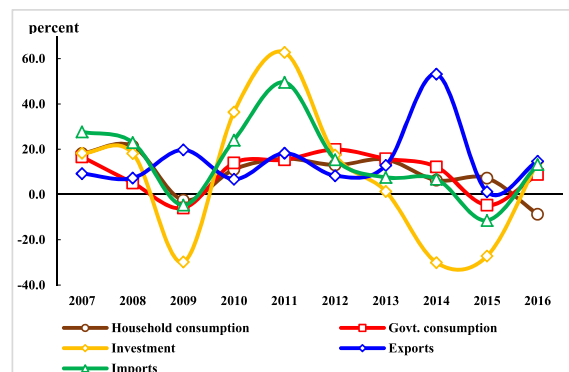


Figure 4: Growth of expenditure components



Source: National Statistics Office

Household consumption, which exhibited positive economic growth contribution throughout the past 6 years, contracted by 8.8% YOY and thus, negatively contributed to the economic growth in 2016. This was mainly explained by the reduction in household income and subsequent fall in household expenditure on mainly food products³. On the other hand, the real growth of government consumption by 8.9% YOY was mainly explained by the 12.9% YOY nominal growth in government goods and services' expenditure and 41.7% YOY nominal growth in current transfers and 27 percentage points increase of debt to GDP ratio (in net present value) to 79.4%.

Investment or gross capital formation which contributed significantly to economic slowdown throughout the past 2 years, rose by 14.3% YOY in real terms in 2016. Out of which: changes in inventories contributed the largest proportion of 10.6 percentage points and gross fixed capital formation contributed the remaining 3.7 percentage points. Moreover, government investment expenditure expanded by 65% YOY in nominal terms in 2016 which was one of the main contributors to investment growth.

Looking at the foreign trade indicators, exports and imports of goods and services grew by 13-15% YOY respectively in real terms in 2016. Specifically, exports expanded by 14.7% YOY, mainly due to the rapid increase in coal and gold exports by 70-80% YOY; while imports grew by 13.3% YOY, mainly due to higher services' imports (Figure 4).

Non-mining sector

Non-mining sector growth of 1.1% in 2016 was mainly explained by the growth in transportation and agriculture sectors, while construction and trade sectors contributed negatively to the non-mining growth.

Growth in transportation sector picked up in 2016 from the previous year to reach 14.8% YOY. This was mainly explained by the growth in freight turnovers of auto road transportation by 27.3% YOY and of railway transportation by 8.5% YOY (Figure 2).

Growth in agriculture sector, which constantly expanded by more than 10% in the recent years slowed down to 4.8% in 2016, though it remained as one of the main contributors to non-mining growth. This was mainly due to the growth in crop production compared to the previous year of unfavorable weather conditions; out of which wheat and cereal production grew by 2.2-2.3 times, vegetable production grew by 30.5% YOY and potato production grew by 1.0% YOY, respectively (Figure 1).

³ From the results of socio-economic household surveys conducted by the National Statistics Office

Figure 1: Growth of agriculture and industry sectors

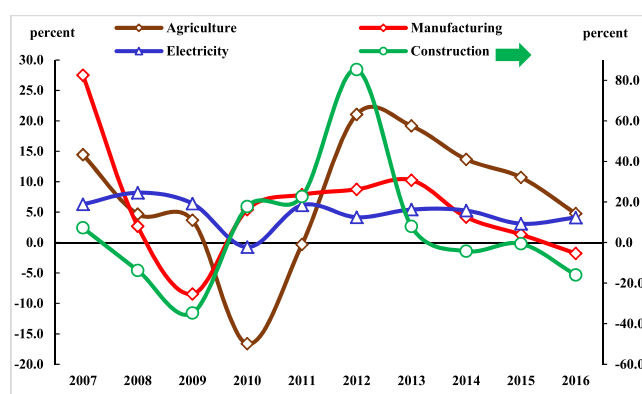
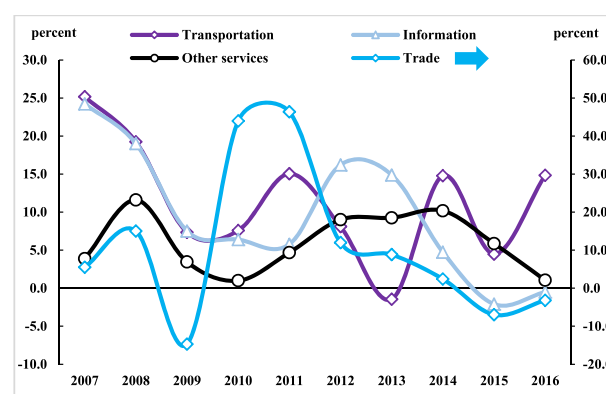


Figure 2: Growth of services' sectors



Source: National Statistics Office

Looking at sectors which contributed negatively to non-mining growth, construction sector, which had been slowing down since 2013 contracted considerably by 15.9% YOY in 2016. Such contraction was mainly explained by the decline in residential construction works by 16.0% YOY and in general engineering construction works of the road, dam, ditch, cable and networks by 3.7% YOY. On the other hand, non-residential construction works for trade and services' purposes grew by 2.5% YOY and thus, contributed positively to construction sector growth (Figure 1).

Moreover, trade sector, which had been contracting for the past 2 years slowed down by 3.2% YOY in 2016. Out of which, shrinkage in retail trade sales by 7.0% YOY in nominal terms mainly contributed to the trade sector decline, while wholesale trade sales grew by 1.8% YOY in nominal terms (Figure 2).

Inflation

It has been stated in the Monetary Policy Guidelines for 2016 that inflation would be targeted at 7% in the medium term. Throughout the reporting year, annual inflation was below the target; remained low and stable and even deflation prevailed for several months during the second half of 2016. Annual inflation measured by the consumer price index reached 1.1% nationwide and 0.5% in Ulaanbaatar as of the end of 2016. These were 0.8 and 0.6 percentage points lower, respectively, compared to the end of 2015. The contraction in economic growth, high unemployment rate, subdued household income led to a lower demand-driven inflation pressure, while relatively low meat prices; unchanged state-administrated services' prices and fuel, gasoline prices resulted in no supply-driven pressure on inflation in 2016.

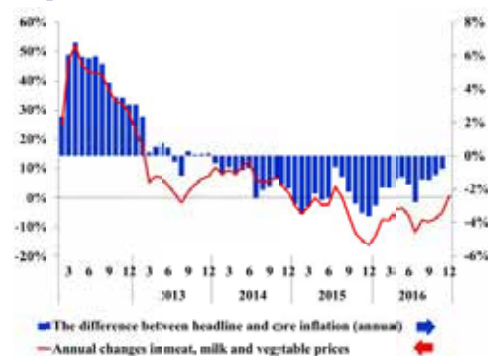
Annual core inflation, which excludes goods with volatile prices from the consumer basket stood at 0.5% by the end of 2016, which was 4.3 percentage points lower compared to the end of the previous year. The prices of goods such as meat, milk, and vegetables remained at a low level in the last 2 years induced to a lower inflation. Though the annual change in average prices of goods mentioned above remained negative during most of the reporting year, it turned positive to reach 0.4% by December 2016, mainly owing to increases in meat prices. Subsequently, this led to the difference between core and headline inflation rates to dissipate in the recent months (Figure 2).

Figure 1. Monthly and annual inflation in Ulaanbaatar



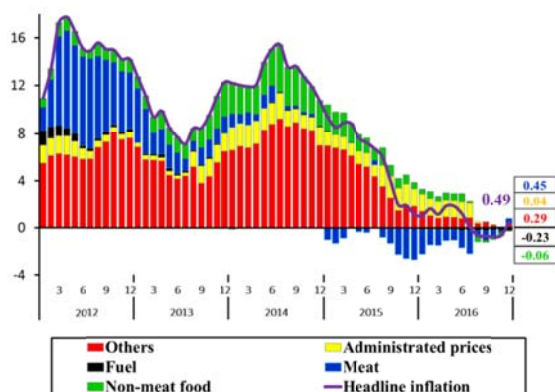
Source: National Statistics Office

Figure 2. Difference between core and headline inflation dissipated



Looking at the breakdown of the 2016 year-end inflation of 0.5% in Ulaanbaatar, prices of meat and meat-related products contributed 0.45 percentage points (3.11 percentage points up YOY), state-administrated services' prices contributed 0.04 percentage points (-1.40 percentage points YOY), other goods and services contributed 0.29 percentage points (-1.53 percentage points YOY), while price of non-meat food products contributed -0.06 percentage points (-0.58 percentage points YOY) and fuel and gasoline prices contributed -0.23 percentage points (-0.23 percentage points YOY), respectively. Food prices' contribution to annual inflation in Ulaanbaatar turned positive for the first time in the last 16 months. On the other hand, the contribution of non-food prices to the annual inflation, which had been consistently declining in the past two and half years, stood at around 0% by the end of 2016.

Figure 3. Annual inflation in Ulaanbaatar and its contribution



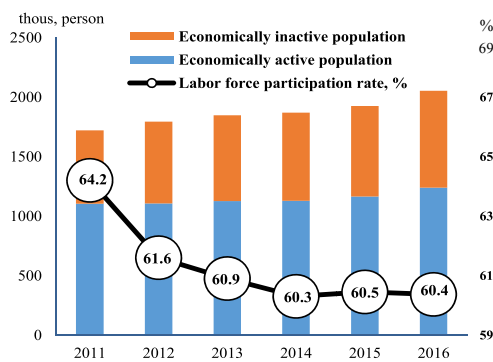
Source: National Statistics Office

Employment

Working-age population grew by 6.7% YOY and reached 2053.9 thousand by the end of 2016. The labor force participation rate⁴ stood at 60.4%, a decrease of 0.1 percentage points from the previous year (Figure 1). While the total number of employed increased by 65.3 thousand from that of the previous year and reached 1132.8 thousand; the total number of unemployed also grew by 10.5 thousand, thus the unemployment rate reached 8.6% (Figure 2). Growth in a number of employees was relatively less in sectors with higher imported inputs and relatively higher in sectors with lower imported inputs. Particularly, the number of employees in construction and transportation sectors declined, while the number of employees in agriculture, defense and security sectors increased in 2016.

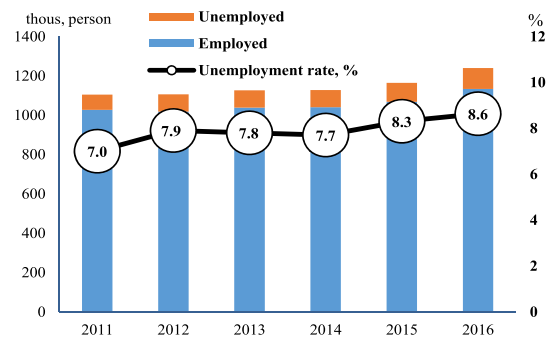
⁴ The labor force participation rate indicates the ratio of economically active population to total working-age population (over 15 years old).

Figure 1: Labor force participation rate



Source: National Statistics Office

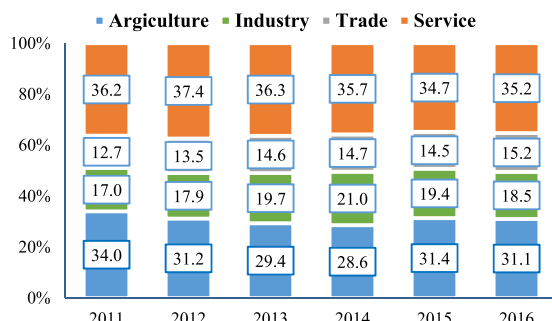
Figure 2: Unemployment rate



Considering the total number of employed in terms of the economic sectors, 398.9 thousand people (35.2%) were employed in the services sector, 352 thousand people (31.1%) were employed in the agricultural sector and 209.2 thousand people (18.5%) were employed in the manufacturing sector as of 2016 (Figure 3).

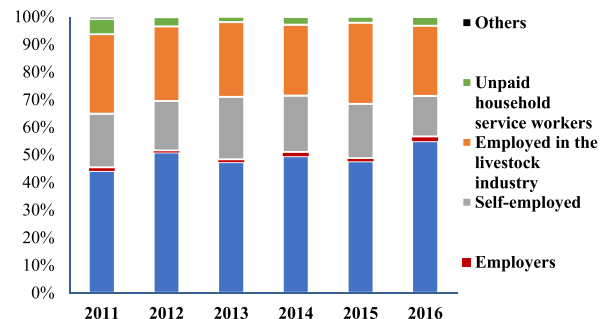
As regards to the employment patterns in 2016, 621.5 thousand people (54.9% of the total employed) are paid-employees, 19.6 thousand people (1.7%) are employers, 165.7 thousand people (14.6%) are self-employed, 35.7 thousand people (3.2%) are unpaid household service workers and 287.8 thousand people (25.4%) were employed in the livestock industry (Figure 4).

Figure 3: Number of Employees, by economic sectors



Source: National Statistics Office

Figure 4: Number of employees, by employment patterns



1.2 EXTERNAL BALANCES

Balance of Payments

In 2016, Mongolia's current and capital account had a deficit of USD 609 million, the financial account had a surplus of USD 812 million, and errors and omissions totaled minus USD 221 million. As a result, the overall balance of payments showed a deficit of USD 18.2 million, a reduction of USD 250 million, or 93%, compared to 2015.

Since the fourth quarter of 2016 Mongolia has adopted the IMF's Balance of Payments & International Investment Position Manual №6 (BPM6). In order to improve the quality and accuracy of its statistics, the Bank of Mongolia (BoM) revised the BOP series from 2011 in line with the BPM6, based on the findings of over 20 surveys and studies conducted between 2012-2015.

Figure 1. Balance of Payment

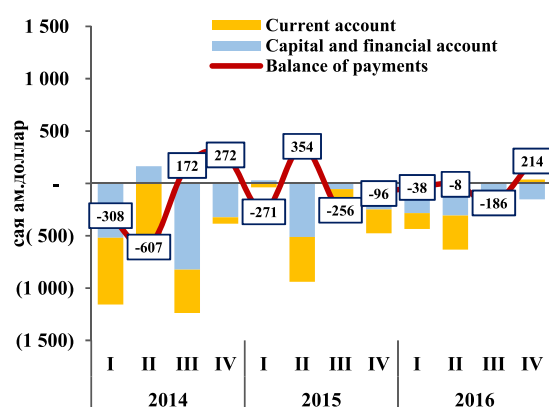
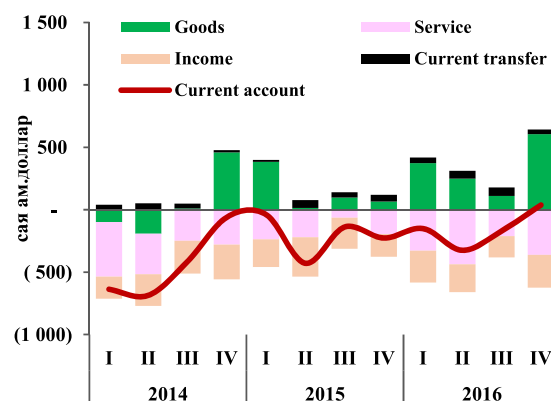


Figure 2. Current account composition

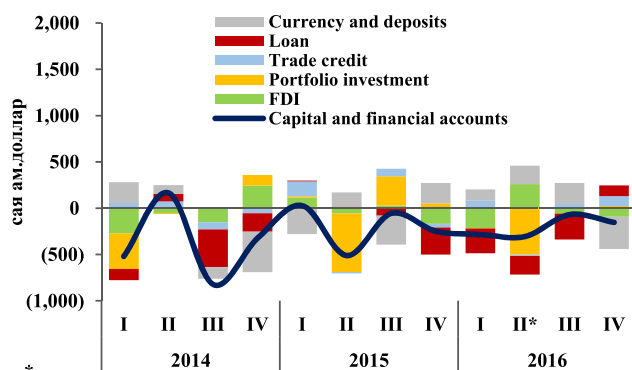


Source: The Bank of Mongolia

In 2016, the current and capital account deficit decreased by 27% or USD 224 million over the previous year. The decrease was mainly due to a surplus in the export of goods and services account – an increase of 138% or USD 775 million and a decrease by 87% or USD 623 million in the services account deficit.

The ratio of current account deficit to GDP for 2011-2014 was 40% on average; meanwhile the ratio went down to 7% for 2015, and 5% for 2016, respectively.

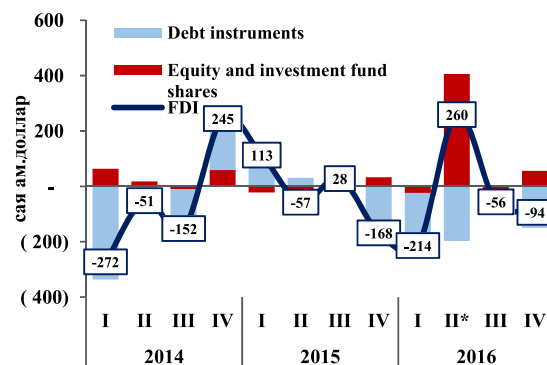
Figure 2. Capital and Financial account composition



* The above graph does not show the USD 4.3 billion commercial loan and paid USD 4.2 billion investor loan of “Oyu Tolgoi” LLC for the 2nd quarter of 2016

Source: The Bank of Mongolia

Figure 3. FDI composition



In 2016, the surplus on the financial account decreased by 3% or USD 24 million compared to the previous year, amounting to a final total of USD 812 million. Nonetheless, according to the IMF's BPM6 Balance of Payments manual, Mongolia had net borrowing from the rest of the world during this period.

Trade in goods

Mongolia's trade balance recorded a surplus of USD 1558 million in 2016, the third year with a surplus.

Table 1. Foreign trade performance (in millions of USD)

Category	2014	2015	2016	Change (16'/15')	
				Value	%
Turnover	11 011	8 467	8 274	-192	-2%
Export	5 774	4 669	4 916	247	5%
Import	5 237	3 798	3 358	-439	-12%
Balance	538	872	1 558	686	

Source: Custom and taxation general administration

The trade balance recorded a surplus thanks to a 12% decline in the value of imports and a 5% increase in exports. That increased surplus (it rose by USD 686 million) was therefore mainly due to a decline in imports, which outweighed the rise in exports. As a result, the turnover accounted for by total external trade decreased by 2% from the previous year.

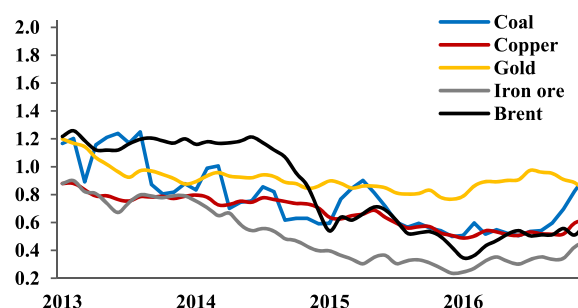
Exports: Exports increased by 5% or USD 247 million, over the previous year. The increase was mainly due to increases in coal exports of USD 413 million; non-monetary gold of USD 338 million; and equipment exports of USD 79 million. These increases were driven by increases in volume, which compensated for a decline in the price.

Gold price: Gold price index rose by 8% – the purchase of gold accelerated in 2016 as a result of uncertainties caused by the US presidential election result, increased global political uncertainty and the general economic situation.

Copper price: The continued slowdown in the economic growth of China – consumer of 45-50% of the world's supply of copper – has had a strong negative effect on its industry and consequent demand for basic metals.

However, in the fourth quarter of 2016 the price of copper actually increased on the possible expectation of increased infrastructure investment in the USA following the presidential election – resulting in an overall YOY rise of 22% in the price of refined copper on the London Metal Exchange.

Figure 1. Commodity price index in global market (2010/12=1.0)



Source: Bloomberg

Coking coal price: With the restructuring of the Chinese economy, investment in the manufacture of steel has declined and with it demand for coking coal. However, the Chinese government has dramatically cut back on local coal mining, and as a result the border price of all types of coal rose by 87% and the iron ore price index by 97% at year end 2016.

Crude oil price: In 2016 the crude oil price index rose by 41% following the agreement between OPEC countries and 11 other oil producing nations, including Russia, to cut production by 1.2 million barrels.

Table 2. Export of goods (in millions of USD)

Category	2015			2016			Change	
	Volume (unit)	Value	%	Volume (unit)	Value	%	Value	%
1. Mining products		4 092	88%		4 238	86%	146	4%
1.1. Copper ores and concentrates	1 478	2 280	49%	1 554	1 606	33%	(674)	-30%
1.2. Coal	14 426	555	12%	25 607	968	20%	413	74%
1.3. Crude oil	8 135	387	8%	7 977	336	7%	(52)	-13%
1.4. Iron ores and concentrates	5 065	227	5%	6 425	261	5%	33	15%
1.5. Non-monetary gold/kg/	11 343	421	9%	19 169	758	15%	338	80%
1.6. Zinc ores and concentrates	84	102	2%	126	144	3%	42	41%
1.7. Fluorspar, leucite, nephile etc.	280	65	1%	247	59	1%	(7)	-10%
1.8. Molybdenum ores and concentrates	5	29	1%	6	26	1%	(3)	-10%
1.9. Tungsten ores and concentrates	2	14	0%	1	10	0%	(4)	-26%
1.10. Silver/tonnes/	54	10	0%	95	39	1%	29	278%
1.11. Other	53	2	0%	133	31	1%	30	
2. Animal products		329	7%		316	6%	(13)	-4%
2.1. Live animals, meat	5	14	0%	9	19	0%	5	37%
2.2. Hide, skin and leather	340	33	1%	173	24	0%	(9)	-26%
2.3. Cashing	0	9	0%	0	7	0%	(2)	-26%
2.4. Cashmere	7	252	5%	7	242	5%	(10)	-4%
2.5. Wool, other hair	14	21	0%	16	22	0%	1	5%
2.6. Other	0	1	0%	1	2	0%	1	242%
3. Horticultural products		27	1%		24	0%	(3)	-12%
4. Manufacturing goods		219	5%		337	7%	118	54%
4.1. Food	4	26	1%	9	43	1%	17	67%
4.2. Cashmere goods	1	25	1%	1	26	1%	1	3%
4.3. Other apparel, footwear etc	1	10	0%	2	20	0%	9	x5
4.4. Mining products	35	78	2%	31	88	2%	9	12%
4.5. Electronic goods	0	4	0%	0	5	0%	1	25%
4.6. Machinery, equipment and their parts	1	70	1%	1	148	3%	78	x3
4.7. Other	185	6	0%	237	8	0%	2	36%
5. Other		2	0%		1	0%	(1)	-59%
Total		4 669			4 916		247	5%

Source: Custom and taxation general administration, the Bank of Mongolia

Imports: In 2016 imports fell by 12% or USD 439 million. The decrease was mainly affected by the following:

- Investment decline in Mongolia and the slowdown in the mining sector caused machinery and equipment imports.
- Due to increased domestic production of construction materials, imports of those materials decreased by USD 190 million.
- The value of Mongolian oil imports declined by USD 174 million, reflecting the fall in the world price of oil.

Table 3. Import of goods (in millions of USD)

Category	2015		2016		Change	
	Value	%	Value	%	Value	%
Consumer goods	1 101	29%	1 159	35%	58	5%
Non-durables	643	17%	652	19%	9	1%
Food	445	12%	453	13%	8	2%
Medical and pharmaceutical products	75	2%	90	3%	16	21%
Other non-durables	123	3%	109	3%	(15)	-12%
Durables	459	12%	507	15%	49	11%
Clothing	49	1%	53	2%	4	8%
Household electrical appliances and furniture	94	2%	97	3%	3	3%
Passenger cars and parts	254	7%	294	9%	41	16%
Other durables	62	2%	63	2%	1	2%
Capital goods	1 447	38%	1 152	34%	(295)	-20%
Machinery, equipment, supplies and vehicles	757	20%	685	20%	(72)	-10%
Construction materials	473	12%	283	8%	(190)	-40%
Other capital goods	218	6%	185	6%	(33)	-15%
Intermediate goods and industrial materials	512	13%	508	15%	(4)	-1%
Fuels	707	19%	533	16%	(174)	-25%
Dissels	377	10%	257	8%	(119)	-32%
Gasolines A92-95	228	6%	165	5%	(63)	-28%
Gasolines A80 and other fuels	103	3%	111	3%	8	8%
Other	29	1%	6	0%	(23)	-80%
Total	3 798		3 358		(439)	-12%

Source: Custom and taxation general administration, the Bank of Mongolia

As the prices of passenger cars and its parts, and medical and pharmaceutical products increased, the imports of consumer goods rose by USD 58 million from the previous year.

Trade in services

In 2016, the services account deficit increased by 87% over the previous year, reaching USD 1338 million.

The service account deficit was mostly affected by the following: business management, the consulting and professional service deficit increased by 203% or USD 529 million; the financial services deficit increased by 294% or USD 205 million. The increase has come mainly from services: in particular fees for architecture, engineering and other technical services to mining enterprises.

Table 4. Foreign trade in services (in millions of USD)

Service account	2014	2015	2016	Change (16/15')	
				Value	%
1. Transportation	-190	-106	-176	70	66%
2. Travel	-258	-176	-166	-10	-6%
3. Construction services	-91	-81	-137	56	70%
4. Insurance services	-12	-24	-15	-9	-36%
5. Financial services	-100	-52	-205	153	294%
6. Royalties and license services	-11	-13	-23	9	72%
7. Communication, computer and information services	-102	-72	-69	-3	-4%
8. Other business services	-472	-174	-529	355	203%
13. Other services	-55	-18	-18	1	3%
Total services	-1289	-715	-1338	623	87%

Source: The Bank of Mongolia

International investment position

Mongolia's net international investment position stood at USD -29,353 million for the year 2016. Mongolia's total investment abroad, or net foreign assets, were USD 4,309 million, of which 51% were foreign exchange reserves, 30% was other investment, 11% was direct investment, 6% was portfolio investment and the remaining 2% was accounted for as financial derivatives.

On the other hand, total investment in Mongolia, or net foreign liabilities were USD 33,662 million, of which 48% represented other investment liabilities, 41% was foreign direct investment and the remaining 11% was portfolio investment. Out of total foreign direct investment in Mongolia, 54% or USD 8,851 million came under shareholders' investment on share capital, while 46% or USD 7,426 million were the stock of loans from parent companies, defined as inter-company lending.

Table 5. **Mongolia's international investment position, at the end of 2016 / in millions of USD/**

A. Foreign assets	4 309	B. Foreign liabilities	33 662
1. Direct investment abroad	455	1. Foreign direct investment in Mongolia	16 277
2. Portfolio investment	280	2. Portfolio investment	3 631
3. Financial derivatives	100	3. Financial derivatives	116
4. Other investment	2 178	4. Other investment	13 638
5. Reserve assets	1 296		
		B. Position	-29 353

Source: The Bank of Mongolia

The (short) International Investment position increased by 3% or USD 721 million in 2016 year on year. The increase comes from:

- Short positions in Foreign Direct Investment which fell by USD 4,434 million; short positions in Other Investment and Portfolio Investment increased by USD 4,658 million and USD 507 million respectively.
- Reserve assets declined by 2% or USD 27 million.

Table 6. **Changes in international investment position (in millions of USD)**

Indicators	2014	2015	2016	Change (16'/15')	
				Amt	%
Foreign direct investment	-19 820	-20 257	-15 822	-4 434	-22%
Portfolio investment	-2 659	-2 844	-3 351	507	18%
Financial derivatives	-4	-51	-15	36	-70%
Other investment	-6 397	-6 802	-11 460	4 658	68%
Foreign exchange	1 650	1 323	1 296	-27	-2%
Total position	-27 230	-28 632	-29 353	721	3%

Source: The Bank of Mongolia

External debt

At the end of 2016, Mongolia's outstanding external debt totaled USD 24,625 million, an increase of 8% or USD 1,907 million compared to the previous year. The increase was mainly due to the following:

- External debt in Other Sector increased by 117% due to Oyu Tolgoi's long-term loan from foreign banks and financial institutions.
- Government external debt increased by 29% or USD 1,109 million, due to increased concessional borrowing by the government from foreign organizations and financial institutions.

Table 7. **The Gross External Debt of Mongolia (in millions of USD)**

Indicators	2014	2015	2016	Change (16'/15')	
				Amt	%
Total external debt	21 851	22 718	24 625	1 907	8%
I. Government	3 501	3 760	4 869	1 109	29%
(Gov) GDP	28%	31%	41%	10,7%	
II. Central bank	1 570	1 960	1 791	-169	-9%
III. Deposit-taking corporations (Other than Central bank)	1 762	2 129	2 417	289	14%
Short-term	357	407	469	62	15%
Long-term	1 406	1 721	1 948	227	13%
IV. Other sector	3 977	3 749	8 121	4 373	117%
Short-term	555	326	394	68	21%
Long-term	3 421	3 423	7 727	4 304	126%
V. Intercompany lending	11 041	11 121	7 426	-3 695	-33%

Source: Ministry of Finance and the Bank of Mongolia

The Government external debt⁵-to-GDP ratio was stable at 29-31% during 2014-2015, showing in 2016 an increase of 41%.

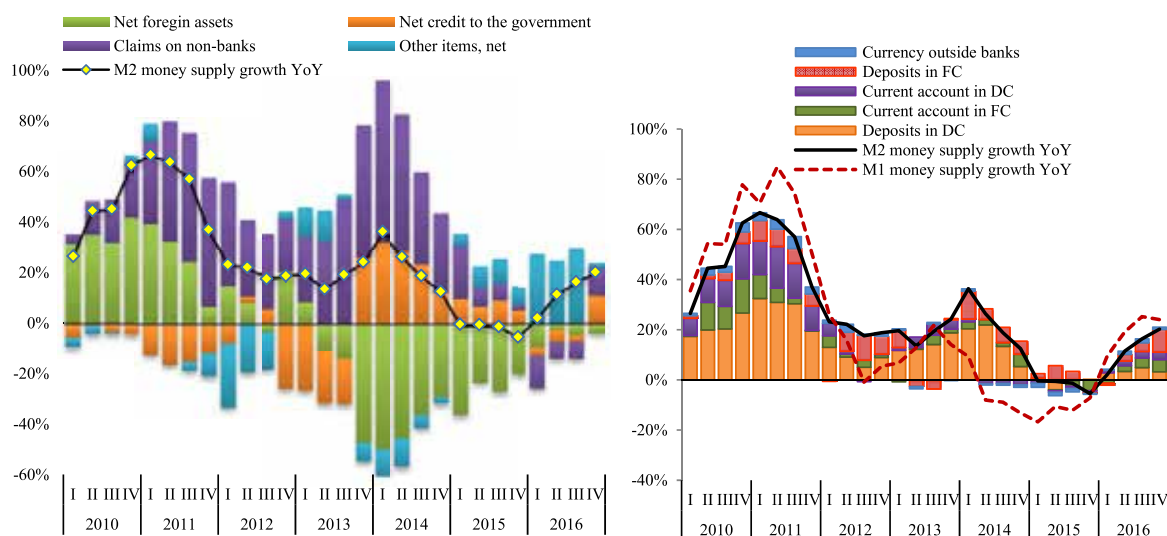
1.3 MONETARY AND FINANCIAL SECTOR

Money and credit indicators

M2 has increased by 20.2 %, reaching MNT 12.1 trillion. Outstanding loans to Depository Corporations, including loans transferred to Mongolian mortgage institutions, rose by 6.1% and reached MNT 14.5 trillion at the end of 2016.

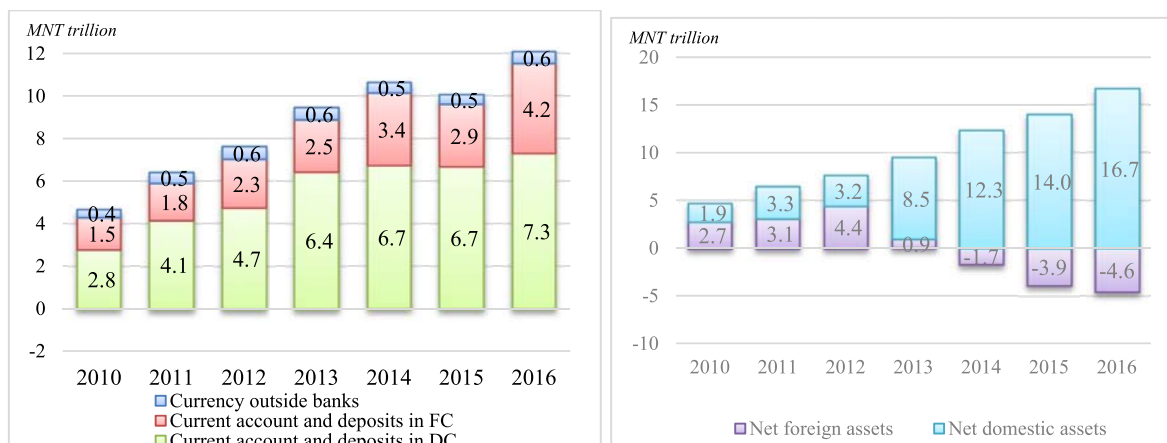
The increase in sources of funding and in total savings in the banking system have increased the money supply. The growth of deposits by individuals made a major contribution. For example, deposits by individuals in domestic currency rose by MNT 826.4 billion, and deposits by individuals in foreign currency increased by MNT 907.6 billion. In addition, (the highly liquid) M1 money (or current account in domestic currency and currency outside banks) increased by 24 %.

Figure 1. Contributions to annual growth of M2: Assets and Liabilities



The annual growth rate of net domestic assets (NDA) increased from 12.3% to 17.2% in 2016, and accounts for 138% of M2. A reduction in capital inflow, together with the slow growth of foreign currency inflows caused net foreign assets (NFA) to decrease by 10.1% in 2016.

Figure 2. The M2 money supply components: Assets and Liabilities



⁵ According to the international standard, external debt of the Development Bank of Mongolia is classified to other sector category

Credit to Financial Institutions⁶ increased by 9.2% over the previous year. Of the total, outstanding loans 63.3% were made by financial institutions to depository corporations, 15.9% were loans transferred to the Government, 10.9% were to Mongolian Mortgage Corporations, and 9.9% to the Development Bank of Mongolia.

Newly issued bank loans increased by 18.9%, in 2016. Loans in Mining construction decreased from the previous year. On the other hand, loans for consumption purposes, for salaries, pension loans, real estate, finance and insurance all increased.

Figure 3. The annual growth rate of credit of financial institutions, by components

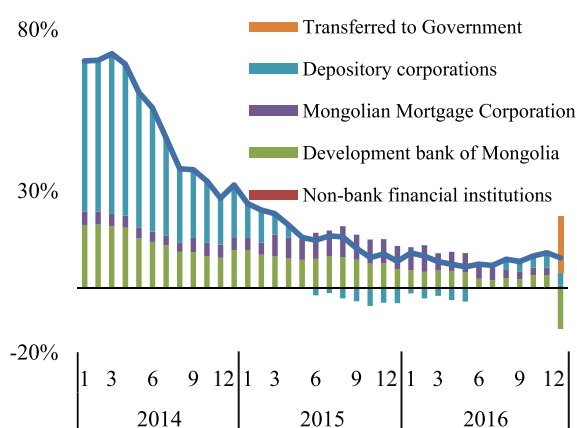
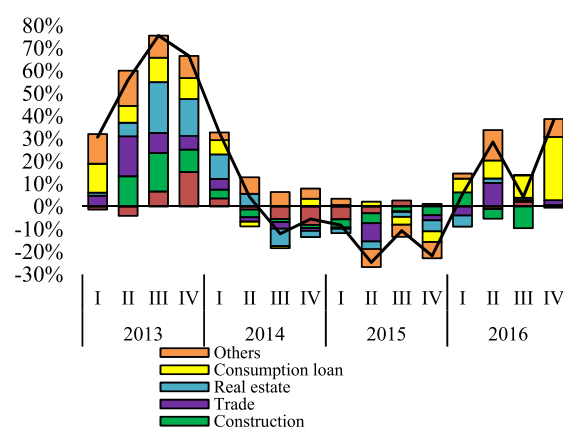


Figure 4. Growth of newly issued loans of banks YoY, by sector



The banks' ratio of non-performing bank loans to total loans increased by 1.4 percentage points and reached 8.5% at the end of 2016. The ratio of overdue loans to total loans increased by 0.1 percentage points to 7.3%. In terms of economic sectors, the mining sector made the biggest contribution to the increase of non-performing loans.

Loans in domestic currency accounted for 81.0% of total loans, and those in foreign currency for 19.0%.

The financial sector (of Mongolia)

The structure of the financial sector of a country varies with levels of concentration in banking or the stock market. Indicators used to define the structure of the financial sector include: assets; profits; and capital ratios for banks, non-bank financial institutions, insurance companies, savings and credit unions, and intermediary securities companies. The financial sector structure of Mongolia has been using the above indicators for the last two years. On that basis, the banking sector made up 5.5% of the total assets, 70.1% of the total profits, and 79.1% of the total equity capital tied up in the financial sector at the end of 2016.

⁶ Financial institutions include banks, savings, credit cooperatives, Mongolian Mortgage Corporation (MMC), Development Bank of Mongolia (DBM) and non-bank financial institutions. The loan issued by the DBM was transferred to the Government at the end of 2016. The loan had a condition of repayment from the government budget.

Table 1. Financial sector structure, MNT Billion

	Assets		Profits		Equity	
	Amount	% of	Amount	% of	Amount	% of
2016						
Bank	25 338	95,5%	176	70,1%	2 936	79,1%
Non-bank financial institutions	787	3,0%	59	23,5%	578	19,1%
Insurance	208	0,8%	11,4	4,5%	105,8	3,5%
Credit & Savings union	113	0,4%	3,8	1,5%	24,3	0,8%
Securities participant	91	0,3%	1,0	0,4%	66,8	2,2%
2015						
Bank	21 521	95,7%	218	79,9%	2 427	80,1%
Non-bank financial institutions	623	2,8%	46	17,0%	424	14,0%
Insurance	173	0,8%	7,1	2,6%	94	3,1%
Credit & Savings union	98	0,4%	2,2	0,8%	21	0,7%
Securities participant	68	0,3%	-0,7	-0,3%	62	2,0%
2014						
Bank	22 582	96,6%	326	88,5%	2 134	81,7%
Non-bank financial institutions	508	2,2%	36	9,9%	332	12,7%
Insurance	153	0,7%	2,2	0,6%	75	2,9%
Credit & Savings union	81	0,3%	4,0	1,1%	19	0,7%
Securities participant	56	0,2%	-0,2	-0,1%	53	2,0%

Source: The Bank of Mongolia, Financial Regulatory Commission

The Financial Sector is a multi-dimensional system composed of financial institutions, instruments, markets, a regulatory framework, etc. Development of the financial sector depends in large part on the effectiveness of measures taken to reduce costs in the financial system – and in Mongolia, that has covered the process of reducing the costs of acquiring information; enforcing contracts; and making transactions related to financial contracts and intermediaries. The World Bank Global Financial Development Database circulates country data on financial access, depth, efficiency and stability to quantify financial sector development. A comparison between some of Mongolia's financial sector development indicators as of 2016 and GFDD's latest database as of 2014 is shown below.

Figure 1. Access to financial services

(ATMs per 1000 adults)

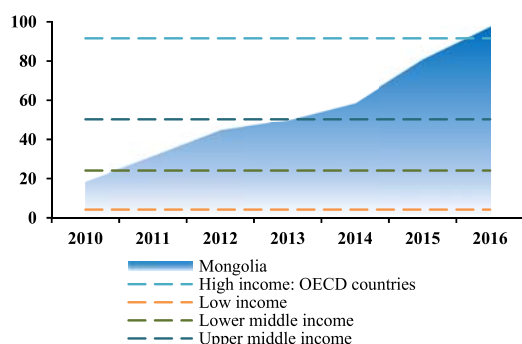


Figure 3. Sector efficiency

(Bank lending-deposit spread)

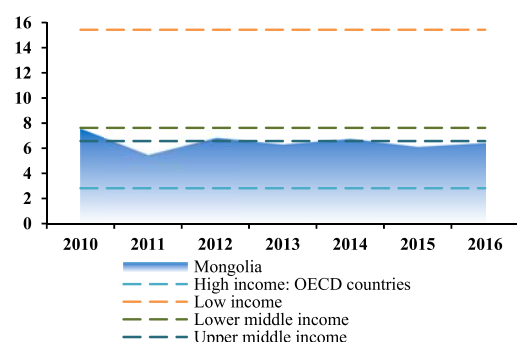


Figure 2. Financial depth

(Domestic credit to private sector, as a percentage of GDP)

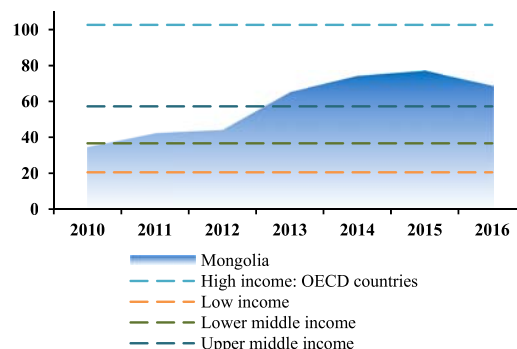
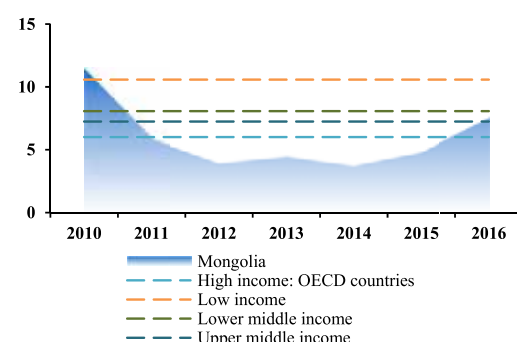


Figure 4. Stability

(Bank non-performing loans to gross loans)



Source: World Bank, Global Financial Development Database (GFDD), the Bank of Mongolia

Explanation: Some of the financial sector development indicators for Mongolia 2016 have been compared to those of other country groups in 2014 due to certain data not being available.

In Mongolia, access to financial services has improved significantly in the past few years. This has led to a higher ratio of private sector borrowing to GDP than the average in middle income countries which indicates a well-developed financial system.

The bank lending and deposit interest spread for Mongolian banks, an indicator of financial sector efficiency, was 6.4% at the end of 2016 – 2.3 times higher than the high-income countries' range of 2-3 %. However, it is close to that of upper-middle-income countries .

The ratio of non-performing loans from financial institutions to gross loans increased in the last two years and reached 7.6% at the end of 2016.

The banking sector has been developing in line with international good country practices but non-banking sector development in the financial sector remains weak. At the end of 2016, securities market capitalization reached 6.2% of GDP – which is 11 times lower than in high income countries and 9.1 times lower than in middle-income countries.

Several factors have played a significant part in maintaining sustainable growth in the financial sector: the development of a legal framework and of financial institutions; and improvements in financial education, income and literacy levels. According to international empirical research papers competition in the financial sector, the institutional framework (particularly protecting borrower's rights), credit information database development and implementation of international accounting standards are key elements needed to support financial sector development⁷.

Mongolia needs to support the development of its non-banking sector and to restructure its financial sector if it is to secure future growth and sustainability. Hence, action needs to be taken to improve the legal environment, to encourage competition and to continue financial education amongst the public in Mongolia.

⁷ "Synthesizing a Giant Literature on Causes and Consequences of Financial Sector Development", SelahattinSelsah Pasali, World Bank (2013).

Banking sector

As of the end of the reporting year, a total of 14 commercial banks were operating in the banking sector through their 1492 branches and units. The total number of depositors and borrowers reached 2.8 million and 820 thousand respectively.

Assets

By the end of 2016, banking sector assets totaled MNT 25.1⁸ trillion, up by 22.2% or MNT 4.6 trillion from the previous year (Figure 1). Cash and Government Bonds in the banking sector grew by 56.8 and 38.6 %, respectively, and that had major impact on total asset growth. In terms of asset composition, 46.0% of the total banking sector where loans, 21.8% cash and cash equivalents, 14.2% Government Bonds, 2.3% central bank bills and the remaining 15.7% constituted other types of assets (Figure 2).

Figure 1. Asset growth (%)

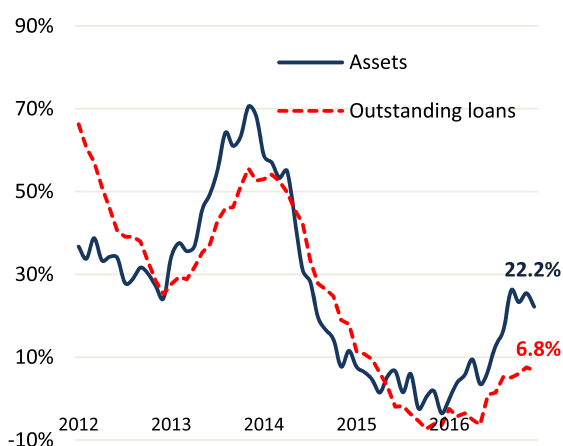
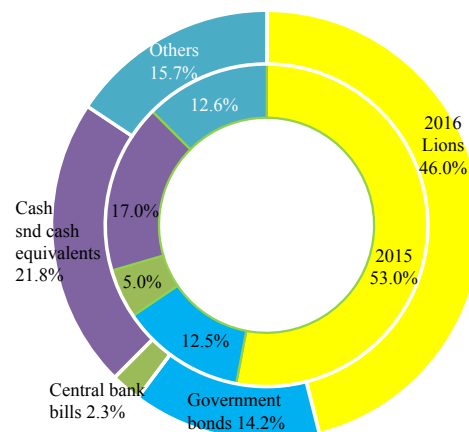


Figure 2. Asset structure, change (%)



Source: The Bank of Mongolia

As non-performing loans soar and their risk-bearing capacity weakens, banks have tightened up lending policies, and avoided investing in high-risk sectors. Thus, banks' loan-to-assets ratio reached 46.0% in 2016, a decrease of 7.0 percentage points compared to the previous year. On the other hand, shares of cash and Government Bonds in Total Assets reached 21.8% and 14.2 %, up by 4.8 and 1.7 percentage points respectively.

As for quality of loans, 85.8% or MNT 10.5 trillion was classified as performing, 7.1% or MNT 866.6 billion as past due and 7.2%⁹ or MNT 879.6 billion as non-performing (Figure 3). Nonetheless, because of sluggish economic activity that year, the outstanding balance of past-due loans increased by 34.1% over the previous year while non-performing loans grew by 5.0 %.

In the reporting year, Foreign Currency loan quality deteriorated further due to the sharp depreciation of the MNT exchange rate, and 13.4% of the Foreign Currency loan total was classified as non-performing, as against 5.6% of lending in MNT.(Figure 4).

⁸ Amount after adjustment made based on inspections of banks conducted by the BoM.

⁹ Amount after adjustment made based on inspections of banks conducted by the BoM.

Figure 3. Loan quality indicators (%)

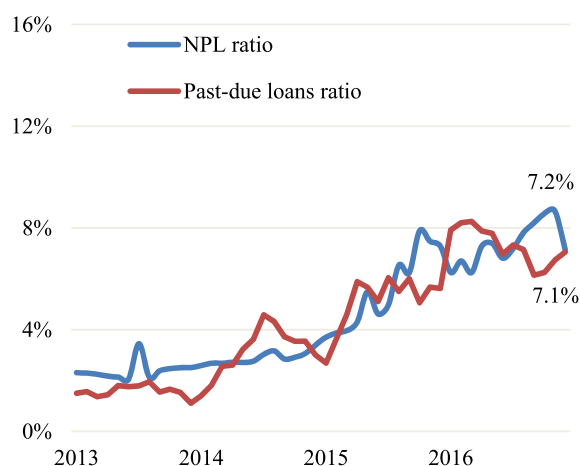
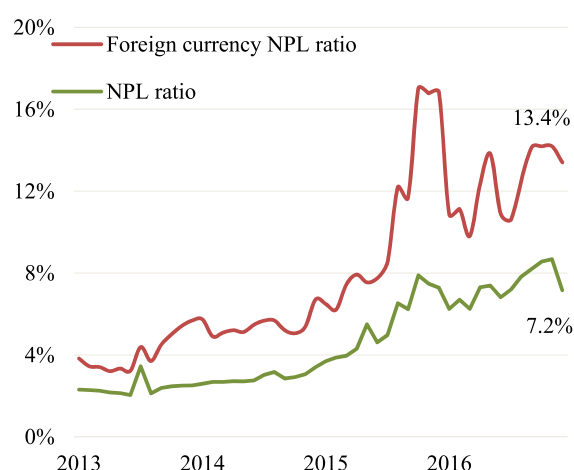


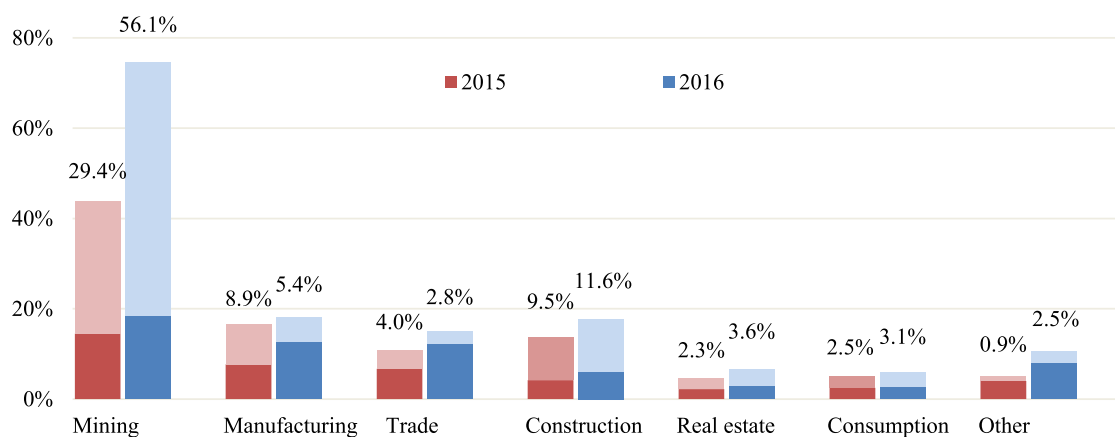
Figure 4. FX loan quality (%)



Source: The Bank of Mongolia

At the end of 2016, outstanding loans to major economic sectors such as mining, construction, manufacturing and trading accounted for 40% of total loans, down by 6 percentage points. However, the share taken by consumer loans increased by 4 percentage points compared to 2015 to 6%. This is mainly due to credit risk in real estate lending being consistently higher than that of loans extended to individuals over recent years. Specifically, as of 2016, the Non-Performing Loan ratios of corporate and individual loans were 9.7% and 3.4% respectively. Moreover, due to the decline in commodity prices on international markets and weak demand for the main export commodities, delinquency rates in the mining and quarrying sector reached 56.1% (Figure 5).

Figure 5. Loan quality, by economic sectors (%)



Source: The Bank of Mongolia

Individual loans and deposits

At the end of the last year, banking sector liabilities of individuals reached MNT 8.0 trillion, while individual loans totaled MNT 8.4¹⁰ trillion (Figure 1). 31% of total loans extended to individuals were for mortgages, 28% were salary loans, 12% were extended to small and medium enterprises, 11% were pension loans, 5% went to herders, and the remaining 13% were for others (Figure 2). As of 2016, household debt reached 76.4% of annual income, indicating growing debt pressure on households¹¹.

Figure 1. loans and deposits to individuals (in billions of MNT)

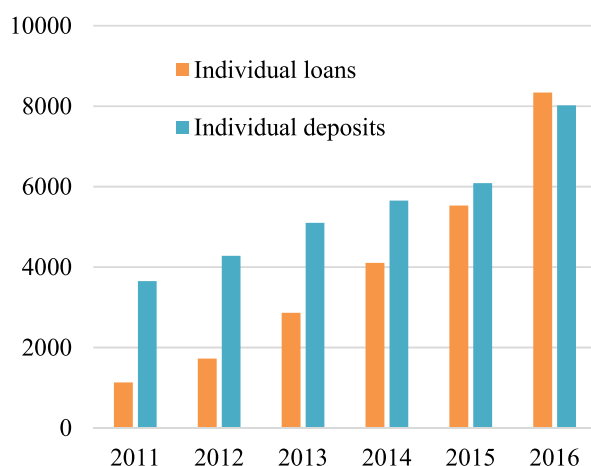
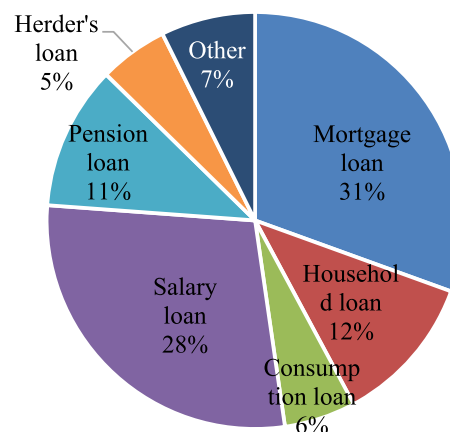


Figure 2. composition of loans to individuals (%)



Source: The Bank of Mongolia

Profitability

As of the end of 2016, the banking sector's net profit stood at MNT 147.7 billion, down 22.7% or MNT 51.3 billion from 2015. Even though the banking sector's total income was MNT 3.8 trillion (up 49 %) its total costs totaled MNT 3.7 trillion. This was an increase of 55.9 trillion over the previous year, resulting in a decline in net profit (Figure 1).

Outstanding loan loss provisions topped MNT 635.3 billion, up by 21.7% or MNT 113.3 billion on the previous year. Consequently, return on assets (ROA) and return on equity (ROE), banking sector profitability indicators, 0.84% and 6%, an increase of 0.4 and 2.0 percentage points, respectively (Figure 2).

Figure 1. Total profit (in billions of MNT)

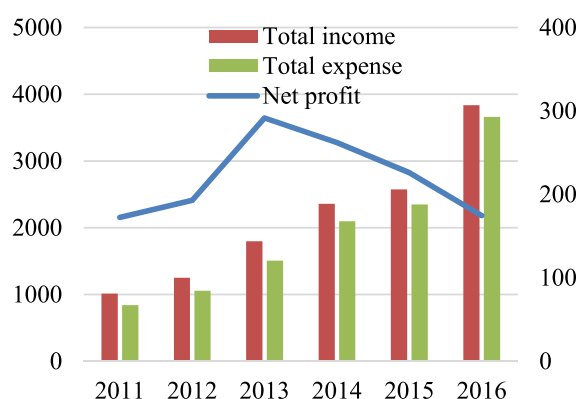
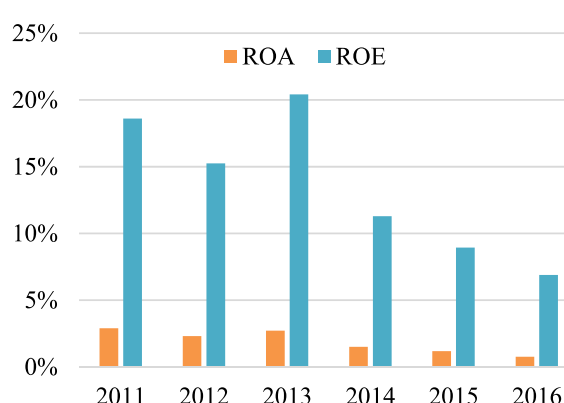


Figure 2. Returns on assets and equity (%)



Source: The Bank of Mongolia

Liabilities

At the end of 2016, the banking sector's total liabilities amounted to MNT 22.2 trillion, up by 22.1% or MNT

¹⁰ Banks' mortgage loans purchased by Mongolian Mortgage Corporation and individual loans of non-bank financial institutions are included.

¹¹ <http://1212.mn/stasHtml/statHtml.do>

4.0 trillion from the previous year (Figure 1). The key reason was that deposits from individuals and legal entities increased by 13.6% or MNT 1.5 trillion compared to the previous year. Moreover, banks' and financial institutions' liabilities grew by 58.3% or MNT 2.2 trillion to MNT 6.0 trillion in 2016.

Deposits from individuals, legal entities, and state organizations accounted for 56.3% of total liabilities, followed by liabilities to banks and financial institutions at 27.2 %. Other liabilities, including securities issued by banks, project financing and other types of funding, amounted to 16.5% (Figure 2).

Figure 1. Liability growth (%)

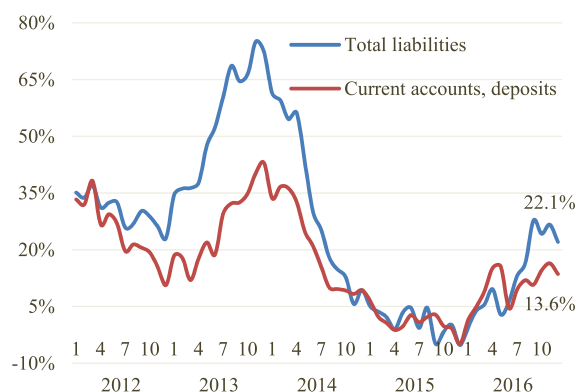
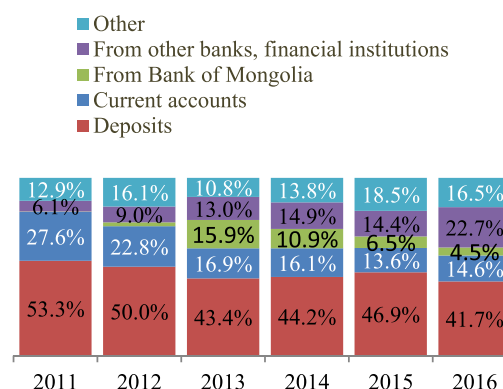


Figure 2. Liability structure (%)



Source: The Bank of Mongolia

Financial institutions' liabilities were made up of: central bank loans - 16.5% or MNT 998.3 billion, foreign financial institutions - 51.0% or MNT 3.0 trillion, and 32.5% or MNT 2.0 trillion from domestic financial institutions.

1.4 GENERAL GOVERNMENT BUDGET

The government budget

The Parliament approved the Supplementary Budget for 2016 in September 2016 to address the difficulties in the external and domestic economy that led to sluggish economic activities, shortfall of budgetary revenue, quasi-fiscal spending as well as off-budget spending that considerably increased due to fiscal non-consolidation, and the necessity for fiscal coordination among general budget governors after the change in the Government structure¹². According to the preliminary budget performance of 2016, total revenue and grants reached MNT 5852.1 billion, while total expenditure and net lending reached MNT 9519.9 billion in 2016. The budget deficit amounted to MNT 3667.8 billion, which was 15.3% of the nominal GDP in 2016.

Total budget revenue and grants

Total budget revenue and grants increased by 9.4% , MNT 503.9 billion, from the approved amount in the Supplementary Budget, though it is 2.2% , MNT 129.0 billion, less than that of the previous year.

Tax and non-tax revenues comprised 85.4 and 14.6% of total budget revenue and grants, respectively. Although tax and non-tax revenue reached 110.8% (exceeded by MNT 487.1) and 102.1% (exceeded by MNT 17.7) of the planned amounts, respectively, total revenue and grants declined from that of the previous year. This was mainly owing to the decline in corporate income tax of MNT 177.0 billion and the royalty tax of MNT 314.9 billion, from the previous year.

Total budget expenditure and net lending

Total budget expenditure and net lending reached MNT 9519.9 billion, which amounted to 98.2% of the planned amount in the Supplementary Budget, MNT 9694.4 billion; though it increased by 33.4% YOY, MNT 2381.9 billion.

¹² As regards to the provisions 6.2.3, 34.1.2, 34.1.4 of the "Budget Law"

Current expenditure, capital expenditure, and net lending consisted 70.5, 24.2 and 5.3% of the total expenditure and net lending, respectively. The shortfall of budget expenditure and net lending from the planned amount was mainly due to the shortfalls of net lending of MNT 126.6 billion and of budget investments (capital expenditure) of MNT 75.0 billion, from the respective planned amounts.

Looking at the growth of total expenditure and net lending by its components; current expenditure, capital expenditure, and net lending increased by MNT 995.3 billion, MNT 907.9 billion and MNT 478.7 billion, respectively, compared to the previous year. These have mainly resulted from the repayment of concession and promissory notes, lending under “Sain” program, exchange rate fluctuations and an increase in the interest payments by 35.1% YOY, MNT 256.5 billion, as the general government debt increased.

Sources of finance for the budget deficit

In the reporting period, the Government issued loans of MNT 1778.5, bonds of MNT 5058.3 billion and paid principal payments for bonds and loans of MNT 2061.1 billion. The Government issued MNT 4775.7 billion of loans and bonds in net terms, of which MNT 3667.8 billion were spent to finance the budget deficit, and MNT 1000 billion were used to raise the capital of the Development Bank of Mongolia in 2016.

The majority of the total expenditure was disbursed in the fourth quarter of 2016 due to the repayment of concession and promissory notes, the interest payments and the sharp fluctuations in the exchange rate. For instance, 59.5% of the total capital expenditure, MNT 1371.7 billion, was disbursed and 47.2% of the total interest payment, MNT 466.1 billion, was paid out in the fourth quarter in 2016.

2.1 MAIN OBJECTIVES, MEASURES AND OUTCOME OF MONETARY POLICY

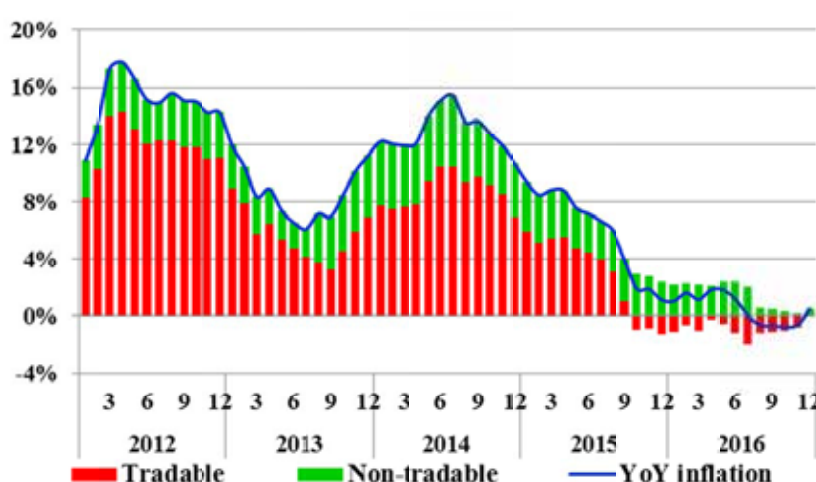
The main objective of the BoM is to ensure price stability and maintain inflation at low and stable level. It has been stated in the Monetary Policy Guidelines for 2016 that the BoM would maintain the inflation measured by the consumer price index below 7% by the end of 2016, and between 5-7% throughout 2017-2018 in order to ensure external and internal economic balances as well as sustainable economic growth.

Annual inflation, measured by the consumer price index, reached 1.1% nationwide and 0.5% in Ulaanbaatar by the end of 2016. These are 0.8 and 0.6 percentage points lower, respectively, compared to the end of 2015. Core inflation excluding goods with volatile prices, which stood at 12.6% by the end of 2014 and 4.8% by the end of 2015, further declined to 0.5% by the end of 2016. In sum, nationwide inflation and that of Ulaanbaatar remained at a low level throughout 2016.

Looking at the components of inflation in Ulaanbaatar which stood at 0.5% by the end of 2016; meat and meat related products contributed 0.45 percentage points, state-administered goods and services contributed 0.04 percentage points and other goods and services contributed 0.29 percentage points to increasing inflation, while non-meat food items contributed -0.06 percentage points and fuel items contributed -0.23 percentage points to reducing inflation, respectively. Looking at the general trend of prices of consumer goods and services in 2016, a decline in the prices of meat products contributed to lower inflationary pressures throughout most of the year and the prices of other goods and services continued to exhibit a declining trend.

Among the goods and services in the consumer basket, tradable goods had a declining impact on inflation throughout 2016. Such declining impact began to shrink from the third quarter and turned positive by the end of 2016 due to rapid increases in meat prices.

Figure 1. Annual inflation in Ulaanbaatar (by tradable and non-tradable goods and services)



Source: National Statistics Office

In 2016, though slack growth in the prices of consumer goods and services and inflation remained below the target level facilitated monetary policy easing, depreciation pressure of domestic currency and uncertainty surrounding the maintenance of prevailing low inflation were high. In particular, budget and balance of payments' twin deficit and issues surrounding domestic and external government debt persisted as a source of

considerable uncertainty to macroeconomic stability.

The Monetary Policy Committee decided to cut the policy interest rate by 1.0 and 1.5 percentage points in January and May 2016 respectively, to 10.5% . These monetary policy easing decisions were aimed at promoting money and credit growth, private sector investments and economic activities on the basis that inflation would remain below the target level in 2016. Furthermore, Monetary Policy Committee decided to keep the policy interest rate unchanged at 10.5% in July 2016 in order to preserve policy room for increasing the money supply through lending to the private sector and promoting real sector activities.

Prior to the 2016 Parliamentary election, the money supply increased significantly due to the financing of a number of projects including, “Sain” programs that were implemented by the Government and financed by the Central Bank and the Development Bank of Mongolia. During such period, a large amount of foreign currency was remitted from Mongolia in bulks by the end of June, which subsequently led to a shortage of foreign currency in the market and elevated exchange rate depreciation pressures. On the other hand, the Central bank’s decision to intervene in the foreign exchange market whenever exchange rate pressures elevated led to the decline in foreign currency reserves and overvalued exchange rate that was determined inconsistently with macroeconomic fundamentals and further had a negative impact on the terms of trade. Due to these factors, exchange rate depreciated sharply in a short period of time during July to August 2016, resulting in a decrease of net return on local currency denominated assets to -6% . Such a decline in net returns on assets led to the increased dollarization of bank assets, loss of confidence in the local currency and increased risk of flight from local currency by converting to the foreign currency.

As such, the Bank of Mongolia took comprehensive policy measures in order to stabilize the economy in a short period of time, prevent from potential risks arising in the economy and facilitate economic external balance. Such comprehensive policy measures which have taken place since the end of August 2016, were aimed at limiting quasi-fiscal financing from the Central Bank, ensuring exchange rate flexibility, safeguarding the foreign exchange reserves, increasing returns on local currency and preventing currency crisis as well as instability in the banking sector. Specifically, these measures included increasing the policy rate by 4.5 percentage points to 15% , setting an asymmetric interbank market rate corridor that was skewed upwards, reducing possible speculative attacks by issuing securities that featured longer duration and higher yield, and increasing reserve requirements’ remuneration rate on local currency in order to lessen the pressure on credit rate to increase.

These policy measures were effective in preventing potential currency as well as banking sector crisis. For instance, the relative return on local currency turned positive since September 2016 and the difference between local and foreign currency deposit rate increased by approximately 3 percentage points as of November 2016. On top of increasing the policy interest rate, adjustment in the overvalued exchange rate was made by ensuring exchange rate flexibility, consistent with macroeconomic fundamentals.

Though exchange rate depreciation of 20% compared to the end of 2015 had inflationary pressures through increased import prices; such depreciation supported exports and sectors that produce import-substitutable goods and services, leading to improved foreign currency inflow, increased foreign reserves as well as positive impact on external balance. For instance, sales revenue of exporting companies rose by approximately 25% and domestic prices of import-substitutable goods and services reduced by approximately 20% than the prices of imported goods. Such relative price advantages had positive impacts on the tradable sectors. Besides the impact of price increases in the global market, exports were supported by the exchange rate depreciation and thus, the current account was in surplus.

When implementing these comprehensive policy measures, the Bank of Mongolia intended to minimize its burden on the real sector. In this context, several measures, namely, setting an asymmetric interbank market rate corridor, increasing reserve requirements’ remuneration rate on local currency and reducing credit rate burden by increasing the return on liquid assets were taken. A total of 25 billion MNT was paid to the banks as reserve requirements’ remuneration which reduced the pressure of credit rate increase by about 0.5-0.7 percentage points.

Based on the outcome of the monetary policy decision made in the August 2016 as well as the prevailing economic condition, the Bank of Mongolia made changes in its monetary policy stance in December 2016. The Bank of Mongolia decided to ease monetary policy by cutting its policy rate by 1 percentage point at the Monetary Policy Committee meeting held in December 2016 in order to encourage private sector investment and support real sector activities; as improvements in terms of trade exceeded expectations, thus strengthening foreign exchange inflow, positively impacting balance of payments and budget revenue and the Medium Term Fiscal Framework and the State Budget for 2017 promoted fiscal discipline and sustainability of public debt over the medium and long term.

When pursuing a floating exchange rate regime, the exchange rate should be set consistent with the macroeconomic fundamentals

The BoM maintains its policy of setting an exchange rate that reflects the macroeconomic fundamentals, and pursuing a floating exchange rate regime. The BoM is maintaining its policy of seeking an exchange rate that reflects the macroeconomic fundamentals by pursuing a floating exchange rate regime. It intervenes in the domestic foreign exchange market but its interventions in the domestic foreign exchange market are designed only to dampen significant exchange rate fluctuations.

In April of 2016, the Government obtained external financing in the form of loans and Bonds amounting to USD 750 million. Part of the external financing came through the domestic exchange market, which caused the MNT to rise by 5.4%, which lasted until mid-June. However, a sudden foreign currency outflow at the end of June and the injection of the “Sain” program’s MNT 596.0 billion into the economy provoked a rapid subsequent fall in the MNT.

The net yield of MNT-denominated assets had fallen to -5% annually, due to the sharp depreciation of MNT in July and August 2016. This situation created the risk that the economic and financial system could be dollarized and a currency crisis might be encountered. Thus, to avoid a possible financial crisis and maintain financial stability, the Board of Directors of the BoM made the decision to raise the policy rate by 4.5% to 15% on 18th August 2016. After the rapid policy rate increase the MNT rate against the USD stabilized in September and October, having depreciated by MNT 300 over the previous two months. However, the MNT depreciated again at the end of 2016 due to concerns about the adequacy of Mongolian international exchange reserves and uncertainty over the repayment of a USD 580 million sovereign-guaranteed Bond issued by the Development Bank of Mongolia in March 2017.

To smooth the rapid fluctuations in the exchange rate, the BoM supplied USD 1,706 million to the domestic market through 127 Foreign Exchange auctions. Furthermore, the BoM has been actively using short-term financial derivatives such as MNT and USD swap agreements, to support short-term liquidity and to hedge the exchange rate risk of commercial banks and their customers. In 2016, the BoM issued USD 3,738.5 million of short term swaps and USD 358 million of long term swap agreements with the commercial banks. In December, the BoM made adjustments and amendments to the “Long-term swap agreement regulations”, and the “Short-term swap, forward agreement regulations” in order to increase the efficiency of the Central Bank’s intervention in the domestic exchange market and to align the valuation of financial derivative instruments with the market.

As at December 31st, 2016, the MNT’s reference rate against USD was 2489.53. During the reporting period, the average daily volatility of the exchange rate was 0.21%, whereas the average daily appreciation and depreciation rates were 0.90% (in MNT 22.12) and 2.28% (in MNT 49.94) respectively. Moreover, 91% of the exchange rate fluctuation was in the band of $\pm 0.4\%$. The average daily volatility of the exchange rate increased by 0.087 percentage points compared to 2015 and 0.038 points compared to 2014.

Figure 2. Volatility of BoM reference rate (by MNT)

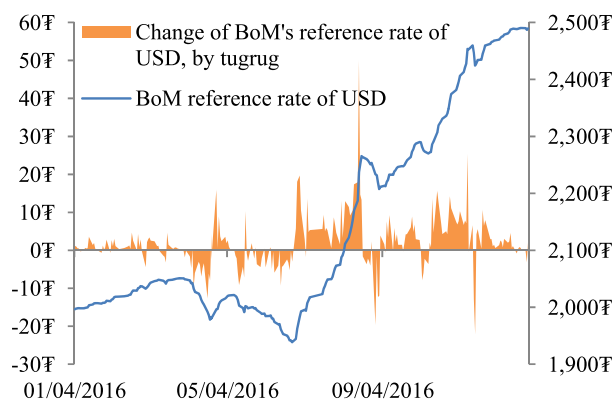
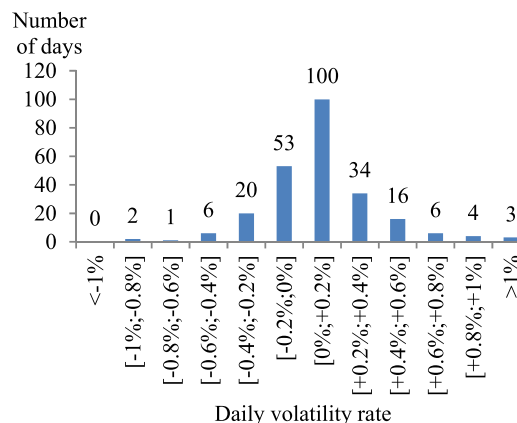


Figure 3. Histogram of daily changes of exchange rate of MNT against USD



Source: The Bank of Mongolia

2.2 IMPLEMENTATION OF POLICIES TO SUSTAIN BANKING SECTOR STABILITY

In the reporting year, the BoM has conducted both full-scope and partial checks on all banks in accordance with rules and regulations, and it has taken specific prompt actions dependent upon the nature of any violations noted. Moreover, the activities of banks have been constantly monitored through off-site inspection in accordance with the Banking Law, and other relevant legislation.

In the reporting year, deterioration in loan quality was the major risk to the stability of the banking sector. As of 2016, the ratio of nonperforming loans to total gross loans (NPL ratio) stood at 7.2 %, up 4.7 percentage points from the level of 2013, and it is expected to increase further in 2017. The main contributing factors for the increase in delinquent loans has been economic stagnation and the rapid depreciation of the exchange rate.

To maintain the risk bearing capacity of banks amid this deteriorating business environment, the BoM increased paid-in capital requirements for banks to 50 billion MNT in April 2015, and set phase-in periods for banks. By the end of 2016, all the systemically important banks, which account for 95% of the banking sector, had met the requirements, and the other banks were moving forward to this goal as scheduled. Furthermore, to mitigate growing credit risk associated with slowing economic activities, the BoM has been restricting the banks' loan to asset ratios to 50-60% since 2015.

Given the continuing unfavorable economic environment, the BoM has been implementing policies to maintain stability in the banking sector. Notably, the BoM and the Ministry of Finance jointly amended the "Regulation on Asset Classification, Provisioning and Its Disbursement" allowing banks to smooth out provisioning costs over the credit cycle.

To address the build-up of nonperforming loans, the BoM plans to set up an asset management company (AMC) with the technical assistance of the Asian Development Bank, and is planning to submit an AMC law to Parliament for enactment in the autumn of 2017. The goal of the AMC should be to maintain financial stability through the quick disposal of non-performing loans, and ultimately to restore efficient financial intermediation.

To assess the financial resilience and soundness of the Mongolian banks, the BoM reached an initial agreement with the IMF to conduct a comprehensive diagnosis of banks. As a part of the IMF deal, changes will be made to the regulation and supervision framework of the banking system.

2.3 MANAGEMENT OF THE STATE FOREIGN CURRENCY RESERVE

Subject to Articles 5 and 21 of the Law of Mongolia on the Central Bank, the Bank implements a foreign exchange reserve management policy that ensures the objectives of adequate liquidity and the safety of foreign reserves. Only after fulfilling the above-mentioned objectives can the Bank seek to optimize its return. The structure of foreign exchange reserve management is designed to create a monitoring system consistent with international standards, and determines the rights and responsibilities of parties involved in the management.

Throughout 2016, the Bank carried out its foreign exchange reserves management in accordance with generally accepted asset management principles and within the scope of established risk limits. It 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 systemic risk, credit risk and other key investment risks.

During the fiscal year, the Bank prioritized the security of its assets 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), the Bank of Japan, the Bank of England and the Bank of France and money market instruments issued by supranational institutions such as the Bank for International Settlements.

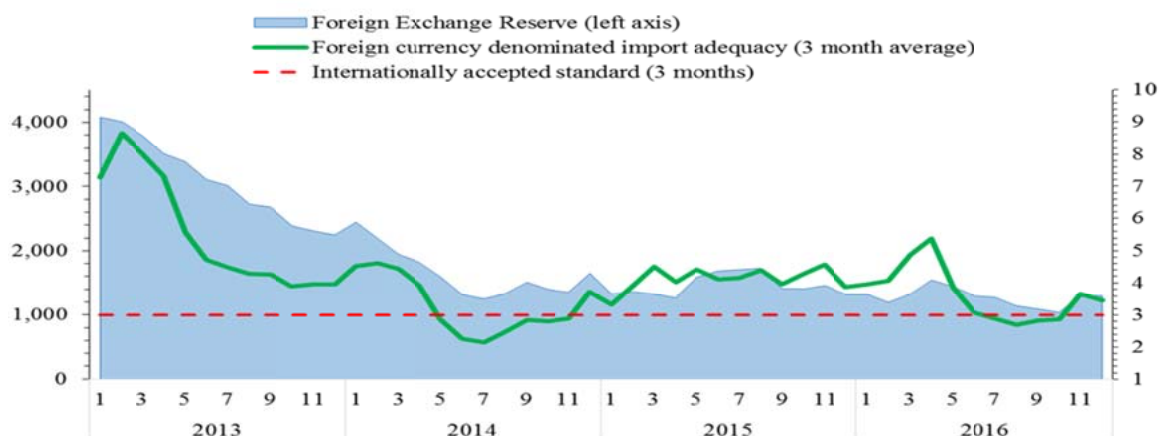
The global economy as a whole showed a considerable slowdown in 2016, due to sluggish economic growth in major economies, appreciation of the US dollar, uncertainty in global markets as well as concerns over BREXIT, stability in the Middle East and so forth. Commodity prices increased at the end of the year as the economies of USA and China grew more than expected. The US Federal Open Market Committee increased its policy rate by 25 basis points in December 2016. With the US Federal Reserve's policy rate increase and the ending of its long-running bond-purchase program, the Bank decided to invest in short and long-term securities with a maximum duration of three years.

To minimize the risk of deflation, The European Central Bank continued its monetary expansion program by bringing its policy rate below zero. The UK voted to leave the European Union. As a result of these two factors, the Euro depreciated against the USD and its major peers. The Bank of Mongolia therefore reduced its Euro holdings portfolio in Mongolia's foreign exchange reserves to minimize losses in the Euro portfolio. The inclusion of the Renminbi in the SDR basket in October 2016, and the increase in CNY denominated debt led to an expansion of the CNY portfolio in Mongolia's foreign exchange reserve.

As of 31 December 2016, the Foreign Reserve stood at USD 1296.4 million, a fall of 2.0% or USD 26.8 million from the beginning of the year. This level satisfies the internationally accepted standard that requires reserves to be equal to 12 weeks or 3 months of foreign-currency-denominated imports. By the end of 2016 Foreign exchange reserves represented:

- 13.6 weeks or 3.4 months' worth of imports in foreign currency, based upon the last 3 months average imports,
- 14.4 weeks or 3.6 months' worth of imports in foreign currency, based on the average of the last 12 months imports (figure 1).

Figure 1: Foreign Exchange Reserve (in million USD) and Adequacy (monthly)



2.4 PAYMENT SYSTEM OF MONGOLIA

The Financial Stability Committee discussed and approved the Strategy for The Development, of the National Payment System in Mongolia, issued by the Bank of Mongolia with technical assistance from the World Bank.

The Bank of Mongolia submitted a draft National Payment System law to Parliament designed to improve the legal framework for payment systems and strengthen the Central Bank's oversight capacity, as outlined in the strategy.

As part of its primary duty to maintain the stability, security and efficiency of the National Payment System, the Bank of Mongolia oversees the operators and the members of payment systems. According to the directive approved by the Governor of the Bank of Mongolia, scheduled and ad hoc on-site inspections were conducted, and followed up with corrective actions where necessary.

The "BankNet" system is systemically important and so has been assessed for compliance with CPSS-IOSCO Principles for Financial Market Infrastructures and with the five designated responsibilities of the authorities. By conducting this assessment, the Central Bank can identify, evaluate and reduce the risks associated with the payment systems. Furthermore, (and in accordance with the payment system oversight policy), the first self-assessment on Central Bank Bills settlement system operated by the Bank of Mongolia has now been completed.

In the reporting year, new software technology was introduced. This has enabled mobile and internet transactions to be performed through the retail payment transaction system without transaction amount limitations instead of through separate transaction channels.

In order to execute government payments through the National Electronic Transaction Center's web portal, the "Public Service Web Portal System Settlement Agreement" was established between the Bank of Mongolia, the Ministry of Finance and the Ministry of Justice. The National Electronic Transaction Center will consequently be in charge of the information technology infrastructure. An "Information Technology Infrastructure Agreement" was established between the Bank of Mongolia and the National Data Center to govern this new operation.

Stock payment allocation procedure, pursuant to "Good stock" Government resolution No.334 of 2016,

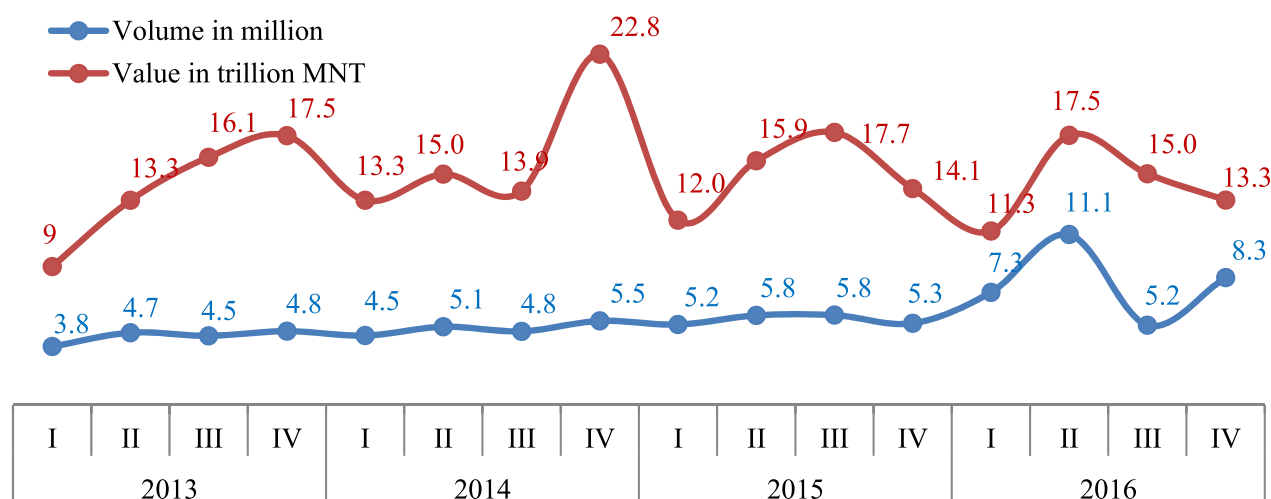
To facilitate the above, a new software technology was launched, which enabled stock payment transfers to occur, independent of the retail and card transaction system and its reporting software. Within the stock payment distribution process, MNT 34 billion worth of stock payments to 820,701 citizens were transferred through the National Electronic Transaction Center.

Table 1. Interbank transaction volume and value for 2013-2016, quarterly (volume in thousand, value in trillion MNT)

	2013		2014		2015		2016	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value
I quarter	3,846.3	9.0	4,513.4	13.3	5,231.4	12.0	7,323.2	11.3
growth (%)	320.4	58.4	17.3	48.1	15.9	-9.7	40.0	-5.9
II quarter	4,664.1	13.3	5,087.2	15.0	5,824.7	15.9	11,082.4	17.5
growth (%)	273.3	77.7	9.1	12.7	14.5	5.8	90.3	10.4
III quarter	4,524.5	16.1	4,789.2	13.9	5,844.0	17.7	5,186.8	15.0
growth (%)	344.2	91.7	5.8	-13.6	22.0	27.5	-11.2	-15.2
IV quarter	4,780.1	17.5	5,466.5	22.8	5,313.9	14.1	8,277.2	13.3
growth (%)	20.9	94.2	14.4	30.4	-2.8	-38.3	55.8	-5.3
Total	17,815.0	55.9	19,856.3	65.0	22,213.9	59.7	31,869.5	57.2
growth (%)	149.6	82.8	11.5	16.3	11.9	-8.2	43.5	-4.2

Source: The Bank of Mongolia

Figure 1. Interbank transaction volume and value for 2013-2016, quarterly



The volume of interbank transactions has been increasing steadily since 2013. 31.9 million transactions were processed in 2016, an increase of 43.5% over the previous year. However, the total value of transactions in the reporting year amounted to MNT 57.2 trillion, a fall of 4.2% from the previous year.

Payment cards

The use of payment cards increases every year which shows the rising interest of citizens in using non-cash payment instruments on an everyday basis. Banks issue 6 brands of payment card including Visa, MasterCard, Union Pay, National brand ₮ card, JCB and American Express. By the end of the reporting year, the National brand ₮ card's share had reached 68.4 %, and we can therefore conclude has been the most frequently used.

Table 2. Payment card usage for 2014-2016

Number of cards		2014	2015	2016	Rural region	Growth (%)
Cardholder		3,590,646	4,058,900	3,953,989	1,165,027	-2.6
Active cardholder		1,361,630	2,289,811	1,468,376	349,740	-35.9
Machines		2 014	2 015	2 016	Rural region	Growth (%)
POS		12,015	14,780	21,325	4,888	44.3
MPOS		2,084	4,381	3,796	333	-13.4
POB		1,848	1,930	1,872	966	-3.0
ATM		1,229	1,545	1,897	413	22.8
Others		24	41			-100.0
Transaction for each device		2 014	2 015	2 016	Rural region	Growth (%)
POS	Volume, million	24.1	38.1	65.7	11.6	72.4
	Value, billion	1,099.0	1,571.9	1,949.9	213.2	24.0
MPOS	Volume, million	0.0	0.2	0.7	0.1	250.0
	Value, billion	0.9	4.6	8.8	3.6	91.3
POB	Volume, million	3.8	1.0	0.8	0.2	-20.0
	Value, billion	972.9	191.2	200.6	41.1	4.9
ATM	Volume, million	103.1	117.2	83.9	13.6	-28.4
	Value, billion	6,392.1	6,863.5	10,525.3	1,512.7	53.4
Total	Volume, million	131.0	156.5	151.1	25.6	-3.5
	Value, billion	8,464.9	8,631.2	12,684.6	1,770.6	47.0

Source: The Bank of Mongolia

2.5 CHANGES AND AMENDMENTS MADE IN BANKING AND FINANCIAL LEGISLATION IN 2016

In the reporting year, the new Law on the future pension reserve fund was approved to regulate mortgage finance. As part of the improvement in the relevant laws and regulations of the financial sector; amendments were made to the Civil law and Law on immovable property collateral, as approved by the Parliament of Mongolia.

Law on future pension reserve fund

The Parliament approved the Law on the future pension reserve fund on May 22nd, 2016. The aim of this law is to implement the objectives set out in "The State Policy on Pension Reform"- to establish the Fund, provide its funds and manage, utilize, report and monitor its performance.

The background is that legislators had deemed it necessary to establish a pension reserve fund to finance the transition costs when switching the NDC to a system half covered by savings, and to prevent a pension deficit caused by an ageing population and other economic and financial risks in the future.

The future pension reserve fund has been based on the current mortgage loan book of 1.8 trillion MNT and it is to provide support to small and medium enterprises through business mortgage lending, as well as further residential mortgages.

Mongolia has set up a special pension reserve fund, based on current mortgage loans worth 1.8 trillion

MNT. This fund can also provide business mortgage lending to SMEs. Such loans are backed by long-term, sustainable savings.

The Law of the Future Reserve Fund states that the capital and revenue shall consist of the following:

- bonds transferred from the Bank of Mongolia, backed by residential mortgages;
 - rights to claim against Mongol bank loans to the banks providing residential mortgages
 - Principal of securities backed by residential mortgages;
 - profits arising out of interest on securities backed by residential mortgages
 - Principal and interest derived from the mortgage loan fund given to banks;
 - Profit from securities backed by business mortgages
 - Fund of mortgage-backed securities;
 - Funds allocated from the State budget;
 - Lending (through Government) from Foreign countries and International Financial Corporations.
- However, the BoM will manage the assets of the Fund based on an agreement with the Government.

This law consists of 3 chapters and 9 articles.

Civil law, Law on immovable property collateral

It was necessary to create a legal framework to cover transfers of ownership of immovable property to a third party. The owner must obtain permission from the creditor in accordance with the following terms in the constitution of Mongolia, in Article 5, paragraph 3: “The owner’s rights shall only be limited as specified in law”, also in paragraph 4 “The State shall manage the economy to ensure the nation’s economic security, and the social development of all persons and legal entities”.

In accordance with the above legal and practical requirements, amendments were made to the Civil law and to the Law on Using Immovable Property as Collateral on 19th January, 2016.

In the Civil Law, an amendment was made to Article 170.6 “Owner shall be obligated to obtain permission from their creditor when he/she transfers his or her ownership right to a third party”, and to article 27.1 of the Law on Immovable Property as Collateral, was amended to “The mortgagee must obtain permission from the mortgagor when transferring pledged immovable property ownership rights to others.”

With these regulatory acts, the legal environment for loans based on real estate collateral will be improved, and the securitization of mortgages will enable the provision of more capital for housing.

2.6. NATIONAL PROGRAM FOR FINANCIAL LITERACY

The “National Mid-Term Program for Financial Literacy” was developed, with technical support from the World Bank by the Bank of Mongolia (the Central Bank); the Ministry of Finance; the Ministry of Education, Culture and Science; Financial Regulation Commission; and approved by the Financial Stability Council on 28th September 2015. The joint order was signed on 7th October 2015.

This program helps: to improve an individual’s financial management skills; to improve their capability to make sound financial decisions; to increase long-term savings and financial investments; to increase people’s trust in the banking system and promote the long-term and sustainable economic development of the country.

The program has been working in four priority areas since 2016:

- Financial literacy program for school children,
- Financial literacy program for young people,
- Financial literacy program for rural residents,
- Financial literacy program through mass communication/media.

The program covers the following topics:

- Basic concepts of finance,
- Budgeting and financial planning,
- Savings and deposits,
- Credit and loans,
- Investments,
- Protection against financial risks (e.g. insurance),
- Savings for retirement,
- Concepts related to social insurance and tax,
- Understanding of financial service providers and institutions.

Listed below are the various actions taken within the framework of the program up to December 2016:

Financial literacy for school children

- Minister of Education, Culture and Science signed order No. A/275 “Innovation of the Educational Plan”. As a direct result of order No. A/275, the Ministry of Education, Culture and Science introduced a new subject - “Business Studies” - into the curriculum. This subject is optional in 10th grade.
- 1050 school teachers from 21 provinces were provided with the training “National implementation methodology of subject ‘Business studies’ in the secondary school’s core curriculum” to improve their capacity to teach the subject “Business Studies” to 22,124 10th grade students.
- Both student and teacher books for the subject “Business studies” were developed and published.
- Also developed and published were cartoon books “Anar, Anu 2” No.1,2, “Wish or necessity”, “Money is the key to your dreams” for school-age children. These books were distributed for free.
- The Bank of Mongolia received an award from CYFI in The Global Inclusion Awards 2016 as a Regional Winner - Asia & the Pacific. A CYFI initiative, the award recognizes and honors those that achieve greatness and demonstrate innovation in education for financial, social and livelihoods, financial inclusion, and entrepreneurial support for children and youth at a national, regional and international level.
- International Week of Money was organized by the Bank of Mongolia and the Mongolian Banking Association under the slogan “Financial literacy in your life”.
- “The National program for Financial Literacy” was introduced at the “Midterm development of Mongolian Financial Market” forum organized by the Finance Regulatory Commission.
- Teachers’ handouts on financial literacy for elementary, middle and high school students were developed and published.

Financial literacy for young people

- The Bank of Mongolia cooperated with the Mongolian National University, the University of Finance and Economics, and the Mongolian National University of Agriculture to include financial literacy as part of their curricula. To achieve this, professors at these universities developed a new textbook and a workbook “Personal Finance” for students. The subject “Personal Finance” accounts for (1 credit) in the university curricula and modules.
- To develop the financial education among young people, the BoM and Business School of Mongolian National University will be organizing an annual competition “QAQ” (question-answer-question) for students who study the subject “Personal Finance”. The BoM and the Banking & Finance Academy held a panel discussion about “Financial Literacy and its access” on 2th of June 2016.

Financial literacy for rural dwellers

- Provided financial literacy modules for rural residents with the cooperation of the “Long Life Learning Center”
- Developed and published handouts for rural dwellers. These handouts cover 11 topics.

Financial literacy through mass communication/media

- With the technical assistance of the World Bank, the BoM set up a comprehensive website on financial education www.sankhuuginbolovsrol.mn
- A “Budgeting” app is ready to be used on Android, and IOS smartphones. The app provides possibilities to manage your finances and control your budget.
- Developing and publishing articles on financial education in the monthly bulletin “Bank of Mongolia Information”.

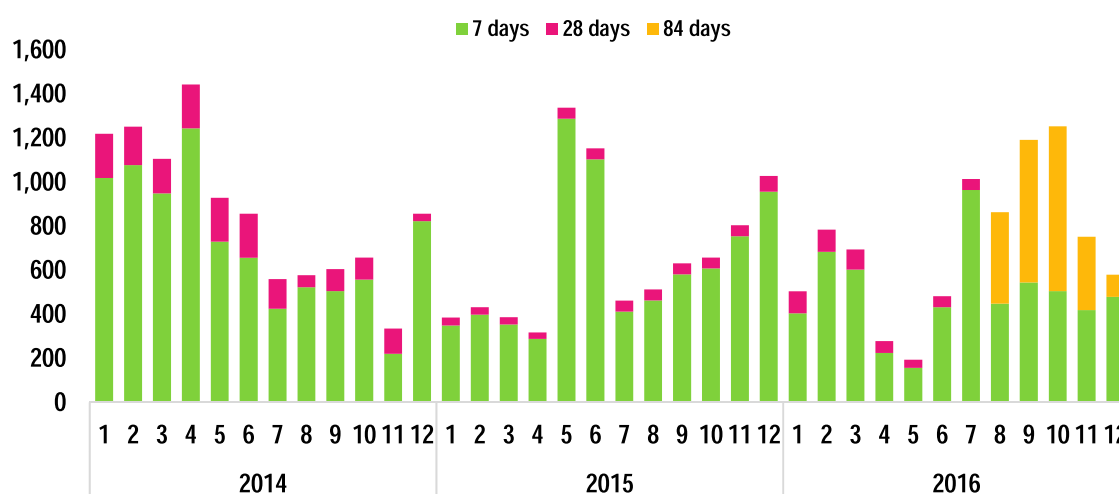
3.1 CENTRAL BANK BILLS

The Central Bank bills (CBBs) are a main monetary policy instrument of the BoM to manage the reserves of the banking system.

In order to maintain CBB rates that are consistent with the market principle and to maintain equilibrium between MNT and foreign currency market's returns, CBBs with a maturity of 7 days have been auctioned three times a week since March 2013. Moreover, CBBs with a maturity of 28 days were issued until 2nd of August and CBBs with a maturity of 84 days were issued fortnightly from 19th of August to 3rd of November 2016. The issuing of CBBs was based on the demand and supply of the banking system reserve.

The total outstanding nominal amount of CBBs was MNT 578.3 billion as of the end of 2016, consisting of 83% of CBBs with maturity of 7 days and 17% of CBBs with maturity of 84 days.

Figure 1. Total outstanding CBBs (monthly amount by billion MNT, by maturity type)



Source: The Bank of Mongolia

3.2 CENTRAL BANK FINANCING

To implement monetary policy and to maintain the interbank rate at an appropriate level, the BOM is using instruments such as intraday credit, overnight repo financing, repo trading and secured loans which are the source of supply to the banking system. These instruments are differentiated by duration, interest rates and purpose. All financing instruments provided by the BOM require collateral on the list of collateral assets approved by the Risk Management Unit of the BOM. In the reporting period, MNT 3.3 trillion was supplied to the commercial banks through monetary policy instruments, where 85.2% was overnight repo financing, 10.6% intraday credit and the rest 4.1% of secured loans.

Intraday credit

Intraday credit must be paid back on the same day with a zero-interest rate. Its purpose is to ensure the proper functioning of payment and settlement in the banking system. In the reporting year, the BOM has supplied MNT 347.7 billion of intraday credit.

Overnight repo financing

Overnight repo financing is given to banks for the period from the end of a given day's transactions to the opening of transactions on the next day. This financing instrument is used to implement monetary policy, to maintain the interbank rate at a target level and to help banks satisfy their reserve requirements. The interest rate of the overnight repo is the highest rate of the Central Bank's interest rate corridor and is equivalent to adding 3 percentage points to the policy rate. Banks received a total of MNT 2.8 trillion of overnight repo financing from the BoM in 2016.

Repo trading

The central bank's repo trading covers treasury bills owned by the bank, on a promise to sell them back at the end of an agreed term at a pre-agreed price. Repo trading provides funding to the banks for a period of up to seven days and is designed to help in times of insufficient capital and poor liquidity in the banking system. In the reporting year, the BoM did not finance banks through repo trading.

Secured loans

As the lender of last resort, the central bank provides secured loans to provide short-term liquidity to banks. The interest rate of these secured loans has been set equal to the ceiling rate of the interest rate corridor, as stipulated in the Governor of BoM's resolution No. A-226 of 2016. In 2016, the BOM issued MNT 135.2 billion in secured loans to the banks and as of the end of 2016 the outstanding amount of secured loans was MNT 14.4 billion.

Overnight deposit

The Central Bank's overnight deposit represents excess reserves between banks, as deposited with the Bank. The transaction to place overnight deposits at the Bank of Mongolia's account shall be the last transaction of a commercial bank on a day, whereas the transaction to return the deposits shall be the first transaction of a commercial bank on a day. The interest rate of the overnight deposit is the lowest rate of the Central Bank's interest rate corridor and is equivalent to minus 1 percentage point below the policy rate. Banks received a total of MNT 3,655.2 billion of overnight deposit financing from the BoM in 2016.

3.3 GOVERNMENT SECURITIES (GS)

GS are considered a risk-free investment and interest income earned on GS is exempt from taxation. Citizens and legal entities can participate in GS auctions through their broker-dealer agents and commercial banks, who may submit bids on behalf of their customers and clients.

The GS face value is MNT 100,000 in retail GS auctions held through the Mongolian Stock Exchange while it is MNT one million in wholesale bond auction held through the BoM.

Ministry of Finance had temporarily stopped GS auctions in April 2016 and reopened them in September 2016 for maturities of three, six and twelve months. At the same time, the BoM also introduced GS with a maturity of nine months. The BoM organized a total of 47 GS auctions in the current reporting year. The outstanding amount of GS traded through the BoM reached MNT 2.3 trillion on 31st December, 2016.

Figure 1. Outstanding GS amount held through the BOM (billion MNT)

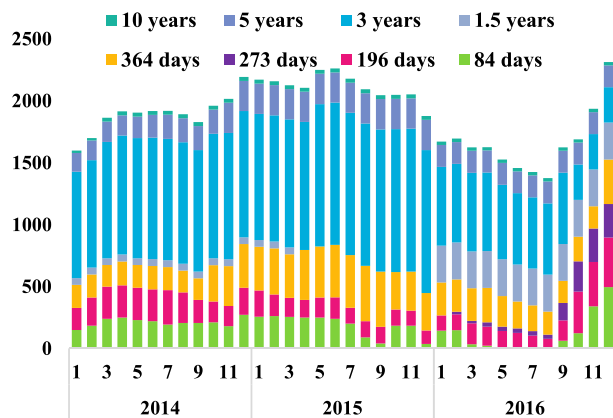
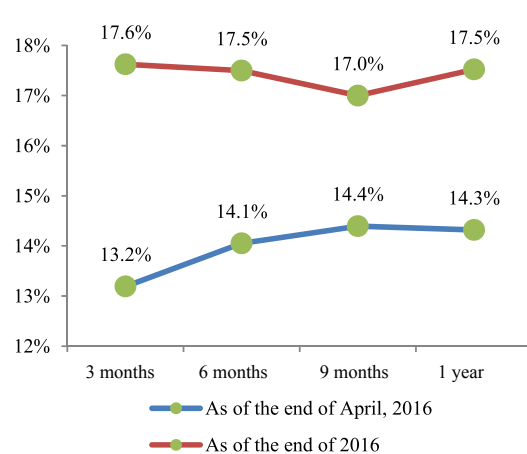


Figure 2. Change in Weighted Average Rate of GS (traded through the BOM)



Source: The Bank of Mongolia

The weighted average rate of GS has risen due to the BOM Governor's decree A-125 of 18th August 2016 to increase the policy rate to 15 %. The weighted average rate of GS has also risen due to uncertainties related to repayment of external debt.

Table 1. Secondary market activities of GS

Trade in the secondary market of GB /by bundle/

Date	I/ Short term	II/ Long term	I+II/ Total
Jan-16	13,000.00	-	13,000.00
Feb-16	2,000.00	1,500.00	3,500.00
Mar-16	-	1,500.00	1,500.00
Apr-16	-	-	-
May-16	-	35,000.00	35,000.00
Jun-16	-	5,000.00	5,000.00
Jul-16	-	-	-
Aug-16	-	-	-
Sep-16	-	-	-
Oct-16	-	14,800.00	14,800.00
Nov-16	-	-	-
Dec-16	50,000.00	500.00	50,500.00
Total	65,000.00	58,300.00	123,300.00

Source: The Bank of Mongolia

In accordance with the "Regulation of Trading Government Securities in the Secondary Market" joint decree of the Minister of Finance, the Governor of the BOM and the Chairman of the Financial Regulatory Commission in 2013, a total of MNT 123.3 billion worth of GS was traded on the secondary market in 2016. Of these, MNT 65.0 billion was short-term GS and MNT 58.3 billion was long-term GS.

3.4 FOREIGN EXCHANGE AUCTION

The BoM has been working to ensure that the MNT's exchange rate flexibility with respect to foreign currencies is consistent with macroeconomic fundamentals.

Therefore, the BoM has been intervening in the domestic foreign exchange (FX) market to mitigate exchange rate fluctuations due to short term demand and supply gaps.

To stimulate interbank trading, the Governor's decree A-136 dated 14th June, 2016 has been passed to reduce the number of offers from five to three which banks may submit for the Foreign Exchange auction.

In 2016, the BoM's net foreign exchange intervention amounted to USD 1,427.6 million and RMB 1,855.3 million (equivalent to USD 278.5 million), which totaled USD 1,706.0 million through 127 foreign exchange auctions. Compared to the previous year the volume of USD intervention increased by 79.4% (USD 631.7 million) and the RMB intervention decreased by 38.1% (USD 171.5 million).

Figure 3. USD auction /USD millions/

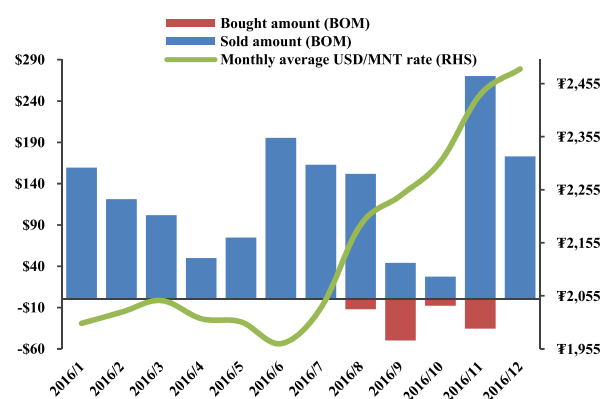
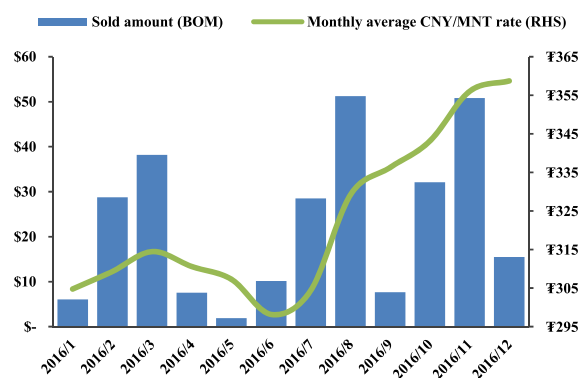


Figure 4. RMB auctions /USD millions/



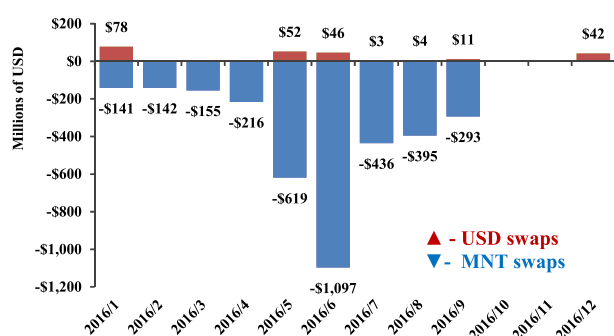
Source: The Bank of Mongolia

Financial derivatives

The BoM introduced short-term financial derivatives in 2010 and long-term swap agreements in 2014, to support short term liquidity of the commercial banks, to reduce the pressure on spot markets and also reduce exchange rate risk.

In December 2016, the BoM made adjustments and amendments to the conditions of the agreements for short-term and long-term derivatives by applying international practices and taking account of cashflows to minimize the possibility of arbitrage.

Figure 5. Short-term FX swaps



Source: The Bank of Mongolia

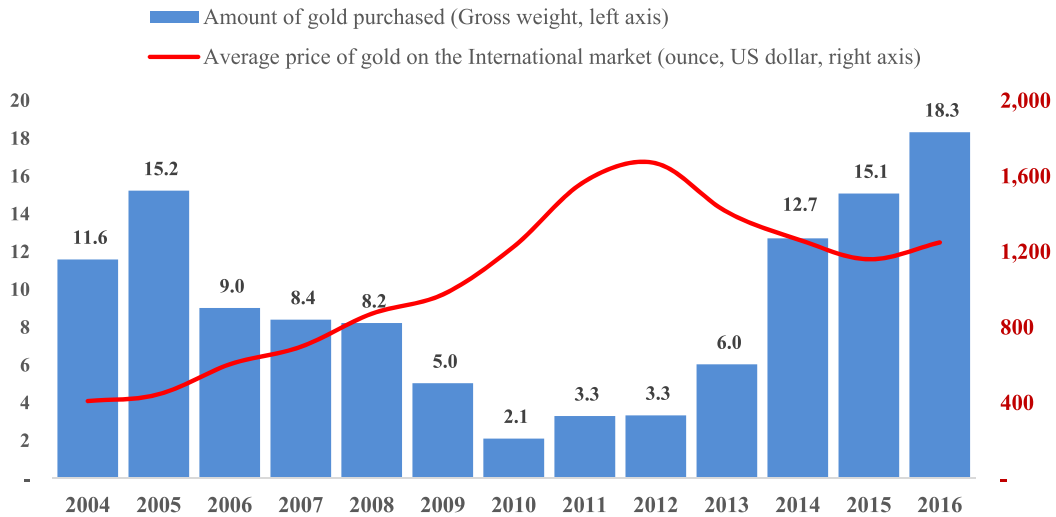
In 2016, the BoM issued a total of USD 3,493.8 million of MNT swaps, USD 235.7 million of USD swaps and RMB 63.0 million of RMB swap agreements with domestic banks. The total amount of the short-term swaps declined by 28.1% (USD 1,456.2 million) from the previous year.

Commercial banks use their external financing with over one-year maturity to make long-term swap agreements with the BoM. In the reporting period, USD 358.0 million of long-term swap agreements were concluded and USD 85.1 million swaps have been withdrawn. As a result, the outstanding number of long-term swaps has increased by USD 272.9 million.

3.5 GOLD PURCHASING OPERATIONS BY THE BANK OF MONGOLIA IN THE DOMESTIC MARKET

In 2014, with the execution of the “Law of Mongolia on Amending the Minerals Law (the Amendment)”, domestic gold production significantly increased. By the end of 2016, the Bank of Mongolia had purchased 18.3 tons of gold dores from domestic gold producers, which amounts to USD 658.2 million (figure 2).

Figure 1. Gold purchase by the Bank of Mongolia (annually)



4.1 ORGANIZATIONAL STRUCTURE AND REORGANIZATION MEASURES

The Bank of Mongolia operates with 10 departments, 1 center, 3 independent units, 5 regional divisions, 12 regional branches and 1 representative office.

In order to improve effectiveness and coordination of its activities, the Bank of Mongolia has made the following reorganizations in 2016:

- Operational Risk Division of the Internal Control and Operational Risk Department was moved to the Risk Management Unit;
- The State Treasury was transferred from the Banknotes and Precious Metals Department to the Markets Department;
- Internal Audit Department was established;
- Foreign Relations Unit was newly established within the General Management Department.

The Bank of Mongolia has established European Representative Office in London, United Kingdom to improve its relationship with other Central banks and international financial institutions.

Within the framework of its Human Resources Policy, the Bank of Mongolia continues developing human resources management, providing staff with the necessary resources on a long-term basis, weekly trainings that cover relevant topics, comfortable work environment, competitive remuneration system, and appropriate social support. In addition, the Bank of Mongolia is striving to create a work environment that attracts talented individuals through appropriate remuneration system, training and career development opportunities.

Also, the Bank of Mongolia has focused on improving its information technology systems so that employees can effectively collaborate with each other, store and disseminate data electronically for work purposes such as conducting research and compiling statistics.

4.2 FOREIGN RELATIONS

In 2016 the Bank of Mongolia has successfully participated in high-level meetings with the Peoples Bank of China, the Central Bank of the Russian Federation, the WB/IMF Annual Meetings and the SEACEN Centre's 52nd Annual Board Meeting.

In addition, the Bank of Mongolia has successfully co-hosted with the SEACEN Centre "The 10th Intermediate Leadership Course" in Ulaanbaatar. During this event, the Leadership and Governance Centre's lecturers and former Governor of the Central bank of Sri Lanka, Mr. A.Cabraal shared their experiences in leadership with more than 25 participants from 11 countries.

In cooperation with the German Bundesbank, the banking supervision seminar was organized for supervisors from the Banking Supervision Department and regional branches of the Bank of Mongolia in Ulaanbaatar. Also, with support from the Bundesbank, a central bank accounting workshop was organized in Frankfurt, Germany for participants from the Bank of Mongolia.

The Bank of Mongolia has worked in close relationship with international financial institutions, including resident representative offices in Ulaanbaatar and visiting missions.

In order to improve relationships with other central banks, financial institutions and supranational organizations, the Bank of Mongolia established a resident representative office in charge of Europe in London, United Kingdom in 2016.

4.3 PUBLIC RELATIONS

Central Bank Communication

In 2016 the Bank of Mongolia (BoM) set new goals for transparency and communications. In September 2016, institutional reforms were made at the BoM's Public Education and Information Center to improve the capacity of the communications unit. A new team was created, comprising for the first time ever professional journalists and economists from both within and outside of the BoM. Steps taken to raise communication standards included a survey to evaluate the BoM's communications; collaboration with international organizations in introducing global best practices; streamlining the structure of the communications unit, and improving the channels of communication with various target groups to meet their needs. We believe that more transparency, and clear and open communications will help to build public confidence in the Central Bank, better manage market expectations and thus improve the effectiveness of monetary policy.

Some major initiatives taken during 2016:

Press conferences

Monthly press conferences now take place to brief the media on latest statistics, latest developments in the economy, and latest policy decisions. During the press conferences, representatives of media organizations, such as television broadcasters, newspapers, and news websites collect and report to the public the latest economic data and monetary policy decisions. Representatives of the Board of Directors take and answer questions from journalists on BoM's stance on monetary policy, the foreign exchange market and the financial system.

"The Bank of Mongolia Information" bulletin.

The central bank has started issuing a monthly "Bank of Mongolia Information" bulletin covering a wide range of information, including monetary policy, financial education, research and economic data. The bulletin has now become one of the most important communication channels between the Central Bank and the public. The electronic version of the bulletin is posted on the BoM's official website.

Workshops: Journalists workshop

To improve the economic knowledge of professional journalists and to assist them to specialize in the economic field, the Bank of Mongolia is now organizing bi-monthly workshops and seminars. From a survey conducted among the journalists who have participated, more than half claimed to be satisfied and expressed a willingness to participate further in such training. In addition, monthly workshops are starting to provide basic economic knowledge to university students majoring in journalism.

Public lectures and discussions

BoM actively organizes and participates in open discussions on economic issues and involves professional economists, analysts and financial market experts. In 2016 we participated in events, such as "Discover Mongolia 2016", "Mongolia's current economic situation; its difficulties, foreign exchange, gateway and solutions" and "Exchange rate volatility and solutions".

Website and Social Network Channels

As a result of recent technological developments, information distribution channels are rapidly changing and strong emphasis is put on social network sites. The Bank of Mongolia has now improved the design of the Mongolian version of its official website and started using Twitter, Facebook and YouTube more extensively.

Central Bank transparency and communication assessment survey

A survey was conducted in Ulaanbaatar among members of the general public in order to assess the BoM's transparency and communication levels, and to identify areas for further improvement of Central Bank communications. Based on the survey results, it was revealed that public awareness and understanding of the main objectives of the Bank of Mongolia was not adequate. This indicates that there is a need to further improve the communication of the Bank and to improve the knowledge of the public.

4.4 MEASURES FOR ANTI-MONEY LAUNDERING AND COMBATING FINANCING OF TERRORISM

The Financial Action Task Force (FATF) periodically evaluate countries' progress in implementing Recommendations, and reviews the techniques, effectiveness, and counter-measures of their Anti-Money Laundering and Combating Financing of Terrorism (AML/CFT) systems. As a regional FATF-style body, the Asia/Pacific Group on Money Laundering (APG) started the Mutual evaluation assessment of Mongolia's AML/CFT system on 4th January, 2016. The final report will be available after the Annual General Meeting in July, 2017.

This time Mongolia's Mutual evaluation is being reviewed on the basis of FATF's 40 recommendations (which were updated in February 2012). The evaluation covers not only technical compliance requirements, but also efficiency of implementation.

Under the terms of reference of the Mutual evaluation, the Bank of Mongolia has undertaken the following:

- In April 2016 Mongolia's AML/CFT Technical Compliance Report on implementation of FATF recommendations was completed and submitted with a translation of all relevant laws, regulations and guidelines.
- In June 2016 Mongolia's Effectiveness of AML/CFT System Report was completed and submitted. It entailed collecting and considering relevant data and information, cooperating with relevant Ministries, Government Agencies, reporting entities and other organizations.
- In October 2016 Mongolia's first National Risk Assessment of Money Laundering was completed and published on the Bank of Mongolia's website. It involved broad cooperation in collecting and analyzing all pertinent data and information from relevant Ministries, Government Agencies, reporting entities and other organizations.
- The APG's Mutual Evaluation team held a series of meetings at the Bank in September and November 2016. These meetings spanned a period of three weeks, and were held with relevant Ministries, Government Agencies, reporting entities and other Mongolian organizations. They then completed evaluation of the AML/CFT System Report.

In accordance with the requirements of the AML/CFT legislation, the Financial Information Unit (FIU) of the Bank of Mongolia undertook the following:

- Exchange of information with the Bank of Mongolia on the conduct of on-site supervision of commercial banks of Mongolia;
- Had the 'Preventive Measures Regulations on AML/CFT' approved by joint decree of the Governor of the Bank of Mongolia and the Chairman of the Financial Regulatory Commission;
- Amended, by decree of the Governor of the Bank of Mongolia, the "Reporting Regulation for Banks" so as to introduce an on-line reporting system, operational from 13th December 2016.
- Participated in developing the FIU software.
- Cooperated with relevant Governmental authorities in exchanging information and providing support for their operations.

During 2016, the responsibility for on-site supervision of the banking sector transferred from the FIU to the Supervision department of the Bank of Mongolia. The FIU cooperated closely with the Financial Regulatory Commission in exchanging relevant data, information, and expertise (Table 1).

Table 1. Number of AML/CFT related supervisory inspections conducted

Indicators	2013	2014	2015	2016
Number of supervisory inspections on commercial banks	-	10	12	13
Number of supervisory inspections on reporting entities other than banks	163	151	116	419
Number of action notices given to banks and reporting entities other than banks	2	155	12	14
Number of rectification orders given to banks and reporting entities other than banks	77	295	213	393

Source: The Bank of Mongolia.

The FIU receives relevant reports from reporting entities in accordance with the Article 7 of the AML/CFT legislation (Table 2).

Table 2. Number of reports received by the FIU

Indicators	2013	2014	2015	2016
Suspicious transaction reports	285	212	113	282
Cash transaction reports	755,499	1,962,408	1,223,984	838,110
Foreign settlement transaction reports	60,274	149,682	86,329	90,560
Customs declaration reports	3,259	2,347	1,917	1,488

Source: The Bank of Mongolia.

In 2016, the FIU received 282 Suspicious Transaction Reports (STRs)– 2.5 times more than in 2015. Foreign Settlement Transaction Reports increased slightly by 4.9%. Due to changes in methodology the number of Cash Transaction Reports (CTRs) decreased by 32% compared to the previous year.

The main function of the FIU is to conduct an analysis of STRs received and disseminate them for further analysis to relevant law enforcement authorities if there are sufficient grounds to suspect that transactions and/or activities could be related to money laundering and terrorism financing. For the reporting period, the FIU has supported domestic law enforcement authorities in identifying illicit transactions related to money laundering, terrorism financing and other criminal activities by exchanging financial information and data within the framework of relevant laws and regulations.

Table 3. Statistics on the FIU's exchange of information

Indicators	2013	2014	2015	2016
Number of STRs analyzed and STRs under analysis	180	275	209	245
Number of reports the FIU has passed on to law enforcement authorities for investigation	10	6	27	166
Number of requests the FIU has received from authorities /domestic/	1,197	634	1,248	1,200
Number of responses to the requests received from authorities /domestic/	1,066	631	1,241	1,238

Source: The Bank of Mongolia.

The FIU organized 13 training programs for enhancing public awareness on AML/CFT issues. There were 525 attendees in all: two of the training programs organized independently by the FIU had 110 attendees, and 11 training programs organized in cooperation with other organizations had 415 attendees.

Training programs that took place in 2016 covered such important topics as:

- Methodology of Mutual Evaluation
- Improving the framework of AML/CFT
- Introducing international standards
- Introducing laws and regulations related to AML/CFT

As a member of the Egmont group – an international group of Financial Intelligence Units – the Mongolian FIU has exchanged information with foreign FIUs. It has supported the operations of domestic law enforcement authorities in identifying illicit money flows coming in and out of Mongolia as well as illicit income earned through criminal activities.

4.5 INTERNAL AUDIT DEPARTMENT

The Internal Audit Department of the Bank inspects and supervises the various departments, units, centers and regional branches of the Bank to ensure their compliance with laws and regulations in implementing the State Monetary Policy. It takes necessary measures when breaches are detected; it makes assessments; it provides management with information, and performs off-site surveillance and coordination. It is also the interface between the financial reporting entities and the Bank's external auditors.

The Internal Audit Department carried out comprehensive on-site inspections of the various departments, units, centers and regional branches of the Bank in accordance with the audit plan approved by the Governor. Reports were prepared and introduced to the Board of Directors of the Bank and the Supervisory Board. Furthermore, the Department conducted unscheduled, partial-targeted examinations of various departments, units and centers of the Bank. Appropriate action was taken afterwards as necessary.

The Internal Audit Department has been working to optimize its organizational structure, to execute primary and follow-up controls more effectively and consistently, and to prevent potential exposure to risk. In addition, it has sought to develop employees' skills and to utilize more advanced approaches in its works.

4.6 RISK MANAGEMENT

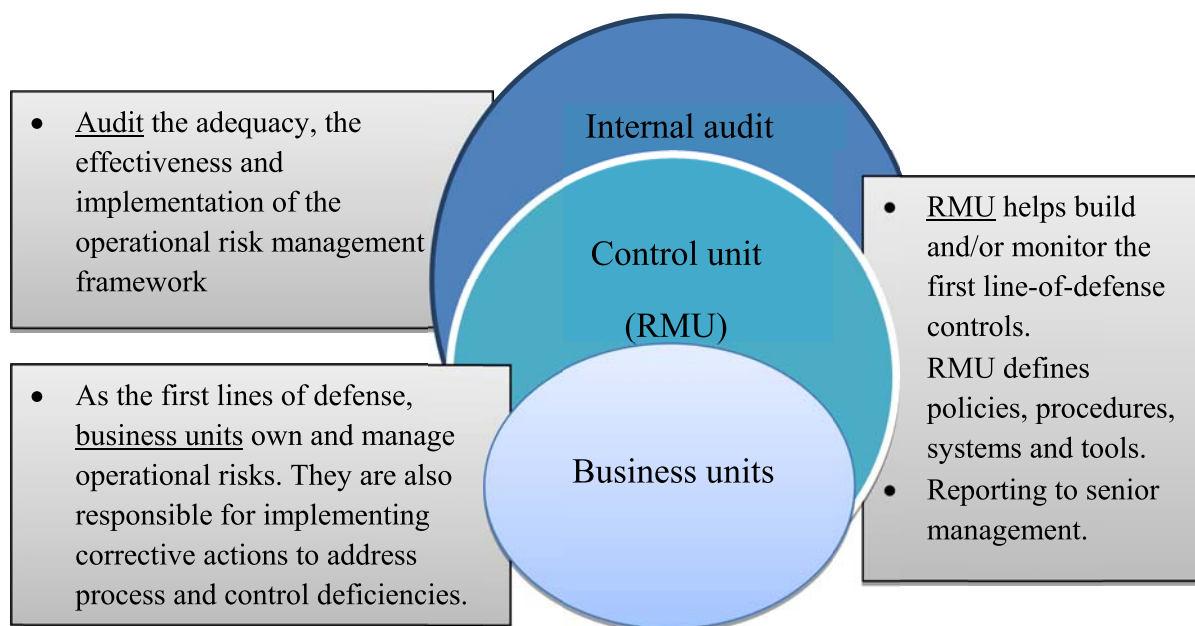
The Bank of Mongolia has a decentralized risk management process for financial risks and a centralized risk management process for operational risks.

The Bank of Mongolia oversees the following types of financial risks:

- Credit risk
- Market risk
- Liquidity risk.

The Risk Management Unit (RMU) currently acts as the BoM's middle office. Its function is to review all financial risks related to the BoM's balance sheet, including those related to the domestic assets of the Central Bank.

The Bank of Mongolia's operational risk management framework includes a governance structure based on three lines of defense, with clear specification of responsibilities.



The “Regulation on Operational Risk Management of the Bank of Mongolia” was adopted on 30th June 2016 by the Governor’s Decree No. 163. This document refers to the general definition and classification of operational risks, separation of responsibilities amongst units, and systems to identify, measure and manage operational risks.

To promote a culture of operational risk management, the RMU conducts on-going training on operational risk management issues for all employees of the headquarters and rural branches of the bank, and supports business units on operational risk identification and assessment.

Furthermore, plans are in place to expand the scope of the RMU to cover all risks pertaining to policy decisions on the part of the Bank of Mongolia. Centralized and independent risk assessment of all policy risks of the Bank will offer different perspectives to the decision-making process. In this way, we aim to establish an independent and centralized risk management framework for policy, aligning financial and operational risks with international best practice..

4.7 BANKNOTE ISSUANCE

In the reporting year, the Bank of Mongolia carried out the following measures in relation to the issuance of currency. Reserves of new 50 and 500 MNT denominations were replenished.

At the end of the reporting period, cash in circulation in nominal terms totaled 823.5 billion MNT, which is 16.6% higher or 117.1 billion MNT more than the previous year. In terms of total number of banknotes in circulation, these increased by 33.0 million notes or 9.9% compared to the end of 2015 (see table below).

Table 1. Cash in circulation

№	Denomination	31 st December 2015				31 st December 2016			
		Amount (million MNT)	Share (%)	Quantity of banknotes (thousand)	Share (%)	Amount (million MNT)	Share (%)	Quantity of banknotes (thousand)	Share (%)
1	1	30	0.0%	30,302	9.1%	31	0.0%	31,012	8.5%
2	5	136	0.0%	27,242	8.2%	140	0.0%	27,970	7.7%
3	10	680	0.1%	67,958	20.5%	744	0.1%	74,434	20.4%
4	20	1,010	0.1%	50,498	15.2%	1,086	0.1%	54,281	14.9%
5	50	1,982	0.3%	39,641	12.0%	2,242	0.3%	44,849	12.3%
6	100	4,039	0.6%	40,394	12.2%	4,526	0.5%	45,266	12.4%
7	200	35	0.0%	176	0.1%	36	0.0%	182	0.0%
8	500	5,702	0.8%	11,404	3.4%	6,390	0.8%	12,779	3.5%
9	1000	16,278	2.3%	16,279	4.9%	17,962	2.2%	17,962	4.9%
10	5000	43,420	6.1%	8,684	2.6%	54,091	6.6%	10,818	3.0%
11	10000	148,941	21.1%	14,894	4.5%	165,678	20.1%	16,568	4.5%
12	20000	484,264	68.5%	24,213	7.3%	570,665	69.3%	28,533	7.8%
	Нийт	706,517	100.0%	331,685	100%	823,591	100.0%	364,654	100%

The changes in the value and quantity of banknotes supplied to and withdrawn from banks are indicated in the following table.

Table 2. Supply and withdrawal of cash

Years	Supply		Withdrawal	
	Amount (billion MNT)	Quantity of banknotes (Thousand)	Amount (billion MNT)	Quantity of banknotes (Thousand)
2012	1 564,2	213 305	1 663,4	198 521
2013	1 601,6	216 394	1 728,7	202 035
2014	1 377,6	143 936	1 536,1	176 422
2015	1 238,9	190 518	1 352,6	187 536
2016	1 373,5	216 592	1 337,7	195 552
Total	7 155,8	980 745	7 618,5	960 066

To meet the demand for cash in provincial regions, 111.6 billion MNT were supplied to the local branches of the Bank of Mongolia in the reporting year and 38.4 billion MNT of fit and 25.5 billion MNT of unfit notes were withdrawn.

4.8 INFORMATION TECHNOLOGY

In this fiscal year, the Bank of Mongolia has provided reliable, stable and fail-safe operations using information technology systems for the interbank payment system, interbank electronic trading system and other information systems.

The Information Technology department of the Bank of Mongolia has not only improved interbank and internal information systems, but has also modernized some of our legacy systems. We have begun introducing newer technology, while also retaining the availability and reliability of our legacy systems. The key information systems that have been improved are the Government and Central Bank Bond trading platform, the interbank money market system and the bank reporting system. Meanwhile we have also begun successfully to develop and put in place new systems for the Credit Information Bureau and Financial Intelligence Unit.

Other notable measures include mitigating Information Technology related risks, increasing availability and reliability of information systems, and increasing Information Technology investment efficiency.

4.9 SUMMARY OF REGULATIONS APPROVED BY THE BANK OF MONGOLIA IN 2016

No	Name of Regulation	Date	Decree No	Content
In relation to Monetary policy				
1	Regulation on MNT and RMB currency swap agreement	16.06.30	A-161	Principles and definition of both parties' rights relating to the establishment of swap agreements with commercial banks for supporting liquidity in RMB and preventing currency risks.
2	To renew "Interest rate corridor" system	16.08.18	A-214	The monetary policy "Interest rate corridor" system changed non-symmetrically as follows: +3 (three), and -1 (one) point% changes of the Bank of Mongolia policy interest rates.
3	Determination of policy interest rate of the Central bank	16.08.18	A-215	The policy interest rate of the Central Bank has been increased by 4.5% and the policy interest rate is now 15 %.
4	The interest rate to reserve requirements of banks' Tugrik by the Central Bank. (Measurements to implement the regulation)	16.09.30	A-270	The interest rate for the reserve requirements of banks' Tugrik holdings, is determined to be equal to 50% of the overnight deposit interest rate of the Central Bank.
In relation to payment system				
1	Regulation on stability, security and efficiency of Information Technology in compliance with the payment system	16.01.15	A-20	This regulation sets the standards and requirements for payment system operators and participants' activity to prevent delays in payment and avoid system interruptions when problems occur with IT operations.
2	The Bank of Mongolia regulation on inter-bank low-value payments	16.06.20	A-145	Regulates the stability, security and efficiency of execution of payment settlements with low-value between participants of the payment system.
3	Regulation on Payment cards	16.06.30	A-160	Regulates activity, licensing, revocation of licenses, rights and responsibilities of participants and monitoring on implementation of Payment cards in Mongolia.
4	Policy documents for monitoring the payment system	16.09.28	A-265	The purpose of Payment system monitoring is one of the Central Bank's roles to provide stability, safety and efficiency to gain public confidence in the national currency and to support financial stability by monitoring, evaluating and amending payment settlements when necessary. The aim of payment system monitoring is to manage possible risks that may occur in the operation's stability, safety and efficiency by protecting customer rights within the payment system and infrastructure activities of the financial market.
In relation to supervision				
1	Preventive measures regulations on combating money laundering and financing of terrorism	16.06.30	A-112-195	The purpose of these regulations is to establish a risk based approach to the prevention, detection and reporting of abuse of the payments system for the purposes of money laundering and terrorist financing.

2	Regulation on daily report on foreign transactions	16.06.09	A-133	Regulations to define the information content requirements for any foreign transactions by banks that are certified to carry out foreign transactions and submissions to the BoM.
3	Regulation on asset classification, provisioning and its disbursements	16.12.09	A-336/400	The purpose of this regulation is to set the minimum requirements by the Bank of Mongolia on classifying the loans, defined under Article 27.1 ¹ of the Law on deposits, loans and banking transactions and other assets, as well as establishing and disbursing loss provisioning on both loans and other assets stated in Article 35.5 ² and Article 35.6 ³ of the Banking law and to ensure regulated banks follow and comply with the set requirements.
Other				
2	To define some conditions of mortgage loan	16.03.04	A/32, A-64	Mortgage loan annual interest of 5 and 8% shall be defined based upon the location as set forth in the “General regulation on Mortgage lending and financing” approved by Government resolution No137 dated March 4, 2016.
3	To define the interest rate for Mortgage loan financing	16.03.15	A-71	Interest rate for mortgage financing loans to banks is defined to be 4%.
6	To approve a balance sheet template for banks	16.06.30	A-165	To introduce international standards and to publish monetary and financial statistics, this regulation sets out the approved balance sheet template for banks.
7	Regulation on Mortgage loan financing	16.10.25	A-295	Regulation in accordance with the Article 28, paragraph 1 of the Law on the Central Bank, and Section 2 of the Parliament Resolution No 40, of 2016, the BoM issues a source of funds for mortgage financing to banks and sets out repayment relations.
Amended Regulations				
1	Amendments to the Regulation	16.03.04	A-65	The aim is to prevent risks from accumulating and to provide financial sustainability in accordance with the Parliament Resolution No 93” Regarding the State monetary policy” in 2015 and within the general guideline 2016 followed by the Order No 460 which is approved by The Governor of the BoM the “Regulation on defining measurement of the Banking operational adequacy and monitoring” was amended.
2	Amendments to the Regulation	16.06.20	A-146	The “Regulation on Long-term swap agreements” followed by the Order A-14 which was approved by the Governor of the BoM, in 2014 was amended to improve it.
3	Amendment on General terms and conditions of the Service fee	16.06.30	A-164	The Appendix of the Order A-198 “General terms and conditions of the Service fee” previously approved by the Governor of the BoM in 2015 was amended.
4	Amendment on “Regulation on Central bank repo trading”	16.08.19	A-213	To set repo trade minimum interest rate equal to maximum interest rate of the Central bank securities auction
5	Amendments to the Regulation	16.09.02	A-236	Amendments were made to Section 6 of the “Regulation on inter-bank low-value payments between participants of the Payment system” followed by the Order A-145, in section 12 of the “Regulation on Payment cards” followed by the Order A-160 approved by the Governor of the BoM in 2016. This was done to improve the implementation of the original regulation.

BANK OF MONGOLIA

**INTERNATIONAL FINANCIAL REPORTING STANDARDS
FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT**

31 DECEMBER 2016

THE BANK OF MONGOLIA

NOTES TO THE FINANCIAL STATEMENTS-31 DECEMBER 2016.

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BOARD OF DIRECTORS' RESPONSIBILITY STATEMENT

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


The financial statements of the 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 2016 and of its financial performance and its cash flows for the year then ended.

The Board of Directors has 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 accounting policies set out in Note 3 thereto.

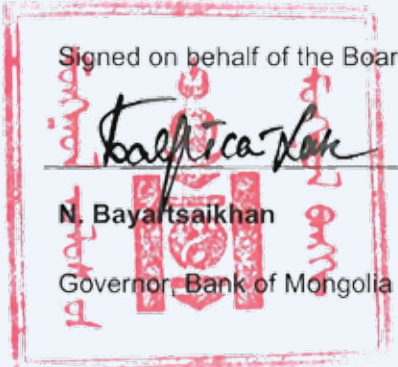
The Board of Directors also has a general responsibility for taking actions which are reasonably open to the Board to safeguard the assets of the Bank and to prevent and detect fraud and other irregularities.

The Board of Directors consider that in preparing the financial statements on pages on 1 to 74 the appropriate policies have been used, consistently applied, and supported by reasonable and prudent judgements and estimates, and that all applicable accounting standards have been followed.

Signed on behalf of the Board of Directors:



N. Bayartsaikhan
Governor, Bank of Mongolia





Independent auditor's report

To the Board of Directors of the Bank of Mongolia

Our qualified opinion

In our opinion, except for the possible effects of the matter described in the Basis for qualified opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Bank of Mongolia (the "Bank") as at 31 December 2016, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

What we have audited

The Bank's financial statements comprise:

- the statement of financial position as at 31 December 2016;
- the statement of profit or loss and other comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

Basis for qualified opinion

As disclosed in the Note 15 to the financial statements, the Bank has recognized receivables due from corporate entities in relation to promissory notes. In the absence of sufficient, reliable information to assess the creditworthiness of these entities to support the recoverability of these receivables, we were not able to satisfy ourselves as to the appropriateness of the carrying value of these receivables as at 31 December 2016 and 31 December 2015.

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

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

Independence

We are independent of the Bank in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

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THE BANK OF MONGOLIA

NOTES TO THE FINANCIAL STATEMENTS-31 DECEMBER 2016.



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

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

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

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

Auditor's responsibilities for the audit of the financial statements

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

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.

THE BANK OF MONGOLIA

NOTES TO THE FINANCIAL STATEMENTS-31 DECEMBER 2016.



Auditor's responsibilities for the audit of the financial statements (continuance)

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Signed by:



Bayarmaa Davaa
Executive Director
PricewaterhouseCoopers Audit LLC

Approved by:

A handwritten signature in black ink, appearing to read 'M. Pottle'.

Matthew Pottle
Partner
31 March 2017

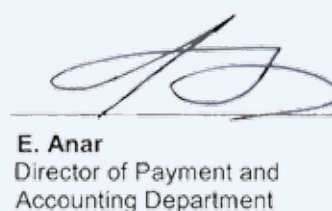
THE BANK OF MONGOLIA

STATEMENT OF FINANCIAL POSITIONS.

<i>In millions of Mongolian Tugriks</i>	Note	31 December 2016	31 December 2015 (Restated)	31 December 2014 (Restated)
ASSETS				
Cash on hand	7	38,953	53,793	57,990
Due from foreign financial institutions	8	1,455,517	1,085,063	1,409,350
Loans to local banks	9	1,086,566	1,185,520	2,085,945
Financial investments available-for-sale	10	2,694,922	2,459,044	1,246,939
Reverse repurchase agreements	11	1,049,526	1,328,021	1,466,557
Gold bullion and precious metals	12	232,527	420,152	333,959
Derivative financial instruments	13	10,413	7,895	2,964
Government securities	14	326,508	202,218	204,828
Other assets	15	696,645	404,574	575,116
Premises, equipment and intangible assets	16	28,034	28,773	27,390
Assets held for sale		4,825	4,665	450
TOTAL ASSETS		7,624,436	7,179,718	7,411,488
LIABILITIES				
Cash in circulation	17	823,629	706,656	809,657
Central bank bills	18	577,297	1,024,581	853,781
Liabilities due to government organizations	19	1,008,324	702,456	798,649
Deposits from local banks	20	2,671,566	1,818,985	2,803,462
Derivative financial instruments	13	939,453	272,954	72,668
Liabilities due to foreign parties	21	4,495,336	3,925,777	2,987,888
Other liabilities	22	106,752	78,645	81,471
TOTAL LIABILITIES		10,622,357	8,530,054	8,407,576
EQUITY				
Charter capital	23	5,000	5,000	5,000
Accumulated deficit	23	(3,019,323)	(1,372,114)	(1,019,103)
Other reserves	23	16,402	16,778	18,015
TOTAL EQUITY		(2,997,921)	(1,350,336)	(996,088)
TOTAL LIABILITIES AND EQUITY		7,624,436	7,179,718	7,411,488

Approved for issue and signed on behalf of the Board of Directors on 31 March 2017.


N. Bayartsalkhan
 Governor, Bank of Mongolia


E. Anar
 Director of Payment and
 Accounting Department

THE BANK OF MONGOLIA

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME.

<i>In millions of Mongolian Tugriks</i>	Note	2016	2015
Interest income	24	228,557	203,780
Interest expense	24	(355,850)	(348,013)
Net interest expense		(127,293)	(144,233)
Gains less losses from trading in gold bullion and precious metals	25	100,611	3,101
Gold bullion and precious metals revaluation losses less gains	26	(804)	(4,242)
Losses less gains from derivative financial instruments	27	(663,980)	(195,356)
Gains less losses/(losses less gains) from trading in foreign currencies		5,222	(3,048)
Foreign exchange translation (losses less gains)/gains less losses	28	(429,763)	32,390
Losses on initial recognition of assets at rates below market		(451,399)	(28,603)
Gains from disposal of financial investments available-for-sale		78	65
(Provision)/reversal of provision for impairment	29	(119,103)	6,396
Other operating income	30	72,320	7,492
Administrative and other operating expenses	31	(33,915)	(31,356)
LOSS FOR THE YEAR		(1,648,026)	(357,394)
Other comprehensive income:			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Available-for-sale investments:			
- Gains less losses arising during the year		519	3,211
- Losses less gains reclassified to profit or loss upon disposal		(78)	(65)
Other comprehensive income for the year		441	3,146
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		(1,647,585)	(354,248)

THE BANK OF MONGOLIA

STATEMENT OF CHANGES IN EQUITY.

<i>In millions of Mongolian Tugriks</i>	Note	Charter capital	Accumulated deficit	Other reserves	Total equity
Balance at 1 January 2015	23	5,000	(1,019,103)	18,015	(996,088)
Loss for the year		-	(357,394)	-	(357,394)
Other comprehensive income		-	-	3,146	3,146
Total comprehensive loss for 2015		-	(357,394)	3,146	(354,248)
Transfer to other reserves from retained earnings	23	-	4,383	(4,383)	-
Balance at 31 December 2015		5,000	(1,372,114)	16,778	(1,350,336)
Loss for the year		-	(1,648,026)	-	(1,648,026)
Other comprehensive income		-	-	441	441
Total comprehensive loss for 2016		-	(1,648,026)	441	(1,647,585)
Transfer to other reserves from retained earnings	23	-	817	(817)	-
Balance at 31 December 2016		5,000	(3,019,323)	16,402	(2,997,921)

Transfers from retained earnings (accumulated deficit) to other reserves in 2016 and 2015 relate to transfer of reversal of buildings revaluation surplus and unrealized losses on gold bullion (Note 23).

THE BANK OF MONGOLIA

STATEMENT OF CASH FLOWS.

<i>In millions of Mongolian Tugriks</i>	31 December 2016	31 December 2015 (Restated)
Cash flows from operating activities		
Loss for the year:	(1,648,026)	(357,395)
<i>Adjustments to:</i>		
Gold bullion and precious metals revaluation losses less gains	804	4,242
Losses less gains from derivative financial instruments	663,980	195,356
Unrealized losses on foreign currency translation	597,759	58,703
Depreciation of premises, equipment and intangible assets	2,513	2,397
Premises and equipment written off	25	12
Gain on disposal of premises and equipment	(51)	(37)
Gain from disposal of financial investments available for sale	(78)	(65)
Provision/(reversal) of provision for impairment	119,103	(6,396)
Losses on initial recognition of assets at rates below market	451,399	28,603
Provision for social development fund	-	2,000
Income from future pension reserve fund	(63,246)	-
Interest income	(228,557)	(203,780)
Interest expense	355,850	348,014
Cash flows from operating activities before changes in operating assets and liabilities	251,475	71,654
<i>Changes in operating assets and liabilities:</i>		
Net (increase)/decrease in Gold bullion and precious metals	188,429	(90,435)
Net decrease in Reverse repurchase agreements	185,043	139,362
Net decrease/(increase) in Loans to local banks	344,984	(471,470)
Net increase in Loans to government organizations	(419,674)	-
Net decrease in Government securities	2,426	2,683
Net (increase)/decrease in Other assets	(462,164)	241,209
Net (decrease)/increase in Central bank bills	(450,304)	170,109
Net increase/(decrease) in Liabilities due to Government organizations	279,103	(96,195)
Net increase/(decrease) in deposits of local banks	581,892	(984,844)
Net decrease in other liabilities	(14,814)	(2,188)
Net cash from/(used) in operating activities before tax and interest	486,396	(1,020,115)
Interest received	193,949	187,407
Interest paid	(330,800)	(389,945)
Net cash from/(used in) operating activities	349,545	(1,222,653)
Cash flows used in investing activities		
Acquisition of property, equipment and intangible assets	(3,275)	(3,975)
Proceeds from disposal of property and equipment	1,500	216
Acquisition of financial instruments available for sale	(2,107,329)	(1,086,007)
Proceeds from sale of financial instruments available for sale	2,194,761	1,180,467

THE BANK OF MONGOLIA

STATEMENT OF CASH FLOW.

Acquisition of government securities	(602,289)	-
Proceeds from government securities/repayments	150,576	-
Net cash (used in)/from investing activities	(366,056)	90,701

<i>In millions of Mongolian Tugriks</i>	31 December 2016	31 December 2015(Restated)
Cash flows from financing activities		
Decrease/(increase) of cash in circulation	116,973	(103,001)
Repayment of liabilities due to foreign parties	(1,515,482)	(7,700,355)
Proceeds from liabilities due to foreign parties	1,485,199	8,643,221
Net cash from financing activities	86,690	839,865
Effect of exchange rate changes on cash and cash equivalents	285,235	(36,448)
Net increase/(decrease) in cash and cash equivalents	355,414	(328,534)
Cash and cash equivalents at the beginning of the period	1,137,926	1,466,460
Cash and cash equivalents at the end of the period	1,493,340	1,137,926

THE BANK OF MONGOLIA

NOTES TO THE FINANCIAL STATEMENTS-31 DECEMBER 2016.

1. INTRODUCTION

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.

All operations of the BOM are conducted in Mongolia. The BOM system 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 a balanced and sustained development of the national economy, through maintaining stability of finance markets and banking system.

The BOM does not aim to earn profits. The financial results of the 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 (Bank of Mongolia), the main functions of the BOM are as follows:

- issue of national currency of Mongolia and organization 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, the 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 government 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 the BOM is fully owned by the State of Mongolia. In accordance with the Law, the main task of the BOM Council (Board) is to develop principles of monetary policy and exercise control over implementation of the monetary policy. In addition, the BOM Governor approves annually the BOM budget of income and expenditure for the next year, approves annual financial statements of the BOM, report on fulfilment of the BOM budget of income and expenditure and distribution of profit for the reporting year, as well as performs other functions according to its authority defined by the Mongolian legislation.

Registered address and place of business. The Bank's registered address is: Baga Toiruu 3, 15160, Ulaanbaatar 46, Mongolia.

THE BANK OF MONGOLIA

NOTES TO THE FINANCIAL STATEMENTS-31 DECEMBER 2016.

2. FINANCIAL REPORTING FRAMEWORK AND BASIS FOR PREPARATION AND PRESENTATION

Basis of preparation. These financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) under the historical cost convention, as modified by the initial recognition of financial instruments based on fair value, and by the revaluation of premises and available-for-sale financial assets, and financial instruments categorized as at fair value through profit or loss. The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated (refer to Note 3).

Presentation currency. These financial statements are presented in Mongolian Tugriks (“MNT”) the currency of the primary economic environment in which the Bank operates and the Bank's functional currency.

Amendments of the financial statements after issue The Bank's management has the power to amend the financial statements after issue.

THE BANK OF MONGOLIA

NOTES TO THE FINANCIAL STATEMENTS-31 DECEMBER 2016.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial instruments - key measurement terms. Depending on their classification financial instruments are carried at fair value, cost, or amortized cost as described below.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. Fair value is the current bid price for financial assets and current asking price for financial liabilities, which are quoted in an active market. An active market is one in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange or other institution and those prices represent actual and regularly occurring market transactions on an arm's length basis.

Valuation techniques such as discounted cash flows models or models based on recent arm's length transactions or consideration of financial data of the investees are used to fair value certain financial instruments for which external market pricing information is not available. Valuation techniques may require assumptions not supported by observable market data. Disclosures are made in these financial statements if changing any such assumptions to a reasonably possible alternative would result in significantly different profit, income, total assets or total liabilities.

Cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire an asset at the time of its acquisition and includes transaction costs. Measurement at cost is only applicable to investments in equity instruments that do not have a quoted market price and whose fair value cannot be reliably measured, refer to Note 10.

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial instrument. An incremental cost is one that would not have been incurred if the transaction had not taken place. Transaction costs include fees and commissions paid to agents (including employees acting as selling agents), advisors, brokers and dealers, levies by regulatory agencies and securities exchanges, and transfer taxes and duties. Transaction costs do not include debt premiums or discounts, financing costs or internal administrative or holding costs.

Amortized cost is the amount at which the financial instrument was recognized at initial recognition less any principal repayments, plus accrued interest, and for financial assets less any write-down for incurred impairment losses. Accrued interest includes amortisation of transaction costs deferred at initial recognition and of any premium or discount to maturity amount using the effective interest method. Accrued interest income and accrued interest expense, including both accrued coupon and amortized discount or premium (including fees deferred at origination, if any), are not presented separately and are included in the carrying values of related items in the statement of financial position.

The effective interest method is a method of allocating interest income or interest expense over the relevant period to achieve a constant periodic rate of interest (effective interest rate) on the carrying amount. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts (excluding future credit losses) through the expected life of the financial instrument or a shorter period, if appropriate, to the net carrying amount of the financial instrument. The effective interest rate discounts cash flows of variable interest instruments to the next interest re-pricing date except for the premium or discount, which reflects the credit spread over the floating rate specified in the instrument, or other variables that are not reset to market rates. Such premiums or discounts are amortized over the whole expected life of the instrument. The present value calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate.

THE BANK OF MONGOLIA

NOTES TO THE FINANCIAL STATEMENTS-31 DECEMBER 2016.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

In case of promissory notes (Note 15), effective interest rate is estimated at the date of initial recognition on the basis of the expected cash flows on the particular promissory notes considering probability of meeting prescribed conditions (which leads to reduction of applicable interest rate) and incorporating it into the expectations of cash flows. If the conditions are expected to be met at the time of origination of transaction given the nature of conditions and entity's operations, the expected cash flows are considered at minimum level. If the conditions most probably will not be met based on assessment done at the time of origination of transaction given the nature of conditions and entity's operations, the expected cash flows are considered at maximum level. Effective interest rate estimated at the initial recognition is compared with the market rates for the similar instruments to determine whether fair value adjustment on initial recognition is needed. Probabilities of meeting prescribed conditions are re-assessed at the end of each reporting period taking into consideration receipt of new information.

Initial recognition of financial instruments. Derivatives are initially recorded at fair value. All other financial instruments are initially recorded at fair value plus transaction costs. Fair value at initial recognition is best evidenced by the transaction price. A gain or loss on initial recognition is only recorded if there is a difference between fair value and transaction price, which can be evidenced by other observable current market transactions in the same instrument or by a valuation technique for which inputs include only data from observable markets.

All purchases and sales of financial assets that require delivery within the time frame established by regulation or market convention ("regular way" purchases and sales) are recorded at trade date, which is the date that the Bank commits to deliver a financial asset. All other purchases are recognized when the entity becomes a party to the contractual provisions of the instrument.

Derecognition of financial assets. The Bank derecognizes financial assets when (a) the assets are redeemed or the rights to cash flows from the assets otherwise expired or (b) the Bank has transferred the rights to the cash flows from the financial assets or entered into a qualifying pass-through arrangement while (i) also transferring substantially all the risks and rewards of ownership of the assets or (ii) neither transferring nor retaining substantially all risks and rewards of ownership but not retaining control. Control is retained if the counterparty does not have the practical ability to sell the asset in its entirety to an unrelated third party without needing to impose restrictions on the sale.

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, as well as demand deposits of government organizations and local banks, denominated in local currency, refer to Note 7. 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.

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 Tugriks 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 (refer to Note 12).

THE BANK OF MONGOLIA

NOTES TO THE FINANCIAL STATEMENTS-31 DECEMBER 2016.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Gold billion 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 (refer to Note 23).

Other precious metals including gold and silver ore, coins and cultural valuables are held in the Bank’s Central Vault. Other precious metals are recognized as inventory and are carried at lower of cost and net realizable value.

Foreign currency translation. The functional currency of the Bank is the national currency of the primary economic environment in which the Bank operates. The functional and presentation currency of the Bank is the national currency of the Mongolia, Mongolian Tugriks (MNT).

Monetary assets and liabilities are translated into functional currency at the official exchange rate of the Tugriks at the end of the respective reporting period. Foreign exchange gains and losses resulting from the settlement of transactions and from the translation of monetary assets and liabilities into functional currency at year-end official exchange rates of the Tugriks, are recognized in profit or loss for the year (as foreign exchange translation gains less losses). Translation at year-end rates does not apply to non-monetary items that are measured at historical cost. Non-monetary items measured at fair value in a foreign currency, including equity investments, are translated using the exchange rates at the date when the fair value was determined.

At 31 December 2016 and 31 December 2015, the principal rates of exchange used for translating foreign currency balances were:

	31 December 2016 (MNT)	31 December 2015 (MNT)
USD	2,489.53	1,995.98
SDR	3,335.09	2,772.52
EUR	2,605.79	2,182.70
CNY	357.96	307.54
JPY	21.19	16.58

Due from foreign financial institutions. These balances are recorded when the BOM advances foreign currency funds to counterparty banks with no intention of trading the resulting unquoted non-derivative receivable due on fixed or determinable dates. These items are classified as loans and receivables for IFRS measurement purposes. They are initially recorded at fair value plus transaction costs and are subsequently recorded at amortized cost using effective interest method.

Loans and other receivables due from banks and other borrowers, and government securities. Loans to banks and other borrowers (such as Ministry of Finance, corporate entities etc.) are recorded when the BOM advances money to originate an unquoted non-derivative receivable from a counterparty bank or other borrower due on fixed or determinable dates and has no intention of trading the receivable. These items (including government securities issued by the Ministry of Finance) are classified as loans and receivables for IFRS measurement purposes. They are initially recorded at fair value plus transaction costs and are subsequently recorded at amortised cost using effective interest method.

THE BANK OF MONGOLIA

NOTES TO THE FINANCIAL STATEMENTS-31 DECEMBER 2016.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

In case of loans and other receivables issued below market rate, loss on initial recognition is not recognized, if related receivables are considered instruments of principal market as defined by IFRS 13 requirements. In case of loans and other receivables issued below market rate that do not meet definition of principal market, loss on initial recognition is recognised in profit or loss account. Loans and other receivables meet definition of principal market when the substance of related transactions relates to the Bank's function of the regulator and of protecting national currency and economy (e.g. performing monetary policy operations, stabilizing inflation and stimulating economic growth, ensuring stability of Mongolian banking sector etc.)

Loans and other receivables below market rate, not related to the central banking functions, do not meet definition of principal market under IFRS 13 and therefore loss on initial recognition is recognised. For management's judgements refer to Note 4.

Sale and repurchase agreements and lending of securities. Sale and repurchase agreements ("repo agreements") which effectively provide a lender's return to the counterparty are treated as secured financing transactions. Securities sold under such sale and repurchase agreements are not derecognized. The securities are not reclassified in the statement of financial position unless the transferee has the right by contract or custom to sell or repledge the securities, in which case they are reclassified as repurchase receivables.

Securities purchased under agreements to resell ("reverse repo agreements") which effectively provide a lender's return to the Bank are recorded as due from foreign financial institutions or loans to local banks, as appropriate. The difference between the sale and repurchase price is treated as interest income and accrued over the life of repo agreements using the effective interest method.

Impairment of financial assets carried at amortized cost. Impairment losses are recognized in profit or loss when incurred as a result of one or more events ("loss events") that occurred after the initial recognition of the financial asset and which have an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. The objective evidence of impairment of financial assets is information on the following loss events:

- the borrower experiences significant financial difficulties;
- breach of contract by the borrower;
- possibility of bankruptcy or other financial reorganization of the borrower;
- the lender, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider (such as a change in interest rate or extension of payment terms);
- observable data indicating that there is a measurable decrease in the estimated future cash flows from a group of financial assets since the initial recognition of those assets.

Due to relatively small number of debtors (customers and other debtors), the Bank performs individual assessment on all financial assets i.e. the BOM assesses whether objective evidence of impairment exists individually for all financial assets carried at amortized cost. 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 recognized in profit or loss as 'Provision for impairment losses'. 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 profit or loss.

THE BANK OF MONGOLIA

NOTES TO THE FINANCIAL STATEMENTS-31 DECEMBER 2016.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realized 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 recognized, the previously recognized impairment loss is increased or reduced by adjusting the allowance account. Recoveries of written-off loans from previous years are recorded as 'Reversal of impairment losses' in the period it was recovered.

The present value of the estimated future cash flows is discounted at the financial asset's original effective interest method. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest method. The calculation of the present value of the estimated future cash flows of a collateralized 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.

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

Financial investments available for sale. Financial investments available for sale include debt securities and equity investments (investments into share capital of entities which are not associates or subsidiaries), which the BOM intends to hold for an indefinite period of time. Debt securities are initially recorded at fair value plus transaction costs and are subsequently measured at fair value. Interest income on available-for-sale debt securities is calculated using the effective interest method and recognized in profit or loss for the year. All other elements of changes in the fair value are recognized in other comprehensive income until the investment is derecognized or impaired, at which time the cumulative gain or loss is reclassified from other comprehensive income to profit or loss for the year.

Equity investments are initially recorded at cost and are subsequently measured at cost less provision for impairment, as their fair value cannot be reliably determined, refer to Note 10. Impairment losses are recognized in profit or loss for the year when incurred as a result of one or more events ("loss events") that occurred after the initial recognition of investment securities available for sale. A significant or prolonged decline in the fair value of an equity security below its cost is an indicator that it is impaired. The cumulative impairment loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that asset previously recognized in profit or loss – is reclassified from other comprehensive income to profit or loss for the year.

Derivative financial instruments. Derivative financial instruments primarily include foreign exchange contracts such as forward rate agreements and foreign currency swaps, entered into with local commercial banks. Derivative financial instruments represent financial instruments at fair value through profit or loss and are carried at their fair value. All derivative instruments are carried as assets when fair value is positive and as liabilities when fair value is negative. Changes in the fair value of derivative instruments are included in profit or loss for the year. The Bank does not apply hedge accounting.

Other assets. Other assets mainly consist of receivables and prepayments. Receivables are accounted for on an accruals basis and are carried at amortized cost. Receivables are recorded when due under the agreement. Prepayments are recorded on the payment date and are charged to the statement of comprehensive income when the services are provided. If the Bank has objective evidence that the receivable will not be collected the Bank recognizes impairment by setting up an allowance account decreasing the net carrying value of the receivables and prepayments to their recoverable amount. The impairment is recorded in profit or loss. The Bank collects evidence of impairment of receivables using the same methods and estimations as those applied to impairment of financial assets carried at amortized cost.³

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NOTES TO THE FINANCIAL STATEMENTS-31 DECEMBER 2016.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Premises owned by the Bank are initially measured at cost. Premises 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 revaluation are credited to other comprehensive income and increase the revaluation surplus in equity. Decreases that offset previous increases of the same asset are recognized in other comprehensive income and decrease the previously recognized revaluation surplus in 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 deficit or retained earnings when the surplus is realized. Management believes that carrying amounts of premises as of 31 December 2016 and 31 December 2015 are not materially different from their fair values.

Equipment owned by the Bank is stated at cost less depreciation and provision for impairment, where required. Costs of minor repairs and maintenance are expensed when incurred. Costs of replacing major parts or components of premises and equipment items are capitalized and the replaced part is retired.

At the end of each reporting period management assesses whether there is any indication of impairment of premises and equipment. If any such indication exists, management estimates the recoverable amount, which is determined as the higher of an asset's fair value less costs to sell and its value in use. The carrying amount is reduced to the recoverable amount and the impairment loss is recognized in profit or loss for the year (to the extent it exceeds the previous revaluation surplus in equity, in case of premises). An impairment loss recognized for an asset in prior years is reversed if there has been a change in the estimates used to determine the asset's value in use or fair value less costs to sell.

Gains and losses on disposals determined by comparing proceeds with carrying amount are recognized in profit or loss for the year (within other operating income or expenses). Depreciation. Construction in progress is not depreciated. Depreciation on other items of premises and equipment is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives:

	Useful lives in years
Premises	40 – 60 years
Furniture and office equipment	8 – 10 years
Computers and technical equipment	5 – 10 years
Motor vehicles	6 – 8 years

The residual value of an asset is the estimated amount that the Bank would currently obtain from disposal of the asset less the estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Intangible assets. The Bank's intangible assets have definite useful life and primarily include capitalized computer software licenses. Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. Amortization 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 4 years.

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NOTES TO THE FINANCIAL STATEMENTS-31 DECEMBER 2016.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash in circulation. The amount of banknotes and coins in circulation represents the nominal value of banknotes and coins that can be used as payment instruments and were issued into circulation by the BOM after the introduction of Tugriks into circulation in September 1993. The banknotes and coins in circulation are recorded as a liability at their nominal value when cash is issued by the BOM to banks and clients of the BOM. Cash in national currency held in the BOM's vaults and cash offices is not included in banknotes and coins in circulation.

Central bank bills. Central bank bills issued by the BOM are initially recorded at fair value and subsequently are measured at amortized cost using the effective interest method. Amortized 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.

Liabilities due to government organizations. Accounts of the Government and other government institutions are non-derivative liabilities to the Government or other customers and are carried at amortized cost using effective interest method. Liabilities due to government organizations mostly relate to long-term loans obtained from the Ministry of Finance, which relate to programmes financed by the Government of Germany (KfW) and Asian Development Bank (ADB). Refer to Note 19.

Liabilities due to foreign parties. Liabilities due to foreign parties are initially recorded at fair value and subsequently are measured at amortized cost using effective interest method. Liabilities due to foreign parties mostly relate to loan obtained from People's Bank of China, (central bank of China, "PBC"). Refer to Note 21.

Deposits from local banks. Accounts of banks are recorded when money is advanced to the BOM by counterparty banks. The non-derivative liability is carried at amortized cost.

Provisions for liabilities and charges. Provisions for liabilities and charges are non-financial liabilities of uncertain timing or amount. They are accrued when the Bank has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

Operations with International Monetary Fund. As a result of the Bank's role in relationship between Mongolia and International Monetary Fund (IMF), the Bank enters into operations with IMF. IMF related balances which meet definition of assets and liabilities under IFRS Framework are recognized in the financial statements of BOM. The Bank does not recognize in its financial statements IMF related balances, which do not meet definition of assets and liabilities under IFRS Framework.

IMF related assets and liabilities of the Bank. The IMF asset balances recognized in these financial statements include holdings of Special Drawing Rights (SDR), refer to Note 8. Liabilities due to the IMF include liabilities for allocation of SDRs. Refer to Note 21.

Assets and liabilities denominated in SDRs are translated into Tugriks at the BOM official exchange rate of Tugriks to SDR at the reporting date. The official exchange rate of Tugriks to SDR is calculated based on information on the exchange rate of SDR to USD set by the IMF and the BOM official MNT/USD exchange rate at the reporting date.

IMF related balances of Government of Mongolia. Certain IMF related balances do not meet definition of assets and liabilities under IFRS Framework, given that the Bank has no contractual rights and obligations with regard to purchases of related IMF funds. The BOM acts as a depository of the Government of Mongolia in the relationship of Mongolia with the International Monetary Fund (IMF). The Ministry of Finance acts as the fiscal agent of Mongolia. Thus, claims of Mongolia on and liabilities to the IMF in respect of funds received from IMF (such as IMF quota subscription) are not recognized in the financial statements of the BOM, as they represent assets and liabilities of the Ministry of Finance.

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NOTES TO THE FINANCIAL STATEMENTS-31 DECEMBER 2016.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

IMF quota subscription. The quota balance is a special type asset which represents Mongolia's subscription as a member of the IMF. Quotas vary based on the economic size of each country and are determined by the Board of Governors of the IMF. The quota determines a member's voting power in the Fund, the limits of access to the financial resources of the Fund and a participant's share in the allocation of SDRs, the Fund's unit of account. The major part of Mongolia's quota was paid in the form of non-interest-bearing promissory notes issued to the IMF by the Ministry of Finance, the remainder being credited to the IMF accounts No 1 and No 2. As at 31 December 2016 Mongolia's quota in the IMF amounted to SDR 72.3 million (2015: SDR 51.1 million). Given that quota subscription was paid through issue of promissory notes by the Ministry of Finance, these amounts represent assets of the Ministry of Finance.

IMF securities issued. These securities represent IMF's holdings of Mongolia's currency and include promissory notes issued in settlement of quota as described above. They may also include holdings arising from use of IMF credit in case of promissory notes issued by the Ministry of Finance in case of arrangements with IMF.

IMF accounts No. 1 and No. 2. IMF account No. 1 is used for IMF transactions including quota subscription payments, purchase and repurchase of funds. Account No. 2 is used for settlements with the IMF in Mongolian currency. Accounts No. 1 and No. 2 are not material as of 31 December 2016 and 31 December 2015.

Charter capital. Charter capital (fund) is classified as equity. Refer to Note 23.

General reserve. In accordance with the Law on Central Bank (Bank of Mongolia), at least 40% of the Bank's net income for the year shall be allocated to the general reserve, while the remaining amount (i.e. maximum 60% of net income) can be transferred to the State Budget account. General reserve includes only such portions of net income accumulated over years over which the Bank has full rights 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 during 2016 and 2015 as the Bank has realized net losses in these years. As at 31 December 2016 and 2015, the balance of the general reserve is nil.

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 23. In accordance with its policies, the Bank transfers unrealized revaluation gains and losses on gold bullion and precious metals, previously recognized through profit or loss, to other reserves at the end of the year.

Credit related commitments. The Bank enters into credit related commitments, which include letters of credit and the arrangement with the People's Bank of China (central bank of China, "PBC"), which in substance represents a credit facility (line) provided by PBC in Yuan to the BOM and credit facility in MNT by BOM to PBC (refer to Note 32).

At the end of each reporting period, the commitments are measured at the higher of (i) the remaining unamortized balance of the amount at initial recognition and (ii) the best estimate of expenditure required to settle the commitment at the end of each reporting period. In cases where the fees are charged periodically in respect of an outstanding undrawn commitment, they are recognized as revenue on a time proportion basis over the respective commitment period.

THE BANK OF MONGOLIA

NOTES TO THE FINANCIAL STATEMENTS-31 DECEMBER 2016.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income and expense recognition. Interest income and expense are recorded for all debt instruments on an accrual basis using the effective interest method. This method defers, as part of interest income or expense, all fees paid or received between the parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

All other fees, commissions and other income and expense items are generally recorded on an accrual basis by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided.

Expenses for money issuance. The BOM instructs to print its national currency denominated notes to manufacturer and prepayments associated with the banknotes and coins printed are within “Other assets” and charged to the BOM's expenses when produced banknotes and coins are transferred by printing companies to the Central Vault of the BOM.

Staff costs and related contributions. Wages, salaries and other salary related expenses (including paid annual leave and sick leave, bonuses, and non-monetary benefits) are recognized as an expense in the year in which the associated services are rendered by the Bank's employees. Short term accumulating compensated absences such as paid annual leave are recognized when services are rendered by employees that increase their entitlement to future compensated absences. Short-term non-accumulating compensated absences such as sick leave are recognized when absences occur.

Employee benefits. 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 benefits, reimbursements, work performance remunerations of the Bank's employees, purchasing apartments to guarantee social welfare of employees and to help employees in need etc. Management believes that Social Development Fund as of 31 December 2016 and 31 December 2015 is sufficient to cover these liabilities and short-term liabilities for which this fund is created and that amount of recognized liability for retirement benefits is not materially different from the amount of present value of the defined benefit obligation at the reporting date less adjustments for unrecognized actuarial gains or losses and past service costs.

Income taxes. In accordance with Corporate Income Tax Law of Mongolia, the BOM is exempted from income tax.³

Presentation of statement of financial position in order of liquidity. The Bank does not have a clearly identifiable operating cycle and therefore does not present current and non-current assets and liabilities separately in the statement of financial position. Instead, assets and liabilities are presented in order of their liquidity. 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.

THE BANK OF MONGOLIA

NOTES TO THE FINANCIAL STATEMENTS-31 DECEMBER 2016.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

<i>In millions of Mongolian Tugriks</i>	31 December 2016			31 December 2015		
	Amounts expected to be recovered or settled		Total	Amounts expected to be recovered or settled		Total
	Within 12 months after the reporting period	After 12 months after the reporting period		Within 12 months after the reporting period	After 12 months after the reporting period	
Cash on hand	38,953	-	38,953	53,793	-	53,793
Due from foreign financial institutions	1,454,397	1,120	1,455,517	1,084,137	926	1,085,063
Financial investments available for sale	320,500	2,374,422	2,694,922	424,381	2,034,663	2,459,044
Reverse repurchase agreements	896,203	153,323	1,049,526	1,328,021	-	1,328,021
Gold and precious metals	232,527	-	232,527	420,152	-	420,152
Derivative financial instruments	10,313	100	10,413	5,743	2,152	7,895
Government securities	1,460	325,048	326,508	105,650	96,568	202,218
Loans to local banks	1,077,695	8,871	1,086,566	293,506	892,014	1,185,520
Other assets	29,158	667,487	696,645	6,982	397,592	404,574
Premises, equipment and intangible assets	-	28,034	28,034	-	28,773	28,773
Assets held for sale	4,825	-	4,825	4,665	-	4,665
Total assets	4,066,031	3,558,405	7,624,436	3,727,030	3,452,688	7,179,718
Cash in circulation	(823,629)	-	(823,629)	(706,656)	-	(706,656)
Central bank bills	(577,297)	-	(577,297)	(1,024,581)	-	(1,024,581)
Liabilities due to government organizations	(974,580)	(33,744)	(1,008,324)	(675,674)	(26,782)	(702,456)
Deposits from local banks	(2,671,566)	-	(2,671,566)	(1,818,985)	-	(1,818,985)
Derivative financial instruments	(223,764)	(715,689)	(939,453)	(8,093)	(264,861)	(272,954)
Liabilities due to foreign parties	(4,495,336)	-	(4,495,336)	(3,925,777)	-	(3,925,777)
Other liabilities	(42,634)	(64,118)	(106,752)	(1,191)	(77,454)	(78,645)
Total liabilities	(9,808,806)	(813,551)	(10,622,357)	(8,160,957)	(369,097)	(8,530,054)

Changes in accounting estimates. From the start of 2016, the Bank changed its accounting policy for fair valuation technique of derivative financial instruments in order to apply much more practicable method. Management takes the view that this valuation technique reaches more accurate presentation of fair value of the derivative financial instruments. The policy has been applied prospectively from the start of 2016 because it was not practicable to estimate the effects of applying the policy either retrospectively, or prospectively from any earlier date. Accordingly, the adoption of the new policy has no effect on prior years. The effect on the current year is to decrease the carrying amount of derivative at the start of the year by MNT 768 million decrease and accumulated deficit by MNT 768 million.

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NOTES TO THE FINANCIAL STATEMENTS-31 DECEMBER 2016.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Restatements. In 2017, the management performed a detailed review of the Bank's accounting policies and accounting treatment of complex transactions affecting 2016 IFRS financial statements. In course of this review certain errors have been identified in the 2015 IFRS financial statements. As a result, the following adjustments, including reclassifications, were made in these financial statements in accordance with IAS 8 "Accounting policies, changes in accounting estimates and errors".

Overstatement of derivative financial instruments. In 2016, management performed detailed analysis of appropriateness of the valuation techniques applied in prior years. As a result of this analysis, management concluded that the effect of discounting had not been taken into consideration when measuring fair value of long term derivative instruments. This led to overstatement of the derivative financial instruments recognized as assets by MNT 1,079 million, overstatement of the derivative financial instruments recognized as liabilities by MNT 152,041 million as of 31 December 2015 and overstatement of losses from derivative financial instruments by MNT 134,219 million for the year then ended. For the same reason, balance as of 1 January 2015 has been restated for the amount of MNT 17,042 million in respect of the liabilities and MNT 300 million in respect of the assets.

Overstatement of interest income from local securities. During 2014, BOM provided lending to corporate clients through the purchase of their promissory notes for the amount of MNT 350,000 million at interest rates, which have had an option to be decreased to below market interest rates in the case that specified performance conditions were met. Assessing at the origination of these assets the appropriate interest rate for these loans, taking into consideration the contractual terms and conditions and the likelihood of specific performance conditions to be met based on available information, management concluded that the borrowers had high probability of meeting specified conditions. Therefore, the lower (reduced) interest rate should have been applied from the moment of loan origination. Considering that reduced interest rates do not represent the market rates for similar instruments in Mongolia, management estimated that the loss on initial recognition in the amount of MNT 84,574 million should have been recognized in financial statements of the Bank for the year ended 31 December 2014. Interest income calculated for the year, ended 31 December 2014 based on the market rate amounted to MNT 1,538 million, therefore the net effect on the equity as of 1 January 2015 was 83,036 million. Similarly, the Statement of comprehensive income for the year ended 31 December 2015 has been restated for the interest income calculated at market rate, amounting MNT 10,198 million. Where necessary corresponding figures have been adjusted to conform to the presentation of the current year amounts. The following reclassifications have been made in the Statement of Comprehensive Income for the year ended 31 December 2015.

Where necessary corresponding figures have been adjusted to conform to the presentation of the current year amounts. The following reclassifications have been made in the Statement of Comprehensive Income for the year ended 31 December 2015:

Presentation of Gains/(losses) from trading of gold and precious metals, net. The line "Gains/(losses) from trading of gold and precious metals, net" is presented as two separate lines in the Statement of comprehensive income "Gains less losses from trading in gold bullion and precious metals" and "Gold bullion and precious metals revaluation gains less losses" in the financial statements for the year ended 31 December 2015.

Presentation of Foreign exchange gains/(losses), net. The line "Foreign exchange gains/(losses), net" is presented as three separate lines in the Statement of Comprehensive income "Gains less losses from trading in foreign currencies", "Foreign exchange translation gains less losses" and "Gains less losses from derivative financial instruments" in the financial statements for the year ended 31 December 2015.

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NOTES TO THE FINANCIAL STATEMENTS-31 DECEMBER 2016.

Presentation of Operating and other expense. Operating and other expense is included in Administrative and other operating expense on the Statement of Comprehensive Income for the year ended 31 December 2015.

Restatement (continued) The net impact of the above restatements on the Statement of Financial Position as of 31 December 2015 is presented below:

<i>In millions of Mongolian Tugriks</i>	31 December 2015 (as previously reported)	Restatements	Note	31 December 2015 (restated)
Assets				
Derivative financial instruments	8,974	(1,079)	13	7,895
Other assets	477,413	(72,839)	15	404,574
Liabilities				
Derivative financial instruments	424,995	(152,041)	13	272,954
Equity				
Accumulated deficit	(1,450,237)	78,123	23	(1,372,114)

The net impact of the above restatements on the Statement of Profit or Loss and Other Comprehensive Income as of 31 December 2015 is presented below:

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NOTES TO THE FINANCIAL STATEMENTS-31 DECEMBER 2016.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

<i>In millions of Mongolian Tugriks</i>	2015 (as previously reported)	Restate- ments	Reclas- sification	Note	2015 (restated)
Interest income	193,582	10,198	-	24	203,780
Gains less losses from trading in gold bullion and precious metals	-	-	3,101	25	3,101
Gains/(losses) from trading of gold and precious metals, net	(1,141)	-	1,141		-
Gold bullion and precious metals revaluation gains less losses	-	-	(4,242)	26	(4,242)
Losses less gains from derivative financial instruments	(338,009)	134,219	8,434	27	(195,356)
Foreign exchange gains/(losses), net	37,776	-	(37,776)		-
Gains less losses from trading in foreign currencies	-	-	(3,048)		(3,048)
Foreign exchange translation gains less losses	-	-	32,390	28	32,390
Operating and other expense	(9,684)	-	9,684		-
Administrative and other operating expenses	(21,672)	-	(9,684)	31	(31,356)
LOSS FOR THE YEAR	(139,148)	144,417	-		5,269

The net impact of the above restatements and reclassifications on the Statement of Financial Position as of 1 January 2014 is presented below:

<i>In millions of Mongolian Tugriks</i>	1 January 2015 (as previously reported)	Restatements	Note	1 January 2015 (restated)
Assets				
Derivative financial instruments	3,264	(300)		2,964
Other assets	658,152	(83,036)		575,116
Liabilities				
Derivative financial instruments	89,710	(17,042)		72,668
Equity				
Accumulated deficit	(952,809)	(66,294)	23	(1,019,103)

The above-mentioned restatements and reclassifications were reflected in the Statement of Cash Flows in these financial statements.

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NOTES TO THE FINANCIAL STATEMENTS-31 DECEMBER 2016.

4. CRITICAL ACCOUNTING ESTIMATES, AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

The Bank makes estimates and assumptions that affect the amounts recognized in the financial statements and the carrying amounts of assets and liabilities within the next financial year. Estimates and judgements are continually evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Management also makes certain judgements, apart from those involving estimations, in the process of applying the accounting policies. Judgements that have the most significant effect on the amounts recognized in the financial statements and estimates that can cause a significant adjustment to the carrying amount of assets and liabilities within the next financial year include:

Initial recognition of borrowings from the Ministry of Finance and loans to local banks. The Bank has borrowings due to the Ministry of Finance in the amount of MNT 16,119 million (2015: MNT 14,121 million), which 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 a very low interest ranging from 0.75% to 1% per annum and were conditional on lending to selected sectors of economy or for other specified purposes at low rates. Management have considered whether gains should arise on initial recognition of such instruments. In making this judgement management made a conclusion that these borrowings should be considered as instruments of a principal 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 should be recognized.

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

Impairment of loans to local banks. The Bank regularly reviews its loan portfolio to assess impairment. In determining whether an impairment loss should be recorded, the Bank makes judgements as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of loans before the decrease can be identified with an individual loan in that portfolio. This evidence may include observable data indicating that there has been an adverse change in the payment status of borrowers in the Bank, or national or local economic conditions that correlate with defaults on assets in the Bank.

Impairment losses for individually significant loans are based on estimates of discounted future cash flows of the individual loans, taking into account repayments and realization of any assets held as collateral against the loans.

Management considered all available information regarding solvency, liquidity, non-performing loans and other financial conditions of Mongolian banking sector, including information obtained from the Supervision Department of BOM. As of the date of approval of these financial statements, management is not aware of existence of any impairment indicators related to the commercial banks that received lending from BOM. As a result, management believes that no impairment provision is necessary for loans and receivables due from local banks as of 31 December 2016 (31 December 2015: nil).

THE BANK OF MONGOLIA

NOTES TO THE FINANCIAL STATEMENTS-31 DECEMBER 2016.

4. CRITICAL ACCOUNTING ESTIMATES, AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES (CONTINUED)

Fair value of financial derivatives. The Bank regularly enters into derivative contracts with mainly local banks for risk management purposes. These derivatives are measured at fair value. Starting the first quarter of 2014, the Bank participated in a new long term SWAP program with the local banks. The Bank has agreed long term MNT/USD SWAPS ranging in maturity from a minimum of 1 year to a maximum of 5 years. The forward price is determined by the Bank using the overnight MNT lending rate and current yield price on the USD Chinggis bond. There is no readily available market information on pricing of such long term instruments. This forward price is lower than that obtained on regularly traded short-term derivatives. Refer to Note 13.

Management has considered whether gains or losses should arise on initial recognition of such instruments. As the transactions were entered into by willing market participants, management's judgement is that these instruments are at market rates and no initial recognition gains or losses should arise. In making this judgement management also considers that these instruments are a principal market segment.

The Bank also entered into long-term swap agreements with local banks at unfavorable conditions, on which loss on initial recognition was recognized. Refer to Note 27.

Initial recognition of loans to local banks. Starting from November 2012 the Bank has issued loans in MNT to local banks for further lending to local companies under Price Stabilization Program (PSP). 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 particular companies in the program are also taken by the Government, and the entities selected are entitled to obtain loans, which are refinanced by the Bank of Mongolia, from any commercial bank. As a result, the Bank is able to advance funds to local banks as determined by Government of Mongolia, at advantageous rates at 0.89% per annum to 4% per annum. Management has considered whether gains or losses should arise on initial recognition of such instruments. As the transactions are in accordance with the main function of central bank to formulate and to implement monetary policy by money supply in the economy and to stabilize inflation, management's judgement is that these loans represent principal market. The loans to local banks under PSP amounted to MNT 1,055,978 million as at 31 December 2016 (2015: MNT 882,451 million) and are disclosed in Note 9. For related accounting policy refer to Note 3.

Initial recognition of loans to Deposit Insurance Corporation (DIC). The Bank issued loans to Deposit Insurance Corporation amounting to MNT 119,900 million and MNT 85,000 million on 30 September 2013 with specific purpose of providing State Bank with financial assistance. These loans bears interest rate of 0.5% per annum and zero per annum respectively. Management has considered whether gains or losses should arise on initial recognition of such instruments. As related lending was provided in accordance with the Bank's main function to ensure stability of Mongolian banking sector, act as a lender of the last resort for banks and to organize a system of refinancing, management's judgement is that related lending represent principal market. The loans to DIC as of 31 December 2016 amounted to MNT 114,212 million (2015: MNT 119,911 thousand) and is disclosed in Note 15.

Initial recognition other of financial instruments below market rate. IAS 39 requires initial recognition of financial instruments based on their fair values. Judgement is applied in determining if transactions are priced at market or non-market interest rates, where there is no active market for such transactions. The basis for judgement is pricing for similar types of transactions with unrelated parties and effective interest rate analysis. Further, in accordance with its accounting policy (Note 3), management assessed that recognition of loss on initial recognition is necessary in case of the following transactions, as their nature (substance) do not represent functions of the Central Bank:

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NOTES TO THE FINANCIAL STATEMENTS-31 DECEMBER 2016.

4. CRITICAL ACCOUNTING ESTIMATES, AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES (CONTINUED)

As at 31 December 2015, the Bank held the Development Bank securities in the total nominal amount of MNT 133,749 million with an interest rate of 4% per annum, which is below market rate. The fair value of these securities at initial recognition was MNT 105,146 million. The difference between nominal value of the Development Bank securities and their fair value totaling MNT 28,603 million was recognized as a losses on initial recognition in profit or loss for the year ended 31 December 2015. Refer to Note 10.

During 2016, the Bank obtained government securities in par value of MNT 453,712 million at coupon rate of 1.0% per annum to 3.0% per annum in order to finance “Sain” program. Management has recognized these financial asset at fair value of MNT 123,668 million with initial loss of MNT 330,044 million. The loss was recognized in profit or loss for the year ended 31 December 2016. Refer to Note 14.

- BOM provided lending to corporate clients through the purchase of their promissory notes for the amount of MNT 350,000 million in 2014 and MNT 465,000 million in 2016 at interest rate, which have had an option to be decreased to below market interest rate in the case specified performance conditions were met. Management assessed at the origination of these assets the appropriate effective interest rate for these loans, taking into consideration the contractual terms and conditions, and the likelihood of specific performance conditions to be met based on available information. Management concluded that the borrowers had high probability of meeting specified conditions. Therefore, effective interest rate was equal to reduced interest rate specified in the contracts and should have been applied from the moment of loan origination. Considering that these reduced interest rates do not represent the market rate for similar financial instruments in Mongolia, management estimated the loss on initial recognition. As a result, fair value of related receivables was MNT 265,426 million as of 31 December 2014 and related loss on initial recognition in 2014 was MNT 84,574 million. The fair value of related lending at initial recognition was MNT 371,722 million and MNT 93,278 million was recognized as losses on initial recognition of assets at rates below market in profit or loss for the year ended 31 December 2016. Refer to Note 15.
- In 2016, the Bank purchased government security in par value of MNT 100,000 million at coupon rate of 14% per annum, which was below market rate. The fair value of the security at initial recognition MNT 95,349 million and “day 1” loss amounting to MNT 4,651 million was recognized as losses on initial recognition in profit or loss for the year ended 31 December 2016. Refer to Note 14.
- The Bank entered into reverse repurchase arrangement with local banks in 2016. The arrangement bear floating interest rate at policy rate minus 3% per annum until 30 September 2016 and 11 October 2017 when the rate became fixed at 7.5% per annum and management has considered these are below market. The fair value of related lending at initial recognition was MNT 150,000 million and loss on initial recognition is MNT 23,426 million as at 31 December 2016. Refer to Note 11.

All above-mentioned losses on initial recognition is recognized as losses on initial recognition of assets at rates below market in profit or loss for the year ended 31 December 2016 and other above mentioned reporting periods.

When determining the amounts of loss on initial recognition in relation to abovementioned transactions, management made the following judgements based on available information on comparable transactions:

- the policy rate of BOM represents reasonable approximation of market interest rate on MNT funding in case of credit (counterparty) risk related to the Government of Mongolia and lending to commercial banks;

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NOTES TO THE FINANCIAL STATEMENTS-31 DECEMBER 2016.

4. CRITICAL ACCOUNTING ESTIMATES, AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES (CONTINUED)

- the policy rate of BOM increased by margin of 2% per annum represents reasonable approximation of market rate on MNT funding in case of credit (counterparty) risk related to corporate entities in relation to promissory notes (Note 15), given the nature and size of their operations, their reputation, likely support by related parties, and collateral.

Impairment of financial investments available-for-sale. 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 judgement. In making this judgement, 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.

Impairment of financial support to Deposit Insurance Corporation (DIC). In 2014, the Bank issued a short-term financial support to DIC in the amount of MNT 85,000 million in support of the Government's decision to acquire shares in State Bank LLC. As a result, DIC owns 75% of State Bank LLC. Based on the agreement, financial support will be repaid solely from the proceeds of the privatization of State Bank LLC. As of the date of these financial statements, State Bank LLC has not been privatized. Given that there is high uncertainty as to whether and when the privatization of State Bank LLC will happen, the Bank fully provided the financial support to DIC in 2014. No movement on the impairment provision was recorded in 2015 and 2016.

As disclosed in Note 15, management assessed that loan to DIC in the amount of MNT 114,212 million, requires full impairment provision as of 31 December 2016, given high uncertainty of its collection, after the terms and likelihood of repayment of this loan by DIC were reconsidered during late 2016 and the first quarter of 2017. Management believes that no impairment provision was necessary as of 31 December 2015, as no impairment indicators existed at the time of approval of the Bank's 2015 financial statements. In making judgements related to recoverability of this loan as of 31 December 2016 and 31 December 2015, management used all available information at the time of approval of financial statements of respective reporting periods.

Control over banks under receivership. Management applies judgement to determine whether the substance of the relationship between BOM and banks under receivership indicates whether these banks are controlled by BOM or not. In making this judgement management takes into account the following:

- the receiver is appointed by BOM following the requirements of the Law;
- the receiver effectively acts in a fiduciary capacity and has narrow objective to wind up the bank and there are no any 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 can not use that power to influence its own benefits as those benefits are independent from performance of banks under receivership. Therefore, management believes that these banks should not be consolidated into these financial statements.

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NOTES TO THE FINANCIAL STATEMENTS-31 DECEMBER 2016.

4. CRITICAL ACCOUNTING ESTIMATES, AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES (CONTINUED)

Control over Deposit Insurance Corporation (DIC). Management applies judgement to determine whether the substance of the relationship between BOM and DIC indicates whether DIC is controlled by BOM or not. In making this judgement management takes into account the following:

- power over the DIC;
- exposure, or rights, to variable returns from its involvement with the DIC; and 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:
 - State Secretary in charge of finance and budget issues;
 - Standing Commissioner of the Mongolian Financial Regulatory Commission; Executive Director of DIC;

Three members to be nominated by Governor of BOM, Minister of Finance and Mongolian Bankers Association (an independent Association made up of local banks and financial institutions and does not include BOM) and to be appointed by the joint decisions of the Governor of BOM and Minister of Finance. 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 that BOM has limited influence in the appointment of the remaining three members of the National Committee sufficiently demonstrates that BOM does not have control or influence 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 2016 and 31 December 2015, that Bank has negative equity position and net current liabilities. Management believes that there is no risk that the Bank will not be able to continue as a going concern in foreseeable future as BOM is the issuer of 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 recognized in other comprehensive income (OCI). In 2013, the Bank engaged an independent valuation specialist to assess the fair value of the buildings. 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 buildings. As at 31 December 2016, management has assessed that the fair values of buildings has not changed significantly from the carrying amounts. This assessment requires exercise of judgement from management based on their experience on those properties as well as other assumptions described in Note 16.

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NOTES TO THE FINANCIAL STATEMENTS-31 DECEMBER 2016.

5. ADOPTION OF NEW OR REVISED STANDARDS AND INTERPRETATIONS

The following new standards and interpretations became effective for the Bank from 1 January 2016:

IFRS 14, Regulatory Deferral Accounts (issued in January 2014 and effective for annual periods beginning on or after 1 January 2016). IFRS 14 permits first-time adopters to continue to recognize amounts related to rate regulation in accordance with their previous GAAP requirements when they adopt IFRS. However, to enhance comparability with entities that already apply IFRS and do not recognize such amounts, the standard requires that the effect of rate regulation must be presented separately from other items. An entity that already presents IFRS financial statements is not eligible to apply the standard. The amendment did not have any material impact on the Bank's financial statements.

Accounting for Acquisitions of Interests in Joint Operations - Amendments to IFRS 11 (issued on 6 May 2014 and effective for the periods beginning on or after 1 January 2016). This amendment adds new guidance on how to account for the acquisition of an interest in a joint operation that constitutes a business. The amendment did not have any material impact on the Bank's financial statements.

Clarification of Acceptable Methods of Depreciation and Amortization - Amendments to IAS 16 and IAS 38 (issued on 12 May 2014 and effective for the periods beginning on or after 1 January 2016). In this amendment, the IASB has clarified that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. The amendment did not have any material impact on the Bank's financial statements.

Agriculture: Bearer plants - Amendments to IAS 16 and IAS 41 (issued on 30 June 2014 and effective for annual periods beginning 1 January 2016). The amendments change the financial reporting for bearer plants, such as grape vines, rubber trees and oil palms, which now should be accounted for in the same way as property, plant and equipment because their operation is similar to that of manufacturing. Consequently, the amendments include them within the scope of IAS 16, instead of IAS 41. The produce growing on bearer plants will remain within the scope of IAS 41. The amendment did not have any material impact on the Bank's financial statements.

Equity Method in Separate Financial Statements - Amendments to IAS 27 (issued on 12 August 2014 and effective for annual periods beginning 1 January 2016). The amendments will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. The amendment did not have any material impact on the Bank's financial statements.

Annual Improvements to IFRSs 2014 (issued on 25 September 2014 and effective for annual periods beginning on or after 1 January 2016). The amendments impact 4 standards. IFRS 5 was amended to clarify that change in the manner of disposal (reclassification from "held for sale" to "held for distribution" or vice versa) does not constitute a change to a plan of sale or distribution, and does not have to be accounted for as such.

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NOTES TO THE FINANCIAL STATEMENTS-31 DECEMBER 2016.

5. ADOPTION OF NEW OR REVISED STANDARDS AND INTERPRETATIONS (CONTINUED)

The amendment to IFRS 7 adds guidance to help management determine whether the terms of an arrangement to service a financial asset, which has been transferred, constitute continuing involvement, for the purposes of disclosures required by IFRS 7. The amendment also clarifies that the offsetting disclosures of IFRS 7 are not specifically required for all interim periods, unless required by IAS 34. The amendment to IAS 19 clarifies that for post-employment benefit obligations, the decisions regarding discount rate, existence of deep market in high-quality corporate bonds, or which government bonds to use as a basis, should be based on the currency that the liabilities are denominated in, and not the country where they arise. IAS 34 will require a cross reference from the interim financial statements to the location of "information disclosed elsewhere in the interim financial report". The amendment did not have any material impact on the Bank's financial statements.

Disclosure Initiative Amendments to IAS 1 (issued in December 2014 and effective for annual periods on or after 1 January 2016). The Standard was amended to clarify the concept of materiality and explains that an entity need not provide a specific disclosure required by an IFRS if the information resulting from that disclosure is not material, even if the IFRS contains a list of specific requirements or describes them as minimum requirements.

The Standard also provides new guidance on subtotals in financial statements, in particular, such subtotals (a) should be comprised of line items made up of amounts recognized and measured in accordance with IFRS; (b) be presented and labelled in a manner that makes the line items that constitute the subtotal clear and understandable; (c) be consistent from period to period; and (d) not be displayed with more prominence than the subtotals and totals required by IFRS standards. The amendment did not have any material impact on the Bank's financial statements.

Investment Entities: Applying the Consolidation Exception Amendment to IFRS 10, IFRS 12 and IAS 28 (issued in December 2014 and effective for annual periods on or after 1 January 2016). The Standard was amended to clarify that an investment entity should measure at fair value through profit or loss all of its subsidiaries that are themselves investment entities. In addition, the exemption from preparing consolidated financial statements if the entity's ultimate or any intermediate parent produces consolidated financial statements available for public use was amended to clarify that the exemption applies regardless whether the subsidiaries are consolidated or are measured at fair value through profit or loss in accordance with IFRS 10 in such ultimate or any intermediate parent's financial statements. The amendment did not have any material impact on the Bank's financial statements.

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NOTES TO THE FINANCIAL STATEMENTS-31 DECEMBER 2016.

6. NEW ACCOUNTING PRONOUNCEMENTS

Certain new standards and interpretations have been issued that are mandatory for the annual periods beginning on or after 1 January 2017 or later, and which the Group has not early adopted.

IFRS 9 “Financial Instruments: Classification and Measurement” (amended in July 2014 and effective for annual periods beginning on or after 1 January 2018). Key features of the new standard are:

- Financial assets are required to be classified into three measurement categories: those to be measured subsequently at amortized cost, those to be measured subsequently at fair value through other comprehensive income (FVOCI) and those to be measured subsequently at fair value through profit or loss (FVPL).
- Classification for debt instruments is driven by the entity’s business model for managing the financial assets and whether the contractual cash flows represent solely payments of principal and interest (SPPI). If a debt instrument is held to collect, it may be carried at amortized cost if it also meets the SPPI requirement. Debt instruments that meet the SPPI requirement that are held in a portfolio where an entity both holds to collect assets’ cash flows and sells assets may be classified as FVOCI. Financial assets that do not contain cash flows that are SPPI must be measured at FVPL (for example, derivatives). Embedded derivatives are no longer separated from financial assets but will be included in assessing the SPPI condition.
- Investments in equity instruments are always measured at fair value. However, management can make an irrevocable election to present changes in fair value in other comprehensive income, provided the instrument is not held for trading. If the equity instrument is held for trading, changes in fair value are presented in profit or loss.
- Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9. The key change is that an entity will be required to present the effects of changes in own credit risk of financial liabilities designated at fair value through profit or loss in other comprehensive income.
- IFRS 9 introduces a new model for the recognition of impairment losses – the expected credit losses (ECL) model. There is a ‘three stage’ approach, which is based on the change in credit quality of financial assets since initial recognition. In practice, the new rules mean that entities will have to record an immediate loss equal to the 12-month ECL on initial recognition of financial assets that are not credit impaired (or lifetime ECL for trade receivables). Where there has been a significant increase in credit risk, impairment is measured using lifetime ECL rather than 12-month ECL. The model includes operational simplifications for lease and trade receivables.
- Hedge accounting requirements were amended to align accounting more closely with risk management. The standard provides entities with an accounting policy choice between applying the hedge accounting requirements of IFRS 9 and continuing to apply IAS 39 to all hedges because the standard currently does not address accounting for macro hedging.

The Bank is currently assessing the impact of the new standard on its financial statements. However, it is expected that the introduction of IFRS 9 will have an impact on most financial institutions.

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NOTES TO THE FINANCIAL STATEMENTS-31 DECEMBER 2016.

6. NEW ACCOUNTING PRONOUNCEMENTS (CONTINUED)

IFRS 15, Revenue from Contracts with Customers (issued on 28 May 2014 and effective for the periods beginning on or after 1 January 2018). The new standard introduces the core principle that revenue must be recognized when the goods or services are transferred to the customer, at the transaction price. Any bundled goods or services that are distinct must be separately recognized, and any discounts or rebates on the contract price must generally be allocated to the separate elements. When the consideration varies for any reason, minimum amounts must be recognized if they are not at significant risk of reversal. Costs incurred to secure contracts with customers have to be capitalized and amortized over the period when the benefits of the contract are consumed. The amendment is not expected to have any material impact on the Bank's financial statements.

Amendments to IFRS 15, Revenue from Contracts with Customers (issued on 12 April 2016 and effective for annual periods beginning on or after 1 January 2018). The amendments do not change the underlying principles of the Standard but clarify how those principles should be applied. The amendments clarify how to identify a performance obligation (the promise to transfer a good or a service to a customer) in a contract; how to determine whether a company is a principal (the provider of a good or service) or an agent (responsible for arranging for the good or service to be provided); and how to determine whether the revenue from granting a license should be recognized at a point in time or over time. In addition to the clarifications, the amendments include two additional reliefs to reduce cost and complexity for a company when it first applies the new Standard. The amendment is not expected to have any material impact on the Bank's financial statements.

IFRS 16, Leases (issued on 13 January 2016 and effective for annual periods beginning on or after 1 January 2019). The new standard sets out the principles for the recognition, measurement, presentation and disclosure of leases. All leases result in the lessee obtaining the right to use an asset at the start of the lease and, if lease payments are made over time, also obtaining financing. Accordingly, IFRS 16 eliminates the classification of leases as either operating leases or finance leases as is required by IAS 17 and, instead, introduces a single lessee accounting model. Lessees will be required to recognize: (a) assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value; and (b) depreciation of lease assets separately from interest on lease liabilities in the income statement. IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently. The amendment is not expected to have any material impact on the Bank's financial statements.

Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - Amendments to IFRS 10 and IAS 28 (issued on 11 September 2014 and effective for annual periods beginning on or after a date to be determined by the IASB). These amendments address an inconsistency between the requirements in IFRS 10 and those in IAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognized when a transaction involves a business. A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if these assets are held by a subsidiary. The amendment is not expected to have any material impact on the Bank's financial statements.

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NOTES TO THE FINANCIAL STATEMENTS-31 DECEMBER 2016.

6. NEW ACCOUNTING PRONOUNCEMENTS (CONTINUED)

Recognition of Deferred Tax Assets for Unrealized Losses - Amendments to IAS 12 (issued on 19 January 2016 and effective for annual periods beginning on or after 1 January 2017). The amendment has clarified the requirements on recognition of deferred tax assets for unrealized losses on debt instruments. The entity will have to recognize deferred tax asset for unrealized losses that arise as a result of discounting cash flows of debt instruments at market interest rates, even if it expects to hold the instrument to maturity and no tax will be payable upon collecting the principal amount. The economic benefit embodied in the deferred tax asset arises from the ability of the holder of the debt instrument to achieve future gains (unwinding of the effects of discounting) without paying taxes on those gains. The amendment is not expected to have any material impact on the Bank's financial statements.

Disclosure Initiative - Amendments to IAS 7 (issued on 29 January 2016 and effective for annual periods beginning on or after 1 January 2017) The amended IAS 7 will require disclosure of a reconciliation of movements in liabilities arising from financing activities. Management is currently assessing the impact of the amendments on the Bank's financial statements.

Amendments to IFRS 2, Share-based Payment (issued on 20 June 2016 and effective for annual periods beginning on or after 1 January 2018). The amendments mean that non-market performance vesting conditions will impact measurement of cash-settled share-based payment transactions in the same manner as equity-settled awards. The amendments also clarify classification of a transaction with a net settlement feature in which the entity withholds a specified portion of the equity instruments, that would otherwise be issued to the counterparty upon exercise (or vesting), in return for settling the counterparty's tax obligation that is associated with the share-based payment. Such arrangements will be classified as equity-settled in their entirety.

Finally, the amendments also clarify accounting for cash-settled share based payments that are modified to become equity-settled, as follows (a) the share-based payment is measured by reference to the modification-date fair value of the equity instruments granted as a result of the modification; (b) the liability is derecognized upon the modification, (c) the equity-settled share-based payment is recognized to the extent that the services have been rendered up to the modification date, and (d) the difference between the carrying amount of the liability as at the modification date and the amount recognized in equity at the same date is recorded in profit or loss immediately. The amendment is not expected to have any material impact on the Bank's financial statements.

Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts - Amendments to IFRS 4 (issued on 12 September 2016 and effective, depending on the approach, for annual periods beginning on or after 1 January 2018 for entities that choose to apply temporary exemption option, or when the entity first applies IFRS 9 for entities that choose to apply the overlay approach). The amendments address concerns arising from implementing the new financial instruments Standard, IFRS 9, before implementing the replacement Standard that the IASB is developing for IFRS 4. These concerns include temporary volatility in reported results. The amendments introduce two approaches: an overlay approach and a deferral approach. The amended Standard will give all companies that issue insurance contracts the option to recognize in other comprehensive income, rather than profit or loss, the volatility that could arise when IFRS 9 is applied before the new insurance contracts Standard is issued. In addition, the amended Standard will give companies whose activities are predominantly connected with insurance an optional temporary exemption from applying IFRS 9 until 2021. The entities that defer the application of IFRS 9 will continue to apply the existing financial instruments Standard—IAS 39. The amendments to IFRS 4 supplement existing options in the Standard that can already be used to address the temporary volatility. The amendment is not expected to have any material impact on the Bank's financial statements.

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NOTES TO THE FINANCIAL STATEMENTS-31 DECEMBER 2016.

6. NEW ACCOUNTING PRONOUNCEMENTS (CONTINUED)

Annual Improvements to IFRSs 2014-2016 cycle (issued on 8 December 2016 and effective for annual periods beginning on or after 1 January 2017 for amendments to IFRS 12, and on or after 1 January 2018 for amendments to IFRS 1 and IAS 28). The improvements impact three standards. The amendments clarify the scope of the disclosure requirements in IFRS 12 by specifying that the disclosure requirements in IFRS 12, other than those relating to summarized financial information for subsidiaries, joint ventures and associates, apply to an entity's interests in other entities that are classified as held for sale or discontinued operations in accordance with IFRS 5. IFRS 1 was amended and some of the short-term exemptions from IFRSs in respect of disclosures about financial instruments, employee benefits and investment entities were removed, after those short-term exemptions have served their intended purpose. The amendments to IAS 28 clarify that an entity has an investment-by-investment choice for measuring investees at fair value in accordance with IAS 28 by a venture capital organization, or a mutual fund, unit trust or similar entities including investment linked insurance funds. Additionally, an entity that is not an investment entity may have an associate or joint venture that is an investment entity. IAS 28 permits such an entity to retain the fair value measurements used by that investment entity associate or joint venture when applying the equity method. The amendments clarify that this choice is also available on an investment-by-investment basis. Management is currently assessing the impact of the amendments on the Bank's financial statements.

IFRIC 22 - Foreign Currency Transactions and Advance Consideration (issued on 8 December 2016 and effective for annual periods beginning on or after 1 January 2018). The interpretation addresses how to determine the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part thereof) on the derecognition of a non-monetary asset or non-monetary liability arising from an advance consideration in a foreign currency. Under IAS 21, the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part thereof) is the date on which an entity initially recognizes the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine the date of the transaction for each payment or receipt of advance consideration. IFRIC 22 only applies in circumstances in which an entity recognizes a non-monetary asset or non-monetary liability arising from an advance consideration. IFRIC 22 does not provide application guidance on the definition of monetary and non-monetary items. An advance payment or receipt of consideration generally gives rise to the recognition of a non-monetary asset or non-monetary liability; however, it may also give rise to a monetary asset or liability. An entity may need to apply judgement in determining whether an item is monetary or non-monetary. The Bank is currently assessing the impact of amendment to the new standard on its financial statements.

Transfers of Investment Property - Amendments to IAS 40 (issued on 8 December 2016 and effective for annual periods beginning on or after 1 January 2018). The amendments clarify the requirements on transfers to, or from, investment property in respect of properties under construction. Prior to the amendments, there was no specific guidance on transfers into, or out of, investment properties under construction in IAS 40. The amendment clarifies that there was no intention to prohibit transfers of a property under construction or development, previously classified as inventory, to investment property when there is an evident change in use. IAS 40 was amended to reinforce the principle of transfers into, or out of, investment property in IAS 40 to specify that a transfer into, or out of investment property should only be made when there has been a change in use of the property; and such a change in use would involve an assessment of whether the property qualifies as an investment property. Such a change in use should be supported by evidence. The amendment is not expected to have any material impact on the Bank's financial statements.

Unless otherwise described above, the new standards and interpretations are not expected to affect significantly the Bank's financial statements.

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NOTES TO THE FINANCIAL STATEMENTS-31 DECEMBER 2016.

7. CASH AND CASH EQUIVALENTS

<i>In millions of Mongolian Tugriks</i>	Note	31 December 2016	31 December 2015
Cash on hand		38,953	53,793
Due from foreign financial institutions:			
- Short term deposits in foreign currency	8	844,408	183,361
- Demand deposits	8	466,869	781,784
- Special drawing rights holdings	8	143,110	118,988
Total cash and cash equivalents		1,493,340	1,137,926

The above balances are presented as cash and cash equivalents for the purposes of the Statement of Cash Flows.

The credit quality of cash and cash equivalents balances may be summarized based on Moody's ratings or equivalents of Standard and Poor's and/or Fitch ratings, as follows at 31 December 2016:

<i>In millions of Mongolian Tugriks</i>	Demand deposits	Short term deposits in foreign currency
<i>Neither past due nor impaired</i>		
- Aaa rated	2,830	211,418
- Aa1 rated	19,977	-
- Aa2 rated	207,389	376,134
- Aa3 rated	162,100	256,856
- A1 rated	74,573	-
- A2 rated	-	-
Total due from foreign financial institutions included in cash and cash equivalents, excluding special drawing rights holdings and cash on hand	466,869	844,408

The credit quality of cash and cash equivalents balances may be summarized based on Moody's ratings or equivalents of Standard and Poor's and/or Fitch ratings, as follows at 31 December 2015:

<i>In millions of Mongolian Tugriks</i>	Demand deposits	Short term deposits in foreign currency
<i>Neither past due nor impaired</i>		
- Aaa rated	-	2
- Aa1 rated	24,075	-
- Aa2 rated	161,237	183,359
- Aa3 rated	120,128	-
- A1 rated	475,932	-
- A2 rated	-	-
-Baa1	412	-
Total due from foreign financial institutions included in cash and cash equivalents, excluding special drawing rights holdings and cash on hand	781,784	183,361

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NOTES TO THE FINANCIAL STATEMENTS-31 DECEMBER 2016.

7. CASH AND CASH EQUIVALENTS (CONTINUED)

When 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.

The geographical analysis, currency risk analysis, interest rate risk analysis, and maturity analysis are disclosed in Note 34.

8. DUE FROM FOREIGN FINANCIAL INSTITUTIONS

<i>In millions of Mongolian Tugriks</i>	31 December 2016	31 December 2015
Short term deposits in foreign currency	844,408	183,361
Demand deposits	466,869	781,784
Restricted cash	964	801
Special drawing rights holdings	143,110	118,988
World Bank subscription	156	125
Other subscriptions	10	4
Total due from foreign financial institutions	1,455,517	1,085,063

Short term deposits in foreign currency. This balance represents short-term time deposits with foreign central banks and other financial institutions, which are denominated in USD, GBP, and CNY with initial maturity periods up to 59 days (2015: 29 days).

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

Special Drawing Rights Holdings. This balance represents Mongolia's holding of special drawing rights to supplement existing reserve assets related to the subscription to International Monetary Fund. As at 31 December 2016, the balance is SDR 42.9 million (2015: SDR 42.9 million) and is interest bearing.

Restricted cash. This balance represents an amount of CHF 397,703 equivalent MNT 964 million (2015: MNT 801 million), which is blocked by the District Court of Zurich at the request of third parties. For details on this litigation, refer to Note 32.

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 21) and is non-interest bearing. This asset will never be impaired as it is placed in the central banks of OECD countries and other reputable international institutions

Other subscriptions. This balance represents the subscription amount when Mongolia joined SWIFT network.

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 34.

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NOTES TO THE FINANCIAL STATEMENTS-31 DECEMBER 2016.

9. LOANS TO LOCAL BANKS

<i>In millions of Mongolian Tugriks</i>	31 December 2016	31 December 2015
Loans issued under Price Stabilization Program	1,055,978	882,451
Secured loans	14,400	285,000
Other loans	16,332	18,069
Total loans to local banks before provision for impairment	1,086,710	1,185,520
Less: Provision for loan impairment	(144)	-
Total loans to local banks	1,086,566	1,185,520

Loans issued under Price Stabilization Program

Starting from November 2012 Bank of Mongolia has issued loans to local banks for further lending to local companies from selected industries (petroleum, food, construction etc.) as part of the Government Price Stabilization Program.

These loans were issued under terms and conditions defined by Government joint resolutions and the Bank has no discretion in defining the terms. In addition, decisions on participation of particular companies in the program are also approved by the Government and the companies selected are entitled to obtain loans, which are refinanced by the Bank of Mongolia, from any commercial bank. Interest rate at which the loans have been granted to commercial banks varies between 0.5%- 4.0% per annum due to sub programs.

Under the Apartment Mortgage Funding Agreement signed by BOM, Government of Mongolia, Mongolian Mortgage Corporation (MMC) and local commercial banks, BOM has received the senior RMBS bonds in settlement of the loans to local commercial banks issued from the Price Stabilization Program.

Starting from April 2015, the Bank has been suspending its participation in the Price Stabilization Program under the Parliament decision #69 dated 13 November 2014 and has stopped issuing additional loans and financial derivatives to the commercial banks.

In 2016, the Bank issued only mortgage loan financing under the framework of the Price Stabilization Program and balance as at year end is amounted to MNT 1,018,005 million (2015:MNT 659,640 million). Mortgage loans bear interest rate at 2% and 4% per annum.

In 2015, the Bank issued only 4 types of loans including the domestic production of construction materials program under sub program called promoting construction sector and housing price stability and meat and flour price stabilization program under sub program called food price stabilization under the framework of the Price Stabilization Program.

Management has concluded that no loss on initial recognition of these loans was necessary in case of Price Stabilization Program. Please refer to related accounting policy in Note 3 and management judgement in Note4.

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NOTES TO THE FINANCIAL STATEMENTS-31 DECEMBER 2016.

9. LOANS TO LOCAL BANKS (CONTINUED)

Secured loans

Secured loans in the amount of MNT 14,400 million (2015: MNT 285,000 million) was disbursed to local commercial banks bears interest rate at 12.5% per annum (2015: 14%-15% per annum). The loans are collateralized by performing loan portfolio of respective banks.

Other loans

Loans in local currency. The loans in local currency included in “Other loans”, consist of loans related to the programs of Asian Development Bank (ADB) in the amount of MNT 3,112 million (2015: MNT 3,389 million), Government of Germany through KfW in the amount of MNT 7,209 million (2015: MNT 7,393 million).

Loans related to ADB programs were disbursed to various local banks in Mongolia, for further lending to Mongolian enterprises. This funding was made available by Asian Development Bank to create more job opportunities for the people of Mongolia. The loans bear interest at a rate of 7% per annum (2015:10% per annum) and the repayment terms for each disbursed loan vary according to the date of disbursement.

Loans disbursed to local banks for further lending to Mongolian enterprises to promote small and medium scale companies were made available under two separate I and II programs by the Government of Germany through KfW.

The Bank’s credit risk does not depend on the repayments of these funds by the borrowers, as the BOM has the right to automatically withdraw funds from the accounts of the commercial banks with BOM when repayments are due. For management judgement related to these loans refer to Note 4.

Loans in foreign currency. The loans in foreign currency, included as part of “Other loans”, consist of loans disbursed to local banks under the program of KfW to promote small and medium scale companies in the amount of MNT 5,010 million (2015: MNT 6,519 million) and loans for improving the commercial banks' systems and enhancing the capability of banking specialists under the program of ADB in the amount of MNT 879 million (2015: MNT 751 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 a 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 that meet the specific criteria set by KfW. Accordingly, the repayment terms for each disbursed loan vary according to the date of disbursement. For management judgement related to these loans refer to Note 4.

As per loan agreement, BOM has the right to automatically withdraw funds from the accounts of the commercial banks with BOM when repayments are due.

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

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NOTES TO THE FINANCIAL STATEMENTS-31 DECEMBER 2016.

9. LOANS TO LOCAL BANKS (CONTINUED)

Movements in the provision for loan impairment during 2016 are as follows:

<i>In millions of Mongolian Tugriks</i>	Loans issued under Price Stabilization Program	Secured loans	Other loans	Total
Provision for loan impairment at 1 January 2016	-	-	-	-
Provision for impairment during the year (Note 29)	-	(144)	-	(144)
(Recovery of)/Provision for impairment	-	-	-	-
Provision for impairment at 31 December 2016	-	(144)	-	(144)

Movements in the provision for loan impairment during 2015 are as follows:

<i>In millions of Mongolian Tugriks</i>	Loans issued under Price Stabilization Program	Secured loans	Other loans	Total
Provision for loan impairment at 1 January 2015	-	-	73,812	73,812
Reclassification to other assets (Note 15)	-	-	(73,662)	(73,662)
(Recovery of)/Provision for impairment (Note 29)	-	-	(150)	(150)
Provision for impairment at 31 December 2015	-	-	-	-

No provisions have been raised against loans issued under Price Stabilization Program, reverse sale and repurchase agreements, and loans in foreign currency as at 31 December 2016 and 31 December 2015 as these loans showed no signs of impairment, refer to Note 4.

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NOTES TO THE FINANCIAL STATEMENTS-31 DECEMBER 2016.

9. LOANS TO LOCAL BANKS (CONTINUED)

Analysis by credit quality of loans outstanding at 31 December 2016 is as follows:

<i>In millions of Mongolian Tugriks</i>	Loans under Price Stabilization Program	Secured loans	Other loans	Total
<i>Neither past due nor impaired</i>				
Caa1	218,776	-	6,182	224,958
Caa2	630,787	-	8,182	638,969
Unrated	206,415	-	1,968	208,383
Total neither past due nor impaired	1,055,978	-	16,332	1,072,310
Loans individually determined to be impaired (gross)				
- less than 30 days overdue	-	14,400	-	14,400
Total individually impaired loans	-	14,400	-	14,400
Less impairment provisions	-	(144)	-	(144)
Total loans to local banks	1,055,978	14,256	16,332	1,086,566

Analysis by credit quality of loans outstanding at 31 December 2015 is as follows:

<i>In millions of Mongolian Tugriks</i>	Loans under Price Stabilization Program	Secured loans	Other loans	Total
<i>Neither past due nor impaired</i>				
B3	591,684	245,000	14,810	851,494
Unrated	290,767	40,000	3,259	334,026
Total neither past due nor impaired	882,451	285,000	18,069	1,185,520
Less impairment provisions	-	-	-	-
Total loans to local banks	882,451	285,000	18,069	1,185,520

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NOTES TO THE FINANCIAL STATEMENTS-31 DECEMBER 2016.

9. LOANS TO LOCAL BANKS (CONTINUED)

As disclosed in Note 34, the biggest Mongolian commercial banks are rated by international rating agencies. The analysis above was performed based on the lowest of ratings assigned by international rating agencies. In case of unrated Mongolian commercial banks, the Bank considers financial conditions of related commercial bank based on the recent financial information, compliance with prudential ratios, and other information available for assessing credit quality of related assets.

None of the loans to local banks are collateralized except for secured loans in local currency. The secured loans are collateralized by Government securities and performing loan portfolio of respective bank.

Information about collateral at 31 December 2016 is as follows:

<i>In millions of Mongolian Tugriks</i>	Loans issued under Price Stabilization Program	Secured loans	Other loans	Total
Unsecured	1,055,978	-	16,332	1,072,310
Loans collateralized by commercial loans	-	14,400	-	14,400
Collateralized loans	-	14,400	-	14,400
Total loans to local banks before provision for impairment	1,055,978	14,400	16,332	1,086,710

Information about collateral at 31 December 2015 is as follows:

<i>In millions of Mongolian Tugriks</i>	Loans issued under Price Stabilization Program	Secured loans	Other loans	Total
Unsecured	882,451	-	18,069	900,520
Loans collateralized by commercial loans	-	285,000	-	285,000
Collateralized loans	-	285,000	-	285,000
Total loans to local banks before provision for impairment	882,451	285,000	18,069	1,185,520

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NOTES TO THE FINANCIAL STATEMENTS-31 DECEMBER 2016.

10. FINANCIAL INVESTMENTS – AVAILABLE FOR SALE

<i>In millions of Mongolian Tugriks</i>	31 December 2016	31 December 2015
Debt instruments available for sale:		
Bonds of Bank for International Settlements denominated in US dollars	223,981	119,726
US treasury bills	253,165	201,675
RAMP Investment Account Assets	252,800	201,187
Senior RMBS Bonds	1,917,155	1,819,314
Development Bank securities	36,087	105,945
Equity securities available for sale:		
Equity investment in MMC Holding JSC at fair value	5,139	5,055
Equity investments at cost	6,595	6,142
Total financial investments available for sale	2,694,922	2,459,044

Bonds of the Bank for International Settlements (BIS) represent quoted debt securities and thus are measured at fair value, which is based on market price of the bonds. All of the bonds are of short-term nature with up to 42 days of maturity and bear interest rate and yield of approximately 0.55% per annum. The Bank invests into these securities due to their low credit risk and high reputation of the BIS. Accordingly, these investments are considered to be neither past due nor impaired. Bonds are not collateralized. For more information, refer to Note 34.

US treasury bills At the end of financial year, this investment account balance consisted of USD 102 million equivalent to MNT 253,165 million (2015: USD 101 million equivalent to MNT 201,675 million). Maturity of these bonds is 5 months to 3 year and interest rate and yield of 0.4% to 1.4% per annum. These investments are considered to be neither past due nor impaired. These are not collateralized. For more information, refer to Note 34.

RAMP Investment Account Assets In order to improve and strengthen foreign currency management BOM has been implementing World Bank's "Resource management improvement consulting and resource management" project since 2011.

As of 31 December 2016, the Investment Account Assets consist of cash balance in the amount of USD 0.3 million equivalent to MNT 697 million (2015: USD 0.3 million equivalent to MNT 615 million), and securities in the amount of USD 101 million equivalent to MNT 252,103 million (2015: USD 100 million equivalent to MNT 200,572 million). The custodian of the Investment Account Assets is Federal Reserve Bank of New York.

The securities representing 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, is ranging from Aa3 to Aaa based on Moody's ratings or equivalents of Standard and Poor's and/or Fitch ratings.

Senior Residential Mortgage Backed Securities (Senior RMBS) Bonds issued by MMC JSC subsidiaries

The Bank signed the Residential Mortgage Funding Agreement - a three-way agreement with MMC and the commercial banks in Mongolia on 13 June 2013. Starting from 2016, agreement was renewed and government of Mongolia included in this arrangement. The Bank receives the RMBS Senior Bonds issued by MMC to the commercial banks in settlement of its soft loans granted to the commercial banks under Price Stabilization Program disclosed in Note 9. These bonds earn interest rate of 4.5% per annum and have a maturity up to 20 years.

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NOTES TO THE FINANCIAL STATEMENTS-31 DECEMBER 2016.

10. FINANCIAL INVESTMENTS – AVAILABLE FOR SALE (CONTINUED)

Development Bank securities Total par value of the securities amounts to 60,000 MNT million with 6 years of maturity and 4% coupon rate (2015: MNT 133,749 million with 3 to 6 years and 4% coupon rate). Coupon payments are paid semi-annually. The fair value of these securities at initial recognition was MNT 31,397 million (2015: MNT 105,146 million). The difference between the par value and the fair value totaling MNT 28,603 million was recognized to profit or loss for 2015.

Equity investment in MMC Holding JSC the Bank's equity investment of 421,241 shares (2.03% of total shares) was valued at 5,139 MNT million as at 31 December 2016 (2015: 421,241 shares recorded at fair value of MNT 5,055 million). Fair value gains and losses on these securities is recognized in other reserves of equity (Refer to Note 23).

Equity investments at cost represent investments in International Investment Bank, International Bank of Economic Co-operation and Mongolian Banking Association. The investments are recorded at cost due to the absence of quoted market price. There is no market for these investments and the Bank intends to hold them on a long-term basis. Management believes that fair value of these investments is not materially different from their carrying values. Further, management believes that no material impairment provision on these investments is needed.

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NOTES TO THE FINANCIAL STATEMENTS-31 DECEMBER 2016.

11. REVERSE REPURCHASE AGREEMENTS

In millions of Mongolian Tugriks	31 December 2016	31 December 2015
Federal Reserve Bank of New York	845,195	827,134
Local banks – in local currency	204,331	400,035
Local banks – in foreign currency	-	100,852
Total reverse repurchase agreements	1,049,526	1,328,021

Federal Reserve Bank of New York The Bank entered into 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 250,000 are to be invested in Repurchase Agreement Pool (“repo pool”) of Federal Reserve Bank of New York.

As at 31 December 2016, the funds invested in repo pool amounted to USD 339 million equivalent to MNT 845,195 million. This investment have four days maturity and carries interest rate of 0.46% per annum. Though related investments are effectively collateralized, there is no clear identification of securities purchased using this pool based on the investment program. For more information, refer to Note 34.

These reverse repurchase agreements were considered neither past due nor impaired and were Aa1 rated as of 31 December 2016 and 31 December 2015, based on Moody’s ratings or equivalents of Standard and Poor’s and/or Fitch ratings.

Local banks Reverse repurchase agreements denominated in MNT represents long term and short term loans to local banks secured by central bank bills and government securities.

As at 31 December 2016, overnight reverse repurchase agreements with local banks denominated in MNT amounted to MNT 50,770 million with interest rate of 17% per annum is included in reverse repurchase agreement in local currency (2015: MNT 400,035 million with five days of maturity at interest rate of 15% per annum). This agreement is secured by government securities.

Reverse repurchase agreements denominated in MNT represents long term agreements with local banks which amounted to MNT 173,425 million with maturity of 3-6 years and bears interest rate of 7.5%, and those are secured by bonds issued by Development bank of Mongolia. The fair value of these agreements at initial recognition was MNT 150,000 million. The difference between the par value and the fair value totaling MNT 23,426 million was recognized to profit or loss for 2016 as loss on initial recognition. For losses on initial recognition recognized on reverse repurchase arrangements with local banks entered in 2016, refer to Note 4. Related accounting policy and management’s judgements are disclosed in Notes 3 and 4. These balances are considered neither past due nor impaired.

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NOTES TO THE FINANCIAL STATEMENTS-31 DECEMBER 2016.

12. GOLD BULLION AND PRECIOUS METALS

<i>In millions of Mongolian Tugriks</i>	31 December 2016	31 December 2015
At valuation		
Gold bullion	159,004	153,097
Silver	1,047	343
At cost		
Gold and silver purchased from miners	43,920	258,366
Gold in transit for refining	22,677	2,603
Coins and cultural valuables	5,879	5,743
Total gold bullion and precious metals	232,527	420,152

Monetary gold is mainly placed at Bank of England and Bank of Scotia Mocatta. Other precious metals (non-monetary gold, silver, gold and bullion, silver ore), coins and cultural valuables are held in the Bank's central vault. Also included non-refined non-monetary gold that is purchased from local gold miners.

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13. DERIVATIVE FINANCIAL INSTRUMENTS

Financial derivatives represent the fair value of foreign currency swap transactions with local and foreign banks. Derivatives have potentially favorable (assets) or unfavorable (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. The fair value of the financial derivatives estimated under the method of market value computation of the financial derivatives was approved by Governor Resolution Order No. A-358 dated 22 December 2016.

The table below shows the fair values of financial derivatives recorded as assets and liabilities.

<i>In millions of Mongolian Tugriks</i>	31 December 2016	31 December 2015
Foreign exchange forwards and swaps: fair values, at the end of the reporting period, of		
- Financial assets at fair value through profit or loss	10,413	7,895
- Financial liabilities at fair value through profit or loss	(939,453)	(272,954)
Financial assets at fair value through profit or loss, net	(929,040)	(265,059)

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 Bank. The table reflects gross positions before netting of any counterparty positions (and payments) and covers the contracts with settlement dates after the end of the respective reporting period.

<i>In millions of Mongolian Tugriks</i>	2016		2015	
	Contracts with positive fair value	Contracts with negative fair value	Contracts with positive fair value	Contracts with negative fair value
Foreign exchange swaps: fair values, at the end of the reporting period, of				
- USD receivable on settlement (+)	59,373	-	9,977	151,042
- USD payable on settlement (-)	(267,398)	(3,174,178)	(420,021)	(1,769,990)
- MNT receivable on settlement (+)	125,698	2,234,725	366,453	1,498,037
- MNT payable on settlement (-)	(50,400)	-	(9,971)	(182,854)
- CNY receivable on settlement (+)	143,140	-	61,457	30,811
- CNY payable on settlement (-)	-	-	-	-
Net fair value of foreign exchange swaps	10,413	(939,453)	7,895	(272,954)

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NOTES TO THE FINANCIAL STATEMENTS-31 DECEMBER 2016.

14. GOVERNMENT SECURITIES

<i>In millions of Mongolian Tugriks</i>	31 December 2016	31 December 2015
Ministry of Finance securities, at amortized cost	326,508	202,218
Total government securities	326,508	202,218

Bank of Mongolia purchased government securities with discount (2015: premium) from primary and secondary market. Par value amounted to 108,800 million (2015: 93,000 million) at an interest rate of 9.63% to 14% per annum (2015: 9.6%-10.3% per annum) and maturity of 1.7 years to 2 years (2015: 5 years).

In addition, the Bank purchased government securities in accordance within the Government conducted “Sain” program with par value of MNT 453,712 million at an coupon rate of 1.0 per annum to 3.0% per annum and maturity from 3 to 15 years. The fair value of these securities at initial recognition was MNT 123,668 million. The difference between the par value and the fair value totaling MNT 330,044 million was recognized to profit or loss for 2016 as loss on initial recognition. For related accounting policy and management’s judgement, refer to Note 3 and 4.

As disclosed in Note 4, the Bank purchased government security in par value of MNT 100,000 million at coupon rate of 14% per annum, which was below market rate. The fair value of the security at initial recognition MNT 95,349 million and “day1” loss amounting to MNT 4,651 million was recognized to profit or loss for 2016 as loss on initial recognition.

These securities measured at amortized cost. All of the above balances are considered neither past due nor impaired. None of government securities are collateralized. For more information on related party transactions, refer to Note 33. Fair value of these securities are disclosed in Note 35.

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NOTES TO THE FINANCIAL STATEMENTS-31 DECEMBER 2016.

15. OTHER ASSETS

<i>In millions of Mongolian Tugriks</i>	31 December 2016	31 December 2015
Other financial asset		
Receivables from Deposit Insurance Corporation	199,212	204,911
Asset received from Anod Bank	66,430	67,646
Receivables from companies	53,374	52,657
Claims on foreign financial institutions	21,765	17,450
Receivables related to promissory notes	698,944	284,136
Less: Provision for impairment losses	(346,732)	(222,757)
Other non-financial asset		
Prepaid expenses	2,184	149
Other	1,755	618
Less: Allowance for impairment losses	(287)	(236)
Total other assets	696,645	404,574

Receivables related to promissory notes. Promissory notes represent promissory notes issued by local companies with details as follows:

As at 31 December 2016, the Bank holds promissory notes issued by five (5) local companies and a local bank, which have a nominal value of MNT 815,000 million. Out of total carrying value of promissory notes, MNT 563,001 million relates to promissory notes of corporate entities. These notes have a maturity of 5 - 6 years and earn interest at interest rates defined in related contracts. Most of these contracts specify higher initial interest rate, which can be reduced to below market level, if certain conditions are met. The Bank's management as well as their internal legal departments are of the view that these transactions do not violate any provisions under the Law on Central Bank and other related laws in Mongolia. These promissory notes are collateralized by shares, mining equipment and mining licenses.

As at 31 December 2016, certain companies fulfilled their set conditions and hence are entitled to the lower contractual interest rate. Management believes that probability of fulfilment of conditions in 2017 is high.

Accounting policy for estimating effective interest rate on promissory notes is disclosed in Note 3, while management's judgements related to accounting for promissory notes are disclosed in Note 4. As disclosed in Note 4, management assessed that probability of meeting specific performance conditions for reduction of interest rate was high (e.g. close to 100%) at the time of issuance of these receivables.

Receivables from Deposit Insurance Corporation (DIC). Receivables from DIC include a loan of MNT 114,200 million and financial support of MNT 85,000 million. The financial support of MNT 85,000 million had to be repaid by 25 December 2014 from the proceeds from the planned privatization of State Bank LLC. However, the privatization of State Bank LLC did not happen and the financial support has not been repaid. As of 31 December 2016 and 2015, the Bank has provided a provision for impairment against the full amount of MNT 85 billion due to the uncertainty of collection (refer to Note 4).

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NOTES TO THE FINANCIAL STATEMENTS-31 DECEMBER 2016.

15. OTHER ASSETS (CONTINUED)

The purpose of loan to DIC of MNT 114,200 million was ensuring stability of Mongolian banking sector. Based on the contractual terms, this loan is due for repayment on 30 September 2023. No impairment indicators related this loan were noted as of 31 December 2015 and as of previous reporting dates. Management reconsidered recoverability of related loan due from DIC as of 31 December 2016 and concluded that there is high uncertainty of its collection. As a result, management made decision to fully provide related loan as of 31 December 2016 and recognize impairment loss of MNT 114,200 million in 2016. For management's judgments refer to the Note 4.

Assets received from Anod Bank. The Bank received assets with carrying amount of MNT 73,662 million when Anod receivership was terminated in 2015. Out of which, MNT 7,232 million was recovered in 2015 and 2016. The assets after recovery is MNT 66,430 million (2015: MNT 67,646 million) are fully provisioned and mainly consist of loan portfolios issued by Anod bank to its customers and other assets.

Receivables from companies related to promissory notes. Receivables from other 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 35,659 million (2015: MNT 37,525 million), are considered impaired and thus they are fully provided for. Remaining balances due from other companies to the amount of MNT 17,715 million (2015: MNT 15,080 million) are also considered impaired and fully provided for as at 31 December 2016 and 31 December 2015. The movement is solely due to the fluctuation in foreign currency exchange rate.

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.

Other non-financial assets. Other non-financial assets consist of Mongol Bank's repayments, advances to staff, consumable materials, stationary supplies and assets held for sale. Prepaid expense as of 31 December 2016 mostly relate to new banknote orders which were placed and paid during 2016 but are expected to be delivered in 2017.

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NOTES TO THE FINANCIAL STATEMENTS-31 DECEMBER 2016.

15. OTHER ASSETS (CONTINUED)

Provision for impairment. Movements in the provision for impairment of other financial assets during 2016 are as follows:

<i>In millions of Mongolian Tugriks</i>	Promis- sory notes	Recei- vables from DIC	Asset received from Anod bank	Receivables from companies	Claims on foreign financial institution	Prepaid expense	Other	Total
Provision for loan impairment at 1 January 2016	-	85,000	67,646	52,661	17,450	77	159	222,993
Translation of provisions denominated in foreign currency	-	-	-	11,532	4,334	-	-	15,866
Provision for impairment during the year	5,944	114,200	-	-	-	-	57	120,201
Amounts written off during the year as uncollectible	-	-	-	(10,799)	-	-	-	(10,799)
Recovery of impairment during the year	-	-	(1,216)	(20)	-	-	(6)	(1,242)
Provision for impairment at 31 December 2016	5,944	199,200	66,430	53,374	21,784	77	210	347,019

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NOTES TO THE FINANCIAL STATEMENTS-31 DECEMBER 2016.

15. OTHER ASSETS (CONTINUED)

Movements in the provision for impairment of other financial and non-financial assets during 2015 are as follows:

<i>In millions of Mongolian Tugriks</i>	Promis- sory notes	Recei- vables from DIC	Asset received from Anod bank	Receivables from companies	Claims on foreign financial institution	Prepaid expense	Other	Total
Provision for loan impairment at 1 January 2015	-	85,000	-	50,141	16,485	77	320	152,023
Translation of provisions denominated in foreign currency	-	-	-	2,585	965	-	4	3,554
Provision for impairment during the year	-	-	-	57	-	-	-	57
Reclassification of allowance for impairment losses of receivables from Anod bank (Note 9)	-	-	73,662	-	-	-	-	73,662
Recovery of impairment during the year	-	-	(6,016)	(122)	-	-	(165)	(6,303)
Provision for impairment at 31 December 2015	-	85,000	67,646	52,661	17,450	77	159	222,993

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NOTES TO THE FINANCIAL STATEMENTS-31 DECEMBER 2016.

16. PREMISES, EQUIPMENT AND INTANGIBLE ASSETS

<i>In millions of Mongolian Tugriks</i>	Buildings/ premises	Const-ruction in progress	Office and computer equipment	Premises and equipment	Intangible assets	Total
Cost or valuation at 1 January 2015	47,338	38	8,361	55,737	2,267	58,004
Accumulated depreciation/ amortization	(25,113)	-	(3,788)	(28,901)	(1,713)	(30,614)
Carrying amount at 1 January 2015	22,225	38	4,573	26,836	554	27,390
Additions	452	1,872	1,520	3,844	131	3,975
Disposals - cost	(1,489)	-	(817)	(2,306)	(5)	(2,311)
Write-offs - cost	-	-	(69)	(69)	-	(69)
Transfer	(19)	(363)	382	-	-	-
Depreciation/amortization charge	(863)	-	(1,280)	(2,143)	(254)	(2,397)
Disposals - accumulated depreciation	1,311	-	812	2,123	5	2,128
Write-offs - accumulated depreciation	-	-	57	57	-	57
Cost or valuation at 31 December 2015	46,282	1,547	9,377	57,206	2,393	59,599
Accumulated depreciation/ amortization	(24,665)	-	(4,199)	(28,864)	(1,962)	(30,826)
Carrying amount at 31 December 2015	21,617	1,547	5,178	28,342	431	28,773
Additions	1,862	-	1,413	3,275	-	3,275
Disposals - cost	(22)	(1,465)	(1,134)	(2,621)	(227)	(2,848)
Write-offs - cost	(577)	-	(26)	(603)	-	(603)
Depreciation/amortization charge	(866)	-	(1,416)	(2,282)	(232)	(2,514)
Disposals - accumulated depreciation	22	-	1,123	1,145	227	1,372
Write-offs - accumulated depreciation	559	-	20	579	-	579
Cost or valuation at 31 December 2016	47,545	82	9,630	57,257	2,166	59,423
Accumulated depreciation/ amortization	(24,950)	-	(4,472)	(29,422)	(1,967)	(31,389)
Carrying amount at 31 December 2016	22,595	82	5,158	27,835	199	28,034

The last valuation of the Bank's buildings was performed as of 1 October 2013 by independent appraisers "Consortium of companies on appraisal and project". Management believes that carrying amounts as of 31 December 2016 and 31 December 2015 approximate to fair value of buildings.

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16. PREMISES, EQUIPMENT AND INTANGIBLE ASSETS (CONTINUED)

If average prices would be 20% higher compared to prices taken into account in the current carrying value, the carrying value of buildings and revaluation reserve within other reserves would be increase by approximately MNT 4,519 million as of 31 December 2016 (2015: MNT 4,323 million). Management believes that an overall decrease in fair value of the Bank's revaluation reserve would decrease by 4,519 million as of 31 December 2016 (2015: MNT 4,323 million). Management believes that an overall decrease in value of the Bank's building is unlikely under the current economic conditions, while any potential increase in value of buildings (leading to increase in property, equipment and intangible assets and equity) would not have material impact on the financial statements from the perspective of users of financial information.

Had these buildings been recognized under the cost model as at 31 December 2016, the carrying amount of the buildings would have been MNT 11,327 million (2015: MNT 13,989 million).

None of the property, equipment and intangible assets have been pledged as security for borrowings as of 31 December 2016 and 31 December 2015.

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17. CASH IN CIRCULATION

<i>In millions of Mongolian Tugriks</i>	31 December 2016	31 December 2015
Banknotes issued to circulation	834,024	804,072
Uncounted banknotes	(10,415)	(97,430)
Coins issued into circulation	20	14
Cash in circulation	823,629	706,656

Cash issued into circulation as at 31 December 2016 and 31 December 2015:

<i>In millions of Mongolian Tugriks</i>	Beginning balance	Increase	Decrease	Ending balance
Issued Banknotes	804,072	2,140,575	(2,110,623)	834,024
Issued Coins	14	6	-	20
Uncounted banknotes	(97,430)	(2,669,322)	2,756,337	(10,415)
Cash in circulation	706,656	(528,741)	645,714	823,629

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18. CENTRAL BANK BILLS

<i>In millions of Mongolian Tugriks</i>	31 December 2016	31 December 2015
Central Bank bills issued	577,297	1,024,581
Total Central Bank bills	577,297	1,024,581

Central bank bills are bills issued by Bank of Mongolia, which are issued to local banks. Such bills have maturities between 7 days to 87 days (2015:7 days to 28 days) and bear interest rates ranging from 14% and 17% per annum as of 31 December 2016 (2015:13% per annum).

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19. LIABILITIES DUE TO GOVERNMENT ORGANIZATIONS

<i>In millions of Mongolian Tugriks</i>	31 December 2016	31 December 2015
Liabilities to the Ministry of Finance related to borrowings:		
- Government of Germany (KfW)	16,119	14,121
- Asian Development Bank (ADB)	9,334	8,084
- International Development Association (IDA)	8,541	6,678
Current accounts of Ministry of Finance	974,330	673,573
Total liabilities due to government organizations	1,008,324	702,456

Current accounts of Ministry of Finance. This relates to various current accounts that the Ministry of Finance maintains with BOM. These current accounts are on demand and do not bear any interest.

Liabilities due to the Ministry of Finance related to borrowings from international organizations. These liabilities relate to the borrowing agreements signed by the Government of Mongolia with KfW (acting on behalf of the Government of Germany), Asian Development Bank (ADB) and the International Development Association (IDA). The Ministry of Finance of Mongolia (MOF) acts as the fiscal agent with regard to these agreements, while the Bank of Mongolia acts as the project executing agency.

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

The loans received from the ADB are mainly for purpose of reducing poverty in Mongolia by developing and promoting private enterprises and providing training and consultancy to the Government, non-government organizations and local banks. The loans bear interest of 1% per annum (2015: 1% per annum) and have maturity ranging from 27 to 30 years (2015: 27 to 30 years).

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

Based on the arrangement between MOF and BOM, BOM has borrowed related funds from MOF under the same conditions, as MOF has borrowed under the agreement with KfW and ADB. BOM also acts as a depository; it is responsible for settling payments from the accounts of the MOF with regards to KfW and ADB. Loans issued to local banks from these funds are disclosed in Note 9. For management's judgement related to these liabilities to MOF and loans to local banks, refer to Note 4.

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

There were no breaches of covenant as at 31 December 2016 and 31 December 2015.

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NOTES TO THE FINANCIAL STATEMENTS-31 DECEMBER 2016.

20. DEPOSITS FROM LOCAL BANKS

<i>In millions of Mongolian Tugriks</i>	31 December 2016	31 December 2015
Correspondent accounts:		
- in national currency	943,882	1,225,029
- in foreign currency	1,304,359	533,326
Time deposits	423,325	60,630
Total deposits from local banks	2,671,566	1,818,985

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

Time deposits in foreign currency represent USD deposits placed by local banks at an interest rate of 0.55% to 0.64% per annum (2015:6.532%) with maturity of 7 days to 60 days (2015: 371 days).

21. LIABILITIES DUE TO FOREIGN PARTIES

<i>In millions of Mongolian Tugriks</i>	31 December 2016	31 December 2015
Financing from People's Bank of China	4,332,068	3,550,766
Financing from Bank of Tokyo Mitsubishi UFG, Singapore	-	239,554
Allocation of Special Drawing Rights of IMF	162,609	135,180
Subscription to World Bank	156	125
Subscription to IDA	39	34
Current account of World Bank	460	110
Current account of ADB	4	8
Total liabilities to foreign parties	4,495,336	3,925,777

Financing from People's Bank of China. This balance represents a 1 month to 9 months (2015: 3 months to 12 months) financing denominated in CNY from the People's Bank of China that was used by BoM for CNY funding to local banks. Interest rate is based on SHIBOR+200 bps per annum.

Financing from Bank of Tokyo Mitsubishi UFG, Singapore. the financing was obtained for one-year period denominated in USD in 2014 that was used by BOM for gold purchasing from miners. The financing was fully repaid in 2016. Interest rate is based on LIBOR+310 bps per annum.

Allocations of Special Drawing Rights. (hereinafter referred to as "SDR") IMF member countries are allocated SDR in proportion to their subscription to the IMF. The allocations represents a dormant liability of the Bank to the IMF, against which assets are received in the SDR Holdings account from the IMF as referred in Note 8. The net accumulation of the allocation was MNT 162,609 million equivalent to SDR 48,757 million (2015: MNT 135,180 million equivalent to SDR 48,757 million).

Subscription to World Bank and IDA This balance represents the Bank's subscription obligation to World Bank and IDA.

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NOTES TO THE FINANCIAL STATEMENTS-31 DECEMBER 2016.

22. OTHER LIABILITIES

<i>In millions of Mongolian Tugriks</i>	31 December 2016	31 December 2015
Other financial liabilities		
Initial capital contribution for local banks	19,346	4,015
Deposits by non-banking entities	10,827	7,370
Other payables	12,461	10,314
Other liabilities		
Social development fund	5,958	8,595
Provision for claims under documentary letter of credit issued	58,161	48,351
Total other liabilities	106,753	78,645

Temporary account for maintaining initial capital of local banks. Initial capital relate to special purpose accounts for the purpose of increasing the share capital of Mongolian commercial banks. These accounts have restricted use i.e. they are used by local banks for the purpose of increasing their initial capital contribution.

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

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 benefits, reimbursements, work performance remunerations of the Bank's employees, purchasing apartments to guarantee social welfare of employees and to help employees in need etc. Management believes that allocated funds in social development fund are sufficient as of financial year-end to cover outstanding obligations.

Provision for claims under documentary letter of credit issued. Provision for claims under documentary letter of credit issued related to litigation initiated in 2008, whereby the Bank acts as a defendant in legal proceedings held in Swiss and German court 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 obligation under the issued letters of credit, the Bank has made a provision in the amount of its full exposure (including interest) in 2009. There were no movements in the provision during 2016 and 2014 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 not sufficient certainty about the recoverability of these receivables from defendants. Thus, the Bank has not recognized related to these claims in these financial statements, though the Bank makes the best efforts to recover the claimed amounts.

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NOTES TO THE FINANCIAL STATEMENTS-31 DECEMBER 2016.

23. CHARTER CAPITAL AND OTHER RESERVES

<i>In millions of Mongolian Tugriks</i>	31 December 2016	31 December 2015
Charter capital	5,000	5,000

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

Available for sale Reserve. This reserve comprises changes in fair value of financial investment available for sale.

Revaluation Surplus on Premises 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. Refer to Note 16 for more information.

Foreign Currency Translation Reserve. The foreign currency translation reserve is used to record the amount of unrealized gains or losses arising from the translation of monetary assets and liabilities denominated in foreign currency.

Precious Metal Valuation Reserve. Precious metal valuation reserve is used to record the amount of unrealized gains or losses arising from fair value changes of gold bullion held.

Other reserves comprise the following:

<i>In millions of Mongolian Tugriks</i>	Available-for-sale security revaluation reserve	Revaluation surplus	Precious metal revaluation reserve	Total
At 1 January 2015	(220)	12,049	6,186	18,015
Loss on fair value changes of available-for-sale investments	3,211	-	-	3,211
Transfer to profit or loss upon disposal	(65)	-	-	(65)
Transfer to accumulated deficit		(141)	(4,242)	(4,383)
At 31 December 2015	2,926	11,908	1,944	16,778
Loss on fair value changes of available-for-sale investments	519	-	-	519
Transfer to profit or loss upon disposal	(78)	-	-	(78)
Transfer to accumulated deficit	-	(13)	(804)	(817)
At 31 December 2016	3,367	11,895	1,140	16,402

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24. INTEREST INCOME AND EXPENSE

<i>In millions of Mongolian Tugriks</i>	2016	2015
Interest income		
Local securities	87,104	35,907
Financial investment - available for sale	44,698	60,015
Loans to local banks	34,300	78,491
Government securities	33,563	26,420
Reverse repurchase agreement	25,279	658
Due from foreign financial institution	3,613	2,289
Total Interest Income	228,557	203,780
Interest expense		
Loans from foreign institutions	(189,030)	(207,042)
Central Bank bills	(92,976)	(74,197)
Fulfilment on mandatory reserve requirement to local banks	(55,864)	(44,912)
Government account deposits	(8,797)	(2,618)
Deposits from local banks	(3,575)	(4,210)
Other interest expense	(5,608)	(15,034)
Total interest expense	(355,850)	(348,013)
Net interest expense	(127,293)	(144,233)

25. GAINS LESS LOSSES FROM TRADING IN GOLD BULLION AND PRECIOUS METALS

<i>In millions of Mongolian Tugriks</i>	2016	2015
Losses on trading of gold and precious metals	(113)	(2,080)
Realized gain of revaluation on monetary metals	36,618	6,395
Other gains/(losses) on trading of gold and precious metals	64,106	(1,214)
Gains less losses from trading in gold bullion and precious metals	100,611	3,101

26. GOLD BULLION AND PRECIOUS METALS REVALUATION GAINS LESS LOSSES

Gold bullion and precious metals revaluation gains less losses represents unrealized revaluation gains less losses from gold position. The loss during the year was MNT 804 million (2015: MNT 4,242 million).

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27. LOSSES LESS GAINS FROM FINANCIAL DERIVATIVE FINANCIAL INSTRUMENTS

<i>In millions of Mongolian Tugriks</i>	2016	2015
Day 1 loss on swaps	(494,978)	(442,469)
Changes in fair value of swaps from current and previous periods	(169,003)	247,113
Gains less losses from financial derivative financial instruments	(663,981)	(195,356)

Day 1 loss on swaps of MNT 494,978 million during the year ended 31 December 2016 (31 December 2015: MNT 442,469 million) represent losses on initial recognition of long and short term swaps entered with commercial banks during the year at unfavorable conditions.

28. FOREIGN EXCHANGE TRANSLATION (LOSSES LESS GAINS)/GAINS LESS LOSSES

<i>In millions of Mongolian Tugriks</i>	2016	2015
Realized gain on translation of foreign exchange	167,996	91,093
Unrealized losses on translation of foreign exchange	(597,759)	(58,703)
Foreign exchange translation gains less losses	(429,763)	32,390

29. (PROVISION)/REVERSAL OF PROVISION FOR IMPAIRMENT

<i>In millions of Mongolian Tugriks</i>	Note	2016	2015
Loans to local banks	9	(144)	150
Other assets	15	(118,959)	6,246
(Provision)/reversal of provision for impairment		(119,103)	6,396

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30. OTHER OPERATING INCOME

<i>In millions of Mongolian Tugriks</i>	2016	2015
Income from "Future pension fund"	62,760	-
Commission income	4,927	3,677
Penalty income from local banks	3,384	1,944
Rental income from property and equipment	534	548
Gain on disposal of property and equipment	51	37
Income from shared assets	-	875
Other operating income	664	411
Total other operating income	72,320	7,492

Mongolian Parliament approved law on “Future pension fund” according to Parliament Resolution No.12 dated 22 January 2016 for the purpose of developing fund for future pension and further make investments. According to the Law, clause 3.2, main asset of the Fund shall be Senior RMBS bond of MMC (Refer to Note 10), its coupon payments and interest income, mortgage loans disbursed to local banks, its principal payments and interest income, which all were sitting on BOM. Therefore, in line with the Law, BOM transferred the assets amounting to MNT 2,460,771 million on 11 March 2016. However, operation of Future retirement fund terminated and all assets previously transferred to the Fund was returned back to BoM on 17 October 2016 in accordance with Parliament Resolution No.40 dated 9 September 2016. Total amount of the assets transferred back to BOM balance was MNT 2,523,531 million and the increase is due to newly created “Special Purpose Vehicle No.8 and No.9”. Interest income earned during this period was recognized as income from “Future pension fund”.

The Bank obtains mandatory reserves from local banks, in accordance with the requirements of the Bank. The balances are set at percentages based on a 14-day period. (Refer to 20). As of 31 December 2016, income received from the mandatory reserve held with the local banks was MNT 3,385 million (31 December 2015: MNT 1,944 million).

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31. ADMINISTRATIVE AND OTHER OPERATING EXPENSES

<i>In millions of Mongolian Tugriks</i>	2016	2015
Staff cost	11,095	9,489
Depreciation and amortization of premises, equipment and intangible assets	2,514	2,397
Telecommunication and utility expense	1,649	1,526
Legal and professional fees	1,643	1,133
Security expenses	1,301	1,177
Transportation and trip expenses	863	588
Advertising expenses	813	843
Training expenses	498	510
Membership and professional fees	414	374
Social development fund expense	-	2,000
Cost of printing banknotes	5,078	811
Facility, arrangement, and refining fees related to gold financing	4,296	6,891
Gold transportation and shipping expense	1,944	1,054
Loss on property and equipment written-off and disposal	25	12
Other expenses	1,782	2,551
Total administrative and other operating expenses	33,915	31,356

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32. CONTINGENCIES AND COMMITMENTS

Legal proceedings. From time to time and in the normal course of business, claims against the Bank may be received. Since 2008, the Bank acts as defendant in the legal proceedings held in Swiss and German courts in connection with the payments allegedly due under the 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. Refer to Note 22.

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 claimed amounts.

Management is not aware of any other legal proceedings as of 31 December 2016, 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.

Credit related commitments. 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 unused portions of authorizations to extend credit in the form of loans or letters of credit, refer to information below. With respect to credit risk on commitments to extend credit, the Bank is potentially exposed to loss in an amount equal to the total unused commitments. However, the likely amount of loss is less than the total unused commitments due to low counterparty risk, as outlined below.

Outstanding credit related commitments are as follows:

<i>In millions of Mongolian Tugriks</i>	31 December 2016	31 December 2015
Contingent Liabilities		
Import letters of credit	(281,016)	(411,390)
Commitments		
Undrawn credit line for People's Bank of China	(4,500,000)	(4,500,000)
Total credit related commitments	(4,781,016)	(4,911,390)

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Import letters of credit. Import letters of credit are mainly issued to the Government of Mongolia with regard to import 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.

The Bank's management believes that fair value of letters of credit and credit line commitments is not material apart from the recognized 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 Tugriks Bilateral Currency Swap Arrangement" with the People's Bank of China in May 2011. The agreement was renewed in August 2014. 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 People's Bank of China (PBC) 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.

According to the agreement, the period of use of funds (i.e. usage period) can be up to twelve 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 15,000 million when BoM is the requesting party and MNT 4,500,000 million when PBC 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 in the agreement. In the case of BoM requesting to use 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 of PBC requests for use of MNT, the interest rate is equivalent to the Interbank MNT Weighted Rate with corresponding usage period.

As at 31 December 2016, BoM requested CNY 4,500 million and repaid CNY 4,000 million. The used amount of CNY 12,000 million equal to MNT 4,296,520 million and the unused amount of CNY 3,000 million equivalent to MNT 1,074,880 million represents the Bank's credit related commitment.

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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.

As of 31 December 2016 and 31 December 2015, 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), a local commercial bank State Bank, which is fully owned by Ministry of Finance and management appointed by the Parliament, Development Bank of Mongolia, which is owned by Ministry of Finance 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 utilized 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 income and expense items with related parties for 2016 were as follows:

<i>In millions of Mongolian Tugriks</i>	Government	State Bank	Development Bank of Mongolia	DIC	Total
Interest income	33,563	2,139	6,866	611	43,179
Interest expense	(8,797)	(17,879)	(18)	-	(26,694)
Commission income	418	171	3	-	592
Total	25,184	(15,569)	6,851	611	17,077

At 31 December 2016, the outstanding balances with related parties were as follows:

<i>In millions of Mongolian Tugriks</i>	Government	State Bank	Development Bank of Mongolia	DIC	Total
Government securities	326,508	-	-	-	326,508
Development Bank securities	-	-	36,087	-	36,087
Loans to local banks	-	113,301	-	-	113,301
Central bank bills	-	(53,932)	-	-	(53,932)
Deposit from local banks	-	(220,708)	(5,322)	-	(226,030)
Non-financial institution assets	-	-	-	(2,931)	(2,931)
Liabilities due to government organizations	(1,008,324)	-	-	-	(1,008,324)
Total	(681,816)	(161,339)	30,765	(2,931)	(815,321)

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33. RELATED PARTIES (CONTINUED)

The income and expense items with related parties for 2015 were as follows:

<i>In millions of Mongolian Tugriks</i>	Government	State Bank	Development Bank of Mongolia	DIC	Total
Interest income	26,420	4,692	1,407	600	33,119
Interest expense	(2,618)	(19,570)	(2)	-	(22,190)
Commission income	235	523	1,944	-	2,702
Total	24,037	(14,355)	3,349	600	13,631

At 31 December 2015, the outstanding balances with related parties were as follows:

<i>In millions of Mongolian Tugriks</i>	Government	State Bank	Development Bank of Mongolia	DIC	Total
Government securities	202,218	-	-	-	202,218
Financial investments available-for-sale	-	-	105,945	-	105,945
Loans to local banks	-	54,972	-	-	54,972
Loans to non-financial institutions	-	-	-	119,911	119,911
Derivative financial instruments	-	22	-	-	22
Other assets	4,500	20	-	-	4,520
Central bank bills	-	(9,972)	-	-	(9,972)
Deposit from local banks	-	(246,178)	(3,048)	-	(249,226)
Non-financial institution assets	-	-	-	-	-
Liabilities due to government organizations	(702,456)	-	-	-	(702,456)
Derivative financial instruments	-	(382)	-	-	(382)
Other liabilities	-	(62)	-	(1,972)	(2,034)
Total	(495,738)	(201,580)	102,897	117,939	(476,482)

The transactions with related parties arose from the ordinary course of the Bank's operation. The interests charged to and by related parties are at appropriate market 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:

<i>In millions of Mongolian Tugriks</i>	2016	2015
Salary and wages	656	570
Benefits in-kind	136	117
Social and pension fund contribution	87	76
Other compensation	113	77

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34. 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. 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 Markets 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. 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 Markets Department and Director of Payment and Accounting Department.

The Investment Committee issues the "Annual Investment Policy" and determines acceptable levels of risk. Based on the acceptable risk, the Investment Committee proposes the structure of the international reserve for the Governor's approval. The Committee's proposal defines the currency composition of international 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 international risk, as well as credit risk, liquidity risk and interest rate risk.

THE BANK OF MONGOLIA

NOTES TO THE FINANCIAL STATEMENTS-31 DECEMBER 2016.

34. FINANCIAL RISK MANAGEMENT (CONTINUED)

The risks related to the Bank's foreign currency assets (reserves) are a key area of focus, given the proportion of international 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 international 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 International 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;
- Manage 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 international 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.

Markets Department. Markets Department is responsible for general implementation of the investment policy through its specific units. The head of Markets 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 Audit Department. The Bank's internal audit 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 fulfilment of policies and plans. Internal Audit Department ("IAD") 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. IAD 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 assessment focuses on particular issues at the specific level. IAD of the Bank has carried out activities in accordance with audit program and annual audit plan for 2016. 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 totalled for each operational area and the degree of risk is classified as high, medium and low accordingly.

THE BANK OF MONGOLIA

NOTES TO THE FINANCIAL STATEMENTS-31 DECEMBER 2016.

34. FINANCIAL RISK MANAGEMENT (CONTINUED)

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. IAD reports about findings and its recommendations administratively to the Governor, and functionally to the Supervisory Board. After each assessment, IAD discusses the results with management of the Bank, as well as undertaking follow-up reviews on the actions taken by management.

Credit Risk. Credit risk is the risk that the Bank will incur a loss because its customers, clients or 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" to "Aa3" rated governments (or central banks), and "Aaa" rated international institutions and agencies. The credit risk on foreign currency deposits and money market instruments is limited by transacting with counterparties rated "A3" 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:

- Central Bank bills;
- Government securities;
- Promissory notes of financial institutions accepted by the Bank;
- Loans issued by financial institutions

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. The Bank applies haircuts to the valuation of collateral assets in order to protect against potential losses.

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 case of unrated Mongolian commercial bank, the Bank considers financial conditions of related commercial bank based on the recent financial information, compliance with prudential ratios, and other information available by the 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.

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NOTES TO THE FINANCIAL STATEMENTS-31 DECEMBER 2016.

34. FINANCIAL RISK MANAGEMENT (CONTINUED)

In respect to international reserves, all counterparties have credit limits, which are set taking into consideration their ratings, capital, and other factors. The credit limits are approved quarterly by the Governor and compliance with the limits is monitored daily by the Risk Management Unit. 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 (refer to Notes 9 and 15). 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.

As disclosed in Note 32, 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 32). Based on analysis performed, the Bank's management believes that counterparty risk in 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 9. For letters of credit and commitments to extend credit, the maximum exposure to credit risk is the amount of the commitment (Note 32).

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:

- international 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.

The currency composition of the international reserves is approved by the Investment Committee on an annual basis.

THE BANK OF MONGOLIA

NOTES TO THE FINANCIAL STATEMENTS-31 DECEMBER 2016.

34. FINANCIAL RISK MANAGEMENT (CONTINUED)

The following table indicates the currencies and SDRs to which the Bank had significant exposure at 31 December 2016 on its monetary assets and liabilities.

<i>In millions of Mongolian Tugriks</i>	MNT	USD	CNY	EUR	SDR	Other	Total
Cash on hand	46	35,172	26	1,418	-	2,291	38,953
Due from foreign financial institutions	-	701,493	266,154	210,228	143,110	134,532	1,455,517
Loans to local banks	1,080,675	879	-	5,012	-	-	1,086,566
Financial investments available for sale	1,953,242	729,946	-	-	-	-	2,683,188
Reverse repurchase agreements	204,331	845,195	-	-	-	-	1,049,526
Gold and precious metals	-	-	-	-	-	160,051	160,051
Government securities	326,508	-	-	-	-	-	326,508
Other financial assets	692,993	-	-	-	-	-	692,993
Total financial assets	4,257,795	2,312,685	266,180	216,658	143,110	296,874	7,493,302
Cash in circulation	(823,629)	-	-	-	-	-	(823,629)
Central bank bills	(577,297)	-	-	-	-	-	(577,297)
Liabilities due to government organizations	(680,813)	(284,626)	(13,460)	(17,002)	(9,334)	(3,089)	(1,008,324)
Deposits from local banks	(943,882)	(1,458,116)	(105,101)	(81,575)	-	(82,892)	(2,671,566)
Liabilities due to foreign parties	(503)	(156)	(4,332,068)	-	(162,609)	-	(4,495,336)
Other financial liabilities	(42,634)	-	-	-	-	-	(42,634)
Total financial liabilities	(3,068,758)	(1,742,898)	(4,450,629)	(98,577)	(171,943)	(85,981)	(9,618,786)
Derivative financial instruments	2,310,023	(3,382,203)	143,140	-	-	-	(929,040)
Net balance sheet position	3,499,060	(2,812,416)	(4,041,309)	118,081	(28,833)	210,893	(3,054,524)

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NOTES TO THE FINANCIAL STATEMENTS-31 DECEMBER 2016.

34. FINANCIAL RISK MANAGEMENT (CONTINUED)

The following table indicates the currencies and SDRs to which the Bank had significant exposure at 31 December 2015 on its monetary assets and liabilities.

<i>In millions of Mongolian Tugriks</i>	MNT	USD	CNY	EUR	SDR	Other	Total
Cash on hand	52	52,686	60	561	-	434	53,793
Due from foreign financial institutions	-	161,864	119,029	161,241	118,988	523,941	1,085,063
Loans to local banks	1,178,248	752	-	6,520	-	-	1,185,520
Financial investments available for sale	1,925,259	522,588	-	-	-	-	2,447,847
Reverse repurchase agreements	400,035	927,986	-	-	-	-	1,328,021
Gold and precious metals	-	-	-	-	-	153,440	153,440
Government securities	202,218	-	-	-	-	-	202,218
Other financial assets	404,043	-	-	-	-	-	404,043
Total financial assets	4,109,855	1,665,876	119,089	168,322	118,988	677,815	6,859,945
Cash in circulation	(706,656)	-	-	-	-	-	(706,656)
Central bank bills	(1,024,581)	-	-	-	-	-	(1,024,581)
Liabilities due to government organizations	(350,907)	(328,397)	-	(14,744)	(8,082)	(326)	(702,456)
Deposits from local banks	(1,225,029)	(352,327)	(37,828)	(135,136)	-	(68,665)	(1,818,985)
Liabilities due to foreign parties	(153)	(239,679)	(3,550,766)	-	(135,179)	-	(3,925,777)
Other financial liabilities	(21,699)	-	-	-	-	-	(21,699)
Total financial liabilities	(3,329,025)	(920,403)	(3,588,594)	(149,880)	(143,261)	(68,991)	(8,200,154)
Derivative financial instruments	1,671,665	(2,028,992)	92,268	-	-	-	(265,059)
Net balance sheet position	2,452,495	(1,283,519)	(3,377,237)	18,442	(24,273)	608,824	(1,605,268)

THE BANK OF MONGOLIA

NOTES TO THE FINANCIAL STATEMENTS-31 DECEMBER 2016.

34. FINANCIAL RISK MANAGEMENT (CONTINUED)

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.

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.

<i>In millions of Mongolian Tugriks</i>	At 31 December 2016 Impact on profit or loss and equity	At 31 December 2015 Impact on profit or loss and equity
USD strengthening by 25% (2015: 15%)	(703,104)	(192,528)
USD weakening by 25% (2015: 15%)	703,104	192,528
CNY strengthening by 25% (2015: 15%)	(1,010,327)	(506,586)
CNY weakening by 25% (2015: 15%)	1,010,327	506,586
EUR strengthening by 25% (2015: 15%)	29,520	2,766
EUR weakening by 25% (2015: 15%)	(29,520)	(2,766)
SDR strengthening by 25% (2015: 15%)	(7,208)	(3,641)
SDR weakening by 25% (2015: 15%)	7,208	3,641
Other strengthening by 25% (2015: 15%)	52,723	91,324
Other weakening by 25% (2015: 15%)	(52,723)	(91,324)

Assets and liabilities of the Bank are predominantly fixed rate or non-interest bearing, which significantly reduces exposure to interest rate risk. Further, in 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 summarizes 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, categorized by the earlier of contractual interest repricing or maturity dates:

<i>In millions of Mongolian Tugriks</i>	Demand and less than one month	From 1 to 6 months	From 6 to 12 months	Over 12 months	Total interest bearing	Non- interest sensitive	Total
31 December 2016							
Total financial assets	2,725,121	460,789	753,928	3,514,985	7,454,823	48,892	7,503,715
Total financial liabilities	(4,240,025)	(4,463,879)	(34,639)	(749,433)	(9,487,976)	(1,070,263)	(10,558,239)
Net interest sensitivity gap at 31 December 2016	(1,514,904)	(4,003,090)	719,289	2,765,552	(2,033,153)	(1,021,371)	(3,054,524)

THE BANK OF MONGOLIA

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31 December 2015

Total financial assets	1,556,770	210,851	185,558	3,412,187	5,365,366	1,502,474	6,867,840
Total financial liabilities	(1,982,679)	(3,555,636)	(302,985)	(312,151)	(6,153,451)	(2,319,657)	(8,473,108)

Net interest sensitivity gap at 31 December 2015	(425,909)	(3,344,785)	(117,427)	3,100,036	(788,085)	(817,183)	(1,605,268)
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Interest is accrued at floating rates on the following assets and liabilities: SDR holdings (Note 8), SDR allocation, and loan from People's Bank of China (Note 21). At 31 December 2016, if interest rates at reporting date had been 200 basis points lower with all other variables held constant, loss for the year would have been MNT 10,166 million lower (2015: MNT 3,940 million), mainly as a result of lower interest expense on variable interest liabilities, primarily loan from People's Bank of China. If interest rates had been 200 basis points higher, with all other variables held constant, loss would have been MNT 10,166 million higher (2015: MNT 3,940 million), mainly as a result of higher interest expense on variable interest liabilities.

Management believes that the Bank's exposure to interest rate risk was not significant in 2016, as assets and liabilities of the Bank were predominantly fixed rate or non-interest bearing, and the Bank had no material interest bearing assets or liabilities at variable rates. The Bank monitors interest rates for its financial instruments. The table below summarizes interest rates at the respective reporting date based on reports reviewed by key management personnel. For quoted securities, the interest rates represent yields to maturity based on market quotations at the reporting date.

In% p.a.	2016					2015			
	MNT	USD	EURO	CNY	Other	MNT	USD	EURO	Other
Assets									
Due from foreign financial institutions	0.0%	0.20%	0.0%	0.0%	0.07%	0.0%	0.16%	0.33%	0.56%
Financial investments available-for-sale	-	1.18%	-	-	0.0%	-	0.28%	-	-
Reverse repurchase agreements	-	0.17%	-	-	-	-	0.12%	-	-
Government securities	8.97%	-	-	-	-	8.97%	-	-	-
Loans to local banks	6.31%	3.98%	1.25%	-	-	16.20%	5.50%	1.25%	-
Liabilities									
Central bank bills	15.00%	-	-	-	-	12.25%	-	-	-
Liabilities due to government organizations	0.0%	4.79%	0.75%	-	1.28%	0.0%	3.00%	0.75%	1.28%
Liabilities due to foreign parties	0.0%	0.0%	0.0%	6.04%	1.35%	0.0%	0.0%	0.0%	1.35%

The sign “-” in the table above means that the Bank does not have the respective assets or liabilities in the corresponding currency.

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NOTES TO THE FINANCIAL STATEMENTS-31 DECEMBER 2016.

34. FINANCIAL RISK MANAGEMENT (CONTINUED)

Geographical risk concentrations. The geographical concentration of the Bank's financial assets and liabilities at 31 December 2016 is set out below:

<i>In millions of Mongolian Tugriks</i>	Mongolia	OECD	IMF	Non-OECD	Total
Assets					
Cash on hand	38,953	-	-	-	38,953
Due from foreign financial institutions		1,036,561	-	418,956	1,455,517
Loans to local banks	1,086,566	-	-	-	1,086,566
Financial investments available for sale	1,953,242	729,946	-	-	2,683,188
Reverse repurchase agreements	204,331	845,195	-	-	1,049,526
Gold and precious metals	-	160,051	-	-	160,051
Derivative financial instruments	10,413	-	-	-	10,413
Government securities	326,508	-	-	-	326,508
Other financial asset	692,993	-	-	-	692,993
Total financial assets	4,313,006	2,771,753	-	418,956	7,503,715
Liabilities					
Cash in circulation	(823,629)	-	-	-	(823,629)
Central bank bills	(577,297)	-	-	-	(577,297)
Liabilities due to government organizations	(1,008,324)	-	-	-	(1,008,324)
Deposits from local banks	(2,671,566)	-	-	-	(2,671,566)
Derivative financial instruments	(939,453)	-	-	-	(939,453)
Liabilities due to foreign parties	-	(659)	(162,609)	(4,332,068)	(4,495,336)
Other financial liabilities	(42,634)	-	-	-	(42,634)
Total financial liabilities	(6,062,903)	(659)	(162,609)	(4,332,068)	(10,558,239)
Net balance sheet position as 31 December 2016	(1,749,897)	2,771,094	(162,609)	(3,913,112)	(3,054,524)
	-	-	-	-	-
Credit related commitments (Note 32)	(281,016)	-	-	(4,500,000)	(4,781,016)

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NOTES TO THE FINANCIAL STATEMENTS-31 DECEMBER 2016.

34. FINANCIAL RISK MANAGEMENT (CONTINUED)

The geographical concentration of the Bank's financial assets and liabilities at 31 December 2015 is set out below:

<i>In millions of Mongolian Tugriks</i>	Mongolia	OECD	IMF	Non-OECD	Total
Assets					
Cash on hand	53,793	-	-	-	53,793
Due from foreign financial institutions	-	845,580	118,988	120,495	1,085,063
Loans to local banks	1,185,520	-	-	-	1,185,520
Financial investments available for sale	1,925,259	522,588	-	-	2,447,847
Reverse repurchase agreements	500,887	827,134	-	-	1,328,021
Gold and precious metals	-	153,440	-	-	153,440
Derivative financial instruments	7,271	624	-	-	7,895
Government securities	202,218	-	-	-	202,218
Other financial assets	404,043	-	-	-	404,043
Total financial assets	4,278,991	2,349,366	118,988	120,495	6,867,840
Liabilities					
Cash in circulation	(706,656)	-	-	-	(706,656)
Central bank bills	(1,024,581)	-	-	-	(1,024,581)
Liabilities due to government organizations	(702,456)	-	-	-	(702,456)
Deposits from local banks	(1,818,985)	-	-	-	(1,818,985)
Derivative financial instruments	(272,954)	-	-	-	(272,954)
Liabilities due to foreign parties	-	-	(135,180)	(3,790,597)	(3,925,777)
Other financial liabilities	(21,699)	-	-	-	(21,699)
Total financial liabilities	(4,547,331)	-	(135,180)	(3,790,597)	(8,473,108)
Net balance sheet position as 31 December 2015	(268,340)	2,349,366	(16,192)	(3,670,102)	(1,605,268)
Credit related commitments (Note 32)	(411,390)	-	-	(4,500,000)	(4,918,659)

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NOTES TO THE FINANCIAL STATEMENTS-31 DECEMBER 2016.

34. FINANCIAL RISK MANAGEMENT (CONTINUED)

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 2016 and 31 December 2015.

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 2016 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.

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.

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34 FINANCIAL RISK MANAGEMENT (CONTINUED)

The maturity analysis of financial liabilities at 31 December 2016 is as follows:

<i>In millions of Mongolian Tugriks</i>	Demand and less than 1 month	From 1 to 6 months	From 6 to 12 months	Over 12 months	Total
Liabilities					
Cash in circulation	823,629	-	-	-	823,629
Central bank bills	577,297	-	-	-	577,297
Liabilities due to government organizations	974,581	1,288	1,280	42,747	1,019,896
Deposits from local banks	2,671,628	-	-	-	2,671,628
Liabilities due to foreign parties	199,816	4,362,738	-	-	4,562,554
Other financial liabilities	42,634	-	-	-	42,634
<i>Gross settled swaps and forwards:</i>					
- inflows	461,027	507,540	134,110	1,460,259	2,562,936
- outflows	(530,274)	(617,105)	(168,749)	(2,175,848)	(3,491,976)
Credit related commitments					
-Undrawn credit line to PBC	4,500,000	-	-	-	4,500,000
-Other contingent liabilities	281,016	-	-	-	281,016
Total potential future payments for financial obligations	10,001,354	4,254,461	(33,359)	(672,842)	13,549,614

The maturity analysis of financial liabilities at 31 December 2015 is as follows:

<i>In millions of Mongolian Tugriks</i>	Demand and less than 1 month	From 1 to 6 months	From 6 to 12 months	Over 12 months	Total
Liabilities					
Cash in circulation	706,656	-	-	-	706,656
Central bank bills	1,026,800	-	-	-	1,026,800
Liabilities due to government organizations	671,207	1,194	1,242	39,304	712,947
Deposits from local banks	1,758,355	-	63,105	-	1,821,460
Liabilities due to foreign parties	138,554	3,135,503	712,121	-	3,986,178
Other financial liabilities	21,699	-	-	-	21,699
<i>Gross settled swaps and forwards:</i>					
- inflows	361,340	190,175	74,000	1,492,262	2,117,777
- outflows	(364,221)	(187,958)	(75,685)	(1,754,972)	(2,382,836)
Credit related commitments					
-Undrawn credit line to PBC	4,500,000	-	-	-	4,500,000
-Other contingent liabilities	411,390	-	-	-	411,390
Total potential future payments for financial obligations	9,231,780	3,138,914	774,783	(223,406)	12,922,071

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A significant portion of deposits from local banks and liabilities due to government organizations represent core deposits. 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.

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34. FINANCIAL RISK MANAGEMENT (CONTINUED)

The maturity analysis at 31 December 2016 is as follows:

<i>In millions of Mongolian Tugriks</i>	Demand and less than 1 month	From 1 to 6 months	From 6 to 12 months	Over 12 months	Total
Assets					
Cash on hand	38,953	-	-	-	38,953
Due from foreign financial institutions	1,454,397	-	-	1,120	1,455,517
Financial investments available for sale	191,788	81,461	47,251	2,362,688	2,683,188
Reverse repurchase agreements	896,203	-	-	153,323	1,049,526
Gold and precious metals	160,051	-	-	-	160,051
Derivative financial instruments	1,340	8,973	-	100	10,413
Government securities	1,460	-	-	325,048	326,508
Loans to local banks	663	370,355	706,677	8,871	1,086,566
Other financial assets	29,158	-	-	663,835	692,993
Total financial assets	2,774,013	460,789	753,928	3,514,985	7,503,715
Liabilities					
Cash in circulation	(823,629)	-	-	-	(823,629)
Central bank bills	(577,297)	-	-	-	(577,297)
Liabilities due to government organizations	(974,580)	-	-	(33,744)	(1,008,324)
Deposits from local banks	(2,621,745)	(49,821)	-	-	(2,671,566)
Derivative financial instruments	(70,587)	(118,538)	(34,639)	(715,689)	(939,453)
Liabilities due to foreign parties	(199,816)	(4,295,520)	-	-	(4,495,336)
Other financial liabilities	(42,634)	-	-	-	(42,634)
Total financial liabilities	(5,310,288)	(4,463,879)	(34,639)	(749,433)	(10,558,239)
Net liquidity gap	(2,536,275)	(4,003,090)	719,289	2,765,552	(3,054,524)

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34. FINANCIAL RISK MANAGEMENT (CONTINUED)

The maturity analysis at 31 December 2015 is as follows:

<i>In millions of Mongolian Tugriks</i>	Demand and less than 1 month	From 1 to 6 months	From 6 to 12 months	Over 12 months	Total
Assets					
Cash on hand	53,793	-	-	-	53,793
Due from foreign financial institutions	1,084,137	-	-	926	1,085,063
Financial investments available for sale	255,033	95,492	73,856	2,023,466	2,447,847
Reverse repurchase agreements	1,328,021	-	-	-	1,328,021
Gold and precious metals	153,440	-	-	-	153,440
Derivative financial instruments	2,154	2,754	835	2,152	7,895
Government securities	-	2,432	103,218	96,568	202,218
Loans to local banks	175,684	110,173	7,649	892,014	1,185,520
Other financial assets	6,982	-	-	397,061	404,043
Total financial assets	3,059,244	210,851	185,558	3,412,187	6,867,840
Liabilities					
Cash in circulation	(706,656)	-	-	-	(706,656)
Central bank bills	(1,024,581)	-	-	-	(1,024,581)
Liabilities due to government organizations	(673,573)	(1,069)	(1,032)	(26,782)	(702,456)
Deposits from local banks	(1,759,106)	-	(59,879)	-	(1,818,985)
Derivative financial instruments	(5,036)	(537)	(2,520)	(264,861)	(272,954)
Liabilities due to foreign parties	(132,361)	(3,553,862)	(239,554)	-	(3,925,777)
Other financial liabilities	(1,023)	(168)	-	(20,508)	(21,699)
Total financial liabilities	(4,302,336)	(3,555,636)	(302,985)	(312,151)	(8,473,108)
Net liquidity gap	(1,243,092)	(3,344,785)	(117,427)	3,100,036	(1,605,268)

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35. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value measurements are analyzed by level in the fair value hierarchy as follows: (i) level one are measurements at quoted prices (unadjusted) in active markets for identical assets or liabilities, (ii) level two measurements are valuations techniques with all material inputs observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices), and (iii) level three measurements are valuations not based on observable market data (that is, unobservable inputs). Management applies judgement in categorizing financial instruments using the fair value hierarchy. If a fair value measurement uses observable inputs that require significant adjustment, that measurement is a Level 3 measurement. The significance of a valuation input is assessed against the fair value measurement in its entirety.

(a) Recurring fair value measurements

Recurring fair value measurements are those that the accounting standards require or permit in the statement of financial position at the end of each reporting period. The level in the fair value hierarchy into which the recurring fair value measurements are categorized as at 31 December 2016 are as follows:

	31 December 2016			
<i>In millions of Mongolian Tugriks</i>	Level 1	Level 2	Level 3	Total
ASSETS AT FAIR VALUE				
Financial assets				
-RAMP Investment Account Assets	252,800	-	-	252,800
-Bonds of Bank for International Settlements	223,981	-	-	223,981
-US treasury bills	253,165	-	-	253,165
-Equity investment in MMC Holding JSC at fair value	5,139	-	-	5,139
-Gold Bullion and Precious Metals at fair value	160,051	-	-	160,051
Other financial liabilities				-
Financial derivatives	-	(929,040)	-	(929,040)
TOTAL ASSETS RECURRING FAIR VALUE MEASUREMENTS	895,136	(929,040)	-	(33,904)

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35. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

The level in the fair value hierarchy into which the recurring fair value measurements are categorized as at 31 December 2015 are as follows:

<i>In millions of Mongolian Tugriks</i>	31 December 2015			
	Level 1	Level 2	Level 3	Total
ASSETS AT FAIR VALUE				
Financial assets				
-RAMP Investment Account Assets	201,187	-	-	201,187
-Bonds of Bank for International Settlements	119,726	-	-	119,726
-US treasury bills	201,675	-	-	201,675
-Equity investment in MMC Holding JSC at fair value	5,055	-	-	5,055
-Gold Bullion and Precious Metals at fair value	153,440	-	-	153,440
Other financial assets				
Financial derivatives	-	(265,059)	-	(265,059)
TOTAL ASSETS RECURRING FAIR VALUE MEASUREMENTS	681,083	(265,059)	-	416,024

The description of valuation technique and description of inputs used in the fair value measurement for level 2 measurements at 31 December 2016:

<i>In millions of Mongolian Tugriks</i>	Fair value	Valuation technique	Inputs used
ASSETS AT FAIR VALUE			
Financial assets			
Financial derivatives- Short term	10,413	Interest rate parity analysis	Inter-bank rates of each currency
Financial derivatives- Long term	(939,453)	Interest rate parity analysis	Chinggis Bond yield, repo rate, Z-spread
TOTAL ASSETS RECURRING FAIR VALUE MEASUREMENTS AT LEVEL 2	(929,040)		

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NOTES TO THE FINANCIAL STATEMENTS-31 DECEMBER 2016.

35. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

The description of valuation technique and description of inputs used in the fair value measurement for level 2 measurements at 31 December 2015:

<i>In millions of Mongolian Tugriks</i>	Fair value	Valuation technique	Inputs used
ASSETS AT FAIR VALUE			
Financial assets			
Financial derivatives- Short term	7,895	Interest rate parity analysis	Inter-bank rates of each currency
Financial derivatives- Long term	(272,954)	Interest rate parity analysis	Chinggis Bond yield, repo rate, LIBOR rates
TOTAL ASSETS RECURRING FAIR VALUE MEASUREMENTS AT LEVEL 2	(265,059)		

The sensitivity to reasonably possible changes in input used in the fair value measurement for level 3 measurements is as follows at 31 December 2016. Reasonable possible changes in input (market price of equity instrument) would have impact on the Bank's equity and no impact on the Bank's financial result, as material impairment is considered unlikely.

<i>In millions of Mongolian Tugriks</i>	31 December 2016			31 December 2015		
	Fair value	Reasonable change	Sensitivity of fair value measurement	Fair value	Reasonable change	Sensitivity of fair value measurement
Assets AT FAIR VALUE						
Financial assets						
-RAMP Investment Account Assets	252,800	10%	+/-25,280	201,187	10%	+/-20,119
-Bonds of Bank for International Settlements	223,981	10%	+/-22,398	119,726	10%	+/-11,973
-US treasury bills	253,165	10%	+/-25,316	201,675	10%	+/-20,167
-Equity investment in MMC Holding JSC at fair value	5,139	10%	+/-514	5,055	10%	+/-505
-Gold Bullion and Precious Metals at fair value	160,051	10%	+/-16,005	153,440	10%	+/-15,344

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NOTES TO THE FINANCIAL STATEMENTS-31 DECEMBER 2016.

35. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

(b) Assets and liabilities not measured at fair value but for which fair value is disclosed

Fair values analyzed by level in the fair value hierarchy and carrying value of assets not measured at fair value as of 31 December 2016 are as follows:

<i>In millions of Mongolian Tugriks</i>	31 December 2016			Carrying amount
	Level 1	Level 2	Level 3	
FINANCIAL Assets				
Cash and cash equivalents				
-Cash on hand	38,953	-	-	38,953
Due from financial institutions				
-Short term deposits in foreign currency	-	844,408	-	844,408
-Demand deposits	-	466,869	-	466,869
-Restricted cash	-	964	-	964
-Special drawing rights holdings	-	143,110	-	143,110
-World Bank subscriptions	-	156	-	156
-Other subscriptions	-	10	-	10
Loans advances to customers				
- Loans issued under Price Stabilization Program	-	-	1,055,978	1,055,978
-Secured loans	-	-	14,256	14,256
-Other loans	-	-	16,332	16,332
Gold and precious metal	160,051	-	-	160,051
Investments – Available for Sale				
-Debt instruments available for sale	766,033	-	1,917,155	2,683,188
-Equity instruments available for sale	5,139	-	6,595	11,734
Reverse repurchase agreements				
-Federal Reserve Bank of New York	-	845,195	-	845,195
- Local banks	-	204,331	-	204,331
Government securities	-	326,508	-	326,508
Other financial assets	-	692,993	-	692,993
Total financial assets carried at amortized cost	970,176	3,524,544	3,010,316	7,505,036

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NOTES TO THE FINANCIAL STATEMENTS-31 DECEMBER 2016.

35. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

Fair values analyzed by level in the fair value hierarchy and carrying value of assets not measured at fair value as of 31 December 2015 are as follows:

<i>In millions of Mongolian Tugriks</i>	31 December 2015			Carrying amount
	Level 1	Level 2	Level 3	
FINANCIAL Assets				
Cash and cash equivalents				
-Cash on hand	53,793	-	-	53,793
Due from financial institutions				-
-Short term deposits in foreign currency	-	183,361	-	183,361
-Demand deposits	-	781,784	-	781,784
-Restricted cash	-	801	-	801
-Special drawing rights holdings	-	118,988	-	118,988
-World Bank subscriptions	-	125	-	125
-Other subscriptions	-	4	-	4
Loans advances to customers				
- Loans issued under Price Stabilization Program	-	-	882,451	882,451
-Secured loans	-	-	285,000	285,000
-Other loans	-	-	18,069	18,069
Gold and precious metal	153,440	-	-	153,440
Investments – Available for Sale				
-Debt instruments available for sale	628,533	-	1,819,314	2,447,847
-Equity instruments available for sale	5,055	-	6,142	11,197
Reverse repurchase agreements				
-Federal Reserve Bank of New York	-	827,134	-	827,134
- Local banks	-	500,887	-	500,887
Government securities	-	202,218	-	202,218
Other financial assets	-	404,043	-	404,043
Total financial assets carried at amortized cost	840,821	3,019,345	3,010,976	6,871,142

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NOTES TO THE FINANCIAL STATEMENTS-31 DECEMBER 2016.

35. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

Fair values analyzed by level in the fair value hierarchy and carrying value of liabilities not measured at fair value as of 31 December 2016 are as follows:

<i>In millions of Mongolian Tugriks</i>	31 December 2016			Carrying amount
	Level 1	Level 2	Level 3	
FINANCIAL liabilities				
Cash in circulation	823,629	-	-	823,629
Central bank bills	-	577,297	-	577,297
Liabilities due to government organizations				
- Liabilities to the Ministry of Finance related to borrowings	-	33,994	-	33,994
-Current accounts of Ministry of Finance	-	974,330	-	974,330
Deposits from local banks				-
-Correspondent accounts	-	2,248,241	-	2,248,241
-Time deposits	-	423,325	-	423,325
Liabilities due to foreign parties				-
-Financing from People's Bank of China	-	4,332,068	-	4,332,068
-Financing from Bank of Tokyo Mitsubishi UFG, Singapore	-	-	-	-
-Allocation of Special Drawing Rights of IMF	-	162,609	-	162,609
-Subscription to World Bank	-	156	-	156
-Subscription to IDA	-	39	-	39
-Current account of World Bank	-	460	-	460
-Current account of ADB	-	4	-	4
Other financial liabilities	-	42,634	-	42,634
Total financial liabilities carried at amortized cost	823,629	8,795,157	-	9,618,786

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35. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

Fair values analyzed by level in the fair value hierarchy and carrying value of liabilities not measured at fair value as of 31 December 2015 are as follows:

<i>In millions of Mongolian Tugriks</i>	31 December 2015			Carrying amount
	Level 1	Level 2	Level 3	
FINANCIAL liabilities				
Cash in circulation	706,656	-	-	706,656
Central bank bills	-	1,024,581	-	1,024,581
Liabilities due to government organizations				
- Liabilities to the Ministry of Finance related to borrowings	-	28,883	-	28,883
-Current accounts of Ministry of Finance	-	673,573	-	673,573
Deposits from local banks				
-Correspondent accounts	-	1,758,355	-	1,758,355
-Time deposits	-	60,630	-	60,630
Liabilities due to foreign parties				-
-Financing from People's Bank of China	-	3,550,766	-	3,550,766
-Financing from Bank of Tokyo Mitsubishi UFG, Singapore	-	239,554	-	239,554
-Allocation of Special Drawing Rights of IMF	-	135,180	-	135,180
-Subscription to World Bank	-	125	-	125
-Subscription to IDA	-	34	-	34
-Current account of World Bank	-	110	-	110
-Current account of ADB	-	8	-	8
Other financial liabilities	-	21,699	-	21,699
Total financial liabilities carried at amortized cost	706,656	7,493,498	-	8,200,154

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36. PRESENTATION OF FINANCIAL INSTRUMENTS BY MEASUREMENT CATEGORY

For the purposes of measurement, IAS 39, Financial Instruments: Recognition and Measurement, classifies financial assets into the following categories: (a) loans and receivables; (b) available-for-sale financial assets; (c) financial assets held to maturity and (d) financial assets at fair value through profit or loss (“FVTPL”). Financial assets at fair value through profit or loss have two subcategories: (i) assets designated as such upon initial recognition, and (ii) those classified as held for trading.

The following table provides a reconciliation of financial assets with these measurement categories as of 31 December 2016:

<i>In millions of Mongolian Tugriks</i>	31 December 2016				
	Loans and receivables	Available for sale financial assets	Held for trading	Held to maturity	Total
FINANCIAL Assets					
Cash and cash equivalents					
-Cash on hand	38,953	-	-	-	38,953
Due from financial institutions					
-Short term deposits in foreign currency	844,408	-	-	-	844,408
-Demand deposits	466,869	-	-	-	466,869
-Restricted cash	964	-	-	-	964
-Special drawing rights holdings	143,110	-	-	-	143,110
-World Bank subscriptions	156	-	-	-	156
-Other subscriptions	10	-	-	-	10
Loans advances to customers					
- Loans issued under Price Stabilization Program	1,055,978	-	-	-	1,055,978
-Secured loans	14,256	-	-	-	14,256
-Other loans	16,332	-	-	-	16,332
Gold and precious metal	160,051	-	-	-	160,051
Investments – Available for Sale					
-Debt instruments available for sale	-	2,683,188	-	-	2,683,188
-Equity instruments available for sale	-	11,734	-	-	11,734
Reverse repurchase agreements					
- Federal Reserve Bank of New York	845,195	-	-	-	845,195
- Local banks	204,331	-	-	-	204,331
Government securities	-	-	-	326,508	326,508
Derivative financial asset	-	-	10,413	-	10,413
Other financial assets	692,993	-	-	-	692,993
Total financial assets carried at amortized cost	4,483,606	2,694,922	10,413	326,508	7,515,449

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NOTES TO THE FINANCIAL STATEMENTS-31 DECEMBER 2016.

36. PRESENTATION OF FINANCIAL INSTRUMENTS BY MEASUREMENT CATEGORY
(CONTINUED)

The following table provides a reconciliation of financial assets with the measurement categories at 31 December 2015.

<i>In millions of Mongolian Tugriks</i>	31 December 2015				Total
	Loans and receivables	Available for sale financial assets	Held for trading	Held to maturity	
FINANCIAL Assets					
Cash and cash equivalents					
-Cash on hand	53,793	-	-	-	53,793
Due from financial institutions					
-Short term deposits in foreign currency	183,361	-	-	-	183,361
-Demand deposits	781,784	-	-	-	781,784
-Restricted cash	801	-	-	-	801
-Special drawing rights holdings	118,988	-	-	-	118,988
-World Bank subscriptions	125	-	-	-	125
-Other subscriptions	4	-	-	-	4
Loans advances to customers					
- Loans issued under Price Stabilization Program	882,451	-	-	-	882,451
-Secured loans	285,000	-	-	-	285,000
-Other loans	18,069	-	-	-	18,069
Gold and precious metal	153,440	-	-	-	153,440
Investments – Available for Sale					-
-Debt instruments available for sale	-	2,447,847	-	-	2,447,847
-Equity instruments available for sale	-	11,197	-	-	11,197
Reverse repurchase agreements					-
-Federal Reserve Bank of New York	827,134	-	-	-	827,134
-Local banks – Overnight reverse repurchase agreements	500,887	-	-	-	500,887
Government securities	-	-	-	202,218	202,218
Derivative financial asset	-	-	7,895	-	7,895
Other financial assets	404,043	-	-	-	404,043
Total financial assets carried at amortized cost	4,209,880	2,459,044	7,895	202,218	6,879,037

As of 31 December 2016 and 31 December 2015 all of the Bank's financial liabilities were carried at amortized cost except for derivatives, which belong to the fair value through profit or loss measurement category.

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NOTES TO THE FINANCIAL STATEMENTS-31 DECEMBER 2016.

37. 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 economic independence of the Bank and 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 (Bank of Mongolia) 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 23, statutory capital of the Bank was MNT 5,000 million (31 December 2015: 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 realized net loss for the year ended 31 December 2010 that was covered from profit realized in 2015. Thus, no transfers were made to the State Budget during 2015 and 2016.

The Bank has incurred loss of MNT1,648,026 million in 2016 (2015: MNT 357,394) and had negative equity position of MNT 2,997,921 as at 31 December 2016 (2015:1,350,336). 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 the 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 Tugriks;
- differences resulting from the revaluation of fixed assets (i.e. buildings).

According to the 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 premises and equipment, and revaluation reserve for financial investments available for sale, refer to Note 23.

THE BANK OF MONGOLIA**NOTES TO THE FINANCIAL STATEMENTS-31 DECEMBER 2016.**

38. EVENTS AFTER THE END OF THE REPORTING PERIOD

The Mongolian government and the International Monetary Fund team have reached staff-level agreement on an economic and financial program to be supported by a three-year Extended Fund Facility (EFF) for SDR 314,505 million (435% of quota), or about USD 440 million. Other international partners also plan to support the government's program: the Asian Development Bank (ADB), World Bank, and bilateral partners including Japan and Korea are together expected to provide up to USD 3,000,000 million in budget and project support; and the People's Bank of China is expected to extend its CNY 15,000,000 million swap line with the Bank of Mongolia for at least another three years.

Management is not aware of any events that occurred after the end of reporting period until 31 March 2017, which would have impact on these financial statements.

39. 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.

APPENDIX: STATISTICS

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Money supply

in millions of MNT

End-of-period	Currency issued in circulation		Of which			Money (M1)		Of which
	amount	monthly changes %	Bank's vault	Currency outside depository corporations		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	0.0	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
2009 12	371,831.9	2.2	86,838.0	284,993.9	2.3	651,247.0	8.4	366,253.2
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	1,672,714.5	1.1	1,147,576.3
10	694,919.4	-1.5	187,343.0	507,576.4	-3.3	1,619,425.0	-3.2	1,111,848.6
11	678,907.7	-2.3	190,946.8	487,960.9	-3.9	1,552,663.2	-4.1	1,064,702.2
2011 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
2012 12	828,450.3	14.7	225,085.0	603,365.3	20.4	1,834,894.1	17.8	1,231,528.8
2013 01	742,095.5	-10.4	226,997.2	515,098.3	-14.6	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	235,778.9	600,034.4	0.4	2,026,501.7	13.9	1,426,467.3
07	832,173.6	-0.4	245,126.3	587,047.3	-2.2	1,927,518.2	-4.9	1,340,470.8
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
2013 12	841,129.3	4.6	259,095.2	582,034.1	4.4	2,093,197.7	14.6	1,511,163.6
2014 01	894,289.7	6.3	274,993.8	619,295.9	6.4	1,963,134.7	-6.2	1,343,838.8
02	756,630.8	-15.4	242,061.1	514,569.7	-16.9	1,755,175.7	-10.6	1,240,606.0
03	801,171.5	5.9	251,357.2	549,814.3	6.8	1,737,315.8	-1.0	1,187,501.5
04	841,608.9	5.0	250,233.8	591,375.0	7.6	1,845,703.9	6.2	1,254,328.9
05	863,001.8	2.5	266,794.7	596,207.0	0.8	1,826,340.0	-1.0	1,230,132.9
06	860,041.0	-0.3	288,893.4	571,147.6	-4.2	1,862,126.7	2.0	1,290,979.1
07	859,579.7	-0.1	404,419.5	455,160.2	-20.3	1,698,459.4	-8.8	1,243,299.2
08	880,080.1	2.4	264,114.0	615,966.1	35.3	1,874,699.0	10.4	1,258,732.9
09	827,298.6	-6.0	291,120.9	536,177.7	-13.0	1,836,379.6	-2.0	1,300,201.8
10	809,649.4	-2.1	321,457.1	488,192.3	-8.9	1,751,772.8	-4.6	1,263,580.5
11	768,989.6	-5.0	345,367.0	423,622.6	-13.2	1,689,756.9	-3.5	1,266,134.3
2014 12	809,657.1	5.3	310,399.4	499,257.7	17.9	1,816,717.7	7.5	1,317,460.1
2015 01	732,356.3	-9.5	263,637.5	468,718.8	-6.1	1,578,978.0	-13.1	1,110,259.2
02	775,894.6	5.9	324,988.7	450,905.9	-3.8	1,586,787.6	0.5	1,135,881.7
03	702,826.6	-9.4	312,276.4	390,550.2	-13.4	1,446,134.1	-8.9	1,055,584.0
04	734,889.1	4.6	342,572.3	392,316.7	0.5	1,481,051.6	2.4	1,088,734.9
05	793,731.9	8.0	275,268.8	518,463.1	32.2	1,689,712.2	14.1	1,171,249.1
06	755,796.8	-4.8	325,285.7	430,511.1	-17.0	1,664,231.3	-1.5	1,233,720.2
07	758,991.0	0.4	305,243.1	453,747.9	5.4	1,654,284.8	-0.6	1,200,536.9
08	774,421.6	2.0	325,636.8	448,784.8	-1.1	1,681,947.5	1.7	1,233,162.7
09	767,877.2	-0.8	360,500.6	407,376.6	-9.2	1,613,674.4	-4.1	1,206,297.8
10	739,719.7	-3.7	271,508.0	468,211.7	14.9	1,630,800.8	1.1	1,162,589.1
11	710,547.7	-3.9	277,664.2	432,883.5	-7.5	1,562,785.8	-4.2	1,129,902.3
2015 12	706,656.4	-0.5	247,989.1	458,667.3	6.0	1,685,442.8	7.8	1,226,775.5
2016 01	713,755.4	1.0	226,981.4	486,773.9	6.1	1,608,105.5	-4.6	1,121,331.5
02	655,521.1	-8.2	241,865.8	413,655.3	-15.0	1,522,934.0	-5.3	1,109,278.7
03	658,588.9	0.5	231,802.8	426,786.1	3.2	1,583,736.7	4.0	1,156,950.6
04	745,071.6	13.1	237,446.4	507,625.1	18.9	1,683,512.1	6.3	1,175,887.0
05	788,318.7	5.8	267,225.9	521,092.8	2.7	1,743,872.3	3.6	1,222,779.5
06	839,237.9	6.5	277,424.2	561,813.6	7.8	1,982,205.0	13.7	1,420,391.3
07	818,169.3	-2.5	252,245.1	565,924.1	0.7	1,941,597.7	-2.0	1,375,673.6
08	817,231.3	-0.1	228,526.1	588,705.3	4.0	1,987,871.0	2.4	1,399,165.7
09	795,795.9	-2.6	230,092.0	565,703.9	-3.9	2,020,542.0	1.6	1,454,838.1
10	806,465.7	1.3	224,771.5	581,694.1	2.8	2,087,630.9	3.3	1,505,936.8
11	768,743.5	-4.7	237,845.7	530,897.8	-8.7	1,928,613.6	-7.6	1,397,715.9
2016 12	823,629.3	7.1	260,753.4	562,875.8	6.0	2,090,124.1	8.4	1,527,248.3

Money supply /continued/

in millions of MNT

End-of-period	Other deposits		Of which					Money (M2)	
	amount	monthly changes %	Time deposit in DC	Individuals	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	1,620,080.0	-4.2	898,692.5	829,539.3	69,153.1	437,613.3	283,774.2	2,267,415.3	1.3
2009 12	2,228,182.7	5.4	1,234,289.7	1,125,607.8	108,681.9	621,529.5	372,363.5	2,879,429.7	6.1
2010 12	3,522,286.8	19.7	2,001,596.0	1,835,395.4	166,200.6	754,543.5	766,147.4	4,679,904.7	18.8
01 2011	3,673,837.1	4.3	2,236,593.2	1,947,921.4	288,671.8	829,189.5	608,054.4	4,805,371.5	2.7
02	3,836,072.2	4.4	2,311,625.7	2,016,739.1	294,886.6	841,973.8	682,472.6	4,867,346.3	1.3
03	3,773,541.9	-1.6	2,338,658.1	2,068,784.6	269,873.5	792,930.4	641,953.4	4,955,084.6	1.8
04	4,011,993.2	6.3	2,363,348.0	2,094,155.4	269,192.6	859,439.6	789,205.6	5,350,475.4	8.0
05	4,006,116.7	-0.1	2,434,478.5	2,166,378.3	268,100.1	849,176.3	722,461.9	5,428,879.5	1.5
06	4,219,516.6	5.3	2,555,476.5	2,282,435.6	273,040.9	850,083.4	813,956.8	5,772,141.0	6.3
07	4,360,577.3	3.3	2,641,049.8	2,350,471.9	290,577.9	866,421.2	853,106.3	5,919,978.0	2.6
08	4,249,042.3	-2.6	2,680,172.2	2,379,244.6	300,927.6	864,947.6	703,922.6	5,902,821.3	-0.3
09	4,377,195.7	3.0	2,778,679.9	2,440,373.9	338,306.0	892,896.8	705,619.0	6,049,910.2	2.5
10	4,454,912.7	1.8	2,843,670.9	2,497,040.3	346,630.6	900,742.0	710,499.8	6,074,337.7	0.4
11	4,560,065.4	2.4	2,809,589.6	2,460,719.4	348,870.2	1,004,447.9	746,027.8	6,112,728.5	0.6
2011 12	4,670,687.0	2.4	2,912,432.3	2,586,648.3	325,784.0	977,405.8	780,849.0	6,411,762.7	4.9
01 2012	4,580,809.8	-1.9	2,859,121.7	2,614,113.3	245,008.4	1,025,980.4	695,707.7	6,146,606.7	-4.1
02	4,736,401.3	3.4	2,995,538.2	2,743,399.3	252,138.9	998,859.3	742,003.8	6,236,729.1	1.5
03	4,614,971.9	-2.6	2,980,677.6	2,729,166.8	251,510.8	763,974.0	870,320.3	6,103,135.6	-2.1
04	4,765,445.3	3.3	2,981,427.4	2,738,791.9	242,635.5	997,946.3	786,071.6	6,361,251.9	4.2
05	4,986,547.8	4.6	3,023,963.7	2,777,954.3	246,009.3	1,199,232.3	763,351.8	6,727,906.2	5.8
06	5,252,286.5	5.3	3,079,703.5	2,854,980.7	224,722.8	1,286,164.6	886,418.4	7,049,461.7	4.8
07	5,291,403.2	0.7	3,130,714.7	2,905,370.2	225,344.4	1,285,287.0	875,401.5	6,951,765.5	-1.4
08	5,315,104.1	0.4	3,080,989.8	2,854,439.4	226,550.4	1,333,607.1	900,507.2	6,996,191.0	0.6
09	5,452,878.2	2.6	3,082,241.2	2,844,306.5	237,934.7	1,494,990.5	875,646.5	7,110,895.7	1.6
10	5,552,618.1	1.8	3,174,975.0	2,870,656.2	304,318.8	1,486,091.6	891,551.6	7,131,356.1	0.3
11	5,474,801.0	-1.4	3,164,655.0	2,905,593.8	259,061.1	1,431,118.4	879,027.6	7,031,935.1	-1.4
2012 12	5,777,521.7	5.5	3,484,941.2	3,106,163.2	378,777.9	1,433,471.9	859,108.6	7,612,415.7	8.3
2013 01	5,759,992.7	-0.3	3,604,073.1	3,174,610.6	429,462.5	1,331,006.5	824,913.1	7,339,389.2	-3.6
02	5,756,291.3	-0.1	3,696,366.8	3,267,200.1	429,166.7	1,255,980.6	803,944.0	7,236,658.2	-1.4
03	5,710,098.8	-0.8	3,698,789.8	3,299,691.9	399,097.9	1,186,294.1	825,015.0	7,299,279.0	0.9
04	5,514,325.7	-3.4	3,669,698.3	3,280,166.1	389,532.2	1,027,928.7	816,698.8	7,182,622.6	-1.6
05	6,128,046.9	11.1	3,963,729.8	3,306,504.8	657,225.1	1,173,612.5	990,704.6	7,907,225.2	10.1
06	5,975,620.4	-2.5	3,940,370.0	3,348,515.6	591,854.4	1,099,028.4	936,222.0	8,002,122.1	1.2
07	6,159,422.6	3.1	4,013,822.0	3,332,466.6	681,355.4	1,225,873.0	919,727.6	8,086,940.7	1.1
08	6,457,794.2	4.8	3,970,477.2	3,266,783.8	703,693.4	1,396,168.7	1,091,148.3	8,408,266.8	4.0
09	6,463,551.5	0.1	4,084,489.6	3,406,572.0	677,917.6	1,237,477.9	1,141,583.9	8,480,263.9	0.9
10	6,775,951.3	4.8	4,362,390.8	3,385,688.5	976,702.4	1,317,325.9	1,096,234.6	8,714,209.5	2.8
11	7,272,787.6	7.3	4,630,963.4	3,396,388.5	1,234,574.9	1,408,759.8	1,233,064.4	9,099,717.5	4.4
12	7,360,109.4	1.2	4,911,278.7	3,662,325.8	1,248,952.9	1,474,581.8	974,248.9	9,453,307.1	3.9
2014 01	8,056,759.0	9.5	4,964,258.6	3,745,381.8	1,218,876.8	1,905,498.7	1,187,001.8	10,019,893.7	6.0
02	8,090,573.3	0.4	4,918,273.1	3,728,463.9	1,189,809.1	2,022,173.9	1,150,126.3	9,845,749.0	-1.7
03	8,210,103.0	1.5	5,184,155.7	3,695,190.7	1,488,965.0	1,996,469.9	1,029,477.5	9,947,418.8	1.0
04	8,355,513.8	1.8	5,739,985.2	3,672,166.4	2,067,818.9	1,450,674.9	1,164,853.6	10,201,217.7	2.6
05	8,412,067.1	0.7	5,733,096.5	3,653,723.5	2,079,373.0	1,402,575.2	1,276,395.3	10,238,407.0	0.4

06	8,242,769.8	-2.0	5,692,454.7	3,678,622.4	2,013,832.4	1,445,212.6	1,105,102.5	10,104,896.5	-1.3
07	8,377,572.1	1.6	5,553,818.6	3,609,504.3	1,944,314.3	1,560,038.8	1,263,714.6	10,076,031.5	-0.3
08	8,259,169.0	-1.4	5,447,043.9	3,571,024.9	1,876,019.0	1,515,304.4	1,296,820.7	10,133,868.0	0.6
09	8,235,792.9	-0.3	5,218,098.5	3,584,404.8	1,633,693.7	1,753,953.4	1,263,741.0	10,072,172.5	-0.6
10	8,220,342.6	-0.2	5,062,532.4	3,598,710.7	1,463,821.7	1,690,631.4	1,467,178.8	9,972,115.4	-1.0
11	8,237,228.6	0.2	4,977,122.9	3,597,390.1	1,379,732.8	1,874,607.5	1,385,498.2	9,926,985.5	-0.5
12	8,817,943.6	7.0	5,410,251.4	3,838,372.7	1,571,878.7	1,968,637.1	1,439,055.1	10,634,661.4	7.1
2015 01	8,734,409.1	-0.9	5,364,513.1	3,796,974.4	1,567,538.7	2,194,617.9	1,175,278.1	10,313,387.0	-3.0
02	8,642,445.0	-1.1	5,366,428.4	3,892,945.9	1,473,482.5	2,147,622.0	1,128,394.5	10,229,232.5	-0.8
03	8,456,333.8	-2.2	5,187,657.0	3,824,035.7	1,363,621.4	2,181,356.2	1,087,320.5	9,902,467.9	-3.2
04	8,222,719.7	-2.8	5,115,109.3	3,833,327.0	1,281,782.2	2,087,061.1	1,020,549.3	9,703,771.3	-2.0
05	8,154,925.8	-0.8	5,203,300.4	3,971,463.6	1,231,836.8	1,917,084.0	1,034,541.4	9,844,638.1	1.5
06	8,375,838.3	2.7	5,293,155.9	4,074,843.1	1,218,312.9	2,017,547.1	1,065,135.2	10,040,069.6	2.0
07	8,206,490.4	-2.0	5,153,231.8	4,144,260.9	1,008,970.9	2,040,238.2	1,013,020.3	9,860,775.1	-1.8
08	8,281,249.1	0.9	5,074,876.4	4,111,303.8	963,572.7	2,141,597.4	1,064,775.2	9,963,196.5	1.0
09	8,319,632.4	0.5	5,182,903.9	4,186,780.0	996,123.8	2,094,207.4	1,042,521.2	9,933,306.9	-0.3
10	8,268,277.2	-0.6	5,214,577.7	4,179,779.2	1,034,798.6	2,061,043.8	992,655.7	9,899,078.0	-0.3
11	8,245,320.1	-0.3	5,195,724.2	4,196,754.6	998,969.7	2,037,315.5	1,012,280.4	9,808,105.8	-0.9
12	8,363,578.9	1.4	5,434,005.9	4,389,665.2	1,044,340.7	1,947,827.9	981,745.1	10,049,021.8	2.5
2016 01	8,241,458.1	-1.5	5,312,470.8	4,331,999.2	980,471.6	1,983,558.4	945,428.8	9,849,563.5	-2.0
02	8,488,099.0	3.0	5,368,657.2	4,392,630.9	976,026.3	2,064,797.8	1,054,644.0	10,011,033.0	1.6
03	8,528,699.5	0.5	5,467,338.4	4,497,275.7	970,062.6	2,103,615.7	957,745.4	10,112,436.2	1.0
04	8,833,881.1	3.6	5,460,892.0	4,566,787.3	894,104.7	2,167,239.2	1,205,749.9	10,517,393.2	4.0
05	8,913,924.2	0.9	5,574,570.4	4,693,875.7	880,694.7	2,194,895.9	1,144,457.9	10,657,796.5	1.3
06	9,204,169.0	3.3	5,630,987.3	4,766,903.1	864,084.2	2,279,604.9	1,293,576.8	11,186,374.0	5.0
07	9,367,247.1	1.8	5,733,083.0	4,915,882.9	817,200.2	2,472,731.4	1,161,432.7	11,308,844.8	1.1
08	9,390,823.9	0.3	5,573,865.2	4,916,341.5	657,523.6	2,538,282.1	1,278,676.7	11,378,694.9	0.6
09	9,535,322.2	1.5	5,668,086.6	4,986,640.4	681,446.2	2,439,839.1	1,427,396.4	11,555,864.1	1.6
10	9,523,311.0	-0.1	5,714,530.8	5,043,411.3	671,119.5	2,566,744.6	1,242,035.7	11,610,941.9	0.5
11	9,796,358.2	2.9	5,594,721.8	4,969,890.3	624,831.5	2,671,720.7	1,529,915.7	11,724,971.8	1.0
12	9,986,377.6	1.9	5,767,043.3	5,216,115.1	550,928.2	2,781,353.3	1,437,981.1	12,076,501.7	3.0

Depository Corporations Survey

in millions of MNT

End-of-period	Net foreign assets	Domestic claims (net)	Domestic claims (net) Excl. Banks in liquidation	Of which:				
				General Government	General Government Excl. Banks in liquidation	Of which:		
						Central Government	Central Government Excl. Banks in liquidation	Local Government
2000 12	201,696.9	84,831.1		17,171.2		0.0		0.0
2001 12	220,165.7	129,259.5		-6,829.1		0.0		0.0
2002 12	308,507.4	200,027.4		-32,439.3		0.0		0.0
2003 12	256,341.5	514,615.2		96,687.3		0.0		0.0
2004 12	311,005.2	647,305.1		40,506.5		45,022.0		-4,515.6
2005 12	570,198.7	769,004.6		-90,847.2		-87,822.4		-3,024.9
2007 12	1,352,046.2	1,329,532.9		-726,528.0		-719,606.1		-6,921.9
2008 12	665,681.9	2,061,976.5		-573,575.1		-566,471.1		-7,104.0
2009 12	1,507,695.1	1,937,874.3		-717,126.1		-709,477.0		-7,649.1
2010 12	2,716,947.1	2,430,877.0		-834,796.9		-828,917.2		-5,879.7
03	2,597,876.2	2,735,432.4		-996,082.0		-988,369.0		-7,712.9
06	2,928,779.9	3,380,784.2		-1,172,639.7		-1,161,741.9		-10,897.8
09	3,016,653.6	3,696,616.3		-1,363,143.3		-1,354,152.8		-8,990.5
2011 12	3,040,667.2	4,273,107.4		-1,370,249.9		-1,362,960.6		-7,289.3
2012 01	2,855,856.0	4,190,042.3		-1,459,709.5		-1,438,095.8		-21,613.7
02	2,826,318.0	4,266,520.2		-1,441,488.0		-1,408,655.9		-32,832.1
03	3,328,200.6	4,405,551.6		-1,377,728.3		-1,339,191.2		-38,537.1
04	3,411,366.7	4,552,031.8		-1,385,724.8		-1,347,482.5		-38,242.3
05	3,480,860.7	4,810,301.8		-1,312,702.2		-1,271,422.0		-41,280.2
06	3,409,629.5	5,289,546.3		-1,030,442.9		-1,010,237.2		-20,205.7
07	3,178,510.2	5,378,080.0		-1,052,243.5		-1,019,656.5		-32,587.0
08	3,064,196.6	5,629,262.7		-1,047,636.4		-1,020,953.3		-26,683.1
09	2,825,675.6	5,865,011.6		-1,004,152.4		-985,919.8		-18,232.6
10	2,532,129.0	5,850,626.5		-1,006,617.6		-987,000.0		-19,617.6
11	2,341,710.6	5,975,640.0		-893,825.8		-874,042.0		-19,783.8
2012 12	4,345,509.8	3,952,415.8		-3,039,814.5		-3,024,471.3		-15,343.2
2013 01	4,084,639.5	4,080,502.4		-3,063,187.2		-3,047,392.7		-15,794.5
02	3,968,306.2	4,142,504.4		-3,027,461.0		-3,002,705.7		-24,755.3
03	3,846,231.2	4,374,432.4		-3,010,669.5		-2,988,254.7		-22,414.7
04	3,333,605.9	4,734,058.2		-3,031,474.9		-3,010,038.3		-21,436.6
05	3,091,742.6	5,586,794.9		-2,641,757.0		-2,620,984.4		-20,772.7
06	2,674,583.1	6,077,097.6		-2,532,767.9		-2,513,520.2		-19,247.7
07	2,290,489.7	6,575,523.9	6,338,076.4	-2,543,775.3	-2,517,080.1	-2,523,671.0	-2,496,976.0	-20,104.3
08	2,146,701.7	7,457,465.8	7,218,245.0	-2,327,505.0	-2,300,841.6	-2,307,043.3	-2,280,380.0	-20,461.7
09	1,820,665.4	8,090,565.2	7,807,017.9	-2,269,602.1	-2,243,392.5	-2,251,516.1	-2,225,306.7	-18,086.0
10	1,284,452.1	8,789,330.8	8,502,572.0	-1,907,312.9	-1,881,103.3	-1,891,972.4	-1,865,762.9	-15,340.5
11	876,579.5	9,733,797.1	9,447,610.4	-1,295,473.3	-1,269,263.6	-1,279,796.7	-1,253,587.2	-15,676.6
2013 12	760,146.6	9,927,459.1	9,645,846.2	-1,048,615.5	-1,022,405.8	-1,034,489.1	-1,008,279.6	-14,126.4
2014 01	941,039.5	10,241,871.5	9,959,155.9	-979,848.9	-953,639.2	-964,485.2	-938,275.7	-15,363.7
02	572,922.4	10,798,073.6	10,512,939.2	-1,026,153.0	-999,943.5	-992,853.9	-966,644.4	-33,299.1
03	235,013.4	11,395,252.9	11,110,714.7	-646,109.2	-619,899.8	-613,838.5	-587,629.0	-32,270.7
04	40,992.3	11,875,527.4	11,590,767.4	-524,307.9	-498,098.4	-492,375.6	-466,166.1	-31,932.3
05	-435,484.8	12,326,499.1	12,047,497.6	-403,176.4	-376,967.0	-379,801.8	-353,592.3	-23,374.7
06	-953,461.0	12,699,610.7	12,485,607.1	-256,420.1	-230,210.6	-232,524.9	-206,315.4	-23,895.2
07	-1,334,818.0	12,784,642.1	12,569,994.9	-296,817.8	-270,154.6	-264,739.2	-238,075.9	-32,078.7
08	-1,175,448.1	12,879,774.9	12,668,076.7	-316,440.5	-289,777.2	-296,953.4	-270,290.1	-19,487.1
09	-1,274,437.0	13,178,629.1	12,965,966.6	-282,180.5	-255,504.9	-261,259.0	-234,583.4	-20,921.5

10	-1,752,704.8	13,404,520.2	13,191,090.9	-421,754.5	-395,079.0	-395,945.3	-369,269.7	-25,809.3
11	-2,356,544.1	13,802,086.5	13,587,355.6	-339,943.0	-313,267.4	-316,670.0	-289,994.4	-23,273.0
2014 12	-2,021,151.9	14,101,032.9	13,886,766.3	106,286.8	132,962.3	132,250.5	158,926.0	-25,963.7
2015 01	-2,468,121.0	13,640,528.0	13,424,475.2	56,964.8	83,640.4	83,028.2	109,703.8	-26,063.4
02	-2,807,500.6	13,892,949.1	13,676,289.5	223,369.0	250,044.5	248,920.9	275,596.4	-25,551.9
03	-3,376,458.7	14,475,828.6	14,236,514.4	312,156.4	312,124.7	348,354.9	348,323.2	-36,198.4
04	-3,620,693.6	14,546,278.5	14,307,919.6	375,592.3	375,560.6	411,416.3	411,384.5	-35,824.0
05	-3,474,426.3	14,526,432.8	14,290,563.4	475,184.5	475,152.8	511,561.5	511,529.8	-36,377.0
06	-3,329,525.8	14,110,427.6	13,872,908.9	453,088.9	453,057.2	487,948.5	487,916.7	-34,859.5
07	-3,580,983.9	14,483,365.4	14,244,670.5	559,530.2	559,498.5	589,010.7	588,979.0	-29,480.5
08	-3,552,714.0	14,416,922.2	14,178,103.1	647,342.6	647,310.9	683,656.1	683,624.4	-36,313.5
09	-3,994,021.9	14,783,065.5	14,544,839.8	629,076.7	629,045.0	662,648.1	662,616.4	-33,571.4
10	-4,168,558.2	14,865,369.5	14,627,530.5	750,961.6	750,929.9	781,905.2	781,873.5	-30,943.6
11	-4,188,815.8	14,709,148.8	14,471,226.1	621,676.0	621,644.3	651,697.6	651,665.9	-30,021.6
2015 12	-4,168,689.8	14,901,211.7	14,664,415.8	683,367.2	683,335.5	703,169.8	703,138.1	-19,802.7
2016 01	-4,472,275.8	15,025,018.0	14,787,834.8	732,587.8	732,556.1	749,742.7	749,711.0	-17,154.8
02	-4,575,348.2	14,939,583.1	14,701,698.3	879,910.8	879,879.1	898,191.1	898,159.4	-18,280.2
03	-4,307,119.2	12,470,338.1	12,232,138.7	5,558.8	5,527.1	26,622.7	26,591.0	-21,063.9
04	-2,880,225.1	11,567,457.6	11,330,951.5	-875,226.8	-875,258.5	-852,873.7	-852,905.4	-22,353.1
05	-2,696,063.5	11,674,974.6	11,439,363.4	-710,917.9	-710,949.6	-699,762.3	-699,794.0	-11,155.5
06	-3,557,792.3	12,946,062.5	12,713,371.5	-24,308.1	-24,339.8	-12,268.6	-12,300.3	-12,039.4
07	-3,656,577.2	13,274,116.9	13,065,004.2	225,298.1	225,266.3	236,326.7	236,295.0	-11,028.7
08	-4,194,024.1	13,500,072.0	13,294,390.1	106,018.9	105,987.2	108,739.0	108,707.3	-2,720.1
09	-4,410,056.3	13,849,724.5	13,648,247.0	400,467.6	400,435.9	402,542.2	402,510.5	-2,074.5
10	-4,851,356.9	16,724,944.7	16,523,007.1	1,254,782.5	1,254,750.8	1,257,482.3	1,257,450.6	-2,699.7
11	-4,930,384.4	17,051,207.1	16,849,512.6	1,446,240.3	1,446,208.6	1,447,899.0	1,447,867.3	-1,658.7
2016 12	-4,591,441.9	17,177,242.4	16,975,853.2	1,893,996.9	1,893,996.9	1,895,476.9	1,895,476.9	-1,479.9

Depository Corporations Survey /continued/

in millions of MNT

End-of-period	Of which:						Claims on other sectors Excl. Banks in liquidation	Claims on other sectors
	Other financial corporations	Public sector	Private sector	Private sector Excl. Banks in liquidation	Individuals	Individuals Excl. Banks in liquidation		
2000 12	0.0	6,281.5	45,482.9		0.0	0.0		0.0
2001 12	0.0	10,402.0	114,670.4		0.0	0.0		0.0
2002 12	0.0	12,184.9	203,567.2		0.0	0.0		0.0
2003 12	0.0	16,203.6	365,024.4		0.0	0.0		0.0
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
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
2009 12	4,711.2	20,429.4	1,716,253.8		904,892.3			8,713.7
2010 12	14,067.6	17,073.9	1,854,774.6		1,370,128.3			9,629.5
03	14,479.0	13,029.5	2,099,485.9		1,596,766.1			7,753.9
06	14,951.3	16,160.3	2,568,669.9		1,945,446.2			8,196.1
09	18,284.0	27,143.3	2,770,747.4		2,235,112.8			8,472.1
2011 12	17,469.1	100,646.0	3,064,543.2		2,454,808.6			5,890.4
2012 01	13,745.9	58,975.0	3,095,504.6		2,474,442.8			7,083.7
02	15,165.6	58,554.5	3,108,638.6		2,518,447.5			7,201.9
03	16,445.1	58,162.4	3,147,441.1		2,554,313.8			6,917.5
04	15,218.4	58,984.7	3,246,970.0		2,607,790.6			8,792.8
05	16,220.6	63,851.6	3,328,245.3		2,706,203.2			8,483.4
06	11,774.3	64,108.9	3,451,365.5		2,784,874.2			7,866.2
07	11,883.1	66,356.2	3,541,896.9		2,801,183.9			9,003.3
08	10,672.2	71,128.3	3,635,612.4		2,947,241.2			12,244.9
09	10,266.3	71,286.3	3,730,255.2		3,046,519.0			10,837.2
10	10,249.0	46,185.2	3,723,563.2		3,066,506.6			10,740.1
11	9,794.7	48,662.1	3,715,577.6		3,084,618.8			10,812.5
2012 12	9,711.6	41,959.8	3,828,069.5		3,100,920.9			11,568.4
2013 01	8,142.4	39,665.8	3,884,346.8		3,200,823.4			10,711.2
02	9,043.1	14,596.4	3,893,630.0		3,242,165.6			10,530.3
03	11,466.9	31,655.3	3,961,354.1		3,370,452.3			10,173.2
04	11,087.0	30,540.7	4,215,492.2		3,498,316.0			10,097.2
05	10,912.1	44,789.8	4,487,364.7		3,675,348.3			10,137.1

06	8,609,865.5	10,887.0	47,154.6	4,727,167.7	4,768,054.5	3,813,483.0	11,173.1
07	9,119,299.3	12,288.6	49,332.3	5,021,567.1	5,086,968.9	4,018,696.0	17,415.3
08	9,784,970.8	13,833.0	51,033.4	5,342,958.7	5,190,541.3	4,366,917.9	10,227.9
09	10,360,167.4	224,331.7	59,600.5	5,489,504.4	5,350,370.6	4,569,295.3	17,435.4
10	10,696,643.7	224,845.7	59,399.4	5,652,555.9	5,564,980.9	4,749,472.6	10,370.1
11	11,029,270.5	226,563.0	78,861.1	5,866,721.7	5,702,615.5	4,833,514.1	23,610.5
2013 12	10,976,074.6	224,000.2	80,546.4	5,998,812.7	5,711,232.9	4,665,272.2	7,443.0
2014 01	11,221,720.4	224,282.3	122,899.0	6,008,604.2	5,828,059.2	4,859,919.7	6,015.2
02	11,824,226.6	689,950.7	74,272.1	6,127,945.5	5,902,862.9	4,926,324.5	5,733.8
03	12,041,362.1	679,312.0	73,884.3	6,202,327.4	6,088,836.9	4,914,866.9	5,721.6
04	12,399,835.3	686,284.9	72,619.3	6,388,642.9	6,253,429.4	5,068,833.7	5,961.1
05	12,729,675.5	677,754.2	73,002.8	6,547,838.4	6,354,393.8	5,235,163.6	5,751.1
06	12,956,030.8	678,273.7	74,995.9	6,590,853.2	6,372,416.6	5,414,527.0	7,536.4
07	13,081,459.9	866,889.0	101,306.4	6,610,011.5	6,300,526.4	5,600,617.9	7,857.9
08	13,196,215.4	872,423.4	116,634.6	6,535,234.5	6,419,087.8	5,495,395.1	8,937.1
09	13,460,809.6	872,534.1	144,539.8	6,654,878.5	6,680,239.2	5,659,332.5	9,212.0
10	13,826,274.8	868,049.5	134,796.0	6,916,828.6	6,951,501.1	5,776,097.9	10,600.4
11	14,142,029.5	1,166,280.9	132,619.9	7,189,420.6	6,742,651.8	5,892,484.7	10,192.9
2014 12	13,994,746.1	1,164,311.8	128,550.9	6,980,150.6	6,699,834.1	5,643,515.1	10,192.9
2015 01	13,583,563.2	1,155,856.3	114,879.2	6,939,150.1	6,715,238.5	5,708,053.2	10,236.3
02	13,669,580.1	1,142,079.3	108,863.5	6,955,216.3	6,740,223.9	5,363,498.9	10,178.7
03	14,163,672.2	1,539,899.1	97,480.4	6,976,166.5	6,706,246.7	5,449,736.4	10,327.2
04	14,170,686.2	1,517,748.4	91,993.7	6,941,365.3	6,529,498.6	5,538,600.7	8,185.5
05	14,051,248.3	1,511,959.2	87,319.5	6,762,170.4	6,510,633.5	5,612,303.8	7,275.0
06	13,657,338.6	1,347,063.1	95,825.3	6,745,030.2	6,488,455.1	5,684,076.4	5,722.8
07	13,923,835.1	1,604,332.9	111,498.5	6,724,099.1	6,513,790.7	5,460,687.4	5,642.3
08	13,769,579.6	1,598,108.7	109,731.3	6,749,581.7	6,515,261.2	5,470,875.9	10,009.6
09	14,153,988.8	1,880,617.7	176,382.2	6,750,536.0	6,515,415.1	5,301,780.1	10,377.8
10	14,114,407.9	1,866,659.2	164,341.4	6,750,460.3	6,497,757.6	5,336,183.4	10,269.4
11	14,087,472.8	1,856,516.3	155,949.7	6,732,904.0	6,526,754.3	5,322,866.8	10,080.2
2015 12	14,217,844.6	2,187,005.6	223,268.4	6,760,822.0	6,498,308.4	5,329,390.0	9,968.2
2016 01	14,292,430.2	2,175,149.2	235,728.2	6,732,772.2	6,518,442.7	5,036,971.0	9,777.6
02	14,059,672.3	2,095,076.8	227,593.5	6,753,669.9	6,578,817.5	5,139,043.1	9,737.5
03	12,464,779.3	299,209.4	218,528.4	6,814,370.2	6,641,133.1	4,973,759.2	9,572.9
04	12,442,684.4	294,860.6	188,889.1	6,875,006.8	6,602,514.0	5,122,639.4	10,031.9
05	12,385,892.5	296,449.9	91,140.8	6,835,512.1	7,051,838.2	5,073,072.1	10,855.8
06	12,970,370.6	297,537.4	95,291.2	7,281,940.8	7,146,558.5	5,152,615.7	10,174.1
07	13,048,818.9	297,964.9	87,132.1	7,353,084.0	7,321,113.7	5,286,206.4	9,394.8
08	13,394,053.1	299,591.3	81,511.0	7,524,210.2	7,368,762.3	5,301,276.6	9,361.4
09	13,449,256.9	290,332.6	78,599.5	7,498,813.4	7,299,908.4	5,478,591.3	10,149.4
10	15,470,162.2	2,250,482.6	80,512.3	7,568,127.0	7,455,393.8	5,572,026.5	9,485.0
11	15,604,966.8	2,230,361.6	77,907.0	7,654,517.1	7,125,196.1	5,565,327.9	5,712.4
2016 12	15,283,245.5	2,208,772.2	55,178.8	7,324,059.4	7,125,196.1	5,636,512.5	5,668.6
						5,689,789.5	5,445.5

Depository Corporations Survey /continued/

in millions of MNT

End-of-period	Money	Total deposits & foreign currency current account	IMF Loan Ministry of Finance*	Government lending loans	Other items (net)
2000 12	130,775.0	128,067.7	0.0	0.0	27,685.4
2001 12	156,155.3	174,908.9	0.0	0.0	18,360.9
2002 12	187,727.8	282,397.8	0.0	0.0	38,409.2
2003 12	212,833.4	490,499.0	0.0	0.0	67,624.3
2004 12	221,327.6	625,704.9	0.0	0.0	111,277.8
2005 12	269,124.4	871,014.4	0.0	17,272.7	181,791.8
2007 12	590,471.6	1,810,778.1	0.0	17,620.0	262,709.3
2008 12	647,335.3	1,620,080.0	0.0	18,122.4	442,120.7
2009 12	651,247.0	2,228,182.7	0.0	20,201.7	545,938.0
2010 12	1,157,617.9	3,522,286.8	0.0	17,781.0	450,138.3
03	1,181,542.7	3,773,541.9	0.0	17,856.7	360,367.3
06	1,552,624.4	4,219,516.6	0.0	17,181.1	520,242.0
09	1,672,714.5	4,377,195.7	0.0	16,657.5	646,702.2
2011 12	1,741,075.7	4,670,687.0	0.0	17,133.5	884,878.5
2012 01	1,565,796.9	4,580,809.8	0.0	17,050.7	882,241.0
02	1,500,327.8	4,736,401.3	0.0	16,925.2	839,183.8
03	1,488,163.7	4,614,971.9	0.0	16,665.7	1,613,950.9
04	1,595,806.6	4,765,445.3	0.0	16,467.7	1,585,678.8
05	1,741,358.4	4,986,547.8	0.0	15,606.2	1,547,650.1
06	1,797,175.2	5,252,286.5	0.0	15,710.8	1,634,003.2
07	1,660,362.3	5,291,403.2	0.0	15,575.5	1,589,249.1
08	1,681,086.8	5,315,104.1	0.0	16,202.8	1,681,065.5
09	1,658,017.5	5,452,878.2	0.0	17,040.1	1,562,751.3
10	1,578,738.0	5,552,618.1	0.0	17,108.1	1,234,291.3
11	1,557,134.1	5,474,801.0	0.0	17,131.0	1,268,284.4
2012 12	1,834,894.1	5,777,521.7	222,553.6	17,031.9	445,924.4
2013 01	1,579,396.5	5,759,992.7	207,088.0	17,363.1	601,301.6
02	1,480,366.9	5,756,291.3	205,208.1	16,997.0	651,947.3
03	1,589,180.2	5,710,098.8	187,735.4	16,722.0	716,927.1
04	1,668,296.9	5,514,325.7	178,034.5	17,336.0	689,671.0
05	1,779,178.3	6,128,046.9	177,966.8	17,302.2	576,043.4
06	2,026,501.7	5,975,620.4	160,034.4	17,107.2	572,417.0
07	1,927,518.2	6,159,422.6	153,052.1	18,070.2	607,950.7
08	1,950,472.6	6,457,794.2	165,082.7	19,449.6	1,011,368.4
09	2,016,712.3	6,463,551.5	145,018.6	20,101.9	1,265,846.3
10	1,938,258.2	6,775,951.3	135,628.6	21,337.5	1,202,607.2
11	1,826,929.8	7,272,787.6	136,952.6	21,451.2	1,352,255.4
2013 12	2,093,197.7	7,360,109.4	107,751.6	20,184.9	1,106,362.0
2014 01	1,963,134.7	8,056,759.0	94,740.1	20,888.2	1,047,389.0
02	1,755,175.7	8,090,573.3	98,774.6	21,728.0	1,404,744.5
03	1,737,315.8	8,210,103.0	73,890.5	21,657.6	1,587,299.4
04	1,845,703.9	8,355,513.8	56,998.0	22,019.1	1,636,285.0
05	1,826,340.0	8,412,067.1	57,268.6	21,906.5	1,573,432.2
06	1,862,126.7	8,242,769.8	32,409.2	21,636.8	1,587,207.2
07	1,698,459.4	8,377,572.1	33,007.8	21,855.6	1,318,929.2
08	1,874,699.0	8,259,169.0	31,725.7	20,957.9	1,517,775.2
09	1,836,379.6	8,235,792.9	15,777.1	20,373.0	1,795,869.6
10	1,751,772.8	8,220,342.6	15,935.4	24,604.5	1,639,160.2
11	1,689,756.9	8,237,228.6	15,952.7	20,611.1	1,481,993.1
2014 12	1,816,717.7	8,817,943.6	5,234.6	19,722.1	1,420,262.8
2015 01	1,578,978.0	8,734,409.1	5,249.1	19,149.3	834,621.5

02	1,586,787.6	8,642,445.0	5,350.8	19,300.8	831,564.3
03	1,446,134.1	8,456,333.8	0.0	18,717.8	1,178,184.2
04	1,481,051.6	8,222,719.7	0.0	18,714.8	1,203,098.8
05	1,689,712.2	8,154,925.8	0.0	18,122.5	1,189,245.9
06	1,664,231.3	8,375,838.3	0.0	18,472.6	722,359.6
07	1,654,284.8	8,206,490.4	0.0	18,591.4	1,023,014.9
08	1,681,947.5	8,281,249.1	0.0	19,090.0	881,921.6
09	1,613,674.4	8,319,632.4	0.0	18,976.8	836,759.9
10	1,630,800.8	8,268,277.2	0.0	18,580.0	779,153.3
11	1,562,785.8	8,245,320.1	0.0	18,073.9	694,153.3
2015 12	1,685,442.8	8,363,578.9	0.0	18,191.7	665,308.5
2016 01	1,608,105.5	8,241,458.1	0.0	18,273.4	684,905.3
02	1,522,934.0	8,488,099.0	0.0	18,744.7	334,457.2
03	1,583,736.7	8,528,699.5	0.0	19,119.0	-1,968,336.3
04	1,683,512.1	8,833,881.1	0.0	18,916.7	-1,849,077.4
05	1,743,872.3	8,913,924.2	0.0	18,359.8	-1,697,245.2
06	1,982,205.0	9,204,169.0	0.0	17,646.7	-1,815,750.6
07	1,941,597.7	9,367,247.1	0.0	18,669.2	-1,709,974.3
08	1,987,871.0	9,390,823.9	0.0	20,253.1	-2,092,900.2
09	2,020,542.0	9,535,322.2	0.0	20,681.9	-2,136,877.8
10	2,087,630.9	9,523,311.0	0.0	20,965.5	241,680.4
11	1,928,613.6	9,796,358.2	0.0	21,218.5	374,632.5
2016 12	2,090,124.1	9,986,377.6	0.0	20,744.1	488,554.7

Central Bank Survey

in millions of MNT

End-of-period	Net Foreign Assets	Foreign Assets	Claims on other depository corporations	Net claims on general government	Claims on General Government	Claims on other sectors	Of which:	Public sector	Private sector	Other financial corporations
2000 12	154,351.8	209,409.6	4,777.0	1,718.8	19,658.8	903.2		903.2	0.0	0.0
2001 12	176,651.1	227,993.2	7,347.6	-3,360.0	13,570.5	1,017.9		867.6	0.0	150.3
2002 12	254,265.6	301,875.6	8,038.0	-33,516.6	0.0	1,016.9		866.6	0.0	150.3
2003 12	150,699.9	237,578.1	12,688.7	72,502.1	164,216.0	556.2		556.2	0.0	0.0
2004 12	198,900.1	252,331.8	22,331.5	52,274.2	105,300.0	0.0		0.0	0.0	0.0
2005 12	368,537.9	414,620.6	17,743.8	9,074.7	99,372.9	0.0		0.0	0.0	0.0
2007 12	1,137,496.4	1,173,166.2	18,549.7	-606,580.3	0.0	0.0		0.0	0.0	0.0
2008 12	804,924.1	836,153.7	243,076.9	-182,882.2	25,563.5	0.0		0.0	0.0	0.0
2009 12	1,538,298.2	1,917,594.4	198,448.4	-265,386.7	432,755.2	0.0		0.0	0.0	0.0
2010 12	2,529,052.1	2,875,159.1	131,316.3	-491,578.5	311,387.4	0.0		0.0	0.0	0.0
03	2,470,416.2	2,808,410.8	128,006.5	-626,572.3	304,755.0	0.0		0.0	0.0	0.0
06	2,850,202.6	3,207,373.9	215,392.2	-826,835.8	318,203.1	0.0		0.0	0.0	0.0
09	2,982,621.0	3,339,171.1	118,242.9	-958,326.6	417,115.4	0.0		0.0	0.0	0.0
2011 12	3,044,211.3	3,422,564.1	341,506.1	-714,027.3	429,351.8	0.0		0.0	0.0	0.0
2012 01	2,882,693.0	3,257,190.0	123,249.1	-770,977.3	482,554.4	0.0		0.0	0.0	0.0
02	2,853,904.0	3,286,753.6	176,856.8	-728,807.9	471,721.5	0.0		0.0	0.0	0.0
03	3,390,792.9	3,849,291.9	544,486.7	-607,556.8	575,858.3	0.0		0.0	0.0	0.0
04	3,383,366.4	3,860,177.7	269,817.9	-681,180.4	577,096.2	0.0		0.0	0.0	0.0
05	3,429,610.7	3,780,574.6	216,370.5	-582,759.9	599,480.7	0.0		0.0	0.0	0.0
06	3,542,094.0	3,900,566.5	403,609.5	-439,948.9	574,139.2	0.0		0.0	0.0	0.0
07	3,411,769.9	3,778,128.4	196,885.8	-471,582.0	561,123.5	0.0		0.0	0.0	0.0
08	3,295,829.1	3,797,898.2	254,375.4	-418,654.6	569,670.6	0.0		0.0	0.0	0.0
09	3,402,599.8	4,051,408.8	257,528.5	-346,557.3	566,777.0	0.0		0.0	0.0	0.0
10	2,999,562.8	3,739,494.7	188,822.7	-393,138.4	555,351.5	0.0		0.0	0.0	0.0
11	2,997,525.4	3,738,191.8	181,954.0	-256,696.1	555,684.1	0.0		0.0	0.0	0.0
2012 12	5,164,407.9	5,743,877.3	400,642.7	-2,773,707.7	165,614.4	0.0		0.0	0.0	0.0
2013 01	5,054,205.2	5,681,975.5	707,646.7	-2,906,641.1	165,660.8	0.0		0.0	0.0	0.0
02	4,989,910.3	5,621,873.2	1,038,194.3	-2,932,576.9	166,798.1	0.0		0.0	0.0	0.0
03	4,785,831.6	5,355,167.9	1,214,564.9	-2,917,498.6	168,057.3	0.0		0.0	0.0	0.0
04	4,449,830.3	5,034,753.4	1,261,352.2	-2,948,091.6	169,275.9	0.0		0.0	0.0	0.0
05	4,181,482.7	4,888,478.5	1,769,917.0	-2,539,806.5	114,086.8	0.0		0.0	0.0	0.0
06	3,789,518.6	4,488,342.6	2,882,932.9	-2,728,183.7	114,795.0	0.0		0.0	0.0	0.0
07	3,422,409.5	4,522,166.7	3,048,301.6	-2,817,495.5	0.0	0.0		0.0	0.0	0.0
08	3,210,046.1	4,401,145.6	3,194,096.6	-2,594,026.9	0.0	0.0		0.0	0.0	0.0

2013	09	2,922,224.9	4,413,132.4	3,591,701.5	-2,417,693.8	0.0	204,900.0	0.0	204,900.0
	10	2,536,492.7	4,107,639.4	3,454,824.3	-2,212,870.0	0.0	204,900.0	0.0	204,900.0
	11	2,154,730.1	4,032,828.3	3,512,321.4	-1,775,323.4	0.0	205,003.2	0.0	205,003.2
2014	12	1,940,970.5	3,719,362.0	4,297,025.3	-1,685,165.9	0.0	204,911.7	0.0	204,911.7
	01	2,350,671.1	4,212,607.9	3,035,121.1	-1,640,479.8	0.0	204,963.3	0.0	204,963.3
2015	02	2,004,159.5	3,924,644.0	2,970,799.2	-1,555,635.8	0.0	669,361.7	0.0	669,361.7
	03	1,577,436.1	3,464,826.9	3,020,498.4	-1,250,267.5	0.0	659,486.9	0.0	659,486.9
	04	1,375,968.6	3,274,679.7	2,800,865.3	-1,045,285.1	0.0	661,138.1	0.0	661,138.1
2016	05	979,864.4	2,898,742.2	2,897,973.6	-1,000,420.7	0.0	662,844.3	0.0	662,844.3
	06	485,307.7	2,407,133.1	2,913,732.2	-852,658.4	0.0	652,043.7	0.0	652,043.7
	07	46,391.2	2,340,112.0	2,723,091.0	-899,022.1	0.0	854,120.9	0.0	854,120.9
2017	08	171,707.1	2,423,392.5	2,638,437.0	-820,551.4	0.0	856,524.1	0.0	856,524.1
	09	105,964.7	2,781,137.6	2,744,217.2	-676,729.3	0.0	847,972.0	0.0	847,972.0
	10	-122,867.7	2,603,980.6	2,751,719.9	-774,656.6	0.0	992,738.0	0.0	150,000.0
2018	11	-515,626.6	2,556,664.8	2,117,523.6	-783,048.7	0.0	1,492,675.3	0.0	354,660.3
	12	119,568.6	3,111,505.9	2,607,816.3	-570,049.0	204,828.4	1,491,238.2	0.0	360,902.7
	2015 01	-501,847.6	2,579,394.5	2,159,582.6	-668,807.5	206,262.3	1,493,760.4	0.0	367,145.2
2019	02	-741,553.5	2,684,685.2	2,213,001.7	-551,194.2	207,557.3	1,490,503.1	0.0	372,783.6
	03	-1,183,593.5	2,624,530.1	1,796,532.0	-495,682.7	208,991.2	1,890,116.9	0.0	379,026.0
	04	-1,621,216.3	2,487,077.5	1,855,113.3	-431,931.7	203,957.8	1,871,819.7	0.0	385,067.1
2020	05	-637,003.7	3,033,618.2	1,950,402.9	-429,164.7	235,387.3	1,869,111.1	0.0	388,634.2
	06	-405,956.8	3,292,831.9	1,907,397.6	-541,847.1	383,902.4	1,703,603.4	0.0	383,012.3
	07	-506,765.8	3,389,230.1	1,616,695.4	-493,164.0	379,948.8	1,924,943.6	0.0	352,144.5
2021	08	-662,388.4	3,443,775.9	1,576,431.2	-327,216.6	384,925.9	1,922,997.4	0.0	354,289.0
	09	-1,617,906.4	2,821,603.4	1,553,667.7	-143,112.8	387,484.4	2,209,713.5	0.0	356,364.4
	10	-1,621,386.1	2,805,668.0	1,338,358.0	-203,584.2	270,252.5	2,195,418.8	0.0	354,717.8
2022	11	-1,481,092.2	2,909,463.3	1,299,372.8	-288,492.7	272,050.6	2,187,334.9	0.0	356,793.2
	12	-1,288,294.9	2,641,494.8	1,686,406.9	-473,534.0	206,717.6	2,511,248.3	0.0	352,474.7
	2016 01	-1,578,967.8	2,655,398.0	1,235,201.2	-412,066.0	203,635.1	2,503,110.5	0.0	354,619.2
2023	02	-1,830,765.8	2,439,271.5	1,705,421.2	-253,744.6	204,961.2	2,423,494.7	0.0	356,625.3
	03	-1,698,955.2	2,595,229.6	920,341.3	-366,240.2	528,946.6	629,314.2	0.0	358,769.9
	04	-596,880.0	3,111,458.9	767,186.6	-1,137,140.0	407,720.5	805,427.9	0.0	538,096.7
2024	05	-738,286.9	2,870,894.9	502,653.5	-673,925.3	542,190.8	936,155.6	0.0	670,391.4
	06	-951,761.6	2,545,378.5	670,353.7	60,953.1	941,320.0	940,014.7	0.0	674,159.9
	07	-979,146.0	2,644,324.2	587,679.4	253,144.7	1,125,785.6	944,299.7	0.0	678,190.1
2025	08	-1,413,731.7	2,549,331.7	574,379.0	158,786.1	1,107,343.5	952,075.1	0.0	685,710.8
	09	-1,528,011.1	2,496,025.0	653,445.1	65,594.6	1,107,502.9	958,383.3	0.0	692,988.9
	10	-1,590,280.6	2,466,699.6	1,368,011.6	-212,176.9	580,140.7	2,904,200.3	0.0	688,664.1
2026	11	-1,270,698.2	3,215,718.7	1,392,364.6	-319,789.0	569,840.8	2,886,470.9	0.0	690,678.5
	12	-1,271,650.3	3,228,395.3	1,471,283.3	-324,047.2	658,458.9	2,861,009.6	0.0	684,004.7

Central Bank Survey /continued/

in millions of MNT

End-of-period	Monetary base	Of which:					Time Savings & Foreign currency deposits
		Currency outside banks	Bank's cash	Banks' deposits	Private sectors deposits	Public sectors deposits	
2000 12	132,932.4	100,933.4	6,461.0	24,436.3	0.0	0.0	0.0
2001 12	143,785.4	109,160.7	10,045.1	23,977.1	0.0	0.0	0.0
2002 12	175,305.4	120,783.6	13,859.2	40,039.9	0.0	0.0	0.0
2003 12	200,795.5	131,496.7	21,329.9	47,479.2	0.0	0.0	0.0
2004 12	234,905.4	143,512.7	25,008.4	64,146.1	0.0	0.0	0.0
2005 12	277,417.8	152,369.5	39,318.8	85,729.5	0.0	0.0	0.0
2007 12	535,047.7	283,325.3	80,695.9	171,026.5	0.0	0.0	0.0
2008 12	579,857.8	328,724.0	78,431.5	172,702.3	0.0	0.0	0.0
2009 12	733,060.9	284,993.9	86,783.7	361,283.4	0.0	0.0	0.0
2010 12	945,477.3	388,202.7	130,144.9	427,129.7	0.0	0.0	0.0
03	1,019,193.8	386,821.6	142,800.9	489,571.2	0.0	0.0	0.0
06	1,259,892.1	479,700.2	157,363.2	622,828.7	0.0	0.0	0.0
09	1,398,844.0	525,138.2	178,534.5	695,171.3	0.0	0.0	0.0
2011 12	1,659,753.3	517,494.2	193,967.0	948,292.1	0.0	0.0	0.0
2012 01	1,553,309.9	459,427.3	195,659.8	898,222.9	0.0	0.0	0.0
02	1,516,624.6	458,397.9	213,423.1	844,803.6	0.0	0.0	0.0
03	1,814,594.9	448,082.1	198,432.9	1,168,079.8	0.0	0.0	0.0
04	1,703,941.4	498,825.7	208,111.5	997,004.2	0.0	0.0	0.0
05	1,825,322.5	595,653.3	185,079.4	1,044,589.9	0.0	0.0	0.0
06	2,281,350.3	662,931.5	226,406.8	1,392,012.0	0.0	0.0	0.0
07	1,947,278.2	591,716.0	207,501.0	1,148,061.2	0.0	0.0	0.0
08	1,943,101.4	591,258.7	221,106.5	1,130,736.2	0.0	0.0	0.0
09	2,404,182.6	551,789.1	191,327.0	1,661,066.4	0.0	0.0	0.0
10	2,148,057.4	501,287.6	213,657.5	1,433,112.4	0.0	0.0	0.0
11	2,224,661.0	501,220.0	218,667.7	1,504,773.3	0.0	0.0	0.0
2012 12	2,165,704.9	603,365.3	222,340.6	1,339,999.0	0.0	0.0	0.0
2013 01	2,165,579.1	515,098.3	223,949.6	1,426,531.2	0.0	0.0	0.0
02	2,270,599.5	466,482.3	206,353.1	1,597,764.1	0.0	0.0	0.0
03	2,468,205.6	482,657.7	202,950.9	1,782,597.0	0.0	0.0	0.0
04	2,469,451.9	531,527.4	226,192.0	1,711,732.5	0.0	0.0	0.0
05	2,645,873.6	597,789.3	231,088.5	1,816,995.8	0.0	0.0	0.0
06	2,925,818.4	600,034.4	233,386.9	2,092,397.1	0.0	0.0	0.0
07	3,101,771.1	587,047.3	242,740.0	2,271,983.8	0.0	0.0	0.0
08	2,564,935.2	630,664.9	234,764.1	1,699,506.2	0.0	0.0	0.0
09	2,858,977.0	597,486.4	275,078.3	1,986,412.3	0.0	0.0	0.0
10	2,615,735.4	579,389.9	243,057.8	1,793,287.8	0.0	0.0	0.0
11	2,821,509.7	557,683.7	243,894.2	2,019,931.8	0.0	0.0	0.0
2013 12	3,298,669.2	582,034.1	256,646.8	2,459,988.2	0.0	0.0	0.0
2014 01	2,949,416.0	619,295.9	272,526.0	2,057,594.0	0.0	0.0	0.0
02	3,123,233.3	514,569.7	239,607.4	2,369,056.2	0.0	0.0	0.0
03	3,127,496.7	549,814.3	248,905.9	2,328,776.5	0.0	0.0	0.0
04	2,522,778.3	591,375.0	247,738.7	1,683,664.6	0.0	0.0	0.0
05	3,007,819.6	596,207.0	264,260.4	2,147,352.3	0.0	0.0	0.0
06	2,882,195.5	571,147.6	286,359.4	2,024,688.6	0.0	0.0	0.0
07	2,905,134.4	455,160.2	401,881.7	2,048,092.5	0.0	0.0	0.0
08	2,813,486.5	615,966.1	261,023.6	1,936,496.9	0.0	0.0	0.0
09	2,699,812.0	536,177.7	288,030.2	1,875,604.2	0.0	0.0	0.0
10	2,707,667.7	488,192.3	318,374.0	1,901,101.4	0.0	0.0	0.0
11	2,679,463.0	423,622.6	342,283.8	1,913,556.6	0.0	0.0	0.0
2014 12	3,299,028.0	499,257.7	307,325.4	2,492,444.9	0.0	0.0	0.0
2015 01	2,841,127.6	468,718.8	260,549.6	2,111,859.2	0.0	0.0	0.0
02	2,739,526.6	450,905.9	321,868.4	1,966,752.3	0.0	0.0	0.0
03	2,318,403.4	390,550.2	309,157.9	1,618,695.4	0.0	0.0	0.0
04	2,173,088.7	392,316.7	339,465.3	1,441,306.7	0.0	0.0	0.0

05	2,328,869.8	518,463.1	272,662.8	1,537,743.9	0.0	0.0	0.0
06	2,352,185.7	430,511.1	322,679.1	1,598,995.6	0.0	0.0	0.0
07	2,836,152.4	453,747.9	302,289.0	2,080,115.6	0.0	0.0	0.0
08	2,819,846.5	448,784.8	322,677.3	2,048,384.5	0.0	0.0	0.0
09	2,410,134.7	407,376.6	357,540.6	1,645,217.5	0.0	0.0	0.0
10	2,192,211.0	468,211.7	269,124.2	1,454,875.0	0.0	0.0	0.0
11	2,086,998.1	432,883.5	275,291.7	1,378,822.9	0.0	0.0	0.0
2015 12	2,459,596.1	458,667.3	245,615.9	1,755,312.9	0.0	0.0	0.0
2016 01	2,307,731.7	486,773.9	224,586.6	1,596,371.2	0.0	0.0	0.0
02	2,308,444.6	413,655.3	239,958.3	1,654,831.0	0.0	0.0	0.0
03	2,350,734.6	426,786.1	229,895.0	1,694,053.5	0.0	0.0	0.0
04	2,987,810.4	507,625.1	235,531.3	2,244,654.0	0.0	0.0	0.0
05	3,204,683.6	521,092.8	265,336.1	2,418,254.7	0.0	0.0	0.0
06	3,526,106.0	561,813.6	275,537.6	2,688,754.8	0.0	0.0	0.0
07	3,228,260.3	565,924.1	250,358.9	2,411,977.3	0.0	0.0	0.0
08	3,257,518.3	588,705.3	226,516.7	2,442,296.3	0.0	0.0	0.0
09	3,096,354.4	565,703.9	228,083.6	2,302,566.9	0.0	0.0	0.0
10	2,927,311.9	581,694.1	222,763.1	2,122,854.7	0.0	0.0	0.0
11	3,250,399.6	530,897.8	235,735.7	2,483,766.1	0.0	0.0	0.0
2016 12	3,064,435.9	562,875.8	258,641.0	2,242,919.1	0.0	0.0	0.0

Central Bank Survey /continued/

in millions of MNT

End-of-period	Central Bank bills (net)	Foreign liabilities	Long-term foreign liabilities	General Government deposits	Government lending loans	Capital accounts	Other items (net)
2000 12	21,080.0	55,057.8	0.0	17,940.0	0.0	42,815.4	-35,077.1
2001 12	50,000.0	51,342.2	0.0	16,930.5	0.0	41,152.0	-53,280.8
2002 12	61,000.0	47,610.0	0.0	33,516.6	0.0	33,357.1	-39,858.7
2003 12	79,500.0	86,878.2	0.0	91,713.9	0.0	41,156.1	-85,004.7
2004 12	69,247.1	53,431.7	0.0	53,025.8	0.0	32,033.9	-62,680.6
2005 12	125,713.2	42,901.8	3,181.0	90,298.2	17,272.7	45,914.2	-70,961.6
2007 12	103,424.8	29,604.1	6,065.7	606,580.3	17,620.0	82,632.6	-189,259.4
2008 12	119,786.0	25,563.5	5,666.0	208,445.7	18,122.4	92,164.8	55,187.8
2009 12	392,511.8	262,755.2	116,540.9	698,141.9	20,201.7	125,415.0	200,170.5
2010 12	1,100,996.9	247,230.3	98,876.7	802,965.9	17,781.0	-138,456.0	242,990.7
03	1,173,327.5	241,520.3	96,474.4	931,327.3	17,856.7	-250,823.3	12,295.7
06	1,147,448.7	254,987.8	102,183.4	1,145,038.8	17,181.1	-158,346.5	-27,416.4
09	880,864.3	254,106.5	102,443.6	1,375,442.0	16,657.5	-137,550.5	-16,278.1
2011 12	879,112.6	269,039.8	109,313.1	1,143,379.1	17,133.5	42,859.9	72,830.7
2012 01	573,123.3	266,424.9	108,072.1	1,253,531.7	17,050.7	17,331.0	74,150.0
02	740,916.9	327,617.9	105,231.7	1,200,529.4	16,925.2	-38,261.0	65,747.1
03	739,823.2	354,257.4	104,241.6	1,183,415.1	16,665.7	-76,781.7	833,420.7
04	527,576.1	372,691.9	104,119.4	1,258,276.7	16,467.7	-96,930.3	820,949.0
05	566,460.7	249,439.8	101,524.1	1,182,240.6	15,606.2	-145,442.4	801,274.3
06	556,755.8	254,944.6	103,527.9	1,014,088.1	15,710.8	-97,363.2	749,301.0
07	539,621.0	262,635.2	103,723.2	1,032,705.5	15,575.5	-84,084.4	718,683.5
08	464,194.7	394,836.5	107,232.6	988,325.1	16,202.8	-17,885.0	725,936.1
09	367,385.6	538,103.0	110,705.9	913,334.3	17,040.1	30,839.1	494,123.6
10	423,314.1	627,866.4	112,065.6	948,489.9	17,108.1	28,553.4	178,214.0
11	472,860.8	627,033.6	113,632.9	812,380.2	17,131.0	28,145.5	179,984.9
2012 12	752,151.5	467,733.0	111,736.3	2,939,322.1	17,031.9	-138,427.9	-5,117.5
2013 01	754,490.0	512,279.0	115,491.3	3,072,301.9	17,363.1	-154,613.3	72,391.9
02	907,105.2	512,279.0	119,683.9	3,099,375.0	16,997.0	-180,166.3	80,992.4
03	742,962.9	445,460.0	123,876.3	3,085,555.9	16,722.0	-189,373.7	44,381.1
04	403,545.7	445,460.0	139,463.1	3,117,367.5	17,336.0	-211,787.4	84,544.6

05	744,009.0	556,825.0	150,170.8	2,653,893.4	17,302.2	-237,997.1	242,405.5
06	668,434.6	587,100.0	111,724.0	2,842,978.7	17,107.2	-287,206.0	620,113.6
07	772,281.4	978,880.0	120,877.2	2,817,495.5	18,070.2	-261,149.0	22,241.9
08	1,355,933.3	1,055,200.0	135,899.5	2,594,026.9	19,449.6	-191,587.3	61,385.1
09	1,543,489.8	1,345,100.0	145,807.6	2,417,693.8	20,101.9	-179,091.3	57,655.1
10	1,531,761.3	1,410,350.0	160,796.7	2,212,870.0	21,337.5	-229,535.3	44,048.0
11	1,444,592.4	1,719,300.0	158,798.2	1,775,323.4	21,451.2	-282,044.7	91,222.7
2013 12	1,627,017.4	1,637,280.0	141,111.5	1,685,165.9	20,184.9	-384,609.8	196,479.8
2014 01	1,214,416.5	1,706,580.0	155,356.7	1,640,479.8	20,888.2	-390,212.8	155,767.9
02	1,247,426.7	1,750,080.0	170,404.4	1,555,635.8	21,728.0	-403,399.8	99,696.4
03	1,102,666.2	1,723,080.0	164,310.8	1,250,267.5	21,657.6	-424,388.3	179,721.7
04	1,439,644.3	1,723,380.0	175,331.2	1,045,285.1	22,019.1	-436,786.7	245,031.7
05	926,101.5	1,746,300.0	172,577.7	1,000,420.7	21,906.5	-471,058.7	55,492.7
06	853,911.3	1,762,020.0	159,805.4	852,658.4	21,636.8	-471,472.0	-87,846.6
07	557,292.6	2,119,460.0	174,260.7	899,022.1	21,855.6	-556,147.8	-203,553.7
08	575,566.9	2,071,300.0	180,385.4	820,551.4	20,957.9	-545,841.3	-18,053.2
09	602,330.8	2,507,072.4	168,100.5	676,729.3	20,373.0	-663,835.2	362,744.2
10	654,350.8	2,546,472.0	180,376.2	774,656.6	24,604.5	-715,916.6	176,227.2
11	332,971.7	2,889,130.2	183,161.2	783,048.7	20,611.1	-818,444.5	96,922.5
2014 12	853,781.4	2,822,638.8	169,298.5	774,877.4	19,722.1	-921,277.9	397,320.5
2015 01	382,554.4	2,894,239.4	187,002.6	875,069.8	19,149.3	-974,338.7	214,195.3
02	429,589.1	3,220,482.7	205,756.0	758,751.6	19,300.8	-1,031,119.6	253,460.1
03	384,744.4	3,584,975.2	223,148.4	704,673.9	18,717.8	-1,109,105.0	394,612.0
04	316,456.6	3,866,723.9	241,569.9	635,889.5	18,714.8	-1,145,858.6	311,383.5
05	1,169,125.1	3,429,155.7	241,466.2	664,552.1	18,122.5	-1,582,030.6	819,258.8
06	1,150,516.8	3,482,058.3	216,730.5	925,749.5	18,472.6	-1,512,598.6	654,620.7
07	459,509.3	3,738,806.7	157,189.1	873,112.8	18,591.4	-1,585,293.4	812,749.5
08	510,713.6	3,938,028.0	168,136.2	712,142.5	19,090.0	-1,370,986.4	531,159.9
09	628,604.3	4,279,229.0	160,280.8	530,597.2	18,976.8	-1,420,562.4	365,208.6
10	655,060.5	4,253,683.6	173,370.6	473,836.6	18,580.0	-1,466,398.9	309,353.9
11	800,989.6	4,213,982.4	176,573.1	560,543.3	18,073.9	-1,397,086.9	208,148.1
2015 12	1,024,581.5	3,776,227.6	153,562.1	680,251.6	18,191.7	-1,423,950.7	357,407.8
2016 01	502,176.5	4,064,865.6	169,500.2	615,701.1	18,273.4	-1,188,964.7	108,061.0
02	781,061.7	4,098,563.0	171,474.3	458,705.8	18,744.7	-1,135,436.1	71,590.5
03	691,398.9	4,134,839.2	159,345.6	895,186.9	19,119.0	-3,871,891.2	295,098.8
04	276,612.1	3,551,865.1	156,473.8	1,544,860.5	18,916.7	-3,775,750.7	331,006.0
05	192,283.9	3,437,979.7	171,202.1	1,216,116.1	18,359.8	-3,640,066.8	251,336.4
06	480,525.9	3,316,971.1	180,169.0	880,366.9	17,646.7	-3,529,872.2	225,153.4
07	1,011,741.9	3,478,344.2	145,126.0	872,640.9	18,669.2	-3,955,813.5	503,119.9
08	846,881.8	3,729,986.3	233,077.1	948,557.4	20,253.1	-4,502,462.2	649,317.4
09	1,173,498.1	3,821,775.4	202,260.8	1,041,908.3	20,681.9	-4,902,190.2	761,067.6
10	1,240,008.4	3,852,090.0	204,890.1	792,317.5	20,965.5	-2,576,243.7	857,712.4
11	747,234.8	4,293,120.0	193,296.9	889,629.8	21,218.5	-2,600,814.8	1,270,310.2
2016 12	577,296.8	4,295,520.0	204,525.7	982,506.1	20,744.1	-2,991,972.1	2,066,090.7

Other depository corporations survey

in millions of MNT

End-of-period	Reserves	Central Bank bills	Foreign assets	Claims on			
				General Government	Of which:		Other financial corporations
					Central Government	Local Government	
2000 12	31,996.5	22,846.7	53,211.3	40,059.5	0.0	0.0	0.0
2001 12	34,606.2	49,904.7	52,338.6	32,457.8	0.0	0.0	0.0
2002 12	54,500.5	60,995.0	70,715.8	30,742.6	0.0	0.0	0.0
2003 12	69,464.8	75,989.3	157,070.1	46,905.0	0.0	0.0	0.0
2004 12	88,486.5	69,255.6	165,806.3	31,225.8	31,225.8	0.0	455.1
2005 12	126,032.7	125,677.9	256,492.7	3,167.1	3,167.1	0.0	498.8
2007 12	251,712.4	102,798.4	423,587.1	24,102.2	24,102.2	0.0	2,828.5
2008 12	304,507.1	119,723.3	294,472.1	2,503.9	2,503.9	0.0	3,412.1
2009 12	628,426.0	392,215.0	405,127.7	9,185.9	9,185.9	0.0	4,711.2
2010 12	770,995.4	1,102,858.3	655,876.3	79,024.9	79,024.9	0.0	14,067.6
03	632,359.0	1,174,606.2	568,495.1	55,581.4	55,581.4	0.0	14,479.0
06	781,371.6	1,148,551.0	603,253.9	86,227.7	86,227.7	0.0	14,951.3
09	873,726.5	881,299.6	589,879.0	218,710.1	218,710.1	0.0	18,284.0
12	1,145,260.6	879,793.8	711,145.1	275,270.5	275,270.5	0.0	17,469.1
2012 01	1,093,882.6	573,640.0	587,118.1	253,117.5	253,117.5	0.0	13,745.9
02	1,058,226.7	741,645.0	579,719.1	253,815.5	253,815.5	0.0	15,165.6
03	1,364,707.6	740,810.9	562,690.3	254,059.1	254,059.1	0.0	16,445.1
04	1,205,115.7	528,057.9	673,857.3	254,879.3	254,879.3	0.0	15,218.4
05	1,229,669.2	566,834.7	743,768.5	261,573.7	261,573.7	0.0	16,220.6
06	1,619,390.5	557,228.6	619,006.4	383,199.9	383,199.9	0.0	11,774.3
07	1,355,562.2	539,660.3	519,300.8	384,871.3	384,871.3	0.0	11,883.1
08	1,351,842.7	464,054.1	531,924.3	311,207.4	311,207.4	0.0	10,672.2
09	1,852,144.6	367,508.2	582,724.1	261,003.6	261,003.6	0.0	10,266.3
10	1,646,827.4	423,365.5	751,358.5	314,112.8	314,112.8	0.0	10,249.0
11	1,723,441.1	472,771.5	556,177.5	296,738.6	296,738.6	0.0	9,794.7
12	1,564,331.4	747,114.6	758,114.4	667,374.0	667,374.0	0.0	9,711.6
2013 01	1,652,480.8	747,768.2	599,637.0	775,217.9	775,217.9	0.0	8,142.4
02	1,806,117.2	900,424.4	610,964.0	846,151.2	846,151.2	0.0	9,043.1
03	1,987,525.5	734,035.3	690,891.9	878,502.8	878,502.8	0.0	11,466.9
04	1,976,554.3	390,891.3	655,448.6	931,817.4	931,817.4	0.0	11,087.0
05	2,214,404.8	743,448.8	729,062.2	963,051.7	963,051.7	0.0	10,912.1
06	2,911,060.1	668,437.7	685,121.1	1,296,241.5	1,296,241.5	0.0	10,887.0
07	2,515,723.8	771,840.4	659,271.8	1,408,047.7	1,408,047.7	0.0	12,288.6
08	1,972,454.8	1,356,248.1	868,414.2	1,408,220.1	1,408,220.1	0.0	13,833.0
09	2,345,590.6	1,543,481.1	885,988.3	1,366,694.5	1,366,694.5	0.0	19,431.7
10	2,064,345.5	1,528,093.3	756,242.3	1,579,507.0	1,579,507.0	0.0	19,945.7
11	2,262,946.8	1,445,109.3	846,571.7	1,738,516.7	1,738,516.7	0.0	21,559.8
12	2,769,813.1	1,626,606.3	812,646.8	1,822,720.5	1,822,720.5	0.0	19,088.6
2014 01	2,342,226.4	1,213,478.1	802,999.7	1,857,000.7	1,857,000.7	0.0	19,319.0
02	2,616,550.8	1,246,994.9	874,818.2	2,004,094.8	2,004,094.8	0.0	20,589.0
03	2,577,682.2	1,102,311.1	1,019,760.1	2,139,199.4	2,139,199.4	0.0	19,825.1
04	2,007,403.1	1,439,480.3	1,027,911.7	2,177,506.0	2,177,506.0	0.0	25,146.8
05	2,411,843.2	926,134.0	987,296.8	2,269,118.5	2,269,118.5	0.0	14,909.8
06	2,311,039.5	853,934.4	910,633.4	2,276,404.6	2,276,404.6	0.0	26,230.0
07	2,449,955.9	557,281.7	1,080,300.8	2,273,464.4	2,273,464.4	0.0	12,768.1
08	2,193,077.6	575,282.8	1,088,551.2	2,246,886.6	2,246,886.6	0.0	15,899.3
09	2,290,323.4	602,223.7	1,154,110.5	2,184,822.0	2,184,822.0	0.0	24,562.0
10	2,293,923.4	654,262.8	931,128.2	2,130,145.5	2,130,145.5	0.0	25,311.5
11	2,331,647.1	332,741.9	880,474.7	2,166,786.3	2,166,786.3	0.0	28,265.8
12	3,012,085.1	852,983.5	675,079.7	2,140,844.9	2,140,844.9	0.0	33,976.4
2015 01	2,477,190.8	382,390.4	855,210.3	2,161,367.9	2,161,367.9	0.0	29,241.1
02	2,385,492.4	429,574.9	869,351.4	2,226,712.0	2,226,712.0	0.0	24,359.7

03	2,166,627.6	384,618.6	678,991.1	2,221,344.2	2,221,344.2	0.0	28,808.3
04	1,901,156.0	316,311.6	807,647.8	2,192,480.0	2,192,480.0	0.0	30,995.8
05	1,977,990.3	1,169,805.0	834,536.1	2,277,471.7	2,277,471.7	0.0	31,482.3
06	2,009,193.0	1,150,480.3	933,597.8	2,351,942.6	2,351,942.6	0.0	26,472.0
07	2,612,697.8	459,441.2	1,045,590.1	2,334,987.6	2,334,987.6	0.0	31,533.8
08	2,465,327.7	510,485.8	1,206,115.8	2,239,671.1	2,239,671.1	0.0	29,400.4
09	2,096,368.9	628,681.1	1,034,485.9	2,238,863.5	2,238,863.5	0.0	27,268.6
10	1,783,749.4	655,435.5	879,777.6	2,388,672.4	2,388,672.4	0.0	25,958.2
11	1,714,789.3	801,201.3	840,606.4	2,382,531.7	2,382,531.7	0.0	25,974.6
12	2,064,802.2	1,024,770.8	977,926.2	2,610,765.0	2,610,765.0	0.0	28,232.0
2016 01	1,884,265.2	502,263.4	972,026.3	2,640,492.2	2,640,492.2	0.0	26,657.9
02	1,955,884.9	781,138.6	1,243,515.3	2,602,736.4	2,602,736.4	0.0	28,207.5
03	1,995,463.7	691,696.6	1,383,684.9	2,619,109.7	2,619,109.7	0.0	28,665.1
04	2,540,539.9	276,623.6	1,600,992.0	2,597,489.4	2,597,489.4	0.0	27,529.4
05	2,743,306.7	192,085.7	1,899,429.6	2,511,913.9	2,511,913.9	0.0	30,685.6
06	3,023,156.9	480,496.8	1,271,772.0	2,435,694.7	2,435,694.7	0.0	31,682.5
07	2,727,528.9	1,011,879.1	1,798,247.3	2,484,190.2	2,484,190.2	0.0	31,855.3
08	2,735,771.0	846,947.0	2,447,883.9	2,322,460.9	2,322,460.9	0.0	33,226.9
09	2,599,182.2	1,173,192.6	2,470,012.0	2,595,277.7	2,595,277.7	0.0	24,938.2
10	2,352,217.7	1,240,397.8	2,282,813.0	2,874,466.5	2,874,466.5	0.0	34,946.4
11	3,015,355.0	746,633.1	1,932,156.3	3,175,159.3	3,175,159.3	0.0	34,569.2
12	2,924,780.2	576,994.4	2,067,068.9	3,591,937.5	3,591,937.5	0.0	31,767.3

Other depository corporations survey /continued/

in millions of MNT

End-of-period	Public sector	Private sector	Private sector Excl. Banks in liquidation	Individuals	Individuals Excl. Banks in liquidation	Other	Unclassified loans
2000 12	5,378.3	45,482.9					15,895.6
2001 12	9,534.4	114,670.4					10,865.9
2002 12	11,318.3	203,567.2					16,564.2
2003 12	15,647.4	365,024.4					36,700.0
2004 12	13,125.7	365,057.9		210,931.1		17,228.9	0.0
2005 12	34,169.2	489,064.7		321,606.8		14,512.4	0.0
2007 12	27,331.8	1,166,149.5		838,778.5		20,972.4	0.0
2008 12	34,794.6	1,570,398.9		1,013,694.2		13,251.7	0.0
2009 12	20,429.4	1,716,253.8		904,892.3		8,713.7	0.0
2010 12	17,073.9	1,854,774.6		1,370,128.3		9,629.5	0.0
03	13,029.5	2,099,485.9		1,596,766.1		7,753.9	0.0
06	16,160.3	2,568,669.9		1,945,446.2		8,196.1	0.0
09	27,143.3	2,770,747.4		2,235,112.8		8,472.1	0.0
12	100,646.0	3,064,543.2		2,454,808.6		5,890.4	0.0
2012 01	58,975.0	3,095,504.6		2,474,442.8		7,083.7	0.0
02	58,554.5	3,108,638.6		2,518,447.5		7,201.9	0.0
03	58,162.4	3,147,441.1		2,554,313.8		6,917.5	0.0
04	58,984.7	3,246,970.0		2,607,790.6		8,792.8	0.0
05	63,851.6	3,328,245.3		2,706,203.2		8,483.4	0.0
06	64,108.9	3,451,365.5		2,784,874.2		7,866.2	0.0
07	66,356.2	3,541,896.9		2,801,183.9		9,003.3	0.0
08	71,128.3	3,635,612.4		2,947,241.2		12,244.9	0.0
09	71,286.3	3,730,255.2		3,046,519.0		10,837.2	0.0
10	46,185.2	3,723,563.2		3,066,506.6		10,740.1	0.0
11	48,662.1	3,715,577.6		3,084,618.8		10,812.5	0.0
12	41,959.8	3,828,069.5		3,100,920.9		11,568.4	0.0
2013 01	39,665.8	3,884,346.8		3,200,823.4		10,711.2	0.0

02	14,596.4	3,893,630.0		3,242,165.6		10,530.3	0.0
03	31,655.3	3,961,354.1		3,370,452.3		10,173.2	0.0
04	30,540.7	4,215,492.2		3,498,316.0		10,097.2	0.0
05	44,789.8	4,487,364.7		3,675,348.3		10,137.1	0.0
06	47,154.6	4,727,167.7		3,813,483.0		11,173.1	0.0
07	49,332.3	5,021,567.1	4,768,054.5	4,018,696.0	4,008,065.8	17,415.3	0.0
08	51,033.4	5,342,958.7	5,086,968.9	4,366,917.9	4,357,023.5	10,227.9	0.0
09	59,600.5	5,489,504.4	5,190,541.3	4,569,295.3	4,558,501.4	17,435.4	0.0
10	59,399.4	5,652,555.9	5,350,370.6	4,749,472.6	4,738,689.5	10,370.1	0.0
11	78,861.1	5,866,721.7	5,564,980.9	4,833,514.1	4,822,858.5	23,610.5	0.0
12	80,546.4	5,998,812.7	5,702,615.5	4,665,272.2	4,653,646.9	7,443.0	0.0
2014 01	122,899.0	6,008,604.2	5,711,232.9	4,859,919.7	4,848,365.6	6,015.2	0.0
02	74,272.1	6,127,945.5	5,828,059.2	4,926,324.5	4,914,866.9	5,733.8	0.0
03	73,884.3	6,202,327.4	5,902,862.9	5,080,116.8	5,068,833.7	5,721.6	0.0
04	72,619.3	6,388,642.9	6,088,836.9	5,246,327.1	5,235,163.6	5,961.1	0.0
05	73,002.8	6,547,838.4	6,253,429.4	5,425,329.1	5,414,527.0	5,751.1	0.0
06	74,995.9	6,590,853.2	6,354,393.8	5,604,371.6	5,600,617.9	7,536.4	0.0
07	101,306.4	6,610,011.5	6,372,416.6	5,495,395.1	5,491,679.5	7,857.9	0.0
08	116,634.6	6,535,234.5	6,300,526.4	5,662,985.9	5,659,332.5	8,937.1	0.0
09	144,539.8	6,654,878.5	6,419,087.8	5,779,645.2	5,776,097.9	9,212.0	0.0
10	134,796.0	6,766,828.6	6,530,239.2	5,896,000.2	5,892,484.7	10,600.4	0.0
11	132,619.9	6,834,760.4	6,596,840.8	5,643,515.1	5,640,028.2	10,192.9	0.0
12	128,550.9	6,619,247.8	6,381,749.0	5,711,496.5	5,708,053.2	10,236.3	0.0
2015 01	114,879.2	6,572,004.9	6,332,688.9	5,363,498.9	5,360,086.5	10,178.7	0.0
02	108,863.5	6,582,432.7	6,342,455.0	5,453,093.8	5,449,736.4	10,327.2	0.0
03	97,480.4	6,597,140.5	6,361,197.8	5,541,940.6	5,538,600.7	8,185.5	0.0
04	91,993.7	6,556,298.2	6,321,179.6	5,612,303.8	5,609,095.2	7,275.0	0.0
05	87,319.5	6,373,536.2	6,140,864.3	5,684,076.4	5,680,910.5	5,722.8	0.0
06	95,825.3	6,362,017.9	6,127,621.2	5,463,777.7	5,460,687.4	5,642.3	0.0
07	111,498.5	6,371,954.6	6,136,310.6	5,473,895.0	5,470,875.9	10,009.6	0.0
08	109,731.3	6,395,292.6	6,159,501.6	5,301,780.1	5,298,783.7	10,377.8	0.0
09	176,382.2	6,394,171.7	6,158,896.8	5,336,183.4	5,333,264.3	10,269.4	0.0
10	164,341.4	6,395,742.5	6,160,697.3	5,322,866.8	5,320,104.6	10,080.2	0.0
11	155,949.7	6,376,110.9	6,140,964.4	5,332,134.5	5,329,390.0	9,968.2	0.0
12	223,268.4	6,408,347.3	6,174,279.6	5,036,971.0	5,034,274.5	9,777.6	0.0
2016 01	235,728.2	6,378,153.1	6,143,689.2	5,139,043.1	5,136,355.4	9,737.5	0.0
02	227,593.5	6,397,044.5	6,161,817.4	4,973,759.2	4,971,133.3	9,572.9	0.0
03	218,528.4	6,455,600.4	6,220,047.6	5,122,639.4	5,120,024.5	10,031.9	0.0
04	188,889.1	6,336,910.1	6,103,036.4	5,073,072.1	5,070,471.4	10,855.8	0.0
05	91,140.8	6,165,120.7	5,932,122.6	5,152,615.7	5,150,034.2	10,174.1	0.0
06	95,291.2	6,607,780.9	6,377,678.3	5,286,206.4	5,283,649.8	9,394.8	0.0
07	87,132.1	6,674,893.9	6,468,368.3	5,301,276.6	5,298,721.1	9,361.4	0.0
08	81,511.0	6,838,499.4	6,635,402.9	5,478,591.3	5,476,037.6	10,149.4	0.0
09	78,599.5	6,805,824.5	6,606,919.5	5,572,026.5	5,569,485.7	9,485.0	0.0
10	80,512.3	6,879,462.9	6,680,098.2	5,565,327.9	5,562,786.8	5,712.4	0.0
11	77,907.0	6,963,838.6	6,764,715.3	5,636,512.5	5,633,973.0	5,668.6	0.0
12	55,178.8	6,640,054.7	6,441,191.4	5,689,789.5	5,687,263.6	5,445.5	0.0

Other depository corporations survey /continued/

in millions of MNT

End-of-period	Current account in DC	Total deposits, current account in FC	Foreign liabilities	Long-term foreign liabilities	General Government deposits	General Government deposits Excl. Banks in liquidation
2000 12	29,841.6	128,067.7	1,693.0	4,173.2	24,607.1	
2001 12	46,994.6	174,908.9	2,220.1	6,603.8	35,926.8	
2002 12	66,944.1	282,397.8	4,755.2	11,718.8	29,665.3	
2003 12	81,336.7	490,499.0	7,328.5	44,100.0	22,719.8	
2004 12	77,814.9	625,704.9	44,827.4	8,873.8	42,993.6	
2005 12	116,754.9	871,014.4	43,775.8	11,056.1	103,089.0	
2007 12	307,146.3	1,810,778.1	202,962.6	6,074.8	144,049.9	
2008 12	318,611.3	1,620,080.0	425,131.6	8,582.8	393,196.7	
2009 12	366,253.2	2,228,182.7	410,274.3	25,456.6	460,925.3	
2010 12	769,415.2	3,522,286.8	446,331.6	21,649.8	422,243.3	
03	794,721.1	3,773,541.9	417,518.3	23,516.8	425,091.0	
06	1,072,924.2	4,219,516.6	501,098.5	23,578.1	432,031.6	
09	1,147,576.3	4,377,195.7	527,055.3	28,791.1	623,526.8	
12	1,223,581.5	4,670,687.0	683,742.4	30,946.8	931,493.1	
2012 01	1,106,369.6	4,580,809.8	590,100.8	23,854.3	941,849.8	
02	1,041,929.9	4,736,401.3	585,177.1	22,128.1	966,495.5	
03	1,040,081.6	4,614,971.9	594,633.6	30,649.1	1,024,230.6	
04	1,096,980.9	4,765,445.3	602,868.4	42,988.6	959,423.6	
05	1,145,705.1	4,986,547.8	636,565.4	55,953.0	991,516.0	
06	1,134,243.8	5,252,286.5	677,634.7	73,836.3	973,693.9	
07	1,068,646.3	5,291,403.2	675,881.8	76,678.8	965,532.9	
08	1,089,828.2	5,315,104.1	687,927.4	75,629.4	940,189.3	
09	1,106,228.4	5,452,878.2	1,082,062.3	77,586.0	918,598.7	
10	1,077,450.3	5,552,618.1	1,138,830.2	79,962.0	927,592.1	
11	1,055,914.1	5,474,801.0	1,133,263.3	78,729.0	933,868.3	
12	1,231,528.8	5,777,521.7	1,265,398.2	89,060.7	933,480.8	
2013 01	1,064,298.2	5,759,992.7	1,262,136.1	99,978.6	931,764.0	
02	1,013,884.6	5,756,291.3	1,327,431.8	99,928.2	941,035.3	
03	1,106,522.4	5,710,098.8	1,331,116.8	111,640.0	971,673.7	
04	1,136,769.5	5,514,325.7	1,456,955.3	136,683.2	1,015,200.7	
05	1,181,389.0	6,128,046.9	1,504,245.6	136,589.9	1,065,002.2	
06	1,426,467.3	5,975,620.4	1,496,151.8	143,870.4	1,100,825.7	
07	1,340,470.8	6,159,422.6	1,486,098.3	152,041.3	1,134,327.5	1,107,620.0
08	1,319,807.8	6,457,794.2	1,575,962.7	190,713.3	1,141,698.2	1,114,990.7
09	1,419,225.9	6,463,551.5	1,649,206.1	193,323.2	1,218,602.8	1,191,895.3
10	1,358,868.3	6,775,951.3	1,469,758.2	402,896.1	1,273,949.9	1,247,242.4
11	1,269,246.1	7,272,787.6	1,582,513.4	405,256.3	1,258,666.6	1,231,959.1
12	1,511,163.6	7,360,109.4	1,509,098.9	376,620.2	1,186,170.0	1,159,462.5
2014 01	1,343,838.8	8,056,759.0	1,742,105.6	375,785.7	1,196,369.8	1,169,662.3
02	1,240,606.0	8,090,573.3	1,817,291.4	389,989.3	1,474,612.1	1,447,904.8
03	1,187,501.5	8,210,103.0	1,882,342.9	405,949.4	1,535,041.1	1,508,333.9
04	1,254,328.9	8,355,513.8	1,904,117.5	401,772.4	1,656,528.8	1,629,821.6
05	1,230,132.9	8,412,067.1	1,912,616.4	432,761.0	1,671,874.2	1,645,166.9
06	1,290,979.1	8,242,769.8	1,871,762.0	445,230.9	1,680,166.3	1,653,459.0
07	1,243,299.2	8,377,572.1	1,933,995.9	494,506.3	1,671,260.1	1,644,552.9
08	1,258,732.9	8,259,169.0	1,941,401.9	462,578.8	1,742,775.7	1,716,068.5
09	1,300,201.8	8,235,792.9	1,962,174.5	556,560.6	1,790,273.3	1,763,566.0
10	1,263,580.5	8,220,342.6	1,990,872.8	554,157.2	1,777,243.4	1,750,536.2
11	1,266,134.3	8,237,228.6	2,138,253.1	567,186.5	1,723,680.6	1,696,973.4
12	1,317,460.1	8,817,943.6	2,202,555.2	608,010.5	1,464,509.1	1,437,801.8
2015 01	1,110,259.2	8,734,409.1	2,210,379.1	605,855.4	1,435,595.5	1,408,888.3

02	1,135,881.7	8,642,445.0	2,329,028.0	600,919.6	1,452,148.8	1,425,441.5
03	1,055,584.0	8,456,333.8	2,278,150.6	593,705.6	1,413,505.0	1,413,505.0
04	1,088,734.9	8,222,719.7	2,244,110.4	563,014.6	1,384,956.1	1,384,956.1
05	1,171,249.1	8,154,925.8	3,119,781.3	552,177.5	1,373,122.5	1,373,122.5
06	1,233,720.2	8,375,838.3	3,278,523.0	578,643.7	1,357,006.6	1,357,006.6
07	1,200,536.9	8,206,490.4	3,487,959.4	631,848.8	1,282,293.4	1,282,293.4
08	1,233,162.7	8,281,249.1	3,462,889.9	633,551.4	1,265,111.9	1,265,111.9
09	1,206,297.8	8,319,632.4	2,895,083.4	515,518.1	1,466,673.9	1,466,673.9
10	1,162,589.1	8,268,277.2	2,857,395.9	569,553.7	1,434,126.6	1,434,126.6
11	1,129,902.3	8,245,320.1	2,854,340.2	693,989.8	1,472,362.9	1,472,362.9
12	1,226,775.5	8,363,578.9	3,118,543.8	739,777.3	1,453,863.8	1,453,863.8
2016 01	1,121,331.5	8,241,458.1	3,639,624.7	225,709.6	1,495,838.4	1,495,838.4
02	1,109,278.7	8,488,099.0	3,762,459.7	225,638.0	1,469,081.0	1,469,081.0
03	1,156,950.6	8,528,699.5	3,791,986.1	199,862.8	2,247,310.7	2,247,310.7
04	1,175,887.0	8,833,881.1	3,673,230.7	211,106.5	2,335,576.2	2,335,576.2
05	1,222,779.5	8,913,924.2	3,649,593.0	207,613.2	2,548,906.5	2,548,906.5
06	1,420,391.3	9,204,169.0	3,672,007.3	205,795.4	2,520,955.8	2,520,955.8
07	1,375,673.6	9,367,247.1	4,257,399.9	218,278.6	2,512,036.8	2,512,036.8
08	1,399,165.7	9,390,823.9	4,988,339.1	239,837.2	2,375,228.1	2,375,228.1
09	1,454,838.1	9,535,322.2	5,123,880.7	228,176.5	2,260,404.7	2,260,404.7
10	1,505,936.8	9,523,311.0	5,308,453.3	235,436.0	1,407,507.1	1,407,507.1
11	1,397,715.9	9,796,358.2	5,363,092.6	228,749.9	1,409,130.0	1,409,130.0
12	1,527,248.3	9,986,377.6	5,154,608.2	232,252.3	1,373,893.4	1,373,893.4

Other depository corporations survey /continued/

in millions of MNT

End-of-period	Of which			Credits from Central bank	Capital accounts	Capital accounts Excl. Banks in liquidation	Other items (net)
	Central Government deposits	Central Government deposits Excl. Banks in liquidation	Local Government deposits				
2000 12	0.0		0.0	0.0	29,947.6		-3,459.4
2001 12	0.0		0.0	4,094.5	47,173.0		-13,543.9
2002 12	0.0		0.0	4,326.9	61,289.3		-12,693.8
2003 12	0.0		0.0	12,839.3	110,392.5		-2,415.0
2004 12	38,478.0		4,515.6	23,838.2	167,101.1		-98,836.5
2005 12	100,064.2		3,024.9	18,149.8	207,075.7		306.4
2007 12	137,127.9		6,921.9	18,935.9	376,385.6		-8,072.2
2008 12	386,092.7		7,104.0	223,815.4	340,566.4		26,773.8
2009 12	453,276.2		7,649.1	190,711.0	230,212.1		177,940.0
2010 12	416,363.6		5,879.7	131,326.2	393,541.1		167,634.8
03	417,378.1		7,712.9	127,853.5	421,699.4		178,614.2
06	421,133.8		10,897.8	215,363.7	516,906.8		191,408.5
09	614,536.3		8,990.5	118,064.1	576,711.7		224,453.8
12	924,203.8		7,289.3	341,256.2	688,911.4		84,209.0
2012 01	920,236.1		21,613.7	123,152.8	707,438.0		83,935.0
02	933,663.4		32,832.1	176,734.6	719,624.1		92,924.0
03	985,693.5		38,537.1	543,890.2	750,910.4		106,180.5
04	921,181.3		38,242.3	267,083.7	777,495.1		87,380.9
05	950,235.8		41,280.2	213,593.6	799,384.6		95,584.6
06	953,488.2		20,205.7	403,380.6	864,426.2		119,312.6
07	932,945.8		32,587.0	196,453.5	878,796.9		76,324.8
08	913,506.2		26,683.1	254,117.3	896,976.2		76,155.7
09	900,366.2		18,232.6	257,507.6	922,118.4		115,564.7
10	907,974.4		19,617.6	188,811.4	937,357.4		90,286.7
11	914,084.5		19,783.8	181,919.9	974,927.1		85,171.8
12	918,137.6		15,343.2	400,402.8	1,002,108.6		29,663.2
2013 01	915,969.5		15,794.5	706,200.5	1,067,177.5		27,245.8

02	916,280.0		24,755.3	1,036,431.0	1,034,923.7		123,696.3
03	949,259.0		22,414.7	1,211,221.3	1,042,309.5		191,474.8
04	993,764.1		21,436.6	1,258,216.7	1,068,828.6		133,265.0
05	1,044,229.5		20,772.7	1,766,223.4	1,091,990.1		5,032.3
06	1,081,578.0		19,247.7	2,878,669.1	1,156,831.9		-7,710.6
07	1,114,223.2	1,087,515.9	20,104.3	3,044,466.2	1,053,442.3	1,381,367.6	103,914.0
08	1,121,236.5	1,094,529.2	20,461.7	3,189,895.1	1,114,753.8	1,441,810.6	399,683.1
09	1,200,516.8	1,173,809.5	18,086.0	3,596,648.7	1,227,262.8	1,561,405.7	529,200.9
10	1,258,609.4	1,231,902.1	15,340.5	3,450,097.0	1,259,629.8	1,594,368.2	428,781.2
11	1,242,990.0	1,216,282.7	15,676.6	3,488,181.6	1,270,574.0	1,606,535.4	570,186.1
12	1,172,043.6	1,145,336.4	14,126.4	4,295,526.1	1,400,236.7	1,737,732.7	164,024.9
2014 01	1,181,006.1	1,154,298.8	15,363.7	3,033,858.8	1,435,452.4	1,772,649.6	48,292.0
02	1,441,313.0	1,414,605.7	33,299.1	2,969,466.0	1,455,565.3	1,794,317.9	459,220.2
03	1,502,770.4	1,476,063.1	32,270.7	3,018,831.8	1,555,532.2	1,895,388.6	425,526.0
04	1,624,596.6	1,597,889.3	31,932.3	2,799,677.5	1,620,003.9	1,960,850.1	399,055.5
05	1,648,499.5	1,621,792.3	23,374.7	2,896,801.9	1,638,048.4	1,976,426.2	466,921.8
06	1,656,271.1	1,629,563.8	23,895.2	2,910,066.7	1,810,473.6	2,014,933.1	404,550.7
07	1,639,181.5	1,612,474.2	32,078.7	2,722,050.1	1,875,187.5	2,079,551.9	270,470.6
08	1,723,288.6	1,696,581.3	19,487.1	2,639,015.9	1,874,321.5	2,078,257.0	265,493.7
09	1,769,351.8	1,742,644.5	20,921.5	2,742,997.4	1,924,951.8	2,124,781.2	331,364.9
10	1,751,434.2	1,724,726.9	25,809.3	2,750,299.0	1,934,116.4	2,134,359.8	352,384.8
11	1,700,407.6	1,673,700.4	23,273.0	2,115,968.0	1,949,191.1	2,149,738.3	363,362.0
12	1,438,545.4	1,411,838.1	25,963.7	2,607,088.8	2,153,086.5	2,354,767.6	13,847.4
2015 01	1,409,532.1	1,382,824.8	26,063.4	2,157,718.2	2,170,657.4	2,372,090.1	-458,911.7
02	1,426,596.9	1,399,889.6	25,551.9	2,209,187.0	2,213,033.6	2,414,410.3	-492,436.2
03	1,377,306.6	1,377,306.6	36,198.4	1,790,561.9	2,236,508.0	2,405,192.5	-99,212.1
04	1,349,132.1	1,349,132.1	35,824.0	1,847,519.2	2,279,757.9	2,448,349.1	-114,350.8
05	1,336,745.5	1,336,745.5	36,377.0	1,944,364.3	2,355,608.8	2,525,909.7	-229,289.0
06	1,322,147.1	1,322,147.1	34,859.5	1,901,378.8	2,344,428.7	2,516,016.0	-670,590.4
07	1,252,812.9	1,252,812.9	29,480.5	1,609,533.9	2,367,065.6	2,538,845.3	-334,120.3
08	1,228,798.3	1,228,798.3	36,313.5	1,567,750.5	2,323,974.4	2,495,769.4	-499,507.4
09	1,433,102.5	1,433,102.5	33,571.4	1,543,760.4	2,398,808.6	2,570,036.3	-403,100.0
10	1,403,183.0	1,403,183.0	30,943.6	1,337,840.9	2,429,920.7	2,601,278.9	-433,080.2
11	1,442,341.3	1,442,341.3	30,021.6	1,298,377.5	2,400,222.7	2,571,957.2	-455,248.9
12	1,434,061.2	1,434,061.2	19,802.7	1,685,268.3	2,447,322.9	2,623,526.6	-650,270.1
2016 01	1,478,683.6	1,478,683.6	17,154.8	1,233,686.0	2,347,314.4	2,523,564.5	-516,595.8
02	1,450,800.7	1,450,800.7	18,280.2	1,703,338.9	2,356,542.8	2,532,921.9	-894,985.3
03	2,226,246.8	2,226,246.8	21,063.9	916,920.1	2,416,166.6	2,592,751.8	-732,476.4
04	2,313,223.1	2,313,223.1	22,353.1	765,812.2	2,455,809.3	2,632,411.5	-798,401.5
05	2,537,751.0	2,537,751.0	11,155.5	501,599.4	2,466,253.1	2,642,961.7	-714,196.3
06	2,508,916.4	2,508,916.4	12,039.4	669,163.4	2,589,896.1	2,768,597.7	-1,040,902.2
07	2,501,008.2	2,501,008.2	11,028.7	569,638.8	2,661,006.9	2,837,001.0	-834,917.0
08	2,372,508.0	2,372,508.0	2,720.1	569,719.7	2,697,144.5	2,873,234.9	-865,217.5
09	2,258,330.1	2,258,330.1	2,074.5	647,129.8	2,791,703.6	2,968,680.4	-712,917.4
10	1,404,807.4	1,404,807.4	2,699.7	1,361,069.8	2,817,472.1	2,994,371.0	-843,329.1
11	1,407,471.3	1,407,471.3	1,658.7	1,386,328.2	2,841,416.9	3,017,637.4	-834,992.0
12	1,372,413.5	1,372,413.5	1,479.9	1,470,437.3	2,958,808.9	3,136,133.4	-1,120,609.1

Depository corporations outstanding loan

in millions of MNT

End-of-period	Total loan outstanding		Total loan outstanding Excl. Banks in liquidation	Of which:				
	amount	monthly changes		Of which: By sectors				
				Standard loans	Public sector	Private sector	Individuals	Other financial corporations
2001 12	135,070.7	5.2	124,204.8	9,534.4	108,722.7	0.0	0.0	5,947.7
2002 12	231,449.8	9.4	214,885.5	11,318.3	194,578.2	0.0	0.0	8,989.0
2003 12	442,148.1	2.7	405,448.2	15,647.4	335,978.3	0.0	0.0	53,822.5
2004 12	606,798.6	2.5	546,063.4	12,560.1	320,077.8	196,020.3	454.6	16,950.6
2005 12	859,851.8	4.4	789,451.2	34,112.2	437,639.1	304,817.1	498.3	12,384.4
2006 12	1,223,287.3	3.5	1,129,945.4	36,255.6	594,446.6	483,212.6	1,593.9	14,436.8
2007 12	2,056,060.8	4.8	1,947,669.5	25,939.1	1,089,555.3	810,622.5	2,495.6	19,057.0
2008 12	2,635,551.6	-1.2	2,353,561.2	33,624.9	1,348,449.7	955,037.6	3,348.0	13,101.0
2009 12	2,655,000.4	0.9	2,071,259.4	18,594.3	1,238,995.1	800,490.4	4,665.7	8,513.8
2010 12	3,265,673.9	4.9	2,800,759.3	17,073.9	1,471,293.9	1,293,908.2	14,037.6	4,445.7
12	5,643,357.3	3.7	5,239,659.4	100,646.0	2,745,096.9	2,371,623.3	17,388.0	4,905.1
12	6,992,230.3	1.8	6,586,513.8	35,394.4	3,501,852.6	3,030,697.7	9,665.0	8,904.1
03	7,385,101.8	3.0	6,976,672.1	31,107.6	3,635,804.2	3,291,006.3	11,426.7	7,327.2
06	8,609,865.5	4.6	8,143,543.1	46,630.4	4,347,974.1	3,729,723.3	10,853.4	8,361.8
09	10,155,267.4	3.8	9,464,655.5	59,100.1	4,895,735.1	4,475,823.8	19,404.4	14,592.1
12	10,771,162.9	-0.5	10,087,000.2	80,032.1	5,418,355.6	4,562,686.4	19,067.8	6,858.4
2014 01	11,016,757.1	2.3	10,282,695.1	122,384.7	5,391,599.4	4,743,981.4	19,300.4	5,429.2
02	11,154,865.0	1.3	10,843,521.1	73,827.7	5,452,417.4	4,806,020.1	20,572.6	5,187.2
03	11,381,875.2	2.0	10,507,818.2	73,439.9	5,447,632.3	4,961,759.9	19,810.9	5,175.1
04	11,738,697.2	3.1	10,823,520.4	72,133.9	5,597,210.7	5,123,127.7	25,134.8	5,913.4
05	12,066,831.2	2.8	11,065,845.2	72,007.5	5,671,337.3	5,301,934.4	14,900.0	5,665.9
06	12,303,987.1	2.0	11,298,768.9	74,515.8	5,703,750.0	5,486,792.6	26,222.4	7,488.0
07	12,227,339.0	-0.6	11,077,516.7	97,050.8	5,618,144.8	5,341,749.9	12,762.7	7,808.5
08	12,339,691.4	0.9	11,192,598.4	114,203.7	5,541,687.3	5,511,938.3	15,899.3	8,869.8
09	12,612,837.6	2.2	12,373,499.5	142,294.4	5,757,319.4	5,624,492.1	24,562.0	9,146.1
10	12,833,536.8	1.7	12,593,431.9	132,723.5	5,899,095.9	5,708,780.2	25,311.5	10,548.3
11	12,649,354.1	-1.4	12,407,947.7	129,685.9	5,973,001.6	5,443,580.4	28,265.8	10,132.4
12	12,503,507.9	-1.2	12,262,565.8	128,074.0	5,868,354.0	5,569,749.8	33,976.4	8,165.8
2015 01	12,089,802.8	-3.3	11,847,074.4	114,400.9	5,794,995.4	5,167,934.9	29,241.1	8,095.6
02	12,179,077.0	0.7	11,935,741.8	106,477.0	5,746,378.0	5,228,503.6	24,359.7	8,253.5
03	12,273,555.2	0.8	12,034,272.8	96,684.4	5,533,496.8	5,345,858.5	28,808.3	6,111.7
04	12,298,866.5	0.2	12,060,539.3	91,267.4	5,436,440.7	5,400,689.2	30,440.3	5,214.6

05	12,182,137.1	-0.9	11,946,299.4	10,842,507.0	86,521.6	5,256,610.4	5,462,804.5	31,041.3	5,529.1
06	11,953,735.2	-1.9	11,716,248.3	10,575,949.7	95,102.9	5,205,164.4	5,245,520.8	26,467.4	3,694.3
07	11,998,891.5	0.4	11,760,228.4	10,457,815.0	99,932.8	5,090,562.6	5,227,728.9	31,529.6	8,061.1
08	11,846,582.2	-1.3	11,607,794.8	10,200,756.8	98,085.9	5,026,250.4	5,036,775.7	29,396.8	10,247.9
09	11,944,275.2	0.8	11,706,081.3	10,263,145.1	164,804.1	4,978,972.3	5,084,017.8	27,053.6	8,297.3
12	11,706,596.2	-1.6	11,469,832.0	9,982,779.1	211,994.7	4,930,020.9	4,804,841.5	28,142.6	7,779.5
2016 01	11,789,319.7	0.7	11,552,168.2	9,956,636.6	224,454.5	4,840,786.0	4,857,378.0	26,317.3	7,700.8
02	11,636,177.6	-1.3	11,398,324.6	9,734,458.3	215,908.0	4,815,514.8	4,667,672.5	27,866.8	7,496.2
03	11,835,465.1	1.7	11,597,297.5	9,902,542.1	207,163.1	4,839,057.3	4,820,050.9	28,321.8	7,949.1
04	11,637,256.5	-1.7	11,400,782.1	9,652,113.5	177,377.9	4,692,459.6	4,746,271.4	27,186.6	8,818.1
05	11,449,736.9	-1.6	11,214,157.3	9,501,513.1	81,686.8	4,564,081.7	4,820,126.8	27,480.1	8,137.8
06	12,030,355.9	5.1	11,797,696.6	10,163,110.2	85,873.6	5,069,503.9	4,969,036.7	31,341.9	7,354.1
07	12,104,519.2	0.6	11,895,438.2	10,238,132.1	87,091.7	5,164,963.4	4,949,114.6	29,621.7	7,340.7
08	12,441,978.0	2.8	12,236,327.8	10,487,824.8	81,472.6	5,250,706.4	5,116,529.8	30,987.3	8,128.7
09	12,490,873.6	0.4	12,289,427.7	10,582,537.6	78,434.2	5,234,868.9	5,239,614.0	21,965.1	7,655.4
10	12,565,961.8	0.6	12,364,056.0	10,535,190.4	79,785.9	5,208,711.2	5,212,048.8	29,140.7	5,503.8
11	12,718,495.9	1.2	12,516,833.1	10,589,730.5	77,205.0	5,187,028.9	5,288,464.1	31,590.3	5,442.1
12	12,422,235.9	-2.3	12,220,846.7	10,466,265.7	54,575.6	5,004,367.9	5,373,295.7	28,798.0	5,228.5

Depository corporations outstanding loan /continued/

in millions of MNT

End-of-period								
	Principal in arrears	Principal in arrears Excl. Banks in liquidation	Of which: By sectors					
			Public sector	Private sector	Individuals	Individuals Excl. Banks in liquidation	Other financial corporations	Other
2001 12	1,798.3		0.0	0.0	0.0		0.0	0.0
2002 12	4,819.4		0.0	0.0	0.0		0.0	0.0
2003 12	15,549.7		0.0	0.0	0.0		0.0	0.0
2004 12	21,617.1		209.3	16,685.0	4,709.3		0.0	13.6
2005 12	20,929.6		45.8	15,124.4	3,899.4		0.0	1,859.9
2006 12	33,320.4		369.9	22,252.8	8,674.6		2.7	2,020.4
2007 12	40,320.0		872.1	32,283.1	7,134.9		30.0	0.0
2008 12	93,323.1		1,046.3	74,988.0	17,278.1		10.8	0.0
2010 12	121,739.5		1,674.9	96,447.6	23,531.9		10.9	74.1
2010 12	90,557.1		0.0	76,197.3	9,212.4		0.0	5,147.3
12	73,736.9		0.0	42,061.7	31,662.7		12.6	0.0
12	110,620.0		0.0	83,907.5	26,380.7		0.0	331.7
03	99,851.7		0.0	68,542.1	31,309.6		0.0	0.0
06	149,744.0		0.0	115,274.5	34,469.5		0.0	0.0
09	153,448.3	153,370.1	0.0	111,691.1	41,736.6	41,658.4	0.0	20.6
12	118,206.2	116,648.0	13.9	73,382.6	44,809.7	43,276.6	0.0	0.0
2014 01	152,122.0	150,636.8	13.9	95,845.9	56,262.2	54,802.0	0.0	0.0
02	198,955.9	197,536.3	13.9	139,293.3	59,648.6	58,254.2	0.0	0.0
03	279,596.3	278,247.4	0.0	219,317.5	60,278.7	58,955.0	0.0	0.0
04	299,020.4	297,733.1	41.0	237,629.0	61,350.4	60,063.1	0.0	0.0
05	381,216.6	380,152.7	550.9	316,281.8	64,346.9	63,283.1	0.0	36.9
06	438,255.0	437,274.7	35.7	371,775.3	66,444.0	65,463.7	0.0	0.0
07	550,115.6	549,160.4	3,779.1	446,818.2	99,518.4	98,563.2	0.0	0.0
08	527,090.5	526,150.6	1,954.3	433,814.6	91,302.4	90,362.5	0.0	19.2
09	464,584.0	463,743.5	1,768.8	372,819.0	89,979.0	89,138.5	0.0	17.2
10	450,722.1	449,899.8	1,596.9	330,977.6	118,144.6	117,322.2	0.0	3.0
11	444,661.1	443,861.1	2,458.4	320,018.6	122,173.5	121,373.6	0.0	10.5
12	269,488.7	268,707.0	1.3	196,614.9	70,863.5	70,081.7	0.0	2,009.1
2015 01	317,720.3	316,964.8	2.7	199,686.6	116,011.0	115,255.5	0.0	2,020.0
02	398,087.5	397,339.9	1,910.9	254,870.8	141,295.8	140,548.3	0.0	10.0
03	559,638.8	558,934.8	320.5	449,370.7	109,937.8	109,233.9	0.0	9.8
04	587,771.6	587,076.5	250.7	472,545.7	114,413.2	113,718.2	555.5	6.4
05	600,632.3	600,241.9	157.3	482,596.3	117,733.2	117,342.8	4.6	140.9
06	603,880.2	603,570.6	85.7	491,632.7	110,267.3	109,957.8	0.0	1,894.4
07	716,446.4	716,139.9	11,091.2	577,030.8	126,484.9	126,178.4	0.0	1,839.6
08	780,351.3	780,101.0	11,170.8	630,040.7	139,124.1	138,873.9	0.0	15.6
09	828,662.5	828,415.7	11,103.5	692,903.9	122,585.6	122,338.8	211.4	1,858.0
12	853,976.5	853,857.0	11,228.6	740,931.4	99,881.5	99,762.0	48.7	1,886.3
2016 01	938,733.0	938,614.2	11,199.0	784,060.4	141,249.0	141,130.3	300.0	1,924.6
02	990,644.8	990,526.1	11,579.8	821,655.6	155,445.5	155,326.7	0.0	1,964.0
03	965,059.5	964,954.3	11,281.5	800,658.4	151,092.5	150,987.4	2.6	2,024.5
04	911,322.2	911,219.3	11,429.3	740,916.0	157,005.7	156,902.7	2.1	1,969.2
05	885,530.5	885,493.7	9,444.6	715,791.3	155,506.0	155,469.1	2,865.6	1,923.0
06	831,677.3	831,640.4	9,375.2	682,641.0	137,728.7	137,691.8	0.7	1,931.6
07	836,795.4	836,758.9	0.0	674,451.6	160,272.4	160,235.9	2,014.9	56.5
08	828,020.2	828,010.6	0.0	664,169.3	161,774.5	161,765.0	2,020.9	55.5
09	789,074.2	789,064.6	129.0	645,760.0	140,364.0	140,354.4	2,753.0	68.2
10	890,684.2	890,674.6	650.6	729,173.4	155,193.4	155,183.9	5,586.3	80.6
11	961,760.1	961,750.6	650.9	807,444.0	150,827.9	150,818.4	2,739.8	97.4
12	904,289.8	904,289.8	562.4	781,129.2	119,797.3	119,797.3	2,732.1	68.7

Depository corporations outstanding loan /continued/

in millions of MNT

End-of-period	Non-performing loans	Non-performing loans Excl. Banks in liquidation	Of which: By sectors						
			Public sector	Private sector	Private sector Excl. Banks in liquidation	Individuals	Individuals Excl. Banks in liquidation	Other financial corporations	Other
2001 12	9,067.6		0.0	0.0		0.0		0.0	0.0
2002 12	11,744.9		0.0	0.0		0.0		0.0	0.0
2003 12	21,150.3		0.0	0.0		0.0		0.0	0.0
2004 12	39,118.0		356.4	28,295.0		10,201.5		0.5	264.6
2005 12	49,471.0		11.1	36,301.1		12,890.3		0.5	268.1
2006 12	60,021.6		106.1	42,320.0		15,682.7		0.6	1,912.2
2007 12	68,071.3		520.7	44,311.1		21,021.2		302.9	1,915.4
2008 12	188,667.2		123.4	146,961.2		41,378.4		53.4	150.8
2010 12	462,001.5		160.2	380,811.0		80,870.0		34.6	125.7
2010 12	374,357.6		0.0	307,283.3		67,007.7		30.0	36.5
12	329,961.1		0.0	277,384.7		51,522.6		68.5	985.3
12	295,096.5		6,565.5	242,309.4		43,842.5		46.6	2,332.6
03	308,578.1		547.7	257,007.9		48,136.4		40.2	2,845.9
06	316,578.4		524.2	263,919.1		49,290.2		33.6	2,811.3
09	537,163.6	228,404.1	500.4	482,078.2	183,155.9	51,734.9	41,897.6	27.3	2,822.8
12	565,956.4	259,762.7	500.4	507,074.5	210,914.1	57,776.1	47,742.7	20.8	584.7
2014 01	581,940.0	274,570.5	500.4	521,158.8	223,812.7	59,676.0	49,652.7	18.6	586.1
02	597,884.1	288,030.3	430.5	536,234.7	236,373.6	60,655.8	50,663.2	16.4	546.6
03	594,460.8	285,132.6	444.4	535,377.5	235,938.1	58,078.2	48,189.4	14.2	546.4
04	616,156.3	306,544.8	444.4	553,803.2	253,997.2	61,849.0	52,043.5	12.0	47.7
05	619,769.4	315,692.8	444.4	560,219.3	265,810.3	59,047.7	49,380.1	9.8	48.2
06	566,963.3	327,730.4	444.4	515,327.9	278,868.5	51,135.0	48,361.6	7.6	48.4
07	599,706.7	359,351.5	476.6	545,048.6	307,453.7	54,126.7	51,366.4	5.4	49.4
08	620,002.5	382,580.8	476.6	559,732.6	325,024.5	59,745.3	57,031.7	0.0	48.0
09	590,439.5	351,942.0	476.6	524,740.1	288,949.4	65,174.1	62,467.4	0.0	48.7
10	606,355.3	367,072.7	475.6	536,755.1	300,165.6	69,075.4	66,382.3	0.0	49.2
11	620,026.9	379,420.4	475.6	541,740.1	303,820.6	77,761.2	75,074.2	0.0	50.0
12	625,699.2	385,538.9	475.6	554,278.9	316,780.1	70,883.3	68,221.7	0.0	61.4
2015 01	657,414.6	415,441.8	475.6	577,322.9	338,006.9	79,553.0	76,896.1	0.0	63.1
02	667,017.8	424,430.2	475.6	581,184.0	341,206.2	83,294.4	80,684.6	0.0	2,063.8
03	702,956.7	464,378.2	475.6	614,272.9	378,330.3	86,144.2	83,508.3	0.0	2,064.0
04	747,042.7	509,410.6	475.6	647,311.8	412,193.2	97,201.3	94,687.8	0.0	2,054.0
05	738,997.9	503,550.6	640.6	634,329.5	401,657.6	103,538.7	100,763.3	436.4	52.7
06	773,905.3	536,727.9	636.7	665,220.8	430,824.1	107,989.6	105,208.9	4.7	53.5
07	824,630.1	586,273.5	474.5	704,361.2	468,717.2	119,681.2	116,968.6	4.3	108.9
08	865,474.2	626,937.0	474.5	739,001.6	503,210.6	125,880.2	123,134.1	3.5	114.3
09	852,467.6	614,520.4	474.5	722,295.4	487,020.6	129,580.0	126,907.7	3.6	114.0
12	869,840.6	633,195.9	45.1	737,395.0	503,327.3	132,248.0	129,671.0	40.7	111.8
2016 01	893,950.1	656,917.3	74.7	753,306.6	518,842.8	140,416.0	137,847.1	40.6	112.1
02	911,074.4	673,340.2	105.7	759,874.2	524,647.0	150,641.2	148,134.1	340.6	112.7
03	967,863.5	729,801.0	83.8	815,884.7	580,331.9	151,496.0	148,986.2	340.7	58.4
04	1,073,820.8	837,449.3	81.9	903,534.5	669,660.8	169,795.1	167,297.3	340.8	68.4
05	1,062,693.2	827,150.5	9.4	885,247.7	652,249.6	176,982.9	174,438.3	340.0	113.3
06	1,035,568.5	802,946.0	42.3	855,636.0	625,533.4	179,441.0	176,921.3	340.0	109.1
07	1,029,591.7	820,547.2	40.4	835,478.8	628,953.3	191,889.6	189,370.6	218.7	1,964.2
08	1,126,133.1	920,492.4	38.3	923,623.7	720,527.3	200,287.0	197,742.8	218.7	1,965.2
09	1,119,261.8	917,825.5	36.3	925,195.6	726,290.6	192,048.5	189,517.2	220.0	1,761.4
10	1,140,087.3	938,190.9	75.8	941,578.3	742,213.6	198,085.7	195,554.1	219.4	128.0
11	1,167,005.3	965,352.1	51.1	969,365.7	770,242.4	197,220.5	194,690.5	239.0	129.1
12	1,051,680.5	850,291.2	40.8	854,557.6	655,694.3	196,696.5	194,170.6	237.2	148.2

Deposit rate

in% , 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	DC	FC		0-1 year	0-1 year		
2000 12	2.4-6.0	1.0-3.6	0.0	0.0	1.2-13.2	3.6-24.0	1.2-12.0	0.0	0.0
2001 12	0.0-5.1	0.3-4.2	0.0	0.0	1.2-9.60	2.4-24.0	1.0-13.2	0.0	0.0
2002 12	0.0-6.0	0.3-3.0	0.0	0.0	2.4-10.2	6.0-22.0	1.2-12.0	0.0	0.0
2003 12	0.0-6.0	0.3-3.0	0.0	0.0	1,8-10.0	6.0-22.0	2.4-12.0	0.0	0.0
2004 12	0.0-4.8	0.3-3.0	0.0	0.0	6.0-9.60	6.0-20.4	1.4-9.60	0.0	0.0
2005 12	0.0-4.8	0.0-7.2	0.0	0.0	6.0-9.96	6.0-19.2	1.4-10.8	0.0	0.0
2006 12	0.0-5.0	0.0-4.0	0.0	0.0	6.0-10.2	7.56-19.4	1.4-11.4	0.0	0.0
2007 12	0.0-4.8	0.0-3.6	0.0	0.0	6.0-10.3	7.56-19.3	1.2-11.4	0.0	0.0
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
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
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
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
2012 12	0.0-7.2	0.0-7.2	2.7	1.3	1.8-8.4	6.0-18.0	0.6-15.2	11.7	6.1
2013 01	0.0-7.2	0.0-7.2	2.9	1.4	0.1-8.4	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
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	0.0-7.2	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	0.0-7.3	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
2014 01	0.0-7.2	0.0-7.2	3.0	1.6	0.0-9.5	3.0-18.0	0.0-10.2	12.2	5.5
02	0.0-7.2	0.0-7.2	2.9	1.8	0.0-9.5	3.0-18.0	0.0-10.2	12.2	5.4
03	0.0-7.2	0.0-7.2	2.8	1.7	0.0-9.5	3.0-18.0	0.0-10.2	12.2	5.6
04	0.0-7.2	0.0-7.2	2.7	1.7	0.0-9.5	3.0-18.0	0.0-10.2	12.2	5.3
05	0.0-7.2	0.0-7.2	2.7	1.7	0.0-9.5	3.0-18.0	0.0-10.2	12.2	5.6
06	0.0-7.2	0.0-7.2	2.5	1.6	0.0-9.5	3.0-18.0	0.0-10.2	12.2	5.6
07	0.0-7.2	0.0-7.2	2.6	1.7	0.0-9.5	3.0-18.0	0.0-10.2	12.2	5.4
08	0.0-7.2	0.0-7.2	2.7	1.7	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	2.6	1.7	0.0-9.5	3.0-18.0	0.0-10.2	12.3	5.5
10	0.0-7.2	0.0-7.2	2.7	1.7	0.0-9.5	3.0-18.0	0.0-10.2	12.6	5.6
11.0	0.0-7.2	0.0-7.2	2.8	1.7	0.0-9.5	3.0-18.0	0.0-10.2	12.7	5.7
12.0	0.0-7.2	0.0-7.2	2.8	1.5	0.0-8.0	3.0-18.0	0.0-10.2	12.5	5.8
2015 01	0.0-7.2	0.0-7.2	3.0	1.6	0.0-8.0	3.0-18.2	0.0-10.2	12.7	5.9
02	0.0-7.2	0.0-7.2	3.1	1.6	0.0-8.0	2.3-18.2	0.0-10.2	12.8	6.0
03	0.0-7.2	0.0-7.2	3.0	1.5	0.0-8.0	2.3-18.2	0.0-10.2	12.9	6.0
04	0.0-7.2	0.0-7.2	3.0	1.5	0.0-8.0	2.3-18.2	0.0-10.2	12.9	6.0
05	0.0-7.2	0.0-7.2	3.0	1.5	0.0-8.0	2.3-18.2	0.0-10.2	12.8	6.2
06	0.0-7.2	0.0-7.2	2.9	1.4	0.0-8.0	2.3-18.2	0.0-10.2	12.9	6.3
07	0.0-7.2	0.0-7.2	2.9	1.6	0.0-9.0	2.3-18.2	0.0-10.2	12.9	6.3
08	0.0-7.2	0.0-7.2	3.0	1.6	0.0-9.0	2.3-18.2	0.0-10.2	13.0	6.5
09	0.0-7.2	0.0-7.2	2.9	1.6	0.0-9.5	2.3-18.2	0.0-10.2	13.1	6.5
10.0	0.0-7.2	0.0-7.2	2.9	1.6	0.0-9.5	2.3-18.2	0.0-10.2	13.3	6.7
11.0	0.0-7.2	0.0-7.2	3.0	1.6	0.0-10.2	2.3-18.2	0.0-10.2	13.3	6.8
12	0.0-7.2	0.0-7.2	2.9	1.6	0.0-9.5	2.3-18.0	0.0-10.2	13.3	6.6

2016 01	0.0-7.2	0.0-7.2	3.1	1.8	0.0-9.5	2.3-18.0	0.0-10.2	13.5	6.7
02	0.0-7.3	0.0-7.2	3.1	1.7	0.0-9.5	2.3-18.0	0.0-10.2	13.5	6.7
03	0.0-7.3	0.0-7.2	3.1	1.9	0.0-9.5	1.0-18.0	0.0-10.2	13.3	6.6
04	0.0-7.3	0.0-7.2	3.0	1.9	0.0-9.5	2.3-18.0	0.0-10.2	13.4	6.5
05	0.0-7.3	0.0-7.2	2.9	2.0	0.0-9.5	2.3-18.0	0.0-10.2	13.2	6.5
06	0.0-7.3	0.0-7.2	2.6	1.9	0.0-9.5	4.4-18.0	0.0-9.0	13.3	6.3
07	0.0-7.3	0.0-7.2	2.7	2.0	0.0-9.5	6.0-18.0	0.0-10.2	13.2	6.3
08	0.0-7.3	0.0-7.2	2.8	1.9	0.0-9.5	6.0-18.0	0.0-10.2	13.1	6.4
09	0.0-7.3	0.0-7.2	2.6	1.9	0.0-9.6	6.0-18.0	0.0-10.2	13.2	6.5
10	0.0-7.2	0.0-7.2	2.7	1.9	0.0-9.5	6.0-19.2	0.0-10.2	13.3	6.2
11	0.0-8.0	0.0-8.0	2.8	1.8	0.0-10.2	6.0-18.0	0.0-10.2	13.3	6.0
12	0.0-8.0	0.0-8.0	2.8	1.7	0.0-9.5	6.0-18.0	0.0-10.2	13.1	6.0

Loan rate

in% , annual

End-of- period	Central bank’s bills rate					Government treasury bill yield (as a trading rate)									
	Policy rate rate	Weighted average rate	By maturity												
			1 week	4 weeks	12 weeks	12 weeks	28 weeks	39 weeks	1 year	1.4- 1.5 years	2 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		15.8	15.5	15.9											
2005 12		4.8		3.8											
2006 12		6.4													
2007 12	8.4	9.9	8.4		11.50										
2008 12	9.8	14.8	9.8		17.77										
2009 12	10.0	10.8	10.0		10.95										
2010 12	11.0	11.0	11.0		10.22										
12	12.3	14.3	12.3		15.28										
12	13.3	15.5	13.3		16.45	12.9	13.3								
2013 01	12.5	14.2	13.2		14.98	12.8	12.9		11.7						
02	12.5	13.5	12.5		14.36	11.0	10.5		11.0						
03	12.5	13.3	12.5		14.24	10.3	10.3		10.2						
04	11.5	12.9	12.0	11.5	13.67	10.2	10.4		0.0						
05	11.5	12.1	11.5	11.6		10.4	10.8		10.4						
06	10.5	11.4	11.3	11.6		8.8	10.1		10.1			10.5	9.6		
07	10.5	10.5	10.5	9.9		7.7	7.8		8.0						
08	10.5	10.6	10.5	10.8		8.8	8.4		9.8						
09	10.5	10.5	10.5	10.9		9.0	10.5		9.7						
10	10.5	10.5	10.5	10.7		8.2	8.3		9.2			10.0	10.4		
11	10.5	10.5	10.5	10.7		8.5	8.4		9.0	10.3		10.7		12.7	
12	10.5	10.5	10.5	10.8		9.2	10.0		0.0			10.7		12.9	
2014 01	10.5	10.5	10.5	10.8		9.2	9.7		10.8			11.1			
02	10.5	10.6	10.5	10.9		10.6	10.9		11.2				13.0	14.3	
03	10.5	10.6	10.5	10.9		10.6	10.7		12.3			13.6	14.7		
04	10.5	10.6	10.5	10.9		9.3	10.5		10.0			12.7		17.5	
05	10.5	10.6	10.5	10.8		9.1	9.4		9.5			11.6	13.8		
06	10.5	10.6	10.5	10.8		9.3	9.8		9.5			11.5	14.8		
07	12.0	10.6	10.5	10.7		11.2	9.8		12.0				14.8		
08	12.0	11.8	11.8	12.1		15.1	15.4		15.5						
09	12.0	12.1	12.0	12.5		15.6	16.2		16.1						
10	12.0	12.1	12.0	12.5		15.8	16.2		16.4			16.8			
11	12.0	12.1	12.0	12.5		16.0	16.3		16.7			16.8			
12	12.0	12.1	12.0	12.5		14.7	16.4		16.7						
2015 01	13.0	12.3	12.3	12.9		14.8	15.3		16.2						
02	13.0	13.1	13.0	13.5		15.5	15.8		16.8						
03	13.0	13.1	13.0	13.5		15.2	15.8		16.4			16.9			
04	13.0	13.1	13.0	13.5		15.0	15.5		16.0						
05	13.0	13.0	13.0	13.5		14.7	15.0		15.9			16.7			
06	13.0	13.0	13.0	13.5		14.4	14.9		15.1						
07	13.0	13.0	13.0	13.4		14.3	14.3		14.6						
08	13.0	13.0	13.0	13.4		14.0	14.1		14.7						
09	13.0	13.0	13.0	13.4		13.8	13.9		14.4						
10	13.0	13.0	13.0	13.3		13.9	14.3		15.0			15.8			
11	13.0	13.0	13.0	13.3		13.8	13.8		14.9						
12	13.0	13.0	13.0	13.2		14.9	14.0		15.2	16.0					
2016 01	12.0	12.6	12.6	12.3		13.6	14.1		14.9						

02	12.0	12.0	12.0	12.4		13.6	15.7	16.0	15.5
03	12.0	12.0	12.0	12.4		14.5	14.1	16.0	
04	12.0	12.0	12.0	14.4		13.2		14.4	15.5
05	10.5	10.6	10.6	10.8					
06	10.5	10.5	10.5	10.8					
07	10.5	10.5	10.5	10.7					
08	15.0	12.3	11.8	10.6	16.99	16.0			
09	15.0	16.0	15.0		16.98	15.7	16.9	17.0	17.0
10	15.0	16.2	15.0		16.97	16.7	16.9	17.0	17.0
11	15.0	16.1	15.0		16.97	17.0	16.9	17.0	17.0
12	14.0	14.5	14.5			17.6	17.5	17.5	

Loan rate

in% , annual

End-of-period	Interbank market rate					Weighted average lending rates (issued)				Weighted average lending rates (outstanding)				Paid rate
	Interbank loans	Repos	Central bank bills	Overnight loans	Interbank deposits	Weighted average rate	Domestic currency	Foreign currency	Domestic currency (including price stabilization program)	Foreign currency (including price stabilization program)	Domestic currency	Foreign currency (including price stabilization program)	Foreign currency (including price stabilization program)	
2000 12	loans						34.7	25.8						
2001 12							41.4	22.2						
2002 12	15.9	7.2	5.2	12.0		6.9	33.4	19.8						30.7
2003 12	15.6	9.6	11.9	0.0		10.2	31.5	19.6						30.2
2004 12	15.9	15.6	15.7	15.5		15.4	30.0	17.9						25.0
2005 12	13.2	4.4	4.9	6.1		6.1	28.3	14.8						23.5
2006 12	5.8	6.1	0.0	6.2		6.1	24.5	15.5						23.0
2007 12	8.4	6.8	8.1	8.7	8.8	8.3	19.9	14.2						21.7
2008 12	11.0	0.0	0.0	19.8	14.7	17.9	20.4	16.8						19.3
2009 12	11.0	7.5	9.9	7.2	8.9	8.6	20.8	16.5						18.7
2010 12	11.2	10.5	10.3	11.1	6.5	9.4	17.9	12.6						19.0
12	11.5	12.7	12.8	12.6	8.1	12.1	15.5	12.1						16.6
12		14.8	0.0	18.6	9.8	14.0	18.2	13.5	14.9	12.2				16.1
2013 01		13.9	13.7	14.9	10.6	13.2	18.9	13.6	18.7	13.6				16.1
02		13.3	13.4	13.8	7.2	12.5	19.1	13.1	18.1	13.1				16.0
03		12.9	12.5	14.2	7.1	12.3	19.6	14.2	19.5	14.2				15.9
04		12.1	12.1	13.9	8.7	11.3	19.1	13.2	17.6	13.2				16.0
05		11.5	11.4	12.1	8.1	10.7	18.5	13.2	16.2	13.2				16.2
06		10.4	11.4	11.3	8.8	10.5	17.9	12.3	15.8	12.3				16.1
07		9.6	9.9	9.5	7.5	8.9	17.3	12.8	15.1	12.8				15.2
08		10.9	10.7	10.1	6.7	10.0	18.9	12.5	16.0	12.5				15.2
09		10.6	10.7	10.8	8.6	9.9	19.0	12.1	15.3	12.1				15.2
10		10.5	10.5	11.0	8.6	9.6	18.8	12.0	16.0	12.3				15.2
11		10.5	10.5	10.7	8.1	9.1	17.3	12.3	15.7	12.3				15.1
12		10.5	10.5	10.8	7.0	8.9	17.4	12.7	14.9	12.7				15.1

2014 01	10.5	10.5	10.5	8.6	9.5	18.9	12.4	17.0	12.4	12.1	17.2	12.2	15.0	12.2	12.0	11.8	15.3	15.1
02	10.5	10.5	10.6	8.5	9.8	18.4	13.8	16.4	13.7	12.1	17.4	12.1	15.0	12.1	12.1	11.8	15.3	14.9
03	10.6	10.5	10.1	8.2	9.4	19.7	12.7	17.8	12.7	12.4	17.2	12.1	15.1	12.1	12.1	11.8	15.4	15.0
04	10.5	10.5	10.5	8.2	9.6	19.4	12.1	17.6	12.1	12.1	17.4	12.1	15.1	12.1	12.1	11.8	15.4	14.8
05	10.8	10.5	10.7	9.3	10.3	19.1	12.1	17.2	12.1	12.4	17.2	12.1	15.1	12.1	12.1	11.8	15.3	14.7
06	10.5	10.5	10.9	9.1	10.4	18.8	12.4	17.3	12.4	13.3	17.4	12.0	15.3	12.0	12.0	11.8	15.3	14.7
07	10.6	10.5	10.6	11.4	10.8	19.2	13.3	17.5	13.3	13.5	17.4	11.8	15.3	11.8	11.8	11.8	15.3	15.3
08	12.0	12.2	12.4	12.6	12.4	19.6	13.5	17.6	13.5	13.8	17.4	11.8	15.2	11.8	11.8	11.8	15.4	15.4
09	12.0	12.0	12.5	12.4	12.4	18.3	13.8	16.3	13.8	12.5	17.1	12.1	14.9	12.1	12.0	11.8	15.4	15.4
10	12.0	12.2	12.6	12.9	12.7	18.9	12.5	16.9	12.5	12.7	17.7	12.0	15.4	12.0	12.0	11.8	15.4	15.4
11	12.1	12.2	12.5	12.2	12.4	18.6	12.7	17.1	12.7	12.9	17.5	12.2	15.4	12.2	12.2	11.8	15.4	15.4
12	12.0	12.3	12.3	12.0	12.2	19.5	12.9	16.9	12.9	13.6	17.9	12.2	15.8	12.2	12.2	11.8	15.5	15.7
2015 01	12.6	12.4	12.8	14.7	12.6	20.0	13.6	16.9	13.6	14.2	17.5	12.5	15.9	12.5	12.5	11.8	15.5	15.7
02	13.1	13.0	13.2	12.9	13.1	19.0	14.2	18.0	11.7	11.7	17.2	12.5	15.7	12.5	12.5	11.8	15.7	15.7
03	13.0	13.0	13.4	13.0	13.2	19.1	11.7	17.6	12.9	12.9	17.7	12.3	15.8	12.3	12.3	11.8	15.7	15.7
04	13.0	13.0	13.4	14.5	13.8	20.2	12.9	18.6	12.9	12.9	17.6	12.3	15.8	12.3	12.3	11.8	15.8	15.8
05	13.0	13.0	13.2	14.5	13.6	19.8	12.9	18.4	12.9	11.8	18.0	12.2	16.1	12.2	12.2	11.8	15.9	15.9
06	13.1	13.0	13.4	13.7	13.2	19.8	11.8	18.2	11.8	12.6	18.1	12.3	16.2	12.3	12.3	11.8	15.8	15.8
07	13.2	13.0	13.4	13.7	13.3	19.4	12.6	18.4	12.6	12.2	18.2	12.3	16.5	12.3	12.3	11.8	15.9	15.9
08	13.1	13.0	14.3	13.6	13.7	20.1	12.2	19.1	12.2	10.5	18.1	12.1	16.5	12.1	12.1	11.8	16.0	16.0
09	13.1	13.0	13.7	11.9	13.1	18.7	10.5	17.6	10.5	11.4	18.1	12.0	16.5	12.0	12.0	11.8	16.1	16.1
10	13.3	13.0	13.5	13.9	13.4	20.0	11.4	18.6	11.4	12.1	18.0	11.8	16.4	11.8	11.8	11.8	16.3	16.3
11	13.2	13.0	13.5	8.5	11.8	19.5	12.1	18.5	12.1	12.0	18.2	11.9	16.7	11.9	11.9	11.8	16.4	16.4
12	13.3	13.0	13.6	8.7	11.8	19.1	12.0	18.3	12.0	12.3	18.2	11.9	16.7	11.9	11.9	11.8	16.4	16.4
2016 01	12.9	12.8	12.6	6.9	11.8	19.7	12.3	19.1	12.3	12.3	18.2	11.9	16.7	11.9	11.9	11.8	16.5	16.5
02	12.9	12.0	12.9	8.9	11.4	20.1	12.6	19.1	12.6	12.6	18.2	11.8	16.8	11.8	11.8	11.8	16.4	16.4
03	13.1	12.1	12.0	13.3	12.6	19.7	12.4	17.9	12.4	12.4	18.0	11.9	16.7	11.9	11.9	11.8	16.5	16.5
04	12.7	12.1	12.9	14.1	12.7	20.0	11.2	17.5	11.2	11.2	18.3	11.7	16.6	11.7	11.7	11.7	16.3	16.3
05	11.8	12.0	12.4	10.5	12.3	19.1	11.7	17.2	11.7	11.7	18.1	11.8	16.5	11.8	11.8	11.8	16.3	16.3
06	11.0	10.5	11.4	11.9	11.3	19.1	10.7	16.9	10.7	10.7	17.8	11.2	16.0	11.2	11.2	11.2	16.4	16.4
07	10.9	10.4	11.0	11.2	10.9	19.2	13.2	17.3	13.2	13.2	18.0	11.6	16.2	11.6	11.6	11.6	16.5	16.5
08	13.8	12.6	13.6	15.5	13.7	19.4	13.3	18.4	13.3	13.3	18.4	11.6	16.2	11.6	11.6	11.6	16.3	16.3
09	15.5	15.1	16.1	16.0	15.9	20.1	12.5	19.4	12.5	12.5	18.4	11.6	16.2	11.6	11.6	11.6	16.7	16.7
10	15.9	15.0	15.8	14.7	15.5	20.2	12.5	19.7	12.5	12.5	18.1	11.7	16.2	11.7	11.7	11.7	16.6	16.6
11	15.6	15.8	16.2	15.5	16.0	20.6	12.8	19.7	12.8	12.8	18.5	11.8	16.3	11.8	11.8	11.8	16.6	16.6
12	15.6	15.4	15.7	14.8	15.5	19.7	13.0	19.1	13.0	13.0	18.5	12.0	16.3	12.0	12.0	12.0	16.7	16.7

Exchange rates on foreign exchange market

MNT against foreign currency

End-of-period	USD		EUR	SEK	BGN	HUF	CZK	KRW	JPY	CNY	GBP	HKD	RUB	CHF
	end-of-period	monthly												
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
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
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
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
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
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
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
2012 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
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
2013 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
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
2014 01	1,723.22	1,714.26	2,351.51	266.06	1,202.32	7.60	85.41	1.61	16.82	284.48	2,852.10	221.91	48.92	1,922.49
02	1,752.38	1,752.18	2,403.39	269.41	1,229.01	7.74	87.90	1.64	17.24	284.99	2,932.08	225.79	48.44	1,975.07
03	1,782.01	1,772.30	2,451.87	274.19	1,253.52	7.96	89.40	1.67	17.31	286.42	2,964.02	229.71	50.01	2,010.73
04	1,796.19	1,784.11	2,480.36	273.54	1,267.87	8.05	90.39	1.74	17.52	286.97	3,019.75	231.67	50.26	2,032.81
05	1,818.65	1,813.08	2,475.36	273.31	1,265.68	8.17	90.09	1.78	17.89	291.13	3,047.15	234.58	52.35	2,027.59
06	1,825.74	1,824.64	2,492.04	271.36	1,274.34	8.05	90.77	1.80	18.01	294.40	3,108.32	235.56	53.87	2,051.28
07	1,870.92	1,844.07	2,506.28	271.60	1,281.36	8.03	90.99	1.82	18.19	303.14	3,161.48	241.41	52.70	2,060.14
08	1,811.03	1,862.17	2,385.04	259.76	1,219.47	7.56	85.74	1.79	17.44	294.72	3,006.22	233.68	49.10	1,977.65
09	1,840.91	1,835.75	2,335.19	254.36	1,193.88	7.51	84.88	1.75	16.83	299.70	2,994.42	237.13	46.75	1,935.05
10	1,862.36	1,849.94	2,340.71	253.64	1,196.81	7.61	84.39	1.75	16.75	304.81	2,978.29	240.14	44.42	1,940.56
11	1,895.17	1,879.77	2,357.69	254.10	1,205.23	7.67	85.32	1.71	16.03	308.38	2,972.38	244.45	38.43	1,960.66
12	1,888.44	1,883.00	2,295.40	244.19	1,173.82	7.29	82.85	1.73	15.78	304.59	2,938.98	243.46	33.97	1,908.67
2015 01	1,944.78	1,932.70	2,205.19	234.82	1,126.92	7.10	79.30	1.78	16.50	311.21	2,933.51	250.87	28.17	2,099.51
02	1,974.52	1,961.75	2,214.33	235.19	1,132.15	7.31	80.47	1.80	16.55	314.94	3,048.76	254.60	32.34	2,082.72
03	1,984.69	1,986.22	2,139.79	229.96	1,094.04	7.14	77.81	1.79	16.52	320.09	2,932.97	255.94	34.27	2,045.02
04	1,960.41	1,975.83	2,181.25	235.19	1,115.04	7.20	79.57	1.83	16.49	316.12	3,024.81	252.95	38.24	2,086.10
05	1,907.32	1,939.28	2,084.61	224.82	1,065.66	6.74	75.97	1.72	15.39	307.58	2,916.77	246.03	36.13	2,012.79
06	1,963.56	1,903.29	2,191.92	237.91	1,120.75	6.95	80.38	1.76	16.04	316.50	3,082.69	253.29	35.26	2,106.49
07	1,985.06	1,978.28	2,174.24	230.31	1,111.61	7.03	80.38	1.70	15.98	319.67	3,094.11	256.07	33.16	2,058.44
08	1,991.49	1,990.48	2,235.75	235.68	1,143.42	7.13	82.73	1.68	16.44	312.18	3,071.67	256.95	30.11	2,072.20
09	1,996.83	1,993.79	2,242.44	238.84	1,146.58	7.15	82.50	1.69	16.63	314.16	3,026.00	257.65	30.41	2,050.98
10	1,991.67	1,993.35	2,188.55	233.64	1,119.10	7.04	80.80	1.75	16.49	314.95	3,054.43	256.99	30.89	2,015.45
11	1,994.83	1,992.90	2,111.63	228.22	1,079.42	6.77	78.12	1.72	16.24	311.81	3,000.22	257.39	29.90	1,937.39
12	1,995.51	1,995.84	2,181.19	237.22	1,115.22	6.96	80.72	1.70	16.57	307.30	2,958.14	257.46	27.02	2,015.56
2016 01	2,011.38	2,003.22	2,192.10	236.27	1,120.58	6.99	81.11	1.68	16.67	305.88	2,890.96	258.25	26.70	1,975.52
02	2,032.47	2,024.25	2,227.59	237.81	1,138.54	7.15	82.37	1.64	17.99	310.42	2,827.57	261.39	26.75	2,041.04
03	2,048.90	2,046.35	2,322.22	251.49	1,187.46	7.39	85.81	1.79	18.23	316.86	2,939.25	264.23	30.24	2,124.20
04	2,011.84	2,011.99	2,290.78	250.23	1,171.31	7.36	84.74	1.76	18.75	310.46	2,944.13	259.35	31.23	2,088.92
05	1,988.53	2,005.96	2,213.13	238.69	1,131.65	7.05	81.91	1.67	17.89	301.99	2,910.61	256.00	30.24	2,004.47
06	1,982.25	1,964.93	2,201.88	233.94	1,125.77	6.96	81.16	1.72	19.31	298.39	2,663.95	255.48	30.98	2,021.67
07	2,073.09	2,031.90	2,298.64	240.37	1,175.19	7.36	85.01	1.85	20.04	311.69	2,732.85	267.31	30.91	2,118.42
08	2,219.65	2,189.05	2,472.02	259.84	1,263.86	7.98	91.48	1.99	21.49	332.31	2,905.30	286.16	34.01	2,257.12
09	2,287.30	2,243.98	2,558.46	265.71	1,308.11	8.27	94.68	2.08	22.67	342.91	2,961.82	294.98	36.08	2,363.52
10	2,374.21	2,307.80	2,591.81	262.69	1,325.15	8.38	95.92	2.07	22.55	350.19	2,892.03	306.15	37.71	2,389.62
11	2,466.64	2,434.32	2,620.31	268.59	1,339.66	8.42	96.84	2.11	21.88	358.22	3,076.89	318.04	37.74	2,428.87
12	2,489.53	2,482.57	2,605.79	270.28	1,332.33	8.45	96.44	2.06	21.19	357.96	3,057.89	320.89	41.03	2,423.37

Exchange rates on foreign exchange market

MNT against foreign currency

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	113.98	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	122.77	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	123.14	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	124.86	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	138.97	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	142.97	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	145.51	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	173.63	79.83
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	143.23	66.68
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	180.47	78.11
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	172.59	75.45
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	170.93	72.76
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	178.79	74.23
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	167.26	68.88
2012 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	167.45	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	175.93	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	180.96	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	183.81	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	187.59	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	190.63	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	189.08	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	187.05	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	182.71	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	183.34	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	181.22	67.14
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	180.82	66.85
2013 1	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	181.52	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	183.11	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	184.43	67.09
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	184.03	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	180.82	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	180.66	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	177.11	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	169.66	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	160.50	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	159.26	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	157.99	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	166.06	56.48
2014 01	247.53	1,539.41	1,504.63	52.23	0.14	515.01	1,349.75	2,177,279.85	33,749.26	2,652.85	165.48	55.71
02	251.76	1,575.17	1,571.36	53.68	0.15	534.43	1,382.93	2,329,482.54	37,203.03	2,701.05	164.62	55.05
03	255.76	1,611.15	1,645.33	54.93	0.16	545.37	1,413.51	2,302,668.77	35,337.26	2,750.98	165.35	55.03
04	256.60	1,639.91	1,667.67	55.53	0.16	550.08	1,429.92	2,318,432.24	34,792.20	2,785.18	167.67	54.70
05	254.34	1,679.12	1,693.62	55.41	0.16	566.03	1,450.45	2,285,770.25	34,672.56	2,802.13	163.91	53.58
06	255.35	1,709.33	1,716.93	56.29	0.15	568.77	1,462.52	2,400,893.74	38,148.84	2,819.17	163.18	53.09
07	261.67	1,714.95	1,741.36	58.48	0.16	586.13	1,499.86	2,424,525.23	38,774.82	2,868.45	162.17	52.51
08	253.29	1,669.00	1,694.76	56.74	0.15	574.75	1,451.26	2,332,923.57	35,306.03	2,749.43	162.84	52.39
09	257.47	1,651.11	1,610.15	56.88	0.15	562.88	1,446.23	2,238,730.65	32,188.31	2,738.05	168.76	53.89
10	260.47	1,661.86	1,640.93	57.23	0.15	566.07	1,452.19	2,187,714.29	29,965.37	2,757.74	171.65	54.38
11	265.06	1,666.23	1,609.66	57.74	0.16	561.37	1,454.02	2,247,103.07	30,550.14	2,774.98	175.65	55.27
12	264.12	1,627.54	1,546.07	57.42	0.15	540.33	1,429.12	2,266,977.80	30,602.17	2,735.18	184.27	57.77
2015 01	256.23	1,537.68	1,512.36	59.49	0.15	535.97	1,440.36	2,455,576.47	33,051.54	2,740.08	183.10	57.37
02	258.78	1,581.77	1,543.09	61.00	0.15	545.82	1,454.79	2,388,270.79	32,648.69	2,792.33	181.39	57.08
03	260.11	1,561.09	1,513.82	60.99	0.15	534.60	1,442.68	2,343,918.89	32,777.16	2,745.83	179.14	56.01
04	256.93	1,628.59	1,560.78	59.61	0.15	549.83	1,480.73	2,357,932.14	32,366.37	2,738.77	176.39	54.77
05	249.97	1,533.03	1,459.58	56.51	0.14	521.05	1,413.41	2,266,277.62	31,904.70	2,650.42	178.27	55.32
06	257.35	1,583.32	1,506.35	58.15	0.15	519.12	1,458.43	2,308,950.20	30,876.98	2,755.33	184.87	57.33
07	253.60	1,524.39	1,445.72	56.33	0.15	519.58	1,444.47	2,150,117.74	29,056.32	2,767.90	179.83	55.84
08	254.34	1,503.47	1,421.43	55.47	0.14	474.73	1,409.06	2,258,250.09	28,956.26	2,804.20	183.09	57.57
09	255.02	1,489.17	1,399.78	54.96	0.14	454.19	1,403.30	2,247,751.66	29,323.45	2,805.05	183.12	57.42
10	248.03	1,514.64	1,416.77	55.99	0.15	463.88	1,422.11	2,287,323.45	31,129.80	2,774.70	178.48	56.62
11	254.77	1,491.63	1,436.98	55.64	0.14	469.37	1,413.72	2,109,482.85	28,117.13	2,740.02	181.82	57.35
12	254.85	1,438.15	1,456.82	55.28	0.14	464.83	1,411.45	2,121,087.44	27,757.54	2,767.49	184.10	58.38
2016 01	256.88	1,438.55	1,432.40	56.30	0.15	485.84	1,415.82	2,239,561.00	28,628.98	2,780.55	189.78	59.80
02	259.57	1,501.92	1,449.66	56.95	0.15	483.17	1,446.08	2,500,842.55	29,887.47	2,822.09	186.73	59.80
03	230.73	1,579.97	1,569.76	58.16	0.15	523.41	1,518.32	2,521,263.65	31,296.95	2,881.98	181.32	56.99
04	226.56	1,606.39	1,539.56	57.63	0.15	513.88	1,497.57	2,564,090.08	35,614.60	2,843.65	184.85	57.07
05	223.93	1,524.48	1,439.40	55.66	0.15	481.89	1,440.44	2,411,888.04	32,015.33	2,795.53	185.48	57.26
06	223.23	1,529.87	1,473.51	56.33	0.15	492.18	1,469.15	2,607,511.12	36,463.49	2,766.96	189.53	58.82
07	233.46	1,574.52	1,556.48	59.45	0.16	510.80	1,535.57	2,767,046.51	41,678.44	2,882.26	182.46	57.30
08	249.96	1,694.65	1,665.07	64.05	0.17	547.99	1,626.59	2,913,912.13	41,516.33	3,098.28	167.30	52.94
09	257.58	1,736.62	1,739.15	65.93	0.18	552.02	1,674.94	3,032,731.07	43,767.49	3,198.34	161.58	51.71
10	267.37	1,773.06	1,798.58	67.62	0.18	565.49	1,702.13	3,009,311.18	41,859.70	3,261.65	155.98	50.59
11	137.42	1,834.62	1,844.18	69.27	0.18	552.32	1,730.19	2,932,538.96	41,192.89	3,335.15	151.53	48.91
12	130.04	1,834.45	1,794.83	69.08	0.19	555.45	1,716.50	2,844,400.05	39,645.77	3,335.09	150.39	48.29