

**JOINT DECREE OF THE GOVERNOR OF THE BANK OF MONGOLIA
AND FINANCE MINISTER**

Date: December 04, 2015

No. A-182/324

Ulaanbaatar

Regarding amendments to the Regulation on Asset Classification,
Provisioning and its Allocations

In accordance with the Article 28.1.2 of the Law on Central Bank (The Bank of Mongolia) and Article 35.5 and 35.6 of the Banking Law, it is hereby decreed:

1. The following Articles of the Regulation on Asset Classification and its Allocations, approved by the joint decree No. 475/182 of the Governor of the Bank of Mongolia and the Finance Minister in August 11, 2010, are to be amended as stated below:

3.5. "Lender may deduct assets from the relevant reserves based on below mentioned documents, only if, following conditions are met:" to be amended as "Lender shall write-off following assets against its provisions semi-annually subject to following conditions with below mentioned documents:";

3.5.4. "In terms of assets that lender proposed lawsuit to court about borrower, however there is a particular condition for which is impossible to make any judgment, it shall be included into loss class. 6 months later from the time it classified as loss, for an asset with value up to 1 percent of total capital due to CEO decision whereby for an asset with value more than 1 percent of total capital upon decision from Board of Governors." to be amended as "Bad assets with poor prospects of recovery with an approval of the Board of Directors.";

2. The following Articles are to be added to the Regulation on Asset Classification and its Allocations, approved by the joint decree No. 475/182 of the Governor of the Bank of Mongolia and the Finance Minister in August 11, 2010:

3.5.5. "Articles 3.5.1 and 3.5.4 are not applicable to assets extended to shareholders, executives, officials and members of the Board of Directors of the Bank.";

3.11. "Lender shall present its report on written-off assets based on Article 3.5 to Shareholders' Meeting and submit the report with the Shareholders' Meeting Minutes to the Bank of Mongolia within April of each year."

3.12. "Lender shall submit the information on written-off assets to the Credit Information Bureau under the frequency stated in the Article 3.5 of this regulation."

3. Board of Directors and CEOs of banks are to comply with this decree.
4. The Supervision Department (Mr. Ganbat D.) of the Bank of Mongolia and Financial Policy Department (Mr. Nyamaa B.) of the Ministry of Finance are to supervise the fulfillment of this decree.

GOVERNOR OF THE
BANK OF MONGOLIA

ZOLJARGAL, N.

MINISTER OF FINANCE

BOLOR, B.