

**DECREE BY THE
BANK OF MONGOLIA GOVERNOR**DATE: December 13th, 2016

№ A-338

Ulaanbaatar

Regarding the amendments to the regulation

In accordance with Article 19.1 and 28.1.2 of Central bank Law of Mongolia, Article 16.1.2, 35.5 and 35.6 of the Banking law and the Joint decree #A-336/400 by the Bank of Mongolia Governor and Minister of Finance dated December 9th, 2016 it is hereby DECREED:

1. The following provisions are hereby added to “The regulation on setting and monitoring prudential ratios to commercial banks” approved by the Bank of Mongolia Governor decree #460 dated July 30th, 2010 as the Article 1.5 and 2.6 respectively:

- 1/ Article 1.5.25 of the “The regulation on setting and monitoring prudential ratios to commercial banks”:

“1.5.25. “Specific provision” means a provision stipulated in the Article 1.11.16 of “The regulation on asset classification and provisioning and its disbursements”;

- 2/ Article 1.5.26 of the “The regulation on setting and monitoring prudential ratios to commercial banks”:

“1.5.26. “General provision” means a provision stipulated in the Article 1.11.17 of “The regulation on asset classification and provisioning and its disbursements”;

- 3/ Article 2.6.8 of the “The regulation on setting and monitoring prudential ratios to commercial banks”:

“2.6.8. A bank may include its general provision to its calculation of Tier II capital with the amount no more than 1 percent of its risk-weighted assets by satisfying the requirements set out in the Article 2.6.2 of this regulation.”

2. The Articles 1.5.1 and 2.7 are hereby amended to “The regulation on setting and monitoring prudential ratios to commercial banks” approved by the Bank of Mongolia Governor decree #460 dated July 30th, 2010 as follows:

- 1) “1.5.1. ...“Tier II capital” means sum of preferred stocks net of the portion that are included in the Tier I capital as prescribed by the Article 2.6.4 of this regulation, additional paid-in capital (of preferred stocks), revaluation surplus and social development fund, amount of a general provision of a bank following the adjustment stated in Article 2.6.8 of this regulation and subordinated debts with maturity of more than 5 years”

- 2) “2.7. Risk weighted assets is calculated as the weighted sum of on balance assets and off-balance contractual contingencies and obligations net of their specific provisions specified in accordance with “The regulation on asset classification and provisioning and its disbursements” by the risk-weights specified in the Annex 1 of this regulation, adjusted by the following:”
3. The article 4.6 of “The regulation on setting and monitoring prudential ratios to commercial banks” approved by the Bank of Mongolia Governor decree #460 dated July 30th, 2010 is hereby rescinded.
4. It is hereby required of the Board of Directors and Senior management of banks to follow this decree from December 20th, 2016.
5. It is hereby ordered for the Supervision Department (N.Batsaikhan) and Internal Audit department of the Bank of Mongolia to follow through on the implementation of this regulation.

GOVERNOR

N.BAYARTSAIKHAN