



THE BANK OF MONGOLIA



ANNUAL REPORT 2017

FOREWORD



Bayartsaikhan Nadmid
Governor of the Bank of Mongolia

Dear Reader,

On behalf of the Bank of Mongolia, I extend my sincere greetings to you and am pleased to present our comprehensive annual report, which summarizes our operations, monetary policy implementation activities, and main economic developments for 2017. The Bank of Mongolia prepares and publishes an annual report of our activities together with our audited financial statements to demonstrate the central bank's transparency and accountability.

2017 was a pivotal year for Mongolia as we overcame major obstacles and successfully stabilized the economy. After a period of stagnation in economic activity, real growth has reached 5.1% by the end of the year. After several years of deficit, Mongolia's balance of payments is now in surplus with foreign reserves reaching US\$3 billion.

Mongolia was able to honor its obligations to partner countries and investors by making its debt payments as agreed. Public expectation of economic growth has improved and our sovereign rating was revised upward. Simultaneously, the stability of budget and price, and financial market indicators have all seen favorable improvements.

Over the last year, the main aim of the Bank of Mongolia was to overcome economic challenges with minimal losses, all the while stabilizing the macro economy in short order. Cooperation with international institutions, neighboring and other partner countries was vital. Taking this opportunity, we would like to extend our sincere thanks to the International Monetary Fund, World Bank, Asian Development Bank and donor countries.

Gold purchases from domestic business entities and citizens reached a historic high of twenty metric tons, and the Bank of Mongolia recorded a profit for the first time in five years. As a result of policies designed to stabilize prices, inflation is steadying to target levels. In the second half of the year, inflation measured by the Consumer Price Index (CPI) increased slightly as a consequence of economic growth, and supply-driven pressure. In the long term, inflation is expected to be stable.

It should be emphasized that 2017 was a year which saw the initiation of structural reforms and comprehensive measures to maintain stability in the financial sector, to increase its sustainability and to enhance the risk bearing capacity of the banking system. The "Legal Reform of the Banking Sector Program" was introduced this year in order to adopt international best practices in relation to central bank governance and the overall

legal framework of the banking sector in Mongolia.. Within the scope of this program, we are working to update a total of 13 law packages, some of which have already been approved by Parliament.

2017 was also unique in the sense because for the first time in Mongolia, an asset quality review of commercial banks was performed by a professional institution in accordance with international standards.

Due to the importance of having a general consensus and a joint goal in order to overcome economic obstacles, the central bank is committed to disclose any economic developments and our policies and decisions regarding these developments to the public for transparency purposes. Within the framework of public relations, the Bank of Mongolia has organized press conferences to present policy decisions and economy-related statistic information and has distributed academic publications that include research reports made by our economists.

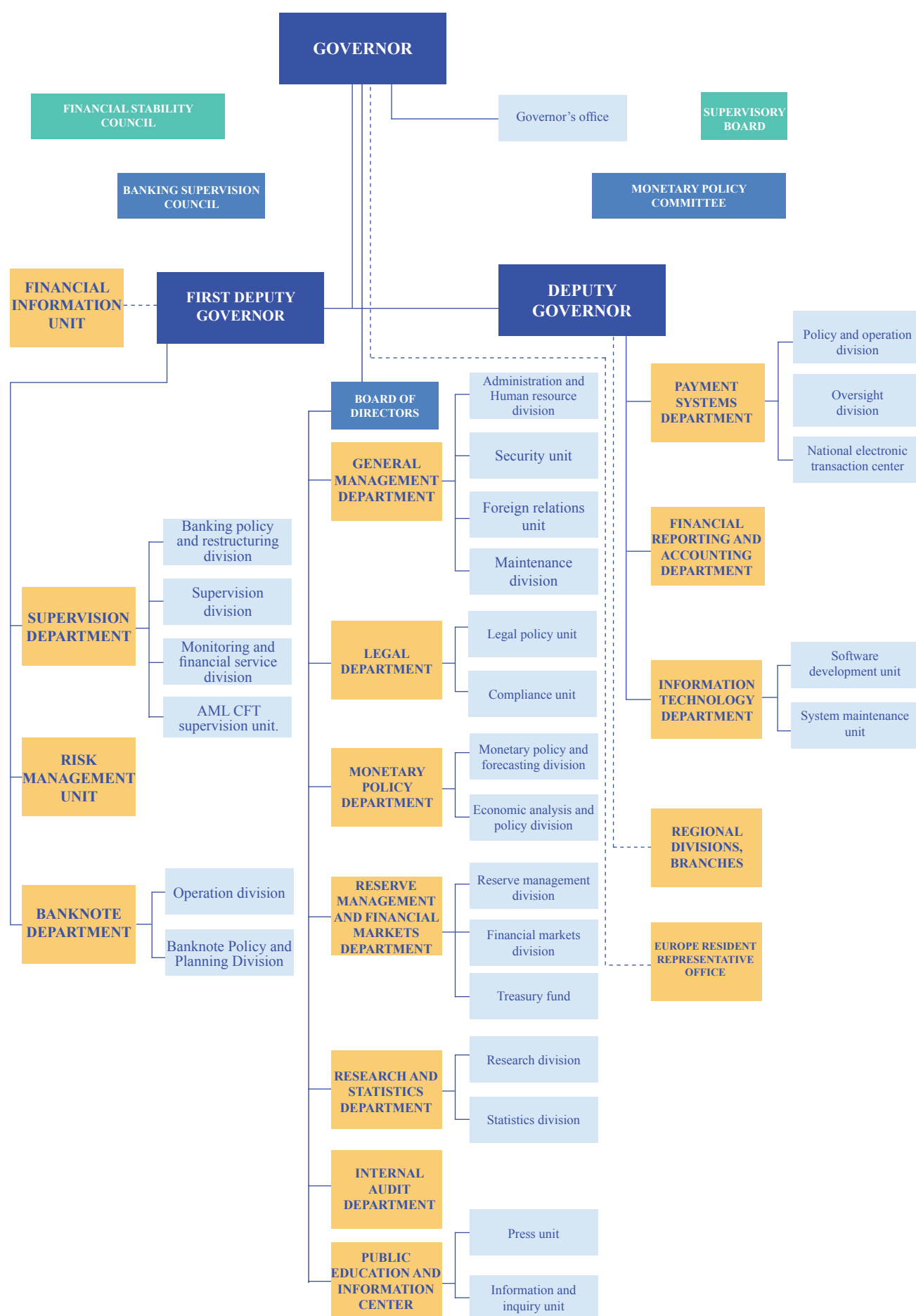
Our bank continues to emphasize the availability of electronic information on monetary policy implementation and other relevant information through our website. Introductory meetings and training were held throughout the year to provide information on economic developments and monetary policy decisions. These were concentrated in areas where over half of Mongolia's population resides. Workshops aimed at improving financial and economic education of public and a series of lectures and presentations within the central bank's social responsibility framework were continuously organized throughout the country.

At the point of publication of this report, positive changes continue to occur in Mongolian economy, nonetheless uncertainty and risks continue to exist in the global economy and international markets. The Bank of Mongolia commits to implementing reforms and improvements whenever deemed necessary to lay the basis for future economic stability and growth in spite of the mentioned risks and uncertainties.

BAYARTSAIKHAN N.
GOVERNOR OF THE BANK OF MONGOLIA



ORGANIZATIONAL CHART OF THE BANK OF MONGOLIA (2017)



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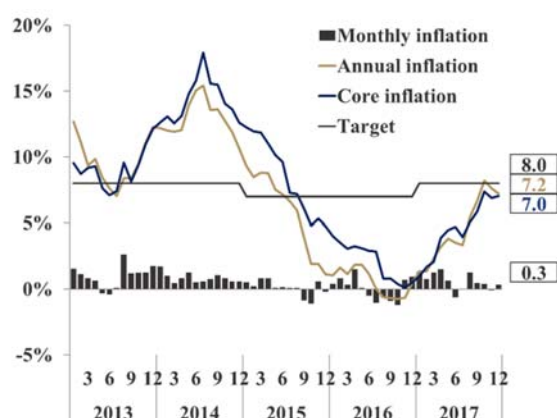
MACROECONOMIC OVERVIEW OF MONGOLIA

1

1.1 INFLATION

As stated in the Monetary Policy Guidelines for 2017, the Bank of Mongolia's main objective is to maintain inflation rate under its target rate of 8 percent in the medium term. CPI-based inflation, which was at 0.5 percent at the beginning of the year, rose throughout 2017 reaching 6.4 percent nationwide and 7.2 percent in Ulaanbaatar city, at the end of 2017. Despite the increasing trend in 2017, inflation remained below its target. Increased inflation can be mainly attributed to the previous year's low-price base effect, recovery of economic activity, changes in some taxes, modification of the CPI basket, weight and its methodology, and significantly lower harvest in 2017 from previous year due to drought. Difference between core inflation, which excludes some items with volatile prices from the basket, and headline inflation was kept low in 2017 and core inflation reached 7.0 percent in 2017 (Figure 1).

Figure 1. Monthly and annual inflation in Ulaanbaatar



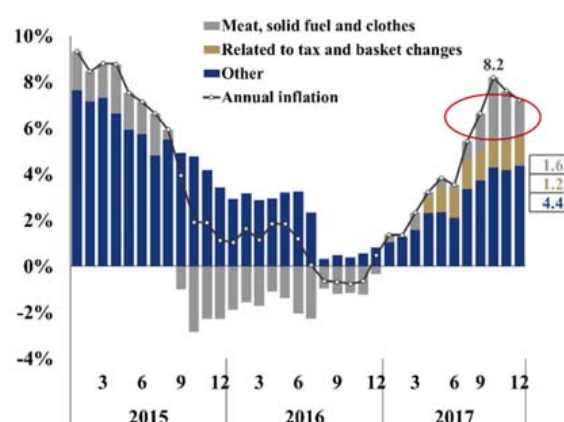
In October 2017, inflation rate reached 8.2 percent exceeding the inflation target. High year-on-year price changes of some goods in the second half of 2017 due to the base effect of deflation in 2016 was the main underlying factor pushing inflation upward. However, year-on-year price changes for these goods slowed down by the end of the reporting year and inflation was maintained below target.

Moreover, about 1.2 percentage point of annual inflation in Ulaanbaatar for 2017 can be explained by one-off factors including changes to some taxes, CPI basket, weights, and its methodologies. For example, the price of “Prius 20” automobile increased by 22.4 percent during March and May in 2017. The impact is expected to fade in 2018.

Table 1. Inflation contribution by products

Product	Basket weight	p.p. of annual inflation
Automobile	0.04	1.00%
Solid fuel	0.03	0.67%
Milk and dairy products	0.04	0.46%
Vegetables	0.02	0.40%
Private sector education	0.03	0.39%
Pharmaceutical products	0.02	0.30%
Water supply	0.02	0.13%
Total	0.19	3.36%

Figure 2. Contribution to annual headline inflation

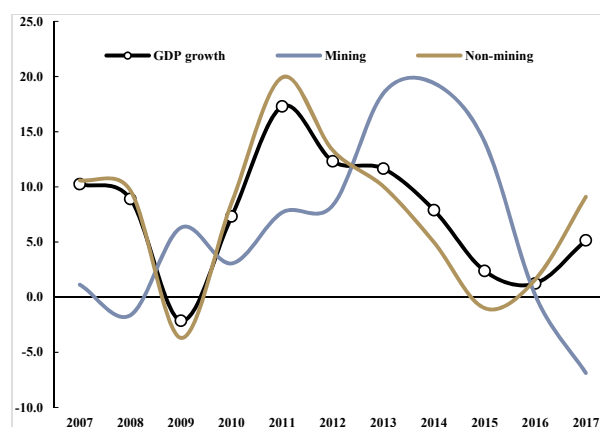


1.2 REAL SECTOR

Real sector of the economy

Real growth of Mongolian gross domestic product (GDP) picked up and reached 5.1 percent y-o-y in 2017. Though majority of mining production intensified since the end of 2016 owing to increased prices of export commodities in international markets, the mining sector as a whole contracted by 6.9 percent y-o-y in 2017 due to decreased metal content in copper concentrates. On the other hand, non-mining sector growth picked up and reached 9.1 percent y-o-y in 2017 mostly owing to factors such as, spillovers from the intensified non-copper mining production, sustained large-scale development in the mining sector, improved market confidence and relatively stable exchange rate (Figure 1).

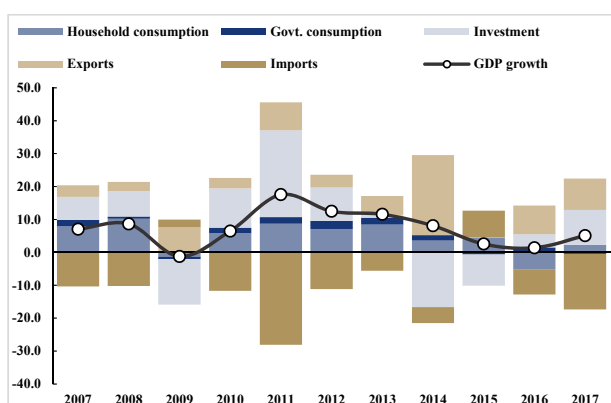
Figure 1. Real GDP growth /mining and non-mining/



Source: National Statistics' Office

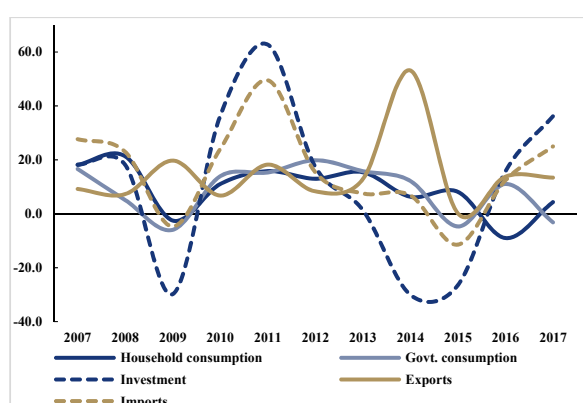
Looking at the contributions to economic growth by final demand components; growth of investment, exports and household consumption contributed 10.6, 9.5 and 2.3 percentage points, while growth of imports and the contraction of government consumption made negative contributions of 16.9 and 0.5 percentage points (Figure 2).

Figure 2. Real GDP growth /contributions of final demand components/



Source: National Statistics' Office

Figure 3. Growth of final demand components



Total investment (gross capital formation) in real terms expanded by 36.2 percent y-o-y in 2017, mainly due to increased investment by mining companies. Out of this, the growth of gross fixed capital formation and changes in inventories explained 22.9 and 13.3 percentage points, respectively. Looking at total investment by source; foreign direct investment picked up significantly and reached 1.4 billion USD, while government capital expenditure contracted by around 30 percent y-o-y and reached 1.6 trillion MNT in 2017.

Goods and services' exports in real terms grew by 13.4 percent y-o-y in 2017, owing to the increased price of exporting commodities, especially coal in the international markets and Thus expanded production by domestic mining companies. Specifically, exports of 33.0 million tons of coal (28.8 percent y-o-y), 6.2 million tons of iron ore (-3.4 percent y-o-y), 7.5 million barrels of crude oil (-5.8 percent y-o-y), 1447.2 thousand tons of copper concentrates (-7.0 percent y-o-y) and 14.6 tons of gold (-24.1 percent y-o-y) in 2017 totaled approximately 5.8 billion USD of goods' exports (21.4 percent y-o-y). Moreover, service exports amounted to 1.0 billion USD (25.6 percent y-o-y), mostly owing to increased services provided for transportation and tourism purposes.

Household consumption, which had contracted in 2016, recovered slightly in line with the pick-up in economic activities, with growth in real terms reaching 4.3 percent y-o-y in 2017. Monthly average household income amounted to around 1.017 million MNT (8 percent y-o-y) in 2017 mostly due to increased wages, pensions and allowances; while monthly average household expenditure stood at 1.09 million MNT (7 percent y-o-y) mostly due to expenses on non-food items and services.

Government consumption in real terms contracted by 3.2 percent y-o-y due to fiscal consolidation policies implemented in the reporting year. Specifically, government current expenditure on goods and services declined by 0.8 percent y-o-y and reached 2.9 trillion MNT in 2017.

Goods and services' imports in real terms expanded by 25 percent y-o-y in 2017, mostly owing to intensified production and development in the mining sector. Specifically, the main contributors to the 25.6 percent y-o-y growth of goods' imports, which stood at 4.3 billion USD in 2017, are capital goods by 14.6 percentage points (out of which, machineries, equipment and construction materials by 10.5 and 4.1 percentage points, respectively) and fuels including, diesels and gasoline by 6.5 percentage points. On the other hand, services' imports grew by 2.9 percent y-o-y and amounted to 2.2 billion USD in 2017 (Figure 3).

Mining and non-mining sectors

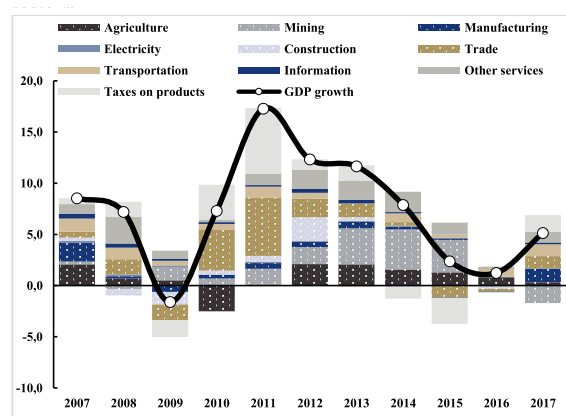
Looking at contributions to economic growth by supply or production components; growth of net taxes on products¹ contributed the most by 1.6 percentage points, manufacturing by 1.3 percentage points, trade and transportation by 1.2 percentage points each and other services² by 1.0 percentage point positively, with slight contributions by agriculture and construction sectors; while contraction of mining contributed 1.7 percentage points negatively (Figure 4).

Net taxes on products in real terms expanded by 18.6 percent y-o-y in 2017, due to several factors including, increased demand and purchases for domestic and imported goods necessary for production and development of the mining sector, the pick-up in economic activities as well as the improved tax base in accordance with the revised VAT law. Particularly, 26.3 percent y-o-y growth of government tax revenue on goods and services, which stood at 2.7 trillion MNT in 2017, were mainly driven by the contributions of VAT on imported goods by 16.6 percentage points, customs duties on imported goods by 8.8 percentage points, VAT on domestic goods by 8.6 percentage points and excise taxes on automobiles by 2.9 percentage points positively; while excise taxes on diesels and gasoline contributed 9.3 percentage points negatively.

The manufacturing sector grew by 22.8 percent y-o-y in 2017, owing to the pick-up in domestic production of food items, textiles, washed coking coal as well as products used in the mining development. To be specific, food products contributed to total manufacturing growth by 7.3 percentage points (out of which, meat and beverages including, alcoholic drinks by 2.6 and 2.4 percentage points, respectively), washed coking coal by 4.6 percentage points, textiles by 4.1 percentage points, non-mineral metallic products including, cements and building materials by 2.7 percentage points and chemical products by 2.1 percentage points (Figure 5).

The trade sector rose by 9.7 percent y-o-y in 2017, mainly due to the increased sale of machinery, equipment, building materials as well as fuel products used for production and development in the mining sector. Total sales revenue in the trade sector amounted to 15.6 trillion MNT in 2017, a growth of 18.4 percent y-o-y, with the majority of 16.6 percentage points being explained by the growth of wholesale sales revenue (Figure 6).

Figure 4. Real GDP growth /contributions of production sectors/



Source: National Statistics' Office

¹ Net taxes on products include general government tax revenue collected from VAT, excise taxes as well as customs duties.

² Growth of other services' sectors is mainly driven by the growth of financial and insurance activities as well as real estate activities.

Transportation sector growth reached 16.7 percent y-o-y in 2017, due to several factors including, the pick-up in exports' transportation in line with increased mining production, especially of coal and iron ore, expansion of imports and renewed agreements of transit transportation. Specifically, the growth of auto-road freight turnover stood at 49.5 percent y-o-y, while growth in railway freight turnover is measured at 9.3 percent y-o-y in 2017 (out of which, growth of railway freight turnover associated with transit and imports' transport reached 30.7 and 28.0 percent y-o-y, respectively) (Figure 6).

Among other services' sectors, financial and insurance activities and real estate activities grew by 8 and 6.4 percent y-o-y in 2017, respectively. Looking at services rendered by financial and insurance institutions, banks' profits amounted to 249.1 billion MNT in 2017, a rise of 41.1 percent y-o-y; while loans outstanding and deposit balance are measured at 13.6 and 11.2 trillion MNT by the end of 2017, growth of 9.6 and 30.0 percent y-o-y, respectively (Figure 6).

Figure 5: Growth of agriculture and industrial sectors

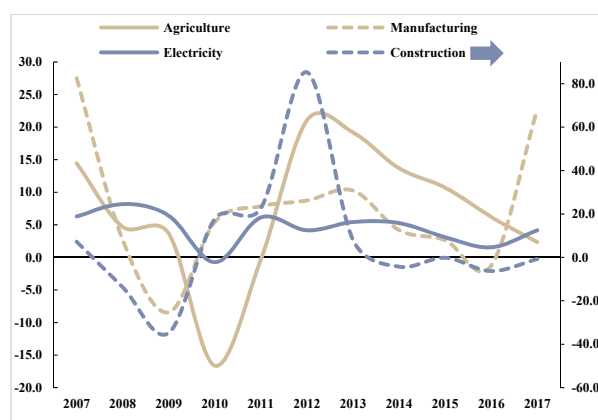
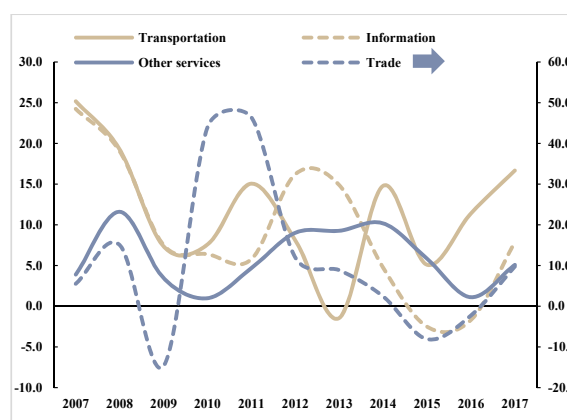


Figure 6: Growth of services' sectors



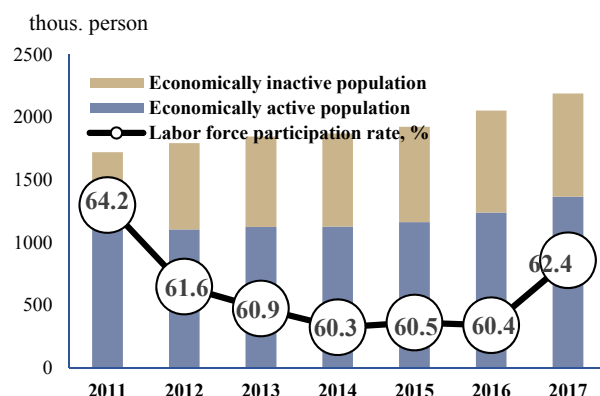
Source: National Statistics' Office

Though the majority of mining production, especially of coal and iron ore intensified since the end of 2016 owing to increased prices of exporting commodities in international markets, the mining sector as a whole contracted by 6.9 percent y-o-y in 2017 mainly due to decreased metal content in copper concentrates. Particularly, 11.4 million tons of iron ore (59.1 percent y-o-y), 47.1 million tons of coal (32.7 percent y-o-y), 19.8 tons of gold (7.7 percent y-o-y), 7.6 million barrels of crude oil (-7.6 percent y-o-y) and 1317.1 thousand tons of copper concentrates (-8.9 percent y-o-y) were extracted in 2017. Out of this, 722.5 thousand tons of copper concentrates (-14.7 percent y-o-y) were extracted from the Oyu Tolgoi open-pit mine in 2017 with the copper and gold content amounting to 157.3 thousand tons (-21.9 percent y-o-y) and 3.2 tons (-61.9 percent y-o-y), respectively (Figure 1).

Employment

Labor market conditions have improved steadily in 2017. Particularly, the working-age population grew by 6.6% y-o-y and reached 2189.9 thousand by the end of 2017. The labor force participation rate stood at 62.4%, an increase of 2.0 percentage points from the previous year (Figure 1). While the total number of employed people increased by 11.8% y-o-y; total number of unemployed people decreased by 6.2% y-o-y, thus unemployment rate reached 7.3%, the minimum rate since 2012. As the mining construction has been proceeding/recovering, the main contributions from sectors to the growth in a number of employees came from the mining sector. Also, the number of employees in agricultural sector has increased.

Figure 1. Labor force participation rate

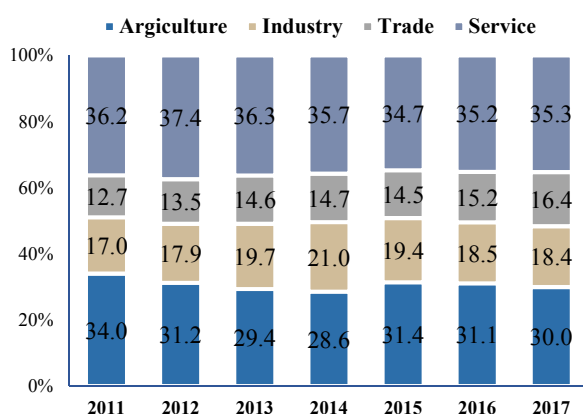


Source: National Statistics Office

Considering the total number of people employed in terms of the sectors, 446.7 thousand people (35.3 percent) were employed in service sector, 379.8 thousand people (30 percent) were employed in the agricultural sector and 233.1 thousand people (18.4 percent) were employed in the manufacturing sector as of 2017 (Figure 3).

As regards employment patterns, 622.2 thousand people (49.1 percent of the total employed) are paid employees, 10.9 thousand people (0.9 percent) are employers, 248 thousand people (19.6 percent) are self-employed, 45.3 thousand people (3.6 percent) are unpaid household service workers and 339.1 thousand (26.8 percent) are employed in animal husbandry (Figure 4).

Figure 3. Number of employees, by economic sectors



Source: National Statistical Office

Figure 2. Unemployment rate

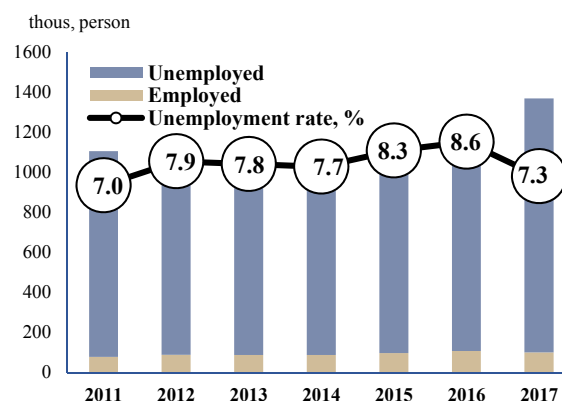
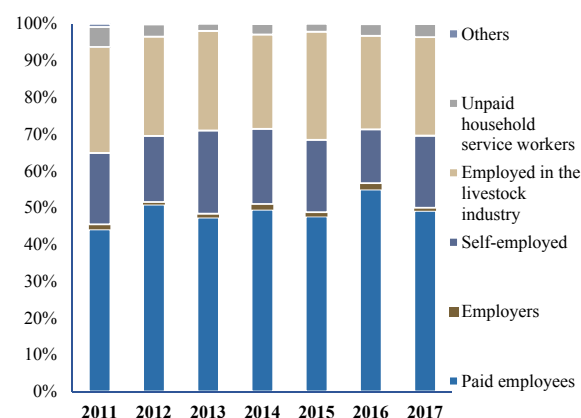


Figure 4. Number of employees, by employment patterns



1.3 EXTERNAL BALANCES

Balance of Payments

In 2017, Mongolia's current and capital account had a deficit of US\$ 1,078 million, the financial account had a surplus of US\$ 2,593 million, and errors and omissions totaled *minus* US\$ 56 million. As a result, the overall balance of payments showed a surplus of US\$ 1,460 million, an increase of US\$ 1,478 million compared to 2016.

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 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

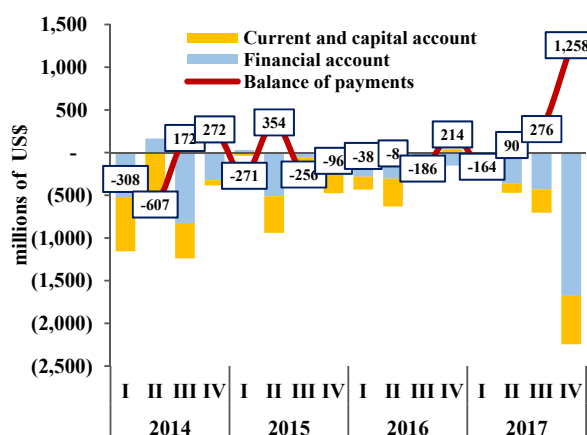
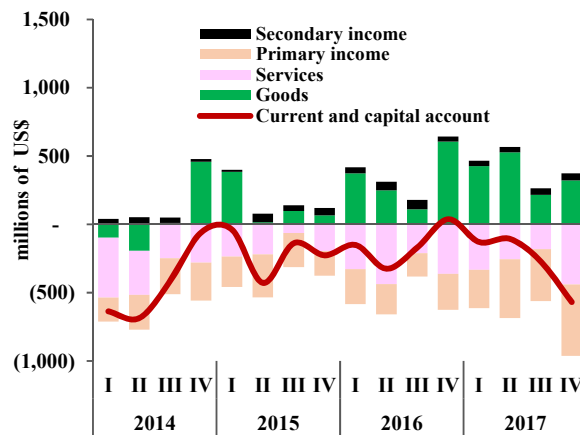


Figure 2. Current account composition



Source: the Bank of Mongolia

In 2017, the current and capital account deficit rose by 77% or US\$ 469 million over the previous year. The deficit rise was mainly due to a deficit in the primary account – an increase of 77% or US\$ 701 million.

The ratio of current and capital account deficit to GDP for 2011-2014 was 40% on average; meanwhile the ratio went down to 7% for 2015, 5% for 2016, and 10% for 2017 respectively.

Figure 3. Capital and Financial account composition

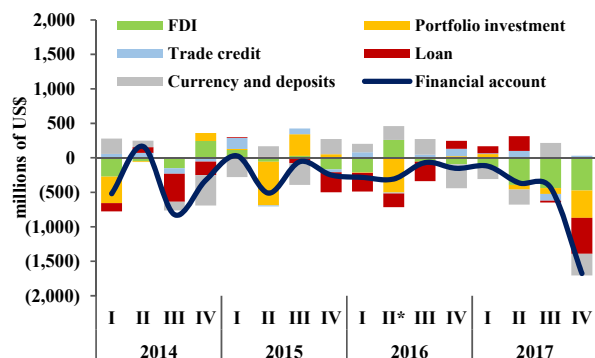
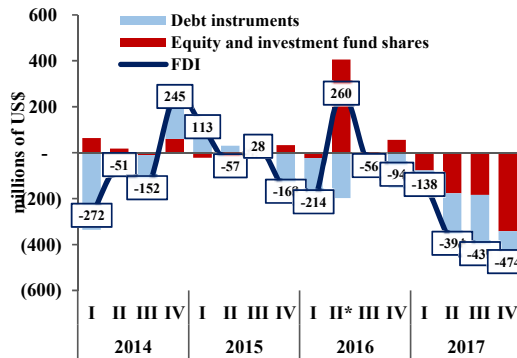


Figure 4. FDI composition



* The graphs above do not show the \$4.3 billion commercial loan and paid US\$ 4.2 billion investor loan of “Oyu Tolgoi” LLC for the 2nd quarter of 2016.

Source: the Bank of Mongolia

In 2017, the surplus on the financial account increased by 219% or US\$ 1,781 million compared to the previous year, amounting to a final total of US\$ 2,593 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 goods³

Mongolia's trade balance recorded a surplus of US\$ 1,865 million in 2017, the fourth consecutive year with a surplus.

Table 1. Foreign trade performance /in millions of US\$/

Category	2015	2016	2017	Change (17'/16')	
				Value	%
Turnover	8,467	8,274	10,536	2,262	27%
Export	4,669	4,916	6,201	1,284	26%
Import	3,798	3,358	4,335	977	29%
Balance	872	1,558	1,865	307	

29% increase in imports and 26% increase in exports impacted the trade balance to record a surplus. Comparing the surplus of trade balance to the previous year, it improved by US\$ 307 million, and the net turnover of trade increased by 27% or US\$ 2,262 million from the previous year.

Source: Customs general administration of Mongolia

Exports: Exports increased by 26% or US\$ 1,284 million, over the previous year. The increase was mainly due to increases in coal exports of US\$ 1,288 million. These were driven by growth in the volume and price of coal exports.

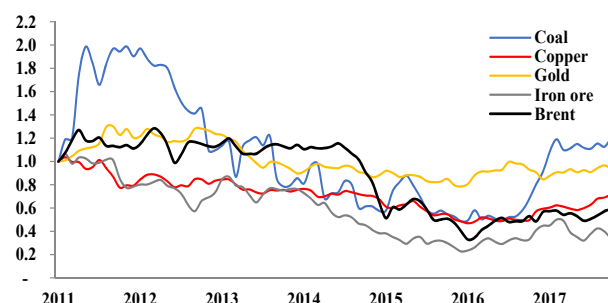
Gold price: The gold price index rose by 10%-the purchase of gold accelerated in 2017 as a result of increased global economic uncertainties caused by renewal of US taxation and regulation, healthcare policy, and others.

Copper price: China's 6.9 percent economic growth in 2017, and the country's improved indicators of the manufacturing industry, as well as ownership issues with Grasberg, one of the biggest suppliers of copper, mine in Indonesia, and an earthquake in Chile caused copper supply to decrease, resulting in an overall YOY rise of 21% in the price of refined copper on the London Metal Exchange.

Coking coal and iron ore prices: As a result of the Chinese government dramatically cutting local coal mining, the border price of all types of coal, and the iron ore price index, started to intensively increase since late 2016. As the coal price rose on the global scale related to the supply shortage associated with natural disasters occurring in Australia, Mongolia's coal price index rose 32%. Meanwhile, the iron ore price index declined by 10% compared to the previous year.

Crude oil price: In 2017 the crude oil price index rose by 17% following the decision, by OPEC countries, to restrictions on crude oil output, and market uncertainties associated with political issues occurring between Saudi Arabia and Iran.

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



Source: Bloomberg

³ Based on "Trade in goods statistics" of the Customs general administration of Mongolia and is dissimilar from the Balance of Payments statistics as the methodologies differ.

Table 2. Export of goods /in millions of US\$/

Category	2016			2017			Change	
	Volume (unit)	Value	%	Volume (unit)	Value	%	Value	%
1. Mining products		4,238	86%		5,519	86%	1,280	30%
1.1. Copper ores and concentrates	1,554	1,606	33%	1,447	1,613	33%	7	0%
1.2. Coal	25,607	968	20%	32,986	2,256	20%	1,288	133%
1.3. Crude oil	7,977	336	7%	7,514	374	7%	38	11%
1.4. Iron ores and concentrates	6,425	261	5%	6,207	310	5%	50	19%
1.5. Non-monetary gold/kg/	19,169	758	15%	14,548	595	15%	(163)	-22%
1.6. Zinc ores and concentrates	126	144	3%	118	181	3%	37	26%
1.7. Fluorspar, leucite, nephile etc.	247	59	1%	319	84	1%	26	44%
1.8. Molybdenum ores and concentrates	6	26	1%	6	37	1%	11	41%
1.9. Tungsten ores and concentrates	1	10	0%	1	8	0%	(2)	-20%
1.10. Silver/tonnes/	95	39	1%	0	1	1%	(38)	-98%
1.11. Other	133	31	1%	440	58	1%	27	
2. Animal products		316	6%		379	6%	63	20%
2.1. Live animals, meat	9	19	0%	29	56	0%	37	194%
2.2. Hide, skin and leather	173	24	0%	306	23	0%	(1)	-6%
2.3. Cashing	0	7	0%	0	6	0%	(0)	-2%
2.4. Cashmere	7	242	5%	8	262	5%	20	8%
2.5. Wool, other hair	16	22	0%	19	29	0%	7	33%
2.6. Other	1	2	0%	1	2	0%	0	13%
3. Horticultural products		24	0%		14	0%	(10)	-42%
4. Manufacturing goods		337	7%		289	7%	(49)	-14%
4.1. Food	9	43	1%	19	77	1%	34	80%
4.2. Cashmere goods	1	26	1%	1	32	1%	7	27%
4.3. Other apparel, footwear etc	2	20	0%	3	16	0%	(3)	x5
4.4. Mining products	31	88	2%	35	108	2%	20	23%
4.5. Electronic goods	0	5	0%	0	1	0%	(4)	-77%
4.6. Machinery, equipment and their parts	1	148	3%	2	47	3%	(101)	x3
4.7. Other	237	8	0%	300	7	0%	(2)	-21%
5. Other		1	0%		1	0%	0	8%
Total		4,916			6,201		1,284	26%

Source: Customs general administration of Mongolia, and the Bank of Mongolia

Imports: In 2017 imports rose by 29% or US\$ 977 million. The decrease was mainly affected by:

- Investment growth in Mongolia and the recovery of the mining sector causing capital imports, which included a 57% increase in machinery, equipment, supplies and vehicles imports, and a 56% increase in construction materials, to increase by 48% or US\$ 550 million.
- The value of Mongolian oil imports rose by US\$ 256 million, reflecting the increase in the world price of oil, and increased investments in Mongolia.

Table 3. Import of goods /in millions of US\$/

Category	2016		2017		Change	
	Value	%	Value	%	Value	%
Consumer goods	1,159	35%	1,285	30%	127	11%
Non-durables	652	19%	733	17%	81	12%
Food	453	13%	510	12%	58	13%
Medical and pharmaceutical products	90	3%	95	2%	5	5%
Other non-durables	109	3%	128	3%	19	18%
Durables	507	15%	553	13%	45	9%
Clothing	53	2%	64	1%	11	21%
Household electrical appliances and furniture	97	3%	94	2%	(3)	-3%
Passenger cars and parts	294	9%	328	8%	34	12%
Other durables	63	2%	66	2%	3	5%
Capital goods	1,152	34%	1,702	39%	550	48%
Machinery, equipment, supplies and vehicles	685	20%	1,077	25%	393	57%
Construction materials	283	8%	441	10%	159	56%
Other capital goods	185	6%	183	4%	(2)	-1%
Intermediate goods and industrial materials	508	15%	552	13%	44	9%
Fuels	533	16%	789	18%	256	48%
Dissels	257	8%	428	10%	171	66%
Gasolines A92-95	165	5%	211	5%	46	28%
Gasolines A80 and other fuels	111	3%	150	3%	39	35%
Other	6	0%	7	0%	1	24%
Total	3,358		4,335		977	29%

Source: Customs general administration of Mongolia, and the Bank of Mongolia

While imports of consumer goods increasing by US\$ 127 million compared to 2016 is mainly driven by a US\$ 58 million increase in food imports, and US\$ 34 million increase in passenger cars and parts.

Trade in services

In 2017, the services account deficit fell by 9% over the previous year, reaching US\$ 1,212 million.

The decrease in the service account deficit was mostly affected by the following: the financial service deficit fell by 88% reaching US\$ 24 million; other business services deficit decreased by 18% reaching US\$ 435 million.

Table 4. Foreign trade in services /in millions of US\$/

Service account	2015	2016	2017	Change (17/16)	
				Value	%
1. Transportation	-106	-176	-284	108	61%
2. Travel	-176	-166	-137	-29	-17%
3. Construction services	-81	-137	-218	81	59%
4. Insurance services	-24	-15	-20	5	33%
5. Financial services	-52	-205	-24	-181	-88%
6. Royalties and license services	-13	-23	-15	-8	-35%
7. Communication, computer and information services	-72	-69	-48	-21	-31%
8. Other business services	-174	-529	-435	-94	-18%
13. Other services	-18	-18	-31	13	69%
Total services	-715	-1338	-1212	-126	-9%

Source: the Bank of Mongolia

International investment position

Mongolia's net international investment position stood at *minus* US\$ 32,033 million for the year 2017. Mongolia's total investment abroad, or net foreign assets, were US\$ 5,553 million, of which 54% were foreign exchange reserves, 32% was other investment, 9% was direct investment, and the remaining 5% was accounted for as portfolio investment.

On the other hand, total investment in Mongolia, or foreign liabilities was US\$ 37,586 million, of which 48%

represented direct investment liabilities, 39% was other investment and the remaining 13% was portfolio investment. Out of total foreign direct investment in Mongolia, 56% or US\$ 10,023 million came under shareholders' investment on share capital, while 44% or US\$ 7,996 million was the stock of loans from parent companies, defined as inter-company lending.

Table 5. **Mongolia's international investment position, at the end of 2017 /in millions of US\$/**

A. Foreign assets	5,553	B. Foreign liabilities	37,586
1. Direct investment abroad	495	1. Foreign direct investment in Mongolia	18,020
2. Portfolio investment	268	2. Portfolio investment	4,937
3. Financial derivatives	0	3. Financial derivatives	0
4. Other investment	1,782	4. Other investment	14,630
5. Reserve assets	3,008		
		B. Position	-32,033

Source: the Bank of Mongolia

The (short) International Investment position increased by 9% or US\$ 2,680 million in 2017 year on year. The increase was driven by the following:

- Short positions in Foreign Direct Investment and short positions in Portfolio Investment increased by US\$ 1,703 million and US\$ 1,317 million respectively, while short positions in Derivatives decreased by US\$ 16 million.
- Short positions in Other investment increased by 12% or US\$ 1,388 million.
- Foreign exchange reserves increased by 132% or US\$ 1,712 million.

Table 6. **Changes in international investment position /in millions of US\$/**

Indicators	2015	2016	2017	Change (17/16')	
				Amt	%
Foreign direct investment	-20,257	-15,822	-17,525	1,703	11%
Portfolio investment	-2,844	-3,351	-4,668	1,317	39%
Financial derivatives	-51	-15	0	16	-102%
Other investment	-6,802	-11,460	-12,848	1,388	12%
Foreign exchange	1,323	1,296	3,008	1,712	132%
Total position	-28,632	-29,353	-32,033	2,680	9%

Source: the Bank of Mongolia

External debt

At the end of 2017, Mongolia's outstanding external debt totaled US\$ 27,493 million, an increase of 12% or US\$ 2,868 million compared to the previous year. The increase was mainly driven by the following:

- Government external debt increased by 50% or US\$ 2,452 million due to increased concessional debt, and bonds from external resources.
- The Central Bank's debt increased by US\$ 234 million related to increased external debt, currency and deposits, and disbursement of the IMF's EFF program loan.
- Other sector's short-term loan increasing by 69% or US\$ 272 million.

Table 7. **The Gross External Debt of Mongolia /in millions of US\$/**

Indicators	2015	2016	2017	Change (17/16')	
				Amt	%
Total external debt	22,718	24,625	27,493	2,868	12%
I. Government	3,760	4,869	7,321	2,452	50%
(Gov) GDP	31%	41%	66%	24.3%	
II. Central bank	1,960	1,791	2,025	234	13%
III. Deposit-taking corporations	2,129	2,417	2,194	-223	-9%
(Other than Central bank)					
Short-term	407	469	659	190	40%
Long-term	1,721	1,948	1,535	-413	-21%
IV. Other sector	3,749	8,121	7,956	-166	-2%
Short-term	326	394	666	272	69%
Long-term	3,423	7,727	7,289	-438	-6%
V. Intercompany lending	11,121	7,426	7,996	570	8%

Source: Ministry of Finance, and the Bank of Mongolia

The Government external debt-to-GDP ratio was stable at 29-41% during 2013-2016, however, it reached 66% in 2017 (according to the international standards and methodologies, the Development Bank of Mongolia's external debt is classified under Other Sector).

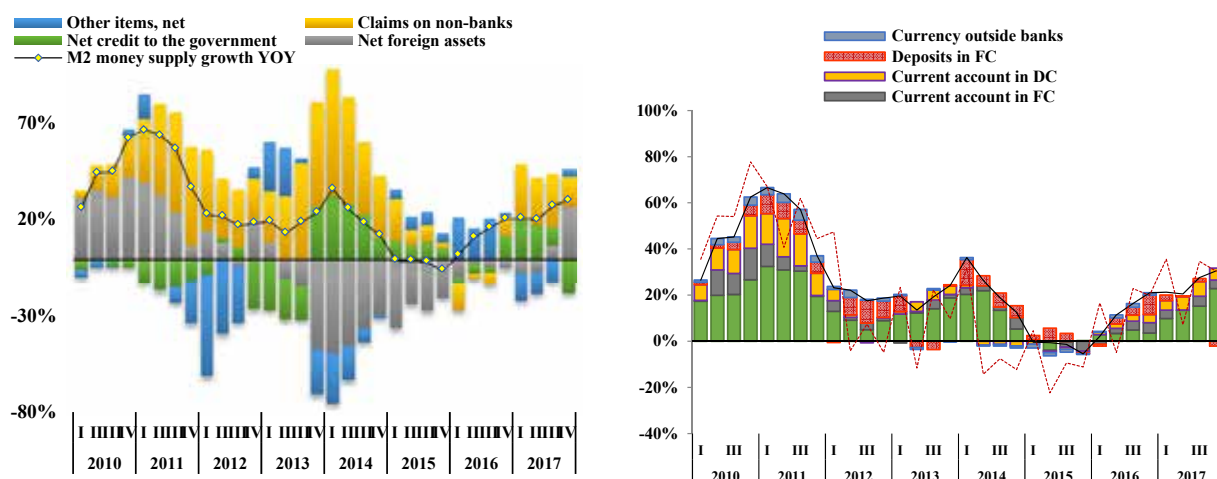
1.4 MONETARY AND FINANCIAL SECTOR

Money and credit indicators

M2 has increased by 30.5 percent and has reached MNT 15.9 trillion. Depository Corporations outstanding loan, including the transferred loans to Mongolian Mortgage Corporations, rose by 11.7 percent and reached MNT 16.1 trillion at the end of 2017.

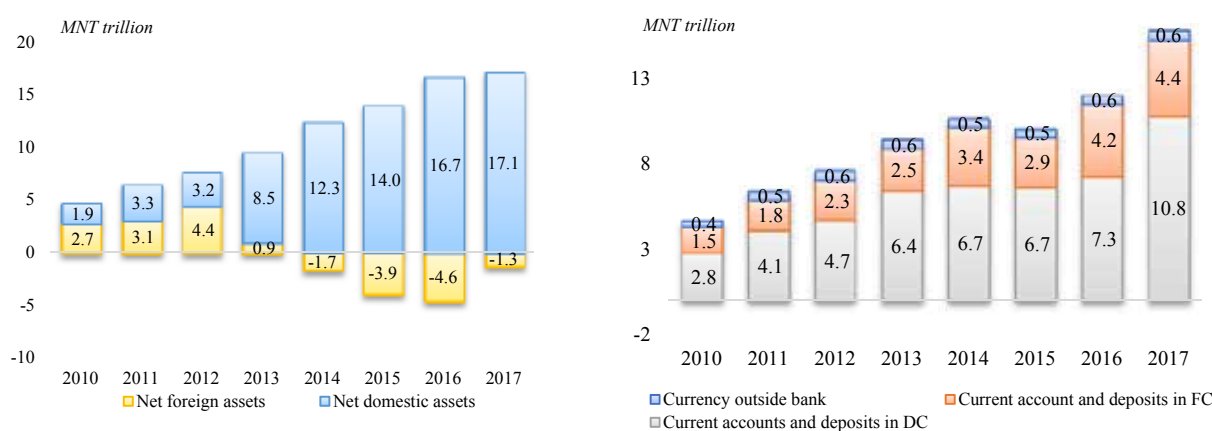
The growth of total savings in domestic currency in the banking system meant the money supply increased. For example, deposits of individuals in domestic currency has risen by MNT 1839.5 billion, deposits of corporations in domestic currency has increased by MNT 992.6 billion, current account in domestic currency increased by MNT 629.4 billion. In addition, currency outside banks has increased by 8.7 percent.

Graph 1. Contributions to annual growth of M2



The annual growth rate of net domestic assets (NDA) has decreased by 2.3 percent in 2017 and is contributing 106.9 percent of the money supply M2. Net foreign assets (NFA) increased by 72.6 percent, which equals MNT 3.3 trillion from the previous year. The growth of the net foreign assets of the Central Bank has made a major contribution to the NFA. Specifically, net international reserves increased by 2.3 times and has reached USD 3.0 trillion.

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

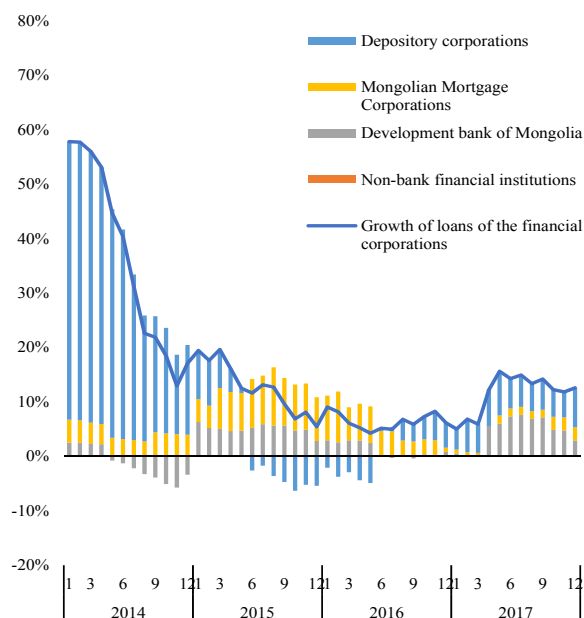


Financial corporations' credit has increased by 12.6 percent from that of the previous year and has reached MNT 18.5 trillion. The total outstanding loans of financial institutions consisted of 73.4 percent of depository corporations, 13.6 percent of Mongolian Mortgage Corporations, 13.0 percent of Development Bank of Mongolia's.

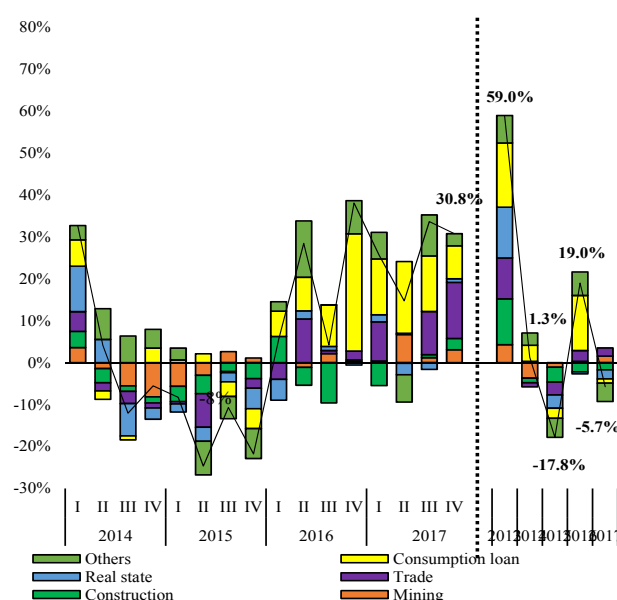
Newly issued loans of banks decreased by 5.7 percent, in 2017. Considering it by sectors, the salary, pension loans has increased by 35.2 percent from the previous year followed by the mining sector (42.3) and trading sector (10.2). However, loans in the construction sector have decreased by 28.1 percent and real estate by 28.0 percent from the previous year.

New loans issued by the banks increased by 30.8% in Q4 2017 compared to the previous year, of which 14% of the increase pertains to loans issued to trade sector.

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



Graph 4. Annual growth of newly issued loans in a quarter and in a year, by sector



Banks' non-performing to total loans have increased by 0.01 percentage points and reached 8.5 percent as of the end of 2017, overdue loans to total loans have decreased by 1.2 percentage points reaching 6.1 percent.

From total loans 78.7 percent was in domestic currency and 21.3 percent was in foreign currency.

Banking sector⁴

As of 2017, a total of 14 commercial banks were operating in the banking sector through their 1,511 branches and units. The total number of depositors and borrowers reached 3.0 million and 884 thousands, respectively.

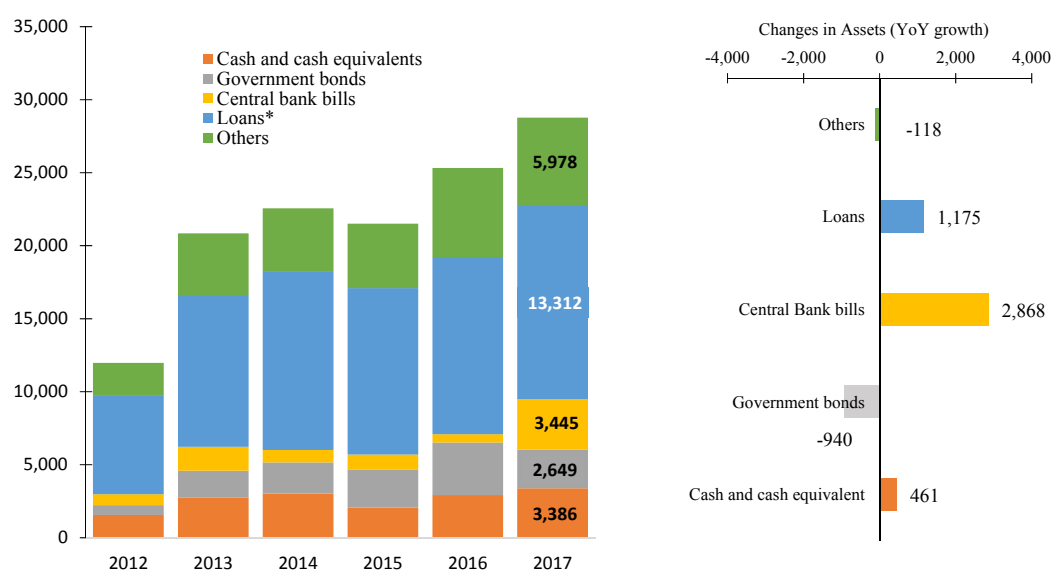
Assets

At the end of 2017, the banking sector's assets totaled MNT 28.7 trillion, up by 13.6 % or MNT 3.4 trillion from the previous year. The asset growth was mainly driven by the Central Bank bills in the banking sector that reached MNT 3.4 trillion as of 2017 - 6 times higher than in 2016. Conversely, Government bonds in the banking sector declined by 28 % compared to the preceding year.

⁴ Individual and household loans are included in this segment.

As per regulation on asset classification, provisioning and its disbursement, loans are classified into following five categories: 1) Performing; 2) Special mention; 3) Substandard; 4) Doubtful; 5) Loss. Substandard, doubtful and loss loans belong to non-performing loans.

Figure 1. Asset structure and its growth (billion MNT)



Source: the Bank of Mongolia

* - Net of loan loss provision

In terms of asset composition, 46.3 % of the total banking sector where loans, 11.8 % bank's reserves, 9.2 % Government bonds, 12.0 % The Central Bank bills and the remaining 20.7 % constituted other types of assets. Considering major changes in asset structure, Central bank bills in the banking sector increased by 9.7 %, while Government bonds decreased by 5.2 % from the preceding year. This was mainly due to Government policy to sustain the debt balance and consequently, Government bonds held by the banking sector declined for the first time in 2017. This said, commercial banks kept investing in less risky financial instruments such as the Central Bank bills.

Loan structure

The outstanding balance of total loans reached MNT 13.3 billion at the end of 2017, up by 9.7 % compared to the previous year. Corporate and retail loans accounted for 51 % and 49 % of total loans, respectively. Due to economic risks, a trend of banks continuing to tighten up lending activity in real sectors and extend loans to retail sectors aiming to finance fixed assets has been observed in recent years. Specifically, annual growth of retail loans stood at 18 % at the end of 2017, whereas corporate loans rose by only 3 % from the last year.

In terms of loan structure, loans to wholesale and the retail trade sector accounted for 14 % of total loans, 14 % in the real estate sector, 10 % in the manufacturing sector, 7 % in the mining sector and 9 % was in the construction sector. Loans to mining and wholesale and retail trade sectors, the main economic sectors contributing to economic growth, reached MNT 924.1 billion and MNT 1.9 trillion at the end of 2017, up by 40.9 % and 12.7 %, respectively, from the previous year, while loans to the construction and real estate sectors accounted to MNT 1.3 trillion and MNT 1.9 trillion in 2017, down by 5.5 % and 3.2 %, respectively, from 2016. No significant change was observed in the share of loans to the manufacturing sector in total loans.

Table 1. Loan structure

	Outstanding amount (billion MNT)	Share of Total Loan	Year-on-year growth
Mining	924.1	6.9%	40.9%
Manufacturing	1,292.4	9.7%	-0.1%
Wholesale and retail trade	1,863.9	14.0%	12.7%
Construction	1,256.3	9.4%	-5.5%
Real estate	1,904.7	14.3%	-3.2%
Other ¹	6,547.6	45.7%	20.5%
Total	13,317	100.0%	9.7%

Source: the Bank of Mongolia

Loan quality⁵

As of 2017, 86.6 % or MNT 11.5 trillion was classified as performing, 6.2 % or MNT 819.5 billion as past due and 7.2 % or MNT 954.1 billion as non-performing. Despite the economic recovery and GDP growth stood at 5.1 % in 2017, the banking sector's loan quality remained unchanged compared to the last year. Particularly, even though past-due loans declined by 8.9 % over the previous year, non-performing loans rose by 12.8 %

Figure 2. Loan quality (Outstanding amount, billion ₮)

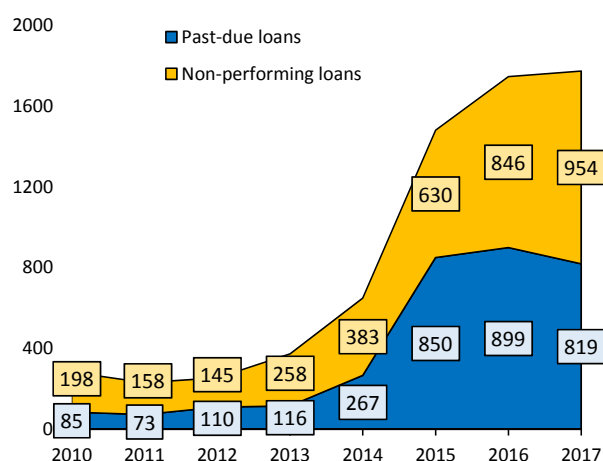
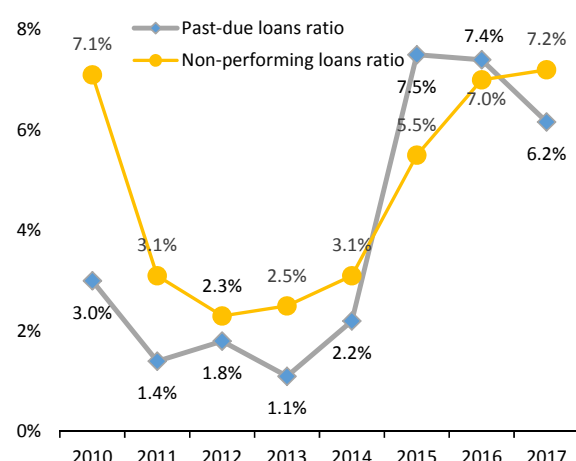


Figure 3. Loan quality (Percentage of total loan)

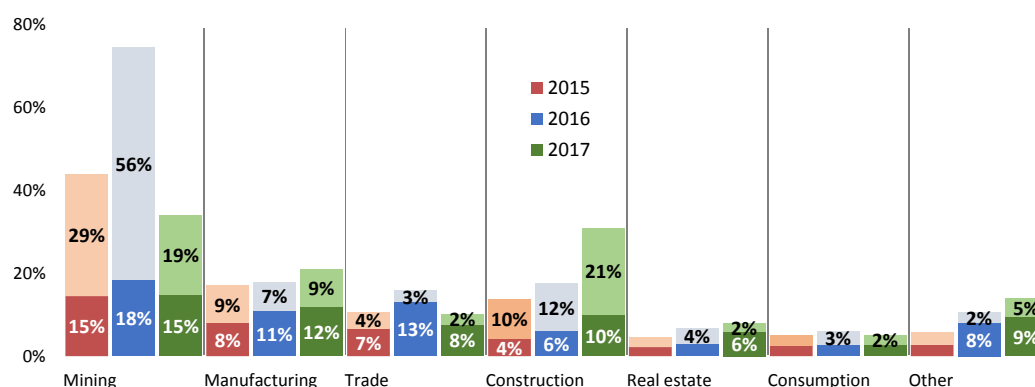


Source: the Bank of Mongolia

Looking at the past three years of data, the loan quality of manufacturing, construction and real estate sectors has been continuously deteriorating, while improvement in the repayment of loans to mining and trade sectors has been observed. The performance of consumer loan repayment has been quite stable over the last three years.

⁵ As per regulation on asset classification, provisioning and its disbursement, loans are classified into following five categories: 1) Performing; 2) Special mention; 3) Substandard; 4) Doubtful; 5) Loss. Substandard, doubtful and loss loans belong to non-performing loans.

Figure 4. Loan quality, by economic sectors (%)



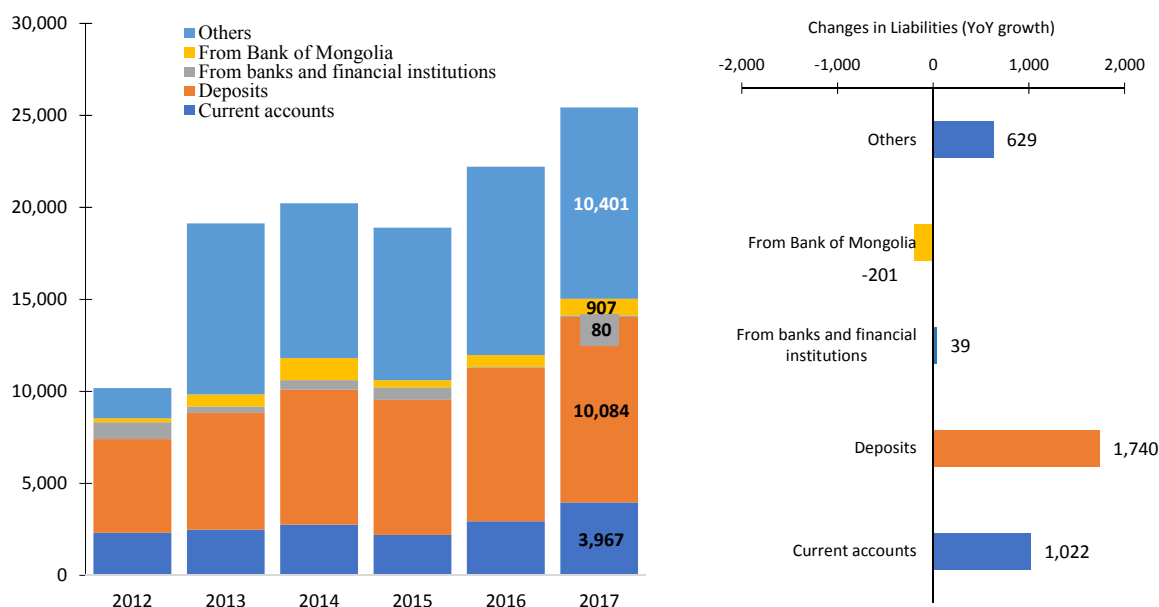
Source: the Bank of Mongolia

*-In figure 5, darker colour denotes non-performing loans; lighter colour shows past-due loans.

Liabilities

The banking sector's liabilities amounted to MNT 25.4 trillion at the end of 2017, an increase of 14.5 % or MNT 3.2 trillion from the previous year. Current accounts and deposits by individuals, legal entities and state organizations reached MNT 4.0 billion and MNT 10.1 billion in 2017, up by 34.7 % and 20.9 % compared to the last year. This had a major impact on total liability growth.

Figure 5. Liability structure and its growth (billion MNT)



Source: the Bank of Mongolia

The current accounts of Government, budget, social insurance and state-owned companies stood at MNT 1.5 trillion, up approximately by 90 % from 2016, leading to the banking sector's current accounts to increase significantly. In 2017, deposits of individuals and private entities totaled MNT 9.6 trillion, an increase of 37.7 % over the previous year, attributable to deposit growth.

Classifying deposit growth by its types, term and demand deposits rose by 24.5 % and 8.5 % from the previous year, reaching MNT 8.0 trillion and MNT 2.1 trillion, respectively. Domestic currency deposits accounted to MNT 7.9 trillion at the end of 2017, up by 38.3 % from 2016, while foreign currency deposits totaled MNT 2.2 trillion and increased by 17.1 % from the previous year.

Deposits by individuals, legal entities, and state organizations, considered as stable funding, accounted for 55.2 % of total liabilities, followed by liabilities to banks and financial institutions at 19.0 %. Other liabilities, including securities issued by banks, project financing and other types of funding, constituted 25.8 % of total liabilities.

Profitability

At the end of 2017, the banking sector's net profit stood at MNT 252.5 billion, up by 42.2 % or MNT 74.9 billion over the previous year. The banking sector's total income and costs were MNT 4.3 trillion and MNT 4.0 trillion, and increased by 12.1 % and 17.1 % from the previous year, respectively. The decline of banking sector's income and expenses was attributable to relevant changes made to recording of revaluation gain and loss on foreign currency in accounting manual for banks approved by the Bank of Mongolia. Specifically, due to these changes, the banking sector's revaluation gains and losses on foreign currency reached MNT 134.2 billion and MNT 107.7 billion at the end of 2017, down by 89.3 % and 91.0 %, respectively, from the previous year.

Due to positive earnings, the banking sector's return on assets (ROA) and return on equity (ROE), the profitability indicators, were 0.7 % and 7.0 %, an increase of 0.02 and 0.1 percentage points from the previous year, respectively (Figure 2).

Figure 6. Net profit (billion MNT)

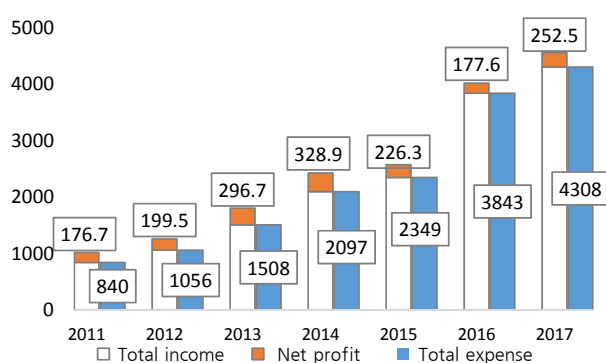
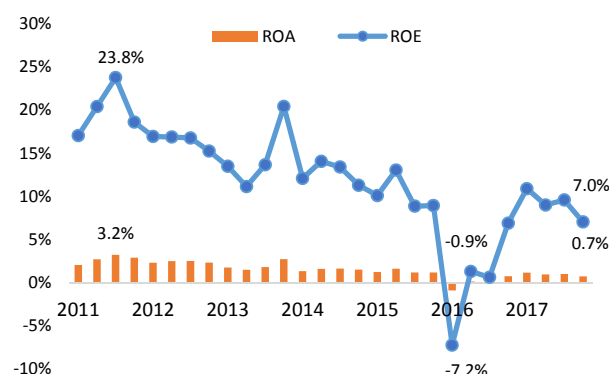


Figure 7. ROA and ROE



Source: the Bank of Mongolia

Banking sector's risk bearing capacity

In the reporting year, indicators of banking system's risk bearing capacity, banking system's Tier I Capital Adequacy Ratio (CAR) of 13.5 percent, and Capital Adequacy Ratio (CAR) of 17.4 are 4.5 and 5.4 percentage points, respectively, were above the prudential requirements set by the BoM (figure 8). The banking system's liquidity ratio reached 45.0 percent, exceeding the minimum requirement set by the BoM by 20.0 units (figure 9).

Figure 8. Capital adequacy ratio (%)

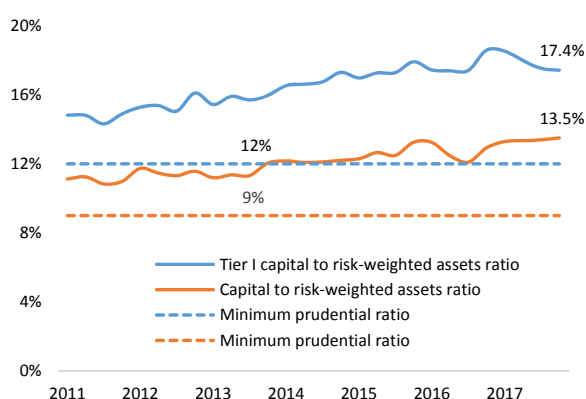
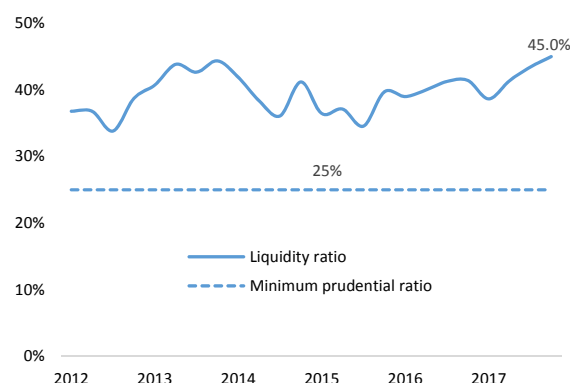


Figure 9. Liquidity ratio (%)



Source: the Bank of Mongolia

In order to raise the risk bearing capacity to the level of loss that would occur from foreign exchange rate volatility, the BoM requires that the total net open positions to capital ratio does not exceed +/-40 for all the currencies. This rate was -9.1 percent as of the end of this reporting year.

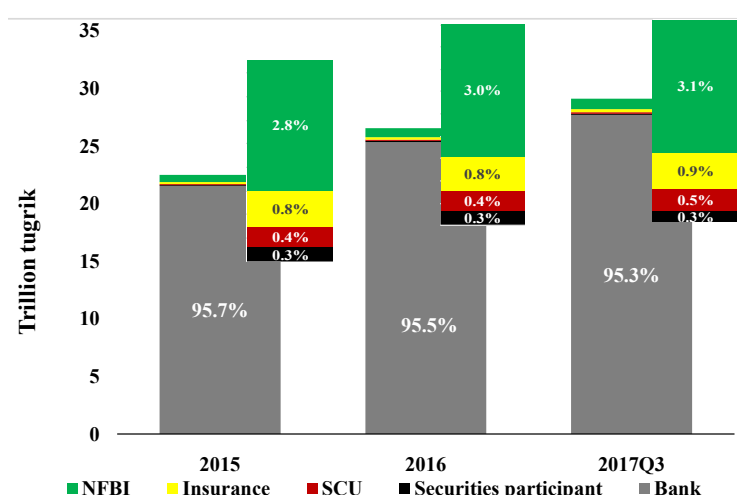
Financial Sector

The vital role of the financial sector to the economy can be compared to human blood circulation system where blood vessels transport essential minerals to the various organs of the human body whereas; pooling surplus capitals into sufficient investments and minimizing risks by diversifying its impact on the economy are all crucial elements for developing the strong economy. Thus, the financial sector has a compelling effect on economic growth. However, emerging challenges in the financial system often pose risks, such as impacting the development of economy unfavorably and expanding the extent of economic shocks. One of the examples on a global basis can be the economic crisis of 2008. Worldwide incidents such as this have taught us that keeping only production and price level stable is not sufficient enough to assure financial stability and governments need to implement a new policy to safeguard financial stability. As a result, officials have been increasingly creating and reconstructing institutions to implement macroprudential policy and to build its fundamental basis.

Following the global trend, the draft of amendments to the Central Bank Law was submitted in November 2017. In addition to the traditional functions of supervising banking operations and managing the inter-bank payment system, the Bank of Mongolia is expected to receive the mandate to identify and assess risks, also to formulate and implement the macroprudential policy for preventing and reducing risks according to the law amendments.

The mandate to implement macroprudential policy (i) will enable the coordination of monetary and macroprudential policy; (ii) can serve as a basis for systemic risk assessment and research, given the extensive experience and capacity of the central bank to formulate and implement monetary and payment settlement policy as its core traditional functions; (iii) will help to achieve price stability because financial instability is a significant risk to the central bank since it is the last resort lender for the economy, thus central banks naturally tend to keep financial stability; (iv) can make the monetary, macroprudential policy decisions and public disclosure of related information more coordinated and compatible because the central bank has relatively more experience on market participation and public relations.

Figure 1. The total amount of capital and the share in sector measured by capital



As of the third quarter of 2017, there are 534 non-bank financial institutions, 290 savings and credit cooperatives, 17 insurance companies and 300 listed companies registered at the Financial Regulatory Committee. However, despite the increasing numbers and the widening of its activities, it is still cannot be comparable with banking sector by its share. Regarding the structure of the whole financial system, over 95 percent of the financial system assets of Mongolian economy is held by the banking sector alone, and the financial market is in the early stage of development.

Since its establishment in 2013, The Secretariat of the Financial Stability Council has been publishing ten Financial Stability Reports (twice a year) for the public to ensure financial stability and balanced development of the financial sector. It is essential to improve public financial literacy, deliver essential information to the public and increase confidence in the financial sector by establishing real expectations from the market. In 2017 the Financial Stability Council held five regular and irregular meetings with a total of 12 issues discussed, including the budget, monetary policy, development programs, financial market regulation, changes in the legal environment, and the relevant conclusions and recommendations given by the Financial Stability Council.

1.5 GENERAL GOVERNMENT BUDGET

Mongolia's three-year extended arrangement was approved on May 24, 2017. The government's Economic Recovery Program, supported by the IMF, aims to stabilize the economy, reduce budget deficit and debt, introduce measures to mitigate the impact of boom-bust cycle and promote sustainable and inclusive growth.

Total revenue and grants reached MNT 7'239.1 billion, while total expenditure and net lending reached MNT 8'981.0 billion in 2017. The budget deficit amounted to MNT 1'741.9 billion, which was equivalent to 6.4% of nominal GDP in 2017.

Equilibrated revenue

Equilibrated revenue collection performance was at 108.2%, which is MNT 702.1 billion greater than the amount approved by the Supplementary Budget. Tax and non-tax revenues took up 87 and 13 percent of total budget revenue and grants, respectively. Equilibrated revenue increased by 35 percent from the previous year (Table 1).

Table 1. *Equilibrated revenue and its components*

	2016	2017	2017/2016	
<i>billions of MNT</i>	i	ii	ii-i	ii/i
Total revenue	5852	7922	2070	135
Future heritage fund	0	358	358	-
Stabilization fund	0	326	326	-
Equilibrated revenue	5852	7239	1387	124
Tax revenue	4997	6303	1306	126
Income tax revenue	1021	1610	589	158
On enterprises	511	962	452	188
On individuals	550	692	141	126
Social security contributions	1176	1314	138	112
Tax on immovable properties	73	96	23	131
Taxes on domestic goods and services	1813	2187	374	121
Sales tax revenue (VAT)	1143	1619	476	142
VAT on domestic goods and services	553	734	181	133
VAT on import's goods and services	684	1032	347	151
Sales tax refund	-94	-147	-52	155
Excise tax revenue	627	520	-107	83
Special tax revenue	43	48	5	112
Foreign trade revenue	328	512	184	156
Other tax revenue	586	584	-2	100
Non-tax revenue	855	936	81	109

Total budget expenditure and net lending

Total budget expenditure and net lending reached MNT 8'981.0 billion, which amounted to 94.6% of the amount planned according to the Supplementary Budget. Current expenditure performance was at 96.8% (MNT 228.8 billion lower), capital expenditure performance at 86.4% (MNT 259.1 billion lower) and net lending at 92.9% (MNT 25.3 billion lower) in 2017.

Total expenditure increased by MNT 538.9 billion from the previous year. In recent years, interest payments have increased mainly due to the high budget deficit. Furthermore, interest payment was equivalent to 16 percent of equilibrated revenue in 2017.

Table 2. Total expenditure and its components

	2016	2017	2017/2016	
<i>billions of MNT</i>	i	ii	ii-i	ii/i
Total expenditure and net lending	9520	8981	-539	94
Current expenditure	6714	7006	292	-
Goods and services expenditure	3163	3112	-52	-
Interest payment	988	1156	168	117
Subsidies and transfers	2563	2738	175	107
Capital expenditure	2305	1646	-659	71
Net lending	502	329	-172	66

Financing sources of budget deficit

In the reporting period, the financing gap increased by 53.3 percent. Of which, MNT 5.4 trillion (62%) was spent on principal payments of domestic bonds. Repayment of domestic bonds in the reporting period was high as (i) the government called its MNT 1.0 trillion domestic bond back in March 2017 before its maturity date and (ii) the government financed its budget deficit by issuing significant amount of domestic bonds in 2016.

In the first quarter of 2017, the Government of Mongolia issued the Khuraldai bond worth 600 million USD, for the purpose of restructuring the Development Bank of Mongolia (DBM) bond of 580 million USD, at 100 USD per share with a yield of 8.75 percent. In the fourth quarter of the year, the Mongolian government also issued an international bond worth 800 million USD to refinance the “Chinggis” bond (0.5 billion dollars) and “Dim Sum” bond (160 million dollars), with an annual interest rate of 5.625 percent. The rest of the financing gap was financed through domestic bonds worth MNT 3'126.1 billion, foreign loan of MNT 2'237.4 billion, and the stabilization fund and future heritage fund of MNT 929.0 billion in 2017. The total outstanding level of current account and deposits of the government held at the Central Bank increased by MNT 1'022.0 billion.

2. STATE MONETARY POLICY IMPLEMENTATION

2

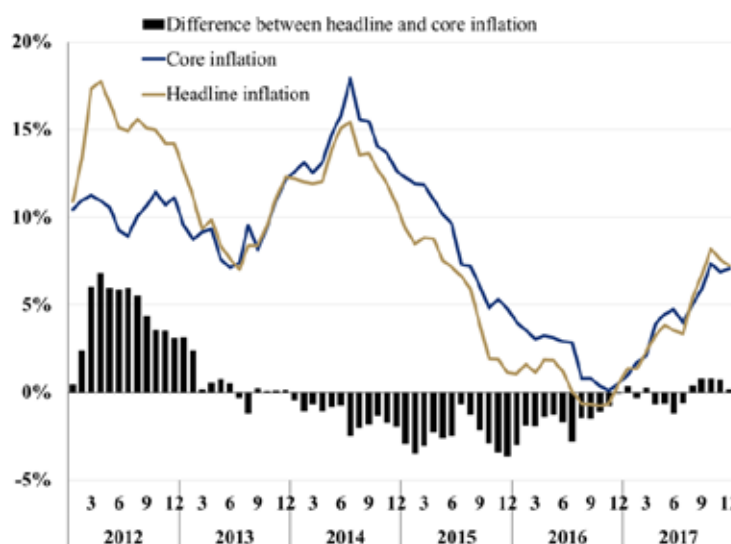
2.1 MAIN OBJECTIVE, MEASURES AND OUTCOME OF MONETARY POLICY

The Bank of Mongolia will maintain inflation measured by the consumer price index below 8 percent throughout the period 2017-2019, employing market-based monetary policy instruments.

Annual inflation, measured by the change in the consumer price index, reached 6.4 percent nationwide and 7.2 percent in Ulaanbaatar by the end of 2017. Though inflation picked up compared to the previous year, it remained consistent with the target of the Central Bank. Previously, inflation had gradually declined from the third quarter of 2014 until the end of 2016 and even deflation prevailed in Ulaanbaatar during the period of August to November of 2016. Increasing inflation in 2017 was mainly driven by recovery of economic activities, tax changes as well as supply side factors.

The difference between headline and core inflation¹, which excludes goods with highly volatile prices from the consumer basket remained low throughout 2017, with annual core inflation reaching 7.0 percent by the end of 2017. Previously, volatility of meat prices resulted in a sharp increase in the difference between headline and core inflation in 2012, as well as during the period 2014-2016. However, changes in prices of goods such as meat, milk, and vegetables exhibited similar pattern as demand-driven inflation throughout 2017, leading to a lower difference between headline and core inflation.

Chart 1. Headline and core inflation



Though inflation increased in the reporting year, it is expected to stabilize around the target rate. Consistent with the outlook for stable inflation, the Monetary Policy Committee decided to reduce the policy rate by 2.0 and 1.0 percentage point, respectively in June and December of 2017, while keeping the policy rate unchanged at the meetings held in March and September of 2017. Moreover, the Monetary Policy Committee decided to set the interbank market rate corridor symmetrically with the width of +2, -2 percentage points from the policy rate at its meeting in June 2017.

Short term foreign debt pressure is subdued and positive developments are observed in the overall economy and the financial market, following the issuance of “Khuraldai” bond, new sovereign bond issued to exchange

¹ Calculated by excluding 41 goods with highly volatile prices from the consumer basket.

the Development Bank of Mongolia's bond of 580 million USD and extend the swap arrangement with the People's Bank of China in early 2017. Despite the positive developments in the economy such as, refinancing of foreign debt payments due in the near-term, increased export prices and improved terms of trade, concerns associated with the approval of the "Extended Fund Facility" program by the IMF's executive board and the State Great Hural's discussion on the supplementary budget for 2017 were creating uncertainty in the economy. Considering such uncertainty, the Monetary Policy Committee decided to keep the policy rate unchanged at 14 percent in March of 2017.

In the first half of the reporting year, annual inflation increased to 3.4 percent nationwide and 3.5 percent in Ulaanbaatar city. Though supply factors were pushing inflation up in addition to demand factors driven by economic recovery, inflation was expected to stabilize around its target set by the Central Bank in the medium term. As such, in order to support economic growth, especially growth of non-mining sector, business activities, employment and financial stability; it was decided to ease monetary policy and set the width of the policy rate corridor symmetrically in June of 2017.

The decision in September 2017 to keep the policy rate unchanged was consistent with the Central Bank's mandate to stabilize inflation around the target rate and thereby, facilitate macroeconomic stability in the medium to long run.

The economy performed stronger than expected in the first 3 quarters of 2017. Acceleration of mining production and investment, improvements in the terms of trade and subsiding short term pressure to refinance foreign debt obligations led to lower risks and uncertainties regarding macroeconomic condition and stimulated economic growth. An analysis of economic outlook in the near future implied continued need to support credit for business sectors less dependent on the mining sector and boost employment. In addition, as inflation outlook was consistent with the target level, there was room to reduce the policy rate by 1.0 percentage point in December 2017.

Overall, these decisions to gradually ease monetary policy in the reporting year were aimed at supporting economic growth equally among all sectors and enhancing business activities and employment, while production and development of the mining sector is intensified, uncertainties and risks in the economy remain subdued, terms of trade are improving, confidence in market is strong and the inflation outlook remains stable in the medium term.

The exchange rate should be set consistent with the macroeconomic fundamentals, pursuing floating exchange rate regime.

The BoM maintains its policy of setting an exchange rate that reflects the macroeconomic fundamentals and pursuing a floating exchange rate regime. The BOM intervenes in the domestic foreign exchange market when it is needed to mitigate the significant exchange rate fluctuations.

Export revenue increased by USD 1,288.0 million or 1.8 times compared to the previous year, amounting to a final total of USD 2,256.0 million which was caused by coking coal price growth in the Chinese market. Therefore, the foreign trade surplus rose by USD 307.0 million or 20.0% compared to the previous year and reached USD 1,865.0 million. The Government has refinanced the repayments of Development Bank's bond (USD 580 million) with Kharaldai bond (USD 600 million) and Chinggis bond (USD 500 million) with Gerege bond (USD 800 million). Furthermore, with the implementation of the IMF program and support from donor organizations, the inflow of foreign exchange has increased substantially.

The BOM intervened in the domestic foreign exchange market by selling USD 78.2 million and CNY 114.0 million through 102 FX auctions in 2017. At the same time, short-term and long-term swaps were established with the banks to facilitate short-term liquidity and to mitigate foreign exchange risks of banks and their customers. In particular, the central bank made USD 34.5 million of short-term swaps and USD 245.5 million of long-term swaps with the banks in 2017. In addition, BOM made 59 agreements for foreign currency deposit with banks amounting USD 1,670.0 million.

As at the end of 2017, the MNT's reference rate against the USD was 2427.13. During the reporting period, the average daily volatility of the exchange rate was 0.09%, whereas the highest daily appreciation and depreciation

rates were 0.36% (in MNT 8.86) and 0.66% (in MNT 15.71) respectively. Moreover, 99% of the exchange rate fluctuation was in the band of $\pm 0.4\%$. The average daily volatility of the exchange rate decreased by 0.12 percentage points compared to 2016 and 0.03 points compared to 2015.

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

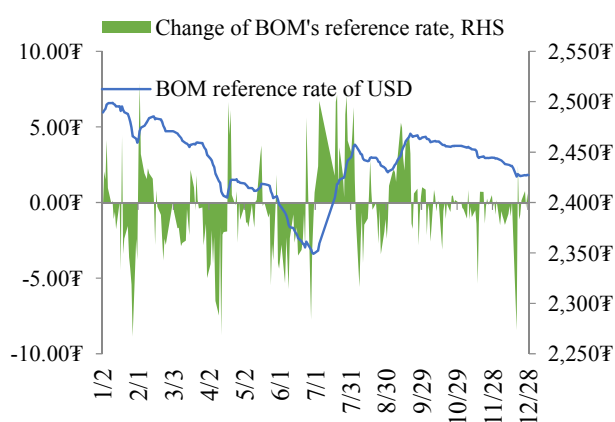
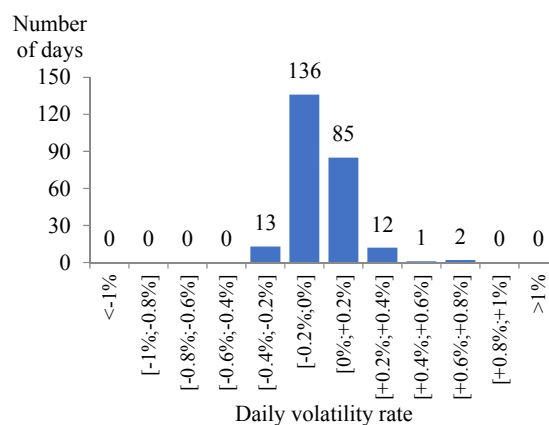


Figure 3. Histogram of daily changes of exchange rate of MNT against USD



Source: The Bank of Mongolia

2.2 IMPLEMENTATION OF POLICIES TO SUSTAIN BANKING SECTOR STABILITY

In the reporting year, the International Monetary Fund (IMF) and the Government of Mongolia have reached agreement on an economic and financial program supported by a three-year Extended Fund Facility. The program of policy adjustment and structural reforms has contributed to maintaining the banking sector's stability. In the scope of the program, a comprehensive asset quality review on the all banks was conducted by PricewaterhouseCoopers Česká republika under a consistent and high-level methodology. Mongolia's overall banking sector was evaluated as stable. Now under the BOM supervision, banks have implemented their broad-based recapitalizing and restructuring plans to ensure long-term viability independently.

To maintain risk bearing capacities of banks, and limit the negative effects of potential loss associated with increasing NPL, the BOM increased the paid-in capital requirement for banks to 100 billion MNT in October, 2017 to be met by December, 2021. This measure not only strengthens the safety and soundness of the wider banking sector but also enhances banks' ability to finance larger projects.

On January 18, 2018, the Parliament approved amendments to the Banking law. This amendment introduces risk-based supervisory framework and puts banks under a stringent regulatory environment aligned with international best practices. In addition, fit and proper requirements for banks' boards of directors and management are enhanced, and the supervisory authority is provided with well-defined prompt action tools to deal with problem banks. Overall, the amendment is designed to increase the resilience of the banking sector, thus reducing the risk of bank bail-outs at taxpayers' expense.

Following the amendments to the Central Bank law, approved by the Parliament on January 18, 2018, the Banking Supervision Committee was established within the BOM. The committee will be the main body in Mongolia that makes decisions on banking supervisory matters, specifically setting prudential policies for banks, guiding bank examination process, and deciding on necessary follow-up/corrective measures.

With close coordination with the IMF, "Regulation on asset classification, provisioning and its disbursements" was revised, and came into effect by the Joint Decree A-193/228 of Governor of the Bank of Mongolia and the Finance Minister on June 6, 2017.

To address the buildup of nonperforming loans, the BOM has continued to work to establish a public asset management company (AMC) with the technical assistance of the Asian Development Bank. The goal of the AMC is to maintain financial stability through efficient disposal of non-performing loans. To provide AMC

with adequate legal structures, a joint working group consisting of the Asian Development Bank experts and the officials with the BOM, the Ministry of Finance, and Financial Regulatory Commission drafted an AMC law, and the Government is to submit it to Parliament for approval.

In 2018-2019, important structural reforms and policy change need to continue to lay the foundations for the banking sector long-term stability. Most notably, the BOM together with relevant authorities will work on introducing several key regulations in line with international best practices and generally accepted corporate governance principles. Moreover, the Mongolian anti-money laundering law will also be amended.

2.3 MANAGEMENT OF THE STATE FOREIGN CURRENCY RESERVE

Subject to Article 21 of the Law of Mongolia on Central Bank, the Bank implements a foreign exchange reserve management policy that ensures the objectives of liquidity and the security of foreign reserves. Only after fulfilling above mentioned objectives, the Bank seeks to optimize its return. The structure of foreign exchange reserve management is aimed to create a monitoring system which is consistent with international standards, determines rights, responsibilities and supervision of the parties involved in the management.

In 2017, the Bank carried out its foreign exchange reserves management in accordance with the generally accepted asset management principals and within the scope of established risk limits. In terms of general structure, the Bank defined its foreign currency asset composition, foreign currency investment composition, optimal investment duration, and eligible financial instruments. Financial due diligence has been conducted on capital markets periodically to assess idiosyncratic risk, systematic risk, credit risk, aimed to enhance the overall reserve management and strengthen supervision framework.

With the expanded growth in leading economies and the improved labor market, the Federal Reserve Bank and the Bank of England have raised their policy rates /Figure 1./. As a result, their yields on the investment have risen accordingly.

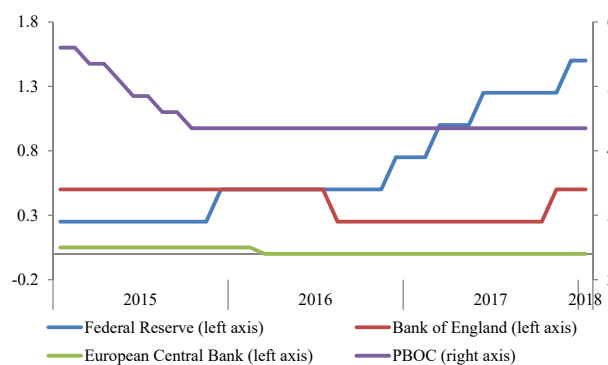
During the fiscal year, the Bank prioritized its assets' safety by investing in major reserve currencies, allocated and unallocated gold, current and deposit accounts with highly regarded central banks such as the Federal Reserve System (bank), the Bank of Japan, the Bank of England and the Bank of France and money market instruments issued by the Bank for International Settlements and other supranational entities.

Due to negative interest rates earned on the Euro, the Euro reserve basket within the reserve management has been decreased. However, the Chinese Renminbi reserve basket has increased due to its inclusion in the IMF's SDR basket and Renminbi denominated obligations. Moreover, because gold prices have risen by 13.5% in 2017, the Gold reserve basket has been managed above the benchmark level but within the approved deviation.

As of December 31, 2017, the Foreign Reserve reached USD 3008.1 million, an increase of 132.0 percent or USD 1711.6 million from the beginning of the year. This level satisfies the internationally accepted standard that requires reserve to be equal to 12 weeks or 3 months of foreign currency denominated import payment / Figure 2./. By the end of 2017 Foreign exchange reserve illustrated to:

- 23.6 weeks or 5.9 months of foreign currency denominated import payment of last 3 months average imports,
- 27.2 weeks or 6.8 months of foreign currency denominated import payment of last 12 months average imports.

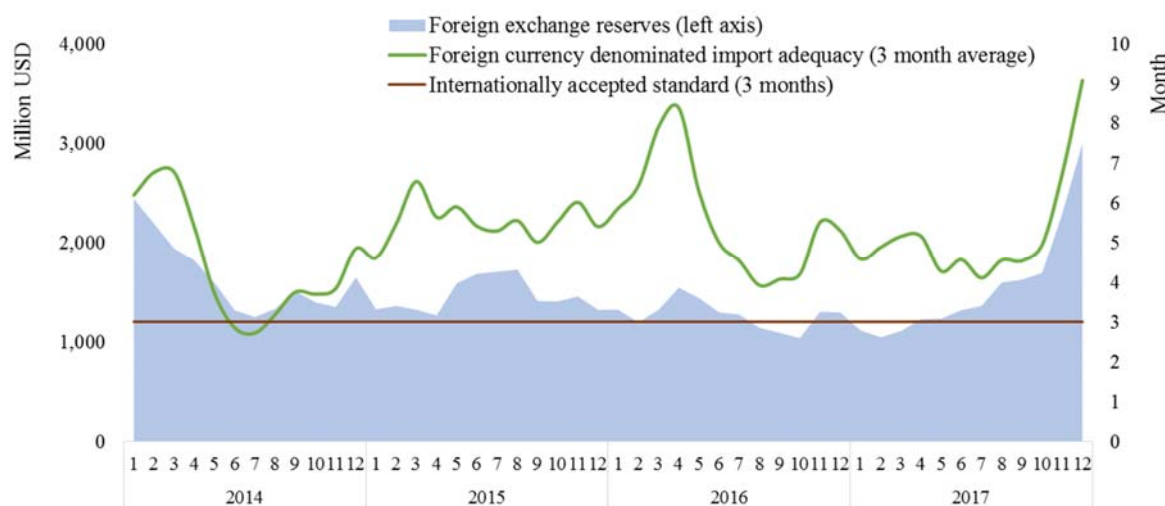
Figure 1. Central Bank rates (%)



Source: Bloomberg

The Foreign Reserve level does not meet the National Security concept adopted by the Parliament in 2010, which requires maintaining foreign reserve at a level not less than the annual foreign currency denominated import payment.

Figure 2. Foreign Exchange Reserve (in million USD) and Adequacy (monthly)



Source: The Bank of Mongolia

2.4 PAYMENT SYSTEM OF MONGOLIA

According to the short-term objectives of the Strategy for The Development, of the National Payment System for 2015-2020, a draft National Payment System law was submitted which was designed to entirely regulate relations with respect to the management, organization, control of the system and to define the authority, participation of the Bank of Mongolia. There after the “National Payment System Law” was passed by The State Ikh Khural’s (Parliament of Mongolia) Spring Session on 18th of May, 2017.

In order to comply with the above law from January 1, 2018, necessary changes to the “The Payment Card Regulation”, “Regulations of Large Value Inter-bank Transactions”, “Regulation of Low Value Inter-bank Transaction” were made, feedback from all participants of the payment systems was received, and regulations were duly updated.

Under the framework of the Payment System Modernization Project (PSMP) financed by the Asian Development Bank’s (ADB) loan, the Bank of Mongolia’s infrastructure, software of the large value interbank transactions system and the new system were successfully updated and changes will be initiated in the I quarter of 2018. There is also an ongoing tender process for selection of a legal entity to renovate the low value interbank transaction clearing system that is made through the National Electronic Transaction Center (NETC).

Under the above modernization, an international consultant has been selected to develop the “National ₮ Payment Card” in accordance with EMV/NFC standardization. This involves cooperation and cooperating on developing technical requirements, criteria and bid document processing.

To maintain the continuity and reliability of the payment system, the Bank of Mongolia regularly oversees the operators and the members of payment systems. Due to the hardware, software and database errors, the large value settlement “BankNet” system had a total 60-minute delay, the low value settlement system had a total 27-minute delay and the Payment Card Centralized Network had a total 48-minute delay in 2017. However, the switch network has not been delayed.

According to the directive approved by the Governor of the Bank of Mongolia, scheduled and ad hoc on-site inspections were conducted within fourteen banks, and followed up with corrective actions where necessary

The Bank of Mongolia may authorize payment instrument in substitution for togrog in accordance with 8.2 of the Law on Central Bank (Mongolbank). Currently, the payment instrument with authorization of the BOM used in substitution for the togrog is the payment card. In 2017, the Oversight Division of Payment Systems Department extended the licenses for engaging in payment card operation for two banks, granting additional licenses to three banks and providing payment instrument permission to one bank.

In the scope of the large value settlement system and the Central bank's securities settlement system, assessed for compliance with the twenty four principles and the five responsibilities of CPSS-IOSCO Principles for Financial Market Infrastructures, improved the level of implementation and conducted assessment on the "BankNet" system and "the Central bank's securities settlement system" in order to satisfy regularly. Through these assessment, it is possible to identify, evaluate and reduce potential risks associated with the payment systems.

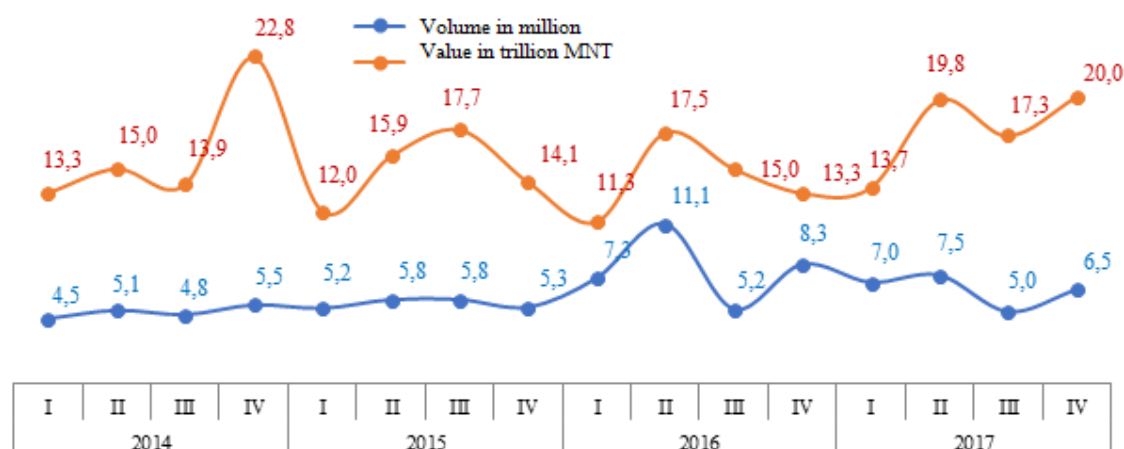
The volume and value of large and low value interbank transactions for 2014-2017 are shown in Table 1.

Table 1. Interbank transaction volume and value for 2014-2017 (volume in thousand, value in trillion MNT)

	2014		2015		2016		2017	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value
I quarter	4513,4	13,3	5 231,4	12,0	7 323,2	11,3	7 034,1	13,7
growth (%)	17,3	48,1	15,9	-9,7	40,0	-5,9	-3,9	20,8
II quarter	5087,2	15	5 824,7	15,9	11 082,4	17,5	7 533,2	19,8
growth (%)	9,1	12,7	14,5	5,8	90,3	10,4	-32,0	13,2
III quarter	4789,2	13,9	5 844,0	17,7	5 186,8	15,0	4 999,9	17,3
growth (%)	5,8	-13,6	22,0	27,5	-11,2	-15,2	-3,6	14,9
IV quarter	5466,5	22,8	5 313,9	14,1	8 277,2	13,3	6 514,5	20,0
growth (%)	14,4	30,4	-2,8	-38,3	55,8	-5,3	-21,3	50,4
Total	19 856,3	65,0	22 213,9	59,7	31 869,6	57,2	26 081,7	70,8
growth (%)	11,5	16,3	11,9	-8,2	43,5	-4,2	-18,2	23,7

Source: The Bank of Mongolia

Figure 1. Interbank transaction volume and value for 2014-2017



The volume of interbank transactions has decreased by 18.2 percent from the previous year. However, the total value of transactions in the reporting year has been increased by 23.7 percent over the previous year.

Payments 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, American Express, and JCB. By 2017, the National brand ₮ card's share had reached 72.9 %, and therefore it is the most frequently used card in the market.

Table 2. Payment card usage for 2015-2017

Number of cards		2015	2016	2017	Growth (%)
Cardholder /volume, million/		4,1	4,0	3,8	-2,8
Active cardholder /volume, million/		2,3	1,5	1,7	16,9
Machines		2015	2016	2017	Growth (%)
POS		14 780	21 325	27 304	28,0
MPOS		4 381	3 796	3 499	-7,8
POB		1 930	1 872	2 031	8,5
ATM		1 545	1 897	2 031	7,1
Others		41	-	46	-
Transaction for each device		2015	2016	2017	Growth (%)
POS	Volume, million	38,1	65,7	119,2	81,4
	Value, billion	1 571,9	1 949,9	3 388,1	73,8
MPOS	Volume, million	0,2	0,7	0,6	-14,3
	Value, billion	4,6	8,8	9,5	8,0
POB	Volume, million	1,0	0,8	1,2	50,0
	Value, billion	191,2	200,6	310,9	55,0
ATM	Volume, million	117,2	83,9	91,5	9,1
	Value, billion	6 863,5	10 525,3	18 826,9	78,9
Total	Volume, million	156,6	151,1	212,5	40,6
	Value, billion	8 631,1	12 684,6	22 535,4	77,7

Source: The Bank of Mongolia

2.5 LEGISLATIVE REFORM AND AMMENDMENTS OF BANK AND FINANCING SECTOR IN 2017

In the reporting year, a legal reform program has been initiated to improve the legal framework in the banking and financial system of Mongolia through introducing international norms and standards, enhancing transparency and accountability and reducing systemic risks. With this purpose, the “State Policy on Monetary Policy in 2017” (Resolution No.68 in 2016), the “Economic Recovery Program” (Resolution No.71 in 2016), “Guidelines for Improving Legislation” (Resolution No.11 in 2017) approved by the State Great Khural of Mongolia have specified further measures and action plans. The program also incorporates structural benchmarks in the “Extended Fund Facility” program, jointly implemented by the Government of Mongolia with the International Monetary Fund.

In accordance with the program, The Law on the National Payment System was passed by the Parliament of Mongolia on May 31, 2017. The law establishes the legal basis for policy, reliability, continuity and efficiency of the national payment system and sets forth requirement and supervision of participants in the payment system. It also provides functions and powers of the Central Bank, consumer and participants of the payment system, and broadens cash and non-cash payment instruments, and promotes and non-cash payment instrument such as e-money and cards.

In addition, the following laws were drafted in collaboration with the relevant government entities within the reform and submitted to the State Great Khural.

The amendment Law on Central Bank (Bank of Mongolia) was submitted to The State Great Khural on 17th of November 2017, for the purpose of maintaining its autonomy, strengthening the governance of the Bank of Mongolia, improving the decision making process and the effectiveness of monetary policy implementation, while broadening the functions and activities of the Bank of Mongolia.

The amendment to the Banking Law was submitted to the State Great Khural on November 04, 2017, and it aims to strengthen the legal framework of banking supervision to maintain the stability of the banking sector, improve risk-taking capabilities, strengthen a foundation of the macroeconomy, align with international best practice international standards and principles of banking supervision.

In addition, the Bank of Mongolia, the Ministry of Finance and the Deposit Insurance Corporation have drafted a amendment to the current DICOM law to conform the Deposit Insurance Corporation of Mongolia's operations with the Core Principles of the International Association of Deposit Insurers. It also contains details on preventing risks to banking and financial sector, ensuring appropriate measures if risks occur and improved legal arrangements of the regulatory authorities to take prompt action based on the measures addressed.

The Law on Combating Money Laundering and Terrorism Financing was developed in collaboration with the legislative initiator (the GoM) in conformity with the FATF Recommendations (Financial Action Task Force).

The draft Law on Currency Settlement has been proposed for the purpose of implementing unified exchange policy by conforming the digital data quality of foreign and domestic exchange flow and external balance statistics to international standards, improving legal arrangements for exchange and non-exchange transactions. Contained within this objective, was establishing integrated currency arrangements, supporting the development of capital and financial markets, ensuring the stability of the financial market, banking system and the national currency-togrog were also stated.

The Law on Asset Management is being drafted, within the activity of financial sector risk reduction, aiming to create a legal framework for the asset management institution. Also, the Amendment law on Deposits, loans and banking transactions is being developed in collaboration with relevant authorities, to refine bank and authorized persons deposits, settlement and loan arrangements in line with current conditions.

The amendment Law on the Treasury was drafted to specify activities of the Parliament, the Government and the Bank of Mongolia regarding the historical and cultural heritage requirements of treasury, protection of cultural heritage and improving its legal protection.

Also, the study is being conducted with the purpose of aligning the Law on Promissory notes to the international standards and resolve implementation issues of the law.

2.6 NATIONAL PROGRAM FOR FINANCIAL LITERACY

“National mid-term program for financial literacy” was developed, with the World Bank's technical assistance support, 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 September 28, 2015 and joint order was signed on October 7th, 2015.

This program helps: to improve people's financial discipline; to improve their ability 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 implementing in four priority areas since 2016:

- Financial literacy program for school children,
- Financial literacy program for the youth generation,
- Financial literacy program for rural residents,
- Financial literacy program through mass communication/media.

The program's implementation covers following topics:

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

Within the framework of this program below mentioned works have been done in 2017:

Government

"National program to develop Mongolia's financial sector until 2025" was approved by Mongolian Government degree № 299 on October 3, 2017. Within the vision 6.2 "Every citizen of Mongolia will possess the knowledge, skills and confidence necessary to manage his/her personal and household finance in an appropriate way" has is being implemented.

Monetary policy guideline

Monetary Policy guideline for 2018 was approved by resolution no.70 of the Parliament of Mongolia on November 16, 2017. Within vision 3.1 "National Program for financial literacy" is being implemented.

Financial literacy for school children

- Minister of the Education, Culture Science and Sport signed an order No.A/61 "high school curriculum". Due to this order "Business Study" subject is to become a selective core.
- 84 teachers are trained to teach "Business Studies".
- Student book and teacher's manual for 10th grade and student book for 11th grade for the subject "Business study" were developed and published.
- Developed and published comic books with financial literacy content "adventures of Anar and Anu with Money Monster" for school age children and those books were distributed for free.
- Regarding Global Money Week, The Office of the President of Mongolia, The Bank of Mongolia; Ministry of Education, Culture, Science and Sports; Mongolian Banking Association; Deposit Insurance Corporation; Knowledge Center NGO organized the essay writing contest among the 10th grade elementary school children and teachers under the slogan "Learn - Save - Earn".
- Approved "National Saving Symbol of Mongolia" containing history and culture of saving of the country. In order to introduce the symbol to school children organized training seminars with content on the importance of savings to over 900 children from 4th and 5th grades of elementary schools of each district of Ulaanbaatar.

Financial literacy for youth generation

- To ensure financial literacy among the youth, the training course "Personal Finance" was developed and printed. The course, implemented at the Mongolian National University, the University of Finance and Economics, the Mongolian National Agricultural University, the University of Etugen, the University of Ulan Bator, the University of Ulan Bator Erdem, the University of Dornod, the University of Erdenet LLC through the university's curriculum.
- 48 teachers received training in "Personal Finance" to improve their ability to teach the above-mentioned course.
- In the framework of cooperation with the Ministry of Social Security and Labor, the course "Personal Finance" was approved in the curricula of the vocational education centers and educational institutions, approved by the order of the Minister of Labor and Social Security No. A / 138 in August 2017.
- The Bank of Mongolia and the University of Trade and Commerce jointly organized a QAQ contest

“Who will be the best financier” in the framework of the “National Financial Literacy Program” among students of the National University of Mongolia and the University of Finance and Economics for two consecutive years.

- On the Day of the Banker, researchers and other interested parties agreed to improve the financial literacy of citizens and their confidence in financial markets, thereby protecting the legitimate interests of financial market participants, using good experience to reduce financial crime and incidents by holding a forum for the exchange of interdisciplinary knowledge in for three consecutive years.

Financial literacy for rural dwellers

- Developed and published handouts for rural dwellers. These handouts cover 13 topics: What does the central bank do? How to manage your money? household budgets and financial planning, savings and loans, investments, insurance, pensions, social security and taxes in your life, financial services, money laundering and terrorist financing, growth rates and exchange rates, money raising and insurance.
- Financial education is distributed among local residents, employees of the banking and financial sector and students through local branches of the Bank of Mongolia.
- The Bank of Mongolia stressed that 2017 is a “year of the rural area” and provided monthly trainings, where distributed manuals for local residents, banks and employees of the financial sector and students in 17 aimaks through local branches.
- Collaboration with the Lifelong Education Center under the Ministry of Education, Culture, Science and Sport and Microfinance Development Fund have certified 198 teachers by “Training Trainer” and organized local trainings for the public on financial education.
- The Bank of Mongolia, the Microfinance Development Fund and the Lifelong Learning Center under the Ministry of Education, Culture, Science and Sport signed a “Memorandum of Understanding” to improve the financial education of citizens of rural areas to increase long-term savings, financial investments and increase public confidence in the government and banking system.

Financial literacy through mass communication/media

- With technical assistance of the World Bank the BoM operated a comprehensive website on financial education www.sankhuuginbolovsrol.mn
- A “Budgeting” application is ready to be used on Android, IOS smartphones. This application provides possibilities to manage personal finance and budget.
- Developed and published articles on financial education in the monthly brochure “Information of the Bank of Mongolia”.
- Developed 9 videos on financial education and distributed to the public.
- Developed 3 types of digital contents related to Simple Finance. What does the Central Bank do? What is saving? The Importance of Budgeting.

“Financial Literacy” campaign

- “Financial Literacy” campaign organized on the value and implementation of the “National program for financial literacy” to improve the effectiveness and efficiency of the program for 3 months. Public events were organized within the framework of the campaign for each of the top four priority areas.
- Within the framework of the campaign 21 aimags organized financial literacy trainings and events and reached over 500 000 people.
- Mongolia joined “World Saving’s Day”. The Bank of Mongolia, German savings bank foundation for international cooperation, Mongolian Banking Association, Deposit insurance corporation and banks celebrated “World Saving’s Day” on October 31th, 2017. During this event banks introduced their products for kids and created free saving accounts for them.

Cooperation with international organizations

- World bank

An important achievement since the adoption of the program to improve the “National Program for Financial Literacy” is that it is very effective to acquire financial education from a very young age and to introduce a new course “Business Research” for 10.11, 12 class curricula. Within the framework of the World Bank’s technical assistance, a textbook was developed for the 11th class of the subject “Business research”.

- German savings bank foundation for international cooperation

German savings bank foundation for international cooperation implements a training development program to improve public financial literacy through empowering bank staff in direct contact with the customer and aims to ensure economic and social sustainability of the project implementing countries. For this purpose, there was a signed agreement between the Bank of Mongolia (The Central Bank) and The Savings Banks Foundation For International Cooperation to establish the joint project on “Introduction of dual vocational training for bank specialists and of the World Savings Day in Mongolia”

Main purpose of the project:

- long-term efforts to strengthen the banking sector of Mongolia by professionalising the bank staff and introducing international standards.
- To develop dual vocational training for bank specialists
- the introduction of the World Savings Day in Mongolia.

Within the framework of this project below mentioned works have been done in 2017:

- 14 Master trainers and 11 Mentors, who will organize and follow up on the practical part of the training in Bank were trained.
- A total of 41 trainees were trained in 7 modules. These include:

Module 1: Economic framework conditions

Module 2: Savings and deposits

Module 3: Current account and payment transactions

Module 4: Loan business

Module 5: Fundamentals of accounting

Module 6: Communication with the customer, incl. Sales

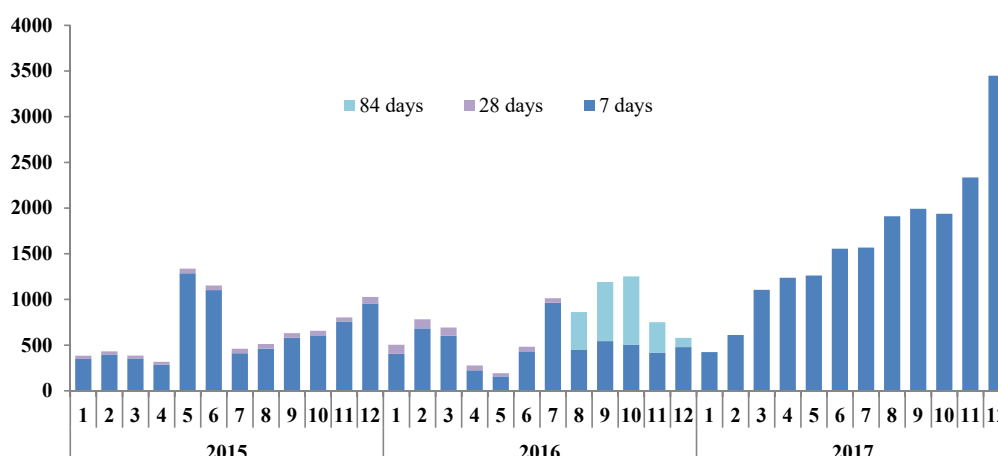
Module 7: Legal framework conditions

3.1 CENTRAL BANK BILLS

The Central bank bills (CBBs) is a main monetary policy instrument of the BOM to manage the short-term interest rate and reserves of the banking system. In 2017, CBBs, which have a maturity of 7 days and interest rate with ceiling (policy rate), without bidding amount limit, have been auctioned three times a week. As a policy rate, the interest rate of the securities is the leading interest rate in the market and has a role of managing banks' reserves.

The total outstanding amount of CBBs has increased by USD 3,025.2 billion to USD 3,447.8 billion at the end of 2017. This growth was mainly attributable to the Purchase of Gold, repayments of government securities and central bank's intervention activities.

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



Source: The Bank of Mongolia

3.2 CENTRAL BANK FINANCING

In order to implement monetary policy and to manage the interbank interest rate at an appropriate level, the BOM is using instruments such as intraday credit, overnight repo financing, and repo trading which are the supply source to the banking system. These instruments are differentiated by durations, interest rates and purposes. All financing instruments provided by the BOM require collateral that should be on the list of collateral assets approved by the Governor of BOM as Risk Management Unit of the BOM proposed. In the reporting period, MNT 574.7 billion was supplied to the commercial banks through the monetary policy instruments.

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 49.2 billion of intraday credit.

Overnight repo financing

Overnight repo financing is given to banks for the period from the end of the transactions of a given day to the opening of transactions of the next day. This financing instrument is utilized to implement monetary policy, to maintain the interbank rate at a target level and to help banks satisfy their reserve requirements. Interest rate of the overnight repo is the highest rate of the Central Bank's interest rate corridor and is equivalent to adding 2 percentage points to the policy rate, according to the Governor of BOM's resolution No. A-173 of 2017. In 2017, banks received a total of MNT 525.5 billion of overnight repo financing from the BOM.

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 trade provides funding to the banks for 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 didn't finance banks through repo trading.

Overnight deposit

The central bank's overnight deposit is a tool to manage excess reserves of banks. The transaction to place overnight deposits at the Bank of Mongolia's account shall be the last transaction of a commercial bank on a particular day, whereas the transaction to return the deposits shall be the first transaction of a commercial bank on the next business 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 2 percentage point to the policy rate, according to the Governor of BOM's resolution No. A-173 of 2017. In the reporting year, the BOM received a total of MNT 6,857.4 billion of overnight deposit financing from the banks.

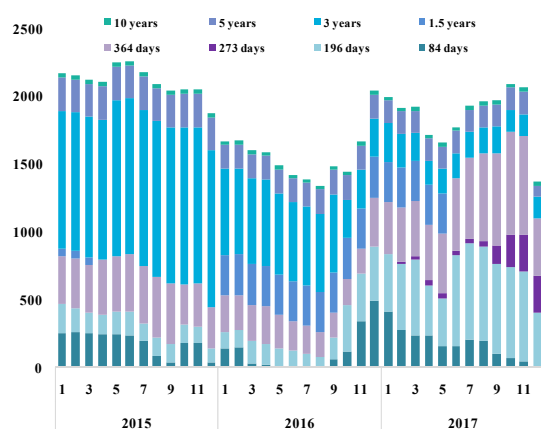
3.3 GOVERNMENT SECURITIES (GS)

GS are considered as a risk-free investment and interest income earned on GS is exempt from taxation. Citizen and legal entities are able to participate in GS auction through their broker-dealer companies and commercial banks who are allowed to submit bids on behalf of its customers and clients. The face value of GS is MNT 100,000 in retail GS auction held through the Mongolian Stock Exchange while it's MNT 1,000,000 in wholesale bond auction held through the BOM.

The BOM organizes GS auctions according to the schedule provided by Ministry of Finance and trades GSs with maturities of 3, 6, 12 months, 2 and 3 years in primary market. In 2017, the BOM organized GS auctions 63 times in which MNT 2.7 trillion of GS were traded. The total outstanding amount of GS which were traded through BOM's auctions has declined by MNT 698.6 billion to MNT 1.6 trillion at the end of 2017.

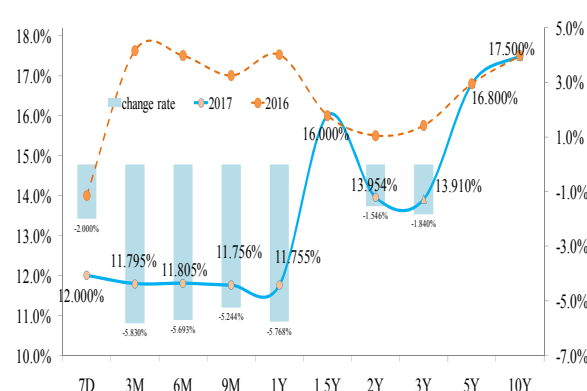
The amount of GS has decreased due to the decision of Ministry of Finance that stopped the GS auction in Nov-Dec, 2017.

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



Source: The Bank of Mongolia

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



The weighted average rate of GS has decreased due to several reasons. Particularly, the measures such as i) the decisions of the Monetary Policy Board of the BOM to decrease the policy rate to 12 percent and to 11 percent respectively on 16 June, 25 December, 2017, ii) increased foreign investors participation in GS market which was encouraged through the BOM's decision on issuing approval for 5 banks for their customers to bid indirectly for GS trading, and iii) the decision to levy a tax on deposit interest rates have increased the investors' appetite for GS.

Table 1. Secondary market activities of GS

Trade in the secondary market of GB /by bundle/			
/Огноо	i/ Short-term	ii/ Long term	/i+ii/ Total
January of 2017		500.00	500.00
February of 2017	21,000.00	-	21,000.00
March of 2017		65,000.00	65,000.00
April of 2017	13.00	66,428.00	66,441.00
May of 2017	22,400.00		22,400.00
June of 2017	111,924.00	7,178.00	119,102.00
July of 2017	69,650.00	2,500.00	72,150.00
August of 2017	54,200.00	1,250.00	55,450.00
September of 2017	135,300.00	2,500.00	137,800.00
October of 2017	76,000.00	2,500.00	78,500.00
November of 2017	-	-	-
December of 2017	-	-	-
Нийт	490,487.00	147,856.00	638,343.00

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, total of MNT 638.3 billion worth of GS was traded on the secondary market in 2017. Of those, MNT 490.5 billion was short term GS and MNT 147.8 billion was long term GS.

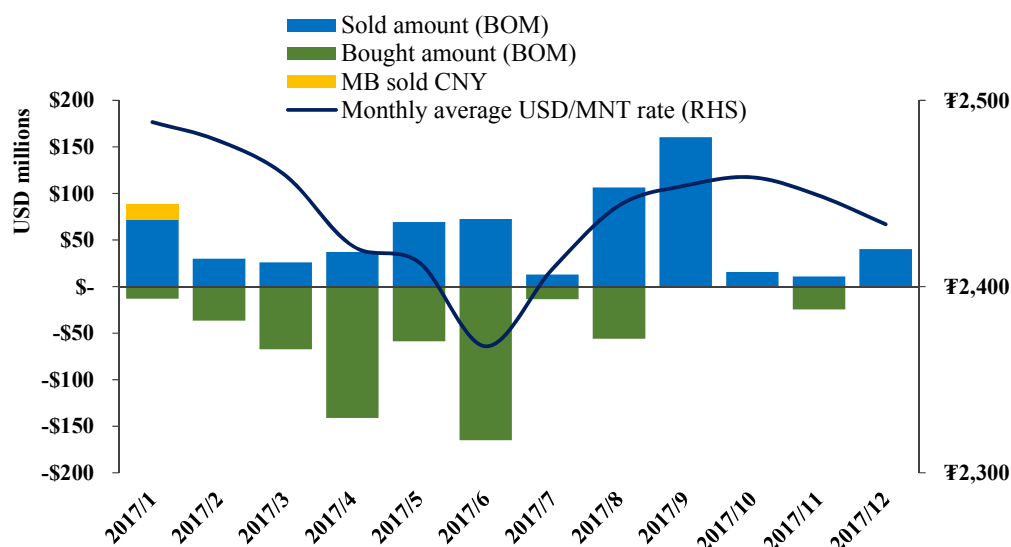
3.4 FOREIGN EXCHANGE AUCTION

The BOM has been working to ensure that togrog's exchange rate flexibility with foreign currencies is consistent with macroeconomic fundamentals. Therefore, the BOM has been intervening in the domestic foreign exchange (FX) market in order to mitigate the exchange rate fluctuations due to short-term demand and supply gap.

In 2017, the BOM intervened in the FX market with 102 times of auctions amounting to net of USD 78.2 million and CNY 114.0 million which is equivalent to USD 16.4 million. Hence, compared to the previous year, the amount of USD intervention decreased by 91.8 percent or USD 873.1 million and CNY intervention also declined by 94.1 percent or CNY 261.8 million.

Figure 1. USD and CNY auction /USD millions/

Figure 1. USD and CNY auction /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 market and to mitigate exchange rate risk.

In accordance with the “Regulation on Long term swap agreement” and the “Regulation on Foreign exchange forward and swap agreements” which were amended in December 2016, the BOM has made short-term USD swap agreements worth of USD 34.5 million with the commercial banks in 2017. The amount declined by 85.4 percent or USD 201.3 millions compared to previous year. There were no short-term MNT swap agreements made in the reporting period.

With regards to the long-term swap agreements, commercial banks make agreements with the BOM using external financings with over one year maturity. Therefore, in 2017, the long-term swap agreements between the BOM and banks amounted to USD 245.5 million, of which USD 161.3 million were non-deliverable swaps. Compared to 2016, the total amount of long-term swap agreements has declined by 31.4 percent or USD 112.5 million. In 2017, long-term swaps of USD 417.9 million were concluded and its outstanding amount decreased by USD 172.4 million. As a result, the total outstanding amount of long-term swap reached USD 1267.9 million at the end of 2017.

3.5 INTERBANK FX TRADING PLATFORM

Monetary Policy Guidelines for 2017 stipulate that necessary steps should be taken to enhance the domestic foreign exchange market infrastructure. Pursuant to the Guideline, the Bank of Mongolia launched the “Interbank FX trading platform” on 10 April 2017.

The interbank FX trading platform is an infrastructure that enables banks to come together in a centralized electronic platform and receive information on foreign currency demand, supply, exchange rate on an equitable and real-time basis.

The interbank FX trading platform has created the following benefits:

- Trading process has become automated. All processes of order entry, order matching, settlement and

clearing are made electronically. It helps to reduce operational risks and save the time.

- Settlement risk is reduced. The Bank of Mongolia sets a trading threshold for each participant based on their current account balances in the central bank. Trade information is transmitted automatically to the Bank of Mongolia's payment system and settled. This has led to significantly reduced payment and settlement risk associated with interbank foreign currency trades.
- Competition is increased. Because only order's price and volume information is available on the platform, the competitive pricing in FX rates led to an increase in the overall economic efficiency. It is worth mentioning that although the platform enhances market efficiency by improving financial market infrastructure, it does not necessarily tackle the exchange rate fluctuations caused by the underlying economic structure.
- Spot rate is clearly determined. Clearly determined buy and sell price of active orders in the platform allows banks to receive current real market prices, not just prices of certain banks. The Bank of Mongolia publishes best buy and sell prices on 10:30, 11:30, 12:30, 14:30, 15:30, and 16:30 hours on its website. As a result, individuals and business entities can access spot rates on a real-time basis, as well as information on daily total volume and average rate of trades executed in the platform.

The interbank foreign currency trade amount has doubled since the platform launch. There have been 492 trades amounted to USD 273.3 million of which USD trade totaling to 267.4 million, CNY trade totaling to 68.7 million on the platform since its launch.

3.6 PURCHASE OF GOLD

In 2014, with the execution of the “Law of Mongolia on Amending the Minerals Law (the Amendment)”, domestic gold production has significantly increased. By the end of 2017, the Bank of Mongolia has purchased 20.0 tons of gold dores from domestic gold producers, which amounts to 9.3% increase compared to last year (Figure 1).

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



Source: The Bank of Mongolia

4.1 ORGANIZATIONAL STRUCTURE AND REORGANIZATION MEASURES

The Bank of Mongolia works with 11 departments, 1 center, 3 independent departments, 5 departments, 12 branches and 1 representative office. The Bank of Mongolia has carried out significant activities within the framework of medium-term reforms of the organizational structure and has strengthened human resources and its legal environment and introduced advanced technologies into practice.

In order to improve the coordination of the structure and functions with international standards and eliminate duplication of departmental operations in 2017, there have been organizational changes in the Supervision Department, the Monetary Policy Department, the Market Department, the Payments and Settlements Department and established the Financial Statements of the Accounting Department.

Human resources policy aimed at improving human resources, governance and working conditions, maintaining highly qualified personnel, continuing education and supporting social issues. More than 120 employees were involved in training abroad and on site, and regular training for all employees is organized every week. In addition to organizing regional workshops for divisional and branch managers, a tradition was introduced for new employees to take an oath. A branch office of the Bank of Mongolia in the Khovd province was opened to improve the working conditions of its employees.

Within the human resources policy framework, work plans, performance assessment and evaluation systems are developed, and quarterly progress is presented at the reporting meetings. Reconstruction of information technologies is carried out with the purpose of creating conditions for effective cooperation between employees on the Internet for the storage, use, exchange and dissemination of all types of information collected at work. In cooperation with the Asian Development Bank, working on the ERP system implementation project within the framework of the Payment Sector Reform Project.

The Bank is working to improve the legal environment to make the decision-making process more transparent and improve the monitoring system.

4.2 FOREIGN RELATIONS

In order to expand foreign relations and international cooperation of the Bank of Mongolia, the European Representative Office has been reestablished in London, United Kingdom. The Governor of the Bank of Mongolia visited the Hungarian Central Bank in January 2017 and signed a Memorandum of Understanding to improve cooperation. He also visited the Central Bank of Kyrgyzstan to see a foreign exchange platform and took the first step towards strengthening cooperation.

The second roundtable meeting between the banks of Mongolia and Russian Federation was held in Ulaanbaatar in June 2017. The Governor of the Bank of Mongolia N. Bayartsaikhan, the Deputy Governor of Central Bank of Russia Torshin A.P. and representatives from the Central Banks and commercial banks of two countries took part in the meeting to discuss banking sector issues such as the current situation and development of the Russian banking sector, the current macroeconomic situation in Mongolia, investment opportunities, trade finance between the two countries, and improvements to the terms and conditions of the settlement.

The 7th roundtable between banks of Mongolia and the People's Republic of China was held in Ulaanbaatar in July 2017. Deputy Governor of Bank of Mongolia B.Lkhagvasuren, Deputy Director of the International Relations of the People's Bank of China, Guo Kai, representatives from Central Banks and commercial banks of the two countries, Mongolian Bankers Association and the Ministry of Foreign Affairs participated in

the meeting. The meeting included a comprehensive presentation and discussion regarding the cooperation between Mongolia and China's economic, commercial and banking sectors, SWAP deals, macroeconomics of the PRC, and the "Regional Route" initiative.

The Bank of Mongolia jointly organized with the South East Asian Central Banks Research and Training Centre (SEACEN) and the Bank of Japan the course on "Econometric modeling and forecasting" on October 2017, where the central bankers involved in economic research and projection of 12 central banks of south east Asian countries participated in policy analyzes, simulations and projections, discussed the issues with designing and using the model, and sharing experiences.

Under the "Knowledge Partnership Program" of the Central Bank of Korea, Bank of Mongolia jointly implemented a program on "Development of foreign exchange market system and infrastructure of Mongolia" with the Financial Research Center of Korea (FIREC). Researchers from the BOM and FIREC: professors of Seoul University, Donggong University, made joint research on the development of the Mongolian foreign exchange market and which included the recommendations to make a development by reflecting the Korean market.

The Bank of Mongolia participated in major events such as the Davos Economic Forum, the Spring and Annual Meeting of the World Bank and International Monetary Fund, the annual meeting of European Bank for Reconstruction and Development, and the annual meeting of the Asian Development Bank with high-level representatives to discuss the world's economic situation, the major global events and the global financial system.

4.3 PUBLIC RELATIONS

The Bank of Mongolia's public relations aims to improve the public confidence, enhance the effectiveness of the monetary policy, and positively influence market expectations.

In 2016, the Bank of Mongolia (BoM) set goals for making communication transparent, open and clear, hence committing on expanding the scope of activities, and working to improve understanding on the monetary policy and its tools of the public. For that, has been holding press conferences on every month, with proving up to date information as well as finance and banking sector statistics, issuing a monthly "Bank of Mongolia Information" bulletin covering wide range of information, such as the BoM's policy, its operations and economic cognitive information, organizing workshops and seminars for professional journalist and university students according to a planned schedule, and dispersing information through the social network pages.

In 2017, the BoM aimed to refine its public relations information dissemination channels by introducing new forms of communication.

"The Bank of Mongolia" television program

The Bank of Mongolia has started to broadcast informative television programs through the most widely watched television channels to prevent the risk of misguided information by providing regular, accurate information on the event and policy activities of the BoM from the primary source itself. It did a total of 48 broadcasts with the Bloomberg television's "Central Bank and Tugrik" as well as Eagle television's "Bank of Mongolia Information" programs that are broadcasted twice a month, for a duration of 15 minutes each. The content of the news was dominated by the banking sector reforms set by the BoM.

BoM-Regional journalists

Bank of Mongolia has initiated and held a number of workshops and seminars for the rural area population as well as journalists, to promote the monetary policy, support economic knowledge of rural residents, and provide full information on the BoM's activity and policy. Furthermore, the BoM has expanded its communication channels and reached out to the regional journalists. Namely, training was held at Darkhan-Uul, Orkhon, Selenge, Khuvsgul, Arkhangai, Uvurkhangai, Khentii, Sukhbaatar, Dornod, Dornogovi and Gobi-Sumber provinces.

Student-Trainer of the Bank of Mongolia

The central bank has initiated and implemented the program “student-trainer of the Bank of Mongolia”, for introducing the operation of the Bank of Mongolia. A student who participates in the program, will work as a trainer to their classmates. There is no specific professional requirement for the program participants, hence currently 200 students from 20 other universities have been part of it. Each month the student-trainers receive lecture to teach, and so far 8000 students have been familiarized with fundamental economic topics, such as the Central Bank policy and operation, current economic situation, challenges and solutions etc.

The Bank of Mongolia Hour

Separately from the student-trainer program, Bank of Mongolia’s professionals and economists started to visit the universities and colleges to hold “Bank of Mongolia Hour”. With this initiative the students can participate in presentations and receive information, regarding to the monetary policy decisions, directly. It’s in line with the Central Bank’s communication policy to prepare the next generation who makes economic and social decisions based on unbiased, reliable information. Within this framework, about 1500 students from 13 universities have attended this year.

Article and essay writing contests

To analyze the implementation of monetary policy and results, the Bank of Mongolia organized quarterly essay writing contests for the public and article writing contests for journalists, under specific topics. More than 600 papers have submitted this year, and it designed to be a prestigious contest. The successful participants papers are usually dispersed to the public through the media, and they also being used for research purposes of the Bank of Mongolia.

In order to promote the implementation of Monetary Policy, the Bank of Mongolia has distributed news and articles 235 times, through the media and its own website. Furthermore, the Bank of Mongolia implemented campaigns such as, “Fair Use of Money” and “Mongol Gold”, and organized public events to educate the public, and gave advise to citizens on finding reliable sources of information. As a result, the amount of obsolete and damaged cash exchange was reduced, and gold purchase of the bank has increased by more than 9 percent.

This year the bank has worked effectively to increase transparency of the policy, and time effectiveness of the news on decisions. These have successfully hedged the risk of spreading misleading information, negative reaction from the public and other circumstances that may adversely affect the reputation of the Central bank.

Therefore, the Bank of Mongolia will adhere to the policy of enhancing the transparency of information.

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

The Financial Action Task Force (FATF) periodically evaluates countries’ progress in implementing the Recommendations and reviews their Anti-Money Laundering and Combating Financing of Terrorism (AML/CFT) systems’ effectiveness, techniques and counter-measures. The last Mutual Evaluation Report relating to the implementation of anti-money laundering and counter-terrorist financing standards in Mongolia was undertaken by the Asia/Pacific Group on Money Laundering (APG) between 2016-2017. The APG formally adopted Mutual Evaluation Report of Mongolia at its Annual Meeting in July 2017. According to that Evaluation, Mongolia was deemed Compliant for 5, Largely Compliant for 15, Partially Compliant for 15 and Non-compliant for 5 of the FATF 40 Recommendations. Mongolia has achieved a low level of effectiveness for 9 Immediate Outcome and a moderate level of effectiveness for 2 Immediate Outcome out of 11 Immediate Outcome. As a result, Mongolia is in the review group now.

The Mutual evaluation of Mongolia has been significantly impacted by the following factors:

- The adoption of the Law on Promotion of Economic Transparency and Amnesty Law enacted in 2015 (for 25th Anniversary of the First Democratic Election and Constitution of Parliament) negatively

impacted the Mutual evaluation assessment team's perception of Mongolia's commitment to tackle money laundering.

- There are scope deficiencies in the coverage of DNFBPs; notaries, lawyers, accountants and dealers of precious metals and stones are exempted from the AML/CFT legislation and respectively, mechanism of regulatory obligations to conduct KYC procedures and AML/CFT supervision for DNFBPs is not in place.
- Legal framework for implementing sanctions imposed by the United Nations Security Council Resolutions is imprecise. Moreover, there are scope deficiencies in the coverage of non-profit organizations with Mongolia's AML/CFT legislation.

As Mongolia has been included in the "review group", the APG made recommendations on legislative changes and implementation actions that need to be done before October 2018. Accordingly, in 2017, the Bank of Mongolia in cooperation with other related organizations undertook the following:

- According to Decree No. 70 of April 20, 2017, the Prime Minister of Mongolia established the National Committee for Combating Money Laundering and the Financing of Terrorism, headed by the Deputy Minister of Justice and the Interior.
- On July 19, 2017, the National Security Council of Mongolia issued Recommendation 19/15 on measures to combat money-laundering. All state organizations were prescribed to pursue in their activities the FATF recommendations on anti-money laundering and counter-terrorist financing measures.
- On May 17, 2017, the Government of Mongolia approved the medium-term national program for combating money-laundering and the financing of terrorism which aims to ensure national economic security and the stability of the financial system by creating and developing a system that complies with international standards for combating money laundering, terrorist financing offenses.
- The National Cooperation Council for combating money laundering and the financing of terrorism, developed an "Action Plan to Enhance the Effectiveness of the Money Laundering and Terrorist Financing System in Mongolia". The plan was approved by the Government of Mongolia on December 6, 2017.
- The Bank of Mongolia, the Ministry of Justice and Home Affairs and the Financial Information Unit developed amendments to the Law on Combating Money Laundering, Financing of Terrorism, the Law on Violation, the Criminal Law and the Anti-Terrorist Law to submit them to the Parliament of Mongolia.
- In accordance with the provisions of Articles 4.7 and 4.8 of the National Cooperation Council Regulation, three working groups with legislative, supervisory and law enforcement functions have been established.

On-site supervision function of the banking sector was transferred from the FIU to the Supervision Department of the Bank of Mongolia from 2016. The FIU has been closely cooperating with the Financial Regulatory Commission in exchanging relevant data, information, and expertise (Table 1).

Table 1. AML/CFT Supervision

Indicators	2014	2015	2016	2017
Supervisions of commercial banks	10	12	13	2 ¹
Supervisions of entities other than banks	151	116	419	139
Action notices given to banks and reporting entities other than banks	155	12	14	29
Rectification orders given to banks and reporting entities other than banks	295	213	393	367

Source: Financial Information Unit.

¹ Conducted 2 on-site examinations on banks in 2017 due to the Mutual evaluation conducted by APG, asset quality review made for the banking sector and re-structuring and implementation of a risk-based approach of AML/CFT supervision in the banking sector.

In line with the duties specified by the AML/CFT law, the Financial Information Unit (FIU) of the Bank of Mongolia implemented the following activities:

- Exchanged information with the Bank of Mongolia in conducting off-site supervision of commercial banks of Mongolia.
- Redrafted the FIU internal regulations on its activities including Charter of the FIU, Regulation to Receive, Analyze, and Transfer Information, Regulation on the Secrecy Procedures of the FIU approved correspondingly by the Governor of the Bank of Mongolia.
- Continued updating the software used by the FIU. Particularly, the database has been re-structured, system on receiving cash transaction, foreign settlement transaction and suspicious transaction reports was re-developed and areas of searching data have been improved.
- Cooperated with relevant authorities in exchanging information and providing support for their operations.

Statistics of reports received by the FIU from reporting entities in accordance with the Article 7 of the AML/CFT law are shown in Table 2.

Table 2: Reports received by the FIU

Indicators	2014	2015	2016	2017
Suspicious transaction reports	212	113	282	203
Cash transaction reports	1,962,408	1,223,984	838,110	572,181
Foreign settlement transaction reports	149,682	86,329	90,560	98,549
Customs declaration reports	2,347	1,917	1,488	1,533

Source: Financial Information Unit.

The number of STRs received by the FIU in 2017 decreased by 28% y-o-y to 203, whereas the number of Foreign Settlement Transaction Reports increased by 4.9% to 95241. Due to the change in methodology, the number of CTRs decreased by 41.3% compared to 2016.

Within its main function of analyzing STRs and disseminating information that has sufficient grounds to suspect of money laundering and terrorism financing, the FIU has been supporting the operational needs of law enforcement agencies (LEAs) through cooperating and exchanging information (see Table 3).

Table 3. Exchange of information of FIU

Indicators	2014	2015	2016	2017
STRs analyzed or under analysis	275	209	245	35
Number of reports FIU has passed on to LEAs for investigation	6	27	166	15
Number of requests FIU has received from domestic authorities	634	1,248	1,200	1,945
Responses to the requests received from domestic authorities	631	1,241	1,238	1,834

Source: Financial Information Unit.

The following trainings were organized by the Bank of Mongolia in collaboration with ADB in 2017 to improve anti-money laundering and terrorist financing activities and enhance the cooperation and coordination of relevant organizations:

- Training on capacity building on combating money laundering for LEAs;
- KYC procedures, preventive measures regulation and international standards and practices were introduced to supervisors and compliance officers of banks, non-bank financial institutions, FX and real estate intermediaries.

As a member of the Egmont Group, the united body of Financial Intelligence Units, the Mongolian FIU has continued cooperating and exchanging information with foreign FIUs on identifying illicit money inflow and outflow of Mongolia as well as illicit proceeds earned through criminal activities.

4.5 INTERNAL AUDIT DEPARTMENT

The internal audit Department of the Bank of Mongolia according to its function inspects and supervises the Bank of Mongolia's departments, units, centers and regional branches to ensure compliance with laws and regulations in implementing the State Monetary Policy. It takes necessary measures when breaches are detected, makes assessments, provides management with information and performs off-site inspections of local branches. It is also engaged in auditing of financial report of the Bank to be done by external auditor.

The internal Audit Department carried out comprehensive on-site inspections of 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, partially-targeted examinations of departments, units of the Bank. Appropriate decisions were taken in compliance with those examinations.

4.6 RISK MANAGEMENT

During the fiscal year, the Risk Management Unit implemented the foreign exchange reserve management, money market risk management and operational risk management.

Financial Risk Management

1. Foreign Exchange Reserve Management

Under the foreign exchange reserve management, following types of financial risks are managed by the Risk Management Unit:

- Credit Risk

In accordance with the "Regulation on Foreign Exchange Reserve Management" approved by the Governor of the Bank of Mongolia, the risk limits were set by the types of investment, counterparties and credit ratings, and the reserves were allocated to central banks, international financial institutions, high rated banks and financial institutions. In addition, the Bank of Mongolia selected exclusively the central banks, international financial institutions, "A" or higher graded foreign banks and financial institutions, their branches and internationally recognized security settlements institutions as its counterparties in accordance with the framework of reserve management.

- Market Risk

Financial due diligence has been conducted periodically to assess the market value of the financial instruments of foreign exchange reserve, calculate the risk and return estimation and monitor the limit performance.

Within the framework of the currency risk management, to minimize the exchange rate risk, the currency portfolio was set up based on the togrog against foreign currency exchange rate policy, foreign loan payment of the Government, the import structure, the foreign exchange outflow and the domestic currency market

structure.

- Liquidity Risk

The foreign exchange reserves are allocated in highly liquid financial instruments denominated in convertible foreign currencies and the duration of the portfolio has been monthly rebalanced with the benchmark index duration.

2. Money Market Operation

During the fiscal year, the Risk Management Unit has implemented risk management activities to minimize the risk associated with open market operations, domestic currency market operations, and lender of last resort operations. For instance, as a lender of last resort, the Bank of Mongolia provides loans to the bank to ensure bank's liquidity for short-term. In this regard, the type of asset to be pledged as a collateral, discount rate and valuation of collateral assets were determined under the central bank's collateral policy. In addition, the Risk Management Unit calculates the daily trading limit of the participants in the interbank currency trading system, selects the main dealers in the trading system and their performance has been monitored within the money market framework.

Operational risk management

The Bank of Mongolia implemented operational risk management consistent with structured and complex function based on the "Three Lines of Defense" principle. During the fiscal year, the Risk Management Unit conducted the training for the Bank of Mongolia's Head Quarter and rural branch's employees and organized the "Risk Control and Self-Assessment" to define and evaluate operational risk. In addition, Key Risk Indicators of operational risk have been determined and approved by the Governor of the Bank of Mongolia in 2017, and as a result all departments are able to identify its own operational risk on a weekly, monthly and quarterly basis. This was an important step in advancing the operational risk management.

Further, the Risk Management Unit will emphasize the operational risk management trainings for all employees of the Bank of Mongolia in order to enhance operational risk management culture and the capacity of the units to identify and assess those risks.

4.7. BANKNOTE ISSUANCE

In 2017 within one of the central bank's main functions, the issuance of national currency, the Bank of Mongolia conducted the following activities.

Sufficient stock of 10, 20 and 1000 tugrug denominations were replenished in the reporting year.

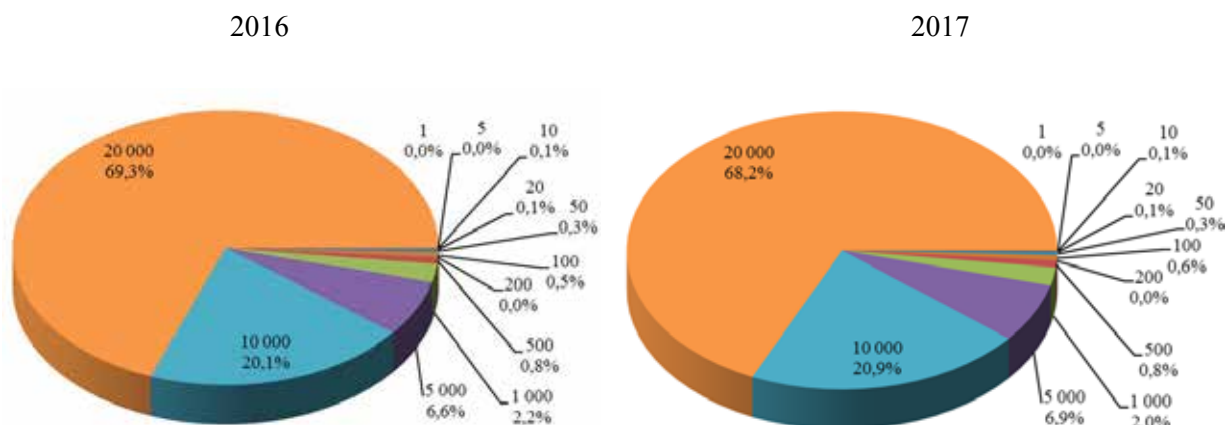
Cash in circulation in nominal terms reached 906.4 billion togrog as of 31st December, 2017, reflecting an increase of 82.77 billion togrog or 10.05 percent compared to the same period of the previous year. In terms of number of banknotes in circulation the volume increased by 50.5 million or 13.85 percent. This upsurge was driven mainly by the 20, 50 and 100 MNT denominations that increased respectively by 23.7 percent, 21.5 percent and 21.1 percent as shown in the table below.

1. Changes in Cash in Circulation

No	Denomination	Amount (million MNT)		Changes		Volume (thousand notes)		Changes	
		2016.12.31	2017.12.31	in MNT	in percent	2016.12.31	2017.12.31	in pieces	in percent
1	1	31	32	1	2.2%	31,012	31,706	694	2.2%
2	5	140	143	4	2.5%	27,970	28,682	712	2.5%
3	10	744	830	86	11.6%	74,434	83,047	8,612	11.6%
4	20	1086	1343	258	23.7%	54,281	67,172	12,892	23.7%
5	50	2242	2725	482	21.5%	44,849	54,492	9,643	21.5%
6	100	4527	5480	954	21.1%	45,266	54,803	9,537	21.1%
7	200	36	36	0	0.0%	182	182	-	0.0%
8	500	6389	7057	668	10.4%	12,779	14,114	1,335	10.4%
9	1000	17962	18570	608	3.4%	17,962	18,570	608	3.4%
10	5000	54091	62875	8784	16.2%	10,818	12,575	1,757	16.2%
11	10000	165678	189379	23701	14.3%	16,568	18,938	2,370	14.3%
12	20000	570665	617887	47222	8.3%	28,533	30,894	2,361	8.3%
	Total	823591	906358	82767	10.05%	364,654	415,175	50,521	13.85%

Cash in circulation in nominal value has been growing gradually due to inflation and economic growth.

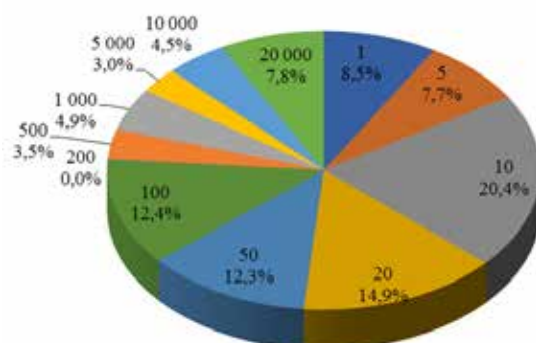
The structure of cash in circulation by denomination component as of 31st of December 2017 in comparison with 2016 is shown in the following chart.



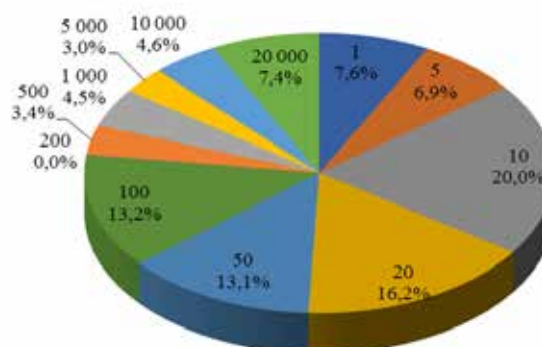
In terms of the value 20000 MNT denomination has the highest share reaching 68.2 percent in 2017, which was slightly lower than that of 2016. The second large share belongs to 10000 MNT denomination and this indication did not show any changes in 2017 compared to the previous year. The sum of the amount of these two top denominations (10000, 20000) makes 89 percent share in the total cash in circulation of 2017.

The following pie charts describe the percentage share of each denominations in volume.

2016



2017



The denominations in volume are spread almost equally and no major change is observed in both years.

Within this specific responsibility the Bank of Mongolia issued cash amounting to 151,5 billion togrog for the nationwide payment in the reporting year through its local branches which are located in 21 provinces of Mongolia.

4.8 INFORMATION TECHNOLOGY

The IT department of the Bank of Mongolia has maintained the secure and continuous operation of Interbank payment settlement system, interbank trading platform and the systems used in internal operations.

The IT department has undertaken work on implementing new technologies, improving existing software systems. To mention a few, a new version of Loan information system and a new version of FIU system has been developed and introduced by its own resources.

It has also developed Employee performance management system and successfully implemented in Bank of Mongolia. Numerous other systems have been newly developed such as registration system of bank notes and android application for fixed asset barcode reading device.

It has also worked to reduce it related risks, to improve high availability and business continuity of systems and to increase the efficiency of its IT investments.

4.9 SUMMARY OF REGULATIONS APPROVED BY THE BANK OF MONGOLIA IN 2017

No	Title of regulatory acts	Date	Decree No	Content
In relation to development and implementation of Monetary policy				
1	To determine policy interest rate of the Central bank	17.06.15	A-172	The policy interest rate of the Central bank has been decreased at annual rate of 2.0 unit percent which is defined at 12 percent.
2	To renew of "Interest rate corridor" system	17.06.15	A-173	Monetary policy "interest rate corridor" system was changed horizontally and symmetrically +2 (two), -2 (two) point percent changes of Mongolbank policy interest rates.
3	To determine policy interest rate of the Central bank	17.12.22	A-323	The policy interest rate of the Central bank has been decreased at annual rate of 1.0 unit percent which is defined at 11 percent.
In relation to Banking supervision				

1	Regulation on Information technology criteria for banks	17.06.29	A-189	Based upon the international COBIT system and payment card information security PCI DSS, banking information technology and its activities, managing risks regarding information technology, maintaining security and defining general criteria and monitoring relations were regulated.
2	Regulation on banking licenses	17.06.29	A-190	Regulates the relations of receiving applications for a banking license, reviewing the request on establishing a new bank is meeting the requirements and conditions of the law, and issuing or refusing to grant and revocation of banking license.
3	Regulation on permission of banking activities	17.06.29	A-190	Regulates the relations of receiving applications for additional licensing; reviewing the applications; issuing, limiting, suspending and revoking permissions of banking activities.
4	Regulation for authorization to change the size and structure of bank equity	17.06.29	A-190	Regulates relations of restructuring the size and structure of the bank equity, issuing new shares and securities classified as shares, becoming an influential shareholder, changing the share size and structure of the influential shareholder by issuing a permission or revoke the permission.
5	Reviewing and approving instructions for a new banking license and its activities, request on changes in banking equity and other related documents	17.06.29	A-190	The purpose of this instructions is to receive and review applications in accordance with relevant regulations, for banking license and its activities, request on changes in banking equity and resolve them in accordance with relevant regulations.
6	Regulation on asset classification, provisioning and its disbursements	17.06.30	A-193/228	The purpose of this regulation is to set the minimum requirements by the Bank of Mongolia (BOM) on classifying the loans defined in the Article 27.1 of Law on deposits, loans and banking transactions (DLBT) and other assets, as well as, establishing and disbursing loss provisioning on both loans and other assets stated in the Article 35.5 and Article 35.6 of The Banking law. It also ensures that regulated banks are to follow and comply with the set requirements.
7	Accounting manual	17.11.24	A-294/340	The Bank's accounting standards are updated in accordance with International Financial Reporting Standards (IFRS)
In relation to managing, coordinating, and supervising national payment system and its activities				
1	Payment card network charter of National electronic transaction center	17.05.15	A-154	The charter regulates the operation, confidentiality, safety and continuity of the payment card system.
2	Amendments to the regulation	17.05.15	A-154	The amendment to "Regulation on Payment cards" which approved by the Governor decree № A-14 in June 30 th 2016 made it possible to make public service payments by payment card.
In relation to holding and managing state's foreign exchange reserve				
1	Regulation on Mongolbank's participation to the interbank electronic currency trade platform	17.05.26	A-162	Regulates the Bank of Mongolia's decision to organize and participate in the interbank electronic currency trade, and principles, supervision and requirements for the implementation unit.
Others				
1	Regulation on receiving, processing and transfer of information by the Financial Information Unit	17.03.30	A-103	This regulation specifies the procedures of the Financial Information Unit for receiving, record-keeping, analyzing, and transferring suspicious transactions relevant to money laundering and terrorism financing, information on such attempts to competent law enforcement agency and competent agency for combating financing of terrorism.

2	Procedures for the Cooperation Council of the Financial Information Unit	17.04.07	A-115	The purpose of this regulation is to regulate activities of The Cooperation Council established under Article 22 of the Law on Combating Money Laundering and Terrorism Financing.
3	Regulation for establishing and monitoring prudential ratios for the Development Bank of Mongolia	17.05.30	A-164	Regulates procedures of establishing and monitoring prudential ratio of risk bearing capability for the Development bank of Mongolia.
4	Regulation on monthly reporting of foreign transactions of the Bank	17.06.27	A-185	Regulates the relations related to transaction reports between non resident entities, with purpose of estimating the foreign sector of Mongolia's economy and to monitor and evaluate the accuracy of the Bank of Mongolia's reports.
5	Charter of the Financial information unit	17.07.16	A-209	This charter regulates the legal standing, general principles, structure, functions, and relations in regarding to its measures of the Financial Information Unit.
6	Regulation on asset classification, provisioning and its disbursements of the Development Bank of Mongolia	17.10.03	A-251	Regulates asset classification, provisioning and its disbursements of the Development Bank of Mongolia, and determine its conditions and requirements.

4.10 CRYPTOCURRENCY AND FINANCIAL OPERATION BASED ON EMERGING TECHNOLOGY

In 2017, one of the notable event in international finance market was blockchain technology, and a spike of blockchain-based cryptocurrency's price.

On one hand, it was assumed as an advanced technology in finance and brought fintech industry into the financial world to increase accessibility and effectiveness of financial services to consumers. On the other hand, as it is an emerging technology, and has many issues such as security, illegal usage, environmental and consumer interest related risks. Therefore, in many countries, central banks and other financial regulatory bodies has been doing some research and taking proper actions over cryptocurrency-based activities to protect consumer's interest and to prevent risk. However, due to cryptocurrencies exposing no risk to financial system in terms of monetary value and the number of consumers, many regulatory bodies were in observatory status.

As International economic integrations are becoming stronger, electronic remittance is increasing and financial asset movement is becoming freer, we have established a committee to research and to come up with proposal and assessment for cryptocurrency and new financial operations entering our market. The committee consists professionals and researchers from IT, Monetary Policy, Reserve Management Financial Market, Risk Management unit of Bank of Mongolia and external consultants. Further, we organized several meetings with fintech specialist doing business in Mongolia to exchanged opinions. Also, we did research on international organizations' and central banks' status on cryptocurrencies, academic papers, and blockchain-based projects that has been implemented by largest financial institutions and its outcome. Furthermore, we assessed blockchain-based cryptocurrency's influence and risks exposed to financial market, and other countries' practice on regulation and international institutions recommendations and tendencies. The committee drafted a conclusion, and certain recommendations, and published the result of our research on February (2018) series of "Money, Wealth, Finance" research magazine by Bank of Mongolia. We disseminated several announcements regarding risks of cryptocurrency to public through our web site and social media page.

BANK OF MONGOLIA

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

31 DECEMBER 2017

THE BANK OF MONGOLIA

NOTES TO THE FINANCIAL STATEMENTS-31 DECEMBER 2017.

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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 2017 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.

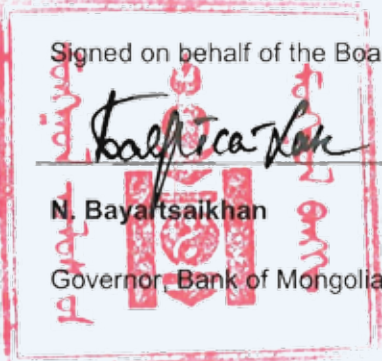
The Board of Directors also has a general responsibility for taking actions which are reasonably open to the Board to safeguard the assets of the Bank and to prevent and detect fraud and other irregularities.

The Board of Directors consider that in preparing the financial statements on pages on 1 to 78 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



THE BANK OF MONGOLIA

NOTES TO THE FINANCIAL STATEMENTS-31 DECEMBER 2017.



Independent Auditor's Report

To the Board of Directors of the Bank of Mongolia

Our opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Bank of Mongolia (the "Bank") as at 31 December 2017, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

What we have audited

The Bank's financial statements comprise:

- the statement of financial position as at 31 December 2017;
- 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 opinion

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 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.

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 International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of separate 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.

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THE BANK OF MONGOLIA

NOTES TO THE FINANCIAL STATEMENTS-31 DECEMBER 2017.



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.
- 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:


 Matthew Pottle
 Partner
 PricewaterhouseCoopers Audit LLC

Ulaanbaatar, Mongolia
 30 March 2018

THE BANK OF MONGOLIA

NOTES TO THE FINANCIAL STATEMENTS-31 DECEMBER 2017.

<i>In millions of Mongolian Tugriks</i>	Note	31 December 2017	31 December 2016
ASSETS			
Cash on hand	7	76,895	38,953
Due from foreign financial institutions	8	3,136,251	1,455,517
Loans to local banks	9	860,358	1,086,566
Financial investments available-for-sale	10	2,966,262	2,694,922
Reverse repurchase agreements	11	3,083,987	1,049,526
Gold bullion and precious metals	12	544,207	232,527
Derivative financial instruments	13	55,732	10,413
Government securities	14	163,027	326,508
Other assets	15	694,903	696,645
Premises, equipment and intangible assets	16	34,635	28,034
Assets held for sale		4,778	4,825
TOTAL ASSETS		11,621,035	7,624,436
LIABILITIES			
Cash in circulation	17	906,396	823,629
Central bank bills	18	3,444,401	577,297
Liabilities due to government organizations	19	1,880,664	1,008,324
Deposits from local banks	20	3,116,298	2,671,566
Derivative financial instruments	13	311,472	939,453
Liabilities due to foreign parties	21	4,737,952	4,495,336
Other liabilities	22	45,132	106,752
TOTAL LIABILITIES		14,442,315	10,622,357
EQUITY			
Charter capital	23	5,000	5,000
Accumulated deficit	23	(2,844,603)	(3,019,323)
Other reserves	23	18,323	16,402
TOTAL EQUITY		(2,821,280)	(2,997,921)
TOTAL LIABILITIES AND EQUITY		11,621,035	7,624,436

Approved for issue and signed on behalf of the Board of Directors on 30 March 2018.



N. Bayartsaikhan
Governor, Bank of Mongolia

A handwritten signature in black ink, which appears to be 'T. Amarsaikhan'.

T. Amarsaikhan
Director of Financial Reporting and
Accounting Department

THE BANK OF MONGOLIA

NOTES TO THE FINANCIAL STATEMENTS-31 DECEMBER 2017.

<i>In millions of Mongolian Tugriks</i>	Note	2017	2016
Interest income	24	302,156	228,557
Interest expense	24	(523,235)	(355,850)
Net interest expense		(221,079)	(127,293)
Gains less losses from trading in gold bullion and precious metals	25	23,270	100,611
Gold bullion and precious metals revaluation gains less losses/(losses less gains)	26	3,957	(804)
Gains less losses/(losses less gains) from derivative financial instruments	27	673,299	(663,980)
(Losses less gains)/Gains less losses from trading in foreign currencies	28	(148,703)	5,222
Foreign exchange translation losses less gains	29	(175,795)	(429,763)
Losses on initial recognition of assets at rates below market		-	(451,399)
(Losses)/Gains from disposal of financial investments available-for-sale		(690)	78
Gains from disposal of government securities		2,754	-
Reversal/(Provision) of provision for impairment	30	60,429	(119,103)
Other operating income	31	12,762	72,320
Administrative and other operating expenses	32	(51,527)	(33,915)
PROFIT/(LOSS) FOR THE YEAR		178,677	(1,648,026)
Other comprehensive income:			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Available-for-sale investments:			
- (Losses less gains)/Gains less losses arising during the year		(2,726)	519
- Gains less losses/(Losses less gains) reclassified to profit or loss upon disposal		690	(78)
Other comprehensive (loss)/income for the year		(2,036)	441
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR		176,641	(1,647,585)

THE BANK OF MONGOLIA

NOTES TO THE FINANCIAL STATEMENTS-31 DECEMBER 2017.

<i>In millions of Mongolian Tugriks</i>	Note	Charter capital	Accumulated deficit	Other reserves	Total equity
Balance at 1 January 2016	23	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 accumulated deficit	23	-	817	(817)	-
Balance at 31 December 2016		5,000	(3,019,323)	16,402	(2,997,921)
Profit for the year		-	178,677	-	178,677
Other comprehensive loss		-	-	(2,036)	(2,036)
Total comprehensive income for 2017		-	178,677	(2,036)	176,641
Transfer to other reserves from accumulated deficit	23	-	(3,957)	3,957	-
Balance at 31 December 2017		5,000	(2,844,603)	18,323	(2,821,280)

Transfers from retained earnings (accumulated deficit) to other reserves in 2017 and 2016 relate to transfer of reversal of buildings revaluation surplus and unrealized gains/(losses) arising from revaluation of gold bullion and precious metal (Note 23).

THE BANK OF MONGOLIA

NOTES TO THE FINANCIAL STATEMENTS-31 DECEMBER 2017.

<i>In millions of Mongolian Tugriks</i>	31 December 2017	31 December 2016
Cash flows from operating activities		
Profit/(loss) for the year:	178,677	(1,648,026)
<i>Adjustments to:</i>		
(Gains less losses)/losses less gains from revaluation of Gold bullion and precious metals	(3,957)	804
(Gains less losses)/losses less gains from Derivative financial instruments	(673,299)	663,980
Unrealized losses on Foreign currency translation	180,897	597,759
Depreciation of Premises, equipment and intangible assets	2,624	2,513
Premises and equipment written off	16	25
Gain on disposal of Premises and equipment	-	(51)
(Losses)/Gains from disposal of Financial investments available-for-sale	690	(78)
Gains from disposal of Government securities	(2,754)	-
(Reversal)/Provision of provision for impairment	(60,429)	119,103
Losses on initial recognition of assets at rates below market	-	451,399
Income from future pension reserve fund	-	(63,246)
Interest income	(302,156)	(228,557)
Interest expense	523,235	355,850
Cash flows from operating activities before changes in operating assets and liabilities	(156,456)	51,475
<i>Changes in operating assets and liabilities:</i>		
Net (increase)/decrease in Gold bullion and precious metals	(307,723)	188,429
Net (increase)/decrease in Reverse repurchase agreements	(2,034,511)	185,043
Net decrease in Loans to local banks	225,184	344,984
Net increase in Loans to government organizations	-	(419,674)
Net increase in financial instruments available for sale	(18,567)	-
Net (increase)/decrease in Government securities	(12,010)	2,426
Net increase in Other assets	(3,713)	(462,164)
Net increase/(decrease) in Central bank bills	2,866,561	(450,304)
Net increase in Liabilities due to Government organizations	866,898	279,103
Net increase in deposits of local banks	445,196	581,892
Net increase in Liabilities due to foreign parties	1,056	-
Net decrease in other liabilities	(4,127)	(14,814)
Net cash from operating activities before tax and interest	1,867,788	486,396
Interest received	303,247	193,949
Interest paid	(447,541)	(330,800)
Net cash from operating activities	1,723,494	349,545
Cash flows used in investing activities		
Acquisition of property, equipment and intangible assets	(6,195)	(3,275)
Proceeds from disposal of property and equipment	54	1,500

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NOTES TO THE FINANCIAL STATEMENTS-31 DECEMBER 2017.

Acquisition of financial instruments available for sale	(2,672,486)	(2,107,329)
Proceeds from sale of financial instruments available for sale	2,405,586	2,194,761
Acquisition of government securities	-	(602,289)
Proceeds from government securities/repayments	177,977	150,576

Net cash used in investing activities	(95,064)	(366,056)
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<i>In millions of Mongolian Tugriks</i>	31 December 2017	31 December 2016
Cash flows from financing activities		
Decrease of cash in circulation	82,767	116,973
Repayment of liabilities due to foreign parties	-	(1,515,482)
Proceeds from liabilities due to foreign parties	-	1,485,199
Net cash from financing activities	82,767	86,690
Effect of exchange rate changes on cash and cash equivalents	8,447	285,235
Net increase in cash and cash equivalents	1,719,644	355,414
Cash and cash equivalents at the beginning of the period	1,493,340	1,137,926
Cash and cash equivalents at the end of the period	3,212,984	1,493,340

THE BANK OF MONGOLIA

NOTES TO THE FINANCIAL STATEMENTS-31 DECEMBER 2017.

1 INTRODUCTION AND OPERATING ENVIRONMENT

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 Board of Directors is to develop principles of monetary policy and exercise control over implementation of the monetary policy. In addition, the Governor of BOM 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.

THE BANK OF MONGOLIA

NOTES TO THE FINANCIAL STATEMENTS-31 DECEMBER 2017.

1 INTRODUCTION AND OPERATING ENVIRONMENT (CONTINUED)

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

Operating environment. Mongolia displays many characteristics of an emerging market including relatively high inflation and interest rates. After recording steady growth in 2010 and 2011, the Mongolian economy has shown signs of a slowdown in 2012 and 2013 due to declining global commodities prices, concerns over slowing growth in China and changes to the Mongolian Foreign Investment Law made in 2012 which have slowed inbound foreign investment into the country. The slowdown of the economy continued further with the economy being adversely affected by significant decline in global commodity prices that took place in the last quarter of 2014, and further slowdown of the Chinese economy during 2015 and in 2016.

THE BANK OF MONGOLIA

NOTES TO THE FINANCIAL STATEMENTS-31 DECEMBER 2017.

1 INTRODUCTION AND OPERATING ENVIRONMENT (CONTINUED)

The country's rating was downgraded from B1 to B2 in July 2014 and further downgraded to B3 in August 2016 by Moody's rating agency followed by subsequent downgrade of major commercial banks from B1 to B2 and B3, respectively. The country was downgraded from B3 to Caa1 with stable outlook by Moody's rating agency on 18 November 2016. On 30 March 2017, Moody's Ratings Services established Mongolia's sovereign ratings to Caa1 with stable outlook. On 18 January 2018, Moody's upgraded Mongolia's credit rating to B3 from Caa1, and the outlook remains stable reflecting the balanced risks. The key factors driving the rating upgrade are an alleviation in liquidity and external pressures and prospects of attenuated sensitivity of Mongolia's credit metrics to fluctuations in commodity prices.

In the second quarter of 2017, "Extended Fund Facility" was approved by International Monetary Fund (IMF). The whole IMF package (which includes support from Asian Development Bank (ADB), World Bank, Japan, Korea and China) amounts to USD 5,500 million for 3 years. In 2017, the Mongolian government successfully refinanced its USD bonds by issuing new international bonds with a 5.625% coupon for USD 800 million with maturity in 2023. Foreign currency rate was relatively stable in 2017 and the Foreign Direct Investment "FDI" doubled from the last year in 2017. Moreover, the trade balance improved due to the increase in global commodity prices. As a result, the budget deficit was the lowest since 2015.

As part of IMF program, the Bank of Mongolia commissioned Diagnostic Studies on the Local Banks in Mongolia including an Asset Quality Review (AQR). Information on the current status of AQR and its implications on the Mongolian banking sector are disclosed in Note 4.

In accordance with IFRS, the Bank's management has determined loan impairment provisions using the "incurred loss" model. Recognition of impairment losses that arose from past events is required and the recognition of impairment losses that could arise from future events is prohibited. These future events include for example future changes in the economic environment. Impairment losses that could arise from future events cannot be recognized, no matter how likely those future events are. Thus final impairment losses from financial assets could differ significantly from the current level of provisions.

However, management is unable to predict all developments, which could have an impact on the Mongolian economy, and consequently what effect, if any, they could have on the future financial position of the Bank. Management believes it is taking all the necessary measures to support the sustainability and development of the Bank's business.

THE BANK OF MONGOLIA

NOTES TO THE FINANCIAL STATEMENTS-31 DECEMBER 2017.

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 2017.

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.

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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, 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).

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NOTES TO THE FINANCIAL STATEMENTS-31 DECEMBER 2017.

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 accumulated deficit 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 Tugrik (MNT).

Monetary assets and liabilities are translated into functional currency at the official exchange rate of the Tugrik 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 Tugrik, 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 2017 and 31 December 2016, the principal rates of exchange used for translating foreign currency balances were:

	31 December 2017 (MNT)	31 December 2016 (MNT)
USD	2,427.13	2,489.53
SDR	3,441.48	3,335.09
EUR	2,897.87	2,605.79
CNY	371.58	357.96
JPY	21.53	21.19

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. 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 2017.

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).

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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 foreign currency swaps and cross currency interest rate swaps, entered into with local 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.

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government securities held to maturity. This classification includes non-derivative financial assets with fixed or determinable payments and fixed maturities that the Bank has both the intention and ability to hold to maturity. An investment is not classified as a held-to-maturity investment if the Bank has the right to require that the issuer repay or redeem the investment before its maturity, because paying for such a feature is inconsistent with expressing an intention to hold the asset until maturity.

Management determines the classification of government securities held to maturity at their initial recognition and reassesses the appropriateness of that classification at the end of each reporting period. Government securities held to maturity are carried at amortized cost.

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.

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 2017 and 31 December 2016 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).

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NOTES TO THE FINANCIAL STATEMENTS-31 DECEMBER 2017.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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
Building/Premises	6 – 60 years
Office and computer equipment	3 – 20 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.

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 International Monetary Fund (IMF), 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.

THE BANK OF MONGOLIA

NOTES TO THE FINANCIAL STATEMENTS-31 DECEMBER 2017.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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. These include IMF quota contribution and Extended Fund Facility (EFF) arrangement loan from IMF. 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.

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 2017 Mongolia's quota in the IMF amounted to SDR 72.3 million (2016: SDR 72.3 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 and holdings arising from use of IMF credit in case of promissory notes issued in settlement of purchase of IMF funds under Extended Fund Facility arrangement.

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 2017 and 31 December 2016.

Extended Fund Facility (EFF) arrangement. The Executive Board of the IMF approved a three-year extended arrangement under Extended Fund Facility (EFF) for Mongolia in a total amount of SDR 314.5 million to support the country's economic reform program on 24 May 2017. The EFF arrangement represent loans granted to Mongolia by IMF under the EFF which bear interest from 1.53% p.a. to 1.59% p.a. The funding was further transferred to the Bank according to memorandum of understanding between BOM and Ministry of Finance (MOF) dated 25 May 2017.

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NOTES TO THE FINANCIAL STATEMENTS-31 DECEMBER 2017.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The loans and repayments are denominated in Special Drawing Rights (“SDR”) and the repayment is done by BOM on behalf of MOF to IMF according to repayment schedule. As at 31 December 2017, liabilities due to MOF under EFF program was SDR 84.0 million, which is equivalent to MNT 288,976 million (2016: nil) with maturity of 3 years, disclosed in Note 19.

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 transfer in 2016 as the Bank has realized net loss in this year. There were no transfers in 2017 as the bank has accumulated deficit as at 31 December 2017 and therefore transfer is not required in accordance with the Law on Central Bank.

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 33).

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.

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.

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NOTES TO THE FINANCIAL STATEMENTS-31 DECEMBER 2017.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 2017 and 31 December 2016 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.

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.

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

	31 December 2017			31 December 2016		
	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	
<i>In millions of Mongolian Tugriks</i>						
Cash on hand	76,895	-	76,895	38,953	-	38,953
Due from foreign financial institutions	3,136,251	-	3,136,251	1,454,397	1,120	1,455,517
Financial investments available for sale	371,975	2,594,287	2,966,262	320,500	2,374,422	2,694,922
Reverse repurchase agreements	3,019,141	64,846	3,083,987	896,203	153,323	1,049,526
Gold and precious metals	544,207	-	544,207	232,527	-	232,527
Derivative financial instruments	12,686	43,046	55,732	10,313	100	10,413
Government securities	105,238	57,789	163,027	1,460	325,048	326,508
Loans to local banks	134,304	726,054	860,358	1,077,695	8,871	1,086,566
Other assets	15,215	679,688	694,903	29,158	667,487	696,645
Premises, equipment and intangible assets	-	34,635	34,635	-	28,034	28,034
Assets held for sale	4,778	-	4,778	4,825	-	4,825
Total assets	7,420,690	4,200,345	11,621,035	4,066,031	3,558,405	7,624,436
Cash in circulation	(906,396)	-	(906,396)	(823,629)	-	(823,629)
Central bank bills	(3,444,401)	-	(3,444,401)	(577,297)	-	(577,297)
Liabilities due to government organizations	(1,850,408)	(30,256)	(1,880,664)	(974,580)	(33,744)	(1,008,324)
Deposits from local banks	(3,116,298)	-	(3,116,298)	(2,671,566)	-	(2,671,566)
Derivative financial instruments	(84,706)	(226,766)	(311,472)	(223,764)	(715,689)	(939,453)
Liabilities due to foreign parties	(4,737,952)	-	(4,737,952)	(4,495,336)	-	(4,495,336)
Other liabilities	(41,947)	(3,185)	(45,132)	(42,634)	(64,118)	(106,752)
Total liabilities	(14,182,108)	(260,207)	(14,442,315)	(9,808,806)	(813,551)	(10,622,357)

Changes in accounting estimates. From the start of 2017, 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. Main change in the valuation technique was to apply econometrics based approach for the estimation of the forward rate rather than formula based approach that was used in the previous periods. The policy has been applied prospectively from the start of 2017 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 increase the carrying amount of derivative at the start of the year by MNT 440,287 million and to decrease the accumulated deficit by MNT 440,287 million. Refer to Note 36 for the description of valuation technique and inputs used in the fair value measurement of derivative financial instruments.

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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 32,326 million (2016: MNT 25,453 million) disclosed in Note 19, 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 local banks for selected sectors or specific purposes. As a result, no initial recognition gains should be recognized.

As a result of 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.

Asset Quality Review of Mongolian banking sector. On 24 May 2017, the Executive Board of the International Monetary Fund (IMF) approved a three-year extended arrangement under the Extended Fund Facility for Mongolia to support the country's economic reform program. The total financing package amounts to approximately \$5.5 billion, including support from the Asian Development Bank, the World Bank, Japan, Korea and China. One of the pillars of the program is a comprehensive effort to rehabilitate the banking system and strengthen the Bank of Mongolia. As part of the program, the Bank of Mongolia commissioned

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Diagnostic Studies on the Local Banks in Mongolia including an Asset Quality Review (“AQR”). The AQR was performed predominantly based on version 2 of the European Central Bank’s AQR Manual, as localized by the Bank of Mongolia in several areas. Preliminary summary results were informed to each local bank in January 2018.

Following the AQR, the Bank plans to perform stress tests under varying macro-economic scenarios and assumptions, as well as to perform follow up supervisory inspections of each local bank during which recent developments in the local banks’ financial status will be assessed as a follow up to the preliminary AQR results. The stress tests and AQR are planned to be completed by 31 March 2018, following which the results and related implications on the local banks’ capital are expected to be informed to the local banks.

As at the date of approval of these financial statements, final results of the AQR and stress test are pending, and the full implications of the assessment on the Mongolian financial sector are as yet unclear. This creates a significant uncertainty in market, regulatory, credit and other risks including related implications for capital adequacy of local commercial banks. The financial impact resulting from this AQR and stress test on the financial position of commercial banks, including provision for loan impairment assessment cannot be reasonably estimated at this time. Therefore, no adjustments for this matter have been recorded to the local banks’ financial statements for 2017. Further, this matter was not considered by management when assessing recoverability of the Bank’s loans and receivables due from local banks.

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 at 31 December 2017, provisions have been raised against secured loans with amount of MNT 964 million (2016: MNT 144 million). No provisions have been raised against loans issued under Price Stabilization Program and other loans as at 31 December 2017 and 31 December 2016 as these loans showed no signs of impairment. Refer to Notes 9.

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 2 years to 5 years. The Bank started entering into a new cross currency interest rate SWAP arrangement with local banks since December 2016. The arrangement is to swap MNT/USD on regular basis based on interest rate formula with maturities ranging from 1 year to 8 years.

The forward price of both arrangements used in fair valuation technique is estimated by Monetary Policy Department using econometric method. There is no readily available market information on pricing of such long term instruments. Information about fair values of instruments valued using assumptions that are not based on observable market data is disclosed in Notes 36.

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.

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

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 local 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 836,153 million as at 31 December 2017 (2016: MNT 1,055,978 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 gross balance of loans to DIC as of 31 December 2017 amounted to MNT 193,709 million (2016: MNT 199,212 million) 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:

- On 23 September 2015, the Bank purchased the Development Bank securities in the total nominal amount of MNT 60,000 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 31,397 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. The carrying value of the securities as at 31 December 2017 is MNT 39,860 million (2016: MNT 36,087 million). For related accounting policy, refer to Note 3 and for more information, 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. As at 31 December 2017, carrying value of the securities related to "Sain" program is MNT 60,112 million

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(2016: MNT 127,104 million). For related accounting policy, refer to Note 3 and for more information, 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. Carrying value of promissory notes issued by five local companies and a local bank as at 31 December 2017 amounts to MNT 690,933 million (2016: MNT 693,000 million). For related accounting policy, refer to Note 3 and for more information, 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. The government security is disposed in 2017 and gains on disposal of government securities at MNT 2,754 million was recognized in profit or loss for 2017. 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 2016 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. Carrying value of the agreements as at 31 December 2017 is MNT 159,857 million (2016: MNT 153,561 million). For related accounting policy, refer to Note 3 and for more information, 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 local banks;
- 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.

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NOTES TO THE FINANCIAL STATEMENTS-31 DECEMBER 2017.

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

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. Recovery of this loan was MNT 3,500 million as at 31 December 2017 (2016: nil). Refer to Note 15.

The purpose of the loan to DIC in the amount of MNT 119,900 million was to ensure stability of Mongolian banking sector. Based on contractual terms, this loan is due for the repayment on 30 September 2023. Management assessed that loan to DIC in the carrying amount of MNT 114,212 million as at 31 December 2016, requires full impairment provision 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. Recovery of this loan was MNT 2,000 million as at 31 December 2017 (2016: nil). Refer to Note 15.

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 2017.

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 First 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 First 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 2017 and 31 December 2016, the 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 2017, 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 2017.

5. ADOPTION OF NEW OR REVISED STANDARDS AND INTERPRETATIONS

The following new standards and interpretations became effective for the Bank from 1 January 2017:

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. The amendment is not expected to have any material impact on the Bank's financial statements.

Amendments to IFRS 12 included in Annual Improvements to IFRSs 2014-2016 Cycle (issued on 8 December 2016 and effective for annual periods beginning on or after 1 January 2017). The amendment is not expected to have any material impact on the Bank's financial statements.

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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 2018 or later, and which the Bank 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.

Based on an analysis of the Bank’s financial assets and financial liabilities as at 31 December 2017 and on the basis of the facts and circumstances that exist at that date, the Management of the Bank is expecting some impact on its financial statements from the adoption of the new standard on 1 January 2018.

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NOTES TO THE FINANCIAL STATEMENTS-31 DECEMBER 2017.

6 NEW ACCOUNTING PRONOUNCEMENTS (CONTINUED)

In first quarter of 2018, the Bank management has engaged an internationally recognized audit firm to assist the Bank in implementing IFRS 9. In June 2018, the Bank expects to finalize its analysis of the Bank's financial assets and financial liabilities as at 31 December 2017 and on the basis of the facts and circumstances that existed at that date to assess the likely impact on its financial statements from the adoption of the new standard on 1 January 2018.

Main change of classification and measurement on financial assets relates to the loans issued under Price Stabilization Program, which are likely to be classified as FVOCI/FVTPL. Based on high level impact analysis, change of methodology of loan loss provisioning from incurred loss model under IAS 39 to expected credit loss model under IFRS 9, based on currently available information, is estimated to result in decrease of financial assets and decrease of equity by approximately MNT 3,894 million as at 31 December 2017. This amount includes impact of IFRS 9 provisioning on all financial assets. The actual results of IFRS 9 impact in 2018 might differ, as the Bank has not completed detailed assessment yet. In addition, this amount does not include the impact of revaluation of loans under Price Stabilization Program, which is under ongoing assessment for the purposes of classification and measurement under IFRS 9.

No significant changes are expected for financial liabilities. The new standard also introduces expanded disclosure requirements and changes in presentation. These are expected to change the nature and extent of the Bank's disclosures about its financial instruments particularly in the year of the adoption of the new standard.

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.

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6 NEW ACCOUNTING PRONOUNCEMENTS (CONTINUED)

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.

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.

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NOTES TO THE FINANCIAL STATEMENTS-31 DECEMBER 2017.

6 NEW ACCOUNTING PRONOUNCEMENTS (CONTINUED)

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.

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.

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6 NEW ACCOUNTING PRONOUNCEMENTS (CONTINUED)

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 2017.

7. CASH AND CASH EQUIVALENTS

<i>In millions of Mongolian Tugriks</i>	Note	31 December 2017	31 December 2016
Cash on hand		76,895	38,953
Due from foreign financial institutions:			
- Short term deposits in foreign currency	8	2,034,346	844,408
- Demand deposits	8	956,442	466,869
- Special drawing rights holdings	8	145,301	143,110
Total cash and cash equivalents		3,212,984	1,493,340

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 2017:

<i>In millions of Mongolian Tugriks</i>	Demand deposits	Short term deposits in foreign currency
<i>Neither past due nor impaired</i>		
- Aaa rated	4,790	194,200
- Aa1 rated	758	-
- Aa2 rated	41,631	-
- Aa3 rated	434,378	167,439
- A1 rated	284,254	-
- A2 rated	190,631	1,672,707
Total due from foreign financial institutions included in cash and cash equivalents, excluding special drawing rights holdings and cash on hand	956,442	2,034,346

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NOTES TO THE FINANCIAL STATEMENTS-31 DECEMBER 2017.

7 CASH AND CASH EQUIVALENTS (CONTINUED)

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

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 35.

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NOTES TO THE FINANCIAL STATEMENTS-31 DECEMBER 2017.

8. DUE FROM FOREIGN FINANCIAL INSTITUTIONS

<i>In millions of Mongolian Tugriks</i>	31 December 2017	31 December 2016
Short term deposits in foreign currency	2,034,346	844,408
Demand deposits	956,442	466,869
Special drawing rights holdings	145,301	143,110
World Bank subscription	152	156
Restricted cash	-	964
Other subscriptions	10	10
Total due from foreign financial institutions	3,136,251	1,455,517

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 30 days (2016: 59 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 2017, the balance is SDR 42.2 million (2016: SDR 42.9 million) and is interest bearing.

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

Restricted cash. This balance represents an amount of CHF 397,703 equivalent MNT 964 million as at 31 December 2016, which was blocked by the District Court of Zurich at the request of third parties. Litigation is settled in July 2017, and account is reclassified to the demand deposits. For details on this litigation, refer to Note 33.

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 35.

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NOTES TO THE FINANCIAL STATEMENTS-31 DECEMBER 2017.

9. LOANS TO LOCAL BANKS

<i>In millions of Mongolian Tugriks</i>	31 December 2017	31 December 2016
Loans issued under Price Stabilization Program	836,153	1,055,978
Secured loans	13,670	14,400
Other loans	11,499	16,332
Total loans to local banks before provision for impairment	861,322	1,086,710
Less: Provision for loan impairment	(964)	(144)
Total loans to local banks	860,358	1,086,566

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 local bank. Interest rate at which the loans have been granted to local banks varies between 0.89%- 4.00% per annum varied by sub programs.

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

In 2016 and 2017, the Bank issued only mortgage loan financing under the framework of the Price Stabilization Program. In relation to Extended Fund Facility (EFF) arrangement with International Monetary Fund (IMF), BOM agreed to transfer loan portfolio of mortgage loan financing under Price Stabilization Program to the Ministry of Finance in 2018, as a precondition of the arrangement. In addition, BOM agreed to not to fund this lending, but to refinance from the repayment of the existing mortgage loan portfolio.

Outstanding balance as at 31 December 2017 in the amount of MNT 834,321 million (2016: MNT 1,018,005 million) represent mortgage loan financing under the framework of the Price Stabilization Program and loans bear interest rate of 2% and 4% per annum.

Management has concluded that no loss on initial recognition of these loans should be recognised in its financial statements, in case of Price Stabilization Program. Please refer to related accounting policy in Note 3 and management judgement in Note 4.

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NOTES TO THE FINANCIAL STATEMENTS-31 DECEMBER 2017.

9. LOANS TO LOCAL BANKS (CONTINUED)

Secured loans

Secured loans in the amount of MNT 13,670 million (2016: MNT 14,400 million) was disbursed to local banks and bear interest rate at 12.5% per annum (2016: 12.5% per annum). These 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 651 million (2016: MNT 3,192 million), Government of Germany through KfW in the amount of MNT 8,115 million (2016: MNT 7,209 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 (2016: 7% 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.

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

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 1,933 million (2016: MNT 5,010 million) and loans for improving the local banks' systems and enhancing the capability of banking specialists under the program of ADB in the amount of MNT 800 million (2016: MNT 921 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 local banks with BOM when repayments are due.

Loans for improving the local banks' software and enhancing the capability of banking specialists are provided by the Bank to local 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 2017.

9. LOANS TO LOCAL BANKS (CONTINUED)

Movements in the provision for loan impairment during 2017 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 2017	-	144	-	144
Provision for impairment during the year (Note 30)	-	820	-	820
Provision for impairment at 31 December 2017	-	964	-	964

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 (Note 30)	-	144	-	144
Provision for impairment at 31 December 2016	-	144	-	144

No provisions have been raised against loans issued under Price Stabilization Program and other loans except for the secured loans as at 31 December 2017 and 31 December 2016 as these loans showed no signs of impairment, refer to Note 4.

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NOTES TO THE FINANCIAL STATEMENTS-31 DECEMBER 2017.

9. LOANS TO LOCAL BANKS (CONTINUED)

Analysis by credit quality of loans outstanding at 31 December 2017 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	138,313	-	4,324	142,637
Caa2	529,169	-	4,762	533,931
Unrated	168,671	-	2,413	171,084
Total neither past due nor impaired	836,153	-	11,499	847,652
<i>Past due but not impaired</i> <i>- 181 to 360 days overdue</i>	-	13,670	-	13,670
Total individually impaired loans	-	13,670	-	13,670
Less impairment provisions	-	(964)	-	(964)
Total loans to local banks	836,153	12,706	11,499	860,358

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
<i>Past due but not impaired</i> <i>- less than 30 days overdue</i>	-	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

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NOTES TO THE FINANCIAL STATEMENTS-31 DECEMBER 2017.

9. LOANS TO LOCAL BANKS (CONTINUED)

As disclosed in Note 35, the largest Mongolian local 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 local banks, the Bank considers financial conditions of related local bank based on the recent financial information, compliance with prudential ratios, and other information available for assessing credit quality of related assets.

As disclosed in Note 4, as part of IMF program, the Bank of Mongolia commissioned Diagnostic Studies on the local commercial banks in Mongolia including an Asset Quality Review. As of the date of approval of these financial statement, final results of the AQR and stress testing are pending, and the financial impact resulting from this AQR and stress test on the local bank's financial position, including equity and provision for loan impairment cannot be reasonably estimated at present. As a result, no adjustments related to AQR have been considered in the assessment of provision for loan impairment for the purposes of these financial statements. For more detailed information on the status of AQR and its implications, refer to Note 4.

None of the loans to local banks are collateralized except for secured loans in local currency.

Information about collateral at 31 December 2017 is as follows:

<i>In millions of Mongolian Tugriks</i>	Loans issued under Price Stabilization Program	Secured loans	Other loans	Total
Unsecured	836,153	-	11,499	847,652
Loans collateralized by commercial loans	-	13,670	-	13,670
Collateralized loans	-	13,670	-	13,670
Total loans to local banks before provision for impairment	836,153	13,670	11,499	861,322

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

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NOTES TO THE FINANCIAL STATEMENTS-31 DECEMBER 2017.

10. FINANCIAL INVESTMENTS – AVAILABLE FOR SALE

<i>In millions of Mongolian Tugriks</i>	31 December 2017	31 December 2016
Debt instruments available for sale:		
Bonds of Bank for International Settlements denominated in US dollars	314,953	223,981
US treasury bills	247,591	253,165
RAMP Investment Account Assets	248,872	252,800
Senior RMBS Bonds	2,103,252	1,917,155
Development Bank securities	39,860	36,087
Equity securities available for sale:		
Equity investment in MMC Holding JSC at fair value	5,139	5,139
Equity investments at cost	6,595	6,595
Total financial investments available for sale	2,966,262	2,694,922

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 63 days of maturity (2016: 42 days) and bear interest rate and yield of approximately 1.32% per annum (2016: 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 35.

US treasury bills At the end of financial year, this investment account balance consisted of USD 102 million equivalent to MNT 247,591 million (2016: USD 102 million equivalent to MNT 253,165 million). Maturity of these bonds is 2 year to 3 year (2016: 5 months to 3 year) and interest rate and yield of 0.9% to 1.4% per annum (2016: 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 35.

Reserves Advisory and Management Program (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 2017, the Investment Account Assets consist of cash balance in the amount of USD 0.3 million equivalent to MNT 786 million (2016: USD 0.3 million equivalent to MNT 697 million), and securities in the amount of USD 102 million equivalent to MNT 248,086 million (2016: USD 101 million equivalent to MNT 252,103 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 local 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 local banks in settlement of its soft loans granted to the local 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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10. FINANCIAL INVESTMENTS – AVAILABLE FOR SALE (CONTINUED)

Development Bank securities Total par value of the securities amounts to MNT 60,000 million with 6 years of maturity and 4% coupon rate (2016: MNT 60,000 million with 6 years and 4% coupon rate). Coupon payments are paid semi-annually. The carrying value of the securities as at 31 December 2017 is MNT 39,860 million (2016: MNT 36,087 million).

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 2017 (2016: 421,241 shares recorded at fair value of MNT 5,139 million).

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.

11. REVERSE REPURCHASE AGREEMENTS

<i>In millions of Mongolian Tugriks</i>	31 December 2017	31 December 2016
Federal Reserve Bank of New York	2,849,451	845,195
Local banks – in local currency	234,536	204,331
Total reverse repurchase agreements	3,083,987	1,049,526

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 2017, the funds invested in repo pool amounted to USD 1,174 million equivalent to MNT 2,849,451 million (2016: USD 339 million equivalent to MNT 845,195 million). This investment have 4 days maturity (2016: 4 days) and carries interest rate of 1.46% per annum (2016: 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 35.

These reverse repurchase agreements were considered neither past due nor impaired and were Aa1 rated as of 31 December 2017 and 31 December 2016, 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 DBM bills and government securities.

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NOTES TO THE FINANCIAL STATEMENTS-31 DECEMBER 2017.

11. REVERSE REPURCHASE AGREEMENTS (CONTINUED)

As at 31 December 2017, overnight reverse repurchase agreements with local banks denominated in MNT amounted to MNT 74,679 million with five days of maturity and interest rate of 13% per annum is included in reverse repurchase agreement in local currency (2016: MNT 50,770 million with five days of maturity at interest rate of 17% per annum). This agreement is secured by government securities.

Reverse repurchase agreements denominated in MNT represents long term agreements with local banks. Par value of the agreements amount to MNT 173,425 million (2016: MNT 173,425 million) with maturity of 3 to 6 years (2016: 3 to 6 years) and bears interest rate of 7.5% (2016: 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 totalling 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. Carrying value of the agreements as at 31 December 2017 is MNT 159,857 million (2016: MNT 153,561 million). Related accounting policy and management's judgements are disclosed in Notes 3 and 4. These balances are considered neither past due nor impaired.

12. GOLD BULLION AND PRECIOUS METALS

<i>In millions of Mongolian Tugriks</i>	31 December 2017	31 December 2016
At valuation		
Gold bullion	429,440	159,004
Silver	-	1,047
At cost		
Gold and silver purchased from miners	103,070	43,920
Gold in transit for refining	5,450	22,677
Coins and cultural valuables	6,247	5,879
Total gold bullion and precious metals	544,207	232,527

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. Non-refined non-monetary gold that is purchased from local gold miners is included as well.

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NOTES TO THE FINANCIAL STATEMENTS-31 DECEMBER 2017.

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. From the start of 2017, the Bank changed its accounting estimate for fair valuation technique of derivative financial instruments in order to apply much more practicable method. The method of market value calculation was approved by Governor Resolution Order No. A-329 dated 26 December 2017 (2016: Governor Resolution Order No. A-358 dated 22 December 2016). Refer to Note 3 for the effect of changes in accounting estimates. The table below shows the fair values of financial derivatives recorded as assets and liabilities.

<i>In millions of Mongolian Tugriks</i>	31 December 2017	31 December 2016
Foreign exchange forwards and swaps: fair values, at the end of the reporting period, of		
- Financial assets at fair value through profit or loss	55,732	10,413
- Financial liabilities at fair value through profit or loss	(311,472)	(939,453)
Financial assets at fair value through profit or loss, net	(255,740)	(929,040)

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>	2017		2016	
	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	-
- USD payable on settlement (-)	(377,603)	(1,961,774)	(267,398)	(3,174,178)
- MNT receivable on settlement (+)	433,335	1,650,302	125,698	2,234,725
- MNT payable on settlement (-)	-	-	(50,400)	-
- CNY receivable on settlement (+)	-	-	143,140	-
- CNY payable on settlement (-)	-	-	-	-
Net fair value of foreign exchange swaps	55,732	(311,472)	10,413	(939,453)

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NOTES TO THE FINANCIAL STATEMENTS-31 DECEMBER 2017.

14. GOVERNMENT SECURITIES

<i>In millions of Mongolian Tugriks</i>	31 December 2017	31 December 2016
Ministry of Finance securities, at amortized cost	163,027	326,508
Total government securities	163,027	326,508

Government securities at market rate. Bank of Mongolia purchased government securities with discount and premium from primary and secondary market in 2016. No purchase of government security was made in 2017. As at 31 December 2017, par value of the securities amounted to MNT 101,800 million (2016: MNT 108,800 million) at an interest rate of 9.6% to 10.3% per annum (2016: 9.6% to 10.3% per annum) and maturity of 2 years to 4 years (2016: 2 years to 4 years). Carrying value of these securities is MNT 102,915 million as at 31 December 2017 (2016: MNT 103,796 million).

Government securities at below market rate. 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 1 to 15 years in 2016. The fair value of these securities at initial recognition was MNT 123,668 million and difference between the par value and the fair value totalling MNT 330,044 million was recognized to profit or loss for 2016 as loss on initial recognition. As at 31 December 2017, carrying value of the securities related to “Sain” program is MNT 60,112 million (2016: MNT 127,104 million). For related accounting policy and management’s judgement, refer to Note 3 and 4.

As disclosed in Note 4, the Bank purchased government security with par value of MNT 100,000 million at coupon rate of 14% per annum in 2016, 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. The government security is disposed in 2017 and gains on disposal of government securities in the amount of MNT 2,754 million was recognized in profit or loss account for 2017.

These securities are measured at amortized cost. All of the above balances are considered neither past due not impaired. None of government securities are collateralized. For more information on related party transactions, refer to Note 34. Fair value of these securities are disclosed in Note 36.

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NOTES TO THE FINANCIAL STATEMENTS-31 DECEMBER 2017.

15. OTHER ASSETS

<i>In millions of Mongolian Tugriks</i>	31 December 2017	31 December 2016
Other financial asset		
Receivables related to promissory notes	703,623	698,944
Receivables from Deposit Insurance Corporation	193,709	199,212
Asset received from Anod Bank	62,798	66,430
Receivables from companies	52,163	53,374
Claims on foreign financial institutions	21,219	21,765
Less: Provision for impairment losses	(342,570)	(346,732)
Other non-financial asset		
Prepaid expenses	1,036	2,184
Other	3,211	1,755
Less: Allowance for impairment losses	(286)	(287)
Total other assets	694,903	696,645

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

As at 31 December 2017, the Bank holds promissory notes issued by five (5) local companies and a local bank, which have a nominal value of MNT 802,500 million (2016: MNT 815,000 million). Out of total carrying value of promissory notes, MNT 575,119 million (2016: 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 2017, 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 2018 is high and management is in the process of assessment of fulfilment.

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 an initial disbursements of loan amounts in MNT 119,900 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 2017 and 2016, 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). Recovery of impairment provision in 2017 was MNT 3,500 million (2016: nil).

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NOTES TO THE FINANCIAL STATEMENTS-31 DECEMBER 2017.

15. OTHER ASSETS (CONTINUED)

The purpose of loan to DIC of MNT 119,900 million was ensuring stability of Mongolian banking sector. Based on the contractual terms, this loan is due for repayment on 30 September 2023. Management considered recoverability of related loan due from DIC as of 31 December 2016 and 31 December 2017, and concluded that there is high uncertainty of its collection. As a result, management made decision to fully provide impairment provision for related loan as of 31 December 2016. For management's judgments refer to the Note 4. Recovery of impairment provision in 2017 was MNT 2,000 million (2016: nil).

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 1,216 million and MNT 3,632 million were recovered in 2016 and 2017, respectively. The assets after recovery of MNT 62,798 million (2016: MNT 66,430 million) are fully provisioned and mainly consist of loan portfolios issued by Anod bank to its customers and other assets.

Receivables from companies. 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 34,143 million (2016: MNT 35,659 million), are considered impaired and thus they are fully provided for.

Remaining balances due from other companies to the amount of MNT 18,020 million (2016: MNT 17,715 million) are also considered impaired and fully provided for as at 31 December 2017 and 31 December 2016. 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 the Bank's repayments, advances to staff, consumable materials, and stationary supplies. Prepaid expense as of 31 December 2017 mainly consists of treasury fund items relate to new coin orders, which were placed and paid during 2017 but are expected to be delivered in 2018.

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NOTES TO THE FINANCIAL STATEMENTS-31 DECEMBER 2017.

15. OTHER ASSETS (CONTINUED)

Provision for impairment. Movements in the provision for impairment of other financial assets during 2017 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 2017	5,944	199,200	66,430	53,374	21,784	77	210	347,019
Translation of provisions denominated in foreign currency	-	-	-	(1,211)	(545)	(2)	-	(1,758)
Provision for impairment during the year	6,726	-	-	-	-	-	3	6,729
Recovery of impairment during the year	-	(5,500)	(3,632)	-	-	-	(2)	(9,134)
Reclassification	20	-	-	-	(20)	19	(19)	-
Provision for impairment at 31 December 2017	12,690	193,700	62,798	52,163	21,219	94	192	342,856

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NOTES TO THE FINANCIAL STATEMENTS-31 DECEMBER 2017.

15. OTHER ASSETS (CONTINUED)

Movements in the provision for impairment of other financial and non-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 2017.

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 2016	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 1 January 2016	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
Additions	4,104	1,263	3,913	9,280	15	9,295
Disposals - cost	(384)	-	(1,233)	(1,617)	(1,695)	(3,312)
Write-offs - cost	(7)	-	(72)	(79)	-	(79)
Depreciation/amortization charge	(903)	-	(1,646)	(2,549)	(75)	(2,624)
Disposals - accumulated depreciation	335	-	1,228	1,563	1,695	3,258
Write-offs - accumulated depreciation	7	-	56	63	-	63
Cost or valuation at 31 December 2017	51,258	1,345	12,238	64,841	486	65,327
Accumulated depreciation/ amortization	(25,511)	-	(4,834)	(30,345)	(347)	(30,692)
Carrying amount at 31 December 2017	25,747	1,345	7,404	34,496	139	34,635

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 2017 and 31 December 2016 approximate to fair value of buildings as there was no significant variation of the prices since last assessment.

THE BANK OF MONGOLIA**NOTES TO THE FINANCIAL STATEMENTS-31 DECEMBER 2017.**

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 increase by approximately MNT 5,149 million as of 31 December 2017 (2016: MNT 4,519 million). Management believes that an overall decrease in fair value of the Bank's revaluation reserve would decrease by MNT 5,149 million as of 31 December 2017 (2016: MNT 4,519 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 2017, the carrying amount of the buildings would have been MNT 13,895 million (2016: MNT 11,327 million).

None of the property, equipment and intangible assets have been pledged as security for borrowings as of 31 December 2017 and 31 December 2016.

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NOTES TO THE FINANCIAL STATEMENTS-31 DECEMBER 2017.

17. CASH IN CIRCULATION

<i>In millions of Mongolian Tugriks</i>	31 December 2017	31 December 2016
Banknotes issued to circulation	972,295	834,024
Uncounted banknotes	(65,919)	(10,415)
Coins issued into circulation	20	20
Cash in circulation	906,396	823,629

Cash issued into circulation as at 31 December 2017 and 31 December 2016:

<i>In millions of Mongolian Tugriks</i>	Beginning balance	Increase	Decrease	Ending balance
Issued Banknotes	834,024	2,261,718	(2,123,447)	972,295
Issued Coins	20	-	-	20
Uncounted banknotes	(10,415)	(2,199,205)	2,143,701	(65,919)
Cash in circulation	823,629	62,513	20,254	906,396

18. CENTRAL BANK BILLS

<i>In millions of Mongolian Tugriks</i>	31 December 2017	31 December 2016
Central Bank bills issued	3,444,401	577,297
Total Central Bank bills	3,444,401	577,297

Central bank bills are bills issued by Bank of Mongolia, which are issued to local banks. Such bills have maturities between 7 days to 8 days (2016: 7 days to 87 days) and bear interest rates at 11% per annum as at 31 December 2017 (2016: ranging from 14% per annum to 17% per annum).

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NOTES TO THE FINANCIAL STATEMENTS-31 DECEMBER 2017.

19. LIABILITIES DUE TO GOVERNMENT ORGANIZATIONS

<i>In millions of Mongolian Tugriks</i>	31 December 2017	31 December 2016
Current accounts of Ministry of Finance	1,553,069	974,330
Liabilities to the Ministry of Finance related to borrowings:		
- International Monetary Fund (EFF)	288,976	-
- Government of Germany (KfW)	17,103	16,119
- Asian Development Bank (ADB)	15,223	9,334
- International Development Association (IDA)	6,293	8,541
Total liabilities due to government organizations	1,880,664	1,008,324

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 International Monetary Fund (IMF), 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.

International Monetary Fund (IMF). The Executive Board of the IMF approved a three-year extended arrangement under Extended Fund Facility (EFF) for Mongolia in a total amount of SDR 314.5 million to support the country's economic reform program on 24 May 2017. The EFF arrangement represent loans granted to Government of Mongolia by IMF under the EFF and bear interest ranging from 1.53% p.a. to 1.59% p.a.

The funding was further transferred to the Bank according to memorandum of understanding between BOM and Ministry of Finance of Mongolia (MOF) dated on 25 May 2017. These loans represent obligation of the Ministry of Finance. Given that the Ministry of Finance acts as a fiscal agent of Mongolia, it has signed promissory notes issued to IMF in respect of repayments of loans granted by IMF under EFF arrangement, the Ministry of Finance has the obligation toward IMF with regard to these loans granted by IMF. The loans and repayments are denominated in Special Drawing Rights ("SDR") and the repayment is done by BOM on behalf of MOF to IMF according to repayment schedule. As at 31 December 2017, liabilities due to MOF under EFF arrangement were SDR 84.0 million, which is equivalent to MNT 288,976 million (2016: nil), with maturity of 3 years.

Government of Germany (KfW). 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 and 40 years, respectively. The loans bear interest at 0.75% per annum. The repayment of loan principal of the program commenced in 2005 and 2012, respectively.

Asian Development Bank (ADB). 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 and have maturity of 24 and 27 years.

THE BANK OF MONGOLIA

NOTES TO THE FINANCIAL STATEMENTS-31 DECEMBER 2017.

19 LIABILITIES DUE TO GOVERNMENT ORGANIZATIONS (CONTINUED)

The Bank's obligations are to the Ministry of Finance of Mongolia and it has no direct obligations toward IMF, 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 channelling funds to the local banks, which further channelled the funds to final customers (borrowers) who meet criteria specified by IMF, 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 IMF, KfW and ADB. BOM also acts as a depository; it is responsible for settling payments from the accounts of the MOF with regards to IMF, 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.

International Development Association (IDA). 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 lent by MOF with interest rates of 1% and 3% per annum with maturity ranging from 14 to 15 years.

There were no breaches of covenant as at 31 December 2017 and 31 December 2016.

20. DEPOSITS FROM LOCAL BANKS

<i>In millions of Mongolian Tugriks</i>	31 December 2017	31 December 2016
Correspondent accounts:		
- in national currency	1,496,262	943,882
- in foreign currency	1,561,493	1,304,359
Time deposits in foreign currency	-	423,325
Overnight deposits in national currency	58,543	-
Total deposits from local banks	3,116,298	2,671,566

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 as at 31 December 2016 represent USD time deposits placed by local banks at an interest rate ranging from 0.55% p.a. to 0.64% p.a. with maturity of 7 days to 60 days.

Overnight deposits in national currency as at 31 December 2017 represent MNT overnight deposits placed by local banks at an interest rate of 9% per annum with maturity of 5 days.

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NOTES TO THE FINANCIAL STATEMENTS-31 DECEMBER 2017.

21. LIABILITIES DUE TO FOREIGN PARTIES

<i>In millions of Mongolian Tugriks</i>	31 December 2017	31 December 2016
Financing from People's Bank of China	4,569,233	4,332,068
Allocation of Special Drawing Rights of IMF	167,797	162,609
Subscription to World Bank	152	156
Subscription to IDA	39	39
Current account of World Bank	723	460
Current account of ADB	8	4
Total liabilities to foreign parties	4,737,952	4,495,336

Financing from People's Bank of China. This balance represents a 5 months to 8 months (2016: 1 months to 9 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. For more information related to the arrangement, refer to Note 33.

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 167,797 million equivalent to SDR 48,757 million (2016: MNT 162,609 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 2017.

22. OTHER LIABILITIES

<i>In millions of Mongolian Tugriks</i>	31 December 2017	31 December 2016
Other financial liabilities		
Initial capital contribution for local banks	-	19,346
Deposits by non-banking entities	29,978	10,827
Other payables	11,969	12,461
Other liabilities		
Social development fund	3,185	5,958
Provision for claims under documentary letter of credit issued	-	58,160
Total other liabilities	45,132	106,752

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 local 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. The Bank has derecognized full amount of provision in the profit or loss for 2017 as litigation related to letter of credit has been finalized in the favour of the Bank at the trial court of Geneva on 25 July 2017. Refer to Note 30.

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NOTES TO THE FINANCIAL STATEMENTS-31 DECEMBER 2017.

23. CHARTER CAPITAL AND OTHER RESERVES

<i>In millions of Mongolian Tugriks</i>	31 December 2017	31 December 2016
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.

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 2016	2,926	11,908	1,944	16,778
Gain on fair value changes of available-for-sale investments	519	-	-	519
Transfer to profit or loss upon disposal	(78)	-	-	(78)
Transfer from accumulated deficit to other reserves	-	(13)	(804)	(817)
At 31 December 2016	3,367	11,895	1,140	16,402
Loss on fair value changes of available-for-sale investments	(2,726)	-	-	(2,726)
Transfer to profit or loss upon disposal	690	-	-	690
Transfer from accumulated deficit to other reserves	-	-	3,957	3,957
At 31 December 2017	1,331	11,895	5,097	18,323

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. 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. The foreign currency translation reserve as at 31 December 2017 and 31 December 2016 was nil.

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.

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NOTES TO THE FINANCIAL STATEMENTS-31 DECEMBER 2017.

24. INTEREST INCOME AND EXPENSE

<i>In millions of Mongolian Tugriks</i>	2017	2016
Interest income		
Local securities	80,353	87,104
Financial investment – available for sale	98,288	44,698
Loans to local banks	41,924	34,300
Government securities	39,067	33,563
Reverse repurchase agreement	30,912	25,279
Due from foreign financial institution	11,612	3,613
Total Interest Income	302,156	228,557
Interest expense		
Liabilities due to foreign parties	(263,221)	(189,030)
Central bank bills	(186,720)	(92,976)
Fulfilment on mandatory reserve requirement to local banks	(65,100)	(55,864)
Deposits from local banks	(4,544)	(3,575)
Liabilities due to government organization	(2,299)	(8,797)
Other interest expense	(1,351)	(5,608)
Total interest expense	(523,235)	(355,850)
Net interest expense	(221,079)	(127,293)

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

<i>In millions of Mongolian Tugriks</i>	2017	2016
Losses on trading of gold and precious metals	(375)	(113)
Realized gain from disposal of monetary metals	24,047	36,618
Other gains/(losses) on trading of gold and precious metals	(402)	64,106
Gains less losses from trading in gold bullion and precious metals	23,270	100,611

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NOTES TO THE FINANCIAL STATEMENTS-31 DECEMBER 2017.

26. GOLD BULLION AND PRECIOUS METALS REVALUATION GAINS LESS LOSSES/(LOSSES LESS GAINS)

Gold bullion and precious metals revaluation gains less losses represents unrealized revaluation gains less losses from gold position. The gain during the year was MNT 3,957 million (2016: loss during the year was MNT 804 million).

27. GAINS LESS LOSSES/(LOSSES LESS GAINS) FROM DERIVATIVE FINANCIAL INSTRUMENTS

<i>In millions of Mongolian Tugriks</i>	2017	2016
Day 1 loss on swaps	-	(494,978)
Changes in fair value of swaps from current and previous periods	673,299	(169,002)
Gains less losses from derivative financial instruments	673,299	(663,980)

From the start of 2017, the Bank changed its method of fair valuation of derivative financial instruments in order to apply much more practicable method. Refer to Note 3 for the effect of changes in accounting estimates.

Day 1 loss on swaps of MNT 494,978 million during the year ended 31 December 2016 represent losses on initial recognition of long and short term swaps entered with commercial banks during the year at unfavorable conditions. No loss on initial recognition was recognized for the year ended 31 December 2017 as no new long and short term foreign currency swap arrangements were made during 2017 at unfavorable conditions.

28. (LOSSES LESS GAINS)/GAINS LESS LOSSES FROM TRADING IN FOREIGN CURRENCIES

<i>In millions of Mongolian Tugriks</i>	2017	2016
Foreign exchange trading gains less losses	34	7,957
Realised losses less gains from derivative financial instruments	(148,737)	(2,735)
(Losses less gains)/Gains less losses from trading in foreign currencies	(148,703)	5,222

29. FOREIGN EXCHANGE TRANSLATION LOSSES LESS GAINS

<i>In millions of Mongolian Tugriks</i>	2017	2016
Realized gain on translation of foreign exchange	5,102	167,996
Unrealized losses on translation of foreign exchange	(180,897)	(597,759)
Foreign exchange translation losses less gains	(175,795)	(429,763)

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NOTES TO THE FINANCIAL STATEMENTS-31 DECEMBER 2017.

30. REVERSAL/(PROVISION) OF PROVISION FOR IMPAIRMENT

<i>In millions of Mongolian Tugriks</i>	Note	2017	2016
Loans to local banks	9	(820)	(144)
Recovery of provision for litigation related to letter of credit	22	58,844	-
Other assets	15	2,405	(118,959)
Reversal/(Provision) of provision for impairment		60,429	(119,103)

31. OTHER OPERATING INCOME

<i>In millions of Mongolian Tugriks</i>	2017	2016
Income from "Future pension fund"	-	62,760
Commission income	6,767	4,927
Penalty income from local banks	4,610	3,384
Rental income from property and equipment	515	534
Gain on disposal of property and equipment	-	51
Other operating income	870	664
Total other operating income	12,762	72,320

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 was 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" during the year ended 31 December 2016.

The Bank obtains mandatory reserves from local banks, as a regulatory body of the banking sector in accordance with the requirements of the Bank. The balances are set at percentages based on a 14-day period (refer to Note 20). As of 31 December 2017, income received from the mandatory reserve held with the local banks was MNT 4,610 million (31 December 2016: MNT 3,385 million).

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32. ADMINISTRATIVE AND OTHER OPERATING EXPENSES

<i>In millions of Mongolian Tugriks</i>	2017	2016
Staff cost	13,382	11,095
Membership and professional fees	11,140	414
Legal service fees	7,684	1,643
Cost of printing banknotes	5,100	5,078
Depreciation and amortisation of premises, equipment and intangible assets	2,624	2,514
Gold transportation and shipping expense	2,438	1,944
Telecommunication and utility expense	1,697	1,649
Security expenses	1,217	1,301
Transportation and trip expenses	1,012	863
Advertising expenses	1,004	813
Facility, arrangement, and refining fees related to gold financing	614	4,296
Training expenses	265	498
Loss on property and equipment written-off and disposal	16	25
Other expenses	3,334	1,782
Total administrative and other operating expenses	51,527	33,915

As disclosed in Note 4, as part of IMF program, the Bank of Mongolia commissioned Diagnostic Studies on the local commercial banks in Mongolia including an Asset Quality Review (AQR). Expense incurred in relation to AQR was classified as membership and professional fees of 2017.

33. 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. Bank has derecognized provision amount in the profit or loss for 2017 as litigation related to letter of credit has been finalized in the favour of the Bank at the trial court of Geneva on 25 July 2017. Refer to Notes 22 and 30.

Management is not aware of any other legal proceedings as of 31 December 2017, in which the Bank acts as defendant and which could result in material losses to the Bank. Thus, management believes that no provision is necessary in these financial statements.

Capital expenditure commitments. At 31 December 2017, the Bank has contractual capital expenditure commitments in respect of building and premises totalling MNT 8,000 million (2016: 0). The Bank has not allocated the necessary resources in respect of these commitments. The Bank believes that future net income and funding will be sufficient to cover this and any similar such commitments.

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.

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33. CONTINGENCIES AND COMMITMENTS (CONTINUED)

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 2017	31 December 2016
Contingent Liabilities		
Import letters of credit	(155,868)	(281,016)
Commitments		
Undrawn credit line of People's Bank of China	(5,400,000)	(4,500,000)
Total credit related commitments	(5,555,868)	(4,781,016)

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.

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 and July 2017. 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) and the Bank 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 (2016: CNY 15,000 million) when BOM is the requesting party and MNT 5,400,000 million (2016: 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 2017, the used amount of CNY 12,000 million equal to MNT 4,458,960 million (2016: CNY 12,000 million equal to MNT 4,295,520 million) and the unused amount of CNY 3,000 million equivalent to MNT 1,114,740 million (2016: CNY 3,000 million equivalent to MNT 1,073,880 million) represents the PBC's credit related commitment.

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NOTES TO THE FINANCIAL STATEMENTS-31 DECEMBER 2017.

33. CONTINGENCIES AND COMMITMENTS (CONTINUED)

The Bank's management believes that fair value of letters of credit and credit line commitments is not material. 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.

34. 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 2017 and 31 December 2016, 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 Government of Mongolia), a local 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 Government of Mongolia 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 2017 were as follows:

<i>In millions of Mongolian Tugriks</i>	Government	State Bank	Development Bank of Mongolia	DIC	Total
Interest income	39,067	4,535	6,173	-	49,775
Interest expense	(2,299)	(23,717)	-	-	(26,016)
Commission income	480	147	10	-	637
Gains from disposal of government securities	2,754	-	-	-	2,754
Total	40,002	(19,035)	6,183	-	27,150

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34 RELATED PARTIES (CONTINUED)

At 31 December 2017, 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	163,027	-	-	-	163,027
Development Bank securities	-	-	39,860	-	39,860
Reverse repurchase agreements	-	7,721	-	-	7,721
Loans to local banks	-	91,444	-	-	91,444
Central bank bills	-	(379,621)	-	-	(379,621)
Deposit from local banks	-	(217,597)	(21,620)	-	(239,217)
Deposit by non-banking entities	-	-	-	(29,854)	(29,854)
Liabilities due to government organizations	(1,880,664)	-	-	-	(1,880,664)
Total	(1,717,637)	(498,053)	18,240	(29,854)	(2,227,304)

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)
Deposit by non-banking entities	-	-	-	(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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NOTES TO THE FINANCIAL STATEMENTS-31 DECEMBER 2017.

34 RELATED PARTIES (CONTINUED)

The transactions with related parties arose from the ordinary course of the Bank's operation. Management considers whether gains/losses should be arise on initial recognition of transactions with related parties. In making this judgement, management also considers these transactions are a principal market segment. Refer to Notes 4 for details.

Outstanding balances to related parties at year-end are unsecured. There have been no guarantees provided or received for any related party receivables and payables.

Import Letter of Credit Commitments. As of 31 December 2017, the Bank has MNT 155,868 million (2016: MNT 281,016 million) of import letter of credits commitments to related parties. Refer to Note 33 for more information.

Key management compensation is presented below:

<i>In millions of Mongolian Tugriks</i>	2017	2016
Salary and wages	922	656
Benefits in-kind	194	136
Social and pension fund contribution	123	87
Other compensation	150	113

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NOTES TO THE FINANCIAL STATEMENTS-31 DECEMBER 2017.

35. 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 Reserve Management Financial 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 Reserve Management Financial Markets Department (2016: Markets Department) and Director of Financial Reporting and Accounting Department (2016: 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.

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NOTES TO THE FINANCIAL STATEMENTS-31 DECEMBER 2017.

35. 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 international reserves and other risk related procedures to ensure an independent control process. RMU is responsible for monitoring compliance with strategic benchmark for international reserves, risk principles, policies and limits. In addition, RMU also ensures the complete capture of risk measures related to the international 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.

Reserve Management Financial Markets Department. Reserve Management Financial Markets Department is responsible for general implementation of the investment policy through its specific units. The Director of Reserve Management Financial Markets Department monitors and manages the general structure of the asset portfolio, including asset composition, instruments, counterparties, maturity, as well as limits over the international reserves.

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NOTES TO THE FINANCIAL STATEMENTS-31 DECEMBER 2017.

35 FINANCIAL RISK MANAGEMENT (CONTINUED)

Internal Control Management Department. The Bank's internal control 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 Control Management Department ("ICMD") 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. ICMD 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. ICMD of the Bank has carried out activities in accordance with audit program and annual audit plan for 2017. 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 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. ICMD reports about findings and its recommendations administratively to the Governor, and functionally to the Supervisory Board. After each assessment, ICMD 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, international 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 local banks are as follows:

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35 FINANCIAL RISK MANAGEMENT (CONTINUED)

1. Central Bank bills;
2. Government securities;
3. Promissory notes of financial institutions accepted by the Bank; and
4. Loans issued by financial institution

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 local banks are rated by international rating agencies, financial assets due from local banks are also monitored on this basis. In case of unrated Mongolian local bank, the Bank considers financial conditions of related local 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 local banks.

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 local 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 33, 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 33). 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 33).

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.

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NOTES TO THE FINANCIAL STATEMENTS-31 DECEMBER 2017.

35 FINANCIAL RISK MANAGEMENT (CONTINUED)

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 following table indicates the currencies and SDRs to which the Bank had significant exposure at 31 December 2017 on its monetary assets and liabilities.

<i>In millions of Mongolian Tugriks</i>	MNT	USD	CNY	EUR	SDR	Other	Total
Cash on hand	43	70,588	28	1,512	-	4,724	76,895
Due from foreign financial institutions	-	1,848,552	600,306	194,447	145,301	347,645	3,136,251
Loans to local banks	857,625	800	-	1,933	-	-	860,358
Financial investments available for sale	2,143,112	811,416	-	-	-	-	2,954,528
Reverse repurchase agreements	234,536	2,849,451	-	-	-	-	3,083,987
Gold and precious metals	-	-	-	-	-	429,440	429,440
Government securities	163,027	-	-	-	-	-	163,027
Other financial assets	690,942	-	-	-	-	-	690,942
Total financial assets	4,089,285	5,580,807	600,334	197,892	145,301	781,809	11,395,428
Cash in circulation	(906,396)	-	-	-	-	-	(906,396)
Central bank bills	(3,444,401)	-	-	-	-	-	(3,444,401)
Liabilities due to government organizations	(1,040,687)	(500,590)	(15,328)	(18,577)	(298,084)	(7,398)	(1,880,664)
Deposits from local banks	(1,554,805)	(1,032,408)	(36,047)	(175,685)	-	(317,353)	(3,116,298)
Liabilities due to foreign parties	(769)	(152)	(4,569,234)	-	(167,797)	-	(4,737,952)
Other financial liabilities	(30,855)	(11,092)	-	-	-	-	(41,947)
Total financial liabilities	(6,977,913)	(1,544,242)	(4,620,609)	(194,262)	(465,881)	(324,751)	(14,127,658)
Derivative financial instruments	2,083,637	(2,339,377)	-	-	-	-	(255,740)
Net balance sheet position	(804,991)	1,697,188	(4,020,275)	3,630	(320,580)	457,058	(2,987,970)

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NOTES TO THE FINANCIAL STATEMENTS-31 DECEMBER 2017.

35 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 2017.

35 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.

<i>In millions of Mongolian Tugriks</i>	At 31 December 2017 Impact on profit or loss and equity	At 31 December 2016 Impact on profit or loss and equity
USD strengthening by 10% (2016: 25%)	169,719	(703,104)
USD weakening by 10% (2016: 25%)	(169,719)	703,104
CNY strengthening by 10% (2016: 25%)	(402,028)	(1,010,327)
CNY weakening by 10% (2016: 25%)	402,028	1,010,327
EUR strengthening by 10% (2016: 25%)	363	29,520
EUR weakening by 10% (2016: 25%)	(363)	(29,520)
SDR strengthening by 10% (2016: 25%)	(32,058)	(7,208)
SDR weakening by 10% (2016: 25%)	32,058	7,208
Other strengthening by 10% (2016: 25%)	45,706	52,723
Other weakening by 10% (2016: 25%)	(45,706)	(52,723)

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

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

Assets and liabilities of the Bank are predominantly fixed rate or non-interest bearing, which significantly reduces exposure to interest rate risk. Further, in 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.

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35 FINANCIAL RISK MANAGEMENT (CONTINUED)

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 2017							
Total financial assets	6,822,513	239,719	195,558	4,155,154	11,412,944	38,216	11,451,160
Total financial liabilities	(8,403,956)	(1,328,070)	(3,217,840)	(257,022)	(13,206,888)	(1,232,242)	(14,439,130)
Net interest sensitivity gap at 31 December 2017	(1,581,443)	(1,088,351)	(3,022,282)	3,898,132	(1,793,944)	(1,194,026)	(2,987,970)
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)

Interest is accrued at floating rates on the following assets and liabilities: SDR holdings (Note 8), SDR allocation, and loan from loan from People's Bank of China (Note 21). At 31 December 2017, 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 8,882 million lower (2016: MNT 10,166 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 8,882 million higher (2016: MNT 10,166 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 2017, 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.

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35 FINANCIAL RISK MANAGEMENT (CONTINUED)

In % p.a.	2017					2016				
	MNT	USD	EUR	CNY	Other	MNT	USD	EUR	CNY	Other
Assets										
Due from foreign financial institutions	0.00%	1.48%	0.00%	2.92%	0.19%	0.00%	0.20%	0.00%	0.00%	0.07%
Financial investments available-for-sale	-	1.20%	-	-	0.00%	-	1.18%	-	-	0.00%
Reverse repurchase agreements	10.00%	1.46%	-	-	-	12%	0.17%	-	-	-
Government securities	5.97%	-	-	-	-	8.97%	-	-	-	-
Loans to local banks	6.98%	3.98%	1.25%	-	-	6.31%	3.98%	1.25%	-	-
Liabilities										
Central bank bills	11.00%	-	-	-	-	15.00%	-	-	-	-
Liabilities due to government organizations	0.00%	2.00%	0.75%	-	1.00%	0.00%	4.79%	0.75%	-	1.28%
Deposits from local banks	9.00%	-	-	-	-	0.61%	-	-	-	-
Liabilities due to foreign parties	0.00%	0.00%	0.00%	6.39%	0.00%	0.00%	0.00%	0.00%	6.04%	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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35. FINANCIAL RISK MANAGEMENT (CONTINUED)

Geographical risk concentrations. The geographical concentration of the Bank's financial assets and liabilities at 31 December 2017 is set out below:

<i>In millions of Mongolian Tugriks</i>	Mongolia	OECD	IMF	Non-OECD	Total
Assets					
Cash on hand	76,895	-	-	-	76,895
Due from foreign financial institutions	-	2,388,688	145,301	602,262	3,136,251
Loans to local banks	860,358	-	-	-	860,358
Financial investments available for sale	2,143,112	811,416	-	-	2,954,528
Reverse repurchase agreements	234,536	2,849,451	-	-	3,083,987
Gold and precious metals	-	429,440	-	-	429,440
Derivative financial instruments	55,732	-	-	-	55,732
Government securities	163,027	-	-	-	163,027
Other financial asset	690,942	-	-	-	690,942
Total financial assets	4,224,602	6,478,995	145,301	602,262	11,451,160
Liabilities					
Cash in circulation	(906,396)	-	-	-	(906,396)
Central bank bills	(3,444,401)	-	-	-	(3,444,401)
Liabilities due to government organizations	(1,880,664)	-	-	-	(1,880,664)
Deposits from local banks	(3,116,298)	-	-	-	(3,116,298)
Derivative financial instruments	(311,472)	-	-	-	(311,472)
Liabilities due to foreign parties	-	(921)	(167,797)	(4,569,234)	(4,737,952)
Other financial liabilities	(41,947)	-	-	-	(41,947)
Total financial liabilities	(9,701,178)	(921)	(167,797)	(4,569,234)	(14,439,130)
Net balance sheet position as 31 December 2017	(5,476,576)	6,478,074	(22,496)	(3,966,972)	(2,987,970)
Credit related commitments (Note 33)	(155,868)	-	-	(5,400,000)	(5,555,868)

THE BANK OF MONGOLIA

NOTES TO THE FINANCIAL STATEMENTS-31 DECEMBER 2017.

35 FINANCIAL RISK MANAGEMENT (CONTINUED)

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 2017	(1,749,897)	2,771,094	(162,609)	(3,913,112)	(3,054,524)
	-	-	-	-	-
Credit related commitments (Note 33)	(281,016)	-	-	(4,500,000)	(4,781,016)

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 2017 and 31 December 2016.

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NOTES TO THE FINANCIAL STATEMENTS-31 DECEMBER 2017.

35 FINANCIAL RISK MANAGEMENT (CONTINUED)

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

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

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

- Not less than below limit defined as 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 2017 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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NOTES TO THE FINANCIAL STATEMENTS-31 DECEMBER 2017.

35 FINANCIAL RISK MANAGEMENT (CONTINUED)

The maturity analysis of financial liabilities at 31 December 2017 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	906,396	-	-	-	906,396
Central bank bills	3,447,800	-	-	-	3,447,800
Liabilities due to government organizations	1,848,165	1,174	1,190	33,033	1,883,562
Deposits from local banks	3,116,327	-	-	-	3,116,327
Liabilities due to foreign parties	278,992	2,283,298	2,313,493	-	4,875,783
Other financial liabilities	41,947	-	-	-	41,947
<i>Gross settled swaps and forwards:</i>					
- inflows	-	205,433	336,648	1,553,136	2,095,217
- outflows	-	(222,890)	(391,211)	(1,736,856)	(2,350,957)
Credit related commitments					
-Undrawn credit line to PBC	5,400,000	-	-	-	5,400,000
-Other contingent liabilities	155,868	-	-	-	155,868
Total potential future payments for financial obligations	15,195,495	2,267,015	2,260,120	(150,687)	19,571,943

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

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NOTES TO THE FINANCIAL STATEMENTS-31 DECEMBER 2017.

35 FINANCIAL RISK MANAGEMENT (CONTINUED)

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.

The maturity analysis at 31 December 2017 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	76,895	-	-	-	76,895
Due from foreign financial institutions	3,136,251	-	-	-	3,136,251
Financial investments available for sale	257,905	98,083	10,848	2,587,692	2,954,528
Reverse repurchase agreements	2,924,317	-	94,824	64,846	3,083,987
Gold and precious metals	429,440	-	-	-	429,440
Derivative financial instruments	-	9,094	3,592	43,046	55,732
Government securities	1,192	77,416	26,630	57,789	163,027
Loans to local banks	13,553	61,087	59,664	726,054	860,358
Other financial assets	12,851	2,364	-	675,727	690,942
Total financial assets	6,852,404	248,044	195,558	4,155,154	11,451,160
Liabilities					
Cash in circulation	(906,396)	-	-	-	(906,396)
Central bank bills	(3,444,401)	-	-	-	(3,444,401)
Liabilities due to government organizations	(1,848,164)	(989)	(1,255)	(30,256)	(1,880,664)
Deposits from local banks	(3,116,298)	-	-	-	(3,116,298)
Derivative financial instruments	-	(26,551)	(58,155)	(226,766)	(311,472)
Liabilities due to foreign parties	(168,718)	(1,331,238)	(3,237,996)	-	(4,737,952)
Other financial liabilities	(41,947)	-	-	-	(41,947)
Total financial liabilities	(9,525,924)	(1,358,778)	(3,297,406)	(257,022)	(14,439,130)
Net liquidity gap	(2,673,520)	(1,110,734)	(3,101,848)	3,898,132	(2,987,970)

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35 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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36. 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 2017 are as follows:

	31 December 2017			
<i>In millions of Mongolian Tugriks</i>	Level 1	Level 2	Level 3	Total
ASSETS AT FAIR VALUE				
Financial assets				
-RAMP Investment Account Assets	248,872	-	-	248,872
-Bonds of Bank for International Settlements	314,953	-	-	314,953
-US treasury bills	247,591	-	-	247,591
-Equity investment in MMC Holding JSC at fair value	5,139	-	-	5,139
-Gold Bullion and Precious Metals at fair value	429,440	-	-	429,440
Financial liabilities				
Financial derivatives	-	-	(255,740)	(255,740)
TOTAL ASSETS RECURRING FAIR VALUE MEASUREMENTS				
	1,245,995	-	(255,740)	990,255

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NOTES TO THE FINANCIAL STATEMENTS-31 DECEMBER 2017.

36 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 2016 are as follows:

<i>In millions of Mongolian Tugriks</i>	31 December 2016			
	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
Financial liabilities				
Financial derivatives	-	-	(929,040)	(929,040)
TOTAL ASSETS RECURRING FAIR VALUE MEASUREMENTS	895,136	-	(929,040)	(33,904)

The description of valuation technique and description of inputs used in the fair value measurement for level 3 measurements at 31 December 2017:

<i>In millions of Mongolian Tugriks</i>	Fair value	Valuation technique	Inputs used
ASSETS AT FAIR VALUE			
Financial liabilities			
Financial derivatives	55,732	GAP model	Z-spread, LIBOR 6 month, Repo rate, Forward rate using GAP model
Financial derivatives	(311,472)	GAP model	Repo rate, Forward rate using GAP model
TOTAL ASSETS RECURRING FAIR VALUE MEASUREMENTS AT LEVEL 2	(255,740)		

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36 FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

The description of valuation technique and description of inputs used in the fair value measurement for level 3 measurements at 31 December 2016:

<i>In millions of Mongolian Tugriks</i>	Fair value	Valuation technique	Inputs used
ASSETS AT FAIR VALUE			
Financial liabilities			
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, LIBOR rates
TOTAL ASSETS RECURRING FAIR VALUE MEASUREMENTS AT LEVEL 2	(929,040)		

The sensitivity to reasonably possible changes in input used in the fair value measurement for level 3 measurements is as follows at 31 December 2017. 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 2017			31 December 2016		
	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	248,872	10%	+/-24,887	252,800	10%	+/-25,280
-Bonds of Bank for International Settlements	314,953	10%	+/-31,495	223,981	10%	+/-22,398
-US treasury bills	247,591	10%	+/-24,759	253,165	10%	+/-25,316
-Equity investment in MMC Holding JSC at fair value	5,139	10%	+/-514	5,139	10%	+/-514
-Gold Bullion and Precious Metals at fair value	429,440	10%	+/-42,944	160,051	10%	+/-16,005

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NOTES TO THE FINANCIAL STATEMENTS-31 DECEMBER 2017.

36 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 2017 are as follows:

<i>In millions of Mongolian Tugriks</i>	31 December 2017			Carrying amount
	Level 1	Level 2	Level 3	
FINANCIAL Assets				
Cash and cash equivalents				
-Cash on hand	76,895	-	-	76,895
Due from financial institutions				
-Short term deposits in foreign currency	-	2,034,346	-	2,034,346
-Demand deposits	-	956,442	-	956,442
-Special drawing rights holdings	-	145,301	-	145,301
-World Bank subscriptions	-	152	-	152
-Other subscriptions	-	10	-	10
Loans advances to customers				
- Loans issued under Price Stabilization Program	-	-	836,153	836,153
-Secured loans	-	-	12,706	12,706
-Other loans	-	-	11,499	11,499
Gold and precious metal	429,440	-	-	429,440
Investments – Available for Sale				
-Debt instruments available for sale	851,276	-	2,103,252	2,954,528
-Equity instruments available for sale	5,139	-	6,595	11,734
Reverse repurchase agreements				
-Federal Reserve Bank of New York	-	2,849,451	-	2,849,451
- Local banks	-	234,536	-	234,536
Government securities	-	163,027	-	163,027
Other financial assets	-	690,942	-	690,942
Total financial assets carried at amortized cost	1,362,750	7,074,207	2,970,205	11,407,162

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NOTES TO THE FINANCIAL STATEMENTS-31 DECEMBER 2017.

36 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 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

THE BANK OF MONGOLIA

NOTES TO THE FINANCIAL STATEMENTS-31 DECEMBER 2017.

36 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 2017 are as follows:

<i>In millions of Mongolian Tugriks</i>	31 December 2017			Carrying amount
	Level 1	Level 2	Level 3	
FINANCIAL liabilities				
Cash in circulation	906,396	-	-	906,396
Central bank bills	-	3,444,401	-	3,444,401
Liabilities due to government organizations				
- Liabilities to the Ministry of Finance related to borrowings	-	327,249	-	327,249
-Current accounts of Ministry of Finance	-	1,553,415	-	1,553,415
Deposits from local banks				
-Correspondent accounts	-	3,057,755	-	3,057,755
-Time deposits	-	58,543	-	58,543
Liabilities due to foreign parties				
-Financing from People's Bank of China	-	4,569,233	-	4,569,233
-Allocation of Special Drawing Rights of IMF	-	167,797	-	167,797
-Subscription to World Bank	-	152	-	152
-Subscription to IDA	-	39	-	39
-Current account of World Bank	-	723	-	723
-Current account of ADB	-	8	-	8
Other financial liabilities	-	41,947	-	41,947
Total financial liabilities carried at amortized cost	906,396	13,221,262	-	14,127,658

THE BANK OF MONGOLIA

NOTES TO THE FINANCIAL STATEMENTS-31 DECEMBER 2017.

36 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

THE BANK OF MONGOLIA

NOTES TO THE FINANCIAL STATEMENTS-31 DECEMBER 2017.

37. 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 2017:

<i>In millions of Mongolian Tugriks</i>	31 December 2017				
	Loans and receivables	Available for sale financial assets	Held for trading	Held to maturity	Total
FINANCIAL Assets					
Cash and cash equivalents					
-Cash on hand	76,895	-	-	-	76,895
Due from financial institutions					
-Short term deposits in foreign currency	2,034,346	-	-	-	2,034,346
-Demand deposits	956,442	-	-	-	956,442
-Special drawing rights holdings	145,301	-	-	-	145,301
-World Bank subscriptions	152	-	-	-	152
-Other subscriptions	10	-	-	-	10
Loans advances to customers					
- Loans issued under Price Stabilization Program	836,153	-	-	-	836,153
-Secured loans	12,706	-	-	-	12,706
-Other loans	11,499	-	-	-	11,499
Gold and precious metal	-	-	429,440	-	429,440
Investments – Available for Sale					
-Debt instruments available for sale	-	2,954,528	-	-	2,954,528
Reverse repurchase agreements					
- Federal Reserve Bank of New York	2,849,451	-	-	-	2,849,451
- Local banks	234,536	-	-	-	234,536
Government securities	-	-	-	163,027	163,027
Derivative financial asset	-	-	55,732	-	55,732
Other financial assets	690,942	-	-	-	690,942
TOTAL FINANCIAL ASSETS	7,848,433	2,954,528	485,172	163,027	11,451,160

THE BANK OF MONGOLIA

NOTES TO THE FINANCIAL STATEMENTS-31 DECEMBER 2017.

37 PRESENTATION OF FINANCIAL INSTRUMENTS BY MEASUREMENT CATEGORY (CONTINUED)

The following table provides a reconciliation of financial assets with the measurement categories at 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
Reverse repurchase agreements					
-Federal Reserve Bank of New York	845,195	-	-	-	845,195
-Local banks – Overnight reverse repurchase agreements	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	4,323,555	2,683,188	170,464	326,508	7,503,715

THE BANK OF MONGOLIA

NOTES TO THE FINANCIAL STATEMENTS-31 DECEMBER 2017.

38. 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 2016: 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 2016 and 2017.

The Bank has received profit of MNT 198,074 million in 2017 (2016: loss of MNT 1,648,026 million) and has negative equity position of MNT 2,800,451 million as at 31 December 2017 (2016: 2,997,921 million). 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 2017.**

39. EVENTS AFTER THE END OF THE REPORTING PERIOD

The Law on Central Bank was amended and approved by the Parliament on 12 January 2018, which will be effective from 1 April 2018. The legal status of the BOM is changed to increase Bank's independence and decision making process in accordance with best practices and principles set by other international central banks. The Law aims to increase the independence of the BOM, to ensure that the monetary policies are properly developed and enforced, and the country's macroeconomic measures will sustain the domestic currency and financial stability of the country and contribute to the long-term sustainable economic growth.

On 18 January 2018, Moody's upgraded Mongolia's credit rating to B3 from Caa1, and the outlook remains stable reflecting the balanced risks. The key factors driving the rating upgrade are an alleviation in liquidity and external pressures and prospects of attenuated sensitivity of Mongolia's credit metrics to fluctuations in commodity prices.

On 26 March 2018, policy rate reduced by 1% to 10% and reserve requirements on domestic and foreign currency liabilities set at 10.5% and 12%, respectively.

Management is not aware of any other events that occurred after the end of reporting period until 31 March 2018, which would have impact on these financial statements.

40. MONGOLIAN TRANSLATION

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

MONEY SUPPLY

in millions of MNT

End-of-period	Currency issued in circulation		Of which			Money (M1)		Of which	
	amount	monthly changes %	Bank's vault	Currency outside Dep.corp		amount	monthly changes %	Current account in DC	
				amount	monthly changes %				
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 12	713,351.1	5.1	195,857.0	517,494.2	6.1	1,741,075.7	12.1	1,223,581.5	
2012 01	656,998.9	-7.9	197,571.7	459,427.3	-11.2	1,565,796.9	-10.1	1,106,369.6	
02	673,778.6	2.6	215,380.7	458,397.9	-0.2	1,500,327.8	-4.2	1,041,929.9	
03	648,454.6	-3.8	200,372.5	448,082.1	-2.3	1,488,163.7	-0.8	1,040,081.6	
04	708,876.4	9.3	210,050.7	498,825.7	11.3	1,595,806.6	7.2	1,096,980.9	
05	782,922.5	10.4	187,269.2	595,653.3	19.4	1,741,358.4	9.1	1,145,705.1	
06	891,527.8	13.9	228,596.4	662,931.5	11.3	1,797,175.2	3.2	1,134,243.8	
07	801,409.3	-10.1	209,693.3	591,716.0	-10.7	1,660,362.3	-7.6	1,068,646.3	
08	814,882.5	1.7	223,623.9	591,258.7	-0.1	1,681,086.8	1.2	1,089,828.2	
09	745,629.7	-8.5	193,840.6	551,789.1	-6.7	1,658,017.5	-1.4	1,106,228.4	
10	717,559.2	-3.8	216,271.6	501,287.6	-9.2	1,578,738.0	-4.8	1,077,450.3	
11	722,110.5	0.6	220,890.6	501,220.0	0.0	1,557,134.1	-1.4	1,055,914.1	
12	828,450.3	14.7	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	
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
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
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
12	823,629.3	7.1	260,753.4	562,875.8	6.0	2,090,124.1	8.4	1,527,248.3
2017 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
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/

End-of-period	Other deposits		Of which					Money (M2)	
	amount	monthly changes %	Time deposit in DC	Of which		Time deposits in FC	Current account in FC	amount	monthly changes %
				Individuals	Corporations				
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
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
2012 01	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
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
2017	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)	Of which:		
			General Government	Of which	
				Central Government	Local Government
2000 12	201,696.9	84,831.1	17,171.2		
2001 12	220,165.7	129,259.5	-6,829.1		
2002 12	308,507.4	200,027.4	-32,439.3		
2003 12	256,341.5	514,615.2	96,687.3		
2004 12	311,005.2	647,305.1	40,506.5	45,022.0	-4,515.6
2005 12	570,198.7	769,004.6	-90,847.2	-105,095.1	-3,024.9
2007 12	1,352,046.2	1,311,912.8	-744,148.0	-737,226.1	-6,921.9
2008 12	672,658.8	2,040,226.4	-595,325.1	-588,221.1	-7,104.0
2009 12	1,514,475.2	1,913,917.4	-741,083.0	-733,433.9	-7,649.1
2010 12	2,722,918.5	2,409,968.9	-855,705.0	-849,825.2	-5,879.7
2011 12	3,046,914.4	4,252,580.2	-1,390,777.2	-1,383,487.8	-7,289.3
2012 01	2,862,068.4	4,169,631.0	-1,480,120.9	-1,458,507.2	-21,613.7
02	2,832,454.9	4,246,307.4	-1,461,700.8	-1,428,868.6	-32,832.1
03	3,334,269.0	4,385,666.4	-1,397,613.5	-1,359,076.4	-38,537.1
04	3,417,425.9	4,532,353.4	-1,405,403.2	-1,367,160.9	-38,242.3
05	3,486,840.6	4,791,563.7	-1,331,440.3	-1,290,160.1	-41,280.2
06	3,415,680.1	5,270,634.5	-1,049,354.7	-1,029,149.0	-20,205.7
07	3,184,559.8	5,359,304.9	-1,071,018.6	-1,038,431.6	-32,587.0
08	3,070,307.9	5,609,800.9	-1,067,098.2	-1,040,415.1	-26,683.1
09	2,831,868.4	5,844,631.9	-1,024,532.1	-1,006,299.5	-18,232.6
10	2,538,313.4	5,830,187.4	-1,027,056.7	-1,007,439.1	-19,617.6
11	2,347,715.0	5,955,189.9	-914,275.9	-894,492.1	-19,783.8
12	4,351,527.3	3,932,051.6	-3,060,178.7	-3,044,835.5	-15,343.2
2013 01	4,091,044.6	4,059,627.3	-3,084,062.3	-3,068,267.7	-15,794.5
02	3,974,711.8	4,122,032.5	-3,047,932.9	-3,023,177.6	-24,755.3
03	3,852,637.8	4,354,285.0	-3,030,816.8	-3,008,402.1	-22,414.7
04	3,340,012.9	4,713,219.3	-3,052,313.8	-3,030,877.2	-21,436.6
05	3,098,150.1	5,565,994.7	-2,662,557.3	-2,641,784.6	-20,772.7
06	2,680,990.7	6,056,462.1	-2,553,403.4	-2,534,155.7	-19,247.7
07	2,296,675.6	6,553,959.4	-2,565,339.9	-2,545,235.6	-20,104.3
08	2,153,126.5	7,434,290.4	-2,350,680.5	-2,330,218.7	-20,461.7
09	1,827,195.0	8,086,634.8	-2,293,532.6	-2,275,446.6	-18,086.0
10	1,291,186.1	8,843,965.1	-1,932,678.6	-1,917,338.1	-15,340.5
11	883,354.5	9,718,278.5	-1,320,992.0	-1,305,315.4	-15,676.6
12	766,727.3	10,110,728.3	-976,051.3	-961,924.9	-14,126.4
2014 01	947,765.2	10,437,535.8	-1,004,756.7	-989,393.1	-15,363.7
02	579,823.6	10,897,286.0	-1,052,071.9	-1,018,772.8	-33,299.1
03	241,855.0	11,494,241.5	-671,898.4	-639,627.7	-32,270.7
04	47,886.3	11,939,172.3	-550,510.1	-518,577.8	-31,932.3
05	-428,569.6	12,360,949.2	-429,285.8	-405,911.1	-23,374.7
06	-946,519.8	12,728,753.3	-282,285.4	-258,390.2	-23,895.2
07	-1,327,795.9	12,822,060.0	-322,979.9	-290,901.3	-32,078.7
08	-1,168,645.3	12,962,663.8	-341,489.0	-322,001.9	-19,487.1
09	-1,267,655.0	13,209,403.8	-306,622.0	-285,700.5	-20,921.5

10	-1,745,880.7	13,431,642.4	-450,468.4	-424,659.1	-25,809.3
11	-2,349,713.0	13,815,264.6	-364,668.2	-341,395.2	-23,273.0
12	-2,008,852.7	14,199,825.1	82,515.0	108,478.7	-25,963.7
2015 01	-2,455,805.7	13,743,727.2	33,753.4	59,816.8	-26,063.4
02	-2,795,106.0	13,997,852.5	199,928.6	225,480.5	-25,551.9
03	-3,364,178.0	14,581,921.7	289,413.6	325,612.1	-36,198.4
04	-3,608,431.1	14,651,107.1	352,869.5	388,693.4	-35,824.0
05	-3,465,290.5	14,628,403.5	453,179.4	489,556.4	-36,377.0
06	-3,320,244.8	14,263,326.7	430,591.6	465,451.1	-34,859.5
07	-3,571,657.5	14,637,971.7	536,870.7	566,351.2	-29,480.5
08	-3,543,342.2	14,589,521.0	624,139.6	660,453.2	-36,313.5
09	-3,984,710.1	14,964,927.2	606,047.2	639,618.6	-33,571.4
10	-4,159,283.7	15,095,027.2	776,274.0	807,217.6	-30,943.6
11	-4,179,592.6	14,893,717.9	599,637.7	629,659.3	-30,021.6
12	-4,158,467.8	15,129,219.1	661,162.9	680,965.6	-19,802.7
2016 01	-4,462,041.2	15,214,508.9	710,290.2	727,445.0	-17,154.8
02	-4,565,040.8	15,215,390.5	857,070.8	875,351.0	-18,280.2
03	-4,296,805.1	12,862,112.2	-17,661.3	3,402.6	-21,063.9
04	-2,869,949.1	11,861,954.1	-898,209.0	-875,855.9	-22,353.1
05	-2,685,849.7	11,956,653.8	-733,278.4	-722,122.9	-11,155.5
06	-3,547,676.5	13,472,174.4	-45,859.5	-33,820.1	-12,039.4
07	-3,705,864.6	13,589,542.6	202,508.1	213,536.8	-11,028.7
08	-4,183,338.0	13,726,916.2	81,308.9	84,029.0	-2,720.1
09	-4,399,310.4	14,049,769.5	375,272.6	377,347.2	-2,074.5
10	-4,840,512.6	16,927,526.3	1,229,211.4	1,231,911.1	-2,699.7
11	-4,919,433.7	17,249,343.3	1,420,315.6	1,421,974.2	-1,658.7
12	-4,580,019.8	17,362,594.2	1,850,623.6	1,850,629.1	-5.5
2017 01	-4,794,626.0	17,308,726.3	1,860,793.0	1,860,793.8	-0.8
02	-4,994,257.7	17,762,647.4	2,144,399.0	2,144,399.0	0.0
03	-5,044,935.2	17,811,937.1	2,081,214.4	2,081,214.4	0.0
04	-4,464,701.2	17,589,023.8	1,856,209.5	1,856,209.5	0.0
05	-4,453,764.2	17,665,927.3	1,797,486.3	1,797,486.3	0.0
06	-4,312,366.3	18,199,130.7	1,926,272.2	1,926,272.2	0.0
07	-4,101,088.5	18,229,200.0	1,793,237.7	1,793,237.7	0.0
08	-3,705,048.7	18,140,065.8	1,432,453.6	1,432,453.6	0.0
09	-3,600,140.4	18,344,101.8	1,488,725.8	1,488,725.8	0.0
10	-3,612,980.3	18,210,604.3	1,297,427.2	1,297,427.2	0.0
11	-2,465,504.3	17,541,462.0	292,157.1	292,157.1	0.0
12	-1,252,465.2	16,957,898.7	-365,615.5	-365,615.5	0.0

DEPOSITORY CORPORATIONS SURVEY /continued/

End-of-period	Claims on other sectors	Of which				
		Other financial corporations	Public sector	Private sector	Individuals	Other
2000 12	67,659.9		6,281.5	45,482.9		
2001 12	136,088.6		10,402.0	114,670.4		
2002 12	232,466.6		12,184.9	203,567.2		
2003 12	417,928.0		16,203.6	365,024.4		
2004 12	606,798.6	455.1	13,125.7	365,057.9	210,931.1	17,228.9
2005 12	859,851.8	498.8	34,169.2	489,064.7	321,606.8	14,512.4
2007 12	2,056,060.8	2,828.5	27,331.8	1,166,149.5	838,778.5	20,972.4
2008 12	2,635,551.6	3,412.1	34,794.6	1,570,398.9	1,013,694.2	13,251.7
2009 12	2,655,000.4	4,711.2	20,429.4	1,716,253.8	904,892.3	8,713.7
2010 12	3,265,673.9	14,067.6	17,073.9	1,854,774.6	1,370,128.3	9,629.5
2011 12	5,643,357.3	17,469.1	100,646.0	3,064,543.2	2,454,808.6	5,890.4
2012 01	5,649,751.9	13,745.9	58,975.0	3,095,504.6	2,474,442.8	7,083.7
02	5,708,008.2	15,165.6	58,554.5	3,108,638.6	2,518,447.5	7,201.9
03	5,783,279.9	16,445.1	58,162.4	3,147,441.1	2,554,313.8	6,917.5
04	5,937,756.6	15,218.4	58,984.7	3,246,970.0	2,607,790.6	8,792.8
05	6,123,004.0	16,220.6	63,851.6	3,328,245.3	2,706,203.2	8,483.4
06	6,319,989.1	11,774.3	64,108.9	3,451,365.5	2,784,874.2	7,866.2
07	6,430,323.5	11,883.1	66,356.2	3,541,896.9	2,801,183.9	9,003.3
08	6,676,899.1	10,672.2	71,128.3	3,635,612.4	2,947,241.2	12,244.9
09	6,869,164.0	10,266.3	71,286.3	3,730,255.2	3,046,519.0	10,837.2
10	6,857,244.1	10,249.0	46,185.2	3,723,563.2	3,066,506.6	10,740.1
11	6,869,465.7	9,794.7	48,662.1	3,715,577.6	3,084,618.8	10,812.5
12	6,992,230.3	9,711.6	41,959.8	3,828,069.5	3,100,920.9	11,568.4
2013 01	7,143,689.6	8,142.4	39,665.8	3,884,346.8	3,200,823.4	10,711.2
02	7,169,965.4	9,043.1	14,596.4	3,893,630.0	3,242,165.6	10,530.3
03	7,385,101.8	11,466.9	31,655.3	3,961,354.1	3,370,452.3	10,173.2
04	7,765,533.1	11,087.0	30,540.7	4,215,492.2	3,498,316.0	10,097.2
05	8,228,552.0	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	3,813,483.0	11,173.1
07	9,119,299.3	12,288.6	49,332.3	5,021,567.1	4,018,696.0	17,415.3
08	9,784,970.8	13,833.0	51,033.4	5,342,958.7	4,366,917.9	10,227.9
09	10,380,595.5	244,759.8	59,600.5	5,489,504.4	4,569,295.3	17,435.4
10	10,777,071.8	305,273.8	59,399.4	5,652,555.9	4,749,472.6	10,370.1
11	11,039,698.6	236,991.1	78,861.1	5,866,721.7	4,833,514.1	23,610.5
12	11,087,207.7	335,133.3	80,546.4	5,998,812.7	4,665,272.2	7,443.0
2014 01	11,443,034.5	445,596.3	122,899.0	6,008,604.2	4,859,919.7	6,015.2
02	11,954,724.2	820,448.2	74,272.1	6,127,945.5	4,926,324.5	5,733.8
03	12,167,332.5	805,282.4	73,884.3	6,202,327.4	5,080,116.8	5,721.6
04	12,490,110.4	776,560.0	72,619.3	6,388,642.9	5,246,327.1	5,961.1
05	12,790,663.1	738,741.8	73,002.8	6,547,838.4	5,425,329.1	5,751.1
06	13,011,466.7	733,709.6	74,995.9	6,590,853.2	5,604,371.6	7,536.4
07	13,145,468.1	930,897.1	101,306.4	6,610,011.5	5,495,395.1	7,857.9
08	13,304,581.0	980,788.9	116,634.6	6,535,234.5	5,662,985.9	8,937.1

09	13,516,453.9	928,178.4	144,539.8	6,654,878.5	5,779,645.2	9,212.0
10	13,882,538.9	924,313.6	134,796.0	6,916,828.6	5,896,000.2	10,600.4
11	14,185,214.9	1,209,466.3	132,619.9	7,189,420.6	5,643,515.1	10,192.9
12	14,117,738.2	1,287,303.9	128,550.9	6,980,150.6	5,711,496.5	10,236.3
2015 01	13,710,402.0	1,282,695.1	114,879.2	6,939,150.1	5,363,498.9	10,178.7
02	13,798,352.0	1,270,851.2	108,863.5	6,955,216.3	5,453,093.8	10,327.2
03	14,292,936.1	1,669,163.1	97,480.4	6,976,166.5	5,541,940.6	8,185.5
04	14,298,665.8	1,645,728.0	91,993.7	6,941,365.3	5,612,303.8	7,275.0
05	14,175,652.2	1,636,363.1	87,319.5	6,762,170.4	5,684,076.4	5,722.8
06	13,833,163.2	1,522,887.7	95,825.3	6,745,030.2	5,463,777.7	5,642.3
07	14,101,529.1	1,782,026.9	111,498.5	6,724,099.1	5,473,895.0	10,009.6
08	13,966,123.3	1,794,652.5	109,731.3	6,749,581.7	5,301,780.1	10,377.8
09	14,364,246.2	2,090,875.2	176,382.2	6,750,536.0	5,336,183.4	10,269.4
10	14,319,181.3	2,071,432.7	164,341.4	6,750,460.3	5,322,866.8	10,080.2
11	14,294,281.2	2,063,324.7	155,949.7	6,732,904.0	5,332,134.5	9,968.2
12	14,468,257.2	2,437,418.3	223,268.4	6,760,822.0	5,036,971.0	9,777.6
2016 01	14,504,419.7	2,387,138.7	235,728.2	6,732,772.2	5,139,043.1	9,737.5
02	14,358,520.7	2,393,925.3	227,593.5	6,753,669.9	4,973,759.2	9,572.9
03	12,879,974.5	714,404.6	218,528.4	6,814,370.2	5,122,639.4	10,031.9
04	12,760,364.1	612,540.3	188,889.1	6,875,006.8	5,073,072.1	10,855.8
05	12,690,133.3	600,690.7	91,140.8	6,835,512.1	5,152,615.7	10,174.1
06	13,523,088.8	850,255.6	95,291.2	7,281,940.8	5,286,206.4	9,394.8
07	13,387,999.9	637,145.9	87,132.1	7,353,084.0	5,301,276.6	9,361.4
08	13,645,808.2	551,346.4	81,511.0	7,524,210.2	5,478,591.3	10,149.4
09	13,674,697.9	515,773.6	78,599.5	7,498,813.4	5,572,026.5	9,485.0
10	15,698,515.9	2,478,836.3	80,512.3	7,568,127.0	5,565,327.9	5,712.4
11	15,829,228.8	2,454,623.5	77,907.0	7,654,517.1	5,636,512.5	5,668.6
12	15,511,970.6	2,437,013.3	55,662.8	7,324,059.4	5,689,789.5	5,445.5
2017 01	15,447,933.3	2,418,171.6	53,325.3	7,174,634.2	5,795,672.5	6,129.7
02	15,618,248.4	2,377,810.4	56,832.2	7,311,605.6	5,866,081.8	5,918.4
03	15,730,722.8	2,388,972.6	44,396.3	7,345,855.2	5,945,708.1	5,790.6
04	15,732,814.3	2,368,645.5	40,828.0	7,274,882.5	6,043,052.0	5,406.3
05	15,868,441.0	2,506,632.3	91,943.0	7,320,537.5	5,943,151.2	6,177.0
06	16,272,858.5	2,733,881.8	70,445.6	7,334,785.9	6,125,451.6	8,293.5
07	16,435,962.3	2,745,669.5	90,634.4	7,399,951.7	6,191,928.9	7,778.0
08	16,707,612.2	2,783,382.9	44,946.4	7,423,095.4	6,447,743.5	8,444.0
09	16,855,376.0	2,769,433.8	41,753.8	7,416,293.3	6,618,826.6	9,068.4
10	16,913,177.0	2,858,895.3	44,667.4	7,441,114.2	6,559,939.0	8,561.1
11	17,249,304.9	3,078,849.5	43,287.4	7,459,150.2	6,662,809.2	5,208.7
12	17,323,514.2	3,060,758.8	41,040.5	7,499,691.8	6,716,831.9	5,191.2

DEPOSITORY CORPORATIONS SURVEY /continued/

End-of-period	Money	Total deposits & foreign currency current account	IMF Loan Ministry of Finance*	Government lending loans	Other (net)
2000 12	130,775.0	128,067.7			27,685.4
2001 12	156,155.3	174,908.9			18,360.9
2002 12	187,727.8	282,397.8			38,409.2
2003 12	212,833.4	490,499.0			67,624.3
2004 12	221,327.6	625,704.9			111,277.8
2005 12	269,124.4	871,014.4		0.0	199,064.5
2007 12	590,471.6	1,810,778.1		0.0	262,709.3
2008 12	647,335.3	1,620,080.0		0.0	445,470.0
2009 12	651,247.0	2,228,182.7		0.0	548,962.9
2010 12	1,157,429.0	3,521,254.7		0.0	454,203.7
2011 12	1,740,943.8	4,670,238.5		0.0	888,312.3
2012 01	1,565,667.3	4,580,367.6		0.0	885,664.4
02	1,500,200.6	4,735,972.8		0.0	842,588.9
03	1,488,041.9	4,614,547.2		0.0	1,617,346.2
04	1,595,684.8	4,765,020.5		0.0	1,589,073.9
05	1,741,236.8	4,986,122.9		0.0	1,551,044.5
06	1,797,054.6	5,251,861.0		0.0	1,637,399.1
07	1,660,242.3	5,290,976.6		0.0	1,592,645.8
08	1,680,966.7	5,314,671.8		0.0	1,684,470.3
09	1,657,899.8	5,452,445.0		0.0	1,566,155.6
10	1,578,620.8	5,552,184.5		0.0	1,237,695.5
11	1,557,020.3	5,474,370.6		0.0	1,271,514.0
12	1,834,783.6	5,777,093.4	222,553.6	0.0	449,148.2
2013 01	1,579,287.1	5,759,565.5	207,088.0	0.0	604,731.3
02	1,480,260.1	5,755,863.7	205,208.1	0.0	655,412.4
03	1,589,074.7	5,709,671.0	187,735.4	0.0	720,441.7
04	1,668,191.4	5,513,894.0	178,034.5	0.0	693,112.3
05	1,779,072.5	6,127,613.7	177,966.8	0.0	579,491.8
06	2,026,397.7	5,975,187.9	160,034.4	0.0	575,832.8
07	1,927,089.8	6,159,143.9	153,052.1	0.0	611,349.2
08	1,949,375.0	6,457,356.7	165,082.7	0.0	1,015,602.4
09	2,013,511.2	6,463,108.8	145,018.6	0.0	1,292,619.3
10	1,936,549.9	6,775,494.6	135,628.6	0.0	1,287,906.3
11	1,826,732.3	7,272,483.5	136,952.6	0.0	1,365,892.8
12	2,092,734.9	7,359,816.9	107,751.6	0.0	1,317,580.3
2014 01	1,962,834.4	8,056,458.8	94,740.1	0.0	1,272,009.6
02	1,755,050.3	8,090,573.3	98,774.6	0.0	1,538,077.7
03	1,737,203.9	8,210,103.0	73,890.5	0.0	1,716,091.7
04	1,845,641.3	8,355,513.8	56,998.0	0.0	1,729,333.7
05	1,826,301.3	8,412,067.1	57,268.6	0.0	1,637,170.8
06	1,862,125.7	8,242,769.8	32,409.2	0.0	1,645,356.9
07	1,698,457.2	8,377,572.1	33,007.8	0.0	1,385,655.1
08	1,874,665.5	8,259,169.0	31,725.7	0.0	1,628,886.3
09	1,836,348.3	8,235,792.9	15,777.1	0.0	1,854,258.6

10	1,751,742.1	8,220,342.6	15,935.4	0.0	1,698,169.7
11	1,689,726.2	8,237,228.6	15,952.7	0.0	1,527,926.1
12	1,816,387.1	8,817,943.6	5,234.6	0.0	1,551,835.3
2015 01	1,578,694.5	8,734,409.1	5,249.1	0.0	969,997.0
02	1,586,543.9	8,642,445.0	5,350.8	0.0	968,834.9
03	1,445,928.5	8,456,333.8	0.0	0.0	1,315,909.6
04	1,480,863.4	8,222,719.7	0.0	0.0	1,339,521.0
05	1,689,542.8	8,154,925.8	0.0	0.0	1,319,072.5
06	1,664,079.9	8,375,838.3	0.0	0.0	903,591.8
07	1,654,159.8	8,206,490.4	0.0	0.0	1,206,092.1
08	1,681,847.5	8,281,249.1	0.0	0.0	1,083,824.1
09	1,613,591.6	8,319,632.4	0.0	0.0	1,052,359.3
10	1,630,726.8	8,268,277.2	0.0	0.0	1,037,167.6
11	1,562,732.3	8,245,320.1	0.0	0.0	906,274.0
12	1,685,416.9	8,363,578.9	0.0	0.0	921,956.4
2016 01	1,608,085.9	8,241,458.1	0.0	0.0	903,124.7
02	1,522,926.0	8,488,099.0	0.0	0.0	639,525.7
03	1,583,731.9	8,528,699.5	0.0	0.0	-1,546,923.3
04	1,683,510.6	8,833,881.1	0.0	0.0	-1,525,185.6
05	1,743,872.3	8,913,924.2	0.0	0.0	-1,386,791.4
06	1,982,205.0	9,204,169.0	0.0	0.0	-1,256,821.1
07	1,941,597.7	9,367,247.1	0.0	0.0	-1,424,201.3
08	1,987,871.0	9,390,823.9	0.0	0.0	-1,834,915.8
09	2,020,542.0	9,535,322.2	0.0	0.0	-1,905,204.0
10	2,087,630.9	9,523,311.0	0.0	0.0	476,272.7
11	1,928,613.6	9,796,358.2	0.0	0.0	605,138.8
12	2,147,719.4	10,010,810.5	0.0	0.0	624,044.5
2017 01	2,013,274.2	9,960,422.3	0.0	0.0	540,403.8
02	2,185,647.5	10,139,093.6	0.0	0.0	443,648.6
03	2,124,913.1	10,134,430.0	0.0	0.0	507,658.8
04	2,313,340.5	10,154,488.4	0.0	0.0	656,493.7
05	2,487,796.2	10,501,971.4	92,917.9	0.0	129,477.6
06	2,719,731.7	10,763,504.3	91,127.9	0.0	312,400.5
07	2,584,182.1	11,415,447.5	95,974.1	0.0	32,507.8
08	2,759,045.1	11,767,250.6	96,713.5	0.0	-187,992.1
09	2,800,400.6	11,949,311.8	97,261.7	0.0	-103,012.6
10	2,626,535.8	11,894,136.6	96,267.6	0.0	-19,316.1
11	2,639,510.8	12,182,336.2	96,862.0	0.0	157,248.8
12	2,825,996.8	13,035,201.8	288,630.1	0.0	-444,395.1

CENTRAL BANK SURVEY
Central Bank Survey
in millions of MNT

End-of-period	Net foreign assets	Foreign Assets	Claims on other depository	Net claims on general government	Claims on General Government	Claims on other sector	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	-8,198.1	99,372.9	0.0	0.0	0.0	0.0
2007 12	1,137,496.4	1,173,166.2	18,549.7	-624,200.4	0.0	0.0	0.0	0.0	0.0
2008 12	811,901.0	839,502.9	243,076.9	-204,632.3	25,563.5	0.0	0.0	0.0	0.0
2009 12	1,545,078.4	1,920,619.2	198,448.4	-289,343.7	432,755.2	0.0	0.0	0.0	0.0
2010 12	2,535,023.5	2,878,003.5	131,316.3	-512,486.6	311,387.4	0.0	0.0	0.0	0.0
2011 12	3,050,458.4	3,425,417.5	341,506.1	-734,554.6	429,351.8	0.0	0.0	0.0	0.0
2012 01	2,888,905.3	3,260,041.6	123,249.1	-791,388.7	482,554.4	0.0	0.0	0.0	0.0
02	2,860,040.9	3,289,603.0	176,856.8	-749,020.7	471,721.5	0.0	0.0	0.0	0.0
03	3,396,861.3	3,852,140.7	544,486.7	-627,442.1	575,858.3	0.0	0.0	0.0	0.0
04	3,389,425.6	3,863,026.2	269,817.9	-700,858.8	577,096.2	0.0	0.0	0.0	0.0
05	3,435,590.5	3,783,422.5	216,370.5	-601,498.0	599,480.7	0.0	0.0	0.0	0.0
06	3,548,144.7	3,903,416.2	403,609.5	-458,860.7	574,139.2	0.0	0.0	0.0	0.0
07	3,417,819.6	3,780,978.5	196,885.8	-490,357.0	561,123.5	0.0	0.0	0.0	0.0
08	3,301,940.4	3,800,750.5	254,375.4	-438,116.3	569,670.6	0.0	0.0	0.0	0.0
09	3,408,792.6	4,054,262.1	257,528.5	-366,936.9	566,777.0	0.0	0.0	0.0	0.0
10	3,005,747.2	3,742,348.1	188,822.7	-413,577.4	555,351.5	0.0	0.0	0.0	0.0
11	3,003,529.8	3,740,877.2	181,954.0	-277,146.2	555,684.1	0.0	0.0	0.0	0.0
12	5,170,425.4	5,746,562.4	400,642.7	-2,794,072.0	165,614.4	0.0	0.0	0.0	0.0
2013 01	5,060,610.3	5,684,660.7	707,646.7	-2,927,516.2	165,660.8	0.0	0.0	0.0	0.0
02	4,996,315.9	5,624,558.9	1,038,194.3	-2,953,048.8	166,798.1	0.0	0.0	0.0	0.0
03	4,792,238.2	5,357,854.1	1,214,564.9	-2,937,646.0	168,057.3	0.0	0.0	0.0	0.0
04	4,456,237.2	5,037,440.5	1,261,352.2	-2,968,930.5	169,275.9	0.0	0.0	0.0	0.0

05	4,187,890.2	4,891,166.2	1,769,917.0	-2,560,606.8	114,086.8	0.0	0.0
06	3,795,926.2	4,491,030.3	2,882,932.9	-2,748,819.2	114,795.0	0.0	0.0
07	3,428,595.4	4,524,858.2	3,048,301.6	-2,839,060.1	0.0	0.0	0.0
08	3,216,470.9	4,403,844.6	3,194,096.6	-2,617,202.4	0.0	0.0	0.0
09	2,928,754.5	4,415,833.5	3,591,701.5	-2,441,624.3	0.0	205,328.1	205,328.1
10	2,543,226.7	4,110,345.3	3,454,824.3	-2,238,235.7	0.0	205,328.1	205,328.1
11	2,161,505.1	4,035,535.8	3,512,321.4	-1,800,842.1	0.0	205,431.4	205,431.4
12	1,947,551.2	3,722,063.7	4,297,025.3	-1,709,229.9	0.0	205,339.8	205,339.8
2014 01	2,357,396.9	4,215,313.9	3,035,121.1	-1,665,387.7	0.0	205,705.2	205,705.2
02	2,011,060.7	3,927,354.3	2,970,799.2	-1,581,554.6	0.0	674,727.9	674,727.9
03	1,584,277.7	3,467,536.9	3,020,498.4	-1,276,056.7	0.0	660,679.5	660,679.5
04	1,382,862.6	3,277,390.7	2,800,865.3	-1,071,487.3	0.0	661,566.2	661,566.2
05	986,779.6	2,901,454.5	2,897,973.6	-1,026,530.1	0.0	663,272.5	663,272.5
06	492,248.9	2,409,845.8	2,913,732.2	-878,523.7	0.0	652,471.8	652,471.8
07	53,413.3	2,342,827.5	2,723,091.0	-925,184.2	0.0	854,549.0	854,549.0
08	178,509.9	2,426,104.6	2,638,437.0	-845,599.9	0.0	856,952.2	856,952.2
09	112,746.7	2,783,851.1	2,744,217.2	-701,170.8	0.0	848,400.2	848,400.2
10	-116,043.5	2,606,695.3	2,751,719.9	-803,370.5	0.0	993,166.1	843,166.1
11	-508,795.5	2,559,381.7	2,117,523.6	-807,773.9	0.0	1,497,957.4	1,143,297.1
12	131,867.8	3,119,755.5	2,607,816.3	-593,820.8	204,828.4	1,491,666.3	1,130,763.5
2015 01	-489,532.4	2,587,647.6	2,159,582.6	-692,018.9	206,262.3	1,494,188.5	1,127,043.3
02	-729,158.9	2,692,940.3	2,213,001.7	-574,634.6	207,557.3	1,490,931.3	1,118,147.7
03	-1,171,312.8	2,632,785.8	1,796,532.0	-518,425.5	208,991.2	1,890,545.0	1,511,519.0
04	-1,608,953.8	2,495,332.0	1,855,113.3	-454,654.5	203,957.8	1,872,247.9	1,487,180.7
05	-627,867.9	3,038,871.4	1,950,402.9	-451,169.8	235,387.3	1,869,539.3	1,480,905.0
06	-396,675.9	3,298,088.1	1,907,397.6	-564,344.4	383,902.4	1,704,031.6	1,321,019.2
07	-497,439.4	3,394,488.4	1,616,695.4	-515,823.5	379,948.8	1,925,371.8	1,573,227.2
08	-653,016.6	3,449,034.7	1,576,431.2	-350,419.6	384,925.9	1,923,739.3	1,569,450.3
09	-1,608,594.6	2,826,862.6	1,553,667.7	-166,142.3	387,484.4	2,215,079.8	1,858,715.4
10	-1,612,111.7	2,810,926.7	1,338,358.0	-226,179.9	270,252.5	2,195,846.9	1,841,129.1
11	-1,471,869.0	2,914,722.0	1,299,372.8	-310,531.0	272,050.6	2,187,535.9	1,830,742.7
12	-1,278,073.0	2,647,704.1	1,686,406.9	-495,738.3	206,717.6	2,511,449.3	2,158,974.7

2016 01	-1,568,733.2	2,661,608.3	1,235,201.2	-434,363.6	203,635.1	2,503,311.5	354,619.2	2,148,692.3
02	-1,820,458.4	2,445,483.5	1,705,421.2	-276,584.7	204,961.2	2,423,695.7	356,625.3	2,067,070.3
03	-1,688,641.2	2,601,442.6	920,341.3	-389,460.3	528,946.6	629,515.2	358,769.9	270,745.3
04	-586,604.0	3,117,669.4	767,186.6	-1,160,122.2	407,720.5	805,628.9	538,096.7	267,532.2
05	-728,073.1	2,877,108.0	502,653.5	-696,285.8	542,190.8	936,356.6	670,391.4	265,965.3
06	-941,645.8	2,551,589.7	670,353.7	39,401.7	941,320.0	945,069.6	674,159.9	270,909.7
07	-1,028,433.4	2,650,542.7	587,679.4	230,354.8	1,125,785.6	945,265.2	678,190.1	267,075.1
08	-1,403,045.7	2,555,561.0	574,379.0	134,076.1	1,107,343.5	952,276.1	685,710.8	266,565.3
09	-1,517,265.2	2,502,257.8	653,445.1	40,399.6	1,107,502.9	958,584.3	692,988.9	265,595.4
10	-1,579,436.3	2,472,938.1	1,368,011.6	-237,748.0	580,140.7	2,904,401.3	688,664.1	2,215,737.2
11	-1,259,747.5	3,221,963.0	1,392,364.6	-345,713.8	569,840.8	2,886,671.9	690,678.5	2,195,993.4
12	-1,260,242.5	3,235,093.7	1,471,283.3	-349,500.6	658,458.9	2,861,210.6	684,004.7	2,177,205.9
2017 01	-1,754,909.6	2,758,525.2	1,436,931.7	-374,388.5	656,969.9	2,840,177.4	686,418.4	2,153,759.0
02	-1,954,263.3	2,596,049.8	1,462,539.0	13,757.6	658,100.7	2,840,545.2	691,964.7	2,148,580.5
03	-1,755,717.0	2,727,754.7	1,516,366.1	-40,316.7	658,634.1	2,833,804.8	698,105.2	2,135,699.6
04	-1,437,088.7	2,985,820.3	1,519,108.0	-17,844.1	646,055.4	2,800,175.0	692,979.2	2,107,195.8
05	-1,437,341.8	2,973,154.1	1,532,062.9	92,219.1	627,914.3	2,801,624.1	694,132.1	2,107,492.1
06	-1,234,573.7	3,106,940.6	1,538,543.4	134,512.1	600,898.1	2,782,877.1	693,132.1	2,089,745.0
07	-1,216,404.9	3,335,083.0	1,553,675.0	-146,031.6	598,805.8	2,758,650.0	699,253.4	2,059,396.6
08	-719,881.5	3,895,894.7	1,568,853.7	-255,179.3	599,897.1	2,765,163.5	705,394.0	2,059,769.5
09	-639,033.5	4,017,576.2	1,584,177.6	-110,157.9	601,053.7	2,752,644.4	711,336.4	2,041,308.0
10	-493,078.3	4,169,621.7	1,503,867.1	-343,623.5	595,465.6	2,799,459.6	705,895.3	2,093,564.3
11	905,968.3	5,608,090.7	1,172,888.6	-1,328,707.2	485,784.7	3,086,245.4	706,631.0	2,379,614.4
12	2,571,933.6	7,309,885.3	1,269,718.6	-1,399,457.4	479,332.3	3,056,318.5	693,587.9	2,362,730.6

CENTRAL BANK SURVEY /continued/

in millions of MNT

End-of-period	Monetary base	Of which					Time Savings & foreign currency deposits
		Currency outside banks	Banks' cash	Bank's deposits	Private sectors deposits	Public sectors deposits	
2000 12	132,932.4	100,933.4	6,461.0	24,436.3			
2001 12	143,785.4	109,160.7	10,045.1	23,977.1			
2002 12	175,305.4	120,783.6	13,859.2	40,039.9			
2003 12	200,795.5	131,496.7	21,329.9	47,479.2			
2004 12	234,905.4	143,512.7	25,008.4	64,146.1			
2005 12	277,417.8	152,369.5	39,318.8	85,729.5			
2007 12	535,047.7	283,325.3	80,695.9	171,026.5			
2008 12	579,857.8	328,724.0	78,431.5	172,702.3			
2009 12	733,060.9	284,993.9	86,783.7	361,283.4			
2010 12	945,477.3	388,202.7	130,144.9	427,129.7			
2011 12	1,659,753.3	517,494.2	193,967.0	948,292.1			
2012 01	1,553,309.9	459,427.3	195,659.8	898,222.9			
02	1,516,624.6	458,397.9	213,423.1	844,803.6			
03	1,814,594.9	448,082.1	198,432.9	1,168,079.8			
04	1,703,941.4	498,825.7	208,111.5	997,004.2			
05	1,825,322.5	595,653.3	185,079.4	1,044,589.9			
06	2,281,350.3	662,931.5	226,406.8	1,392,012.0			
07	1,947,278.2	591,716.0	207,501.0	1,148,061.2			
08	1,943,101.4	591,258.7	221,106.5	1,130,736.2			
09	2,404,182.6	551,789.1	191,327.0	1,661,066.4			
10	2,148,057.4	501,287.6	213,657.5	1,433,112.4			
11	2,224,661.0	501,220.0	218,667.7	1,504,773.3			
12	2,165,704.9	603,365.3	222,340.6	1,339,999.0			
2013 01	2,165,579.1	515,098.3	223,949.6	1,426,531.2			
02	2,270,599.5	466,482.3	206,353.1	1,597,764.1			
03	2,468,205.6	482,657.7	202,950.9	1,782,597.0			
04	2,469,451.9	531,527.4	226,192.0	1,711,732.5			
05	2,645,873.6	597,789.3	231,088.5	1,816,995.8			
06	2,925,818.4	600,034.4	233,386.9	2,092,397.1			
07	3,101,771.1	587,047.3	242,740.0	2,271,983.8			
08	2,564,935.2	630,664.9	234,764.1	1,699,506.2			
09	2,858,977.0	597,486.4	275,078.3	1,986,412.3			
10	2,615,735.4	579,389.9	243,057.8	1,793,287.8			
11	2,821,509.7	557,683.7	243,894.2	2,019,931.8			
12	3,298,669.2	582,034.1	256,646.8	2,459,988.2			
2014 01	2,949,416.0	619,295.9	272,526.0	2,057,594.0			
02	3,123,233.3	514,569.7	239,607.4	2,369,056.2			
03	3,127,496.7	549,814.3	248,905.9	2,328,776.5			
04	2,522,778.3	591,375.0	247,738.7	1,683,664.6			
05	3,007,819.6	596,207.0	264,260.4	2,147,352.3			
06	2,882,192.7	571,147.6	286,359.4	2,024,685.7			
07	2,905,134.4	455,160.2	401,881.7	2,048,092.5			
08	2,813,486.5	615,966.1	261,023.6	1,936,496.9			

09	2,699,812.0	536,177.7	288,030.2	1,875,604.2
10	2,707,667.7	488,192.3	318,374.0	1,901,101.4
11	2,679,463.0	423,622.6	342,283.8	1,913,556.6
12	3,299,028.0	499,257.7	307,325.4	2,492,444.9
2015 01	2,841,127.6	468,718.8	260,549.6	2,111,859.2
02	2,739,526.6	450,905.9	321,868.4	1,966,752.3
03	2,318,403.4	390,550.2	309,157.9	1,618,695.4
04	2,173,088.7	392,316.7	339,465.3	1,441,306.7
05	2,328,869.8	518,463.1	272,662.8	1,537,743.9
06	2,352,185.7	430,511.1	322,679.1	1,598,995.6
07	2,836,152.4	453,747.9	302,289.0	2,080,115.6
08	2,819,846.5	448,784.8	322,677.3	2,048,384.5
09	2,410,134.7	407,376.6	357,540.6	1,645,217.5
10	2,192,211.0	468,211.7	269,124.2	1,454,875.0
11	2,086,998.1	432,883.5	275,291.7	1,378,822.9
12	2,459,596.1	458,667.3	245,615.9	1,755,312.9
2016 01	2,307,731.7	486,773.9	224,586.6	1,596,371.2
02	2,308,444.6	413,655.3	239,958.3	1,654,831.0
03	2,350,734.6	426,786.1	229,895.0	1,694,053.5
04	2,987,810.4	507,625.1	235,531.3	2,244,654.0
05	3,204,683.6	521,092.8	265,336.1	2,418,254.7
06	3,526,106.0	561,813.6	275,537.6	2,688,754.8
07	3,228,260.3	565,924.1	250,358.9	2,411,977.3
08	3,257,518.3	588,705.3	226,516.7	2,442,296.3
09	3,096,354.4	565,703.9	228,083.6	2,302,566.9
10	2,927,311.9	581,694.1	222,763.1	2,122,854.7
11	3,250,399.6	530,897.8	235,735.7	2,483,766.1
12	3,064,435.9	562,875.8	258,641.0	2,242,919.1
2017 01	2,712,102.5	501,069.7	232,875.5	1,978,157.3
02	2,675,173.0	659,088.0	282,615.1	1,733,469.9
03	2,749,861.6	552,301.8	232,962.3	1,964,597.5
04	2,779,941.0	593,651.1	237,519.0	1,948,770.8
05	2,984,657.4	632,552.0	240,277.7	2,111,827.8
06	3,179,512.5	661,184.8	251,167.8	2,267,159.9
07	3,000,564.2	622,416.0	262,557.3	2,115,590.8
08	3,299,225.3	635,330.4	261,414.1	2,402,480.8
09	3,269,759.5	616,721.2	259,306.0	2,393,732.3
10	3,100,551.2	565,932.6	263,340.6	2,271,278.0
11	3,354,853.3	558,904.8	262,358.8	2,533,589.8
12	3,939,093.4	611,728.2	291,230.9	3,036,134.4

CENTRAL BANK SURVEY /continued/

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		17,940.0		42,815.4	-35,077.1
2001 12	50,000.0	51,342.2		16,930.5		41,152.0	-53,280.8
2002 12	61,000.0	47,610.0		33,516.6		33,357.1	-39,858.7
2003 12	79,500.0	86,878.2		91,713.9		41,156.1	-85,004.7
2004 12	69,247.1	53,431.7		53,025.8		32,033.9	-62,680.6
2005 12	125,713.2	42,901.8	3,181.0	107,571.0		45,914.2	-70,961.6
2007 12	103,424.8	29,604.1	6,065.7	624,200.4		82,632.6	-189,259.4
2008 12	119,786.0	25,563.5	2,038.4	230,195.8	0.0	92,164.8	58,537.0
2009 12	392,511.8	262,755.2	112,785.7	722,098.9	0.0	125,415.0	203,195.4
2010 12	1,100,996.9	247,230.3	95,749.6	823,874.0	0.0	-138,456.0	245,835.1
2011 12	879,112.6	269,039.8	105,919.4	1,163,906.4	0.0	42,859.9	75,684.2
2012 01	573,123.3	266,424.9	104,711.4	1,273,943.1	0.0	17,331.0	77,001.6
02	740,916.9	327,617.9	101,944.1	1,220,742.2	0.0	-38,261.0	68,596.5
03	739,823.2	354,257.4	101,022.0	1,203,300.4	0.0	-76,781.7	836,269.6
04	527,576.1	372,691.9	100,908.7	1,277,955.1	0.0	-96,930.3	823,797.6
05	566,460.7	249,439.8	98,392.2	1,200,978.6	0.0	-145,442.4	804,122.2
06	556,755.8	254,944.6	100,326.9	1,032,999.9	0.0	-97,363.2	752,150.6
07	539,621.0	262,635.2	100,523.7	1,051,480.5	0.0	-84,084.4	721,533.6
08	464,194.7	394,836.5	103,973.6	1,007,786.9	0.0	-17,885.0	728,788.4
09	367,385.6	538,103.0	107,366.4	933,713.9	0.0	30,839.1	496,976.9
10	423,314.1	627,866.4	108,734.6	968,928.9	0.0	28,553.4	181,067.4
11	472,860.8	627,033.6	110,313.8	832,830.3	0.0	28,145.5	182,670.3
12	752,151.5	467,733.0	108,404.0	2,959,686.4	0.0	-122,086.4	-18,773.9
2013 01	754,490.0	512,279.0	111,771.4	3,093,176.9	0.0	-138,271.8	58,943.6
02	907,105.2	512,279.0	115,964.0	3,119,846.9	0.0	-163,824.8	67,581.5
03	742,962.9	445,460.0	120,155.9	3,105,703.3	0.0	-173,032.2	31,020.9
04	403,545.7	445,460.0	135,743.3	3,138,206.4	0.0	-195,445.9	71,107.2
05	744,009.0	556,825.0	146,451.0	2,674,693.6	0.0	-221,655.6	228,973.5
06	668,434.6	587,100.0	108,004.1	2,863,614.2	0.0	-270,864.5	606,651.5
07	772,281.4	978,880.0	117,382.8	2,839,060.1	0.0	-261,149.0	24,933.4
08	1,355,933.3	1,055,200.0	132,173.6	2,617,202.4	0.0	-191,587.3	64,084.0
09	1,543,489.8	1,345,100.0	141,979.1	2,441,624.3	0.0	-179,091.3	60,784.3
10	1,531,761.3	1,410,350.0	156,768.5	2,238,235.7	0.0	-229,535.3	47,181.9
11	1,444,592.4	1,719,300.0	154,730.7	1,800,842.1	0.0	-282,044.7	94,358.3
12	1,627,017.4	1,637,280.0	137,232.5	1,709,229.9	0.0	-384,609.8	199,609.6
2014 01	1,214,416.5	1,706,580.0	151,337.0	1,665,387.7	0.0	-390,212.8	159,215.8
02	1,247,426.7	1,750,080.0	166,213.6	1,581,554.6	0.0	-403,399.8	107,773.0
03	1,102,666.2	1,723,080.0	160,179.2	1,276,056.7	0.0	-424,388.3	183,624.3
04	1,439,644.3	1,723,380.0	171,148.1	1,071,487.3	0.0	-436,786.7	248,170.8
05	926,101.5	1,746,300.0	168,374.8	1,026,530.1	0.0	-471,058.7	58,633.1
06	853,911.3	1,762,020.0	155,577.0	878,523.7	0.0	-471,472.0	-84,702.8
07	557,292.6	2,119,460.0	169,954.2	925,184.2	0.0	-556,147.8	-200,410.0
08	575,566.9	2,071,300.0	176,294.7	845,599.9	0.0	-545,841.3	-14,913.0
09	602,330.8	2,507,072.4	164,032.0	701,170.8	0.0	-663,835.2	365,885.7

10	654,350.8	2,546,472.0	176,266.8	803,370.5	0.0	-715,916.6	179,370.1
11	332,971.7	2,889,130.2	179,047.0	807,773.9	0.0	-818,444.5	104,921.5
12	853,781.4	2,822,638.8	165,248.9	798,649.2	0.0	-921,277.9	405,998.2
2015 01	382,554.4	2,894,239.4	182,940.5	898,281.2	0.0	-974,338.7	222,876.6
02	429,589.1	3,220,482.7	201,616.5	782,191.9	0.0	-1,031,119.6	262,143.3
03	384,744.4	3,584,975.2	219,123.4	727,416.7	0.0	-1,109,105.0	403,295.9
04	316,456.6	3,866,723.9	237,561.9	658,612.3	0.0	-1,145,858.6	320,066.1
05	1,169,125.1	3,429,155.7	237,583.6	686,557.1	0.0	-1,582,030.6	824,940.1
06	1,150,516.8	3,482,058.3	212,705.8	948,246.8	0.0	-1,512,598.6	660,305.1
07	459,509.3	3,738,806.7	153,121.0	895,772.3	0.0	-1,585,293.4	818,435.9
08	510,713.6	3,938,028.0	164,023.3	735,345.5	0.0	-1,370,986.4	537,160.6
09	628,604.3	4,279,229.0	156,228.1	553,626.7	0.0	-1,420,562.4	375,834.0
10	655,060.5	4,253,683.6	169,354.8	496,432.3	0.0	-1,466,398.9	315,040.7
11	800,989.6	4,213,982.4	172,608.6	582,581.6	0.0	-1,397,086.9	213,607.9
12	1,024,581.5	3,776,227.6	149,549.5	702,455.9	0.0	-1,423,950.7	363,818.1
2016 01	502,176.5	4,064,865.6	165,475.9	637,998.7	0.0	-1,188,964.7	114,472.3
02	781,061.7	4,098,563.0	167,378.9	481,545.9	0.0	-1,135,436.1	78,003.6
03	691,398.9	4,134,839.2	155,244.5	918,406.9	0.0	-3,871,891.2	301,512.8
04	276,612.1	3,551,865.1	152,408.3	1,567,842.7	0.0	-3,775,750.7	337,417.5
05	192,283.9	3,437,979.7	167,201.4	1,238,476.6	0.0	-3,640,066.8	257,750.5
06	480,525.9	3,316,971.1	176,264.3	901,918.3	0.0	-3,529,872.2	236,419.5
07	1,011,741.9	3,478,344.2	200,632.0	895,430.8	0.0	-3,955,813.5	450,677.2
08	846,881.8	3,729,986.3	228,620.3	973,267.4	0.0	-4,502,462.2	655,747.7
09	1,173,498.1	3,821,775.4	197,747.7	1,067,103.4	0.0	-4,902,190.2	767,501.4
10	1,240,008.4	3,852,090.0	200,284.4	817,888.7	0.0	-2,576,243.7	864,151.9
11	747,234.8	4,293,120.0	188,590.6	915,554.6	0.0	-2,600,814.8	1,276,755.6
12	577,296.8	4,295,520.0	199,816.3	1,007,959.5	0.0	-2,991,972.1	2,072,990.2
2017 01	421,963.5	4,295,280.0	218,154.8	1,031,358.4	0.0	-2,987,047.0	2,000,791.9
02	607,917.8	4,315,440.0	234,873.1	644,343.1	0.0	-3,050,079.3	2,129,567.0
03	1,102,891.2	4,269,600.0	213,871.7	698,950.8	0.0	-3,042,355.0	1,743,739.5
04	1,233,847.0	4,209,000.0	213,908.9	663,899.6	0.0	-2,952,057.9	1,802,620.1
05	1,259,427.3	4,205,040.0	205,455.9	535,695.2	0.0	-2,934,811.4	1,679,291.1
06	1,552,375.2	4,158,720.0	182,794.3	466,386.0	0.0	-2,868,748.0	1,358,219.3
07	1,564,918.4	4,345,320.0	206,167.9	744,837.4	0.0	-3,133,821.3	1,518,227.1
08	1,907,148.5	4,432,440.0	183,336.2	855,076.4	0.0	-3,221,200.2	1,373,782.7
09	1,988,553.5	4,448,640.0	207,969.7	711,211.6	0.0	-3,290,475.1	1,619,792.7
10	1,934,068.3	4,432,200.0	230,500.0	939,089.1	0.0	-3,343,379.9	1,775,385.2
11	2,331,400.4	4,446,720.0	255,402.4	1,814,491.9		-3,349,244.9	1,499,386.2
12	3,444,401.3	4,458,960.0	278,991.7	1,878,789.7		-2,778,842.4	893,861.1

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
					General Government	Local Government	
2000 12	31,996.5	22,846.7	53,211.3	40,059.5			
2001 12	34,606.2	49,904.7	52,338.6	32,457.8			
2002 12	54,500.5	60,995.0	70,715.8	30,742.6			
2003 12	69,464.8	75,989.3	157,070.1	46,905.0			
2004 12	88,486.5	69,255.6	165,806.3	31,225.8	31,225.8		455.1
2005 12	126,032.7	125,677.9	256,492.7	3,167.1	3,167.1		498.8
2007 12	251,712.4	102,798.4	423,587.1	24,102.2	24,102.2		2,828.5
2008 12	304,507.1	119,723.3	294,472.1	2,503.9	2,503.9		3,412.1
2009 12	628,426.0	392,215.0	405,127.7	9,185.9	9,185.9		4,711.2
2010 12	770,995.4	1,102,858.3	655,876.3	79,024.9	79,024.9		14,067.6
2011 12	1,145,260.6	879,793.8	711,145.1	275,270.5	275,270.5		17,469.1
2012 01	1,093,882.6	573,640.0	587,118.1	253,117.5	253,117.5		13,745.9
02	1,058,226.7	741,645.0	579,719.1	253,815.5	253,815.5		15,165.6
03	1,364,707.6	740,810.9	562,690.3	254,059.1	254,059.1		16,445.1
04	1,205,115.7	528,057.9	673,857.3	254,879.3	254,879.3		15,218.4
05	1,229,669.2	566,834.7	743,768.5	261,573.7	261,573.7		16,220.6
06	1,619,390.5	557,228.6	619,006.4	383,199.9	383,199.9		11,774.3
07	1,355,562.2	539,660.3	519,300.8	384,871.3	384,871.3		11,883.1
08	1,351,842.7	464,054.1	531,924.3	311,207.4	311,207.4		10,672.2
09	1,852,144.6	367,508.2	582,724.1	261,003.6	261,003.6		10,266.3
10	1,646,827.4	423,365.5	751,358.5	314,112.8	314,112.8		10,249.0
11	1,723,441.1	472,771.5	556,177.5	296,738.6	296,738.6		9,794.7
12	1,564,331.4	747,114.6	758,114.4	667,374.0	667,374.0		9,711.6
2013 01	1,652,480.8	747,768.2	599,637.0	775,217.9	775,217.9		8,142.4
02	1,806,117.2	900,424.4	610,964.0	846,151.2	846,151.2		9,043.1
03	1,987,525.5	734,035.3	690,891.9	878,502.8	878,502.8		11,466.9
04	1,976,554.3	390,891.3	655,448.6	931,817.4	931,817.4		11,087.0
05	2,214,404.8	743,448.8	729,062.2	963,051.7	963,051.7		10,912.1
06	2,911,060.1	668,437.7	685,121.1	1,296,241.5	1,296,241.5		10,887.0
07	2,515,723.8	771,840.4	659,271.8	1,408,047.7	1,408,047.7		12,288.6
08	1,972,454.8	1,356,248.1	868,414.2	1,408,220.1	1,408,220.1		13,833.0
09	2,345,590.6	1,543,481.1	885,988.3	1,366,694.5	1,366,694.5		39,431.7
10	2,064,345.5	1,528,093.3	756,242.3	1,579,507.0	1,579,507.0		99,945.7
11	2,262,946.8	1,445,109.3	846,571.7	1,738,516.7	1,738,516.7		31,559.8
12	2,769,813.1	1,626,606.3	812,646.8	1,822,720.5	1,822,720.5		129,793.6
2014 01	2,342,226.4	1,213,478.1	802,999.7	1,857,000.7	1,857,000.7		239,891.2
02	2,616,550.8	1,246,994.9	874,818.2	2,004,094.8	2,004,094.8		145,720.3
03	2,577,682.2	1,102,311.1	1,019,760.1	2,139,199.4	2,139,199.4		144,602.9
04	2,007,403.1	1,439,480.3	1,027,911.7	2,177,506.0	2,177,506.0		114,993.8
05	2,411,843.2	926,134.0	987,296.8	2,269,118.5	2,269,118.5		75,469.3
06	2,311,039.5	853,934.4	910,633.4	2,276,404.6	2,276,404.6		81,237.8
07	2,449,955.9	557,281.7	1,080,300.8	2,273,464.4	2,273,464.4		76,348.1
08	2,193,077.6	575,282.8	1,088,551.2	2,246,886.6	2,246,886.6		123,836.7

	09	2,290,323.4	602,223.7	1,154,110.5	2,184,822.0	2,184,822.0	79,778.2
	10	2,293,923.4	654,262.8	931,128.2	2,130,145.5	2,130,145.5	81,147.5
	11	2,331,647.1	332,741.9	880,474.7	2,166,786.3	2,166,786.3	66,169.2
	12	3,012,085.1	852,983.5	675,079.7	2,140,844.9	2,140,844.9	156,540.4
2015	01	2,477,190.8	382,390.4	855,210.3	2,161,367.9	2,161,367.9	155,651.8
	02	2,385,492.4	429,574.9	869,351.4	2,226,712.0	2,226,712.0	152,703.5
	03	2,166,627.6	384,618.6	678,991.1	2,221,344.2	2,221,344.2	157,644.1
	04	1,901,156.0	316,311.6	807,647.8	2,192,480.0	2,192,480.0	158,547.2
	05	1,977,990.3	1,169,805.0	834,536.1	2,277,471.7	2,277,471.7	155,458.1
	06	2,009,193.0	1,150,480.3	933,597.8	2,351,942.6	2,351,942.6	201,868.5
	07	2,612,697.8	459,441.2	1,045,590.1	2,334,987.6	2,334,987.6	208,799.7
	08	2,465,327.7	510,485.8	1,206,115.8	2,239,671.1	2,239,671.1	225,202.2
	09	2,096,368.9	628,681.1	1,034,485.9	2,238,863.5	2,238,863.5	232,159.8
	10	1,783,749.4	655,435.5	879,777.6	2,388,672.4	2,388,672.4	230,303.6
	11	1,714,789.3	801,201.3	840,606.4	2,382,531.7	2,382,531.7	232,582.0
	12	2,064,802.2	1,024,770.8	977,926.2	2,610,765.0	2,610,765.0	278,443.6
2016	01	1,884,265.2	502,263.4	972,026.3	2,640,492.2	2,640,492.2	238,446.4
	02	1,955,884.9	781,138.6	1,243,515.3	2,602,736.4	2,602,736.4	326,854.9
	03	1,995,463.7	691,696.6	1,383,684.9	2,619,109.7	2,619,109.7	443,659.2
	04	2,540,539.9	276,623.6	1,600,992.0	2,597,489.4	2,597,489.4	345,008.1
	05	2,743,306.7	192,085.7	1,899,429.6	2,511,913.9	2,511,913.9	334,725.4
	06	3,023,156.9	480,496.8	1,271,772.0	2,435,694.7	2,435,694.7	579,345.9
	07	2,727,528.9	1,011,879.1	1,798,247.3	2,484,190.2	2,484,190.2	370,070.8
	08	2,735,771.0	846,947.0	2,447,883.9	2,322,460.9	2,322,460.9	284,781.1
	09	2,599,182.2	1,173,192.6	2,470,012.0	2,595,277.7	2,595,277.7	250,178.2
	10	2,352,217.7	1,240,397.8	2,282,813.0	2,874,466.5	2,874,466.5	263,099.1
	11	3,015,355.0	746,633.1	1,932,156.3	3,175,159.3	3,175,159.3	258,630.1
	12	2,924,780.2	576,994.4	2,067,068.9	3,589,016.1	3,589,016.1	259,807.4
2017	01	2,583,355.8	422,030.2	2,159,803.8	3,592,693.4	3,592,693.4	264,412.6
	02	2,533,919.7	608,926.5	2,049,315.2	3,496,734.7	3,496,734.7	229,229.9
	03	2,418,279.4	1,103,188.4	1,790,634.7	3,489,244.6	3,489,244.6	253,273.0
	04	2,428,231.9	1,235,098.3	1,933,202.8	3,245,653.6	3,245,653.6	261,449.7
	05	2,639,175.9	1,259,733.2	1,885,051.7	3,295,163.2	3,295,163.2	399,140.2
	06	2,528,327.6	1,552,829.7	1,473,716.6	3,437,111.7	3,437,111.7	644,136.8
	07	2,505,305.0	1,565,327.5	1,909,225.8	3,593,778.1	3,593,778.1	686,272.9
	08	2,736,833.4	1,907,551.0	1,855,895.5	3,574,458.3	3,574,458.3	723,613.4
	09	2,850,193.1	1,989,759.3	2,042,162.6	3,522,380.0	3,522,380.0	728,125.8
	10	2,667,628.9	1,934,510.3	1,920,219.0	3,447,716.2	3,447,716.2	765,331.1
	11	2,864,536.9	2,331,860.3	1,590,763.8	3,385,294.5	3,385,294.5	699,235.0
	12	3,385,865.4	3,445,012.2	1,301,186.0	2,649,147.3	2,649,147.3	698,028.2

OTHER DEPOSITORY CORPORATIONS SURVEY /continued/

in millions of MNT

End-of-period	Public sector	Private sector	Individuals	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	
2005 12	34,169.2	489,064.7	321,606.8	14,512.4	
2007 12	27,331.8	1,166,149.5	838,778.5	20,972.4	
2008 12	34,794.6	1,570,398.9	1,013,694.2	13,251.7	
2009 12	20,429.4	1,716,253.8	904,892.3	8,713.7	
2010 12	17,073.9	1,854,774.6	1,370,128.3	9,629.5	
2011 12	100,646.0	3,064,543.2	2,454,808.6	5,890.4	
2012 01	58,975.0	3,095,504.6	2,474,442.8	7,083.7	
02	58,554.5	3,108,638.6	2,518,447.5	7,201.9	
03	58,162.4	3,147,441.1	2,554,313.8	6,917.5	
04	58,984.7	3,246,970.0	2,607,790.6	8,792.8	
05	63,851.6	3,328,245.3	2,706,203.2	8,483.4	
06	64,108.9	3,451,365.5	2,784,874.2	7,866.2	
07	66,356.2	3,541,896.9	2,801,183.9	9,003.3	
08	71,128.3	3,635,612.4	2,947,241.2	12,244.9	
09	71,286.3	3,730,255.2	3,046,519.0	10,837.2	
10	46,185.2	3,723,563.2	3,066,506.6	10,740.1	
11	48,662.1	3,715,577.6	3,084,618.8	10,812.5	
12	41,959.8	3,828,069.5	3,100,920.9	11,568.4	
2013 01	39,665.8	3,884,346.8	3,200,823.4	10,711.2	
02	14,596.4	3,893,630.0	3,242,165.6	10,530.3	
03	31,655.3	3,961,354.1	3,370,452.3	10,173.2	
04	30,540.7	4,215,492.2	3,498,316.0	10,097.2	
05	44,789.8	4,487,364.7	3,675,348.3	10,137.1	
06	47,154.6	4,727,167.7	3,813,483.0	11,173.1	
07	49,332.3	5,021,567.1	4,018,696.0	17,415.3	
08	51,033.4	5,342,958.7	4,366,917.9	10,227.9	
09	59,600.5	5,489,504.4	4,569,295.3	17,435.4	
10	59,399.4	5,652,555.9	4,749,472.6	10,370.1	
11	78,861.1	5,866,721.7	4,833,514.1	23,610.5	
12	80,546.4	5,998,812.7	4,665,272.2	7,443.0	
2014 01	122,899.0	6,008,604.2	4,859,919.7	6,015.2	
02	74,272.1	6,127,945.5	4,926,324.5	5,733.8	
03	73,884.3	6,202,327.4	5,080,116.8	5,721.6	
04	72,619.3	6,388,642.9	5,246,327.1	5,961.1	
05	73,002.8	6,547,838.4	5,425,329.1	5,751.1	
06	74,995.9	6,590,853.2	5,604,371.6	7,536.4	
07	101,306.4	6,610,011.5	5,495,395.1	7,857.9	
08	116,634.6	6,535,234.5	5,662,985.9	8,937.1	

09	144,539.8	6,654,878.5	5,779,645.2	9,212.0
10	134,796.0	6,766,828.6	5,896,000.2	10,600.4
11	132,619.9	6,834,760.4	5,643,515.1	10,192.9
12	128,550.9	6,619,247.8	5,711,496.5	10,236.3
2015 01	114,879.2	6,572,004.9	5,363,498.9	10,178.7
02	108,863.5	6,582,432.7	5,453,093.8	10,327.2
03	97,480.4	6,597,140.5	5,541,940.6	8,185.5
04	91,993.7	6,556,298.2	5,612,303.8	7,275.0
05	87,319.5	6,373,536.2	5,684,076.4	5,722.8
06	95,825.3	6,362,017.9	5,463,777.7	5,642.3
07	111,498.5	6,371,954.6	5,473,895.0	10,009.6
08	109,731.3	6,395,292.6	5,301,780.1	10,377.8
09	176,382.2	6,394,171.7	5,336,183.4	10,269.4
10	164,341.4	6,395,742.5	5,322,866.8	10,080.2
11	155,949.7	6,376,110.9	5,332,134.5	9,968.2
12	223,268.4	6,408,347.3	5,036,971.0	9,777.6
2016 01	235,728.2	6,378,153.1	5,139,043.1	9,737.5
02	227,593.5	6,397,044.5	4,973,759.2	9,572.9
03	218,528.4	6,455,600.4	5,122,639.4	10,031.9
04	188,889.1	6,336,910.1	5,073,072.1	10,855.8
05	91,140.8	6,165,120.7	5,152,615.7	10,174.1
06	95,291.2	6,607,780.9	5,286,206.4	9,394.8
07	87,132.1	6,674,893.9	5,301,276.6	9,361.4
08	81,511.0	6,838,499.4	5,478,591.3	10,149.4
09	78,599.5	6,805,824.5	5,572,026.5	9,485.0
10	80,512.3	6,879,462.9	5,565,327.9	5,712.4
11	77,907.0	6,963,838.6	5,636,512.5	5,668.6
12	55,662.8	6,640,054.7	5,689,789.5	5,445.5
2017 01	53,325.3	6,488,215.8	5,795,672.5	6,129.7
02	56,832.2	6,619,640.9	5,866,081.8	5,918.4
03	44,396.3	6,647,749.9	5,945,708.1	5,790.6
04	40,828.0	6,581,903.3	6,043,052.0	5,406.3
05	91,943.0	6,626,405.5	5,943,151.2	6,177.0
06	70,445.6	6,641,653.8	6,125,451.6	8,293.5
07	90,634.4	6,700,698.2	6,191,928.9	7,778.0
08	44,946.4	6,717,701.4	6,447,743.5	8,444.0
09	41,753.8	6,704,956.9	6,618,826.6	9,068.4
10	44,667.4	6,735,218.9	6,559,939.0	8,561.1
11	43,287.4	6,752,519.2	6,662,809.2	5,208.7
12	41,040.5	6,806,103.8	6,716,831.9	5,191.2

OTHER DEPOSITORY CORPORATIONS SURVEY /continued/

in millions of MNT

<i>End-of-period</i>	Current account in DC	Total deposits, current account in FC	Foreign liabilities	Long-term foreign liabilities	General Government deposits
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	769,226.3	3,521,254.7	446,331.6	21,649.8	422,243.3
2011 12	1,223,449.7	4,670,238.5	683,742.4	30,946.8	931,493.1
2012 01	1,106,240.0	4,580,367.6	590,100.8	23,854.3	941,849.8
02	1,041,802.7	4,735,972.8	585,177.1	22,128.1	966,495.5
03	1,039,959.8	4,614,547.2	594,633.6	30,649.1	1,024,230.6
04	1,096,859.1	4,765,020.5	602,868.4	42,988.6	959,423.6
05	1,145,583.5	4,986,122.9	636,565.4	55,953.0	991,516.0
06	1,134,123.1	5,251,861.0	677,634.7	73,836.3	973,693.9
07	1,068,526.3	5,290,976.6	675,881.8	76,678.8	965,532.9
08	1,089,708.1	5,314,671.8	687,927.4	75,629.4	940,189.3
09	1,106,110.6	5,452,445.0	1,082,062.3	77,586.0	918,598.7
10	1,077,333.2	5,552,184.5	1,138,830.2	79,962.0	927,592.1
11	1,055,800.3	5,474,370.6	1,133,263.3	78,729.0	933,868.3
12	1,231,418.3	5,777,093.4	1,265,398.2	89,060.7	933,480.8
2013 01	1,064,188.8	5,759,565.5	1,262,136.1	99,978.6	931,764.0
02	1,013,777.8	5,755,863.7	1,327,431.8	99,928.2	941,035.3
03	1,106,417.0	5,709,671.0	1,331,116.8	111,640.0	971,673.7
04	1,136,664.0	5,513,894.0	1,456,955.3	136,683.2	1,015,200.7
05	1,181,283.2	6,127,613.7	1,504,245.6	136,589.9	1,065,002.2
06	1,426,363.3	5,975,187.9	1,496,151.8	143,870.4	1,100,825.7
07	1,340,042.5	6,159,143.9	1,486,098.3	152,041.3	1,134,327.5
08	1,318,710.2	6,457,356.7	1,575,962.7	190,713.3	1,141,698.2
09	1,416,024.8	6,463,108.8	1,649,206.1	193,323.2	1,218,602.8
10	1,357,160.0	6,775,494.6	1,469,758.2	402,896.1	1,273,949.9
11	1,269,048.5	7,272,483.5	1,582,513.4	405,256.3	1,258,666.6
12	1,510,700.8	7,359,816.9	1,509,098.9	376,620.2	1,089,541.8
2014 01	1,343,538.5	8,056,458.8	1,742,105.6	375,785.7	1,196,369.8
02	1,240,480.6	8,090,573.3	1,817,291.4	389,989.3	1,474,612.1
03	1,187,389.6	8,210,103.0	1,882,342.9	405,949.4	1,535,041.1
04	1,254,266.2	8,355,513.8	1,904,117.5	401,772.4	1,656,528.8
05	1,230,094.2	8,412,067.1	1,912,616.4	432,761.0	1,671,874.2
06	1,290,978.1	8,242,769.8	1,871,762.0	445,230.9	1,680,166.3
07	1,243,297.0	8,377,572.1	1,933,995.9	494,506.3	1,671,260.1
08	1,258,699.4	8,259,169.0	1,941,401.9	462,578.8	1,742,775.7
09	1,300,170.6	8,235,792.9	1,962,174.5	556,560.6	1,790,273.3

10	1,263,549.8	8,220,342.6	1,990,872.8	554,157.2	1,777,243.4
11	1,266,103.6	8,237,228.6	2,138,253.1	567,186.5	1,723,680.6
12	1,317,129.4	8,817,943.6	2,202,555.2	608,010.5	1,464,509.1
2015 01	1,109,975.7	8,734,409.1	2,210,379.1	605,855.4	1,435,595.5
02	1,135,638.0	8,642,445.0	2,329,028.0	600,919.6	1,452,148.8
03	1,055,378.3	8,456,333.8	2,278,150.6	593,705.6	1,413,505.0
04	1,088,546.7	8,222,719.7	2,244,110.4	563,014.6	1,384,956.1
05	1,171,079.7	8,154,925.8	3,119,781.3	552,177.5	1,373,122.5
06	1,233,568.8	8,375,838.3	3,278,523.0	578,643.7	1,357,006.6
07	1,200,412.0	8,206,490.4	3,487,959.4	631,848.8	1,282,293.4
08	1,233,062.7	8,281,249.1	3,462,889.9	633,551.4	1,265,111.9
09	1,206,215.0	8,319,632.4	2,895,083.4	515,518.1	1,466,673.9
10	1,162,515.1	8,268,277.2	2,857,395.9	569,553.7	1,386,218.5
11	1,129,848.7	8,245,320.1	2,854,340.2	693,989.8	1,472,362.9
12	1,226,749.6	8,363,578.9	3,118,543.8	739,777.3	1,453,863.8
2016 01	1,121,312.0	8,241,458.1	3,639,624.7	225,709.6	1,495,838.4
02	1,109,270.7	8,488,099.0	3,762,459.7	225,638.0	1,469,081.0
03	1,156,945.9	8,528,699.5	3,791,986.1	199,862.8	2,247,310.7
04	1,175,885.4	8,833,881.1	3,673,230.7	211,106.5	2,335,576.2
05	1,222,779.5	8,913,924.2	3,649,593.0	207,613.2	2,548,906.5
06	1,420,391.3	9,204,169.0	3,672,007.3	205,795.4	2,520,955.8
07	1,375,673.6	9,367,247.1	4,257,399.9	218,278.6	2,512,036.8
08	1,399,165.7	9,390,823.9	4,988,339.1	239,837.2	2,375,228.1
09	1,454,838.1	9,535,322.2	5,123,880.7	228,176.5	2,260,404.7
10	1,505,936.8	9,523,311.0	5,308,453.3	235,436.0	1,407,507.1
11	1,397,715.9	9,796,358.2	5,363,092.6	228,749.9	1,409,130.0
12	1,584,843.6	10,010,810.5	5,154,593.8	232,252.3	1,388,891.9
2017 01	1,512,204.5	9,960,422.3	4,967,031.3	232,488.8	1,357,511.9
02	1,526,559.5	10,139,093.6	4,849,065.8	240,243.8	1,366,093.3
03	1,572,611.2	10,134,430.0	4,847,233.5	232,619.4	1,367,713.6
04	1,719,689.4	10,154,488.4	4,726,946.6	233,868.8	1,371,599.9
05	1,855,244.2	10,501,971.4	4,608,445.6	200,110.5	1,589,896.0
06	2,058,546.9	10,763,504.3	4,263,688.8	196,692.4	1,645,351.7
07	1,961,766.0	11,415,447.5	4,483,961.2	213,974.1	1,654,508.8
08	2,123,714.7	11,767,250.6	4,526,809.8	217,539.4	1,886,825.4
09	2,183,679.3	11,949,311.8	4,700,478.3	205,529.4	1,923,496.2
10	2,060,603.2	11,894,136.6	4,737,132.5	206,720.9	1,806,665.4
11	2,080,606.1	12,182,336.2	4,667,943.6	197,430.9	1,764,430.2
12	2,214,268.6	13,035,201.8	4,598,931.9	238,022.9	1,615,305.4

OTHER DEPOSITORY CORPORATIONS SURVEY /continued/

in millions of MNT

End-of-period	Of which		Credits from Central Bank	Capital accounts	Other items (net)
	Central Government deposits	Local Government deposits			
2000 12			0.0	29,947.6	-3,459.4
2001 12			4,094.5	47,173.0	-13,543.9
2002 12			4,326.9	61,289.3	-12,693.8
2003 12			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	168,855.9
2011 12	924,203.8	7,289.3	341,256.2	688,911.4	84,789.4
2012 01	920,236.1	21,613.7	123,152.8	707,438.0	84,506.9
02	933,663.4	32,832.1	176,734.6	719,624.1	93,479.7
03	985,693.5	38,537.1	543,890.2	750,910.4	106,727.1
04	921,181.3	38,242.3	267,083.7	777,495.1	87,927.4
05	950,235.8	41,280.2	213,593.6	799,384.6	96,131.1
06	953,488.2	20,205.7	403,380.6	864,426.2	119,858.8
07	932,945.8	32,587.0	196,453.5	878,796.9	76,871.4
08	913,506.2	26,683.1	254,117.3	896,976.2	76,708.1
09	900,366.2	18,232.6	257,507.6	922,118.4	116,115.7
10	907,974.4	19,617.6	188,811.4	937,357.4	90,837.5
11	914,084.5	19,783.8	181,919.9	974,927.1	85,716.0
12	918,137.6	15,343.2	400,402.8	1,002,108.6	30,202.0
2013 01	915,969.5	15,794.5	706,200.5	1,067,177.5	27,782.3
02	916,280.0	24,755.3	1,036,431.0	1,034,923.7	124,230.8
03	949,259.0	22,414.7	1,211,221.3	1,042,309.5	192,008.0
04	993,764.1	21,436.6	1,258,216.7	1,068,828.6	133,802.2
05	1,044,229.5	20,772.7	1,766,223.4	1,091,990.1	5,571.4
06	1,081,578.0	19,247.7	2,878,669.1	1,156,831.9	-7,174.1
07	1,114,223.2	20,104.3	3,044,466.2	1,053,442.3	104,621.0
08	1,121,236.5	20,461.7	3,189,895.1	1,114,753.8	401,218.2
09	1,200,516.8	18,086.0	3,596,648.7	1,227,262.8	552,844.7
10	1,258,609.4	15,340.5	3,450,097.0	1,259,629.8	510,946.2
11	1,242,990.0	15,676.6	3,488,181.6	1,270,574.0	580,687.8
12	1,075,415.4	14,126.4	4,295,526.1	1,400,236.7	372,113.4
2014 01	1,181,006.1	15,363.7	3,033,858.8	1,435,452.4	269,464.7
02	1,441,313.0	33,299.1	2,969,466.0	1,455,565.3	584,476.9
03	1,502,770.4	32,270.7	3,018,831.8	1,555,532.2	550,415.6
04	1,624,596.6	31,932.3	2,799,677.5	1,620,003.9	488,965.2
05	1,648,499.5	23,374.7	2,896,801.9	1,638,048.4	527,520.0
06	1,656,271.1	23,895.2	2,910,066.7	1,810,473.6	459,559.5
07	1,639,181.5	32,078.7	2,722,050.1	1,875,187.5	334,052.8
08	1,723,288.6	19,487.1	2,639,015.9	1,874,321.5	373,464.6

09	1,769,351.8	20,921.5	2,742,997.4	1,924,951.8	386,612.3
10	1,751,434.2	25,809.3	2,750,299.0	1,934,116.4	408,251.4
11	1,700,407.6	23,273.0	2,115,968.0	1,949,191.1	401,296.0
12	1,438,545.4	25,963.7	2,607,088.8	2,153,086.5	136,742.1
2015 01	1,409,532.1	26,063.4	2,157,718.2	2,170,657.4	-332,217.6
02	1,426,596.9	25,551.9	2,209,187.0	2,213,033.6	-363,848.8
03	1,377,306.6	36,198.4	1,790,561.9	2,236,508.0	29,829.4
04	1,349,132.1	35,824.0	1,847,519.2	2,279,757.9	13,388.8
05	1,336,745.5	36,377.0	1,944,364.3	2,355,608.8	-105,143.7
06	1,322,147.1	34,859.5	1,901,378.8	2,344,428.7	-495,042.5
07	1,252,812.9	29,480.5	1,609,533.9	2,367,065.6	-156,729.5
08	1,228,798.3	36,313.5	1,567,750.5	2,323,974.4	-303,605.6
09	1,433,102.5	33,571.4	1,543,760.4	2,398,808.6	-198,126.0
10	1,355,275.0	30,943.6	1,337,840.9	2,429,920.7	-180,752.8
11	1,442,341.3	30,021.6	1,298,377.5	2,400,222.7	-248,588.0
12	1,434,061.2	19,802.7	1,685,268.3	2,447,322.9	-400,032.5
2016 01	1,478,683.6	17,154.8	1,233,686.0	2,347,314.4	-304,787.7
02	1,450,800.7	18,280.2	1,703,338.9	2,356,542.8	-596,329.8
03	2,226,246.8	21,063.9	916,920.1	2,416,166.6	-317,477.4
04	2,313,223.1	22,353.1	765,812.2	2,455,809.3	-480,921.2
05	2,537,751.0	11,155.5	501,599.4	2,466,253.1	-410,156.6
06	2,508,916.4	12,039.4	669,163.4	2,589,896.1	-493,238.9
07	2,501,008.2	11,028.7	569,638.8	2,661,006.9	-496,701.5
08	2,372,508.0	2,720.1	569,719.7	2,697,144.5	-613,663.4
09	2,258,330.1	2,074.5	647,129.8	2,791,703.6	-487,677.4
10	1,404,807.4	2,699.7	1,361,069.8	2,817,472.1	-615,176.4
11	1,407,471.3	1,658.7	1,386,328.2	2,841,416.9	-610,931.1
12	1,388,886.4	5.5	1,470,437.3	2,958,808.8	-992,018.6
2017 01	1,357,511.1	0.8	1,435,436.2	3,049,736.1	-1,149,192.1
02	1,366,093.3	0.0	1,459,534.7	3,134,037.9	-1,248,029.1
03	1,367,713.6	0.0	1,512,815.9	3,113,271.1	-1,082,429.6
04	1,371,599.9	0.0	1,514,113.9	3,114,372.9	-1,060,254.1
05	1,589,896.0	0.0	1,526,227.1	3,150,032.9	-1,285,987.0
06	1,645,351.7	0.0	1,538,450.4	3,077,520.0	-1,061,787.5
07	1,654,508.8	0.0	1,552,393.4	3,110,079.1	-1,141,181.5
08	1,886,825.4	0.0	1,566,383.4	3,086,071.1	-1,157,407.5
09	1,923,496.2	0.0	1,580,399.1	3,150,950.0	-1,186,617.6
10	1,806,665.4	0.0	1,499,058.2	3,193,166.0	-1,313,691.0
11	1,764,430.2	0.0	1,166,929.2	3,196,156.3	-920,317.3
12	1,615,305.4	0.0	1,269,160.9	3,177,680.5	-1,100,165.4

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 0-1 year	FC 0-1 year	DC	FC
2000 12	2.4-6.0	1.0-3.6			1.2-13.2	3.6-24.0	1.2-12.0		
2001 12	0.0-5.1	0.3-4.2			1.2-9.60	2.4-24.0	1.0-13.2		
2002 12	0.0-6.0	0.3-3.0			2.4-10.2	6.0-22.0	1.2-12.0		
2003 12	0.0-6.0	0.3-3.0			1.8-10.0	6.0-22.0	2.4-12.0		
2004 12	0.0-4.8	0.3-3.0			6.0-9.60	6.0-20.4	1.4-9.60		
2005 12	0.0-4.8	0.0-7.2			6.0-9.96	6.0-19.2	1.4-10.8		
2006 12	0.0-5.0	0.0-4.0			6.0-10.2	7.56-19.4	1.4-11.4		
2007 12	0.0-4.8	0.0-3.6			6.0-10.3	7.56-19.3	1.2-11.4		
2008 12	0.0-7.2	0.0-3.6	2.4	1.1	4.8-12.0	2.4-19.4	1.2-14.04	13.6	7.4
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	0.0-7.2	0.0-7.2	2.6	1.5	0.0-9.6	3.0-18.1	0.0-10.3	12.2	5.3
11	0.0-7.3	0.0-7.3	2.8	1.5	0.0-9.5	3.0-18.1	0.0-10.2	12.3	5.4
12	0.0-7.2	0.0-7.2	2.6	1.5	0.0-9.5	3.0-18.0	0.0-10.2	12.1	5.4
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	0.0-7.2	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	0.0-7.2	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	0.0-7.2	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	0.0-7.2	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
2017	01	0.0-8.0	0.0-8.0	2.9	1.7	0.0-9.5	6.0-18.0	0.0-9.6	13.4	6.0
	02	0.0-8.0	0.0-8.0	2.8	1.8	0.0-9.5	4.4-19.2	0.0-9.6	13.3	6.0
	03	0.0-8.0	0.0-8.0	2.8	1.8	0.0-9.6	4.4-19.2	0.0-9.7	13.0	6.2
	04	0.0-7.2	0.0-7.2	2.8	1.7	0.0-7.7	4.4-19.2	0.0-9.8	13.0	5.9
	05	0.0-7.2	0.0-7.2	3.0	1.7	0.0-7.7	4.0-19.2	0.0-9.6	12.8	5.8
	06	0.0-7.2	0.0-7.2	2.9	1.5	0.0-7.8	4.0-19.3	0.0-9.0	12.9	5.6
	07	0.0-7.2	0.0-7.2	2.8	1.5	0.0-7.7	4.0-19.2	0.0-8.4	12.8	5.5
	08	0.0-7.2	0.0-7.2	2.9	1.6	0.0-7.7	4.0-19.2	0.0-7.9	12.5	5.5
	09	0.0-7.2	0.0-7.2	2.9	1.5	0.0-7.7	4.0-19.2	0.0-7.5	13.0	5.4
	10	0.0-7.2	0.0-7.2	2.6	1.5	0.0-7.7	4.0-19.2	0.0-7.5	13.1	5.2
	11	0.0-7.2	0.0-7.2	2.7	1.5	0.0-7.7	0.0-16.5	0.0-7.5	13.0	5.6
	12	0.0-7.2	0.0-7.2	2.6	1.5	0.0-8.1	0.0-18.0	0.0-9.0	12.9	5.4

LOAN RATE
 in % , annual

End-of-period	Central bank's bills rate			Government treasury bill yield (as a trading rate)													
	Policy rate	Weighted average rate	By maturity			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								
11	10.5	10.5	10.5	10.7		8.5	8.4		9.0								12.7
12	10.5	10.5	10.5	10.8		9.2	10.0		0.0								12.9
2014 01	10.5	10.5	10.5	10.8		9.2	9.7		10.8								
02	10.5	10.6	10.5	10.9		10.6	10.9		11.2								
03	10.5	10.6	10.5	10.9		10.6	10.7		12.3								
04	10.5	10.6	10.5	10.9		9.3	10.5		10.0								
05	10.5	10.6	10.5	10.8		9.1	9.4		9.5								
06	10.5	10.6	10.5	10.8		9.3	9.8		9.5								
07	12.0	10.6	10.5	10.7		11.2	9.8		12.0								
08	12.0	11.8	11.8	12.1		15.1	15.4		15.5								

09	12.0	12.1	12.0	12.1	12.0	12.5	15.6	16.2	15.6	16.1		
10	12.0	12.1	12.0	12.1	12.0	12.5	15.8	16.2	15.8	16.4		16.8
11	12.0	12.1	12.0	12.1	12.0	12.5	16.0	16.3	16.0	16.7		16.8
12	12.0	12.1	12.0	12.1	12.0	12.5	14.7	16.4	14.7	16.7		
2015 01	13.0	12.3	12.3	12.3	12.3	12.9	14.8	15.3	14.8	16.2		
02	13.0	13.1	13.0	13.1	13.0	13.5	15.5	15.8	15.5	16.8		
03	13.0	13.1	13.0	13.1	13.0	13.5	15.2	15.8	15.2	16.4		16.9
04	13.0	13.1	13.0	13.1	13.0	13.5	15.0	15.5	15.0	16.0		
05	13.0	13.0	13.0	13.0	13.0	13.5	14.7	15.0	14.7	15.9		16.7
06	13.0	13.0	13.0	13.0	13.0	13.5	14.4	14.9	14.4	15.1		
07	13.0	13.0	13.0	13.0	13.0	13.4	14.3	14.3	14.3	14.6		
08	13.0	13.0	13.0	13.0	13.0	13.4	14.0	14.1	14.0	14.7		
09	13.0	13.0	13.0	13.0	13.0	13.4	13.8	13.9	13.8	14.4		
10	13.0	13.0	13.0	13.0	13.0	13.3	13.9	14.3	13.9	15.0		15.8
11	13.0	13.0	13.0	13.0	13.0	13.3	13.8	13.8	13.8	14.9		
12	13.0	13.0	13.0	13.0	13.0	13.2	14.9	14.0	14.9	15.2		
2016 01	12.0	12.6	12.6	12.6	12.6	12.3	13.6	14.1	13.6	14.9		
02	12.0	12.0	12.0	12.0	12.0	12.4	13.6	15.7	13.6	16.0		15.5
03	12.0	12.0	12.0	12.0	12.0	12.4	14.5	14.1	14.5	16.0		
04	12.0	12.0	12.0	12.0	12.0	14.4	13.2		14.4	15.5		
05	10.5	10.6	10.6	10.6	10.6	10.8						
06	10.5	10.5	10.5	10.5	10.5	10.8						
07	10.5	10.5	10.5	10.5	10.5	10.7						
08	15.0	12.3	11.8	10.6	10.6	16.99	16.0					
09	15.0	16.0	15.0	15.0	15.0	16.98	15.7	16.9	15.7	17.0		
10	15.0	16.2	15.0	15.0	15.0	16.97	16.7	16.9	16.7	17.0		
11	15.0	16.1	15.0	15.0	15.0	16.97	17.0	16.9	17.0	17.0		
12	14.0	14.5	14.5	14.5	14.5		17.6	17.5	17.6	17.5		
2017 01	14.0	14.0	14.0	14.0	14.0		13.6	14.1	13.6	14.9		
02	14.0	14.0	14.0	14.0	14.0		13.6	15.7	13.6	16.0		15.5
03	14.0	14.0	14.0	14.0	14.0		14.5	14.1	14.5	16.0		
04	14.0	14.0	14.0	14.0	14.0		13.2		14.4	15.5		
05	14.0	14.0	14.0	14.0	14.0							
06	12.0	12.9	12.9	12.9	12.9							
07	12.0	12.0	12.0	12.0	12.0							
08	12.0	12.0	12.0	12.0	12.0		16.0					
09	12.0	12.0	12.0	12.0	12.0		15.7	16.9	15.7	17.0		
10	12.0	12.0	12.0	12.0	12.0		16.7	16.9	16.7	17.0		
11	12.0	12.0	12.0	12.0	12.0							
12	12.0	12.0	12.0	12.0	12.0		17.0	16.9	17.0	17.0		
	11.0	11.7	11.7	11.7	11.7		17.6	17.5	17.6	17.5		

LOAN RATE

in % , annual

End-of-period	Interbank market rate						Weighted average lending rates (issued)				Weighted average lending rates (outstanding)				
	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	Domestic currency (including price stabilization program)	Foreign currency (including price stabilization program)	Paid rate
2000 12							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			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		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			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		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	8.7	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	9.7	18.8	12.0	16.0	12.3					15.2
11		10.5	10.5	10.7	8.1	9.2	17.3	12.3	15.7	12.3					15.1
12		10.5	10.5	10.8	7.0	9.2	17.4	12.7	14.9	12.7					15.1
2014 01		10.5	10.5	10.5	8.6	10.3	18.9	12.4	17.0	12.4					15.1
02		10.5	10.5	10.6	8.5	10.9	18.4	13.8	16.4	13.7					14.9
03		10.6	10.5	10.1	8.2	11.1	19.7	12.7	17.8	12.7					15.0
04		10.5	10.5	10.5	8.2	9.7	19.4	12.1	17.6	12.1	17.2	12.2	15.0	12.2	14.8
05		10.8	10.5	10.7	9.3	10.4	19.1	12.1	17.2	12.1	17.4	12.1	15.0	12.1	14.7
06		10.5	10.5	10.9	9.1	10.4	18.8	12.4	17.3	12.4	17.2	12.1	15.1	12.1	14.7
07		10.6	10.5	10.6	11.4	11.1	19.2	13.3	17.5	13.3	17.4	12.0	15.3	12.0	15.3
08		12.0	12.2	12.4	12.6	12.8	19.6	13.5	17.6	13.5	17.4	11.8	15.3	11.8	15.3
09		12.0	12.0	12.5	12.4	12.7	18.3	13.8	16.3	13.8	17.4	11.8	15.2	11.8	15.4
10		12.0	12.2	12.6	12.9	12.7	18.9	12.5	16.9	12.5	17.1	12.1	14.9	12.1	15.4
11		12.1	12.2	12.5	12.2	12.6	18.6	12.7	17.1	12.7	17.7	12.0	15.4	12.0	15.4
12		12.0	12.3	12.3	12.0	12.1	19.5	12.9	16.9	12.9	17.5	12.0	15.4	12.0	15.4
2015 01		12.6	12.4	12.8	14.7	13.0	20.0	13.6	16.9	13.6	17.9	12.2	15.8	12.2	15.5
02		13.1	13.0	13.2	12.9	13.3	19.0	14.2	18.0	14.2	17.5	12.2	15.9	12.2	15.7
03		13.0	13.0	13.4	13.0	12.1	19.1	11.7	17.6	11.7	17.2	12.5	15.7	12.5	15.7
04		13.0	13.0	13.4	14.5	12.6	20.2	12.9	18.6	12.9	17.7	12.3	15.8	12.3	15.7
05		13.0	13.0	13.2	14.5	13.6	19.8	12.9	18.4	12.9	17.6	12.3	15.8	12.3	15.8
06		13.1	13.0	13.4	13.7	13.3	19.8	11.8	18.2	11.8	18.0	12.2	16.1	12.2	15.9

07	13.2	13.0	13.4	13.7	13.4	19.4	12.6	18.4	12.6	18.1	12.3	16.2	12.3	15.8
08	13.1	13.0	14.3	13.6	13.8	20.1	12.2	19.1	12.2	18.2	12.3	16.5	12.3	15.9
09	13.1	13.0	13.7	11.9	13.3	18.7	10.5	17.6	10.5	18.1	12.1	16.5	12.1	16.0
10	13.3	13.0	13.5	13.9	13.5	20.0	11.4	18.6	11.4	18.1	12.0	16.4	12.0	16.1
11	13.2	13.0	13.5	8.5	12.1	19.5	12.1	18.5	12.1	18.0	11.8	16.2	11.8	16.3
12	13.3	13.0	13.6	8.7	12.1	19.1	12.0	18.3	12.0	18.2	11.9	16.7	11.9	16.4
2016 01	12.9	12.8	12.6	6.9	12.3	19.7	12.3	19.1	12.3	18.2	11.9	16.7	11.9	16.4
02	12.9	12.0	12.9	8.9	11.9	20.1	12.6	19.1	12.6	18.2	11.8	16.8	11.8	16.4
03	13.1	12.1	12.0	13.3	12.7	19.7	12.4	17.9	12.4	18.0	11.9	16.7	11.9	16.5
04	12.7	12.1	12.9	14.1	13.1	20.0	11.2	17.5	11.2	18.3	11.7	16.6	11.7	16.3
05	11.8	12.0	12.4	10.5	12.4	19.1	11.7	17.2	11.7	18.1	11.8	16.5	11.8	16.3
06	11.0	10.5	11.4	11.9	11.4	19.1	10.7	16.9	10.7	17.8	11.2	16.0	11.2	16.4
07	10.9	10.4	11.0	11.2	11.0	19.2	13.2	17.3	13.2	18.0	11.6	16.2	11.6	16.5
08	13.8	12.6	13.6	15.5	13.6	19.4	13.3	18.4	13.3	18.4	11.6	16.2	11.6	16.3
09	15.5	15.1	16.1	16.0	16.0	20.1	12.5	19.4	12.5	18.4	11.6	16.2	11.6	16.7
10	15.9	15.0	15.8	14.7	15.6	20.2	12.5	19.7	12.5	18.1	11.7	16.2	11.7	16.6
11	15.6	15.8	16.2	15.5	16.0	20.6	12.8	19.7	12.8	18.5	11.8	16.3	11.8	16.6
12	15.6	15.4	15.7	14.8	15.6	19.7	13.0	19.1	13.0	18.5	12.0	16.3	12.0	16.7
2017 01	14.8	14.0	14.7	15.7	14.5	20.2	12.3	19.6	12.3	18.5	12.1	16.3	12.1	16.7
02	14.4	13.9	15.1	15.2	14.9	20.1	11.4	19.1	11.4	18.6	12.0	16.5	12.0	16.6
03	14.3	14.0	15.4	14.1	14.9	20.2	11.1	19.3	11.1	18.5	11.9	16.5	11.9	16.6
04	14.4	14.0	15.2	14.6	14.9	20.0	13.1	19.4	13.1	18.3	11.9	16.4	11.9	16.9
05	14.5	14.0	15.9	14.0	14.7	20.4	12.1	19.8	12.1	18.7	11.9	16.6	11.9	16.9
06	13.0	13.4	12.8	13.5	12.8	20.3	12.5	19.9	12.5	18.3	11.6	16.5	11.6	17.0
07	11.8	12.0	12.4	12.0	12.2	20.1	11.7	19.7	11.7	18.2	11.6	16.5	11.6	17.0
08	12.0	12.0	12.2	12.8	12.2	20.1	11.7	19.8	11.7	18.2	11.5	16.6	11.5	17.2
09	12.3	11.9	12.1	12.5	12.0	19.9	11.6	19.6	11.6	18.4	11.4	16.7	11.4	16.9
10	12.2	12.0	11.9	12.8	12.1	19.9	9.8	19.5	9.8	18.2	11.3	16.8	11.3	16.9
11	12.1	12.0	11.9	12.3	12.0	19.6	11.8	19.3	11.8	18.1	11.3	16.8	11.3	17.1
12	11.6	11.8	11.4	12.2	11.7	18.8	11.6	18.5	11.6	18.1	11.2	16.8	11.2	17.0

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
2011 12	1,396.37	1,374.20	1,806.76	202.11	923.62	5.82	70.12	1.21	18.00	221.63	2,155.30	179.72	43.44	1,484.08
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
2017 01	2,459.44	2,488.38	2,631.48	278.60	1,345.13	8.47	97.39	2.11	21.66	357.39	3,070.61	317.02	40.91	2,471.67
02	2,470.83	2,478.29	2,617.84	275.05	1,338.33	8.48	96.90	2.18	21.92	359.62	3,100.15	318.40	42.67	2,456.83
03	2,447.45	2,459.55	2,616.81	274.16	1,337.88	8.47	96.67	2.19	21.89	355.15	3,050.50	315.02	43.73	2,445.98
04	2,419.42	2,421.85	2,633.66	273.71	1,346.74	8.45	97.76	2.13	21.74	350.75	3,130.00	310.96	42.45	2,435.25
05	2,397.97	2,413.06	2,682.13	274.84	1,371.37	8.71	101.35	2.14	21.61	351.14	3,071.92	307.95	42.31	2,459.58
06	2,349.87	2,367.93	2,681.67	277.60	1,370.83	8.66	102.31	2.05	20.97	346.49	3,056.83	301.06	39.61	2,452.25
07	2,444.95	2,409.41	2,867.19	300.75	1,465.89	9.40	110.07	2.18	22.09	363.33	3,209.24	313.09	40.60	2,524.47
08	2,430.05	2,443.53	2,889.33	304.65	1,477.14	9.45	110.75	2.16	21.99	368.43	3,136.10	310.53	41.50	2,521.98
09	2,464.43	2,454.29	2,906.67	303.70	1,485.80	9.35	111.72	2.16	21.91	370.72	3,303.57	315.51	42.52	2,539.21
10	2,456.17	2,458.69	2,859.23	293.83	1,462.05	9.19	111.40	2.20	21.72	370.54	3,245.95	314.84	42.23	2,468.02
11	2,443.57	2,448.86	2,898.68	291.94	1,481.89	9.28	113.73	2.25	21.76	369.79	3,291.98	312.95	41.67	2,480.28
12	2,427.13	2,433.49	2,897.87	294.36	1,481.72	9.34	113.28	2.27	21.53	371.58	3,264.73	310.52	42.12	2,476.03

EXCHANGE RATES ON FOREIGN EXCHANGE MARKET /continued/

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	332.61	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
2011 12	231.54	1,368.72	1,417.11	44.26	0.15	439.66	1,073.84	2,177,583.16	38,574.72	2,137.00	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
2017 01	131.17	1,878.01	1,859.71	69.85	0.18	555.43	1,734.01	2,955,090.94	42,352.79	3,331.05	149.98	47.79
02	154.91	1,888.08	1,906.25	70.69	0.19	555.99	1,758.66	3,097,296.59	45,056.82	3,338.92	149.95	47.53
03	134.18	1,835.43	1,874.38	71.07	0.18	553.10	1,751.87	3,043,098.14	44,323.32	3,328.32	153.31	47.91
04	134.04	1,770.85	1,808.03	69.86	0.18	557.28	1,733.30	3,062,247.80	42,025.33	3,312.40	154.91	48.36
05	132.28	1,782.88	1,786.61	70.34	0.18	559.95	1,732.70	3,028,312.26	41,508.86	3,310.62	154.02	48.47
06	129.68	1,808.84	1,803.53	69.15	0.18	547.18	1,706.58	2,922,098.48	38,993.74	3,267.79	156.00	49.12
07	136.70	1,960.19	1,948.99	73.44	0.18	571.18	1,801.93	3,096,345.80	40,828.22	3,436.48	153.21	48.23
08	137.76	1,922.89	1,918.40	73.17	0.18	569.03	1,787.92	3,175,856.65	42,295.02	3,446.39	147.06	47.01
09	139.71	1,983.13	1,933.47	73.96	0.18	583.71	1,815.08	3,174,728.01	41,525.65	3,479.10	148.07	46.15
10	139.19	1,914.40	1,886.71	73.93	0.18	580.72	1,805.34	3,136,971.20	41,423.31	3,447.29	149.15	46.42
11	138.19	1,897.03	1,850.88	74.91	0.18	597.96	1,812.40	3,132,986.62	40,331.12	3,461.27	149.60	46.67
12	136.30	1,924.46	1,894.25	74.41	0.18	596.35	1,814.47	3,137,381.17	40,766.08	3,441.48	NA	46.70

DEPOSITORY CORPORATIONS OUTSTANDING LOAN

in millions of MNT

End-of-period	Total loan outstanding		Of which					
	Amount	Monthly changes	Standard loans	of which: by sectors				
				Public sector	Private sector	Individuals	Other financial corporations	Other
2001 12	135,070.7	5.2	124,204.8	9,534.4	108,722.7			5,947.7
2002 12	231,449.8	9.4	214,885.5	11,318.3	194,578.2			8,989.0
2003 12	442,148.1	2.7	405,448.2	15,647.4	335,978.3			53,822.5
2004 12	606,798.6	2.5	546,063.4	12,560.1	320,077.8	196,020.3	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
2011 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
2012 01	5,649,751.9	0.1	5,249,290.5	58,975.0	2,785,723.9	2,384,813.2	13,679.4	6,099.0
02	5,708,008.2	1.0	5,323,519.3	58,554.5	2,809,389.7	2,434,326.5	15,082.0	6,166.5
03	5,783,279.9	1.3	5,401,679.3	58,162.4	2,845,476.0	2,475,575.9	16,386.3	6,078.6
04	5,937,756.6	2.7	5,549,986.8	51,526.7	2,946,813.5	2,528,526.9	15,165.8	7,953.9
05	6,123,004.0	3.1	5,747,295.1	56,425.5	3,039,112.2	2,628,561.3	16,129.1	7,066.9
06	6,319,989.1	3.2	5,960,375.7	54,763.8	3,171,047.2	2,715,807.7	11,730.2	7,026.8
07	6,430,323.5	1.7	6,039,442.0	58,813.4	3,232,577.5	2,728,521.2	11,411.5	8,118.4
08	6,676,899.1	3.8	6,263,962.7	65,357.4	3,305,357.2	2,872,273.8	10,610.6	10,363.6
09	6,869,164.0	2.9	6,445,870.3	65,459.5	3,385,436.6	2,975,784.0	10,226.3	8,963.9
10	6,857,244.1	-0.2	6,418,601.5	40,378.2	3,365,491.5	2,993,665.0	10,207.9	8,858.9
11	6,869,465.7	0.2	6,423,357.0	42,856.6	3,348,047.8	3,014,259.5	9,754.9	8,438.2
2012 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
2013 01	7,143,689.6	2.2	6,730,405.8	33,239.9	3,551,634.3	3,129,060.3	8,082.7	8,388.7
02	7,169,965.4	0.4	6,753,154.3	13,940.7	3,557,961.4	3,164,004.9	9,000.7	8,246.6
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
04	7,765,533.1	5.2	7,344,188.4	30,001.5	3,878,932.9	3,416,948.8	11,048.9	7,256.3
05	8,228,552.0	6.0	7,764,116.9	44,260.6	4,106,765.7	3,594,914.3	10,850.5	7,325.8
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
07	9,119,299.3	5.9	8,505,312.6	48,819.9	4,497,633.9	3,932,014.1	12,257.0	14,587.7
08	9,784,970.8	7.3	9,133,718.9	50,525.0	4,786,121.0	4,275,879.5	13,803.4	7,390.0
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
10	10,491,743.7	3.3	9,761,636.6	58,899.0	5,028,407.8	4,645,308.9	19,920.5	9,100.5
11	10,824,267.2	3.2	10,090,671.9	78,360.7	5,244,403.4	4,723,730.2	21,528.3	22,649.3
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	10,358,025.0	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	11,557,814.0	142,294.4	5,757,319.4	5,624,492.1	24,562.0	9,146.1
10	12,833,536.8	1.7	11,776,459.4	132,723.5	5,899,095.9	5,708,780.2	25,311.5	10,548.3
11	12,649,354.1	-1.4	11,584,666.2	129,685.9	5,973,001.6	5,443,580.4	28,265.8	10,132.4
12	12,503,507.9	-1.2	11,608,320.0	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	11,114,667.9	114,400.9	5,794,995.4	5,167,934.9	29,241.1	8,095.6
02	12,179,077.0	0.7	11,113,971.7	106,477.0	5,746,378.0	5,228,503.6	24,359.7	8,253.5
03	12,273,555.2	0.8	11,010,959.8	96,684.4	5,533,496.8	5,345,858.5	28,808.3	6,111.7

04	12,298,866.5	0.2	10,964,052.2	91,267.4	5,436,440.7	5,400,689.2	30,440.3	5,214.6
05	12,182,137.1	-0.9	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	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	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	10,200,756.8	98,585.9	5,026,250.4	5,036,775.7	29,396.8	9,747.9
09	11,944,275.2	0.8	10,263,145.1	165,304.1	4,978,972.3	5,084,017.8	27,053.6	7,797.3
12	11,706,596.2	-1.6	9,982,779.1	212,494.7	4,930,020.9	4,804,841.5	28,142.6	7,279.5
2016 01	11,789,319.7	0.7	9,956,636.6	224,954.5	4,840,786.0	4,857,378.0	26,317.3	7,200.8
02	11,636,177.6	-1.3	9,734,458.3	216,408.0	4,815,514.8	4,667,672.5	27,866.8	6,996.2
03	11,835,465.1	1.7	9,902,542.1	207,663.1	4,839,057.3	4,820,050.9	28,321.8	7,449.1
04	11,637,256.5	-1.7	9,652,113.5	177,877.9	4,692,459.6	4,746,271.4	27,186.6	8,318.1
05	11,449,736.9	-1.6	9,501,513.1	82,186.8	4,564,081.7	4,820,126.8	27,480.1	7,637.8
06	12,030,355.9	5.1	10,163,110.2	86,373.6	5,069,503.9	4,969,036.7	31,341.9	6,854.1
07	12,104,519.2	0.6	10,238,132.1	87,591.7	5,164,963.4	4,949,114.6	29,621.7	6,840.7
08	12,441,978.0	2.8	10,487,824.8	81,972.6	5,250,706.4	5,116,529.8	30,987.3	7,628.7
09	12,490,873.6	0.4	10,582,537.6	78,919.8	5,234,868.9	5,239,614.0	21,965.1	7,169.7
10	12,565,961.8	0.6	10,535,190.4	80,271.6	5,208,711.2	5,212,048.8	29,140.7	5,018.1
11	12,718,495.9	1.2	10,589,730.5	77,690.7	5,187,028.9	5,288,464.1	31,590.3	4,956.4
12	12,422,719.9	-2.3	10,466,749.7	55,059.6	5,004,367.9	5,373,295.7	28,798.0	5,228.5
2017 01	12,379,975.2	-0.3	10,378,146.2	52,755.6	4,840,244.8	5,445,612.3	33,626.8	5,906.7
02	12,584,005.0	1.6	10,463,540.6	56,263.6	4,878,646.7	5,490,410.3	32,524.8	5,695.3
03	12,678,515.4	0.8	10,647,905.5	43,828.4	4,987,593.4	5,578,300.7	32,605.0	5,578.1
04	12,707,157.3	0.2	10,610,601.8	40,562.3	4,864,166.3	5,666,975.3	33,701.7	5,196.2
05	12,711,501.8	0.0	10,622,901.6	91,739.0	4,910,992.9	5,572,642.3	41,558.6	5,968.8
06	12,903,057.4	1.5	10,973,772.4	70,305.0	5,076,629.9	5,763,744.2	54,951.2	8,142.1
07	13,038,365.9	1.0	10,996,514.2	80,793.0	5,050,530.5	5,812,497.0	45,067.0	7,626.7
08	13,264,967.7	1.7	11,154,711.0	34,906.5	5,018,952.0	6,051,519.0	41,039.6	8,293.9
09	13,421,428.1	1.2	11,424,946.1	32,614.4	5,101,520.5	6,240,161.5	41,729.5	8,920.1
10	13,386,591.2	-0.3	11,243,677.8	35,360.4	4,980,570.7	6,183,332.5	35,945.6	8,468.6
11	13,498,270.6	0.8	11,448,524.4	25,224.0	5,085,825.6	6,299,991.0	32,367.0	5,116.9
12	13,615,069.3	0.9	11,638,788.3	23,519.0	5,179,568.5	6,386,157.5	44,500.8	5,042.5

DEPOSITORY CORPORATIONS OUTSTANDING LOAN /continued/

in millions of MNT

End-of-period	Principal in arrears	Of which: by sector				
		Public sector	Private sector	Individuals	Other financial corporations	Other
2001 12	1,798.3					
2002 12	4,819.4					
2003 12	15,549.7					
2004 12	21,617.1	209.3	16,685.0	4,709.3		13.6
2005 12	20,929.6	45.8	15,124.4	3,899.4		1,859.9
2006 12	33,320.4	369.9	22,252.8	8,674.6	2.7	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
2011 12	73,736.9	0.0	42,061.7	31,662.7	12.6	0.0
2012 01	73,822.9	0.0	35,550.7	38,269.9	2.4	0.0
02	61,172.1	0.0	29,988.3	31,162.1	21.8	0.0
03	61,438.1	0.0	30,153.9	31,284.2	0.0	0.0
04	71,159.1	7,458.0	32,023.3	31,677.8	0.0	0.0
05	60,055.9	0.0	30,603.6	29,402.4	50.0	0.0
06	51,777.5	1,765.3	31,748.2	18,251.3	12.7	0.0
07	85,133.2	0.0	63,516.6	21,576.6	40.0	0.0
08	100,632.1	0.0	76,887.0	22,724.1	20.0	1,001.0
09	117,001.2	0.0	90,758.3	25,242.2	0.0	1,000.7
10	132,473.5	0.0	103,597.0	27,867.9	0.0	1,008.5
11	147,657.5	0.0	120,898.1	25,217.7	0.0	1,541.7
12	110,620.0	0.0	83,907.5	26,380.7	0.0	331.7
2013 01	105,498.6	0.0	77,928.5	27,555.1	15.0	0.0
02	110,870.7	0.0	79,206.9	31,663.8	0.0	0.0
03	99,851.7	0.0	68,542.1	31,309.6	0.0	0.0
04	110,872.6	0.0	78,117.1	32,755.5	0.0	0.0
05	146,428.0	0.0	114,768.2	31,659.8	0.0	0.0
06	149,744.0	0.0	115,274.5	34,469.5	0.0	0.0
07	161,280.9	0.0	123,918.8	37,347.1	0.0	15.0
08	186,415.5	0.0	145,773.2	40,619.7	0.0	22.6
09	153,448.3	0.0	111,691.1	41,736.6	0.0	20.6
10	169,723.9	0.0	123,037.1	46,003.5	0.0	683.2
11	161,107.9	0.0	111,812.0	48,913.0	8.5	374.5
12	118,206.2	13.9	73,382.6	44,809.7	0.0	0.0
2014 01	152,122.0	13.9	95,845.9	56,262.2	0.0	0.0
02	198,955.9	13.9	139,293.3	59,648.6	0.0	0.0
03	279,596.3	0.0	219,317.5	60,278.7	0.0	0.0
04	299,020.4	41.0	237,629.0	61,350.4	0.0	0.0
05	381,216.6	550.9	316,281.8	64,346.9	0.0	36.9
06	438,255.0	35.7	371,775.3	66,444.0	0.0	0.0
07	550,115.6	3,779.1	446,818.2	99,518.4	0.0	0.0
08	527,090.5	1,954.3	433,814.6	91,302.4	0.0	19.2
09	464,584.0	1,768.8	372,819.0	89,979.0	0.0	17.2
10	450,722.1	1,596.9	330,977.6	118,144.6	0.0	3.0
11	444,661.1	2,458.4	320,018.6	122,173.5	0.0	10.5
12	269,488.7	1.3	196,614.9	70,863.5	0.0	2,009.1
2015 01	317,720.3	2.7	199,686.6	116,011.0	0.0	2,020.0
02	398,087.5	1,910.9	254,870.8	141,295.8	0.0	10.0
03	559,638.8	320.5	449,370.7	109,937.8	0.0	9.8
04	587,771.6	250.7	472,545.7	114,413.2	555.5	6.4

05	600,632.3	157.3	482,596.3	117,733.2	4.6	140.9
06	603,880.2	85.7	491,632.7	110,267.3	0.0	1,894.4
07	716,446.4	11,091.2	577,030.8	126,484.9	0.0	1,839.6
08	780,351.3	11,170.8	630,040.7	139,124.1	0.0	15.6
09	828,662.5	11,103.5	692,903.9	122,585.6	211.4	1,858.0
12	853,976.5	11,228.6	740,931.4	99,881.5	48.7	1,886.3
2016 01	938,733.0	11,199.0	784,060.4	141,249.0	300.0	1,924.6
02	990,644.8	11,579.8	821,655.6	155,445.5	0.0	1,964.0
03	965,059.5	11,281.5	800,658.4	151,092.5	2.6	2,024.5
04	911,322.2	11,429.3	740,916.0	157,005.7	2.1	1,969.2
05	885,530.5	9,444.6	715,791.3	155,506.0	2,865.6	1,923.0
06	831,677.3	9,375.2	682,641.0	137,728.7	0.7	1,931.6
07	836,795.4	0.0	674,451.6	160,272.4	2,014.9	56.5
08	828,020.2	0.0	664,169.3	161,774.5	2,020.9	55.5
09	789,074.2	129.0	645,760.0	140,364.0	2,753.0	68.2
10	890,684.2	650.6	729,173.4	155,193.4	5,586.3	80.6
11	961,760.1	650.9	807,444.0	150,827.9	2,739.8	97.4
12	904,289.8	562.4	781,129.2	119,797.3	2,732.1	68.7
2017 01	945,678.6	528.9	797,843.9	144,441.6	2,767.8	96.4
02	1,050,363.8	527.8	877,953.6	169,036.5	2,769.6	76.3
03	995,134.0	527.1	835,824.0	156,666.7	2,028.2	88.0
04	1,009,297.2	224.8	848,902.6	158,112.4	1,999.4	57.9
05	930,301.8	39.9	782,801.1	145,394.7	1,999.4	66.8
06	796,999.4	38.8	654,246.9	140,648.4	1,999.4	66.0
07	892,132.2	9,800.5	728,156.2	152,110.4	1,999.4	65.8
08	939,100.3	37.9	766,381.1	169,789.4	2,833.3	58.6
09	826,983.2	66.5	674,665.7	149,352.9	2,833.3	64.8
10	969,128.6	267.8	823,450.4	145,406.8	0.0	3.6
11	893,770.4	9,038.0	744,716.2	140,014.3	0.0	1.9
12	823,330.4	8,834.3	696,658.8	116,828.1	944.6	64.7

DEPOSITORY CORPORATIONS OUTSTANDING LOAN /continued/

in millions of MNT

End-of-period	Non-performing loans	Of which: by sector				
		Public sector	Private sector	Individuals	Other financial corporations	Other
2001 12	9,067.6					
2002 12	11,744.9					
2003 12	21,150.3					
2004 12	39,118.0	356.4	28,295.0	10,201.5	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
2011 12	329,961.1	0.0	277,384.7	51,522.6	68.5	985.3
2012 01	326,638.5	0.0	274,230.0	51,359.8	64.1	984.7
02	323,316.7	0.0	269,260.6	52,958.9	61.8	1,035.4
03	320,162.6	0.0	271,811.2	47,453.7	58.8	838.9
04	316,610.6	0.0	268,133.2	47,585.9	52.6	838.9
05	315,653.0	7,426.1	258,529.5	48,239.5	41.4	1,416.4
06	307,836.0	7,579.8	248,570.2	50,815.2	31.4	839.4
07	305,748.3	7,542.8	245,802.8	51,086.1	431.7	884.9
08	312,304.3	5,770.9	253,368.2	52,243.3	41.6	880.3
09	306,292.5	5,826.8	254,060.3	45,492.8	40.0	872.6
10	306,169.1	5,807.0	254,474.6	44,973.7	41.1	872.7
11	298,451.2	5,805.5	246,631.7	45,141.6	39.8	832.7
12	295,096.5	6,565.5	242,309.4	43,842.5	46.6	2,332.6
2013 01	307,785.2	6,425.9	254,784.0	44,208.1	44.7	2,322.6
02	305,940.3	655.7	256,461.6	46,496.8	42.4	2,283.8
03	308,578.1	547.7	257,007.9	48,136.4	40.2	2,845.9
04	310,472.1	539.2	258,442.2	48,611.7	38.0	2,841.0
05	318,007.1	529.2	265,830.8	48,774.2	61.6	2,811.2
06	316,578.4	524.2	263,919.1	49,290.2	33.6	2,811.3
07	452,705.8	512.4	400,014.4	49,334.8	31.6	2,812.6
08	464,836.4	508.4	411,064.5	50,418.8	29.5	2,815.2
09	537,163.6	500.4	482,078.2	51,734.9	27.3	2,822.8
10	560,383.3	500.4	501,111.0	58,160.2	25.2	586.5
11	572,487.4	500.4	510,506.3	60,870.9	23.0	586.8
12	565,956.4	500.4	507,074.5	57,776.1	20.8	584.7
2014 01	581,940.0	500.4	521,158.8	59,676.0	18.6	586.1
02	597,884.1	430.5	536,234.7	60,655.8	16.4	546.6
03	594,460.8	444.4	535,377.5	58,078.2	14.2	546.4
04	616,156.3	444.4	553,803.2	61,849.0	12.0	47.7
05	619,769.4	444.4	560,219.3	59,047.7	9.8	48.2
06	566,963.3	444.4	515,327.9	51,135.0	7.6	48.4
07	599,706.7	476.6	545,048.6	54,126.7	5.4	49.4
08	620,002.5	476.6	559,732.6	59,745.3	0.0	48.0
09	590,439.5	476.6	524,740.1	65,174.1	0.0	48.7
10	606,355.3	475.6	536,755.1	69,075.4	0.0	49.2
11	620,026.9	475.6	541,740.1	77,761.2	0.0	50.0
12	625,699.2	475.6	554,278.9	70,883.3	0.0	61.4
2015 01	657,414.6	475.6	577,322.9	79,553.0	0.0	63.1
02	667,017.8	475.6	581,184.0	83,294.4	0.0	2,063.8
03	702,956.7	475.6	614,272.9	86,144.2	0.0	2,064.0

	04	747,042.7	475.6	647,311.8	97,201.3	0.0	2,054.0
	05	738,997.9	640.6	634,329.5	103,538.7	436.4	52.7
	06	773,905.3	636.7	665,220.8	107,989.6	4.7	53.5
	07	824,630.1	474.5	704,361.2	119,681.2	4.3	108.9
	08	865,474.2	474.5	739,001.6	125,880.2	3.5	114.3
	09	852,467.6	474.5	722,295.4	129,580.0	3.6	114.0
	12	869,840.6	45.1	737,395.0	132,248.0	40.7	111.8
2016	01	893,950.1	74.7	753,306.6	140,416.0	40.6	112.1
	02	911,074.4	105.7	759,874.2	150,641.2	340.6	112.7
	03	967,863.5	83.8	815,884.7	151,496.0	340.7	58.4
	04	1,073,820.8	81.9	903,534.5	169,795.1	340.8	68.4
	05	1,062,693.2	9.4	885,247.7	176,982.9	340.0	113.3
	06	1,035,568.5	42.3	855,636.0	179,441.0	340.0	109.1
	07	1,029,591.7	40.4	835,478.8	191,889.6	218.7	1,964.2
	08	1,126,133.1	38.3	923,623.7	200,287.0	218.7	1,965.2
	09	1,119,261.8	36.3	925,195.6	192,048.5	220.0	1,761.4
	10	1,140,087.3	75.8	941,578.3	198,085.7	219.4	128.0
	11	1,167,005.3	51.1	969,365.7	197,220.5	239.0	129.1
	12	1,051,680.5	40.8	854,557.6	196,696.5	237.2	148.2
2017	01	1,056,150.4	40.8	850,127.1	205,618.5	237.2	126.7
	02	1,070,100.6	40.8	863,040.6	206,635.0	237.2	146.8
	03	1,035,475.9	40.8	824,332.5	210,740.8	237.2	124.5
	04	1,087,258.3	40.8	868,834.3	217,964.4	266.6	152.2
	05	1,158,298.4	164.1	932,611.4	225,114.3	267.2	141.4
	06	1,132,285.5	101.8	910,777.0	221,059.1	262.2	85.5
	07	1,149,719.5	40.8	922,011.6	227,321.5	260.2	85.5
	08	1,171,156.5	10,002.0	932,368.4	226,435.0	2,259.5	91.5
	09	1,169,498.7	9,072.9	928,770.6	229,312.2	2,259.5	83.5
	10	1,173,784.7	9,039.2	931,197.8	231,199.7	2,259.2	88.9
	11	1,155,975.8	9,025.4	921,977.4	222,803.9	2,079.2	89.9
	12	1,152,950.6	8,687.2	929,876.6	213,846.4	456.4	84.0

