



EUROPEAN
MICROFINANCE WEEK 2014
DEVELOPING BETTER MARKETS

Eco Finance in Mongolia





EUROPEAN
MICROFINANCE WEEK 2014
DEVELOPING BETTER MARKETS

Overview of XacBank

Planet, People, and Profit

2001

Largest Mongolian
NBFIs form
XacBank

2002-2004

Expansion to
National Bank

2005-2007

Int'l Investors
strengthen
corporate
governance

2008-2013

Business Banking,
Internet Banking,
and Eco Banking

2014

Focus on Planet,
People, and Profit
in addition to
inclusive banking

MNT Billions	2010	2011	2012	2013
Net Interest Income	26.8	45.3	60	80.7
Profit	6.5	12.1	15.2	24.4
Total Assets	468	818	1078	1811
Equity	34.6	82.6	97.8	122.2
% Return on Equity	20	22	16.9	22.4
Non-Performing Loans	1.5	1.2	1.3	1.4
Liquidity Ratio	26	31	38	43.8
Capital Adequacy Ratio	13.7	20.8	20.4	16.5
Tier 1 Capital Ratio	9.7	14.4	13.6	10.4

USD 1 = 1870 MNT

- 107 Branches
- ~USD 9 million in eco SME loans
- TA Program with IFC to expand SEF
- Eco Product Program
- Local Leader in Corporate Governance and Corporate Social Responsibility



EUROPEAN
MICROFINANCE WEEK 2014
DEVELOPING BETTER MARKETS

■ Identifying Risks

Significant Environmental Issues Threaten Benefits of Economic Growth



Ulaanbaatar Pollution

- 2nd most polluted city
- 1 in 10 deaths attributable
- USD 450 million in related costs
- Inefficient, aging power grid
- Carbon emissions : GDP 10x global average

How to transition from growth to sustainable green growth?



EUROPEAN
MICROFINANCE WEEK 2014
DEVELOPING BETTER MARKETS

■ Tackling Challenges

XacBank and Partners Leverage Microfinance
to Reduce Air Pollution

FMO

Entrepreneurial
Development
Bank



МОНГОЛ УЛСЫН ЗАСГИЙН
ГАЗРЫН ТУСГАЙ САН
ЦЭВЭР АГААРЫН САН



- Eco Product Program since 2010
- Subsidies to overcome implementation hurdles
- Early program utilized FMO credit line



EUROPEAN
MICROFINANCE WEEK 2014
DEVELOPING BETTER MARKETS

■ Innovative Eco Products

Products Meeting the Unique Needs of
Ulaanbaatar Help Reduce Pollution

Eco Products: Up to 50% less coal in -40° winters



>136,000 efficient stoves
>17,000 *ger* blankets
>136,000 households

Estimated pollution reduction 10-30% between 2011 and 2014.



EUROPEAN
MICROFINANCE WEEK 2014
DEVELOPING BETTER MARKETS

■ Tracking Impact

Advanced Tracking and Monitoring Allows XacBank to Know Its Progress

In-person + Phone Monitoring

- Critical for Carbon Crediting
 - Impact Assessment
 - QA/QC



- Android mobiles used to confirm installations
- MicroEnergy Credits' Tracker platform maintains live data



EUROPEAN
MICROFINANCE WEEK 2014
DEVELOPING BETTER MARKETS

■ Sustainability by Carbon

Developing Innovative Sources of Funding
Makes Green Finance Sustainable



Verified Emission Reductions
&
Certified Emission Reductions

Estimated 2,000,000 tons
CO_{2E} offset by 2019

CER & VER Revenue

- Ease Eco Microloan Terms
- Ease Eco SME Loan Terms
- Fund Eco Product Program Operations



EUROPEAN
MICROFINANCE WEEK 2014
DEVELOPING BETTER MARKETS



Thank you!