

**XACBANK:
GREEN CLIMATE FUND
DIRECT ACCESS ENTITY**

July 2018 | SONGDO, SOUTH KOREA



Eco Banking Department (EBD) Introduction



Three main business lines:

- Sustainable energy finance – renewable energy and energy efficiency financing to contribute to greenhouse gas emission reductions
- Carbon finance – Using carbon finance to leverage the effectiveness of, and contribute to sustainable energy finance. VER, CER-CDM, JCM
- Implementing projects and programs – Building the eco-SME client base of XacBank Energy efficient product distribution program

Reinforcing the sustainable energy market through lending to both supply and demand side

Reinforce sustainable energy market supply

To support the companies producing, selling or adopting solutions that reduce GHG emissions, save energy, or utilize renewable energy solutions by providing concessional loans.

Reinforce sustainable energy market demand

To encourage the consumption of products that reduce GHG emissions, save energy, or utilize renewable energy solutions.

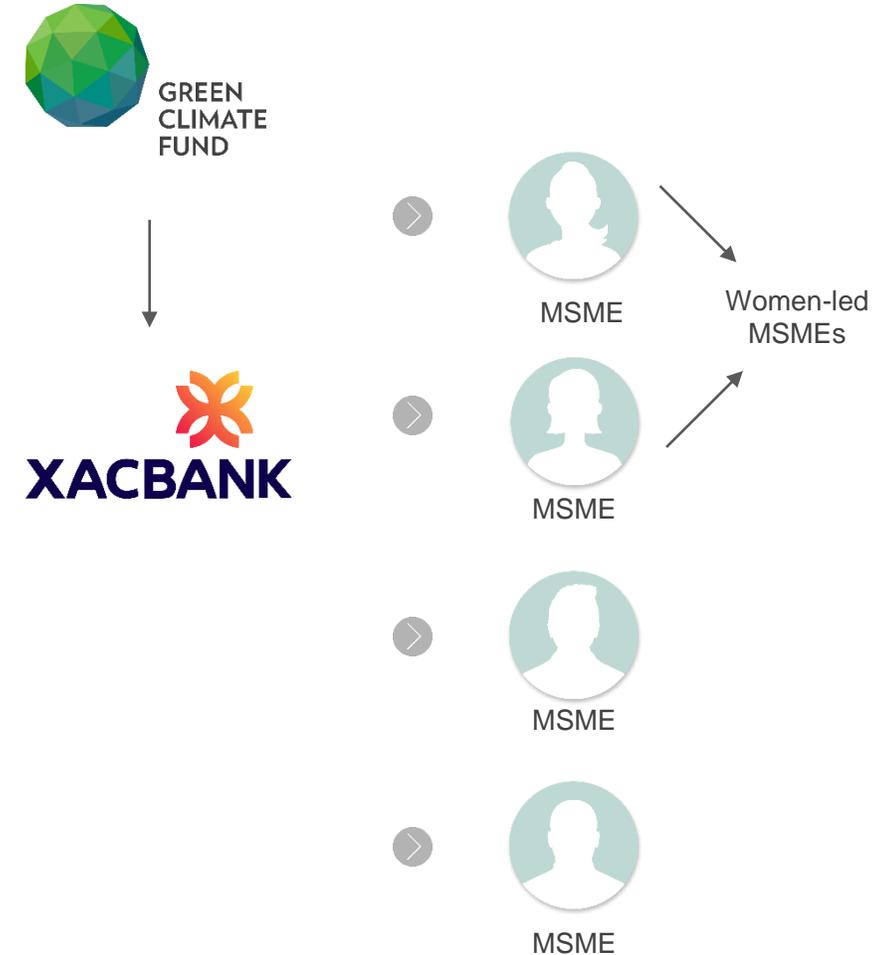
By encouraging green consumption, we are helping to build up the market demand for green SMEs.

Featured:

Business Loan Program for Emissions Reduction

Funding Proposal approved by GCF

- XacBank submitted its first Funding Proposal for consideration at the 15th Board meeting of the GCF. A facility of US\$ 19.5 million of concessionary loans with additional US\$ 500,000 in grant funding for technical assistance related to the program was unanimously approved.
- The facility is aimed at the Mongolian MSME market, and covers all parts of the energy efficiency and renewable energy market supply chain, with the goal of incentivizing the installation of these products in Mongolia; 50% of sub-projects must be women-led MSMEs.



Partnership towards sustainable energy finance



- 1. Netherlands Development Finance Company (FMO)**
Collaborated since 2010 to finance energy efficiency and renewable energy solutions.
- 2. International Finance Corporation (IFC)**
Established technical assistance contract in 2013 to build capacity with regard to implementing programs and to identify more efficient funding opportunities for energy efficiency financing.
- 3. Global Climate Partnership Fund (GCPF)**
USD 20 million facility signed with GCPF in 2012 to finance energy efficiency and renewable energy solutions.
- 4. European Bank for Reconstruction and Development (EBRD)**
USD 10 million facility signed in 2015 to provide renewable energy and energy efficient products to end-users at concessional rates.
- 5. DWM Securitization**
Received USD 5 million concessionary loan in 2016 for sustainable financing purposes.
- 6. Green Climate Fund (GCF)**
Established a USD 20 million contract in 2017 for sustainable financing purposes.

Featured:

Sumber 10MW Solar PV Power Plant

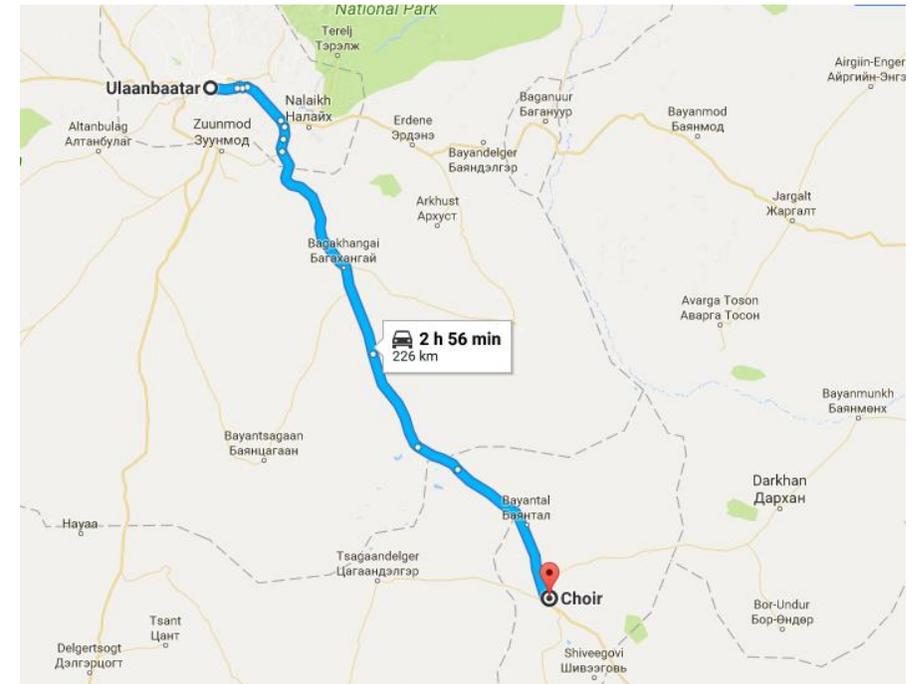
Funding Proposal approved by GCF

- The project was approved by the 18th Board meeting of GCF, with disbursement of a concessional US\$ 8.65 million loan.
- 10 MW solar power plant to be built in Sumber soum of Govisumber province, southern Mongolia
- The project is expected to generate 15,395 MWh of electricity annually, reducing GHG emissions by 12,270 tons annually, with a project life time of 25 years.
- Project lifespan: 25 years
- Project cost of US\$ 17.6 million

Co-financing



- Equity investment of US\$ 8.9 million from ESB Co.Ltd





Expanded Portfolio as a Result of DA Modality

- XacBank regularly works with IFI's in order to strive to bring world class financial services to its clients in Mongolia.
- With access to GCF funding through Direct Access, in order to finance a utility scale renewable energy power plant, XacBank would seek other IFI's or development financing organizations to co-finance the project.
- Through DA modality, XacBank is able to expand its lending portfolio to include utility scale renewable energy power plants, and other similar large scale projects.
- With DA modality, XacBank is able to expand upon its existing sustainable financing portfolio by increasing concessional funding to further support implementation of energy efficiency & renewable energy solutions in Mongolia.

Featured:

Energy Efficient Consumption Loan Program

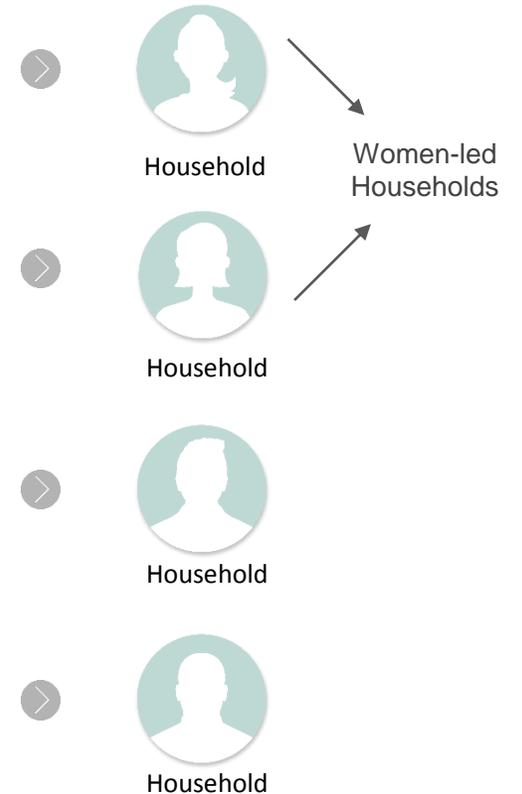
SAP approved by GCF

- XacBank submitted its third Funding Proposal (first SAP) for consideration at the 20th Board meeting of the GCF.
- A facility of US\$9.0 million of concessionary loans with additional US\$1.0 million in grant funding for technical assistance related to the program.
- The Programme aims: (a) to improve access to financing for Mongolian consumers seeking to finance the below types of Energy Efficiency (“EE”) products:
 1. EE Heating appliances;
 2. EE Housing solutions, including:
 - 2.1 EE Housing insulation retrofits;
 - 2.2 EE Housing construction; and
 - 2.3 EE Housing purchase.

Co-financing



- US\$ 9.0 million local commercial fund from XacBank
- US\$ 2.5 million grant from GERES



XACBANK:
GCF DIRECT ACCESS ENTITY

Thank you for your attention,

any questions?