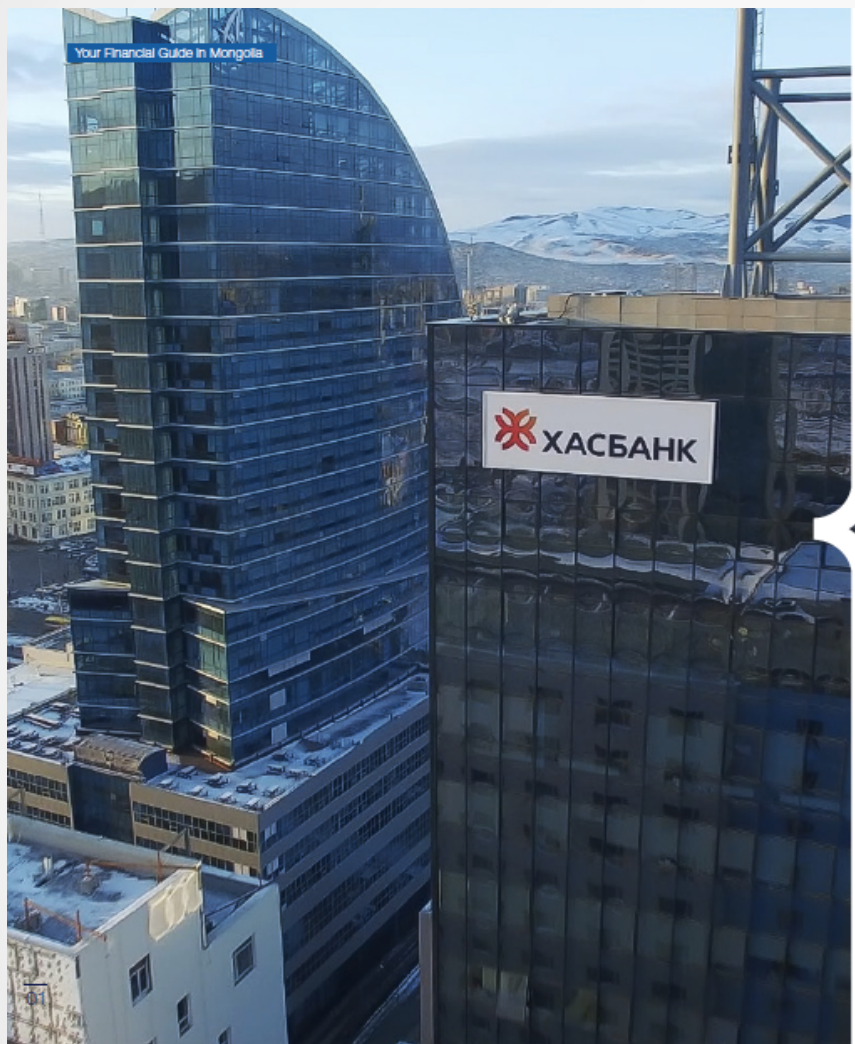


# Trade Finance

XacBank of Mongolia

SME Trade Finance in the CAREC Region



- XacBank is a wholly-owned subsidiary of TenGer Financial Group (“TFG”). TFG is a diversified financial services holding company with a portfolio of subsidiary companies in commercial banking, leasing, insurance, brokerage, investment banking and microfinance providing access to broad financial services to our customers.
- XacBank is a commercial bank founded in 2001 and headquartered in Ulaanbaatar, Mongolia. We provide deposit, loan, digital, card, payments services, trade finance and insurance brokerage across our two major business lines of retail and business banking through our branch and digital network.
- XacBank is the only Mongolian financial institution which is majority owned by a broad base of globally recognized institutional investors, including the IFC, ORIX, EBRD, the National Bank of Canada and Ronoc. The Bank regularly partners with these and many other MFIs and IFIs.



P

LANET  
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\$  
**1.0**  
billion

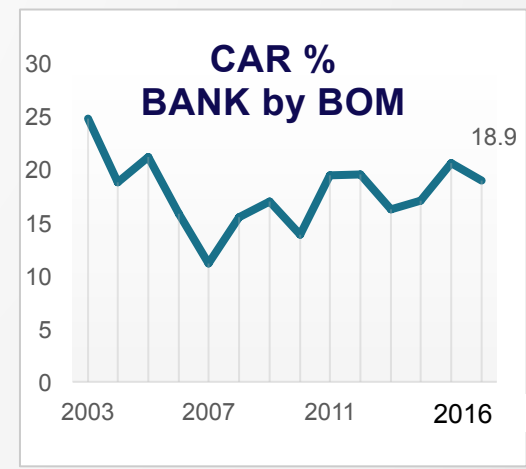
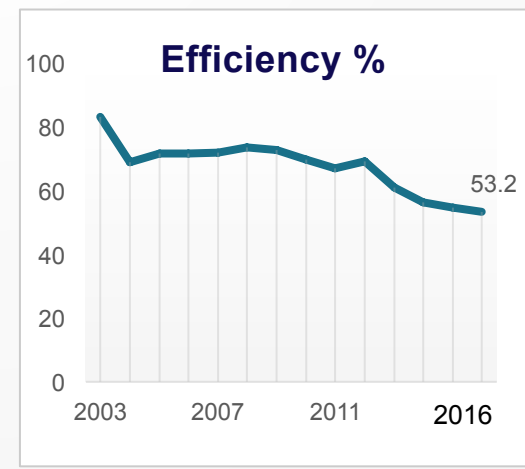
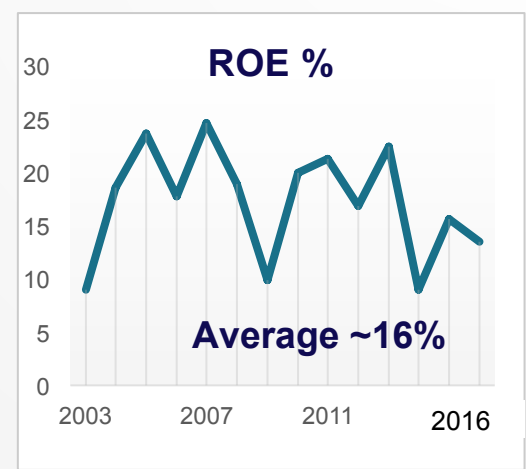
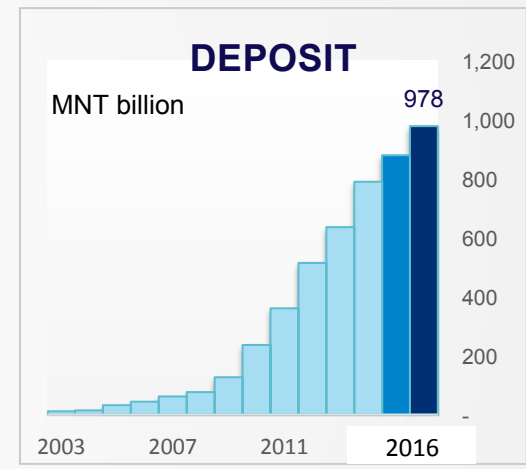
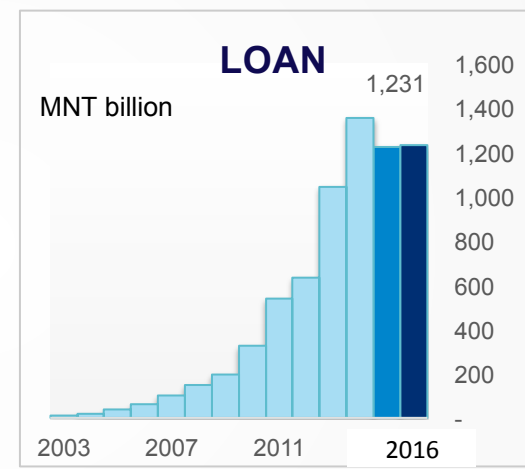
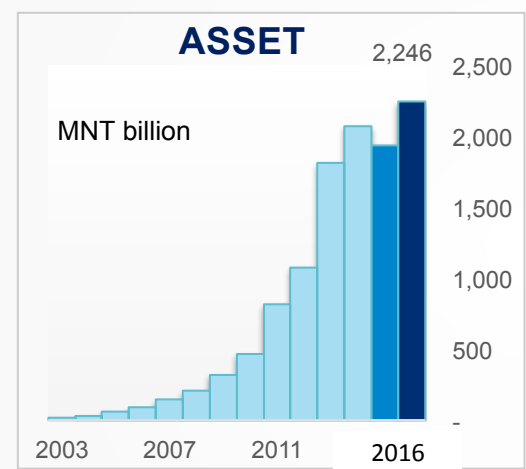
**85**  
branches

**140**  
ATMs

**2,700**  
POS terminals

**700K**  
Clients

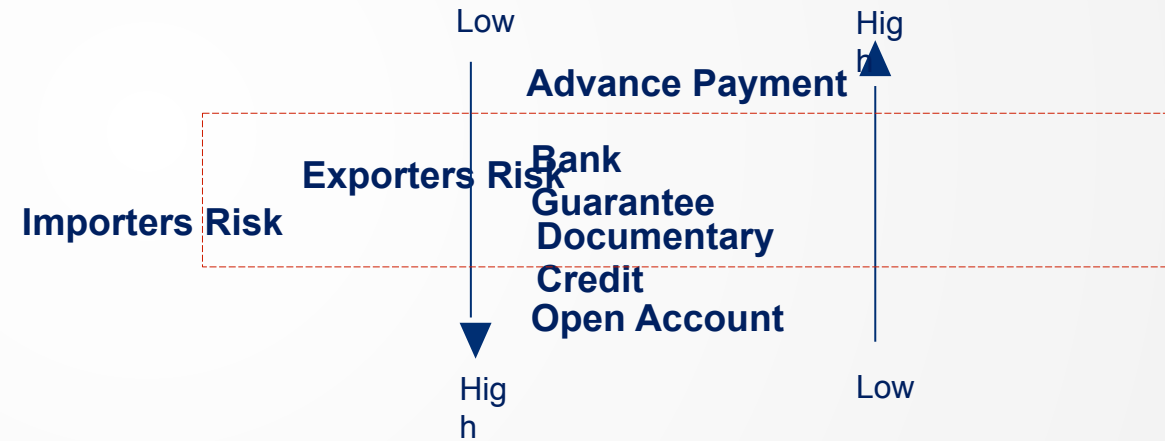
**1.4K**  
Employees







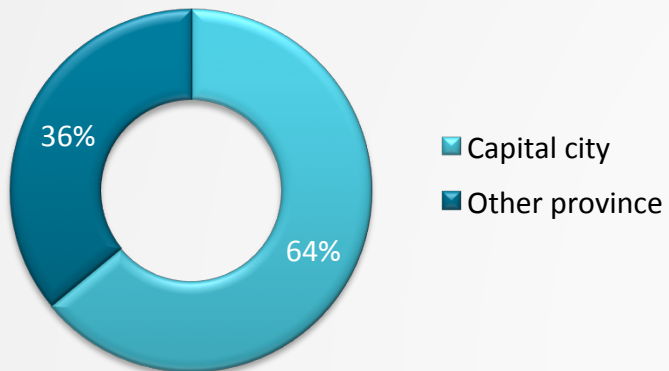
The Trade Finance is most effective financial solution for both domestic and international traders. It can balance interest of both exporter and importer into the equal line.



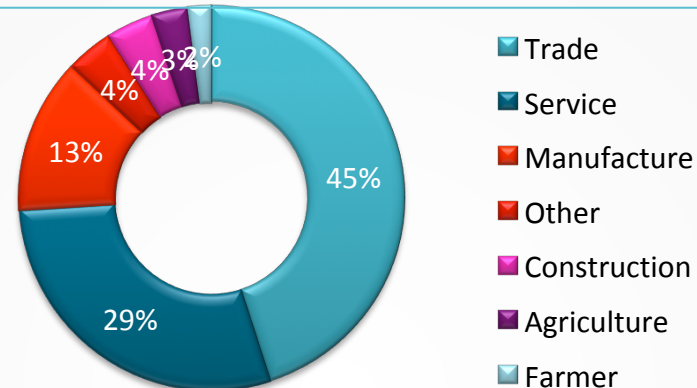




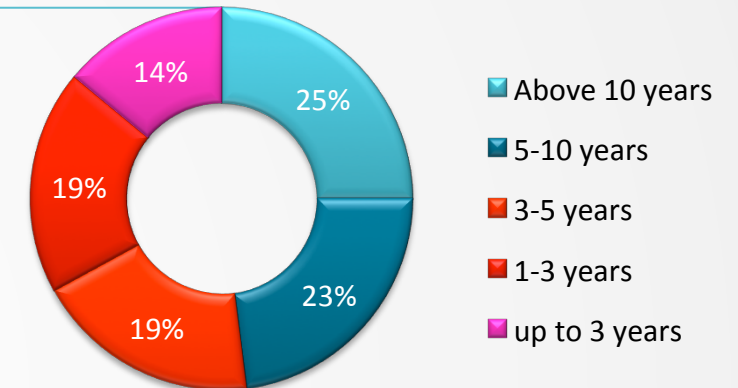
Number of registered SMEs



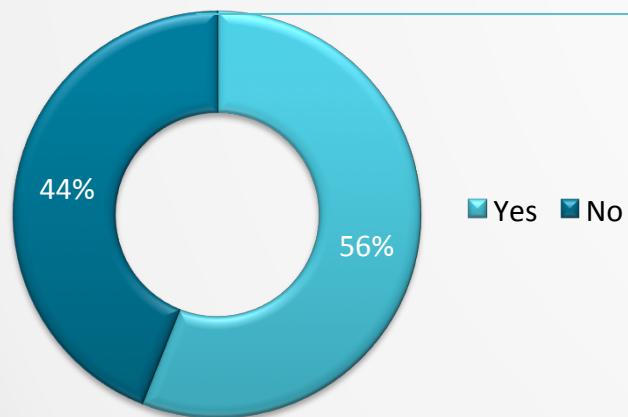
Type of Business



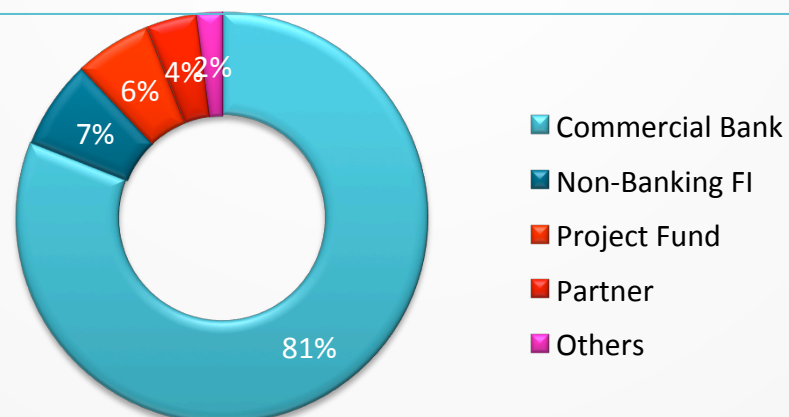
Year of Operation



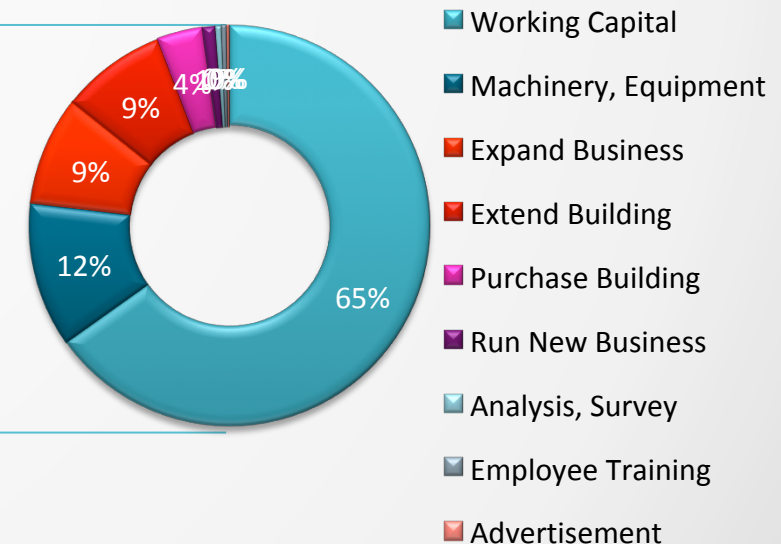
Financing Result



Source of Fund



Fund Expenditure

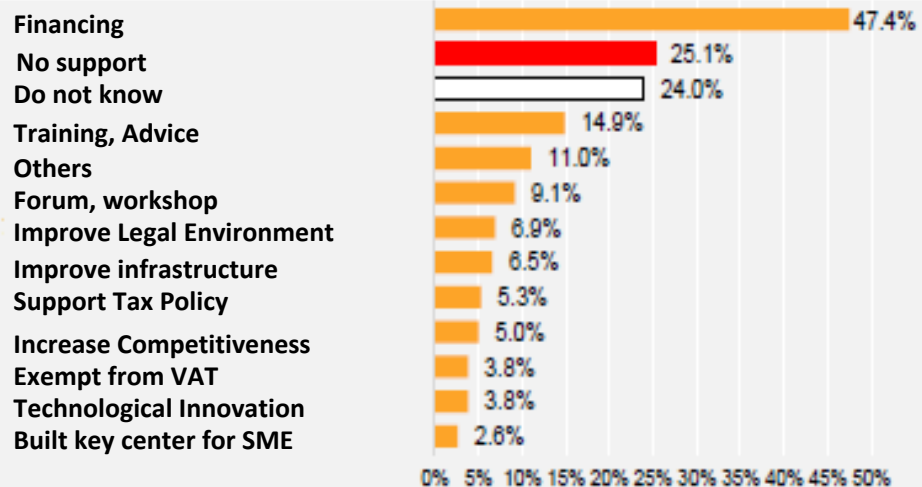




### Institutions supporting the SMEs



### Type of supports

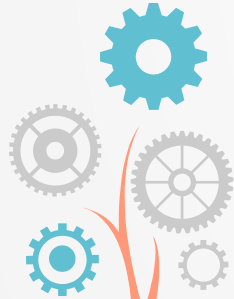


### Prospects for SMEs



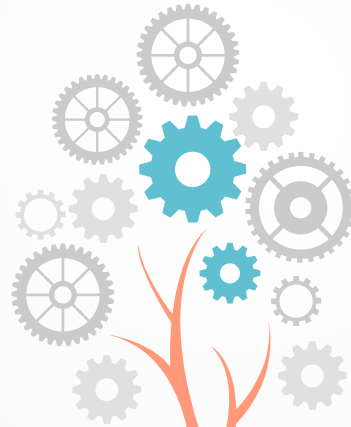


USD 13.0 mil



Retail

USD 22.0 mil



SMEs

USD 40.0 mil



Corporate





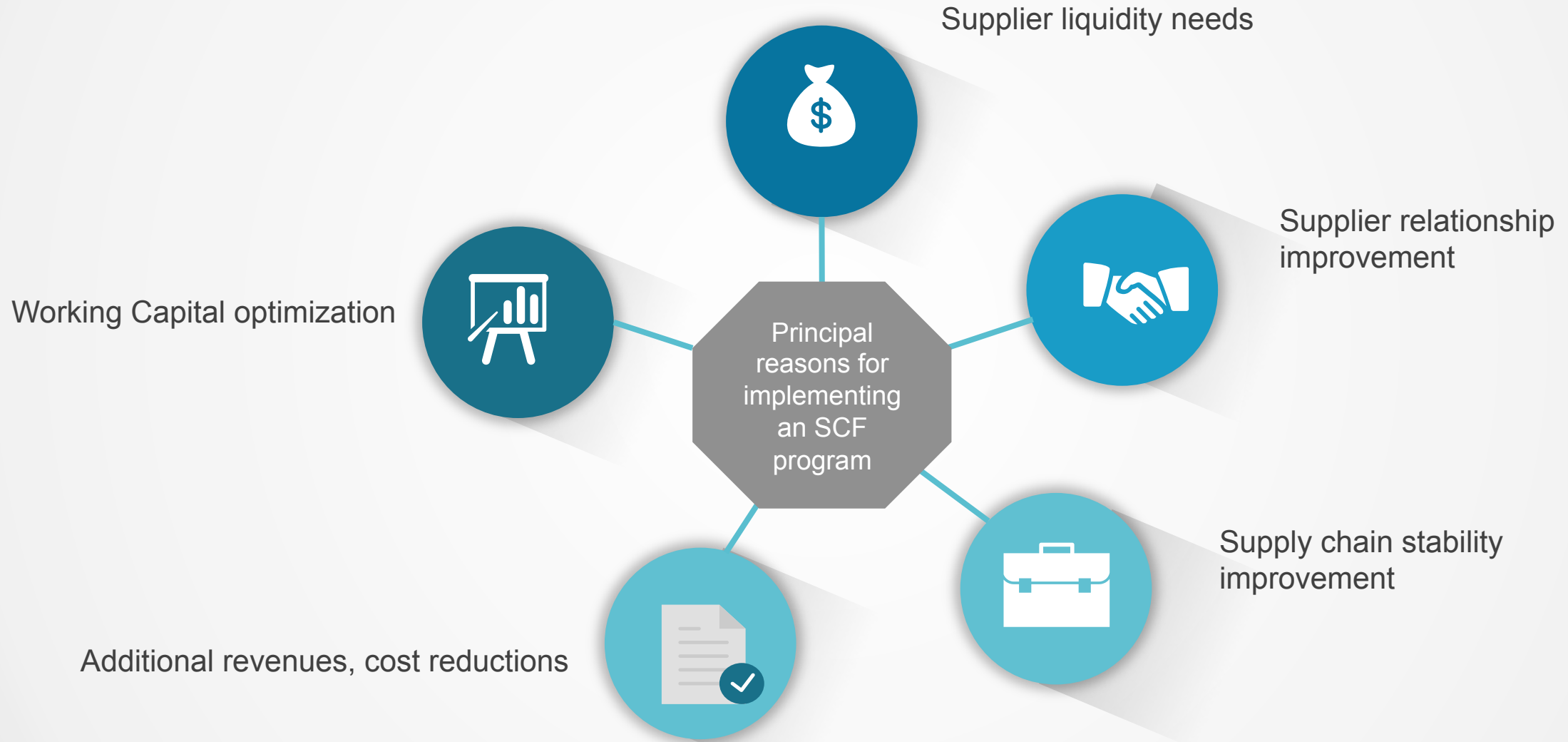
The current economic climate is forcing many companies to better manage liquidity and strengthen their balance sheet. Supply chain finance can be an attractive way for companies to improve their working capital position.

The key concept behind SCF is to provide suppliers with access to advantageous financing facilities by leveraging the buyer's stronger credit rating.





The product meets numerous needs of suppliers of OT







## Benefits for the Supplier

Reap early settlement discounts while still paying at invoice maturity

Longer supplier payment terms

## Benefits for the Buyer

Reduction of Trade Receivables and increase in cash position

Faster access to cash at advantageous rates

Strong cooperation with the buying company; creates a competitive advantage

Faster cash conversion cycle from delivery to cash

## Benefits for the Bank

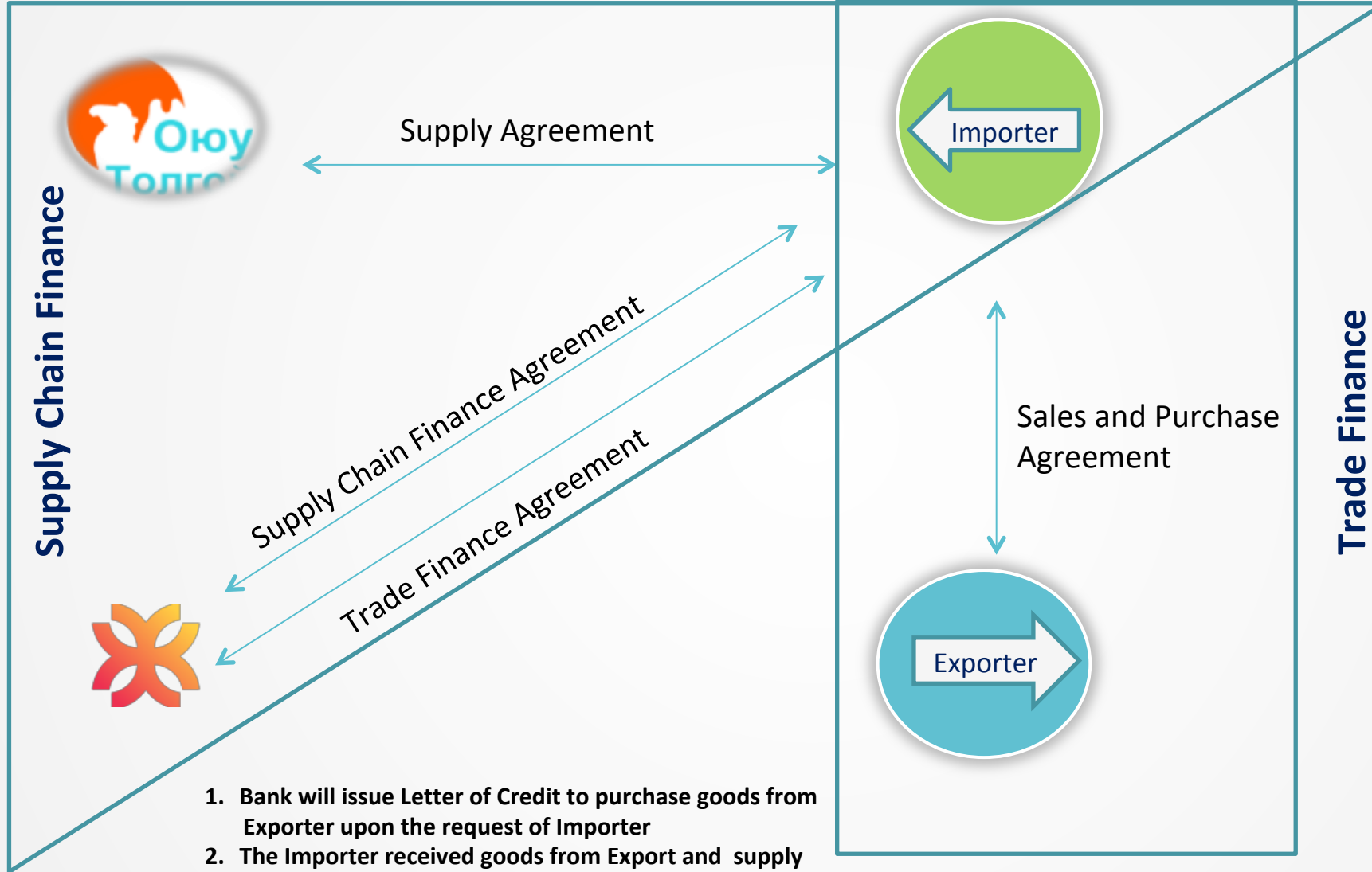
Bank earns a healthy margin on an investment level grade paymaster

Introduce both the supplier and buyer to other banking products and increase cross sale





# 12 Complex Financing Structure



1. Bank will issue Letter of Credit to purchase goods from Exporter upon the request of Importer
2. The Importer received goods from Export and supply to OT
3. Once OT received goods and confirmed, XacBank will provide supply chain financing to the Importer.



# Government Support for SMEs

Project Name	Price Stabilizing Program
Purpose	Stabilize Prices of Key Commodities and Products
Applicable Sector	Fuel, Imported consumption goods, Construction Sector,
Duration	FY2012-FY2015
Source of Fund	Finance Department of Mongolia
Implementing Unit	Commercial Banks
No of Borrowers	15 at XacBank
Total Volume	MNT 25.0 billion

# Government Support for SMEs

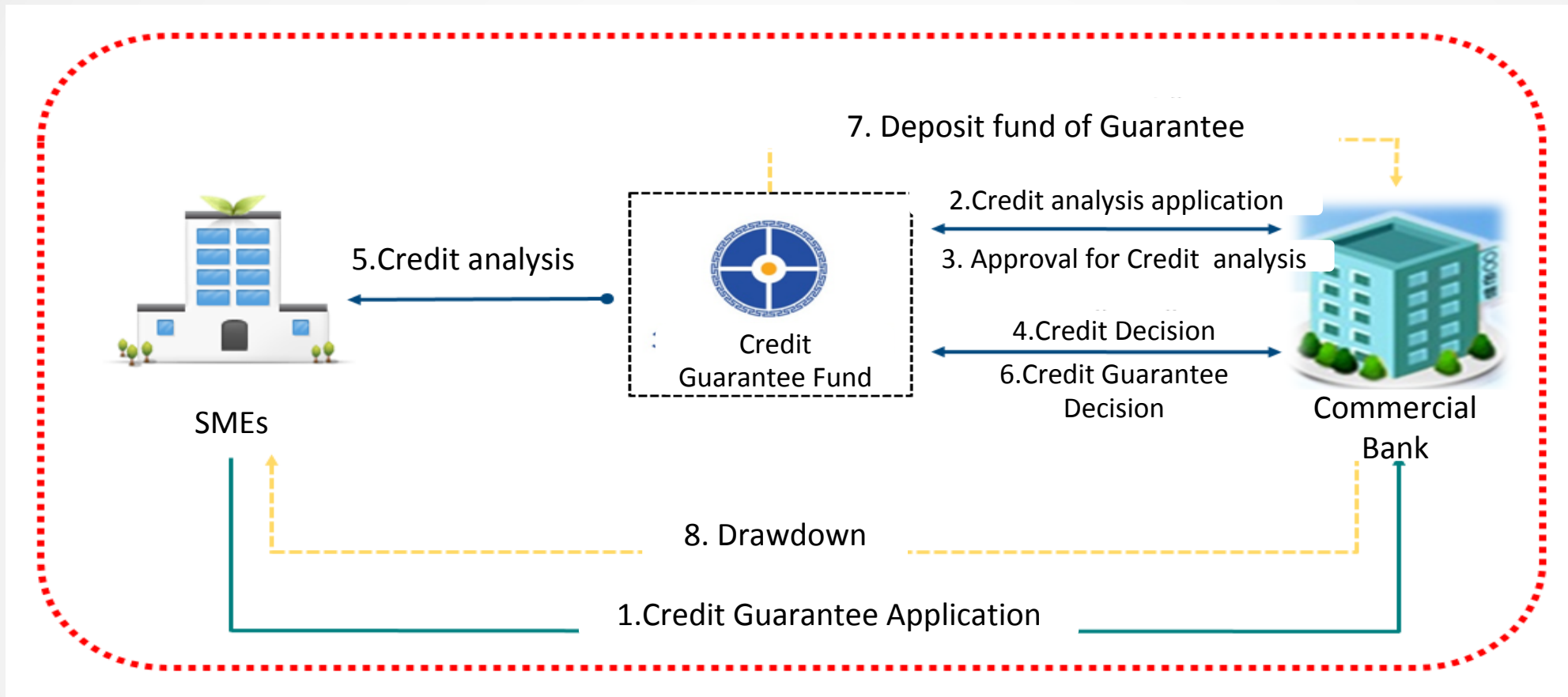
Project Name	Project for supporting the SMEs, operating in Agricultural sector
Purpose	Increase Employment
Applicable Sector	Production of Cashmere, Wool Textile
Duration	FY2018-FY2019
Source of Fund	Government through Development Bank of Mongolia
Implementing Unit	Commercial Banks
No of Borrowers	10 at XacBank
Total Volume	MNT 15.0 billion
Total Volume	Until end of 2019



# Government Support for SMEs

Project Name	Organic Mongolia
Purpose	Increase Employment, produce value added products
Applicable Sector	Agricultural sector
Loan tenor	Up to 36 months
Interest rate	12% per annum
Source of Fund	Government
Implementing Unit	Commercial Banks
Affirmative condition	Grace period up to 12 months
Maximum amount for single Borrower	Up to MNT 60.0 million

# Government Support through Credit Guarantee Fund to SMEs



FY2013 - FY2018 Indicator	No of Client	Share %	Loan Portfolio	Credit Guarantee Amount	In MNT Million Share %
<b>Approved</b>	674	63,4%	178,660.37	82,275.79	58.39%
<b>Declined</b>	260	40.75%	42,531.90	17,317.70	23.24%

# Government Support through Credit Guarantee Fund to SMEs

## Terms of Credit Guarantee

Loan Amount	Up to MNT 1.0 bln
Tenor	Up to 10 years
Interest rate	12%-15% per annum
Grace period on principal amount	Not exceed 24 months
Guarantee amount %	30-60% of Loan Amount /not exceeding the MNT 500 thou/
Credit Guarantee Fee	1.0% per annum