Early Warning System

IFC-37610

Xac Syndication

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Quick Facts

Countries	Mongolia
Financial Institutions	International Finance Corporation (IFC)
Status	Active
Bank Risk Rating	B
Voting Date	2016-03-01
Borrower	XACBANK LTD.
Sectors	Finance, Industry and Trade
Investment Type(s)	Loan
Investment Amount (USD)	$ 105.00 million
Project Cost (USD)	$ 105.00 million

Project Description

This project provides funds to XacBank LLC, the fourth largest bank in Mongolia. The bank will use the funds to make loans to small and medium sized firms, thereby increasing access to capital for Mongolian firms.

People Affected By This Project

1. Access to finance: the project will expand the access to finance for the MSME sector. Given the Company''s strategic plan and its focus in MSME sector, the syndicated facility is expected to support 9,000~11,000 MSME loans per year
2. Improve funding structure: the investment will provide mid to long term funding to an important IFC client, thereby improving its liability structure and strengthening its resilience to adverse liquidity events
3. Access to international markets: the project represents IFC''s continuous efforts to introduce leading Mongolian bank to global capital market and it will create a demonstration effect for other Mongolian entities to attract and use international capital.

Investment Description

- International Finance Corporation (IFC)

Financial Intermediary

Financial Intermediary: A commercial bank or financial institution that receives funds from a development bank. A financial intermediary then lends these funds to their clients (private actors) in the form of loans, bonds, guarantees and equity shares. Financial intermediaries include insurance, pension and equity funds. The direct financial relationship is between the development bank and the financial intermediary.

- XacBank LLC (Financial Intermediary)

Private Actors Description

XacBank originated in 1998 as a microfinance project sponsored by the United Nations Development Program and the United States Agency for International Development, transformed into a bank in 2001, and is currently the fourth largest bank in Mongolia in terms of outstanding loans. By June 2015, the Bank had 90 branches and 1,477 staff, served over 460,000 active depositors and over 100,000 active borrowers, and had total assets of MNT1,884 billion (US$950 million equivalent) and gross outstanding loans of MNT1,289 billion (US$650 million equivalent). IFC started partnership with XacBank in 1999 by providing advisory services to assist its transformation into a bank, and provided it a few senior loans and subordinated debts in the past ten years to support its business growth.

XacBank is wholly owned by Tenger Financial Group (“TFG”), a Mongolian financial service holding company offering banking, leasing, insurance and micro credit services through its subsidiaries. XacBank is its primary subsidiary and represents over 90% of its total assets. Other major subsidiaries include (i) XacLeasing, the first independent leasing company in Mongolia; (ii) Xinjiang Urumqi Tianrong Micro Credit Co., Ltd (“Xinjiang MCC”), a micro credit company based in western China, in which IFC is a shareholder with a 10% stake; (iii) Tenger Insurance, a general insurance company; and (iv) Tenger Capital, providing brokerage and financial advisory service.

Contact Information

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ACCOUNTABILITY MECHANISM OF IFC

The Compliance Advisor Ombudsman (CAO) is the independent complaint mechanism and fact-finding body for people who believe they are likely to be, or have been, adversely affected by an IFC or MIGA- financed project. If you submit a complaint to the CAO, they may assist you in resolving a dispute with the company and/or investigate to assess whether the IFC is following its own policies and procedures for preventing harm to people or the environment. If you want to submit a complaint electronically, you can email the CAO at CAO@worldbankgroup.org. You can learn more about the CAO and how to file a complaint at http://www.cao-ombudsman.org/