Early Warning System

IFC-38121

Khan Bank Syndication Loan

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Quick Facts

Countries	Mongolia
Financial Institutions	International Finance Corporation (IFC)
Status	Approved
Bank Risk Rating	B
Voting Date	2016-05-31
Borrower	KHAN BANK LLC
Sectors	Finance
Investment Type(s)	Loan
Investment Amount (USD)	$ 40.00 million
Project Cost (USD)	$ 100.00 million

Project Description

The proposed investment is a syndicated senior loan of up to US$100 million to Khan Bank LLC, an IFC's existing client, to strengthen the Bank's capacity in supporting local micro and SMEs in Mongolia.

Expected Development Impacts
i. Access to finance: Given the Bank's strategic plan and its focus on small and medium sized enterprises (MSMEs), the project will support the Bank's lending to MSMEs and small projects.

ii. Funding structure improvement: This syndicated facility will provide medium to long term funding to the Bank, thereby extending its funding structure and improving its liquidity position.

iii. Access to international markets: The project represents IFC's continuous efforts to introduce leading Mongolian bank to global capital market.

Investment Description

- International Finance Corporation (IFC)

The Bank, established in 1991, is one of the oldest and largest commercial banks in Mongolia, with total assets of US$ 2.56 billion as of Dec 31, 2015. The bank was a market leader in total loans and customer deposits with 26.6% and 27.3% market share, respectively at the yearend 2015. Through its extensive service network of 545 branches and 583 ATMs, the bank services 2.3 million customers including 388,000 borrowers throughout the country. Khan Bank is rated by Moody's (B2) and Fitch Ratings (B).

Khan Bank is directly and indirectly owned by Sawada Holdings Co. Ltd (54.4%), a public company listed on Tokyo Stock Exchange. Tavan Bogd Trade Co. Ltd, one of the largest private conglomerates in Mongolia, owns 22.9% and International Finance Corporation (IFC) owns 9.3% of the Bank. Ms. Khulan. D, a Mongolian citizen, owns the remaining 13.3% of the Bank.

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.

- Khan Bank LLC (Financial Intermediary)

Private Actors Description

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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/