



EBRD Arranges USD 46 million Syndication in Mongolia to Boost Xacbank's SME Financing

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USD 46 million credit arranged by the [EBRD](#) will help leading small business bank increase long-term lending to SMEs

The [EBRD](#) is arranging a senior USD 46 million loan to Mongolia's [XacBank](#), the fourth largest bank and a leading small business lender in the country. This will be the first syndicated financing facility for the EBRD in Mongolia's financial sector involving commercial banks, and one of the first syndicated loans in the country in general.

The loan will be structured as follows: USD 15 million for the EBRD's own account (A-loan, which includes a contribution from the TaiwanICDF in the amount of USD 5 million through the Special Fund managed by the EBRD) and USD 23 million syndicated to commercial lenders (B-loan). The B-lenders are JSB"ROSEVROBANK" (OJSC), ING Bank N.V., Singapore Branch, BANK IM BISTUM ESSEN eG, OJSC Promsvyazbank and Demir-Halk Bank (Nederland) N.V. International Investment Bank, headquartered in Moscow, will join the facility in parallel with USD 8 million (parallel loan).

Muzaffar Zukhurov, the EBRD syndications banker in charge of the deal, said: «The syndication proved to be successful, with over 100 per cent over-subscription achieved. The EBRD was able to attract USD 31 million in co-financing against the initially-targeted USD 15 million. This yet again demonstrates the importance co-financiers attach to the EBRD's involvement when taking exposure to difficult markets such as Mongolia».

The loan will provide XacBank with longer tenor funding which will be used for long-term loans to small and medium-sized businesses. The financing package will help the bank increase its market share in the growing SME segment.

XacBank is the first EBRD client in Mongolia. Since that first USD 6 million loan back in 2006, the EBRD provided loans, trade financing and equity in its parent company, TenGer Financial Group.

Since the beginning of its operations in Mongolia in 2006, the EBRD has invested about USD 850 million into the country on 50 projects.