

Dutch Good Growth Fund



Ministry of Foreign Affairs of the Netherlands

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XacBank

XacBank was established in 2001, starting as a dedicated microlender. Responding to the unmet need from SMEs for suitable financing, it started to offer a SME loan product in 2012. Today the bank services 1,400 SMEs and the SME loan portfolio comprises around half of the bank's total loan portfolio.

In the past 2 years, XacBank has been affected by Mongolia's deteriorated macroeconomic situation. The Mongolian economy has been hit hard by several negative developments, including a sharp drop in commodity prices and the closure of the largest mine in the country. This affected portfolio quality of banks in the country and hence their ability to attract funding. XacBank's loan portfolio decreased by 25% in the period from 2014 to 2016.

Sectors

Trade, manufacturing, services

Amount Invested

USD 10 million / EUR 9.4 million

Manager of the FI

XacBank Limited Liability Company ('XacBank') is a regulated commercial bank focused on microfinance and SME lending headquartered in Ulaanbaatar, Mongolia with 87 branches across the country.

Impact

Through the loan, DGGF is supporting XacBank to resume the growth of its SME loan portfolio as the Mongolian economy shows signs of improvement. As an important component of the Mongolian economy, the SME sector contributes to around 60% of employment in Mongolia and will play a crucial role in the recovery of the country. The loan is expected to allow XacBank to execute their business plan in times of funding challenges and send a positive signal to other investors. DGGF's loan will financing approximately 333 SMEs, of which an estimated 40% is owned by female entrepreneurs.

Website: <https://www.xacbank.mn/>