

PRESS RELEASE

Largest note ever in frontier currency

The Hague, 8 June 2020 – FMO, in partnership with TCX (The Currency Exchange Fund) has set a new milestone in frontier currency markets: its largest offshore note ever issued in a frontier currency, amounting to USD 50 million in Uzbekistan Som.

Fatoumata Bouaré, FMO's Chief Risk & Finance Officer: "We are very happy to see investors' continued interest in frontier currency risk in these volatile times with high capital flight from upcoming economies. This is an encouraging sign, which also puts the financial sector in Uzbekistan in a better position, less exposed to the dollar and less vulnerable to currency fluctuations."

Offset exposure

In Uzbekistan, FMO has already lent the equivalent of USD 65 million in local currency since 2018, and the equivalent of USD 20 million is ready for disbursement the coming week. Funds denominated in local currency have been provided to both Hamkorbank and Ipak Yuli Bank, FMO's longstanding clients in Uzbekistan.

Investors can buy such frontier exposure through FMO notes which are hedged by FMO with TCX. In line with its core business, TCX hedges the exchange rate risk associated with the lending needed for projects in such countries. However, by stimulating the interest of investors, who are willing to take on these frontier currencies, TCX is able to offset much of its exposure. This frees-up additional capacity to provide more hedges related to the lending business of TCX's investors. FMO has issued approximately USD 800 million in local currency denominated bonds to date.

Othman Boukrami, Head of Trading at TCX: "It is exciting to see that despite the increased uncertainty, demand for the higher yielding frontier currencies has been little affected by the COVID-19 crisis. We believe that the diversification effect of AAA-rated frontier currency notes remains a unique feature that will see an increase in investor interest. For TCX this means more impact per USD invested in the fund."

Citigroup acted as the arranger, structurer and distributor of the note, which has a maturity of two and a half years and an interest rate of 15 percent. The note will be listed in Luxembourg.

"We are delighted to have partnered with FMO and TCX on this landmark transaction, which represents the largest Uzbek sum private placement ever, and contributes further to the



development of the frontier currency bond market.” Says Amaury Gossé, Global Head of MTNs at Citi.

About FMO

FMO is the Dutch entrepreneurial development bank. As a leading impact investor, FMO supports sustainable private sector growth in developing countries and emerging markets by investing in ambitious projects and entrepreneurs. FMO believes that a strong private sector leads to economic and social development and has a close to 50-year proven track-record of empowering people to employ their skills and improve their quality of life. FMO focuses on three sectors that have high development impact: financial institutions, energy, and agribusiness, food & water. With a committed portfolio of EUR 9.7 billion spanning over 85 countries, FMO is one of the larger bilateral private sector developments banks globally. For more information: please visit www.fmo.nl

About TCX

TCX is a global development finance initiative structured as a fund that counts among its shareholders FMO, IFC, EBRD, EIB, KfW, AFDB and AFD together with the Dutch, Swiss, British and German governments as first loss providers. TCX offers medium-long term cross-currency swaps and FX forwards in 80+ currencies where such products are not available or poorly accessible. TCX started operations in 2007 and has since then provided hedging instruments with a total volume of USD 7 billion, spread over 3,000 transactions in over 60 currencies. Today the fund has a total exposure of over USD 4 billion on 60 frontier market currencies. For more information, visit www.tcxfund.com

About Citigroup

Citi's Markets and Securities Services provides world-class solutions that are as diverse as the needs of the corporates, institutions, governments, and individual investors we serve in 160 countries and territories. The breadth, depth, and strength of our underwriting, sales and trading, and distribution capabilities span asset classes and currencies, sectors and industries, covering a vast array of products. Our research and analysis offer the highest-quality corporate, sector, economic, and geographical insights - from equity and fixed income research to market and product analysis — helping individual and institutional clients navigate a complex global marketplace.

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