

Frontclear closes another currency hedging transaction with Unibank and TCX in Azerbaijan

July 2022. Frontclear arranged and structured an AZN/USD non-deliverable cross currency swap (NDCCS) transaction with Unibank Commercial Bank OJSC (Unibank). This transaction has made it possible for Unibank to effectively convert their USD liabilities into AZN liabilities, making it possible to provide its clients with local currency financing. The NDCCS transaction is documented under a Master ISDA Agreement. The transaction helped to further clarify certain legal issues related to close-out netting in Azerbaijan, which were mitigated by effective Frontclear deal arranging and structuring.

“We are happy to execute another ISDA derivative transaction in Azerbaijan and further advance the development of Azerbaijan’s money markets. The transaction strengthens global markets players’ ability to access the Azerbaijani market and mitigate legal risks in the country. Our involvement continues to promote best practices such as margining in Azerbaijan.” – Andrei Shinkevich, Senior VP Frontclear

“We are pleased with the Frontclear partnership that allowed TCX to offer a way for Unibank to swap its USD liabilities into AZN, enabling Unibank to meet the demand of its customers for Manat funding. TCX is also a beneficiary of this partnership as Frontclear covered the credit and legal risks. Avenues are opened for TCX to venture into direct relationships with partners with more comfort in the future, serving the long-term relationship of the Fund.” – Jerome Pirouz, Senior VP Structuring, TCX

Chairman of the Management Board of Unibank CB Faig Huseynov stressed that the partnership with such authoritative organizations as Frontclear and TCX will create new opportunities for the bank's customers: “We are very pleased that the NDCCS transaction will open-up new opportunities for financing local business, which is one of the important targets in Unibank’s strategy. This agreement will provide more opportunities to provide our corporate clients with affordable and low-risk financial resources. Thus, Unibank will be able to increase its support for the development of the real economy.”

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About Frontclear

Frontclear is an Amsterdam based development finance institution. Frontclear is funded by European development finance institutions, including the European Bank for Reconstruction and Development (EBRD), the Dutch development bank FMO, the Financial Sector Deepening Africa (FSDA), the French development bank Proparco, The Currency Exchange Fund (TCX), the UK's Foreign, Commonwealth and Development Office (FCDO) and the German Ministry of Development Cooperation (BMZ). Frontclear's guarantees are counter-guaranteed by KfW, a AAA-rated German development Bank. Frontclear's development mandate is focused on catalyzing more stable and inclusive financial markets in emerging and frontier markets through the provision of financial guarantees to cover counterparty credit risk. Frontclear also offers technical assistance to develop the financial infrastructure, legal environment as well as the skills and capacity of the local market participants. For further information, please visit www.frontclear.com.

About Unibank

Unibank CB OJSC has been operating since 1992. It is one of the largest private banks in Azerbaijan. The bank has a wide network of services in the capital and regions. At present, Unibank serves more than 1 million individual and corporate clients. For more than 27 years, Unibank has been awarded numerous awards by international and local organizations for his successful commercial activities and participation in social projects. More information about Unibank: <https://unibank.az/en/aboutBank>

About TCX

TCX is a global development finance initiative which offers long term currency swaps and forwards in 100+ financial markets where such products are not available or poorly accessible. The Fund started operations in 2007 and has since then provided hedging instruments for over USD 11 billion of local currency loans. As of end 2021, the fund portfolio amounted USD 5 billion spread across 55 currencies, supported by fund equity of USD 1.2 billion. TCX is rated single A by S&P and A1 by Moody's. <https://www.tcxfund.com/>

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