

The background of the slide is a solid orange color with a pattern of various international coins scattered across it. The coins are semi-transparent and show different denominations and designs, including a 50 Centavos coin from Paraguay, a 2 Metical coin from Mozambique, a 5000 Ariary coin from Madagascar, a 5000 Pong coin from Laos, a 5000 Pesos coin from Colombia, and a 5 Colones coin from Costa Rica. The text 'TCX' is positioned in the top left corner.

TCX

LCY Lab
Treasury session
October 10th, 2019



Local Currencies

10th October 2019

01

Context

Hedging

- ✓ The Balance Sheet is in EURO.
- ✓ The AFD swaps:
 - ✓ Fixed Rate in EUR against Floating Rate in EUR
 - ✓ Fixed Rate in CCY against Floating Rate in EUR
 - ✓ Floating Rate in CCY against Floating Rate in EUR

Accounting

- ✓ AFD documents only Fair Value Hedge

P&L

- ✓ AFD P&L is about 150/200 M€ (see table)
- ✓ This is a relatively small P&L that requires stability in the valuation
- ✓ Thus FVH is the solution to smooth the impacts of valuation effects.

	P&L M€
2018	145
2017	215
2016	138
2015	180

02

Local Currencies

Assets

- ✓ AFD holds loans in Local currencies
- ✓ The related hedges are dealt with TCX
- ✓ The development of these assets is constrained by limits

Limits

- ✓ AFD has limits per currencies groups depending on FVH documents

Goal

- ✓ During the first semester 2019, the AFD goal was to be able to document in FVH Local currencies already hedged in the balance sheet.

03

Implementation

IT

- ✓ AFD uses Quantifi as booking and valuation system
- ✓ The goal was to implement an interface between TCX/DLM market data repository and Quantifi

Implementation

- ✓ TCX/DLM has helped us to define the data set needed by AFD and to implement the interface
- ✓ Some additional work was needed between DLM/Quantifi and AFD to finalise the implementation
- ✓ Ultimately, AFD succeed to implement the interface to document FVH relationship
- ✓ The Approach and the results have been validated by AFD external auditors.

Next step

- ✓ The next step for AFD could be to be able to document CFH relationship.



European Bank
for Reconstruction and Development

EBRD's Experience with Developing RFR Benchmarks in CoOs

EBRD Treasury

October 2019

Some RFRs in EBRD CoOs

- EBRD has worked (and is still working) with local banks and authorities in many of its Countries of Operation to help improve the transparency and credibility of local interbank indices or develop new ones
- For example, in Georgia, EBRD assisted the NBG to reform the O/N TIBR index, (and term TIBR rates) and subsequently issued bonds and loans indexed to these benchmarks.

	Russia RUONIA	Egypt CONIA	Turkey TLREF	Georgia Reformed TIBR	Kazakhstan Reformed TONIA	Morocco ?
Available now?	Since 2010	From October 2019	Since June 2019	Since August 2018	Reformed index definition agreed and to be implemented	Reformed index still under discussion by the WG
Secured?	No	No	Yes	No	Yes	Yes

PRICING OF CO-FINANCED LOANS

Pim Arends
Treasury

FMO
Entrepreneurial
Development
Bank



**European
Investment
Bank**

The EU bank

A circular arrangement of twelve blue stars, similar to the European Union flag, positioned to the right of the text 'The EU bank'.

MARKUS SCHULTE - SWAP CREDIT GUARANTEE

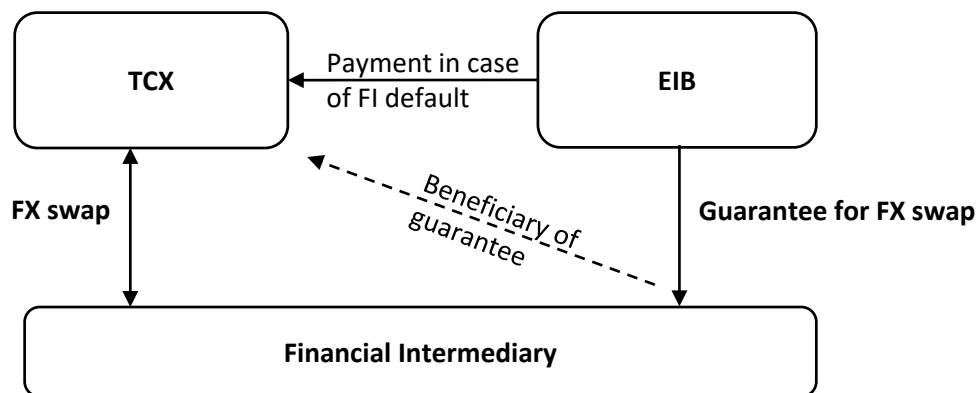
TCX Lab

Paris, 10th October 2019

Credit guarantee from DFIs to TCX counterparts

Overview

- ▶ Cash collateral needed for FX swap
- ▶ Limited possibilities for TCX to take on (and evaluate) credit risk



Advantages of DFI guarantee

- ▶ Reduction of market risk → improvement of capital ratios
- ▶ FI can focus on main activity: lending

Lucinda Haremza

“Pricing transfer and
convertibility risk”



Richard Palmer

“Breaking ground in the LCY market”