

# Invest with Impact

## Reducing inequalities through finance

### Bold reforms

Uzbekistan is the geographic centre of Central Asia and the country with by far the largest population in the region. The country, harbouring 33,6 million people, has a diverse economy and a relatively young population. Since 2016 the Government of Uzbekistan has started to implement bold reforms focused on a sustainable transformation to a market economy, reform of state institutions, citizen engagement, and investments in human capital, all critical to ensuring more inclusive economic growth and improving citizens' lives.

Higher agricultural output, higher construction activity and increasing investor interest accelerated real GDP growth in Uzbekistan. In 2019 the GDP stood at USD 57.9 billion, growing 4.5% in 2017 to 5.1% in 2018.

Due to the Corona virus-outbreak and the global economic recession, the economic outlook for Uzbekistan has also weakened. However, the government of Uzbekistan quickly adopted a package of anti-crisis measures, including a USD 1 billion fund and tax exemptions for entrepreneurs on social tax payments.

### Leader in the micro segment

Hamkorbank was founded in 1991 and is one of the leading private commercial banks in Uzbekistan. Today, 30 banks operate in the country, 13 state owned and 17 private. Hamkorbank is a universal bank offering a wide spectrum of banking services including loans, deposits, cash and money transfer services, foreign exchange, letters of credit and leasing. The banks clients comprise of SMEs (53%), corporates (33%) and individuals (14%). Hamkorbank is the market leader in the micro segment.

The development strategy is to further increase its focus on micro and small to medium sized enterprises, as well as on the substantial agro-lending portfolio. Currently the bank has 44 branches and 168 so-called mini banks.

### The loan

After establishing relations in 2012 with Hamkorbank by providing a first credit line, FMO became a 15% shareholder of the bank in 2014. From the start, the relationship with the bank is very good, with strong commitment to cooperate closely.

The loan, in which the Fund participates, dates from June 2019. The USD 30 mln loan has partly been used to finance a combination of Youth, Agriculture, Micro and SME customers of the bank, and the remainder has been used to finance general SME customers.



## In perspective




Hamkorbank has the size to make real impact in Uzbekistan. With FMO's funding Hamkorbank will increase its financing activities to eligible Micro, Agri, Youth- and Women-owned businesses. Together with the implementation of an environmental & social action plan and an associated management plan, Hamkorbank can make substantial contributions to job creation and to reducing inequality in Uzbekistan. The bank is also applying the EDFI Exclusion List, Uzbekistan's Environmental & Social laws and regulations as well as the IFC Performance Standards Framework for their identified transactions with higher environmental and social risks.

The latest funding (May 2020) to Hamkorbank will extend its focus to green investments as well, with the aim to stimulate green modernization among its agricultural client base. Green Line financing is a way for FMO and its partners to actively promote sustainable initiatives and endorse 'green' business.

Hamkorbank is keen to work with FMO on establishing a position as a green bank. Together a technical assistance project will be designed to strengthen Hamkorbank's capacity to originate, evaluate, underwrite and monitor green finance transactions and understand the technical requirements of green finance.



## The development of

Hamkorbank		2019
 Branch/mini-bank		44/168
 SMEs in portfolio		>20,000
 FTE		>2,750
FMO investment		
FMO loan		USD 30 mln
Fund part		USD 4 mln

“Growing an inclusive economy one loan at a time.”



### The Fund Manager

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### The Investment Advisor

FMO Investment Management BV ('FMO IM') is a MiFID licensed Dutch investment firm and 100% subsidiary of the Dutch development bank FMO NV. FMO IM advises on the loan portfolio at the request of the Fund Manager. All loans offered to the fund have successfully completed the investment process of FMO and have thus been added to FMO's own loan portfolio.

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