

Frontclear facilitates a transaction with Development Bank of Mongolia and Societe Generale

10 January 2019. Frontclear arranged and structured back-to-back USD/JPY cross-border cross currency swap transactions for the value of USD 30 million with Societe Generale and Development Bank of Mongolia.

Credit, legal and operational risks have made it very difficult for Mongolian banks to access global capital markets. This second landmark transaction of Frontclear in Mongolia has made it possible for Development Bank of Mongolia LLC (DBM) to competitively access the swap market with foreign banks and hedge the proceeds of a Samurai bond issue into USD. Both cross currency swap transactions were documented under an International Swap and Derivatives Association (ISDA) agreement, whereby Frontclear customized the swap confirmation to overcome legal issues in the Mongolian market.

The transactions helped to further clarify certain legal issues related to close-out netting in Mongolia, which were mitigated by effective Frontclear deal arranging and structuring. The transaction documents introduced best practice operational and legal concepts, which were reviewed and discussed in a Frontclear organized Executives' Roundtable in Ulaanbaatar in September 2018. Frontclear is already planning further technical assistance in Mongolia to address those legal issues as well as other roadblocks preventing Mongolian banks effecting accessing global funding and swap markets.

"We are proud to execute our second transaction in Mongolia and the key role we have played in originating the structure and bringing Societe Generale to work in money market transactions in the country. The transaction strengthens Mongolian banks' ability to mitigate legal and operational risks and sets a benchmark for the development of Mongolia's money market going forward." according to Andrei Shinkevich, Senior VP Frontclear.

"This is DBM's first ever swap transaction with Societe Generale and we look forward to working with new partners to expand our treasury operation", Amgalan Battulga, Head of Treasury Management, Development bank of Mongolia noted.

"Societe Generale is delighted to have concluded this transaction with Frontclear allowing Development Bank of Mongolia to hedge interest rate and currency risks related to its Samurai bond. It illustrates the strength of the collaboration between our two institutions, Societe Generale and Frontclear, which share the common objective to participate to the development of capital markets in emerging countries," Jérôme Sabah, Global Head of Rates, Credit and Forex Sales for Financial Institutions at Societe Generale said.

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About Fronclear

Frontclear is a development finance company dedicated to stable and inclusive money markets. Its investors are largely European development financial institutions. Frontclear has unlocked access to global and local interbank

markets for EMDC banks by providing credit guarantees to cover counterparty credit risk, on the condition that local currency assets can be used for collateral management purposes. Complementarily, Frontclear offers technical assistance and implements regulator roundtables, advisory projects on legal enforceability, industry training and market infrastructure development – all targeting the development of a healthy money markets. To-date, Frontclear has issued over USD 240 million in guarantees on transactions with USD 490 million in notional. It has trained over 900 obligors and regulators in over 13 countries and signed a near dozen partnerships with central banks and local beneficiaries. For further information, please visit www.frontclear.com.

About Development Bank of Mongolia LLC

Development bank of Mongolia (DBM), wholly owned by the Government of Mongolia, is the only policy bank and export-import bank in Mongolia. Its principal objectives are to ensure sustainable economic growth in Mongolia, fostering value added export-driven production and introducing financial solutions designed to implement medium-term government development policies. Since its inception in 2011, DBM has experienced a significant expansion in terms of its ability to finance large-scale development projects in Mongolia on commercial terms. For further information, please visit www.dbm.mn

About Societe Generale

Societe Generale is one of the leading European financial services groups. Based on a diversified and integrated banking model, the Group combines financial strength and proven expertise in innovation with a strategy of sustainable growth, aiming to be the trusted partner for its clients, committed to the positive transformations of society and the economy.

Active in the real economy for over 150 years, with a solid position in Europe and connected to the rest of the world, Societe Generale has over 147,000 members of staff in 67 countries and supports on a daily basis 31 million individual clients, businesses and institutional investors around the world by offering a wide range of advisory services and tailored financial solutions. The Group is built on three complementary core businesses:

- French Retail Banking, which encompasses the Societe Generale, Crédit du Nord and Boursorama brands. Each offers a full range of financial services with omnichannel products at the cutting edge of digital innovation;
- International Retail Banking, Insurance and Financial Services to Corporates, with networks in Africa, Russia, Central and Eastern Europe and specialised businesses that are leaders in their markets;
- Global Banking and Investor Solutions, which offers recognised expertise, key international locations and integrated solutions.

Societe Generale is included in the principal socially responsible investment indices: DJSI (World and Europe), FTSE4Good (Global and Europe), Euronext Vigeo (World, Europe and Eurozone), four of the STOXX ESG Leaders indices, and the MSCI Low Carbon Leaders Index. For more information, please visit www.societegenerale.com.

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