

## Frontclear concludes landmark transaction with Ghana's Fidelity Bank and Societe Generale

JANUARY 2019 – Frontclear, Fidelity Bank Ghana and Societe Generale completed a USD40-million cross-currency total return swap transaction. The trade marks a first-of-its-kind cross-border deal in Ghana and follows-on Frontclear's two-year technical assistance to the country's money market development.

Cross-border transactions in Ghana typically face operational and legal challenges, such as constraints to use local currency securities, enforceability concerns on key legal provisions of ISDA and GMRA documentation, cumbersome settlement processes and the economics of executing small trades in challenging markets.

The one-year cross-currency transaction is structured as a total return swap (TRS) involving an exchange of USD cash funding to Fidelity in exchange for Ghanaian Cedi government bond collateral. The bonds were transferred Free-of-Payment (FoP) at the local Central Securities Depository, an innovation facilitated through the support of local regulators. The transaction is 100% guaranteed by Frontclear.

“The Ghanaian authorities and market participants are making notable progress in developing their local capital markets and Frontclear is proud to have supported these efforts with its technical assistance program in the past two years. The success of this deal confirms that with the right blend of institutions, instruments and market knowledge, local banks can competitively access and benefit from the international capital markets.” – Hugh Friel, Vice President Frontclear

“This trade not only allows Fidelity to diversify our funding sources but also paves the way for local market-wide use of Government of Ghana local currency security in multi-currency collateralized financing solutions for tenors beyond overnight. To get a transaction like this across the line for the first time required a lot of support from our global partners, local regulators and the Central Securities Depository – Another first for Fidelity Bank Ghana Limited. Leading the development of local broad based solutions with support of our local and offshore partners is at the heart of what we do at Fidelity Bank. It is our vision to be a world-class financial institution with the ability to adapt world-class innovation for local application in a bid to positively impact Ghanaian businesses as a basis for driving an inclusive economic growth.” – Sam Kwame Aidoo, Group Head Wholesale Bank, Fidelity Bank Ghana

“This is Societe Generale's first cross-currency total return swap in Ghana. It demonstrates how Societe Generale is expanding its offering of collateralised financing solutions, one of the key strengths of its markets' franchise, by adapting the underlying, the jurisdiction and the format, and by partnering with development institutions like Frontclear. This transaction also illustrates Societe Generale's commitment, made through its “Grow with Africa” program, to foster positive transformation across the African continent. We are delighted of this first transaction with Fidelity Bank Ghana and Frontclear,” comments Jérôme Sabah, Global Head of Rates, Credit and Forex Sales for Financial Institutions at Societe Generale

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### **About Frontclear**

**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](http://www.frontclear.com).

### **About Fidelity Ghana**

**Fidelity Bank Ghana Limited (FBGL)** is a privately owned Financial Institution, incorporated in Ghana and issued with a universal banking license in June 2006 in line with Ghana's Banking Act, 2004 (Act 673). The bank is owned by both institutional and individual Ghanaian and foreign investors such as Africa Capital LLC, KTH Africa Investments, Social Security and National Insurance Trust (Ghana's statutory pensions' Trust), ENO International LLC, Amethis Finance Netherlands B. V. and ERES Invest Coöperatief U. A. (Rothschild's Advisers) and Ghana Commercial Bank.

We believe in and are committed to relationship-based banking and we seek long-term partnerships with our clients and partners. We value relationships and constantly seek to maintain and strengthen the trust afforded to us by our clients and society.

FBGL offers a comprehensive range of banking services to meet the banking and financial needs of existing/potential clients across Ghana and beyond through a growing network of branches and automated banking posts. Fidelity Bank is a leading provider of Custody Services to Global Custodians, Local and International Investors.

Fidelity's strategy is based on a value-added full-service banking. This brings to bear our tradition of excellence and the experience of our highly qualified professional staff to each relationship we are involved in. We have over the recent past achieved a track record of raising long-term finances for a wide variety of clients, deepening our Corporate and Investment banking franchise. Fidelity Bank has grown to establish itself as a leading player in the Ghanaian fixed income market. We have shown leadership in driving market participation when the much-needed foreign investor interest in locally issued securities has been unexpectedly low.

### **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](http://www.societegenerale.com).

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