

PRESS RELEASE

DEXIA CREDIOP: The Board of Directors approves the interim financial report at 30th June 2018, appoints for co-optation Prakash Advani as new director and appoints Olivier Paring as new deputy chairman.

- **Net interest and other banking income: € 4 million;**
- **Net result: € -13 million;**
- **Total assets: € 19 billion;**
- **From 1st January 2019, ECB will stop applying the “specific approach” to Dexia Group;**
- **Appointment of a new director, Prakash Advani, and of a new deputy chairman, Olivier Paring, in substitution of resigning Johan Bohets.**

The Board of Directors of Dexia Crediop, held today in Rome, approved the interim financial report at 30th June 2018.

Moreover, in relation to Johan Bohets's resignation from his office as director and deputy chairman, with effect as from 26th July 2018, the Board of Directors appointed for co-optation Prakash Advani, in charge of Strategy and Structuring within Dexia Group, as new director of Dexia Crediop and also appointed Olivier Paring, already member of Dexia Crediop's Board of Directors, as new deputy chairman.

Dexia Crediop's situation

Dexia Crediop, as part of the Dexia Group which is subject to the orderly resolution plan approved by the European Commission on 28th December 2012, manages its remaining assets in run-off, with no new production.

Economic results of Dexia Crediop

Net interest and other banking income amounted to € 4 million, down by € -28 million compared with € 32 million at 30th June 2017.

In particular, net interest income saw a decrease of € 2 million, mainly due to the amortization of the stock of assets.

Bank fee and commission expense totals € -23 million (€ -6 million compared to 30th June 2017). The decrease is basically due to commissions expenses accrued on liquidity lines granted by the parent company Dexia Crédit Local for an amount of € 4.5 billion in 2018, compared to € 3.5 billion in the first half of 2017.

The item dividends recorded in 2018 the payment of the final settlement carried out by the subsidiary Dexia Crediop Ireland in voluntary liquidation for an amount of approximately € 1.4 million.

Net hedging gains/losses result is equal to € +1 million compared to € +11 million in the first half of 2017; the decline is due to the significant positive change in the ineffectiveness of hedges in the first half of 2017.

The net result of the Net trading activity, including the result on disposal or repurchase and on financial instruments at fair value through profit and loss amounted to € +9 million compared to € +20 million for the same period of 2017. The decrease is due to the negative result of the



Credit Value Adjustment (CVA), essentially caused by the increase in credit spreads applied in the valuation, partially offset by the positive result relating to Funding Value Adjustment (FVA), due to a reduction of the spread on funding and to the net result on financial instruments at fair value through profit or loss introduced by the new accounting standard IFRS9, positive for € 5 million.

Net adjustments for impairment amount to € +5 million, compared to € +2 million in the first half of 2017.

Administrative expenses and amortizations amounted to € 19.5 million, in line with the figures of the first half of 2017, and include contributions to the Bank Resolution Funds of € 8.3 million, compared to € 7.2 million in the previous year. Not taking into account the contributions to the Resolution Funds, the total of these expenses is equal to € 11.2 million, down by around € 1 million compared to the first half of 2017.

Net provisions for risk and charges amount to € -2 million (€ -1 million in the first half of 2017), relating to exposures to public entities.

As a result of income tax expenses equal to zero, the net loss in the semester is thus equal to € 13 million compared to a profit of € 13 million in the first half of 2017.

Main effects of the adoption of new accounting standards

Accounting standard IFRS9 “financial instruments” was published by the IASB in July 2014 and adopted by the European Union on 22nd November 2016. It entered into force on 1st January 2018, replacing IAS 39 “financial instruments: recognition and measurement”. Further to the application of this said standard, Dexia Crediop recorded, as of 1st January 2018, a total negative net impact on capital of € -38 million.

From 1st January 2019, ECB will stop applying the Specific Approach to Dexia Group.

During the meeting, the Chairman Devriendt informed that the ECB announced a change in the supervisory approach applied to Dexia Group.

At the end of 2015, ECB adopted a tailor-made supervisory approach to Dexia Group (“Specific Approach”) as a temporary measure.

On 16th July 2018, the ECB informed Dexia Group that the Specific Approach will not be renewed in 2019.

For further information, please refer to the press release published on the Dexia Group website www.dexia.com on 26th July 2018.

In relation to the aforementioned loss of *specific approach*, starting from 1st January 2019, Dexia Crediop shall need to comply with all requirements applicable to banks subject to ECB supervision and this will trigger the need to redefine the financing structure of the Bank currently relying to a large extent on short-term intragroup funding, with a likely negative impact on the funding costs.

Dexia Crediop is a bank in run-off, 70% controlled by Dexia Crédit Local, which is part of the Dexia Group, and participated by Banco BPM S.p.A., with a 20% stock-holding, and by BPER Banca S.p.A., with a 10% stock-holding.



Emmanuel Campana, as Financial Reporting Manager responsible for drafting accounting documents at Dexia Crediop, hereby declares, in accordance with article 154-bis, para. 2, of the Consolidated Finance Act, that the accounting information contained in this press release corresponds to the results set down in documents, ledgers and the accounts.

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