

PRESS RELEASE

DEXIA CREDIOP: The Board of Directors approves the draft company financial statements for 2017.

- **Net interest and other banking income: € 36.2 million;**
- **Net result: € 2.0 million;**
- **Total assets: € 20.5 billion;**
- **Common Equity Tier 1 Capital Ratio: 22.8%;**
- **Total Capital Ratio: 23.3%.**

Dexia Crediop's Annual General Meeting of the Shareholders, scheduled to take place on April 26, 2017, is summoned to resolve the company financial statements for 2017 approved by Dexia Crediop's Board of Directors on March 20, 2018.

Dexia Crediop's Situation

Dexia Crediop is a bank in run-off, previously active in public sector and infrastructure loans. On the basis of the orderly resolution plan of Dexia Group, approved by the European Commission in December 2012, the management in run-off without new assets will continue for the entities within the Dexia Group which includes Dexia Crediop, the management in run-off of which was effective from July 15, 2014.

Additionally, as integral part of the aforementioned plan, Dexia Crediop will continue to benefit from financial support from the parent company. During the last few years, the bank carried out a reorganization in line with the changed company mission, thus pursuing the objectives of simplification, enhancement of synergies, developing resources flexibility, as well as adjusting the size of its organizational units to the tasks assigned and proceeding with the closure of the branches located through the country.

In addition, over the last few years the bank became party to some legal proceedings mainly in relation to derivative contracts entered into with local and territorial authorities, some of which are still on-going. As of today, the developments in these proceedings were in favour of Dexia Crediop and showed the substantial correctness and transparency always adopted by the Bank in its commercial relationships.

Economic results of Dexia Crediop

Net interest and other banking income of Dexia Crediop amounted to € 36.2 million, down by € -49.1 million with respect to 2016.

In particular, net interest income saw a decrease of € -18.2 million, due to the amortization of stock of assets, a decrease in the returns from cash collateral deposits in relation to credit support annex contracts and an overall increase of the cost of funding.

Net fees and commission income decreased by € -36.4 million due to the extension of the maturity of the funding received from the parent company Dexia Crédit Local which had an impact of € -38.6 million in 2017.

Net trading gains (losses), inclusive of the result on disposal or repurchase, in the amount of € +21.9 million and net hedging gains (losses), in the amount of € +14.7 million, benefited from the positive effect of the Credit Value Adjustment (CVA) and of the Funding Value Adjustment (FVA) on the bank trading derivatives, as well as of the measurement of collateralized hedging derivatives using the OIS curve, with respect to the measurement of hedged instruments based on the Euribor curve.



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Albo Banche n. 5288 - Aderente al Fondo Interbancario di Tutela dei Depositi e al Fondo Nazionale di Garanzia
Società soggetta all'attività di direzione e coordinamento di Dexia Crédit Local

Administrative expenses totaled € 30.2 million and include a € 7.2 million contribution to the European Single Resolution Fund. In 2016, total administrative expenses came to € 58.1 million, while the contribution made to the European Single Resolution Fund and to the National resolution Fund was in all € 35.5 million. Not taking these expenses into account, the total for the administrative expenses increased by € 0.4 million compared to the previous year, also following exceptional recoveries occurring in 2016 (€ 2.5 million) from provisions on employee pension funds. Excluding this component, the other administrative expenses decreased due to permanent costs reductions.

The amount of net adjustment for impairment was € -10.0 million (€ +2.0 million in 2016), mainly due to a single counterpart in a project finance transaction. Allocations made to the provisions for risks and charges (€ -1.0 million) were mainly related to a position with a public entity.

Other operating expense/income, equal to € +4.5 million (€ +4.4 million compared to 2016), relate to the recognition of reimbursement of legal expenses, in the context of lawsuits with local and territorial entities regarding derivatives. In the period, gains on disposal of investments were achieved in the amount of € 2.0 million, achieved as a result of the sale of a collection of works of art owned by the Bank with respect to € 0.7 million in 2016.

The result from continuing operations before tax was € -0.3 million, compared to € +19.2 million in 2016.

Net income for the period, after positive taxes of € 2.3 million reflecting the recognition of advance taxes on loan write-down, was € 2.0 million compared to € 16.0 million in the previous year.

Dexia Crediop balance sheet was € 20.5 billion at the end of 2017, down by € 2.9 billion from 2016 (-12%). The decrease is mainly due to the amortization and early redemptions of assets carried out over the period, as well as to the value reduction of derivatives held for trading and of deposits for guarantee margins relative to credit support annex contracts.

The Common Equity Tier 1 Capital Ratio of 22.8% (19.3% in 2016) and the Total Capital Ratio of 23.3% (20.6% in 2016) confirm the Bank's robust capital base.

Dexia Crediop is a Bank that has been operating in Italy since 1919, is specialized in the infrastructures and public-works sectors.

It is 70% controlled by Dexia Crédit Local, which is part of Dexia Group and is also an investee of Banco BPM S.p.A., which holds a 20% share, and of BPER Banca S.p.A., with a 10% share.

Emmanuel Campana, in his capacity as Financial Reporting Manager of Dexia Crediop, declares under the terms of Article 154(2)-bis of the Consolidated Finance Act that the accounting disclosure contained in the present press release is consistent with the documentary records, accounting books and ledgers.

*The Financial Reporting Manager
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