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Decision of the Supreme Court of London concerning the litigation between Dexia Crediop and the City of Prato - the Supreme Court rejects Prato's right to appeal and confirms the validity of the swaps

With this decision of the Supreme Court of London dated December 18, 2017, the long-lasting litigation between Dexia Crediop and the City of Prato in the United Kingdom is definitively concluded in favour of Dexia Crediop.

The Supreme Court, by refusing to the City Prato the permission to appeal against the previous decision of the Court of Appeal, confirmed the contents of decision of the Court of Appeal:

- the swap agreements entered into by the City of Prato and Dexia Crediop between 2002 and 2006 are governed by English Law as agreed by the parties;
- the swap agreements are legal, valid and binding, and all the complaints and allegations brought by the City of Prato are groundless;
- the City of Prato had full capacity to enter into the swap agreements;
- the margin applied by the bank to the swap agreements is necessary to cover its risks and expected costs and the concept of "implicit costs" is thus unfounded.

Mr. Jean Le Naour, Chief Executive Officer of Dexia Crediop, declared: *"This decision successfully concludes a long-lasting lawsuit brought by the City of Prato on the basis of faulty technical advisories rendered by the advisors appointed by the City of Prato. As we have always claimed, Courts have now confirmed that the swap agreements are valid and binding. The City of Prato, further to the decisions issued by first, second and third instance UK Courts, is also sentenced to reimburse relevant legal costs borne by Dexia Crediop, in addition to the default interests on the unpaid nettings. We hope this landmark decision would be used in other cases brought by local authorities against financial institutions in relation to perfectly valid swap transactions"*.

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