Brussels, Paris, 26 July 2018, 18:00

End of the specific approach implemented by the European Central Bank for the supervision of the Dexia Group, as from 1 January 2019

At the end of 2015, the European Central Bank (ECB) adopted an approach for the tailored, pragmatic and proportionate supervision of the Dexia Group. Nonetheless, this approach was not of a permanent nature.

On 16 July 2018, the ECB informed Dexia that implementation of that specific approach would not be renewed for 2019.

In fact Dexia's funding profile has evolved favourably since its entry into resolution. The Group has taken advantage of favourable market conditions to extend the maturity of funding raised and has simultaneously reduced its funding requirement, which has enabled it to resort no longer to Eurosystem funding since the end of 2017. The Dexia Group's Liquidity Coverage Ratio was 111% at the end of December 2017.

Since 2016, Dexia has taken actions aimed at increasing its solvency, in particular through targeted asset disposals. On the other hand the Group has benefited from the favourable impact of the first time application of the IFRS 9 accounting standard. As at 1 January 2018, the impact of the application of this new accounting standard on the Total Capital Ratio of Dexia and of Dexia Crédit Local was estimated at +500 basis points.

The Group still remains sensitive to different risk factors, making it vulnerable in a stressed market and credit environment. Nevertheless, the ECB considers that convergence towards the general banking supervision framework is possible in view of the improvement of Dexia's solvency and liquidity situation.

As from 1 January 2019, Dexia must therefore meet all the regulatory requirements applicable to banking institutions supervised by the ECB, at each level of the Group's consolidation. The observance of the constraint regarding large exposures will continue to be applied as described in the communication dated 5 February 2018, i.e. the deduction from its CET1 regulatory capital of the economic impact which might be generated by remediation on a failure to respect that ratio[1].

This decision is a part of the trend of convergence of the requirements applied to Dexia towards the general supervision framework which began in 2018.

[1] *Cf. Dexia Press Release dated 5 February 2018, available at www.dexia.com.*

For more information: www.dexia.com

Press contacts
Press department - Brussels
+32 2 213 57 39
Press department - Paris
+33 1 58 58 58 49

Investor contacts
Investor Relations - Paris
+33 1 58 58 82 48
Investor Relations - Brussels
+32 2 213 57 66