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## **Announcement by the European Central Bank related to the eligibility of wind-down entities as Eurosystem monetary policy counterparties**

The European Central Bank today announced that it decided to remove the eligibility of wind-down entities as Eurosystem monetary policy counterparties as from 31 December 2021. The scope of this decision includes the Dexia Group and more specifically Dexia Crédit Local, Dexia Crediop and Dexia Kommunalbank Deutschland.

Prior to the entry into force of this measure, the Group will keep until the end of 2021 the possibility to solicit funding up to a maximum of EUR 5.2 billion from the Eurosystem.

Dexia takes notice of this decision and will integrate this new development in the definition of the framework which will enable it to continue its resolution after 2021, the date corresponding to the end of the current orderly resolution plan<sup>1</sup>.

Considering the substantial change of Dexia's funding profile since the end of 2012 and the diversification of its funding sources, this decision of the European Central Bank does not raise any question with regard to Dexia's resolution trajectory.

This announcement comes at a time when the Group has already reduced very significantly its recourse to Eurosystem funding, with an outstanding falling over the year 2016 from EUR 16 billion to less than EUR 1 billion and amounting to less than EUR 100 million as of 15 July 2017.

In 2015 Dexia fully exited the exceptional funding mechanisms put in place in 2012. Since it does not participate in direct financing of the economy, the Group did not recourse to the Targeted Longer-Term Refinancing Operations (TLTRO) put in place by the Eurosystem. For the same reasons, the debt issued by Dexia Crédit Local with the guarantee from the Belgian, French and Luxembourg States is not eligible for the Public Sector Purchase Programme (PSPP).

Finally, the latest medium term projections made by the Group envisage only a very marginal use of Eurosystem funding, which can be replaced by other funding sources, as long as there are no major disturbances on the financial markets. In any event, Dexia will keep the option of submitting a request to national central banks for Emergency Liquidity Assistance (ELA), should such disruptions arise.

Wouter Devriendt, CEO of Dexia SA, said, "*The use of Eurosystem funding has become marginal for Dexia. The reduction of Dexia's recourse to the Eurosystem was one of the main objectives of the resolution plan ratified at the end of 2012. Since then, the assertive action by management has enabled us to considerably reduce the size of Dexia's balance sheet and to achieve that target. We will continue to manage Dexia towards final resolution in the interests of all our stakeholders.*"

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<sup>1</sup> Cf. decision by the European Commission dated 28 December 2012 approving the Dexia orderly resolution plan