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Dexia will continue its orderly resolution as a non-banking entity as from 1 January 2024

In a letter dated 11 December 2023, the European Central Bank (ECB) approved the withdrawal of Dexia Crédit Local's credit institution licence and investment services authorisations. This request had been submitted by the Dexia Group to the *Autorité de Contrôle Prudentiel et de Résolution* (ACPR) on 4 July 2023, concomitantly with the request for withdrawal of authorisation as a finance company for Dexia Flobail and Dexia CLF Régions Bail, effective since 27 October 2023. Furthermore, as the merger between DCL and Crediop was completed on 30 September 2023, Dexia Crédit Local no longer holds any regulated entity.

The withdrawal of authorisation from Dexia Crédit Local will be effective as from 1 January 2024.

To recall and as announced by Dexia on 3 July last¹ the withdrawal of Dexia Crédit Local's banking and investment services authorisations is part of the ongoing implementation of the ordered resolution plan validated by the European Commission in December 2012. It is based on a detailed analysis of the impacts and risks, which demonstrated that Dexia is perfectly capable of continuing this resolution process outside banking regulations.

The decision to operate without these approvals will contribute to the simplification of Dexia's organisation and improve its cost trajectory, without affecting the Group's capacity to carry out its resolution or the quality of its portfolio monitoring. Indeed, it does not call into question Dexia Crédit Local's ability to finance itself via the issuance of debt guaranteed by the Belgian and French States, which will retain HQLA level 1 qualification². It also preserves Dexia's ability to conduct own account trading operations on financial markets. Dexia will also retain direct access to clearing houses and the main trading venues, which are essential for managing its orderly resolution.

The Group will also maintain a robust risk management and monitoring system, based on comprehensive reporting and a demanding Risk Appetite Framework. An independent Surveillance Committee, set up by the guarantor States, will take over from the banking supervisors from 1 January 2024, particularly in terms of risk monitoring and the organisation of internal control. This committee will be made up of four members, appointed equally by the Belgian and French governments, with solid banking supervision expertise. The members of the committee will carry out their duties and analyse and pass judgement on the subjects entrusted to them in complete independence.

In addition to verifying compliance with the professional expertise and good repute (*fit and proper*) requirements for candidates for the positions of members of the Board, the Management Board and the positions of heads of internal control functions (risk management, compliance, internal audit), the committee will also issue technical opinions on the assessment of Dexia Group risks and on the risks associated with any project the impact of which on Dexia's balance sheet, statement of income, shareholders' equity or liquidity position could, in the short, medium or long term, lead to alert thresholds being crossed. It will alert the Board of Directors if a shortcoming is observed in the quality of data or tools for monitoring risk indicators or in the organisation and internal control systems, or if Dexia's strategic decisions or their execution appear to be incompatible with the orderly resolution plan or the Group's risk appetite framework.

¹ Cf. *Dexia Press Release dated 3 July 2023, available at www.dexia.com.*

² *Confirmation in the ACPR Notice 2023, Section 6.1.1.6 relating to the eligibility of securities issued by financial sector entities: https://acpr.banque-france.fr/sites/default/files/media/2023/07/17/20230711_notice_college.pdf*

Consequently, as from 1 January 2024, Dexia Crédit Local will continue its orderly resolution as a non-bank. It will remain a public limited company under French law and will change its corporate name to “Dexia” (instead of “Dexia Crédit Local”).

The abandonment of Dexia Crédit Local's status as a credit institution will also lead to a change in the status of its parent company under Belgian law, Dexia SA/NV, which will cease to be a financial holding company while remaining a public limited company. An Extraordinary Shareholders' Meeting of Dexia SA/NV will be organised at the beginning of January 2024 to change its corporate name to “Dexia Holding” (instead of “Dexia”).

Dexia Crédit Local will therefore become Dexia, while the current parent company Dexia will become Dexia Holding.

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