

CLEARY GOTTlieb

Dexia Completes €730 Million Sale of Banque Internationale à Luxembourg

October 5, 2012

Cleary Gottlieb represented Dexia in the sale, which finally completed on October 5, of Banque Internationale à Luxembourg (“BIL”) to a consortium of Precision Capital, an investment vehicle funded by Qatar’s royal family, and the Grand-Duchy of Luxembourg.

The sale is one of the steps in Dexia’s orderly resolution plan, announced in the fall of last year. The recent closing draws a line under a long and complex process that had started in October last year, with a first letter of intent signed on October 23, 2011, a Memorandum of Understanding on December 20, 2011, and detailed share purchase agreements on April 4, 2012.

The pre-closing steps included a €6 billion pre-closing carve-out of a “legacy” investment portfolio; of the multitude of regulatory approvals to be obtained for the sale itself and for the related, pre-closing, carve-out transactions; structuring and documenting a web of multi-directional continued services relationships between BIL and various entities of the residual Dexia group; and complex structured finance transactions that had to be put in place in order to achieve liquidity-neutral elimination of BIL’s credit exposure to Dexia under certain swap transactions. Also, the parties had to agree, before closing, the precise terms and amount of a recapitalization of BIL by Dexia in furtherance of Dexia’s contractual commitment to deliver BIL with 9% Basel III core tier 1 capital, resulting in Dexia effecting a €204 million pre-closing capital increase.

Cleary Gottlieb is lead counsel to long-standing client Dexia on its orderly resolution plan, advising it on strategic, corporate governance and disclosure matters, on the €90 billion sovereign guarantee mechanism, on EU State aid aspects, and on the majority of M&A transactions stemming from the plan, including the already completed €4 billion sale of Belfius to the Belgian State, and the €850 million sale of Dexia’s interest in RBCD Investor Services to Royal Bank of Canada.

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