Press release

DEXIA

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Recent developments concerning the Dexia Group

Information relating to Dexia Group exposure to Heta Asset Resolution AG

On 1 March 2015, under the Federal Act on the Recovery and Resolution of Banks (Bundesgesetz über die Sanierung und Abwicklung von Banken), the Austrian Financial Market Authority (FMA-Finanzmarktaufsicht) issued a decree initiating the resolution of Heta Asset Resolution AG, previously Hypo Alpe Adria Bank International AG, responsible for managing the legacy assets of Hypo Alpe Adria in run-off, and imposed a temporary moratorium until 31 May 2016 on a substantial part of the debt of the entity (capital and interests).

Dexia notes this decision and states that the nominal value of its exposure to Heta Asset Resolution AG, affected by this moratorium, amounts to EUR 395 million. This exposure has the benefit of a guarantee granted by the State of Carinthia. This outstanding is booked on Dexia Kommunalbank Deutschland AG's balance sheet, it being specified that it is not included in the cover pool of Dexia Kommunalbank Deutschland AG.

The Dexia Group is currently studying the appropriate actions to be taken with regard to the decision of the FMA. Nevertheless, as a precaution and following the announcement on 1 March 2015, the Group will pass a specific provision on its exposure in the first quarter 2015, the amount of which will be determined in light of further developments of the situation.

Favourable evolution of the funding structure of the Group

As of 27 February 2015, Dexia finalized the repayment plan of several significant funding lines, resulting in a favourable evolution of its funding structure:

- At the end of 2014 and the beginning of 2015, the Group repaid the last State guaranteed bonds subscribed by Belfius, for an amount of EUR 12.8 billion;
- At at 27 February 2015, Dexia also repaid EUR 13 billion of self issued State guaranteed bonds pledged to Eurosystem refinancing operations (own use mechanism). This repayment falls within the progressive exit in 2015 from this derogation funding mechanism granted by the European Central Bank.

In anticipation of those significant maturities, the Group adopted a prudent approach of its liquidity management. The amounts repaid were replaced by guaranteed or secured funding raised on financial markets.

The amount of outstanding guaranteed by the States of Belgium, France and Luxembourg was reduced from EUR 82.0 billion as at 17 February 2015 to EUR 70.0 billion as at 27 February 2015, for a maximum ceiling of EUR 85 billion. The recourse to central bank funding was reduced from EUR 33.5 billion at the end of 2014 to EUR 28.0 billion as at 27 February 2015.

Those repayments are a significant step in the perspective of the orderly resolution. Despite a highly volatile environment, the resolution is being implemented following the long term trajectory validated by the European Commission.

More information : www.dexia.com

Press contacts
Press Service – Brussels
+32 2 213 57 97
Press Service – Paris
+33 1 58 58 86 75

Investor contacts
Investor Relations – Brussels
+32 2 213 57 39
Investor Relations – Paris
+33 1 58 58 82 48 / 87 16