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The Court of Cassation declares the case brought against Dexia Crediop by the Province of Pisa inadmissible

The Italian Court of Cassation has declared inadmissible the appeal by the Province of Pisa against the decision of the Council of State on 27 November 2012 and ordered the Province to pay the legal costs of the case it has brought against Dexia Crediop.

This ruling definitively recognizes the earlier judgement of the Council of State, which confirmed the validity of the derivative instruments concluded between the two parties, for a nominal amount presently of EUR 29 million. The decision of the Council of State also stressed the existence of an economic advantage for the Province associated with the implementation of these transactions, indicated that Crediop did not lack in its advisory duty towards the province and confirmed the validity of the derivative transactions concerned. Consequently, the Province of Pisa will have to pay an amount of EUR 6 million of payable interests on the transaction since June 2009, increased by penalty interests.

Moreover, this ruling confirms, de facto, the annulment of the unilateral decision of self-supervision adopted by the Province of Pisa, which must now comply with Court rulings and fulfil its commitments to Dexia Crediop. This decision brings an end to more than four years of costly proceedings for Dexia and for the Province, which brought its case at all three possible levels of jurisdiction in Italy.

The work done by the Dexia teams in this case is representative of the tasks performed in monitoring the Group's credit and derivative portfolios. It also illustrates the issues involved in managing the bank in run-off, with respect to the monitoring of the credit risks as well as with respect to the legal risks associated with some of its assets or off-balance sheet items.

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