Press release

DEXIA

Regulated information – Brussels, Paris, 7 August 2013 – 7.00 am

Dexia Group consolidated results for 1H 2013

Progress made on implementing the Group orderly resolution plan

- *Sale of the Société de Financement Local, parent company of the Caisse Française de Financement Local, formerly Dexia Municipal Agency, at the end of January 2013*
- *Reduction of the Group balance sheet by 31% as at 1H 2013 to EUR 247 billion*
- *Signature of the 2013 liquidity guarantee agreement*

Net "run rate" result[1] for 1H 2013 at EUR -364 million; net result at EUR -905 million

- *Net result for 1H 2013 impacted by elements of accounting volatility (EUR -389 million) and one-off items (EUR -152 million)*
- *Positive evolution of the funding cost over Q2 2013*

Solvency strengthened over 1H 2013

- *Reduction of weighted risks by EUR 5 billion, principally linked to the sale of the Société de Financement Local*
- *CAD ratio at 21.7% and Tier 1 ratio at 20.6% at the end of June 2013*

Improvement of the liquidity situation

- *Reduction of the Group liquidity requirement by EUR 4 billion; decrease of central bank funding*
- *Success of the inaugural guaranteed benchmark and launch of the US guaranteed Commercial Paper programme*

Karel de Boeck, Chief Executive Officer of Dexia SA, stated: "*The half year period was marked by a reduction of the balance sheet size, an improvement of the liquidity situation and the successful launch of inaugural debt issuance programmes of guaranteed debt. The net half-year result conceals contrasted quarterly developments. Beyond volatility caused by accounting items or one-offs, the recurring result improved, driven by a reduction of funding costs over the second quarter. The disposal of the Société de Financement Local, a key milestone in implementing the group resolution, resulted in a strengthening of its solvency. On this basis, with the support of all our staff members, we will continue with determination in our efforts to consolidate this progress.*"

Robert de Metz, Chairman of the Board of Directors of Dexia SA, stated: "*In a still uncertain economic environment and fulfilling the undertakings made to the European Commission, the Group continues to perform its task, aimed at a priority to protect the interests of the State guarantors. Indeed, during this half-year, the progress made in implementing the group resolution lead to a further reduction of the systemic risk still represented by Dexia.*"

[1] Cf. Section 2.A-c "New format of presentation of results"

Introduction

During the first half-year 2013, the macroeconomic situation in the euro zone continued to deteriorate, with a sixth consecutive quarterly decline of activity at the end of March.

The European sovereign debt crisis continued. A plan to rescue the Cypriot financial sector and sovereign was implemented during the half-year with joint support from the European Union and the International Monetary Fund. Despite this uncertain economic environment, financial markets nonetheless remained well oriented, sustained by the easing of monetary policy by the European Central Bank.

Against that background, the Dexia Group continued to implement its revised orderly resolution plan. Key milestones of the plan were passed in particular with the signature of the 2013 liquidity guarantee granted by the Belgian, French and Luxembourg States and the disposal of the Société de Financement Local (SFIL), holding company of the Caisse Française de Financement Local (CAFFIL)[2].

In accordance with applicable legislation, for the period closing on 30 June 2013, Dexia is publishing a release in relation to the condensed consolidated financial statements for the first half-year. This release details the most significant recent transactions and events, as well as their impact on the Group's financial situation. The full financial report for 1H 2013 will be published on 14 August 2013.

Information in relation to presentation of the 1H 2013 condensed consolidated financial statements of the Dexia Group

The condensed consolidated financial statements of Dexia SA as at 30 June 2013 were drawn up on a going concern basis, which relies on a certain number of assumptions, precisely stated in the previous annual financial statements.

These going concern hypotheses rely on the business plan serving as the basis for establishing the Dexia Group resolution plan, which was ratified by the European Commission on 28 December 2012 and in which all stakeholders in the follow-up of the group's evolution were involved.

The business plan contains a liquidity guarantee granted by the Belgian, French and Luxembourg States in an amount of EUR 85 billion in principal, without collateral. This guarantee came into force on 24 January 2013.

It relies, moreover, on the hypothesis of a restoration of confidence on the capital markets. From that point of view, in 1H 2013 the Group's funding structure evolved favourably, with the success of its inaugural 3-year guaranteed issue, the launch of a programme of certificates of deposit in the United States and the execution of new secured funding.

The macroeconomic hypotheses underlying the business plan, ratified by the Group's Board of Directors on 14 November 2012, were revised within the context of a half-yearly overall review of the plan. This update integrated lower interest rates, a longer exit from crisis but a less severe shift of credit margins. It also took account of a revision of the funding plan on the basis of the latest observable market conditions as well as the regulatory developments to date, including the definitive text of the CRD IV, the implementation of IFRS 13 and the impact of using a discount curve based on the daily (OIS) rate for calculating the market value of OTC derivatives (Cf. section "C - Impact of significant elements on the consolidated financial situation of the Dexia Group").

The business plan thus revised and ratified by the Group's Board of Directors on 6 August 2013 leads to no significant deviation in relation to the resolution plan as validated, for the duration of this plan. Some uncertainties still remain with regard to its implementation. The plan is sensitive to the evolution of interest rates and of the credit environment in which an unfavourable evolution would harm the performance achieved by Dexia. The plan is also sensitive to regulatory changes, in particular the

[2] Caisse Française de Financement Local (CAFFIL) formerly called Dexia Municipal Agency (DMA), the French covered bond (Société de Crédit Foncier) of the Dexia group

implementation of IFRS 9. Finally, the Group remains exposed to a liquidity risk and implementation of the orderly resolution plan assumes that Dexia retains a good funding capacity which relies in particular on investor appetite for guaranteed debt.

1. Significant transactions and events

- *Disposal of SFIL and implementation of the 2013 liquidity guarantee*
- *Using a discount curve based on the daily (OIS) rate for calculating the market value of OTC derivatives*
- *First application of the IFRS 13 accounting standard*

A – Update on the Group resolution plan

a - Signature of a tripartite liquidity guarantee agreement and publication of an amending law ratifying the royal decrees in Belgium

The liquidity guarantee granted to Dexia by the three Belgian, French and Luxembourg States came into force on 24 January 2013, immediately replacing the temporary guarantee mechanism of December 2011 with regard to new securities issued under the guarantee. This 2013 guarantee will enable Dexia to borrow up to EUR 85 billion in principal over the short and long term from eligible investors[3]. The maximum maturity of the securities issued under the guarantee has been raised to ten years with a view to carrying Group assets to maturity. The remuneration for the 2013 guarantee was fixed at 5 basis points per annum compared with an average of 85 basis points paid in 2012 under the temporary guarantee, which will result in a significant reduction of guaranteed funding costs for the Dexia Group.

The short and long-term guaranteed debt programmes of Dexia Crédit Local are rated A-1+ and AA respectively by Standard & Poor’s, F1+ and AA by Fitch Ratings and P1 and (P) Aa3 with negative outlook by Moody’s, reflecting the outlook of Belgium, the main guarantor.

On 28 June 2013, an amending law was published in Belgium, containing measures for the legislative ratification of Royal Decrees authorising the grant of State guarantees to Dexia.

Dexia launched its inaugural long-term issue in euros on 2 July 2013 and launched its programme of certificates of deposit in the United States (cf. Section 3.B “Evolution of the Group’s liquidity situation”).

b – Progress made on the disposal plan of operating entities and the reorganisation of the Group

During 1H 2013, significant progress was made on the disposal of Dexia Group commercial franchises.

- On 31 January 2013, Dexia finalised the sale of SFIL, proprietary holding of CAFFIL (formerly DMA) to the French State as majority shareholder, the Caisse des dépôts and La Banque Postale for an amount of 1 euro[4]. This sale, which generated a total loss of EUR 1,849 million, was booked over the financial years 2011, 2012 and 2013 for the Group and represented the passing of a decisive milestone in implementing Dexia’s orderly resolution plan as it was the Group’s flagship franchise for the public sector financing. Aside this, a EUR 133 million adjustment was booked in equity in 1H 2013, in application of IAS 8. The disposal had a 40 basis point positive impact on Dexia’s Tier 1 ratio, on the basis of the level of equity capital as at 31 December 2012.

- Two other smaller disposals were also finalised during the first half-year: on 28 March 2013, Dexia sold Dexia Kommunalkreditbank Polska, the Polish subsidiary of Dexia Kommunalkredit

[3] The ceiling of EUR 85 billion in principal includes funding raised under the 2011 guarantee scheme amounting to EUR 7.9 billion as at 28 June 2013

[4] Cf. Press releases dated 31 January 2013 and 8 May 2013, available of the Dexia SA web site (www.dexia.com)

Bank, to Getin Noble, and on 2 April 2013 Dexia finalised the sale of Dexia Bail, a 100% subsidiary of Dexia Crédit Local, to Sofimar.

- Following the opening of exclusive negotiations on 4 June 2013, Dexia signed a share purchase agreement related to the sale of Sofaxis with a consortium led by the Société Hospitalière d'Assurances Mutuelles (SHAM) on 28 June 2013. Finalisation of this sale, which is still subject to the approval of the regulatory authorities, is expected during the third quarter of 2013[5].

On 12 July 2013, the Austrian banking subsidiary of Dexia Crédit Local, Dexia Kommunalkredit Bank (DKB) was dissolved without liquidation by a cross-border merger by 100% absorption by its parent company, Dexia Crédit Local, which in this way acquires all of the assets and liabilities of DKB. This merger also falls within the framework of the orderly resolution plan, aiming for a simplification of the legal organisation of the Dexia Group, and a rationalisation of the management of the Group's assets.

Finally, on 30 July 2013, Dexia fell compelled formelly terminate the share purchase agreement concerning Dexia Asset Management (DAM) concluded on 12 December 2012 with GSC Capital. The purchaser has been unable to fulfil its contractual payment obligations since the closing date initially planned for 28 June 2013.[6] This decision does not change Dexia's wish to dispose of DAM rapidly in order to enable it to continue developing its commercial franchise.

B – Other significant events

a – New method for calculating the market value of collateralised derivatives

Within the framework of the first application of the IFRS 13 accounting standard and the change in market practice, the Dexia Group is now using a discount curve based on the daily (OIS) rate for calculating the market value of collateralised derivatives. On the other hand, Dexia has adjusted its methodology for recognising the Credit Value Adjustment (CVA) and booking a Debit Value Adjustment (DVA). These changes to the mode of calculation are effective as from 30 June 2013 and Dexia has therefore integrated their impacts in its condensed consolidated financial statements for 1H 2013 (cf. Section 2. "Results 1H 2013").

As explained in the press release dated 1 July 2013, this impact does not correspond to a cash outlay but will be gradually written back in the Group's result depending on the decrease in derivatives' outstanding. It is nonetheless a potentially significant element of volatility, quarter on quarter, depending on market conditions.

b - Judgement on proceedings brought by the Département de la Seine-Saint-Denis and evolution of the legal framework in relation to structured credits

As stated in the Q1 interim declaration by Dexia SA, on 8 February 2013 the Superior Court of Nanterre passed its judgements in relation to proceedings brought by the Département de la Seine-Saint-Denis concerning three credits granted by Dexia. On 4 April 2013, Dexia lodged an appeal on the point of form retained by the Superior Court, which held that the absence of a Effective Annual Percentage Rate (EAPR) in faxes preceding signature of the definitive agreements results in application of the legal interest rate[7]. The loans referred to in the Court's decision falling within the scope of the disposal of the Société de Financement Local, the judgements would have no impact for the Dexia Group. However, should the District Court's decision be confirmed and become an established case law, its extension to other financings would be likely to introduce significant risks for the group.

On 18 June 2013 the French Government on the other hand announced the submission to Parliament of a legislative provision guaranteeing the legal securitisation of loan agreements omitting the formal

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[5] Cf. Press releases dated 5 June 2013 and 28 June 2013, available of the Dexia SA web site (www.dexia.com)
[6] Cf. Press releases dated 24 and 30 July 2013, available of the Dexia SA web site (www.dexia.com)
[7] Cf. Detailed information published in the 2012 Annual Report of Dexia SA (page 75) and press releases dated 9 February 2013 and 4 April 2013, available of the Dexia SA web site (www.dexia.com)

indication of a EAPR as well as the establishment of a multi-annual support fund to facilitate the conclusion of transactions between local authorities and banks. The terms of establishing this fund are still to be defined.

As at 30 June 2013, Dexia has an outstanding of so-called "sensitive" loans[8] of EUR 1.7 billion, down by 8% on the end of 2012. Dexia is continuing its extremely proactive dialogue with all of its clients with such assets aimed at reaching a desensitisation solution. In this respect, Dexia Crédit Local had granted EUR 116 million in new flows at the end of June 2013.

2. Results for 1H 2013

A - *Presentation of the consolidated financial statements for 1H 2013*

a – Going Concern

The half-yearly consolidated financial statements of Dexia SA as at 30 June 2013 were drawn up on a going concern basis (cf. Section entitled "Information in relation to presentation of the 1H 2013 consolidated financial statements of the Dexia Group").

b – Change of analytical segmentation

Following approval of its orderly resolution plan by the European Commission in December 2012, and considering the progress made in implementing the resolution process, Dexia has altered its analysis by business line within the context of presenting its consolidated accounts as at 30 June 2013. This presentation is in line with the new profile of the Group and its strategic orientation, of which one of the main objectives is to minimise the risk represented by the Dexia Group for the guarantor States and to optimise its asset value for its shareholders.

From this perspective, Dexia's performance is now understood at a consolidation level on the basis of a single "Management of activities in run-off" division, without specific allocation of funding and operating expenditure.

This change of analytical presentation of performance is explained by the fact that Dexia's structure no longer consists of homogenous operating units with their own decision-making powers in terms of allocation of resources (funding and operating expenditure). In addition, the classification of the income statement and the balance sheet in two segments, namely "Core" and "Legacy Division" is no longer justified in view of the extension to all of its assets of the classification as "assets in run-off".

c – New format of presentation of results

To make the group results easier to read, Dexia adopted a presentation introducing a distinction between three categories of items:

- Recurring items: items related to the carriage of assets such as portfolio revenues, funding costs, operating expenses or cost of risk;
- Elements of accounting volatility: items related to fair value adjustment of assets or liabilities, mainly including the impact of IFRS 13 (CVA, DVA and valuation of OTC derivatives), Own Credit Risk (OCR), the variation of WISE portfolio (synthetic securitization of wrapped bonds), which do not correspond to any cash outlay and are gradually written back as and when assets or liabilities are amortised, but generate volatility at each closing date;
- Non recurring items: one-off items, which is not expected to reoccur such as gain or loss on asset disposal, gains or expenses related to litigations, restructuring costs.

[8] Credits classified 3E, 4E and 5E in the Gissler Charter, outside the Gissler Charter or with an equivalent internal score (Cepcor).

d – Application of the IFRS 5 accounting standard in relation to “non-current assets and groups held for sale”

The structural measures undertaken by the Group in October 2011 have also been reflected, from the close of the Group’s 2011 annual financial statements, by application of the IFRS 5 accounting standard in relation to “non-current assets and groups held for sale”.

The IFRS 5 accounting standard is still applicable in presenting the financial statements as at 30 June 2013. On that date, Dexia Asset Management (DAM), Dexia Technology and Services (DTS) and Popular Banca Privada are classified as “discontinued operations or those being sold” in the income statement. Their assets and debts are classified as non-current assets held for sale and associated debts. The assets and debts of Sofaxis are also transferred to these items. In application of this standard, the assets and liabilities of entities reclassified under the IFRS 5 accounting standard are presented in a single balance sheet line. When they are significant or constituted business line segments, the results of those entities are recorded in a single item entitled “Net result from discontinued operations”.

e – Presentation of the financial statements in ANC format

Considering the convergence of scope of Dexia Crédit Local and Dexia SA and to facilitate a comparison of the condensed consolidated financial statements of the two entities, Dexia decided, for Dexia SA from 1 January 2013, to use the publication format proposed by the Autorité des Normes Comptables (ANC) in France and already used by Dexia Crédit Local. This change has no impact on the presentation of the net income and equity capital, since it only involves reclassifications of the balance sheet and income statement. The reclassification of certain headings nonetheless involves a change of certain aggregates and ratios. These developments will be detailed in the accounting appendices to the Dexia SA half-yearly report.

B – 1H 2013 consolidated results of the Dexia Group

- *Net "recurrent" result for 1H 2013 of EUR -364 million; net result Group share of EUR -905 million;*
- *Decrease in the cost of funding in 2Q 2013 compared to Q1 2013*
- *Operating expenditure and cost of risk contained over the half-year*

Consolidated statement of income [(1)] - ANC format

in millions of EUR	1H 2012[(2)]	1H 2013	Variation 1H 2013/1H 2012
Net banking income	**-612**	**-522**	**90**
Operating expenses	-226	-197	29
Depreciation, amortisation and impairment of tangible fixed assets and intangible assets	-24	-16	8
Gross operating income	**-862**	**-735**	**127**
Cost of risk	-199	-84	115
Net gains (losses) on other assets	-16	-3	13
Net Result before tax from continuing operations	**-1 077**	**-822**	**255**
Income tax	-8	47	55
Net Result from continuing operations	**-1 085**	**-775**	**310**
Income from discontinued operations, net of tax	**-100**	**-134**	**-34**
Net Result	**-1 185**	**-909**	**276**
Minority interests	-19	-4	15
Net Result Group share	**-1 166**	**-905**	**261**
Net Result Group Share from continuing operations	**-1 062**	**-767**	**295**
Return on Equity[(3)]	n.s	n.s	n.s
Earning per Share[(4)]	-0,60	-0,46	n.s

(1) the presentation of the accounts changed from the Dexia Scheme to the presentation in the ANC scheme (Autorité des Normes Comptables). Mapping tables will be included in the 2013 half-year report.

(2) In accordance with IFRS 5, figures as at 30/06/2012 have been restated to disclose separately the result from ADTS, classified in discontinued activities or in process of sale.

(3) The ratio between the net income Group share and the weighted average core shareholders' equity.

(4) The ratio between the net income Group share and the average weighted number of shares (excluding preference shares)

During 1H 2013, the **net result Group share** of the Dexia Group was EUR -905 million, of which EUR -775 million attributable to continuing operations, EUR -134 million to discontinued operations or those being sold and EUR -4 million to minority interests. This result may be broken down into three separate parts: EUR -364 million for activities excluding accounting volatility and non-recurrent elements, EUR -389 million by virtue of elements of accounting volatility, associated in particular with the use of a discount curve based on the daily rate (OIS), the first application of the IFRS 13 accounting standard and EUR -152 million of non-recurrent elements, principally including the impact of entity disposals.

The **net banking income from continuing operations** was EUR -522 million, as earnings from commercial portfolios were less than the Group's funding cost. Half-year earnings also include elements of accounting volatility, in an amount of EUR -389 million, of which EUR -278 million results from methodological valuation changes associated with the first application of the IFRS 13 accounting standard and use of an OIS discount curve[9] and EUR -67 million linked to the valuation of own credit risk. Furthermore, net banking income includes a charge of EUR 80 million, covering litigations in various countries where the Group is established.

[9] Cf. Press release dated 28 June 2013, available on the Dexia SA web site (www.dexia.com)

At EUR -213 million over the half-year, the **costs of continuing operations** show a decline compared with second half-year 2012, as a result of cost reduction measures undertaken in 2012 in implementing the orderly resolution. In particular, 254 employees were transferred to SFIL.

The **gross operating result from continuing operations** over the half-year was EUR -735 million.

At EUR -84 million, the **cost of risk on continuing operations** remains contained, in particular including a provision on the city of Detroit, which was placed under Chapter 9 bankruptcy protection on 18 July 2013[10]. Over the quarter, the cost of risk was in the order of 8 basis points per annum on outstandings.

As a consequence, the **pre-tax result for continuing operations** was EUR -822 million.

The **tax charge** is positive, at EUR 47 million, following the recovery of deferred tax assets on the disposal of SFIL.

Discontinued operations or those being sold posted a **net result** of EUR -134 million. In particular, the Group posted a loss of EUR 142 million associated with finalisation of the sale of SFIL on 31 January 2013, partially offset by a EUR 133 million equity adjustment.

Analytical presentation of the net banking income

EUR m	1Q 2013	2Q 2013	1H 2013
Net Banking Income	**-94**	**-428**	**-522**
Income from recurrent activities(1)	**-68**	**-3**	**-71**
o/w income from commercial portfolios	226	224	449
o/w funding costs	-349	-266	-614
o/w other income	55	39	94
Elements of accounting volatility(1)	**-26**	**-363**	**-389**
Other non-recurrent elements(1)	**1**	**-62**	**-61**

(1) Cf. Section 2.A-c "New format of presentation of results"

From a quarterly perspective, the result was marked by contrasting developments. In Q1 2013, the Group was penalised by a still high funding cost, the net interest margin remaining negative over the quarter. The disposal of SFIL weighed on the result, with a loss on the disposal of EUR -142 million, in part offset by a positive fiscal effect of EUR 46 million and a EUR 133 million capital adjustment.

In Q2 2013, Dexia saw a gradual improvement of its funding conditions following the reduction of the European Central Bank reference rate in May and thanks to the decrease in the cost of the 2013 liquidity guarantee. This improvement of the situation is nonetheless erased by the impact of the use of a discount curve based on the daily rate (OIS) and of the first application of the IFRS 13 accounting standard.

[10] Cf. Press release dated 22 July 2013, available on the Dexia SA web site (www.dexia.com)

C - Impact of significant elements on the consolidated financial situation of the Dexia Group

a – First application of the IFRS 13 accounting standard and use of the OIS curve

Application of the IFRS 13 accounting standard resulted in methodological changes in the valuation of derivatives. In order to comply with the valuation principles most used on the market, Dexia now uses a discount curve based on the daily (OIS) rate to determine the market value of collateralised derivatives. The Group previously used a discount curve linked to the BOR benchmark rate.

This methodological change had an impact on the income statement of EUR -299 million in 1H 2013. Every quarter, this value will be subject to a revaluation depending on market conditions and the value adjustment will be booked through the P&L.

At the same time, Dexia adjusted its methodology for recognising the Credit Value Adjustment (CVA) on collateralised derivatives, corresponding to the adjustment of the value of derivatives linked with the counterpart risk. Moreover, the Group books a Debit Value Adjustment (DVA) reflecting the impact on the derivative price of the credit risk taken by the counterpart. These two elements have a net impact in the income statement of EUR +21 million.

The difference between the initial estimates communicated by the Group on 1 July 2013 and the amount effectively booked over the half-year is explained by the evolution of market conditions between 28 February, the date on which the estimates communicated on 1 July were made, and the date of closing of the half year financial statements.

b - Adjustments linked to entity disposals

The disposal of **SFIL**, parent company of CAFFIL, on 31 January 2013, resulted in a capital loss on the sale of EUR -142 million in the condensed consolidated financial statements of Dexia SA for 1H 2013 corresponding to other comprehensive income. The booking of this loss brings the total loss recorded on the disposal of SFIL to EUR 1,849 million, booked over the 2011, 2012 and 2013 financial years. Aside this, a EUR 133 millions was booked in equity at the end of June 2013.

The exit of SFIL from the fiscal consolidation also resulted in a reversal of the asset impairment on deferred taxes of EUR 46 million for 1H 2013.

Finalisation of the sale of **Dexia Bail** resulted in booking an additional loss of EUR 6 million in 1H 2013, bringing the total loss posted on the sale of the entity to EUR 20 million.

The disposal of **DKB Polska** had no financial impact on the consolidated result for 1H 2013.

Finally, Dexia made a EUR 8 million loss as at 30 June 2013, associated with adjustments made regarding the sale of **Banque Internationale à Luxembourg**.

c – Cost of risk and charge for litigation costs

At the end of June 2013, Dexia's cost of risk amounts to EUR 84 millions, mainly resulting from the booking of a specific provision on the city of Detroit, which filed for Chapter 9 bankruptcy protection, on 18 July 2013. The group's exposure falling under the debt restructuring measures amounts to USD 305 million. USD 75 million are covered by a performing reinsurer. The remaining amount is insured by an insurer involved in a restructuring procedure. The group's exposure has been provisioned over time. Given the expected recovery rate, the amount of the provision equals 48% of the total unpaid principal balance of the Detroit exposure as at 30 June 2013.

Moreover, a EUR 80 million charge covering the costs related to different litigations was booked in 1H 2013.

3. Evolution of the Group's balance sheet, solvency and liquidity situation

A – Balance sheet and solvency

- *Balance sheet reduction of 31% in 1H 2013*
- *Weighted risks down EUR 5 million, resulting in increased solvency compared to end of December 2012*
- *CAD ratio at 21.7% Tier 1 ratio of 20.6% at the end of June 2013*

a – Quarterly balance sheet evolution

At the end of June 2013, the Dexia Group consolidated balance sheet stands at EUR 247.2 billion, down EUR 110 billion over 1H 2013 and EUR 18.7 billion on 31 March 2013. In 2013, this decrease in the size of the balance sheet is principally explained by finalisation of the sale of SFIL on 31 January 2013, the impact of which on the Dexia Group's consolidated balance sheet is EUR -84 billion.

The balance sheet items which posted the largest variations during the past half-year are:

- In assets, a reduction of the loan and security portfolio by EUR -71.5 billion, as a consequence of the sale of SFIL, the natural amortization of loans and securities not offset by new commercial production flows, in line with the undertakings made by the Group with regard to its orderly resolution. On the other hand, the fair value of derivatives is down EUR -25.2 billion associated with the exit of SFIL and the increase of long-term rates results in a EUR 6.5 billion reduction of collateral lodged with counterparts of Group derivatives;
- In liabilities, a reduction of capital market funding outstanding (EUR -77.3 billion) essentially corresponding to the Covered Bonds issued by CAFFIL, a subsidiary of SFIL, and the amortisation of guaranteed debts. The fair value of derivatives is down EUR -30.9 billion, essentially associated with the disposal of SFIL.

b – Solvency ratios strengthened by the sale of SFIL

As at 30 June 2013, Tier 1 capital amounts to EUR 10,283 million, down EUR 706 million on the end of December 2012. On the same date, regulatory capital is EUR 10,794 million (EUR -741 million compared to the end of 2012). This evolution is principally explained by the net loss of EUR 905 million recorded over 1H 2013, in part offset by a restatement of EUR 133 million, linked to the disposal of SFIL passing directly to equity.

Weighted risks are EUR 50 billion, down EUR 5 billion on the end of December 2012 and EUR 2 billion on Q2 2013 in view of the fall of credit risks arising from the sale of SFIL (EUR -4 billion) and the amortisation of the Group balance sheet.

Over the past quarter, the reduction of weighted risks had a positive impact of 216 basis points on the Group's CAD ratio, partially erased by the decrease of capital, the impact of which is -134 basis points. The Group's solvency ratios were therefore strengthened to 21.7% at the end of June 2013 (against 20.9% at the end of December 2012) for the CAD ratio and 20.6% (against 19.9%) for the Tier 1 ratio.

Other comprehensive income amounts to EUR -7 billion, down EUR 1 billion over the past half-year. This improvement of OCI is essentially linked to the disposal of SFIL (EUR + 0.2 billion) as well as a EUR 0.8 billion improvement of the AFS reserve (assets Available For Sale) explained by a tightening of credit spreads on sovereigns.

B - Evolution of the Dexia Group liquidity situation

- *Decrease of the funding requirement in 1H 2013*
- *Increase of market funding and a decrease of central bank refinancing*

During 1H 2013, the Dexia Group liquidity situation saw positive evolutions marked by:

- A EUR 4 billion reduction of the Group's short-term funding requirement mainly explained by the divestment of SFIL (EUR 11.2 billion fall in the net funding requirement) and a EUR 6.5 billion reduction of collateral to be posted, the unwinding of funding transactions concluded with Belfius Bank SA in an amount of EUR -5.8 billion and amortization of liabilities, including outstanding under the 2008 State guarantee, over the half-year (EUR -9.5 billion). The residual stock of loans not guaranteed by the States held by Belfius Bank SA amounts to EUR 896 million at the end of June 2013[11].

- The growth of debt placements on the market. Arising from the autumn 2012, this trend continued in the first half of 2013. The execution of new secured funding, including Repos concluded via Eurex, for EUR 5.1 billion, and the market placement of EUR 12 billion of guaranteed debt in part offset the amortisation over the half-year of 2008 guaranteed debt (EUR 15.5 billion) and secured debts (EUR 3.6 billion). In particular, the Group successfully launched an inaugural 3-year guaranteed issue of EUR 1.5 billion. This transaction benefited from a very granular placement with 80 end investors from extremely diversified geographic horizons by virtue of an order book of EUR 1.7 billion.

These developments contributed to reducing recourse to the guarantee granted by the Belgian, French and Luxembourg States, as well as central bank funding. Guaranteed debt outstanding therefore passed from EUR 73.7 billion at the end of 2012, including EUR 19.6 billion under the 2008 mechanism, to EUR 69.2 billion at the end of June 2013, including EUR 10 billion under the 2008 mechanism. Central bank funding was reduced by EUR 9.3 billion over the half-year, outstanding amounting to EUR 40.8 billion at the end of June 2013.

On that date, recourse to guaranteed funding and central bank funding represented approximately 50% of the Group's funding structure, down 3.6% over the half-year.

The Group did not call on the emergency liquidity allowance (ELA) during 1H 2013.

[11] This residual stock is secured by assets held by Belfius Bank SA.

Appendices

Appendix 1 – Simplified balance sheet

Balance sheet key figures				
EUR m	**30/06/12**	**31/12/12**	**30/06/13**	**Variation 30/06/13 vs. 31/12/12**
Total assets	**411 301**	**357 210**	**247 210**	**-30,8%**
of which				
Loans and advances to customers	156 169	149 564	139 157	**-7,0%**
Financial assets at fair value through profit or loss and financial investments	59 520	59 896	57 094	**-4,7%**
Non current assets held for sale	132 670	84 599	895	**n.s**
Total liabilities	**413 622**	**353 900**	**243 650**	**-31,2%**
of which				
Customers borrowings and deposits	9 781	10 727	10 887	**1,5%**
Debt securities	104 021	109 651	97 719	**-10,9%**
Liabilities included in disposal groups held for sale	128 721	79 357	505	**n.s**
Total equity	**- 2 321**	**3 310**	**3 560**	**7,6%**
Core shareholders' equity(2)	6 948	10 919	10 146	**-7,1%**
Total shareholders' equity(3)	- 2 818	2 852	3 106	**8,9%**
Net assets per share (in EUR)(4)				
Related to core shareholders' equity	3,57	0,35	0,33	
Related to total shareholders' equity	-1,45	0,09	0,10	

(1) The presentation of the accounts changed from the Dexia scheme to the presentation in the ANC scheme (Autorité des Normes Comptables).

(2) Without AFS, CFH reserve and cumulative translation adjustments.

(3) With AFS, CFH reserve and cumulative translation adjustments.

(4) Ratio between the shareholders' equity (estimated dividend for the period deducted) and the number of shares at the end of the period (after deduction of treasury shares).

(5) In accordance with IFRS 5, figures as at 30/06/2012 and 31/12/2012 have been restated.

Appendix 2 – Solvency

EUR m (except where indicated)	31/12/2012	31/03/2013	30/06/2013
Tier 1 capital	10 989	10 846	10 283
Total regulatory capital	11 535	11 397	10 794
Weighted risks	55 321	51 652	49 812
Tier 1 ratio	19,9%	21,0%	20,6%
Core Tier 1 ratio	19,7%	20,8%	20,5%
Capital adequacy ratio	20,9%	22,1%	21,7%

Appendix 3 – Maximum credit risk exposure (MCRE) as at 30 June 2013 (Unaudited figures)

MCRE[12] calculated under IFRS 7

Dexia Group exposure by geographical region			
EUR m	Total	Activities held for sale	Continued activities
Austria	1 797	0	1 797
Belgium	5 736	19	5 718
Central and eastern Europe	3 854	0	3 854
France (Incl. Dom-Tom)	30 099	246	29 853
Germany	23 273	1	23 272
Greece	219	0	219
Hungary	1 287	0	1 287
Ireland	272	0	272
Italy	32 237	0	32 237
Japan	6 070	0	6 070
Luxembourg	199	35	163
Netherlands	1 033	0	1 033
Others	7 252	95	7 157
Portugal	3 778	0	3 778
Scandinavian countries	1 332	0	1 332
South and Central America	1 137	0	1 137
Southeast Asia	1 142	0	1 142
Spain	21 244	0	21 244
Supra-European	475	0	475
Switzerland	481	0	481
Turkey	588	0	588
United Kingdom	16 920	0	16 920
Unites States and Canada	28 507	0	28 507
Total exposure	**188 931**	**396**	**188 535**

As at 30 June 2013, the majority of exposure remains concentrated in the European Union.

The fall of EUR 3.4 billion in French exposure is principally explained by the natural amortisation of local public sector exposure.

The fall of exposure to the United States is due to the natural amortisation of the portfolio, as well as the disposal of assets or refinancing transactions in which Dexia has not taken part.

The amount of refinancing transactions between Dexia and Belfius continued to reduce, and this contributed to reducing Belgian exposure. This now only represents 3.2% of the exposure of the Group's continuing operations as at 30 June 2013, against 5.3% at the end of 2012.

[12] The maximum credit risk exposure (MCRE) represents the accounting net carrying amount of exposures, being the notional amounts after deduction of specific impairments and available for sale reserve amounts, and taking into account accrued interests and impact of fair-value hedge accounting.

Dexia Group exposure by category of counterpart			
EUR m	Total	Activites held for sale	Continued activities
Central governments	27 701	0	27 701
Local public sector	98 669	0	98 669
Corporate	6 304	0	6 304
Monolines	4 104	0	4 104
ABS/MBS	7 415	0	7 415
Project finance	14 946	0	14 946
Individuals, SME and self-employed	3	0	3
Financial instituations	28 580	259	28 321
Others	1 208	137	1 071
Total exposure	**188 931**	**396**	**188 535**

As at 30 June 2013, the majority of exposure remains concentrated in the local public sector (52%).

The proportion of financial institutions represents 15.6% of the total, down EUR 8.9 billion, principally as a result of the fall in refinancing transactions between Dexia and Belfius, which left the Dexia Group in October 2011.

The project finance portfolio has been reduced by 11.5% since the end of 2012, under the effect (i) of the natural amortisation of the portfolio, (ii) early reimbursements on the refinancing of borrowers' debt, in which Dexia does not take part and (iii) exchange variation effects over the period, particularly on the pound sterling and the Australian dollar.

	31/12/2012(1)	30/06/2013
AAA	13%	12%
AA	22%	23%
A	30%	29%
BBB	22%	21%
BB	11%	12%
B	1%	1%
CCC	0%	0%
D	1%	1%
NR	1%	1%
Total	**100%**	**100%**

(1) excluding SFIL

As at 30 June 2013, the portfolio is of good average credit quality, with 85% of exposure rated Investment Grade (vs. 87% as at 31 December 2012).

Appendix 4 – Group exposure to the risk of peripheral European countries as at 30 June 2013 (Continued activities and activities held for sale - unaudited figures)

(MCRE on final counterparts)

EUR m	**Total[1]**	*o/w local public sector*	*o/w corporate and project finance*	*o/w financial institutions*	*o/w ABS/MBS*
Greece	**219**	87	95	0	37
Ireland	**272**	0	89	99	84
Italy	**32 237**	15 086	1 515	761	185
Portugal	**3 778**	1 929	226	153	151
Spain	**21 244**	10 197	2 728	6 890	923

(1) including sovereign exposures

Dexia Group exposure to peripheral European countries remained stable over the half-year. Dexia is not exposed to Greek, Irish or Cypriot sovereigns.

Appendix 5 – Group exposure to sovereign bonds of peripheral European countries (Continued activities and activities held for sale - unaudited figures)

EUR m	31/12/2012 Nominal	31/03/2013 Nominal	30/06/2013 Nominal	Variation nominal 30/06/2013 vs 31/12/2012
Greece	0	0	0	-
Ireland	0	0	0	-
Italy	11 550	10 269	10 208	-12%
Portugal	1 822	1 822	1 822	0%
Spain	468	462	455	-3%

Appendix 6 – Asset quality (Unaudited figures)

Asset Quality[1]			
EUR m (except where indicated)	30/06/2012	31/12/2012	30/06/2013
Impaired loans and advances to customers	2 174	1 676	1 360
Specific impairments on loans and advances to customers	1 307	405	499
Asset quality ratio[2]	1,0%	0,9%	1,1%
Coverage ratio[3]	60,1%	24,2%	36,7%

(1) Figures calculated on the total scope (continuing and discontinued operations)

(2) The ratio between the impaired loans and advances to customers and the gross outstanding loans and advances to customers.

(3) The ratio between the specific impairments on loans and advances to customers and the impaired loans and advances to customers.

The change in cover ratio between 30 June 2012 and 31 December 2012 is due to the exit of DenizBank and Banque Internationale à Luxembourg from the group's perimeter. The increase in cover ratio between 31 December 2012 and 30 June 2013 is linked to the increase of specific provisions, in particular to the additional provisioning booked on the City of Detroit.

Appendix 7 – Ratings as at 7 August 2013

RATINGS AS AT 7 AUGUST 2013	Long term	Outlook	Short term
Dexia Crédit Local			
Fitch	A	Stable	F1
Moody's	Baa2	Negative outlook	P-2
Standard & Poor's	BBB	Stable	A-2
Dexia Kommunalbank Deutschland (*Pfandbriefe*)			
Standard & Poor's	A	Stable	-
Dexia LDG Banque (*lettres de gage*)			
Standard & Poor's	BBB	Stable	**A-2**

Appendix 8 – Fees linked to the States' liquidity guarantee (Unaudited figures)

EUR m	2012	1S 2013
Funding related fees (2008 guarantee)	-173	-40
Setting-up fee for the 2011/2013 guarantee	-200	0
Funding guarantee related fees (2011/2013 guarantee)	-370	-53
Total fees paid	**-743**	**-93**

Appendix 9 – Legal risks

Like many financial institutions, Dexia is subject to a number of regulatory investigations and litigations, including class action lawsuits in the US and Israel. Except as otherwise indicated, the status of the most significant litigations and investigations summarised below is as at 30 June 2013, and is based on the information available to Dexia on that date. On the basis of the information available to Dexia on that date, other litigations and investigations are not expected to have a material impact on the Group's financial situation or it is too early to properly assess whether they may or may not have such an impact.

The consequences, as assessed by Dexia based on the information available to it on the aforementioned date, of the most significant litigations and investigations that are liable to have a material impact on the Group's financial situation, its results or its business generally are provided in the Group's condensed financial statements. Subject to the terms and conditions of the professional liability insurance and Directors' liability insurance policies entered into by Dexia, the adverse financial consequences of all or certain litigations and investigations may be covered, in whole or in part, under one or other of such insurance policies, and, upon acceptance of such risks by the relevant insurers, be offset against any pay-out Dexia would receive pursuant thereto.

Dexia Nederland

During 1H 2013, no material development occurred in this matter, and reference is made to the detailed disclosure in the Dexia Annual Report 2012 (pages 73 and 74), available on www.dexia.com.

Financial Security Assurance

During 1H 2013, no material development occurred in this matter, and reference is made to the detailed disclosure in the Dexia Annual Report 2012 (pages 74 and 75), available on www.dexia.com

Alleged shortcomings in financial communication

During 1H 2013, no material development occurred in this matter, and reference is made to the detailed disclosure in the Dexia Annual Report 2012 (page 74), available on www.dexia.com.

Dexia banka Slovensko

During 1H 2013, no material development occurred in this matter, and reference is made to the detailed disclosure in the Dexia Annual Report 2012 (page 74 and 75), available on www.dexia.com.

Dexia Crediop

Reference is made to the detailed disclosure in the Dexia Annual Report 2012 (pages 75 and 76), available on www.dexia.com.

In a recent decision, the High Court of Justice in London confirmed its position concerning the validity and enforceability of interest rate swap contracts concluded in this case by the region of Piedmont. Although this must be the object of a separate decision, it may be that the Court orders the region of Piedmont to pay the amounts due under the swap contracts concerned, which at the end of June amounted to approximately EUR 27.5 million in principal.

Dexia Israel

Reference is made to the detailed disclosure in the Dexia Annual Report 2012 (page 76), available on www.dexia.com.

On 27 May 2013, at a hearing before the District Court of Tel Aviv, the Judge asked the parties to examine the possibility of reaching an agreement by mediation. The first mediation meeting took place on 21 July 2013. At the present time, Dexia is not in a position to make a reasonable estimate of the time or outcome of the mediation process.

Dexia Crédit Local

The total number of clients having filed claims against Dexia Crédit Local, as at 30 June 2013, is 194.

For more information we refer to the detailed disclosure in the Q1 2013 interim declaration available on www.dexia.com and the section I.B-b in page 4 of the present press release.

Kommunalkredit Austria AG/KA Finanz AG

Reference is made to the detailed disclosure in the Q3 2012 interim declaration available on www.dexia.com.

Following an annulment action commenced by Dexia Crédit Local on 24 May 2012 against the decision of the General Meeting of KA Finanz AG on 25 April 2012, the Commercial Court in Vienna (Austria) gave its ruling on 9 March 2013 in which it recognised that the participating capital held by Dexia Crédit Local remains valid under its terms and conditions with a nominal value of EUR 151.66 million. Nevertheless, as Dexia Crédit Local was non-suited on some of its applications, an appeal was lodged against the decision in April 2013 (it is to be noted that KA Finanz AG also appealed the decision).

At the present time, Dexia is not in a position to make a reasonable estimate of the time or outcome of this case, or its possible financial consequences.

Dexia SA and Dexia Crédit Local: applications for annulment of the Belgian Royal Decrees granting a State guarantee

Applications for annulment were lodged against the Belgian Royal Decrees authorising the Belgian State to grant a guarantee to Dexia Crédit Local. We refer to the Dexia Annual Report (page 76) for more detailed information on this subject (available on www.dexia.com). Dexia intervened voluntarily in the proceedings before the Belgian Council of State in order to put forward its arguments. The main objection in relation to these Royal Decrees is that the guarantee granted to Dexia should have been authorised by legislation rather than by Royal Decree. A Law of 17 June 2013 ratifies these Royal Decrees and thus to confer a legislative value upon them from the very outset.

Banque Internationale à Luxembourg

Reference is made to the detailed disclosure in the Dexia Annual Report 2012 (page 76), available on www.dexia.com, on this matter, considering that since the date of the Dexia Annual Report 2012 the shareholders of BIL have lodged several claims against Dexia, which are still being contested by Dexia.

DenizBank

During July 2013, Dexia was informed of the ruling made by the Turkish competition authorities finding DenizBank and 11 other local banks guilty of alleged price fixing with regard to credit and debit cards. DenizBank was sentenced to pay a fine of TRY 23 million (corresponding to EUR 9.01 million at the current exchange rate). Dexia undertook to indemnify Sberbank, the purchaser of DenizBank, if the risk materialises. Dexia is nonetheless examining the possibilities of appealing this ruling.

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