Press release

DEXIA

Regulated information – Brussels, Paris, 15 November 2013 – 07.00

Interim statement - Q3 2013

Net Result for Q3 2013 at EUR -83 million

- *Cost of funding down EUR 23 million, mitigated by a decrease in income booked over the quarter*
- *EUR 66 million gain on the sale of Sofaxis*

Further improvement of the funding structure, in line with Q2 2013

- *Decrease of the share of central bank funding from 23% to 19% in the total funding of the group*
- *Success of inaugural medium term guaranteed issues in euros and in dollars*

Continuation of the plan to dispose of the Group's operating entities

- *Signature of an agreement to sell Dexia Asset Management to New York Life Investments*
- *Finalisation of the sale of Sofaxis*

The third quarter 2013 was marked by a slight improvement of the economic situation in Europe and in the United States. Although the latest indicators suggest a slight economic growth in the eurozone over the second part of the year, the economic turnaround still remains extremely fragile and is not immune to geopolitical tensions. The financial markets nonetheless reacted favourably to these developments, after June pressures, whilst the European Central Bank followed this tentative recovery by maintaining an accommodating monetary policy.

Over the past quarter, the Dexia Group continued to implement its orderly resolution plan. Indeed on 25 September Dexia signed an agreement with New York Life Investments for the sale of Dexia Asset Management. The Group also finalised the sale of Sofaxis on 30 September. On the refinancing plan, the quarter was marked by the introduction of various short and long-term issuance programs under the new guarantee mechanism enabling the proportion of market funding to be increased.

In accordance with current legislation, for the period closing on 30 September 2013, Dexia is publishing an interim statement: this declaration presents the most significant transactions and events of the third quarter, and their impact on the Group's financial situation.

It is based on unaudited figures as at 30 September 2013.

1. Significant events and transactions in Q3 2013

a – Continuation of the plan to dispose of operating entities within the framework of the Group's orderly resolution plan

On 25 September 2013, Dexia signed an agreement to sell Dexia Asset Management (DAM), the last of the Group's large-scale commercial franchises, to New York Life Investments. Following the termination at the end of July of the share purchase agreement concluded with GCS Capital, Dexia recommenced discussions with other counterparts which had expressed a pronounced interest in DAM. On 19 September 2013, Dexia announced its entry into exclusive negotiations with New York Life Investments. The sale agreement with New York Life Investments relates to all the DAM shares held by Dexia and will be executed for a fixed price of EUR 380 million. Finalisation of this sale, which remains subject to approval from the regulatory authorities, is expected before the end of Q1 2014.

On 30 September 2013, Dexia finalised the sale of Sofaxis to Société Hospitalière d'Assurances Mutuelles (SHAM), the MGEN Group and Mutuelle Nationale Territoriale (MNT) for a fixed price of EUR 136 million. This sale generates a capital gain of EUR 66 million in the Dexia SA accounts for Q3 2013 and its impacts on the Group's financial ratios are not significant.

Dexia also finalised the sale of two other entities. On 4 October 2013, the Group sold its 50% holding in Domiserve to Axa Assistance Participations. Domiserve is an operator in the personal services sector, its activity for the most part involving public or institutional actors. In addition, Dexia finalised the sale of its holding in Public Location Longue Durée (Public LLD) to Arval Service Lease. Public LLD was a 49% subsidiary of Dexia Crédit Local, specialised in automobile leasing to public organisations and associations.

b – Comprehensive assessment by the European Central Bank

Dexia will be subject to an assessment of its risks and the quality of its assets by the European Central Bank. The definitive list of the banks involved will be published in 2014. This assessment will commence in November 2013 and last for 12 months. In its release published on 23 October 2013, the European Central Bank states that this review, with the support of national regulators, will take into account the Group's specific situation. In particular, it will integrate the fact that an extensive review of Dexia's risk profile has already been done within the framework of the resolution plan validated at the end of December 2012 by the European Commission.

2. Unaudited financial situation of Dexia SA in Q3

In Q3 2013, the Dexia Group posted a net loss of EUR -83 million, resulting in a EUR -988 million loss over the first nine months of 2013.

Net "recurrent"[1] income for the period remains negative at EUR -145 million.

Analytical presentation of the recurrent net banking income (1)

EUR m	1Q 2013	2Q 2013	3Q 2013
"Recurrent" Net Banking Income	**-68**	**-3**	**-12**
o/w Revenues from commercial portfolios	226	224	184
o/w Refinancing costs	-349	-266	-243
o/w Other revenues	55	39	47

[1] Recurrent elements: elements associated with carrying assets such as portfolio income, financing costs, operating charges, cost of risk and taxes

“Recurrent” net banking income for Q3 2013 amounts to EUR -12 million, against EUR -3 million in Q2 2013. Two factors explain this evolution:

- Portfolio income went down EUR 40 million compared to the previous quarter. This is mainly explained by the loss of EUR 13 million of fees received by French entities sold over the period, in particular Sofaxis, and a reduction of portfolio income of EUR 29 million. The decrease of the portfolios’ interest margin is linked, in particular, to the classification of certain counterparts as non performing credits, a one-off impact.
- This reduction of income is partially offset by a fall in the refinancing cost of EUR 23 million compared to the second quarter, which confirms the trend observed since the beginning of the year. This favourable trend is explained by the ramping up of funding programs under the 2013 guarantee format, which replaces the funding granted by central banks, costly for the Group. However, it has to be noted that the decrease of the European Central Bank benchmark rate in May 2013 had a positive impact on the Group’s funding cost structure.

“Recurrent” operating expenditures are EUR -93 million, down slightly compared to Q2, associated in particular with the sale of Sofaxis. At EUR -32 million, the cost of risk for recurrent activities is also down over Q2, which was marked by the passing of specific provisions on the city of Detroit.

At EUR -14 million, accounting volatility elements[2] are well down compared to the end of June which was in particular impacted by the first application of IFRS 13 and the use of the OIS curve for valuing collateralised derivatives.

The non-recurrent part[3] of the quarterly result amounts to EUR 76 million. In particular it includes the gain of EUR 66 million recorded on the sale of Sofaxis.

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

A – Balance sheet and solvency

a – Quarterly balance sheet evolution

As at 30 September 2013, the Group’s balance sheet total was EUR 238 billion, down EUR 119 billion since the end of 2012 and EUR 9 billion since 30 June 2013.

On the asset side, the reduction of the balancesheet over Q3 2013 is explained by:

- a decline in the fair value of the assets and derivatives of EUR 3.7 billon;
- a EUR 1.3 billion decrease in the cash collateral posted by the group, at EUR 29 billion, linked to the increase in long term interest rates;
- EUR 2.9 billion of portfolio amortisation;
- the sale of EUR 0.8 billion of assets.

On the liabilities side, the quarterly evolution of the balance sheet is mainly linked to:

- a EUR 3.6 billion reduction in the fair value of liabilities and derivatives;
- a EUR 0.3 billion decrease in the cash collateral received by the group to reach a total amount of EUR 5.3 billion at 30 September 2013;

[2] Accounting volatility elements: elements associated with fair value adjustments on assets and liabilities in particular including the impacts of the IFRS 13 standards (CVA, DVA and valuation of OTC derivatives), own credit risk (OCR), variation of the WISE portfolio (synthetic securitisation on a portfolio of enhanced bonds) not corresponding to gains or losses in cash and taken pro-rata-temporis over the term of the assets or liabilities but generating a volatility on each accounting date

[3] Non-recurrent elements: elements of an exceptional nature, not liable to be reproduced on a regular basis, and in particular including gains or losses on the disposal of holdings and assets, the costs of gains associated with litigation, restructuring costs

- a EUR 2.7 billion reduction of the group's funding over the period; market funding being down EUR 2.2 billion and deposits EUR 0.2 billion, whereas the GICs (Guaranteed Investment Contracts in the United States) dropped by EUR 0.3 billion.

b – Solvency ratios

At the end of September 2013, the Group's Tier 1 capital amounts to EUR 10.2 billion and regulatory capital to EUR 10.8 billion, relatively stable compared to the end of June 2013. Total weighted assets are at EUR 48.9 billion, down 2% compared to 30 June 2013 principally under the effect of portfolio amortisation.

This leads to a strengthening of the solvency ratios compared to the end of June 2013. Consequently, as at 30 September 2013, the CAD ratio is 22% (against 21.7% at the end of June) and the Tier 1 ratio is 20.9% (against 20.6% at the end of June).

On that date, other comprehensive income amounts to EUR -6.7 billion, an improvement of EUR 0.3 billion compared to 30 June 2013. The AFS reserve is EUR -5.7 billion, against EUR -6.1 billion as at 30 June 2013. The improvement of this reserve is explained by a tightening of the credit margins of certain European sovereigns, by the natural amortisation of portfolios and by the evolution of exchange rates.

B – Evolution of the Dexia Group funding structure

In parallel to the reduction of its balance sheet total, the Group noted a reduction of its funding need over the third quarter, particularly due to the effect of the reduction of the net amount of collateral posted and portfolio amortisation.

Q3 2013 confirmed the trend which began in Q2 with respect to the funding structure, which is a gradual rise of secured funding and guaranteed issues combined with a reduction of central bank funding, the proportion of the latter in the Group funding falling from 23% to 19% between the end of June and the end of September. This evolution enabled the Group's funding cost to be reduced considerably.

In line with the second quarter, Dexia conducted a very active short-term guaranteed issue policy on the market, particularly through its program of certificates of deposit (CD) and put a special emphasis to the extension of the maturity of its funding. As such, between end 2012 and the end of October 2013, an additional outstanding of EUR 15 billion in CD has been issued. In July 2013, the launch of the US CP program enabled US dollar funding to be increased and Group assets to be refinanced in that currency.

After finalising a guaranteed EMTN and US MTN program, Dexia launched inaugural issues under the 2013 guarantee mechanism in Q3 2013, strongly increasing its visibility on the bond market. The Group proceeded with a 3-year issue in euros on 11 July, in an amount of EUR 1.5 billion, followed by a 3-year issue in US dollars on 18 October, in an amount of USD 2 billion. A 5-year issue of EUR 1.75 billion was also launched on 29 October 2013. These issues were warmly welcomed by the market, and all were oversubscribed. They were prepared through an active marketing of the issuer and the 2013 guarantee targeted at the Dexia investor base: several roadshows were organised in Europe, the United States, Asia and the Middle East.

At 30 September 2013, the nominal amount of State-guaranteed issues amounted to EUR 73 billion, including EUR 63.1 billion under the 2011/2013 guarantee and EUR 9.7 billion under the 2008 guarantee.

The Group has not made use of the ELA since the beginning of the year and has EUR 15 billion in available liquidity reserves as at the end of September 2013.

Appendices

Appendix 1 - Balance sheet key figures (non audited)

Balance sheet key figures (1)				
EUR m	**31/12/2012(5)**	**30/06/13**	**30/09/2013**	**Variation 30/09/13 vs. 30/06/13**
Total assets	**357,210**	**247,210**	**237,898**	**-4%**
of which				
Loans and advances to customers	149,564	139,157	136,220	-2%
Financial assets at fair value through profit or loss and financial investments	59,896	57,094	52,184	-9%
Non current assets held for sale	84,599	895	535	-40%
Total liabilities	**353,900**	**243,650**	**234,053**	**-4%**
of which				
Customers borrowings and deposits	10,727	10,887	11,017	1%
Debt securities	109,651	97,719	99,073	1%
Liabilities included in disposal groups held for sale	79,357	505	199	-61%
Total equity	**3,310**	**3,560**	**3,845**	**8%**
Core shareholders' equity(2)	10,919	10,146	10,059	-1%
Total shareholders' equity(3)	2,852	3,106	3,388	9%
Net assets per share (in EUR)(4)				
Related to core shareholders' equity	0.35	0.33	0.33	0%
Related to total shareholders' equity	0.09	0.1	0.11	10%

(1) The presentation of the accounts changed in June 2013 from the Dexia scheme to a 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 31/12/2012 have been restated.

Appendix 2 - Capital adequacy (regulatory, non audited)

EUR m	30/06/2013	30/09/2013
Tier 1 capital	10,283	10,230
Total regulatory capital	10,794	10,758
Weighted risks	49,812	48,912
Tier 1 ratio	20.6%	20.9%
Core Tier 1 ratio	20.5%	20.7%
Capital adequacy ratio	21.7%	22.0%

Appendix 3 - Maximum Credit Risk Exposure (MCRE) as at 30 September 2013 (non audited)

MCRE[4] calculated under IFRS 7

Dexia Group exposure by geographic region			
EUR m	Total	*o/w activities held for sale*	*o/w continued activities*
Austria	1 791	0	1 791
Belgium	4 253	14	4 238
Central and eastern Europe	3 817	0	3 817
France (Including Dom-Tom)	28 766	8	28 758
Germany	22 813	1	22 812
Greece	218	0	218
Hungary	1 302	0	1 302
Ireland	270	0	270
Italy	31 777	0	31 777
Japan	6 085	0	6 085
Luxembourg	218	48	171
Netherlands	1 022	0	1 022
Portugal	3 761	0	3 761
Scandinavian countries	1 300	0	1 300
South and Central America	760	0	760
Southeast Asia	1 112	0	1 112
Spain	20 847	0	20 847
Supra-European	483	0	483
Switzerland	506	0	506
Turkey	557	0	557
United Kingdom (not Norm.Isd/Man)	16 922	0	16 922
United States and Canada	29 192	0	29 192
Others	6 500	67	6 433
Total	**184 272**	**138**	**184 134**

[4] 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	*o/w activities held for sale*	*o/w continued activities*
Central governments	28 822	54	28 768
Local public sector	96 888	0	96 888
Corporate	6 364	8	6 356
Monolines	3 235	0	3 235
ABS/MBS	7 058	0	7 058
Project finance	15 037	0	15 037
Individuals, SME and self-employed	3	0	3
Financial instituations	26 865	76	26 789
Others	0	0	0
Total exposure	**184 272**	**138**	**184 134**

Group exposure per rating				
	30/06/2013	30/09/2013	*o/w activities held for sale*	*o/w continued activities*
AAA	12%	11%	0%	11%
AA	23%	25%	10%	25%
A	29%	28%	11%	28%
BBB	21%	21%	34%	21%
BB	12%	12%	0%	12%
B	1%	1%	0%	1%
CCC	0%	0%	0%	0%
D	1%	1%	0%	1%
NR	1%	1%	45%	1%
Total	**100%**	**100%**	**100%**	**100%**

Appendix 4 - Group exposure to GIIPS risk as at 30 September 2013 (MCRE for continuing and discontinued operations, non audited)

Group exposure to GIIPS risk (1)						
EUR m	**Total**	*o/w local public sector*	*o/w corporate and project finance*	*o/w financial institutions*	*o/w ABS/MBS*	*o/w sovereign exposures*
Greece	218	83	98	0	37	0
Ireland	270	0	88	100	81	0
Italy	31,777	14,847	1,380	951	175	14,424
Portugal	3,761	1,913	227	152	149	1,320
Spain	20,847	9,960	2,680	6,862	882	463

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

Appendix 5 - Group exposure to GIIPS Government Bonds (MCRE for continuing and discontinued operations, non audited)

Group exposure to GIIPS Government Bonds (1)					
EUR m	30/06/2013 Nominal	30/09/2013 Nominal	30/09/2013 MCRE	*o/w banking*	Variation nominal 30/09/2013 vs 30/06/2013
Greece	0	0	0	0	0,0%
Ireland	0	0	0	0	0,0%
Italy	10 208	10 252	11 061	11 061	0,4%
Portugal	1 822	1 822	1 299	1 299	0,0%
Spain	455	450	455	455	-1,0%

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

Appendix 6 - Asset quality (non audited)

Asset Quality (1)		
EUR m	30/06/2013	30/09/2013
Impaired loans and advances to customers	1,360	1,627
Specific impairments on loans and advances to customers	499	532
Asset quality ratio(2)	1.1%	1.3%
Coverage ratio(3)	36.7%	32.7%

(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.

Appendix 7 - State guarantee fees (non audited)

State guarantee fees			
EUR m	**Q1 2013**	**Q2 2013**	**Q3 2013**
Funding related fees for the 2008 guarantee	-33	-23	-22
Funding guarantee related fees for the 2011/2013 guarantee	-35	-8	-10
Total fees paid	**-68**	**-31**	**-32**

Appendix 8 – Litigations

Like many financial institutions, Dexia is subject to a number of regulatory investigations and litigations, including class action lawsuits in the US and Israel. The significant events occurring in the third quarter are summarised below. These are the principal cases and investigations concerning Group entities as defendant on the basis of information known as at 30 September 2013 or any other later date indicated below. The following updated data are provided for comparison and should be read in conjunction with the corresponding summaries contained or mentioned in the "Legal Risks" chapters of the Dexia Annual Report 2012 and the Dexia Half-Yearly Report H1 2013 available at www.dexia.com.

On the basis of the information available to Dexia on that date, new occurrences in the third quarter associated with litigations and investigations in progress and indicated in the "Legal Risks" chapter of the Dexia Annual Report 2012 but for which no update is provided below are not expected to have a material impact on the Group's financial situation or the information available at that date does not allow to 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 and consolidated 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 Crediop

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.

In that same decision, the region of Piedmont was ordered to pay the amounts due. An agreement was concluded in mid-August with the city of Florence containing an acknowledgement of the validity of the swap contracts from the very beginning, and as a consequence of all net amounts due.

Dexia Israël

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. Several meetings took place between all the parties concerned. 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, SFIL and/or CAFFIL is 215.

For more information we refer to the detailed disclosure in the Half-Yearly Interim Declaration H1 2013 and the "Highlights" section of the annual report 2012 (page 11) available at www.dexia.com.

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

By decision dated 2 October 2013, the Belgian Council of State rejected the application for annulment of the Belgian Royal Decree dated 18 December 2012.

To date the Belgian Council of State has not made its decision in relation to annulment of the Belgian Royal Decree dated 18 October 2011, but the plaintiffs no longer require an examination of the fundamentals of the case within the context of proceedings to consider whether the action should be non-suited.

Dexia banka Slovensko

A transaction was concluded at the beginning of October. This will become effective after certain suspensive conditions are met, probably in 2014.

Banque Internationale à Luxembourg

Reference is made to the information published in the Dexia Annual Report 2012 (page 79), available at www.dexia.com, on the subject of this case, it being understood that, since the date of the Dexia Annual Report 2012, BIL shareholders have lodged new claims against Dexia, and that these are still contested by Dexia.

DenizBank

During July 2013, Dexia was informed of the ruling made by the Turkish competition authorities finding DenizBank and several other local banks guilty of price fixing with regard to deposits, credits and credit card services.

In accordance with the undertaking made to Sberbank, the acquirer of DenizBank, Dexia reimbursed the latter the amount of the fine paid by DenizBank, namely TRY 17.25 million (corresponding to EUR 6.41 million at the current exchange rate). At Dexia's request, however, DenizBank lodged an appeal against the decision to the Administrative Court. The appeal is ongoing.

Press contacts

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

Investor contacts

Investor Relations – Paris
+33 1 58 58 82 48 / 87 16