

# PRESS RELEASE



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## **Dexia raises EUR 6.4 billion from the Governments of Belgium, France and Luxembourg and from existing shareholders**

### **Concerted action by the three countries and existing shareholders to support Dexia**

- **Belgian authorities and Belgian shareholders invest in total EUR 3 billion**
- **The French Government and CDC invest EUR 3 billion**
- **The Luxembourg Government invests EUR 376 million**

Today the authorities of Belgium and France, together with existing shareholders, announce that they have subscribed for an increase of the capital of Dexia at a price per share equal to the average of the closing prices of the Dexia share over the last 30 calendar days, i.e. EUR 9.90.

In addition, the Government of Luxembourg will subscribe for newly-issued convertible bonds for a total amount of EUR 376 million.

The agreement between the parties provides for the following allocation:

#### *- Belgium*

- the Belgian federal Government, the 3 Regions and the 3 institutional shareholders have agreed together to jointly invest EUR 3 billion in Dexia SA
  - The Belgian federal Government invests EUR 1 billion
  - The 3 Regions invest EUR 1 billion
    - Flanders: EUR 500 million
    - The Walloon region: EUR 350 million
    - Brussels Capital Region: EUR 150 million
  - The current institutional shareholders invest EUR 1 billion
    - Gemeentelijke Holding NV: EUR 500 million
    - Arcofin CV: EUR 350 million
    - Ethias: EUR 150 million

#### *- France*

- The French Government has agreed to invest EUR 1 billion in Dexia SA while CDC will invest a further EUR 2 billion.

#### *- Luxembourg*

- The Government of Luxembourg invests EUR 376 million in Dexia Banque Internationale à Luxembourg S.A. in the form of convertible bonds.

*\*Dexia is a listed company. This press release contains information subject to the transparency regulations for listed companies.*

## EUR 6.4 billion of capital will secure a strong solvency for the Group

Due to the significant deterioration in the business and market environment and the financial distress of a number of financial services companies, Dexia made a careful assessment of its situation and decided to take decisive action and raise EUR 6.4 billion of capital.

Dexia expects its Tier 1 capital ratio at the end of September 2008, before the capital increase, to be above 10%.

The EUR 6.4 billion capital injection will allow Dexia to remain one of the better capitalized banks in Europe even when accounting for potential negative impacts that could arise from:

- Unprecedented market volatility creating potential impacts on marked-to-market securities and risk-weighted assets
- Overall deterioration in the creditworthiness of some banking counterparties
- Further impairments on equity portfolios
- Further deterioration in FSA Insured and Financial Products portfolios

## Dexia is finalizing the terms and conditions of its support to FSA's Financial Products business line

In order to continue providing support to FSA's Financial Products liquidity whilst preserving Dexia's position and limiting its exposure, it has been decided that Dexia's USD 5 billion unsecured liquidity line granted to FSA's Financial Products asset management subsidiary would be converted into an equally sized repo facility hence significantly reducing the risk profile of this facility.

In taking the credit risk responsibility, Dexia has also decided that economic losses at FSA's Financial Products asset management subsidiary exceeding the USD 316 million recognized at the end of June 2008 would be compensated by capital injections into this subsidiary that shall under no circumstances exceed USD 500 million. Within that limit, the capital increases will match the amount of additional economic losses net of US corporate tax if and when they occur.

This measure will contribute to the liquidity of the Financial Products portfolios. This will allow to avoid divestments at distressed prices whilst capping Dexia's support and limiting its downside exposure.

*Dexia ([www.dexia.com](http://www.dexia.com)) is a European bank and the world leader in local public finance. Dexia is one of the top twenty banking groups in the euro zone with a stock market capitalization of EUR 11.7 billion and more than 36,500 employees in 39 countries as of June 30, 2008. Dexia has one of the highest credit ratings in the banking industry. Dexia's development strategy is based on two pillars: its Universal Banking business in Europe (Belgium, Luxembourg, Slovakia and Turkey), and world leadership in Public/Project Finance.*

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