Dexia Issues Statement Regarding Governments' Rescue Plan

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BRUSSELS (Dow Jones)--Franco-Belgian ailing bank Dexia SA (DEXB.BT) said Tuesday the French and Belgian governments, together with existing shareholders, will pay EUR9.90 per share as part of a capital increase aimed at rescuing the lender.

The price equals the average closing share price of the last 30 calendar days, Dexia said in a statement.

Dexia, a specialist in government lending, has a heavy exposure to the U.S. housing market through its U.S. bond insurance arm FSA. Dexia shares plummeted 30% Monday.

-By Alessandro Torello, Dow Jones Newswires; +32 2 741 14 88; alessandro.torello@dowjones.com [ 30-09-08 0852GMT ]

(Adds further details, share price.)

BRUSSELS (Dow Jones)--Ailing Franco-Belgian bank Dexia SA (DEXB.BT) said Tuesday the French and Belgian governments, together with existing shareholders, will pay EUR9.90 per share in a EUR6.4 billion capital increase, in Benelux's second bank rescue plan in two days.

The price equals the average closing share price of the last 30 calendar days, Dexia said in a statement.

Dexia, a specialist in government lending, has a heavy exposure to the U.S. housing market through its U.S. bond insurance arm FSA.

Belgium, France and Luxembourg announced earlier Tuesday they are injecting a total of EUR6.4 billion, together with existing shareholders, to rescue Dexia. The bank didn't specify the percentage stake the governments and the existing shareholders will get.

The capital injection "will allow Dexia to remain one of the better capitalized banks in Europe even when accounting for potential negative impacts," Dexia said.

The capital increase plan comes less than two days after Belgium, France and Luxembourg decided Sunday night to inject EUR11.2 billion in Dutch-Belgian financial business Fortis (30086.AE).

Dexia said it will convert its $5 billion credit line to FSA in a repo facility to "significantly" reduce the risks. It also said it will limit its cash injection in FSA to cover economic losses to $500 million.

Dexia shares plummeted 30% Monday, and were suspended Tuesday pending the announcement. They resumed trading at EUR7.42, and were up 13% at EUR8.00 as of 0954 GMT.

-By Alessandro Torello, Dow Jones Newswires; +32 2 741 14 88; alessandro.torello@dowjones.com [ 30-09-08 1007GMT ]

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