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**SPECIAL REPORT OF THE BOARD OF DIRECTORS**  
**RENEWAL OF THE AUTHORISED CAPITAL**

**- Article 604 of the Company code –**

**1. BACKGROUND**

**1.1. Legal basis**

The Board of Directors proposes to the Shareholders' Meeting to renew its authorisation to increase the capital of the company under the conditions described below.

The present report has been prepared by the Board of Directors in accordance with Article 604, second indent of the Company code, to explain to the Shareholders' Meeting the intended objectives of this renewal and the circumstances under which the authorised capital may be used.

**1.2. Precedents**

The Extraordinary Shareholders' Meeting of May 13, 2009 had renewed, for a period of 5 years (effective as of June 5, 2009), the authorisation for the Board of Directors to increase the company's capital up to a maximum amount of EUR 8,080,000,000,00 in accordance with the procedures to be established by the Board of Directors acting within the limits stipulated in the Legislation and in the Articles of Association.

The Extraordinary Shareholders' Meeting of May 11, 2011 has acknowledged that the amount of the authorised capital had been reduced following the capital decrease and the capital increase decided by this Extraordinary Shareholders' Meeting to an amount equal to the new share capital after completion of these two operations. The Extraordinary Shareholders' Meeting of May 9, 2012 has acknowledged that the amount of the authorised capital was again reduced following a decrease of the share capital decided by this Extraordinary Shareholders' Meeting to an amount equal to the new share capital being EUR 500,000,000.00. The Extraordinary Shareholders' Meeting of December 21, 2012 for its part, amended Article 6 of the Articles of Association in order to state that the amount of the authorised capital is equal to the amount of the share capital.



The Board of Directors has not made use of the authorised capital. The amount of the available authorised capital is consequently equal to the amount of the share capital being EUR 500,000,000.00.

### **1.3. Renewal**

For the reasons set out below, the Board of Directors proposes to renew the authorisation that was given to it to increase the capital for an amount equal to the share capital for a period of five years from the date of publication in the Appendices of the *Moniteur Belge* of the modification to the Articles of Association resulting from the Extraordinary Shareholders Meetings' decision.

## **2. MOTIVATION**

### **2.1. Intended objectives**

The authorisation which would be granted by the Shareholders' Meeting to use the authorised capital is intended to provide the Board of Directors with the necessary flexibility to implement the orderly resolution plan of the Group Dexia under the best conditions, to react in a timely manner to potential opportunities or threats, to take into account the fluctuations in interest rates, and the needs for means of finance to implement the orderly resolution plan, and other economic factors in order to be able to carry out one or several transactions requiring the issuance of new shares or securities which will eventually give right to shares, in one or several tranches, in the framework of a public or private offering or, otherwise, in accordance with the procedures to be defined in view of the circumstances.

### **2.2. Circumstances for use of the authorised capital**

The Board of Directors may use the authorised capital if required by the company's corporate interest and under such circumstances where, at short notice, it is required to strengthen the company's own funds to implement the orderly resolution plan, or to align its financial structure with the new legal requirements amongst other related to its solvency and to maintain its financial structure.

The Board of Directors may, for example, use this authorisation when it believes that the costs associated with the convening of a Shareholders' Meeting are not proportional compared to the contemplated capital increase or when a crisis situation calls for the strengthening of the company's own funds upon very short notice. The possibility to limit or to possibly abolish the pre-emptive rights, even in favour of one or several specific persons, is motivated notably by the wish to be able to proceed, if required, with the issuance of a portion of the issued shares within the framework of the authorised capital to one or more



investors, whether or not shareholders of the company. If required, the Board of Directors may ensure that priority is given to former shareholders when new shares are allocated.

### **3. NEW AUTHORISATION AND AMENDMENT OF THE ARTICLES OF ASSOCIATION**

#### **3.1. Renewal**

As stated above, the Board of Directors proposes to the Shareholders' Meeting to renew, for a period of five years, effective as of the date of publication in the Appendices of the *Moniteur Belge* of the modification to the Articles of Association resulting from the Shareholders' Meeting decision, the authorisation to increase the capital within the framework of authorised capital for an amount equal to the share capital.

#### **3.2. Amendment of the Articles of Association**

3.2.1. It is proposed to the Shareholders' Meeting to replace Article 6, indent 1 of the Articles of Association by the following text :

*"Article 6 – AUTHORISED CAPITAL*

*On the dates and under the conditions that it sets, the Board of Directors is authorised to increase the capital on one or more occasions, up to a maximum amount equal to the amount of the share capital of the company. This authorisation is valid for a period of five years from the date of publication in the Appendices of the Moniteur Belge of the modification of the Articles of Association approved by the Extraordinary Shareholders' Meeting on May 14, 2014. It is renewable."*

3.2.2. The other indents of Article 6 of the Articles of Association remain unchanged. The proposed amendment of Article 6, indent 1, of the Articles of Association has as a consequence that the Board of Directors will also be authorised to issue convertible bonds or bonds refundable in shares, warrants or other financial instruments giving the right to eventually acquire shares, up to the same amount, on the basis of Article 6, indent 2 of the Articles of Association.

3.2.3. In addition, the Board of Directors proposes to replace the following provision of the first indent of the "*Transitional Provisions*" of the Articles of Association by the following text:

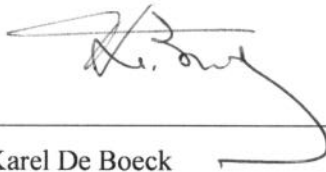
*"The authorisation relating to the authorised capital granted by the Extraordinary Shareholders' Meeting held on May 13th, 2009 continues to produce its effects until the date of publication in the*



*Appendices of the Moniteur Belge of the modification of the Articles of Association resulting from the decision of the Extraordinary Shareholders' Meeting referred to in Article 6, first indent of the Articles of Association. The authorisation relating to the authorised capital granted by the Extraordinary Shareholders' Meeting held on May 14th, 2014 will come into force for a period of five years on the date of the publication in the Appendices of the Moniteur Belge of the modification to the Articles of Association, without prejudice to the rights of the General Meeting to terminate this prematurely."*

February 19, 2014

For the Board of Directors



Karel De Boeck  
Managing Director



Robert de Metz  
Chairman of the Board of Directors