

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 share 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 Companies 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 14, 2014 had renewed, for a period of 5 years (initially effective as of June 5, 2009, and then May 11, 2011), the authorisation for the Board of Directors to increase the company's capital up to an 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 equity capital for a period of five years from the date of publication in the Appendices of the *Moniteur Belge* of the amendment to Articles of Association resulting from the Extraordinary Shareholders Meetings' decision of 15 May 2019. The authorisation is renewable.

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 needs, to take into account the fluctuations in interest rates which directly impact Dexia and the needs for financial means 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 the use of the authorised capital

In general, 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 will be given to former shareholders when new shares are allocated. The capital increases decided under this authorisation may be carried out through contribution in cash or in kind under legal conditions, as well as by incorporation of reserves, whether available or unavailable for distribution, or of share premiums, with or without issuing new shares

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 amendment 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

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 15, 2019. It is renewable."

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.

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 14, 2014 continues to produce its effects until the date of publication in the Appendices of the Moniteur Belge of the amendments to the Articles of Association resulting from

the Shareholders' Meeting decision 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 15, 2019 will come into force for a period of five years on the date of the publication in the Appendices to the Moniteur Belge of the resultant modification of the Articles of Association, without prejudice to the rights of the Shareholders' Meeting to terminate this prematurely."

March 21, 2019

For the Board of Directors,



Wouter Devriendt
Managing Director



Gilles Denoyel
Chairman of the Board of Directors