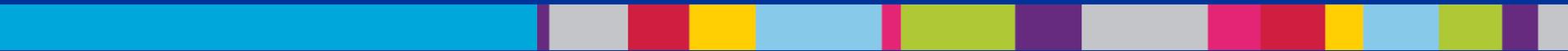


# General Meeting

May 8th 2013

**DEXIA**



# Robert de Metz

Chairman of the Board

**DEXIA**

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- I. Macro-economic situation in 2012 and impact on Dexia
- II. Orderly resolution plan and reduction of systemic risk
- III. Activity of the Board of Directors and specialized committees
- IV. Remuneration policy

# Macro-economic situation in 2012 (1/2)

Slow growth overall

## World GDP

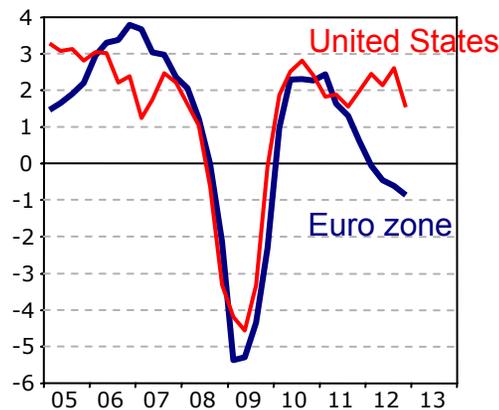
2010	2011	2012
↗ 5.3%	↗ 3.9%	↗ 3.2%

## Euro zone GDP

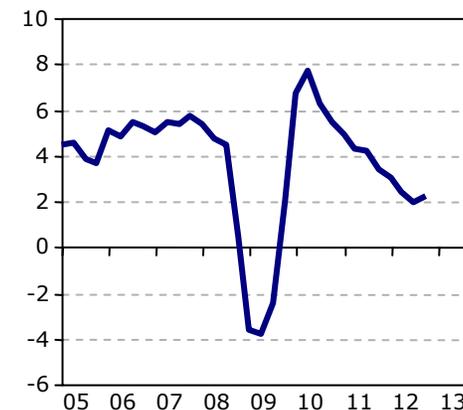
2010	2011	2012
↗ 1.9%	↗ 1.5%	↘ 0.4%

## GDP growth (year on year %)

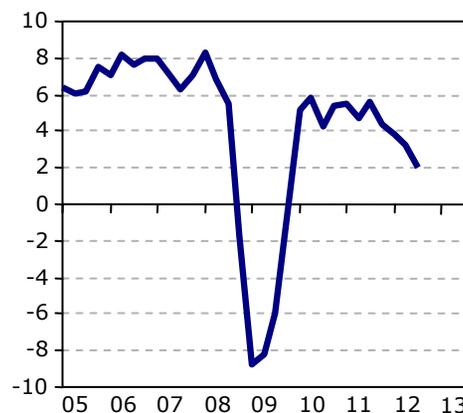
### Developed economies



### Latin America



### Emerging Europe



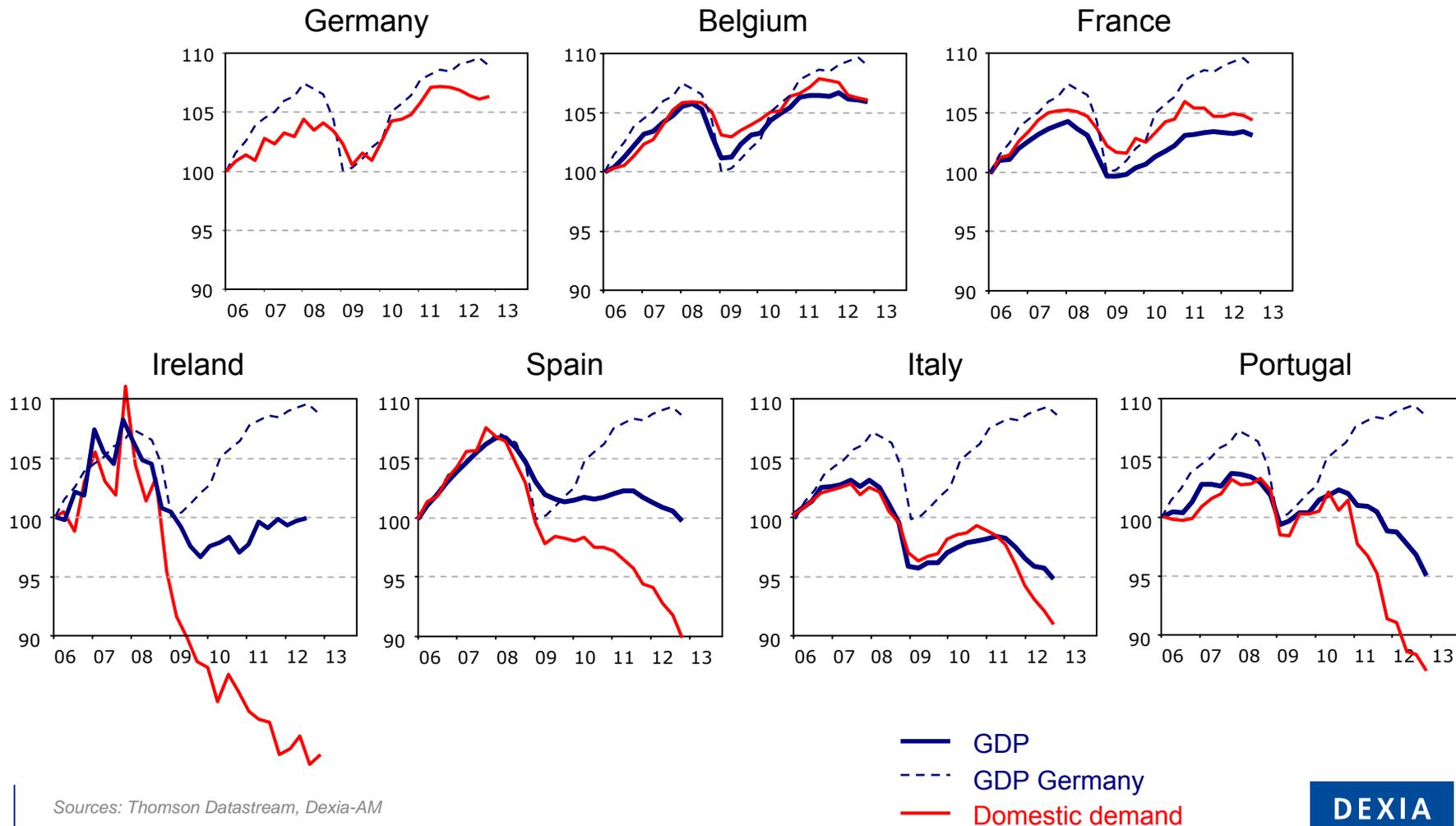
### Emerging Asia\*



# Macro-economic situation in 2012 (2/2)

## Slower growth in Europe

GDP and domestic demand (actual, 2006 = 100)



# An environment not in Dexia's favour (1/4)

## Impact on balance sheet assets

### M&A

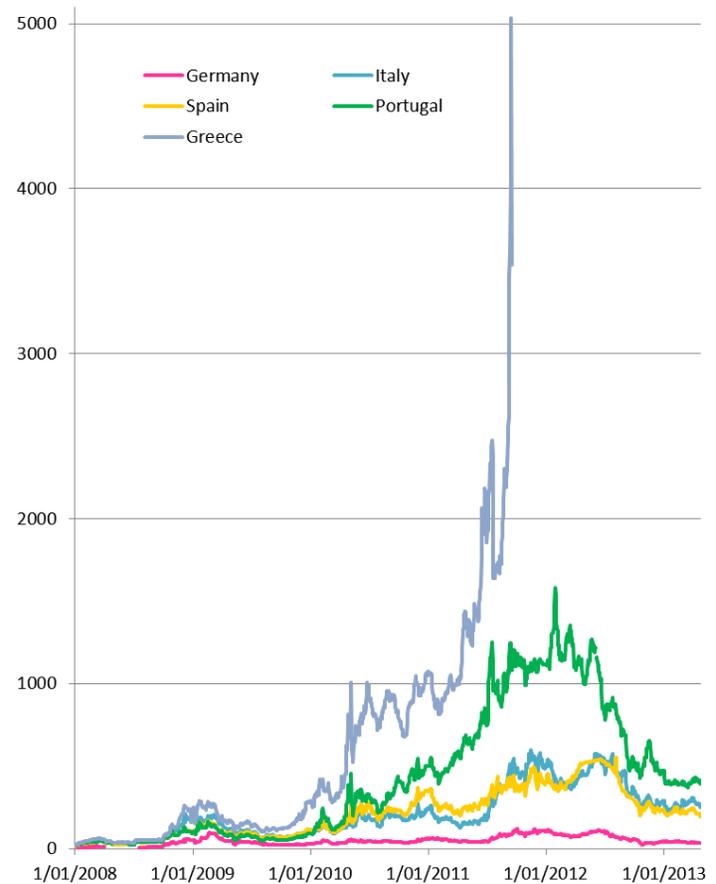
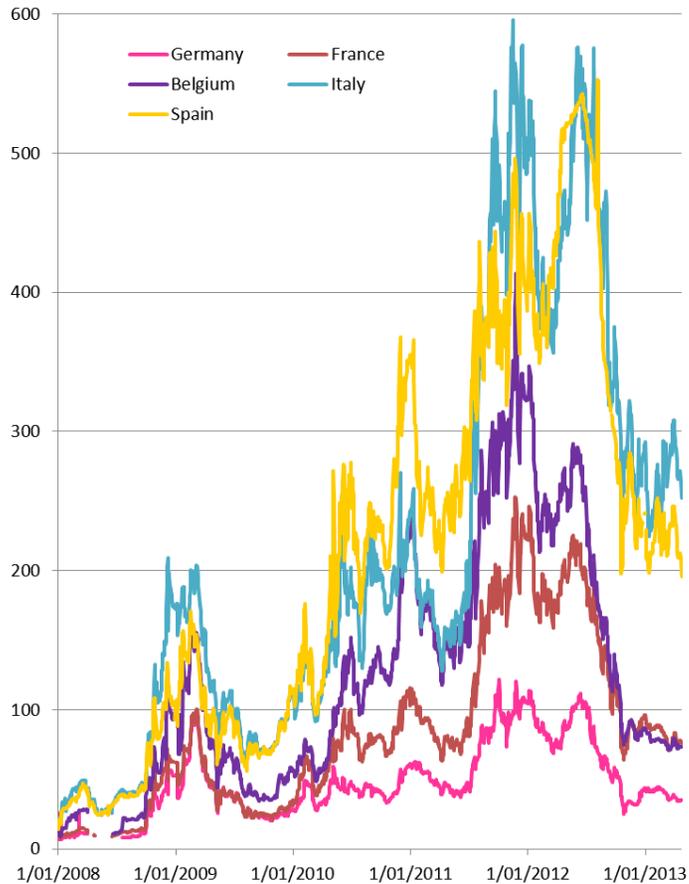
- Fairly unfavourable context for asset sellers
- 6 sales to be carried out simultaneously
- However, sales made at a price acceptable to Dexia

# An environment not in Dexia's favour (2/4)

## Impact on balance sheet assets

- Very high sovereign risk premiums in most European countries

Sovereign risk premiums (5-year CDS , base points)



# An environment not in Dexia's favour (3/4)

## Impact on balance sheet liabilities

### Increased financing costs

- Increased financing requirements
- Several issues have reached their maturity date
- Increased collateral requirements
- Use of emergency funds and liquidity guarantees granted by the Governments in 2011

### Absence of revenues

- Very strong decline in production
- No opportunities for compensation of increased financing costs, or any other shock, that may, for example, increase the cost of risk

# An environment not in Dexia's favour (4/4)

## A complex European governance

### At European level

- Sovereign debt crisis further emphasised by a governance crisis in the Euro zone
- Slow decision making
- Impact on the economic situation

### Concerning Dexia

- Complexity of European governance
- Number of parties involved in the matter:
  - The European Commission, France, Belgium, Luxembourg, the French Ministry of Finance, the Belgian Ministry of Finance, the BCE, the Bank of France, the National bank of Belgium, the ACP, the FSMA...
  - With sometimes diverging interests
- Electoral context

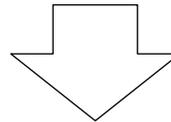
# Orderly resolution plan

## Main objectives and principles

**A orderly resolution plan that revolves around two main underpinnings, in collaboration with all parties involved:**

**Liquidity guarantee by the Governments so as to allow the management of residual assets in run-off**

**Sale of last viable commercial franchises in order to preserve them**



**Reduction of systemic risk for the Governments and the European banking sector**

# Orderly resolution plan

## Approval by the European Commission

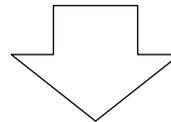
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- A first review of the orderly resolution plan handed down in March 2012
  
- A revised version was issued in November 2012 that accounted for:
  - The evolution of the macro-economic environment
  - The evolution of financing assumptions
  
- Approved by the European Commission in December 2012

### Update of financial parameters and significant impact on non-recurring elements, reducing the group's capital

Review of several assumptions resulting in the submission of a new plan to the European Commission

- Less favourable outlook in terms of economic turnaround
- Evolution of funding mix that implies less dependency on central bank and increased reliance on more expensive market funding
- Strongly reduced new production
- A new framework for the sale DMA



**Full impairment of the DCL holding in the books of DSA**



# Orderly resolution plan

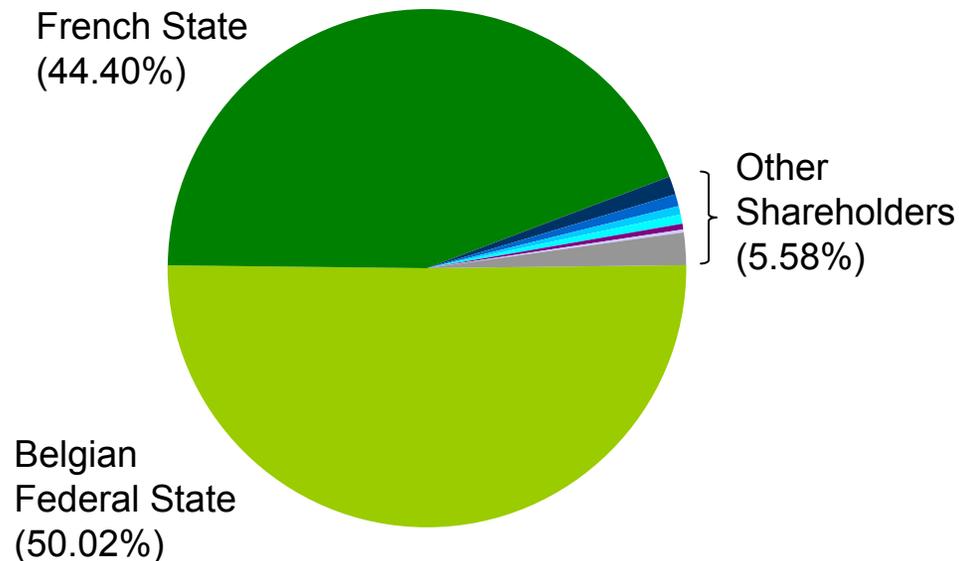
## Terms of the capital increase

### Issuance of preferred shares reserved for the Belgian and French States

#### □ Capital increase:

- Of EUR 5.5 billion
- Subscribed by the Belgian and French Governments for 53% and 47%, respectively
- At a price of EUR 0.19 per share
- Approved on 21 December by the Extraordinary Shareholders' Meeting
- Carried out on 31 December 2012

#### Shareholdings after the capital increase



# Orderly resolution plan

## Implementation of the 2013 financing guarantees

### Amendment of the guarantee instrument granted by the French, Belgian and Luxembourg States

- Amendment of the terms of the 2013 guarantee:
  - Final guarantee ceiling: EUR 85 billion
  - Split of the guarantee
    - 51.4% for Belgium (vs. 60.5% initially)
    - 45.6% for France (vs. 36.5% initially)
    - 3% for Luxembourg
  - Upfront commission: 50 bp
  - Guarantee fee : 5 bp/year (vs. 85 bp/year)

# Orderly resolution plan

## Guarantee fees and upfront commission

(EUR M)	2008	2009	2010	2011	2012	TOTAL
2008 guarantee	36	493	490	337	173	1,529
of which, remuneration pertaining to financing guarantees	36	432	380	290	173	1,311
of which, remuneration pertaining to the FP portfolio	0	61	110	47		218
2011 guarantee	0	0	0	225	420	645
of which, implementation commission				225	50	275
of which, remuneration					370	370
2013 guarantee		0	0	0	150	150
of which, implementation commission					150	150
of which, remuneration						0
<b>TOTAL</b>	<b>36</b>	<b>493</b>	<b>490</b>	<b>562</b>	<b>743</b>	<b>2,324</b>
Belgium	22	299	299	341	436	1,396
France	13	181	180	206	285	864
Luxembourg	1	13	11	15	22	63

**Reinforced by the capital increase and a liquidity guarantee of EUR 85 billion, Dexia can now focus on managing and optimising its residual assets over time.**

### The balance sheet is still sizable

- A post-sale balance sheet of EUR 250 billion
- Long-term maturity of assets
- High sensitivity to even small variations of financial parameters

### Reduced possibility of steering the balance sheet

- A completely swapped balance sheet: difficult to carry out sales without losses stemming from the cost of unwinding these hedges
- A group caught between widening spreads and declining rates

### Little room to manoeuvre

- Production limited by the European Commission and therefore, less revenue
- Reduced capacity to absorb economic or regulatory shocks

# Works of the Board and specialized committees

Number of meetings	2009	2010	2011	2012
<b>Board</b>	<b>11</b>	<b>11</b>	<b>20</b>	<b>25</b>
Audit Committee (encompasses the Accounts Committee and the the Internal Committee of Risk Control and Compliance)	9	8	12	11
Strategic Committee	1	2	8	3
Nominations and Remuneration Committee	7	5	9	7
<b>DSA TOTAL</b>	<b>28</b>	<b>26</b>	<b>49</b>	<b>46</b>

- Topics regularly discussed by the Board and the Committees:
  - Implementation of the crisis solution plan handed down
  - The liquidity situation
  - The evolution of margin calls
  - The follow-up and impact of asset sales
  - Ensuring compliance with regulation
  - Reports prepared within the scope of the regulators' mandate

# Striking a new balance for Dexia

## Change of the group's governance

### Board

- Change of the Board's composition in order to reflect the new shareholding structure:
  - A Board of Directors comprised of 5 Belgian members and 4 French members
  - A French Chairman
  - A Belgian Chief Executive Officer

### Management Committee

- Alignment of the Management Committee's composition with the group's new scope:
  - 3 members instead of 10

### Joint steering

- Simplified and unified decision structure
- Joint steering by Dexia SA and Dexia Crédit Local S.A

- **Strict compliance with legislative changes affecting remuneration at national, European and international level**
- Implementation of remuneration principles under the European guidelines
- Implementation of the CEBS guidelines implemented in Belgium in the CBFA bulletin and under an Act dated 7 February 2011



# Robert de Metz

Chairman of the Board

DEXIA



# Karel De Boeck

Chief Executive Officer  
Chairman of the Management Board

**DEXIA**

- I. 2012: a transition year in the resolution of the Dexia Group
- II. Consolidated results 2012 and Q1 2013
- III. Residual Group profile - Revised orderly resolution plan

**I. 2012: a transition year in the resolution of the Dexia Group**

II. Consolidated results 2012 and Q1 2013

III. Residual Group profile - Revised orderly resolution plan

# 2012: a transition year in the resolution of the Dexia Group

## European Commission approval of the revised orderly resolution plan

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- Final European Commission approval on 28 December 2012 of the revised orderly resolution plan submitted by the Belgian, French and Luxembourg States
  
- A plan relying on two pillars:
  - Disposal of viable commercial entities in order to allow them growing their franchise
  - Management of residual assets in run-off
  
- Key stage enabling a Dexia SA capital increase to be implemented and the 2013 tripartite funding guarantee to be put in place, prior requisites for finalisation of the Group's orderly resolution
  
- Publication of the non-confidential version of the decision expected in coming weeks

# 2012: a transition year in the resolution of the Dexia Group

## Continuation of the disposal of commercial franchises

Disposals made	Status	Main characteristics
<b>RBC Dexia Investor Services</b>	Closed 27/07/2012	<ul style="list-style-type: none"><li>□ Sale price EUR 838 million</li></ul>
<b>DenizBank</b>	Closed 28/09/2012	<ul style="list-style-type: none"><li>□ Sale price EUR 3,024 million</li><li>□ Balance sheet reduction of EUR ~18 billion; positive impact of +300 bp on the Group's Tier 1 ratio</li></ul>
<b>Banque Internationale à Luxembourg</b>	Closed 5/10/2012	<ul style="list-style-type: none"><li>□ Sale price EUR 730 million</li><li>□ Scope of disposal excluding Legacy Division assets and holdings in Parfipar and RBC Dexia</li><li>□ Balance sheet reduction of EUR ~12 billion; negative impact of -23 bp on the Tier 1 ratio</li></ul>
<b>Société de Financement Local</b>	Closed 31/01/2013	<ul style="list-style-type: none"><li>□ Disposal for 1 euro</li><li>□ No guarantee given on assets sold</li><li>□ Balance sheet reduction of EUR ~84 billion; positive impact of +40 bp on the Tier 1 ratio</li></ul>

### Ongoing disposal

#### Status

#### Main characteristics

<b>Dexia Asset Management</b>	Signature of a sale and purchase agreement on 12/12/2012	<ul style="list-style-type: none"><li>□ Process to obtain regulatory authorisations ongoing</li></ul>
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# 2012: a transition year in the resolution of the Dexia Group

## Dexia SA capital increase subscribed by the Belgian and French States

- Dexia Crédit Local profit outlook severely affected by the increase in funding costs resulting in particular from the new requirements of central banks in the revised resolution plan
- As a consequence, in line with the principle of prudence, full impairment of the Dexia Crédit Local holding in the books of Dexia SA (EUR 5 billion) reflected in the net assets of Dexia SA (negative share capital of EUR -2,685 billion)
- Dexia SA net assets therefore becoming less than a quarter of its share capital, convocation of an ESM to deliberate on the continuation of Dexia SA activities (Article 633 of the Belgian company code)
- Continuation of Dexia SA activities and the principle of a Dexia SA capital increase of EUR 5.5 billion subscribed by the Belgian and French States validated by the Extraordinary Shareholders' Meeting on 21 December 2012

Change of assumptions impacting the Group refinancing

Adjustment of the cash flows released by DCL

Full impairment of DCL in the Dexia SA accounts

Negative share capital of Dexia SA resulting in the triggering of Article 633

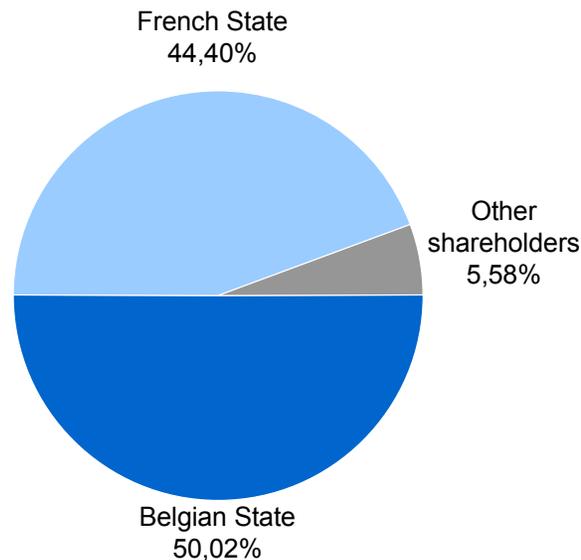
Proposal to the ESM to recapitalise Dexia SA

# 2012: a transition year in the resolution of the Dexia Group

## Dexia SA capital increase subscribed by the Belgian and French States

### Shareholder structure as at 31 December 2012

(post-capital increase)



- EUR 5.5 billion capital increase subscribed by the Belgian and French States on 31 December 2012; issue of preference shares
- Undertaking by the States dependent on the preferential rights attached to the shares issued and the requirement of burden sharing stated by the European Commission
  - Imputation of losses as a priority to ordinary shares
  - Priority on distributions of dividends at 8% per annum
  - Non-paid portion of preferential dividend carried over to a liquidation supplement payable as a priority to the States in the event of liquidation of Dexia SA
- Significant dilution of the historic shareholders; Belgian and French States holding 94.42% of the capital of Dexia SA, post-capital increase

# 2012: a transition year in the resolution of the Dexia Group

## Dexia SA capital increase subscribed by the Belgian and French States

Dexia SA capital increase of  
EUR 5.5 billion

□ Recapitalisation of DCL in an amount of **EUR 2 billion**

□ Settlement of contractual undertakings existing between DSA and DCL and its subsidiaries, in an amount of **EUR 2.7 billion**

□ Increase of Dexia SA liquidity by **EUR 0.8 billion** in order to deal with its commitments

- Amount of capital increase calibrated to cover foreseeable needs of the Group and DCL
  - Account taken of the hypotheses of the revised orderly resolution plan and regulatory developments, and the deduction imposed under Basel III
  - Significant losses forecast in 2013 and 2014, clear improvement as from 2015
  - DCL capital requirement
- Termination of almost all of the contractual undertakings existing between DSA and DCL

# 2012: a transition year in the resolution of the Dexia Group

## Implementation of a liquidity guarantee mechanism

- On 24 January 2013, signature of a tripartite funding guarantee agreement in favour of Dexia Crédit Local by the Belgian, French and Luxembourg States, jointly and not severally
- Guarantee distribution of 51.4% for Belgium (against 60.5% in the 2011 scheme), 45.6% for France (against 36.5% in the 2011 scheme) and 3% for Luxembourg

Amount	Scope	Maximum maturity	Cost	Issue window
Ceiling of EUR 85 billion in principal	Securities and financial instruments (deposits or loans)	10 years	5 bp per annum (vs. 85 bp on average in 2012)	Until 31 December 2021

# 2012: a transition year in the resolution of the Dexia Group

## Adjustment of the Group to its new missions and perimeter

### A banking group managed in run-off

- Redefinition of the Group's missions
  - Management of residual assets in run-off, without new commercial production
  - Priority given to risk management
- Resizing teams to the Group's new perimeter and activity
  - Aim of safeguarding jobs, via the promotion of internal mobility within the Group
  - Support to employees concerned by the departure plan

### Integrated management of Dexia SA and DCL

- Adaptation of the composition of the board of directors to reflect the new shareholder structure
- Simplification of the governance of Dexia SA and DCL
- Introduction of a Group Committee, composed of members of the management of Dexia SA and DCL and the heads of activity lines

# 2012: a transition year for the resolution of the Dexia Group

## Adjustment of the Group to its new missions and perimeter

### Operational and financial split

- Settlement of the financial links existing between Belfius and Dexia in progress
  - As at 31 March 2013, all outstanding Belfius debt on Dexia secured (EUR 1.5 billion) or guaranteed by the three States under the 2013 tripartite guarantee (EUR 13 billion)
- Progress of disentanglement between Dexia and SFIL: 10 transversal projects involving different activity lines
  - Disentanglement of all financial transactions between the two entities
  - Transfer of teams to SFIL two-thirds realised; target date for finalisation of the transfer end of July 2013 (with the exception of the IT-teams)
  - Road map for the duplication of IT systems finalised

I. 2012: a transition year in the resolution of the Dexia Group

**II. Consolidated results 2012 and Q1 2013**

III. Residual Group profile - revised orderly resolution plan

# Consolidated results 2012 and Q1 2013

## Dichotomy between company and consolidated results of Dexia SA

### Company result for 2012

**Net income 2012 of EUR -5.5 billion**

- Perimeter: Dexia SA without the result of subsidiaries
- Belgian GAAP: holdings in subsidiaries valued at acquisition cost with periodic adjustments in case of projected lasting losses
- Impact: in 2012, account taken of an impairment of EUR -5 billion on the DSA participation in DCL on the basis of forecasted cash-flows

### Consolidated result for 2012

**Net income group share 2012 of EUR -2.9 billion**

- Perimeter: Dexia Group
- IFRS GAAP: subsidiaries valued on the basis of the capital held by the Group
- Impact: consolidated result equal to the sum of the shares of Dexia SA in the result of each Group subsidiary (DCL loss of EUR 2 billion in 2012)

# Consolidated results 2012 and Q1 2013

## Results 2012: impact of the implementation of the revised orderly resolution plan

Net income Group share	EUR -2,9 billion
Continuing activities	EUR -1,7 billion
Discontinued activities	EUR -1,2 billion

- Net income Group share of EUR -2 866 million
  - Loss of EUR -1 724 million on continuing activities, mainly due to a high funding cost, because of recourse to emergency liquidity lines (ELA) and the State guarantee
  - Loss of EUR -1 163 million on discontinued activities, mainly due to losses booked on entity disposals
  - EUR 21 million for the result of minority interests
- Result in line with the projections of the orderly resolution plan

# Consolidated results 2012 and Q1 2013

## Significant items in 2012

### Continuing activities

### Impact

- Recourse to the State guarantee and emergency liquidity lines (ELA)
- Early booking of the up-front commission for implementing the 2013 guarantee scheme, in an amount of EUR 150 million, initially budgeted in 2013

Revenues: EUR ~- 1 billion

- Provision on Kommunalkredit Austria

Cost of Risk: EUR - 0,2 billion

- Losses on asset disposals

Revenues: EUR - 0,2 billion

# Consolidated results 2012 and Q1 2013

## Significant items in 2012

### Discontinued activities

- Disposal of DenizBank
- Disposal of Banque Internationale à Luxembourg
- Value adjustment of SFIL\*

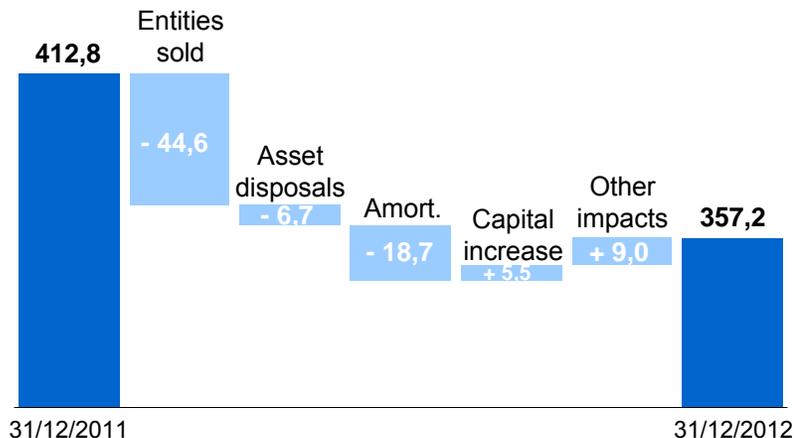
### Impact on P/L and solvency

- Loss of EUR -801 millions; impact on Tier 1 ratio: +300 bp
- Loss of EUR -205 millions, impact on Tier 1 ratio: -23 bp
- Loss of EUR -638 millions, impact on Tier 1 ratio: +40 bp
- Loss partly offset by the result of discontinued activities

# Consolidated results 2012 and Q1 2013

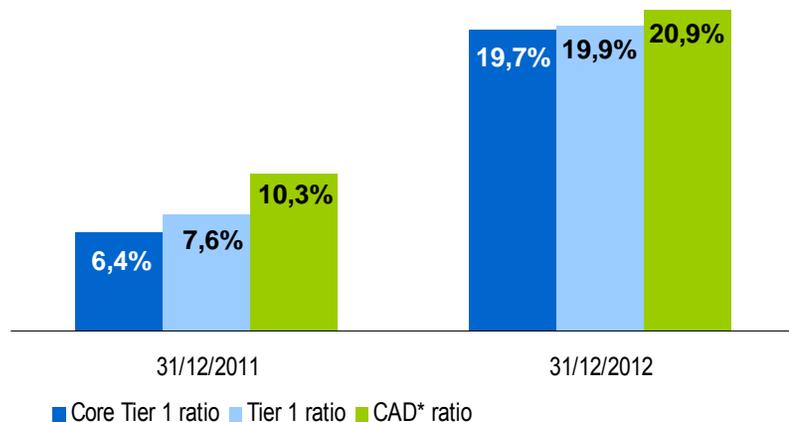
## Balance sheet and solvency 2012

### Total balance sheet 2011 / 2012 (EUR billion)



- EUR 55,6 billion reduction of the Group's balance sheet total in 2012
  - EUR -44,6 billion linked to the disposal of Banque Internationale à Luxembourg, DenizBank and RBC Dexia
  - Asset sales of EUR -6,7 billion
  - Natural asset amortization of EUR -18,7 billion
  
- Rise of Core Tier 1 ratio to 19,7% at the end of 2012 (+1 330 bp compared to 2011)
  - EUR 5,5 billion capital increase by the Belgian and French States in December 2012
  - EUR 28 billion reduction of weighted risks, mainly linked to the disposal of Banque Internationale à Luxembourg and DenizBank

### Group solvency 2011 / 2012



■ Core Tier 1 ratio ■ Tier 1 ratio ■ CAD\* ratio

--- Min CAD\* ratio under Basel II (8%)

\*CAD ratio: capital adequacy ratio

# Consolidated results 2012 and Q1 2013

## Main events of the 1<sup>st</sup> quarter 2013

- Signature on 24 January 2013 of the 2013 guarantee funding agreement by the Belgian, French and Luxembourg States, in favour of Dexia Crédit Local
  
- Disposal of Société de Financement Local on 31 January 2013, within the framework of defining a new local public sector finance scheme in France
  - Disposal made for 1 euro to the French State, the Caisse des dépôts and La Banque Postale; no guarantee given by Dexia on the assets sold
  
- Decision by the District Court in Nanterre on 9 February 2013 on the case between the Conseil Général de Seine Saint Denis and Dexia Crédit Local
  - Decision in favour of Dexia on the heart of the matter
  - Application of the legal rate on the three loans concerned, in the absence of indication of the “legal” rate (TEG) in faxes exchanged prior to signature of the agreement
  - If the decision is confirmed, no direct impact for Dexia as the loans concerned were transferred; if case law then an impact, the details of which are still uncertain, for a large number of banks
  
- Lodging of an application for annulment on 26 February 2013 against the Royal Decree granting the Belgian State guarantee to Dexia

# Consolidated results 2012 and Q1 2013

## Result Q1 2013 (non-audited)

Net income Group share	Solvency	Balance Sheet
EUR -329 million	Core Tier 1 ratio: 20,8%	EUR 265 billion

- Net loss mainly explained by
  - The Group's refinancing cost, related to an unfavorable interest rate environment
  - Disposal of SFIL on 31 January 2013 leading to an additional loss of EUR 142 million
- Solvency increased in comparison to 31 December 2012
  - EUR 3,5 billion reduction of weighted risks following the sale of SFIL
  - Reduction of the share capital following the net loss of EUR 329 million at 31 March 2013, partly compensated by a reprocessing of EUR 127 million during the disposal of SFIL
- Balance sheet reduction of EUR 91 billion compared to the end of 2012, due to the disposal of SFIL
- Results in line with the assumptions of the revised orderly resolution plan

I. 2012: a transition year in the resolution of the Dexia Group

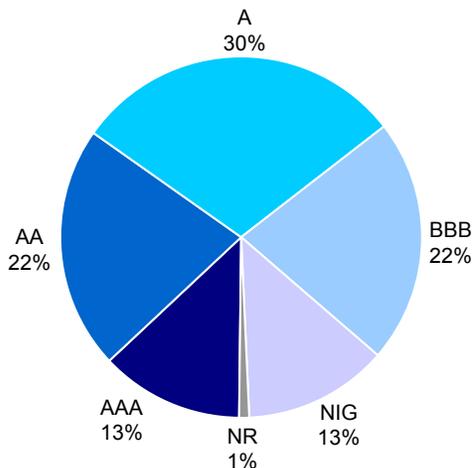
II. Consolidated results 2012 and Q1 2013

**III. Residual Group profile - Revised orderly resolution plan**

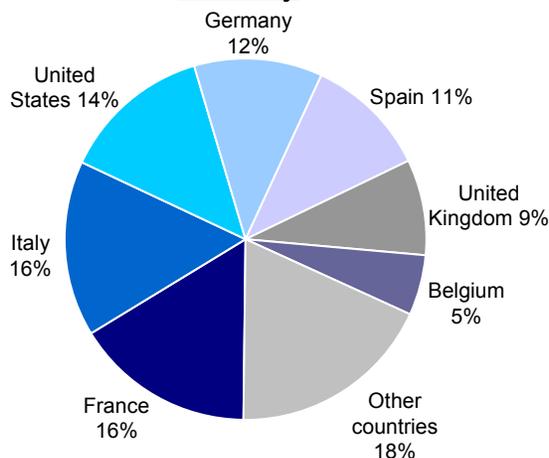
# Residual Group profile - Revised orderly resolution plan

An asset portfolio with a long maturity and a satisfactory risk profile

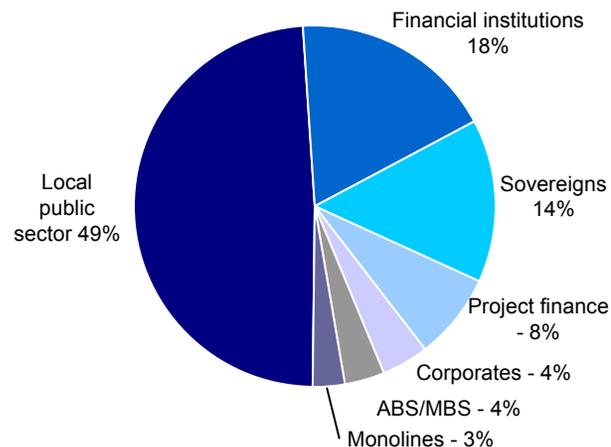
Exposures\* per rating



Exposures\* per country



Exposures\* per type of counterparty



## □ A good quality asset portfolio

- Assets well rated, 86% investment grade
- Disposal of the Financial Products portfolio in the United States in 2011
- Significant exposure to sovereigns and to the local public sector, necessitating cautious risk monitoring

## □ A portfolio with a long maturity

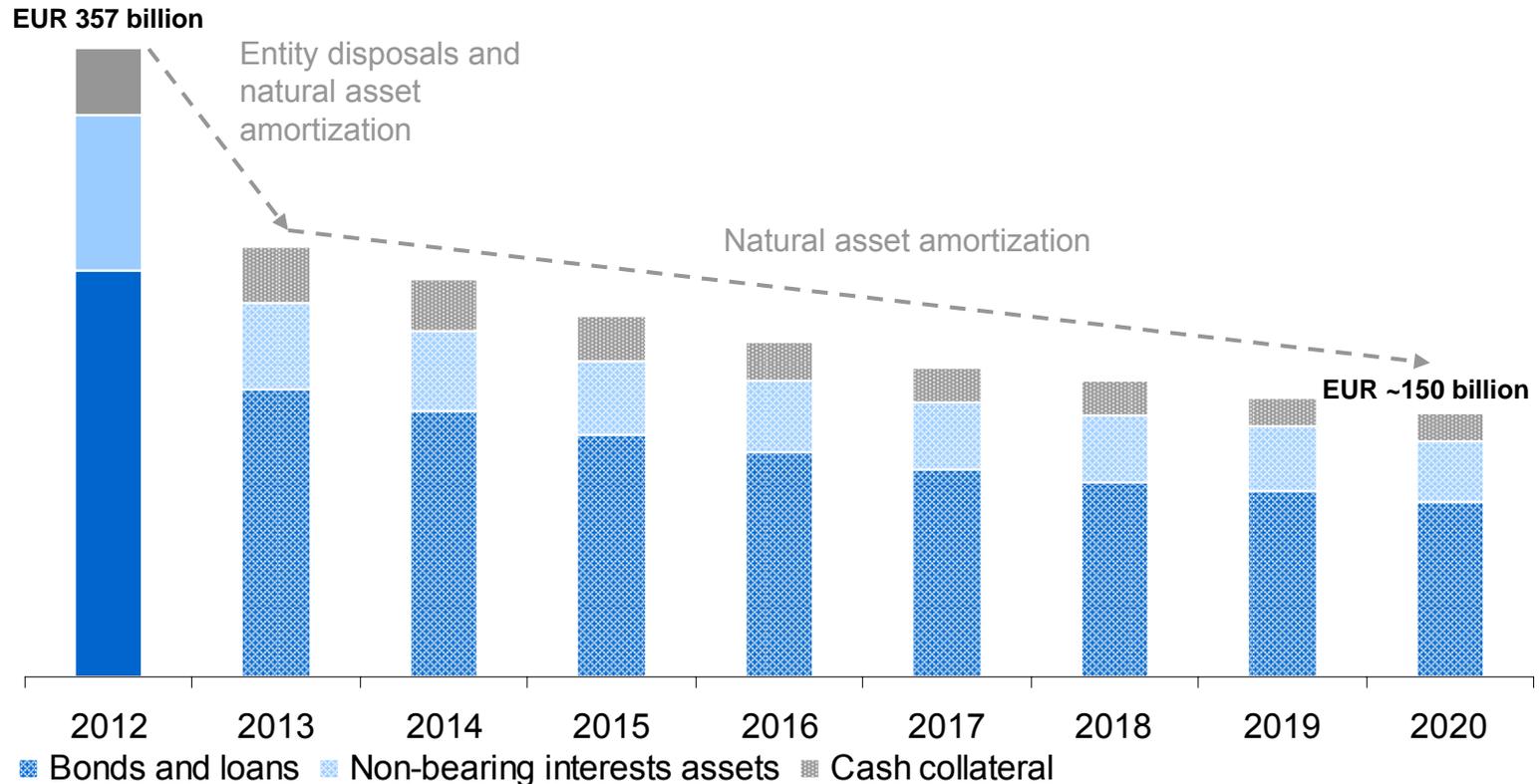
- ~60% of the bond portfolio has a maturity of more than 10 years
- Long-term loans to the local public sector



# Residual Group profile - Revised orderly resolution plan

Residual balance sheet of EUR ~150 billion in 2020

## Indicative balance sheet 2012-2020\*



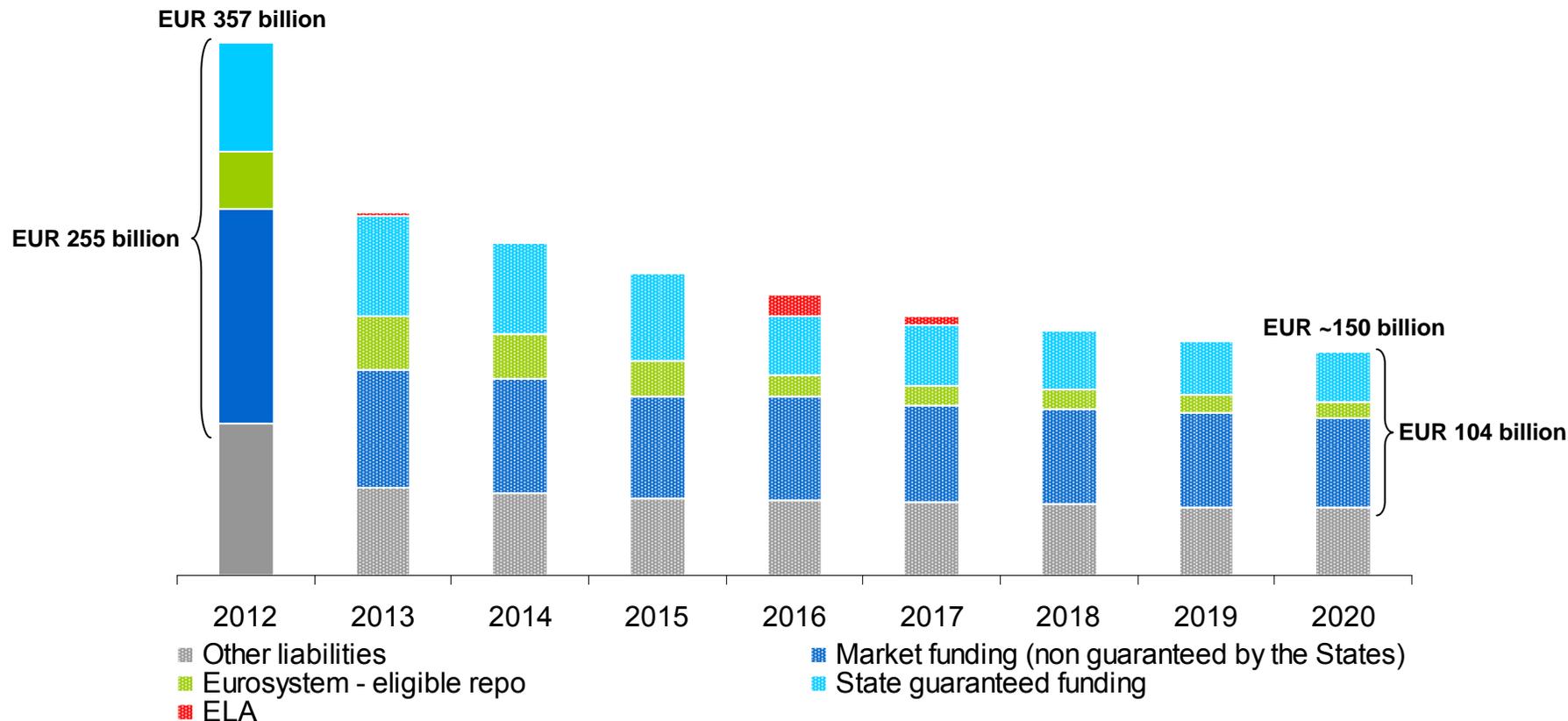
- Balance sheet reduction of 60% between 2012 and 2020, reflecting the management in run-off
- Natural amortization of the portfolio not resulting in an average asset quality deterioration



# Residual Group profile - Revised orderly resolution plan

Significant reduction of funding requirement from 2012 to 2020

Indicative funding profile 2012-2020\*

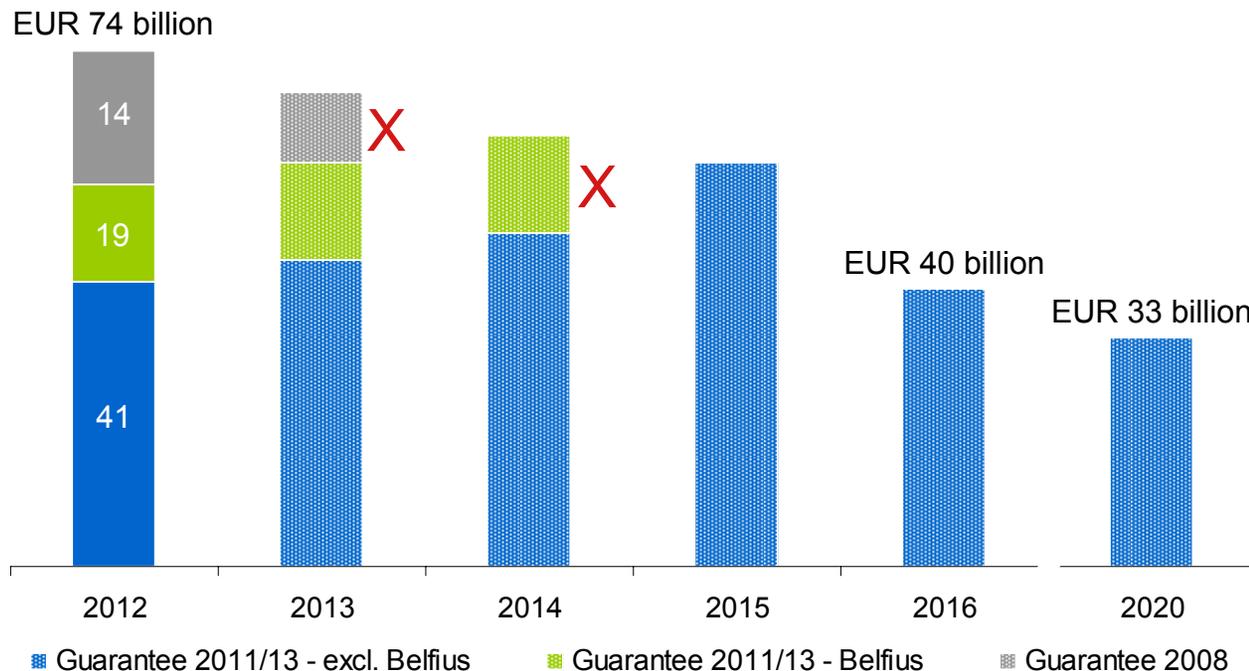


- Priority given to market finance
- Significant impact of a change in the funding mix on the company results, taking account of the different costs between the various funding sources

# Residual Group profile - Revised orderly resolution plan

Reduction of recourse to the State guarantee of 45% between 2013 and 2016

## Guaranteed funding 2012-2020\*



- Reduction of recourse to guaranteed funding by 45% between 2013 and 2016, reducing the risk run by the States
- Until 2017, active management of the funding structure to face changes in debt outstandings: repayment of State guaranteed issuances held by Belfius (EUR 13.8 bn), amortization of 2008 State guaranteed debts, progressive reduction in access to central bank funding
- “Stabilized” funding profile from 2017 onwards

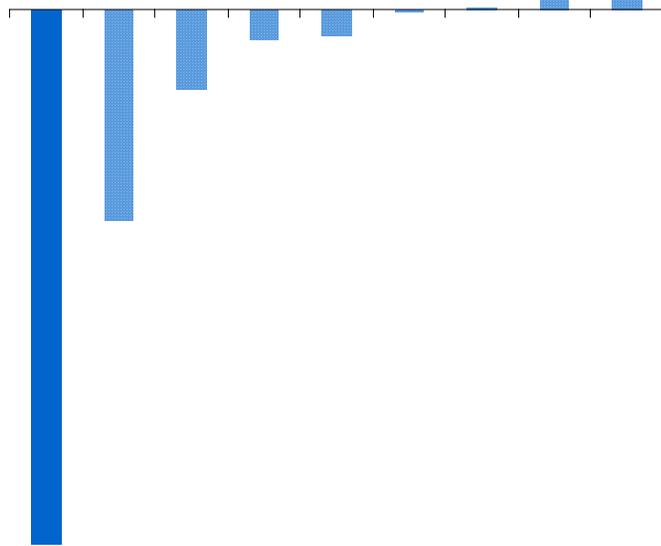


# Residual Group profile - Revised orderly resolution plan

## Return to equilibrium as from 2018

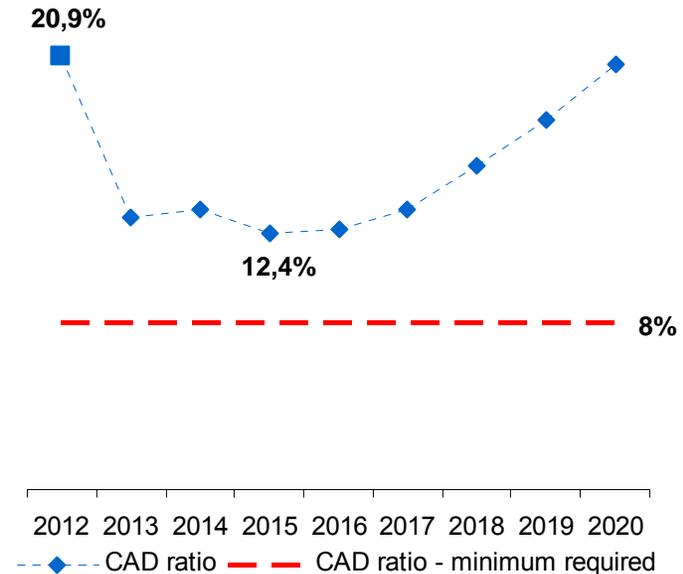
Results 2012-2020\*

2012 2013 2014 2015 2016 2017 2018 2019 2020



EUR - 2,9 billion

Solvency 2012-2020\*



- Gradual reduction of losses and return to equilibrium anticipated in 2018
- Increase of solvency from 2015\*
  - Reduction of weighted risks following asset amortization
  - Rise of the capital base from 2018
- Room for manoeuvre in relation to the regulatory minima, enabling Dexia to withstand conditions worse than those within the hypotheses of the plan

# Residual Group profile - Revised orderly resolution plan

## Main hypotheses of the resolution plan

### Macro-economic hypotheses

**Interest rates**       Gradual increase of interest rates, based on projections at the end of September 2012

**Exchange rates and inflation**       Exchange rate based on forward rates  
 Hypotheses on the inflation rate taken into account taken in the plan

**Credit margins**       Downgrading of sovereign ratings in 2013 (between 0.5 and 2 notches) followed by an improvement in 2014  
 Stable credit margins until 2014, then a return to the historic average (2004-2011) by 2018

### Funding hypotheses

**State-guaranteed funding**       Assumptions of the issue of EUR 25 billion guaranteed short-term debt and EUR 15 billion long term debt, calibrated on the expected placement capacity in the market  
 No deterioration of the credit quality and rating of the guarantors

# Residual Group profile - Revised orderly resolution plan

## Principal hypotheses of the resolution plan

### Group strategy

- Disposals**
  - Gradual reduction of residual assets through a strategy of management in run-off
- Continuity of activity**
  - Maintenance of the banking licence of the entities in the Dexia Group and current ratings
  - No dividend distribution over the period of the orderly resolution plan
- Regulatory framework**
  - No change in accounting and regulatory standards
  - Application of Basel III\* from 1 January 2013
  - No change in the regulatory treatment of the tripartite guarantee granted by the Belgian, French and Luxembourg States

# Residual Group profile - Revised orderly resolution plan

## Sensitivities of the resolution plan to the macro-economic environment

### Scenario of falling rates

- Group sensitivity:
  - To falling euro and USD long term rates
  - To the evolution of the spread between Eonia and the ECB refinancing rate
  - To the evolution of the spread between the ECB refinancing rate and Euribor

### Illustration of the potential impact

- In the case of a 10 bp fall of the 10-year rates, increase of cash collateral requirement of EUR ~1 billion, funded by ELA, generating an extra cost of EUR 135 million between 2013 and 2020

### Deteriorating economic environment

- Base scenario resting on a hypothesis of a gradual improvement of the economy
- In the case of a deteriorating economic environment
  - Increase in the cost of risk
  - Negative impact on the AFS reserve and solvency ratios
  - Increase of weighted risks and required capital

### Illustration of the potential impact

- Direct impact of an increase in the cost of risk on the company results and the required regulatory capital

### Concentration risk

- High exposure to certain risks, such as Italy and Spain

### Illustration of the potential impact

- Significant impact on solvency of a downgrade of these sovereign credits

# Residual Group profile - Revised orderly resolution plan

## Sensitivities of the resolution plan to changes of funding structure

### Restoration of confidence on the capital markets

- Potential reduction of the anticipated market placement capacity, related to different elements, such as the credit quality and rating of guarantors, the market liquidity or regulatory treatment of the guaranteed debt, leading to recourse to more costly funding sources
- Lesser market capacity to absorb the secured funding, leading to the substitution of secured funding by emergency liquidity lines, which are more costly
- Lesser foreign currency refinance capacity, leading to recourse to interest rate derivatives

### Cost of the guaranteed debt or central bank funding

- Potential increase of the cost of guaranteed funding depending on the evolution of different parameters (sovereign spreads, market appetite ...)
- Potential increase of the cost of central bank funding in the case of change of monetary policy or the evolution of tender processes

### Illustration of the potential impact

- In the case of replacement of EUR 10 billion guaranteed debt by emergency liquidity lines (ELA) over the period 2013-2020
  - Extra cost of EUR 450 million for long-term debt
  - Extra cost of EUR 1 billion for short-term debt

### Illustration of the potential impact

- In the case of an increase of guaranteed funding of 10 bp over the period 2013-2020, extra cost of EUR 288 million
- In the case of an increase in the cost of central bank funding of 10 bp over the period 2013-2020, extra cost of EUR 208 million

# Conclusion

## 2012: a transition year for the Dexia Group

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- Significant progress in 2012 on the Group resolution process
  - Approval of the revised orderly resolution plan by the European Commission, a vital prerequisite to implement the Group's resolution
  - Recapitalisation of the Group by the States, resulting in a significant change in the shareholder structure
  - Establishment of a 2013 tripartite guarantee scheme, enabling the Group to carry its residual assets at long term
  - Finalisation of the sale process of the operating entities
  - Redefinition of the Group's missions and governance
  
- Dexia in 2013: a banking group managed in run-off
  - EUR ~250 billion of residual assets
  - Gradual reduction of the systemic risk represented by the Group
  - Optimisation of the funding in order to reduce the risk exposure of the guarantor States

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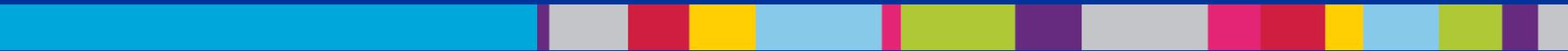
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# Karel De Boeck

Chief Executive Officer  
Chairman of the Management Board

**DEXIA**

# Questions & Answers

May 8th 2013

DEXIA

# Extraordinary General Meeting

May 8th 2013

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# Questions & Answers

May 8th 2013

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