

Compensation Policy Disclosure

Competence and Functioning of the Appointments and Compensation Committee

Dexia SA's Appointments and Compensation Committee (the composition of which is described in the Annual Report, on page 54) formulates every aspect the compensation policy.

Its proposals are submitted to the Board of Directors. The latter validates the Group's compensation policy.

Information concerning the number of meetings and the subjects addressed therein is available in the Annual Report, on page 54.

Dexia SA's compensation policy has been established by the Human Resources department in conjunction with the Audit, Risk, Compliance, and Legal & Tax departments.

Dexia has adopted a single overall compensation policy for the whole Group. This has been submitted to the entities, after approval by the Board, for formal approval by their management bodies, in accordance with the rules and procedures laid down by the company's Articles of Association.

Dexia amended its compensation policy in March 2013 in order to include the European Commission's behavioural commitments with regard to compensation-related matters that had been adopted by the Belgian and French Member States.

In order to guarantee attractive, competitive pay, remuneration consultancy firms can be asked to provide information on salary trends in the financial sector's jobs market.

In the light of certain benchmark analyses, the Appointments and Compensation Committee proposes possible adaptations to the Board of the compensation of the members of Dexia SA's Management Board which, if necessary, would be justified by the market trend, taking account of the company's situation.

On a proposal from the Appointments and Compensation Committee, the Board of Directors of Dexia SA establishes the compensation of the Management Board members.

Fixed and Variable Pay

The compensation of members of staff whose professional activities have a significant incidence on the risk profile consists of a fixed part that can be accompanied by a variable part.

Fixed Pay

The fixed pay can be composed by some basic pay, determined in consideration of the nature and importance of each person's responsibilities, and a function premium or non-performance-related bonus that is paid on a quarterly basis.

This function premium was introduced following the Board's decision to reduce the variable performance-related pay in order to reduce the potential incentive for excessive risk-taking.

Thus the Board, in keeping with the legal and regulatory provisions on the matter, reinforced the pay that is not related to performance, which must represent a significant part of the overall pay.

As from July 2012, the compensation decided for the new members of the Management Board no longer includes a function premium but consists solely of a base salary.

Variable Pay

The members of the Management Board and the Group Committee do not enjoy any contractual right to receive any variable pay.

The market professionals' variable pay is determined on the basis of quantitative and qualitative indicators specified in each one's objectives, subject to the general performance process, particularly in order to ensure that they act with a concern for appropriate control of the risks.

The variable portion of the compensation will not exceed, as a rule, a ratio of 0.3 times the amount of fixed annual pay (per employee)¹.

For the members of the Management Board, this ratio is reduced to zero.

In the light of the above ratios, the variable pay paid to an employee will not, except in exceptional circumstances, be deferred. Nevertheless, the company reserves the right to apply a post hoc adjustment in certain circumstances (*see below*).

Post Hoc Variable Pay Adjustment

Variable pay is paid on the assumption that the employee, throughout his or her entire time within the Group, has observed the law and the rules applicable to the company, as well as the latter's values.

Variable pay can be subject to post hoc adjustments.

In the event of fraud noted after the attribution of some variable pay or on the assumption that the variable pay would have been granted on the basis of intentionally erroneous information, the Board of Directors of Dexia SA reserves the right to institute civil proceedings in order to recover the part of the variable pay that would already have been paid, or at the very least damages for the consequences of those machinations.

Link between Performance and Pay

Performance can influence the development of the fixed pay and the amount of any possible variable pay.

All possible variable pay is influenced by the company's situation and can fluctuate according to the Group's and/or the entity's results, and according to individual performances. Subject to certain legal constraints and requirements, the variable pay that would have been granted

¹ Exemption from these maximal ratios will only be possible on the basis of a justified decision taken by the Management Board of Dexia SA, which will inform the Appointments and Compensation Committee thereof.

could thus be reduced to zero, by decision of the Board of Directors, if the Group's collective results were to be negative.

The link between the possible variable pay and an employee's performance is appraised in the light of past objectives and future results expected from past activity.

The determination of the management's objectives, established by the Board of Directors, includes certain risk criteria.

Thereafter, the objectives handed down to the lower levels of the organisation also take account of the particular risk factors for the business concerned.

In the performance-monitoring context, the specifically risk-oriented objectives will be subject to the same monitoring as the other objectives.

Performance is appraised on the basis of quantitative and qualitative criteria, financial and non-financial alike.

Professional performance is therefore an element that is taken into account in the determination of the variable pay, but it is only one element among others.

Compensation Paid and Compensation Lost In 2014

	Remuneration paid								Remuneration lost	
	Number of staff ¹	fixed compensation (in millions of EUR) ²		Variable compensation (in millions of EUR)		Retention premium (in millions of EUR)	severance payment ³ in millions EUR)			A posteriori adjustment of variable remuneration
		Base compensation	Function premium	Variable remuneration/ exceptional premium related to the year 2014			Number of beneficiaries	Paid amounts	highest paid amount	
General Management	15	4,38	0,43	0,02	0	1	0,8	0,8	0	
Other staff members whose activity has a significant material impact on the group risk's profile	6	1,48	0,02	0,35	0,68	0			0	

¹ This table is related to executives and staff members whose activity has a significant material impact on the group risk's profile

² This concerns the amounts actually paid in order to remunerate activities identified as having a significant material impact on the group risk's profile

³ In light of the applicable ratios between fixed and variable pay, the payment of the variable remuneration will not be deferred