



Goldman Sachs Conference
Opportunities & Constraints of Banking in a New Regulatory
Environment

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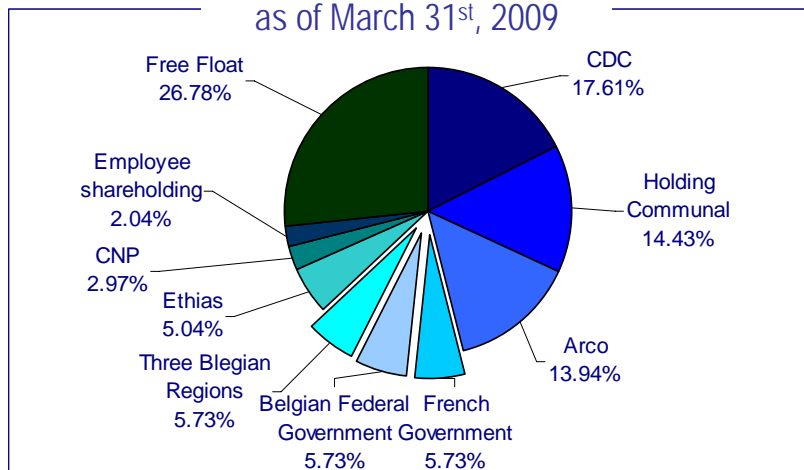
Overview of Dexia

Supported by the States and refocused on the core

Strong support from the States

- EUR 6.0 bn capital increase underwritten by the Belgian and French States and by Dexia's main shareholders
- Guarantee on Dexia's new unsecured borrowings up to EUR 150 bn
- Guarantee on FSA Financial Products assets

Capital structure of Dexia
as of March 31st, 2009



Focus on 3 businesses

- **Public & Wholesale Banking (PWB)**
 - Public Finance, Project Finance, Corporates
 - In core markets (France, Belgium, Italy, Iberia) and other markets *
- **Retail & Commercial Banking (RCB)**
 - Retail, Private and Commercial banking
 - In Belgium, Luxembourg, Turkey and Slovakia
- **Asset Management & Services (AMS)**
 - Asset Management
 - Insurance
 - Investor Services (JV with RBC)

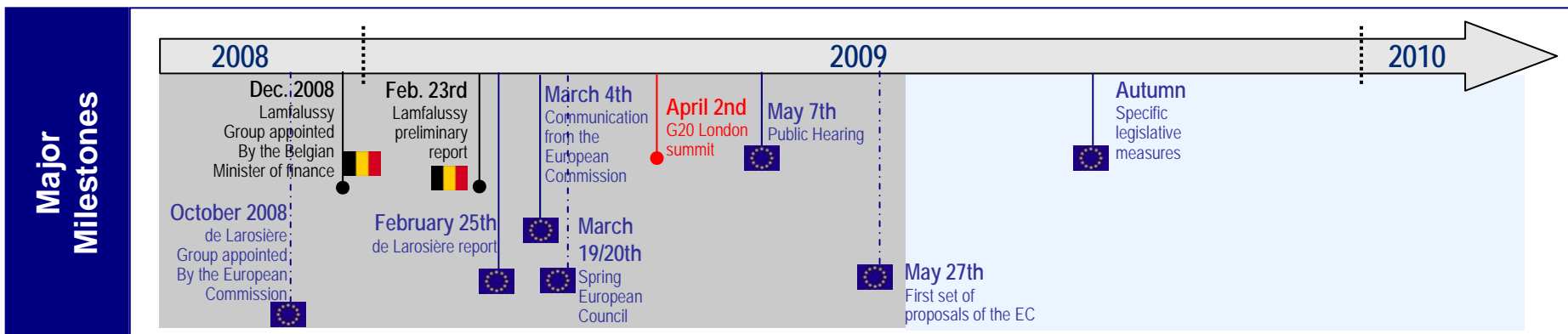
- **Group Center (GC)**
 - EUR 157bn bond portfolio in run-off
 - EUR 13bn Financial Products portfolio
 - Treasury activities
 - Other central functions
 - FSA insurance (currently being sold)

* US & Canada, Mexico, Japan, Israel, Australia, UK, Switzerland, Sweden, Germany, CEE except Slovakia

Already Several Proposals by Regulators to Strengthen the Banking Sector

Update on proposals

- High Level Experts Group, chaired by J. de Larosière, reviewed the causes of the crisis and made recommendations for the regulation & supervision of the banking sector
- On the Belgian side, the first Lamfalussy proposed issues to be investigated further, with details expected in June
- The EC announced an ambitious set of reforms on regulatory and supervisory issues, with specific legislative measures expected in Autumn



Experts Reports Propose Similar Recommendations

Opportunities and constraints for Dexia

A large set of proposals...

- Capital, accounting and liquidity
 - Higher regulatory capital required
 - New requirements for trading book positions
 - Introduction of counter-cyclical capital buffers
 - Introduction of leverage ratio backstop
 - Liquidity regulation with a central importance...
- Increase of the scope of regulation
 - Credit rating agencies, hedge funds...
 - Derivatives trading: netting, clearing and CCP
- Reform of the macro-and micro-prudential supervision
 - To be conducted at a global level
 - With the creation of new structures...
- Risk management and governance
 - Risk-based approach to remuneration
 - Liquidity risk management to be enhanced...

'Opportunities' for Dexia

- **Well capitalized bank**
- **Exposed to low cyclical businesses – Public Finance, Retail Banking**
- **Limited market risks**

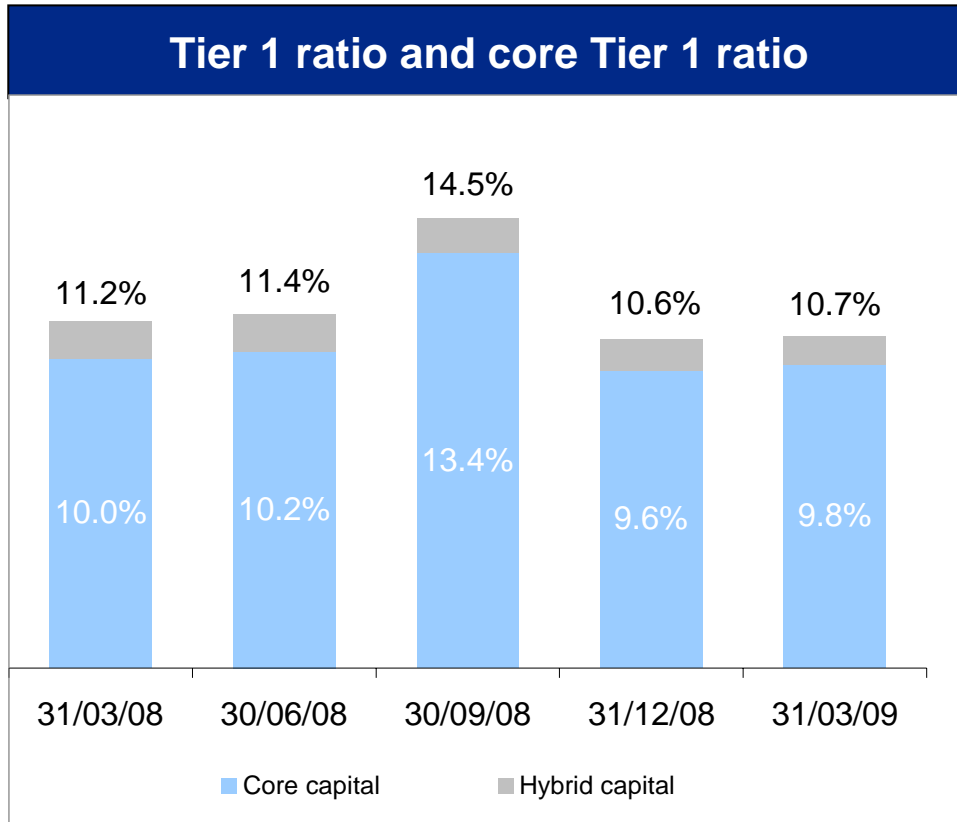
'Constraints' for Dexia

- **Needed reduction of balance sheet**
- **Required improvement of maturity mismatch assets vs. liabilities**

Facing the Crisis with High and 'Clean' Solvency Ratios

9.8% Core Tier 1 ratio

Tier 1 ratio and core Tier 1 ratio

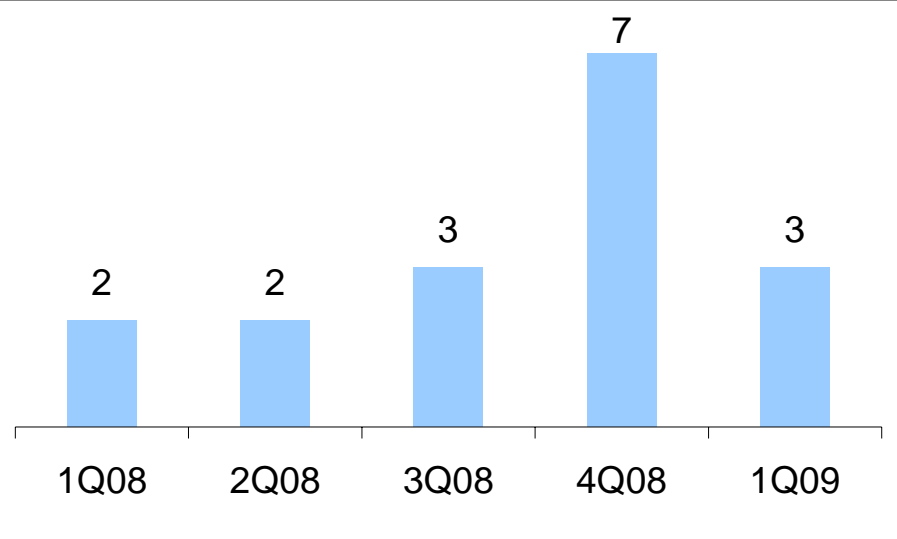


- EUR 6.0bn capital increase underwritten by the Belgian and French States and by Dexia's main shareholders in Sept/Oct 2008
- All impacts from the sale of FSA Insurance and prudential consolidation of Financial Products were taken into account in 4Q08
- State Guarantee on Financial Products, protecting Dexia's solvency against further FP losses
- Core capital contributes to 92% of Tier 1 capital

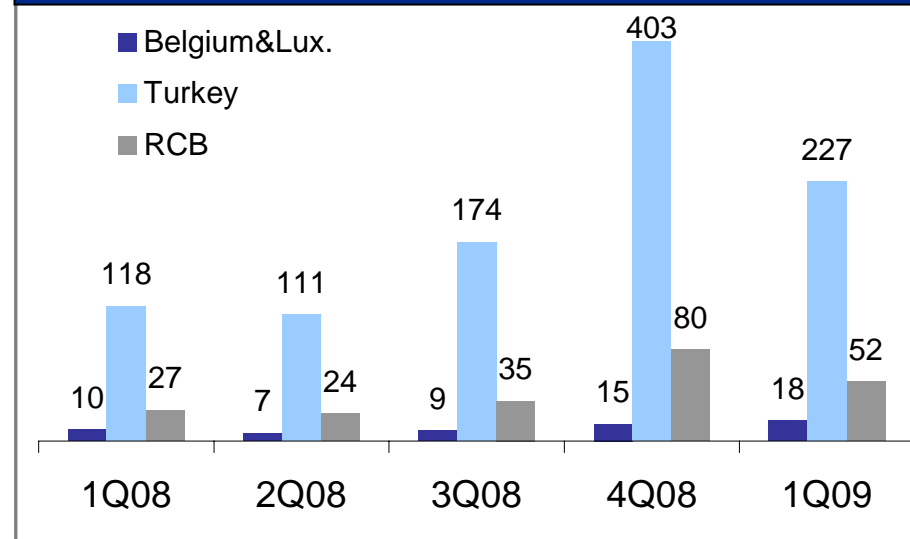
Benefiting From the Low Cyclicalty of Dexia's Core Businesses

Low Cyclicalty of PWB and RCB

Cost of risk PWB (bps)



Cost of risk RCB (bps)



PWB: Public & Wholesale Banking

RCB: Retail & Commercial Banking

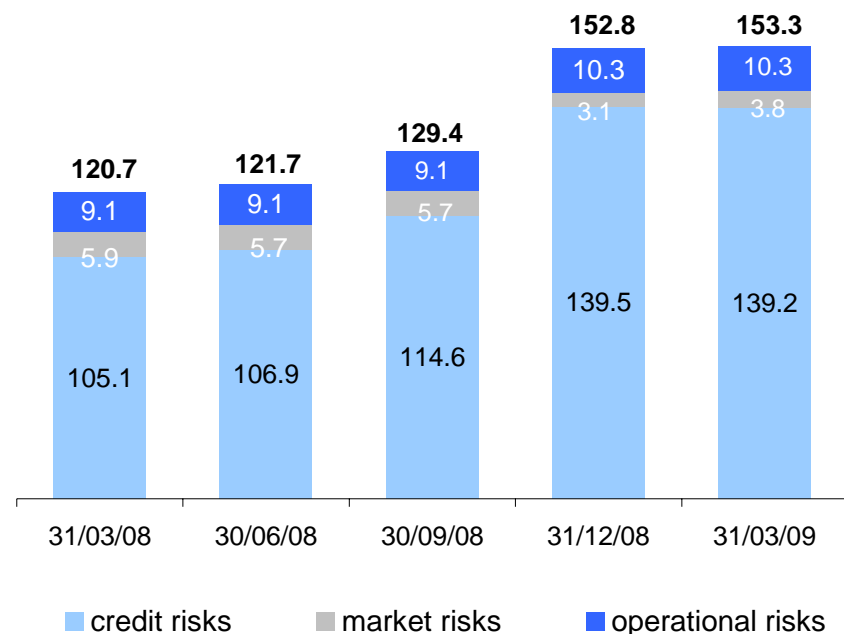
Expressed on average customer loans, incl. off balance sheet commitments for PWB

Limited Constraints from Higher Capital Requirements for Market Risks

Market risks to be further controlled

Weighted risks

EUR bn

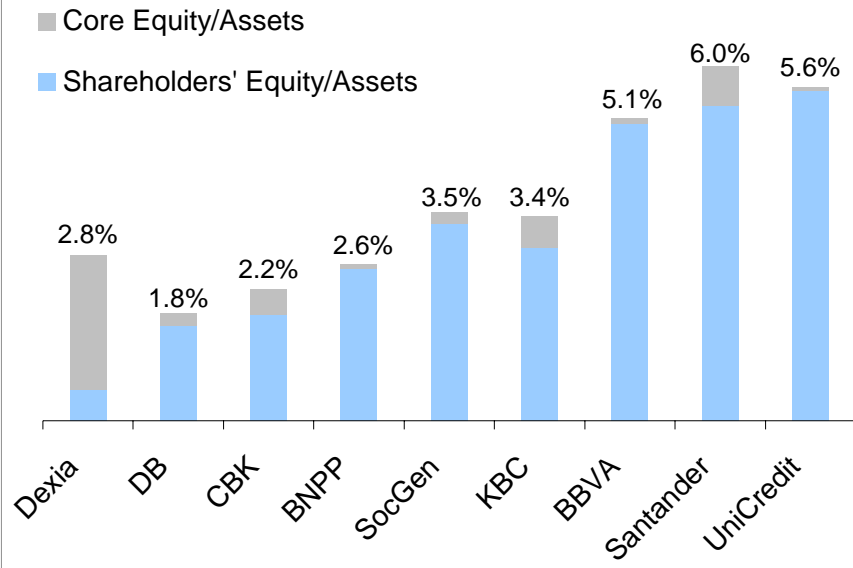


- Market RWAs: 2% Dexia RWAs
- Decision to stop proprietary trading activities in 3Q08
- Streamlining of group market activities and enhanced centralized oversight
- VaR limits for remaining trading activities divided by 2
- Increase in RWA in 4Q08 attributable to the prudential consolidation of the Financial Products portfolio

Significant Constraint of Balance Sheet Deleveraging

Reduction of bond portfolios and loan production

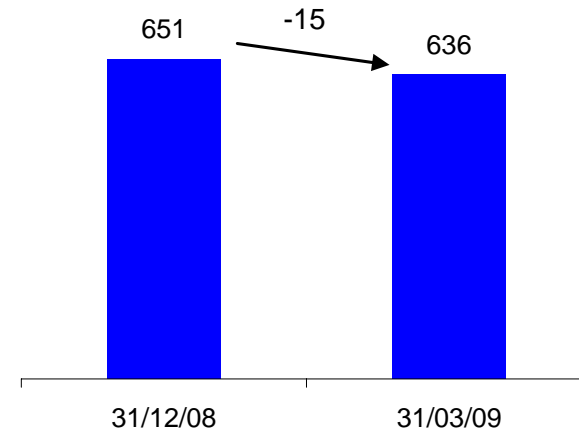
Equity/Assets ratios – European banks



Data as of end-March 09 except for for SG and BNPP (end-Dec 08)

Dexia's deleveraging under way

Total assets
EUR bn



Continuous Efforts to Improve of Group Liquidity

Benefit of States guarantee

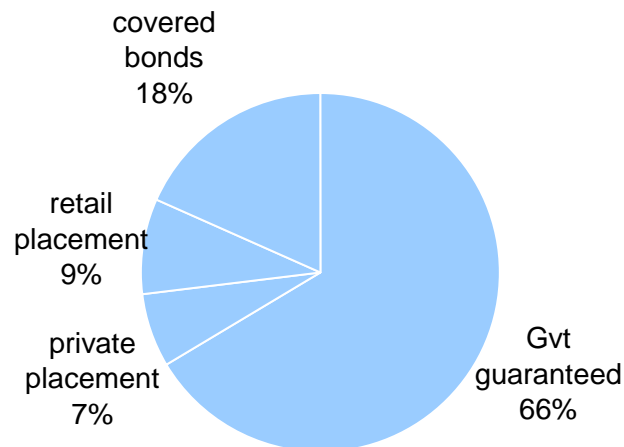
Current situation

- Further improvement of access to short term liquidity
- EUR 26.2 bn long term issues at 27/05/09
- RCB deposits increase in 1Q09: +EUR 3.5 bn
- Additional decrease of draws on US liquidity lines
- Two covered bonds issued in May by DMA and DKD

Next steps

- Revised long term funding budget

**EUR 26.2 bn LT funds raised
as at 27/05/09**



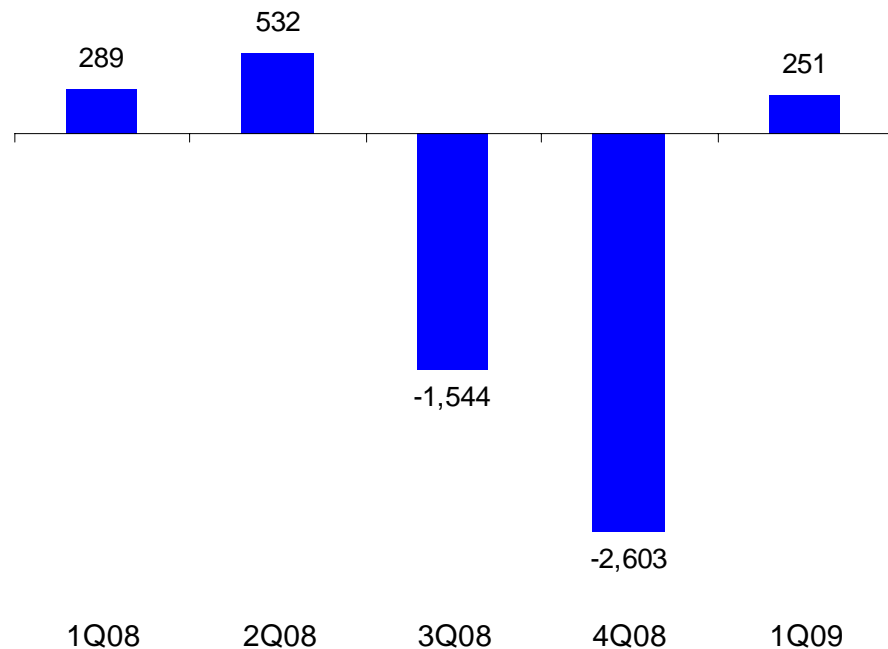
- Altogether, Dexia is well armed to face the ongoing crisis within a new regulatory environment
- Seizing “opportunities” will become a question once and only if the group is well advanced in the improvement of its balance sheet and liquidity situation
- Dexia’s first priority is the implementation of its Transformation Plan, launched in November 2008 with the following objectives:
 - *Priority given to core client franchises*
 - *Improvement of the Group’s risk profile*
 - *Adaptation of the cost base*
- 1Q09 results highlighted Dexia’s resilience and its capacity to successfully lead its Transformation Plan

1Q09 Results – Back to Profitability

High resiliency in a challenging environment

Quarterly group results

EUR m



PWB highlights in 1Q09

- Slowdown of production and focus on core markets
 - EUR 2bn production in 1Q09 (-82% yoy)
- Despite higher funding costs, PWB resilient and profitable: EUR 198m net income in 1Q09
- Higher spreads in France, Belgium
- Reduction of costs, risk charge at 3bps

RCB highlights in 1Q09

- EUR 3.5bn increase in deposits
- EUR 156m net income in 1Q09
- Improved margins in Belgium
- Best quarter ever in Turkey
- Continuous control of costs in all countries