Dexia Group
Annual Shareholders Meeting

Brussels, May 18th 2016

DEXIA

Annual Shareholders Meeting

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Agenda

Annual Shareholders Meeting
Agenda

Fundamentals of the orderly resolution

A complex structure in 2011, requiring a specific orderly resolution plan

	31/12/2008			31/12/2011		
Balance Sheet (EUR bn)	651	Subprime crisis	Group Restructuring	413	Sovereign debt crisis	Group Resolution
Tier 1 ratio	10.6%			7.6%		
Staff	36,700			22,460		

Dexia had a very complex structure end 2011…

- Large balance sheet and complex financial structure
- High funding imbalances and dependency on the Eurosystem
- Complex asset portfolio
- Bi-national governance

… that advocated for a specific resolution plan

- A resolution plan, approved by the European Commission, relying on two pillars :
  - The sale of the most important commercial franchises
  - The carry of residual assets until maturity in the Group's remaining legacy operational structure with the preservation of a banking licence
- To support the Group's resolution

EUR 5.5 bn capital increase by the Belgian and French States on 31 December 2012	EUR 85 bn funding guarantee granted by the Belgian, French and Luxembourg States on 24 January 2013

Progress on strategic objectives

Target perimeter reached

2008		2015
508 entities	→	46 entities

Dexia SA

- **Dexia Crédit Local**
  - **Dexia Kommunalbank Deutschland**
  - **Dexia Crediop**
  - **Dexia Sabadell**
  - **Dexia Israel**
  - **Dexia Management Services**
  - **New York branch**
  - **Dublin branch**
  - **Other entities**
    - *Dexia CLF Banque*
    - *Dexia Flobail*
    - *Dexia CLF Régions Bail*
    - *Genebus Lease*
    - *CBX Gest*
    - *CBX IA1 & IA2*
    - *DCL Evolution*
    - *Dexia Credito Local Mexico*
    - *Dexia Luxembourg*
    - *Dexia FP Holdings*
    - *Dexia Financial Products Services*
    - *FSA Asset Management*
    - *FSA Capital Management Services*
    - *FSA Capital Markets Services*
    - *Other rep. offices & SPV*
  - **Dexia Municipal Agency**
  - **Sofaxis**
  - **Dexia Kommunalkre-dit Bank**
  - ***Other French Subsidiaries***
    - *Public LLD*
    - *Dexia Bail*
    - *Exterimmo*
    - *Domiserve*
    - *CLF Immobilier*
    - *Floral*
    - *Dexia CLF Avenir*
    - *Dexia CLF Organisation*
    - *Dexia CLF Développement*
    - *Dexia Editions*
    - *GPD*
    - *CLF Marne la Vallée*
    - *DCL Coordination*
    - *DCL Gestion*
    - *DCL Projets*
    - *DCL Structure*
    - *DCL Investissements*
  - **Dexia Holdings (USA)**
  - **US subsidiaries & branches**
    - *Artesia Mortgage CMBS*
    - *Dexia CAD Funding LLC*
- **Dexia Bank Belgium**
- **Banque Internationale à Luxembourg**
- **DenizBank**
- **Associated Dexia Technology Services**
- **Dexia Asset Management**
- ***Other subsidiaries***
  - *Parfipar*
  - *Dexia Participation Belgique*
  - *Dexia Participation Luxembourg*
  - *Dexia Nederland*
  - *Dexiarail*
  - *Popular Banca Privada*

Dark blue: Entities within the Group's perimeter

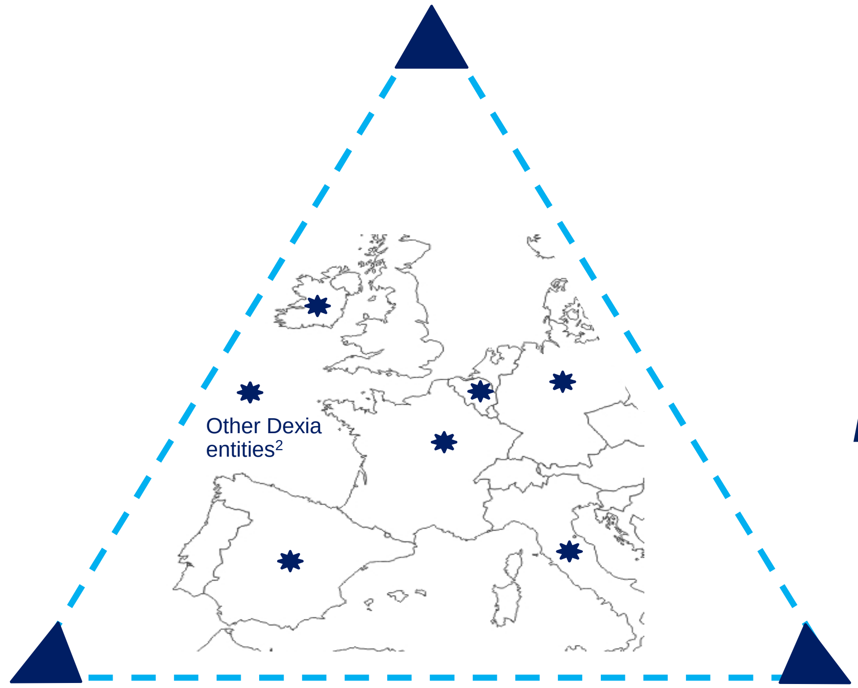
Light blue: Entities restructured or sold

Fundamentals of the orderly resolution

A legacy structure facing significant internal and external challenges

Sizable asset portfolio with long-dated maturity profile

- EUR 182 billion of bonds and loans[1],mainly illiquid long term Public Finance assets
- 36,840 exposures on 7,422 debtors
- Assets hedged against interest rate and foreign exchange fluctuations
- High asset quality on average but portfolio concentrations



Complex legacy operational structure

- Decentralised operations in several countries
- Fragmented IT infrastructure
- Short time frame to cash back on IT investments

Necessity of a banking licence

- Resolution relying on access to Eurosystem funding for a certain time
- Compliance with national and European regulatory and prudential requirements challenging in the light of the specific characterics of the orderly resolution plan

(1) EAD as at 31 December 2015
(2) Other entities: DCL New York branch and Dexia Israel.

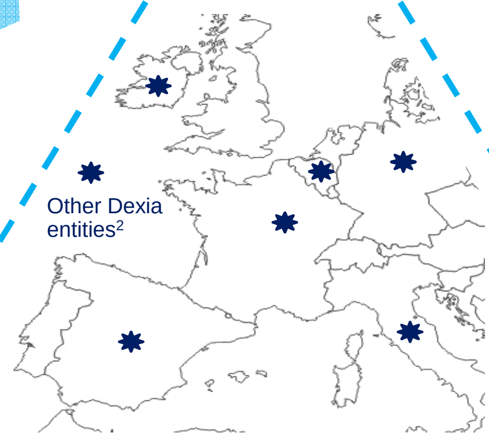
Fundamentals of the orderly resolution

A legacy structure facing significant internal and external challenges

Sizable asset portfolio with long-dated maturity profile

Financial markets

Macro-economic context



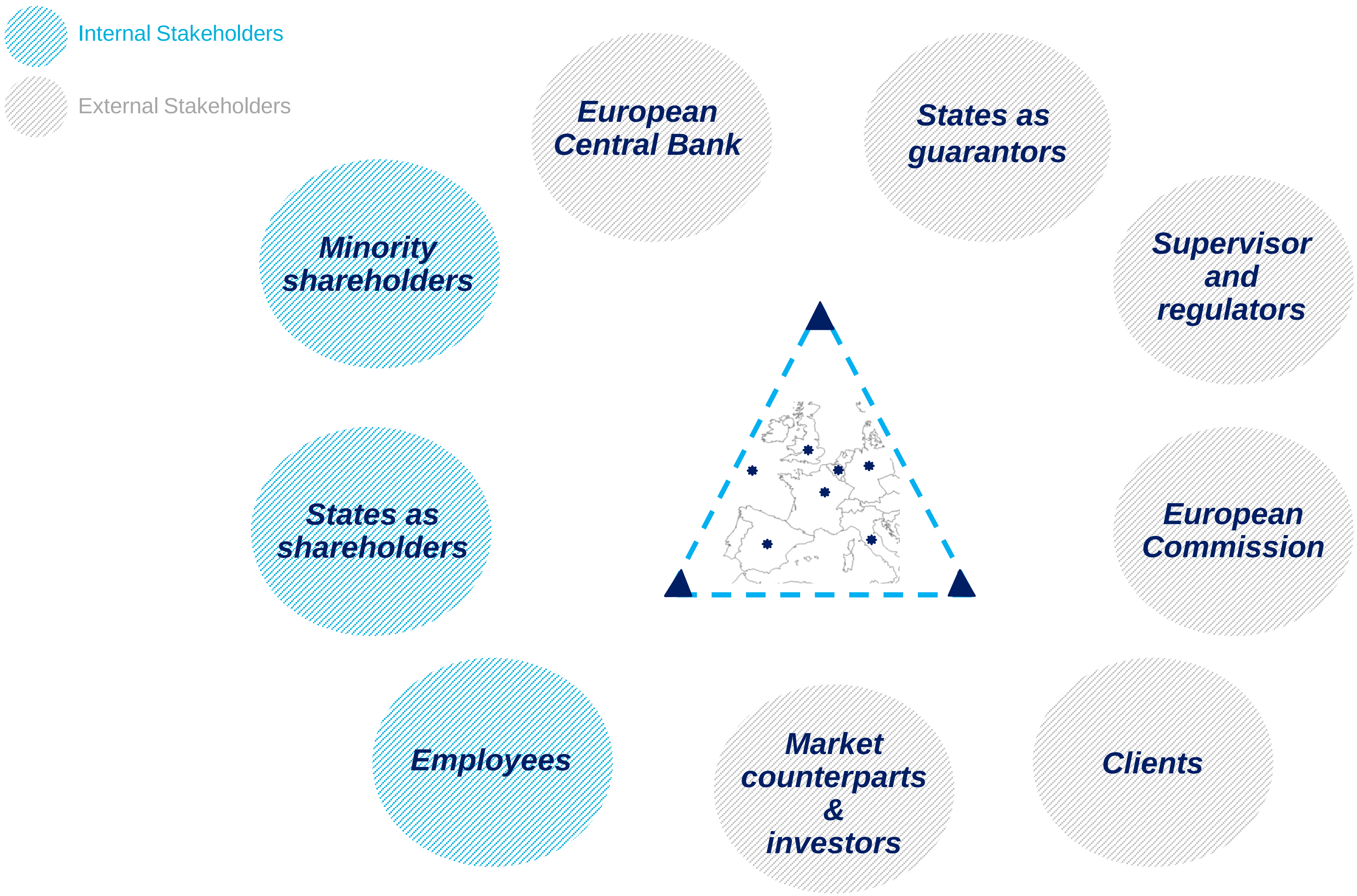
Complex legacy operational structure

Necessity of a banking licence

Regulatory & prudential evolutions

Fundamentals of the orderly resolution

Additional complexity due to internal and external stakeholders with divergent expectations



Progress on strategic objectives

The resolution scope

Simplified Group structure

Dexia SA

- 100% Dexia Crédit Local (incl. branches in New York and Dublin)
  - 70% Dexia Crediop
  - 100% Dexia Sabadell
  - 100% Dexia Kommunalbank Deutschland

Organigram

CEO
Karel De Boeck

- Assets – Claude Piret
- Finance – Pierre Vergnes
- Risk – Johan Bohets
- Funding & Markets – Benoît Debroise
- General Secretary, Legal & Conformity – Karel De Boeck

Support Functions

- Audit & Validation – Rudy Sneyers
- Transformation – Wim Ilsbroux
- Communication – Caroline Junius
- IT & Operations – Christine Lensel
- Human Resources – Gaëtane Albert

Progress on strategic objectives

A clear mission translated into three strategic objectives

Manage the balance sheet wind-down while protecting the interests of the Group's State shareholders and guarantors

Strategic priorities

1 ***Secure the Group's liquidity***

Maintain the ability to refinance the balance sheet throughout the orderly resolution

2 ***Preserve the Group's solvency***

Preserve the capital base to comply with regulatory ratios

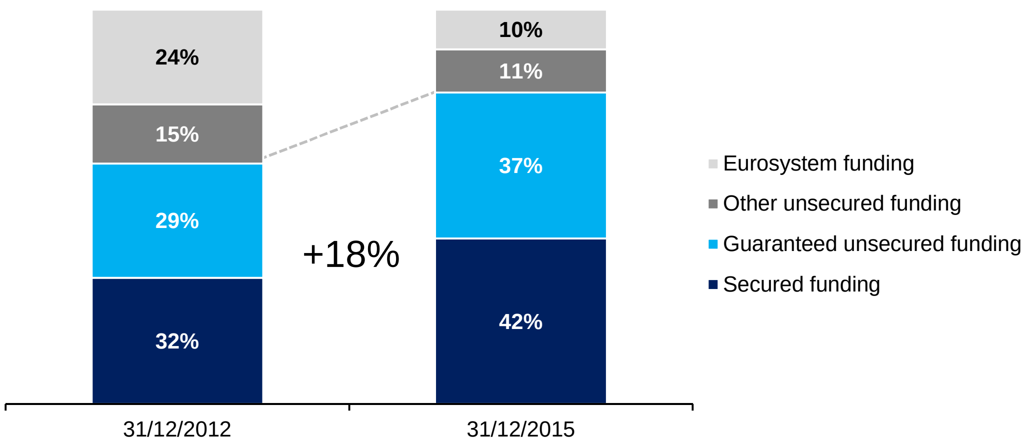
3 ***Ensure operational continuity***

Ensure operational continuity by retaining necessary resources and developing information systems

Progress on strategic objectives

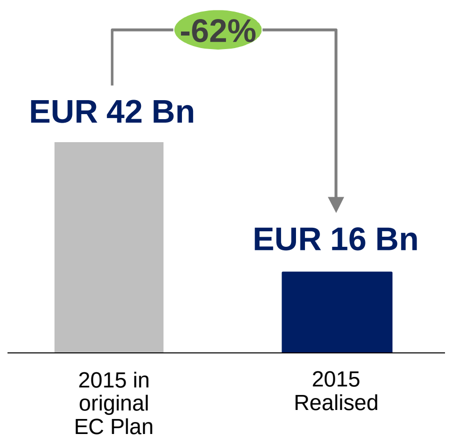
Significant progress towards a more balanced funding profile

Significant increase of market funding (2012-2015, % type of funding)



- Exit of all ECB derogatory funding mechanisms since 2015 (o/w EUR 19 Bn under the own-use system[1])
- Complete repayment of 2008 and 2011 outstanding guaranteed debt in 2015 (including last EUR 10 Bn held by Belfius)
- Between 2012 and 2015, +18% increase of the portion of guaranteed and secured market funding

EC Plan vs. realisations
Central bank funding



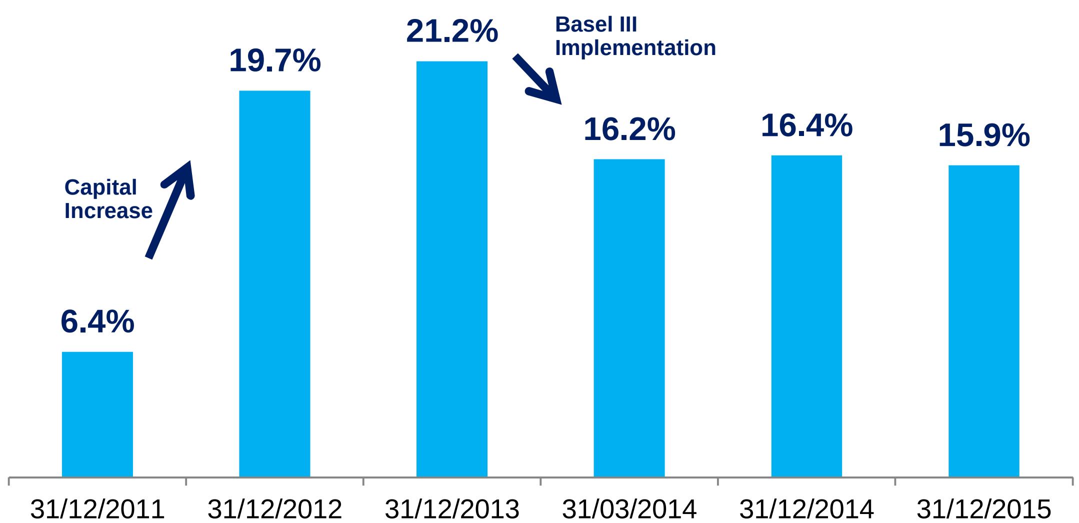
- At end 2015, less use of Eurosystem funding than initially projected under the EC resolution plan

Liquidity on track

(1) Own-used government guaranteed bank bonds to Eurosystem refinancing operations in line with decisions taken by the Governing Council ECB/2012/12 of 3 July 2012 and ECB/2013/6 of 20 March 2013

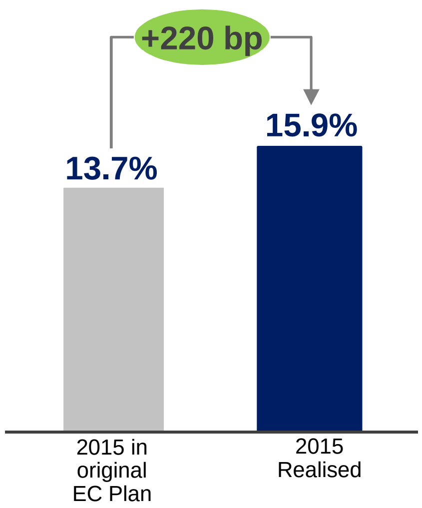
Progress on strategic objectives
Higher CET1 ratio than anticipated

Robust solvency despite regulatory changes (2011-2015, CET1 ratio)



- Application of the Basel III regulatory framework (CRD IV directive) as from 2014, resulting in a fall of the CET1 solvency ratio
- Solvency gradually eroded by the deduction of 20% per annum of the non-sovereign AFS reserve[1] as from 2014

EC Plan vs. realisations CET1 ratio



- At end 2015, higher CET1 ratio than initially anticipated
- However, additional challenges ahead

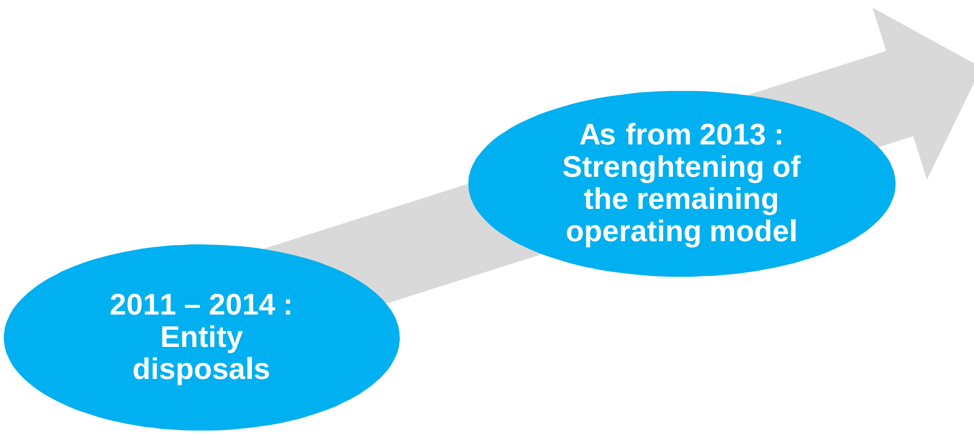
Solvency preserved

(1) National discretion granted by the Belgian and French States to Dexia Group and Dexia Crédit Local, stating that the AFS reserve on sovereign securities will not be taken into account in calculating the solvency ratio and the AFS reserve relating to non-sovereign exposures will be deducted from equity at the rate of 20% per annum during the Basel III transition period.

Progress on strategic objectives

Make Dexia Crédit Local whole again

Progress on the definition of the Target Operating Model



- Disposal of all saleable commercial franchises within a short deadline, resulting in complex disentanglement issues and focus of available resources on the management of the transition
- Resolution plan not addressing operational issues; financial structure to be stabilized first
- After the disposal process, a remaining legacy structure with a fragmented IT infrastructure and sometimes heterogeneous and outdated software requiring upgrades

Major focus on the entity sales

- Sale of Dexia's commercial franchises: Dexia Bank Belgium, Banque Internationale à Luxembourg, DenizBank, SFIL, Dexia Asset Management…
- 2 years for the finalisation of the complex disentanglement with SFIL and Belfius

Further rationalisation of the operating model

- Definition of the Target Operating Model including analysis of outsourcing possibilities and centralisation of activities
- Streamlining of governance between Dexia SA and DCL

Operational continuity:

Central focus for the execution of the resolution going forward

Progress on strategic objectives

Regulatory and prudential evolutions

Strategic priorities

1 ***Secure the Group's liquidity***

2 ***Preserve the Group's solvency***

3 ***Ensure operational continuity***

In order to achieve its strategic priorities; recognition of Dexia's unique and specific situation by the European Central Bank, reflected in a tailored, pragmatic and proportionate prudential supervisory approach

Section 1	Fundamentals of the orderly resolution
Section 2	Progress on strategic objectives
Section 3	**Tangible reduction of the systemic risk**
Section 4	Financial results 2015 and Q1 2016
Section 5	Looking ahead
Section 6	Activity of the Board and Committees
Section 7	Human Resources
Section 8	Achievements of the period 2012-2016

Tangible reduction of the systemic risk
Decrease of the Group's footprint

Balance sheet and derivatives

Total balance sheet

31/12/2012		31/12/2015
EUR 357 bn	-127 bn	EUR 230 bn

Derivatives*

31/12/2012		31/12/2015
EUR 467 bn	-96 bn	EUR 371 bn

**Notional amount to receive*

- Sale of main commercial franchises, resulting in a reduction of the Group's international footprint
- EUR 15.4 bn of assets deleveraged since end 2011, with a focus on the most risky assets
- Reduction of the amount of derivatives, under the effect of asset sales and amortization

Most important entities sold

2011	Dexia Bank Belgium
2012	Banque Internationale à Luxembourg RBC Dexia Investor Services DenizBank
2013	Société de Financement Local Sofaxis ADTS
2014	Dexia Asset Management Popular Banca Privada

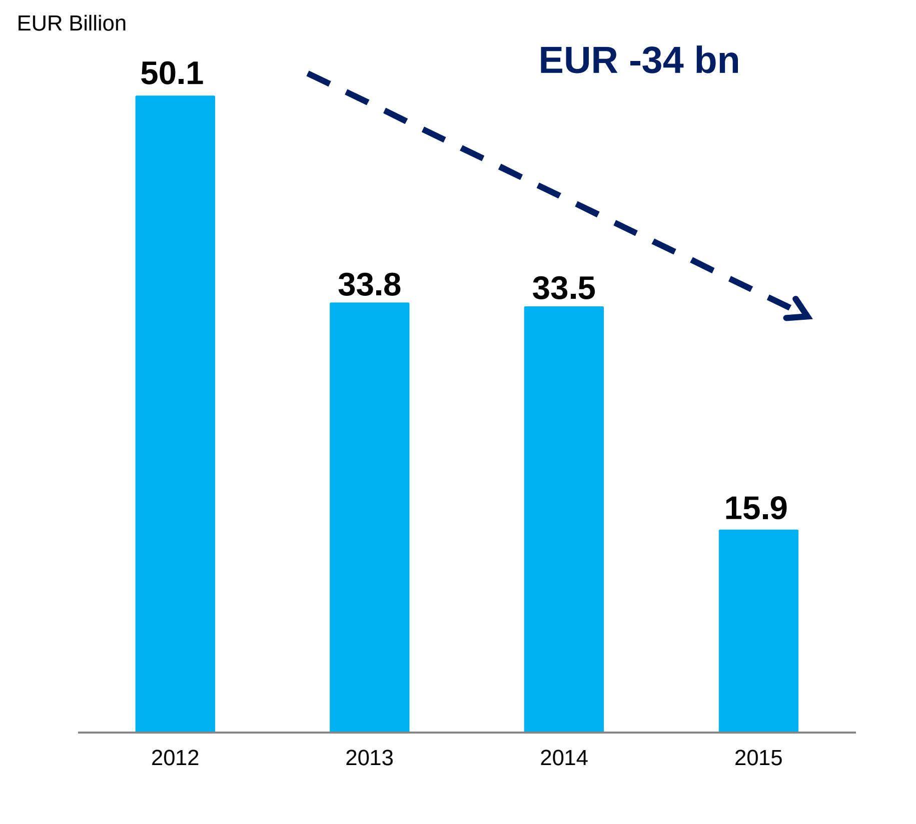
A drastic simplification of the Group's structure between 2011 and 2015: from 508 to 46 entities[1]

Decrease of the systemic risk for the EU economy and the financial markets

(1) Evolution of Dexia Group entities between 31/12/2010 and 31/12/2015

Tangible reduction of the systemic risk
Reduction of the dependency to the Eurosystem

European Central Bank funding



Significant decrease of Central Bank funding

- Central Bank funding down EUR 34 bn over the period 2012 - 2015
- Exit from derogatory own used government guaranteed bank bonds to Eurosystem refinancing operations: EUR 19 bn repaid in 2015
- Exit from VLTRO in 2015, only partially replaced by MRO and LTRO

Emergency Liquidity Assistance (ELA)

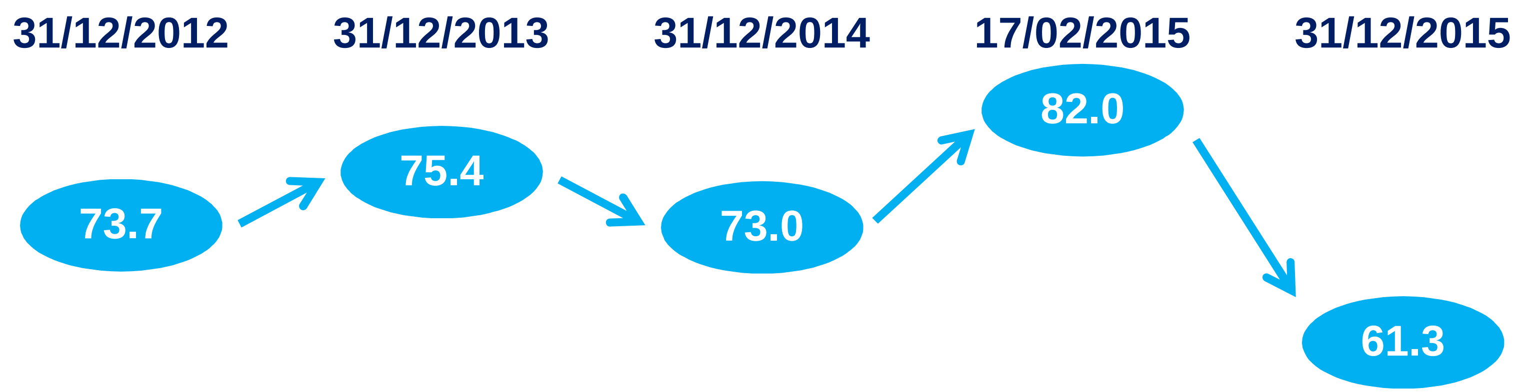
- No recourse to ELA as from 2013

Decrease of the systemic risk for the European Central Bank

Tangible reduction of the systemic risk
Reduction of the risk for the States

Recourse to State guaranteed funding

EUR Billion



- Recourse to State guaranteed funding reduced by EUR ~12 bn since 2012
- State guaranteed funding peaking at EUR 82 bn in February 2015 in anticipation of important funding redemptions
- Recourse to State guarantee expected around EUR ~60 bn in 2016

Repayment of all outstanding due to Belfius

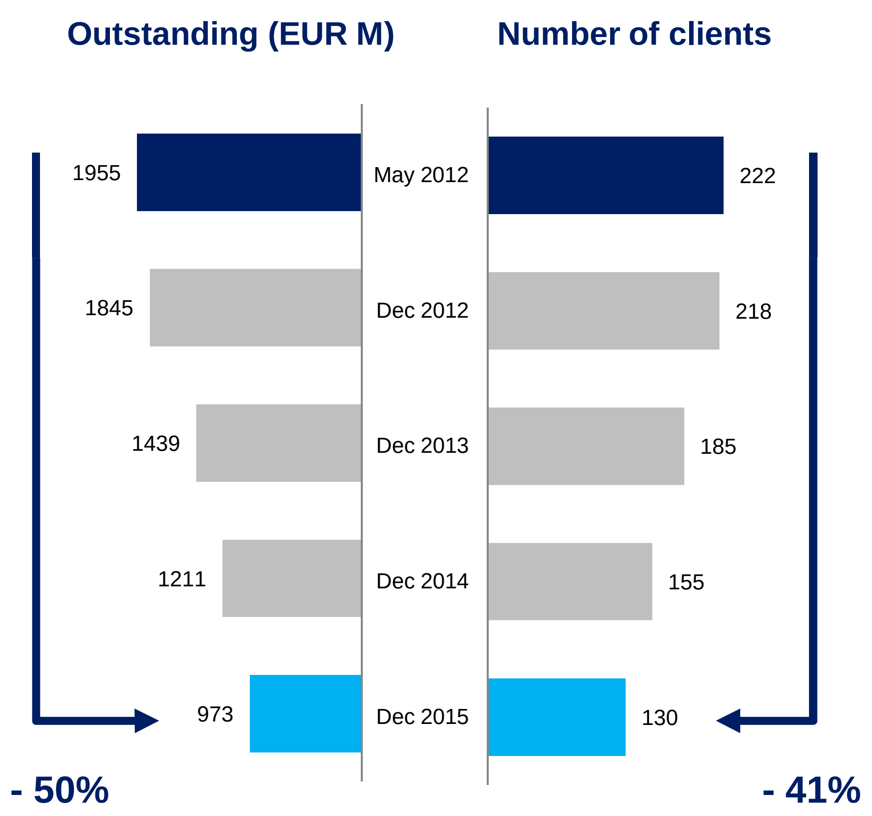
- In 2015, repayment of the last State guaranteed bonds subscribed by Belfius for an amount of EUR 10 bn
- In sum, since 2011 total amount of EUR 56 bn unsecured funding (including guaranteed) and secured funding repaid to Belfius Bank

Decrease of the systemic risk for the Belgian, French and Luxembourg States

Tangible reduction of the systemic risk

Active desensitisation of sensitive structured loans to local authorities in France

Evolution of sensitive structured loans[1]



(1) EC perimeter

Desensitisation of a large share of structured loans

- Reduction of outstanding of sensitive structured loans in line with the EC provisions
- Fixed rate offer made to all local authorities with sensitive structured loans

Favourable evolution of the legal framework

- Validation law voted in 2014, offering a clearer legal framework for the contracts related to structured loans
- Implementation of support funds to local authorities and hospitals, resulting in a sharp decrease of litigations involving Dexia: 147 in December 2015 vs. 222 in December 2014

Decrease of the risk for the French local public sector

Results FY 2015 and Q1 2016

FY 2015 – Income Statement

Net result Group share	EUR +163 million
Recurring elements	EUR -328 million
Accounting volatility elements[1]	EUR +516 million
Non-recurring elements	EUR -24 million

A 2015 net result Group share showing :

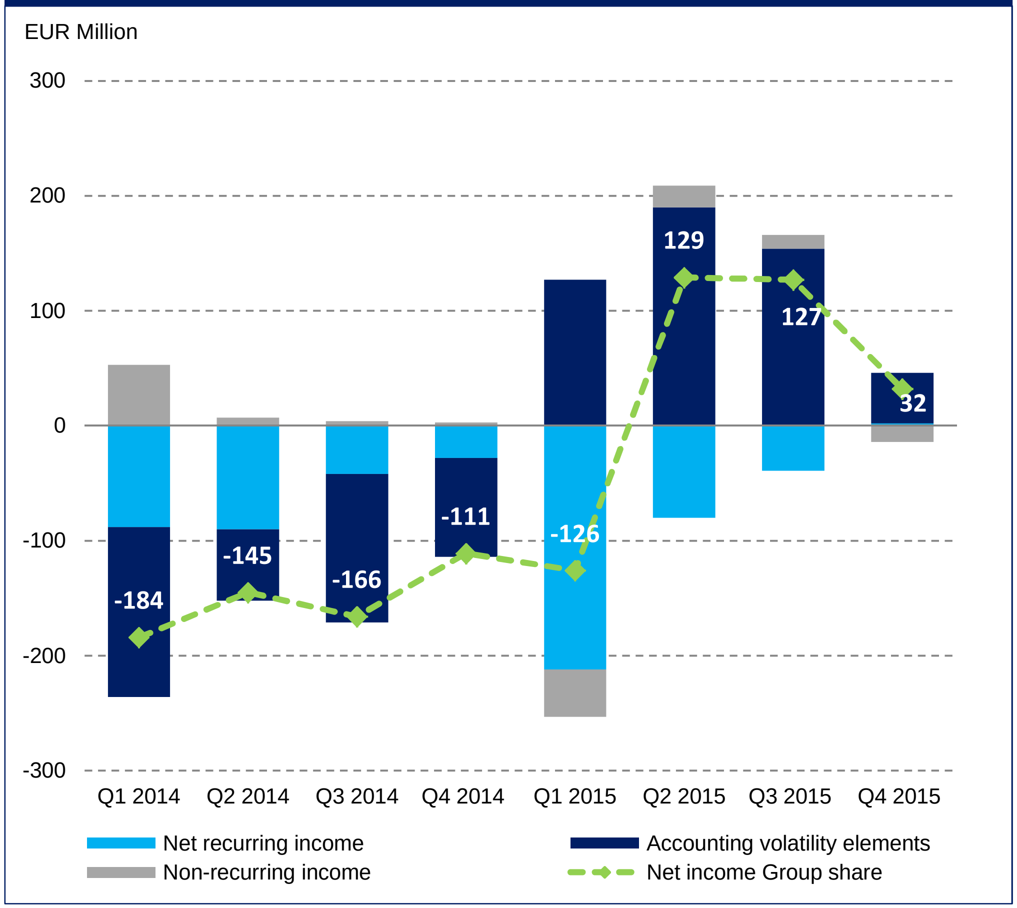
- ***Progressively improving fundamentals, as demonstrated by the positive trend of the recurring income's key drivers***
- ***Positive contribution from accounting volatility elements, as a result of favourable evolutions of market parameters***

(1) These accounting volatility elements are changes in market values. They do not correspond to cash gains or losses but are taken back over the lifespan of the assets or liabilities. As such they generate volatility on each accounting date.

Results FY 2015 and Q1 2016

FY 2015 – Analytical presentation

Evolution of the net income Group share

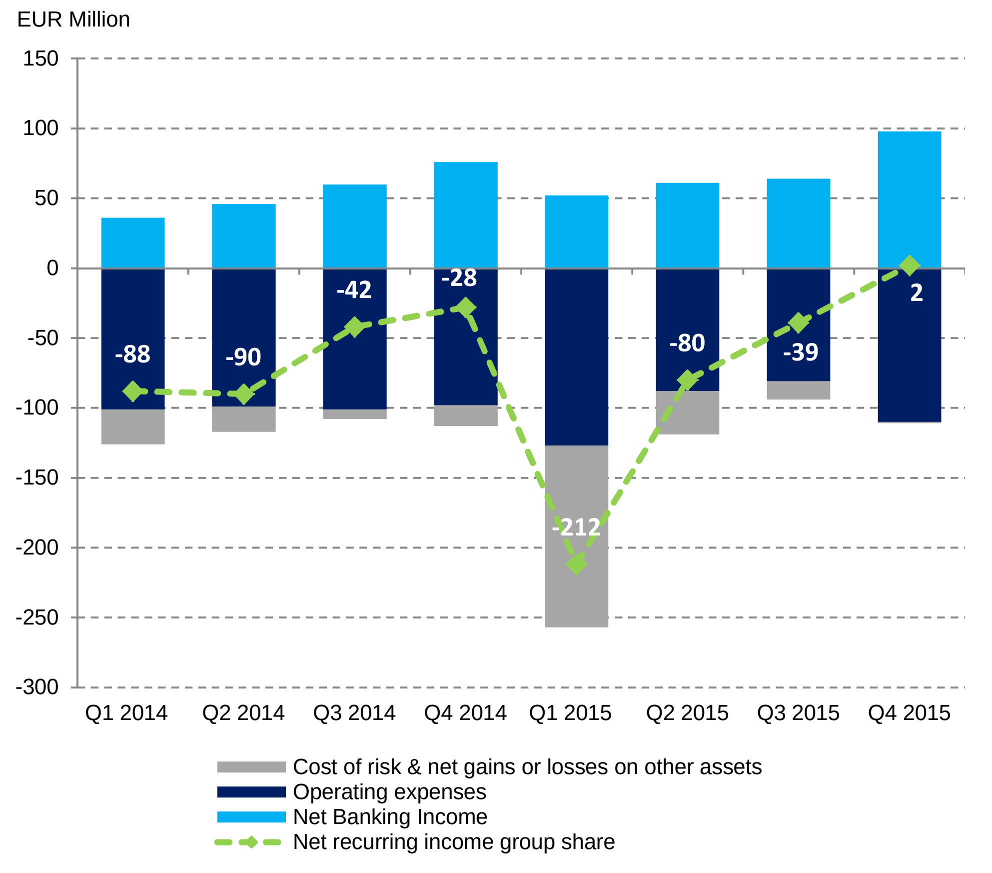


- Net recurring income negatively impacted by cost of risk and new levies in 2015, offsetting the constant decrease in funding costs since 2014
- Very positive contribution of accounting volatility elements in 2015 due to a favourable evolution of market parameters, following a negative impact in 2014
- Limited impact of the non-recurring items

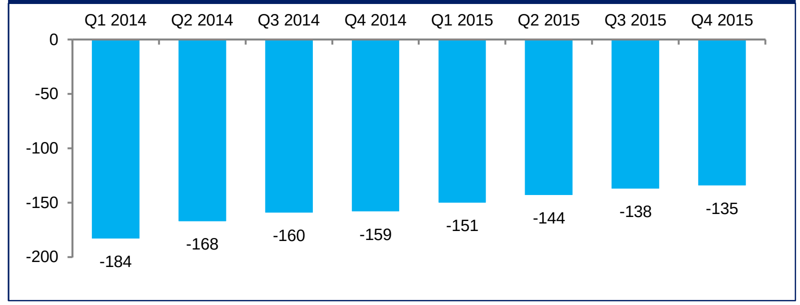
Results FY 2015 and Q1 2016

FY 2015 – Focus on the net recurring income

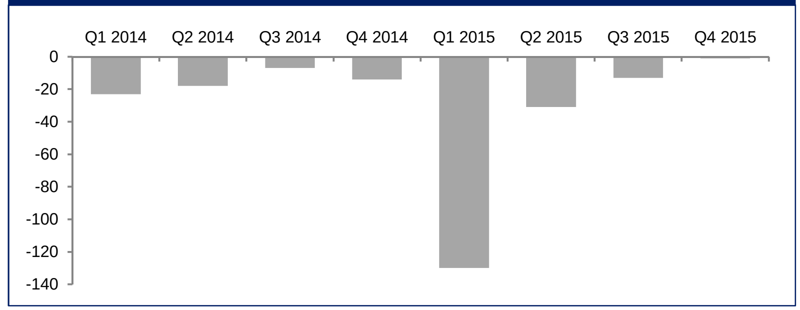
Evolution of the net recurring income



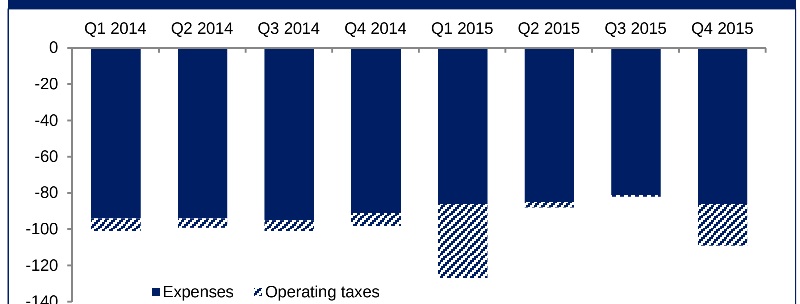
Funding costs (EUR million)



Cost of risk (EUR million)



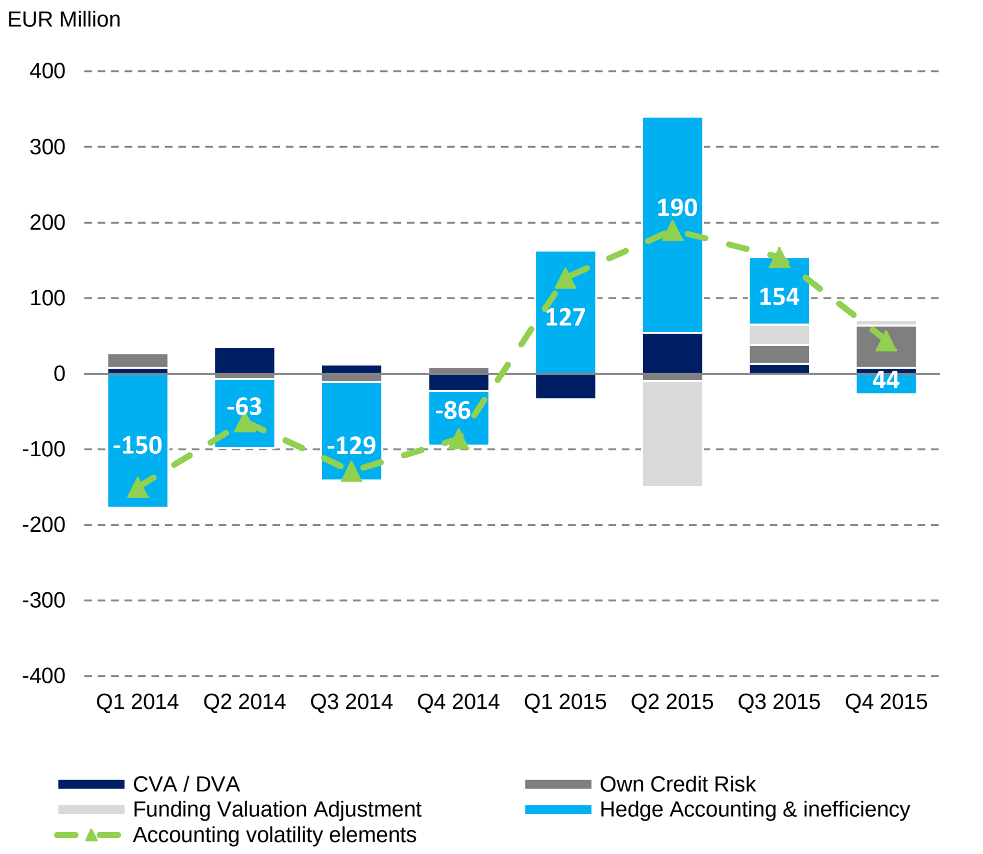
Recurring operating expenses (EUR million)



Results FY 2015 and Q1 2016

FY 2015 – Focus on the accounting volatility elements

Evolution of the accounting volatility elements



Extreme sensitivity to market parameters

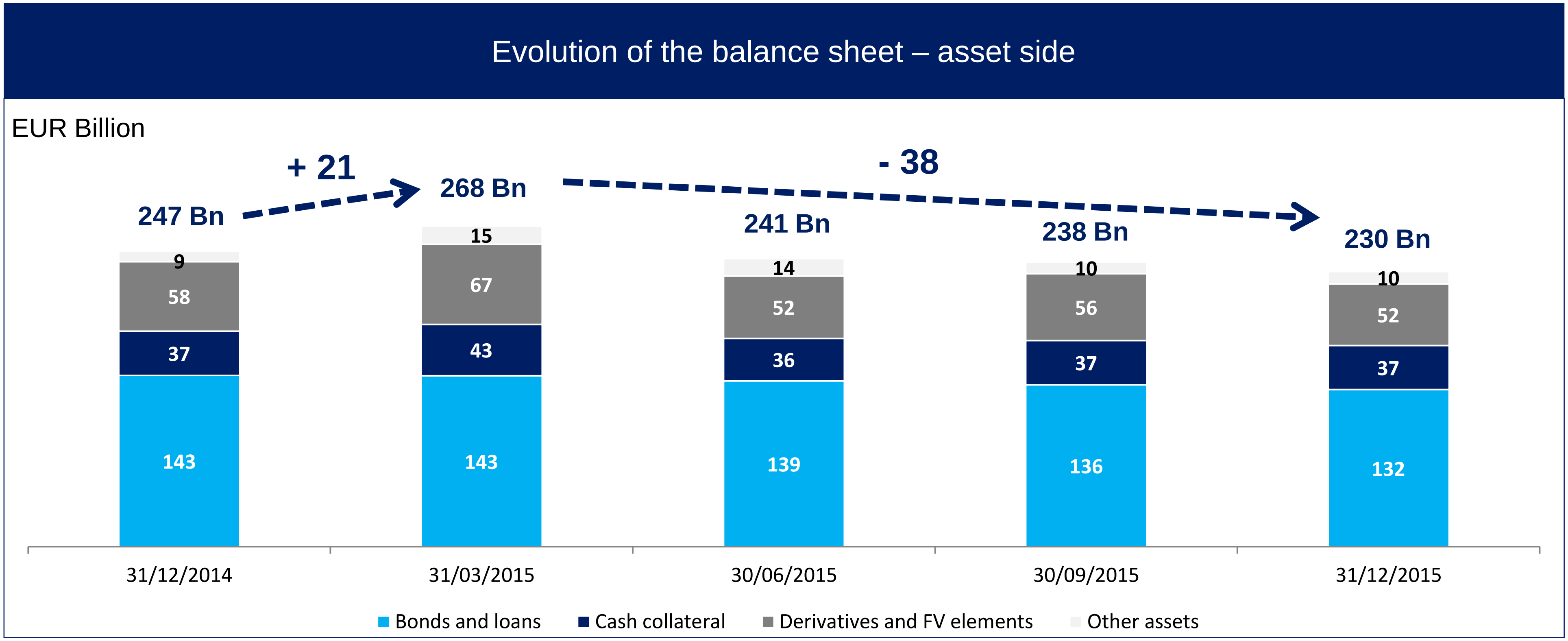
- Accounting volatility elements consisting of CVA, DVA, OCR and hedge accounting & inefficiencies
- High sensitivity to the evolution of market parameters bringing a lot of volatility in the income statement

Funding Valuation Adjustment

- As from 2015, taking into account a Funding Valuation Adjustment, in accordance with IFRS 13 and in line with market practice: impact of EUR -106 million
- Takes into account the funding costs associated with non-collateralised derivatives

Results FY 2015 and Q1 2016

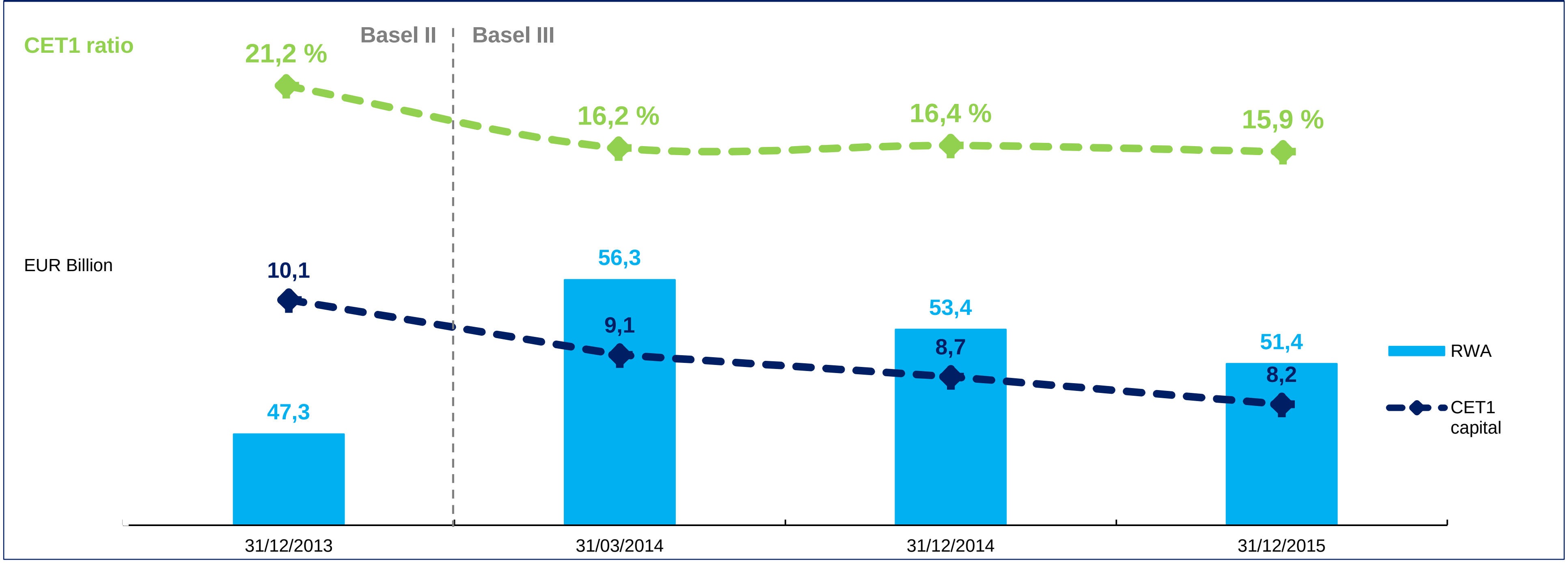
FY 2015 – Balance sheet



- Sensitivity of the balance sheet total to exogenous parameters (mainly interest rates and exchange rates)
- Extreme volatility of the amount of cash collateral posted and of fair value elements in 2015 and 2014 causing a EUR 21 billion rise in the total balance sheet between end 2014 and end of March 2015
- Decrease in bond and loan portfolios, under the effect of natural amortizations (EUR 9.7 billion in 2015) and disposals or early reimbursements (EUR 4.8 billion in 2015)

Results FY 2015 and Q1 2016
FY 2015 – Solvency

Evolution of the CET1 ratio, CET1 capital and weighted risks



- In 2015, decrease of CET1 capital due to the progressive deduction of the AFS reserve of non sovereign exposures and to the introduction of an Additional Valuation Adjustment (EUR -136 million)
- Decrease in weighted risks mainly explained by a reduction of the market risk and reduction of the asset portfolio partly offset by a deterioration of the internal ratings and by the evolution of foreign exchanges

Results FY 2015 and Q1 2016

Q1 2016 – Income Statement

Net result Group share	EUR -55 million
Recurring elements	EUR -90 million
Accounting volatility elements[1]	EUR -14 million
Non-recurring elements	EUR +48 million

- Recurring elements negatively impacted by two elements:
  - Booking of EUR -72 million taxes and contributions in Q1 (incl. SRM/BRRD and tax on systemic risk), in application of IFRIC 21
  - Increase in funding needs, in a context of market spread widening, resulting in higher funding costs
  - Limited cost of risk over the quarter: slight increase in collective provisions partially offset by the write-off of specific impairments; Average CoR of -3,2 Bps on a slidding 12M period

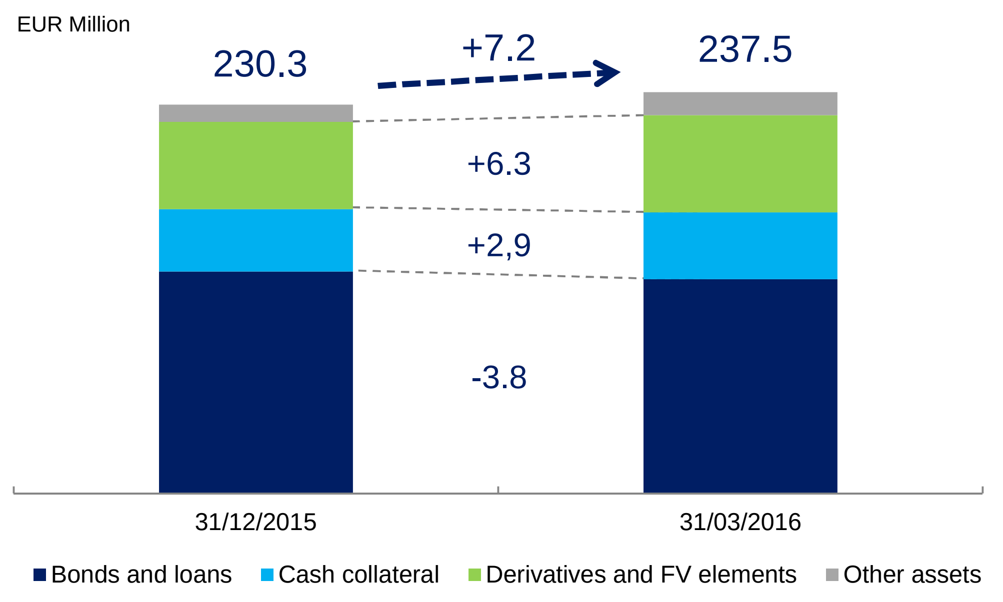
- Limited impact of accounting volatility elements

- One-off items including gains on litigations, clearance of accruals and gains on asset sales

(1) These accounting volatility elements are changes in market values. They do not correspond to cash gains or losses but are taken back over the lifespan of the assets or liabilities. As such they generate volatility on each accounting date.

Results FY 2015 and Q1 2016
Q1 2016 – Balance sheet and solvency

Evolution of the balance sheet - assets



CET1 ratio	14.7%

Increase in total balance sheet by EUR 7.2 billion in Q1 2016

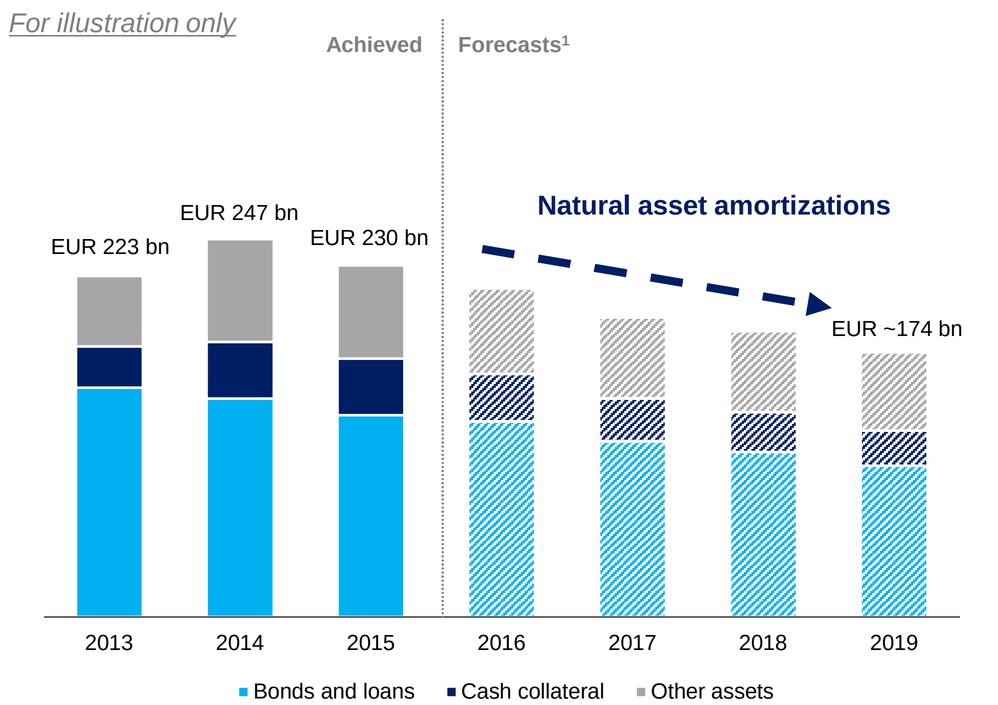
- Impact of decrease in interest rates over the quarter on derivatives & elements at fair value (EUR +6.3 billion) and on cash collateral (EUR +2,9 billion)
- Decrease of portfolios of assets, under the effect of amortisation (EUR -3.1 billion) and of deleverage (EUR -0.7 billion)

Common Equity Tier 1 ratio well above regulatory requirements, despite a decrease in Q1

- Reduction of regulatory capital, mainly due to the deduction of another tranche of 20% of non-sovereign AFS reserve
- Risk weighted assets stable in Q1 2016

Looking ahead
Asset reduction progressing steadily over a long time horizon

Projected evolution of the balance sheet



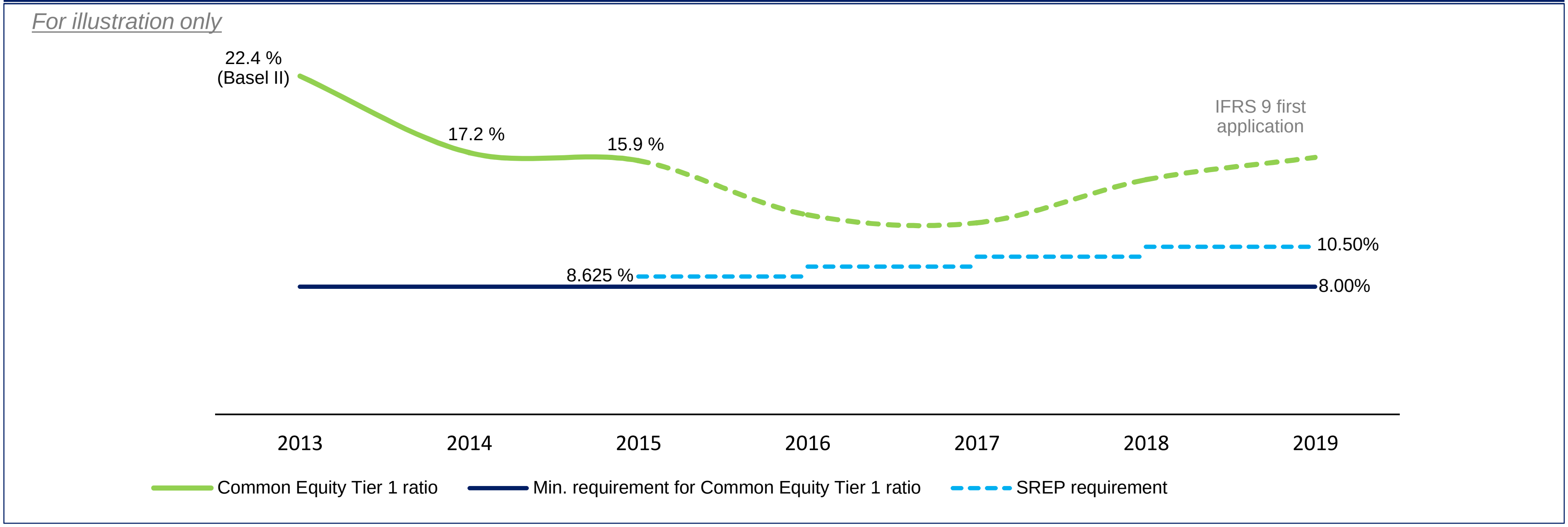
Projected decline of the balance sheet of ~25% over the period 2016-2019

- Long term resolution as the least expensive option for the States and tax payers and the least risky for the banking sector and European economies
- No numerical targets set by the European Commission in terms of asset disposals ; balance sheet decreasing at the rhythm of natural asset amortizations and opportunistic deleveraging
- Progressive decline of the balance sheet resulting in a reduction of the funding need ; as from 2016 onward, this should allow a more balanced funding mix

(1) Targeted figures as determined in the business plan of November 2012 (updated in June 2015) underlying the Orderly Resolution Plan approved by the European Commission

Looking ahead
Projected Common Equity Tier 1 ratio

Indicative consolidated CET 1 ratio[1]



- As from 2016, forecast highly sensitive to assumptions related to the evolution of the regulatory and accounting frameworks such as application of IFRS 9
- CET1 ratio of Dexia Group as at 31 December 2015: 15.9%; min. SREP requirement for 2016: 8.625%
- No impact in terms of dividend distribution in case of breach of the combined ratio, given the EC distribution restrictions already applying to the group in the frame of the Orderly Resolution Plan, for burden sharing purposes

(1) Targeted figures as determined in the business plan of November 2012 (updated in June 2015) underlying the Orderly Resolution Plan approved by the European Commission

Looking ahead

Sensitivities of the orderly resolution plan projections

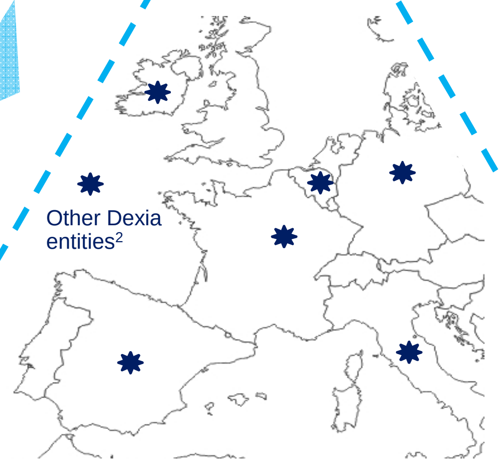
Sizable asset portfolio with long-dated maturity profile

Financial markets

- Reduced appetite for secured and guaranteed funding
- Volatility of market parameters

Macro-economic context

- Lower interest rates
- Deterioration of credits
- Weakening of euro



Complex legacy operational structure

Necessity of a banking licence

Regulatory & prudential evolutions

- Accounting principles
- Regulatory and prudential requirements

Activity of the Board and Committees

Regular meetings

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<tr><th colspan="8">Number of meetings</th></tr>
<tr><th></th><th>2009</th><th>2010</th><th>2011</th><th>2012</th><th>2013</th><th>2014</th><th>2015</th></tr>
<tr><td>Board of Directors</td><td>11</td><td>11</td><td>20</td><td>25</td><td>13</td><td>12</td><td>9</td></tr>
<tr><td>Audit Committee</td><td rowspan="2">9</td><td rowspan="2">8</td><td rowspan="2">12</td><td rowspan="2">11</td><td rowspan="2">5</td><td rowspan="2">6</td><td>6</td></tr>
<tr><td>Risk Committee</td><td>5</td></tr>
<tr><td>Strategic Committee[1]</td><td>1</td><td>2</td><td>8</td><td>3</td><td>1</td><td>1</td><td>-</td></tr>
<tr><td>Appointments Committee</td><td rowspan="2">7</td><td rowspan="2">5</td><td rowspan="2">9</td><td rowspan="2">7</td><td rowspan="2">5</td><td rowspan="2">4</td><td>6</td></tr>
<tr><td>Compensation Committee</td><td>6</td></tr>
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- Topics regularly dealt with by the board of directors and the specialised committees:
  - the execution of the revised orderly resolution plan and commitments of the States towards the European Commission
  - the revised orderly resolution plan and undertakings vis-à-vis the European Commission
  - the Group's liquidity situation, SREP, Pillar II
  - the deleveraging program
  - the reverse stock split
  - the compliance and internal control policies
  - the sale of operational entities
  - the outsourcing project
  - the Group's governance memorandum

(1) Suppression of the Strategic Committee in 2015 due to rare meetings

Activity of the Board and Committees

New corporate governance

January 1, 2016: Simplification of the governance

- Merger of the Management board and the executive committee of Dexia SA
- Identical composition of the Management board of Dexia SA and the one of Dexia Crédit Local
- New Chief Risk Officer

May 18, 2016: Change in Chief Executive Officer

- End of the 4-year mandate of Karel De Boeck
- Upon a proposition of the Appointments Committee, fitting with Board of Directors' requirements, new CEO name submitted to the approval of the shareholders' meeting

Activity of the Board and Committees

Implementation of the Reverse Stock split of the Dexia SA shares

- Wish to rationalise the number of shares in circulation to take account of the price evolution observed over recent years, as well as the extremely low price (EUR 0,04 on 27 January 2016)
- Following the resolution passed by the extraordinary shareholder's meeting on 20 May 2015, decision of the board of directors to implement the reverse stock split of the shares of Dexia SA (Class A and Class B)
- As from 4 March 2016, one new share replaces one thousand existing shares

Objectives of the Reverse Stock split

- Limit the price volatility, since the very low unit level necessarily results in excessive volatility
- Restore a more appropriate proportional relationship between the price of the share and the lump sum fees that are being applied by financial institutions for the holding, managing, transfer and sale of shares

Human resources

Human resources policy

Human resources challenges	
1	To keep qualified and experimented members of staff to manage the balance-sheet in run-off
2	To improve the perception of the general interest mission
3	To drive HR actions given the particular challenges of a company in run-off

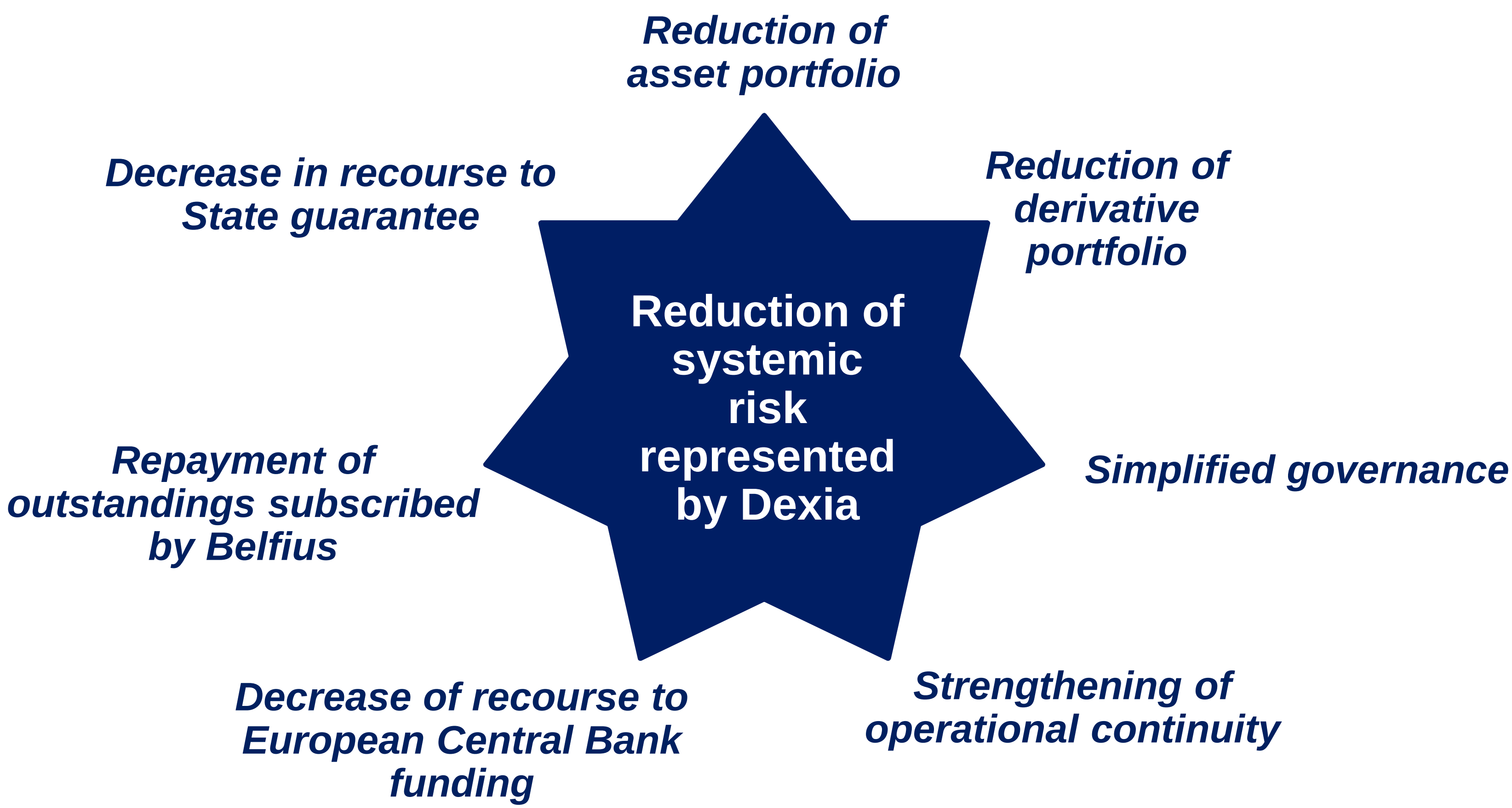
Human resources
2015 compensation report

- Implementation of the 2014 decisions in the compensation of the Directors
  - Harmonisation of the compensation between the Directors of Dexia SA and the ones of Dexia Crédit Local
  - Re-assessment of the compensation of the president of the audit committee
  - Reduced attendance fees when several meetings are held on the same working day
- No change in the compensation of the members of the Management board
- Members of the Management Board, the Executive Committee and the Group Committee are not entitled to variable remuneration
- Sustained dialogue with social partners
- Strict observance of legislative developments regarding compensation at a national, European and international level

Section 1	Fundamentals of the orderly resolution
Section 2	Progress on strategic objectives
Section 3	Tangible reduction of the systemic risk
Section 4	Financial results 2015 and Q1 2016
Section 5	Looking ahead
Section 6	Activity of the Board and Committees
Section 7	Human Resources
Section 8	**Achievements of the period 2012-2016**

Achievements of the period 2012-2016

Dexia, more resilient in 2016 than in 2012



Dexia Group
Annual Shareholders Meeting

Brussels, May 18th 2016

DEXIA