Dexia Bank becomes

Belfius

Bank & Insurance

Roadshow
Belfius Bank & Insurance

May 2012

Peter De Baere

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Belfius

New bank… new name

The “Bel” of Belgium,
The “fi” of finance,
The “us” of the English … US!

In short, a locally anchored Belgian banking and insurance group created for, and by, the community.
No other hidden meanings.

New bank… new name

New brand

- Ongoing confusion between Dexia Bank Belgium and the listed residual bank Dexia and a heavily criticised brand
  - Regain staff and clients’ trust!
- The “DEXIA” brand name does not belong to Dexia Bank Belgium
  - Impossible to create future value!

New bank… strong foundations

Strong foundations

- Stable basis as autonomous, banking and insurance group unlisted on the stock market
- > 50 years' experience as bank and insurer of proximity for 4 million individual account holders, the liberal professions, the self-employed and companies
- 150 years' experience as partner to the public and social sector

New bank… with 3 clear commitments

3 commit-
ments

1 Belfius supports **clear and transparent communication.**

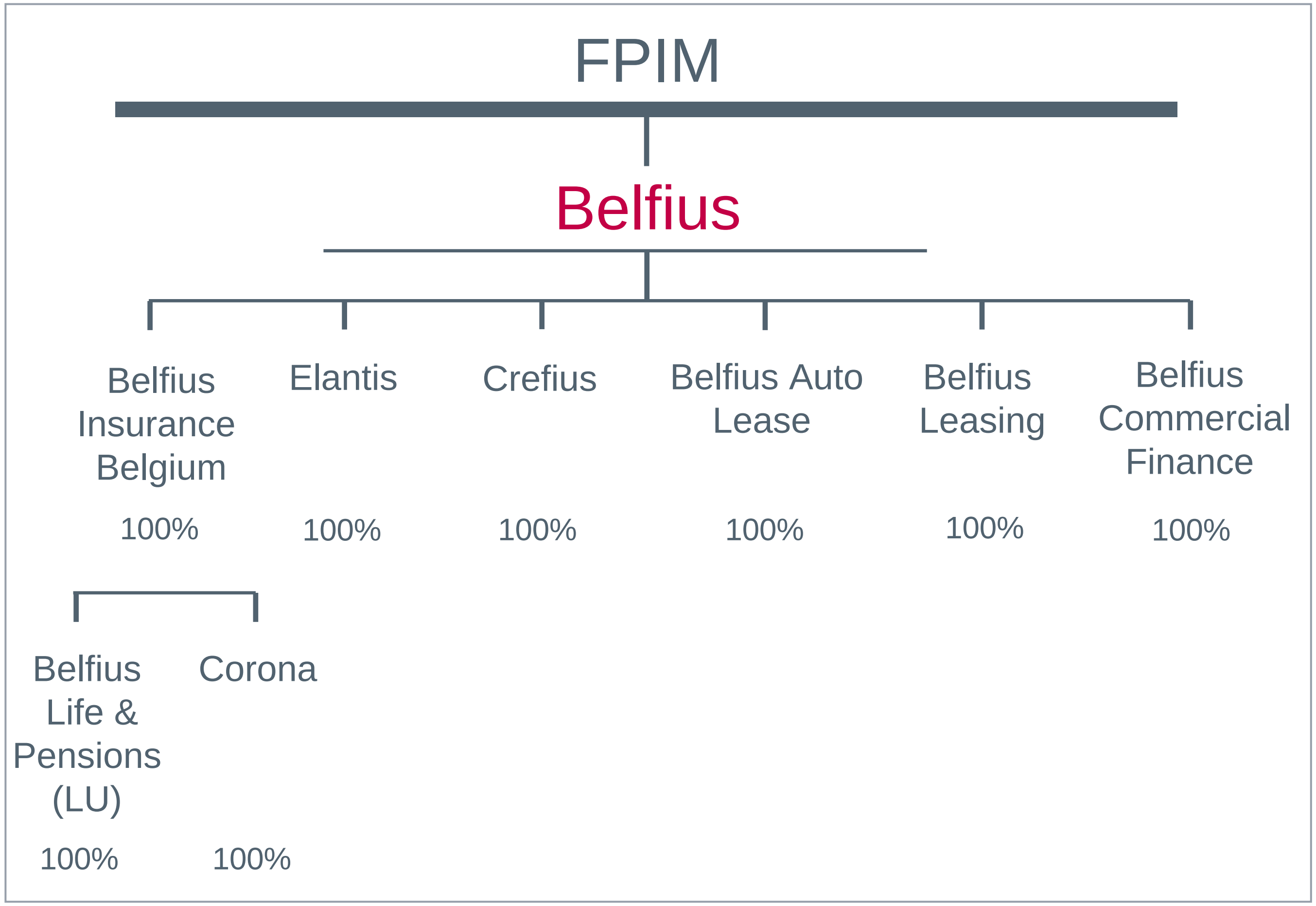
2 Belfius seeks to be a **locally anchored relationship bank**.

3 Belfius wishes **to be a bank that provides added value to society.**

Belfius

Belfius, a new brand name

One sole shareholder



- The Belgian State, through the Federal Holding and Investment Company (FPIM) is the sole shareholder of Belfius Bank

A locally anchored relationship bank

With subsidiaries in other areas

	Active in	Core figures
Crefius	■ Granting and management of Belfius Bank and DVV home loans ■ Servicer for external credit providers	■ Granted: 40,000 credit facilities per year ■ Circulation: 20 billion / 350,000 credit facilities, including 14 billion securitised
Elantis	■ Sale of mortgage loans and consumer credit facilities via a network of independent brokers ▪ 600 brokers for mortgage loans, 700 for consumer credit	■ +/- 34,000 mortgage loans for a total amount of € 3.32 billion ■ +/- 21,000 consumer credit facilities for a total amount of €235 million
Belfius Lease	■ Active in financial leasing (movable and immovable) ■ Market leader in leasing renewable energy (solar panels, CHP, green IT, etc.)	■ The portfolio amounts to over €2 bn ■ +/- 27,000 contracts and a market share of 16.80%
Belfius Auto Lease	■ Operational leasing, fleet management, green fleet, financial renting with services, car hire	■ BAL currently manages a fleet of 11,000 vehicles (as at 31.10.2011).
Belfius Commercial Finance	■ Factoring, financing and provision of advances on claims, professional debtor management	■ Market share of 15.81% ■ Turnover of €5.1 billion
Belfius Insurance	■ Multi-channel strategy via ▪ Exclusive network (DVV label – Les AP) ▪ Bank insurers channel (Belfius label) ▪ Direct insurer (Corona label) ■ Life and non-life for private individuals, self-employed, SMEs, corporates, public and social sector	■ +/- €2 bn premium

Main areas focused on so far

Board of Directors

- New Board composed. Well established mix of competences to underpin decision making
- Creation of strategic, remuneration, risk & audit committee within the Board

EC file

- Dedicated team working on preparation for European Commission file
- Due date for submitting file: mid-April
- Process considered as being on track

Unwinding Dexia Group

- Important reduction in exposure towards Dexia Group
- New organisation at Belfius defined and approved by social partners
- First transfers Dexia Group competences realised
- 21 work streams focussing on unwind

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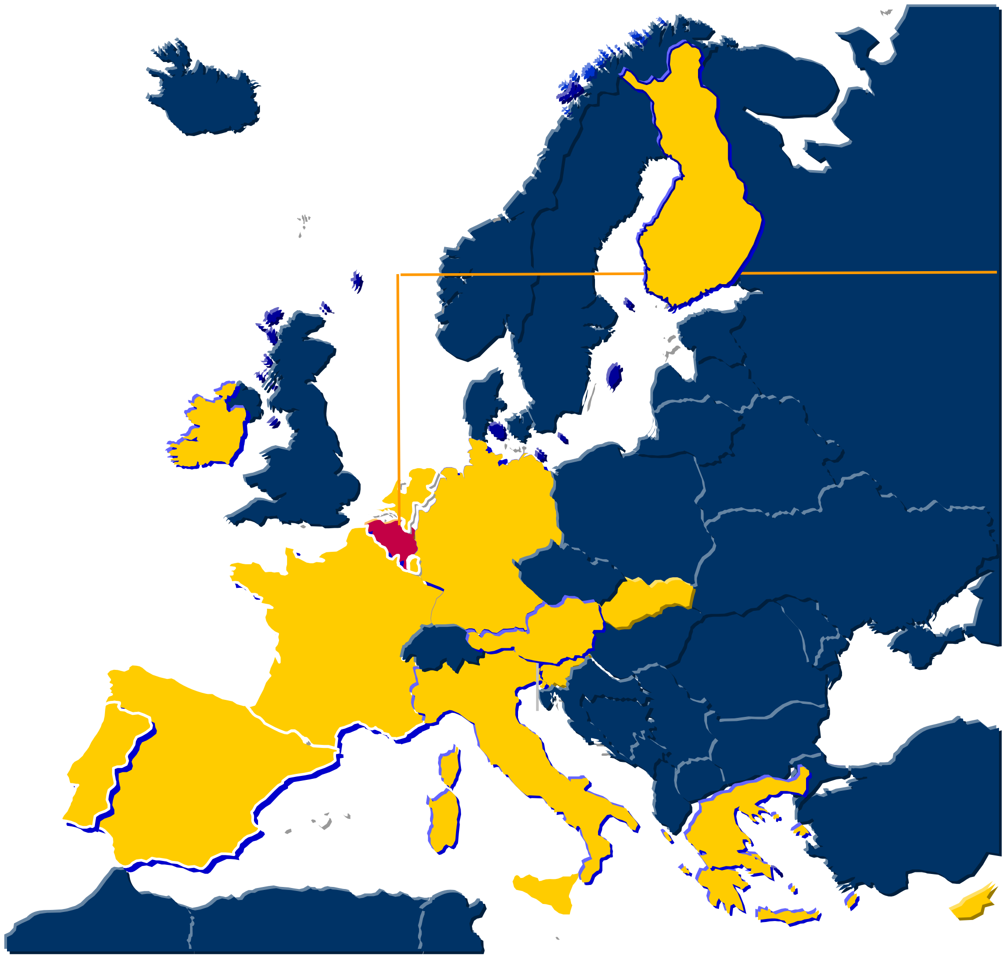
The Belgian Economy

Belgium: 3.3% of EA17 population, 3.9% of EA17 GDP

- Belgium's is the **6th** economy of the Euro-zone.
- Its 2011 GDP is expected to amount to **EUR 369.5 billion**.



	GDP (% EA17)	Population (millions)	
Germany	27.3%	81.8	
France	21.1%	65.1	
Italy	16.8%	60.6	
Spain	11.4%	46.2	
Netherlands	6.4%	16.7	
Belgium	**3.9%**	**11.0**	**(3.3%)**
Austria	3.2%	8.4	
Greece	2.3%	11.3	
Ireland	1.7%	4.5	
Finland	2.0%	5.4	
Portugal	1.8%	10.6	
Slovakia	0.7%	5.4	
Luxemburg	0.4%	0.5	
Slovenia	0.4%	2.1	
Cyprus	0.2%	0.8	
Estonia	0.2%	1.3	
Malta	0.1%	0.4	
Euro-zone	**100.0%**	**331.9**	

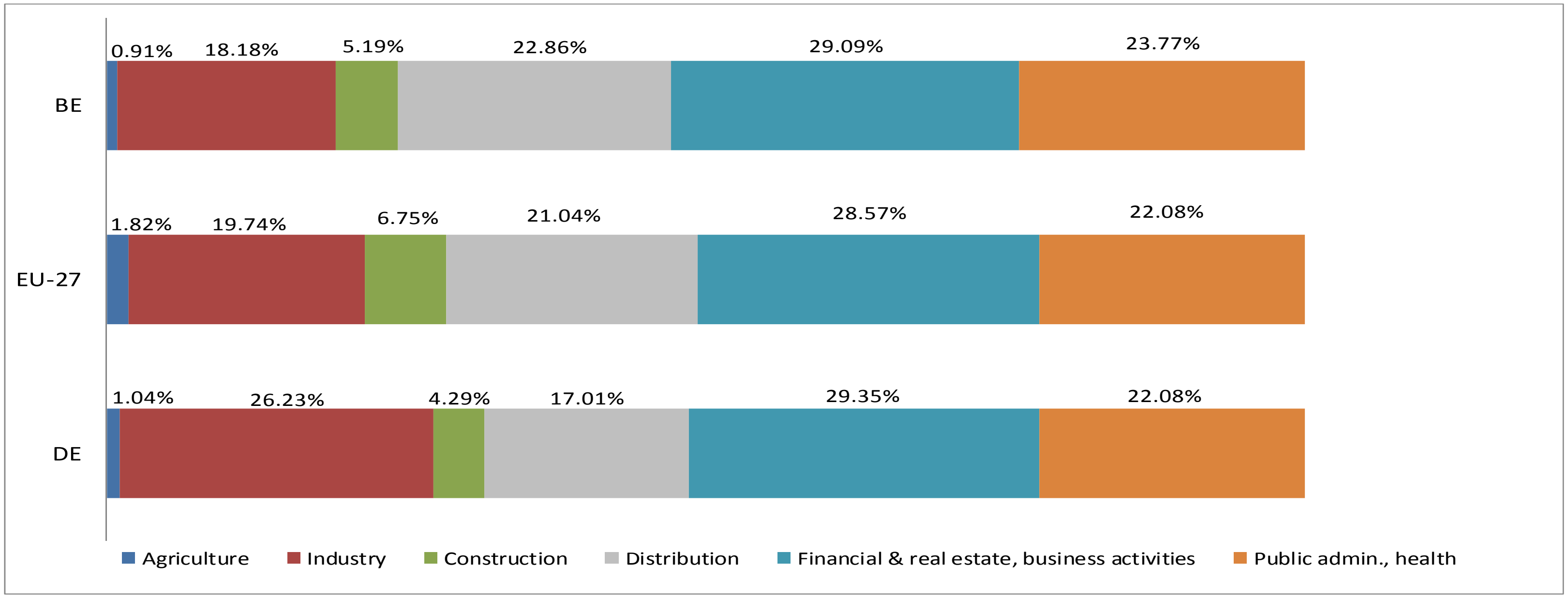
Source: Eurostat, population statistics as of 1 January 2012 & GDP at market prices, 2011 forecast

The Belgian Economy

Belgium has a diversified and open economy

- The Belgian business mix resembles the one of the EU-27. In terms of sectorial value added, there is almost no specialisation. Yet industrial activity has some specialisation in the production of **semi-finalized goods**.

Gross value added per business sector (2007)



Source: European business, facts and figures (2009)

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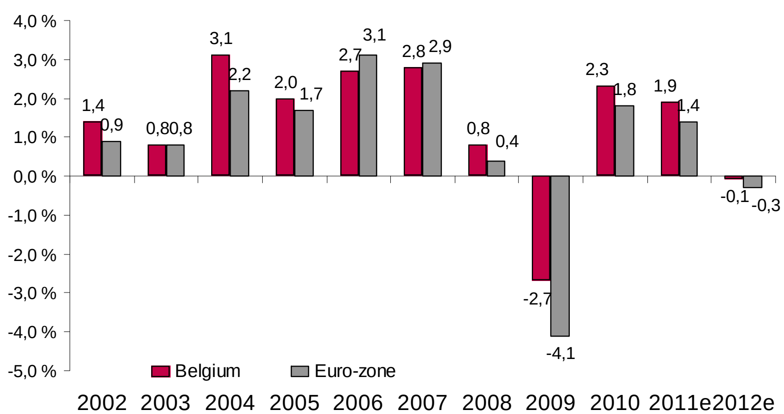
The Belgian Economy

Integration with the European business cycle, but with higher growth

- Over the 10 last years, Belgium's annual economic growth **surpassed** the average economic growth in the Euro-zone by **4.32%.**
- Also, Belgium's cumulative growth performance in the period 2009 – 2011 was the **best** of the group of the 11 economically most important EA countries.

Belgian and Euro-zone GDP-growth (Y/Y)



Source: National Bank of Belgium
2011, 2012 : Eurostat

Growth rates Euro area countries

	2009	2010	2011 Q1	2011 Q2	2011 Q3	2011 Q4	Cum.
BE	**-2.7%**	**2.3%**	**0.9%**	**0.3%**	**-0.1%**	**-0.1%**	**0.6%**
DE	-5.1%	3.7%	1.3%	0.3%	0.5%	-0.2%	0.5%
AT	-3.8%	2.3%	0.9%	0.5%	0.3%	-0.1%	0.1%
FR	-2.7%	1.5%	0.9%	-0.1%	0.3%	0.2%	0.1%
NL	-3.5%	1.7%	0.8%	0.2%	-0.2%	-0.7%	-1.7%
EA17	***-4.2%***	***1.9%***	***0.8%***	***0.2%***	***0.1%***	***-0.3%***	***-1.5%***
PT	-2.5%	1.4%	-0.6%	-0.2%	-0.6%	-1.3%	-3.8%
ES	-3.7%	-0.1%	0.4%	0.2%	0%	-0.3%	-3.5%
IT	-5.1%	1.5%	0.1%	0.3%	-0.2%	-0.7%	-4.1%
FI	-8.2%	3.6%	0.2%	0.1%	0.9%	0.1%	-3.3%
IE	-7.0%	-0.4%	1.8%	1.4%	-1.9%		-6.20%

Source: EC, Belgium (NBB)

The Belgian Economy

Low growth in 2012, but a better performance than the Euro area

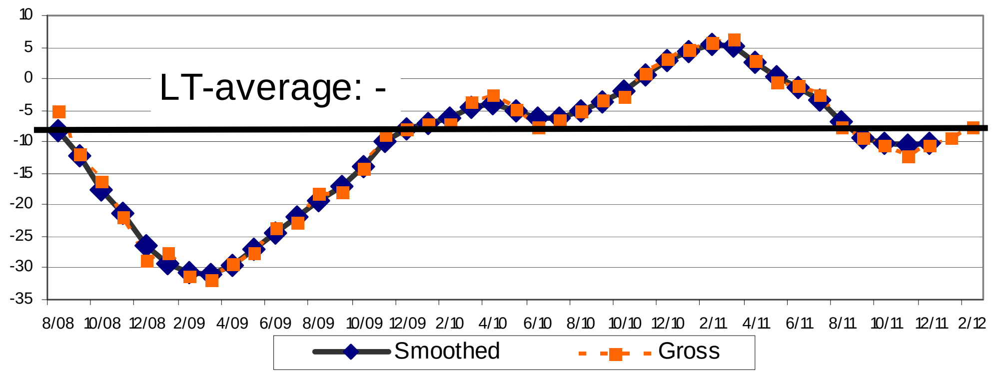
- The economy is expected to pick up in the second half of 2012, as a result of the higher available income of households (indexation). Transitional effects however depress the growth on a yearly basis.
- The Belgian business confidence increased in December, January and February, after having declined for nine months.
- It is now equal to its long-term average of -7.7.

Projection of GDP growth for 2012

	2012e Belgium
GDP-growth y/y	0.1%
Private consumption y/y	**-0.1%**
Gov. consumption y/y	**0.9%**
Investment (capital) y/y	**0.7%**
Net export contribution to GDP	**-0.2%**
p.m. Savings ratio	***15.7%***

Source: Federal Planning Bureau, 02/2012

Business Confidence (National Bank)

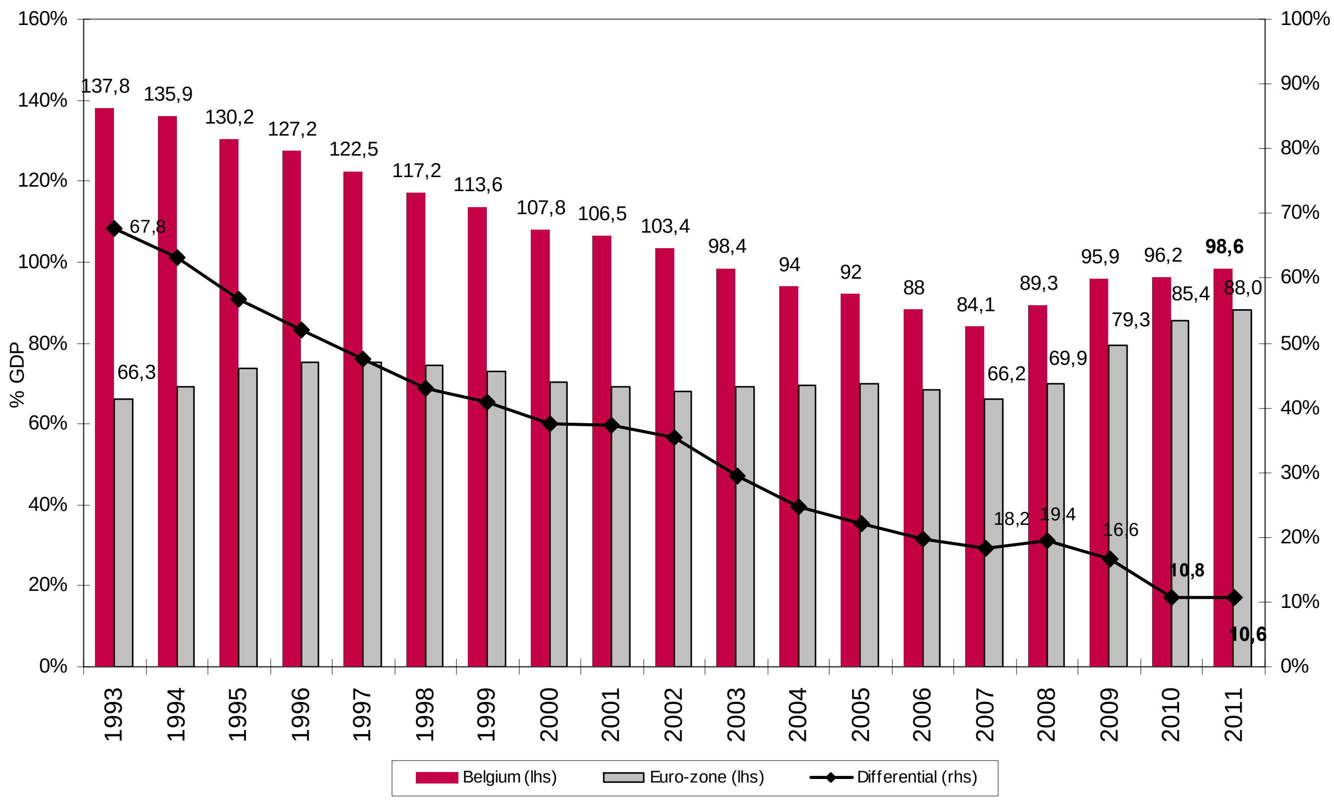


Source: National Bank of Belgium

Public Finances

In 2011, Belgium's debt-to-GDP ratio again increased, mostly due to external factors

- Belgium's debt-to-GDP ratio was on its way to reach the Euro-zone average, and it was also approaching the Maastricht reference value of 60%. But the rescue of the financial sector resulted in a setback in 2008.
- In 2011, Belgium registered a debt increase of 2.4% (cf. raisons p.16).
- The differential with the euro area debt-to-GDP however continued to decrease. By the end of 2011, Belgium's debt ratio would have been 10.6% higher than the Euro zone average.
- **The Kingdom's stakes in its financial institutions are not deducted from this gross debt.**



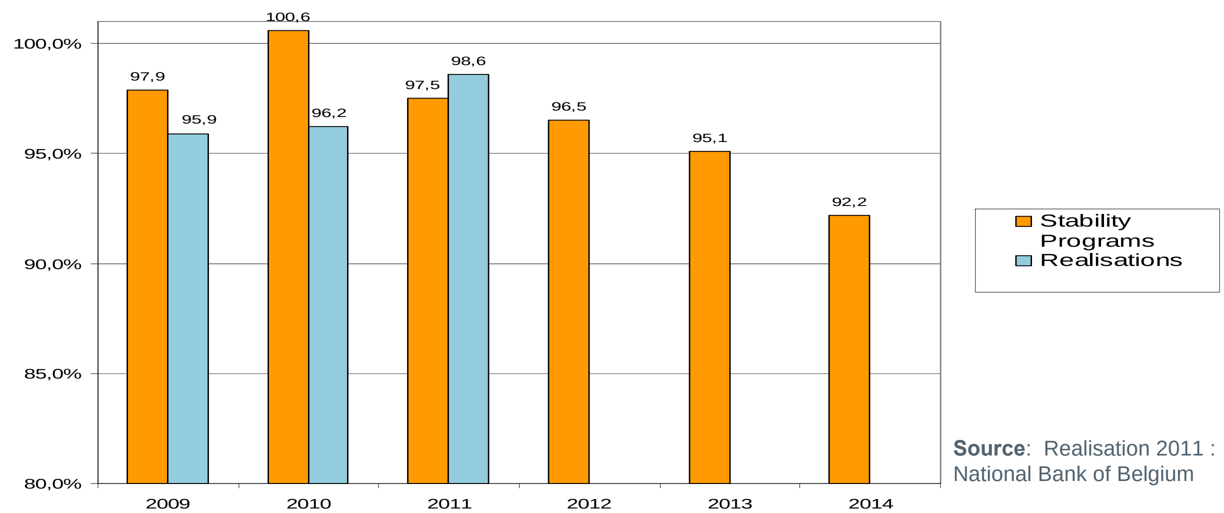
Source: 1993-2011: National Bank of Belgium
Eurozone: FPS Budget

Public Finances

Belgium deviated only marginally from its latest Stability Program

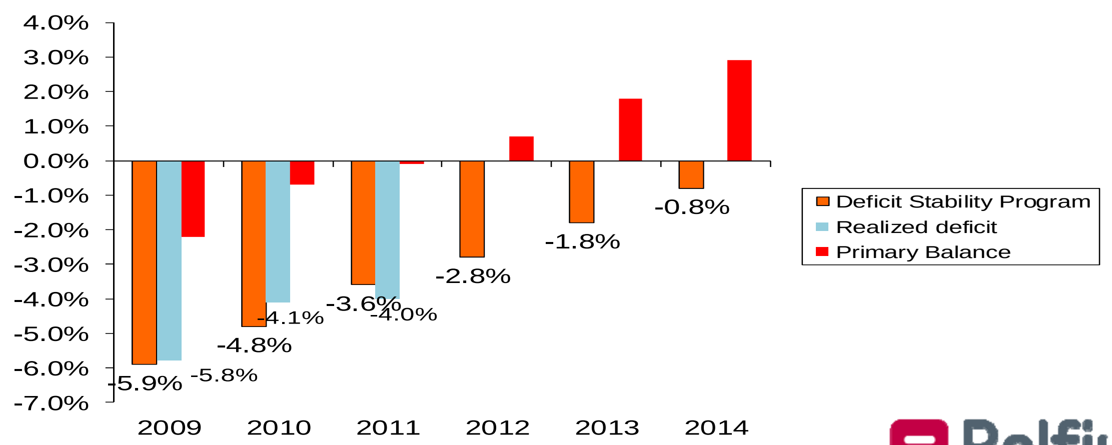
- By year end 2011, Belgium's debt ratio would be slightly higher **(98.6%)** than the anticipated debt ratio in its latest update of the Stability program (97.5%) as a result of:
- The purchase of Dexia Bank Belgium (1.08%)
- Belgium's participation in the financing programs of Greece, Ireland and Portugal (0.48%)
- A cash surplus at year-end of 0.41% of GDP.
- Due to the technical recession in the 2nd semester and to the liquidation of the communal holding (which held a significant stake in DBB), the **2011 deficit** will probably be around **4.0%.**

Debt projections (Stability Programs + Stability Program 2011-2014)



Source: Realisation 2011 : National Bank of Belgium

Deficit projections (Stability Programs + Stability Program 2011-2014)



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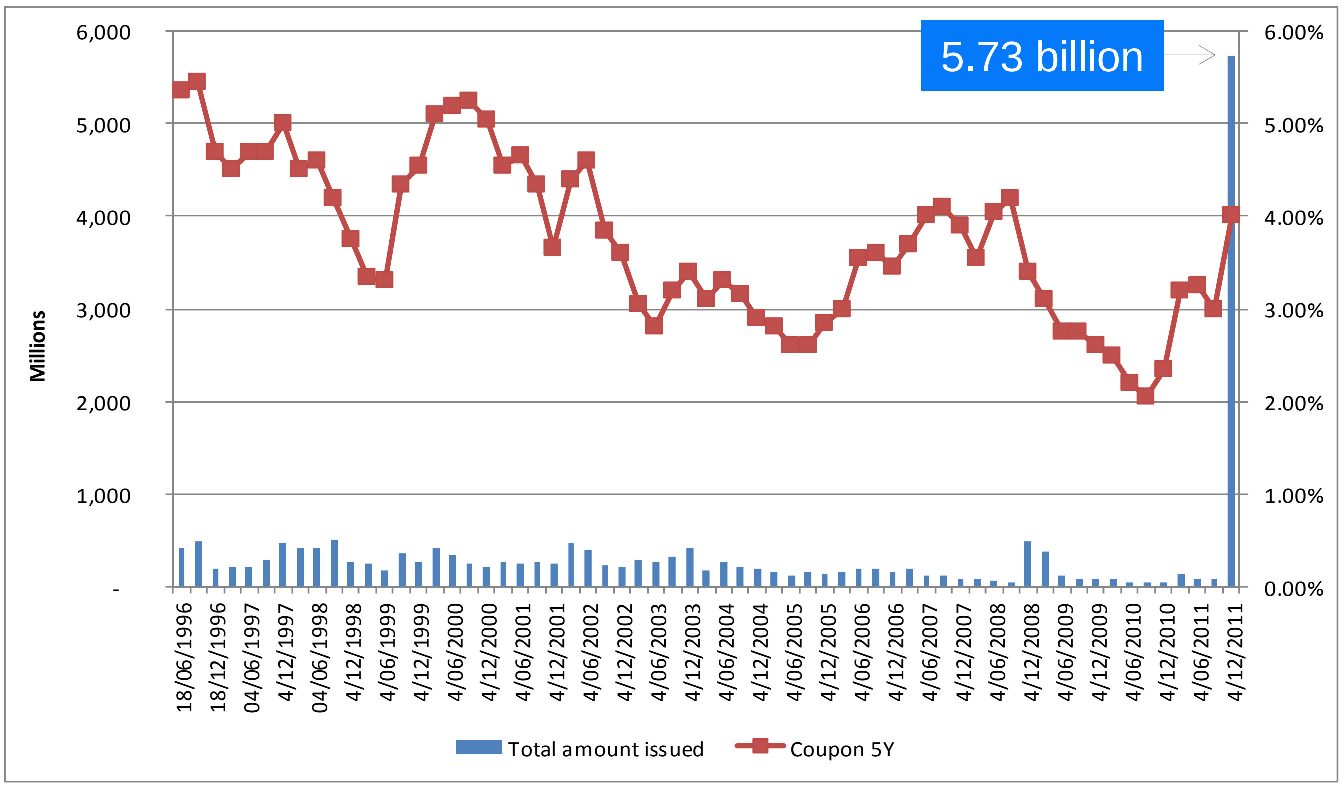
Public Finances

Belgium's product for the private investor performed extremely well in December 2011

- In December 2011, the Belgian private investor demonstrated that he/she was **willing to finance** the State whenever the financial conditions are reasonable.
- On top of the **EUR 5.73 billion** invested in the State Notes (300,000 subscriptions), the Belgians bought some **EUR 265 million** of OLOs.

Issuance results of the State Notes compared with the 5y-coupon (1996-2011)



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Public Finances

Belgium maintains strong ratings[1]

- **Standard & Poor's** adjusted the long-term rating to **AA** with negative credit watch on December 5, 2011 but changed the negative watch into negative outlook on January 13, 2012. The agency confirmed the short-term rating at A-1+.
- **Moody's Investors Service** changed the outlook of its long-term to **Aa3 rating**, negative outlook on December 16th 2011. The short-term rating is P-1.
- **Fitch Ratings** adjusted the long-term rating to **AA** with negative outlook on January 27, 2012. The short-term rating is F1+.
- The **Japanese Credit Rating Agency** confirmed its **AAA rating** on June 30th, 2011.
- Finally, **DBRS** gave an **AA (High) rating** with negative outlook on November 11th, 2011

Belgium's **current account position** would be higher in 2012 (+0.4) than in 2011 (+0.2).

[1]: Belgium - created in 1830 - has *never* defaulted (for a comparison with other countries see C.M. Reinhart and K.S. Rogoff, This time is different – Eight centuries of financial folly, Princeton, 2009, p. 99).

Belfius

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Belfius

Commercial activities

Overview

Retail banking	Private Banking	SMEs and self-employed turnover < € 10 m	Public Banking & Social Profit	Corporate banking
■ **Top 3 bank** in Retail Banking ■ **~ 3.8 m clients**	■ **Top-tier Bank** in Private Banking ■ **~ 48 k clients**	■ **#4 Bank** in Business Banking ■ **~ 191 k clients**	■ **Market leader** in local, regional and federal authorities, health, accommodation and education ■ **10,000 clients**	■ **Challenger position** among companies with turnover > EUR 10 m ■ **5,300 clients**

- **EUR 35.5 bn loans***, incl. 27% business loans
- **EUR 90.3 bn client investments***, including
  - EUR 60 bn deposits
  - EUR 11.2 bn life insurance (Branch 21, 23 & 26)
  - EUR 19.1 bn other off-balance-sheet products (investment funds and other)

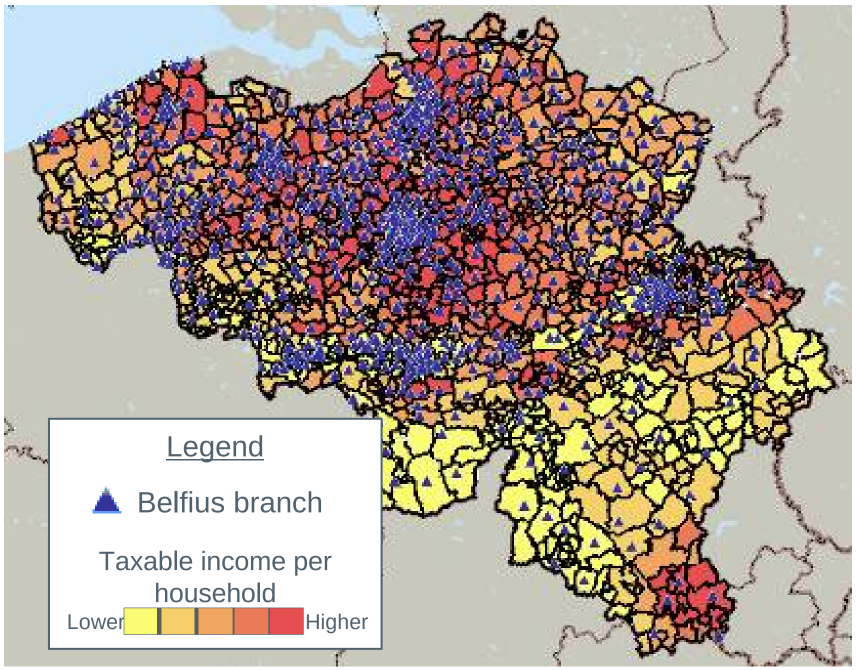
- **EUR 26.6 bn client investments***, including
  - EUR 17.0 bn deposits
  - EUR 9.6 bn off-balance sheet investments
- **EUR 61.1 bn commitments***, including
  - EUR 45.0 bn balance-sheet commitments
  - EUR 16.1 bn off balance sheet commitments

(*) 2011 figures

Belfius

Commercial activities
Overview

"Geographic" proximity



- **818 branches scattered across the country, including 420 with a new, open branch concept.**
  The network includes ~200 flagship branches & ~ 200 medium sized branches
- **Second largest branch network in Belgium** with strong presence in Flanders, Brussels and Wallonia
- **DVV network**: 350 branches

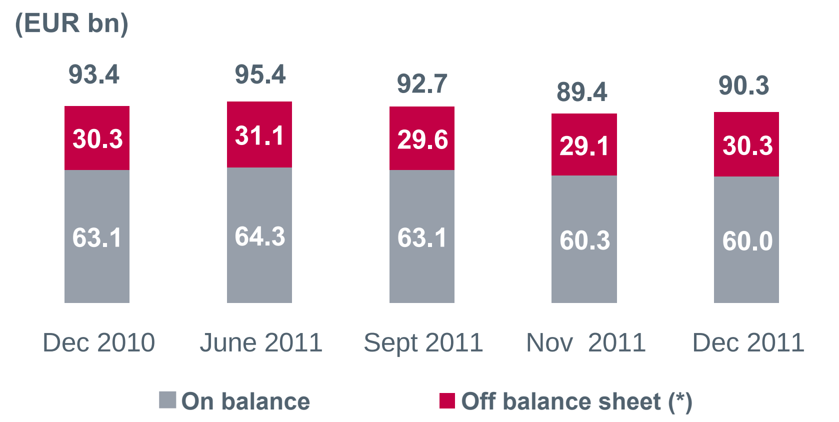
"Relational" proximity and specialised advice for ALL segments

- **Public Banking and Social Profit**: 40 account managers
- **Corporate Banking:** 49 corporate bankers
- **Private Banking Officers** > 200
- **Business banking >** 400 business banking specialists
- **Private individuals:**
  - > 1,200 client advisers for day-to-day transactions, payments, etc.
  - > 1,500 investment advisers
  - > 600 specialists in mortgage loans, consumer credit and insurance

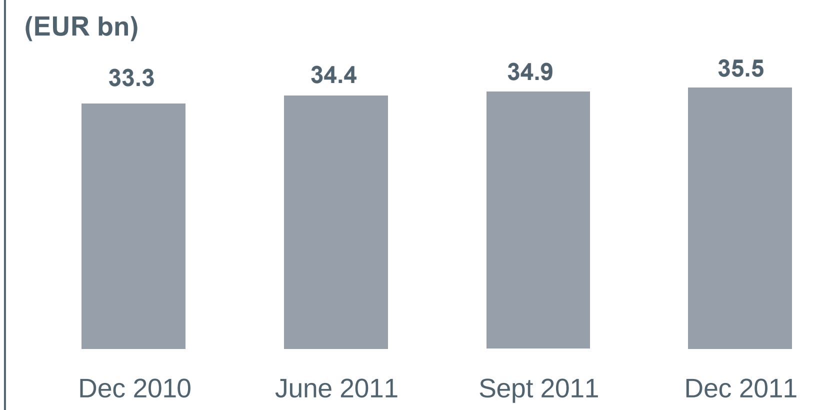
Belfius

Commercial activities
Retail and Commercial Banking

Outstanding customer investments



Outstanding customer loans



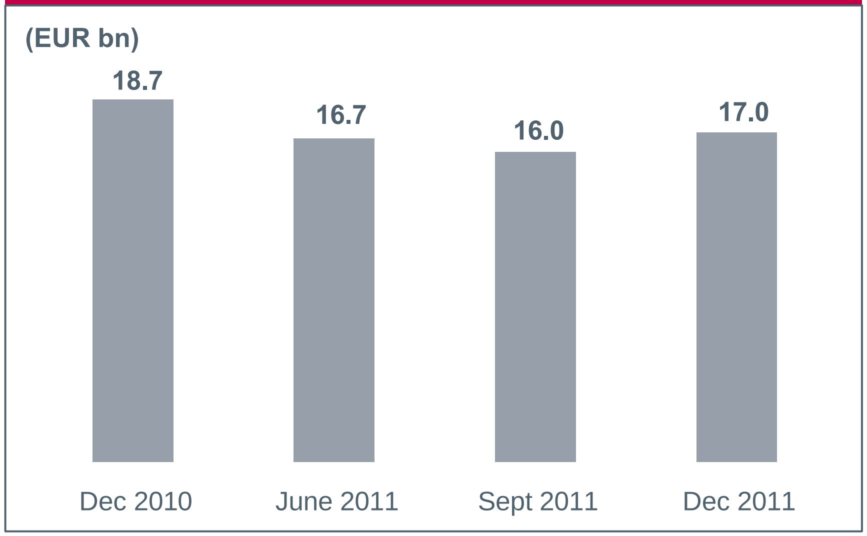
- Funding
  - After still higher client investments in 1H 2011, decrease of outstanding investments in 2H 2011 due to the turbulences around Dexia
  - YoY decrease in on-balance sheet products by EUR 3.1 bn, mainly in saving products, but stabilizing saving accounts since December 2011.
  - Stabilizing off balance sheet products as a result of positive organic growth in Branch 21 products and the impact of sold Belgian Government Bonds, offset by negative organic growth in mutual funds and negative market effect
  - Beginning of 2012, on-balance sheet funding remained stable
- Loans
  - Higher outstanding of loans vs Dec 2010 (+ 7%), supported by mortgage loans and business loans

* Includes life insurance reserves

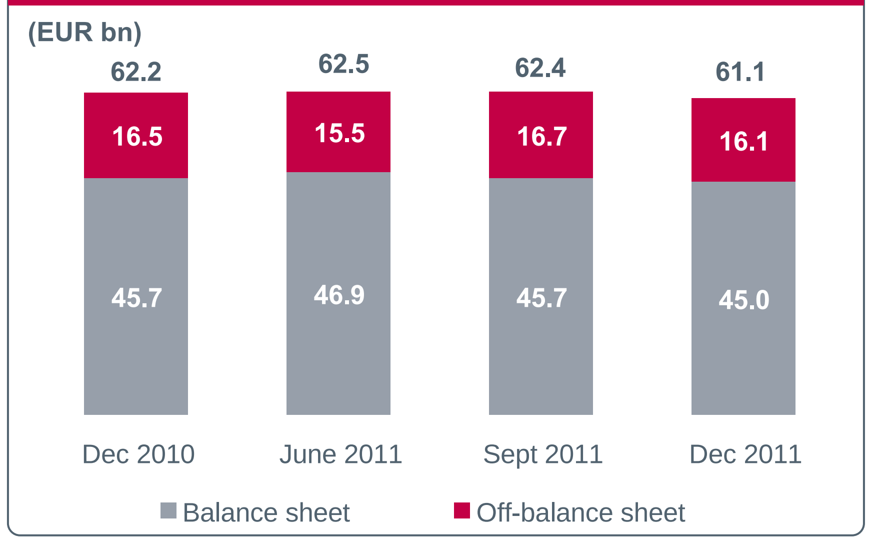
Commercial activities

Public and Wholesale Banking

Outstanding deposits



Outstanding on & off balance sheet commitments



- Funding
  - Deposits decreased by 9% over the year mainly due to the turbulences around Dexia
  - Strong recovery since separation from Dexia, continuing in the beginning of 2012

- Commitments
  - Total balance sheet and O/B commitments slightly decreased (-1.8%) over the year (also due to reclassification of some outstandings to Group Center)
  - Public and Social Profit outstandings remain flat

Belfius

Commercial activities

Insurance

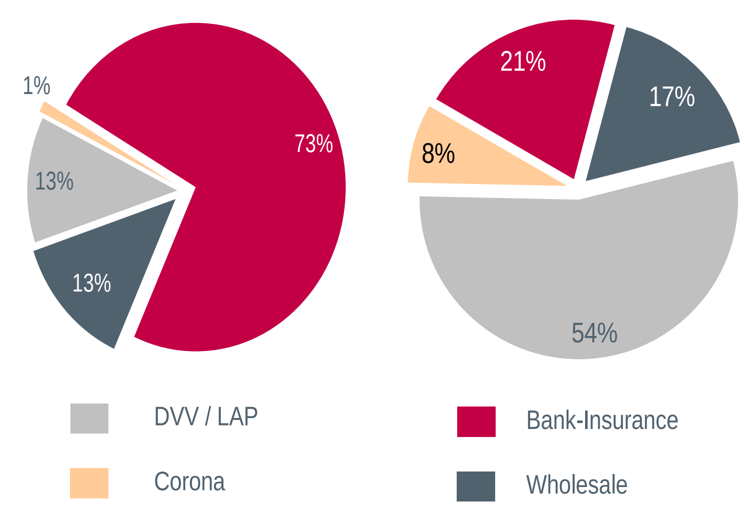
Multi-channel distribution strategy

Belgium				Luxembourg
Bank-insurance		DVV	Corona Direct	DLP[3]
RCB	Wholesale			
RCB network in Belgium	Distribution in the public finance, social profit and corporate market	205 exclusive independent agents 348 POS	Internet / Direct Affinity deals	RCB Network in Luxemburg Distribution partnerships in and outside Luxembourg
Premiums: **EUR 1,423 m[1]** *93% Life* *7% Non-life*	Premiums: **EUR 322 m[1]** *73% Life* *27% Non-life*	Premiums: **EUR 501 m[1]** *45% Life* *55% Non-life*	Premiums: **EUR 60 m[1]** *31% Life* *69% Non-life*	Premiums: **EUR 354 m[1]** *100% Life* *0% Non-life* *Of which 86% intra group*
EUR 19.1 bn reserves				

Premium breakdown by Belgian channel

Life insurance
Total : EUR 1,798 m[1]

Non-Life insurance
Total : EUR 508 m[1]



- **#5 position in Belgium[2]**

[1] *Premiums collected in 2011 – excluding distribution of third party insurance products*
[2] *Source: Assuralia*
[3] *Company owned by Belfius Insurance – under strategic review*

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Financials

Consolidated statement of income

EUR m	2010	2011	Δ
Income	**2,386**	**66**	**-97%**
Of which			
Net interest income	2,110	2,141	1%
Net fee and commission income	368	332	-10%
Net income on investments	207	-2,043	n.s.*
Technical margin on insurance activities	-442	-331	25%
Other income	143	-33	n.s.*
Costs	**-1,596**	**-1,610**	**1%**
Gross operating income	**790**	**-1,544**	**n.s.***
Cost of risk	-26	-555	x 21
Impairments on (in)tangible assets	-2	-46	x 23
Net income before taxes	**762**	**-2,146**	**n.s.***
Others	-84	779	n.s.*
Net income Group share	**678**	**-1,367**	**n.s.***

- **Full year 2011 loss of EUR -1,367 M**
  - highly anticipated after 9M 2011 loss
  - expenses are well managed especially taking into account the separation-linked costs on HR commitments, the new branding ...
  - despite better-to-stable income from the RCB, PWB and Insurance commercial business lines (despite funding attrition mainly in RCB over the whole year)
- **2011 loss mainly stemming from**
  - large losses on Greek sovereign debt
  - specific large impairment on exposure to Holding Communal
  - some deleveraging losses linked to Dexia programme mainly executed in 1Q and 2Q 2011

* n.s. : not significant

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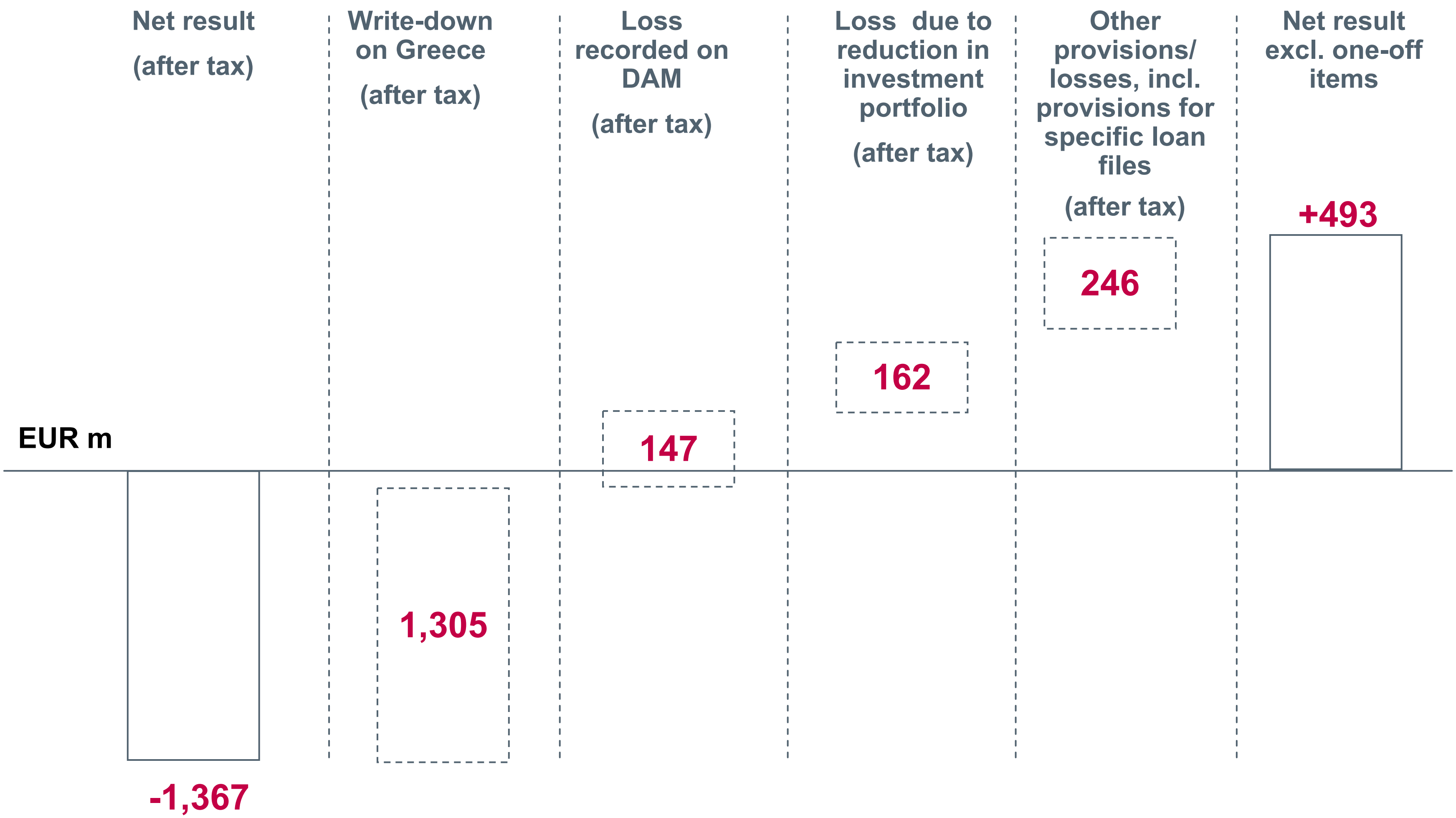
Financials

Focus on one-off items



- Without one-off items, the net result Group share for 2011 would have amounted to EUR 493 m

Financials

Retail and Commercial Banking

EUR m	2010	2011	Δ
Income	**1,383**	**1,380**	**-0.2%**
Costs	-1,059	-1,042	-1.6%
Gross operating income	**325**	**338**	**4.1%**
Cost of risk	-39	-73	87.1%
Impairments on (in)tangible assets	0	-30	n.s.
Net income before taxes	**286**	**235**	**-17.7%**
Tax Expenses	-94	-78	-16.9%
Minority Interests	0	0	n.s.
Net income Group share	**192**	**157**	**-18.2%**
Cost-Income ratio	76.5%	75.5%	

- Stable **income**, despite decrease of outstandings in on-B/S funding
- Decreasing **costs** as a consequence of the overall cost management of the bank
- **Cost of risk** impacted by an additional collective provision in 3Q
- EUR 30m of **impairments on (in)tangible assets** (retail branches) booked
- **Net income Group share** amounted to EUR 157 million

Belfius

Financials

Public and Wholesale Banking

EUR m	2010	2011	Δ
Income	**502**	**415**	**-17.4%**
Costs	-192	-193	-0.6%
Gross operating income	**310**	**222**	**-28.5%**
Cost of risk	-6	-45	x 7,3
Impairments on (in)tangible assets	-1	0	n.s.
Net income before taxes	**303**	**177**	**-41.5%**
Tax Expenses	-73	-57	-21.9%
Minority Interests	0	0	n.s.
Net income Group share	**230**	**120**	**-47.7%**
Cost-income ratio	38.2%	47%	

- Compared to 2010 income without one-off items*, the 2011 **income** remained stable
- **Costs** remained flat
- **Cost of risk** impacted by higher collective impairments on loans
- **Net income Group share** amounted to EUR 120 million

* 2010 income impacted by capital gains (EUR 83 million) on the sale of SPE & AdInfo

Financials

Insurance

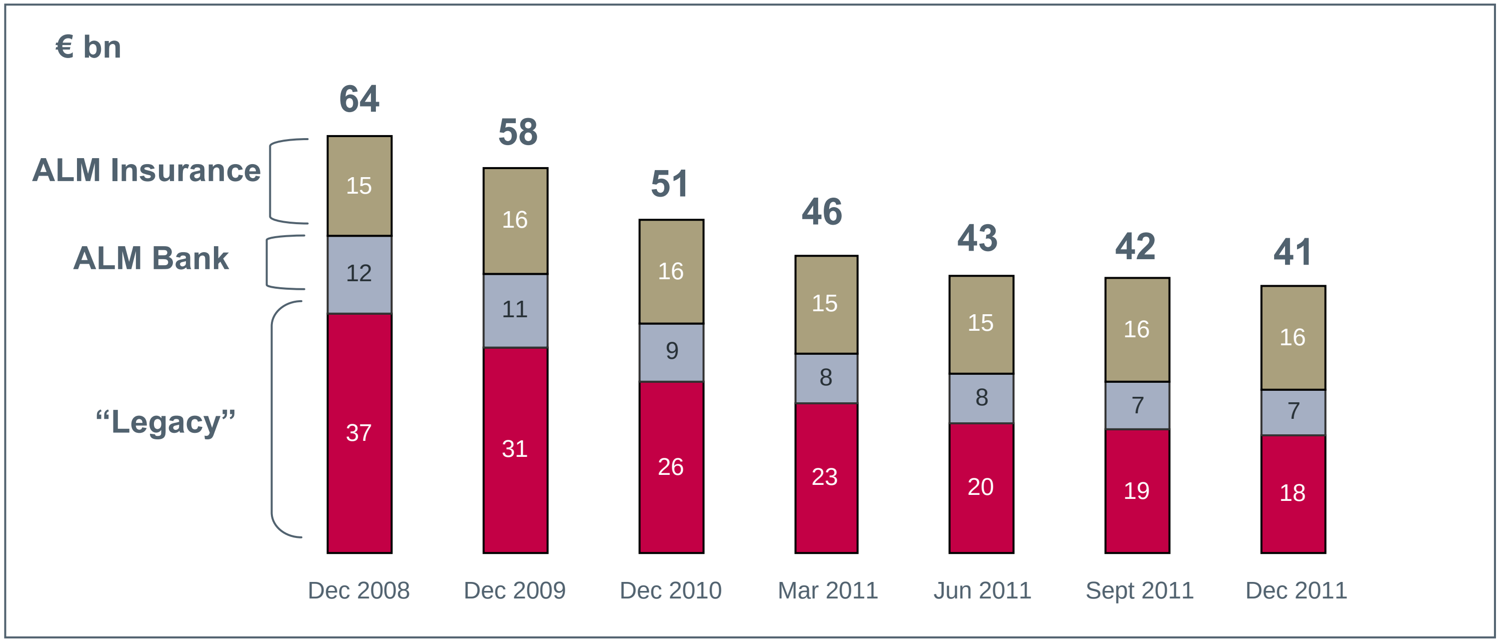
EUR m	2010	2011	Δ
Income	**380**	**-387**	**n.s.**
Costs	-175	-180	3.0%
Gross operating income	**205**	**-567**	**n.s.**
Cost of risk	-7	-45	x 6,2
Impairments on (in)tangible assets	0	0	n.s.
Net income before taxes	**197.3**	**-612**	**n.s.**
Tax Expenses	0	200	n.s.
Minority Interests	1	0	n.s.
Net income Group share	**196**	**-413**	**n.s.**

- **Income** largely impacted by impairments on Greek sovereign bonds
- Excluding this loss, income improved compared to 2010 due to recurring investment income out of increased life reserves
- Decreasing **costs** (if one would exclude the provision for changing brand name)
- **Cost of risk** impacted by higher impairments on loans, ABS and subordinated debt
- **Net income Group share** amounted to EUR -413 m *

** Contribution to Belfius Bank & Insurance consolidated financial statements.*

Financials

Investment portfolio (1/2)

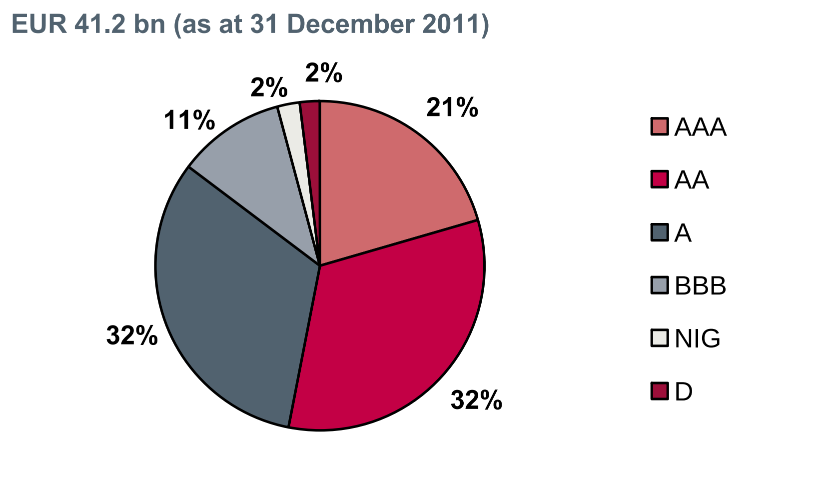


- Investment portfolio, including Legacy, actively reduced since 2008
- Total investment portfolio consists of three parts: the former "legacy" portfolio, the ALM portfolio Bank & Insurance
  - In the Dexia Group context, the Legacy portfolio was identified as the portfolio that had to be reduced more quickly owing to the liquidity problem
  - This distinction is less important in the new context. A harmonised risk view is being put in place
- Each bank has a (liquid) bond portfolio, chiefly to comply with liquidity ratios and enabling to respond to any sudden major decrease in funding

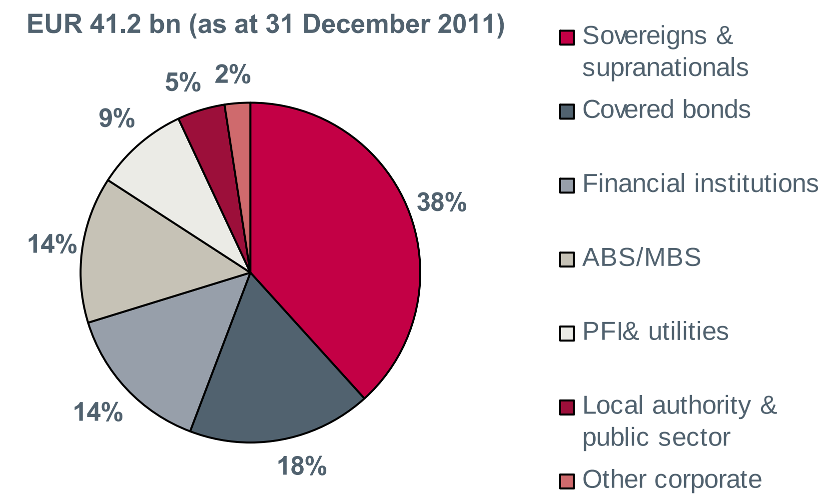
Financials

Investment portfolio (2/2)

Breakdown by rating



Breakdown by type of counterpart



- Investment portfolio at EUR 41.2 bn as at 31 December 2011, a reduction of EUR 8.8 bn compared to 2010 mainly due to asset sales
- Expected average life: 11 years
- Portfolio 96% Investment Grade by end December 2011
- Portfolio well diversified and of good quality

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Financials

Outstanding exposure on sovereign PIGSI after write-down of Greece

EUR m	2010	2011	Δ
Portugal	336	253	-25%
Ireland	326	352	8%
Greece	1,810	670	-63%
Spain	**1,225**	**853**	**-30%**
Total PIGS	**3,697**	**2,128**	**-42%**
Italy	5,659	4,355	-23%
Total PIGSI	**9,356**	**6,483**	**-31%**

- Total PIGSI exposure decreased to € 6.5 bn, a significant reduction of ~31% due to deleveraging, specific provisions (Greece) and fair value evolution.
- Exposure to Italy decreased with € 0.7 bn in Q4 of which € 0.5 bn through accelerated deleveraging.

Note: As from 3Q2011, Belfius Bank presents the credit risk measure MCRE (Maximum Credit Risk Exposure). In case of bonds classified in Available for Sale category, MCRE corresponds to the fair value, after deduction of specific provisions. This concept enables a more factual & precise assessment of risk for the PIGSI assets

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Consolidated balance sheet
Assets

(EUR m)	December 2010	December 2011	Δ
Loans and advances	**168,870**	**138,821**	**-30,049**
Banks and central banks	69,398	46,888	-22,510
Customers	99,472	91,933	-7,539
Portfolios	**42.795**	**50,413**	**7,618**
Financial assets at FV through P&L	6,320	5,501	-819
Financial investments (AFS)	36,475	44,912	8,437
Derivatives	**30,313**	**34,933**	**4,620**
Other	**5,924**	**8,342**	**2,418**
Total	**247,902**	**232,509**	**-15,393**

- The reduction of the assets by EUR 15 bn (2011 vs 2010) is a combination of
  - a decrease in loans to banks & customers of EUR 30 bn (mainly deleveraging & reduced funding to Dexia Group entities)
  - the increase in financial investments due to the purchase of Government Guaranteed Bonds
  - a big increase in the fair value of derivatives of EUR 4.6 bn (mainly due to interest rate evolution)
  - an increase in cash collateral of EUR 1.5 bn

Consolidated balance sheet

Liabilities, without equity

(EUR m)	December 2010	December 2011	Δ
Liabilities	**145,245**	**129,680**	**-15,565**
Banks and central banks	62,368	59,415	-2,953
Customers	82,877	70,265	-12,612
Debt securities	**43,868**	**38,130**	**-5,738**
Debt securities	28,958	24,362	-4,596
Debt securities at FV through P&L	12,194	11,083	-1,111
Subordinated Debt	2,716	2,685	-31
Derivatives	**34,903**	**41,373**	**6,470**
Provisions	**16,521**	**17,763**	**1,242**
Other	**1,913**	**2,288**	**375**
Total	**242,450**	**229,234**	**-13,216**

- The decrease in liabilities (2011 vs 2010) with EUR 13.2 bn is a combination of
  - a decrease in sight accounts and deposits
  - a decrease in debt securities
  - a decrease in repo-funding with banks
  - an increase in the fair value of derivatives

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Consolidated balance sheet

Equity

(EUR m)	December 2010	December 2011	Δ
Core shareholders' equity	7,950	6,590	*-1,360*
Subscribed capital + additional paid in capital	3,667	3,667	*0*
Reserves + retained earnings	3,605	4,290	*685*
Net income for the period	678	-1,367	*-2,045*
Gains and losses not recognised in the statement of income	-2,518	-3,331	*-813*
Reserve AFS (Available for Sale)	-2,502	-3,321	*-819*
Reserve CFH (Cash flow hedge) + other	-16	-10	*6*
Reserve AFS linked to Assets Held for Sale	0	0	*0*
Total shareholders' equity	5,432	3,259	*-2,173*
Other	20	16	*-4*
Total	**5,452**	**3,275**	***-2,177***

- The decrease in total equity (2011 vs 2010) by EUR 2,177 m is due to
  - the net loss over 2011 of 1,367 m
  - the negative evolution of the AFS reserves

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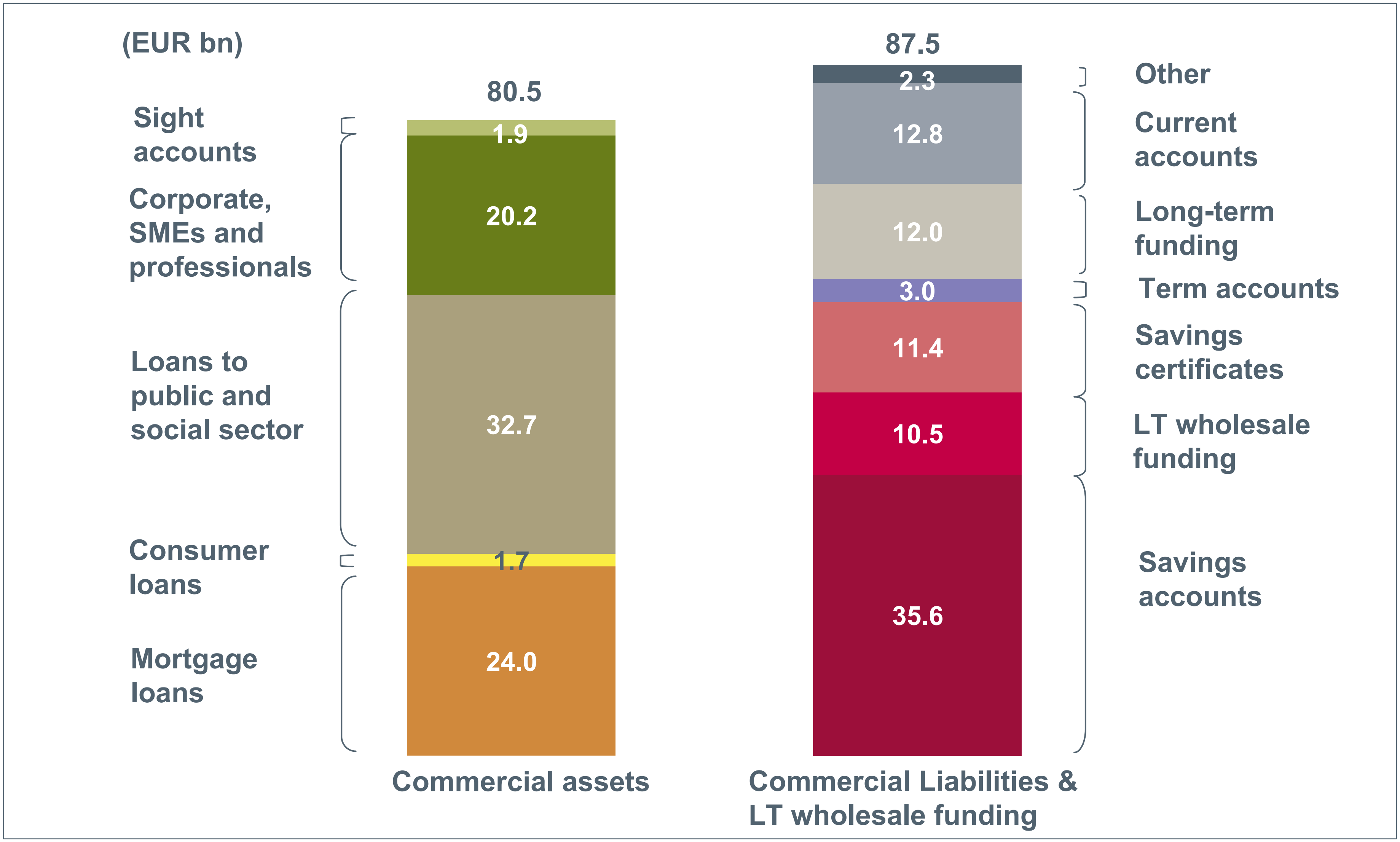
Consolidated balance sheet

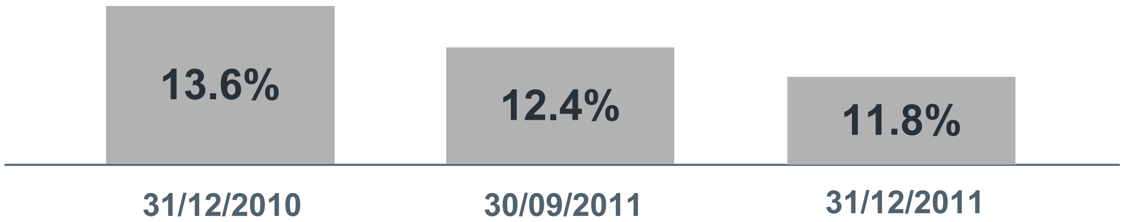
Commercial portion of balance sheet balanced



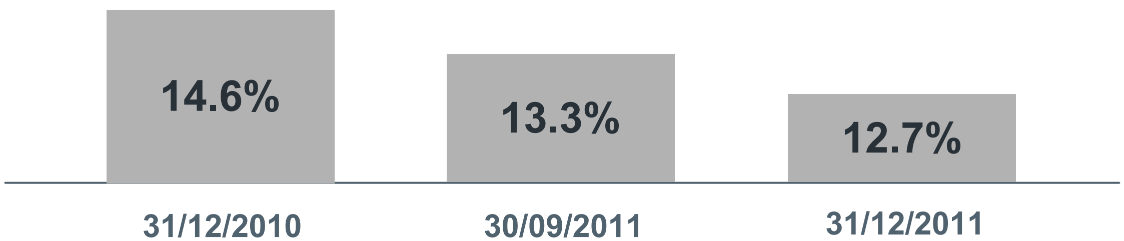
Solvency

Strong solvency ratios

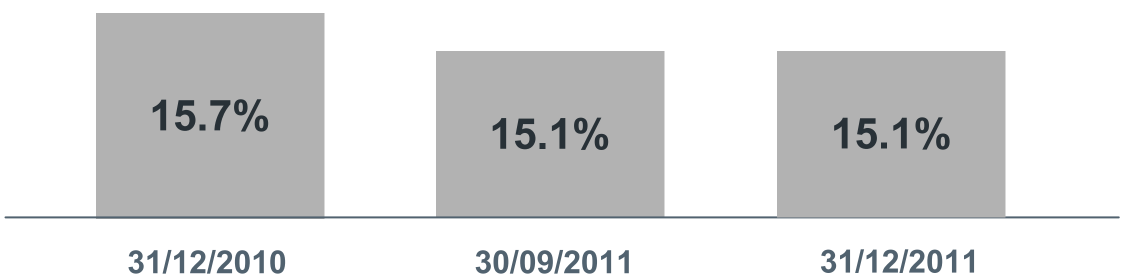
Core Tier 1 ratio



Tier 1 ratio (Basel II)



CAD ratio (Basel II)



Solvency

Key consolidated figures

(EUR m)	December 2010	June 2011	September 2011	Δ Q4/Q3	December 2011	Δ Q4/Q4.10
Core shareholders' equity	7,950	7,858	6,848	-257	6,591	-1,359
Prudential filters	-566	94	94	0	94	660
Participations to be deducted & subordinated loans	-350	-338	-283	172	-111	239
Shortage IRB position	-42	-38	-15	15	0	42
Deductions (goodwill, intangibles and DTA)	-233	-226	-218	-119	-337	-104
Core TIER 1	6,759	7,350	6,426	-189	6,237	-522
Hybrid Tier 1	499	499	499	0	499	0
TIER 1	7,258	7,849	6,925	-189	6,736	-522
Reserve AFS shares (90%)	54	53	53	-5	48	-6
Perpetuals (Upper Tier 2)	839	802	861	18	879	40
Subordinated debts (Lower Tier 2)	1,160	1,107	1,140	1	1,141	-19
Shortage (-)/ Surplus (+) IRB position	-42	-38	-15	26	11	53
Participations to be deducted & subordinated loans	-350	-338	-283	172	-111	239
TIER 2	1,661	1,586	1,756	212	1,968	307
Insurance companies to be deducted (Equity Method)	-1,139	-1,118	-824	114	-710	429
Total equity CAD	**7,780**	**8,317**	**7,857**	**137**	**7,994**	**214**

- Notwithstanding a significant loss in 2011, total equity to be taken into account for the calculation of the CAD-ratio increased by more than EUR 200 m to EUR 8 bn
- The negative impact on Tier 1 capital of EUR -522 m is more than offset by an increase in Tier 2 (due to the sale of the stake in DAM and the disappearance of the deduction of subordinated claims on Dexia Group entities)

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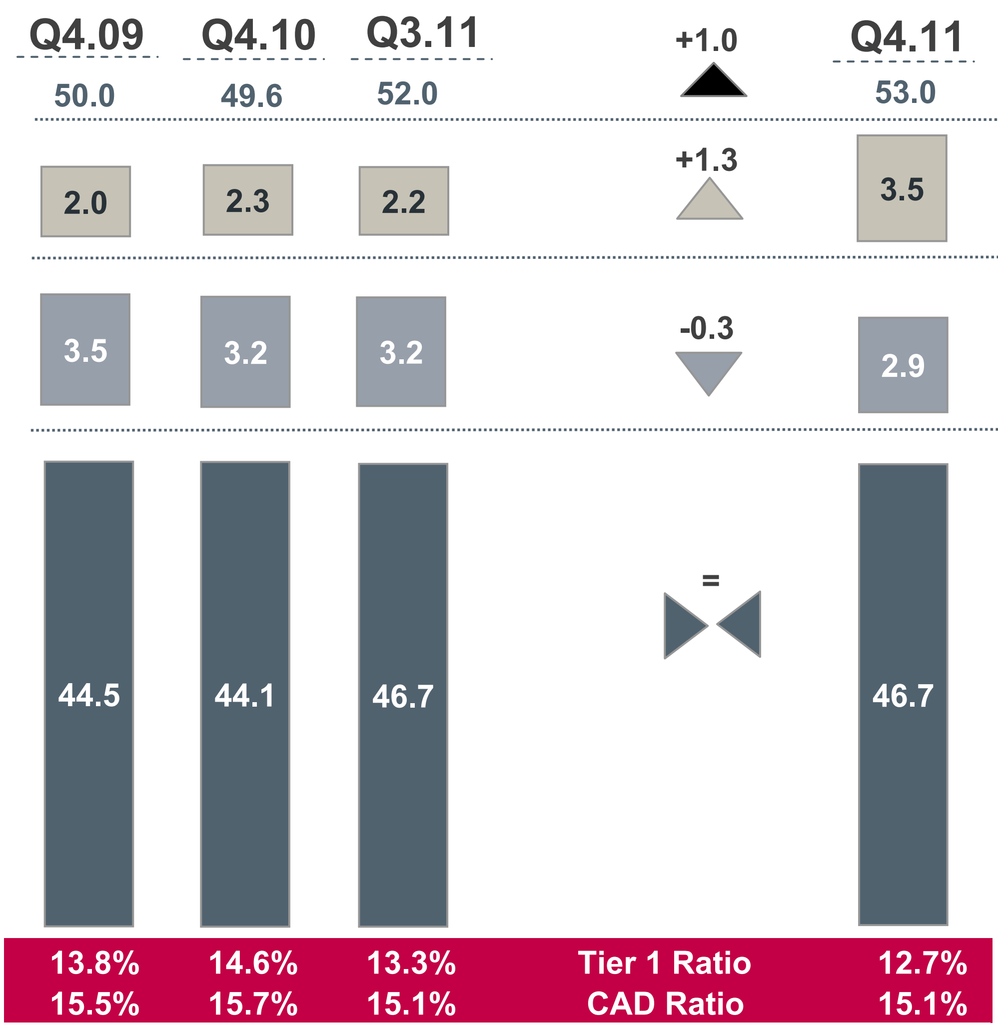
Solvency
Focus on weighted risks

(EUR bn)



Weighted Market Risk

Main event QoQ :

- +EUR 1.2 bn new stress VaR CRD 2.5

Weighted Operational Risk

Main event QoQ :

- Annual re-evaluation

Weighted Credit Risk

Main event QoQ :

- Effect Dexia Rest Bank (downgrade offset by deleveraging and reception of EUR 13.6 bn three State guarantees)

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Ratings

Ratings as at 1 May 2012

	Long-term rating	Outlook	Short-term rating
Fitch	A-	Stable	F1
Moody's	A3	Under review with direction uncertain	P1
Standard & Poor's	A-	Negative outlook	A-2

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Liquidity

Strategic orientation

- Focus on commercial deposits (retail/private/corporate…)
  - Stabilisation & growth of retail funding
  - Strict control of loan-deposit ratio
  - Lengthen the deposits from public and corporate clients

- Further unwinding of (secured) transactions with the Dexia group based on proceeds from GGB & from the sale of BIL, Deniz & other companies

- Transform remaining stock of high quality assets into ECB & repo-market eligible reserves through securitisations
  - Mercurius EUR 4.2bn - 23/4/2012
  - Belgian Covered Bonds, some of which will be externalised

- Attract short- and long-term unsecured wholesale deposits

- Selective sale – if need be – of parts of the Legacy portfolio of Belfius

Liquidity

Unsecured exposure to Dexia Group reduced to nil

	30.09.2011	31.12.2011	1Q2012
funding to Dexia Group	EUR 56 bn	EUR 44 bn	~ EUR 28 bn
	Netting with collateral and under Dexia Group Master Netting Agreement		
net outstanding Dexia Group	EUR 22.6 bn	EUR 10 bn	~ EUR 0 bn

- The purchase contract between Dexia Group and the Belgian State provides a framework for a fast decrease of the exposure
- End of December, an additional agreement has been put in place for an effective accelerated full reduction of the unsecured exposure by the target date of end June 2012
- Recent additional agreement has led to ~0 net unsecured outstanding
- A further run-down of the collateralized/secured exposure is expected

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Dexia Bank becomes

Belfius

Bank & Insurance