

A presentation on
Dexia Lettres de Gage Banque SA

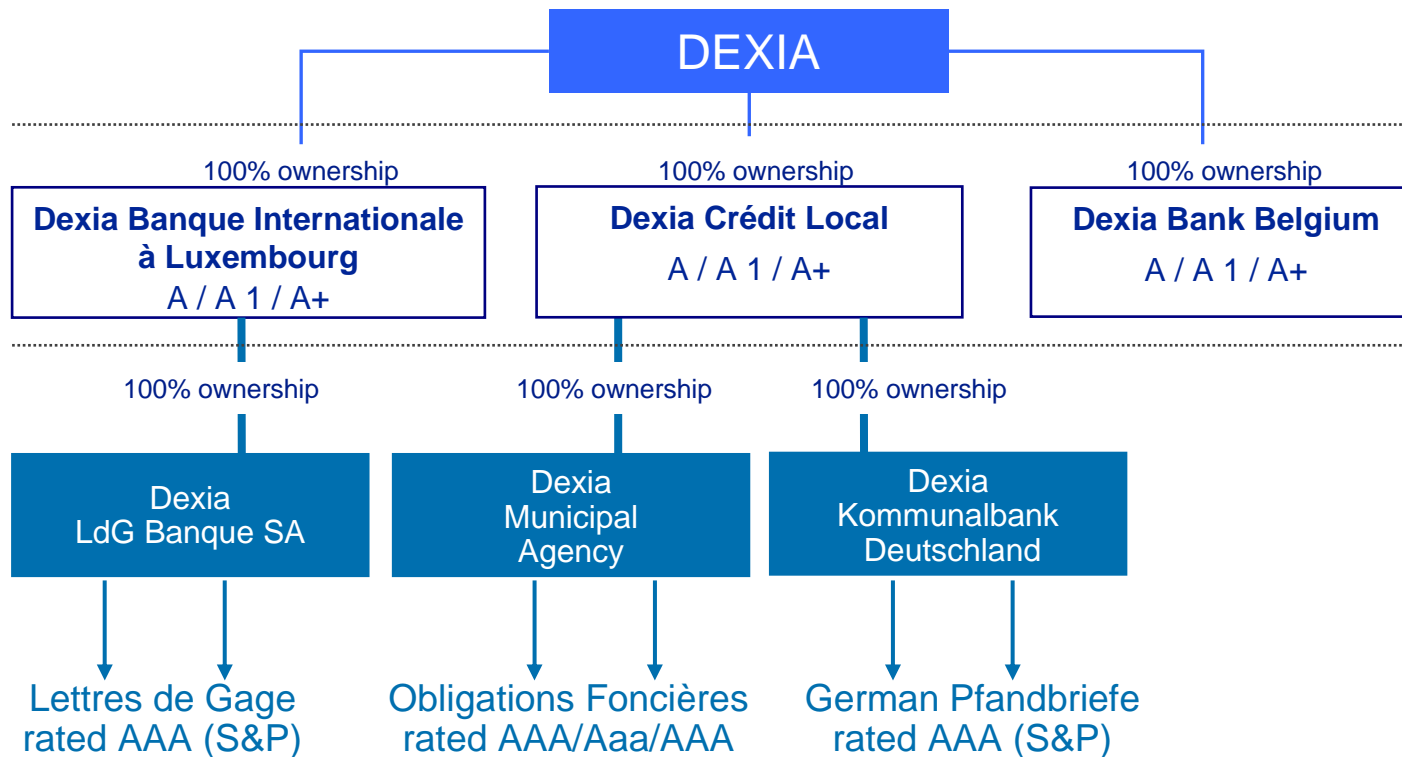
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Dexia LdG Banque at a glance

- Dexia Lettres de Gage Banque (Dexia LdG Banque) is the third AAA Covered Bond issuer created by Dexia, fully integrated into the Group's funding strategy
- As an integrated Group entity Dexia LdG Banque serves only as a refinancing bank and is not held to profitability growth targets
- Dexia LdG Banque benefits from Dexia's recognized expertise in public finance and allows the Group to refinance a larger array of public sector assets
- Stringent management rules are applied, in the same spirit as Dexia Municipal Agency and Dexia Kommunalbank Deutschland, both highly regarded borrowing entities
- Dexia LdG Banque benefits from the investor protective Luxembourg legal framework and the close supervision of the CSSF
- Dexia LdG Banque offers investors a high grade of protection as acknowledged by S&P which has rated AAA the LdG issued by Dexia LdG Banque

Dexia LdG Banque within Dexia



H1 09 : EUR 534 M net profit
 T1 : 11.3%
 core T1 : 10.4%

Dexia entities issuing senior unsecured debt with or without States Guarantee

Dexia entities issuing secured debt within strong national legal frameworks

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- **The Luxemburg Lettres de Gage**
 - Dexia Lettres de Gage Banque
 - Borrowing Program

The Luxembourg's legal framework: a strong investor protection

Lettres de Gage issuers are specialized banks

- ❑ Article 12-1 of the law of November 21, 1997, defined “Banque d’émission de Lettres de gage” **as credit institutions**
- ❑ Authorization to operate is granted by the Luxembourg Financial Service Supervisory Authority (CSSF)
- ❑ Activity is restricted by law to mortgage lending, public sector or moveable assets sector financing
- ❑ Lettres de gage Issuers grant loans to public, mortgage and moveable assets sector refinanced through the issuance of Lettres de gage

Lettres de Gage assets

- ❑ Assets can only take the form of **public, mortgage assets and moveable assets** (vessels, aircraft, railways)
- ❑ Assets in the cover pool must be originated in the **EC, EEA or OECD countries**
- ❑ **Cover pools are strictly segregated**, the public sector cover pool, mortgage cover pool and moveable assets cover pool are individually registered
- ❑ **Eligible public sector assets**: loans or bonds either owned or guaranteed by national, regional or local government, or a public sector entity. It also includes debt from entities which are publicly owned but do not benefit from an explicit public sector guarantee (eg. SEM)
- ❑ **Eligible mortgages assets**: commercial mortgages may not exceed a Loan-To-Value of 60% (80 % for residential mortgages) according to the application of strict valuation criteria
- ❑ In each cover pool, assets may be replaced to the extent of 20% of the nominal value of the outstanding lettres de gage by **substitution assets** (cash or deposit with a central bank within the OECD and all bonds that comply with Article 42(3) of the Luxembourg's law of March 30, 1988.)

The Luxembourg's legal framework: a strong investor protection

Asset & Liability Management

- The total outstanding volume of eligible assets must account for 102% of the outstanding “Lettres de Gage” at all times This coverage must be guaranteed on a nominal basis and on a Net Present Value basis

Bankruptcy remoteness

- In case of bankruptcy of a Banque d'Emission de Lettres de gage, cover assets are segregated from the other assets and liabilities of the issuer
- In case of liquidation of the Banque, the law provides the Lettres de gage holders with the benefit of a legal Privilege
 - **Seniority in payments** to LdG Bank holders in priority to all other rights, including Tax Authorities
 - **No early redemption or acceleration** of payment : the LdG Bank contractual redemption schedule is maintained
 - Derivative transactions part of the cover pool and note down in the cover register also benefit from the privilege
- **If liquidation proceedings are opened, the Supervisory Authority takes over the management** of the Lettres de gage and their respective cover pool.

Lettres de Gage issuers are closely monitored

- LdG Bank benefit from the **general supervision of the CSSF**, as any credit institution in Luxembourg,
- But also from the **special supervision of the CSSF** covering the compliance with the legal rules on Lettres de gage
- A special auditor (the “réviseur spécial”), different from the issuer's ordinary auditor, reports to the CSSF and checks the compliance with the law

The Luxembourg Lettres de Gage Market versus peers

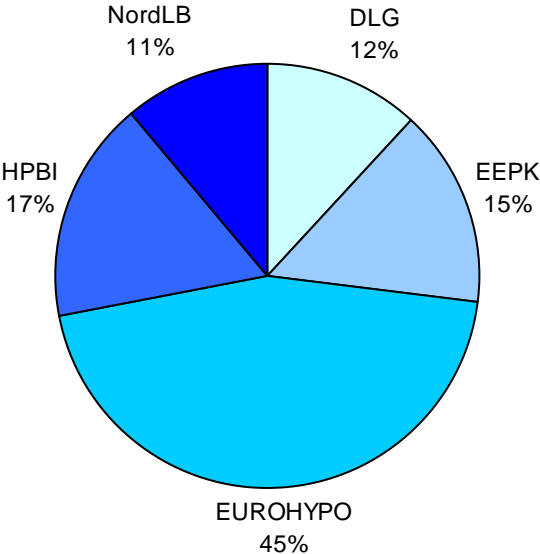
Highlights of main differences with the major European markets:

| | German Pfandbriefe | French Obligations Foncières | Luxembourg Lettres de Gages |
|---------------------------------|---|--|---|
| Special Bank Principle | No | Yes | Yes |
| Eligible Collateral | Mortgages, public sector debt | Mortgages, public sector debt, MBS | Mortgages, public sector debt, M.A. |
| Separate Pools | Yes | No | Yes |
| Asset Eligibility for Public CB | Loans and Bonds issued or guaranteed by public entities | Loans and Bonds issued or guaranteed by central/regional government | Public sector debt defined as debt from public authorities, which also includes debt from entities which are publicly owned but do not benefit from an explicit public sector guarantee |
| Geographical Limit | EU, EEA, Switzerland, US, Canada, Japan | EEA, Switzerland, US, Canada, Japan, French overseas territories | EU, EEA, OECD |
| Limits on International Assets | 10% on non EU | Countries out of EEA: <ul style="list-style-type: none"> □ A- minimum rating □ 20% limit of outstanding OF from A+ to A- public sector entities | No Limit |
| Substitute Collateral | 10% | 15% | 20% |
| Limit on Outstanding CB | No | No | No |

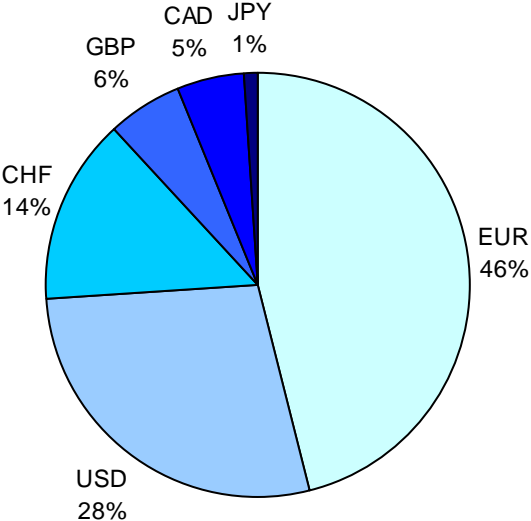
Snapshot of the Luxembourg Lettres de Gage Market

Total outstanding as of August 31, 2009: EUR 33.9 bn

Issuer distribution
as of August 2009



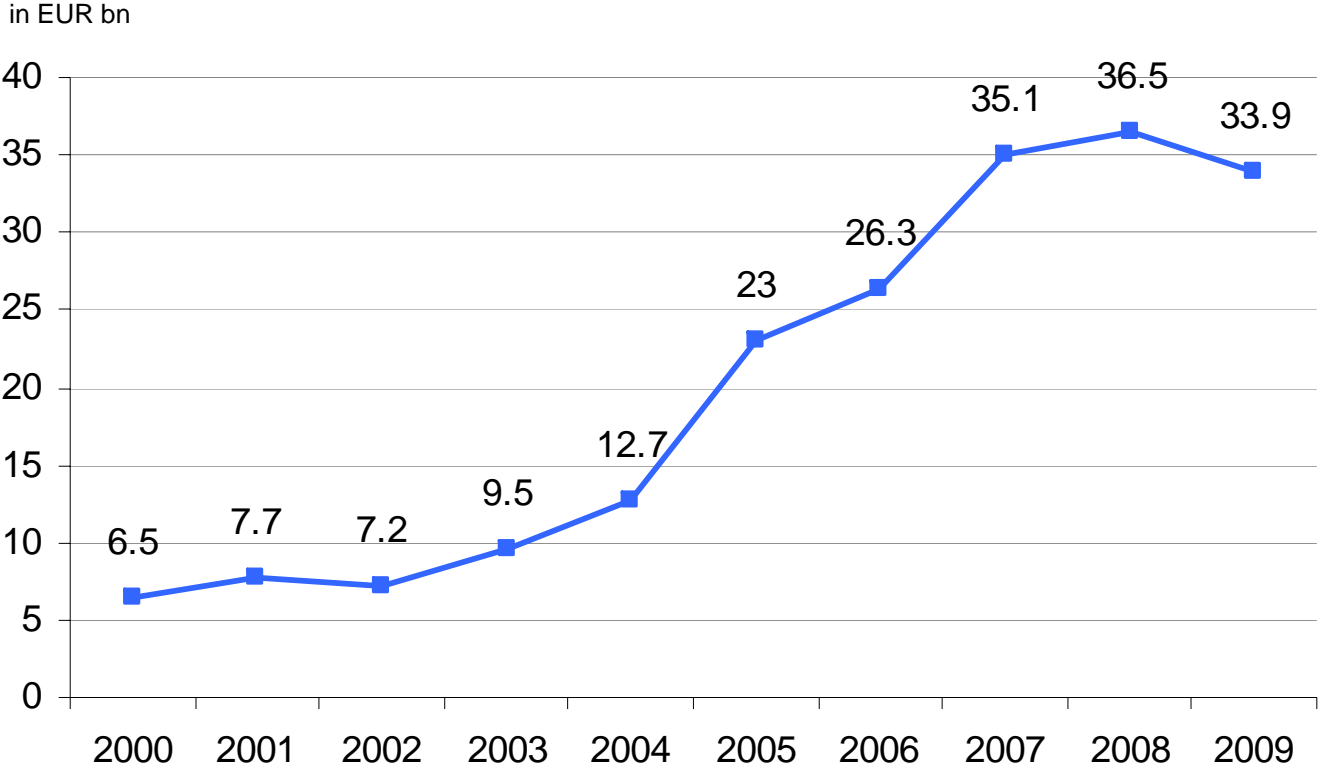
Currency distribution
as of December 2008



// Source : Bondware / Dexia //

Snapshot of the Luxembourg Lettres de Gage Market

Historical LdG outstanding volumes



// Source : Bondware / Dexia //

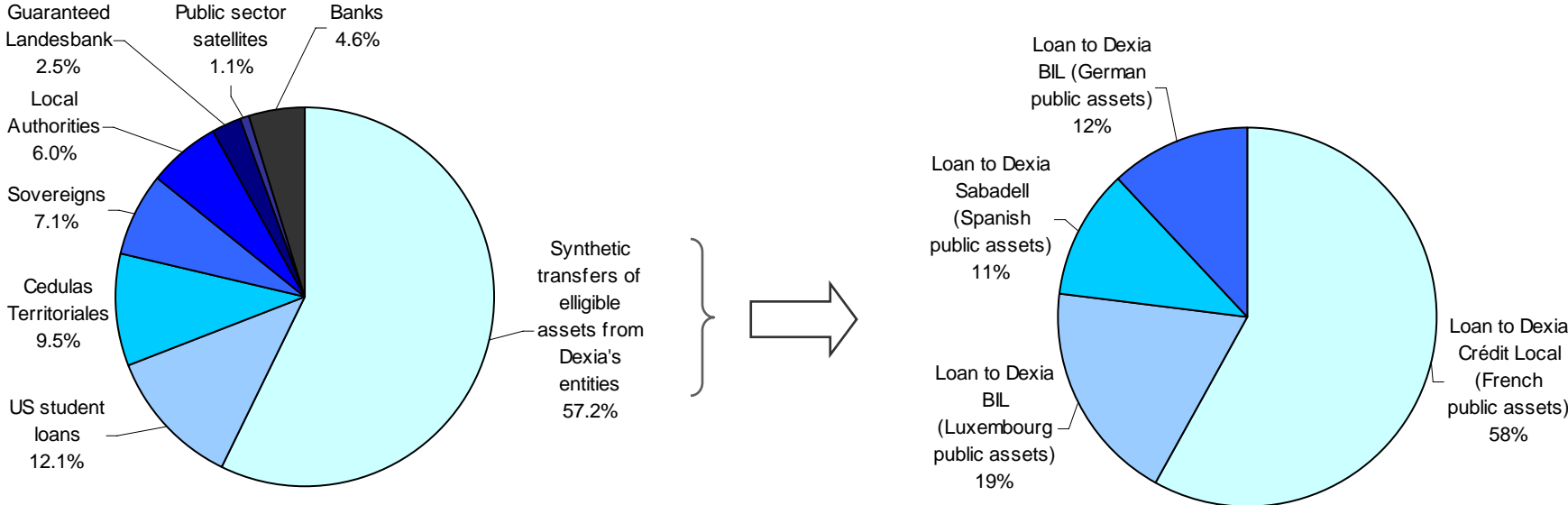
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- The Luxemburg Lettres de Gage
 - **Dexia Lettres de Gage Banque**
 - Borrowing Program

The Dexia asset quality

- Dexia LdG Banque is a credit institution with a balance sheet now over EUR 4.9 bn
- Dexia LdG Banque is the first Lettres de Gage issuer stemming from a Luxembourg mother company and belonging to a pan European Group with long standing activity in Luxembourg. Dexia LdG Banque benefit from a letter of support issued by Dexia BIL
- The excellent quality of Dexia LdG Banque's Public asset portfolio is the result of:
 - **The intrinsic low risk profile of public sector entities:** lending to public sector entities is a low credit risk business, particularly in countries where debt management is monitored by strong prudential rules
 - **Dexia's risk analysis skills:** Dexia LdG Banque's assets benefit from Dexia's unique internal scoring methodology allowing a precise assessment of the credit risk of local governments, public institutions and satellites in all countries
- Dexia LdG Banque does not invest in CDO, CLO, SIV and other conduits

Asset composition: legal formats

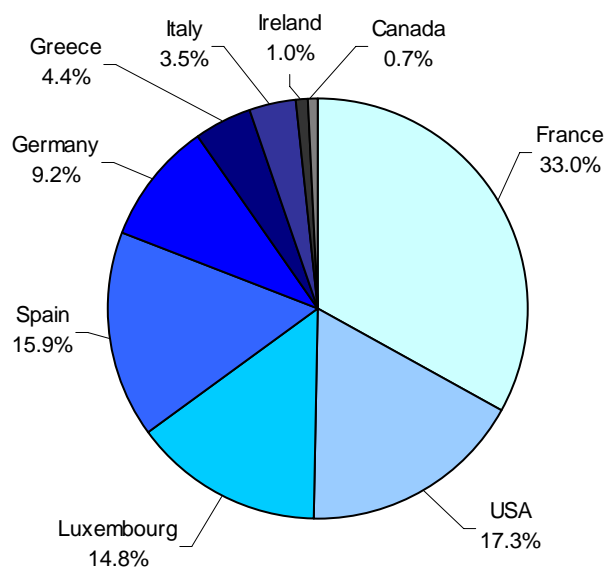
Dexia LdG Banque's asset breakdown by legal format
 expected as of October 31, 2009



Asset composition: geography & ultimate borrower category

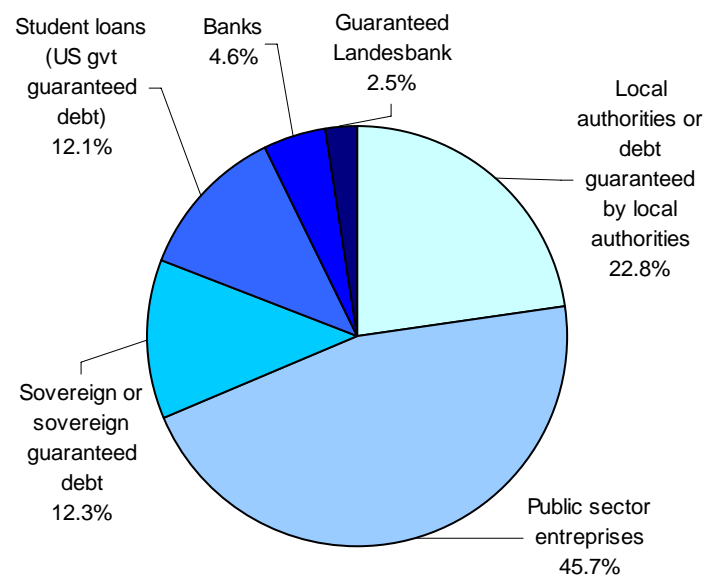
Asset breakdown by country (cover pool)

expected as of October 31, 2009



Asset breakdown by ultimate borrower (cover pool)

expected as of October 31, 2009



- Already a portfolio of over 350 different borrowers across a wide geographic spectrum
- US assets are mainly ABS of students loans, all AAA rated
- The share of US assets is not expected to grow over 20%

Description of the components of the asset pool

Loan to DCL, DBL, DKD and Dexia Sabadell

- Public sector assets originated respectively in France, Luxembourg, Germany and Spain,
- Assets are transferred by way of a loan granted by the Bank to the Dexia Group entity which is backed by a guarantee to the Bank based on the corresponding commitments held on the borrowers,
- All Dexia traditional core business assets, including loans to Sociétés d'Economie Mixte (SEM) in France which are semi-public companies of sound credit quality

Local authorities

- Direct loans to or securities issued by Local Authorities
- Assets are sourced directly by the relevant local Dexia entity from within the Group's extensive network

Sovereign

- Direct loans to or securities issued by central governments within the relevant geographic areas applicable to Lettres de Gage

Description of the components of the asset pool

Landesbanken

- Assets all represent grand-fathered securities issues by Landesbanken that benefit from State backing

Cedulas Territoriales

- Spanish covered bonds backed by debt from Spanish local authorities

Student loans

- These are ABS of student loans carrying the guarantee of the Federal Family Education Loan Program

Banks / Substitution assets

- Bank debt is part of the substitution assets and may form up to 20% of the outstanding LdG Bank amounts

Dexia LdG Banque has a simple balance sheet

Dexia LdG Banque balance sheet

as of June 30, 2009

in EUR bn

| | | | |
|---------------------|---------------------------|------------|---|
| COVER ASSETS | Public assets | 4.3 | DEBT BENEFITING FROM THE LEGAL PRIVILEGE |
| | of which: | | |
| | Loans | 2.3 | |
| | Debt securities | 1.8 | |
| | Substitution assets | 0.2 | |
| | Supplementary collateral | 0.6 | |
| | TOTAL ASSETS | 4.9 | |
| | Lettres de Gage Publique | 4.0 | |
| | Dexia BIL credit facility | 0.73 | |
| | Shareholder's equity | 0.17 | |
| | TOTAL LIABILITIES | 4.9 | |

Strict risk management rules

A strong over-collateralization

- Target range of 5 to 10 % (the legal level is 2%)
- At end of June 2009 over-collateralization was 8.4%
- A Tier 1 ratio of over 26% as at June 30, 2009

Hedged foreign currency risk

- Foreign currency based assets are either:
 - financed in Euro: Dexia LdG Banque fully hedges with cross currency swaps into Euro
 - financed in their currency of origin: Dexia LdG Banque may fund directly in the required currency

A strict interest rate risk management

- Fixed rate assets and liabilities financed in Euro are systematically swapped into Euribor 3 months and then against Eonia
- Non Euro assets and liabilities are swapped into the 3 months Libor of the given currency

A low 5% target Return on Equity

- The Bank's prime objective is to refinance competitively certain assets emanating from Group activity

A frequent supervision of assets

- Monthly mark to market process
 - Rating Agency review weekly, monthly and annually
 - CSSF review monthly and annually
- } + review at the launch of all new transaction

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Dexia Lettres de Gage Publiques Outstanding issues

All these issues were rated AAA by Standard & Poor's

| Issue date | Amount (in EUR M) | Coupon | Maturity |
|-------------------|-----------------------------|---------------|-----------------|
| 28/09/2007 | 675 | FRN | 28/09/2011 |
| 28/09/2007 | 675 | FRN | 28/09/2013 |
| 09/11/2007 | 500 | FRN | 09/11/2010 |
| 09/11/2007 | 500 | FRN | 09/11/2014 |
| 18/12/2007 | 250 | FRN | 18/12/2009 |
| 28/10/2008 | 400 | FRN | 28/10/2016 |
| Total | 3,000 | | |

Dexia Lettres de Gage Publiques

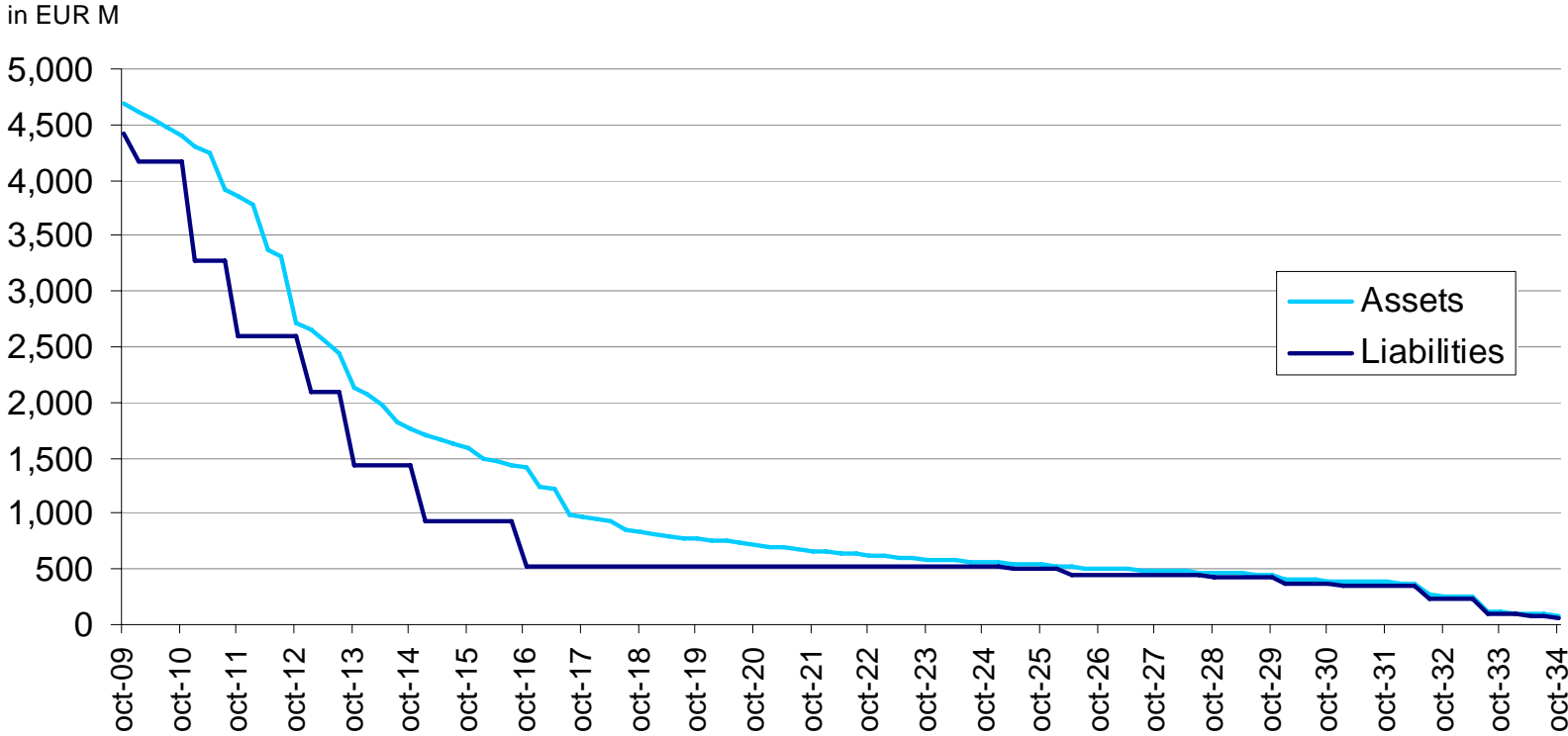
Expected public issue

| | |
|---------------------|--|
| ❑ Issuer | Dexia LdG Banque S.A. |
| ❑ Issue type | Lettres de Gage Publiques |
| ❑ Currency | EUR |
| ❑ Size | 500 M |
| ❑ Coupon | Fixed |
| ❑ Expected maturity | 3 years |
| ❑ Format | EMTN |
| ❑ Lead Managers | BNPP / Deutsche Bank / Dexia Capital Markets / RBS |
| ❑ Listing | Luxembourg |
| ❑ Expected rating | AAA S&P (expected) |
| ❑ Timing | Coming weeks |

Dexia Lettres de Gage Publiques ALM (cover pool only)

Cover pool maturity profile

expected as of October 31, 2009



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