

DEXIA BANK BELGIUM SA

Limited liability Company of unlimited duration incorporated under Belgian law
With registered office situated at 1000 Brussels, boulevard Pachéco 44
registered in the “Régistre des Personnes Morales” under number 0403.201.185,
and liable to VAT under the number BE 403.201.185.

Issuer

VERY LONG TERM Warrant Series 08-12/2

**Issue Price (Commission included):
10. 00 EUR**

The Warrants will be offered to the public from December 1st, 2008 to December 5th, 2008 (4.00 pm) included (except in case of early closing) in the offices of Dexia Bank Belgium SA. The main office is 44 boulevard Pachéco, 1000 Brussels (tel: 0800/999.00).

The Issuer has chosen according to article 28, §1 of the law of 16 June 2006 on the public offerings of securities and the admission to trading of securities on a regulated market to draw up this Prospectus as a single document.

This Prospectus is dated November 24th 2008

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2. Summary

The following summary is established in accordance with article 24, §2 of the law of 16 June 2006 on the public offerings of securities and the admission to trading of securities on a regulated market and conveys, in a brief manner and in a non-technical language, the essential characteristics and risks associated with the Issuer and the Warrants.

Summary of the Prospectus **Issue Price (Commission included) : 10.00 EUR**

Very Long Term Warrants Series 08-12/2 (the “Warrants”)

issued by

DEXIA BANK BELGIUM S.A.

Limited liability Company of unlimited duration incorporated under Belgian law
With registered office situated at 1000 Brussels, boulevard Pachéco 44
registered in the “ Régistre des Personnes Morales” under number 0403.201.185,
and liable to VAT under the number. BE 403.201.185.

The Prospectus including this summary is available free of charge in the offices of the Issuer. The public can subscribe the Warrants from 1 December 2008 to and including 5 December 2008 (4 pm Brussels time), except in case of early closing, in the offices of the Issuer (tel.: 0800/999.00).

The Prospectus is approved by the Banking, Finance and Insurance Commission of Belgium on November 25th, 2008 in accordance with article 23 of the law of 16 June 2006 on the public offerings of securities and the admission to trading of securities on a regulated market. This approval does not entail any appraisal of the appropriateness or the merits of the issue nor of the situation of the Issuer.

WARNING

The investor must be fully aware that he can suffer a loss that can amount to as much as the amount of capital invested. How the Warrant’s value develops depends on a multitude of factors (knowledge about which can be gained from the Prospectus) and thus not simply from the evolution of the value of the underlying value.

This summary should only be read as an introduction to the Prospectus. Any decision to invest in the Warrants should be based on consideration of the Prospectus as a whole by potential investors. Where a claim relating to the information contained in this Prospectus is brought before a court, the plaintiff Warrant Holder might, under the national legislation of the Member States, have to bear the costs of translating the Prospectus before the legal proceedings are initiated. Civil liability attaches to those persons who have tabled this summary including any translation thereof, and applied for its notification, such person being the Issuer, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of the Prospectus.

Risk factors

A call warrant on a value gives the holder (the 'Warrant Holder') the right, but not the obligation, to buy the Underlying Value at a predetermined price (the 'Strike Price') and during a predetermined period (the 'Exercise Period').

There are significant risks associated with the Warrants described in this Prospectus including, but not limited to, market risk (market movement of interest rates, Underlying Value and volatility,...), price risk, liquidity risk (there is no large secondary market although Dexia Bank will provide sufficient liquidity through bid prices) and credit risk (creditworthiness of the Issuer).

The Warrants involve a high degree of risk, especially with regard to the development of the Underlying Value. Furthermore the risks may include, among others, interest rates till Maturity Date, time value and political risks. Due to their nature, the Warrants may be subject to considerable fluctuations in value, which may, under certain circumstances, result in a total loss of the purchase price of the Warrants. Prospective purchasers should be aware that the value of the Warrants may decline and be prepared to bear the risk of a total loss of their investment. This risk reflects the nature of a Warrant as an asset which – other factors held constant – tends to decline in value over time and which may become worthless on its Maturity Date.

Prospective purchasers of Warrants should be experienced with respect to warrants and related transactions, should understand the risks of transactions involving the relevant Warrants and should reach an investment decision only after careful consideration, with their advisers, of the suitability of an investment in such Warrants in view of their particular financial circumstances, the information set forth in this summary and the information set forth in the entire Prospectus.

The risk of the loss of some or all of the purchase price of a Warrant upon Maturity Date means that, in order to recover and realise a positive return upon his or her investment, a purchaser of a Warrant has to make a correct estimation of the direction, timing and magnitude of an anticipated change in the Underlying Value of the Warrant.

Fluctuations in the Underlying Value of the Warrant will affect the value of the Warrant. Purchasers of Warrants risk losing their entire investment if the Underlying Value does not move in the anticipated direction.

Summary of the “Information concerning the Warrants to be offered”

Issuer:	Dexia Bank Belgium SA., a limited liability company incorporated under the laws of Belgium (hereinafter “Dexia Bank”) (see under article 6 for information about the Issuer)
Offering Period:	The Warrants will be offered for subscription from December 1, 2008 until and including December 5, 2008 (4 pm Brussels time).
Notional Amount:	Maximum 200,000,000 EUR
Issue Date:	15 December 2008
Payment Date:	15 December 2008
Maturity Date:	15 December 2058
Warrant type:	The Call Warrants can only be exercised during the Exercise Period
Exercise Period:	Each business day on which commercial banks in Belgium are open for business from 15 November 2058 until and including the Maturity Date
Exercise Date:	Date during the Exercise Period on which the Warrants are exercised.
Issue Price (Commission included):	10.00 EUR (being 9.50 EUR, increased with the Commission)
Commission:	0.50 EUR
Costs:	There are no additional costs of subscription.
Parity:	<p>The Parity is the number of Warrants necessary to buy an Underlying Value at the payment of the Strike Price.</p> <p>The Parity equals 91.15 % of the Net Asset Value of the Underlying Value at December 16th, 2008 (which will be posted on www.dexia.be on December 17th, 2008) divided by the Issue Price (Commission excluded).</p>
Physical delivery:	Not applicable
Underlying Value:	The Underlying Value is a share of the Dexia Equities L Euro 50 Capitalisation (ISIN code: LU0012091087 – Bloomberg Code: ELK3591 LX), a compartment of the Dexia Equities L, a UCITS incorporated under the laws of Luxembourg
Strike Price:	The Strike Price is equal to the net asset value of the Underlying Value on 16 December 2008 which will be posted on www.dexia.be (Sparen & Beleggen / Producten / Fondsen / Aandelenfondsen – Epargner & Investir / Produits / Fonds / Fonds d’actions) on 17 December 2008 (< TO BE DETERMINED > EUR)
Exercise:	Delivery of the Underlying Value against payment of the Strike Price. The request to Exercise needs to be submitted during the Exercise Period.
Isin Code:	BE0305379233
Governing law:	The Warrants are governed by the laws of Belgium
Listing:	None

Description of the Underlying Value

Dexia Equities L Euro 50 is a compartment of Dexia Equities L, a UCITS incorporated under the laws of Luxembourg. The assets of this compartment consist mainly of a portfolio of variable-yield securities, mainly shares, convertible bonds and warrants issued for the most part by European companies and traded on the stock exchanges of those countries. At least two thirds of the net assets of the portfolio of this compartment are invested in equity-type transferable securities included in the Dow Jones EURO STOXX 50[®] index, although they are not themselves indexed. Two-thirds of the net assets will always be invested in euro-denominated securities on these markets.

The compartment may also hold, on an ancillary basis, cash or money market instruments whose residual maturity does not exceed 12 months.

The information regarding the Underlying Value has been sourced from the prospectus of Dexia Equities L Euro 50 (that is available free of charge in all Dexia Bank agencies and can be consulted at www.dexia.be : Sparen & Beleggen / Producten / Fondsen / Aandelenfondsen – Epargner & Investir / Produits / Fonds / Fonds d'actions. The Issuer confirms that this information has been partly reproduced from the Bloomberg screens <ELK3591 LX>. The Issuer also confirms that as far as it is aware and able to ascertain from such information, no facts have been omitted which would render the reproduced information inaccurate or misleading.

Description of the Dow Jones EURO STOXX 50[®] index

The Dow Jones EURO STOXX 50[®] index (Bloomberg code SX5E) represents the performance of 50 companies representing the market sector leaders in the Euro zone. The index is a free float market capitalisation weighted index which captures around 60% of the underlying market capitalisation of the Dow Jones EURO STOXX Total Market[®] Index. Components weightings are based on the number of free float shares; i.e. those shares that are available for trading.

The index was developed with a base value of 1000 as of December 31, 1991.

The index is continuously calculated and quoted.

Composition of the index on August 01, 2008 : Aegon NV, Air Liquide SA, Alcatel SA, Allianz AG, ArcelorMittal, Assicurazioni Generali SpA, AXA SA, Banco Bilbao Vizcaya Argentaria SA, Banco Santander Central Hispano SA, BASF AG, Bayer AG, BNP Paribas SA, Carrefour SA, Cie de Saint-Gobain, Credit Agricole SA, DaimlerChrysler AG, Deutsche Bank AG, Deutsche Boerse, AG, Deutsche Telekom AG, E.ON AG, Enel SpA, ENI SpA, Fortis, France Telecom SA, Groupe Danone, Iberdrola SA, ING Groep NV, Koninklijke Philips Electronics NV, L'Oréal SA, LVMH Moët Hennessy Louis Vuitton SA, Muenchener Rueckversicherungs AG, Nokia OYJ, Renault SA, Repsol YPF SA, RWE AG, Sanofi-Aventis, Sanpaolo IMI SpA, SAP AG, Schneider Electric SA, Siemens AG, Société Générale, Suez SA, Telecom Italia SpA, Telefonica SA, Total SA, UniCredito Italiano SpA, Unilever NV, Vinci SA, Vivendi, Volkswagen AG.

Historical evolutions

a) Historical evolution of the Underlying Value



Source: Bloomberg

	HIGH (in EUR)	LOW (in EUR)
1 January 1999 – 31 March 1999	579.20	529.89
1 April 1999 – 30 June 1999	596.89	552.60
1 July 1999 – 30 September 1999	612.44	544.27
1 October 1999 – 31 December 1999	742.99	554.78
1 January 2000 – 31 March 2000	857.50	694.09
1 April 2000 – 30 June 2000	834.95	756.97
1 July 2000 – 30 September 2000	827.75	760.75
1 October 2000 – 31 December 2000	779.46	703.84
1 January 2001 – 31 March 2001	727.53	588.84
1 April 2001 – 30 June 2001	694.85	610.36
1 July 2001 – 30 September 2001	655.56	444.26
1 October 2001 – 31 December 2001	585.33	493.06
1 January 2002 – 31 March 2002	584.96	523.03
1 April 2002 – 30 June 2002	575.16	452.06
1 July 2002 – 30 September 2002	487.56	338.82
1 October 2002 – 31 December 2002	413.73	332.16
January 2003	390.71	333.57
February 2003	350.90	318.07
March 2003	347.33	285.44
April 2003	365.53	314.64
May 2003	369.59	346.39
June 2003	393.06	368.28
July 2003	392.43	369.09
August 2003	405.26	380.28
September 2003	412.33	372.95
October 2003	400.73	379.31
November 2003	413.75	399.95
December 2003	428.25	412.31
January 2004	449.95	432.12
February 2004	456.20	437.43
March 2004	460.52	420.30

<i>April 2004</i>	452.37	433.36
<i>May 2004</i>	439.77	413.77
<i>June 2004</i>	444.89	424.08
<i>July 2004</i>	440.21	413.80
<i>August 2004</i>	425.95	406.58
<i>September 2004</i>	439.84	423.65
<i>October 2004</i>	446.24	430.17
<i>November 2004</i>	458.97	448.58
<i>December 2004</i>	463.46	453.41
<i>January 2005</i>	468.06	458.59
<i>February 2005</i>	484.96	471.79
<i>March 2005</i>	489.21	475.56
<i>April 2005</i>	484.47	460.83
<i>May 2005</i>	490.91	464.48
<i>June 2005</i>	504.90	491.40
<i>July 2005</i>	529.78	503.63
<i>August 2005</i>	536.15	512.03
<i>September 2005</i>	543.50	519.58
<i>October 2005</i>	549.35	514.17
<i>November 2005</i>	550.36	526.62
<i>December 2005</i>	572.86	554.39
<i>January 2006</i>	583.46	559.68
<i>February 2006</i>	603.57	581.09
<i>March 2006</i>	610.51	584.94
<i>April 2006</i>	615.20	595.33
<i>May 2006</i>	613.87	557.64
<i>June 2006</i>	575.31	537.35
<i>July 2006</i>	583.10	550.69
<i>August 2006</i>	604.02	574.14
<i>September 2006</i>	611.35	587.85
<i>October 2006</i>	629.77	607.66
<i>November 2006</i>	642.54	621.04
<i>December 2006</i>	647.18	616.14
<i>January 2007</i>	663.23	642.05
<i>February 2007</i>	674.31	642.85
<i>March 2007</i>	655.70	611.50
<i>April 2007</i>	691.54	654.29
<i>May 2007</i>	717.84	692.26
<i>June 2007</i>	724.34	695.66
<i>July 2007</i>	726.19	673.99
<i>August 2007</i>	695.22	646.85
<i>September 2007</i>	699.94	658.49
<i>October 2007</i>	713.42	694.54
<i>November 2007</i>	703.37	669.97
<i>December 2007</i>	716.75	690.26
<i>January 2008</i>	696.89	578.67
<i>February 2008</i>	621.70	590.15
<i>March 2008</i>	591.67	549.72
<i>April 2008</i>	615.49	603.23
<i>May 2008</i>	630.28	607.68
<i>June 2008</i>	615.02	552.66
<i>July 2008</i>	558.33	519.76
<i>August 2008</i>	565.25	537.12
<i>September 2008</i>	563.28	483.90
<i>October 2008</i>	497.09	360.24

Net Asset Value in EUR (21/11/2008)

350.78

Source: Bloomberg

b) Historical evolution of the Dow Jones EURO STOXX 50® index



Source: Bloomberg

	HIGH	LOW
1 January 1999 – 31 March 1999	3685.36	3325.56
1 April 1999 – 30 June 1999	3867.89	3573.60
1 July 1999 – 30 September 1999	3971.84	3512.71
1 October 1999 – 31 December 1999	4904.46	3607.72
1 January 2000 – 31 March 2000	5464.43	4500.69
1 April 2000 – 30 June 2000	5434.81	4903.92
1 July 2000 – 30 September 2000	5392.63	4915.18
1 October 2000 – 31 December 2000	5101.40	4614.24
1 January 2001 – 31 March 2001	4787.45	3891.49
1 April 2001 – 30 June 2001	4582.07	4039.16
1 July 2001 – 30 September 2001	4304.44	2877.68
1 October 2001 – 31 December 2001	3828.76	3208.31
1 January 2002 – 31 March 2002	3833.09	3430.18
1 April 2002 – 30 June 2002	3748.44	2928.72
1 July 2002 – 30 September 2002	3165.47	2187.22
1 October 2002 – 31 December 2002	2669.89	2150.27
January 2003	2529.86	2154.53
February 2003	2280.82	2058.97
March 2003	2249.11	1849.64
April 2003	2365.97	2067.23
May 2003	2389.7	2229.43
June 2003	2527.44	2365.76
July 2003	2519.79	2366.86
August 2003	2593.55	2436.06
September 2003	2641.55	2395.87
October 2003	2542.52	2427.06
November 2003	2592.91	2517.38
December 2003	2660.37	2572.70
January 2004	2746.40	2687.39
February 2004	2775.08	2678.48
March 2004	2804.06	2608.38
April 2004	2795.53	2694.18
May 2004	2753.15	2626.96

<i>June 2004</i>	2840.04	2713.29
<i>July 2004</i>	2806.62	2640.61
<i>August 2004</i>	2712.45	2580.04
<i>September 2004</i>	2790.67	2691.67
<i>October 2004</i>	2834.62	2734.37
<i>November 2004</i>	2922.24	2834.03
<i>December 2004</i>	2955.11	2888.02
<i>January 2005</i>	2984.59	2924.01
<i>February 2005</i>	3085.95	3008.85
<i>March 2005</i>	3114.54	3032.13
<i>April 2005</i>	3090.72	2930.10
<i>May 2005</i>	3096.54	2949.09
<i>June 2005</i>	3190.80	3099.20
<i>July 2005</i>	3333.05	3170.06
<i>August 2005</i>	3370.84	3224.10
<i>September 2005</i>	3429.42	3274.42
<i>October 2005</i>	3464.23	3241.14
<i>November 2005</i>	3471.43	3312.45
<i>December 2005</i>	3616.33	3499.40
<i>January 2006</i>	3691.41	3532.68
<i>February 2006</i>	3840.56	3671.37
<i>March 2006</i>	3874.61	3727.96
<i>April 2006</i>	3888.46	3770.79
<i>May 2006</i>	3890.94	3539.77
<i>June 2006</i>	3648.92	3408.02
<i>July 2006</i>	3710.60	3492.11
<i>August 2006</i>	3817.86	3640.60
<i>September 2006</i>	3899.41	3739.70
<i>October 2006</i>	4027.29	3880.14
<i>November 2006</i>	4109.81	3974.62
<i>December 2006</i>	4140.66	3932.09
<i>January 2007</i>	4195.22	4090.88
<i>February 2007</i>	4272.32	4087.12
<i>March 2007</i>	4191.58	3906.15
<i>April 2007</i>	4416.79	4189.55
<i>May 2007</i>	4512.65	4391.87
<i>June 2007</i>	4556.97	4376.42
<i>July 2007</i>	4557.57	4239.18
<i>August 2007</i>	4364.22	4062.33
<i>September 2007</i>	4389.33	4136.45
<i>October 2007</i>	4489.79	4356.24
<i>November 2007</i>	4415.27	4195.58
<i>December 2007</i>	4469.47	4301.34
<i>January 2008</i>	4339.23	3577.99
<i>February 2008</i>	3867.47	3678.16
<i>March 2008</i>	3684.54	3431.82
<i>April 2008</i>	3828.46	3671.28
<i>May 2008</i>	3882.28	3711.03
<i>June 2008</i>	3737.34	3340.27
<i>July 2008</i>	3387.50	3142.73
<i>August 2008</i>	3445.66	3248.92
<i>September 2008</i>	3416.46	3000.83
<i>October 2008</i>	3113.82	2293.05
<i>Closing Level (21/11/2008)</i>		2165.91

Source: Bloomberg

c) *Historical comparison of the evolution as mentioned under a) and b)*



Source: Bloomberg

Financial service

The financial service will be performed by Dexia Bank

The price of the Warrants is available on demand in every agency of Dexia Bank or on www.dexia.be (Professionnel / Corporate Banking / Placements/ Warrants // Professioneel / Corporate Banking / Beleggingen / Warranten). Dexia Bank will organise the secondary market from the day following the Issue Date, thereby providing liquidity through bid prices. These bid prices are subject to a brokerage fee (excluding stock market tax) with a maximum of 1%.

In addition, the bid prices of the Warrants are subject to the market conditions (in practice, the conditions between 16.30 and 17.30 (Brussels Time)) concerning interest rates, the Underlying Value, volatility,...

Information related to the pricing of the Warrants.

The value of the Warrants is determined, as with options, by valuation models for options (for example, the 'Black & Scholes' model, trinomial model,...). This value is determined by different variables. The impact of some of these variables can be described as follows:

- The value of the Underlying Value: the value of the Warrant increases if the Underlying Value increases in respect to the Strike Price.
- The Strike Price: the value of the Warrant increases if the Underlying Value increases in respect to the Strike Price.
- The volatility: the value of the Warrant varies according to the expected volatility of the Underlying Value until Maturity Date. The volatility is the change in the value of the Underlying Value calculated over a fixed time interval. The probability of a Warrant being more in-the-money is higher if the Underlying Values is highly volatile (i.e. if it has a large number of substantial price movements), than when the Underlying Value is little volatile. Accordingly, the value of a Warrant will increase if the volatility of the Underlying Value increases.
- The remaining maturity: the longer the remaining maturity (until Maturity Date) of a Warrant, the greater the probability of the Warrant being in-the-money at a certain point in time during this remaining maturity. Therefore under normal circumstances, the value of the Warrant with a longer remaining maturity will be

- greater than the value of a Warrant with a shorter remaining maturity. In short, the value of the Warrant decreases if the remaining maturity diminishes.
- The interest rate for the remaining maturity: the value of the Warrant increases if the interest rate until Maturity Date increases.

Investors should take into consideration that all variables mentioned above may each influence the value of the Warrant independently. In practice, any of these variables can vary at the same time. Consequently, the change in the value of the Warrant can only be determined by taking into consideration the combined effect of the changes in value of each of these variables separately.

Information related to the behaviour of the Warrants.

The Warrant has a leverage effect. This means that any variation in the price of the Underlying Value is in theory amplified.

A Warrant's leverage effect is determined by applying the following formula:

$$(\text{Leverage} = \partial P / \partial S \times S / P)$$

where:

S = the price of the Underlying Value

P = the value of the Warrant

The ratio $\partial P / \partial S$, which is called the Delta of the Warrant, is the degree to which the Warrant changes value divided by the degree to which the Underlying Value changes value. $\partial P / \partial S$ is not a constant, and the ratio changes throughout the term of the Warrant.

As and when the leverage effect approaches 1, a Warrant behaves more and more like the Underlying Value, and the risk associated with the Warrant is therefore almost the same as the risk associated with retaining that Underlying Value. The above formula reveals that the leverage tends towards 1 if the Delta of the Warrant, $\partial P / \partial S$, and S/P tend towards 1. Both ratios move towards 1 as and when, among other things, the Warrant's term gets longer and therefore the Warrant's initial time value rises.

The Warrants issued by Dexia Bank have a very long term. The unavoidable consequence of this is that the initial leverage effect of the Warrant is almost equal to 1 (between 1 and 1.2). That also remains so for a large part of the lifetime of the Warrant.

Tax rules on Warrants in Belgium

(a) Tax rules applicable to natural persons resident in Belgium

There are no income taxes due on the surplus values obtained by the Warrant Holders through the sale or the Exercise of the Warrants, provided the surplus values have no speculative (as set forth in article 90, 1 Belgian Income Tax Code) or professional character. The losses are not tax deductible.

The sale and purchase on the secondary market of Warrants through a professional Belgian intermediary is subject to a 0.17% stock market tax (beurstaks, taxe sur opérations boursières) on the sales price with a maximum of EUR 500 per transaction and per party.

(b) Tax rules applicable to tax payers taxed as corporations in Belgium

The surplus values obtained by the Warrant Holders through the sale of the Warrants are subject to corporate income tax. The losses are tax deductible.

The sale and purchase on the secondary market of Warrants through a professional Belgian intermediary is subject to a 0.17% stock market tax (beurstaks, taxe sur opérations boursières) on the sales price with a maximum of EUR 500 per transaction and per party.

The surplus values obtained by the Warrant Holders through the sale of the shares (acquired through the Exercise of the Warrants) are subject to corporate income tax. The losses are not tax deductible. In case of the Exercise of a Warrant, the amount paid by the Warrant Holder to acquire the Warrant is not tax deductible.

This is general information, which is not intended to deal with the specific aspects of an investment in Warrants. Potential investors are recommended to consult their tax adviser on the basis of their own particular situation.

Delivery of the Warrants

The Warrants cannot be physically delivered and shall be deposited on a Dexia Bank securities account. Dexia Bank shall not charge any fees for the safekeeping of the Warrants in a securities account.

Exercise procedure

a) Exercise notice

The day on which the Warrants are exercised is called the Exercise Date and falls within the Exercise Period (each business day on which commercial banks in Belgium are open for business from 15 November 2058 to and including the Maturity Date). In order to exercise the Warrants the Warrant Holder shall fill out and file the attached exercise form (avis d'exercice, uitoefeningsformulier) at a Dexia Bank agency at the earliest at the start of the Exercise Period and at the latest on the Maturity Date. The exercise form (avis d'exercice, uitoefeningsformulier) is available in all Dexia Bank agencies.

In case of an Exercise the Warrant Holder will receive the Underlying Value on his securities account 3 business days after the Exercise Date.

The costs (commission) related to the Exercise amount to 2.5% of the Strike Price of the Warrant with a minimum of 100 EUR per transaction increased with the subscription costs and fees related to the Underlying Value.

If the Warrants are not exercised within the above-mentioned Exercise Period, they will be bought back by the Issuer at Maturity Date against the bid price at that date, which at Maturity Date equals the Net Asset Value of the Underlying Value minus the Strike Price, insofar as this difference is a positive number. This amount will subsequently be reduced with the brokerage fee (with a maximum of 1%) and the stock market tax.

b) Settlement

Dexia Bank delivers or will deliver the Underlying Values to a securities account chosen by the investor or which must be opened by the investor for this purpose.

c) Consequence of the Exercise

The Exercise is irrevocable.

Information about the Issuer

Dexia Bank is a limited liability Company of unlimited duration incorporated under Belgian law and registered in the "Régistre des Personnes Morales" under number 0403.201.185, and liable to VAT under the number BE 403.201.185.

According to Article 3 of its Articles of Association, Dexia Bank's main object is financial services to the Belgian local authorities. In addition, Dexia Bank also has commercial activities, together with private banking activities, wealth management and fund management. Dexia Bank is also active on the capital markets.

Exercise Notice

AVIS D'EXERCICE

Je, soussigné(e)

Nom : _____

Prénom : _____

Adresse : _____

titulaire de _____ (nombre) Very Long Term Warrants L EURO Series 08-12/2 sur l'action Dexia Equities L Euro 50 Capitalisation:

- déclare par la présente vouloir exercer _____ (nombre) Warrants et donc acheter le total des actions Dexia Equities L EURO 50 Capitalisation auxquelles j'ai droit au prix de < TO BE DETERMINED > EUR (le Prix d'Exercice mentionné dans le Prospectus relatif à l'émission des Very Long Term Warrants Series 08-12/2);

- m'engage à ce qu'à la Date d'Exercice mon compte ____ - ____ - ____ - ____ - ____ chez Dexia Banque Belgique S.A. soit suffisamment approvisionné pour satisfaire le montant total du Prix d'Exercice, à savoir _____ EUR, plus les frais liés à l'Exercice;

- autorise Dexia Banque Belgique S.A. à prélever le montant total du Prix d'Exercice plus les frais, sur ce compte;

- demande que les Valeurs Sous-Jacentes me soient livrées par inscription en mon dossier-titres
numéro ____ - ____ - ____ - ____ - ____ chez Dexia Banque Belgique S.A.;

- déclare avoir pris entière connaissance des conditions mentionnées dans le Prospectus de Dexia Banque Belgique S.A. relatif à l'émission des Very Long Term Warrants Series 08-12/2.

Fait le _____ à _____

Signature :

UITOEFENINGSFORMULIER

Ik, ondergetekende

Naam : _____

Voornaam : _____

Adres : _____

houder van _____ (aantal) Very Long Term Warrants Series 08-12/2 op het aandeel Dexia Equities L Euro 50 Kapitalisatie:

* verklaar hierbij _____ (aantal) Warrants te willen uitoefenen en aldus het overeenstemmende aantal aandelen Dexia Equities L EURO 50 Kapitalisatie waarop ik recht heb aan te kopen tegen < TO BE DETERMINED > EUR (de Uitoefenprijs vermeld in het Prospectus van de uitgifte van de Very Long Term Warrants Series 08-12/2);

* verbind mij ertoe dat op datum van de Uitoefening mijn rekening ____ - ____ - ____ bij Dexia Bank België N.V. over voldoende provisie zal beschikken om aan het totaal bedrag van de Uitoefenprijs, namelijk _____ EUR te voldoen vermeerderd met de kosten verbonden aan de Uitoefening;

* geef Dexia Bank België N.V. volmacht om het totaal bedrag van de Uitoefenprijs vermeerderd met de kosten, van deze rekening op te nemen;

* vraag dat de Onderliggende Waarden mij worden geleverd via inschrijving op mijn effectendossier nr. ____ - ____ - ____ bij Dexia Bank België N.V.;

* verklaar volledig kennis te hebben van de voorwaarden die vermeld staan in het Prospectus van Dexia Bank België N.V. betreffende de uitgifte van Very Long Term Warrants Series 08-12/2.

Opgemaakt te _____ op _____

Handtekening :

3. Risk factors related to the Warrants (Annex XII 2.)

This article sets out certain aspects of the offering of the Warrants of which prospective investors should be aware. Prior to making an investment decision, prospective investors should carefully consider all the information set out in this Prospectus, including in particular the risk factors detailed below. This overview is not intended to be exhaustive and prospective investors should make their own independent evaluations of all risk factors and should also read the detailed information set out elsewhere in this Prospectus.

In case of doubt in respect of the risks associated with the Warrants and in order to assess their adequacy with the personal risk profile, *investors should consult their own financial, legal, accounting and tax advisors about the risks associated with an investment in these Warrants, the appropriate tools to analyse that investment, and the suitability of that investment in each investor's particular circumstances.* No investor should purchase the Warrants described in this Prospectus unless that investor understands and has sufficient financial resources to bear the price, market, liquidity and other risks associated with an investment in these Warrants. The market value can be expected to fluctuate significantly and investors should be prepared to assume the market risks associated with these Warrants.

Price risk

The price of the Warrants is subject to the market conditions, interest rates, volatilities,... In case of sale of the Warrants before maturity, the sale proceeds can be lower than the invested amount.

Liquidity risk

No application is made to list the Warrants on a stock Exchange. There is no assurance that an active trading market for the Warrants will develop. Dexia Bank Belgium SA will organise the secondary market from the day following the Issue Date and provide liquidity through bid prices. These bid prices are subject to a brokerage fee (excluding stock market tax) of 1% maximum.

Potential investors should take into account the possible risk of a total value loss of their investment.

4. Financial Information about the Issuer

This Prospectus should be read and construed in conjunction with the audited consolidated accounts of Dexia Bank for the year ended 31st December 2006 and 31st December 2007, including the reports of the statutory auditors in respect thereof. The annual report of the Issuer of 2007 can be found in annex 7 for informational purposes. The annual reports of the Issuer are available on the internet site of Dexia (www.dexia.be/viadexia/publications).

Most of the financial information about the Issuer can be found under other articles of this Prospectus. The consolidated balance sheet and consolidated income statement is available under article 5.3. The audit report is set out under article 17. The non-consolidated balance sheet and statement of income however, can be found hereunder:

BALANCE SHEET (after appropriation)

ASSETS (in thousands of EUR)		31/12/06	31/12/07
I.	Cash in hand, balances with central banks and Post Office banks	387,201	369,052
II.	Treasury bills eligible for refinancing with central banks	112,438	289,035
III.	Loans and advances to credit institutions	78,233,286	82,174,338
	A. Repayable on demand	1,547,266	1,832,193
	B. Other loans and advances (with agreed maturity dates)	77,186,020	80,342,145
IV.	Loans and advances to customers	89,280,126	93,574,598
V.	Debt securities and other fixed-income securities	37,761,009	39,513,251
	A. Issued by public bodies	6,501,698	1,729,940
	B. Issued by other borrowers	31,259,311	37,783,311
VI.	Shares and other variable-yield securities	734,135	371,634
VII.	Financial fixed assets	7,998,944	8,130,074
	A. Participating interests in affiliated enterprises	7,236,967	7,250,820
	B. Participating interests in other enterprises linked by participating interests	395,755	396,483
	C. Other shares held as financial fixed assets	189,204	189,209
	D. Subordinated loans to affiliated enterprises and to other enterprises linked by participating interests	166,018	293,562
VIII.	Formation expenses and intangible fixed assets	9,467	12,045
IX.	Tangible fixed assets	885,780	887,819
A.	Own shares	0	0
XI.	Other assets	638,805	1,027,237
XII.	Deferred charges and accrued income	17,019,038	18,324,860
TOTAL ASSETS		233,560,229	244,673,943

LIABILITIES (in thousands of EUR)		31/12/06	31/12/07
I.	Amounts owed to credit institutions	118,450,964	112,232,517
	A. Repayable on demand	18,287,495	14,470,670
	B. Amounts owed as a result of the rediscounting of trade bills	0	0
	C. Other debts with agreed maturity dates or periods of notice	100,163,469	97,761,847
II.	Amounts owed to customers	79,599,404	95,687,513
	A. Saving deposits	24,472,001	22,588,939
	B. Other debts	55,127,403	73,098,574
	1. Repayable on demand	20,297,394	28,028,285
	2. With agreed maturity dates or periods of notice	34,830,009	45,070,289
	3. As a result of the rediscounting of trade bills	0	0
III.	Debts evidenced by certificates	11,235,158	10,760,340
	A. Debt securities and other fixed-income securities in circulation	7,039,964	6,896,297
	B. Other	4,195,192	3,864,043
IV.	Other liabilities	1,506,565	1,182,816
V.	Accrued charges and deferred income	15,857,222	17,779,373
VI.	A. Provisions for liabilities and charges	455,159	345,864
	1. Pensions and similar obligations	90,891	81,233
	2. Taxation	50,139	65,404
	3. Other liabilities and charges	315,129	199,227
	B. Deferred taxes	71,689	77,540
VII.	Global Banking Risks Reserve	988,737	988,737
VIII.	Subordinated liabilities	2,697,519	2,638,672
CAPITAL AND RESERVES		2,696,814	2,980,571
IX.	Capital	958,066	958,066
	A. Subscribed capital	958,066	958,066
	B. Uncalled capital (-)	0	0
X.	Share premium account	209,232	209,232
XI.	Revaluation surpluses	245	238
XII.	Reserves	1,522,520	1,808,871
	A. Legal reserve	231,333	231,333
	B. Reserves not available for distribution	2,344	2,344
	1. In respect of own shares held	0	0
	2. Other	2,344	2,344
	C. Untaxed reserves	165,409	176,753
	D. Reserves available for distribution	1,123,434	1,398,441
XIII.	Profits (losses (-)) brought forward	6,751	4,164
TOTAL LIABILITIES		233,560,229	244,673,943

STATEMENT OF INCOME

(presentation in list form)

(in thousands of EUR)		31/12/06	31/12/07
I.	Interest receivable and similar income	7,210,818	9,665,238
	Of which: from fixed-income securities	1,558,502	1,929,663
II.	Interest payable and similar charges (-)	(6,171,470)	(8,609,333)
III.	Income from variable-yield securities	395,739	237,795
	A. From shares and other variable-yield securities	23,014	37,123
	B. From participating interests in affiliated enterprises	333,331	152,287
	C. From participating interests in other enterprises linked by participating interests	39,394	48,386
	D. From other shares held as financial fixed assets	0	0
IV.	Commissions receivable	401,429	497,889
V.	Commissions payable (-)	(404,737)	(411,792)
VI.	Profit (Loss (-)) on financial transactions	349,841	480,151
	A. On trading of securities and other financial instruments	108,346	295,861
	B. On disposal of investment securities	241,495	184,290
VII.	General administrative expenses (-)	(1,001,001)	(1,051,828)
	A. Remuneration, social security costs and pensions	(628,358)	(610,888)
	B. Other administrative expenses	(372,643)	(440,940)
VIII.	Depreciation (Amortization) of and other write-downs on (-) formation expenses, intangible and tangible fixed assets	(91,170)	(69,734)
IX.	Decrease (Increase (-)) in write-downs on receivables and in provisions for off-balance-sheet items «I. Contingent liabilities» and «II. Commitments which could give rise to a risk»	(20,794)	(32,345)
X.	Decrease (Increase (-)) in write-downs on the investment portfolio of debt securities, shares and other fixed-income or variable-yield securities	21,893	(17,438)
XI.	Utilization and write-backs of provisions for liabilities and charges other than those included in the off-balance-sheet items «I. Contingent liabilities» and «II. Commitments which could give rise to a risk»	55,084	171,757
XII.	Provisions for liabilities and charges other than those included in the off-balance-sheet items «I. Contingent liabilities» and «II. Commitments which could give rise to a risk»	(220,196)	(74,863)
XIII.	Transfer from (Transfer to) the Global Banking Risks Reserve	0	0
XIV.	Other operating income	114,492	158,605
XV.	Other operating charges	(73,568)	(201,813)
XVI.	Profits (Losses (-)) on ordinary activities before taxes	566,360	742,290
XVII.	Extraordinary income	417,343	317,664
	A. Adjustments to depreciation (amortization) of and to other write-downs on intangible and tangible fixed assets	7,430	251
	B. Adjustments to write-downs on financial fixed assets	15	213,051
	C. Adjustments to provisions for extraordinary liabilities and charges	0	0
	D. Gain on disposal of fixed assets	409,898	104,352
	E. Other extraordinary income	0	0
XVIII.	Extraordinary charges (-)	(14,489)	(219,518)
	A. Extraordinary depreciation (amortization) of and extraordinary write-downs on formation expenses and intangible and tangible fixed assets	(13,071)	(2,367)
	B. Write-downs on financial fixed assets	0	(800)
	C. Provisions for extraordinary liabilities and charges	0	0
	D. Loss on disposal of fixed assets	(1,060)	(215,417)
	E. Other extraordinary charges	(358)	(934)
XIX.	Profits (Losses (-)) for the period before taxes	969,214	840,431
XIXbis.	A. Transfer to deferred taxes (-)	(4,928)	(7,560)
	B. Transfer from deferred taxes	1,774	1,709
XX.	Income taxes	(57,305)	(41,377)
	A. Income taxes (-)	(77,181)	(48,924)
	B. Adjustment of income taxes and write-back of tax provisions	19,876	7,547
XXI.	Profits (Losses (-)) for the period	908,755	793,208
XXII.	Transfer to untaxed reserves (-)	(9,571)	(14,669)
	Transfer from untaxed reserves	3,437	3,325
XXIII.	Profits (Losses (-)) for the period available for appropriation	902,621	781,864

The notes to the financial statements are described in the annual report, which is available in annex 7.

5. Minimum disclosure requirements (Regulation (EC) 809/2004, Annex XI and XII)

The Issuer has freely defined the order in the presentation of the required items included in the schedules and building blocks of the Commission Regulation (EC) n°809/2004 of 29 April 2004 implementing Directive 2003/71/EC as regards information contained in prospectuses as well as the format, incorporation by reference and publication of such prospectuses and dissemination of advertisements (hereinafter referred to as “Regulation (EC) 809/2004”) according to which this Prospectus is drawn up. The chosen presentation is a consequence of the combination of Annex XI and Annex XII of Regulation (EC) 809/2004. In order to enable the Warrant Holders to identify in the presentation below the corresponding provisions of Regulation (EC) 809/2004, each subparagraph will be preceded by a cross-reference to Regulation (EC) 809/2004 and the relevant Annex. Finally, any items which do not require, in their absence, an appropriate negative statement according to Regulation (EC) 809/2004, are not included in the presentation when the Issuer so determines.

1. Persons responsible (Annex XI 1.)

Dexia Bank Belgium SA having its registered office at boulevard Pachéco, 44 in 1000 Brussels, Belgium (hereinafter “the Issuer” or “Dexia Bank”) accepts joint and several liability for the information contained in all parts of this single Prospectus.

The Issuer declares that, having taken all reasonable care to ensure that this is the case, the information contained in all parts of this single Prospectus is, to the best of his knowledge, in accordance with the facts and contains no omission likely to affect its import.

2. Statutory auditors (Annex XI 2.)

The auditor of the Issuer is B.C.V. Deloitte & Touche (Member of Deloitte Touche Tohmatsu International), Britselei 23/25, B - 2000 Antwerpen. (member of IBR – IRE Instituut der Bedrijfsrevisoren/ Institut des Réviseurs d’Entreprises).

3. Selected financial information of the Issuer

Under a Belgian Royal Decree of 5 December 2004, Belgian credit institutions and investment firms are required to apply IFRS when drawing up their financial statements for financial years commencing on or after 1 January 2006. Dexia Bank has therefore produced and published financial statements in accordance with IFRS from 1 January 2006 onwards.

The consolidated financial information below has been extracted without material adjustment from the consolidated audited financial statements of Dexia Bank for the years ended 31 December 2007 and 31 December 2006 which were prepared in accordance with IFRS.

Audited Consolidated Balance Sheet of the Issuer as of December 31, 2007 and December 31, 2006

ASSETS

<i>in thousands of EUR</i>		Dec. 31, 2006	Dec. 31, 2007
I.	Cash and balances with central banks	938 245	4 912 969
II.	Loans and advances due from banks	80 693 485	79 269 848
III.	Loans and advances to customers	83 545 044	80 205 945
IV.	Financial assets measured at fair value through profit or loss	15 484 989	16 195 140
V.	Financial investments	54 288 491	64 477 908
VI.	Derivatives	15 189 000	14 943 021
VII.	Fair value revaluation of portfolio hedge	225 929	(109 849)
VIII.	Investments in associates	616 901	628 391
IX.	Tangible fixed assets	1 318 279	1 297 492
X.	Intangible assets and goodwill	218 953	217 032
XI.	Tax assets	243 418	481 021
XII.	Other assets	1 616 848	2 149 498
XIII.	Non current assets held for sale	44 590	29 112
Total assets		254 424 172	264 697 528

LIABILITIES

<i>in thousands of EUR</i>	Dec. 31, 2006	Dec. 31, 2007
I. Due to banks	119 470 433	113 091 738
II. Customer borrowings and deposits	66 536 382	76 079 030
III. Financial liabilities measured at fair value through profit or loss	5 333 071	7 052 683
IV. Derivatives	15 428 478	14 306 907
V. Fair value revaluation of portfolio hedge	0	0
VI. Debt securities	21 990 958	26 820 484
VII. Subordinated debts	3 139 242	3 087 464
VIII. Technical provisions of insurance companies	12 143 466	14 929 260
IX. Provisions and other obligations	1 002 512	901 613
X. Tax liabilities	186 627	130 903
XI. Other liabilities	2 325 293	2 911 885
XII. Liabilities included in disposal groups held for sale	0	0
Total liabilities	247 556 462	259 311 967

EQUITY*in thousands of EUR*

XIV. Subscribed capital	958 066	958 066
XV. Additional paid-in capital	209 232	209 232
XVI. Treasury shares	0	0
XVII. Reserves and retained earnings	3 202 512	3 216 186
XVIII. Net income for the period	1 157 195	1 046 693
Core shareholders' equity	5 527 005	5 430 177
XIX. Gains and losses not recognized in the statement of income	886 946	(231 557)
Total shareholders' equity	6 413 951	5 198 620
XX. Minority interests	27 729	71 916
XXI. Discretionary participation features of insurance contracts	426 030	115 025
Total equity	6 867 710	5 385 561
Total liabilities and equity	254 424 172	264 697 528

Audited Consolidated Statement of Income of the Issuer as of December 31, 2007 and December 31, 2006

<i>in thousands of EUR</i>		Dec. 31, 2006	Dec. 31, 2007
I.	Interest income	37 929 848	54 832 258
II.	Interest expense	(35 967 959)	(52 624 237)
III.	Dividend income	118 068	114 550
IV.	Net income from associates	122 346	110 329
V.	Net income from financial instruments at fair value through profit or loss	78 324	(24 183)
VI.	Net income on investments	652 393 (1)	270 683
VII.	Fee and commission income	486 042	554 590
VIII.	Fee and commission expense	(92 595)	(102 000)
IX.	Premiums and technical income from insurance activities	3 521 081	4 518 424
X.	Technical expense from insurance activities	(3 735 193)	(4 826 133)
XI.	Other net income	(60 115)	63 125
	Income	3 052 240	2 887 406
XII.	Staff expense	(764 379)	(695 280)
XIII.	General and administrative expense	(517 308)	(564 856)
XIV.	Network costs	(352 575)	(366 889)
XV.	Depreciation & amortization	(142 371)	(108 660)
XVI.	Deferred acquisition costs	0	0
	Expenses	(1 776 633)	(1 735 685)
	Gross operating income	1 275 607	1 151 721
XVII.	Impairment on loans and provisions for credit commitments	(38 391)	(60 065)
XVIII.	Impairment on tangible and intangible assets	(1 269)	(1 370)
XIX.	Impairment on goodwill	0	0
	Net income before tax	1 235 947	1 090 286
XX.	Tax expense	(74 898)	(37 835)
	Net income of continuing operations	1 161 049	1 052 451
XXI. Discontinued operations (net of tax)			
	Net income	1 161 049	1 052 451
	Attributable to minority interest	3 854	5 758
	Attributable to equity holders of the parent	1 157 195	1 046 693

Audited Cash Flow Statement of the Issuer as of December 31, 2007 and December 31, 2006

<i>in thousands of EUR</i>	Dec. 31, 2006	Dec. 31, 2007
Cash flow from operating activities		
Net income after income taxes	1 161 049	1 052 451
<i>Adjustment for:</i>		
- Depreciation , amortization and other impairment	154 324	127 625
- Impairment on bonds , equities, loans and other assets	(64 919)	33 496
- Net gains on investments	(532 487)	(333 974)
- Charges for provisions (mainly insurance provision)	2 796 093	3 325 947
- Unrealized gains or losses	207	(25 841)
- Income from associates	(122 346)	(110 329)
- Dividends from associates	78 239	71 095
- Deferred taxes	(69 062)	(42 464)
- Other adjustments		
Changes in operating assets and liabilities	13 183 330	15 250 648
Net cash provided (used) by operating activities	16 584 428	19 348 654
Cash flow from investing activities		
Purchase of fixed assets	(149 116)	(273 503)
Sales of fixed assets	131 784	216 374
Acquisitions of unconsolidated equity shares	(826 965)	(2 265 014)
Sales of unconsolidated equity shares	983 581	1 663 980
Acquisitions of subsidiaries and of business units	217	(1 884)
Sales of subsidiaries and of business units	147 975	63 666
Net cash provided (used) by investing activities	287 476	(596 381)
Cash flow from financing activities		
Issuance of new shares	1 843	10 056
Issuance of subordinated debts	667 525	241 090
Reimbursement of subordinated debts	(238 561)	(276 905)
Purchase of treasury shares		
Sale of treasury shares		
Dividends paid	(881 457)	(871 284)
Net cash provided (used) by financing activities	(450 650)	(897 043)
Net cash provided	16 421 254	17 855 230
Cash and cash equivalents at the beginning of the period	43 128 870	59 546 293
Cash flow from operating activities	16 584 428	19 348 654
Cash flow from investing activities	287 476	(596 381)
Cash flow from financing activities	(450 650)	(897 043)
Effect of exchange rate changes and change in scope of consolidation on cash and cash equivalents	(3 831)	(3 092)
Cash and cash equivalents at the end of the period	59 546 293	77 398 431
Additional information		
Income tax paid	(165 956)	(76 089)
Dividends received	196 307	185 646
Interest received	38 940 874	56 169 377
Interest paid	(37 926 778)	(53 469 298)

Audited Consolidated Balance Sheet of the Issuer as of 30 June 2007 and 30 June 2008

DEXIA BANK BELGIUM

	Consolidated Figures	June 2007	Consolidated Figures June 2008	Δ
Assets				
I. Cash and balances with central banks	596.591.435		3.272.363.220	2.675.761.785
II. Loans and advances due from banks	70.903.782.686		86.502.070.315	15.598.287.629
III. Loans and advances to customers	87.554.600.753		85.052.682.412	-2.501.918.341
IV. Financial assets measured at fair value through profit or loss	15.515.292.889		17.091.802.449	1.576.509.560
V. Financial investments	36.797.823.154		52.767.180.512	16.069.357.358
VI. Derivatives	15.654.895.440		15.390.799.692	-264.095.748
VII. Fair value revaluation of Portfolio hedge	323.128.057		537.582.109	214.454.052
VIII. Investments in associates	557.763.235		578.387.559	20.624.324
IX. Tangible fixed assets	1.245.860.520		1,294.162.525	48.302.005
X. Intangible assets and goodwill	205.281.905		258.078.703	52.796.798
XI. Tax assets	514.625.415		750.575.196	235.949.781
XII. Other assets	2.705.714.322		1,206.455.668	-1,499.258.654
XIII. Non current assets held for sale	37.932.752		41.550.000	3.617.248
Total Assets	254.080.281.075		280.838.472.024	26.558.190.949

	Consolidated Figures	June 2007	Consolidated Figures June 2008	Δ
Liabilities				
Liabilities				
I. Due to banks	111,542,050,746	125,057,552,805	13,515,502,059	
II. Customer borrowings and deposits	72,134,331,506	60,546,020,621	6,412,277,035	
III. Financial liabilities measured at fair value through profit or loss	5,076,990,020	7,052,812,169	1,975,821,649	
IV. Derivatives	14,997,203,326	17,500,020,550	2,511,340,232	
V. Fair value revaluation of Portfolio hedge	0	0	0	
VI. Debt securities and convertible debts	23,904,940,443	24,350,947,626	454,009,403	
VII. Subordinated debts	3,340,141,070	2,830,777,410	-509,363,660	
VIII. Technical provisions of insurance companies	13,120,404,074	16,915,375,525	3,796,970,651	
IX. Provisions and other obligations	889,657,401	664,071,507	-24,779,469	
X. Tax liabilities	213,264,523	173,215,337	-40,049,106	
XI. Other liabilities	2,957,459,656	2,242,051,335	-714,807,721	
XIII. Liabilities included in disposal groups held for sale	0	11,301,005	11,301,005	
Total Liabilities	248,184,505,345	277,571,949,323	29,387,442,978	
Equity				
XIV. Subscribed capital	908,066,226	908,066,226	0	
XV. Additional paid-in capital	209,232,120	209,232,120	0	
XVI. Treasury shares	-87	-87	0	
XVII. Other reserves	2,548,259,027	3,030,029,707	382,200,230	
XVIII. Retained earnings	517,310,070	733,462,916	186,110,846	
XIX. Net income for the period	635,161,408	550,447,742	-84,713,667	
Core shareholders' equity	4,998,111,285	5,484,718,674	486,607,409	
Gains and losses not recognised in the statement of income	639,313,586	-2,466,363,548	-3,105,677,134	
XX. Gains and losses of securities not recognised in the income statement	691,887,311	-2,428,420,259	-3,065,317,163	
XXI. Gains and losses of derivatives not recognised in the income statement	-1,760,844	-12,689,222	-10,928,378	
XXII. Gains and losses of associates not recognised in the income statement	10,064,406	13,019,556	29,003,950	
XXIII. Non realized performance reserves relating to non current assets held for sale	0	0	0	
XXIV. Cumulative translation adjustments	3,867,264	12,274,531	8,347,247	
Total shareholders' equity	5,637,424,861	3,018,355,126	-2,619,069,726	
XXV. Minority interests	27,625,747	40,139,250	20,504,161	
XXVI. Discretionary Participation Feature (Insurance)	230,714,632	20,277	-230,694,355	
Total equity	5,895,774,730	3,066,622,701	-2,829,252,029	
Total equity and liabilities	254,080,281,076	280,638,472,024	26,558,190,949	

Audited consolidated Statement of Income of the Issuer as of 30 June 2007 and 30 June 2008

DEXIA BANK BELGIUM

Income Statement	Consolidated Figures June 2007		Consolidated Figures June 2008	Δ
I. Interest income	25,918,892,542	28,101,049,700	2,182,157,158	
II. Interest expense	-29,916,022,502	-29,435,209,400	+1,010,466,906	
Net interest income	1,002,870,040	1,665,840,300	662,970,260	
III. Dividend income	67,119,113	114,545,427	27,426,314	
IV. Net income from associates	67,096,744	32,520,504	35,356,240	
V. Net income from financial instruments at fair value through profit or loss	94,060,737	-65,210,296	-159,269,033	
VI. Net income on investments	228,519,020	34,689,827	-193,829,193	
Net income on capital	1,479,664,633	1,482,306,256	2,660,622	
VII. Fee and commission income	282,642,934	286,146,783	3,503,849	
VIII. Fee and commission expense	-50,740,102	-59,270,433	-5,530,331	
Net commissions	230,894,032	226,876,351	-4,017,681	
IX. Premium and technical income from insurance companies	2,052,000,020	2,929,595,514	876,995,191	
IX. Technical expense from insurance activities	2,274,682,297	3,130,096,561	855,416,264	
X. Other net income	22,485,078	23,055,771	570,694	
Income	1,508,952,568	1,531,726,330	22,773,761	
XI. Staff expense	-338,432,050	-344,916,431	-6,484,371	
XII. General and administrative expense	-274,387,582	-274,475,211	-87,629	
XIII. Network costs	-182,470,664	-183,786,258	-1,315,594	
XIV. Depreciation & amortisation	53,998,832	50,668,530	3,330,302	
XV. Deferred acquisition costs	0	0	0	
Expenses	-849,289,138	-853,841,430	-4,552,292	
Gross operating income	669,663,431	677,884,900	8,221,469	
XVI. Impairment on financial assets and provisions for credit commitments	25,596,490	17,730,090	7,066,400	
XVII. Impairment on tangible and intangible assets	190,056	620,970	430,922	
XVIII. Impairment on goodwill				
Net income before tax	834,284,989	880,783,190	28,518,201	
XIX. Tax expense	2,425,050	-103,321,901	-105,746,956	
Net income	836,690,044	777,461,289	-59,228,755	
XXI. Minority interests	-1,528,634	-4,014,146	-2,485,510	
XXII. Net result attributable to shareholders of the parent	835,161,410	773,447,143	-51,713,666	

Audited Cash Flow Statement of the Issuer as of 30 June 2007 and 30 June 2008

DBE CONSOLIDATED	30/06/08	30/06/07
CASH FLOW FROM OPERATING ACTIVITIES		
Net Income for the period	553,447,743	635,161,409
Net income attributable to minority interests	4,614,146	1,628,634
ADJUSTMENT FOR :		
Depreciation, amortization and other impairment	59,117,480	82,778,298
Impairment on bonds, equities, loans and other assets	51,714,521	6,731,727
Net gains on investments	-95,073,586	-257,360,127
Charges for provisions	1,889,577,876	1,481,250,849
Unrealised gains or losses	-11,869,373	-8,407,529
Income from associates (except dividends received)	-32,628,634	-67,886,744
Dividends received from associates	82,490,579	88,389,547
Deferred taxes	19,495,087	-97,613,303
Other adjustments	2,806,040	0
Changes in operating assets and liabilities	-3,651,879,049	7,303,670,654
NET CASH PROVIDED BY OPERATING ACTIVITIES	-846,443,271	8,168,221,610
CASH FLOW FROM FINANCING ACTIVITIES		
Issuance of new shares	0	767,822
Reimbursement of capital	0	0
Issuance of subordinated debt	300,000,000	282,904,319
Reimbursement of subordinated debt	-186,153,517	-43,289,890
Purchase of treasury shares		
Sales of treasury shares		
Dividends paid	-500,646,444	-871,300,652
NET CASH PROVIDED BY FINANCING ACTIVITIES	-389,898,961	-850,888,321
Effect of exchange rates changes on cash and cash equivalents	-250,355	-1,274,613
NET INCREASE IN CASH AND CASH EQUIVALENT	-1,883,122,882	8,383,445,063
CASH & CASH EQUIVALENT AT THE BEGINNING OF PERIOD	27,388,430,713	69,546,282,675
NET CASH PROVIDED BY OPERATING ACTIVITIES	-846,443,271	8,168,221,610
NET CASH PROVIDED BY FINANCING ACTIVITIES	-389,898,961	-850,888,321
EFFECT OF EXCHANGE RATES CHANGES ON CASH AND CASH EQUIV.	-250,355	-1,274,613
CASH & CASH EQUIVALENT AT THE END OF PERIOD	25,415,307,831	67,929,737,638

3.2. The latest Dexia Group Press Release dated November 14, 2008, relative to Dexia Group activity for the 3rd quarter is available in Annex 2 for informational purposes.

4. Risk factors related to the Issuer (Annex XI 3.)

Operational Risk

Operational risk is defined as the risk of loss arising from the inadequacy or failure of procedures, individuals or internal systems, or even external events (such as, but not limited to natural disasters and fires). It includes risk relating to the security of information systems, litigation risk and reputation risk.

Unforeseen events like severe natural catastrophes, terrorist attacks or other states of emergency can lead to an abrupt interruption of the Issuer's operations, which can cause substantial losses. Such losses can relate to property, financial assets, trading positions and to key employees. Such unforeseen events can also lead to additional costs (such as relocation of employees affected) and increase the Issuer's costs (such as insurance premiums). Such events may also make insurance coverage for certain risks unavailable and thus increase the Issuer's risk.

As with most other banks, the Issuer relies heavily on communications and information systems to conduct its business. Any failure or interruption or breach in security of these systems could result in failures or interruptions in the Issuer's customer relationship management, general ledger, deposit, servicing and/or loan organisation systems. The Issuer cannot provide assurances that such failures or interruptions will not occur or, if they do occur, that they will be adequately addressed. The occurrence of any failures or interruptions could have a material adverse effect on the Issuer's financial condition and results of operations.

Credit Risk

As a credit institution, the Issuer is exposed to the creditworthiness of its customers and counterparties. The Issuer may suffer losses related to the inability of its customers or other counterparties to meet their financial obligations.

Capital Adequacy

The introduction in 2007 of the general agreement of the Basel Committee for Bank Supervision for the International Convergence of Capital Measurement and Capital Standards of June 2004, or Basel II, is likely to bring changes to banks' capital ratios, including those of the Issuer. The direction and magnitude of the impact of Basel II will depend on the particular asset structures of each bank and its precise impact on the Issuer cannot be quantified with certainty at this time.

Market Risk

Market risk is the risk of loss relating to fluctuations in market prices and interest rates, their interactions and their level of volatility. Due to the nature of its activity, Dexia Bank Belgium is prevented from assuming significant exposure to market risk.

The prominent risk factors that are material to the Warrants are stated under article 4 above.

6. Information about the Issuer (Annex XI 4.)

6.1. Dexia Bank is a Société Anonyme incorporated under Belgian law on 23rd October, 1962 and registered in the "Régistre des Personnes Morales" under number 0403.201.185, and liable to VAT under the number. BE 403.201.185. Its registered office is situated at 1000 Brussels, boulevard Pacheco 44 and its telephone number is +32.2.222.11.11

Dexia Bank was created and developed as the financial institution of municipalities in 1860. Since 1945, the bank has also approached the market of private individuals and set up a network of branches. From 1990 onwards it has been operating on the international market and in 1996 it has joined Crédit Local de France and Banque Internationale à Luxembourg to create the Dexia Group ("Dexia").

While Dexia has become the world leader in Public & Project Finance and financial services for local authorities, Dexia Bank has always ranked first in Belgium in this business line for the local sector and other public authorities.

Following the merger with Artesia Banking Corporation (Banque Artesia, BACOB, Artesia Services) in 2002¹, Dexia Bank became one of the major players in the Belgian retail market and strengthened its activity in the field of insurance, financial markets, social profit as well as private and corporate banking.

Together with Dexia Crédit Local S.A. ("Dexia CL") and Dexia Banque Internationale à Luxembourg, société anonyme ("Dexia BIL"), Dexia Bank is part of the important European banking group Dexia ("Dexia").

Dexia is a European banking group and the world leader in local public finance. Dexia provides financial services to the local public sector, retail and private banking services, asset management, insurance and investor services in various parts of the world, mainly in Europe and in the United States.

Dexia is one of the top fifteen banking groups in the euro zone with a stock market capitalization of EUR 11.7 billion as of June 30, 2008. At the end of 2007, Dexia employed 35,200 people in 37 countries.

Dexia Bank's object is to carry on the business of a credit institution and it has in furtherance of its object all the necessary powers, including the power to enter into transactions on financial derivatives. As such Dexia Bank may - for its own account and for the account of third parties - even by intermediary of a natural person or a legal entity, both in Belgium and abroad, undertake any and all activities and carry out all banking transactions including inter alia:

- 1° transactions regarding deposits, credits within the broadest sense, brokerage, stock exchange related operations, launches of issues, guarantees and surety;
- 2° short, medium and long-term credit transactions, sustain investments by provinces, municipalities and organisations of a regional and local character, and likewise investments effected by all public establishments, companies, associations and organisations, which are constituted for regional and local purposes, and which provinces, municipalities and organisations of a regional and local character are authorised to support;
- 3° to further, by means of appropriate credit transactions, the day-to-day operation of the budgets of provinces, municipalities and organisations of a regional and local character, and of all other institutions referred to in 2° above, and likewise the day-to-day management of their concerns, public companies and enterprises.

¹ On April 1, 2002, Artesia Banking Corporation SA has legally taken over Dexia Bank Belgium SA and changed its name into Dexia Bank Belgium. The "old" Dexia Bank Belgium has been dissolved without liquidation. The date of incorporation of the "new" Dexia Bank Belgium (previously named as "Financieringsbank" and "Artesia Banking Corporation") is 23 October 1962.

Furthermore, Dexia Bank may distribute insurance products from third party insurance companies. Dexia Bank may acquire, own and sell shares and participations in one or more companies, within the limits provided for by the legal status of credit institutions.

Dexia Bank is entitled to carry out any transactions of whatever nature, inter alia financial, commercial, including goods and estate, relating directly or indirectly to the furtherance of its object or of such a nature as to facilitate the achievement thereof.

All the provisions of the present article must be interpreted in the broadest sense and within the context of the laws and regulations governing transactions of credit institutions.

The Group's principal banking entities – Dexia Crédit Local, Dexia Bank and Dexia BIL – are rated AA- with stable outlook by Fitch (September 30, 2008), Aa3 on review for possible downgrade by Moody's (October 1, 2008) and A+ on watch developing by Standard & Poor's (October 7, 2008).

The triple-A rating of Dexia Municipal Agency was affirmed with stable outlook by Fitch (October 2, 2008) and Standard & Poors's (October 7, 2008) but place on review for possible downgrade by Moody's on October 8, 2008.

As far as FSA is concerned, Standard & Poor's affirmed FSA's AAA rating, with a negative outlook on August 6, 2008, Fitch affirmed FSA's AAA with stable outlook on August 6, 2008, Moody's downgraded FSA's rating to Aa3, with developing outlook on November 21, 2008.

6.2. Investments

6.2.1. There have been no investments made since the date of the last published financial statements.

6.2.2. The Issuer has not planned any principal future investments.

6.2.3. Seen that there are no firm commitments for future investments, no information regarding the anticipated sources of funds needed to fulfil them is provided.

7. Business overview of the Issuer (Annex XI 5.)

Public, social and corporate sector

Dexia Bank today leads the market in the provision of financial services to the public and social sectors and in project finance and corporate banking. This position is based essentially on the long-term relationship that the bank has been able to develop with its customers and on its capacity for on-going renewal of the range of products and services it offers. This vast range enables the bank to satisfy the ever more complex needs of its customers by offering tailor-made services and multi-service lending products or structured loans, capital solutions, insurance and investment products, debt management and short-term cash management facilities, etc

Public and social sector

2007, being the first year of the new legislature, did not see any genuine recovery in demand for new funding by local authorities. Total new long-term loans granted by Dexia Bank in 2007 to local government amounted to EUR 1,115 million. Thanks to the exemplary efforts by a public finance network made up of commercial staff spread throughout the country, Dexia Bank was able to maintain its leading position on the market with a market share of some 78%.

Other public sector customers were also able to rely on the bank, which granted a total of EUR 1,464 million to finance new projects. Worth highlighting is the funding provided for a new telecom operator which sought to launch its business at regional level, and for a para-federal agency of the energy sector which obtained the finance required to operate on the international markets.

The social sector took out new funding contracts worth a total of EUR 515 million.

At December 31, 2007 the total volume of outstanding long-term loans granted to the public and social sectors by Dexia bank and its subsidiaries amounted to EUR 28.6 billion, up 7% on the previous year. At the end of 2007 the total volume of outstanding short-term loans to these sectors amounted to EUR 3.5 billion.

At the end of 2007 public and social sector sums on deposit and assets under management amounted to EUR 12.6 billion, up 21 % on the position at the end of 2006.

With regard to insurance products, the professional and integrated approach to customers resulted in a growth of over 20% in premiums paid by public sector customers throughout the year as a whole, amounting to a total of EUR 55 million.

In 2007 too, Dexia Bank made several major advances in the improvement of the range of products and services it offers to the public and social sectors. In addition to its general banking services, customers welcomed the introduction of decision support tools in the field of assistance, information needs and training. In line with Dexia's vision of sustainable development, Dexia Bank focuses mainly on structural problems which, if they are not sufficiently addressed in the near future, risk compromising the financial balance of the public authorities and institutions in the social sector. The "energy line" and "people line" programs thus contain among other things proposals for solutions which the authorities and institutions can apply with a view to achieving a responsible consumption of energy and for managing the consequences of an ageing population.

With the "it line" the bank has rationalized its full range of electronic services to the public and social sectors. This is a field in which the bank has been ahead of the market for over ten years. Customers appreciate this approach as can be seen from the 800 users of the "papyrus" application for managing dematerialized documents which, in legal and security terms, have the same value as their paper-based versions. "Dexia Immoline" offers local authorities and social institutions solutions that enable them to manage their extensive real-estate assets in the most efficient manner possible.

For institutions in the health sector (hospitals, rest homes, institutions for the care of the handicapped) Dexia Bank has specifically developed tailor-made financing systems as part of the Vipa (Vlaams Infrastructuurfonds voor Persoonsgebonden aangelegenheden – Flemish infrastructural fund for matters linked to persons) alternative funding system. The first applications for funding made by the Flemish care institutions under this new system of subsidies were entrusted to Dexia Bank. The bank is also a major partner in the provision of alternative funding through the CRAC (Centre régional d'Aide aux communes – regional centre for assistance to municipalities) account for local government supra-municipal investments in the hospital sector in Wallonia. The approved lending companies in the social housing sector, whose funding since 2007 has been guaranteed by the Flemish community, have appointed Dexia bank as the sole financier of their loans. As part of the current restructuring of French-speaking university institutions, a partnership has been concluded with the bank which has been able to offer the Belgian market original and novel solutions for large scale financing projects.

Dexia Bank enhanced its reputation in 2007 as an expert in financial information for local government. The brochure entitled “What is at stake financially for new local councils” provided the newly elected representatives with information on the principal issues that will have financial repercussions on local government finance during the new municipal legislature. With the “New socio-economic typology of municipalities” the bank has updated its ten-year-old classification of Belgian local councils into categories that are as homogeneous as possible on the basis of a broader set of socio-economic criteria. The distribution offers a framework within which it is possible to show a growth dynamic of groups of municipalities which operate under similar socio-economic conditions. That dynamic can have serious consequences for the issues confronting local government and the availability of funding to finance certain strategic options.

By adding a “rest-home” section to the annual financial analysis of institutions in the social sector (MARA or Model for Automatic Resthome Analysis) in collaboration with the two Flemish umbrella organizations, Dexia Bank has again enhanced its expertise in this widely disparate sector.

Corporate sector

Innovation and diversification in corporate banking, combined with a solid approach to customers, are the basic ingredients in the bank’s success in developing business in the different segments of the market. The creation of new products as presented in an innovative “energy line”, the search for diversification in debt management and the introduction of appropriate web applications for electronic banking for corporate customers are a few examples of such innovation.

Initiated last year, the commercial approach adopted by Dexia bank and its subsidiaries (which consists in integrating a system for coordinating information and commercial experience into the strategic account plans) made a substantial contribution in 2007 to the 110% (EUR 4.6 billion) rise in the volume of new long-term financing contracts concluded.

As regards structured & project finance, Dexia Bank was able to use its experience and expertise in the financing of large-scale national and international infrastructure projects. In Belgium the bank acted as the sole Mandated Lead Arranger (MLA) for a EUR 111 million arrangement of long-term debt for C-Power to finance the first phase of the construction and running of the wind farm off the Belgian coast. “Project Finance Magazine” awarded the project its “Deal of the Year 2007” prize. In collaboration with three other MLAs, Brussels Airport was granted credit lines amounting to EUR 1.6 billion to replace its existing credit facilities of EUR 1.1 billion. In this way Brussels Airport will be able to fund a series of infrastructural projects, among them the new “Brucargo West” freight space.

Large financing projects were also undertaken with other MLAs in the harbor infrastructure sector, notably the Maher Container Terminals in the port of New York and the Carrix on the west coast of North America. Dexia Bank also participated to the tune of EUR 286 million as co-MLA in the acquisition by Benelux Port Holdings of two specialized installations in the handling of bulk merchandize and cargo in general. Dexia Bank consolidated its position in shipping finance by a number of funding operations for various Belgian and international shipping companies. The USD 450 million multi-option credit granted by the bank as lead manager to CSAV, the main Latin-American container operator was nominated the “Most innovative shipping finance deal” of 2007 by Lloyds Shipping Economist.

Within Dexia Corporate Finance, the bank was able to boast several successful operations in such key sectors as electricity supply and property in Belgium, France and Denmark. it intervened as a promoter for the introduction to the stock market of the European tranche of the private placement by the sustainable French energy company “Velcan Energy” for which EUR 20 million were placed with several institutional customers. As senior co-lead manager, it organized the private placement of EUR 153 million in shares of the renewable Danish energy company “Greentech Energy System”.

On the Belgian market Dexia Bank intervened as a Joint Global coordinator for one of the biggest capital increases last year, the Befimmo SPO^(a), the proceeds of which served to finance the acquisition of Fedimmo (Belgian state Sicaf – fixed capital investment fund). The bank was also the financial adviser for the public offering of Dolmen for the purchase of its own shares, a first on the Belgian capital market. Furthermore, Dexia Bank was a co-manager for the placement of Fortis shares when it increased its capital by EUR 13.4 billion (an operation without precedent on the Belgian market), a joint lead manager and a promoter of the capital issue of Quest For Growth (EUR 19.8 million) and co-manager for the retail tranche of the Transics IPO^(b).

(a) SPO: Secondary Public Offering.

(b) IPO: Initial Public Offering.

Dexia Private Equity contributed to the success of the sale of Indaver, a high-tech company specializing in the sustainable and integral management of waste for public sector enterprises and administrations. However special mention should be made of the EUR 135 million first closure of DG Infra+, the investment fund run by Dexia and GIMV (the regional investment company of Flanders) for infrastructural projects and public-private sector partnerships in the Benelux. At that first closure, several major investors, including Ethias, Holding Communal, SRWI (the regional investment company of Wallonia) and Arcofin, subscribed. The call for funds was launched in September 2007 and will without doubt be definitively closed in the spring of 2008.

The activities of Dexia Real Estate were affected above all by the slowdown in the Brussels office property market. However, that slowdown was offset by the increase in funding operations on the residential market and the support provided by the property-market transactions carried out by Belgian customers in Luxembourg. The prominent position of the bank on the public sector property market in Belgium was confirmed by the delivery of the “LEX” building to the European council of ministers and the “D4” building to the European parliament. The participation in the Scholenbouw Vlaanderen (school buildings of Flanders) tender and the creation of Dexia Immorent in collaboration with Arco, Holding Communal and GVA, are evidence of an active search for alternative building solutions for the local authorities.

Personal financial services

Unlike last year, the economy in general and the climate on the financial markets in particular gave rise to a certain degree of glumness on the part of households and entrepreneurs.

Although kept buoyant at the beginning of the year under the favorable effects of new jobs being created, consumer confidence was seriously shaken in the middle of the year by the liquidity crisis and its repercussion on the stock markets. The savings rate remained stable though relatively low, thus sustaining consumer spending despite the rise in energy and food prices. The building sector sustained a slight setback following the rise in the long-term interest rate, above all during the first half of the year and from the hike in prices. However, both the mortgage market and the business lending market continued to grow unabated.

For Belgian investors 2007 was a year of disappointment. Until May, there was nothing to suggest that the long rise in the stock market prices would ever end. Then the markets were engulfed in the liquidity crisis following the defaults on redemptions of American mortgages, which resulted in the BEL20 sustaining in 2007 its first loss for five years with a fall of 6%. Since then this liquidity crisis has also ended the rising trend in the short-term and long-term rates and caused them to fall.

The weakening of the stock markets and the decline in rates prompted wary investors to look around for suitable returns, thereby enhancing the competition between the banks. Savings accounts have always been less attractive to savers than fixed term accounts. During the first half of the year until the stock market hit hard times, equity-linked investment products (investment funds and investments in branch 23 insurance products) had found favor with investors.

The total investments by retail and private banking customers at Dexia bank amounted at the end of 2007 to EUR 98 billion, a rise of 3.1 % on the previous year. Like last year, the main thrust came from the bank’s private banking customers. For the second year running, balances on savings accounts fell, settling at EUR 24 billion at the end of 2007, down 8% on the previous year.

The relative share of savings accounts in the overall investments of retail customers thus fell to a quarter. During the course of 2007 the basic rate of interest on savings accounts remained unchanged whereas it was only during the month of January – traditionally the month for sales drives on savings accounts – that the growth premium was raised from 0.5 to 2%.

The lack of interest in savings accounts initially benefited term accounts on which the rate of interest, particularly for short periods, increased. As a result fixed-term account balances almost doubled. Savings bonds were not really able to take advantage of the limited and hesitant increases in rates that were brought in up to the middle of 2007. The cuts in rates applied in august and November 2007 ended up causing a 6% drop in year-end balances as compared with December 2006. To attract investors more to savings bonds, Dexia bank launched the 5-year DexiaBon with its annual fixed or progressive coupon but allowing the bank the possibility of early redemption (from the payment of the 2nd coupon).

Investment products on which the return depends in whole or in part on the progress of the stock market were affected by the fall in prices, mainly during the second half. at the end of 2007 both the net assets of investment

funds and the branch 23 insurance investment reserves were 8% down on the previous year. However, the 60 structured bonded loans which the bank offered its retail and private banking customers through its Dexia funding Netherlands subsidiary met with considerable success. Even so, the biggest growth was to be found in investments in branch 21 insurance products with a guaranteed return, whose reserves increased by no less than 36% in 2007.

In order to establish a long-term sustainable relationship, Dexia bank aims to achieve a maximum degree of satisfaction among its customers through the range of financial services it offers private individuals and small companies. Which is why the bank adopts the role of partner with its customers in the achievement of their objectives through a range of specific information to enable them to take the right decisions in the complex and ever-developing field of investment. The bank thus invests considerably in the structural aid brought to its agents and sales staff when advising customers and selling the bank's products.

In connection with that, the bank has developed a major new instrument that enables investment advisers to effect an in-depth examination of an investment portfolio when discussing it with the customer. The system takes into account as many of the factors that can influence the customer's present and future financial situation as possible, such as his current assets, his family situation, his chosen investor profile as well as his needs and future projects. These factors make it possible to simulate a typical portfolio best able to respond to the customer's expectations and future needs and, should he wish so, to formulate proposals to steer his portfolio in that direction within the guidelines laid down by the MiFiD directives.

In the autumn of 2007 the bank organized no fewer than 360 talks in the framework of the "Dexia investor Days". These talks, arranged by the sales networks throughout the country and with the collaboration of specialists from the head office, covered certain subjects linked to investment, pension provision, inheritance, and subjects of concern to small and medium-sized businesses (e.g. transfer from a family business). The abundance of information that risks overwhelming the customer is distilled during these talks to its essential and objective points, supplemented by the experienced view of the bank's specialists. These initiatives have been widely appreciated all round, have promoted customer satisfaction and opened up avenues for a proactive approach to customers.

With regard to the problem of pensions in particular, Dexia Bank has put in a lot of additional work to make customers aware of the need to constitute a pension capital in good time. The sales network has been equipped with a simulator which gives the customer an idea of the extra efforts he will have to make to save in order to maintain his desired purchasing power. That capital can be constituted through Dexia Horizon B, a flexible investment fund without any capital guarantee but in which the risk of loss is almost automatically excluded, on the one hand by the long duration and on the other by a gradual shift from holdings in equities to holdings in bonds as the maturity date approaches.

2007 was also a fruitful year for lending. Outstanding loans to retail and private banking customers amounted at the end of the year to EUR 27.7 billion, a rise of 9.4% in one year. as with investment, the main rise (+31 %) was to be found in the private banking segment. This favorable development is still dictated by mortgages in a market that has certainly peaked but where competition remains intense. At 10%, the increase in outstanding mortgages in 2007 was slightly down on that of the previous year. The rise in outstanding consumer loans on the other hand was halved to 4%. Loans to small and medium-sized businesses did well, with outstanding loans increasing by 9% in 2007 against 6% in 2006.

The favorable development of business loans shows that Dexia Bank is on the right path to achieving its ambitions in the field of business banking. The main objectives here are to recruit new customers, become their principal banker through cross-sales and persuade them also to entrust their private investments to the bank. SCRLs (limited liability cooperative companies) and the branch network were able to count on the support of some thirty business bankers specializing mainly in approaching business customers, particularly medium-sized companies. Spread throughout the country on a regional basis, they act as direct partners of their business customers and offer them expertise and knowledge beyond that possessed by employees in the branches.

Dexia Business Banking thus takes as its example the success story of Dexia Private Banking (DPB). For several years DPB has been working with more than forty private bankers who approach their private banking customers directly from the regional head offices or indirectly by supporting the sales networks. Such a win-win collaboration between the private bankers and the sales networks bore fruit in 2007 as well. In a market where customers change, where products become increasingly complex and where new competitors emerge, DPB managed to increase its clientele by 8% in 2007. Investments rose by 10% and lending by 30% under highly volatile and less favorable market conditions.

Asset management contracts (discretionary and advisory) saw a sharp rise (23%) in terms of the net value of assets under management. New products enabled DPB to respond to the wishes of new customers. "Dexia Portfolio Advanced" is a new discretionary management contract offering greater flexibility for reacting to changing market conditions. The launching of a new asset-management training program, the Dexia Private Banking Academy,

provided a means of continually improving the aptitudes and skills of those responsible for private banking in the branch networks. For the fact is that specialized and highly qualified employees are still the best weapon with which to address the virulent competition between market operators when it comes to attracting and retaining customers.

The focus on the customer and on customer satisfaction is also the cornerstone of the new range of current account services offered by Dexia bank. Everything indicates that the customer prefers to carry out his transactions electronically by using a debit or credit card or over the internet. And in so doing, he demands a clear and transparent overall package that enables him to make payments rapidly, simply and in full security both in Belgium and abroad. From now on every retail customer can choose between five current accounts and go for the account with its cards and services that suits him best. The new accounts bear the name of the colour of the card linked to the account and also reflect the range of services that go with it (from blue for the accounts with all the basic services to platinum for accounts offering additional services for payments in Belgium and abroad).

Still in the field of payments, Dexia bank has installed eight new automatic teller machines at Brussels Airport which, with 60,000 to 70,000 people passing through each day, is undeniably a “high traffic point” and is very important for its brand image as a point of access to Brussels and Belgium. From now on one can buy tickets to enter various theme parks and festivals using one’s debit card in cashless machines located in those branches that display the Dexia ticket shop logo.

In 2007 the number of subscribers to Dexia Direct net increased by 260,000 – up 35% on the previous year – bringing the total to over a million subscribers. The enormous success of the internet bank was enhanced last year by the extension of the range of transactions that can be carried out on line such as the opening of a pension-savings account, the application for a credit card, consultation of the status of loans and obtaining digitalized bank statements.

In the light of the Dexia Group’s commitment to sustainable development, Dexia bank continued to expand its range of green products for its retail customers: eco-housing credit, eco-car credit and variable mileage insurance. The bank aims to limit the direct impact it has on the environment by offering the option mentioned above of requesting bank statements through Dexia Direct net in digitalized rather than paper-based form and by using electronic signatures for documents in the branches – two measures which produce a considerable saving in paper.

Treasury and financial markets

Through its activities on the financial markets Dexia Bank aims first and foremost to offer high quality financial products to customers of the different commercial networks. Treasury & Financial Markets (TFM) is also responsible for the dynamic management of the bank’s balance sheet putting the working capital allocated to the business lines to work in the best possible manner. TFM activities focus on the preparation and development of new business and the generation of additional revenue for the bank.

These characteristics also lie at the heart of the new organizational structure of TFM. The bank’s business on the financial markets has been divided into three groups, which has made it possible to bring together expertise in certain segments of the market. TFM’s aim is always to raise and stimulate the customer focus of the business through interaction with other divisions within the business unit.

The first group is Treasury, which is responsible for the financial management of Dexia Bank’s balance sheet and includes such departments as cash & liquidity management, alm short term, long term-funding and ALM LT. The second group, Market Engineering & Trading (MET), brings together all the expertise in Forex, equities and structured products both for retail customers and for the public sector. The third group, Fixed Income, covers all transactions regarding the Credit Spread Portfolio (CSP), Credit Structuring & Trading (CST), securitization, Structured Solutions, and Sales & Modelling.

The multi-annual strategy for TFM (“TFM +”) fits in perfectly with this new organizational structure and is intended to enable TFM to make a greater contribution towards the income of the Dexia Group. The aim is to make the most of the bank’s skills in these activities, such as its knowledge of particular assets, its capacity for “origination” through its branch networks, its technological and innovative strength and the management of its balance sheet. at the same time the it infrastructures of all the dealing rooms of the Dexia Group match each other in the best possible manner, thereby making it possible to adopt an effective and integrated front-to-back approach to transactions.

The creation of Dexia Investment Company (DIC) in 2006 provided the bank with a skills centre for its long-term ALM investments. In 2008 DIC will become the Dexia Group’s only skills and investment centre for the Group’s long-term ALM investments in EUR.

In 2007 the TFM activities of the London branch were integrated into Dexia Bank, the main task being to develop funding activities in sterling within Cash & Liquidity Management and ALM Short Term. In a second stage, Sales & Equity business will also be launched and developed in London.

In the field of securitization Dexia also carried out various transactions in 2007. Using a synthetic securitization transaction, the bank was able to pass on the risk on a 3 billion USD portfolio of ABS (asset backed securities). A second transaction related to public sector loans. A EUR 1.7 billion portfolio was transferred to Dexia Municipal Agency with a view to generating finance through the issuing of hedged bonds. Lastly, Denizbank also raised funds by issuing ABS notes based on the future cash flows to Turkey that pass through Denizbank accounts from abroad.

In order to meet its long-term funding needs, the bank issued a total of EUR 3.4 billion in structured bonded loans either itself, or through its subsidiary Dexia Funding Netherlands (DFN). 70 of the 78 issues were launched by DFN. 60 issues were sold through the bank's branch network and placed with its retail and private banking customers.

RECENT DEVELOPMENTS

On July 3, Dexia's approved the plans for the changes in the operational organization of Dexia. This project aims to bring out greater integration within the Group and simplify its organisation and decision-making procedures. This involves in particular:

- giving Dexia the status of a European company (Dexia SE) to assert the European foundations of a group that has been attached to its Belgian and French roots since its creation;
- simplifying the way the various lines of activity are organised to increase commercial efficiency;
- strengthening the integration of the support functions within Dexia SE, among other things by sharing their competence centres.

Over the last months, Dexia conducted a broad and deep review of FSA's strategy and prospects. Whilst it is clear that there are many uncertainties in the monoline industry over the near to intermediate term, the Group has come to the conclusion that there is value to be made for its shareholders by focusing FSA on Dexia's core franchise of worldwide leader in Public Finance. As a result, Dexia released on August 6 a number of key decisions regarding FSA: discontinue the ABS and structured finance activity and downsize the Financial Products business line; support directly FSA's Financial Products business (details will be communicated in due time); strengthen FSA's provisions to anticipate a prolongation of the mortgage crisis well into mid-2009 with a return to a normalized situation not before the middle of 2010; the injection of an additional USD 300 million in FSA to add to its capital strength and support new business originations in Public and Infrastructure Finance.

Since August 6, Dexia and FSA have been working actively on implementing the above-mentioned strategic decisions. In the meantime, the Group also continues to monitor market developments and assess additional actions given market conditions and the current low visibility prevailing in the industry.

After a careful assessment of its situation, Dexia decided to take decisive action and raise EUR 6.4 billion of capital. The press release of this action is available in annex 5 for informational purposes.

Through a capital increase of Dexia SA, which was completed on October 3, 2008, the Belgian Federal and Regional authorities and the French State, as well as the current core reference shareholders of Dexia, subscribed for a total of 606,060,606 newly-issued shares for a total amount (including issue premium) of EUR 6 billion.

Further to this capital increase, the shareholding structure of Dexia (based on information known to Dexia), can be found in annex 6.

Drawing conclusions from the current financial crisis and its impact on the Dexia Group, Pierre Richard, Chairman of the Board of Directors of Dexia, and Axel Miller, Chief Executive Officer and Chairman of the Management Board of Dexia, tendered on September 30th, 2008 their resignation to the Board of Directors; The Board accepted their resignations and asked Messrs Richard and Miller to continue to look after the daily management until their successors have been appointed.

On October 7, 2008, the Board of Directors of the Dexia Group decided to co-opt Mr Jean-Luc Dehaene, former Belgian Prime Minister, and Mr Pierre Mariani, member of the Executive Committee of BNP Paribas, as members of the Board of Directors.

Mr Jean-Luc Dehaene has been appointed Chairman of the Board of Directors, replacing Mr Pierre Richard. Mr Pierre Mariani has been appointed Chief Executive Officer and Chairman of the Management Board, replacing Mr Axel Miller. Messrs Dehaene and Mariani will take up these posts with immediate effect.

On October 9th, the French, Belgian and Luxembourg Governments released this communication about the recapitalization of the Dexia Group:

"Following the recapitalisation of the Dexia Group on Tuesday September 30 last and the appointment of a new management team, representatives of the French, Belgian and Luxembourg Governments met to receive a report on the Group's situation.

In order to support the Group's activity and to strengthen its development, the three Governments jointly undertook, from today until October 31, 2009, to guarantee new interbank and institutional deposits and financing as well as new bond issuance intended for institutional investors, with a maximum maturity of three years, raised by Dexia SA, Dexia Banque Internationale à Luxembourg, Dexia Bank Belgium and Dexia Crédit Local.

This guarantee, which may be renewed for a term of one year, will be subject to remuneration reflecting the advantage thus obtained by the entities of the Dexia Group concerned.

This guarantee gives an assurance to depositors that Dexia will have sufficient liquidity to meet its obligations towards its clients.

It consolidates the activity of the entire Group, including its subsidiary FSA.

This guarantee is assumed jointly by the French, Belgian and Luxembourg Governments. Its implementation, with immediate effect, will be in accordance with the parliamentary processes appropriate in each of those countries.

By the recapitalisation and the granting of their guarantee, the shareholders of Dexia SA confirm their support for all the Group's activities. "

Dexia's Board of Directors, on October 20, 2008 under the chairmanship of Mr Jean-Luc Dehaene, examined the Group's situation. It hailed the decision taken by the reference shareholders and by the Belgian, French and Luxembourg Governments on September 30, 2008, to recapitalize Dexia in the amount of EUR 6.4 billion, increasing the Group's solvency. He observed the positive effects on the liquidity situation of the decision taken jointly on October 9 by those same Governments to offer their guarantee, until October 31, 2009, and with a possibility to renew for a term of one year, of all new interbank and institutional deposits and financing as well as new bond issuing targeted at institutional investors, with a maximum maturity of three years, raised by Dexia SA, Dexia Banque Internationale à Luxembourg, Dexia Bank Belgium and Dexia Crédit Local.

The Board believes that confidence has been re-established by this first series of measures and that Dexia now has solid foundations upon which to start a phase of transformation and consolidation of its activities.

The Board noted the analysis made by the Chief Executive Officer, Mr Pierre Mariani. It unanimously approved his initial recommendations aimed at re-establishing the Group's position and putting the vital foundations in place for the guidance of activities and the control of risk.

* The Board gave a mandate to the Chairman of the Board and to the Chief Executive Officer to apply immediately to the regulatory authorities for the transformation of Dexia SA into an establishment with the status of fully operational bank.

* The Board also decided, upon a proposal from its Chairman, to adapt its governance to the best risk control standards, particularly by the creation of an Internal Audit, Risks and Conformity Committee, reporting to the Board.

* The Board highlighted the FSA situation. The Board decided to maintain the unsecured line of credit for USD 5 billion which it had been granted by Dexia. He gave a mandate to the Chief Executive Officer to explore all the options which might enable the specific risk of FSA's activity to be reduced.

* The Board asked the Chief Executive Officer to continue with implementation of his transformation plan aimed at refocusing Dexia on its basic business lines, namely those for which the Bank has strong commercial franchises.

The Chief Executive Officer will present a series of conclusions and their consequences in terms of priorities and reorganization by November 14 next, when third quarter results will be announced.

The Board decided to co-opt Messrs Bruno Bézard, Alain Quinet and Koen Van Loo to replace Messieurs Guy Burton, Dominique Marcel and Jacques Guerber, who have resigned. The Board believes overall that the development and continuity of Dexia will be achieved by tightening its management and refocusing its strategy with the full support of its shareholders.

On October 28th, Dexia announced that the commercial banking operations of Dexia Banka Slovensko (DBS), Dexia's subsidiary in Slovakia, have been affected by excessive currency exposure accumulated by some professional clients over the recent months. The unusually volatile foreign exchange markets affected the clients' ability to meet margin calls and damaged the clients' operations.

The loss will be mainly accounted for by DBS's majority shareholder Dexia Kommunalkredit Bank (DKB) and will have little impact on DBS's financial position. Dexia and Kommunalkredit Austria, the two shareholders of DKB, will provide the capital required to fully restore DKB's capital strength.

The estimated negative impact will be of approximately EUR 82 million at the Dexia parent company level, i.e. excluding minority interests. The loss will mainly be booked in the accounts of the third quarter of 2008.

Following those events, Mr. Pavol Durinik, CEO of DBS, and Mr. Reinhard Platzer, Chairman of the Board of Directors of DBS have been replaced by MM. Marc Lauwers and Hugo Masat, respectively.

With 54 branches, 200,000 clients and more than 800 employees, Dexia Banka Slovensko is active in public (leading position with a 60% market share) and wholesale banking and in retail banking with a 4-5% market share.

On November 3rd, Dexia's partner in Central & Eastern Europe, Kommunalkredit Austria AG (KA), announced it was affected by the ongoing financial crisis, and has called for the support of the Austrian State. The partnership between Dexia and KA dates back to 1992 when Dexia took a 26% stake in KA, which was further increased to 49% in 2001 with the objective of developing its public finance franchise in Austria. KA and Dexia also invested in a joint venture – Dexia Kommunalkredit Bank (DKB) – to oversee operations in Central and Eastern Europe (CEE). DKB is held at 49% by KA and 51% by Dexia and controls the Group's Public & Wholesale Banking operations in CEE countries, including Dexia Banka Slovensko, which is also active in retail banking.

As a consequence of the recapitalization plan of KA, Dexia (i) sells its 49% stake in KA, (ii) subscribes for EUR 200 million of preferred shares in KA, and (iii) buys the 49% stake of KA in DKB, raising its stake to 100%.

The impact of the whole transaction on Dexia's accounts is estimated at a net loss of EUR -105 million

The Press release of November 14th, relative to the Transformation Plan, the sale of FSA and the results for the 3rd quarter are available in annex 2 for informational purposes.

Following the turmoil at the financial markets, it is not excluded that the Issuer or Dexia SA will undergo some more changes. This Prospectus should therefore be read in combination with the latest available information, which is published under the News sections on www.dexia.com and www.dexia.be

8. Organisational structure (Annex XI 6.)

- 8.1 Dexia Bank is held for 99.9% by Dexia, Rogierplein 11, 1210 Brussels.
- 8.2. The Issuer is part of the Dexia Group, but is not dependent on its parent company Dexia SA, except for matters which are common in a company group structure and which do not adversely affect i) its business or ii) financial position.

9. Trend information (Annex XI 7.)

The Credit Crunch, the € 6.4 billion capital raise and the resignations of Pierre Richard, Chairman of the Board of Directors of Dexia and Axel Miller, Chief Executive Officer and Chairman of the Management Board of Dexia as well as the appointments of Jean-Luc Dehaene and Pierre Mariani have already been discussed in depth in article 7.

The Dexia Group Press Release dated September 18, 2008, relative to exposure to Lehman Brothers is available in Annex 4 for informational purposes.

The Dexia Group Press Release dated November 14, 2008, relative to Transformation Plan and the results for the 3th quarter, is available in Annex 2 for informational purposes.

Other than that, there has been no material adverse change in the prospects of the Issuer since 31 December 2007. In addition, there are no other known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the prospects of the Issuer for the current financial year.

10. MANAGEMENT AND SUPERVISION (Annex XI 9.)

Management – Board of Directors

In accordance with Belgian law governing Belgian sociétés anonymes and the articles of association of DEXIA BANK, DEXIA BANK is administered by its Board of Directors, which is entitled to take any action the right to which is not expressly reserved to the general meeting of shareholders of DEXIA BANK by law or the articles of association of DEXIA BANK. In accordance with Belgian banking law, the Board of Directors may delegate all or part of its powers, provided that such delegation does not affect either the determination of general policy or any actions which are reserved to the Board of Directors by law.

The Board of Directors of DEXIA BANK has delegated to the Management Board of DEXIA BANK all such powers to the maximum extent permitted under Belgian law.

Pursuant to the articles of association of DEXIA BANK, the Board of Directors of DEXIA BANK is composed of a maximum of 26 members appointed for maximum terms of four years, and includes a maximum of eight members with professional banking experience proposed by the Board of Directors of DEXIA BANK, each of whom must also be a member of the Management Board of DEXIA BANK, and a majority of members representing the local authorities. The table below sets forth the names, principal occupation or employment, dates of initial election as directors and the years of expiration of their current terms as members of the Board of Directors of DEXIA BANK.

The business address for the members of the Board of Directors is boulevard Pachéco 44, B-1000 Brussels, Belgium.

The table below sets forth the names and positions and dates of initial appointment and expiry of term of the members of the Board of Directors.

(a)..... ame	(b) Principal Occupation or Employment	(c) S ince	(d) Te rm Expires
<i>Chairman</i>			
Marc Deconinck.....	Burgomaster - Beauvechain	2002	2010
<i>Vice-chairmen</i>			
Jozef Gabriels	Burgomaster - Genk	2002	2010
Jean-Luc Dehaene	Chairman of the Board of Directors of Dexia S.A.	2008	
<i>Members</i>			
Stefaan Decraene	Chairman of the Management Board, Director of Dexia Insurance Belgium	2003	2010
Dirk Gyselinck	Member of the Management Board, Public and Social Sector and Corporate	2007	2010
Marc Lauwers	Member of the Management Board, Personal Financial Services	2007	2010
Jean-François Martin	Member of the Management Board, Chief Financial Officer and Risk Management	2007	2010
Ann De Roeck	Member of the Management Board, Secretary General, Legal and Fiscal Services, Wealth Analysis and Planning	2007	2010

(a)..... ame	(b) <i>Principal Occupation or Employment</i>	(c) <i>S ince</i>	(d) <i>Te rm Expires</i>
Roger Leyssens	Member of the Management Board, Human Resources Services	2007	2010
Dirk Vanderschrick	Member of the Management Board, IT, Operations, Facility Management & Organization	2007	2010
Henri Branson	Administrator	2002	2010
Wivina Demeester.....	Former Municipal Councillor – Zoersel	2002	2010
Jean-Jacques Viseur.....	Burgomaster - Charleroi	2006	2010
Marc Justaert.....	Chairman of the National Alliance of Christian Mutual Societies	2002	2010
Serge Kubla	Burgomaster – Waterloo	2007	2010
Patrick Lachaert	Municipal Councillor – Merelbeke	2007	2010
Thierry Jacques	Chairman of the Christian Workers Movement	2006	2010
Patrick Janssens	Burgomaster - Antwerpen	2007	2010
Claude Rolin	Secretary General Confederation of Belgian Christian Unions	2006	2010
Tony Van Parys	Municipal Councillor Ghent	2002	2010
Herman Van Rompuy	Lecturer	2002	2010
Bernard Lux.....	Vice-chancellor of the University of Mons- Hainaut	2006	2010
Bruno Flichy	Director and honorary chairman of Crédit du Nord	2004	2010
Pierre Mariani.....	Chairman of the Management Board of Dexia S.A., Member of the Board of Directors of Dexia S.A.	2008	
Jacques Guerber.....	Vice-chairman of the Management Board of Dexia S.A.	2006	2010

Specialised committee set up by the Board of Directors

Audit Committee

The Audit Committee, installed on 18th December 2002, is composed of three directors who must not be members of the Management Board of DEXIA BANK. The Auditor General of the bank and, at his request, the Group Auditor General, the Chairman or a member of the Management Board and the college of statutory auditors of DEXIA BANK attend the meetings.

The role of the Audit Committee is to assist the Board of Directors in supervising the activities of DEXIA BANK, taking into account principles of good corporate governance, and to improve communication between the members of the Board of Directors, the Management Board, the internal audit department and the auditors. In this regard, the

Audit Committee considers external financial information, compliance with legal, regulatory and statutory provisions, risks and the effectiveness of internal control mechanisms to manage risks, internal auditing and audit plans produced by them.

The Audit Committee currently comprises Bruno Flichy, Chairman, and Herman Van Rompuy and Marc Deconinck.

DEXIA BANK voluntarily complies with the corporate governance regime in Belgium that applies to listed companies in Belgium only.

Operations of the Board of Directors

The Board of Directors conducts the general policy as determined at Dexia S.A. level. It decides the strategic direction for the bank in accordance with the basic strategy devised at Dexia S.A. level, and approves the plans and budgets as well as any major structural modifications.

As defined in the protocol on the autonomy of the banking function, the management of the bank is entrusted to the Management Board, comprising members of the Board of Directors. The Management Board currently consists of seven members.

The Management Board manages DEXIA BANK in accordance with the general policy guidelines laid down by DEXIA BANK's Board of Directors, and indirectly by the Board of Directors of Dexia S.A.. The Management Board has the necessary decision-making powers for this purpose and powers of representation. The Management Board operates in accordance with the principle of joint and several liability.

The table below sets forth the names and positions of the members of the Management Board.

(e)	Name	Position
	Stefaan Decraene	Chairman
	Dirk Gyselinck	Public and Social Sector and Corporate
	Marc Lauwers	Personal Financial Services
	Dirk Vanderschrick	IT, Operations, Facility Management and Organisation
	Jean-François Martin	Chief Financial Officer and Risk Management
	Roger Leyssens	HRM
	Ann De Roeck	Secretary General, Legal and Tax Services and Wealth Analysis and Planning

(*) Chairman since 1st January 2006

There are no potential conflicts of interest between any duties to DEXIA BANK of the members of the Management Board and their private interests and other duties.

External Duties of the Directors

Under the Banking, Finance and Insurance Commission Regulation, approved by the Royal Decree dated 19th July 2002 and concerning the performance of external duties by executive managers of credit institutions, DEXIA BANK is required to disclose the external duties performed by its directors and executive managers. DEXIA BANK chose to publish the posts mentioned in the bank's official annual report, which is lodged with the National Bank of Belgium.

Supervision

Since November 1962, DEXIA BANK (formerly Artesia Banking Corporation) has been under the supervision of the Banking, Finance and Insurance Commission.

11. Major shareholders (Annex XI 10.)

11.1. The Issuer is part of the international banking group Dexia Group.

The parent company of the Dexia Group is Dexia SA, which is a limited liability company incorporated and domiciled in Belgium for an indefinite period on 15 July 1996 under Belgian law with enterprise number 458,548,296. The address of its registered office is Place Rogier 11, B-1210 Brussels. Dexia SA is listed on the Euronext Stock Exchange in Paris and in Brussels and on the Luxembourg Stock Exchange.

The shareholder structure of Dexia since the Capital Increase of October 3, 2008, can be found in annex 6.

11.2. There is no arrangement that may result in a change in control of the Issuer.

12. Key information (Annex XII 3.)

12.1. Interest of natural and legal persons involved in the issue/offer

The net proceeds of the issue of the Warrants will be used for the management of the risks resulting of the issue of the Warrants by the Issuer.

To the best knowledge of the Issuer, there is no such interest that is material to the issue or offer of Warrants.

12.2. The Warrants issue will be subject to some out-of-pocket expenses and publicity fees estimated to be around EUR 25,000.

13. Information concerning the Warrants to be offered (Annex XII 4.)

13.1. Form, denomination and Title

The Very Long Term Warrant Series 08-12/2 (ISIN Code: BE0305379233) (the “Warrants” or individually referred to as “each Warrant”) shall be represented by a temporary global warrant (the “Global Warrant”) representing the Warrants in bearer. The Global Warrant will be deposited on the Issue Date with Dexia Bank Belgium and will not be exchangeable for definitive Warrants. Dexia Bank will not charge any fees for Warrants held in securities account with Dexia Bank or for the opening of such securities account.

These Warrants can be exercised during the Exercise Period. Consequently, the only means through which the Warrant Holder can realize value from the Warrant prior to the Exercise Date is to sell it through the secondary market (see point 15.3.)

The issue of the Warrants has been authorized by resolutions of the Issuer dated November 25th, 2008.

13.2. Information related to the pricing of the Warrants

The value of the Warrants is determined, as with options, by valuation models for options (for example, the ‘Black & Scholes’ model, trinomial model,...). This value is determined by different variables. The impact of some of these variables can be described as follows:

- The value of the Underlying Value: the value of the Warrant increases if the Underlying Value increases in respect to the Strike Price.
- The Strike Price: the value of the Warrant increases if the Underlying Value increases in respect to the Strike Price.
- The volatility: the value of the Warrant varies according to the expected volatility of the Underlying Value until Maturity Date. The volatility is the change in the value of the Underlying Value calculated over a fixed time interval. The probability of a Warrant being more in-the-money is higher if the Underlying Values is highly volatile (i.e. if it has a large number of substantial price movements), than when the Underlying Value is little volatile. Accordingly, the value of a Warrant will increase if the volatility of the Underlying Value increases.
- The remaining maturity: the longer the remaining maturity (until Maturity Date) of a Warrant, the greater the probability of the Warrant being in-the-money at a certain point in time during this remaining maturity. Therefore under normal circumstances, the value of the Warrant with a longer remaining maturity will be greater than the value of a Warrant with a shorter remaining maturity. In short, the value of the Warrant decreases if the remaining maturity diminishes.

- The interest rate for the remaining maturity: the value of the Warrant increases if the interest rate until Maturity Date increases.

Investors should take into consideration that all variables mentioned above may each influence the value of the Warrant independently. In practice, any of these variables can vary at the same time. Consequently, the change in the value of the Warrant can only be determined by taking into consideration the combined effect of the changes in value of each of these variables separately.

13.3. Governing law and jurisdiction

The Warrants are governed by the laws of Belgium. All disputes arising out of or in connection with the Warrants shall be exclusively submitted to the jurisdiction of the competent courts in Brussels.

13.4. Currency

The Warrants are issued in EUR and their value will always be expressed in EUR.

13.5. Status

The Warrants constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer and rank and will rank at all times pari passu without any preference among them. The payment obligations of the Issuer under the Warrants shall, subject to any exceptions as from time to time exist under applicable law, at all times rank equally with all its other present and future unsecured and unsubordinated obligations.

In particular, the Warrants will not be secured by the Underlying Value to which such Warrants relate.

13.6. Exercise procedure

a) Exercise notice (see Annex 1)

The day on which the Warrants are exercised is called the Exercise Date and falls within the Exercise Period (each business day on which commercial banks in Belgium are open for business from 15 November 2058 to and including the Maturity Date). In order to exercise the Warrants the Warrant Holder shall fill out and file the attached exercise form (avis d'exercice, uitoefeningsformulier) at a Dexia Bank agency at the earliest at the start of the Exercise Period and at the latest on the Maturity Date. The exercise form (avis d'exercice, uitoefeningsformulier) is available in all Dexia Bank agencies.

In case of an Exercise the Warrant Holder will receive the Underlying Value on his securities account 3 business days after the Exercise Date.

The costs (commission) related to the Exercise amount to 2.5% of the Strike Price of the Warrant with a minimum of 100 EUR per transaction increased with the subscription costs and fees related to the Underlying Value.

If the Warrants are not exercised within the above-mentioned Exercise Period, they will be bought back by the Issuer at Maturity Date against the bid price at that date, which at Maturity Date equals the Net Asset Value of the Underlying Value minus the Strike Price, in as far as this difference is a positive number. This amount will subsequently be reduced with a brokerage fee (with a maximum of 1%) and the stock market tax.

b) Settlement

Dexia Bank delivers or will deliver the Underlying Value to a securities account chosen by the investor or which must be opened by the investor for this purpose.

c) Consequence of the Exercise

The Exercise is irrevocable.

13.7. Information concerning the Underlying Value

The Underlying Value is the Dexia Equities L Euro 50 Capitalisation (ISIN code: LU0012091087 – Bloomberg Code: ELK3591 LX). The information regarding the Underlying Value has been sourced from the prospectus of Dexia Equities L Euro 50 (that is available free of charge in all Dexia Bank agencies and can be consulted at www.dexia.be : Sparen & Beleggen / Producten / Fondsen / Aandelenfondsen – Epargner & Investir / Produits / Fonds / Fonds SICAV d'actions). The Issuer confirms that this information has been partly reproduced from the Bloomberg screens < ELK3591 LX >. The Issuer also confirms that as far as it is aware and able to ascertain from such information, no facts have been omitted which would render the reproduced information inaccurate or misleading.

- Description of the Underlying Value

Dexia Equities L Euro 50 is a compartment of Dexia Equities L, a UCITS incorporated under the laws of Luxembourg. The assets of this compartment consist mainly of a portfolio of variable-yield securities, mainly shares, convertible bonds and warrants issued for the most part by European companies and traded on the stock exchanges of those countries. At least two thirds of the net assets of the portfolio of this compartment are invested in equity-type transferable securities included in the Dow Jones EURO STOXX 50[®] index, although they are not themselves indexed. Two-thirds of the net assets will always be invested in euro-denominated securities on these markets.

The compartment may also hold, on an ancillary basis, cash or money market instruments whose residual maturity does not exceed 12 months.

- Description of the Dow Jones Euro Stoxx 50[®] index

The Dow Jones EURO STOXX 50[®] index (Bloomberg code SX5E) represents the performance of 50 companies representing the market sector leaders in the Euro zone. The index is a free float market capitalisation weighted index which captures around 60% of the underlying market capitalisation of the Dow Jones EURO STOXX Total Market[®] Index. Components weightings are based on the number of free float shares; i.e. those shares that are available for trading.

The index was developed with a base value of 1000 as of December 31, 1991.

The index is continuously calculated and quoted.

Composition of the index on August 01, 2008 : Aegon NV, Air Liquide SA, Alcatel SA, Allianz AG, ArcelorMittal, Assicurazioni Generali SpA, AXA SA, Banco Bilbao Vizcaya Argentaria SA, Banco Santander Central Hispano SA, BASF AG, Bayer AG, BNP Paribas SA, Carrefour SA, Cie de Saint-Gobain, Credit Agricole SA, DaimlerChrysler AG, Deutsche Bank AG, Deutsche Boerse AG, Deutsche Telekom AG, E.ON AG, Enel SpA, ENI SpA, Fortis, France Telecom SA, Groupe Danone, Iberdrola SA, ING Groep NV, Koninklijke Philips Electronics NV, L'Oreal SA, LVMH Moët Hennessy Louis Vuitton SA, Muenchener Rueckversicherungs AG, Nokia OYJ, Renault SA, Repsol YPF SA, RWE AG, Sanofi-Aventis, Sanpaolo IMI SpA, SAP AG, Schneider Electric SA, Siemens AG, Société Générale, Suez SA, Telecom Italia SpA, Telefonica SA, Total SA, UniCredito Italiano SpA, Unilever NV, Vinci SA, Vivendi, Volkswagen AG.

- Historical evolutions

a) *Historical evolution of the Underlying Value*



Source: Bloomberg

b) *Historical evolution of the Dow Jones Euro Stoxx 50® index*



Source: Bloomberg

c) *Historical comparison of the evolution as mentioned under a) and b)*



Source: Bloomberg

- Information regarding the Underlying Value

The prospectus of Dexia Equities L Euro 50 is available free of charge in all Dexia Bank agencies and can also be consulted at www.dexia.be : Sparen & Beleggen / Producten / Fondsen / Aandelenfondsen – Epargner & Investir / Produits / Fonds / Fonds d’actions).

Dexia Equities L Euro 50 is issued by Dexia Equities L SA and is a compartment of this UCITS (SICAV de droit luxembourgeois).

13.8. Market Disruption Event

For the purpose of Condition 13.8; 13.9 and 13.10 any reference to a “Share” will be a reference to the Underlying Value.

“Market Disruption Event” means in respect of the Share, the occurrence or existence of (i) a Trading Disruption, (ii) an Exchange Disruption, which in either case the Calculation Agent determines is material, at any time during the one hour period that ends at the relevant Scheduled Closing Time or (iii) an Early Closure.

In that respect, “Trading Disruption” means any suspension of or limitation imposed on trading by the relevant Exchange or Related Exchange or otherwise and whether by reason of movements in price exceeding limits permitted by the relevant Exchange or Related Exchange or otherwise (i) relating to the Share on the Exchange, or (ii) in futures or options contracts relating to the Share on any relevant Related Exchange.

In that respect, “Exchange Disruption” means any event (other than an Early Closure) that disrupts or impairs (as determined by the Calculation Agent) the ability of market participants in general (i) to effect transactions in, or obtain market values for, the Shares on the Exchange, or (ii) in futures or options contracts relating to the Share on any relevant Related Exchange.

In that respect, “Early Closure” means the closure on any Exchange Business Day of the relevant Exchange or any Related Exchange(s) prior to its Scheduled Closing Time unless such earlier closing time is announced by such Exchange(s) or Related Exchange(s) at least one hour prior to the earlier of (i) the actual closing time for the regular

trading session on such Exchange(s) or Related Exchange(s) on such Exchange Business Day and (ii) the submission deadline for orders to be entered into the Exchange or Related Exchange system for execution at the Scheduled Closing Time on such Exchange Business Day.

In addition, in that respect “Disrupted Day” means any Scheduled Trading Day on which a relevant Exchange or any Related Exchange fails to open for trading during its regular trading session or on which a Market Disruption Event has occurred.

13.9 Consequences of Disrupted Days, Market Disruption Event

If any Valuation Date is a Disrupted Day, then the Valuation Date (as defined above) shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day, unless each of the eight Scheduled Trading Days immediately following the original Valuation Date is a Disrupted Day. In that case, (i) that eighth Scheduled Trading Day shall be deemed to be the Valuation Date, notwithstanding the fact that such day is a Disrupted Day and (ii) the Calculation Agent shall determine, its good faith estimate of the value of the Share as of the Scheduled Closing Time on that eighth Scheduled Trading Day.

For the avoidance of doubt, the Valuation Date for the Share not affected by the occurrence of a Disrupted Day shall be the original Valuation Date.

13.10. Adjustments to the Underlying Value in case of an Adjustment Event and Change in Law

1. Adjustments following a Potential Adjustment Event

Upon the occurrence on or after the Issue Date up to and including the last Valuation Date of a Potential Adjustment Event (as defined below), the Calculation Agent will determine whether such Potential Adjustment Event has a diluting or concentrative effect on the theoretical value of the relevant Share and if so will

(i) make the corresponding adjustment(s), if any, to any relevant variable in the Redemption Amount formula(s) of the Warrants or the number of Shares used to calculate any Redemption Amount as the Calculation Agent determines appropriate to account for that diluting or concentrative effect (provided that no adjustments will be made to account solely for changes in volatility, expected dividends, stock loan rate or liquidity relative to the relevant Share) and

(ii) determine the effective date(s) of the adjustment(s).

The Calculation Agent may (but need not) determine the appropriate adjustment(s) by reference to the adjustment(s) in respect of such Potential Adjustment Event made by an options exchange to options on the relevant Share traded on such options exchange.

For the purpose hereof, “Potential Adjustment Event” shall mean any of the following:

- a subdivision, consolidation or reclassification of the relevant Share (unless resulting in a Merger Event), or, a free distribution or dividend of any such Shares to existing holders by way of bonus, capitalisation or similar issue;
- a distribution, issue or dividend to existing holders of the relevant Share of (a) such Shares, or (b) other share capital or securities granting the right to payment of dividends and/or the proceeds of liquidation of the issuer of such relevant Shares equally or proportionately with such payments to holders of such Shares, or (c) share capital or other securities of another issuer acquired or owned (directly or indirectly) by the issuer of the relevant Shares as a result of a spin-off or other similar transaction or (d) any other type of securities, rights or warrants or other assets, in any case for payment (cash or other consideration) at less than the prevailing market price as determined by the Calculation Agent;
- an extraordinary dividend as determined by the Calculation Agent;
- a call by the issuer of the relevant Share in respect of Shares that are not fully paid;
- a repurchase by the issuer of the relevant Share or any of its subsidiaries of relevant Shares whether out of profits or capital and whether the consideration for such repurchase is cash, securities or otherwise; or
- in respect of the issuer of the relevant Share, an event that results in any shareholder rights being distributed or becoming separated from shares of common stock or other shares of the capital stock of the issuer of the relevant Shares pursuant to a shareholder rights plan or arrangement directed against hostile takeovers that provides upon the occurrence of certain events for a distribution of preferred stock, warrants, debt instruments or stock rights at a price

below their market value, as determined by the Calculation Agent, provided that any adjustment effected as a result of such an event shall be readjusted upon any redemption of such rights; or

- any other event that may have a diluting or concentrative effect on the theoretical value of the relevant Share.

If the Calculation Agent determines that no adjustment that it could make will produce a commercially reasonable result, the Calculation Agent may notify the Noteholders, in accordance with the paragraph “Notices”, that the relevant consequence of the Potential Adjustment Event shall be Early Redemption.

2. Consequences of Merger Event, Tender Offer, Nationalization, Insolvency, Delisting, Change in Law, Insolvency Filing and De-merger Event (each an “Extraordinary Event”)

Upon the occurrence on or after the Issue Date up to and including the last Valuation Date, in the determination of the Calculation Agent, of an Extraordinary Event in respect of the Share, the Calculation Agent, on or after the effective date of such Extraordinary Event, may make such adjustments as it, acting in good faith, deems appropriate (including substitution of the affected Share). Such adjustments to be effective as of the date determined by the Calculation Agent, to account for the effect of the relevant Extraordinary Event to protect the theoretical value of the Warrants to the Warrant Holders immediately prior to such Extraordinary Event.

For the avoidance of doubt, if the Calculation Agent determines that no adjustment that it could make will produce a commercially reasonable result, the Calculation Agent will notify the Noteholders, in accordance with the paragraph “Notices”, that the relevant consequence of the Extraordinary Event shall be Early Redemption.

For the purpose hereof the following definitions will apply:

“Delisting” means, that the Exchange announces that pursuant to the rules of such Exchange, the Share ceases (or will cease) to be listed, traded or publicly quoted on the Exchange for any reason (other than a Merger Event or Tender Offer) and are not immediately re-listed, re-traded or re-quoted on an exchange or quotation system located in the same country as the Exchange (or where the Exchange is within the European Union, in any member state of the European Union).

“Insolvency” means that by reason of the voluntary or involuntary liquidation, bankruptcy, insolvency, dissolution or winding-up of or any analogous proceeding affecting the issuer of the relevant Share, (A) all the Shares of that issuer are required to be transferred to a trustee, liquidator or other similar official or (B) holders of the Shares of that issuer become legally prohibited from transferring them (each time as determined in good faith by the Calculation Agent).

“Merger Event” means in respect of the Share:

- any reclassification or change of such Shares that results in a transfer of or an irrevocable commitment to transfer all of such Shares outstanding to another entity or person; or

- any consolidation, amalgamation, merger or binding share exchange of the issuer of the relevant Share with or into another entity or person (other than a consolidation, amalgamation, merger or binding share exchange in which such issuer is the continuing entity and which does not result in a reclassification or change of all of such Shares outstanding);

- any takeover offer, tender offer, exchange offer, solicitation, proposal or other event by any entity or person to purchase or otherwise obtain 100% of the outstanding Shares of the issuer of the relevant Shares that results in a transfer of or an irrevocable commitment to transfer all such Shares (other than such Shares owned or controlled by such other entity or person); or

- any consolidation, amalgamation, merger or binding share exchange of the issuer of the relevant Share or its subsidiaries with or into another entity in which the issuer of the relevant Share is the continuing entity and which does not result in a reclassification or change of all such Shares outstanding but results in the outstanding Shares (other than Shares owned or controlled by such other entity) immediately prior to such event collectively representing less than 50% of the outstanding Shares immediately following such event (a “Reverse Merger”) in each case if the effective date of the Merger Event is on or before the final Valuation Date.

“Tender Offer” means a takeover offer, tender offer, exchange offer, solicitation, proposal or other event by any entity or person that results in such entity or person purchasing, or otherwise obtaining or having the right to obtain, by conversion or other means, greater than 10% and less than 100% of the outstanding voting shares of the issuer of the relevant Share, as determined by the Calculation Agent, based upon the making of filings with governmental or self-regulatory agencies or such other information as the Calculation Agent deems relevant.

“Nationalisation” means that all the Shares or all the assets or substantially all the assets of the issuer of the relevant Shares are nationalized, expropriated or are otherwise required to be transferred to any governmental agency, authority, entity or instrumentality thereof.

“De-merger Event” means, in respect of the relevant Share that the issuer of such Share is affected by a de-merger (such as, but not limited to, spin off, scission or any operation of a similar nature) leading to the attribution of a basket comprising New Shares and/ or Other Consideration and/ or the relevant Share affected by the de-merger (as the case may be), such basket resulting from such de-merger.

For the purpose hereof, “New Shares” shall mean shares (whether of the same issuer as the affected relevant Shares or any third party) that are listed or quoted on a recognised exchange (each time as determined in good faith by the Calculation Agent); “Other Consideration” shall mean cash and/ or any securities (other than New Shares) or assets shares (whether of the same issuer as the affected relevant Shares or any third party).

“Change in Law” means that on or after the Issue Date of the Warrants (A) due to the adoption of or any change in any applicable law or regulation (including, without limitation, any tax law), or (B) due to the promulgation of or any change in the interpretation by any court, tribunal or regulatory authority with competent jurisdiction of any applicable law or regulation (including any action taken by a taxing authority), the Issuer determines in good faith that (X) it has become illegal to hold, acquire or dispose of relevant Shares, or (Y) it will incur a materially increased cost in performing its obligations under the Warrants (including, without any limitation, due to any increase in tax benefit or other adverse effect on its tax position).

“Insolvency Filing” means that the issuer of the relevant Share institutes or has instituted against it by a regulator, supervisor, or any similar official with primary insolvency, rehabilitative or regulatory jurisdiction over it in the jurisdiction of its incorporation or organization or the jurisdiction of its head or home office, or it consents to a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors’ rights, or a petition is presented for its winding-up or liquidation by it or such regulator, supervisor or similar official or it consents to such a petition, provided that proceedings instituted or petitions presented by creditors and not consented to by the issuer of the relevant Share shall not be deemed an Insolvency Filing.

13.11. Maturity Date

The Maturity Date is 15 December 2058.

13.12. Exercise Period

The Exercise Period is defined as each business day on which commercial banks in Belgium are open for business 15 November 2058 to and including the Maturity Date.

13.13. Strike Price

The Strike Price is equal to the Net Asset Value of the Underlying Value on 16 December 2008 will be posted on www.dexia.be (Sparen & Beleggen / Producten / Fondsen / Aandelenfondsen – Epargner & Investir / Produits / Fonds / Fonds d’actions) on 5 November 2008.

13.14. Taxation

(a) Tax rules applicable to natural persons resident in Belgium

There are no income taxes due on the surplus values obtained by the Warrant Holders through the sale or the Exercise of the Warrants, provided the surplus values have no speculative (as set forth in article 90, 1° Belgian Income Tax Code) or professional character. The losses are not tax deductible.

The sale and purchase on the secondary market of Warrants through a professional Belgian intermediary is subject to a 0.17% stock market tax (beurstaks, taxe sur opérations boursières) on the sales price with a maximum of EUR 500 per transaction and per party.

(b) Tax rules applicable to tax payers taxed as corporations in Belgium

The surplus values obtained by the Warrant Holders through the sale of the Warrants are subject to corporate income tax. The losses are tax deductible.

The sale and purchase on the secondary market of Warrants through a professional Belgian intermediary is subject to a 0.17% stock market tax (beurstaks, taxe sur opérations de bourse) on the sales price with a maximum of EUR 500 per transaction and per party.

The surplus values obtained by the Warrant Holders through the sale of the shares (acquired through the Exercise of the Warrants) are subject to corporate income tax. The losses are not tax deductible. In case of the Exercise of a Warrant, the amount paid by the Warrant Holder to acquire the Warrant is not tax deductible.

This is general information, which is not intended to deal with specific aspects of an investment in Warrants. Potential investors are recommended to consult their tax adviser on the basis of their own particular situation.

13.15. Notices

For the Warrants held in a Dexia Bank securities account, all notices to the Warrant Holders shall be validly given by a direct notification from the Issuer each time the Issuer shall deem it necessary to give fair and reasonable notice. The Warrant Holder will be notified of his existing position at least once a year.

Any such notice shall be deemed to have been given on the date immediately following the date of notification from the Issuer.

14. Terms and conditions of the offer (Annex XII 5.)

The Warrants will be offered for subscription from December 1st, 2008 to December 5th, 2008 (4 pm Brussels time) (the “Offering Period”) at the relevant Issue Price (Commission included). The Issuer has the right to anticipatively terminate the Offering Period if the maximum amount of the Warrants issue has been reached or if the market conditions adversely affect the interest of the Issuer, as the case may be.

The Warrants have not been offered or sold and will not be offered or sold directly or indirectly and the Prospectus has not been distributed and will not be distributed, except in such circumstances that will result in compliance with all applicable laws and regulations.

The Warrants are deposited in a Dexia Bank securities account and Dexia Bank will not charge any fees for this service, nor for the opening of such securities account.

The Warrants have not been and will not be registered under the U.S. Securities Act of 1933, as amended, and are subject to U.S. tax law requirements and, subject to certain exceptions, Warrants may not be offered, sold or delivered within the United States of America, including its territories and possessions, or to U.S. persons.

The Warrants have not been offered, sold or delivered and will not be offered, sold or delivered, as part of their distribution at any time, or otherwise until 40 days after the commencement of the offering within the United States or to, or for the account or the benefit of, U.S. persons and a dealer to which the Warrants are sold during the restricted period, will receive a confirmation or other notice setting forth the restrictions on offers and sales of the Warrants within the U.S. or to, or for the account or benefit of, U.S. persons.

Until 40 days after the commencement of the offering, an offer or sale of Warrants within the U.S. by a dealer that is not participating in the offering may violate the registration requirements imposed by the U.S. Securities Act of 1933, as amended.

Any document connected with the issue of the Warrants has only been issued or passed on and will only be issued and passed on in the United Kingdom to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or otherwise in circumstances which have not resulted and will not result in an offer to the public in the United Kingdom within the meaning of the Public Offers of Securities Regulations 1995.

Any invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000 (the “FSMA”)) in connection with the issue or sale of any Warrants, has only been communicated or caused to be communicated and will only be communicated or caused to be communicated in circumstances in which section 21(1) of the FSMA does not apply to the Issuer and all applicable provisions of the FSMA with respect to anything done in relation to such Warrants in, from or otherwise involving the United Kingdom have been complied with and will be complied with.

The Warrants will be offered at an Issue Price of 10.00 EUR (Commission included). This price comprises all costs.

The financial service will be performed by Dexia Bank.

15. Admission to trading and dealing arrangements (Annex XII 6.)

15.1. The Warrants offered will not be the object of an application for admission to trading on a regulated market.

15.2. There are no securities of the same class as the Warrants to be offered that are already admitted to trading on a regulated market or equivalent market.

15.3. The price of the Warrants is available on demand in every agency of Dexia Bank or on www.dexia.be (Professioneel / Corporate Banking / Beleggingen / Warranten // Professionnel / Corporate Banking / Placements / Warrants). Dexia Bank will organise the secondary market from the day following the Issue Date, thereby providing liquidity through bid prices. These bid prices are subject to a brokerage fee (excluding stock market tax) of 1% maximum. In addition, the bid prices of the Warrants are subject to the market conditions (in practice, the conditions between 16.30 and 17.30 (Brussels Time)) concerning interest rates, the Underlying Value, volatility,...

16. Additional information about the Warrants (Annex XII 7.)

16.1. There are no advisors connected with the issue of Warrants mentioned in this Prospectus.

16.2. There is no information in the Prospectus which has been audited or reviewed by statutory auditors and no auditor has produced a report with respect to this Prospectus.

16.3. There is no statement or report attributed to a person as an expert included in the Prospectus.

16.4. The information regarding the Underlying Value has been sourced from the prospectus of Dexia Equities L Euro 50 (that is available free of charge in all Dexia Bank agencies and can be consulted at www.dexia.be: Sparen & Beleggen / Producten / Fondsen / Aandelenfondsen – Epargner & Investir / Produits / Fonds / FondsSICAV d'actions. The Issuer confirms that this information has been partly reproduced from the Bloomberg screens < ELK3591 LX >. The Issuer also confirms that as far as it is aware and able to ascertain from such information, no facts have been omitted which would render the reproduced information inaccurate or misleading.

16.5. The Issuer does not intend to provide post-issuance information except the prices (see under article 15.3)

17. Financial information concerning the Issuer's assets and liabilities, financial position and profits and losses (Annex XI 11.)

The consolidated financial statements of Dexia Bank are prepared in accordance with the IFRS standards as adopted by the European Union.

Financial information concerning the Issuer as of 31 December, 2007:

Consolidated balance sheet Dexia Bank

Consolidated off-balance sheet items Dexia Bank

Consolidated statement of income Dexia Bank

Notes to the consolidated financial statements

1. Basis of consolidation and accounting policies
2. Notes to the consolidated assets
3. Notes to the consolidated liabilities and shareholders' equity
4. Notes to the consolidated off-balance sheet items
5. Notes to the consolidated statement of income

Audited Consolidated Balance Sheet of the Issuer as of December 31, 2007 and December 31, 2006

ASSETS

<i>in thousands of EUR</i>		Dec. 31, 2006	Dec. 31, 2007
I.	Cash and balances with central banks	938 245	4 912 969
II.	Loans and advances due from banks	80 693 485	79 269 848
III.	Loans and advances to customers	83 545 044	80 205 945
IV.	Financial assets measured at fair value through profit or loss	15 484 989	16 195 140
V.	Financial investments	54 288 491	64 477 908
VI.	Derivatives	15 189 000	14 943 021
VII.	Fair value revaluation of portfolio hedge	225 929	(109 849)
VIII.	Investments in associates	616 901	628 391
IX.	Tangible fixed assets	1 318 279	1 297 492
X.	Intangible assets and goodwill	218 953	217 032
XI.	Tax assets	243 418	481 021
XII.	Other assets	1 616 848	2 149 498
XIII.	Non current assets held for sale	44 590	29 112
Total assets		254 424 172	264 697 528

LIABILITIES

<i>in thousands of EUR</i>	Dec. 31, 2006	Dec. 31, 2007
I. Due to banks	119 470 433	113 091 738
II. Customer borrowings and deposits	66 536 382	76 079 030
III. Financial liabilities measured at fair value through profit or loss	5 333 071	7 052 683
IV. Derivatives	15 428 478	14 306 907
V. Fair value revaluation of portfolio hedge	0	0
VI. Debt securities	21 990 958	26 820 484
VII. Subordinated debts	3 139 242	3 087 464
VIII. Technical provisions of insurance companies	12 143 466	14 929 260
IX. Provisions and other obligations	1 002 512	901 613
X. Tax liabilities	186 627	130 903
XI. Other liabilities	2 325 293	2 911 885
XII. Liabilities included in disposal groups held for sale	0	0
Total liabilities	247 556 462	259 311 967

EQUITY*in thousands of EUR*

XIV. Subscribed capital	958 066	958 066
XV. Additional paid-in capital	209 232	209 232
XVI. Treasury shares	0	0
XVII. Reserves and retained earnings	3 202 512	3 216 186
XVIII. Net income for the period	1 157 195	1 046 693
Core shareholders' equity	5 527 005	5 430 177
XIX. Gains and losses not recognized in the statement of income	886 946	(231 557)
Total shareholders' equity	6 413 951	5 198 620
XX. Minority interests	27 729	71 916
XXI. Discretionary participation features of insurance contracts	426 030	115 025
Total equity	6 867 710	5 385 561
Total liabilities and equity	254 424 172	264 697 528

Audited Consolidated Statement of Income of the Issuer as of December 31, 2007 and December 31, 2006

<i>in thousands of EUR</i>		Dec. 31, 2006	Dec. 31, 2007
I.	Interest income	37 929 848	54 832 258
II.	Interest expense	(35 967 959)	(52 624 237)
III.	Dividend income	118 068	114 550
IV.	Net income from associates	122 346	110 329
V.	Net income from financial instruments at fair value through profit or loss	78 324	(24 183)
VI.	Net income on investments	652 393 (1)	270 683
VII.	Fee and commission income	486 042	554 590
VIII.	Fee and commission expense	(92 595)	(102 000)
IX.	Premiums and technical income from insurance activities	3 521 081	4 518 424
X.	Technical expense from insurance activities	(3 735 193)	(4 826 133)
XI.	Other net income	(60 115)	63 125
	Income	3 052 240	2 887 406
XII.	Staff expense	(764 379)	(695 280)
XIII.	General and administrative expense	(517 308)	(564 856)
XIV.	Network costs	(352 575)	(366 889)
XV.	Depreciation & amortization	(142 371)	(108 660)
XVI.	Deferred acquisition costs	0	0
	Expenses	(1 776 633)	(1 735 685)
	Gross operating income	1 275 607	1 151 721
XVII.	Impairment on loans and provisions for credit commitments	(38 391)	(60 065)
XVIII.	Impairment on tangible and intangible assets	(1 269)	(1 370)
XIX.	Impairment on goodwill	0	0
	Net income before tax	1 235 947	1 090 286
XX.	Tax expense	(74 898)	(37 835)
	Net income of continuing operations	1 161 049	1 052 451
XXI. Discontinued operations (net of tax)			
	Net income	1 161 049	1 052 451
	Attributable to minority interest	3 854	5 758
	Attributable to equity holders of the parent	1 157 195	1 046 693

Audited Cash Flow Statement of the Issuer as of December 31, 2007 and December 31, 2006

<i>in thousands of EUR</i>	Dec. 31, 2006	Dec. 31, 2007
Cash flow from operating activities		
Net income after income taxes	1 161 049	1 052 451
<i>Adjustment for:</i>		
- Depreciation , amortization and other impairment	154 324	127 625
- Impairment on bonds , equities, loans and other assets	(64 919)	33 496
- Net gains on investments	(532 487)	(333 974)
- Charges for provisions (mainly insurance provision)	2 796 093	3 325 947
- Unrealized gains or losses	207	(25 841)
- Income from associates	(122 346)	(110 329)
- Dividends from associates	78 239	71 095
- Deferred taxes	(69 062)	(42 464)
- Other adjustments		
Changes in operating assets and liabilities	13 183 330	15 250 648
Net cash provided (used) by operating activities	16 584 428	19 348 654
Cash flow from investing activities		
Purchase of fixed assets	(149 116)	(273 503)
Sales of fixed assets	131 784	216 374
Acquisitions of unconsolidated equity shares	(826 965)	(2 265 014)
Sales of unconsolidated equity shares	983 581	1 663 980
Acquisitions of subsidiaries and of business units	217	(1 884)
Sales of subsidiaries and of business units	147 975	63 666
Net cash provided (used) by investing activities	287 476	(596 381)
Cash flow from financing activities		
Issuance of new shares	1 843	10 056
Issuance of subordinated debts	667 525	241 090
Reimbursement of subordinated debts	(238 561)	(276 905)
Purchase of treasury shares		
Sale of treasury shares		
Dividends paid	(881 457)	(871 284)
Net cash provided (used) by financing activities	(450 650)	(897 043)
Net cash provided	16 421 254	17 855 230
Cash and cash equivalents at the beginning of the period	43 128 870	59 546 293
Cash flow from operating activities	16 584 428	19 348 654
Cash flow from investing activities	287 476	(596 381)
Cash flow from financing activities	(450 650)	(897 043)
Effect of exchange rate changes and change in scope of consolidation on cash and cash equivalents	(3 831)	(3 092)
Cash and cash equivalents at the end of the period	59 546 293	77 398 431
Additional information		
Income tax paid	(165 956)	(76 089)
Dividends received	196 307	185 646
Interest received	38 940 874	56 169 377
Interest paid	(37 926 778)	(53 469 298)

Report of the Board of Auditors of the Issuer on the annual accounts for the year ended 31 December 2007

1. The following report is a copy of the Board of Auditors of the Issuer on the consolidated accounts for the year ended December 31, 2008, dated 28 March 2008 and as reproduced in the Issuer 2007 annual report:

To the shareholders

As required by law and the company's articles of association, we report to you in the context of our appointment as statutory auditors. This report includes our opinion on the consolidated accounts and the required additional disclosure.

Unqualified opinion on the consolidated accounts

We have audited the consolidated accounts of Dexia bank Belgium NV/SA and its subsidiaries (the "Group") as of and for the year ended 31 December 2007, prepared in accordance with the international financial reporting standards, as adopted by the European union, and with the legal and regulatory requirements applicable in Belgium. these consolidated accounts comprise the consolidated balance sheet as of 31 December 2007, the consolidated statements of income, changes in shareholders' equity and cash flows for the year then ended, as well as the summary of significant accounting policies and other explanatory notes. The total of the consolidated balance sheet amounts to eur 264,697,528 (000) and the consolidated statement of income shows a profit for the year (Group share) of eur 1,046,693 (000).

The company's board of directors is responsible for the preparation of the consolidated accounts. This responsibility includes among other things: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of consolidated accounts that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Our responsibility is to express an opinion on these consolidated accounts based on our audit. We conducted our audit in accordance with the legal requirements and auditing standards applicable in Belgium, as issued by the "institut des reviseurs d'entreprises/instituut der bedrijfsrevisoren". Those auditing standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated accounts are free from material misstatement.

In accordance with the auditing standards referred to above, we have carried out procedures to obtain audit evidence about the amounts and disclosures in the consolidated accounts. The selection of these procedures is a matter of our judgment, as is the assessment of the risk that the consolidated accounts contain material misstatements, whether due to fraud or error. in making those risk assessments, we have considered the Group's internal control relating to the preparation and fair presentation of the consolidated accounts, in order to design audit procedures that were appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control. We have also evaluated the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by management, as well as the presentation of the consolidated accounts taken as a whole. Finally, we have obtained from the board of directors and Group officials the explanations and information necessary for our audit. We believe that the audit evidence we have obtained provides a reasonable basis for our opinion.

In our opinion, the consolidated accounts give a true and fair view of the Group's net worth and financial position as of 31 December 2007 and of its results and cash flows for the year then ended in accordance with international financial reporting standards, as adopted by the European union, and with the legal and regulatory requirements applicable in Belgium.

Additional disclosures

the company's board of directors is responsible for the preparation and content of the directors' report on the consolidated accounts.

our responsibility is to include in our report the following additional disclosure, which does not change the scope of our opinion on the consolidated accounts:

- the management report deals with the information required by the law and is consistent with the consolidated accounts. However, we are not in a position to express an opinion on the description of the principal risks and uncertainties facing the company, the state of its affairs, its foreseeable development or the significant influence of certain events on its future development. Nevertheless, we can confirm that the information provided is not in obvious contradiction with the information we have acquired in the context of our appointment.

Brussels 28 march 2008

The Board of Auditors

PricewaterhouseCoopers
Reviseurs d'Entreprises
represented by

Reobert Peirce
Reviseur d'Entreprise

Deloitte Reviseurs d'Entreprises
SC s.f.d SCRL
represented by

Joseph Vlamincx
Reviseur d'Entreprise"

2. The following report is a copy of the Board of Auditors of the Issuer on the consolidated accounts for the year ended December 31, 2006, dated 28 March 2007 and as reproduced in the Issuer 2006 annual report:

To the shareholders

As required by law and the company's articles of association, we report to you in the context of our appointment as statutory auditors. This report includes our opinion on the consolidated accounts and the required additional disclosure.

Unqualified opinion on the consolidated accounts

We have audited the consolidated accounts of Dexia Bank Belgium NV/SA and its subsidiaries (the "Group") as of and for the year ended 31 December 2006, prepared in accordance with the International Financial Reporting Standards (IFRS), as adopted by the European Union, and with the legal and regulatory requirements applicable in Belgium. These consolidated accounts comprise the consolidated balance sheet as of 31 December 2006, the consolidated statements of income, changes in shareholders' equity and cash flows for the year then ended, as well as the summary of significant accounting policies and other explanatory notes. The total of the consolidated balance-sheet amounts to EUR 254,424,172 (000) and the consolidated statement of income shows a profit for the year (Group share) of EUR 1,157,195 (000).

The company's board of directors is responsible for the preparation of the consolidated accounts. This responsibility includes among other things: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of consolidated accounts that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Our responsibility is to express an opinion on these consolidated accounts based on our audit. We conducted our audit in accordance with the legal requirements and auditing standards applicable in Belgium, as issued by the "Institut des Reviseurs d'Entreprises/Instituut der Bedrijfsrevisoren". Those auditing standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated accounts are free from material misstatement.

In accordance with the auditing standards referred to above, we have carried out procedures to obtain audit evidence about the amounts and disclosures in the consolidated accounts. The selection of these procedures is a matter of our judgment, as is the assessment of the risk that the consolidated accounts contain material misstatements, whether due to fraud or error. In making those risk assessments, we have considered the Group's internal control relating to the preparation and fair presentation of the consolidated accounts, in order to design audit procedures that were appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control. We have also evaluated the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by management, as well as the presentation of the consolidated accounts taken as a whole. Finally, we have obtained from the board of directors and Group officials the explanations and information necessary for our audit. We believe that the audit evidence we have obtained provides a reasonable basis for our opinion.

In our opinion, the consolidated accounts give a true and fair view of the Group's net worth and financial position as of 31 December 2006 and of its results and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union, and with the legal and regulatory requirements applicable in Belgium.

Additional disclosure

The company's board of directors is responsible for the preparation and content of the directors' report on the consolidated accounts.

Our responsibility is to include in our report the following additional disclosure, which does not change the scope of our opinion on the consolidated accounts:

- The directors' report on the consolidated accounts includes the information required by the law and is in agreement with the consolidated accounts. However, we are not in a position to express an opinion on the description of the principal risks and uncertainties facing the companies included in the consolidation, the state of their affairs, their forecast development or the significant influence of certain events on their future development. Nevertheless, we can confirm that the information provided is not in contradiction with the information we have acquired in the context of our appointment.

28 March 2007

The Board of Auditors

PricewaterhouseCoopers
Reviseurs d'Entreprises
represented by

Reobert Peirce
Reviseur d'Entreprise

Deloitte Reviseurs d'Entreprises
SC s.f.d SCRL
represented by

Joseph Vlamincx
Reviseur d'Entreprise"

18. Additional information about the Issuer

18.1. The capital stock of Dexia Bank totals EUR 958.066.225,54 and is represented by 359.412.609 shares held by Dexia S.A., Dexia Lease Services SA (6 shares) and Arcofin SCRL (1 share).

There are also 300,000 registered beneficial shares. These shares have no par value and do not represent the capital stock. The rights attached to these founders' shares are laid down by the articles of association and by agreements.

18.2. Dexia Bank is a limited liability Company of unlimited duration incorporated under Belgian law and registered in the "Régistre des Personnes Morales" under number 0403.201.185, and liable to VAT under the number. BE 403.201.185

Together with Dexia Crédit Local S.A. ("Dexia CL") and Dexia Banque Internationale à Luxembourg, société anonyme ("Dexia BIL"), Dexia Bank forms the important European banking group Dexia ("Dexia"). The combined assets of Dexia amount to EUR 604.564 million at 31st December 2007 .

Dexia Bank's object is to carry on the business of a credit institution and it has in furtherance of its object all the necessary powers, including the power to enter into transactions on financial derivatives. As such Dexia Bank may - for its own account and for the account of third parties - even by intermediary of a natural person or a legal entity, both in Belgium and abroad, undertake any and all activities and carry out all banking transactions including inter alia:

- 1° transactions regarding deposits, credits within the broadest sense, brokerage, stock exchange related operations, launches of issues, guarantees and surety;
- 2° short, medium and long-term credit transactions, sustain investments by provinces, municipalities and organisations of a regional and local character, and likewise investments effected by all public establishments, companies, associations and organisations, which are constituted for regional and local purposes, and which provinces, municipalities and organisations of a regional and local character are authorised to support;
- 3° to further, by means of appropriate credit transactions, the day-to-day operation of the budgets of provinces, municipalities and organisations of a regional and local character, and of all other institutions referred to in 2° above, and likewise the day-to-day management of their concerns, public companies and enterprises.

Furthermore, Dexia Bank may distribute insurance products from third party insurance companies. Dexia Bank may acquire, own and sell shares and participations in one or more companies, within the limits provided for by the legal status of credit institutions.

Dexia Bank is entitled to carry out any transactions of whatever nature, inter alia financial, commercial, including goods and estate, relating directly or indirectly to the furtherance of its object or of such a nature as to facilitate the achievement thereof.

All the provisions of the present article must be interpreted in the broadest sense and within the context of the laws and regulations governing transactions of credit institutions.

19. Material contracts of the Issuer (Annex XI 12.)

There have been no material contracts that are not entered into in the ordinary course of the Issuer's business, which could result in any group member being under an obligation or entitlement that is material to the Issuer's ability to meet its obligation to security holders in respect of the securities being issued.

20. Third party information and statement by experts and declarations of any interest (Annex XI 13.)

20.1. There has been no statement or report attributed to a person as an expert which is included in this prospectus.

20.2. The information regarding the Underlying Value has been sourced from the prospectus of Dexia Equities L Euro 50 (that is available free of charge in all Dexia Bank agencies and can be consulted at www.dexia.be : Sparen & Beleggen / Producten / Fondsen / Aandelenfondsen – Epargner & Investir / Produits / Fonds / Fonds d'actions and from Bloomberg and the Issuer confirms that this information has been reproduced from the Bloomberg screens < ELK3591 LX >. The Issuer also confirms that as far as it is aware and able to ascertain from such information, no facts have been omitted which would render the reproduced information inaccurate or misleading.

21. Documents on display (Annex XI 14.)

Copies of the annual reports dated December 31st, 2007 and of all subsequent annual reports to be published of the Issuer, copies of the articles of association of the Issuer are available free of charge at the office of the Issuer will be available during the entire lifetime of the Warrants.

Additionally, the annual report of the Issuer and of Dexia Group is available on the internet site of Dexia: www.dexia.com. On August 29th, 2008 the results for the 2th Quarter of 2008 of the Dexia Group are published (see Annex 2), this publication is also available on the internet site of Dexia (www.dexia.com).

Annex 1: Exercise Notice

AVIS D'EXERCICE

Je, soussigné(e)

Nom : _____

Prénom : _____

Adresse : _____

titulaire de _____ (nombre) Very Long Term Warrants 50 Series 08-12/2 sur l'action Dexia Equities L Euro 50 Capitalisation:

- déclare par la présente vouloir exercer _____ (nombre) Warrants et donc acheter le total des actions Dexia Equities L EURO 50 Capitalisation auxquelles j'ai droit au prix de < TO BE DETERMINED > EUR (le Prix d'Exercice mentionné dans le Prospectus relatif à l'émission des Very Long Term Warrants Series 08-12/2);

- m'engage à ce qu'à la Date d'Exercice mon compte _ _ _ - _ _ _ - _ _ _ chez Dexia Banque Belgique S.A. soit suffisamment approvisionné pour satisfaire le montant total du Prix d'Exercice, à savoir _____ EUR, plus les frais liés à l'Exercice;

- autorise Dexia Banque Belgique S.A. à prélever le montant total du Prix d'Exercice plus les frais, sur ce compte;

- demande que les Valeurs Sous-Jacentes me soient livrées par inscription en mon dossier-titres numéro _ _ _ - _ _ _ - _ _ _ chez Dexia Banque Belgique S.A.;

- déclare avoir pris entière connaissance des conditions mentionnées dans le Prospectus de Dexia Banque Belgique S.A. relatif à l'émission des Very Long Term Warrants Series 08-12/2.

Fait le _____ à _____

Signature :

UITOEFENINGSFORMULIER

Ik, ondergetekende

Naam : _____

Voornaam : _____

Adres : _____

houder van _____ (aantal) Very Long Term Warrants Series 08-12/2 op het aandeel Dexia Equities L Euro 50 Kapitalisatie:

* verklaar hierbij _____ (aantal) Warrants te willen uitoefenen en aldus het overeenstemmende aantal aandelen van Dexia Equities L EURO 50 Kapitalisatie waarop ik recht heb aan te kopen tegen < TO BE DETERMINED > EUR (de Uitoefenprijs vermeld in het Prospectus van de uitgifte van de Very Long Term Warrants Series 08-12/2);

* verbind mij ertoe dat op datum van de Uitoefening mijn rekening ____ - ____ - ____ bij Dexia Bank België N.V. over voldoende provisie zal beschikken om aan het totaal bedrag van de Uitoefenprijs, namelijk _____ EUR te voldoen vermeerderd met de kosten verbonden aan de Uitoefening;

* geef Dexia Bank België N.V. volmacht om het totaal bedrag van de Uitoefenprijs vermeerderd met de kosten, van deze rekening op te nemen;

* vraag dat de Onderliggende Waarden mij worden geleverd via inschrijving op mijn effectendossier nr. ____ - ____ - ____ bij Dexia Bank België N.V.;

* verklaar volledig kennis te hebben van de voorwaarden die vermeld staan in het Prospectus van Dexia Bank België N.V. betreffende de uitgifte van Very Long Term Warrants Series 08-12/2.

Opgemaakt te _____ op _____

Handtekening :

P R E S S R E L E A S E



Dexia announces a EUR 1,544 million loss in 3Q 2008, an agreement to sell FSA Insurance Business, a sharp refocus on core businesses and a new management team

On November 13, 2008, the Board of Directors of Dexia, chaired by Mr. Jean-Luc Dehaene, reviewed and approved the Group's consolidated financial statements for the third quarter of 2008. It decided to limit its risks related to FSA by (i) entering into a binding agreement to sell the Insurance business of FSA and (ii) containing its exposure to FSA's Financial Products activity through a State guarantee. The Board also approved Dexia's transformation plan presented by its Chief Executive Officer, Mr. Pierre Mariani, and appointed a new management team.

3Q 2008 results highlights

- Dexia reported a net loss of EUR 1,544 million in 3Q 2008, reflecting a major negative impact from the financial crisis of EUR 2,191 million.
- Excluding all crisis impacts, net income was stable at EUR 647 million (group share).
- On YTD basis, net income (group share) amounted to a loss of EUR 723 million.
- Dexia has not made use in 3Q of the IAS 39 amendment which enables banks to reclassify their AFS investment and trading portfolio.
- State guarantees have enabled to overcome the liquidity crisis; EUR 6.0 billion capital injection has reinforced Dexia's solvency ratio, up to 14.5% Tier 1 at the end of September.

Sale of FSA Insurance Business

- Binding agreement to sell FSA Holding ("FSAH") to Assured Guaranty Ltd ("Assured Guaranty"), a bond insurer listed on New York stock exchange
- Financial Products activity excluded from the scope of transaction
- Consideration of USD 361 million in cash and 44.6 million² of newly issued Assured Guaranty shares. Based on Assured Guaranty's closing price of November 13, 2008 (USD 8.10 per share), the transaction results in:
 - A total consideration of USD 722 million
 - A 50% cash / 50% stock consideration mix (up to 75% cash / 25% stock at buyer's discretion before closing)
 - A 24.7% Dexia ownership in Assured Guaranty
- Completion subject to US regulatory and Assured Guaranty's shareholders' approvals.

** Dexia is a listed company. This press release contains information subject to the transparency regulations for listed companies.*

² 44,567,901 shares

Containment of exposure to FSA's Financial Products activity

- Belgian and French States to provide guarantee of the assets of FSA Asset Management ("FSAM")
- Dexia to cover first loss of USD 3.1 billion on top of USD 1.4 billion existing reserves as of Sept. 30, 2008.

Transformation plan highlights

- The Group intends to reduce its risk profile through a significant decrease in trading activities and the run-off of bond portfolios, improving the liquidity situation.
- Dexia's activities will be refocused on core client franchise in Public, Retail & Commercial banking in core markets and selected geographies.
- A program targeting a 15% cost saving has been launched. EUR 300 million initial cost savings have already been identified, with significant savings achievable over 2009.
- The top management team is profoundly renewed, the organization simplified and the governance strengthened.

The social partners will be informed and consulted in due time, at European and at local level, before any decision will be made.

Mr. Jean-Luc Dehaene, Chairman of the Board, said *"I strongly welcome the agreement to sell FSA insurance activity as well as the granting by the Belgian and French States of a guarantee on FSA Financial Products activity, which allow Dexia to drastically reduce its exposure to the US. This guarantee, together with the previous State guarantee on Dexia wholesale funding and the recent capital injection by Dexia's core shareholders enables Dexia to face with confidence this major global financial crisis."*

Mr. Pierre Mariani, Chief Executive Officer and Chairman of the Management Board of Dexia said: *"Amidst an unprecedented financial crisis, we need to tightly manage risks and restore sound business and financial discipline. We must now quickly focus on our core client franchises, reduce group's risk profile and remove unnecessary costs. With the commitment of our teams, the support from our shareholders and the trust from our clients, we can weather this deeply disturbed environment."*

3Q results are further detailed at the end of the present document.

Sale of FSA Insurance Business

Dexia has entered into a sale and purchase agreement with Assured Guaranty Ltd (Assured Guaranty) relative to the sale of FSA Holdings (FSAH), excluding its Financial Products activity.

Through this transaction, Dexia will exit a no longer core insurance business with significant exposure to the US market. At the end of 3Q 2008, the sold Insured Portfolio – net of reinsurance – amounted to USD 425 billion of net par value, of which USD 315 billion was related to public finance and USD 110 billion to asset back securities.

The consideration received by Dexia will be USD 361 million in cash and 44.6 million² of newly issued Assured Guaranty shares. Based on Assured Guaranty's closing price of November 13, 2008 (USD 8.10 per share), the transaction results in: (i) a total consideration of USD 722 million; (ii) a 50% cash / 50% stock consideration mix (up to 75% cash / 25%

² 44,567,901 shares.

stock at buyer's discretion, before closing); (iii) a 24.7% Dexia ownership in Assured Guaranty.

The combined entity will benefit from the highest level of financial solidity among financial guarantors. Assured Guaranty had a market capitalisation of USD 737 million as of November 13, 2008, and is rated AAA (stable) by S&P, Aaa (under review) by Moody's and AAA (stable) by Fitch.

Completion is subject to US regulatory and Assured Guaranty's shareholders' approvals

Goldman Sachs acted as sole financial advisor to Dexia in the sale of FSAH to Assured Guaranty.

Containment of exposure to FSA's Financial Products activity

FSA's USD 16.5 billion Financial Products portfolio, managed by FSA Asset Management ("FSAM"), is excluded from the scope of the sale of FSAH. The Financial Products activity will thus be carved out of the transaction and be put into run-off, under Dexia's ownership.

The Belgian and French States have agreed to provide a guarantee of the assets managed by FSAM. Dexia will cover first loss of USD 3.1 billion above the amount of USD 1.4 billion already reserved for at September 30, 2008. If the losses exceed USD 4.5 billion, the States will be entitled to receive ordinary shares of Dexia or profit sharing certificates. This mechanism will be submitted for approval to a Dexia extraordinary shareholders' meeting.

Dexia will continue to ensure the liquidity of FSAM through the existing USD 5 billion liquidity line.

Dexia's Transformation plan

Reduction of Group's risk profile

The Group intends to reduce its risk profile through the following actions:

- The EUR 164 billion credit spread and public bond portfolios will be put in run-off and centrally managed;
- Proprietary trading activities will be stopped and the value-at-risk limits will be significantly reduced.

In order to improve its short and medium term liquidity, and reduce its balance sheet mismatch, the group already benefits from wholesale funding state guarantee from Belgium, France, Luxembourg and other country mechanisms. It will maximize deposit gathering in all its geographies and adjust its lending business to funding capabilities in each geography.

Priority on core franchises

The organization of the group will be focused on two core client franchises: Public banking for comprehensive banking activities focussed on local public finance clients and Retail & Commercial banking which now includes Retail, Corporate, Private banking as well as Insurance, Asset Management and Investor Services activities.

The Public banking model will be revisited in order to take into account the current market environment and the funding capacities of the group. The group will, from now on, focus on markets combining:

- Strong commercial franchises with direct client relationship and significant cross selling opportunities,

- Appropriate stable or long term domestic funding base,
- Attractive returns based on low risk “local authority” type of environment.

Dexia Retail & Commercial banking activities have demonstrated good resilience during the crisis and have supported the overall group liquidity. Dexia will continue to develop attractive retail, private and commercial banking franchises in Belgium, Turkey, Luxembourg and Slovakia, with stronger focus on attracting customer deposits. Certain developments in retail and private banking not offering attractive return patterns in a context of global liquidity crisis will be discontinued.

Cost savings

To adapt the Group cost base to the challenging market environment, a program targeting 15% cost savings over the next three years has been launched.

EUR 300 million cost savings have already been identified, with major savings already achievable in 2009.

The social partners will be informed and consulted in due time, at European and at local level, before any decision will be made.

New Management Board

In order to simplify and strengthen the group executive management team, the Management Board is renewed and reduced from 10 to 5 key positions:

- CEO & Chairman of the Management Board (M. Pierre Mariani)
- Finance (M. Philippe Rucheton) with responsibilities covering now ALM and investor relations
- Risks management (M. Claude Piret) with a fully integrated risks management line
- Head of the Public Banking Business Line combined with the operational responsibility as CEO of Dexia Credit Local in France (M. Pascal Poupelle).
- Head of Retail & Commercial Banking Business Line combined with the operational responsibility as CEO of Dexia Bank Belgium (M. Stefaan Decraene).

Strengthened governance

In order to improve the Group governance, the Board of Directors has decided to:

- Transform Dexia SA into a bank,
- Split the Audit committee into two Committees: one Accounts Committee and one Internal Control & Risks Committee meeting jointly at least once a year,
- Merge the Remuneration and the Nomination Committees into one single Remuneration and Nominations Committee.

3Q results detailed presentation

- Dexia reported a net loss of EUR 1,544 million in 3Q 2008, reflecting a major negative impact from the financial crisis of EUR 2,191 million.
- Excluding all crisis impacts, net income was stable at EUR 647 million (group share).
- On YTD basis, net income (group share) amounted to a loss of EUR 723 million.

Consolidated statement of income 3Q and 9M 2008

In millions of EUR	3Q 2007	3Q 2008	Variation	9M 2007	9M 2008	Variation
Income*	1,452	315	-78.3%	5,201	3,805	-26.8%
Expenses	-967	-1,055	+9.1%	-2,830	-2,942	+4.0%
Gross operating income	485	-740	ns	2,371	863	-63.6%
Cost of risk	-47	-1,078	x 22.9	-100	-1,854	x 18.5
Impairment on (in)tangible assets	0	-5	ns	0	-12	ns
Tax expense	23	281	ns	-255	361	ns
Net income	461	-1,542	ns	2,016	-642	ns
Minority interests	22	2	ns	70	81	+15.7%
Net income – Group share	439	-1,544	ns	1,946	-723	ns
o/w Impact financial crisis	-216	-2,191		-244	-2,758	
o/w Net income excl. financial crisis	655	647		2,190	2,035	

* Income = interests, fees, and commissions, trading and other income; also mentioned as revenues.

- The EUR 1,544 million 3Q08 loss was driven by EUR 2,191 million losses directly linked to the financial crisis, of which EUR 460 million from FSA and EUR 1,731 million from other credit and market effects.
- Revenues down 78% YoY owing to a EUR 1,606 million impact from the financial crisis. Excluding financial crisis impact, revenues were up 9.1 % YoY.
- Costs up 9.1 % YoY:
 - o 1/3 of cost growth due to restructuring charges
 - o Remaining 2/3 mainly related to business developments
- Cost of risk directly impacted by financial crisis for EUR 994 million. Excluding financial crisis, the cost of risk amounted to EUR 84 million.

Impact of the financial crisis

Financial impact on FSA

In millions of EUR	Revenues (before tax)	Cost of Risk (before tax)	Net income (after tax)
Own credit risk	+178		+115
MTM of insured CDS	-276		-178
Non economic FP impairments	-144		-93
Economic FP impairments	-139		-139
Losses on insured portfolio		-256	-165
Total	-381	-256	-460

Due to the deterioration of the economic and of the mortgage and financial markets environment in the US, FSA strengthened its provisions for a total after tax amount of EUR 460 million:

- Part of it came from the insured portfolio (EUR 165 million, after tax) and is related to the RMBS sector, and more specifically to transactions backed by home equity lines of credit (HELOCs), Alt-A mortgages and option ARMs.
- FSA also established “Other Than Temporary Impairments” for an amount, after tax, of EUR 232 million on certain assets which are held as available for sale in the Financial Products

portfolio.

- In addition, FSA suffered from a EUR 178 million negative after tax mark-to-market effect on its insured Credit Default Swap (CDS) portfolio as a result of a further widening of market spreads.
- These negative impacts were partly offset by a positive mark-to-market adjustment on FSA's own credit risk (EUR +115 million, after tax).

Impact from credit and financial markets

In millions of EUR	Revenues (before tax)	Cost of Risk (before tax)	Net income (after tax)
Losses on Dexia's bond investment portfolio	-538	-282	-741
Collective provision for credit risks	-5	-325	-320
Losses on trading books	-407		-304
KA, DKB and DBS related losses	-177	-115	-267
Insurance – losses and impairments	-140		-138
Client indemnifications & other imp. and trading losses	-111	-6	-94
Securitization related CDS	153		134
Total	-1,225	-738	-1,731

- Dexia's bond investment portfolios were affected by the deterioration in the creditworthiness of some banking counterparties for a total amount, after tax, of EUR 741 million. This amount breaks down into the following: EUR 482 million on Lehman brothers; EUR 188 million on Icelandic banks; EUR 63 million on Washington Mutual and EUR 9 million on Hypo Real Estate. Losses on Lehman Brothers are higher than first expected as a more conservative recovery rate was retained (10%) and as the replacement costs of derivative products proved higher than anticipated due to adverse market conditions.
- Dexia decided to book an after tax EUR 320 million additional collective provision for credit risks. Reduced visibility and adverse credit risk factors led Dexia to adopt a cautious approach and build this additional reserve.
- Dexia's trading books were affected by the unprecedented market turbulences for an after tax amount of EUR 304 million. This is mostly explained by the effect of widening spreads on Treasury & Financial Markets trading portfolios, among which the trading portion of the Credit Spread Portfolio is the largest. Of notice, Dexia did not make use of accounting reclassification options related to the recently adopted IAS 39 amendment.
- An after tax charge of EUR 267 million related to the situation in Central Europe. As disclosed on November 3, the transaction by which Dexia exits from Kommunalkredit

Austria AG and takes full ownership of Dexia Kommunalkredit Bank AG had a net impact of EUR 105 million. In addition, Dexia was affected by a clients related forex loss of EUR 82 million via its Slovakian subsidiary (disclosed on October 28), by a EUR 68 million after tax impact related to 3Q 2008 bond impairments at Dexia's previously 49% held Kommunalkredit Austria and by other items for a total amount of EUR 12 million.

- Insurance operations also booked a number of impairments, mainly on financial bonds and shares, for a total after tax amount of EUR 128 million. With realized gains below realized financial losses, the estimated impact from the financial crisis is estimated at EUR -138 million, after tax.
- A number of smaller negative impacts were also identified as a direct consequence of this exceptional financial crisis for an amount of EUR 94 million, after tax.
- Two securitisation-related CDS had a positive after tax impact of EUR 134 million, as a result of the widening of market credit spreads.

3Q results per business line

All major business lines were impacted by the financial crisis.

Net income 3Q 2008 by business line			
In millions of EUR	Net income (excl. financial crisis)	Impact financial crisis	Reported net income
PWB (excl. FSA)	309	-430	-121
FSA	93	-460	-366
PFS	125	-278	-153
TFM	118	-981	-863
AM	20	-16	4
IS	18	0	18
CA	-36	-28	-64
Total	647	-2,191	-1,544

Public and Wholesale Banking (excluding FSA)

Reported statement of income						
In millions of EUR	3Q 2007	3Q 2008	Variation	9M 2007	9M 2008	Variation
Income	575	485	-15.6%	1,702	1,899	+11.6%
Expenses	-206	-231	+12.3%	-596	-658	+10.4%
Gross operating income	369	254	-31.1%	1,106	1,241	+12.2%
Cost of risk	-12	-288	x 24	-31	-324	x 10.5
Net income – Group share	269	-121	ns	789	645	-18.3%
o/w Impact financial crisis	4	-430		5	-280	
o/w Net income excl. financial crisis	265	309		784	925	

- 3Q08 Net loss resulting from
 - A EUR 430M loss related to the financial crisis, partly offset by EUR 41 M non-recurring items
- Financial crisis effects mainly reflect the situation in Central Europe (KA, DKB and DBS) and a part of the Group's 3Q collective provision for credit risks.
- Excluding crisis impact and non-recurring:
 - Revenues up 9% YoY
 - Costs up 12% YoY due to International developments
 - Operating profit up 6% YoY
 - Cost of risk remained low at EUR 34M
 - Slight increase in net income

In terms of PWB activity:

- Outstanding up 18.5% YoY, due to strong originations during previous years/quarters
- Originations down 23% due to overall liquidity constraints/constrained growth of bond portfolio
- Origination capabilities were refocused on historic markets (+36% in 3Q) and high margin commercial relationships
- Improving asset margins and market shares in France and Belgium

Personal Financial Services

Reported statement of income						
In millions of EUR	3Q 2007	3Q 2008	Variation	9M 2007	9M 2008	Variation
Income	695	518	-25.5%	2,103	1,960	-6.8%
Expenses	-476	-537	+12.8%	-1,391	1,499	+7.8%
Gross operating income	220	-19	ns	712	461	-35.2%
Cost of risk	-19	-159	x 8.3	-47	-200	x 4.3
Net income – Group share	175	-154	ns	565	198	-64.9%
o/w Impact financial crisis	0	-278		0	-278	
o/w Net income excl. financial crisis	175	125		565	476	

- 3Q08 Net loss resulting from:
 - EUR 278 million loss related to the financial crisis
 - EUR 46 million restructuring charges: Russia and Belgium
- Financial crisis effects mainly reflect:
 - Impairments/losses on the Insurance subsidiary investment portfolio
 - Part of the Group's 3Q08 collective provision for credit risks
 - Payment to deposit guarantee in Luxembourg
 - Loss in Slovakia
- Excluding crisis impact and restructuring charges:
 - Revenues up 3% YoY, o/w DenizBank up 34%
 - Costs up 6% YoY, o/w DenizBank up 25%
 - Cost of risk unchanged
 - Net income flat YoY

In terms of PFS activity:

- Customer assets down 5% YoY, as market effects more than offset positive net inflows
- Customer assets down 2% QoQ (mainly due to a negative market effect), but customer deposits base was resilient
- Loans up 15% YoY with double digit growth in all categories
- Strong growth at DenizBank (loans up 55% and customer assets up 24% YoY)

Asset Management

Reported statement of income

In millions of EUR	3Q 2007	3Q 2008	Variation	9M 2007	9M 2008	Variation
Income	68	35	-48.7%	211	159	-24.7%
Expenses	-39	-33	-15.6%	-114	-107	-5.7%
Gross operating income	30	2	-92.1%	97	51	-46.9%
Cost of risk	0	0	ns	0	0	ns
Net income – Group share	26	4	-85.1%	87	45	-48.7%
o/w Impact financial crisis	0	-16		0	-16	
o/w Net income excl. financial crisis	26	20		87	61	

- Volumes under pressure: AuM et EUR 94 billion, down EUR 5.1 billion QoQ (of which EUR 2.8 billion due to a negative market effect)
- Net profit affected by a financial crisis related commercial cost (EUR 16 million, post tax)
- Excluding financial crisis effect:
 - o Asset Management revenues suffered from challenging market context (-25%YoY)
 - o Focus on cost control (-16% YoY)

Investor Services

Reported statement of income

In millions of EUR	3Q 2007	3Q 2008	Variation	9M 2007	9M 2008	Variation
Income	103	101	-1.4%	314	320	+1.9%
Expenses	-74	-76	+3.4%	-209	-223	+6.8%
Gross operating income	29	25	-13.5%	106	98	-7.9%
Cost of risk	1	0	ns	0	0	ns
Net income – Group share	20	18	-9.7%	77	68	-11.9%
o/w Impact financial crisis	0	0		0	0	
o/w Net income excl. financial crisis	20	18		77	68	

- Commercial performance:
 - o Number of funds under administration up 7% QoQ (+11% YoY)
 - o Number of shareholder accounts in transfer agent up 2% QoQ (+18% YoY)
- Assets under administration (USD 2.4 trillion) down 14% QoQ (-16% YoY) due to a significant negative market effect
- Resilient revenue performance; +3.0% YoY at constant exchange rate
- Continued sizeable investments: costs up 6.7% YoY at constant exchange rate

Treasury and Financial Markets

Reported statement of income

In millions of EUR	3Q 2007	3Q 2008	Variation	9M 2007	9M 2008	Variation
Income	25	-606	ns	436	-222	ns
Expenses	-57	-66	+15.6%	-163	-180	+10.7%
Gross operating income	-33	-672	ns	273	-402	ns
Cost of risk	0	-353	ns	0	-353	ns
Net income – Group share	-22	-863	ns	223	-633	ns
o/w Impact financial crisis	-82	-981		-82	-1.048	
o/w Net income excl. financial crisis	60	118		305	415	

- 3Q08 Net loss resulting from:
 - o EUR 981 million loss related to the financial crisis,
 - o EUR 20 million restructuring charge
- EUR 981 million financial crisis related loss mainly reflects:
 - o EUR 741 million loss on bond investment portfolios (Lehman, Icelandic Banks, Washington Mutual, Hypo Real Estate)
 - o EUR301 M negative MtM on trading portfolios and CVA
- Still high contribution of Cash & Liquidity Management until the end of September (EUR 128 million in 3Q)
- Size of CSP portfolio was stabilized
- Costs are stable excluding restructuring charges

Strong solvency

Dexia's solvency ratio improved substantially over the quarter from 11.4% at the end of June 2008 to 14.5% at the end of September.

This marked improvement is entirely due to the EUR 6.0 billion capital increase recently underwritten by Dexia's main shareholders and the French and Belgian States. As also announced on the 30th of September 2008, an additional EUR 0.4 billion Tier 1 capital will be provided by the Government of Luxembourg in the form of convertible bonds. At that point in time, Dexia highlighted that the EUR 6.4 billion Tier 1 capital increase secures a strong solvency for the Group, even when accounting for the impacts from the financial crisis.

Considering the sale of FSA financial guarantee business and the containment of Dexia's exposure to FSA's FP activity, the estimated pro forma Tier 1 ratio is 11 %.

After an important reduction due to market spread changes during 1H 2008, the Group's IFRS total shareholders' equity stabilized at EUR 8.5 billion as of September 2008, despite the EUR 6.0 billion positive impact related to the capital increase. With credit market spreads widening substantially during the 3Q of 2008, accumulated Other Comprehensive Income (OCI) deteriorated from EUR -7.0 billion at end of June 2008 to EUR -11.5 billion at end of September 2008 (Dexia did not make use of accounting reclassification options related to the recently adopted IAS 39 amendment).

Core shareholders' equity, which excludes accumulated Other Comprehensive Income, was EUR 20.1 billion at end of September 2008.

Shareholders' equity and solvency				
	Dec 2007	June 2008	Sept.2008	Variation in 3 months
Core shareholders' equity (EUR m)	16,112	15,639	20,089	+28.5%
Total shareholders' equity (EUR m)	14,525	8,604	8,547	-0.7%
Tier 1 capital (EUR m) *	14,549	13,843	18,741	+35.4%
Total weighted risks (EUR m) *	159,383	121,670	129,400	+6.4%
Tier 1 ratio *	9.1%	11.4%	14.5%	
Net assets per share				
- Core shareholders' equity (EUR)	12.87	13.07	11.18	
- Total shareholders' equity (EUR)	11.51	6.99	4.63	

* Basel I applied as of Dec 2007; Basel II applied as of June and Sept. 2008.

OUTLOOK 4Q

4Q reported results will be adversely impacted but solvency will remain strong:

- Dislocation of financial markets in the beginning of 4Q
- IAS39 amendment to be implemented in 4Q
- Sale of FSA Inc. and containment of Financial Products
- Increased cost of funding:
 - o Market deteriorations since end of 3Q
 - o Additional costs linked to State guarantees
- Beginning of scaling down of activities/portfolios
- Additional restructuring charges

Annex 3: Description of the Underlying Value and the index

1) Description of the the Underlying Value

a) General description of the Underlying Value

The Underlying Value is the Dexia Equities L Euro 50 Capitalisation (ISIN code: LU0012091087 – Bloomberg Code: ELK3591 LX). The information regarding the Underlying Value has been sourced from the prospectus of Dexia Equities L Euro 50 (that is available free of charge in all Dexia Bank agencies and can be consulted at www.dexiainvestor.be : Producten / ICB / Aandelenbeveik - Produits / OPC / SICAV d'actions). The Issuer confirms that this information has been partly reproduced from the Bloomberg screens < ELK3591 LX >. The Issuer also confirms that as far as it is aware and able to ascertain from such information, no facts have been omitted which would render the reproduced information inaccurate or misleading.

Dexia Equities L Euro 50 is a compartment of Dexia Equities L, a UCITS incorporated under the laws of Luxembourg. The assets of this compartment consist mainly of a portfolio of variable-yield securities, mainly shares, convertible bonds and warrants issued for the most part by European companies and traded on the stock exchanges of those countries. At least two thirds of the net assets of the portfolio of this compartment are invested in equity-type transferable securities included in the Dow Jones EURO STOXX 50[®] index, although they are not themselves indexed. Two-thirds of the net assets will always be invested in euro-denominated securities on these markets.

The compartment may also hold, on an ancillary basis, cash or money market instruments whose residual maturity does not exceed 12 months.

b) Historical evolution of the Underlying Value



Source: Bloomberg

	<i>HIGH (in EUR)</i>	<i>LOW (in EUR)</i>
<i>1 January 1999 – 31 March 1999</i>	579.20	529.89
<i>1 April 1999 – 30 June 1999</i>	596.89	552.60
<i>1 July 1999 - 30 September 1999</i>	612.44	544.27
<i>1 October 1999 – 31 December 1999</i>	742.99	554.78
<i>1 January 2000 – 31 March 2000</i>	857.50	694.09
<i>1 April 2000 – 30 June 2000</i>	834.95	756.97
<i>1 July 2000 - 30 September 2000</i>	827.75	760.75
<i>1 October 2000 – 31 December 2000</i>	779.46	703.84
<i>1 January 2001 – 31 March 2001</i>	727.53	588.84
<i>1 April 2001 – 30 June 2001</i>	694.85	610.36
<i>1 July 2001 - 30 September 2001</i>	655.56	444.26
<i>1 October 2001 – 31 December 2001</i>	585.33	493.06
<i>1 January 2002 – 31 March 2002</i>	584.96	523.03
<i>1 April 2002 – 30 June 2002</i>	575.16	452.06
<i>1 July 2002 - 30 September 2002</i>	487.56	338.82
<i>1 October 2002 – 31 December 2002</i>	413.73	332.16
<i>January 2003</i>	390.71	333.57
<i>February 2003</i>	350.90	318.07
<i>March 2003</i>	347.33	285.44
<i>April 2003</i>	365.53	314.64
<i>May 2003</i>	369.59	346.39
<i>June 2003</i>	393.06	368.28
<i>July 2003</i>	392.43	369.09
<i>August 2003</i>	405.26	380.28
<i>September 2003</i>	412.33	372.95
<i>October 2003</i>	400.73	379.31
<i>November 2003</i>	413.75	399.95
<i>December 2003</i>	428.25	412.31
<i>January 2004</i>	449.95	432.12
<i>February 2004</i>	456.20	437.43
<i>March 2004</i>	460.52	420.30
<i>April 2004</i>	452.37	433.36
<i>May 2004</i>	439.77	413.77
<i>June 2004</i>	444.89	424.08
<i>July 2004</i>	440.21	413.80
<i>August 2004</i>	425.95	406.58
<i>September 2004</i>	439.84	423.65
<i>October 2004</i>	446.24	430.17
<i>November 2004</i>	458.97	448.58
<i>December 2004</i>	463.46	453.41
<i>January 2005</i>	468.06	458.59
<i>February 2005</i>	484.96	471.79
<i>March 2005</i>	489.21	475.56
<i>April 2005</i>	484.47	460.83
<i>May 2005</i>	490.91	464.48
<i>June 2005</i>	504.90	491.40
<i>July 2005</i>	529.78	503.63
<i>August 2005</i>	536.15	512.03
<i>September 2005</i>	543.50	519.58
<i>October 2005</i>	549.35	514.17
<i>November 2005</i>	550.36	526.62
<i>December 2005</i>	572.86	554.39
<i>January 2006</i>	583.46	559.68
<i>February 2006</i>	603.57	581.09
<i>March 2006</i>	610.51	584.94
<i>April 2006</i>	615.20	595.33
<i>May 2006</i>	613.87	557.64
<i>June 2006</i>	575.31	537.35
<i>July 2006</i>	583.10	550.69
<i>August 2006</i>	604.02	574.14

September 2006	611.35	587.85
October 2006	629.77	607.66
November 2006	642.54	621.04
December 2006	647.18	616.14
January 2007	663.23	642.05
February 2007	674.31	642.85
March 2007	655.70	611.50
April 2007	691.54	654.29
May 2007	717.84	692.26
June 2007	724.34	695.66
July 2007	726.19	673.99
August 2007	695.22	646.85
September 2007	699.94	658.49
October 2007	713.42	694.54
November 2007	703.37	669.97
December 2007	716.75	690.26
January 2008	696.89	578.67
February 2008	621.70	590.15
March 2008	591.67	549.72
April 2008	615.49	603.23
May 2008	630.28	607.68
June 2008	615.02	552.66
July 2008	558.33	519.76
August 2008	565.25	537.12
September 2008	563.28	483.90
October 2008	497.09	360.24
Net Asset Value in EUR (21/11/2008)		350.78
Source: Bloomberg		

2) Description of the index

a) General description of the index

The Dow Jones EURO STOXX 50[®] index represents the performance of 50 companies representing the market sector leaders in the Euro zone. The index is a free float market capitalisation weighted index which captures around 60% of the underlying market capitalisation of the Dow Jones EURO STOXX Total Market[®] Index. Components weightings are based on the number of free float shares, i.e. those shares that are available for trading.

The index was developed with a base value of 1000 as of December 31, 1991.

The index is continuously calculated and quoted.

b) Calculation method and dissemination

The Dow Jones EURO STOXX 50[®] (Pirce EUR) index is calculated with the Laspeyres formula which measures price changes against a fixed base quantity weight.

The formula can be simplified as follows:

$$\text{Index}_t = M_t / D_t$$

D_t = $B_t / \text{Base Value}$ = divisor at time (t)

P_{i0} = the closing price of stock (i) at the base date (December 31, 1991)

q_{i0} = the number of shares of company (i) at the base date (December 31, 1991)

P_{it} = the price of stock (i) at time (t)

q_{it} = the number of shares of company (i) at time (t)

C_t = the adjustment factor for the base date market capitalisation

t = the time the index is computed

M_t = market capitalisation of the index at time (t)

B_t = adjusted base date market capitalisation of the index at time (t)

X_{it}^{EURO} = cross rate: domestic currency in euros of company (i) at time (t) {applies only for companies that are not traded in euros}

Base value = 1,000 for the blue chip indexes and 100 for all other indexes on the base date; i.e. December 31, 1991

The closing value of the Dow Jones EURO STOXX 50[®] index is calculated at 20.00 CET (Central European Time) based on the closing/adjusted price of the shares in the Dow Jones EURO STOXX 50[®] index. If a stock did not trade all day then the previous day's closing/adjusted price is used. The same applies in case of a suspended quotation or stock exchange holiday.

More information is also available on the internet web site: <http://www.stoxx.com/>

c) Revision of the index

Annual review procedure:

(1) Selection List

- For each of the 18 market sectors, the largest stocks in the Dow Jones EURO STOXX[®] index qualify for the selection list until the coverage is as close to, above or below, 60% of the relevant Dow Jones EURO STOXX[®] Total Market[®] Index (TMI) sectorTMs total free float market capitalisation at the end of August, with changes effective on the third Friday in September.
 - All current components of the Dow Jones EURO STOXX 50[®] index.
 - All stocks on the selection list are then ranked by free float market capitalisation.
- In exceptional cases the Supervisory Board could make additions or deletions to the selection list.

(2) 40-60 Rule

The 40-60TM rule is then applied to select the blue chip stocks from the selection list:

- The largest 40 stocks on the list are selected.
- The remaining 10 stocks are selected from the largest remaining current stocks ranked between 41 and 60.
- If the number of stocks selected is still below 50, the largest remaining stocks are selected to bring the total to 50.

In addition, a selection list is also published on the first trading day of every month to indicate possible changes to the blue chip index composition at the next annual review or in case of extraordinary corporate actions.

The free float factors are reviewed quarterly. If the free float weighting of a blue chip component is more than 10% of the total free float market capitalisation of the Dow Jones EURO STOXX 50[®] index at a quarterly review, then it is reduced to 10% by a weighting cap factor that is fixed until the next quarterly review.

d) Composition of the index (as of 1 August 2008)

Ticker	Name
AGN NA Equity	Aegon NV
AI FP Equity	Air Liquide
ALU FP Equity	Alcatel-Lucent
ALV GY Equity	Allianz SE
MTP FP Equity	ArcelorMittal
G IM Equity	Assicurazioni Generali SpA
CS FP Equity	AXA SA
BBVA SQ Equity	Banco Bilbao Vizcaya Argentaria SA
SAN SQ Equity	Banco Santander Central Hispano SA
BAS GY Equity	BASF AG
BAY GY Equity	Bayer AG
BNP FP Equity	BNP Paribas
CA FP Equity	Carrefour SA
SGO FP Equity	Cie de Saint-Gobain
ACA FP Equity	Credit Agricole SA
DAI GY Equity	DaimlerChrysler AG
DBK GY Equity	Deutsche Bank AG
DB1 GY Equity	DEUTSCHE BOERSE
DTE GY Equity	Deutsche Telekom AG
EOA GY Equity	E.ON AG

ENEL IM Equity	Enel SpA
ENI IM Equity	ENI SpA
FORA NA Equity	Fortis
FTE FP Equity	France Telecom SA
BN FP Equity	Groupe Danone
IBE SQ Equity	Iberdrola SA
INGA NA Equity	ING Groep NV
ISP IM Equity	Intesa Sanpaolo SpA
PHIA NA Equity	Koninklijke Philips Electronics NV
OR FP Equity	L'Oreal SA
MC FP Equity	LVMH Moet Hennessy Louis Vuitton SA
MUV2 GY Equity	Muenchener Rueckversicherungs AG
NOK1V FH Equity	Nokia OYJ
RNO FP Equity	Renault SA
REP SQ Equity	Repsol YPF SA
RWE GY Equity	RWE AG
SAN FP Equity	Sanofi-Aventis
SAP GY Equity	SAP AG
SU FP Equity	Schneider Electric SA
SIE GY Equity	Siemens AG
GLE FP Equity	Societe Generale
SZE FP Equity	Suez SA
TIT IM Equity	Telecom Italia SpA
TEF SQ Equity	Telefonica SA
FP FP Equity	Total SA
UC IM Equity	UniCredito Italiano SpA
UNA NA Equity	Unilever NV
DG FP Equity	Vinci SA
VIV FP Equity	Vivendi
VOW GR Equity	Volkswagen AG

Source: Bloomberg

e) Historical evolution of the index



Source: Bloomberg

	<i>HIGH</i>	<i>LOW</i>
<i>1 January 1999 – 31 March 1999</i>	3685.36	3325.56
<i>1 April 1999 – 30 June 1999</i>	3867.89	3573.60
<i>1 July 1999 - 30 September 1999</i>	3971.84	3512.71
<i>1 October 1999 – 31 December 1999</i>	4904.46	3607.72
<i>1 January 2000 – 31 March 2000</i>	5464.43	4500.69
<i>1 April 2000 – 30 June 2000</i>	5434.81	4903.92
<i>1 July 2000 - 30 September 2000</i>	5392.63	4915.18
<i>1 October 2000 – 31 December 2000</i>	5101.40	4614.24
<i>1 January 2001 – 31 March 2001</i>	4787.45	3891.49
<i>1 April 2001 – 30 June 2001</i>	4582.07	4039.16
<i>1 July 2001 - 30 September 2001</i>	4304.44	2877.68
<i>1 October 2001 – 31 December 2001</i>	3828.76	3208.31
<i>1 January 2002 – 31 March 2002</i>	3833.09	3430.18
<i>1 April 2002 – 30 June 2002</i>	3748.44	2928.72
<i>1 July 2002 - 30 September 2002</i>	3165.47	2187.22
<i>1 October 2002 – 31 December 2002</i>	2669.89	2150.27
<i>January 2003</i>	2529.86	2154.53
<i>February 2003</i>	2280.82	2058.97
<i>March 2003</i>	2249.11	1849.64
<i>April 2003</i>	2365.97	2067.23
<i>May 2003</i>	2389.7	2229.43
<i>June 2003</i>	2527.44	2365.76
<i>July 2003</i>	2519.79	2366.86
<i>August 2003</i>	2593.55	2436.06
<i>September 2003</i>	2641.55	2395.87
<i>October 2003</i>	2542.52	2427.06
<i>November 2003</i>	2592.91	2517.38
<i>December 2003</i>	2660.37	2572.70
<i>January 2004</i>	2746.40	2687.39
<i>February 2004</i>	2775.08	2678.48
<i>March 2004</i>	2804.06	2608.38
<i>April 2004</i>	2795.53	2694.18
<i>May 2004</i>	2753.15	2626.96
<i>June 2004</i>	2840.04	2713.29
<i>July 2004</i>	2806.62	2640.61
<i>August 2004</i>	2712.45	2580.04
<i>September 2004</i>	2790.67	2691.67
<i>October 2004</i>	2834.62	2734.37
<i>November 2004</i>	2922.24	2834.03
<i>December 2004</i>	2955.11	2888.02
<i>January 2005</i>	2984.59	2924.01
<i>February 2005</i>	3085.95	3008.85
<i>March 2005</i>	3114.54	3032.13
<i>April 2005</i>	3090.72	2930.10
<i>May 2005</i>	3096.54	2949.09
<i>June 2005</i>	3190.80	3099.20
<i>July 2005</i>	3333.05	3170.06
<i>August 2005</i>	3370.84	3224.10
<i>September 2005</i>	3429.42	3274.42
<i>October 2005</i>	3464.23	3241.14
<i>November 2005</i>	3471.43	3312.45
<i>December 2005</i>	3616.33	3499.40
<i>January 2006</i>	3691.41	3532.68
<i>February 2006</i>	3840.56	3671.37
<i>March 2006</i>	3874.61	3727.96
<i>April 2006</i>	3888.46	3770.79
<i>May 2006</i>	3890.94	3539.77
<i>June 2006</i>	3648.92	3408.02
<i>July 2006</i>	3710.60	3492.11
<i>August 2006</i>	3817.86	3640.60

<i>September 2006</i>	3899.41	3739.70
<i>October 2006</i>	4027.29	3880.14
<i>November 2006</i>	4109.81	3974.62
<i>December 2006</i>	4140.66	3932.09
<i>January 2007</i>	4195.22	4090.88
<i>February 2007</i>	4272.32	4087.12
<i>March 2007</i>	4191.58	3906.15
<i>April 2007</i>	4416.79	4189.55
<i>May 2007</i>	4512.65	4391.87
<i>June 2007</i>	4556.97	4376.42
<i>July 2007</i>	4557.57	4239.18
<i>August 2007</i>	4364.22	4062.33
<i>September 2007</i>	4389.33	4136.45
<i>October 2007</i>	4489.79	4356.24
<i>November 2007</i>	4415.27	4195.58
<i>December 2007</i>	4469.47	4301.34
<i>January 2008</i>	4339.23	3577.99
<i>February 2008</i>	3867.47	3678.16
<i>March 2008</i>	3684.54	3431.82
<i>April 2008</i>	3828.46	3671.28
<i>May 2008</i>	3882.28	3711.03
<i>June 2008</i>	3737.34	3340.27
<i>July 2008</i>	3387.50	3142.73
<i>August 2008</i>	3445.66	3248.92
<i>September 2008</i>	3416.46	3000.83
<i>October 2008</i>	3113.82	2293.05
<i>Closing Level (21/11/2008)</i>		2165.91
<i>Source: Bloomberg</i>		

P R E S S R E L E A S E



Regulated information – Brussels, Paris, September 18, 2008 – 1:30 PM*

Dexia: Lehman-related losses estimated to be around EUR 350 million

As an update to its communication made on September 15, Dexia communicates that it expects its Lehman-related losses to be around EUR 350 million, resulting from:

- ***Risk Exposure on Lehman***
 - EUR 500 million senior bond exposure on Lehman Brothers Holdings Inc., with final economic loss depending on Lehman's liquidating conditions (this amount includes the only direct bond exposure of FSA, Dexia's credit enhancement subsidiary, of USD 6.5 million in its investment portfolio).
 - No bank loans or letters of credit on Lehman Brothers Group
- ***Unwinding of collateralized transactions:***
 - Repo arrangements with Lehman, over-collateralized with good-quality underlying assets, have been unwound and Dexia has therefore no residual exposure on Lehman. Dexia expects to realize no, or no material, losses as a result of liquidating its positions.
 - Dexia holds a portfolio of good-quality assets (super-AAA) as part of a transaction where Lehman had provided protection backed by cash collateral deposited with Dexia (Negative Basis Trade). The unwinding of this trade is expected to result in no, or no material, losses for Dexia.
 - The replacement value of derivative contracts entered into with Lehman is estimated to be about EUR 40-60 million.

* Dexia is a listed company. This press release contains information subject to the transparency regulations for listed companies

P R E S S R E L A S E



Regulated information – Brussels, Paris, September 30, 2008 – 10:15 AM*

Dexia raises EUR 6.4 billion from the Governments of Belgium, France and Luxembourg and from existing shareholders

Concerted action by the three countries and existing shareholders to support Dexia

- **Belgian authorities and Belgian shareholders invest in total EUR 3 billion**
- **The French Government and CDC invest EUR 3 billion**
- **The Luxembourg Government invests EUR 376 million**

Today the authorities of Belgium and France, together with existing shareholders, announce that they have subscribed for an increase of the capital of Dexia at a price per share equal to the average of the closing prices of the Dexia share over the last 30 calendar days, i.e. EUR 9.90.

In addition, the Government of Luxembourg will subscribe for newly-issued convertible bonds for a total amount of EUR 376 million.

The agreement between the parties provides for the following allocation:

- Belgium

- the Belgian federal Government, the 3 Regions and the 3 institutional shareholders have agreed together to jointly invest EUR 3 billion in Dexia SA
 - o The Belgian federal Government invests EUR 1 billion
 - o The 3 Regions invest EUR 1 billion
 - Flanders: EUR 500 million
 - The Walloon region: EUR 350 million
 - Brussels Capital Region: EUR 150 million
 - o The current institutional shareholders invest EUR 1 billion
 - Gemeentelijke Holding NV: EUR 500 million
 - Arcofin CV: EUR 350 million
 - Ethias: EUR 150 million

- France

- The French Government has agreed to invest EUR 1 billion in Dexia SA while CDC will invest a further EUR 2 billion.

- Luxembourg

- The Government of Luxembourg invests EUR 376 million in Dexia Banque Internationale à Luxembourg S.A. in the form of convertible bonds.

EUR 6.4 billion of capital will secure a strong solvency for the Group

Due to the significant deterioration in the business and market environment and the financial distress of a number of financial services companies, Dexia made a careful assessment of its situation and decided to take decisive action and raise EUR 6.4 billion of capital.

Dexia expects its Tier 1 capital ratio at the end of September 2008, before the capital increase, to be above 10%.

The EUR 6.4 billion capital injection will allow Dexia to remain one of the better capitalized banks in Europe even when accounting for potential negative impacts that could arise from:

- Unprecedented market volatility creating potential impacts on marked-to-market securities and risk-weighted assets
- Overall deterioration in the creditworthiness of some banking counterparties -

Further impairments on equity portfolios - Further deterioration in FSA Insured
and Financial Products portfolios

Dexia is finalizing the terms and conditions of its support to FSA's Financial Products business line

In order to continue providing support to FSA's Financial Products liquidity whilst preserving Dexia's position and limiting its exposure, it has been decided that Dexia's USD 5 billion unsecured liquidity line granted to FSA's Financial Products asset management subsidiary would be converted into an equally sized repo facility hence significantly reducing the risk profile of this facility.

In taking the credit risk responsibility, Dexia has also decided that economic losses at FSA's Financial Products asset management subsidiary exceeding the USD 316 million recognized at the end of June 2008 would be compensated by capital injections into this subsidiary that shall under no circumstances exceed USD 500 million. Within that limit, the capital increases will match the amount of additional economic losses net of US corporate tax if and when they occur.

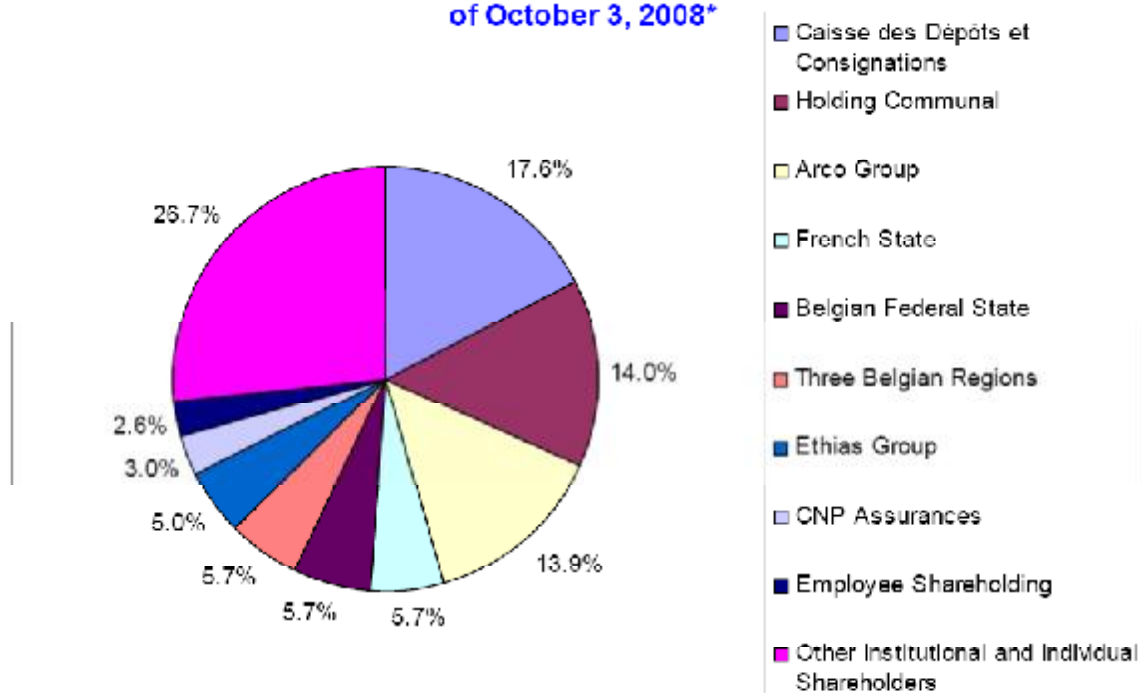
This measure will contribute to the liquidity of the Financial Products portfolios. This will allow to avoid divestments at distressed prices whilst capping Dexia's support and limiting its downside exposure.

Annex 6 : Shareholder structure on October 3, 2008

Shareholding in Dexia [*]	
Belgian Federal State, through <i>Société de Participations et d'Investissement</i>	5.7%
Flemish Region, through <i>Vlaams Toekomstfonds</i>	2.9%
Walloon Region, through <i>FIWAPAC</i>	2.0%
Brussels-Capital Region	0.9%
Holding Communal	14.0%
Arco Group	13.9%
Ethias Group	5.0%
French State, through <i>Société de Prise de Participation de l'Etat</i>	5.7%
Caisse des Dépôts et Consignations	17.6%
CNP Assurances	3.0%
Employee Shareholding	2.6%
Other institutional and individual shareholders	26.7%

^{*} These percentages have been rounded up and are based on shareholding declarations as of June 30, 2008.

Dexia Shareholding Structure after Capital Increase of October 3, 2008^{*}



^{*} These percentages have been rounded up and are based on the shareholding declarations as of June 30, 2008.

Annex 7 : Annual Report of the Issuer
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ANNUAL REPORT 2007

DEXIA BANK



short term has no future

DEXIA

ANNUAL REPORT 2007

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GROUP PROFILE

Dexia is a European bank and the world leader in local public finance. Dexia is one of the top fifteen banking groups in the euro zone with a stock market capitalization of EUR 20.3 billion and more than 35,000 employees in 37 countries as of December 31, 2007.

A UNIQUE MODEL IN THE BANKING SECTOR

■ TWO PILLARS

Dexia's future is built on two pillars: its Universal Banking business in Europe and its world leadership in Public/Project Finance.

Dexia intends to expand its Universal Banking business beyond its traditional markets of Belgium, Luxembourg, Slovakia, and Turkey to become a top-level European player while building upon its global leadership in Public/Project Finance through geographic expansion.

Dexia is confident that it can deliver exceptional operational and financial results, including a dividend per share increase of at least 10% per annum, one of the Group's objectives announced in September 2006.

■ FINANCIAL STABILITY

Dexia has vigorous yet prudent growth plans, which adhere to its core values for managing risk and maintaining financial stability. The Group maintains the highest standards for underwriting, risk management, operational discipline and product performance.

Dexia has one of the highest credit ratings in the banking industry. The Group's principal banking entities – Dexia Cr dit Local, Dexia Bank and Dexia BIL – are all rated AA/Aa1/AA+; three of Dexia's European subsidiaries issue Triple-A rated secured bonds; and FSA one of the world's three largest bond insurers is a Triple-A rated company (recently affirmed).

■ LONG-TERM COMMITMENT TO GROUP VALUES

Dexia has made a long-term commitment to the needs and well-being of its customers, the harmonious development of society, protection of the environment and sustainable growth. Dexia expresses its unique corporate culture through its motto – short term has no future – which describes our approach to the conception and the management of our business lines. Dexia's actions and goals are driven by:

- **Ambition** to constantly improve operational and financial performance while adhering to our social and environmental values.
- **Respect** for all, including customers, shareholders, employees, suppliers, and other stakeholders in our businesses.
- **Passion** for innovation that allows us to meet our goals while contributing to society.

DEXIA'S BUSINESS LINES

■ PUBLIC/PROJECT FINANCE AND CREDIT ENHANCEMENT

Over the last decade, Dexia has become the world leader in Public/Project Finance. Dexia operates in more than 30 countries including France, Belgium, Italy, North America, Mexico, Germany, Spain, the UK, Scandinavia, Switzerland, Austria, Slovakia, Poland, Romania, the Czech Republic, Australia, Israel, Bulgaria, Hungary and Japan.

Dexia meets the financing needs of local public authorities and other public services through direct loans, signed commitments, liquidity guarantees and the purchase of their securities. Dexia offers its customers a full range of products that include structured loans and debt management.

Dexia deploys its know-how to project finance across the globe while adhering to highly selective policies in line with the Group's risk-management standards. Dexia focuses on transportation, environmental and other essential infrastructure as well as the renewable energy sector. The Group finances corporate borrowers in countries where it is active in Universal Banking, such as Belgium, Luxembourg, Turkey and Slovakia.

Through its U.S. subsidiary Financial Security Assurance (FSA), Dexia provides credit enhancement for municipal bonds, infrastructure projects and asset-backed securities. Today FSA occupies a dominant position in the U.S. municipal bond insurance market.

■ PERSONAL FINANCIAL SERVICES

Dexia is a leading European retail bank offering a wide range of banking and insurance services to more than six million customers – from individuals to small and medium-sized companies – in Belgium, Luxembourg, Slovakia and Turkey.

Dexia is one of the top retail banks in Belgium and Luxembourg and has a local bank in Slovakia. Dexia's DenizBank is the sixth-largest privately owned bank in Turkey. Dexia Insurance Services supplies all the life and nonlife insurance products sold in the retail networks of the Group in Belgium and Luxembourg, as well as in France.

Dexia is also a major private banking services provider through various entities, including joint ventures, principally in Belgium, Luxembourg, Spain, Switzerland and Denmark.

■ TREASURY AND FINANCIAL MARKETS

Dexia's principal businesses give the Group a strong presence in the capital markets, where it funds and manages the Group's balance sheet and structures sophisticated products and solutions for clients of the various business lines. The Treasury and Financial Markets business segment generates substantial earnings in addition to providing support to the entire Group.

■ ASSET MANAGEMENT

Dexia Asset Management is a top-tier asset manager in Europe with a complete range of investment vehicles from traditional and alternative funds to socially responsible investments, an area in which Dexia is a leader in Western Europe. Dexia specializes in the management of mutual funds and institutional and private mandates.

Dexia Asset Management operates through offices in Brussels, Luxembourg, Paris and Sydney, and via locally organized client relationship teams throughout Europe, the Middle East and Australia.

■ INVESTOR SERVICES

RBC Dexia Investor Services was created in 2006 as a joint venture with Royal Bank of Canada to offer its expertise in global custody, fund and pension administration and shareholder services to institutions around the world. The company ranks among the world's top-10 global custodians and does business in fifteen countries on four continents.

DEXIA'S KEY FIGURES AT DECEMBER 31, 2007

Balance-sheet total	EUR 604.6 billion
Net income – Group share	EUR 2,533 million
Earnings per share	EUR 2.18
Tier 1 ratio	9.1%
Return on equity	17.8%
Cost-income ratio	55.6%

KEY FIGURES FOR DEXIA BANK

CONSOLIDATED STATEMENT OF INCOME – KEY FIGURES				
(In millions of EUR)	31/12/06	31/12/07	△	Evolution 2007/2006
Income	3,052.2	2,887.4	(164.8)	-5.4%
Expenses	(1,776.6)	(1,735.7)	(40.9)	-2.3%
GROSS OPERATING PROFIT	1,275.6	1,151.7	(123.9)	-9.7%
Cost of risk	(38.4)	(60.1)	21.7	56.5%
NET INCOME – GROUP SHARE	1,157.2	1,046.7	(110.5)	-9.5%
KEY RATIO'S				
Profit margin ^(a)	38.0%	36.4%		-1.6%
Cost-income ratio ^(b)	58.2%	60.1%		1.9%
Return on equity (ROE) ^(c)	26.5%	22.5%		-4.0%
KEY RATIO'S – UNDERLYING				
Cost-income ratio ^(b)	63.9%	62.9%		-1.0%

(a) The net income as a percentage of totale income.

(b) The ratio between the expenses and the income.

(c) The ratio between the annualized net income – Group share and the weighted average core shareholders' equity (estimated dividend for the period deducted).

CONSOLIDATED BALANCE SHEET – KEY FIGURES

(in millions of EUR)

	31/12/06	31/12/07	△	Evolution 2006/2007
TOTAL ASSETS	254,424	264,698	10,273	4.0%
Of which				
Loans and advances to customers	83,545	80,206	(3,339)	-4.0%
Loans and securities	69,773	80,673	10,900	15.6%
TOTAL LIABILITIES	247,556	259,312	11,756	4.7%
Of which				
Customer borrowings and deposits	66,536	76,079	9,543	14.3%
Debt securities	21,991	26,820	4,830	22.0%
TOTAL EQUITY	6,868	5,386	(1,482)	-21.6%
Of which				
Core shareholders' equity	5,527	5,430	(97)	-1.8%
Total shareholders' equity	6,414	5,199	(1,215)	-18.9%
EQUITY RATIO'S				
Tier 1 ratio	8.6%	8.1%		-0.5%
Capital adequacy ratio	10.2%	9.4%		-0.9%
Risk-weighted assets	57,267	62,373		5,106

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MANAGEMENT REPORT

CORPORATE GOVERNANCE

COMPOSITION OF THE MANAGEMENT BOARD AND THE BOARD OF DIRECTORS^(a)

■ MANAGEMENT BOARD

Chairman

Stefaan Decraene

Members

Ann De Roeck
Benoît Debroise
Dirk Gyselinck
Marc Lauwers
Roger Leyssens
Jean-François Martin
Dirk Vanderschrick

■ BOARD OF DIRECTORS^(b)

Chairman

Marc Deconinck
Mayor of Beauvechain

Vice-Chairmen

Pierre Richard
Chairman of the Board of Directors of Dexia

Jozef Gabriels
Mayor of Genk

Members

Stefaan Decraene
Chairman of the Management Board of Dexia Bank

Ann De Roeck
Member of the Management Board of Dexia Bank,
Secretary General, responsible for the Legal and Tax Depart-
ments, the Department for Wealth Analysis & Planning and the
Secretary General division, Public Affairs and Participations

Benoît Debroise
Member of the Management Board of Dexia Bank,
responsible for Treasury & Financial Markets

Dirk Gyselinck
Member of the Management Board of Dexia Bank,
responsible for Financial Services to the Public, Social and
Corporate Sectors

Marc Lauwers
Member of the Management Board of Dexia Bank,
responsible for Personal Financial Services

Roger Leyssens
Member of the Management Board of Dexia Bank,
responsible for Human Resources Management

Jean-François Martin
Member of the Management Board of Dexia Bank,
Chief Financial Officer and responsible for Risk Management

Dirk Vanderschrick
Member of the Management Board of Dexia Bank,
Chief Operations Officer, responsible for IT, Operations, Facility
Management & Organization

Rik Branson
Former Chairman of the Management Board of Group Arco

Wivina Demeester
Former Municipal Councilor for Zoersel, Consultant

Bruno Flichy
Director and Honorary Chairman of Crédit du Nord

Jacques Guerber
Vice-Chairman of the Management Board of Dexia

Thierry Jacques
President of the Christian Workers Movement

Patrick Janssens
Mayor of Antwerp

^(a) Composition at January 1, 2008.

^(b) Article 2 of the law of August 6, 1931 (Belgian Gazette of August 14, 1931) prohibits ministers, former ministers and ministers of state, and members or former members of legislative chambers from mentioning their titles in deeds or publications relating to profit-making undertakings.

Marc Justaert

President of the National Federation of Christian Mutual Benefit Societies

Serge Kubla

Mayor of Waterloo

Patrick Lachaert

Municipal Councilor for Merelbeke

Bernard Lux

Chancellor of the University of Mons-Hainaut

Axel Miller

Chief Executive Officer and Chairman of the Management Board of Dexia

Claude Rolin

Secretary General of the Confederation of Christian Trade Unions of Belgium

Tony Van Parys

Municipal Councilor for Ghent

Herman Van Rompuy

Professor

Jean-Jacques Viseur

Mayor of Charleroi

As at January 1, 2008 Dexia Bank is managed by a Board of Directors comprising twenty-six members, eight of whom also serve on the Management Board. The Board of Directors applies the general policy as adopted at the level of the Group.

The day-to-day management of the bank is entrusted to the Management Board whose members also sit on the Board of Directors.

The organizational structure of the Dexia Group is founded on three pillars:

- a strong decision-making centre at the level of the Group, which ensures a unity of management and action as well as rapid decision-making;
- solid, locally-based business units that are close to their customers and have a strong market presence and that have a specific mandate to carry out the strategy of the Group bearing in mind the social interests of the company;
- a framework which makes it possible to exploit to the full all the skills available within the Group wherever they may be and without overlap and thereby to achieve a substantial improvement in the efficiency of the Group.

Within Dexia Bank the Executive Committee was transformed into the Management Board with effect from February 28, 2007. The Management Board is composed of eight members (Stefaan Decraene, Chairman, Ann De Roeck, Benoît Debroise, Dirk Gyselinck, Marc Lauwers, Roger Leyssens, Jean-François Martin and Dirk Vanderschrick).

CHANGES IN THE COMPOSITION OF THE BOARD OF DIRECTORS AND THE MANAGEMENT BOARD

At the Extraordinary General Meeting on January 31, 2007, Mr. Jean-Jacques Viseur was confirmed as a director of Dexia Bank, replacing Mr. Benoît Drèze who had resigned on June 14, 2006.

Messrs. Frank Beke, Louis Bril and Loïc Le Masne de Chermont resigned as directors of the bank on respectively January 1, 2007, February 5, 2007 and February 28, 2007. In agreement with his family, the term of office of Mr. Antoine Duquesne was terminated on February 28, 2007.

The new Management Board of the bank was established on February 28, 2007. The Management Board has eight members: Stefaan Decraene, Ann De Roeck, Benoît Debroise, Dirk Gyselinck, Marc Lauwers, Roger Leyssens, Jean-François Martin and Dirk Vanderschrick. Mr. Stefaan Decraene has been chairman of this committee since January 1, 2006.

On February 28, 2007, Messrs. Axel Miller, Jacques Guerber, Xavier de Walque and Rembert von Lowis resigned from the Management Board of the bank. Messrs. Axel Miller and Jacques Guerber continued to hold their seats on the Board of Directors of the bank as non-executive directors representing the shareholders of Dexia.

Messrs. Axel Miller, Jacques Guerber, Patrick Janssens, Serge Kubla and Patrick Lachaert were appointed directors by the Extraordinary General Meeting of March 8, 2007 for a maximum four-year renewable term of office ending at the close of the Annual General Meeting of 2010.

Mrs. Ann De Roeck and Messrs. Benoît Debroise, Dirk Gyselinck, Marc Lauwers, Roger Leyssens, Jean-François Martin and Dirk Vanderschrick were definitively appointed directors of Dexia Bank by the Extraordinary General Meeting of March 8, 2007 for a maximum four-year renewable term of office ending at the close of the Annual General Meeting of 2010. The terms of office of Mrs. Wivina Demeester and Messrs. Marc Deconinck, Pierre Richard, Jozef Gabriels, Stefaan Decraene, Bruno Flichy, Rik Branson, Thierry Jacques, Marc Justaert, Bernard Lux, Claude Rolin, Tony Van Parys and Herman Van Rompuy were extended by the Extraordinary General Meeting of March 8, 2007 for a renewable term ending at the close of the Annual General Meeting of 2010.

AUDIT COMMITTEE

The Audit Committee, set up on December 18, 2002, is an advisory subcommittee of the Board of Directors consisting of three directors who are not allowed to be members of the Management Board of Dexia Bank.

The Board of Directors appointed Mr. Bruno Flichy as Chairman of the Audit Committee with effect from January 1, 2006.

Since January 1, 2006, the members of the Audit Committee have been

Chairman

Bruno Flichy

Members

Marc Deconinck
Herman Van Rompuy

The Audit Committee assists the Board of Directors in its task of exercising general prudential supervision and control.

REMIT AND POWERS

Financial Reporting

The Audit Committee monitors the integrity of the financial information provided by the company, in particular by evaluating the accounting standards used and the criteria governing the scope of the consolidation. It also oversees the follow-up of regular financial information before its publication.

In 2007 the Audit Committee reported to the Board of Directors on the consolidated financial results of Dexia Bank at December 31, 2006 and June 30, 2007. After evaluating the comments made by the management of the bank and the auditors, the Audit Committee delivered a positive recommendation to the Board of Directors regarding the financial results and the factors influencing them.

Internal audit and risk management

At least once a year the Audit Committee examines the efficiency of the internal audit and risk management systems set up by the executive management to ensure that the main risks (including the risks linked to compliance with current legislation and regulations) are identified and properly managed and that a report thereon is submitted to it. During 2007 the Audit Committee took note of the reports on court actions, the activities of the Compliance Department, the activities of Audit and Supervision and the inspection report on the compliance function by the Banking, Finance and Insurance Commission. In 2007 speeches were also given on the following projects and/or subjects: Basel II, MiFID, dematerialization of securities, operational risk management and the management of liquidity within the bank.

The Audit Committee examined the risks described in these reports and forwarded its opinions thereon to the Board of Directors.

Internal audit

The Audit Committee assesses the operational efficiency and independence of the internal audit division. The Audit Committee also verifies the extent to which the management reacts to the findings of the audit department and its recommendations. In 2007 the Audit Committee examined and approved the 2006 internal audit report, the 2007 half-yearly internal audit report and the 2007 audit plan.

External audit

The Audit Committee verifies that the auditors carry out their external audits satisfactorily. The Audit Committee makes recommendations to the Board of Directors regarding the appointment or re-appointment of auditors by the General Meeting and regarding their independence and pay. The Audit Committee monitors the independence of the auditors and their auditing programs.

OPERATION OF THE AUDIT COMMITTEE

The Audit Committee can require to be shown any information or supporting evidence and can carry out any inspection whatever. To that end it relies on the internal audit department of Dexia Bank which reports to the Management Board.

In 2007 the Audit Committee met four times. Those meetings were held before the dates of meetings of the Board of Directors at which the Board examined the half-yearly or financial statements.

NEW BANKING LAW

The Law of May 15, 2007 brought certain major amendments to the banking law with respect to the definition of the responsibilities of the effective management and the statutory administrative bodies of credit institutions in order to provide an adequate system of internal supervision.

Specifically, Article 20 (§ 3 and 4) introduces legal obligations on all credit institutions to establish an adequate management structure, an adequate system of internal supervision, an adequately independent internal audit function, an adequately independent compliance function and an adequate system of risk management.

To guarantee the proper functioning and development of the Dexia Group, the Management Board of the Group and the Management Boards of all the business units in the Group, including Dexia Bank, have the power to establish and maintain an adequate system of internal supervision.

Applying the vision and strategy of the Group, the Dexia Finance Group has established a uniform and integrated audit function with a network of auditing departments in the different business units within a framework that meets the strictest rules and which is consistent for all of Dexia's activities. More specifically, the audit function was reorganized in January 2007 involving, in practical terms, the establishment of an integrated methodology and audit plan.

The remit of the audit function is to promote internal supervision and to ensure constantly that existing auditing systems operate effectively and that they are efficiently applied.

Internal audit verifies that the risks that Dexia Bank takes in the framework of all its activities are duly identified, analysed and covered.

EXTERNAL ACTIVITIES OF DIRECTORS – ARTICLE 27 § 2) OF THE LAW OF MARCH 22, 1993 ON THE STATUS AND SUPERVISION OF CREDIT INSTITUTIONS

Pursuant to the Banking, Finance and Insurance Commission Regulations approved by the Royal Decree of July 19, 2002 on the pursuit of external activities by bank directors, Dexia Bank is required to disclose any external positions held by its directors and senior managers. Dexia Bank has chosen to publish such positions in the bank's Annual Report, which is deposited with the National Bank.

BOARD OF AUDITORS

The audit of the bank's financial situation and financial statements has been assigned to a Board of Auditors comprising two firms of company auditors:

- PricewaterhouseCoopers, Company Auditors, SCCRL. PricewaterhouseCoopers used to be represented by Mr. Robert Peirce who was succeeded on April 25, 2007 by Mr. Joseph Steenwinckel as a permanent representative of PricewaterhouseCoopers;
- Deloitte, Company Auditors, SC s.f.d. SCRL, represented by Mr. Joseph Vlamincx.

In 2007, PricewaterhouseCoopers was paid EUR 144,705 for exceptional services or special assignments carried out on behalf of Dexia Bank. This was made up of remuneration for tax advice (EUR 45,000) and payment for other services (EUR 99,705).

Deloitte received a total of EUR 78,480 during the course of 2007 in payment for exceptional services or special assignments carried out at the behest of the bank (other services).

Deloitte also received fees amounting to EUR 17,087 for tax advice given to Belgian companies linked to Dexia Bank or to its foreign subsidiaries, broken down in the table below.

For the remuneration paid for exceptional services or special assignments carried out by PricewaterhouseCoopers on behalf of Belgian companies linked to Dexia Bank or of its foreign subsidiaries, see the Annual Report of Dexia SA, since PricewaterhouseCoopers also has a seat on the Board of Auditors of Dexia SA.

The current term of office of the auditors of the bank filled by Deloitte and PricewaterhouseCoopers, ends with the Annual General Meeting on April 30, 2008.

On January 30, 2008 the Board of Directors decided to submit to the approval of the Annual General Meeting of Dexia Bank on April 30, 2008 a resolution no longer to work with a Board of Auditors and merely to renew for a period of three years the term of office of Deloitte, represented by Messrs. Frank Verhaegen and Bernard Demeulemeester, as auditor of Dexia Bank.

COMPLIANCE

Several measures taken in 2006 as part of the fight against money laundering and the funding of terrorism were implemented in 2007. Work was continued on the development of the ERASE computerized monitoring system to help detect possibly suspect transactions: new detection criteria were established, existing criteria were refined and technical aspects were fine-tuned and upgraded. The Customer Acceptance Policy was also computerized and a Compliance Risk Profile was calculated in respect of each new and existing customer. The e-learning module on money laundering was taken up on a massive scale by the employees of the bank.

The Compliance division also made considerable efforts in the context of MiFID. The implementation and achievement of the obligations within the bank were closely monitored and new procedures were drawn up regarding conflicts of interest and personal transactions by employees.

On-going attention to the harmonized approach to compliance at the level of the Group has led to the launching of a "Whistle-blowing" procedure.

FEES PAID IN 2007 BY SUBSIDIARIES OF DEXIA BANK TO DELOITTE FOR TAX ADVICE

(Amount in EUR)

Tax advice

Eurco Ltd	5,687
Eurco Re Ltd	9,200
Eurco Finance Unlimited	2,200

ACTIVITY REPORT

ECONOMIC AND FINANCIAL ENVIRONMENT IN 2007

In 2007 the Belgian economy recorded a growth of 2.6%, a decline on the growth achieved in 2006 (2.9%). Over the past five years it was the first time that the rate of growth of the Belgian economy had fallen below that of the Euro zone as a whole (+2.7%). The European economy was solidly sustained by expansion in Germany and Spain (+2.6% and +3.6% respectively) which broadly compensated for the disappointing growth in France and Italy (1.9% and 1.7% respectively). World growth, which worked out at 5%, reflected the consistently good performances of the growth poles and in particular the Asiatic countries (among them China at +11.3%) despite limited growth in the United States (+2.2%), its lowest since 2001.

The substantial rises in oil, cereal and raw material prices, far beyond anything seen before, forced a slowdown in economic growth that was visible from the summer of 2007. The leap in inflation that occurred in the autumn was spectacular mainly because of the basis effect (fall in the price of oil a year before) and the difficulty of central banks to apply stricter monetary policies. It was the international liquidity crisis, itself the result of the American "subprime" crisis, that ignited the initial spark. Inflation rose to over 4% in the United States and to over 3% in the Euro zone and Belgium. The notable rise of the euro against the dollar to almost 1.50 and the increase in imports of substantially cheaper products from China and other Asiatic countries made it possible to stifle the surge in inflation in Europe. Fortunately inflation was not exacerbated by accelerated increases in wages, thanks to the favorable progress of the labor market.

The liquidity crisis brought about a rise in short-term interest rates on the interbank market because of the high level of mistrust that developed between the banks. A lack of transparency over possible losses in marketing and investments in

various derivatives based on securitized American "subprime" mortgages obliged the central banks to play to the full their role as a "lender of last resort". To do that they embarked upon major liquidity-management operations and reduced or stabilized their base rates (both in the United States and in the Euro zone). The rise in short-term interest rates brought not only higher funding costs for the banks but also a rise in short-term lending rates. The flight to quality of investors resulted in a fall in the long-term interest rate. This offset to a certain degree the fall in bank profitability but also made long-term borrowing cheaper. Since there was no shortage of credit, the impact on the world economy was fairly limited.

The high level of consolidation, albeit undermining the confidence of European and Belgian company heads, prepared the economy for a soft landing. The fall in the growth of industrial production was very limited because the dynamic flow of exports made it possible to resist the firmness of the euro and the cooling off of the American economy. The new outlets towards the Asiatic countries, the oil exporting countries of the Middle East and the growth poles of Central Europe boosted company exports. Those who anticipated globalization made substantial investments following the publication of sizeable profits achieved through delocalization of part of their production, which made it possible to cut production costs and/or develop proactive marketing strategies in the growth poles. In Belgium the deduction of notional interest also had a beneficial effect.

Consumer confidence held up fairly well. Spending nevertheless remained under pressure because of the rise in energy and food prices and because of tax measures (in Germany and Italy for example). The strong rise in the number of jobs, the relatively low savings ratio and the moderate wage increases sustained consumer spending. The building of residential housing and the property market lost their shine as long-term interest rates rose, above all during the first half of the year, and after the explosion of prices in previous years.

The fact that the economy is still in a relatively good shape has resulted in a substantial rise in tax revenue for the Belgian taxation authorities, particularly from VAT and excise duties but also from increased company tax pre-payments. Expenditure was kept under control by a government that could only act as a care-taker administration because of the length of time it took to form a new government. The absence of any extraordinary income from, among other things, the sale of buildings led to a small budget deficit of -0.1% of GDP in contrast to the target of +0.3%.

The BEL20 fell by -5.9% following the serious reversals suffered by the banking sector in the wake of the liquidity crisis that engulfed the stock market from the middle of July. The heavy weighting of the three big banks in the BEL20 was one of the main reasons for the collapse of the index which in 2006 had recorded a return of +23.6%. Most big stock exchanges managed nonetheless to close the year with a modest profit of +5 to +10%. The German DAX-Xetra index itself managed a rise of +22.3%.

The signs are that 2008 will fall prey to a slowdown in the growth following a further decline in the American economy (up 1.9%) resulting from the crisis in the property market and the residential building sector as well as from the fallout from the high base

rate (5.25%) until the middle of 2007. In the Euro zone growth will hover around the +2% mark as the world economy slows down, the euro remains very expensive in terms of US dollars and the European Central Bank (ECB) refuses to cut its base rate (4% since the summer of 2007) in order to contain what it considers as a still excessively high rate of inflation. Belgium is also threatened by a slowdown in growth to +1.9%, not only because of the international environment, but also because of the absence of any firm government socio-economic policy which, as things stand at the moment, remains dependent on progress being achieved with the institutional reforms.

The liquidity crisis will without doubt continue to hold back the economy for several months to come, though there could soon be a cut in the short-term rate of interest. Once the crisis is over, the central banks will be able to concentrate on getting inflation back under control. There seems to be no immediate prospect of inflation flaring up again given the likely fall in raw material prices in the wake of the economic slowdown. There should therefore be nothing to prevent the yield curve from reverting to normal, thanks to stable, if not lower, short-term rates and a gradual rise in long-term rates.

THE PRINCIPAL ACTIVITIES OF DEXIA BANK IN 2007

■ PUBLIC, SOCIAL AND CORPORATE SECTOR

Dexia Bank today leads the market in the provision of financial services to the public and social sectors and in project finance and corporate banking. This position is based essentially on the long-term relationship that the bank has been able to develop with its customers and on its capacity for on-going renewal of the range of products and services it offers. This vast range enables the bank to satisfy the ever more complex needs of its customers by offering tailor-made services and multi-service lending products or structured loans, capital solutions, insurance and investment products, debt management and short-term cash management facilities, etc.

Public and social sector

2007, being the first year of the new legislature, did not see any genuine recovery in demand for new funding by local authorities. Total new long-term loans granted by Dexia Bank in 2007 to local government amounted to EUR 1,115 million. Thanks to the exemplary efforts by a Public Finance network made up of commercial staff spread throughout the country, Dexia Bank was able to maintain its leading position on the market with a market share of some 78%.

Other public sector customers were also able to rely on the bank, which granted a total of EUR 1,464 million to finance new projects. Worth highlighting is the funding provided for a new telecom operator which sought to launch its business at regional level, and for a para-federal agency of the energy sector which obtained the finance required to operate on the international markets.

The social sector took out new funding contracts worth a total of EUR 515 million.

At December 31, 2007 the total volume of outstanding long-term loans granted to the public and social sectors by Dexia Bank and its subsidiaries amounted to EUR 28.6 billion, up 7% on the previous year. At the end of 2007 the total volume of outstanding short-term loans to these sectors amounted to EUR 3.5 billion.

At the end of 2007 public and social sector sums on deposit and assets under management amounted to EUR 12.6 billion, up 21% on the position at the end of 2006.

With regard to insurance products, the professional and integrated approach to customers resulted in a growth of over 20% in premiums paid by public sector customers throughout the year as a whole, amounting to a total of EUR 55 million.

In 2007 too, Dexia Bank made several major advances in the improvement of the range of products and services it offers to the public and social sectors. In addition to its general banking services, customers welcomed the introduction of decision support tools in the field of assistance, information needs and training. In line with Dexia's vision of sustainable development, Dexia Bank focuses mainly on structural problems which, if they are not sufficiently addressed in the near future, risk compromising the financial balance of the public authorities and institutions in the social sector. The "Energy Line" and "People Line" programs thus contain among other things proposals for solutions which the authorities and institutions can apply with a view to achieving a responsible consumption of energy and for managing the consequences of an ageing population.

With the "IT Line" the bank has rationalized its full range of electronic services to the public and social sectors. This is a field in which the bank has been ahead of the market for over ten years. Customers appreciate this approach as can be seen from the 800 users of the "PaPyRus" application for managing dematerialized documents which, in legal and security terms, have the same value as their paper-based versions. "Dexia Immoline" offers local authorities and social institutions solutions that enable them to manage their extensive real-estate assets in the most efficient manner possible.

For institutions in the health sector (hospitals, rest homes, institutions for the care of the handicapped) Dexia Bank has specifically developed tailor-made financing systems as part of the VIPA (*Vlaams Infrastructuurfonds voor Persoonsgebonden aangelegenheden* – Flemish infrastructural fund for matters linked to persons) alternative funding system. The first applications for funding made by the Flemish care institutions under this new system of subsidies were entrusted to Dexia Bank. The bank is also a major partner in the provision of alternative funding through the CRAC (*Centre régional d'Aide aux communes* – Regional centre for assistance to municipalities) account for local government supra-municipal investments in the hospital sector in Wallonia. The approved lending companies in the social housing sector, whose funding since 2007 has been guaranteed by the Flemish Community, have appointed Dexia Bank as the sole financier of their loans. As part of the current restructuring of French-speaking university institutions, a partnership has been concluded with the bank which has been

able to offer the Belgian market original and novel solutions for large scale financing projects.

Dexia Bank enhanced its reputation in 2007 as an expert in financial information for local government. The brochure entitled *"What is at stake financially for new local councils"* provided the newly elected representatives with information on the principal issues that will have financial repercussions on local government finance during the new municipal legislature. With the *"New socio-economic typology of municipalities"* the bank has updated its ten-year-old classification of Belgian local councils into categories that are as homogeneous as possible on the basis of a broader set of socio-economic criteria. The distribution offers a framework within which it is possible to show a growth dynamic of groups of municipalities which operate under similar socio-economic conditions. That dynamic can have serious consequences for the issues confronting local government and the availability of funding to finance certain strategic options.

By adding a "Rest-Home" section to the annual financial analysis of institutions in the social sector (MARA or Model for Automatic Resthome Analysis) in collaboration with the two Flemish umbrella organizations, Dexia Bank has again enhanced its expertise in this widely disparate sector.

Corporate sector

Innovation and diversification in Corporate Banking, combined with a solid approach to customers, are the basic ingredients in the bank's success in developing business in the different segments of the market. The creation of new products as presented in an innovative "Energy Line", the search for diversification in debt management and the introduction of appropriate web applications for electronic banking for corporate customers are a few examples of such innovation.

Initiated last year, the commercial approach adopted by Dexia Bank and its subsidiaries (which consists in integrating a system for coordinating information and commercial experience into the Strategic Account Plans) made a substantial contribution in 2007 to the 110% (EUR 4.6 billion) rise in the volume of new long-term financing contracts concluded.

As regards Structured & Project Finance, Dexia Bank was able to use its experience and expertise in the financing of large-scale national and international infrastructure projects. In Belgium the bank acted as the sole Mandated Lead Arranger (MLA) for a EUR 111 million arrangement of long-term debt for C-Power to finance the first phase of the construction and running of the wind farm off the Belgian coast. "Project Finance Magazine" awarded the project its "Deal of the Year 2007" prize. In collaboration with three other MLAs, Brussels Airport was granted credit lines amounting to EUR 1.6 billion to replace its existing credit facilities of EUR 1.1 billion. In this way Brussels Airport will be able to fund a series of infrastructural projects, among them the new "Brucargo West" freight space.

Large financing projects were also undertaken with other MLAs in the harbor infrastructure sector, notably the Maher Container Terminals in the port of New York and the Carrix on the west coast of North America. Dexia Bank also participated to the tune of EUR 286 million as co-MLA in the acquisition by Benelux Port Holdings of two specialized installations in the handling of bulk merchandise and cargo in general. Dexia Bank consolidated its position in Shipping Finance by a number of funding operations for various Belgian and international shipping companies. The USD 450 million Multi-option credit granted by the bank as lead manager to CSAV, the main Latin-American container operator was nominated the "Most innovative shipping finance deal" of 2007 by Lloyds Shipping Economist.

Within Dexia Corporate Finance, the bank was able to boast several successful operations in such key sectors as electricity supply and property in Belgium, France and Denmark. It intervened as a promoter for the introduction to the stock market of the European tranche of the private placement by the sustainable French energy company "Velcan Energy" for which EUR 20 million were placed with several institutional customers. As senior co-lead manager, it organized the private placement of EUR 153 million in shares of the renewable Danish energy company "Greentech Energy System".

On the Belgian market Dexia Bank intervened as a Joint Global Coordinator for one of the biggest capital increases last year, the Befimmo SPO^(a), the proceeds of which served to finance the acquisition of Fedimmo (Belgian State Sicaf – fixed capital investment fund). The bank was also the financial adviser for the public offering of Dolmen for the purchase of its own shares, a first on the Belgian capital market. Furthermore, Dexia Bank was a co-manager for the placement of Fortis shares when it increased its capital by EUR 13.4 billion (an operation without precedent on the Belgian market), a joint lead manager and a promoter of the capital issue of Quest For Growth (EUR 19.8 million) and co-manager for the retail tranche of the Transics IPO^(b).

Dexia Private Equity contributed to the success of the sale of Indaver, a high-tech company specializing in the sustainable and integral management of waste for public sector enterprises and administrations. However special mention should be made of the EUR 135 million first closure of DG Infra+, the investment fund run by Dexia and GIMV (the Regional Investment Company of Flanders) for infrastructural projects and public-private sector partnerships in the Benelux. At that first closure, several major investors, including Ethias, Holding Communal, SRWI (the Regional Investment Company of Wallonia) and Arcofin, subscribed. The call for funds was launched in September 2007 and will without doubt be definitively closed in the spring of 2008.

The activities of Dexia Real Estate were affected above all by the slowdown in the Brussels office property market. However, that slowdown was offset by the increase in funding operations on the residential market and the support provided by the property-market transactions carried out by Belgian customers in Luxembourg. The prominent position of the bank on the public sector property market in Belgium was confirmed by the delivery of the "Lex" building to the European Council of

(a) SPO: Secondary Public Offering.
(b) IPO: Initial Public Offering.



Ministers and the "D4" building to the European Parliament. The participation in the Scholenbouw Vlaanderen (school buildings of Flanders) tender and the creation of Dexia Immorent in collaboration with Arco, Holding Communal and GVA, are evidence of an active search for alternative building solutions for the local authorities.

■ PERSONAL FINANCIAL SERVICES

Unlike last year, the economy in general and the climate on the financial markets in particular gave rise to a certain degree of gloominess on the part of households and entrepreneurs.

Although kept buoyant at the beginning of the year under the favorable effects of new jobs being created, consumer confidence was seriously shaken in the middle of the year by the liquidity crisis and its repercussion on the stock markets. The savings rate remained stable though relatively low, thus sustaining consumer spending despite the rise in energy and food prices. The building sector sustained a slight setback following the rise in the long-term interest rate, above all during the first half of the year and from the hike in prices. However, both the mortgage market and the business lending market continued to grow unabated.

For Belgian investors 2007 was a year of disappointment. Until May, there was nothing to suggest that the long rise in the stock market prices would ever end. Then the markets were engulfed in the liquidity crisis following the defaults on redemptions of American mortgages, which resulted in the BEL20 sustaining in 2007 its first loss for five years with a fall of 6%. Since then this liquidity crisis has also ended the rising trend in the short-term and long-term rates and caused them to fall.

The weakening of the stock markets and the decline in rates prompted wary investors to look around for suitable returns, thereby enhancing the competition between the banks. Savings accounts have always been less attractive to savers than fixed-term accounts. During the first half of the year until the stock market hit hard times, equity-linked investment products (investment funds and investments in Branch 23 insurance products) had found favor with investors.

The total investments by retail and private banking customers at Dexia Bank amounted at the end of 2007 to EUR 98 billion, a rise of 3.1% on the previous year. Like last year, the main thrust came from the bank's private banking customers. For the second year running, balances on savings accounts fell, settling at EUR 24 billion at the end of 2007, down 8% on the previous year. The relative share of savings accounts in the overall investments of retail customers thus fell to a quarter. During the course of 2007 the basic rate of interest on savings accounts remained unchanged whereas it was only during the month of January – traditionally the month for sales drives on savings accounts – that the growth premium was raised from 0.5 to 2%.

The lack of interest in savings accounts initially benefited term accounts on which the rate of interest, particularly for short periods, increased. As a result fixed-term account balances almost doubled. Savings bonds were not really able to take

advantage of the limited and hesitant increases in rates that were brought in up to the middle of 2007. The cuts in rates applied in August and November 2007 ended up causing a 6% drop in year-end balances as compared with December 2006. To attract investors more to savings bonds, Dexia Bank launched the 5-year DexiaBon with its annual fixed or progressive coupon but allowing the bank the possibility of early redemption (from the payment of the 2nd coupon).

Investment products on which the return depends in whole or in part on the progress of the stock market were affected by the fall in prices, mainly during the second half. At the end of 2007 both the net assets of investment funds and the Branch 23 insurance investment reserves were 8% down on the previous year. However, the 60 structured bonded loans which the bank offered its retail and private banking customers through its Dexia Funding Netherlands subsidiary met with considerable success. Even so, the biggest growth was to be found in investments in Branch 21 insurance products with a guaranteed return, whose reserves increased by no less than 36% in 2007.

In order to establish a long-term sustainable relationship, Dexia Bank aims to achieve a maximum degree of satisfaction among its customers through the range of financial services it offers private individuals and small companies. Which is why the bank adopts the role of partner with its customers in the achievement of their objectives through a range of specific information to enable them to take the right decisions in the complex and ever-developing field of investment. The bank thus invests considerably in the structural aid brought to its agents and sales staff when advising customers and selling the bank's products.

In connection with that, the bank has developed a major new instrument that enables investment advisers to effect an in-depth examination of an investment portfolio when discussing it with the customer. The system takes into account as many of the factors that can influence the customer's present and future financial situation as possible, such as his current assets, his family situation, his chosen investor profile as well as his needs and future projects. These factors make it possible to simulate a typical portfolio best able to respond to the customer's expectations and future needs and, should he wish so, to formulate proposals to steer his portfolio in that direction within the guidelines laid down by the MiFID directives.

In the autumn of 2007 the bank organized no fewer than 360 talks in the framework of the "Dexia Investor Days". These talks, arranged by the sales networks throughout the country and with the collaboration of specialists from the head office, covered certain subjects linked to investment, pension provision, inheritance, and subjects of concern to small and medium-sized businesses (e.g. transfer from a family business). The abundance of information that risks overwhelming the customer is distilled during these talks to its essential and objective points, supplemented by the experienced view of the bank's specialists. These initiatives have been widely appreciated all round, have promoted customer satisfaction and opened up avenues for a proactive approach to customers.

With regard to the problem of pensions in particular, Dexia Bank has put in a lot of additional work to make customers aware of the need to constitute a pension capital in good time. The sales network has been equipped with a simulator which gives the customer an idea of the extra efforts he will have to make to save in order to maintain his desired purchasing power. That capital can be constituted through Dexia Horizon B, a flexible investment fund without any capital guarantee but in which the risk of loss is almost automatically excluded, on the one hand by the long duration and on the other by a gradual shift from holdings in equities to holdings in bonds as the maturity date approaches.

2007 was also a fruitful year for lending. Outstanding loans to retail and private banking customers amounted at the end of the year to EUR 27.7 billion, a rise of 9.4% in one year. As with investment, the main rise (+31%) was to be found in the private banking segment. This favorable development is still dictated by mortgages in a market that has certainly peaked but where competition remains intense. At 10%, the increase in outstanding mortgages in 2007 was slightly down on that of the previous year. The rise in outstanding consumer loans on the other hand was halved to 4%. Loans to small and medium-sized businesses did well, with outstanding loans increasing by 9% in 2007 against 6% in 2006.

The favorable development of business loans shows that Dexia Bank is on the right path to achieving its ambitions in the field of business banking. The main objectives here are to recruit new customers, become their principal banker through cross-sales and persuade them also to entrust their private investments to the bank. SCRLs (limited liability cooperative companies) and the branch network were able to count on the support of some thirty business bankers specializing mainly in approaching business customers, particularly medium-sized companies. Spread throughout the country on a regional basis, they act as direct partners of their business customers and offer them expertise and knowledge beyond that possessed by employees in the branches.

Dexia Business Banking thus takes as its example the success story of Dexia Private Banking (DPB). For several years DPB has been working with more than forty private bankers who approach their private banking customers directly from the regional head offices or indirectly by supporting the sales networks. Such a win-win collaboration between the private bankers and the sales networks bore fruit in 2007 as well. In a market where customers change, where products become increasingly complex and where new competitors emerge, DPB managed to increase its clientele by 8% in 2007. Investments rose by 10% and lending by 30% under highly volatile and less favorable market conditions.

Asset management contracts (discretionary and advisory) saw a sharp rise (23%) in terms of the net value of assets under management. New products enabled DPB to respond to the wishes of new customers. "Dexia Portfolio Advanced" is a new discretionary management contract offering greater flexibility for reacting to changing market conditions. The launching of a new asset-management training program, the Dexia Private Banking Academy, provided a means of continually improving the aptitudes and skills of those responsible for private banking

in the branch networks. For the fact is that specialized and highly qualified employees are still the best weapon with which to address the virulent competition between market operators when it comes to attracting and retaining customers.

The focus on the customer and on customer satisfaction is also the cornerstone of the new range of current account services offered by Dexia Bank. Everything indicates that the customer prefers to carry out his transactions electronically by using a debit or credit card or over the internet. And in so doing, he demands a clear and transparent overall package that enables him to make payments rapidly, simply and in full security both in Belgium and abroad. From now on every retail customer can choose between five current accounts and go for the account with its cards and services that suits him best. The new accounts bear the name of the colour of the card linked to the account and also reflect the range of services that go with it (from Blue for the accounts with all the basic services to Platinum for accounts offering additional services for payments in Belgium and abroad).

Still in the field of payments, Dexia Bank has installed eight new automatic teller machines at Brussels Airport which, with 60,000 to 70,000 people passing through each day, is undeniably a "high traffic point" and is very important for its brand image as a point of access to Brussels and Belgium. From now on one can buy tickets to enter various theme parks and festivals using one's debit card in cashless machines located in those branches that display the Dexia Ticket Shop logo.

In 2007 the number of subscribers to Dexia Direct Net increased by 260,000 – up 35% on the previous year – bringing the total to over a million subscribers. The enormous success of the internet bank was enhanced last year by the extension of the range of transactions that can be carried out on line such as the opening of a pension-savings accounts, the application for a credit card, consultation of the status of loans and obtaining digitalized bank statements.

In the light of the Dexia Group's commitment to sustainable development, Dexia Bank continued to expand its range of green products for its retail customers: eco-housing credit, eco-car credit and variable mileage insurance. The bank aims to limit the direct impact it has on the environment by offering the option mentioned above of requesting bank statements through Dexia Direct Net in digitalized rather than paper-based form and by using electronic signatures for documents in the branches – two measures which produce a considerable saving in paper.

TREASURY AND FINANCIAL MARKETS

Through its activities on the financial markets Dexia Bank aims first and foremost to offer high quality financial products to customers of the different commercial networks. Treasury & Financial Markets (TFM) is also responsible for the dynamic management of the bank's balance sheet putting the working capital allocated to the business lines to work in the best possible manner. TFM activities focus on the preparation and development of new business and the generation of additional revenue for the bank.

These characteristics also lie at the heart of the new organizational structure of TFM. The bank's business on the financial markets has been divided into three groups, which has made it possible to bring together expertise in certain segments of the market. TFM's aim is always to raise and stimulate the customer focus of the business through interaction with other divisions within the business unit.

The first group is Treasury, which is responsible for the financial management of Dexia Bank's balance sheet and includes such departments as Cash & Liquidity Management, ALM Short Term, Long Term-funding and ALM LT. The second group, Market Engineering & Trading (MET), brings together all the expertise in Forex, equities and structured products both for retail customers and for the public sector. The third group, Fixed Income, covers all transactions regarding the Credit Spread Portfolio (CSP), Credit Structuring & Trading (CST), Securitization, Structured Solutions, and Sales & Modeling.

The multi-annual strategy for TFM ("TFM +") fits in perfectly with this new organizational structure and is intended to enable TFM to make a greater contribution towards the income of the Dexia Group. The aim is to make the most of the bank's skills in these activities, such as its knowledge of particular assets, its capacity for "origination" through its branch networks, its technological and innovative strength and the management of its balance sheet. At the same time the IT infrastructures of all the dealing rooms of the Dexia Group match each other in the best possible manner, thereby making it possible to adopt an effective and integrated front-to-back approach to transactions.

The creation of Dexia Investment Company (DIC) in 2006 provided the bank with a skills centre for its long-term ALM investments. In 2008 DIC will become the Dexia Group's only skills and investment centre for the Group's long-term ALM investments in EUR.

In 2007 the TFM activities of the London branch were integrated into Dexia Bank, the main task being to develop funding activities in sterling within Cash & Liquidity Management and ALM Short Term. In a second stage, Sales & Equity business will also be launched and developed in London.

In the field of securitization Dexia also carried out various transactions in 2007. Using a synthetic securitization transaction, the bank was able to pass on the risk on a 3 billion USD portfolio of ABS (Asset Backed Securities). A second transaction related to public sector loans. A EUR 1.7 billion portfolio was transferred to Dexia Municipal Agency with a view to generating finance through the issuing of hedged bonds. Lastly, Denizbank also raised funds by issuing ABS notes based on the future cash flows to Turkey that pass through Denizbank accounts from abroad.

In order to meet its long-term funding needs, the bank issued a total of EUR 3.4 billion in structured bonded loans either itself, or through its subsidiary Dexia Funding Netherlands (DFN). 70 of the 78 issues were launched by DFN. 60 issues were sold through the bank's branch network and placed with its retail and private banking customers.

■ SUPPORT ACTIVITIES

Human resources management

In 2007 Dexia again earned its position as a quality employer on a labor market characterized by an increasing shortage in terms of quality and quantity – a labor market in which job seekers no longer look for job security but rather work security, in a culture that holds that changing jobs is both stimulating and rewarding.

Thanks to an effective recruitment strategy and the promotion of internal mobility, Dexia has ensured it is able to respond in the best possible way to the demographic deficit facing the Belgian banking sector in the years to come.

In 2007 Dexia continued its active policy of recruiting professionals through Job Days and launched the Dexia Young Graduates Academy. Through this concept, it endeavors to attract young high-caliber graduates and prepare them via an 18-month training program within the bank to take over from part of the generation who are scheduled to leave in 2009. In 2007 it recruited over 350 professionals, and 70 young graduates began the training program. In addition to its active recruitment campaigns, Dexia Bank also benefited from the increasingly high attendance at university forums and job fairs (Carreerlaunch, Talentum, etc.). For the highly targeted profiles (IT, TFM), it conducted specific campaigns on particular websites, using testimonies by professionals from these sectors.

The awarding in 2007 to Dexia of the label "Top Employer CRF" and the "Randstad Award" as best employer in the Belgian banking sector underlines its position as a top-quality employer.

Apart from the active recruitment policy, internal mobility also received the attention it required in 2007. Targeted campaigns were used to make employees aware of the benefits of mobility for developing skills. In 2007 no fewer than 305 employees decided to take on jobs in another division and 1,120 employees changed jobs within the same division in order to broaden their professional horizons and improve their knowledge and technical skills.

Dexia Bank is able to rely on transparent and constructive collaboration with the social partners in the different negotiating bodies.

With regard to systems of pay, Dexia Bank played a pioneering role in the Belgian banking sector. A new system of remuneration for executives which is no longer based on salary scales but related to the performance of employees, was the principal feature of the Columbus II agreements. These agreements were signed on June 29, 2007 by the management and the social partners and include, in addition to this new pay system for executives, a convergence premium for ex-Artesia, ex-Bacob and Dexia-new employees, a uniform payment date for executives and staff and the extension of the collective labor agreement on job guarantee.

Dexia Bank also prides itself on being an innovative company when it comes to reconciling work with family life. Apart from the conventional measures which have been taken to achieve a better balance between professional life and private life (pay policy initiatives, time management and leisure), Dexia Bank launched the WINGS (Women Innovating NetworkinG Solidarity) women's network on May 24, 2007. The creation of WINGS is part of the women's development plan that Dexia Bank launched in 2004 through the publication of the "White Paper" on the role of women within the Group. The plan consists of several measures which Dexia has taken to encourage and support them in their career development. WINGS aims to give women wings via a forum that will help them be noticed, create opportunities for them and show them to be a strong source of inspiration and innovation.

The first internal seminar for all Belgian female executives in the Dexia Group was held on December 6, 2007 with the aim of making them aware that they can build a career for themselves within Dexia and that they can make that choice for good reasons. One female executive in two took part in this seminar which was carefully prepared within 39 working parties in which over 500 female executives had taken part. The actions identified by these working parties concerned in particular the stimulation of work from home, the creation of a database containing information on childcare possibilities, sickness care and household help, etc. The appointment of a diversity manager at the level of the Group as well as mentors and coaches was also a matter of major concern.

Information technology

In 2007 IT Development supplied quality systems whose total value in round figures amounted to some 100,000 man-days. That high quality was underwritten by the strict approach comprising releases, the precise follow-up of projects in each release and the structured tests carried out both by developers and by users.

The main projects concerned the applications relating to the general legal and regulatory framework of the bank (Basel II, SEPA, MiFID, dematerialization) and the development of products and services for the different business lines (notably credit pooling for structures in the first business line, the development of Customer Intelligence systems, new bank-insurance systems and the extension of functions of Dexia Direct Net for the second business line, the new Cash and Liquidity Management System of the Financial Markets).

For the activities of the back-offices and support units, IT Development has developed a new securities accounts management system, adapted financial reporting on the basis of a "financial intelligence database", integrated the different personnel statuses and improved the processes of human resources management.

IT Development also contributed in various major respects to the centralization of the IT infrastructure within a data processing centre in Luxembourg (Data Centre Consolidation). This included: architectural vision, possible scenarios, communication,

methodology, testing. The Data Centre Consolidation run by DTS (Dexia Technology Services) not only makes it possible to reduce costs, of course, but also to improve control over the IT environment and the quality of IT service.

MiFID

As far as financial instruments are concerned, the year under review was marked by the entry into force on November 1, 2007 of the European MiFID directive (Market in Financial Instruments Directive).

The MiFID directive pursues several aims, in order to:

- ensure greater protection for investors and more particularly non-professional investors;
- ensure greater competition between the order execution platforms;
- facilitate the establishment of banks in other countries of the European Community thanks to the European Passport.

The main parts of the directive concern:

- obligations regarding the knowledge of investors as well as transparency and the information to be given to them;
- obligations to perform transactions at the best price in order to bring best value to the customer;
- new rules on the management of customers' orders;
- requirements in terms of the management of conflicts of interest.

One of the most visible aspects of the directive lies in the obligation on the bank to establish by means of a questionnaire a profile for each of its investor customers in order to be able at any time to offer them the most appropriate advice.

Compliance with the directive has required a major effort on the part of the bank to adapt its IT applications, its communication with its customers and the training of its employees. Over 1,250,000 letters have been sent to the bank's customers to inform them of the practical consequences of the entry into force of the new rules, while over 2,500 employees have received specialized training.

SEPA

A major feature of the Lisbon accord, the aim of which was to increase competitiveness within the EU, was the entry into force of SEPA (Single Euro Payments Area).

Within this Single Euro Payments Area consumers, businesses and any other economic operator can transfer and receive payments in euros within or beyond the borders of a country with the same facility, security and efficiency and under the same conditions, rights and obligations as in their own country. It is the logical next step after the introduction of the euro and it serves the same purpose, i.e. the abolition of payment frontiers within Europe.

Since January 28, 2008, it has become possible to make payments in Europe with the new European standard transfer form. It is this that has effectively kick-started the SEPA.

The project has been closely monitored by different teams within Dexia Bank.

Dexia Bank was one of the first Belgian institutions to inform its wholesale customers via the internet, through road shows, a SEPA brochure and visits to customers. In Belgium Dexia Bank was the first bank to complete the tests with the CEC (exchange and clearing centre) to become SEPA-compliant successfully. Now all customer debit cards include the Maestro functionality, which means that the first condition for being able to move to a SEPA environment has also been met in respect of cards.

In October Dexia Bank was one of the first European banks to sign up to SEPA at the European Payments Council.

GENERAL INFORMATION

EQUITY CAPITAL AND APPROPRIATION OF PROFIT

■ EQUITY CAPITAL

Progress of the capital during 2007

The bank's equity capital amounts to nine hundred and fifty-eight million, sixty-six thousand, two hundred and twenty-five euros and fifty-four cents (EUR 958,066,225.54) and is represented by 359,412,616 registered shares.

The company also has 300,000 registered beneficial shares with no par value.

There was no change in the equity capital of the company during the year under review.

Appropriation of profit

The dividend paid out by Dexia to its shareholders is determined in the light of the growth in earnings and the strategy of the Dexia Group.

Extraordinary dividend

In February 2007 shareholders were paid an extraordinary dividend of EUR 270 million from the reserves and the profit brought forward.

Annual dividend

At the Annual General Meeting on April 30, 2008 the Board of Directors will propose the payment of

- a dividend of EUR 500,000,000.00 to shareholders, of which EUR 499,999,990.26 for Dexia SA, EUR 8.35 for Dexia Lease Services SA and EUR 1.39 for Arcofin SCRL;
- a preference dividend of EUR 9,451,210.80 to holders of beneficial shares.

CHANGES TO THE ARTICLES OF ASSOCIATION

The Articles of Association of Dexia Bank were amended by the Extraordinary General Meeting held on June 18, 2007.

The Board of Directors was given the power to increase the equity of the bank by a maximum of EUR 25 million (otherwise known as the "authorized capital"). In addition changes were made to the provisions contained in the Articles of Association relating to practical organization and the operation of the management bodies of the bank.

Provision was made in the Articles of Association for the possibility of organizing meetings of the Management Board and the Board of Directors by video-conference or audio-conference, as well as for the possibility of convening meetings of the Board of Directors by post, fax or e-mail. To the Article governing the unanimous written decision-making procedure of the General Meeting a clause was added that holders of bonds may be informed of the decisions reached by the meeting of shareholders at the registered office of the bank.

CHANGES IN THE STRUCTURE OF THE GROUP

The main event in 2007 for Dexia Bank was the sale to Laser Cofinoga of its 51% interest in Fidexis.

Fidexis was set up in 1997 at the initiative of Dexia Bank and Laser Cofinoga. It operates in the consumer credit sector, mainly through a network of distributors (Makro, Eldi, ...) and partnerships with independent credit brokers.

Since the possibilities for expanding and developing Fidexis within Dexia were limited, Dexia Bank decided to find a buyer. Laser Cofinoga, which had been a partner in Fidexis for ten years, offered to purchase the shareholding.

Dexia Bank made several investments during the course of 2007 to develop its business, taking interests in the following companies:

- DG Infra+: a private equity fund created jointly with GIMV to invest in small and medium-scale infrastructure projects, PPP (Public Private Partnerships) and primary building projects (i.e. involving the developer's risk) mainly in the Benelux. Dexia Bank also took a shareholding in Infranman, the management company of the DG Infra+ fund.
- Dexia Immovent: an unlisted property company whose aim is to offer local authorities and associated public sector bodies, as well as institutions in the social sector, solutions

for the long-term improvement of the management of their property portfolios.

- Dexia Public Facilities Financing US: vehicle for investment in a US fund for purchasing buildings rented to local authorities.

2007 also saw the creation of Dexia Asset Finance Holding as an umbrella for the subsidiaries operating in the business of asset finance (leasing, car leasing and factoring), and of Dexia Secured Funding Belgium, a company for investment in receivables.

For reasons of operational simplicity, Dexia Bank carried out various operations which contributed towards the simplification of the bank's organization chart. Dexia Bank thus merged the two Luxembourg-based companies Parfipar and BACOB Finance Luxembourg and decided to wind up Dexia Financière and Securifund.

Dexia Bank also sold its holdings in Indaver and Europroject as well as those in the inter-municipal utility companies *Igretec* and *Intercommunale des Eaux du Centre du Brabant Wallon* (IECBW).

Various operations relating to participations in real estate interests included:

- the sale of the holding in Immo Charlotte;
- the purchase of a 24.29% interest in Esplanade 64 (housing and office-building project in Chaussée d'Etterbeek);
- raising of its stake in RAC (the state administration centre).

LITIGATION

The biggest legal actions brought against the bank and/or some of its current and/or former managers concern the Lernout & Hauspie case and the inheritance tax case.

■ LERNOUT & HAUSPIE CASE

Dexia is concerned in various ways with the bankruptcy of Lernout & Hauspie Speech Products (LHSP) and the consequences thereof. This was described in detail in the 2006 Annual Report. Since then, the following relevant events have occurred.

1. Claim on Lernout & Hauspie Speech Products

Dexia Bank has a claim in USD chargeable to the bankruptcy of LHSP for a principal sum of EUR 27,493,196.41 (exchange rate USD/EUR 1.4718) – of which EUR 173,101.09 reserved interests –, for which an impairment has been recorded for EUR 23,043,202.55. The liquidation of LHSP's assets is subject to separate proceedings in Belgium and in the United States.

According to the LHSP Belgian bankruptcy receivers, Dexia Bank and the other unsecured creditors are unlikely to receive any dividend from the Belgian liquidation of LHSP.

2. Claim on Lernout & Hauspie Investment Company

During 2007, the Dexia Bank's outstanding claim on Lernout & Hauspie Investment Company (LHIC) has been reduced to EUR 48,362,014.99 – of which EUR 4,926,788.84 reserved interests – as a consequence of the sale of a participation held by LHIC and pledged in favor of Dexia Bank. An impairment for EUR 46,868,797.65 has been recorded for the remaining claim.

As part of the security for its claim, Dexia Bank still has a pledge on a portfolio of securities owned by LHIC, the value of which is estimated at around USD 1,200,000.

3. Prosecution of Dexia Bank in Belgium

On May 4, 2007, Dexia Bank was summoned, together with 20 other parties, to appear before the Criminal Court of Appeal in Ghent. According to the writ of summons, Dexia Bank is prosecuted as an alleged accessory to the falsification of the financial statements of LHSP (*valsheid in de jaarrekening/faux dans les comptes annuels*) and other related offences among which forgery (*valsheid in geschriften/faux en écritures*), securities fraud (*emissiebedrog/délit d'émission*) and market manipulation (*koersmanipulatie/manipulation de cours*).

The Public Prosecutor alleges in substance that Artesia Banking Corporation (hereafter ABC) aided and abetted LHSP in the creation of fictitious revenue, by granting a USD 20 million loan to Messrs. Lernout, Hauspie and Willaert, whilst ABC allegedly knew that the management of LHSP would utilize these funds for improper revenue recognition. Furthermore, the Public Prosecutor demands the seizure of properties in an amount of approximately EUR 29,000,000.

Dexia Bank considers it has serious grounds for contesting the charges.

Two series of hearings took place in 2007.

The Introductory Hearing started on May 21 and ended on June 26. These hearings only concerned arguments of procedural nature. In an interlocutory judgment of June 26, the Court of Appeal in Ghent rejected part of Dexia Bank's procedural arguments, while others were joined to the Merits.

The hearings on the Merits started on October 1. During those hearings, the Public Prosecutor and the Civil Parties (*burgerlijke partijen/parties civiles*) argued their case. No significant new elements were raised with respect to Dexia Bank. Dexia Bank underlines its innocence in this matter and contests the charges brought against it.

Parties alleging to have suffered losses in relation to the prosecuted offences can make a claim in the criminal proceedings until the last day of the trial. On December 31, 2007, around 12,600 parties had introduced a claim for damages in the criminal proceedings. Dexia Bank is currently reviewing these claims.

The largest claim is the claim of the LHSP Belgian bankruptcy receivers. They are claiming an amount of USD 744,128,638.37 in principal. This claim is in part duplicative of the claims of other civil parties.

Dexia Bank, in its turn, has made a claim as a civil party against Messrs. Lernout, Hauspie, Willaert and Bastiaens and against N.V. LHSP in October 2007, claiming damages for a provisional amount of EUR 2. Dexia Bank's claim is in relation to the losses suffered on its LHSP portfolio (Dexia Bank is still holding 437,000 LHSP shares) and to an amount of EUR 27,493,196.41 owed to it by LHSP under a USD 430 million Revolving Facility Agreement dated May 5, 2000 (Supra B.1.).

4. Civil proceedings against Dexia Bank in Belgium

4.1. LHSP receivers' claim

In July 2005, the Belgian receivers of LHSP filed an action against twenty-one parties, including Dexia Bank, for an indemnity against the net liabilities of LHSP in bankruptcy. According to the receivers' provisional assessment of the claim, the claim would amount to approximately EUR 439 million. This claim, to a large extent duplicative of the claims introduced in the criminal proceedings, is not likely to have any development until after the end of the criminal proceedings because of the principle "*le criminel tient le civil en état*".

4.2. Claims by individuals

Certain civil claims have been filed by groups of investors in LHSP shares against various parties, including Dexia Bank. The main claim was filed by Deminor on behalf of 4,941 investors. The claimants seek damages for their losses, which have not yet been assessed. These claims, to a large extent duplicative of the claims introduced in the criminal proceedings, are not likely to have any development until after the end of the criminal proceedings because of the principle "*le criminel tient le civil en état*".

5. Civil proceedings against Dexia Bank in the United States

5.1. LHSP Litigation Trustee's claim

In 2005 the Litigation Trustee for the LHSP Litigation Trust filed an action against Dexia Bank. The Litigation Trustee seeks to recover damages from Dexia Bank for entering into loan transactions, which he claims amount to aiding and abetting breaches of fiduciary duty by the LHSP Management. He also seeks to disallow or subordinate Dexia Bank's claims in the US bankruptcy proceedings. This action is, essentially, a duplication of the above-mentioned LHSP receivers' claim. The claim is still pending.

5.2. Claims by investors

Following the announcement of Dexia Bank's indictment in Belgium, several civil claims were introduced in the United States against Dexia SA and Dexia Bank arguing that Dexia Bank is liable for the losses suffered by LHSP shareholders.

All these claims have been settled (the NASDAQ class action as well as the Stonington, Baker and TRA/Filler claims) or dismissed with prejudice (the EASDAQ class action).

The NASDAQ class action has been settled for an amount of USD 60,000,000 and has been approved by the court. Dexia Bank has not rendered public the settlements amounts in the other cases since this could seriously harm Dexia Bank's interests. These settlements are not subject to court approval.

6. L&H Holding

On April 27, 2004, the bankruptcy receiver of L&H Holding summoned Messrs. Lernout, Hauspie and Willaert, along with Banque Artesia Nederland (BAN) and Dexia Bank, to pay the principal amount of USD 25 million.

This is connected with a USD 25 million loan granted to Mr. Bastiaens by BAN in July 2000 for the purposes of the acquisition by Mr. Bastiaens of LHSP shares owned by L&H Holding. The former Artesia Banking Corporation (ABC) issued a bank guarantee in favor of BAN for an amount of USD 10 million. The selling price of USD 25 million was credited to three personal accounts opened with BAN by Messrs. Lernout, Hauspie and Willaert. Taking the view that this money was due to L&H Holding, the L&H Holding bankruptcy receiver is claiming its repayment.

Dexia Bank vigorously contests the grounds for these applications.

7. Banque Artesia Nederland

In October 2006, Dexia Bank sold its affiliated company Banque Artesia Nederland (BAN). In the context of this operation, it has been agreed, in essence, that Dexia Bank will bear the financial consequences of the LHSP matter for BAN, capped at an amount equal to the price paid by the purchaser.

Most of the pending proceedings relate to the loan granted by BAN to Mr. Bastiaens (see paragraph 6., above). They include the claim introduced by the receiver of L&H Holding both in the criminal investigation relating to LHSP (in the form of a *burgerlijke partijstelling/constitution de partie civile*) and before the civil court (see paragraph 6., above).

In addition, BAN is involved in a number of proceedings pertaining to Parvest shares acquired by Messrs. Lernout, Hauspie and Willaert with the proceeds of the sale of the LHSP shares to Mr. Bastiaens. The investigating magistrate in the Belgian criminal case, L&H Holding and KBC Bank have all made claims in relation to these shares and proceeded to their provisional attachment in the hands of BAN. In addition, the Luxembourg Court of Appeal issued a decision on July 12, 2006 at the request of Crédit Agricole Indosuez Luxembourg (CAIL) by which BNP Paribas Luxembourg was ordered to deliver the Parvest shares to CAIL by June 30, 2007 or to pay to CAIL the counter value of these Parvest shares on June 30, 2007 if the latter were not delivered to CAIL prior to July 1, 2007. The Luxembourg Court of Appeals condemned BAN to indemnify and hold BNP Paribas Luxembourg harmless against any damage deriving from its condemnation.

As no lifting of the various attachments on the Parvest shares was obtained, BAN paid the value of the Parvest shares to BNP Paribas Luxembourg and Dexia Bank reimbursed this amount (USD 30,039,336.54) to BAN on July 9.

BAN has lodged an appeal against the decision of the Court of Appeal in Luxembourg before the Supreme Court (*cour de cassation*).

Finally, in October 2007, Dexia Bank honored the bank guarantee of USD 10,000,000 in principal issued in favor of BAN (supra, B.6). This resulted in a payment of USD 17,538,614.58 in favor of BAN on October 30, 2007.

8. Provisions and impairments

On December 31, 2007, the exposure of Dexia Bank to the outstanding claims relating to credit facilities granted in the Lernout & Hauspie file amounts to some EUR 75,793,661.71 – of which EUR 5,101,935.02 reserved interests – (see paragraphs 1., 2. and 7.). On the same date impairments for the Lernout & Hauspie file amounted to some EUR 69,912,004.48. Dexia Bank expects to be able to recover the difference in view of the securities provided.

The relevant provisions have been charged to the 2006 financial statements in order to cover the litigation in the US, and hence the settlements concluded in the NASDAQ class action and in the Baker, Stonington and TRA/Filler transactional cases as well as the costs and legal fees related to the whole of the L&H proceedings mentioned in paragraphs B.1. to B.6. above.

Dexia strongly challenges the validity and the merits of all these claims.

As mentioned in the 2006 annual report, Dexia does not disclose the amount of the provisions relating to the US litigation, in general, and, more specifically, to the settlement amounts reached with Stonington, Baker and TRA/Filler since this could seriously harm its right of defense.

INHERITANCE TAX CASE

The inquiry initiated by the judicial authorities on September 28, 1999 into Dexia Bank regarding a possible inheritance tax fraud appears to be over. At the end of March 2004 charges were brought against four former senior managers. However, that does not mean that they are necessarily guilty, and the bank still has every confidence in them.

The bank confirms that it has the necessary internal audit and IT procedures in place to comply with the relevant directives issued by the Banking, Finance and Insurance Commission. There were no major developments in this case during 2007.

This file will be submitted to the chambers (*chambre du conseil/raadkamer*).

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AS AT DECEMBER 31, 2007

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEET

ASSETS (in thousands of EUR)		Notes	31/12/06	31/12/07
I.	Cash and balances with central banks	7.2.	938,245	4,912,969
II.	Loans and advances due from banks	7.3.	80,693,485	79,269,848
III.	Loans and advances to customers	7.4.	83,545,044	80,205,945
IV.	Financial assets measured at fair value through profit or loss	7.5.	15,484,989	16,195,140
V.	Financial investments	7.6.	54,288,491	64,477,908
VI.	Derivatives	9.1.	15,189,000	14,943,021
VII.	Fair value revaluation of portfolio hedge		225,929	(109,849)
VIII.	Investments in associates	7.7.	616,901	628,391
IX.	Tangible fixed assets	7.8.	1,318,279	1,297,492
X.	Intangible assets and goodwill	7.9.	218,953	217,032
XI.	Tax assets	7.10. & 9.2.	243,418	481,021
XII.	Other assets	7.11. & 9.3.	1,616,848	2,149,498
XIII.	Non-current assets held for sale	7.12.	44,590	29,112
TOTAL ASSETS			254,424,172	264,697,528

LIABILITIES (in thousands of EUR)		Notes	31/12/06	31/12/07
I.	Due to banks	8.1.	119,470,433	113,091,738
II.	Customer borrowings and deposits	8.2.	66,536,382	76,079,030
III.	Financial liabilities measured at fair value through profit or loss	8.3.	5,333,071	7,052,683
IV.	Derivatives	9.1.	15,428,478	14,306,907
V.	Fair value revaluation of portfolio hedge		0	0
VI.	Debt securities	8.4.	21,990,958	26,820,484
VII.	Subordinated debts	8.5.	3,139,242	3,087,464
VIII.	Technical provisions of insurance companies	9.3.	12,143,466	14,929,260
IX.	Provisions and other obligations	8.6.	1,002,512	901,613
X.	Tax liabilities	8.7. & 9.2.	186,627	130,903
XI.	Other liabilities	8.8.	2,325,293	2,911,885
XII.	Liabilities included in disposal groups held for sale	8.9.	0	0
TOTAL LIABILITIES			247,556,462	259,311,967

The notes on pages 37 to 128 are an integral part of these consolidated financial statements.

EQUITY (in thousands of EUR)		Notes	31/12/06	31/12/07
XIV.	Subscribed capital	9.7.	958,066	958,066
XV.	Additional paid-in capital		209,232	209,232
XVI.	Treasury shares		0	0
XVII.	Reserves and retained earnings		3,202,512	3,216,186
XVIII.	Net income for the period		1,157,195	1,046,693
CORE SHAREHOLDERS' EQUITY			5,527,005	5,430,177
XIX.	Gains and losses not recognized in the statement of income		886,946	(231,557)
TOTAL SHAREHOLDERS' EQUITY			6,413,951	5,198,620
XX.	Minority interests		27,729	71,916
XXI.	Discretionary participation features of insurance contracts	9.3.	426,030	115,025
TOTAL EQUITY			6,867,710	5,385,561
TOTAL LIABILITIES AND EQUITY			254,424,172	264,697,528

The notes on pages 37 to 128 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF INCOME

(in thousands of EUR)		Notes	31/12/06	31/12/07
I.	Interest income	11.1.	37,929,848	54,832,258
II.	Interest expense	11.1.	(35,967,959)	(52,624,237)
III.	Dividend income	11.2.	118,068	114,550
IV.	Net income from associates	11.3.	122,346	110,329
V.	Net income from financial instruments at fair value through profit or loss	11.4.	78,324	(24,183)
VI.	Net income on investments	11.5.	652,393 ^(a)	270,683
VII.	Fee and commission income	11.6.	486,042	554,590
VIII.	Fee and commission expense	11.6.	(92,595)	(102,000)
IX.	Premiums and technical income from insurance activities	11.7. & 9.3.	3,521,081	4,518,424
X.	Technical expense from insurance activities		(3,735,193)	(4,826,133)
XI.	Other net income	11.8.	(60,115)	63,125
INCOME			3,052,240	2,887,406
XII.	Staff expense	11.9.	(764,379)	(695,280)
XIII.	General and administrative expense	11.10.	(517,308)	(564,856)
XIV.	Network costs		(352,575)	(366,889)
XV.	Depreciation & amortization	11.11.	(142,371)	(108,660)
XVI.	Deferred acquisition costs		0	0
EXPENSES			(1,776,633)	(1,735,685)
GROSS OPERATING INCOME			1,275,607	1,151,721
XVII.	Impairment on loans and provisions for credit commitments	11.12.	(38,391)	(60,065)
XVIII.	Impairment on tangible and intangible assets	11.13.	(1,269)	(1,370)
XIX.	Impairment on goodwill	11.14.	0	0
NET INCOME BEFORE TAX			1,235,947	1,090,286
XX.	Tax expense	11.15.	(74,898)	(37,835)
NET INCOME OF CONTINUING OPERATIONS			1,161,049	1,052,451
XXI.	Discontinued operations (net of tax)		0	0
NET INCOME			1,161,049	1,052,451
Attributable to minority interest			3,854	5,758
Attributable to equity holders of the parent			1,157,195	1,046,693

(a) Of which EUR 280 million result from the sale of Banque Artesia Nederland.

The notes on pages 37 to 128 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGE IN EQUITY

CORE SHAREHOLDERS' EQUITY (in thousands of EUR)	Subscribed capital	Additional paid-in capital	Treasury shares	Reserves and retained earnings	Net income for the period	Core shareholders' equity
AS OF DEC. 31, 2005	958,066	209,232	0	2,902,684	899,408	4,969,390
Movements of the period						
- Issuance of subscribed capital	0	0	0	0	0	0
- Acquisition of treasury shares	0	0	0	0	0	0
- Trading activities on treasury shares	0	0	0	0	0	0
- Sale and cancellation of treasury shares	0	0	0	0	0	0
- Transfers to reserves	0	0	0	899,408	(899,408)	0
- Dividends	0	0	0	(600,000)	0	(600,000)
- Share-based payments: value of employee services	0	0	0	0	0	0
- Variation of scope of consolidation	0	0	0	(7,332)	0	(7,332)
- Other movements	0	0	0	7,752	0	7,752
- Net income for the period	0	0	0	0	1,157,195	1,157,195
AS OF DEC. 31, 2006	958,066	209,232	0	3,202,512	1,157,195	5,527,005

GAINS AND LOSSES NOT RECOGNIZED IN THE STATEMENT OF INCOME (in thousands of EUR)	Gains and losses not recognized in the statement of income				Cumulative Translation Adjustments (CTA)	Total gains and losses Group share
	Subsidiaries held for sale	Securities (AFS)	Derivatives (CFH)	Associates (AFS, CFH and CTA)		
AS OF DEC. 31, 2005	0	1,320,092	1,152	9,101	2,977	1,333,322
Movements of the period						
- Net change in fair value through equity – Available-for-sale investments	0	(215,510)	0	11,125	0	(204,385)
- Net change in fair value through equity – Cash flow hedges	0	0	3,901	0	0	3,901
- Translation adjustments	0	12,349	0	0	(5,544)	6,805
- Variation of scope of consolidation	0	(16,898)	0	3	5	(16,890)
- Cancellation of FV following AFS disposals	0	(235,807)	0	0	0	(235,807)
- Transfers	0	0	0	0	0	0
AS OF DEC. 31, 2006	0	864,226	5,053	20,229	(2,562)	886,946

The notes on pages 37 to 128 are an integral part of these consolidated financial statements.

MINORITY INTERESTS

(in thousands of EUR)

	Core equity	Gains and losses not recognized in the statement of income	Minority interests	Discretionary participation features of insurance contracts
AS OF DEC. 31, 2005	24,844	903	25,747	433,407
Movements of the period				
- Increase of capital	1,847	0	1,847	0
- Dividends	(1,381)	0	(1,381)	0
- Net income for the period	3,854	0	3,854	0
- Net change in fair value through equity	0	(273)	(273)	(7,377)
- Translation adjustments	0	0	0	0
- Variation of scope of consolidation	(2,041)	(24)	(2,065)	0
- Other	0	0	0	0
AS OF DEC. 31, 2006	27,123	606	27,729	426,030
Core shareholders' equity				5,527,005
Gains and losses not recognized in the statement of income attributable to equity holders of the parent				886,946
Minority interests				27,729
Discretionary participation features of insurance contracts				426,030
TOTAL EQUITY AS OF DEC. 31, 2006				6,867,710

The notes on pages 37 to 128 are an integral part of these consolidated financial statements.

CORE SHAREHOLDERS' EQUITY (in thousands of EUR)	Subscribed capital	Additional paid-in capital	Treasury shares	Reserves and retained earnings	Net income for the period	Core shareholders' equity
AS OF DEC. 31, 2006	958,066	209,232	0	3,202,512	1,157,195	5,527,005
Movements of the period						
- Issuance of subscribed capital	0	0	0	0	0	0
- Acquisition of treasury shares	0	0	0	0	0	0
- Trading activities on treasury shares	0	0	0	0	0	0
- Sale and cancellation of treasury shares	0	0	0	0	0	0
- Transfers to reserves	0	0	0	1,157,195	(1,157,195)	0
- Dividends	0	0	0	(1,150,000)	0	(1,150,000)
- Share-based payments: value of employee services	0	0	0	0	0	0
- Variation of scope of consolidation	0	0	0	6,479	0	6,479
- Other movements	0	0	0	0	0	0
- Net income for the period	0	0	0	0	1,046,693	1,046,693
AS OF DEC. 31, 2007	958,066	209,232	0	3,216,186	1,046,693	5,430,177

GAINS AND LOSSES NOT RECOGNIZED IN THE STATEMENT OF INCOME (in thousands of EUR)	Gains and losses not recognized in the statement of income				Cumulative Translation Adjustments (CTA)	Total gains and losses Group share
	Subsidiaries held for sale	Securities (AFS)	Derivatives (CFH)	Associates (AFS, CFH and CTA)		
AS OF DEC. 31, 2006	0	864,226	5,053	20,229	(2,562)	886,946
Movements of the period						
- Net change in fair value through equity – Available-for-sale investments	0	(936,933)	0	661	0	(936,272)
- Net change in fair value through equity – Cash flow hedges	0	0	(25,088)	0	0	(25,088)
- Net change in fair value due to transfers to income – Available-for-sale investments	0	8,652	0	0	0	8,652
- Net change in fair value due to transfers to income – Cash flow hedges	0	0	(2,081)	0	0	(2,081)
- Net fair value gains (losses) transferred to assets or liabilities from cash flow hedges	0	0	0	0	0	0
- Net changes in fair value of associates	0	0	0	(4,783)	0	(4,783)
- Translation adjustments	0	(14,753)	(253)	(1)	(6,352)	(21,359)
- Variation of scope of consolidation	0	(6,198)	3,142	0	0	(3,056)
- Cancellation of FV following AFS disposals	0	(123,390)	0	(11,126)	0	(134,516)
AS OF DEC. 31, 2007	0	(208,396)	(19,227)	4,980	(8,914)	(231,557)

The notes on pages 37 to 128 are an integral part of these consolidated financial statements.

MINORITY INTERESTS

(in thousands of EUR)

	Core equity	Gains and losses not recognized in the statement of income	Minority interests	Discretionary participation features of insurance contracts
AS OF DEC. 31, 2006	27,123	606	27,729	426,030
Movements of the period				
- Increase of capital	10,056	0	10,056	0
- Dividends	(1,284)	0	(1,284)	0
- Net income for the period	5,758	0	5,758	0
- Net change in fair value through equity	0	(12,617)	(12,617)	(296,302)
- Cancellation of FV following AFS disposals	0	0	0	0
- Translation adjustments	0	(16)	(16)	0
- Variation of scope of consolidation	25,782	8,326	34,108	(14,703)
- Other	0	8,182	8,182	0
AS OF DEC. 31, 2007	67,435	4,481	71,916	115,025
Core shareholders' equity				5,430,177
Gains and losses not recognized in the statement of income attributable to equity holders of the parent				(231,557)
Minority interests				71,916
Discretionary participation features of insurance contracts				115,025
TOTAL EQUITY AS OF DEC. 31, 2007				5,385,561

The notes on pages 37 to 128 are an integral part of these consolidated financial statements.

CONSOLIDATED CASH FLOW STATEMENT

(in thousands of EUR)	31/12/06	31/12/07
CASH FLOW FROM OPERATING ACTIVITIES		
Net income after income taxes	1,161,049	1,052,451
Adjustment for		
- Depreciation, amortization and other impairment	154,324	127,625
- Impairment on bonds, equities, loans and other assets	(64,919)	33,496
- Net gains on investments	(532,487)	(333,974)
- Charges for provisions (mainly insurance provision)	2,796,093	3,325,947
- Unrealized gains or losses	207	(25,841)
- Income from associates	(122,346)	(110,329)
- Dividends from associates	78,239	71,095
- Deferred taxes	(69,062)	(42,464)
- Other adjustments	0	0
Changes in operating assets and liabilities	13,183,330	15,250,648
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	16,584,428	19,348,654
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(149,116)	(273,503)
Sales of fixed assets	131,784	216,374
Acquisitions of unconsolidated equity shares	(826,965)	(2,265,014)
Sales of unconsolidated equity shares	983,581	1,663,980
Acquisitions of subsidiaries and of business units	217	(1,884)
Sales of subsidiaries and of business units	147,975	63,666
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	287,476	(596,381)
CASH FLOW FROM FINANCING ACTIVITIES		
Issuance of new shares	1,843	10,056
Issuance of subordinated debts	667,525	241,090
Reimbursement of subordinated debts	(238,561)	(276,905)
Purchase of treasury shares	0	0
Sale of treasury shares	0	0
Dividends paid	(881,457)	(871,284)
NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES	(450,650)	(897,043)
NET CASH PROVIDED	16,421,254	17,855,230
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	43,128,870	59,546,293
Cash flow from operating activities	16,584,428	19,348,654
Cash flow from investing activities	287,476	(596,381)
Cash flow from financing activities	(450,650)	(897,043)
Effect of exchange rate changes and change in scope of consolidation on cash and cash equivalents	(3,831)	(3,092)
CASH AND CASH EQUIVALENTS AT END OF PERIOD	59,546,293	77,398,431
ADDITIONAL INFORMATION		
Income tax paid	(165,956)	(76,089)
Dividends received	196,307	185,646
Interest received	38,940,874	56,169,377
Interest paid	(37,926,778)	(53,469,298)

The notes on pages 37 to 128 are an integral part of these consolidated financial statements.

PROGRESS OF THE CONSOLIDATED BALANCE SHEET AND STATEMENT OF INCOME

PRELIMINARY NOTES TO THE FINANCIAL STATEMENTS

■ CHANGES TO THE SCOPE OF THE CONSOLIDATION

The principal changes made in 2007 relate to the sale of Belstar and Vandewalle assurances, insurance companies and the Fidexis company. The holdings in Dexia Financière and Artesia Italia were liquidated. In addition Dexia Secured Funding Belgium, Dublin OAK and Dexia Immorent were established in 2007. A detailed list of the changes to the scope of the consolidation of Dexia Bank is provided in the Notes to the consolidated financial statements. The major changes that occurred in 2006 related to the sale of Banque Artesia Nederland and the holdings in Banksys and Bank Card Company.

■ EU GAAP

The consolidated accounts of Dexia Bank have been drawn up pursuant to all the IFRS standards as adopted by the European Union.

ANALYSIS OF THE BALANCE SHEET

At December 31, 2007 the **consolidated balance-sheet total** amounted to EUR 264.7 billion, an increase of 4.0% on the total at December 31, 2006, thanks to the expansion of the bank's commercial activities.

■ DEBTS

Deposits by customers and debts represented by securities (savings bonds and certificates, and bonds) amounted to EUR 102.9 billion at the end of 2007 (up 16.2%), accounting for 38.9% of the balance-sheet total.

At the end of 2007 **customer deposits** were worth EUR 76.1 billion, up 14.3% on the previous year. EUR 5.8 billion of that increase was due to the increase in balances on current accounts. **Debts represented by securities** amounted to EUR 26.8 billion (+22%), mainly thanks to new bond issues amounting to EUR 2 billion and deposit certificates worth EUR 3.5 billion. Savings bonds fell by EUR 0.7 billion.

■ LOANS AND ADVANCES TO CUSTOMERS

At December 31, 2007 **receivables from customers** amounted to EUR 80.2 billion (down 4.0%). *Loans to customers* increased by EUR 6.3 billion. There was a fall in global reverse repo contracts.

■ LOANS AND SECURITIES

Pursuant to the IFRS standards as adopted by the European Union, loans and securities are shown together in accordance with the portfolio strategy: held for trading, available for sale, assessed at fair value through the statement of income or held to maturity. The total amount at December 31, 2007 was EUR 80.7 billion of which EUR 79.6 billion was in securities (up 15.5%). That increase is due to a EUR 10.2 billion increase in the position of bonds and to the change in the position of shares, held mainly by insurance companies.

■ DUE TO AND FROM BANKS

Concerning the **interbank assets** (EUR 79,270 million) the decline in fixed-term deposits was partially compensated by the rise in the volume of reverse repo contracts.

Concerning the **interbank liabilities** (EUR 113,092 million) the decline in fixed-term deposits was only partially compensated by the rise in the volume of repo contracts.

■ TOTAL CAPITAL AND RESERVES

At December 31, 2007 the **capital and reserves of the Dexia Bank Group** amounted to EUR 5.2 billion, as against EUR 6.4 billion at December 31, 2006 – a fall of 18.9%.

Total capital and reserves are made up of core capital (capital, issue and contribution premiums, reserves, profit for the year before distribution) plus latent or deferred gains or losses. These represent the fair value of the portfolio available for sale, the fair value of the derivatives for hedging liquid assets and the conversion reserve amounting to EUR -232 million, a considerable drop, due to the fall in bond prices.

CONSOLIDATED BALANCE SHEET

(in millions of EUR)

	Dec. 31, 2006	Dec. 31, 2007	Evolution in % ^(a)
LIABILITIES	254,424	264,698	4.0%
TOTAL LIABILITIES	247,556	259,312	4.7%
Liabilities due to banks	119,470	113,092	-5.3%
Customer borrowings and deposits	66,536	76,079	14.3%
Negative value of derivatives	15,428	14,307	-7.3%
Debt securities	21,991	26,820	22.0%
Subordinated and convertible debt	3,139	3,087	-1.6%
TOTAL EQUITY	6,868	5,386	140.4%
Core shareholders' equity	5,527	5,430	-1.8%
Total shareholders' equity	6,414	5,199	-18.9%
Minority interests	28	72	159.4%
TOTAL ASSETS	254,424	264,698	4.0%
Financial assets due from banks	80,693	79,270	-1.8%
Loans and advances to customers	83,545	80,206	-4.0%
Loans and securities	69,773	80,673	15.6%
Positive value of derivatives	15,189	14,943	-1.6%

(a) Percentages were calculated on the basis of amounts in units.

Tier 1 capital amounted to EUR 5.4 billion, a fall of 1.8% resulting from the profit for the year less the dividend on the net profit for 2006 paid in 2007. **Minority interests** increased by EUR 44 million to EUR 72 million.

tively by EUR 3 and 12 million. The *Net profit on financial instruments at their fair value* fell by EUR 102 million and the *Net profit on investments* fell by EUR 382 million. **Net commissions** rose by EUR 59 million and the *Technical margin on insurance activities* fell by EUR 94 million due to the constitution of a reserve for higher volumes of sales.

ANALYSIS OF THE CONSOLIDATED STATEMENT OF INCOME

■ NET INCOME – GROUP SHARE

The **net income – Group share** amounted in 2007 to EUR 1,047 million, down EUR 110 million (-9.5%) on 2006. The changes in the scope of consolidation from one year to the next account for EUR 18.9 million of that fall. The contribution from extraordinary factors amounted to EUR 189.1 million compared with EUR 323.6 million in 2006 and this represents a fall of EUR 134.5 million. The underlying profit increased by EUR 43 million, or +5.3%.

■ INCOME

Income amounted to EUR 2,887 million in 2007, a fall of EUR 165 million (-5.4%) on 2006. Had the scope remained unchanged, the fall would have been EUR 115 million (-3.8%) over the year.

The fall is the result of a combination of movements up and down. The item *Net interest margin* rose by EUR 246 million. The items *Dividends* and *Net profit by associates* fell respec-

■ EXPENSES

Expenses amounted to EUR 1,736 million in 2007, i.e. -2.3% (EUR 41 million), less than in 2006. They break down as follows:

- Staff costs, which account for around 40% of the total, fell by EUR 69 million (-9.4%) over the year;
- Commissions to the network increased by +4% (or EUR 14.3 million);
- Other costs rose by +9.2% (or EUR 47.6 million);
- Depreciation on tangible and intangible assets fell by -23.6% (or EUR 34.1 million).

The operating ratio came to 60.1%, up on 2006 (58.3%). The underlying ratio was 62.9% (as opposed to 63.9% in 2006).

■ GROSS OPERATING INCOME

The **gross operating income** in 2007 amounted to EUR 1,152 million, down -9.7% on 2006. The underlying profit was up +3.9%.

CONSOLIDATED STATEMENT OF INCOME (in millions of EUR)	Dec. 31, 2006	Dec. 31, 2007	Evolution in % (a)
INCOME	3,052	2,887	-5.4%
Net commissions	393	453	15.0%
EXPENSES	(1,777)	(1,736)	-2.3%
GROSS OPERATING INCOME	1,276	1,152	-9.7%
Cost of risk	(38)	(60)	56.5%
Impairments on (in)tangible assets	(1)	(1)	8.0%
Tax expense	(75)	(38)	-49.5%
NET INCOME	1,161	1,052	-9.4%
Minority interests	(4)	(6)	49.4%
NET INCOME – GROUP SHARE	1,157	1,047	-9.5%

(a) Percentages were calculated on the basis of amounts in units.

■ COST OF RISK

The **cost of risk** (depreciation on loans and provisions for credit risks) amounted in 2007 to EUR 60 million, as opposed to EUR 38 million in 2006.

■ TAX

Taxes (including deferred taxes) amounted to EUR 38 million for 2007, down 49.5% on 2006. This includes extraordinary items (EUR 61.8 million in 2007 and EUR 54.7 million in 2006) without which the underlying tax bill fell from EUR 128 million in 2006 to EUR 100 million in 2007.

■ FOCUS ON THE MAIN EXTRAORDINARY ITEMS

In 2007 the contribution by extraordinary items to the net income – Group share amounted to EUR 189.1 million, as opposed to EUR 323.6 million the year before. The principal changes during the year are shown below.

In terms of income

In 2007 extraordinary items amounted to EUR 127 million as opposed to EUR 271 million in 2006. Among the principal items are to be found the gains realized on the sale of shares.

In terms of costs

In 2007 a cost of EUR +0.3 million was booked for the establishment of Dexia Technology Services.

Taxes on extraordinary items balanced out with EUR 61.8 million in 2007 (as opposed to one of EUR 54.7 million in 2006) mainly as a result of the settlement of disputes with the tax authorities and liquidation losses.

■ OVERALL FINANCIAL PERFORMANCE

The profit margin (the net income – Group share as a percentage of total income) came to 36.4% in 2007 – down on 2006 (38%).

The **return on equity (ROE)** amounted to 22.5% (as opposed to 26.5% in 2006), well below the year before, as a result in part of the impact of extraordinary items.

The **Tier 1 solvency ratio** amounted at the end of 2007 to 8.1% and the **total capital (Capital adequacy ratio) ratio** to 9.4%. These ratios have been calculated on the basis of the consolidated IFRS figures pursuant to the amending decree published in the Belgian Gazette on August 5, 2005 and the decree of the Banking, Finance and Insurance Commission of October 17, 2006. The Tier 1 ratio amounted to 8.6% (and the Capital adequacy ratio to 10.2%) on December 31, 2006. Over that period the volume of risk-weighted assets increased by 8.9%.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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METHODOLOGY

Since January 1, 2005, in the framework of its reporting to Dexia, Dexia Bank has been preparing its Group consolidation package according to the IFRS approved by the European Union and transposed to the Dexia Group in the Dexia International Financial Reporting Standards hereafter. Dexia Bank fully applies these standards except for the specific issues not applicable (for example credit enhancement activity of FSA).

The Royal Decree of December 5, 2004 compels Dexia Bank to publish its consolidated financial statements according to the IFRS approved by the European Union as from December 31, 2006.

The financial statements have been approved of by the Board of Directors on February 27, 2008.

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below.

The common used abbreviations below are:

- IFRIC: International Financial Reporting Interpretations Committee
- ARC: Accounting Regulatory Committee
- EFRAG: European Financial Reporting Advisory Group
- EU GAAP: International Financial Reporting Standards as approved by the EU
- IFRS: International Financial Reporting Standards
- IASB: International Accounting Standards Board

ACCOUNTING POLICIES

■ BASIS OF ACCOUNTING

General

The consolidated financial statements of Dexia Bank are prepared in accordance with all IFRSs as adopted by the EU.

The European Commission carved out some paragraphs of IAS 39 with the objective of enabling European companies to reflect appropriately in their consolidated financial statements the economic hedges they make in the management of their interest-rate risk exposure.

Dexia Bank's financial statements have therefore been prepared "in accordance with all IFRSs as adopted by the EU" and endorsed by the EC up to December 31, 2007 including the conditions of application of interest-rate portfolio hedging and the possibility to hedge core deposits.

Dexia Bank adopted the new accounting rules on January 1, 2005. Dexia Bank is a Dexia SA subsidiary, which is publishing its consolidated financial statements in accordance with the IFRS standards with effect from the year 2005. For 2004 and 2005, Dexia Bank applied the IFRS standards in the same way as Dexia SA.

Dexia Group, including Dexia Bank, decided to apply IAS 32&39 and IFRS 4 as from January 1, 2005, without restating the 2004 comparative information as permitted by IFRS 1.

The consolidated financial statements are stated in thousands of euro (EUR) unless otherwise stated.

Accounting estimates

In preparing the consolidated financial statements, management is required to make estimates and assumptions that affect amounts reported. While management believes they have considered all available information in developing these estimates, actual results may differ from such estimates and the differences could be material to the financial statements.

Judgments and estimates are principally made in the following areas:

- estimation of the recoverable amount of impaired assets;
- determination of fair values of non-quoted financial instruments;
- determination of the useful life and the residual value of property, plant and equipment, investment property and intangible fixed assets;
- measurement of liabilities of insurance contracts;
- actuarial assumptions related to the measurement of employee benefit obligations and plan assets;
- estimation of present obligations resulting from past events in the recognition of provisions.

■ CHANGES IN ACCOUNTING POLICIES SINCE THE PREVIOUS PUBLICATION THAT MAY IMPACT DEXIA BANK GROUP

New IFRS standards, IFRIC interpretations and amendments issued

The IASB published two amendments to the existing standards, which will be both applicable as from January 1, 2009:

- IAS 23 Borrowing Costs, requiring the capitalization of borrowing costs. However, it is expected that this change in accounting policies will not have a material impact on Dexia Bank's net income.
- IAS 1 Presentation of Financial Statements where the impact mainly results in additional disclosure regarding Dexia Bank's economical capital.

The IFRIC issued two interpretations:

- IFRIC 13 Customer Loyalty Program, which will be applicable as from July 1, 2008 but which has no impact on Dexia Bank.
- IFRIC 14, IAS 19 – The limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction, which will be applicable as from January 1, 2008. This interpretation will not have a significant impact as the amount of pension plan assets is limited.

IASB and IFRIC texts endorsed by the European Commission

The European Commission endorsed an IASB standard and two IFRIC interpretations in 2007:

- IFRS 8 Operating Segments, applicable as from January 1, 2009 which will allow to bring the segment reporting in line with the internal management reporting.
- IFRIC interpretation 10 Interim Financial Reporting and Impairment, which is applied by Dexia Bank for its reporting to Dexia.
- IFRIC interpretation 11 IFRS 2 Group and Treasury Share Transactions, which will be applicable for Dexia Bank starting from 2008.

Changes in presentation

First time application of IFRS 7 and the amendment to IAS 1: Presentation of financial statements

On January 1, 2007, Dexia applied for the first time the disclosure requirements for financial Instruments under IFRS 7 and the amendment to IAS 1: Presentation of Financial Statements – Capital disclosures. These standards have no impact on recognition and measurement of financial instruments and no effect on the net result nor on equity.

The new disclosures required under IFRS 7 mainly relate to the nature and the extent of risk exposures. Nevertheless, the application of IFRS 7 has had an impact on several items in the consolidated financial statements.

The application of IFRS 7 implies the addition and the change of several appendices. Moreover, some items of the consolidated financial statements have also been changed:

- in the profit and loss, the item "Net income from financial instruments at fair value through profit or loss" replaces the previous publication item "Net trading income & result of hedge accounting", however, the content of the item did not change;
- accordingly, in the balance sheet, assets measured at fair value through profit and loss, including previously "Loans and securities held for trading" and "Loans and securities designated at fair value" have been added in one item, called: "Financial assets measured at fair value through profit or loss". The same has been done for liabilities.

Reclassification of depreciation on investment property to "XI. Other net income"

Depreciation on investment properties is restated from "Gross operating income" to "Other net income", as from January 1, 2007, in order to match income and related charges on this activity. Previous periods have been restated.

Reclassification of negative basis trade

Dexia Bank reclassified negative basis trade from "Assets designated at fair value" to "Assets held for trading" as it better reflects in its consolidated financial statements the intention of short-term profit taking. Note that the trading book definition in the Capital Adequacy Directive and the Belgian regulation

specifies that positions to lock in arbitrage profits are part of the prudential trading book.

Dexia Bank has applied the principles of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors for the reclassification. This reclassification has no impact on P&L accounts nor in the face of the balance sheet; however this has an impact of EUR 3 billion in the disclosures related to "assets designated at fair value" and to "assets held for trading".

Split of the "Technical margin of insurance activities" in income and expenses

The previous item "Technical margin of insurance activities" has been split in "IX. Premiums and technical income from insurance activities" and "X. Technical expenses from insurance activities". Income of insurance companies is constituted by insurance premiums and technical income (new item IX.) but also by financial net income, generated by financial investments, reported in items I. to VIII. of the statement of income. The part of the policyholders in the total income is transferred in provisions (in the liabilities) via the use of the item "X. Technical expense from insurance activities". Therefore, when the insurance companies receive dividend or realized gain on the sale of financial investments, the technical expense may be higher than the "Premiums and technical income from insurance activities", leading to a negative margin. Dexia Bank decided to split the "Technical margin" in income and expenses in order to allow a better understanding of the insurance activities in the Group.

Harmonization of the classification of off-balance-sheet items

Dexia Bank harmonized the classification of the off-balance-sheet items in 2007. The main reclassifications between items comes from the fact that personal sureties are reported as "guarantees" while real sureties are reported as "commitments". Therefore, assets entrusted or received from third parties are reported as "commitments", as Dexia Bank has to record the commitment to give the asset back.

CONSOLIDATION

Subsidiaries

The consolidated financial statements include those of the parent company, its subsidiaries and special purpose entities (SPE). Subsidiaries and SPE are those entities in which Dexia Bank, directly or indirectly, has the power to exercise control over financial and operating policies.

Subsidiaries are consolidated from the date on which effective control is transferred to Dexia Bank and are no longer consolidated as from the date on which Dexia Bank control ceases. Intercompany transactions, balances and unrealized gains and losses on transactions between Dexia Bank's companies have been eliminated. Intra-Group losses may indicate an impairment that requires recognition in the consolidated financial statements. When necessary, the accounting policies of the subsidiaries have been amended to ensure consistency with the policies adopted by Dexia Bank.

Equity and net income attributable to minority interests are shown separately in the balance sheet and statement of income respectively.

Jointly-controlled entities

A joint venture (JV) is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control. Joint ventures are accounted for via the proportionate consolidation method. In the financial statements, joint ventures are integrated by combination of their share of the assets, liabilities, income and expense on a line-by-line basis.

The same consolidation treatment, as for subsidiaries, is applied for inter-company transactions. When necessary, the accounting policies of jointly-controlled entities have been amended to ensure consistency with the policies adopted by Dexia Bank.

Associates

Investments in associates are accounted for using the equity method. Associates are investments where Dexia Bank has significant influence, but does not exercise control. This is usually the case, when Dexia Bank owns between 20% and 50% of the voting rights. The ownership share of net income for the year is recognized as income from associates and the investment is recorded in the balance sheet at an amount that reflects its share of the net assets including net goodwill.

Unrealized gains on transactions between Dexia Bank and its "equity method investments" are eliminated to the extent of Dexia Bank's interest. Unrealized losses are also eliminated unless the transaction shows evidence of an impairment of the asset transferred. The recognition of losses from associates is discontinued when the carrying value of the investment reaches zero, unless Dexia Bank has incurred or guaranteed obligations in respect of the associates' undertakings. Where necessary, the accounting policies of the associates have been amended to ensure consistency with the policies adopted by Dexia Bank.

■ OFFSETTING FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Financial assets and financial liabilities are offset (and consequently, the net amount is only reported) when Dexia Bank has a legally enforceable right to offset and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

■ FOREIGN CURRENCY TRANSLATION AND TRANSACTIONS

The consolidated financial statements are stated in EUR (functional and presentation currency), the currency in which Dexia Bank is incorporated.

Foreign currency translation

On consolidation, the statements of income and cash flow statements of foreign entities that have a functional currency different from Dexia Bank's presentation currency are translated into Dexia Bank's presentation currency (EUR) at average exchange rates for the year or the period and their assets and liabilities are translated at respective year-end or quarter-end exchange rates.

Exchange differences arising from the translation of the net investment in foreign subsidiaries and associates and of borrowings and other currency instruments designated as hedges of such investments, are recorded as a cumulative translation adjustment within shareholders' equity. On disposal of a foreign entity, such exchange differences are recognized in the statement of income as part of the gain or loss on sale.

Goodwill and fair value adjustments arising from the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and are translated at the closing rate.

Foreign currency transactions

For individual Dexia Bank entities, foreign currency transactions are accounted for using the approximate exchange rate at the date of the transaction. Outstanding balances denominated in foreign currencies at period or year-end are translated at period or year-end exchange rates for monetary items and non-monetary items carried at fair value. Historical rates are used for non-monetary items carried at cost. The resulting exchange differences from monetary items are recorded in the consolidated statement of income; for non-monetary items carried at fair value, the exchange differences follow the same accounting treatment as for fair value adjustments.

■ TRADE DATE AND SETTLEMENT DATE ACCOUNTING

All "regular way" purchases and sales of financial instruments are recognized and derecognized on the settlement date, which is the date of delivery to or by Dexia Bank. However, financial instruments held for trading are recognized and derecognized at trade date. For financial assets and liabilities measured at initial recognition at fair value through P&L, Dexia Bank recognizes from the trade date any unrealized gains or losses arising from revaluing the contract to fair value at the reporting date. These unrealized gains and losses are recognized in the statement of income unless the transactions have been assigned to cash flow hedge relationships or are related to an available-for-sale asset.

■ REALIZED GAINS AND LOSSES ON SALES OF FINANCIAL ASSETS

For financial assets not revalued through the statement of income, realized gains or losses on disposals is the difference between the proceeds received (net of transaction costs) and the cost or amortized cost of the investment.

■ IMPAIRMENTS ON FINANCIAL ASSETS

Dexia Bank records allowances for impairment losses when there is objective evidence that a financial asset or group of financial assets is impaired, in accordance with IAS 39 § 58-70. The impairments represent the management's best estimates of losses at each balance-sheet date.

An interest bearing financial asset is impaired if its carrying value is greater than its estimated recoverable amount.

The amount of the impairment loss for assets carried at amortized cost is calculated as the difference between the asset's carrying value and the present value of expected future cash flows discounted at the financial instrument's original effective interest rate or current effective interest rate determined under the contract for variable-rate instruments. The recoverable amount of an instrument measured at fair value is the present value of expected future cash flows discounted at the current market rate of interest for a similar financial asset.

Off-balance-sheet exposures such as credit substitutes (e.g. guarantees and standby letters of credit) and loan commitments are usually converted into on-balance-sheet items when called. However, there may be circumstances such as uncertainty about the counterparty, where the off-balance-sheet exposure should be regarded as impaired. Loan commitments should be classified as impaired if the credit worthiness of the customer has deteriorated to an extent that makes repayment of any loan and associated interest payments doubtful.

Allowances for impairment losses are recorded on assets within "Due from banks" and "Loans and advances to customers" in the following way:

- **Specific impairments** – The amount of the impairment on specifically identified assets is the difference between the carrying value and the recoverable value, being the present value of expected cash flows, including amounts recoverable from guarantees and collateral, discounted using the effective interest rate at the time of impairment. Assets with small balances (including retail loans) that share similar risk characteristics are generally aggregated in this measurement. When an asset is assessed as being impaired, a specific impairment loss will be recognized, the underlying asset will be excluded from the portfolio on which a collective impairment is calculated.
- **Collective impairments** – Loss impairments cover incurred losses where there is no specific impairment but objective evidence that losses are present in segments of the portfolio or other lending related commitments at the balance-sheet date. These have been estimated based upon historical patterns of losses in each segment, the credit ratings allocated to the borrowers and reflecting the current economic environment in which the borrowers operate. Dexia Bank develops for that purpose credit risk models using an approach that combines appropriate default probabilities and loss given defaults that are subject to regular back-testing and are based on Basel II data and risk models.
- **Country risk component** – Included within specific and collective impairment.

When an asset is determined by management as being uncollectible, it is written off against its related impairment; subsequent recoveries are against the "Impairment on loans and provisions for credit commitments" in the statement of income, in the item "Impairment on loans and provisions for credit commitments". If the amount of the impairment subsequently decreases due to an event occurring after the write-down of the initial impairment, the release of the impairment is credited to the "Impairment on loans and provisions for credit commitments".

"Available-for-sale" (AFS) assets are only subject to specific impairment. "Available-for-sale" quoted equities are measured at fair value through "Gain and losses on securities not recognized in the statement of income" or within the statement of income in the case of impairment. Dexia Bank analyses all equities that have declined by more than 25% of their quoted price over a quarter or when a risk is identified by management and takes the decision to impair and assess whether there is an objective evidence of impairment according to IAS 39. A prolonged decline in the fair value below its cost is also objective evidence of impairment. Impairments on equity securities cannot be reversed in the statement of income due to later recovery of quoted prices.

Reversal impairment on debt securities is addressed on a case-by-case basis in accordance with the standard.

When AFS securities are impaired, the related accumulated fair value adjustments are included in the statement of income as "Net income on investments".

Impairments on loans included in AFS are reported in the item "Impairments on loans and provisions for credit commitments".

We also refer to the section Credit Risk for more information on how credit risk is monitored by Dexia Bank.

■ INTEREST INCOME AND EXPENSE

Interest income and expense are recognized in the statement of income for all interest-bearing instruments on an accrual basis using the effective interest-rate method based on the purchase price (including transaction costs).

Transaction costs are incremental costs that are directly attributable to the acquisition of a financial asset or liability and that are included in the calculation of the effective interest rate. An incremental cost is one that would not have been incurred if the entity had not acquired the financial instrument.

Accrued interest is reported in the same item as the related financial asset or liability in the balance sheet.

Once an interest bearing financial asset has been written down to its estimated recoverable amount, interest income is thereafter recognized based on the rate of interest that was used to discount the future cash flows for measuring the recoverable amount.

■ FEE AND COMMISSION INCOME AND EXPENSE

Commissions and fees are recognized in accordance with IAS 18. According to this standard, most of the commissions arising from Dexia Bank's activities are recognized on an accrual basis over the life of the underlying transaction.

For significant acts such as commissions and fees arising from negotiating, or participating in the negotiation of a transaction for a third party, such as the arrangement of the acquisition of loans, equity securities or other securities or the purchase or sale of businesses, are recognized based on the stage of completion of the underlying transaction, or when the underlying transaction has been completed.

For asset management operations, revenue consists principally of unit trust and mutual fund management and administration fees. Revenue from asset management is recognized as earned when the service is provided. Performance fees are recognized when they are definitively acquired i.e. when all underlying conditions are met.

Loan commitment fees are recognized as part of the effective interest rate if the loan is granted, and recorded as revenue on expiry if no loan is granted.

■ INSURANCE AND REINSURANCE ACTIVITIES

Insurance

Dexia Bank is mainly active in banking products. Some insurance products sold by insurance companies have been requalified as financial instruments as they do not meet the requirements of insurance products under IFRS 4.

Dexia is applying IFRS 4 as from January 1, 2005, in order to be consistent with its date of implementation of IAS 32&39. IFRS 4 allows a company to account for insurance contracts under local GAAP if they qualify as such under IFRS 4. Hence, Dexia Bank has chosen to use the local accounting policies to evaluate technical provisions for contracts that fall under IFRS 4 and investment contracts with discretionary participation features (DPF). A contract that complies with the conditions of an insurance contract remains an insurance contract until all rights and obligations cease to exist or expire. An insurance contract is a contract under which one party (the insurer) accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder.

A contract can start as an investment contract and become an insurance contract when containing significant insurance components as time passes.

The amounts received and paid relating to insurance products (including nonlife claims) are reported respectively under premiums and technical income or technical expense from insurance activity whereas losses and changes in provisions for credit enhancement activities, which are similar to banking activities, are reported under "Impairment on loans and provision from credit commitments".

All other items arising from insurance activities are classified according to their nature in the balance sheet, except for technical provisions, which are identified on a separate item.

Insurance activities of Dexia Bank are mainly performed by Dexia Insurance Services (DIS) for life and nonlife products.

DIS activities: life and nonlife

Insurance products of DIS are recorded under local GAAP. This group is mainly constituted by Belgian entities, for which Belgian GAAP (Royal Decree of November 17, 1994) are applicable, if they are qualified as such under IFRS 4. However, provisions for catastrophes and equalizations are reversed.

The life insurance portfolio features:

- insurance contracts including reinsurance contracts and the accepted reinsurance treaties with exception of the in-house defined employee benefit plans;
- financial instruments issued with a discretionary profit sharing (discretionary participation feature) (DPF);
- Unit-linked (UL) contracts stipulating that the policyholder can switch at all times, without costs, to an investment product with guaranteed interest rate and a probable profit sharing.

Classification

Classification is done policy by policy, whereas for group insurances, classification is done on the employer's level.

Life insurance products are classified following Belgian GAAP into the categories hereunder:

- Type 1: Branch 21: guaranteed insurance products with or without DPF
- Type 2: Branch 21: investment products with profit sharing
- Type 3: Branch 21: investment products without profit sharing
- Type 4: Branch 23: investment products with risk – UL products
- Type 5: Branch 23: investment products without risk
- Type 6: Branch 23: investment products convertible to a Branch 21 investment product with risk (Branch 23)
- Type 7: Branch 23: investment products convertible to a Branch 21 investment product with profit sharing.

The nonlife insurance portfolio only includes insurance contracts that contain a significant insurance risk.

Shadow accounting

An insurer is permitted, but not required, to change his accounting policies so that a recognized but unrealized gain or loss on an asset affects those measurements in the same way that a realized gain or loss does. The related adjustment to the insurance liability (or deferred acquisition costs or intangible assets) shall be recognized in equity if, and only if, the unrealized gains or losses are recognized directly in equity.

Dexia Bank decided to apply shadow accounting, "if under legal and/or contract conditions the realization of gains on an insurer's assets have a direct effect on the measurement of some or all of its insurance contracts and investment contracts with discretionary participation features (DPF)."

Shadow loss adjustment

To determine the need for a shadow loss adjustment Dexia Bank determines if additional liabilities would be required, assuming current market investment yields rather than the estimated return of the assets. If the level of liabilities required is higher than total liabilities, then the deficiency should decrease the unrealized gains recorded in equity and increase liabilities through a shadow premium deficiency adjustment.

This requires the liability adequacy test (see "Liability Adequacy Tests") to be performed after all shadow adjustments, if any. Should there be insufficient unrealized capital gains left in equity to accommodate the shadow loss adjustment, the additional liability increase should be charged to income (P/L).

Discretionary participation feature (DPF)

Discretionary participation feature is a contractual right to receive, as a supplement to guaranteed benefits, additional benefits:

- that are likely to be a significant portion of the total contractual benefits;
- whose amount or timing is contractually at the discretion of the issuer; and
- that are contractually based on:
 - the performance of a specified pool of contracts or a specified type of contract;
 - realized and/or unrealized investment returns on a specified pool of assets held by the issuer; or
 - profit or loss of the company, fund or other entity that issues the contract.

All unrealized gains and losses coming from investments backing insurance contracts and investment contracts with DPF are categorized proportionally for the part related to the insurance contracts and investment contracts with discretionary participation features in a separate item of the equity. Proportional calculation happens on the basis of the carried reserve and by separated management of the assets.

Insurance contracts with deposit component (unbundling)

All unit-linked products that contain both an insurance contract and a deposit component will be unbundled. Accounting policies for insurance contracts are applied for the insurance component; accounting policies for financial instruments are applied for the deposit component.

The unit-linked products that can be converted into a guaranteed investment product (Branch 21) with profit sharing fall under IFRS 4 (investment with DPF) and will not be unbundled.

Embedded derivatives

IAS 39 applies to derivatives embedded in an insurance contract unless the embedded derivative is itself an insurance contract. The requirements for insurance contracts with DPF also prevail for financial instruments with DPF elements.

As an exception to the requirement in IAS 39, an insurer needs not separate, and measure at fair value, a policyholder's option to surrender an insurance contract for a fixed amount (or for an amount based on a fixed amount and an interest rate), even if the exercise price differs from the carrying value of the host

insurance liability. However, the requirement in IAS 39 does apply to a put option or cash surrender option embedded in an insurance contract if the surrender value varies in response to the change in a financial variable (such as an equity or commodity price or index), or a non-financial variable that is not specific to a party to the contract.

DPF in financial instruments

If the issuer classifies part or that entire feature as a separate component of equity, the liability recognized for the whole contract shall not be less than the amount that would result from applying IAS 39 to the guaranteed element.

Dexia Bank reviews at each reporting date whether this minimum requirement is met and in case of an insufficiency, the corresponding liabilities are adjusted accordingly.

Liability Adequacy Tests

An insurer applies a liability adequacy test (LAT) for his insurance products and investment contracts with DPF. Dexia Bank assesses at each reporting date whether its recognized insurance liabilities are adequate, using current estimates of future cash flows under its insurance contracts.

If that assessment (based on the entire life and nonlife insurance portfolios separately) shows that the carrying value of its insurance liabilities (less related deferred acquisition costs and related intangible assets) is inadequate in the light of the estimated future cash flows, the entire deficiency shall be recognized in profit or loss.

For life insurance, LAT uses the following parameters which are based on the Royal Decree of November 14, 2003 with respect to the life business.

- premiums: collected inventory premiums plus contractual provided inventory premiums;
- interest rate for actualization cash flows: yields of the assets backing insurance liabilities;
- mortality table: experience table of the country (Assuralia for Belgium);
- costs: calculation based on the last updated tariff costs and the booked costs;
- tariff costs take into account the inventory surcharges, commercial surcharges and fixed sums;
- real assigned costs take into account management expenses, claims handling expenses and commissions. These costs are stipulated by product group and are indexed. Considering lapses, death and expiration period the annual delta is stipulated between the costs in the tariff and real assigned costs. Deltas are then actualized to the LAT-rate.

For nonlife insurance, the LAT examines if the premium and claim provisions are sufficient to settle definitely the opened claim files and the claims that will occur within the contractual duration of the contracts to open and to settle definitively.

A LAT is carried out for all products. The test is subdivided in two parts. During the first part Dexia Bank examines if the build-up reserves for claim files already opened are sufficient and in a second part Dexia Bank makes an estimation of the expected loss burden for insurance portfolios and examines if the unearned premium reserves are sufficient.

Regarding reserves for the files already opened, Dexia Bank performs runoff calculations, using estimates for the claims handling expenses.

For the assessment of loss burden for the insurance portfolio, Dexia Bank conducts a reasoning that is based on percentages (average loss burden of the last 5 years and administrative expenses of the last year).

Reinsurance

Dexia Bank's reinsurance contracts with third parties that contain enough insurance risk to be classified as an insurance contract, continue to be accounted for in accordance with Local GAAP.

A reinsurance asset is impaired if, and only if:

- there is objective evidence, as a result of an event that occurred after initial recognition of the reinsurance asset, that the cedant may not receive all amounts due to it under the terms of the contract; and
- that event has a reliably measurable impact on the amounts that the cedant will receive from the reinsurer.

To measure the solvency of a reinsurer, Dexia Bank refers to its attributed credit rating and the impairment rules.

■ NETWORK COSTS

This item records commission paid to intermediaries associated by exclusive sales mandate for bringing in transactions with customers.

■ LOANS AND ADVANCES DUE FROM BANKS AND CUSTOMERS

Loans categorized as "Loans and advances", being those not included within trading, designated at fair value through P/L and AFS, are carried at amortized cost, being the outstanding principal amount, net of any deferred fees and material direct costs on loans and net of any unamortized premiums or discounts.

■ FINANCIAL ASSETS OR FINANCIAL LIABILITIES HELD FOR TRADING OR FINANCIAL ASSETS OR LIABILITIES MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS

Loans and securities held for trading

Loans held for trading purposes are included in "Financial assets held for trading" and are carried at fair value, with unrealized gains and losses recorded in earnings as "Net trading income". Interest income is accrued using the effective interest-rate method and is recorded under "Net interest income".

Trading securities are securities acquired for generating a profit from short-term fluctuations in price or dealer's margin, or are securities included in a portfolio in which a pattern of short-term profit taking exists. Trading securities are initially recognized at fair value and subsequently remeasured at fair value. All related realized and unrealized gains and losses are included in "Net trading income". Interest earned during the period of holding the trading assets is reported as "Interest income". Dividends received are included in "Dividend income".

All purchases and sales of trading securities that require delivery within the time frame established by regulation or market convention ("regular way" purchases and sales) are recognized at settlement date. Other trading transactions are treated as derivatives until settlement occurs (see also paragraph "Trade date and settlement date accounting").

Liabilities held for trading

Liabilities held for trading follow the same accounting rules as those for loans and securities held for trading.

Loans and securities measured at fair value through profit or loss

Loans and securities designated at fair value through statement of income follow the same accounting rules as those for loans and securities held for trading.

Under the fair value option, a financial asset, a financial liability or a group of financial instruments can be designated by the entity as "at fair value through profit or loss", provided that doing so results in more relevant information or increases measurement reliability. The fair value option simplifies the application of IAS 39. It is used:

- when such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise;
- when a group of financial assets, financial liabilities or both is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy;
- when an instrument contains a non-closely related embedded derivative.

The use of the fair value option is an accounting policy choice which should be made for the entire financial instrument, at initial recognition and when certain conditions of documentation are fulfilled.

In order to avoid volatility in its equity and results, Dexia Bank has designated the assets and liabilities of unit-linked contracts (branch 23) at fair value through the statement of income.

Liabilities measured at fair value through profit or loss

The above comments on the fair value option are also valid for the liabilities.

■ LOANS AND SECURITIES AVAILABLE FOR SALE AND HELD TO MATURITY

Management determines the appropriate classification of its investments at initial recognition.

Quoted securities with fixed maturity are classified as held to maturity (HTM) when management has both the intention and the ability to hold the assets to maturity.

Securities and loans and receivables intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, exchange rates or equity prices, are classified as available for sale (AFS).

Securities and loans and receivables are initially recognized at fair value (which includes transaction costs). Interest is recognized based on the effective interest-rate method and is recognized within net interest income.

Financial assets available for sale are subsequently remeasured at fair value based on quoted bid prices or amounts derived from cash flow models. Unrealized gains and losses arising from changes in the fair value of financial assets classified as available for sale are recognized within equity. When securities are disposed of, the related accumulated fair value adjustments are included in the statement of income as "Net income on investments".

Investments held to maturity are carried at amortized cost using the effective interest method, less any allowance for impairment.

■ DERIVATIVES

Derivative financial instruments generally include foreign exchange contracts, currency and interest-rate futures, forward rate agreements, currency and interest-rate swaps and currency and interest-rate options (both written and purchased). All derivatives are initially recognized in the balance sheet at fair value and are subsequently remeasured at fair value. Fair values are obtained from quoted market prices, discounted cash flow models or pricing models as appropriate.

Derivatives are reported as assets when fair value is positive and as liabilities when fair value is negative.

The amount reported on these items of the balance sheet includes the premium paid/received net of amortization, the revaluation to fair value and the accrued interest, the sum of all elements representing the fair value of the derivative.

Certain derivatives embedded in other financial instruments are treated as separate derivatives when:

- their risks and characteristics are not closely related to those of the host contract; and
- the hybrid contract is not carried at fair value with unrealized gains and losses reported in the statement of income.

■ HEDGING DERIVATIVES

On the date a derivative contract is entered into, Dexia Bank may designate certain derivatives as either:

- a hedge of the fair value of a recognized asset or liability or a firm commitment (fair value hedge); or
- a hedge of a future cash flow attributable to a recognized asset or liability or a forecast transaction (cash flow hedge); or
- a hedge of a net investment in a foreign entity (net investment hedge).

If a derivative is not designated in a hedging relationship, it is to be deemed held for trading.

Hedge accounting may be used for derivatives designated in this way, provided certain criteria are met.

The criteria for a derivative instrument to be accounted for as a hedge include *inter alia*:

- formal documentation of the hedging instrument, hedged item, hedging objective, strategy and relationship prepared before hedge accounting is applied;
- the hedge is documented showing that it is expected to be highly effective (within a range of 80% to 125%) in offsetting changes in fair value or cash flows attributable to the hedged risk in the hedged item throughout the reporting period; and
- the hedge is effective at inception and on an ongoing basis.

Entities of Dexia Bank use internal derivative contracts (internal hedging) mainly to cover their interest-rate risk. Those internal contracts are offset with external parties. If the contracts cannot be offset with third parties, the hedging criteria are not met. Internal derivative contracts between separate divisions within the same legal entity and between separate entities within the consolidated Group can qualify for hedge accounting in the consolidated financial statements only if the internal contracts are offset by derivative contracts with a party external to the consolidated Group. In this case, the external contract is regarded as the hedging instrument.

Changes in the fair value of derivatives that are designated and qualify as fair value hedges and that prove to be highly effective in relation to hedged risk, are recorded in the statement of income, along with the corresponding change in fair value of the hedged assets or liabilities that is attributable to that specific hedged risk.

If the hedge no longer meets the criteria for hedge accounting (fair value hedge model), the adjustment to the carrying value of a hedged interest-bearing financial instrument is amortized to net profit or loss over the period to maturity through an adjustment of the yield of the hedged item.

Changes in the fair value of derivatives that are designated and qualify as cash flow hedges and are highly effective in relation to the hedged risk, are recognized in the hedging reserve in equity as "Gains and losses not recognized in the statement

of income" (see "Consolidated statement of change in equity"). The non-effective portion of the changes in the fair value of the derivatives is recognized in the statement of income. Where the forecast transaction results in the recognition of a non-financial asset or a liability, the gains and losses previously deferred in equity are transferred from equity and included in the initial measurement of the cost of the asset or liability. Otherwise, amounts deferred in equity are transferred to the statement of income and classified as revenue or expense in the periods during which the hedged firm commitment or forecast transaction affects the statement of income.

Certain derivative transactions, while providing effective economic hedges under Dexia Bank's risk management positions, do not qualify for hedge accounting under the specific rules in IFRS and are therefore treated as derivatives held for trading with fair value gains and losses reported in income.

■ HEDGE OF THE INTEREST-RATE RISK EXPOSURE OF A PORTFOLIO

Dexia Bank has decided to apply IAS 39 as adopted by the EU because it better reflects the way Dexia Bank manages its activities.

The objective of the hedge relationships is to reduce the interest-rate risk exposure stemming from the selected category of assets or liabilities designated as the qualifying hedged items.

The entity performs a global analysis of interest-rate risk exposure. It consists of assessing fixed rate exposure taking into account all the exposure coming from balance-sheet and off-balance-sheet items. This global analysis may exclude certain components of the exposure, such as financial market activities, provided that the risk exposure stemming from the excluded activities are monitored on an activity-by-activity basis. The entity selects assets and/or liabilities to be entered into the hedge of interest-rate risk exposure of the portfolio. The entity defines at inception the risk exposure to be hedged, the length of the time bucket, the way and the frequency it performs tests. The entity constantly applies the same methodology for selecting assets and liabilities entering in the portfolio. Assets and liabilities are included on a cumulative basis in all the time buckets of the portfolio. Hence, when they are removed from the portfolio, they must be removed from all the time buckets in which they had an impact.

The entity may choose which assets and/or liabilities it wishes to classify into the portfolio provided they are included in the global analysis. Demand deposits and savings accounts may be included in the portfolio based on behavioral study for estimating expected maturity date. The entity may designate as qualifying hedged items different categories of assets or liabilities such as available-for-sale assets or loan portfolios.

The hedging instruments are a portfolio of derivatives. Such a portfolio of derivatives may contain offsetting positions. The hedging items are recognized at its fair value (including accrued interest expense or income) with adjustments accounted for in the statement of income.

Effectiveness tests consist of verifying that the hedging objective, i.e. reducing the interest-rate risk exposure, is fulfilled. Inefficiency can come only from overhedging due to non-contractual events occurring within the categories of assets or liabilities.

Hedged interest-rate risk revaluation of elements carried out at amortized cost is included in the item "Fair value revaluation of portfolio hedge". In case of hedging of AFS, the revaluation is part of the item "Loans and securities AFS".

■ DAY ONE PROFIT OR LOSS

The best evidence of the fair value of a derivative at initial recognition is the transaction price (i.e. the fair value of the consideration given or received) unless the fair value of that instrument is evidenced by comparison with other observable current market transactions in the same instrument (i.e. without modification or repackaging) or based on a valuation technique whose variables include only data from observable markets. The difference between the transaction price and the fair value based on a valuation technique is commonly referred to as "Day One Profit or Loss".

Where the fair value is determined using valuation models for which all inputs are market observable, Dexia Bank recognizes the day one profits or losses at initial recognition in the statement of income. Where such evidence does not exist, day one profit or loss is deferred and recognized in the statement of income to the extent that it arises from a change in a factor (including time) that market participants would consider in setting a price. The unrecognized amount of day one profit is amortized on the remaining life of the transaction. If subsequently, the inputs become market observable, or when the instrument is derecognized, the remaining amount of the deferred day one profit or loss, is taken entirely in the statement of income.

■ TANGIBLE FIXED ASSETS

Tangible fixed assets include property, plant and equipment and investment properties.

All property, plant and equipment are stated at its cost less accumulated depreciation and impairment. Depreciation is calculated using the straight-line method to write down the cost of such assets to their residual values over their estimated useful lives.

The main service lives are as follows:

- buildings (including acquisition costs and non-deductible taxes): 20 to 50 years;
- computer equipment: 3 to 6 years;
- leasehold improvements, equipment and furniture: 2 to 12 years;
- vehicles: 2 to 5 years.

An item of property, plant and equipment can be composed of significant parts with individually varying useful lives. In such a case, each part is depreciated separately over its estimated use-

ful life. For the head offices used starting 2006 the following parts and corresponding depreciation have been defined:

- investments relating to the structure of the building: 50 years;
- investments relating to the roof and frontage of the building: 30 years;
- investments relating to the technical installations in the building: 10 to 20 years;
- investments relating to the fixture and fittings of the building: 10 to 20 years.

The exchange losses on liabilities for the acquisition of an asset as well as the interest on specific or general borrowings to finance the construction of qualifying assets are expensed immediately.

Where the carrying value of an asset is greater than its estimated recoverable amount, it is written down to its recoverable amount. Gains and losses on disposals of property and equipment are determined by reference to their carrying value and are included in "Net income on investment".

Expenditure that enhances or extends the benefits of real estate or fixed assets is capitalized and subsequently depreciated.

Investment properties are those properties held to earn rentals or for capital appreciation. Dexia Bank may also partly use certain investment properties. If the "own use" portions can be sold separately or leased out separately under finance lease, then these portions are accounted for separately. If the "own use" portions cannot be sold separately, the property is an investment property only if Dexia Bank holds an insignificant portion for its own use.

Investment properties are recorded at its cost less accumulated depreciation and impairments. The investment properties are depreciated over their useful lives on a straight-line basis.

■ INTANGIBLE ASSETS

Intangible assets mainly consist of internally generated and acquired software. Costs associated with maintaining computer software programs are recognized as an expense as incurred. However, expenditure that enhances or extends the benefits of computer software programs beyond one year is used to increase the original cost of the software. Computer software development costs recognized as assets are amortized using the straight-line method over their useful lives from the time the software is available for use. This amortization period is usually between 3 and 5 years.

Where the carrying value of an asset is greater than its estimated recoverable amount, it is written down to its recoverable amount. Gains and losses on disposals of intangible assets are determined by reference to their carrying value and are included in "Net income on investment". Expenditure that enhances or extends the benefits is capitalized and subsequently depreciated.

■ GOODWILL

Positive goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of Dexia Bank's share of the net assets of the acquired subsidiary or associated undertaking at the date of acquisition. Goodwill on acquisition occurring on or after January 1, 2004 is reported in the balance sheet as an intangible asset. Goodwill is allocated to cash-generating units for the purpose of impairment testing. Cash-generating units may be a legal entity or may be designed based on criteria of geographic area and business segment.

Variations in percentage of ownership in fully-consolidated companies are considered as transactions with shareholders. Therefore, neither fair value adjustments nor goodwill adjustments are made, when percentage increases or decreases take place without change in the consolidation method. The difference between purchase or sale of net asset and the purchase or sale price is directly recorded in equity.

Impairment of goodwill

The carrying value of goodwill is reviewed at year-end when circumstances or events indicate that there may be uncertainty over the carrying value. It is written down for impairment when the recoverable amount of the business is insufficient to support the carrying value.

■ OTHER ASSETS

Other assets mainly comprise accrued income (non-interest related), prepayments and other accounts receivable. They also include insurance products (reinsurance, insurance premiums receivables, etc.), construction contracts, inventories, plan assets relating to employee-benefit obligations. These other assets are recorded at amortized cost less any allowance for impairment if applicable or following the applicable standard. Plan assets are recognized in accordance with IAS 19 requirements.

■ LEASES

A Dexia Bank company is the lessee

A finance lease is a lease that transfers substantially all the risks and rewards incidental to ownership of an asset. An operating lease is a lease other than a finance lease.

Dexia Bank principally enters into operating leases for the rental of equipment or real estate. Lease rentals are recognized in the statement of income on a straight-line basis over the period of the lease.

When an operating lease is terminated before the lease period has expired, any payment to be made to the lessor by way of penalty is recognized as an expense in the period in which termination takes place.

If the lease agreement substantially transfers the risk and rewards of ownership of the asset, the lease is recorded as a finance lease and the related asset is capitalized. At inception the asset is recorded at the lower of the present value of the minimum lease payments or fair value and is depreciated over its estimated useful life. The corresponding rental obligations are recorded as borrowings and interest payments are recorded using the effective interest-rate method.

A Dexia Bank company is the lessor

When assets held are subject to a finance lease, the present value of the lease payments is recognized as a receivable. The difference between the gross receivable and the present value of the receivable is recognized as unearned finance income. Lease income is recognized over the term of the lease using the net investment method (before tax), which reflects a constant periodic rate of return.

■ SALE AND REPURCHASE AGREEMENTS AND LENDING OF SECURITIES

Securities sold subject to a linked repurchase agreement ("repos") remain in the financial statements recognized as financial assets held for trading, financial assets available for sale or financial assets held to maturity. The corresponding liability is included in "Due to banks" or "Customer borrowings and deposits" as appropriate. The asset is reported as pledged in the notes.

Securities purchased under agreements to resell ("reverse repos") are recorded as:

- an obligation to return securities within off-balance-sheet items; and
- "Interbank loans and advances" or "Loans to customers" as appropriate.

The difference between the sale and repurchase price is treated as interest income or expense and is accrued over the life of the agreements using the effective interest-rate method. Securities lent to counterparts are retained in the financial statements.

Securities borrowed are not recognized in the financial statements.

If they are sold to third parties, the gain or loss is included in "Net trading income" and the obligation to return them is recorded at fair value in "Financial liabilities – trading securities".

■ BORROWINGS

Borrowings are recognized initially at fair value, being their issue proceeds net of transaction costs incurred. Subsequently borrowings are stated at amortized cost and any difference between net proceeds and the redemption value is recognized in the statement of income over the period of the borrowings using the effective interest-rate method.

Debts are included in the financial statements, based on the substance of their underlying contracts more than their legal form.

■ DEFERRED INCOME TAX

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying value in the financial statements.

The principal temporary differences arise from depreciation of property, plant and equipment, revaluation of certain financial assets and liabilities including derivative contracts, provisions for pensions and other post-retirement benefits, provisions for loan and other impairments and tax losses carried forward; and, in relation to acquisitions, from the difference between the fair values of the net assets acquired and their tax base. The rates enacted or substantively enacted at the balance-sheet date are used to determine deferred income tax.

Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Deferred income tax is provided on temporary differences arising from investments in subsidiaries, associates and joint ventures, except where the timing of the reversal of the temporary difference can be controlled and it is probable that the difference will not reverse in the foreseeable future.

Deferred tax related to fair value remeasurement of available-for-sale investments and cash flow hedges, which are charged or credited directly to equity, is also credited or charged directly to equity and is subsequently recognized in the statement of income together with the deferred gain or loss.

■ EMPLOYEE BENEFITS

Employee benefit obligations are measured at the present value of the estimated future benefit payments, attributed to past and current service, using the market yields at the balance-sheet date of high quality corporate bonds which have terms to maturity approximating to the terms of the related benefit obligations and also taking into consideration other economic and demographic assumptions.

Qualified internal and external actuaries carry out valuations of these benefit obligations. All valuation assumptions and results are reviewed and validated by an external actuary for Dexia Bank that ensures that all calculations are consistent and calculated in conformity with IAS 19.

Pension obligations

Dexia Bank operates a number of defined benefit and defined contribution plans throughout the world, the assets of which are generally held in separate insurance companies or pension funds. The pension plans are generally funded by payments from employees and by the relevant Dexia Bank companies.

Defined benefit plans

For defined benefit plans, pension costs are assessed using the projected units credit method.

Under this method, the cost of providing pensions is charged to the statement of income so as to spread the regular cost over the service lives of employees. Net cumulative unrecognized actuarial gains and losses exceeding the corridor (i.e. the greater than 10% of the present value of the gross defined benefit obligation or 10% of the fair value of any plan assets) are recognized in income over the average remaining service period of the plan participants.

Past service costs resulting from the introduction of, or changes to, a pension plan are recognized as an expense on a straight-line basis over the average period until the benefits become vested.

The defined benefit obligation is presented net of plan assets as a liability unless the assets are non-qualifying insurance policies of a Group entity, in which case the underlying assets are recorded gross in the related items of the assets.

Defined contribution pension plans

Dexia Bank's contributions to defined contribution pension plans are charged to the statement of income in the year to which they relate. The obligation of Dexia Bank is limited to the contributions that Dexia Bank agrees to pay into the fund on behalf of the employee.

Other post-retirement obligations

Some Dexia Bank companies provide post-retirement health care benefits to their retirees. The entitlement to these benefits is usually based on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment, using the same methodology as for defined benefit pension plans.

Other long-term benefits

Some Dexia Bank companies provide jubilee premiums after the employees completed a certain number of years of service. The expected costs of these benefits are also calculated in accordance with the projected unit credit method. However, in this case, actuarial gains and losses and past service costs are recognized immediately.

Termination benefits

A termination benefit provision is only recorded when Dexia Bank is committed to terminate the employment before the normal date of retirement or to provide benefits as a result of an offer made in order to encourage voluntary redundancy. Dexia Bank must have a detailed formal plan and no realistic possibility of withdrawal.

Equity compensation benefits

Share options are granted to directors and to some employees. The cost of the option is recognized within the expense based on services received and is compensated by a recording in profit for the same amount, the final cost being accounted for within Dexia financial statements. The fair value of the option is calculated based on valuation techniques (Black and Scholes adjusted for departure of employees) and on market data.

Dexia also offers a discount for the capital increases reserved for its personnel. This discount is taken into expense taking into account the fact that these equity securities are locked up for a certain period of time.

Employee entitlements

Employee entitlements to annual leave and long service leave are recognized when they accrue to employees. A provision is made for the estimated liability for annual leave and long-service leave as a result of services rendered by employees up to the balance-sheet date.

■ PROVISIONS FOR RISKS AND CHARGES

According to IAS 37, a provision is a liability of uncertain timing or amount. Provisions are recognized based on their discounted value when

- Dexia Bank has a present legal or constructive obligation as a result of past events;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate of the amount of the obligation can be made.

For provisions on loans commitments, the above presumptions are applied through the same methodology as applied for impairment of financial assets measured at amortized cost as in IAS 39.

■ SHARE CAPITAL AND TREASURY SHARES

Share issue costs

External incremental costs directly attributable to the issue of new equity securities, other than as part of a business combination, are deducted from equity net of any related income tax.

Dividends on ordinary shares

Dividends on ordinary shares are recognized in equity in the period in which they are declared (authorized and no longer at the discretion of the entity). Dividends for the year that are declared after the balance-sheet date are disclosed in the subsequent events note.

Insurance discretionary participation features

The unrealized gains and losses relating to assets classified as available-for-sale and backing insurance contracts with discretionary participation feature are classified by the Group as follows:

- as a liability to the extent of the return guaranteed to the contract holders;
- as a separate component of equity to the extent of that feature.

■ FIDUCIARY ACTIVITIES

Assets and income arising thereon together with related undertakings to return such assets to customers are excluded from these financial statements where Dexia Bank acts in a fiduciary capacity such as nominee, trustee or agent.

■ FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's-length transaction. Market prices are used to determine fair value, where an active market (such as a recognized stock exchange) exists, as it is the best evidence of the fair value of a financial instrument. Market prices are not, however, available for a significant number of the financial assets and liabilities held or issued by Dexia Bank. Therefore, for financial instruments where no market price is available, the fair values have been estimated using pre-sent value or other estimation and valuation techniques based on market conditions existing at balance-sheet dates.

The values derived from applying these techniques are significantly affected by the underlying assumptions made concerning both the amounts and timing of future cash flows and the discount rates.

Financial instruments classified as trading assets or liabilities, assets or liabilities designated at fair value through P/L, available-for-sale, derivatives and other transactions undertaken for trading purposes are measured at fair value by reference to quoted market prices when available. If quoted market prices are not available, then fair values are estimated on the basis of pricing models, or discounted cash flows. Fair value is equal to the carrying value for these items.

For trading and AFS, when quoted prices are not available, the pricing models try to reflect as precisely as possible the market conditions at the calculation date as well as the changes in the credit quality of the financial instruments. For unquoted and non-significant positions, some simplifying hypotheses are applied:

- the carrying value of financial instruments maturing within 12 months can be assumed to approximate their fair value;
- the fair value of variable-rate financial instruments is assumed to be approximated by their carrying value.

In addition to the above assumptions, the following remarks could be made regarding the fair value of loans and receivables:

- the fair value of fixed-rate loans and mortgages are estimated by comparing market interest rates when the loans were granted with current market rates offered on similar loans;
- cap, floor and prepayment options are included in determining the fair value of loans and receivables;
- for most of the loans and receivables the credit spread remains stable over the lifetime. However, based on experience, it is noted that, in a number of portfolios, the credit spread changes over time. For these, Dexia Bank included the most recent credit spreads available to calculate the fair value.

■ CASH AND CASH EQUIVALENTS

For the purposes of the cash flow statement, cash and cash equivalents comprise balances with less than 3 months remaining maturity included within cash and balances with central banks, interbank loans and advances, financial assets held for trading, financial assets available for sale and financial assets of the fair value portfolio.

■ RELATED PARTIES

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions. The ultimate parent of the Group is Dexia, incorporated in Belgium. Relations with equity-accounted companies are reported, as well as relations with the directors.

RISK MANAGEMENT

■ CREDIT RISK

The credit risk can be defined as the potential loss that the bank may suffer as a result of a deterioration in the solvency of one or more counterparties. Such a loss can come about either in the form of a failure by a borrower or a surety to meet his obligations or of a decline in the quality of a counterparty.

Measures taken by public or monetary authorities, or events in a particular country, may also cause an increase in credit risk. In that case the term "country risk" is also used.

The extent of the potential loss can be limited by the granting of guarantees or by other risk-reducing measures.

Basel II

In order to identify, measure, monitor and contain the credit risk, Dexia uses a number of statistical indicators which it uses in conjunction with the vast range of expertise it has available within the organization. The fact is that Dexia has opted for the most advanced Basel II method, the IRBA (Internal Rating Based Advanced) method as officially authorized by the decision of the Banking, Finance and Insurance Commission of December 18, 2007 to be used to calculate its capital adequacy requirements.

The implementation of the various parameters in the day-to-day management of loans forms an essential component of the Basel II approach to the credit risk.

Probability of Default

Dexia Bank applies an internal rating system to monitor the quality of the lending portfolio. That system makes it possible to monitor the probability of the entire loan portfolio defaulting. For that purpose the portfolio is divided into several classes of risk which vary from "excellent" to "default status".

Loss Given Default

The Loss Given Default (LDG) provides an indication of the extent of the loss that the bank can expect if the counterparty continues to default. To that end, it has long been the practice of the bank to record the details of the losses sustained on loans on a central database. The data from that database enables us to calculate the loss per loan in the case of default.

Exposure at Default

This indicator provides an estimate of the sum outstanding on the loan at the moment a borrower might find himself in a "default situation".

These parameters enable the bank to monitor the risk on its loans either on an individual basis or in terms of the entire portfolio. They are moreover used to steer the loan portfolios towards a best possible risk-return profile, and to manage them proactively according to the RAROC concept. RAROC is the abbreviation for "Risk Adjusted Return on Capital", a risk-corrected method of measuring and monitoring the return on an individual loan or on a portfolio.

Credit risk management over the next ten years

The integration of analytical methodologies and processes brought about by the IRBA (Internal Rating Based Advanced) approach of Basel II is a major step towards putting Dexia's risk management onto a professional footing and making it more efficient.

It is however clear that it is only a step. Pillar 1 of Basel II has certain well known limitations: standardized calculation of certain risk parameters, a simplified approach to certain portfolios and a failure to take on board certain types of risk, like concentration. The "Economic Capital" approach which lies at the heart of the Internal Capital Adequacy Process (ICAAP) of Pillar 2 seeks to take the real control of risks further forward.

Over the coming months and years Dexia Bank will be especially attentive to its integration into the management and steering of its business, notably when it applies the use of RAROC generally to its decision-making processes regarding risk.

■ MARKET RISK

The definition of the risk policy and the fixing of limits constitute the corner stones around which the activities on the financial markets and risk management are built.

With a view to perfecting the control of this risk, a clear separation of functions has been established between the Risk Department and the Front Office.

The management rules of Dexia Bank are set out in a transparent form that espouses the principles of sound bank management, that is in line with regulatory requirements and that follows the strategic and tactical planning of the bank as laid down in the general policy of the Group.

Dexia Bank organizes a Weekly Operational Committee with the following remit:

- to monitor the risks and results within Treasury and Financial Markets;
- to provide information on the assessment parameters;
- to monitor the development of new financial products.

This Committee is made up of representatives of all the relevant departments within Treasury and Financial Markets: i.e. Front Office, Operations, Credit & Market Risk Management, Financial Reporting & Legal.

The Committee reports to a market committee in Dexia SA, the MRGC (Market Risk & Guidelines Committee).

Dealing room risk

Risk limitation and control

The Market Risk Management Department which is responsible for assessing, managing and monitoring risks within the limits of its responsibility, has established a coherent management framework which applies to all business conducted on the financial markets. This management framework follows the guidelines which have been laid down by the Group and apply to each of the constituent units. In particular, any decision taken by the MRGC at the level of the Group is *de facto* binding on Dexia Bank.

The advent of new financial instruments and the rapid changes taking place in the environment oblige Market Risk Management constantly to anticipate market trends and translate them into appropriate risk profiles. To that end, every proposed new TFM or ALM product has to undergo a strict overall procedure that allows in-depth discussion of the product in question by the various departments involved.

An overall framework of limits and an appropriate operational framework are then devised with due regard for the policies of Dexia Bank and the Group. This procedure ensures that the Risk Management Department, the Back Office and the Front Office deal with the new TFM or ALM product in the best possible manner. A key element in this risk structure is the Value at Risk (VaR) limit per business line and activity desk. The VaR limits are supplemented by nominal volume limits, limits on sensitivity to interest rates, exchange rates and margins, and limits on sensitivity to options (delta, gamma, vega, theta, rho), as well as stress testing.

The stress-testing framework set up at Group level consists of around twenty scenarios concerning either isolated risk factors (interest rates, exchange rates, share prices, volatility, credit spreads), or combinations of risk factors (historical scenarios). The stress-test readings are calculated at the end of each month and the results form the subject of detailed analyses presented to the MRGC each quarter.

Methodology

The methodology which Dexia Bank applies to market risks is based on the quantitative and qualitative standards contained in the European Union's capital adequacy directive and on the rules of the Basel Committee.

The VaR measure is the main tool used for risk management and the day-to-day monitoring of financial-market positions. This is a statistical measure of the maximum potential losses associated with a particular confidence interval (99%); these losses may result from changes in market prices and other market parameters over a fixed period of time (10 days).

A parametric VaR is used to monitor interest rate and exchange rate risks. The volatility and correlation parameters are estimated on the basis of historical market data. The underlying time series consist of equally weighted observations over 481 days.

A historical VaR is used for specific portfolios containing a significant option risk, the share risks and the spread risk.

ALM Risk

Principles

The strategic decisions concerning the management of interest-rate risks relating to all items on the balance sheet are taken at the monthly meetings of the ALCO (Asset Liability Committee) of the Group. The role of the ALCO is to supervise the management of the bank's interest-rate risks, equity risks and liquidity position. It does so within a standing regulatory framework based on NPV (Net Present Value) sensitivity limits and the expected maximum liquidity deviations.

For the purpose of optimizing the monitoring of the ALM process, the Tactical ALCO meets each week in the presence of two members of the Management Board. The practical implementation of the decisions taken by the Group ALCO and the risks and the results of the ALM positions form part of the committee's remit.

Management of the interest-rate risk

The interest-rate risk can be defined as the bank's sensitivity to adverse interest-rate movements. The Market Risk Management Department ensures that the interest-rate risk reflects the bank's overall risk profile. Interest-rate variations may have a negative impact on both the bank's income and its economic value. This gives rise to two separate but complementary approaches towards assessing the bank's interest-rate risk – economic value and income.

Sensitivity limits (economic value)

Variations in interest rates may affect the economic value of the bank's assets, liabilities and off-balance-sheet items. The Group's ALCO has set a consolidated sensitivity limit for Dexia Bank, covering the interest-rate risk generated by activities included within its ALM.

Accounting income risk (income)

The bank actively monitors its income risk in accordance with both Belgian and international accounting standards. This measure of risk entails estimating the potential gain or loss of income in the current year and later years following various movements in the yield curve. This risk is monitored each month at the ALCO meetings. The Group sets a limit for the purpose of supervising this income risk.

Management of the equity risk

The bank has put together a portfolio to improve the spread of its market risks. The assets are invested mainly in European companies (financial sector, property, public utilities and energy). Like the interest-rate risk, the equity risk posed by a share is also assessed from two angles: the risk relating to the share's economic value and the accounting income risk. Here, too, standard risk measures are used: VaR, EaR and stress scenarios.

Management of funding and liquidity

Liquidity risk management is coordinated and defined at Dexia Group level by the Group ALCO on the basis of information provided by each unit within the Group.

In addition, the ALCO, acting on behalf of the Group as a whole, approves the techniques and measures, defines the limits and ratios to be observed, and monitors the overall liquidity position of the Group and its various units.

■ OPERATIONAL RISK MANAGEMENT

The policy on the management of operational risks as applied by Dexia Bank is approved by the Risk Policy Committee of the Dexia Group. That policy sets out in detail the principles that are reflected in the methodology and the organization model and specifies the roles and responsibilities of all those involved. The central Operational Risk Management departments of Dexia and the main business units take care in particular to ensure that the policy is applied in a coherent manner throughout all units and report regularly thereon to the management.

The purpose of this coordinated approach is to enable the bank to meet the regulatory and capital requirements under Basel II on the one hand and effectively to manage and contain the operational risks on the ground on the other. Responsibility for the management of operational risks on the ground lies initially with the heads of these departments who, to that end, have appointed a number of operational risk correspondents who are entrusted with the day-to-day management of the different aspects of the operational risk.

The analysis of the operational risks and the policy of prevention are sustained by the implementation of Risk and Control Self Assessments, by the recording of incidents in the "event database" and by the planning and follow-up of preventive action plans.

For the calculation of the statutory capital under the Basel II principles, the Dexia Group has opted for the Standardized Approach.

A general policy on the safety of information has been developed. The Information Risk Assessment, the classification of data and the Identity & Access Management have also attracted our attention.

In 2007 particular attention was given to the analysis of risks and the elaboration of preventive measures regarding the removal of the calculation centres of Dexia Bank from Brussels to Luxembourg.

Announced or unannounced tests were carried out in 2007 on the Business Continuity plans of all critical functions. A first (announced) test was made, in the process of which all BC plans of all functions critical to the Dexia Tower were activated at the same time.

A strategy and methodology were drawn up for crisis management including non-operational crises. They focus on the impact of the crisis rather than on its cause or its scenario. Anyone who could be concerned received initial training for their role in the case of a crisis. Simulation tests focusing on this approach will be carried out in 2008.

■ BASEL II

For the Basel II project 2007 was an intensive year. After the submission of the application dossier and the impact study at the end of 2006, the dossier followed its normal course and all deadlines were met, thanks to the immense amount of work put in by all the Risk Management teams. The dossier was declared complete at the end of March 2007, then communicated to all the competent authorities responsible for the prudential supervision of the subsidiaries of the Group in application of Article 129 of Directive 2006/48/EC of the European Parliament and the Council. This long journey was concluded on December 18, 2007 with the approval by the Banking, Finance and Insurance Commission – as the authority responsible for the consolidated supervision of the Dexia Group – of the use of the method based on the Advanced Internal Ratings Based Approach (AIRBA) for calculating the capital adequacy levels required to cover the credit risk under Pillar 1 of Basel II. From January 1, 2008, the Dexia Group will therefore use that method for calculating the capital adequacy requirements for the credit risk and the publication of its solvency ratios.

The Dexia Group was able to produce within the time required the two “double run” reports at the closing dates of March 31 and September 30, 2007. These two exercises led to significant improvements in the quality of data, the correction and smoothness of its processing, even if there is still much work to be done in that respect. They also confirmed the benefits of the AIRBA approach which ensures for the Dexia Group a substantial reduction in its capital adequacy requirements under Pillar 1 because of its highly conservative risk profile on the one hand and its major activity in the retail and above all local government sectors on the other which, by virtue of their risk profiles, are the principal beneficiaries of the reform.

In terms of methodology, important work was carried out with regard to homologation requirements, completion of the rating systems, fine-tuning of methods and the numerous recommendations made both internally and externally. The approval and quality control procedures were also considerably reinforced.

In matters relating to operational risk where the Dexia Group has opted until now for the standardized approach, the information dossier was submitted to the regulator in June 2007; it will

be examined in 2008. The reporting of incidents reached its cruising speed and the Risk and Control Self-Assessment (RCSA) process now covers the entire bank, including its foreign subsidiaries and branches.

The Basel II project has resulted within the Group in a considerable improvement in the management of risk including its essential feature which is the consolidated control of data; in that area it has made it possible to put the finishing high-specification touches to the process of integrating the successive mergers which have formed the Dexia Group. Beyond the development of models and processes, the tools developed for compliance with Basel II have found numerous applications for management and reporting purposes. The project phase is therefore gradually giving way to on-going management and the bodies responsible for steering and management have been adapted accordingly.

In Pillar I, apart from the follow-up given to the terms of the approval received in 2007 and the completion of the few rolled-out rating systems, the main task in 2008 will be to produce the statutory reports within the short deadlines imposed by external communication requirements and by prudential constraints – a major technical and operational challenge that confronts all the big banking groups.

Pillar II which has been the subject of recent regulatory provisions, will be the focus of attention in 2008. This year Dexia will submit to the regulator a dossier describing the qualitative aspects of its approach; the quantitative aspects will follow in 2009. The enhancement of the Internal Capital Adequacy Process (ICAAP) will be pursued, and the Group will be focusing its special attention on integrating it generally into the management and steering of its business, using the RAROC method in decisions regarding in particular risk, financial and strategic management plans and capital management.

Lastly, Dexia is heavily involved in the work being done at Belgian and European level to solve the problems encountered in the sector with the implementation of Basel II, and more generally to improve the prudential supervision of transnational groups.

II. SUBSIDIARIES, EQUITY-ACCOUNTED ENTERPRISES, AND AFFILIATED ENTERPRISES

This list does not include the non-consolidated participations, nor the participations in the DBB branches. The complete list can be received on demand.

A. FULLY-CONSOLIDATED SUBSIDIARIES

Name	Head office	% of capital held ^(a)	Business code
Adinfo SA	Boulevard Pachéco 44 B-1000 Bruxelles	51	34
Artesia International Finance NV	Castorweg 22-24 Curaçao – Antilles néerlandaises	100	49
Artesia Mortgage Capital Corporation	1180 NW Maple Street suite 202 Issaquah, WA 98027 – USA	100	21
Artesia Mortgage CMBS Inc.	1013 Centre Road Wilmington, New Castle 19801 Delaware – USA	100	21
Artesia Properties Inc.	1209 Orange Street Wilmington, New Castle 19801 Delaware – USA	100	21
Artesimmo I NV	Boulevard Pachéco 44 B-1000 Bruxelles	100	31
Assurance Asset Management Cy AAMC NV	Sudermanstraat 5 B-2000 Antwerpen	100	28
Atrium 1 SA	Rue des Colonies 40 B-1000 Bruxelles	0	47
Atrium 2 SA	Rue des Colonies 40 B-1000 Bruxelles	0	47
Audit et Ingénierie Sociale Consulting SA	99bis, avenue du Général Leclerc F-75014 Paris	100	30
Brussels Business Center SA	Avenue Livingstone 6 B-1000 Bruxelles	100	31
CEB Fin - DKB Fin SA	Rue des Clarisses 38 B-4000 Liège	100	9
CEVI NV	Bisdomplein 3 B-9000 Gent	100	34
CIGER SA	Parc Industriel de Rhisnes Rue de Néverlée 12 B-5020 Namur	100	34
Copharma Industries Unltd	International Financial Services Centre 6 George's Dock IRL-Dublin 1	26.67	28
Cordius Advisory SA	Boulevard Pachéco 44 B-1000 Bruxelles	100	14
Corona SA	Avenue de la Métrologie 2 B-1130 Bruxelles	100	28
DELP Invest SCRL	Namur Office Park Avenue des Dessus de Lèves 2 B-5101 Lovers	100	21
Dexia Asset Finance Holding SA	Boulevard Pachéco 44 B-1000 Bruxelles	100	10
Dexia Auto Lease SA	Place Rogier 11 B-1210 Bruxelles	100	5
Dexia Capital Ireland Ltd	6 George's Dock IRL-IFSC Dublin 1	100	49

(a) % of capital held by holding company.

Name	Head office	% of capital held ^(a)	Business code
Dexia Commercial Finance SA (ex Dexia Factors)	Place Rogier 11 B-1210 Bruxelles	100	15
Dexia Crédits Logement SA	Boulevard Pachéco 44 B-1000 Bruxelles	100	6
Dexia Épargne Pension SA	76, rue de la Victoire F-75009 Paris	75	25
Dexia Financial Products Inc.	1209 Orange Street Wilmington, New Castle 19801 Delaware – USA	100	21
Dexia Funding Netherlands NV	Atrium 7th floor Strawinskylaan 3105 NL-1077 ZX Amsterdam	100	49
Dexia Ingénierie Sociale SA (ex Dexia Prévoyance France)	Site BRGM 3, avenue Claude Guillemin F-45100 Orléans	67	30
Dexia Insurance Belgium Invest SA	Rue Joseph II 96 B-1000 Bruxelles	100	21
Dexia Insurance Belgium SA	Avenue Livingstone 6 B-1000 Bruxelles	99.63	28
Dexia Insurance & Pensions Services SA	2, rue Nicolas Bové L-1253 Luxembourg	100	25
Dexia Investment Company SA	Boulevard Pachéco 44 B-1000 Bruxelles	100	35
Dexia Investments Ireland SA	6 George's Dock IRL-IFSC Dublin 1	100	49
Dexia Lease Belgium SA	Place Rogier 11 B-1210 Bruxelles	100	5
Dexia Lease Services SA	Place Rogier 11 B-1210 Bruxelles	100	5
Dexia Life & Pensions SA	2, rue Nicolas Bové L-1253 Luxembourg	100	25
Dexia Overseas Ltd	2 Jennifer's Drive Grand Cayman – British West Indies	100	49
Dexia Public Facilities Financing US SA	Boulevard Pachéco 44 B-1000 Bruxelles	100	10
Dexia Re SA	2, rue Nicolas Bové L-1253 Luxembourg	100	28
Dexia Secured Funding Belgium SA	Boulevard Pachéco 44 B-1000 Bruxelles	10	49
Dexia Securities Belgium SA	Boulevard Pachéco 44 B-1000 Bruxelles	100	11
Dexia Société de Crédit SA	Rue des Clarisses 38 B-4000 Liège	100	6
Deximmo SA	Boulevard Pachéco 44 B-1000 Bruxelles	100	31
DIS Finance SA (ex DVV Finance)	2, rue Nicolas Bové L-1253 Luxembourg	100	28
Dublin Oak Limited	Custom House Plaza block 6 International Financial Services Centre IRL-Dublin 1	0	49
Echo Dublin Unlimited	International Financial Services Centre 6 George's Dock IRL-Dublin 1	24.94	28

Name	Head office	% of capital held ^(a)	Business code
Eurco Finance Unlimited	International Financial Services Centre 6 George's Dock IRL-Dublin 1	100	28
Eurco Ireland Ltd	International Financial Services Centre 6 George's Dock IRL-Dublin 1	100	28
Eurcolux SA	2, rue Nicolas Bové L-1253 Luxembourg	100	28
Eurco Re Ltd	International Financial Services Centre 6 George's Dock IRL-Dublin 1	100	28
Eurco Rück AG	Beethovenstraße 49 CH-8002 Zürich	99.98	28
Eurco SA	2, rue Nicolas Bové L-1253 Luxembourg	100	28
Fiduciaire Dexia SA	Boulevard Pachéco 44 B-1000 Bruxelles	100	23
Fynergie SA	Boulevard Pachéco 44 B-1000 Bruxelles	100	32
IBRO Holdings Unltd	6 George's Dock IRL-IFSC Dublin 1	100	10
Immorente SA	Boulevard Pachéco 44 B-1000 Bruxelles	100	31
Livingstone Building NV	Sudermanstraat 5 B-2000 Antwerpen	100	28
Logins NV	Generaal De Wittelaan 17 B-2800 Mechelen	100	34
MBS NV	Pontbeek 63 B-1731 Asse	0	21
Parfipar SA	180, rue des Aubépines L-1445 Luxembourg	100	21
Realex SA	Rue de la Loi 99-101 B-1000 Bruxelles	100	28
SCI St-Mesmin Immobilier	19/21, rue de Patay F-45000 Orléans	100	32
Sogeval SA	Boulevard Pachéco 44 B-1000 Bruxelles	100	14
VDL - Interass NV	Brusselsesteenweg 346 B-9090 Melle	100	30
WGH SA	Avenue de l'Expansion 7 B-4432 Ans	100	34

B. JOINT SUBSIDIARIES CONSOLIDATED BY THE PROPORTIONAL METHOD

Name	Head office	% of capital held	Business code
Arlinvest NV	Hamiltonpark 24-26 B-8000 Brugge	49	19
Finimmo NV	Pacificatiestraat 39 B-2000 Antwerpen	50	16
Foncière Erasme SA	Avenue Hermann-Debroux 42 B-1160 Bruxelles	33.33	31
Himba NV	Hamiltonpark 24-26 B-8000 Brugge	48.94	31
Leskoo NV	Gemeenschappenlaan 100 B-1200 St-Lambrechts-Woluwe	50	31
Lex 2000 SA	Boulevard Pachéco 44 B-1000 Bruxelles	50	31
Omega 8-10 SA	Avenue Jean Dubrucq 175/1 B-1080 Bruxelles	50	31
Sepia SCRL	Avenue Livingstone 6 B-1000 Bruxelles	50	28
Société Espace Léopold SA	Rue Godecharle 15-17 B-1050 Bruxelles	50	31

C. AFFILIATED COMPANIES ACCOUNTED FOR BY THE EQUITY METHOD

Name	Head office	% of capital held	Business code
Auxipar SA	Avenue Livingstone 6 B-1000 Bruxelles	39.69	10
Aviabel SA	Avenue Louise 54 B-1050 Bruxelles	20	25
Banking Funding Company SA	Chaussée de Haecht 1442 B-1130 Bruxelles	22.26	48
BCC Corporate SA	Boulevard du Roi Albert II 9 B-1210 Bruxelles	22.24	48
Bogey SA	Chaussée d'Alseberg 1021 B-1420 Braine-l'Alleud	49	31
Brand & Licence Company SA	Chaussée de Haecht 1442 B-1130 Bruxelles	20	48
Crédit du Nord SA	59, boulevard Haussmann F-75008 Paris	10	1
Dexia Asset Management Luxembourg SA	136, route d'Arlon L-1150 Luxembourg	49	19
Dexia Immorent SA	Boulevard Pachéco 44 B-1000 Bruxelles	40	31
DG Infra+ SA	Boulevard Pachéco 44 B-1000 Bruxelles	18.25	10
Esplanade SA	Rue Godecharle 15-17 B-1050 Bruxelles	25	31
Immo Projets SA	Rue Sainte-Marie 5 B-4000 Liège	20.33	31
Inframan SA	Boulevard Pachéco 44 B-1000 Bruxelles	50	47

Name	Head office	% of capital held	Business code
Isabel SA	Boulevard de l'Impératrice 13-15 B-1000 Bruxelles	24	39
Justinvest Antwerpen NV	Heistraat 129 B-2610 Antwerpen	33.33	32
Ondernemerstalent NV	P/A Universiteit Hasselt Agoralaan gebouw B B-3590 Diepenbeek	44.29	10
Promotion Léopold SA	Rue Godecharle 15-17 B-1050 Bruxelles	38	31
Rabot Invest NV	Heistraat 129 B-2610 Antwerpen	25	46
RAC Investment Corp NV	Van Eycklei 1 B-2018 Antwerpen	25	31
SLF Finances SA	Rue Sainte-Marie 5 B-4000 Liège	27.99	43
SLF Immo SA	Rue Sainte-Marie 5 B-4000 Liège	20.49	31
SLF Participations SA	Rue Sainte-Marie 5 B-4000 Liège	20.57	10

Business code

1. Bank, credit institution	27. Captive reinsurance
2. Private savings bank	28. General insurance
3. Government credit institution	29. Financial product agency and broking
4. Banking agency	30. Insurance agency and broking
5. Leasing	31. Real estate (proprietary portfolio)
6. Home loans	32. Real estate agency (third party)
7. Development capital	33. Health and welfare
8. Consumer credits	34. Computer business
9. Other lending activities	35. Banking associations
10. Investment company	36. Other associations
11. Stock broking	37. Sewage, road cleaning and maintenance and waste management
12. Variable capital investment company	38. Recreation
13. Mutual funds	39. Telecommunications
14. Fund manager	40. Transportation
15. Factoring	41. Other services
16. Infrastructure and construction financing	42. Energy
17. Other specific financing	43. Economic development
18. Financial market administration	44. Water
19. Asset and portfolio management, financial advisory services	45. Book publishing and multimedia
20. Financial engineering, consultancy, financial research	46. Research and development
21. Other professional services in financial sector	47. Other service activities
22. Guarantee company	48. Production, management, distribution of computerized payment media
23. Trust company	49. Financing
24. Foreign currency exchange	50. Merchant banking
25. Life insurance	
26. Nonlife insurance	

III. BUSINESS REPORTING

	Public/Project Finance and Credit Enhancement	Personal Financial Services	Asset Management, Insurance Services and Investor Services ^(a)	Treasury and Financial Markets	Non- allocated – Central Assets	Group Dexia Bank
(in thousands of EUR)						
AS OF DEC. 31, 2006						
Income	691,803	1,811,539	250,585	204,285	94,028	3,052,240
Of which net income from associates	1	30,481	2,450	0	89,414	122,346
NET INCOME BEFORE TAX	416,687	551,993	109,318	138,339	19,610	1,235,947
ASSETS						
Subtotal assets ^(b)	35,714,127	26,792,916	14,730,800	146,043,963	4,272,422	227,554,228
Of which investments in associates	95,701	243,827	21,243	0	256,130	616,901
LIABILITIES						
Subtotal liabilities ^(c)	11,101,895	42,219,053	14,222,686	148,062,235	4,535,370	220,141,239
OTHER SEGMENT INFORMATION						
Capital expenditures	(140,991)	0	0	0	42,067	(98,924)
Depreciation and amortization	0	0	0	0	(142,371)	(142,371)
Impairments ^(d)	(12,984)	(20,881)	31,916	15,425	(1,735)	11,741
Other non-cash expenses ^(e)	(6,336)	(28,908)	0	(1,513)	3,767	(32,990)

(a) Since January 1, 2007 the Insurance Services segment, which was handling the production of the insurance products when other business lines were distributing them, no longer exists and is reallocated to the business lines concerned by the operations realized, introducing this way 100% of the insurance results to Public/Project Finance and Credit Enhancement and Personal Financial Services. The comparison between December 2006 and December 2007 is therefore not relevant.

(b) Includes Due from banks, Loans and advances to customers, Loans and securities held for trading, Loans and securities available for sale, Investments in associates, Other assets specific to insurance companies.

(c) Includes Due to banks, Customer borrowing and deposits, Debt securities, Technical provisions of insurance companies.

(d) Includes Impairments on tangible and other intangible assets, Impairments on securities, Impairments on loans and provisions for credit commitments, Impairments on goodwill.

(e) Includes IFRS 2 costs, Net allowances to provisions for restructuring costs, Net allowances to provisions related to IAS 19, Capital losses on exchange of assets.

Figures as of Dec. 31, 2006 have been restated.

(in thousands of EUR)	Public/Project Finance and Credit Enhancement	Personal Financial Services	Asset Management and Investor Services ^(a)	Treasury and Financial Markets	Non- allocated – Central Assets	Group Dexia Bank
AS OF DEC. 31, 2007						
Income	500,520	1,696,457	0	455,122	235,307	2,887,406
Of which net income from associates	3,337	31,608	0	0	75,384	110,329
NET INCOME BEFORE TAX	254,203	374,840	0	318,116	143,127	1,090,286
ASSETS						
Subtotal assets ^(b)	37,377,671	48,854,026	0	146,753,381	934,567	233,919,645
Of which investments in associates	106,481	278,470	0	0	243,440	628,391
LIABILITIES						
Subtotal liabilities ^(c)	12,594,912	62,614,054	0	153,752,230	1,959,316	230,920,513
OTHER SEGMENT INFORMATION						
Capital expenditures	(123,000)	0	0	0	(107,000)	(230,000)
Depreciation and amortization	0	0	0	0	(108,660)	(108,660)
Impairments ^(d)	(10,548)	(25,031)	0	(12,586)	(15,483)	(63,648)
Other non-cash expenses ^(e)	1,800	7,040	0	0	(31,822)	(22,982)

(a) Since January 1, 2007 the Insurance Services segment, which was handling the production of the insurance products when other business lines were distributing them, no longer exists and is reallocated to the business lines concerned by the operations realized, introducing this way 100% of the insurance results to Public/Project Finance and Credit Enhancement and Personal Financial Services. The comparison between December 2006 and December 2007 is therefore not relevant.

(b) Includes Due from banks, Loans and advances to customers, Loans and securities held for trading, Loans and securities available for sale, Investments in associates, Other assets specific to insurance companies.

(c) Includes Due to banks, Customer borrowing and deposits, Debt securities, Technical provisions of insurance companies.

(d) includes Impairments on tangible and other intangible assets, Impairments on securities, Impairments on loans and provisions for credit commitments, Impairments on goodwill.

(e) includes IFRS 2 costs, Net allowances to provisions for restructuring costs, Net allowances to provisions related to IAS 19, Capital losses on exchange of assets.

Relations between business lines, and especially between commercial business lines, financial markets and production and service centers are subject to retrocessions and/or analytical transfers, governed by service level agreements based on normal commercial terms and market conditions. The results of each business line also include:

- The earnings from commercial transformation, including the management costs of this transformation and the Group equity allocated to this activity on the basis of medium and long-term outstanding;
- Interest on economic capital: economic capital is allocated to the business lines for internal purposes and the return on economic capital is used to measure the performance of each business line;
- Funding cost.

Tangible and intangible assets are allocated to "Non-allocated – Central Assets", except when they are directly managed by a commercial or financial business line.

Since the Group's business operations are conducted almost exclusively in the euro-zone countries, no geographical segment information is disclosed.

IV. SIGNIFICANT ITEMS INCLUDED IN THE NET INCOME

For details of the items included in the net income, we refer to the Management report.

V. POST-BALANCE-SHEET EVENTS

Nil

VI. LITIGATION

For details on litigation, we refer to the Management report.

VII. NOTES ON THE ASSETS OF THE CONSOLIDATED BALANCE SHEET

7.1. CASH AND CASH EQUIVALENTS

For the purpose of the cash flow statement, cash and cash equivalents comprises the following balances with less than 90 days remaining duration.

1. Analysis by nature

(in thousands of EUR)	31/12/06	31/12/07
Cash and balances with central banks	936,051	4,905,195
Loans and advances due from banks	56,926,548	70,667,940
Financial assets available for sale	1,606,265	1,770,392
Financial assets held for trading	77,429	39,904
Financial assets designated at fair value	0	15,000
Non-current assets held for sale	0	0
TOTAL	59,546,293	77,398,431

2. Of which restricted cash

(in thousands of EUR)	31/12/06	31/12/07
Mandatory reserves ^(a)	548,925	4,536,240
Cash collaterals	0	0
Other	0	0
TOTAL	548,925	4,536,240

(a) Mandatory reserves: minimum reserve deposits credit institutions must have with ECB or with other central banks.

7.2. CASH AND BALANCES WITH CENTRAL BANKS

Analysis by nature

(in thousands of EUR)	31/12/06	31/12/07
Cash in hand	387,126	368,955
Balances with central banks other than mandatory reserve deposits	0	0
Mandatory reserve deposits	551,119	4,544,014
TOTAL	938,245	4,912,969
Of which included in cash and cash equivalents	936,051	4,905,195

7.3. LOANS AND ADVANCES DUE FROM BANKS

1. Analysis by nature

(in thousands of EUR)	31/12/06	31/12/07
Nostro accounts	1,977,786	2,164,272
Reverse repurchase agreements	57,555,211	68,257,198
Loans and other advances	21,160,488	8,848,378
Impaired loans	0	0
Less:		
Specific impairment on impaired loans	0	0
Collective impairment	0	0
TOTAL	80,693,485	79,269,848
Of which included in cash and cash equivalents	56,926,548	70,667,940
Of which included in finance lease	0	344

2. Analysis of quality

See note 7.14.

3. Analysis by maturity and interest rate

See notes 12.4., 12.5. and 12.6.

4. Analysis of the fair value

See note 12.1.

7.4. LOANS AND ADVANCES TO CUSTOMERS

1. Analysis by counterpart

(in thousands of EUR)	31/12/06	31/12/07
Public sector	18,718,744	18,018,321
Other	64,733,272	62,118,606
Impaired loans	683,374	640,483
Less:		
Specific impairment on impaired loans	(485,847)	(450,655)
Collective impairment	(104,499)	(120,810)
TOTAL	83,545,044	80,205,945
Of which included in finance lease	2,124,532	2,331,201

2. Analysis of quality

See note 7.14.

3. Analysis by maturity and interest rate

See notes 12.4., 12.5. and 12.6.

4. Analysis of the fair value

See note 12.1.

7.5. FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS

(in thousands of EUR)	31/12/06	31/12/07
Financial assets held for trading	8,442,022	9,285,781
Financial assets designated at fair value	7,042,967	6,909,359
TOTAL	15,484,989	16,195,140

FINANCIAL ASSETS HELD FOR TRADING

1. Analysis by counterpart

(in thousands of EUR)	31/12/06	31/12/07
Public sector	916,465	455,291
Banks	93,639	66,689
Other	7,431,918	8,763,801
TOTAL	8,442,022	9,285,781
Of which included in cash and cash equivalents	77,429	39,904
Of which included in finance lease	0	0

2. Analysis by nature

(in thousands of EUR)	31/12/06	31/12/07
Loans	0	0
Bonds issued by public bodies	918,934	461,571
Other bonds and fixed-income instruments	7,395,683	8,691,234
Equity and variable-income instruments	127,405	132,976
TOTAL	8,442,022	9,285,781

3. Treasury bills and other eligible bills for refinancing to the central banks

(in thousands of EUR)	31/12/06	31/12/07
Treasury bills and other eligible bills for refinancing to the central banks	112,408	19,034

4. Securities pledged under repurchase agreements with other banks

(in thousands of EUR)	Market value	
	31/12/06	31/12/07
Included in bonds issued by public bodies	0	0
Included in other bonds and fixed-income instruments	1,385	0

5. Analysis by maturity and interest rate

See notes 12.4., 12.5. and 12.6.

6. Analysis of the fair value

See note 12.1.

FINANCIAL ASSETS DESIGNATED AT FAIR VALUE

1. Analysis by counterpart

(in thousands of EUR)	31/12/06	31/12/07
Public sector	49,819	47,438
Banks	181,032	2,070,767
Other	6,812,116	4,791,154
TOTAL	7,042,967	6,909,359
Of which included in cash and cash equivalents	0	15,000
Of which included in finance lease	0	0

2. Analysis by nature

(in thousands of EUR)	31/12/06	31/12/07
Loans	380,158	693,496
Bonds issued by public bodies	8,609	6,100
Other bonds and fixed-income instruments	579,190	149,597
Equity and variable-income instruments	21,126	20,397
Unit-linked insurance products	6,053,884	6,039,769
TOTAL	7,042,967	6,909,359

3. Treasury bills and other eligible bills for refinancing to the central banks

Nil

4. Securities pledged under repurchase agreements with other banks

Nil

5. Analysis by maturity and interest rate

See notes 12.4., 12.5. and 12.6.

6. Analysis of the fair value

See note 12.1.

The Fair Value Option (FVO) for financial assets is mainly used in the following situations:

- where liabilities contain a discretionary participation feature that pays benefits based on realized/unrealized investment returns of a specified pool of insurer's assets;
- the FVO is used as an alternative method in order to reduce volatility in profit or loss when, at inception, there is a risk that the hedge accounting requirements will not be met.

To determine the fair value for non-listed financial instruments classified under the fair value option, the pricing tools used and procedures followed are determined by Group Risk Management. The pricing tool is a discounted cash flow model whereby the net present value is determined by an interest rate based on available market rates applicable for similar financial assets and for issuers with a similar credit rating.

7.6. FINANCIAL INVESTMENTS

1. Analysis by counterpart

(in thousands of EUR)	31/12/06	31/12/07
Public sector	15,678,849	18,104,413
Banks	20,784,442	22,720,542
Other	17,651,412	23,374,949
Impaired financial investments	269,940	365,386
TOTAL FINANCIAL INVESTMENTS BEFORE IMPAIRMENT	54,384,643	64,565,290
Less:		
Specific and collective impairment on impaired financial investments	(96,152)	(87,382)
TOTAL	54,288,491	64,477,908
Of which included in cash and cash equivalents	1,606,265	1,770,392

2. Analysis of quality

See note 7.14.

3. Analysis by maturity and interest rate

See notes 12.4., 12.5. and 12.6.

4. Analysis by nature (Financial investments before impairments)

(in thousands of EUR)	AFS		HTM		Total	
	31/12/06	31/12/07	31/12/06	31/12/07	31/12/06	31/12/07
Loans	422,588	317,984	0	0	422,588	317,984
Bonds issued by public bodies	16,154,043	18,063,173	41,853	24,117	16,195,896	18,087,290
Other bonds and fixed-income instruments	33,999,094	42,017,252	206,247	106,193	34,205,341	42,123,445
Equity and variable-income instruments	3,560,818	4,036,571	0	0	3,560,818	4,036,571
TOTAL	54,136,543	64,434,980	248,100	130,310	54,384,643	64,565,290

5. Convertible bonds included in the available-for-sale portfolio

Nil

6. Reclassification (IFRS 7, 12)

Nil

7. Analysis of the fair value

See note 12.1.

7.7. INVESTMENTS IN ASSOCIATES

1. Carrying value

(in thousands of EUR)	2006	2007
CARRYING VALUE AS OF JAN. 1	571,043	616,901
Acquisitions	2,093	9,720
Disposals	(10,437)	(22,077)
Change in scope of consolidation (in)	120	11
Change in scope of consolidation (out)	(1,137)	0
Share of result before tax	160,102	140,998
Share of tax	(37,756)	(30,669)
Dividend paid	(78,227)	(71,086)
Changes in goodwill (see below)	0	0
Share of gains and losses not recognized in the statement of income	11,126	(15,909)
Translation adjustments	(46)	(152)
Impairment: booked	0	0
Impairment: write-back	0	0
Impairment: write-off	0	0
Other	20	654
CARRYING VALUE AS OF DEC. 31	616,901	628,391

2. Positive goodwill included in carrying value

(in thousands of EUR)	2006	2007
ACQUISITION COST AS OF JAN. 1	122,551	122,551
Change in scope of consolidation	0	0
ACQUISITION COST AS OF DEC. 31 (A)	122,551	122,551
ACCUMULATED DEPRECIATION AND ACCUMULATED IMPAIRMENT AS OF JAN. 1	(26,019)	(26,019)
Change in scope of consolidation	0	0
ACCUMULATED DEPRECIATION AND ACCUMULATED IMPAIRMENT AS OF DEC. 31 (B)	(26,019)	(26,019)
NET CARRYING VALUE AS OF DEC. 31 (A)+(B)	96,532	96,532

3. List of major associates as of Dec. 31, 2007

Associates (in thousands of EUR)	31/12/06		31/12/07		Reference to website
	Carrying value	Fair value of investment	Carrying value	Fair value of investment	
Crédit du Nord	241,976	366,500	254,075	410,000	www.groupe-credit-du-nord.com
Dexia Asset Management Luxembourg SA	132,026	132,026	131,567	131,567	non-listed
SLF Finance SA	64,207	64,207	64,137	64,137	non-listed
Dexia Asset Management Belgium SA	41,735	41,735	49,657	49,657	non-listed
Dexia Asset Management France SA	50,087	50,087	49,216	49,216	non-listed
TOTAL	530,031	654,555	548,652	704,577	

4. Discontinuation of recognition of share of loss (negative equity)

Nil

7.8. TANGIBLE FIXED ASSETS

1. Net book value

(in thousands of EUR)	Land and buildings		Office furniture and other equipment			Investment Property	Total
	Own Use Owner	Own Use Finance Lease	Own Use Owner	Own Use Finance Lease	Operating Lease		
ACQUISITION COST AS OF JAN. 1, 2006	1,150,293	436	862,089	817	8,317	940,091	2,962,043
Acquisitions	44,034	3,507	27,859	18	418	23,088	98,924
Subsequent expenditures	0	0	0	0	0	0	0
Post-acquisition adjustment	0	0	0	0	0	0	0
Disposals	(100,649)	0	(8,201)	(147)	(125)	(9,002)	(118,124)
Change in scope of consolidation (in)	0	0	0	0	0	0	0
Change in scope of consolidation (out)	(41,917)	0	(11,333)	0	0	0	(53,250)
Transfers	(2,263)	(88)	(2,996)	0	0	(65,732)	(71,079)
Translation adjustments	0	(47)	(95)	0	0	0	(142)
Other	0	0	0	0	0	0	0
ACQUISITION COST AS OF DEC. 31, 2006 (A)	1,049,498	3,808	867,323	688	8,610	888,445	2,818,372
ACCUMULATED DEPRECIATION AND IMPAIRMENT AS OF JAN. 1, 2006	(208,203)	(209)	(728,405)	(709)	(7,418)	(554,238)	(1,499,182)
Post-acquisition adjustment	0	0	0	0	0	0	0
Booked	(27,715)	(117)	(36,133)	(55)	(562)	(37,129)	(101,711)
Write-back	0	0	0	0	0	0	0
Write-off	5,981	1	8,290	135	118	9,001	23,526
Change in scope of consolidation (in)	0	0	0	0	0	0	0
Change in scope of consolidation (out)	14,680	0	8,750	0	0	0	23,430
Transfers	(577)	55	3,053	(10)	0	51,244	53,765
Translation adjustments	0	19	60	0	0	0	79
Other	0	0	0	0	0	0	0
ACCUMULATED DEPRECIATION AND IMPAIRMENT AS OF DEC. 31, 2006 (B)	(215,834)	(251)	(744,385)	(639)	(7,862)	(531,122)	(1,500,093)
NET BOOK VALUE AS OF DEC. 31, 2006 (A)+(B)	833,664	3,557	122,938	49	748	357,323	1,318,279

(in thousands of EUR)	Land and buildings		Office furniture and other equipment			Investment Property	Total
	Own Use Owner	Own Use Finance Lease	Own Use Owner	Own Use Finance Lease	Operating Lease		
ACQUISITION COST AS OF JAN. 1, 2007	1,049,498	3,808	867,323	688	8,610	888,445	2,818,372
Acquisitions	153,166	208	24,682	77	373	9,188	187,694
Subsequent expenditures	14,154	0	0	0	0	16,846	31,000
Post-acquisition adjustment	0	0	0	0	0	0	0
Disposals	(169,138)	0	(233,355)	(12)	(16)	(5,021)	(407,542)
Change in scope of consolidation (in)	30,865	0	3,315	0	0	0	34,180
Change in scope of consolidation (out)	(98)	0	(4,429)	0	0	0	(4,527)
Transfers	59,961	(669)	(13,822)	(53)	0	(44,324)	1,093
Translation adjustments	0	(72)	(127)	0	0	0	(199)
Other	(661)	0	16	0	0	661	16
ACQUISITION COST AS OF DEC. 31, 2007 (A)	1,137,747	3,275	643,603	700	8,967	865,795	2,660,087
ACCUMULATED DEPRECIATION AND IMPAIRMENT AS OF JAN. 1, 2007	(215,834)	(251)	(744,385)	(639)	(7,862)	(531,122)	(1,500,093)
Post-acquisition adjustment	0	0	0	0	0	0	0
Booked	(46,709)	(41)	(23,588)	(59)	(508)	(17,113)	(88,018)
Write-back	0	0	0	0	0	0	0
Write-off	475	0	213,304	12	16	1,453	215,260
Change in scope of consolidation (in)	(292)	0	0	0	0	0	(292)
Change in scope of consolidation (out)	55	0	3,324	0	0	0	3,379
Transfers	(34,767)	0	13,770	33	0	28,046	7,082
Translation adjustments	0	23	80	0	0	0	103
Other	292	0	(16)	0	0	(292)	(16)
ACCUMULATED DEPRECIATION AND IMPAIRMENT AS OF DEC. 31, 2007 (B)	(296,780)	(269)	(537,511)	(653)	(8,354)	(519,028)	(1,362,595)
NET BOOK VALUE AS OF DEC. 31, 2007 (A)+(B)	840,967	3,006	106,092	47	613	346,767	1,297,492

2. Fair value

(in thousands of EUR)	31/12/06	31/12/07
Fair values of investment properties	389,193	388,710
Fair value subject to an independent valuation	1,438	2,343
Fair value not subject to an independent valuation	387,755	386,367

3. Expenditures

(in thousands of EUR)	31/12/06	31/12/07
Expenditures capitalized for the construction of property, plant and equipment	13,376	15,124

4. Contractual obligations relating to investment property at end of period

(in thousands of EUR)	31/12/06	31/12/07
To purchase, construct or develop investment property	0	500
Amount of commitments for acquisition of property, plant and equipment	0	1,850

7.9. INTANGIBLE ASSETS AND GOODWILL

(in thousands of EUR)	Positive goodwill	Internally developed software	Other intangible assets ^(a)	Total
ACQUISITION COST AS OF JAN. 1, 2006	129,886	314,754	177,929	622,569
Acquisitions	0	40,126	13,055	53,181
Disposals	0	(4,033)	(52)	(4,085)
Change in scope of consolidation (in)	0	0	0	0
Change in scope of consolidation (out)	0	0	(19,573)	(19,573)
Transfers	0	0	(371)	(371)
Translation adjustments	0	0	(17)	(17)
Post-acquisition adjustment	0	0	0	0
Other	0	0	0	0
ACQUISITION COST AS OF DEC. 31, 2006 (A)	129,886	350,847	170,971	651,704
ACCUMULATED DEPRECIATION AND IMPAIRMENT AS OF JAN. 1, 2006	(25,920)	(244,120)	(126,405)	(396,445)
Booked	0	(34,901)	(16,443)	(51,344)
Change in scope of consolidation (in)	0	0	0	0
Change in scope of consolidation (out)	0	0	14,121	14,121
Write-back	0	0	0	0
Disposal / Write-off	0	505	35	540
Transfers	0	0	368	368
Translation adjustments	0	0	9	9
Post-acquisition adjustment	0	0	0	0
Other	0	0	0	0
ACCUMULATED DEPRECIATION AND IMPAIRMENT AS OF DEC. 31, 2006 (B)	(25,920)	(278,516)	(128,315)	(432,751)
NET BOOK VALUE AS OF DEC. 31, 2006 (A)+(B)	103,966	72,331	42,656	218,953

(a) Other intangible assets include purchased softwares.

(in thousands of EUR)	Positive goodwill	Internally developed software	Other intangible assets ^(a)	Total
ACQUISITION COST AS OF JAN. 1, 2007	129,886	350,847	170,971	651,704
Acquisitions	0	41,542	11,360	52,902
Disposals	0	(551)	(42,387)	(42,938)
Change in scope of consolidation (in)	1,688	0	0	1,688
Change in scope of consolidation (out)	0	0	(6,990)	(6,990)
Transfers	0	0	(18,836)	(18,836)
Translation adjustments	0	0	(82)	(82)
Post-acquisition adjustment	0	0	0	0
Other	1	0	(3)	(2)
ACQUISITION COST AS OF DEC. 31, 2007 (A)	131,575	391,838	114,033	637,446
ACCUMULATED DEPRECIATION AND IMPAIRMENT AS OF JAN. 1, 2007	(25,920)	(278,516)	(128,315)	(432,751)
Booked	0	(28,839)	(9,107)	(37,946)
Change in scope of consolidation (in)	0	0	0	0
Change in scope of consolidation (out)	0	0	3,500	3,500
Write-back	0	0	0	0
Disposal / Write-off	0	109	33,614	33,723
Transfers	0	0	12,986	12,986
Translation adjustments	0	0	74	74
Post-acquisition adjustment	0	0	0	0
Other	0	0	0	0
ACCUMULATED DEPRECIATION AND IMPAIRMENT AS OF DEC. 31, 2007 (B)	(25,920)	(307,246)	(87,248)	(420,414)
NET BOOK VALUE AS OF DEC. 31, 2007 (A)+(B)	105,655	84,592	26,785	217,032

(a) Other intangible assets include purchased softwares.

7.10. TAX ASSETS

(in thousands of EUR)	31/12/06	31/12/07
Current/prepaid	47,891	35,609
Operational taxes	24,123	22,294
CURRENT TAXES	72,014	57,903
Deferred tax assets (see note 9.2.)	171,404	423,118
TOTAL	243,418	481,021

7.11. OTHER ASSETS

(in thousands of EUR)	31/12/06	31/12/07
Other assets	1,400,463	1,967,416
Other assets specific to insurance companies	216,385	182,082
TOTAL	1,616,848	2,149,498

1. Other assets

ANALYSIS BY NATURE

(in thousands of EUR)	31/12/06	31/12/07
Accrued income	63,377	111,439
Deferred expenses	37,758	32,587
Other accounts receivable ^(a)	938,677	1,594,944
Plan assets ^(b)	9,561	8,306
Long-term construction contracts	3,339	572
Inventories	2,942	2,396
Other assets	344,809	217,172
TOTAL	1,400,463	1,967,416

(a) Mainly cash collaterals on derivative products.

(b) See note 8.6.4.1.

2. Other assets specific to insurance activities

ANALYSIS BY NATURE (ACQUISITION COSTS AND SHARE OF REINSURERS)

(in thousands of EUR)	31/12/06	31/12/07
Share of the reinsurers in the technical reserves	88,643	80,346
Receivables resulting from direct insurance transactions	53,560	49,264
Premiums still to be issued	1,219	661
Deferred acquisition costs	6	0
Other insurance assets	72,723	51,597
Impaired insurance assets	1,223	1,064
Less:	0	0
Specific impairment	(989)	(850)
Provisions on not impaired insurance assets	0	0
TOTAL	216,385	182,082

7.12. NON-CURRENT ASSETS HELD FOR SALE

(in thousands of EUR)	31/12/06	31/12/07
Assets of subsidiaries held for sale	0	0
Tangible and intangible assets held for sale	43,751	28,091
Discontinued operations	0	0
Other assets	839	1,021
TOTAL	44,590	29,112

7.13. LEASING

1. Dexia as a lessor

FINANCE LEASE

(in thousands of EUR)	31/12/06	31/12/07
Gross investment in finance leases		
Not later than 1 year	498,200	674,268
Later than 1 year and not later than 5 years	905,792	973,780
Later than 5 years	1,243,548	1,199,081
SUBTOTAL (A)	2,647,540	2,847,129
UNEARNED FUTURE FINANCE INCOME ON FINANCE LEASES (B)	524,802	527,542
NET INVESTMENT IN FINANCE LEASES (A)-(B)	2,122,738	2,319,587

(in thousands of EUR)	31/12/06	31/12/07
The net investment in finance leases may be analyzed as follows		
Not later than 1 year	440,548	609,310
Later than 1 year and not later than 5 years	769,566	823,267
Later than 5 years	912,624	887,010
TOTAL	2,122,738	2,319,587

(in thousands of EUR)	31/12/06	31/12/07
Amount of contingent rents recognized in statement of income during the period	80	33
Amount of uncollectible finance lease receivables included in the provision for loan losses at end of period	9,436	1,955
Residual values unguaranteed by lessees	0	0
Estimated fair value of finance lease	1,935,837	2,131,418
Accumulated allowance for uncollectible minimum lease payments receivable	2,869	227

OPERATING LEASE

(in thousands of EUR)	31/12/06	31/12/07
Future net minimum lease receivables under non-cancelable operating leases are as follows		
Not later than 1 year	11,514	20,066
Later than 1 year and not later than 5 years	33,877	48,127
Later than 5 years	17,731	43,252
TOTAL	63,122	111,445
Amount of contingent rents recognized in statement of income during the period	0	0

2. Dexia as a lessee

FINANCE LEASE

Amounts involved are immaterial. See note 7.8.

OPERATING LEASE

(in thousands of EUR)	31/12/06	31/12/07
Future net minimum lease payments under non-cancelable operating leases are as follows		
Not later than 1 year	25,516	24,524
Later than 1 year and not later than 5 years	69,706	71,425
Later than 5 years	17,113	16,301
TOTAL	112,335	112,250
Amount of future minimum sublease payments expected to be received under non-cancelable subleases at the balance-sheet date	5,613	3,878
Lease and sublease payments recognized as an expense during the period		
Minimum lease payments	41,018	31,487
Contingent rents	116	75
Sublease payments	317	0
TOTAL	41,451	31,562

7.14. QUALITY OF FINANCIAL ASSETS

Analysis of normal loans and securities

(in thousands of EUR)	Gross amount (A)	
	31/12/06	31/12/07
Normal assets in loans and advances due from banks	80,693,485	79,269,848
Normal loans and advances to customers	83,452,016	80,136,927
Normal investments held to maturity	248,100	130,310
Normal financial assets available for sale	53,866,603	64,069,594
Normal assets from insurance activities	216,151	181,868
Normal other accounts receivable	938,515	1,593,676
Normal other financial assets	344,192	217,111
Collective impairment on not specifically impaired loans (-)	(104,499)	(120,810)
TOTAL	219,654,563	225,478,524

Analysis of impaired loans and securities

(in thousands of EUR)	Gross amount (B)		Specific loan loss allowance individual basis (C)		Net amount (B)+(C)	
	31/12/06	31/12/07	31/12/06	31/12/07	31/12/06	31/12/07
Impaired assets in loans and advances due from banks	0	0	0	0	0	0
Impaired loans and advances to customers	683,374	640,483	(485,847)	(450,655)	197,527	189,828
Impaired investments held to maturity	0	0	0	0	0	0
Impaired financial assets available for sale	269,940	365,386	(96,152)	(87,382)	173,788	278,004
Impaired assets from insurance activities	1,223	1,064	(989)	(850)	234	214
Impaired other accounts receivable	1,027	2,345	(865)	(1,078)	162	1,267
Impaired other financial assets	0	0	0	0	0	0
TOTAL	955,564	1,009,278	(583,853)	(539,965)	371,711	469,313

Normal + impaired

(in thousands of EUR)	Gross amount (A)+(B)		Specific loan loss allowance (C)		Net amount (A)+(B)+(C)	
	31/12/06	31/12/07	31/12/06	31/12/07	31/12/06	31/12/07
Loans and advances due from banks	80,693,485	79,269,848	0	0	80,693,485	79,269,848
Loans and advances to customers	84,135,390	80,777,410	(485,847)	(450,655)	83,649,543	80,326,755
Investments held to maturity	248,100	130,310	0	0	248,100	130,310
Financial assets available for sale	54,136,543	64,434,980	(96,152)	(87,382)	54,040,391	64,347,598
Assets from insurance activities	217,374	182,932	(989)	(850)	216,385	182,082
Other accounts receivable	939,542	1,596,021	(865)	(1,078)	938,677	1,594,943
Other financial assets	344,192	217,111	0	0	344,192	217,111
Collective impairment on not specifically impaired loans (-)	(104,499)	(120,810)	0	0	(104,499)	(120,810)
TOTAL	220,610,127	226,487,802	(583,853)	(539,965)	220,026,274	225,947,837

Figures as of Dec. 31, 2006 have been restated.

VIII. NOTES ON THE LIABILITIES OF THE CONSOLIDATED BALANCE SHEET

8.1. DUE TO BANKS

1. Analysis by nature

(in thousands of EUR)	31/12/06	31/12/07
On demand	18,442,681	14,455,157
Term	61,934,898	75,762,860
Repurchase activity	38,662,629	22,277,411
Central banks	0	143,927
Other borrowings	430,225	452,383
TOTAL	119,470,433	113,091,738

2. Analysis by maturity and interest rate

See notes 12.4., 12.5. and 12.6.

3. Analysis of the fair value

See note 12.1.

8.2. CUSTOMER BORROWINGS AND DEPOSITS

1. Analysis by nature

(in thousands of EUR)	31/12/06	31/12/07
Demand deposits	19,712,348	27,411,983
Saving deposits	24,082,412	22,193,827
Term deposits	17,510,114	22,503,977
Other customer deposits	2,885,870	2,685,974
TOTAL CUSTOMER DEPOSITS	64,190,744	74,795,761
Repurchase activity	2,257,599	1,181,252
Other borrowings	88,039	102,017
TOTAL CUSTOMER BORROWINGS	2,345,638	1,283,269
TOTAL	66,536,382	76,079,030

Figures as of Dec. 31, 2006 have been restated.

2. Analysis by maturity and interest rate

See notes 12.4., 12.5. and 12.6.

3. Analysis of the fair value

See note 12.1.

8.3. FINANCIAL LIABILITIES MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS

(in thousands of EUR)	31/12/06	31/12/07
Financial liabilities held for trading	552,337	1,961,333
Financial liabilities designated at fair value	4,780,734	5,091,350
TOTAL	5,333,071	7,052,683

FINANCIAL LIABILITIES HELD FOR TRADING

1. Analysis by nature

(in thousands of EUR)	31/12/06	31/12/07
Bonds issued by public bodies	507,558	1,902,820
Other bonds	6,573	4,859
Repurchase agreements	0	0
Equity	38,206	53,654
TOTAL	552,337	1,961,333

2. Analysis by maturity and interest rate

See notes 12.4., 12.5. and 12.6.

3. Analysis of the fair value

See note 12.1.

FINANCIAL LIABILITIES DESIGNATED AT FAIR VALUE

1. Analysis by nature

(in thousands of EUR)	31/12/06	31/12/07
Liabilities at fair value	0	792,343
Unit-linked products	4,780,734	4,299,007
TOTAL	4,780,734	5,091,350

2. Analysis by maturity and interest rate

See notes 12.4., 12.5. and 12.6.

3. Analysis of the fair value

See note 12.1.

The "Fair Value Option" (FVO) for financial liabilities is mainly used in the following situations:

- in the insurance business for its liabilities containing a discretionary participation feature that pays benefits based on realized/unrealized investment returns of a specified pool of insurer's assets (Unit-linked contracts). In order to avoid volatility in its equity and results, Dexia Bank has designated the assets and liabilities of unit-linked products (Branch 23) at fair value through the statement of income.
- by companies issuing debt with embedded derivatives.

The pricing tools used and the procedures followed to determine the fair value for non-listed financial instruments classified under the fair value option, are set up by Group Risk Management. The pricing tool is a discounted cash flow model whereby the net present value is determined by an interest rate based on available market rates applicable for similar securities and taking into account our own credit rating.

8.4. DEBT SECURITIES

1. Analysis by nature

(in thousands of EUR)	31/12/06	31/12/07
Certificates of deposit	6,930,760	10,443,814
Customer savings certificates	5,868,553	5,172,891
Convertible debts	0	0
Other dilutive instruments	0	0
Non-convertible bonds	9,191,645	11,203,779
TOTAL	21,990,958	26,820,484

2. Analysis by maturity and interest rate

See notes 12.4., 12.5. and 12.6.

3. Analysis of the fair value

See note 12.1.

8.5. SUBORDINATED DEBTS

1. Analysis by nature

(in thousands of EUR)	31/12/06	31/12/07
Non-convertible subordinated debt		
Loan capital perpetual subordinated notes	1,097,895	943,396
Other	1,539,736	1,642,221
TOTAL	2,637,631	2,585,617

List available on request

(in thousands of EUR)	31/12/06	31/12/07
Hybrid capital and redeemable preference shares	501,611	501,847

Dexia Bank Belgium has a hybrid subordinated debt of EUR 500 million resulting from a subordinated perpetual emission by Dexia Funding Luxemburg at the rate of 4.92% annual for 10 years till 02/11/2016 and after 02/11/2016 at 3 months Euribor + 181 bp.

2. Analysis of convertible subordinated debt

Nil

3. Analysis by maturity and interest rate

See notes 12.4., 12.5. and 12.6.

4. Analysis of the fair value

See note 12.1.

8.6. PROVISIONS AND OTHER OBLIGATIONS

1. Analysis by nature

(in thousands of EUR)	31/12/06	31/12/07
Litigation claims ^(a)	235,254	130,666
Restructuring	142,164	116,233
Long-term defined benefit plans	428,256	451,775
Other post-retirement obligations	46,665	45,160
Other long-term employee benefits	24,695	22,097
Provision for off-balance-sheet credit commitments	20,838	1,527
Onerous contracts	6,125	25,892
Other provisions (non-insurance)	98,515	108,263
TOTAL^(b)	1,002,512	901,613

(a) Provisions for litigations, include provisions relating to staff, to taxes, for administrative and other claims.

(b) Claims with major risks are analyzed in detail in the Management report, chapter Litigations.

Figures as of Dec. 2006 have been restated.

2. Analysis of movements

	Litigation claims	Restructuring	Pensions and other employee benefits	Provision for off-balance-sheet credit commitments	Onerous contracts	Other provisions
(in thousands of EUR)						
AS OF JAN. 1, 2006	109,506	168,888	448,216	10,948	0	77,326
Exchange difference	(133)	0	0	(1,618)	0	0
Additional provisions	183,303	38,176	110,863	5,246	6,125	35,273
Unused amounts reversed	(5,872)	(19,760)	(11,844)	(2,177)	0	(5,416)
Utilized during the year	(42,621)	(27,534)	(55,982)	(43)	0	(2,971)
Changes in scope of consolidation (out)	(7,039)	(204)	(11,827)	8,482	0	0
Transfers	(1,890)	(17,402)	20,766	0	0	(5,697)
Other movements	0	0	(576)	0	0	0
AS OF DEC. 31, 2006	235,254	142,164	499,616	20,838	6,125	98,515

	Litigation claims	Restructuring	Pensions and other employee benefits	Provision for off-balance-sheet credit commitments	Onerous contracts	Other provisions
(in thousands of EUR)						
AS OF JAN. 1, 2007	235,254	142,164	499,616	20,838	6,125	98,515
Exchange difference	(1,398)	0	32	(1,451)	0	0
Additional provisions	15,300	5,042	96,838	423	25,891	35,709
Unused amounts reversed	(16,056)	(2,749)	(19,683)	(6,367)	(92)	(11,493)
Utilized during the year	(107,649)	(28,221)	(53,452)	(11,916)	(6,032)	(9,136)
Changes in scope of consolidation (out)	(90)	(41)	(2,771)	0	0	0
Transfers	5,305	0	(1,510)	0	0	(5,332)
Other movements	0	38	(38)	0	0	0
AS OF DEC. 31, 2007	130,666	116,233	519,032	1,527	25,892	108,263

3. Analysis by maturity

See note 12.6.

4. Provisions for pensions and other long-term benefits

A. CHANGE IN BENEFIT OBLIGATION

(in thousands of EUR)	31/12/06	31/12/07
1. Benefit obligation at beginning of year	1,932,911	1,644,800
2. Current service cost	88,493	64,794
3. Interest cost	73,564	71,623
4. Plan participants' contributions	2,881	2,466
5. Amendments	(12,941)	6,238
6. Actuarial (gains)/losses	(149,317)	(248,350)
7. Benefits paid	(91,160)	(76,786)
8. Expenses paid	(35)	(21)
9. Taxes paid	0	0
10. Premiums paid	(2,147)	(2,402)
11. Acquisitions/divestitures	(106,282)	897
12. Plan curtailments	0	(3,624)
13. Plan settlements	(9,008)	(4,094)
14. Exchange rate changes	308	(1,883)
BENEFIT OBLIGATION AS OF END OF YEAR	1,727,267	1,453,658

B. CHANGE IN PLAN ASSETS

(in thousands of EUR)	31/12/06	31/12/07
1. Fair value of plan assets at beginning of year	1,274,046	1,104,603
2. Expected return on plan assets	50,799	50,113
3. Actuarial gains/(losses) on plan assets	(14,229)	(24,412)
4. Employer contributions	50,885	42,946
5. Member contributions	2,881	2,466
6. Benefits paid	(91,160)	(76,786)
7. Expenses paid	(35)	(21)
8. Taxes paid	0	0
9. Premiums paid	(2,147)	(2,402)
10. Plan settlements	(5,319)	(3,596)
11. Acquisitions/divestitures	(105,265)	0
12. Exchange rate changes	311	(1,898)
FAIR VALUE OF PLAN ASSETS AS OF END OF YEAR	1,160,767	1,091,013

C. AMOUNTS RECOGNIZED IN THE BALANCE SHEET

(in thousands of EUR)	31/12/06	31/12/07
1. Present value of funded obligations	1,284,383	1,062,931
2. Fair value of plan assets	1,160,698	1,091,013
3. Deficit/(surplus) for funded plans	123,685	(28,082)
4. Present value of unfunded obligations	442,614	390,727
5. Unrecognized net actuarial gains/(losses)	(80,416)	143,735
6. Unrecognized past service (cost)/benefit	4,172	0
7. Effect of paragraph 58b. limit	0	4,346
NET LIABILITY/(ASSET)	490,055	510,726
AMOUNTS IN THE BALANCE SHEET		
1. Liabilities	499,616	519,032
2. Assets	(9,561)	(8,306)
NET LIABILITY/(ASSET)	490,055	510,726

D. COMPONENTS OF PENSION COST

(in thousands of EUR)	31/12/06	31/12/07
AMOUNTS RECOGNIZED IN THE STATEMENT OF INCOME		
1. Current service cost	88,493	64,794
2. Interest cost	73,564	71,623
3. Expected return on plan assets	(50,799)	(50,113)
4. Expected return on reimbursement assets	0	0
5. Amortization of past service cost incl. § 58a.	(8,769)	2,066
6. Amortization of net (gain)/loss incl. § 58a.	4,031	(3,091)
7. Effect of paragraph 58b. limit	0	4,346
8. Curtailment (gain)/loss recognized	0	(3,753)
9. Settlement (gain)/loss recognized	(3,583)	(850)
TOTAL PENSION COST RECOGNIZED IN THE STATEMENT OF INCOME	102,937	85,022
ACTUAL RETURN ON ASSETS		
Actual return on plan assets	36,570	25,701
Actual return on reimbursement assets	0	0

E. BALANCE-SHEET RECONCILIATION

(in thousands of EUR)	31/12/06	31/12/07
1. Balance-sheet liability/(asset)	445,778	467,721
2. Pension expense recognized in the statement of income in the financial year	102,937	85,022
3. Amounts recognized in SORIE in the financial year	0	0
4. Employer contributions made in the financial year	37,794	30,875
5. Benefits paid directly by company in the financial year	13,091	12,071
6. Credit to reimbursements	0	0
7. Net transfer in/(out) (including the effect of any business combinations/divestitures)	(7,704)	897
8. Exchange rate adjustment – (gain)/loss	(71)	32
BALANCE-SHEET LIABILITY (ASSET) AS OF END OF YEAR (1)+(2)+(3)-(4)-(5)+(6)+(7)+(8)	490,055	510,726

F. PLAN ASSETS

Asset category	Percentage of plan assets	
	31/12/06	31/12/07
1. Equity securities	15.65%	25.61%
2. Debt securities	83.77%	73.98%
3. Real estate	0.00%	0.00%
4. Other ^(a)	0.58%	41.00%

(a) Includes qualifying insurance policies.

G. HISTORY OF EXPERIENCE GAINS AND LOSSES

(in thousands of EUR)	31/12/06	31/12/07
1. Difference between the actual and expected return on plan assets		
a. Amount	(14,229)	(22,042)
b. Percentage of plan assets	-1.23%	-2.00%
2. Total gains (-) and losses on plan liabilities ^(a)		
a. Amount	(149,317)	(80,000)
b. Percentage of present value of plan liabilities	-8.64%	-16.00%

(a) Due essentially to change on assumptions.

H. RANGE OF ASSUMPTIONS TO DETERMINE PENSION EXPENSE

31/12/06	Discount rate	Inflation	Expected return on assets	Expected return on bonds	Expected return on shares	Salary increase rate
Europe	3.61% - 4.50%	2.50%	2.90% - 7.50%	2.90% - 4.50%	5.90% - 7.90%	2.50% - 5.50%
United Kingdom	5.00%	2.75%	6.02%	5.00%	8.00%	4.25%

31/12/07	Discount rate	Inflation	Expected return on assets	Expected return on bonds	Expected return on shares	Salary increase rate
Europe	4.42% - 5.50%	2.50%	3.80% - 5.80%	3.50% - 5.50%	6.50% - 8.50%	2.50% - 5.50%
United Kingdom	5.80%	3.30%	7.69%	5.80%	8.80%	4.80%

Comment on assumptions:

As a general principle, discount rate is equal to return on bonds in a plan assets.

Return on shares takes into account a risk premium.

The expected return on assets is based on the mix of return of bonds and shares of the portfolio.

I. RECONCILIATION WITH FINANCIAL STATEMENTS

(in thousands of EUR)	31/12/06	31/12/07
Long-term obligations		
Outstanding liability relating to defined benefit plans	428,256	451,775
Outstanding liability relating to other post-retirement obligations	46,665	45,160
Outstanding liability relating to other long-term employee benefits	24,695	22,097
TOTAL OUTSTANDING LIABILITY REPORTED IN THE FINANCIAL STATEMENTS^(a)	499,616	519,032
TOTAL LIABILITY CALCULATED BY ACTUARIALS	499,616	519,032
TOTAL LIABILITY RELATING TO INSIGNIFICANT PLANS	0	0
Outstanding asset reported in the financial statements ^(b)	9,561	8,306
TOTAL ASSETS ANALYZED BY ACTUARIALS	9,561	8,306
TOTAL ASSETS RELATING TO INSIGNIFICANT PLANS	0	0

(a) See note 8.6.1.

(b) See note 7.11.1.

J. CONCENTRATION RISK

Some of the Dexia's plan assets are insurance policies issued by Ethias. The fair value of the plan assets amounts to respectively EUR 1,027 million as of December 31, 2006 and EUR 1,024 million as of December 31, 2007.

As from January 1, 2007, Dexia offers a defined contribution plan to the employees of some companies of the Group. Due to the Belgian legislation, Dexia is obliged to guarantee a minimum return on contributions paid. The new plan should be considered as a defined benefit plan. The Benefit Obligation amounts to EUR 4 million as at December 31, 2007.

5. Defined contribution plan

Contributions to legal pensions are not included in the amounts.

For 2006 and 2007, the amounts recognized as an expense for defined contribution plans are respectively EUR 1 million and EUR 5.3 million.

8.7. TAX LIABILITIES

Analysis by nature

(in thousands of EUR)	31/12/06	31/12/07
Current income tax	43,998	36,339
Operational taxes	63,697	56,960
CURRENT TAX LIABILITIES	107,695	93,299
Deferred tax liabilities (see note 9.2.)	78,932	37,604
TOTAL	186,627	130,903

8.8. OTHER LIABILITIES

(in thousands of EUR)	31/12/06	31/12/07
Other liabilities (except relating to insurance companies)	2,169,111	2,741,928
Other liabilities specific to insurance activities	156,182	169,957
TOTAL	2,325,293	2,911,885

1. Other liabilities

(in thousands of EUR)	31/12/06	31/12/07
Accrued costs	36,460	30,297
Deferred income	23,105	17,540
Subsidies	0	0
Other accounts payable	1,747,818	2,333,468
Other granted amounts received	467	261
Salaries and social charges (payable)	195,166	174,949
Shareholder dividends payable	1	1
Long-term construction contracts	0	0
Other liabilities	166,094	185,412
TOTAL	2,169,111	2,741,928

2. Liabilities specific to insurance activities

(in thousands of EUR)	31/12/06	31/12/07
Debts for deposits from assignees	67,468	34,872
Debts resulting from direct insurance transactions	70,768	111,475
Debts resulting from reinsurance transactions	17,946	23,610
Other insurance liabilities	0	0
TOTAL	156,182	169,957

8.9. LIABILITIES INCLUDED IN DISPOSAL GROUPS HELD FOR SALE

Nil

IX. OTHER NOTES ON THE CONSOLIDATED BALANCE SHEET

9.1. DERIVATIVES

1. Analysis by nature

(in thousands of EUR)	31/12/06		31/12/07	
	Assets	Liabilities	Assets	Liabilities
Derivatives held for trading	14,430,240	13,726,981	13,522,537	12,513,079
Derivatives designated as fair value hedges	294,400	593,057	897,531	926,247
Derivatives designated as cash flow hedges	73,547	46,188	127,893	122,477
Derivatives of portfolio hedge	390,813	1,062,252	395,060	745,104
Derivatives designated as hedge of a net investment in foreign entities	0	0	0	0
TOTAL	15,189,000	15,428,478	14,943,021	14,306,907

2. Detail of derivatives held for trading

(in thousands of EUR)	31/12/06				31/12/07			
	Notional amount		Assets	Liabilities	Notional amount		Assets	Liabilities
	To receive	To deliver			To receive	To deliver		
Foreign exchange derivatives	31,803,287	31,934,999	420,452	354,453	44,874,297	45,208,907	409,785	352,662
Interest-rate derivatives	840,420,044	846,332,834	12,797,571	12,146,091	809,470,303	808,064,303	11,246,702	10,511,326
Equity derivatives	13,049,173	13,092,402	1,153,728	1,171,493	10,474,330	10,237,486	1,308,714	1,471,612
Credit derivatives	15,647,593	18,720,049	58,489	54,944	30,443,925	20,633,693	544,014	164,212
Commodity derivatives	0	0	0	0	15,585	15,650	13,322	13,267
TOTAL	900,920,097	910,080,284	14,430,240	13,726,981	895,278,440	884,160,039	13,522,537	12,513,079

3. Detail of derivatives designated as fair value hedges

(in thousands of EUR)	31/12/06				31/12/07			
	Notional amount		Assets	Liabilities	Notional amount		Assets	Liabilities
	To receive	To deliver			To receive	To deliver		
Foreign exchange derivatives	1,923,172	1,919,936	49,710	63,123	2,276,837	2,236,622	157,745	142,423
Interest-rate derivatives	6,653,260	6,746,807	227,780	234,310	11,975,894	12,070,849	607,411	639,384
Equity derivatives	0	1,589,340	16,910	295,624	1,123,354	2,371,286	132,375	144,440
Credit derivatives	0	0	0	0	0	0	0	0
Commodity derivatives	0	0	0	0	0	0	0	0
TOTAL	8,576,432	10,256,083	294,400	593,057	15,376,085	16,678,757	897,531	926,247

4. Detail of derivatives designated as cash flow hedges

(in thousands of EUR)	31/12/06				31/12/07			
	Notional amount		Assets	Liabilities	Notional amount		Assets	Liabilities
	To receive	To deliver			To receive	To deliver		
Foreign exchange derivatives	0	0	0	0	53,000	43,681	9,129	32,340
Interest-rate derivatives	89,161,072	89,122,461	73,547	46,188	60,825,109	60,825,109	118,764	90,137
Equity derivatives	0	0	0	0	0	0	0	0
Credit derivatives	0	0	0	0	0	0	0	0
Commodity derivatives	0	0	0	0	0	0	0	0
TOTAL	89,161,072	89,122,461	73,547	46,188	60,878,109	60,868,790	127,893	122,477

5. Detail of derivatives of portfolio hedge

(in thousands of EUR)	31/12/06				31/12/07			
	Notional amount		Assets	Liabilities	Notional amount		Assets	Liabilities
	To receive	To deliver			To receive	To deliver		
Foreign exchange derivatives	0	0	0	0	0	0	0	0
Interest-rate derivatives	36,646,832	36,646,832	390,813	1,062,252	51,999,062	51,999,062	395,060	745,104
TOTAL	36,646,832	36,646,832	390,813	1,062,252	51,999,062	51,999,062	395,060	745,104

6. Detail of derivatives designated as hedge of a net investment in foreign entities

Nil

9.2. DEFERRED TAXES

1. Analysis

(in thousands of EUR)	31/12/06	31/12/07
Net deferred income tax assets (liabilities)	92,472	385,514
Of which:		
Deferred income tax liabilities	(78,932)	(37,604)
Deferred income tax assets	198,734	461,626
Impairment on deferred income tax assets	(27,330)	(38,508)

2. Movements

(in thousands of EUR)	2006	2007
AS OF JAN. 1	(279,217)	92,472
Movements of the year		
Statement of income charge/credit	69,014	42,333
Items directly computed by equity	301,828	250,889
Effect of change in tax rates – statement of income	85	133
Effect of change in tax rates – equity	198	0
Changes in scope of consolidation	661	(169)
Exchange differences	(81)	(144)
Other movements	(16)	0
AS OF DEC. 31	92,472	385,514

DEFERRED TAX COMING FROM ASSETS OF THE BALANCE SHEET

(in thousands of EUR)	31/12/06	31/12/07
Cash, loans and loan loss provisions	35,365	67,409
Securities	(146,564)	222,832
Derivatives	187,172	74,809
Investment in associates	0	0
Tangible and intangible fixed assets	(172,012)	(162,357)
Other assets and liabilities specific to insurance companies	1,094	1,270
Tax losses carried forward	0	0
Tax credit carried forward	0	0
Other	(19,941)	(8,877)
TOTAL	(114,886)	195,086

DEFERRED TAX COMING FROM LIABILITIES OF THE BALANCE SHEET

(in thousands of EUR)	31/12/06	31/12/07
Securities	0	0
Derivatives	3	15,907
Borrowings, deposits and issuance of debt securities	(68,378)	(79,148)
Provisions	96,028	61,644
Pensions	78,575	81,714
Other assets and liabilities specific to insurance companies	21,340	4,843
Tax losses carried forward	32,595	11,735
Tax credit carried forward	4	4
Legal tax free provisions	0	0
Entities with special tax status	0	0
Minority interest, reserves of associates and treasury shares	0	0
Other	74,521	132,237
TOTAL	234,688	228,936

3. Expiry date of unrecognized deferred tax assets

Nature (in thousands of EUR)	Less than 1 year	1 to 5 years	Over 5 years	Undetermined maturity	Total
Temporary difference	0	0	0	0	0
Tax losses carried forward	0	0	0	(38,123)	(38,123)
TOTAL	0	0	0	(38,123)	(38,123)

9.3. INSURANCE CONTRACTS

1. Life contracts

INCOME AND EXPENSES

Premium income

(in thousands of EUR)	31/12/06				31/12/07			
	Insurance contracts		Investment contracts with DPF ^(a)		Insurance contracts		Investment contracts with DPF ^(a)	
	Retail	Wholesale	Retail	Wholesale	Retail	Wholesale	Retail	Wholesale
Gross premiums written	392,363	239,220	2,312,312	49,568	474,580	323,525	3,049,543	88,257
Premiums ceded to reinsurers	(3,471)	(40,459)	(45)	(810)	(3,670)	(62,146)	(370)	(854)
Change in gross unearned premium reserves (UPR)	0	55,942	0	0	0	(47)	0	0
Share of reinsurer in change of unearned premium reserves (UPR)	(19)	(15,250)	0	0	(17)	0	0	0
NET PREMIUM AFTER REINSURANCE	388,873	239,453	2,312,267	48,758	470,893	261,332	3,049,173	87,403

Claims expenses

(in thousands of EUR)	2006				2007			
	Insurance contracts		Investment contracts with DPF ^(a)		Insurance contracts		Investment contracts with DPF ^(a)	
	Retail	Wholesale	Retail	Wholesale	Retail	Wholesale	Retail	Wholesale
Gross claims paid	(228,403)	(115,555)	(371,846)	(5,511)	(125,236)	(132,862)	(454,548)	(96,955)
Claims reserve as at Jan. 1	32,374	9,825	1,215	434	12,324	13,908	7,752	460
Claims reserve as at Dec. 31	(12,324)	(13,908)	(7,752)	(460)	(18,446)	(4,796)	(34,533)	(623)
Transferred claims reserves	(5,763)	(85)	0	0	29	(8,506)	22	0
Share of reinsurers	3,704	15,557	0	0	(136,931)	20,090	135,632	0
NET CLAIMS INCURRED	(210,412)	(104,166)	(378,383)	(5,537)	(268,260)	(112,166)	(345,675)	(97,118)

Changes in technical reserves

Change in life insurance reserve

(in thousands of EUR)	2006				2007			
	Insurance contracts		Investment contracts with DPF ^(a)		Insurance contracts		Investment contracts with DPF ^(a)	
	Retail	Wholesale	Retail	Wholesale	Retail	Wholesale	Retail	Wholesale
Life insurance reserve as at Jan. 1	2,295,862	710,373	5,466,050	385,870	2,367,363	743,962	8,005,782	228,486
Life insurance reserve as at Dec. 31	(2,367,363)	(743,962)	(8,005,782)	(228,486)	(3,965,357)	(918,709)	(9,450,260)	(306,562)
Transferred life insurance reserve	(262,111)	(18,553)	477,685	(246,635)	(32,125)	27,244	0	0
Share of reinsurers in life insurance reserve as at Jan. 1	(11,260)	(18,819)	(1,015)	0	(10,391)	(5,393)	(746)	0
Share of reinsurers in life insurance reserve as at Dec. 31	10,391	5,394	746	0	12,053	6,527	0	0
Share of reinsurers in transferred life insurance reserve	(129)	13,860	(182)	0	369	(871)	0	0
NET CHANGE IN LIFE INSURANCE RESERVE	(334,610)	(51,707)	(2,062,498)	(89,251)	(1,628,088)	(147,240)	(1,445,224)	(78,076)

(a) Discretionary Participation Features.

Change in profit-sharing reserve

(in thousands of EUR)	2006				2007			
	Insurance contracts		Investment contracts with DPF ^(a)		Insurance contracts		Investment contracts with DPF ^(a)	
	Retail	Wholesale	Retail	Wholesale	Retail	Wholesale	Retail	Wholesale
Profit-sharing reserve as at Jan. 1	2,668	6,295	21,430	1,697	4,772	8,392	48,057	314
Profit-sharing reserve as at Dec. 31	(4,772)	(8,392)	(48,057)	(314)	(8,999)	(12,651)	(90,614)	(1,872)
Paid profit share	0	0	0	0	0	0	0	0
Transferred profit-sharing reserve	1,422	313	(5)	(1,527)	(228)	211	0	0
Share of reinsurers in profit-sharing reserve as at Jan. 1	(511)	(82)	0	0	0	(201)	0	0
Share of reinsurers in profit-sharing reserve as at Dec. 31	0	201	0	0	0	284	0	0
Share of reinsurers in paid profit share	0	0	0	0	0	0	0	0
Share of reinsurers in transferred profit-sharing reserve	0	0	0	0	0	0	0	0
NET CHANGE IN PROFIT-SHARING RESERVE	(1,193)	(1,665)	(26,632)	(144)	(4,455)	(3,965)	(42,557)	(1,558)

Losses resulting from Liability Adequacy Test (LAT)

Nil

ASSETS AND LIABILITIES

Gross reserves

(in thousands of EUR)	31/12/06				31/12/07			
	Insurance contracts		Investment contracts with DPF ^(a)		Insurance contracts		Investment contracts with DPF ^(a)	
	Retail	Wholesale	Retail	Wholesale	Retail	Wholesale	Retail	Wholesale
Life insurance reserve local GAAP	2,367,363	743,962	8,005,782	228,486	3,738,005	749,580	9,361,537	240,020
Reserves due to results of LAT (Liability Adequacy Test)	0	0	0	0	0	0	0	0
Reserves due to shadow accounting adjustments	2,720	5,787	21,776	2,078	(3,175)	2,254	(29,946)	(1,822)
Reserves due to results of IAS 39	0	0	0	0	0	0	0	0
TOTAL LIFE INSURANCE RESERVE	2,370,083	749,749	8,027,558	230,564	3,734,830	751,834	9,331,591	238,198
Claims reserves	12,324	13,908	7,752	460	17,237	3,882	34,062	269
Gross unearned premium reserves (UPR)	0	0	0	0	0	47	0	0
Other technical reserves	4,772	8,392	48,057	314	8,918	12,493	90,461	1,813
TOTAL GROSS RESERVES	2,387,179	772,049	8,083,367	231,338	3,760,985	768,256	9,456,114	240,280

(a) Discretionary Participation Features

Share of reinsurers

(in thousands of EUR)	31/12/06				31/12/07			
	Insurance contracts		Investment contracts with DPF ^(a)		Insurance contracts		Investment contracts with DPF ^(a)	
	Retail	Wholesale	Retail	Wholesale	Retail	Wholesale	Retail	Wholesale
Share of reinsurers in life insurance reserve	10,391	5,393	746	0	9,632	2,740	0	0
Share of reinsurers in claims reserves	2,117	1,424	0	0	1,785	204	0	0
Share of reinsurers in other technical reserves	79	202	0	0	62	284	0	0
TOTAL SHARE OF REINSURERS	12,587	7,019	746	0	11,479	3,228	0	0

(a) Discretionary Participation Features

Discretionary participation feature included in equity

(in thousands of EUR)	31/12/06			31/12/07		
	Contracts with DPF			Contracts with DPF		
	Retail	Wholesale	Total	Retail	Wholesale	Total
Net discretionary participation feature included in equity	370,499	55,531	426,030	101,656	13,369	115,025

Insurance or investment contracts with DPF that have embedded derivatives that need to be separated and fair valued through profit and loss are limited to two products. Their amounts are not significant.

Reconciliation of changes in life insurance reserve

(in thousands of EUR)	2006			2007		
	Contracts Gross amount	Reinsurance amount	Net amount	Contracts Gross amount	Reinsurance amount	Net amount
LIFE INSURANCE RESERVE AS AT JAN. 1	8,925,639	31,094	8,894,545	11,377,955	16,531	11,361,424
Additional reserves originated during the period	2,841,932	18,618	2,823,314	3,566,079	21,602	3,544,477
Additional reserves due to shadow adjustments	(35,508)	0	(35,508)	(62,286)	0	(62,286)
Additional reserves due to results of LAT (Liability Adequacy Test)	0	0	0	0	0	0
Claims paid	(561,630)	(98,150)	(463,480)	(692,075)	(15,790)	(676,285)
Results on death and on life	(67,002)	1,351	(68,353)	(79,426)	(2,269)	(77,157)
Attribution of technical interest	335,354	1,747	333,607	414,183	2,520	411,663
Other changes	(60,830)	61,871	(122,701)	82,540	(3,753)	86,293
Variation of scope of consolidation	0	0	0	(550,516)	(6,469)	(544,047)
LIFE INSURANCE RESERVE AS AT DEC. 31	11,377,955	16,531	11,361,424	14,056,454	12,372	14,044,082

2. Nonlife contracts

INCOME AND EXPENSES

Premium income

(in thousands of EUR)	31/12/06	31/12/07
Gross premiums written	360,744	376,881
Premiums ceded to reinsurer	(24,607)	(27,775)
NET PREMIUMS AFTER REINSURANCE (A)	336,137	349,106
Change in gross Unearned Premium Reserves (UPR)	(3,587)	(4,054)
Share of reinsurers in change of Unearned Premium Reserve (UPR)	(200)	140
CHANGE IN NET UNEARNED PREMIUM RESERVE (UPR) (B)	(3,787)	(3,914)
TOTAL NET EARNED PREMIUMS (A)+(B)	332,350	345,192

Claims expenses

(in thousands of EUR)	2006	2007
Gross claims paid	(187,664)	(198,419)
Claims reserve as at Jan. 1	592,571	568,388
Claims reserve as at Dec. 31	(568,388)	(597,838)
Transferred claims reserves	(49,253)	0
Share of reinsurers	11,563	6,350
NET CLAIMS INCURRED	(201,171)	(221,519)

Change in other nonlife insurance reserves

(in thousands of EUR)	2006	2007
Other nonlife insurance reserves as at Jan. 1	16,956	18,343
Other nonlife insurance reserves as at Dec. 31	(18,343)	(18,692)
Transferred other nonlife insurance reserves	(87)	0
Share of reinsurers in other nonlife insurance reserves as at Jan. 1	(668)	(741)
Share of reinsurers in other nonlife insurance reserves as at Dec. 31	741	849
Share of reinsurers in transferred other nonlife insurance reserves	0	0
NET CHANGES IN INSURANCE LIABILITIES	(1,401)	(241)

Losses resulting from Liability Adequacy Test (LAT)

Nil

ASSETS AND LIABILITIES

Gross reserves

(in thousands of EUR)	31/12/06	31/12/07
Claims reserves	512,069	529,683
Reserves Unallocated Loss Adjustment Expenses (ULAE)	27,064	29,222
Premium deficiency reserves (nonlife LAT)	0	0
Reserves for claims Incurred But Not Reported (IBNR)	29,255	38,933
TOTAL CLAIMS RESERVES	568,388	597,838
Other technical reserves	18,343	18,693
Unearned Premium Reserve (UPR)	82,724	86,777
TOTAL GROSS RESERVES	669,455	703,308

Share of reinsurers

(in thousands of EUR)	31/12/06	31/12/07
Share of reinsurers in claims reserves	65,633	62,631
Share of reinsurers in reserves ULAE	0	0
Share of reinsurers in IBNR	0	0
SHARE OF REINSURERS IN TOTAL CLAIMS RESERVE	65,633	62,631
Share of reinsurers in other technical reserves	741	849
Share of reinsurers in UPR	1,917	2,057
TOTAL SHARE OF REINSURERS	68,291	65,537

Reconciliation of changes in claims reserves

(in thousands of EUR)	2006			2007		
	Gross amount	Reinsurance amount	Net amount	Gross amount	Reinsurance amount	Net amount
CLAIMS RESERVES AS AT JAN. 1	592,571	82,542	510,029	568,388	65,632	502,756
Claims paid on previous years	(102,343)	(19,295)	(83,048)	(87,128)	(2,073)	(85,055)
Change in claim charges on previous years	(81,048)	338	(81,386)	(38,479)	(3,597)	(34,882)
Liabilities on claims current year	159,208	2,047	157,161	155,057	2,668	152,389
CLAIMS RESERVES AS AT DEC. 31	568,388	65,632	502,756	597,838	62,630	535,208

Claims development

Runoff triangle total costs (gross figures)

Liquidation year (in thousands of EUR)	Occurrence year					
	Previous	2003	2004	2005	2006	2007
2003	381,299	203,175	0	0	0	0
2004	284,952	114,220	226,614	0	0	0
2005	243,781	71,887	117,739	240,024	0	0
2006	207,954	57,731	68,463	129,240	237,067	0
2007	171,013	50,490	56,355	74,701	132,559	267,166

9.4. RELATED PARTIES TRANSACTIONS

1. Related parties transactions

(in thousands of EUR)	Directors and key management personnel		Parent company		Entities with joint control or significant influence over the entity ^(a)	
	31/12/06	31/12/07	31/12/06	31/12/07	31/12/06	31/12/07
Loans ^(b)	5,548	6,693	202,007	319,683	648,703	913,701
Interest income	3	222	32,875	13,022	20,004	28,447
Deposits	3,929	3,684	278,446	15,529	7,791	6,880
Interest expense	(110)	(76)	(8,894)	(5,198)	(221)	(1,533)
Net commission	(2)	0	4,041	4,644	145	148
Guarantees issued and commitments provided by the Group ^(c)	0	0	42,033	40,449	56,239	107,839
Guarantees and commitments received by the Group	2,251	0	0	0	620,455	606,499

(in thousands of EUR)	Subsidiaries		Associates		Joint ventures in which the entity is a venturer		Other related parties	
	31/12/06	31/12/07	31/12/06	31/12/07	31/12/06	31/12/07	31/12/06	31/12/07
Loans ^(b)	0	0	150,363	204,739	13,398	12,201	35,722,110	57,091,196
Interest income	0	0	1,912	6,968	395	385	761,745	1,942,090
Deposits	125	149	262,270	470,904	41,862	23,000	11,136,338	12,280,078
Interest expense	(2)	(2)	(7,593)	(10,418)	(782)	(1,298)	(611,829)	(716,757)
Net commission	0	0	103,610	149,478	1,409	40	(3,135)	765
Guarantees issued and commitments provided by the Group ^(c)	13	233	25,771	65,294	2,748	425	3,745,620	11,265,956
Guarantees and commitments received by the Group	0	0	0	11,325	0	14,854	25,559,617	49,567,746

(a) We refer to the main shareholders of Dexia (2006-2007): Arcofin, Holding Communal and Caisse des dépôts et consignations.

(b) Loans to key management personnel were granted at general market conditions.

(c) Unused lines granted.

No provisions were recorded on loans given to related parties.

2. Key management compensations

(in thousands of EUR)	31/12/06	31/12/07
Short-term benefits	2,054	2,521
Post-employment benefits	0	0
Other long-term benefits	0	0
Termination benefits	0	0
Share-based payments	93	656

Short-term benefits include the salaries, bonuses and other advantages.

Post-employment benefits include the service cost calculated in accordance with IAS 19.

Share-based payments include the cost of stock options and the discount given on capital increase allowed to the key management.

3. Compensation of the Board of Auditors

This information is reported on page 11 of the Management report.

9.5. SECURITIZATION

Dexia Bank Belgium has four securitization vehicles: Atrium-1, Atrium-2, MBS and Dexia Secured Funding Belgium.

The total assets of these companies amount to EUR 295 million as at December 31, 2006 and EUR 1,926 million as at December 31, 2007.

Atrium-1 is a securitization transaction of social housing loans pursuant to a long-term credit facility between Dexia Bank Belgium and Domus Flandria NV (the borrower) and guaranteed by the Flemish Region. The guarantee of the Flemish Region was transferred to the special purpose vehicle (SPV). The original size of the transaction was EUR 188 million. Two classes of fixed-rate notes were issued on April 30, 1996, both carrying a Moody's rating equal to that of the Flemish government (initially Aa2, currently Aaa). As at December 31, 2007 EUR 109.3 million is still outstanding under class A2 while class A1 has been repaid.

Atrium-2 is a securitization transaction of social housing loans pursuant to a long-term credit facility between Dexia Bank Belgium and Domus Flandria NV (the borrower) and guaranteed by the Flemish Region. The guarantee of the Flemish Region was transferred to the special purpose vehicle. The original size of the transaction was EUR 129.3 million. Two classes of fixed-rate notes were issued on June 19, 1997, both carrying a Moody's rating equal to that of the Flemish government (initially Aa2, currently Aaa). As at December 31, 2007 EUR 80 million is still outstanding under class A2.

MBS has six compartments, of which one with activity.

MBS-4 is a securitization transaction of Belgian residential mortgage loans. The transaction, which had an original outstanding amount of EUR 272.7 million, was launched on November 25, 1998. Four floating-rate tranches of obligations were issued, three senior classes (called class A1 through A3 and rated Aaa/AAA by Moody's and Fitch) and one junior class (called class B and rated A3/A by Moody's and Fitch). As at December 31, 2007 there is still EUR 41.2 million outstanding. There is EUR 36.9 million outstanding under class A3 (still rated Aaa/AAA by Moody's and Fitch) and EUR 4.3 million under class B (currently rated Aa1/AA by Moody's and Fitch).

Dexia Secured Funding Belgium (DSFB) is a Belgian securitization vehicle with currently three compartments, of which one with activity.

DSFB-1 is a securitization transaction of loans granted to public entities in Belgium or 100% guaranteed by such public entities. This EUR 1.7 billion transaction was launched on June 28, 2007. One tranche of floating rate notes, rated AA/Aa1/AA+ by resp. S&P, Moody's and Fitch, was issued. Dexia Bank Belgium has guaranteed the payment of principal and interest on the notes. As at December 31, 2007 there is EUR 1.68 billion outstanding.

9.6. ACQUISITIONS AND DISPOSALS OF CONSOLIDATED COMPANIES

1. Main acquisitions

Year 2006

There were no significant acquisitions in 2006.

Year 2007

There were no significant acquisitions in 2007.

2. Main disposals

Year 2006

On December 28, 2006 the Group disposed of 100% of the share capital of Banque Artesia Nederland NV.

Year 2007

Belstar Assurances SA was sold on May 15, 2007.

Fidexis was sold on December 21, 2007.

The assets and liabilities disposed are as follows.

(in thousands of EUR)	2006	2007	
	Banque Artesia Nederland	Belstar Assurances	Fidexis
Cash and cash equivalents	353,423	4,547	14,526
Loans and advances due from banks	100,053	23,609	386
Loans and advances to customers	3,422,176	65,160	180,630
Financial assets measured at fair value through profit and loss	0	55,798	0
Financial investments	683,490	559,389	0
Positive value of derivatives	51,406	9,262	637
Other assets	34,973	9,182	9,750
Due to banks	(3,032,794)	(34,666)	(182,013)
Customer borrowings and deposits	(1,216,510)	(33,372)	0
Financial liabilities measured at fair value through profit and loss	0	(55,533)	0
Negative value of derivatives	(55,361)	0	(40)
Debt securities	0	0	(21,586)
Technical provisions of insurance companies	0	(557,906)	0
Other liabilities	(119,077)	(19,479)	0
NET ASSETS^(a)	221,779	25,991	2,290
Proceeds from sale (in cash)	484,700	70,096	5,100
Less: cash and cash equivalents in the subsidiary sold	(353,423)	(4,547)	(14,526)
NET CASH INFLOW ON SALE	131,277	65,549	(9,426)

(a) Banque Artesia Nederland: including EUR 17 million gains and losses not recognized in the statement of income.

Belstar: including EUR 9 million gains and losses not recognized in the statement of income and discretionary participation features of insurance contracts.

9.7. EQUITY

(in thousands of EUR)	2006	2007
By category of share		
Number of shares authorized and not issued	0	0
Number of shares issued and fully paid	359,412,616	359,412,616
Number of shares issued and not fully paid	0	0
VALUE PER SHARE	No nominal value	No nominal value
Outstanding as of Jan. 1	359,412,616	359,412,616
Number of shares issued	0	0
Number of shares canceled	0	0
Outstanding as of Dec. 31	359,412,616	359,412,616
Rights, preferences and restrictions, including restrictions on the distribution of dividends and the repayment of capital	0	0
Number of treasury shares	0	0
Number of shares reserved for issue under stock options and contracts for the sale of shares	0	0

9.8. SHARE-BASED PAYMENTS

Stock Option Plans settled in Dexia shares

	31/12/06 Number of options	31/12/07 Number of options
Outstanding at beginning of period	23,021,293	22,487,602
Granted during the period	3,401,048	3,113,650
Forfeited during the period	0	(2,040)
Exercised during the period ^(a)	(3,921,953)	(3,108,445)
Expired during the period	(12,786)	(660)
Outstanding at end of period	22,487,602	22,490,107
Exercisable at end of period	5,598,072	7,563,765

(a) The weighted average exercise price for 2006 and 2007 was respectively EUR 14.04 and EUR 13.64 per share.

Range of exercise prices (EUR)	31/12/06			31/12/07		
	Number of outstanding options	Weighted average exercise price (EUR)	Weighted average remaining contractual life (year)	Number of outstanding options	Weighted average exercise price (EUR)	Weighted average remaining contractual life (year)
5.95 - 8.10	0	0	0	0	0	0
10.97 - 11.37	4,525,296	0	5.73	3,524,275	11.37	5.57
11.88 - 13.66	5,967,926	11.88	6.56	5,353,805	11.92	5.68
13.81 - 14.58	1,571,482	14.12	1.87	628,933	14.56	2.36
15.17 - 15.88	1,142,497	15.17	1.77	1,012,052	15.17	0.80
17.23 - 17.86	2,127,681	17.86	4.45	1,704,672	17.86	3.45
18.03 - 18.20	3,751,672	0	8.26	3,751,672	0	7.23
18.62 - 21.25	3,401,048	0	9.19	3,401,048	0	8.13
23.25	0	0	0	3,113,650	0	9.48

Stock option plans settled in Dexia shares	Plan 2006 Stock option plan Dexia's employees	Plan 2006 Self-employed network	Plan 2007 Stock option plan Dexia's employees
Grant date	30/06/06	17/11/06	29/06/07
Number of instruments granted	3,203,300	197,748	3,113,650
Exercise price	18.62	21.25	23.25
Share price at the date of grant	18.85	21.27	23.35
Contractual life (years)	10 years	5 years	10 years
Vesting conditions	See note (a)	None	See note (a)
Settlement	Dexia shares	Dexia shares	Dexia shares
Fair value per granted instrument at grant date	2.33	2.67	3.65
Valuation model	See note (b)	See note (b)	See note (b)

(a) The vesting conditions are the following: 40% is vested immediately, 20% is yearly vested over the next 3 years.

(b) For the stock option plan offered towards Dexia's employees, Dexia used the fair value obtained from a non-related third party.

Figures as of Dec. 31, 2006 have been restated.

9.9. MINORITY INTERESTS – CORE EQUITY

(in thousands of EUR)

AS OF JAN. 1, 2006	24,844
Increase of capital	1,847
Dividends	(1,381)
Net income for the period	3,854
Translation adjustments	0
Variation of scope of consolidation	(2,041)
AS OF DEC. 31, 2006	27,123
AS OF JAN. 1, 2007	27,123
Increase of capital	10,056
Dividends	(1,284)
Net income for the period	5,758
Translation adjustments	0
Variation of scope of consolidation ^(a)	25,782
AS OF DEC. 31, 2007	67,435

(a) The change in scope of consolidation for 2007 includes the participation of Dexia Cr dit Local in Dexia  pargne Pension.

9.10. CONTRIBUTION BY ACTIVITY

		31/12/06			31/12/07		
		Banking and other activities	Insurance ^(a)	Total	Banking and other activities	Insurance ^(a)	Total
(in thousands of EUR)							
I.	Cash and balances with central banks	938,221	24	938,245	4,912,956	13	4,912,969
II.	Loans and advances due from banks	80,551,364	142,121	80,693,485	79,135,087	134,761	79,269,848
III.	Loans and advances to customers	83,242,614	302,430	83,545,044	79,953,448	252,497	80,205,945
IV.	Financial assets measured at fair value through profit or loss	9,409,104	6,075,885	15,484,989	10,155,371	6,039,769	16,195,140
V.	Financial investments	42,449,971	11,838,520	54,288,491	48,750,632	15,727,276	64,477,908
VI.	Derivatives	15,182,670	6,330	15,189,000	14,932,512	10,509	14,943,021
VII.	Fair value revaluation of portfolio hedge	225,929	0	225,929	(109,849)	0	(109,849)
VIII.	Investments in associates	609,565	7,336	616,901	598,102	30,289	628,391
IX.	Tangible fixed assets	1,295,040	23,239	1,318,279	1,235,640	61,852	1,297,492
X.	Intangible assets and goodwill	85,458	133,495	218,953	90,061	126,971	217,032
XI.	Tax assets	234,844	8,574	243,418	398,457	82,564	481,021
XII.	Other assets	1,329,594	287,254	1,616,848	1,882,533	266,965	2,149,498
XIII.	Non-current assets held for sale	44,590	0	44,590	29,112	0	29,112
TOTAL ASSETS		235,598,964	18,825,208	254,424,172	241,964,062	22,733,466	264,697,528
I.	Due to banks	119,344,411	126,022	119,470,433	113,086,137	5,601	113,091,738
II.	Customer borrowings and deposits	66,125,162	411,220	66,536,382	75,790,214	288,816	76,079,030
III.	Financial liabilities measured at fair value through profit or loss	552,337	4,780,734	5,333,071	2,727,199	4,325,484	7,052,683
IV.	Derivatives	15,428,264	214	15,428,478	14,305,673	1,234	14,306,907
V.	Fair value revaluation of portfolio hedge	0	0	0	0	0	0
VI.	Debt securities	21,990,958	0	21,990,958	26,820,484	0	26,820,484
VII.	Subordinated debts	2,913,958	225,284	3,139,242	2,869,210	218,254	3,087,464
VIII.	Technical provisions of insurance companies	0	12,143,466	12,143,466	0	14,929,260	14,929,260
IX.	Provisions and other obligations	779,725	222,787	1,002,512	659,923	241,690	901,613
X.	Tax liabilities	114,781	71,846	186,627	86,192	44,711	130,903
XI.	Other liabilities	1,972,686	352,607	2,325,293	2,599,797	312,088	2,911,885
XII.	Liabilities included in disposal groups held for sale	0	0	0	0	0	0
TOTAL LIABILITIES		229,222,282	18,334,180	247,556,462	238,944,829	20,367,138	259,311,967

(a) The item "Insurance" includes mainly Dexia Insurance Services Group.

(in thousands of EUR)	31/12/06			31/12/07		
	Banking and other activities	Insurance ^(a)	Total	Banking and other activities	Insurance ^(a)	Total
Interest margin	1,583,705	378,184	1,961,889	1,738,929	469,092	2,208,021
Dividend income	50,903	67,165	118,068	50,245	64,305	114,550
Net income from associates	121,894	452	122,346	107,836	2,493	110,329
Net income from financial instruments at fair value through profit or loss	85,928	(7,604)	78,324	(26,176)	1,993	(24,183)
Net income on investments	533,423	118,970	652,393	115,987	154,696	270,683
Net fees and commissions	361,884	31,563	393,447	411,092	41,498	452,590
Premiums and technical income from insurance activities	0	3,521,081	3,521,081	0	4,518,424	4,518,424
Technical expense from insurance activities	0	(3,735,193)	(3,735,193)	0	(4,826,133)	(4,826,133)
Other net income	(65,610)	5,495	(60,115)	63,053	72	63,125
INCOME	2,672,127	380,113	3,052,240	2,460,966	426,440	2,887,406
Staff expense	(667,193)	(97,186)	(764,379)	(593,238)	(102,042)	(695,280)
General and administrative expense	(452,455)	(64,853)	(517,308)	(494,808)	(70,048)	(564,856)
Network costs	(299,304)	(53,271)	(352,575)	(307,503)	(59,386)	(366,889)
Depreciation & amortization	(134,062)	(8,309)	(142,371)	(100,869)	(7,791)	(108,660)
Deferred acquisition costs	0	0	0	0	0	0
EXPENSES	(1,553,014)	(223,619)	(1,776,633)	(1,496,418)	(239,267)	(1,735,685)
GROSS OPERATING INCOME	1,119,113	156,494	1,275,607	964,548	187,173	1,151,721
Impairment on loans and provisions for credit commitments	(37,795)	(596)	(38,391)	(60,030)	(35)	(60,065)
Impairment on tangible and intangible assets	(1,269)	0	(1,269)	(1,370)	0	(1,370)
Impairment on goodwill	0	0	0	0	0	0
NET INCOME BEFORE TAX	1,080,049	155,898	1,235,947	903,148	187,138	1,090,286
Tax expense	(50,794)	(24,104)	(74,898)	(41,190)	3,355	(37,835)
NET INCOME OF CONTINUING OPERATIONS	1,029,255	131,794	1,161,049	861,958	190,493	1,052,451
Discontinued operations (net of tax)	0	0	0	0	0	0
NET INCOME	1,029,255	131,794	1,161,049	861,958	190,493	1,052,451
Attributable to minority interest	3,220	634	3,854	2,181	3,577	5,758
Attributable to shareholders of the parent	1,026,035	131,160	1,157,195	859,777	186,916	1,046,693

(a) The item "Insurance" includes mainly Dexia Insurance Services Group.

The contribution to the financial statements is presented under IFRS after elimination of intercompany balances and transactions, and therefore does not correspond to the published financial statements of Dexia Insurance Belgium, published under BE-GAAP.

9.11. EXCHANGE RATES

		31/12/06		31/12/07	
		Closing rate	Average rate	Closing rate	Average rate
Australian dollar	AUD	1.6699	1.6695	1.6749	1.6359
Canadian dollar	CAD	1.5337	1.4300	1.4439	1.4676
Swiss franc	CHF	1.6081	1.5763	1.6552	1.6462
Koruna (Czech Republic)	CZK	27.5492	28.2639	26.5940	27.7016
Danish krone	DKK	7.4546	7.4588	7.4575	7.4518
Euro	EUR	1.0000	1.0000	1.0000	1.0000
Pound sterling	GBP	0.6726	0.6820	0.7336	0.6874
Hong Kong dollar	HKD	10.2438	9.8277	11.4774	10.7598
Forint	HUF	251.4469	264.1324	252.6639	251.3037
Shekel	ILS	5.5520	5.6087	5.6635	5.6338
Yen	JPY	156.8456	146.8583	164.9005	162.0907
Mexican peso	MXN	14.2633	13.7988	16.0587	15.0657
Norwegian krone	NOK	8.2115	8.0450	7.9643	8.0113
New Zealand dollar	NZD	1.8704	1.9448	1.8995	1.8628
Swedish krona	SEK	9.0298	9.2459	9.4219	9.2636
Singapore dollar	SGD	2.0195	1.9987	2.1186	2.0697
New Turkish lira	TRY	1.8515	1.8069	1.7060	1.7719
US dollar	USD	1.3172	1.2649	1.4718	1.3794

X. NOTES ON THE CONSOLIDATED OFF-BALANCE-SHEET ITEMS

10.1. REGULAR WAY TRADE

(in thousands of EUR)	31/12/06	31/12/07
Loans to be delivered and purchases of assets	6,280,391	8,816,590
Borrowings to be received and sales of assets	16,480,692	13,243,840

10.2. GUARANTEES

(in thousands of EUR)	31/12/06	31/12/07
Guarantees given to credit institutions	33,672	108,608
Guarantees given to customers	1,557,077	1,578,364
Guarantees received from credit institutions	19,138	33,005
Guarantees received from customers	19,547,430	22,340,830

10.3. LOAN COMMITMENTS

(in thousands of EUR)	31/12/06	31/12/07
Unused lines granted to credit institutions	389,493	5,357,168
Unused lines granted to customers	26,408,490	28,283,217
Unused lines obtained from credit institutions	4,476,477	1,545,415
Unused lines obtained from customers	0	0

See Note I. Accounting principles on a consolidated basis.
Figures as of Dec. 31, 2006 have been restated.

10.4. OTHER COMMITMENTS

(in thousands of EUR)	31/12/06	31/12/07
Insurance activity – Commitments given	0	5,985
Insurance activity – Commitments received	37,997	26,802
Banking activity – Commitments given	230,899,745	264,753,325
Banking activity – Commitments received	225,636,626	254,899,100

See Note I. Accounting principles on a consolidated basis.
Figures as of Dec. 31, 2006 have been restated.

XI. NOTES ON THE CONSOLIDATED STATEMENT OF INCOME

11.1. INTEREST INCOME – INTEREST EXPENSE

(in thousands of EUR)	31/12/06	31/12/07
INTEREST INCOME	37,929,848	54,832,258
INTEREST INCOME OF ASSETS NOT AT FAIR VALUE	7,582,107	10,324,538
Cash and balances with central banks	48,892	88,267
Loans and advances due from banks	2,242,003	3,599,456
Loans and advances to customers	3,236,888	3,931,928
Financial assets available for sale	2,009,734	2,664,908
Investments held to maturity	15,980	10,743
Interest on impaired assets	22,449	25,167
Other	6,161	4,069
INTEREST INCOME OF ASSETS AT FAIR VALUE	30,347,741	44,507,720
Financial assets held for trading	161,435	497,661
Financial assets designated at fair value	158,772	34,813
Derivatives held for trading	27,178,254	38,830,664
Derivatives used for hedging	2,849,280	5,144,582
INTEREST EXPENSE	(35,967,959)	(52,624,237)
INTEREST EXPENSE OF LIABILITIES NOT AT FAIR VALUE	(5,670,951)	(8,703,198)
Due to banks	(3,655,297)	(5,373,163)
Customer borrowings and deposits	(1,112,765)	(2,212,277)
Debt securities	(750,909)	(945,181)
Subordinated debts	(135,845)	(141,840)
Preferred shares and hybrid capital	(4,045)	(24,599)
Other	(12,090)	(6,138)
INTEREST EXPENSE OF LIABILITIES AT FAIR VALUE	(30,297,008)	(43,921,039)
Financial liabilities held for trading	(5,054)	(18,808)
Financial liabilities designated at fair value	0	(3,213)
Derivatives held for trading	(27,146,659)	(38,665,636)
Derivatives used for hedging	(3,145,295)	(5,233,382)
NET INTEREST INCOME	1,961,889	2,208,021

Figures as of Dec. 31, 2006 have been restated.

11.2. DIVIDEND INCOME

(in thousands of EUR)	31/12/06	31/12/07
Financial assets available for sale	110,391	111,101
Financial assets held for trading	3,041	2,074
Financial assets designated at fair value	4,636	1,375
TOTAL	118,068	114,550

11.3. NET INCOME FROM ASSOCIATES

(in thousands of EUR)	31/12/06	31/12/07
Income from associates before tax	160,102	140,998
Share of tax	(37,756)	(30,669)
Impairment on goodwill	0	0
TOTAL	122,346	110,329

11.4. NET INCOME FROM FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT AND LOSS

(in thousands of EUR)	31/12/06	31/12/07
Net trading income	119,349	(113,971)
Net result of hedge accounting	3,094	18,960
Net result of financial instruments designated at fair value through profit or loss and result from the related derivatives ^(a)	(2,663)	25,792
Change in own credit risk	0	0
Forex activity and exchange differences	(41,456)	45,036
TOTAL	78,324	(24,183)
(a) Among which trading derivatives included in a fair value option strategy	(16,738)	22,782

RESULT OF HEDGE ACCOUNTING (IFRS 7.24)

(in thousands of EUR)	31/12/06	31/12/07
Fair value hedges	1,330	9,777
Fair value changes of the hedged item attributable to the hedged risk	(157,277)	(223,364)
Fair value changes of the hedging derivatives	158,607	233,141
Cash flow hedges	0	(10)
Fair value changes of the hedging derivatives – ineffective portion	0	(10)
Discontinuation of cash flow hedge accounting (cash flows no longer expected to occur)	(135)	(1,747)
Hedges of net investments in a foreign operation	0	0
Fair value changes of the hedging derivatives – ineffective portion	0	0
Portfolio hedge	1,899	10,940
Fair value changes of the hedged item	(705,805)	(520,533)
Fair value changes of the hedging derivatives	707,704	531,473
TOTAL	3,094	18,960

This table is presented differently from 2006.

11.5. NET INCOME ON INVESTMENTS

(in thousands of EUR)	31/12/06	31/12/07
Gains on loans and advances	41,320	1,975
Gains on financial assets available for sale	654,920	461,859
Gains on investments held to maturity	0	3
Gains on tangible fixed assets	8,627	4,420
Gains on intangible fixed assets	15	100
Gains on assets and liabilities held for sale	28,980	12,639
Gains on liabilities	0	250
Other gains	574	2,464
TOTAL GAINS	734,436	483,710
Losses on loans and advances	(5,618)	(2,133)
Losses on financial assets available for sale	(126,744)	(198,126)
Losses on investments held to maturity	(1)	0
Losses on tangible fixed assets	(349)	(7,046)
Losses on intangible fixed assets	(1)	(2,025)
Losses on assets and liabilities held for sale	(706)	(686)
Losses on liabilities	0	(801)
Other losses	(28)	0
TOTAL LOSSES	(133,447)	(210,817)
NET IMPAIRMENT	51,404	(2,210)
TOTAL	652,393	270,683

Impairment on securities

(in thousands of EUR)	Specific risk		Total
	Allowances	Write-backs	
AS OF DEC. 31, 2006			
Securities held to maturity	0	0	0
Securities available for sale	(906)	52,310	51,404
TOTAL	(906)	52,310	51,404
AS OF DEC. 31, 2007			
Securities held to maturity	0	0	0
Securities available for sale	(21,633)	19,423	(2,210)
TOTAL	(21,633)	19,423	(2,210)

11.6. FEE AND COMMISSION INCOME AND EXPENSE

(in thousands of EUR)	31/12/06			31/12/07		
	Income	Expense	Net	Income	Expense	Net
Management of unit trusts and mutual funds	123,393	(2,884)	120,509	173,703	(1,969)	171,734
Administration of unit trusts and mutual funds	52,229	(4,402)	47,827	37,444	(226)	37,218
Insurance activity	13,631	(951)	12,680	14,719	(1,045)	13,674
Credit activity	26,430	(10,068)	16,362	24,057	(10,331)	13,726
Purchase and sale of securities	21,721	(5,580)	16,141	23,435	(11,966)	11,469
Purchase and sale of unit trusts and mutual funds	40,466	(10,341)	30,125	38,381	(9,159)	29,222
Payment services	101,517	(21,200)	80,317	93,548	(21,548)	72,000
Commissions to non-exclusive brokers	22,395	(7,868)	14,527	24,770	(8,197)	16,573
Financial engineering	0	0	0	0	0	0
Services on securities other than safekeeping	12,051	(4,471)	7,580	11,585	(4,387)	7,198
Custody	22,226	(7,841)	14,385	25,708	(9,514)	16,194
Issues and placements of securities	1,595	(541)	1,054	1,010	(229)	781
Servicing fees of securitization	0	(225)	(225)	1,063	(1,714)	(651)
Private banking	4,604	(1,526)	3,078	6,466	(2,357)	4,109
Clearing and settlement	1,488	(10,774)	(9,286)	2,872	(13,289)	(10,417)
Securities lending	1,351	(1,533)	(182)	2,530	(2,315)	215
Other	40,945	(2,390)	38,555	73,299	(3,754)	69,545
TOTAL	486,042	(92,595)	393,447	554,590	(102,000)	452,590

Compared to 2006, Custody and Securities lending have been split up.

11.7. TECHNICAL MARGIN OF INSURANCE ACTIVITIES

Premiums and technical income from insurance activities

(in thousands of EUR)	31/12/06	31/12/07
Premiums and contributions received	3,354,208	4,312,786
Claims incurred – part of reinsurers	31,012	28,752
Changes in technical reserves – part of reinsurers	(16,991)	(1,752)
Other technical income	152,852	178,638
INCOME	3,521,081	4,518,424

Technical expense from insurance activities

(in thousands of EUR)	31/12/06	31/12/07
Premiums received transferred to reinsurers	(69,393)	(94,815)
Premiums and contributions paid	(132,575)	(131,705)
Claims incurred	(908,979)	(1,008,020)
Change in technical reserves	(2,557,452)	(3,419,340)
Other technical expenses	(66,794)	(172,253)
EXPENSES	(3,735,193)	(4,826,133)

11.8. OTHER NET INCOME

(in thousands of EUR)	31/12/06	31/12/07
Other income	181,382	299,294
Other expense	(241,497)	(236,169)
TOTAL	(60,115)	63,125

Figures as of Dec. 31, 2006 have been restated.

11.9. STAFF EXPENSE

(in thousands of EUR)	31/12/06	31/12/07
Wages and salaries	(517,578)	(505,921)
Social security and insurance costs	(154,247)	(149,490)
Pension costs – defined benefit plans	(70,655)	(54,615)
Pension costs – defined contribution plans ^(a)	(977)	(5,310)
Other post-retirement benefits	(5,018)	76
Stock compensation expense	0	0
Long-term employee benefits	184	1,198
Restructuring expenses	(103)	23,414
Other expenses	(15,985)	(4,632)
TOTAL	(764,379)	(695,280)

(a) See note 8.6.5.

(Average FTE)	31/12/06			31/12/07		
	Fully consolidated	Proportionally consolidated	Total	Fully consolidated	Proportionally consolidated	Total
Senior executives	292	1	293	268	1	269
Employees	9,386	3	9,389	8,745	3	8,748
Other	22	1	23	15	1	16
TOTAL	9,700	5	9,705	9,028	5	9,033

(Average FTE) as of Dec. 31, 2006	Belgium	France	Luxembourg	Switzerland	Ireland	The Netherlands	USA	Total Dexia Bank
Senior executives	264	10	9	0	1	2	7	293
Employees	9,037	67	44	1	12	180	48	9,389
Other	5	11	7	0	0	0	0	23
TOTAL	9,306	88	60	1	13	182	55	9,705

(Average FTE) as of Dec. 31, 2007	Belgium	France	Luxembourg	Switzerland	Ireland	The Netherlands	USA	Total Dexia Bank
Senior executives	247	8	6	0	1	0	7	269
Employees	8,494	106	63	1	14	0	70	8,748
Other	5	11	0	0	0	0	0	16
TOTAL	8,746	125	69	1	15	0	77	9,033

11.10. GENERAL AND ADMINISTRATIVE EXPENSE

(in thousands of EUR)	31/12/06	31/12/07
Occupancy	(49,066)	(48,010)
Operating leases (except technology and system costs)	(38,574)	(30,081)
Professional fees	(42,381)	(28,249)
Marketing advertising and public relations	(50,097)	(45,300)
Technology and system costs	(96,635)	(186,726)
Software costs and research and development costs	(34,592)	(24,954)
Repair and maintenance expenses	(2,852)	(979)
Restructuring costs other than staff	2,797	1,830
Insurance (except related to pension)	(5,234)	(8,355)
Transportation of mail and valuable	(37,509)	(43,219)
Operational taxes	(44,334)	(52,477)
Other general and administrative expense	(118,831)	(98,336)
TOTAL	(517,308)	(564,856)

11.11. DEPRECIATION AND AMORTIZATION

(in thousands of EUR)	31/12/06	31/12/07
Depreciation on land and buildings	(57,514)	(47,068)
Depreciation on other tangible assets	(35,994)	(23,646)
Amortization of intangible assets	(48,863)	(37,946)
TOTAL	(142,371)	(108,660)

Figures as of Dec. 31, 2006 have been restated.

11.12. IMPAIRMENT ON LOANS AND PROVISIONS FOR CREDIT COMMITMENTS

Collective impairment

(in thousands of EUR)	31/12/06			31/12/07		
	Allowances	Reversal	Total	Allowances	Reversal	Total
Loans	(30,649)	5,755	(24,894)	(23,974)	7,621	(16,353)
Credit enhancement (collective reserve)	0	0	0	0	0	0
TOTAL	(30,649)	5,755	(24,894)	(23,974)	7,621	(16,353)

Specific impairment

(in thousands of EUR)	31/12/06				
	Allowances	Reversal	Losses	Recoveries	Total
Loans and advances to customers	(78,927)	74,655	(4,129)	21,083	12,682
Assets from insurance companies ^(a)	(57)	4	0	0	(53)
Other receivables ^(a)	(384)	62	0	0	(322)
Commitments	(33,577)	7,773	0	0	(25,804)
TOTAL	(112,945)	82,494	(4,129)	21,083	(13,497)

(a) Is published in item XII. of the Assets.

Compared to 2006, the item Other receivables has been split up in Other receivables and Assets from insurance companies.

Specific impairment

(in thousands of EUR)	31/12/07				
	Allowances	Reversal	Losses	Recoveries	Total
Loans and advances to customers	(106,412)	70,097	(5,077)	1,966	(39,426)
Assets from insurance companies ^(a)	(10)	2	0	0	(8)
Other receivables ^(a)	(337)	236	(23)	0	(124)
Commitments	(25,970)	21,816	0	0	(4,154)
TOTAL	(132,729)	92,151	(5,100)	1,966	(43,712)

(a) Is published in item XII. of the Assets.

Compared to 2006, the item Other receivables has been split up in Other receivables and Assets from insurance companies.

11.13. IMPAIRMENTS ON TANGIBLE AND INTANGIBLE FIXED ASSETS

(in thousands of EUR)	31/12/06	31/12/07
Impairment on investment property	0	0
Impairment on land and buildings	0	0
Impairment on other tangible assets	0	0
Impairment on assets held for sale	(1,269)	(1,370)
Impairment on long-term construction contracts	0	0
Impairment on intangible assets	0	0
TOTAL	(1,269)	(1,370)

Impairments are recorded when the criteria are met. A review of the market and sales conditions is performed on a regular basis, at least once a year. If the expected loss on sale is lower than the existing impairment, a reversal of impairment is recorded.

11.14. IMPAIRMENT ON GOODWILL

Nil

11.15. TAX EXPENSE

(in thousands of EUR)	31/12/06	31/12/07
Income tax on current year	(141,413)	(98,364)
Deferred taxes	66,843	33,375
TAX ON CURRENT YEAR RESULT (A)	(74,570)	(64,989)
Income tax on previous year	(38,651)	21,398
Deferred taxes on previous year	2,219	9,089
Provision for tax litigations	36,104	(3,333)
OTHER TAX EXPENSE (B)	(328)	27,154
TOTAL (A)+(B)	(74,898)	(37,835)

Figures as of Dec. 31, 2006 have been restated.

Effective corporate income tax charge

The standard tax rate applicable in Belgium in 2006 and 2007 was 33.99%.
 DBB effective tax rate was respectively 6.70% and 6.63% for 2006 and 2007.
 The difference between these two rates can be analyzed as follows.

(in thousands of EUR)	31/12/06	31/12/07
NET INCOME BEFORE TAX	1,235,947	1,090,286
Income and losses from companies accounted for by the equity method	122,346	110,329
TAX BASE	1,113,601	979,957
Statutory tax rate	33.99%	33.99%
TAX EXPENSE USING STATUTORY RATE	378,513	333,087
Tax effect of rates in other jurisdictions	(50,842)	(39,018)
Tax effect of non-taxable revenues ^(a)	(251,771)	(242,947)
Tax effect of non-tax deductible expenses	26,299	72,125
Tax effect of utilization of previously unrecognized tax losses	421	(2,613)
Tax effect on tax benefit not previously recognized in profit or loss	92	0
Tax effect from reassessment of unrecognized deferred tax assets	13,649	12,426
Tax effect of change in tax rates	64	(128)
Items taxed at a reduced rate	(1,884)	(2)
Impairment on goodwills	0	0
Other increase (decrease) in statutory tax charge	(39,971)	(67,941)
TAX ON CURRENT YEAR RESULT	74,570	64,989
Tax base	1,113,601	979,957
EFFECTIVE TAX RATE	6.70%	6.63%

(a) Mainly non-taxable gains on sales of equity shares.

Figures as of Dec. 31, 2006 have been restated.

XII. NOTES ON RISK EXPOSURE

As requested by IFRS 7.34, disclosures are based on information internally provided to key management. Disclosures have been restated according to the change in presentation explained in the Accounting policies, note 1.2.3.

12.1. FAIR VALUE

1. Breakdown of fair value

BREAKDOWN OF FAIR VALUE OF ASSETS

(in thousands of EUR)	31/12/06			31/12/07		
	Carrying value	Fair value	Difference	Carrying value	Fair value	Difference
Cash and balances with central banks	938,245	938,245	0	4,912,969	4,912,969	0
Loans and advances due from banks	80,693,485	80,636,190	(57,295)	79,269,848	79,260,213	(9,635)
Loans and advances to customers	83,545,044	83,421,470	(123,574)	80,205,945	79,544,114	(661,831)
Financial assets held for trading	8,442,022	8,442,022	0	9,285,781	9,285,781	0
Financial assets designated at fair value	7,042,967	7,042,967	0	6,909,359	6,909,359	0
Financial assets available for sale	54,040,391	54,040,391	0	64,347,598	64,347,598	0
Investments held to maturity	248,100	250,471	2,371	130,310	129,269	(1,041)
Derivatives	15,189,000	15,189,000	0	14,943,021	14,943,021	0
Fair value revaluation of portfolio hedge	225,929	225,929	0	(109,849)	(109,849)	0
Investments in associates	616,901	741,425	124,524	628,391	784,316	155,925
Other assets	3,397,498	3,395,306	(2,192)	4,145,043	4,145,043	0
Non-current assets held for sale	44,590	72,785	28,195	29,112	56,605	27,493
TOTAL	254,424,172	254,396,201	(27,971)	264,697,528	264,208,439	(489,089)

Figures as of Dec. 31, 2006 have been restated.

In case of hedging by portfolio hedge, hedged interest-rate risk revaluation of elements carried out at amortized cost is included in the line "Fair value revaluation of portfolio hedge".

BREAKDOWN OF FAIR VALUE OF LIABILITIES

(in thousands of EUR)	31/12/06			31/12/07		
	Carrying value	Fair value	Difference	Carrying value	Fair value	Difference
Due to banks	119,470,433	119,470,444	11	113,091,738	113,081,654	(10,084)
Customer borrowings and deposits	66,536,382	66,542,803	6,421	76,079,030	76,275,250	196,220
Financial liabilities held for trading	552,337	552,337	0	1,961,333	1,961,333	0
Financial liabilities designated at fair value	4,780,734	4,780,734	0	5,091,350	5,091,350	0
Derivatives	15,428,478	15,428,478	0	14,306,907	14,306,907	0
Fair value revaluation of portfolio hedge	0	0	0	0	0	0
Debt securities	21,990,958	22,001,397	10,439	26,820,484	26,763,622	(56,862)
Subordinated debts	3,139,242	3,153,433	14,191	3,087,464	3,039,678	(47,786)
Other liabilities	15,657,898	15,656,709	(1,189)	18,873,661	18,873,661	0
Liabilities included in disposal groups held for sale	0	0	0	0	0	0
TOTAL	247,556,462	247,586,335	29,873	259,311,967	259,393,455	81,488

Figures as of Dec. 31, 2006 have been restated.

In accordance with our valuation rules, fair value is equal to accounting value for some kinds of items, see Accounting policies.

Except for liabilities "held for trading" and "designated at fair value", the own credit spread on liabilities has been considered as unchanged in the determination of the fair value.

In case of hedging by portfolio hedge, hedged interest-rate risk revaluation of debt securities as well as demand deposits is included in the line "Fair value revaluation of portfolio hedge".

2. Analysis of fair value of financial instruments

ASSETS

	31/12/06				31/12/07			
	Quoted market price	Model (with observable market prices and rates)	Model (no observable market prices and rates) ^(a)	Total	Quoted market price	Model (with observable market prices and rates)	Model (no observable market prices and rates) ^(a)	Total
(in thousands of EUR)								
Loans and advances due from banks	0	80,636,190	0	80,636,190	0	79,260,213	0	79,260,213
Loans and advances to customers	0	83,421,470	0	83,421,470	0	79,544,114	0	79,544,114
Financial assets held for trading	8,442,022	0	0	8,442,022	9,285,781	0	0	9,285,781
Financial assets designated at fair value	6,663,795	379,172	0	7,042,967	6,205,709	703,650	0	6,909,359
Financial assets available for sale	53,497,338	541,893	1,160	54,040,391	64,133,555	213,002	1,040	64,347,597
Investments held to maturity	239,530	10,941	0	250,471	129,269	0	0	129,269
Derivatives	6,596	14,664,208	518,196	15,189,000	7,498	14,440,196	495,327	14,943,021
Fair value revaluation of portfolio hedge	0	225,929	0	225,929	0	(109,848)	0	(109,848)
TOTAL	68,849,281	179,879,803	519,356	249,248,440	79,761,812	174,051,327	496,367	254,309,506

Figures as of Dec. 31, 2006 have been restated.

LIABILITIES

	31/12/06				31/12/07			
	Quoted market price	Model (with observable market prices and rates)	Model (no observable market prices and rates) ^(a)	Total	Quoted market price	Model (with observable market prices and rates)	Model (no observable market prices and rates) ^(a)	Total
(in thousands of EUR)								
Due to banks	0	119,470,445	0	119,470,445	0	113,081,653	0	113,081,653
Customer borrowings and deposits	0	66,542,803	0	66,542,803	0	76,275,250	0	76,275,250
Financial liabilities held for trading	550,294	2,044	0	552,338	1,961,333	0	0	1,961,333
Financial liabilities designated at fair value	4,780,734	0	0	4,780,734	4,325,484	765,866	0	5,091,350
Derivatives	414	14,619,951	808,112	15,428,477	475	13,630,780	675,652	14,306,907
Fair value revaluation of portfolio hedge	0	0	0	0	0	0	0	0
Debt securities	0	22,001,397	0	22,001,397	0	26,763,622	0	26,763,622
Subordinated debts	0	3,153,433	0	3,153,433	0	3,039,678	0	3,039,678
TOTAL	5,331,442	225,790,073	808,112	231,929,627	6,287,292	233,556,849	675,652	240,519,793

(a) The sensitivity of assets and liabilities for which fair value is calculated using a model without observable market prices and rates is very limited, as most of the products are hedged on a back-to-back basis.

Figures as of Dec. 31, 2006 have been restated.

3. Disclosure of difference between transaction prices and modeled values (deferred Day One Profit)

No significant amounts are recognized as deferred Day One Profit (DOP) as of December 2006, nor as of December 2007.

Indeed, as Dexia Bank sells simple products, like Interest Rate Swaps (IRS) or complex products (like structure transactions) that are perfectly backed to back, the day one profit is recognized up-front. Only few transactions, of insignificant amounts have non-observable parameters. Deferred DOP is therefore immaterial. Day one profit taken up-front amounts to EUR 19 million as of December 2007.

12.2. CREDIT RISKS EXPOSURE

1. Analysis of total Dexia Bank exposure

Credit risk exposure is disclosed in the same way as reported to the management and is:

- the net carrying value for balance-sheet assets other than derivative contracts (i.e. accounting value after deduction of specific provision);
- the mark-to-market value and the add-on for derivatives contracts (the add-ons represent an estimation of the potential future credit exposure; this latter is not booked but added to the net positive MTM for the regulatory reporting).
- the full commitment amount for off-balance-sheet commitments. The full commitment amount is either the undrawn part of liquidity facilities or the maximum amount Dexia Bank is committed to pay for the guarantees it has granted to third parties.

Credit risk exposure is broken down by geographical region and by counterpart taking into account the guarantees obtained. This means that when credit risk exposure is guaranteed by a third-part whose weighted risk (for Basel regulations) is lower than that of the direct borrower, the exposure is then reported to the guarantor's geographical region and activity sector (except in 2006, as explained hereunder).

Figures published last year as of Dec. 31, 2006 have been restated for some companies (Dexia Insurance Services Group).

Comparative information in respect of previous period

In the frame of Basel II and in order to be compliant with IFRS 7, requirements regarding the definition of maximum credit risk exposure, Dexia Bank redefined its concept of credit risk exposure in 2007. As a difference with credit risk exposure reported in 2007, assets credit risk exposure 2006 was declared before deduction of specific provisions. In addition, the breakdown of the credit risk exposure per type of counterpart is influenced by the way guaranteed exposure is reported. In 2006, it was systematically reported as a direct exposure on the guarantor while in 2007, it is reported as a direct exposure on the guarantor only when it generates less weighted risks (in the Basel approaches) than the exposure on the direct borrower. Due to the use of a new worldwide information system, 2006 information can technically not be retrieved in the same way as 2007 information.

EXPOSURE BY GEOGRAPHICAL REGION

(in thousands of EUR)	31/12/06	31/12/07
Belgium	91,890,074	98,937,195
France	9,933,703	58,145,892
Germany	9,938,376	4,671,435
Italy	10,688,528	11,151,379
Luxembourg	1,177,617	6,031,017
Other EU countries	30,566,009	42,580,367
Rest of Europe	927,377	2,072,083
Turkey	202,990	562,088
United States and Canada	11,048,027	14,703,679
South and Central America	216,680	315,110
Southeast Asia	730,906	2,530,215
Japan	1,375,661	749,195
Other ^(a)	3,365,634	5,584,285
TOTAL	172,061,582	248,033,940

(a) Includes supranational entities, like European Central Bank.

EXPOSURE BY CATEGORY OF COUNTERPART

(in thousands of EUR)	31/12/06	31/12/07
Central governments	17,266,370	21,326,684
Local public sector	44,548,424	48,146,922
Corporate	13,420,379	23,198,053
Monoline	767,000	4,138,295
ABS/MBS	17,241,152	21,655,120
Project finance	30,630	323,550
Individuals, SME, self-employed	29,908,684	29,405,382
Financial institutions	44,124,533	99,811,740
Other	4,754,410	28,194
TOTAL	172,061,582	248,033,940

2. Credit risk exposure by class of financial instruments

(in thousands of EUR)	31/12/06	31/12/07
Debt securities	58 688 645	69 973 228
Loans and advances	87 194 025	125 364 599
Other financial instruments	535 606	12 233 384
Off-balance-sheet exposure	25 643 306	40 462 731
TOTAL	172 061 582	248 033 942

Collateral held by Dexia Bank that covers the maximum credit risk exposure consists of financial collateral and physical collateral.

The bulk of the financial collateral is composed of cash collaterals and term deposits, and to a lesser extent, of investment grade bonds (AAA-AA sovereigns or banking issuers), UCITS (Undertakings for the Collective Investment in Transferable Securities), shares and equities quoted on recognized markets.

Physical collateral is mainly composed of mortgages on residential or small commercial real estate and pledges on various other assets (receivables, business goodwill).

Only collateral eligible under Basel II and directly held by Dexia Bank are considered.

For this reason, collateral held mainly covers Loans and Advances and Off-balance-sheet commitments.

3. Credit quality of not impaired financial assets

(in thousands of EUR)	31/12/07			Total
	AAA tot AA-	A+ tot BBB-	Non investment grade or unrated	
Debt securities	52,494,672	16,274,492	1,190,059	69,959,223
Loans and advances	85,671,193	27,414,585	11,847,362	124,933,140
Other financial instruments	8,738,117	3,116,369	376,543	12,231,029
Off-balance-sheet exposure	24,058,062	12,511,147	3,837,562	40,406,771
TOTAL	170,962,044	59,316,593	17,251,526	247,530,163

The credit quality of financial assets is assessed by reference to internal credit ratings or to external ones when internal ratings are not available.

Credit quality reporting to management does not distinguish past due among not impaired financial assets.

A group world risk information system has been implemented during 2007 allowing a detailed breakdown of credit quality of not impaired financial assets.

The classification of rating has been reviewed together with the review of Basel II classification. Therefore, the same breakdown is not available for 2006 but, according to the analysis performed by the risk management on Dexia Bank's global exposure, the content and the ratings of the portfolio have not significantly changed in comparison with 2007.

4. Carrying value of financial assets with renegotiated terms that otherwise should be past-due or impaired

No major operation is concerned by this point as Dexia Bank is mainly active in the public sector.

5. Information on past-due or impaired financial assets

(in thousands of EUR)	31/12/06				Collateral received on past due or impaired loans
	Past-due but not impaired financial assets			Carrying value of individually impaired financial assets	
	< 90 days	> 90 days < 180 days	> 180 days		
Debt securities	0	0	0	2,830	0
Loans and advances	56,330	117,183	12,800	683,374	247,641
TOTAL	56,330	117,183	12,800	686,204	247,641

31/12/07					
(in thousands of EUR)	Past-due but not impaired financial assets			Carrying value of individually impaired financial assets	Collateral received on past due or impaired loans
	< 90 days	> 90 days < 180 days	> 180 days		
Debt securities	0	0	0	31,020	0
Loans and advances	253,606	30,849	18,706	640,483	261,126
TOTAL	253,606	30,849	18,706	671,503	261,126

Collaterals held are mainly composed of mortgages on residential or small commercial real estate and pledges on various other assets (receivables, business goodwill).

Past due outstandings are mainly retail and corporate. Financial assets are determined as impaired according to the description made in the Accounting policies "Impairments on financial assets".

6. Collateral and other credit enhancements obtained by taking possession of collateral hold

NATURE OF THE ASSETS OBTAINED DURING THE PERIOD BY TAKING POSSESSION OF A COLLATERAL

(in thousands of EUR)	Carrying value	
	31/12/06	31/12/07
Cash	216	479
Equity instrument	755	0
Debt instruments	2,276	16
Loans and advances	750	624
Property plant and equipment	12,127	9,051
Other	7,435	7,975
TOTAL	23,559	18,145

Concerning collateral taken into possession, the adopted methodology is based upon the Judicial Code (seizure of property) and the Financial Guarantees Code (seizure of securities).

7. Allowances movements for credit losses

	As of Jan. 1, 2006	Utilization	Amounts set aside for estimated probable loan losses	Amounts reversed for estimated probable loan losses	Other adjust- ments	As of Dec. 31, 2006	Recoveries directly recognized in profit or loss	Charges-off directly recognized in profit or loss
(in thousands of EUR)								
Specific allowances for individually assessed financial assets	(713,797)	43,999	(81,529)	124,714	42,760	(583,853)	21,083	(4,129)
Loans and advances to customers	(568,831)	39,166	(78,448)	74,593	47,673	(485,847)	21,083	(4,129)
Financial assets available for sale	(143,575)	4,782	(2,003)	49,907	(5,263)	(96,152)	0	0
Assets from insurance activities	(758)	43	(695)	152	269	(989)	0	0
Other accounts receivable	(633)	8	(383)	62	81	(865)	0	0
Allowances for incurred but not reported losses on financial assets and specific allowances for collectively assessed financial assets	(92,428)	0	(31,823)	6,705	13,047	(104,499)	0	0
TOTAL	(806,225)	43,999	(113,352)	131,419	55,807	(688,352)	21,083	(4,129)

	As of Jan. 1, 2007	Utilization	Amounts set aside for estimated probable loan losses	Amounts reversed for estimated probable loan losses	Other adjust- ments	As of Dec. 31, 2007	Recoveries directly recognized in profit or loss	Charges-off directly recognized in profit or loss
(in thousands of EUR)								
Specific allowances for individually assessed financial assets	(583,853)	68,919	(122,376)	88,878	8,467	(539,965)	1,966	(5,077)
Loans and advances to customers	(485,847)	46,959	(106,119)	69,006	25,346	(450,655)	1,966	(5,077)
Financial assets available for sale	(96,152)	21,606	(15,908)	19,632	(16,560)	(87,382)	0	0
Assets from insurance activities	(989)	69	(12)	4	78	(850)	0	0
Other accounts receivable	(865)	285	(337)	236	(397)	(1,078)	0	0
Allowances for incurred but not reported losses on financial assets and specific allowances for collectively assessed financial assets	(104,499)	0	(23,974)	7,621	42	(120,810)	0	0
TOTAL	(688,352)	68,919	(146,350)	96,499	8,509	(660,775)	1,966	(5,077)

8. Credit risk information for loans designated at fair value through profit or loss

As of Dec. 31, 2006 (in thousands of EUR)	Maximum exposure to credit risk	Amount of change in the loans at fair value through profit and loss attributable to changes in the credit risk	
		Change of the period	Cumulative amount
	380,158	0	0

As of Dec. 31, 2007 (in thousands of EUR)	Maximum exposure to credit risk	Amount of change in the loans at fair value through profit and loss attributable to changes in the credit risk	
		Change of the period	Cumulative amount
	718,101	0	0

No credit derivative is held to mitigate the maximum exposure to credit risk.

Dexia Bank estimates the fair value of the assets by calculating the amount of future payments available from the assets and discounting the payments to a present value at a discount rate that reflects the uncertainty associated with these payments. The change in credit spread is not significant and credit risk is not hedged.

9. Credit risk information about financial liabilities designated at fair value through profit or loss

As of Dec. 31, 2006 (in thousands of EUR)	Carrying value	Difference between carrying value and contractual amount required to be paid at maturity ^(a)
	4,780,734	0

As of Dec. 31, 2007 (in thousands of EUR)	Carrying value	Difference between carrying value and contractual amount required to be paid at maturity ^(a)
	5,091,349	(4,800)

^(a) This amount includes the premium/discount and the change in the market value.

No change in the fair value of Dexia Bank financial liabilities is attributable to changes in the credit risk of the liability.

12.3. INFORMATION ABOUT COLLATERALS

1. Assets received as collateral if this collateral can be sold or repledged

NATURE OF THE ASSETS RECEIVED AS COLLATERAL

(in thousands of EUR)	Collateral received as of Dec. 31, 2006		Collateral received as of Dec. 31, 2007	
	Fair value of collateral held	Fair value of collateral sold/ repledge	Fair value of collateral held	Fair value of collateral sold/ repledge
Equity instrument	0	0	0	0
Debt instruments	47,792,165	47,763,379	67,525,542	67,525,542
Loans and advances	0	0	0	0
Non-financial assets	0	0	0	0
TOTAL	47,792,165	47,763,379	67,525,542	67,525,542

Collaterals are obtained within the framework of repurchase agreement activities and of bond lending activities.

Contracts which determine the conditions of repledge are written by the legal department.

Repledge is a usual market practice.

2. Information on financial assets pledged as collateral

(in thousands of EUR)	Carrying value of financial assets pledged as collateral as of Dec. 31, 2006		Carrying value of financial assets pledged as collateral as of Dec. 31, 2007	
	For liabilities	For contingent liabilities	For liabilities	For contingent liabilities
Financial assets pledged as collateral	66,777,813	0	61,419,117	0

Assets are pledged mainly to collateralize repurchase agreements.

12.4. INTEREST-RATE REPRICING RISK: BREAKDOWN BY REMAINING MATURITY UNTIL NEXT REFIXING INTEREST-RATE DATE

Sight accounts and saving deposits are presented in the column "At sight and on demand" as the information presented below takes into account the remaining maturity until the next date at which interest rates are reset from an accounting standpoint, rather than on assumptions based on observed behavioral data. This latter approach is realized in the ALM sensity (see note 12.5.).

1. Assets

	31/12/06									Total
	At sight and on demand	Up to 3 months	More than 3 months to 1 year	More than 1 year to 5 years	Over 5 years	Undetermined maturity	Accrued interest	Fair value adjustment	Impairment	
(in thousands of EUR)										
Cash and balances with central banks	936,051	0	0	0	0	0	2,194	0	0	938,245
Loans and advances due from banks	11,212,216	46,940,077	21,331,563	18,793	10,847	102,844	1,077,145	0	0	80,693,485
Loans and advances to customers	18,638,377	14,066,205	10,086,412	18,280,718	20,053,006	2,695,990	314,749	(67)	(590,346)	83,545,044
Financial assets held for trading	199,914	6,261,399	610,006	291,924	787,144	97,610	84,140	109,886	0	8,442,023
Financial assets designated at fair value	1,613	204,767	91,768	39,781	579,974	6,095,278	3,989	25,796	0	7,042,966
Financial assets available for sale	532,062	16,927,853	2,317,416	5,183,604	24,953,216	2,029,065	713,330	1,479,997	(96,152)	54,040,391
Investments held to maturity	0	52,092	60,710	126,980	0	0	8,318	0	0	248,100
Derivatives							2,846,799	12,342,201	0	15,189,000
Fair value revaluation of portfolio hedge								225,929	0	225,929
Investments in associates						616,901				616,901
Tangible fixed assets						1,318,279				1,318,279
Intangible assets and goodwill						218,953				218,953
Tax assets						270,748			(27,330)	243,418
Other assets	103,155	153,492	33,575	4,548	8,809	1,305,547	15	9,561	(1,854)	1,616,848
Non-current assets held for sale						46,822	0	0	(2,232)	44,590
TOTAL	31,623,388	84,605,885	34,531,450	23,946,348	46,392,996	14,798,037	5,050,679	14,193,303	(717,914)	254,424,172

Figures as of Dec. 31, 2006 have been restated.

2. Liabilities

(in thousands of EUR)	31/12/06								Total
	At sight and on demand	Up to 3 months	More than 3 months to 1 year	More than 1 year to 5 years	Over 5 years	Undetermined maturity	Accrued interest	Fair value adjustment	
Due to banks	57,260,695	46,703,904	14,943,713	101,276	21,996	111	438,723	15	119,470,433
Customer borrowings and deposits	54,281,504	8,348,826	2,496,298	750,100	221,081	52,087	654,068	(267,582)	66,536,382
Financial liabilities held for trading	0	355,326	49,448	75,350	21,033	29,429	18,815	2,936	552,337
Financial liabilities designated at fair value	55,533	0	0	0	0	4,725,201	0	0	4,780,734
Derivatives							3,661,539	11,766,939	15,428,478
Debt securities	1,624,773	6,287,541	5,883,716	6,661,169	1,263,690	0	270,660	(591)	21,990,958
Subordinated debts	1,967	177,442	167,326	1,531,650	997,351	142,890	52,916	67,700	3,139,242
Technical provision of insurance companies						12,143,466			12,143,466
Provisions and other obligations						1,002,512			1,002,512
Tax liabilities						186,627			186,627
Other liabilities	1,590,337	204,786	9,396	11,875	20,533	484,805	3,561	0	2,325,293
TOTAL	114,814,809	62,077,825	23,549,897	9,131,420	2,545,684	18,767,128	5,100,282	11,569,417	247,556,462

Figures as of Dec. 31, 2006 have been restated.

3. Net position

(in thousands of EUR)	31/12/06					
	At sight and on demand	Up to 3 months	More than 3 months to 1 year	More than 1 year to 5 years	Over 5 years	Undetermined maturity
On-balance-sheet sensitivity gap	(83,191,421)	22,528,060	10,981,553	14,814,928	43,847,312	(3,969,091)

The balance-sheet sensitivity gap is hedged through derivatives.

1. Assets

	31/12/07									Total
	At sight and on demand	Up to 3 months	More than 3 months to 1 year	More than 1 year to 5 years	Over 5 years	Undetermined maturity	Accrued interest	Fair value adjustment	Impairment	
(in thousands of EUR)										
Cash and balances with central banks	4,905,195	0	0	0	0	0	7,774	0	0	4,912,969
Loans and advances due from banks	10,568,553	61,310,475	6,865,906	15,173	120,102	16,150	373,489	0	0	79,269,848
Loans and advances to customers	10,443,137	11,798,205	14,786,377	19,315,641	23,545,795	486,329	437,894	(35,968)	(571,465)	80,205,945
Financial assets held for trading	199,441	7,355,911	605,237	400,183	997,055	135,953	86,498	(494,497)	0	9,285,781
Financial assets designated at fair value	9,574	455,301	37,594	181,646	1,843,008	4,374,494	3,209	4,533	0	6,909,359
Financial assets available for sale	1,011,139	21,118,766	3,678,349	7,387,469	28,116,690	2,798,311	890,549	(566,293)	(87,382)	64,347,598
Investments held to maturity	1,535	23,005	16,715	82,354	0	0	6,701	0	0	130,310
Derivatives							1,771,106	13,171,915	0	14,943,021
Fair value revaluation of portfolio hedge								(109,849)	0	(109,849)
Investments in associates						628,391				628,391
Tangible fixed assets						1,297,492				1,297,492
Intangible assets and goodwill						217,032				217,032
Tax assets						519,529			(38,508)	481,021
Other assets	1,323,867	109,722	42,786	3,871	4,371	658,499	12	8,306	(1,936)	2,149,498
Non-current assets held for sale						32,257	0	0	(3,145)	29,112
TOTAL	28,462,441	102,171,385	26,032,964	27,386,337	54,627,021	11,164,437	3,577,232	11,978,147	(702,436)	264,697,528

2. Liabilities

(in thousands of EUR)	31/12/07								Total
	At sight and on demand	Up to 3 months	More than 3 months to 1 year	More than 1 year to 5 years	Over 5 years	Undetermined maturity	Accrued interest	Fair value adjustment	
Due to banks	71,507,545	35,395,412	5,543,380	92,928	20,949	144,240	386,300	984	113,091,738
Customer borrowings and deposits	59,791,075	11,708,375	2,798,530	971,530	333,603	47,374	712,187	(283,644)	76,079,030
Financial liabilities held for trading	50	397,651	995,677	472,904	5,522	53,407	36,806	(684)	1,961,333
Financial liabilities designated at fair value	6,528	218,525	68,528	421,780	50,990	4,324,190	4,769	(3,960)	5,091,350
Derivatives							2,801,703	11,505,204	14,306,907
Debt securities	1,526,041	10,484,748	5,086,871	7,276,952	2,206,644	0	239,042	186	26,820,484
Subordinated debts	7,226	651,034	118,379	987,450	1,152,001	42,417	69,777	59,180	3,087,464
Technical provision of insurance companies						14,929,260			14,929,260
Provisions and other obligations						901,613			901,613
Tax liabilities						130,903			130,903
Other liabilities	2,280,439	277,633	54,257	2,258	2,757	292,282	2,259	0	2,911,885
TOTAL	135,118,904	59,133,378	14,665,622	10,225,802	3,772,466	20,865,686	4,252,843	11,277,266	259,311,967

3. Net position

(in thousands of EUR)	31/12/07					
	At sight and on demand	Up to 3 months	More than 3 months to 1 year	More than 1 year to 5 years	Over 5 years	Undetermined maturity
On-balance-sheet sensitivity gap	(106,656,463)	43,038,007	11,367,342	17,160,535	50,854,555	(9,701,249)

The balance-sheet sensitivity gap is hedged through derivatives.

12.5. MARKET RISK & ALM

Market risks' measures are presented as follows.

- Treasury and Financial Market activities
 - Value at Risk (including ALM delegated)
 - Spread sensitivity for credit spread portfolio (CSP) and Public Finance Bond denominated exposure
- ALM interest-rate risk
 - Long-term ALM sensitivity for activities with maturity longer than 2 years
 - DIS-Life's ALM sensitivity
- ALM equity exposure – Listed shares sensitivity

Treasury and Financial Market activities

The Treasury and Financial Markets (TFM) activities of Dexia Bank are mainly oriented as a support function for the Group. TFM assumes trading activities as well as non-trading risk positions that arise from short-term balance sheet and capital management activities.

TFM also manages Credit Spread Portfolio (CSP) activity line. As a regular practitioner of financial markets products and operations, CSP develops expertise in credit spreads, credit instruments and techniques that can be used by core business lines to manage the balance sheet and the global or specific credit exposures.

Dexia Bank calculated in 2007 an Interest Rate and FX VaR mainly based on a parametrical method (99% 10 days), an Equity VaR based on a historical method and since 4Q 2006 – only for trading desks –, a historical credit spread VaR.

The detailed VaR usage of Dexia Bank is disclosed in the table below. In 2007, the TFM's average Value at Risk amounted to EUR 24.3 million (vs. EUR 19.9 million in 2006).

Value at Risk (in millions of EUR)	2006			2007		
	IR ^(a) &FX ^(b) (Trading and Banking)	EQT ^(c) Trading	Credit Spread Trading (only 4Q) ^(d)	IR ^(a) &FX ^(b) (Trading and Banking)	EQT ^(c) Trading	Credit Spread Trading
Individual	Average 12.8 Maximum 22.2	Average 4.0 Maximum 8.3	Average 3.1 Maximum 4.7	Average 9.2 Maximum 15.9	Average 6.0 Maximum 16.0	Average 9.1 Maximum 22.4
Global		Average 19.9 Maximum 35.2 Limit 85			Average 24.3 Maximum 43.4 Limit 94.2	

(a) IR: interest rate.

(b) FX: forex.

(c) EQT: equities.

(d) Calculation of VaR Spread started only at the last quarter of 2006.

CREDIT SPREAD PORTFOLIO AND PUBLIC FINANCE BOND DENOMINATED EXPOSURE (BANKING BOOK ONLY)

Within TFM, Dexia Bank manages a high quality investment portfolio (and related investment program) focusing exclusively on credit spreads. Its volume and sensitivity are constrained via the global risk appetite exercise. TFM credit spread denominated exposure (CSP) (banking book) amounted to EUR 30.2 billion as of Dec. 31, 2007. The main asset classes are banks, covered bonds, MBS & ABS. The average rating of this exposure stood at AA- as of Dec. 31, 2007.

Public Finance Bond denominated exposure (banking book) is the part of public finance business operated in bond format and not only via loans. The main assets classes are local authorities and public sector related bodies.

The public finance denominated bond exposure amounted respectively to EUR 8.8 billion as of Dec. 31, 2007. The average rating of this exposure stood at AA- as of Dec. 31, 2007.

- Interest-rate sensitivity
The interest-rate risk of this portfolio is hedged, as its purpose is the credit spread. Therefore, it has a very limited sensitivity to change of interest rate.
- Credit spread sensitivity
It estimates the sensitivity in fair value after a basis point spread increase (in millions of EUR).

	CSP (banking book)	Public Finance Bond denominated exposure
31/12/07	(12.9)	(7.0)

ALM interest-rate risk

LONG-TERM ALM INTEREST RATE RISK EXPOSURE – ALM SENSITIVITY^(a)

Long-term ALM falls under the direct decision and control authority of the ALCO Group (ALM Committee), which meets on a monthly basis.

The sensitivity measures the change in the balance-sheet net economic value if interest rates raise by 1% across the entire curve. Dexia Bank's ALM long-term sensitivity amounts to EUR -38 million as of December 31, 2007 (vs. EUR - 210 million as of December 31, 2006).

(in millions of EUR)

31/12/06	(210)
31/12/07	(38)

For the sensitivity calculation, residual maturity of the portfolio until next refixing interest-rate date is defined using assumptions on the observed behavior of our customers and not on legal repayment date (see note 12.4.).

^(a) Positions of insurance companies and pension funds are excluded.

DIS-LIFE'S ALM SENSITIVITY

As a part of the Solvency II implementation, the ALM models and parameters of the DIS Group are under review. Results relating to the sensitivity of ALM, of which life activity represents almost the entirety of asset commitments, are therefore subject to variations as the project is implemented. On the basis of current models and parameters, the sensitivity of the ALM life activity of the DIS Group is less than respectively EUR 15 million and EUR 10 million for an increase of 100 bp as at Dec. 31, 2006 and Dec. 31, 2007. We do not expect any significant modification of that sensitivity during the passage to Solvency II.

ALM equity exposure – Listed shares sensitivity

The Equity Value at Risk (VaR) measures the potential change in market value, whereas the Equity Earnings at Risk (EaR) measures the impact in the accounting result if the VaR materializes. The Equity VaR calculated by Dexia Bank is a measure of the potential loss that can be experienced with a level of confidence of 99% and for a holding period of 10 days.

The Equity EaR is much lower than the calculated Equity VaR as most of listed shares have a positive AFS reserve cushion. Dexia Bank's impairment procedure is activated whenever the market value falls beneath 75% of the initial purchase price and/or when there is a lasting decline in the fair value. The -25% column represents the impairment that could be recorded in accounting results if there is a decline in value of 25%.

BANKING COMPANIES (ALM PORTFOLIO)

(in millions of EUR)	Market value	VaR	% VaR	EaR	-25%
March 31, 2006	981	55	5.6%	(9)	(17)
June 30, 2006	906	62	6.9%	(17)	(33)
September 30, 2006	938	69	7.4%	(8)	(12)
December 31, 2006	949	66	7.0%	(2)	(7)
March 31, 2007	898	66	7.3%	0	(11)
June 30, 2007	906	58	6.4%	(1)	(18)
September 30, 2007	1,004	78	7.7%	(11)	(65)
December 31, 2007	811	69	8.5%	(17)	(48)

INSURANCE COMPANIES PORTFOLIO

(in millions of EUR)	Market value	VaR	% VaR	EaR	-25%
March 31, 2006	1,815	81	4.5%	(3)	(47)
June 30, 2006	1,554	81	5.2%	(2)	(67)
September 30, 2006	1,679	94	5.6%	(2)	(34)
December 31, 2006	1,795	100	5.6%	(1)	(16)
March 31, 2007	1,727	104	6.0%	(1)	(37)
June 30, 2007	2,030	106	5.2%	(3)	(91)
September 30, 2007	2,236	144	6.4%	(23)	(19)
December 31, 2007	2,451	170	6.9%	(36)	(248)

12.6. LIQUIDITY RISK: BREAKDOWN BY RESIDUAL MATURITY

Dexia Bank adopts a conservative approach for liquidity risk management in which its future funding needs never exceed its secured funding capacity. We refer to the Accounting policies, "liquidity risk".

Sight accounts and saving deposits are included in the column "At sight and on demand" even though they have no fixed repayment date.

1. Assets

	31/12/06						Accrued interest	Fair value adjustment	Impairment	Total
	Breakdown of gross amount and premium/discount									
	At sight and on demand	Up to 3 months	More than 3 months to 1 year	More than 1 year to 5 years	Over 5 years	Undetermined maturity				
(in thousands of EUR)										
Cash and balances with central banks	936,051	0	0	0	0	0	2,194	0	0	938,245
Loans and advances due from banks	11,205,380	45,700,509	21,412,566	1,095,515	38,760	163,610	1,077,145	0	0	80,693,485
Loans and advances to customers	18,011,361	10,423,015	3,651,830	12,407,932	36,515,620	2,810,950	314,749	(67)	(590,346)	83,545,044
Financial assets held for trading	1,020	76,409	114,309	445,897	7,512,752	97,610	84,139	109,886	0	8,442,022
Financial assets designated at fair value	0	0	13,378	59,287	845,238	6,095,278	3,990	25,796	0	7,042,967
Financial assets available for sale	7,629	1,576,101	1,793,074	8,695,020	37,816,310	2,055,082	713,330	1,479,997	(96,152)	54,040,391
Investments held to maturity	0	45,894	61,743	132,145	0	0	8,318	0	0	248,100
Derivatives							2,846,799	12,342,201	0	15,189,000
Fair value revaluation of portfolio hedge								225,929	0	225,929
Investments in associates						616,901				616,901
Tangible fixed assets						1,318,279				1,318,279
Intangible assets and goodwill						218,953				218,953
Tax assets						270,748			(27,330)	243,418
Other assets	109,139	153,626	33,575	4,548	8,809	1,299,429	15	9,561	(1,854)	1,616,848
Non-current assets held for sale						46,822	0	0	(2,232)	44,590
TOTAL	30,270,580	57,975,554	27,080,475	22,840,344	82,737,489	14,993,662	5,050,679	14,193,303	(717,914)	254,424,172

Figures as of Dec. 31, 2006 have been restated.

2. Liabilities

(in thousands of EUR)	31/12/06						Accrued interest	Fair value adjustment	Total
	Breakdown of gross amount and premium/discount								
	At sight and on demand	Up to 3 months	More than 3 months to 1 year	More than 1 year to 5 years	Over 5 years	Undetermined maturity			
Due to banks	57,195,511	45,764,071	13,831,002	181,356	2,059,644	111	438,723	15	119,470,433
Customer borrowings and deposits	54,265,297	8,214,284	2,561,631	815,892	240,706	52,087	654,068	(267,582)	66,536,383
Financial liabilities held for trading	0	355,323	49,448	75,350	21,036	29,429	18,815	2,936	552,337
Financial liabilities designated at fair value	55,533	0	0	0	0	4,725,201	0	0	4,780,734
Derivatives							3,661,539	11,766,939	15,428,478
Debt securities	1,454,773	5,023,255	4,304,725	7,069,755	3,868,381	0	270,660	(591)	21,990,958
Subordinated debts	2,514	6,605	144,174	1,169,737	447,984	1,247,612	52,916	67,700	3,139,242
Technical provision of insurance companies	6,048	91,679	324,720	2,058,584	9,662,310	124			12,143,465
Provisions and other obligations						1,002,512			1,002,512
Tax liabilities						186,627			186,627
Other liabilities	1,591,221	219,185	9,380	11,875	6,224	483,847	3,561	0	2,325,293
TOTAL	114.570.897	59.674.402	21.225.080	11.382.549	16.306.285	7.727.550	5.100.282	11.569.417	247.556.462

Figures as of Dec. 31, 2006 have been restated.

3. Net liquidity gap

	31/12/06					
	At sight and on demand	Up to 3 months	More than 3 months to 1 year	More than 1 year to 5 years	Over 5 years	Undetermined maturity
(in thousands of EUR)						
Net liquidity gap	(84,300,317)	(1,698,848)	5,855,395	11,457,795	66,431,204	7,266,112

Figures as of Dec. 31, 2006 have been restated.

This table does not take into account the liquidity nor the eligibility to refinancing the asset; some listed long-term assets may be sold or refinanced with central banks in case of liquidity need.

1. Assets

(in thousands of EUR)	31/12/07						Accrued interest	Fair value adjustment	Impairment	Total
	Breakdown of gross amount and premium/discount									
	At sight and on demand	Up to 3 months	More than 3 months to 1 year	More than 1 year to 5 years	Over 5 years	Undetermined maturity				
Cash and balances with central banks	4,905,195	0	0	0	0	0	7,774	0	0	4,912,969
Loans and advances due from banks	10,568,522	60,099,417	7,322,794	488,012	127,588	290,026	373,489	0	0	79,269,848
Loans and advances to customers	9,926,602	9,182,079	8,030,488	13,785,023	38,964,963	486,329	437,894	(35,968)	(571,465)	80,205,945
Financial assets held for trading	0	39,904	81,589	535,509	8,900,825	135,953	86,498	(494,497)	0	9,285,781
Financial assets designated at fair value	0	15,000	37,943	523,800	1,950,380	4,374,494	3,209	4,533	0	6,909,359
Financial assets available for sale	41,328	1,729,064	3,949,966	11,339,616	44,216,687	2,834,063	890,549	(566,293)	(87,382)	64,347,598
Investments held to maturity	1,535	23,005	16,715	82,354	0	0	6,701	0	0	130,310
Derivatives							1,771,106	13,171,915	0	14,943,021
Fair value revaluation of portfolio hedge								(109,849)	0	(109,849)
Investments in associates						628,391				628,391
Tangible fixed assets						1,297,492				1,297,492
Intangible assets and goodwill						217,032				217,032
Tax assets						519,529			(38,508)	481,021
Other assets	1,193,048	120,789	42,446	4,301	44,660	737,872	12	8,306	(1,936)	2,149,498
Non-current assets held for sale						32,257	0	0	(3,145)	29,112
TOTAL	26,636,230	71,209,258	19,481,941	26,758,615	94,205,103	11,553,438	3,577,232	11,978,147	(702,436)	264,697,528

2. Liabilities

(in thousands of EUR)	31/12/07						Accrued interest	Fair value adjustment	Total
	Breakdown of gross amount and premium/discount								
	At sight and on demand	Up to 3 months	More than 3 months to 1 year	More than 1 year to 5 years	Over 5 years	Undetermined maturity			
Due to banks	71,443,956	34,142,183	4,536,106	590,957	1,847,012	144,240	386,300	984	113,091,738
Customer borrowings and deposits	59,776,923	11,310,744	2,825,281	1,343,630	347,103	46,806	712,187	(283,644)	76,079,030
Financial liabilities held for trading	0	397,642	995,677	472,959	5,526	53,407	36,806	(684)	1,961,333
Financial liabilities designated at fair value	0	0	200,000	501,498	64,853	4,324,190	4,769	(3,960)	5,091,350
Derivatives							2,801,703	11,505,204	14,306,907
Debt securities	1,296,044	8,683,462	3,781,541	8,540,635	4,279,574	0	239,042	186	26,820,484
Subordinated debts	7,226	84,582	82,276	761,390	998,546	1,024,487	69,777	59,180	3,087,464
Technical provision of insurance companies	4,977	135,273	458,795	3,448,814	10,873,400	8,001			14,929,260
Provisions and other obligations						901,613			901,613
Tax liabilities						130,903			130,903
Other liabilities	2,277,960	277,706	56,663	2,257	2,758	292,282	2,259	0	2,911,885
TOTAL	134.807.086	55.031.592	12.936.339	15.662.140	18.418.772	6.925.929	4.252.843	11.277.266	259.311.967

3. Net liquidity gap

(in thousands of EUR)	31/12/07					
	At sight and on demand	Up to 3 months	More than 3 months to 1 year	More than 1 year to 5 years	Over 5 years	Undetermined maturity
Net liquidity gap	(108,170,856)	16,177,666	6,545,602	11,096,475	75,786,331	4,627,509

This table does not take into account the liquidity nor the eligibility to refinancing the asset; some listed long-term assets may be sold or refinanced with central banks in case of liquidity need.

12.7. CURRENCY RISK

(in thousands of EUR)	31/12/06				
	EUR	Other EU currencies	USD	Other	Total
Total assets	190,293,799	21,863,728	35,761,119	6,505,526	254,424,172
Total liabilities and equity	188,743,701	23,971,255	36,392,519	5,316,697	254,424,172
NET ON-BALANCE POSITION	1,550,098	(2,107,527)	(631,400)	1,188,829	0

(in thousands of EUR)	31/12/07				
	EUR	Other EU currencies	USD	Other	Total
Total assets	202,370,983	24,109,177	30,218,714	7,998,654	264,697,528
Total liabilities and equity	193,490,477	23,923,292	40,821,188	6,462,571	264,697,528
NET ON-BALANCE POSITION	8,880,506	185,885	(10,602,474)	1,536,083	0

The figures as at December 31, 2006 have been restated.

The on-balance position is hedged by derivatives, so that nearly all foreign exchange positions are closed.

12.8. INSURANCE RISKS

Insurance activities are performed in Dexia Group by Dexia Insurance Services Group (DIS) (see Accounting policies "Insurance activities").

DIS Group is active in life (more than 85% of gross premium written) and nonlife activities and has no major concentration of risks. Some of the risks are reinsured (see note 9.3.). Because of its activities, the reinsurance of a part of the risks and the size of DIS activities in comparison with total activities and risks of the Dexia Group, change of insurance variables will not have a significant impact on the financial position of Dexia Bank.

12.9. SOLVENCY

Comparison total equity (financial statements) and total equity as calculated for regulatory requirements

(in thousands of EUR)	31/12/06		31/12/07	
	Financial statements	Regulatory purposes	Financial statements	Regulatory purposes
Total shareholders' equity	6,413,951	6,413,919	5,198,620	5,198,620
Minority interests	27,729	14,765	71,916	15,079
Of which Core equity	27,123	14,765	67,435	15,079
Of which Gains and Losses not recognized in the statement of income	606	0	4,481	0
Discretionary participation features of insurance contracts	426,030	0	115,025	0
TOTAL EQUITY	6,867,710	6,428,684	5,385,561	5,213,699

Comments on regulatory requirements are described in Accounting policies "Capital adequacy". For regulatory purposes, insurance companies are accounted for by the equity method. Therefore, minority interests differ from those published in these Financial statements. Discretionary Participation Features only relate to insurance companies.

Regulatory capital, total weighted risks and solvency ratios

(in thousands of EUR)	31/12/06	31/12/07
TOTAL REGULATORY CAPITAL (AFTER PROFIT APPROPRIATION)	5,866,332	5,852,816
TIER 1 CAPITAL	4,926,033	5,471,840
Total shareholders' equity	6,413,919	5,198,620
Minority interests	14,765	15,079
Assumed dividend to shareholders and minority interests	(1,150,000)	(500,000)
Other	135,306	136,340
Elements deducted from Tier 1 capital: Intangible fixed assets and goodwill	(96,006)	(98,367)
Elements of equity not eligible as regulatory Tier 1 capital		
- AFS Revaluation reserve	709,614	(270,357)
- Cash Flow Hedge reserve	(881)	(20,621)
- Gains and losses not recognized in the statement of income of associates and of subsidiaries held for sale ^(a)	180,743	68,335
- Short position on treasury shares	0	0
- Own credit risk	0	0
- Minority interest in AFS reserve and hedging reserve	0	0
Hybrid regulatory Tier 1 capital ^(b)	497,525	497,525
TIER 2 CAPITAL	2,246,483	1,982,241
Perpetuals	915,129	766,764
Revaluation reserve AFS shares (shareholders and minority interests) ^(c)	396,607	227,499
Subordinated liabilities	934,747	987,978
ITEMS TO BE DEDUCTED FROM TOTAL REGULATORY OWN FUNDS^(a)	(1,306,184)	(1,601,265)

(a) Mainly insurance companies (DIS Group), credit institutions as Cr dit du Nord and investment companies such as Dexia Asset Management.

(b) Hybrid capital for EUR 500 million, issued by Dexia Funding Luxembourg.

(c) The Belgian regulator recognizes 90% of net of tax available for sale reserve on equities as additional own funds, if positive; otherwise, it should be deducted from Tier 1 capital.

(in thousands of EUR)	31/12/06	31/12/07
TOTAL WEIGHTED RISKS	57,266,564	62,372,593
20% weighted counterparts	12,585,574	9,662,004
50% weighted counterparts	12,527,113	14,408,292
100% weighted counterparts	28,607,462	34,151,794
Trading portfolio	3,546,415	4,150,503
SOLVENCY RATIOS		
Tier 1 ratio	8.6%	8.8%
Capital adequacy ratio	10.2%	9.4%

DEXIA BANK BELGIUM NV/SA

Statutory auditor's report of the Board of Auditors to the General Shareholders' Meeting on the consolidated accounts as of and for the year ended December 31, 2007

28 March 2008

DEXIA BANK BELGIUM NV/SA STATUTORY AUDITOR'S REPORT OF THE BOARD OF AUDITORS TO THE SHAREHOLDERS' MEETING ON THE CONSOLIDATED FINANCIAL ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2007

To the shareholders

As required by law and the company's articles of association, we report to you in the context of our appointment as statutory auditors. This report includes our opinion on the consolidated accounts and the required additional disclosure.

Unqualified opinion on the consolidated accounts

We have audited the consolidated accounts of Dexia Bank Belgium NV/SA and its subsidiaries (the "Group") as of and for the year ended 31 December 2007, prepared in accordance with the International Financial Reporting Standards, as adopted by the European Union, and with the legal and regulatory requirements applicable in Belgium. These consolidated accounts comprise the consolidated balance sheet as of 31 December 2007, the consolidated statements of income, changes in shareholders' equity and cash flows for the year then ended, as well as the summary of significant accounting policies and other explanatory notes. The total of the consolidated balance sheet amounts to EUR 264,697,528 (000) and the consolidated statement of income shows a profit for the year (Group share) of EUR 1,046,693 (000).

The company's board of directors is responsible for the preparation of the consolidated accounts. This responsibility includes among other things: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of consolidated accounts that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Our responsibility is to express an opinion on these consolidated accounts based on our audit. We conducted our audit in accordance with the legal requirements and auditing standards applicable in Belgium, as issued by the "Institut des Reviseurs d'Entreprises/Instituut der Bedrijfs-revisoren". Those auditing standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated accounts are free from material misstatement.

In accordance with the auditing standards referred to above, we have carried out procedures to obtain audit evidence about the amounts and disclosures in the consolidated accounts. The selection of these procedures is a matter of our judgment, as is the assessment of the risk that the consolidated accounts contain material misstatements, whether due to fraud or error. In making those risk assessments, we have considered the Group's internal control relating to the preparation and fair presentation of the consolidated accounts, in order to design audit procedures that were appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control. We have also evaluated the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by management, as well as the presentation of the consolidated accounts taken as a whole. Finally, we have obtained from the board of directors and Group officials the explanations and information necessary for our audit. We believe that the audit evidence we have obtained provides a reasonable basis for our opinion.

In our opinion, the consolidated accounts give a true and fair view of the Group's net worth and financial position as of 31 December 2007 and of its results and cash flows for the year then ended in accordance with International Financial Reporting Standards, as adopted by the European Union, and with the legal and regulatory requirements applicable in Belgium.

Additional disclosure

The company's board of directors is responsible for the preparation and content of the directors' report on the consolidated accounts.

Our responsibility is to include in our report the following additional disclosure, which does not change the scope of our opinion on the consolidated accounts:

- The management report deals with the information required by the law and is consistent with the consolidated accounts. However, we are not in a position to express an opinion on the description of the principal risks and uncertainties facing the company, the state of its affairs, its foreseeable development or the significant influence of certain events on its future development. Nevertheless, we can confirm that the information provided is not in obvious contradiction with the information we have acquired in the context of our appointment.

Brussels 28 March 2008

The Board of Auditors

PricewaterhouseCoopers
Réviseurs d'Entreprises
represented by

Joseph Steenwinckel
Réviseur d'Entreprises

DELOITTE Réviseurs d'Entreprises
SC sfd SCRL
represented by

Joseph Vlamincx
Réviseur d'Entreprises

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AS AT
DEC. 31,
2007

NON-CONSOLIDATED FINANCIAL STATEMENTS

(BE-GAAP)

BALANCE SHEET (after appropriation)

ASSETS (in thousands of EUR)		31/12/06	31/12/07
I.	Cash in hand, balances with central banks and Post Office banks	387,201	369,052
II.	Treasury bills eligible for refinancing with central banks	112,438	289,035
III.	Loans and advances to credit institutions	78,733,286	82,174,338
	A. Repayable on demand	1,547,266	1,832,193
	B. Other loans and advances (with agreed maturity dates)	77,186,020	80,342,145
IV.	Loans and advances to customers	89,280,126	93,574,598
V.	Debt securities and other fixed-income securities	37,761,009	39,513,251
	A. Issued by public bodies	6,501,698	1,729,940
	B. Issued by other borrowers	31,259,311	37,783,311
VI.	Shares and other variable-yield securities	734,135	371,634
VII.	Financial fixed assets	7,998,944	8,130,074
	A. Participating interests in affiliated enterprises	7,236,967	7,250,820
	B. Participating interests in other enterprises linked by participating interests	396,755	396,483
	C. Other shares held as financial fixed assets	199,204	189,209
	D. Subordinated loans to affiliated enterprises and to other enterprises linked by participating interests	166,018	293,562
VIII.	Formation expenses and intangible fixed assets	9,467	12,045
IX.	Tangible fixed assets	885,780	887,819
X.	Own shares	0	0
XI.	Other assets	638,805	1,027,237
XII.	Deferred charges and accrued income	17,019,038	18,324,860
TOTAL ASSETS		233,560,229	244,673,943

LIABILITIES

(in thousands of EUR)

	31/12/06	31/12/07
I. Amounts owed to credit institutions	118,450,964	112,232,517
A. Repayable on demand	18,287,495	14,470,670
B. Amounts owed as a result of the rediscounting of trade bills	0	0
C. Other debts with agreed maturity dates or periods of notice	100,163,469	97,761,847
II. Amounts owed to customers	79,599,404	95,687,513
A. Saving deposits	24,472,001	22,588,939
B. Other debts	55,127,403	73,098,574
1. Repayable on demand	20,297,394	28,028,285
2. With agreed maturity dates or periods of notice	34,830,009	45,070,289
3. As a result of the rediscounting of trade bills	0	0
III. Debts evidenced by certificates	11,235,156	10,760,340
A. Debt securities and other fixed-income securities in circulation	7,039,964	6,896,297
B. Other	4,195,192	3,864,043
IV. Other liabilities	1,506,565	1,182,816
V. Accrued charges and deferred income	15,857,222	17,779,373
VI. A. Provisions for liabilities and charges	456,159	345,864
1. Pensions and similar obligations	90,891	81,233
2. Taxation	50,139	65,404
3. Other liabilities and charges	315,129	199,227
B. Deferred taxes	71,689	77,540
VII. Global Banking Risks Reserve	988,737	988,737
VIII. Subordinated liabilities	2,697,519	2,638,672
CAPITAL AND RESERVES	2,696,814	2,980,571
IX. Capital	958,066	958,066
A. Subscribed capital	958,066	958,066
B. Uncalled capital (-)	0	0
X. Share premium account	209,232	209,232
XI. Revaluation surpluses	245	238
XII. Reserves	1,522,520	1,808,871
A. Legal reserve	231,333	231,333
B. Reserves not available for distribution	2,344	2,344
1. In respect of own shares held	0	0
2. Other	2,344	2,344
C. Untaxed reserves	165,409	176,753
D. Reserves available for distribution	1,123,434	1,398,441
XIII. Profits (losses (-)) brought forward	6,751	4,164
TOTAL LIABILITIES	233,560,229	244,673,943

OFF-BALANCE-SHEET

(in thousands of EUR)		31/12/06	31/12/07
I.	Contingent liabilities	16,002,398	19,466,944
	A. Non-negotiated acceptances	0	0
	B. Guarantees serving as direct credit substitutes	12,220,670	18,075,697
	C. Other guarantees	3,698,806	1,283,695
	D. Documentary credits	82,922	107,552
	E. Assets charged as collateral security on behalf of third parties	0	0
II.	Commitments which could give rise to a risk	33,728,097	41,519,797
	A. Firm credit commitments	2,175,760	5,070,245
	B. Commitments as a result of spot purchases of transferable or other securities	909,608	753,162
	C. Undrawn margin on confirmed credit lines	26,910,229	33,326,390
	D. Underwriting and placing commitments	3,732,500	2,370,000
	E. Commitments as a result of open-ended sale and repurchase agreements	0	0
III.	Assets lodged with the credit institution	108,314,352	102,385,001
	A. Assets held by the credit institution for fiduciary purposes	0	0
	B. Safe custody and equivalent items	108,314,352	102,385,001
IV.	Uncalled amounts of share capital	17,098	40,841

STATEMENT OF INCOME

(presentation in list form)

(in thousands of EUR)		31/12/06	31/12/07
I.	Interest receivable and similar income	7,210,818	9,665,238
	Of which: from fixed-income securities	1,658,502	1,929,663
II.	Interest payable and similar charges (-)	(6,171,470)	(8,609,333)
III.	Income from variable-yield securities	395,739	237,796
	A. From shares and other variable-yield securities	23,014	37,123
	B. From participating interests in affiliated enterprises	333,331	152,287
	C. From participating interests in other enterprises linked by participating interests	39,394	48,386
	D. From other shares held as financial fixed assets	0	0
IV.	Commissions receivable	401,429	497,889
V.	Commissions payable (-)	(404,737)	(411,792)
VI.	Profit (Loss (-)) on financial transactions	349,841	480,151
	A. On trading of securities and other financial instruments	108,346	295,861
	B. On disposal of investment securities	241,495	184,290
VII.	General administrative expenses (-)	(1,001,001)	(1,051,828)
	A. Remuneration, social security costs and pensions	(628,358)	(610,888)
	B. Other administrative expenses	(372,643)	(440,940)
VIII.	Depreciation (Amortization) of and other write-downs on (-) formation expenses, intangible and tangible fixed assets	(91,170)	(69,734)
IX.	Decrease (Increase (-)) in write-downs on receivables and in provisions for off-balance-sheet items «I. Contingent liabilities» and «II. Commitments which could give rise to a risk»	(20,794)	(32,345)
X.	Decrease (Increase (-)) in write-downs on the investment portfolio of debt securities, shares and other fixed-income or variable-yield securities	21,893	(17,438)
XI.	Utilization and write-backs of provisions for liabilities and charges other than those included in the off-balance-sheet items «I. Contingent liabilities» and «II. Commitments which could give rise to a risk»	55,084	171,757
XII.	Provisions for liabilities and charges other than those included in the off-balance-sheet items «I. Contingent liabilities» and «II. Commitments which could give rise to a risk»	(220,196)	(74,863)
XIII.	Transfer from (Transfer to) the Global Banking Risks Reserve	0	0
XIV.	Other operating income	114,492	158,605
XV.	Other operating charges	(73,568)	(201,813)
XVI.	Profits (Losses (-)) on ordinary activities before taxes	566,360	742,290
XVII.	Extraordinary income	417,343	317,664
	A. Adjustments to depreciation (amortization) of and to other write-downs on intangible and tangible fixed assets	7,430	261
	B. Adjustments to write-downs on financial fixed assets	15	213,051
	C. Adjustments to provisions for extraordinary liabilities and charges	0	0
	D. Gain on disposal of fixed assets	409,898	104,352
	E. Other extraordinary income	0	0
XVIII.	Extraordinary charges (-)	(14,489)	(219,518)
	A. Extraordinary depreciation (amortization) of and extraordinary write-downs on formation expenses and intangible and tangible fixed assets	(13,071)	(2,367)
	B. Write-downs on financial fixed assets	0	(800)
	C. Provisions for extraordinary liabilities and charges	0	0
	D. Loss on disposal of fixed assets	(1,060)	(215,417)
	E. Other extraordinary charges	(358)	(934)
XIX.	Profits (Losses (-)) for the period before taxes	969,214	840,431
XIXbis.	A. Transfer to deferred taxes (-)	(4,928)	(7,560)
	B. Transfer from deferred taxes	1,774	1,709
XX.	Income taxes	(57,305)	(41,377)
	A. Income taxes (-)	(77,181)	(48,924)
	B. Adjustment of income taxes and write-back of tax provisions	19,876	7,547
XXI.	Profits (Losses (-)) for the period	908,755	793,208
XXII.	Transfer to untaxed reserves (-)	(9,571)	(14,669)
	Transfer from untaxed reserves	3,437	3,325
XXIII.	Profits (Losses (-)) for the period available for approbation	902,621	781,864

APPROBATION ACCOUNT

(in thousands of EUR)		31/12/06	31/12/07
A.	Profits (Losses (-)) to be appropriated	905,928	788,615
	1. Profits (Losses (-)) for the period available for approbation	902,621	781,864
	2. Profits (Losses (-)) brought forward	3,307	6,751
B.	Transfers from capital and reserves	260,000	0
	1. From capital and share premium account	0	0
	2. From reserves	260,000	0
C.	Appropriations to capital and reserves (-)	0	(275,000)
	1. To capital and share premium account	0	0
	2. To legal reserve	0	0
	3. To other reserves	0	(275,000)
D.	Result to be carried forward	(6,751)	(4,164)
	1. Profits to be carried forward (-)	(6,751)	(4,164)
	2. Losses to be carried forward	0	0
E.	Shareholders' contribution in respect of losses	0	0
F.	Distribution of profits (-)	(1,159,177)	(509,451)
	1. Dividends ^(a)	(1,150,000)	(500,000)
	2. Director's entitlements ^(a)	0	0
	3. Other allocations ^(a)	(9,177)	(9,451)

(a) Only applicable to Belgian limited liability companies.

ACCOUNTING PRINCIPLES

GENERAL RULES

■ LEGISLATION

The valuation rules applicable to the financial statements of Dexia Bank were drawn up in accordance with the Royal Decree on the financial statements of credit institutions of September 23, 1992, published in the Belgian Gazette of October 6, 1992.

Unless express mention is made of specific valuation rules, the provisions laid down in the aforementioned Royal Decree apply. Should the legislation provide for a choice to be made or an exception allowed, the option or exception in question is expressly indicated.

■ CONVERSION OF FOREIGN CURRENCIES INTO EUR

Monetary debts, assets, rights and obligations expressed in foreign currencies are converted into EUR at the average rate on the balance-sheet date.

Non-monetary components are converted into EUR at the exchange rate on the date of the transaction. If non-monetary components are financed by means of long-term funding in the corresponding currency, then a valuation method may be applied whereby the conversion variances relating to the aforementioned borrowings are not systematically taken into account when calculating the balance of the conversion variances, but are booked in the accruals and deferrals.

Income and costs in foreign currencies are converted into EUR at the rate on the day on which the results are acknowledged.

SPECIFIC RULES – ASSETS

■ AMOUNTS RECEIVABLE FROM BANKS AND CUSTOMERS

Receivables are included in the balance sheet at the amounts made available, less any reimbursements made in the meantime and plus the interest due.

Amounts written off

Amounts written off are booked on uncertain receivables and on non-collectable and doubtful receivables.

Reserved income

Interest on receivables considered a problem risk is calculated and booked as an actual amount receivable. Given the principle of caution, this interest is not included in the profits, but is booked in an adjustment account in the assets.

Internal security fund

The internal security fund constitutes a precautionary fund for possible future extraordinary risks, the extent of which is established annually on the basis of the risk volume of the bank.

The internal security fund is established within the limits laid down in Article 35bis of the Royal Decree on the financial statements of credit institutions. These amounts are not indicated separately, but deducted from the items in the assets concerned.

■ STOCKS AND SHARES AND OTHER SECURITIES

Acquisition value

Depending on the nature of the subportfolio, the acquisition value is determined in accordance with the principle of the individualized price or the average acquisition price. The additional costs are also charged immediately.

Valuation rules

Trade portfolio

Securities to be invested and securities to be realized for which there is a liquid market are valued at their market value on the balance-sheet date. If there is no liquid market, they are valued at their acquisition value, or at their market value on the balance-sheet date if this is lower.

Investment portfolio

The securities in the investment portfolio are subdivided into the following subportfolios on the basis of their intended use:

- the subportfolio for liquidity support;
- the investment portfolio itself.

The securities used as liquidity support are valued at their acquisition value or their market value on the balance-sheet date if this is lower.

Non-fixed-income securities in the investment portfolio are valued at their acquisition value or their market value on the balance-sheet date if this is lower.

Fixed-income securities in the investment portfolio are valued on the basis of their actuarial return, calculated upon purchase and taking account of their reimbursement value upon maturity.

Arbitrage transactions as defined in Article 35ter, § 5 may be carried out on the fixed-income securities in the investment portfolio: each combined purchase and sale of fixed-income securities within a relatively short period of time that results in a real improvement in return on these investment securities.

Should they be carried out, the results of these arbitrage transactions are processed in accordance with the provisions of Article 35ter, § 5, whereby losses and gains from the sale of fixed-income securities are included in the result, together with the future income from the arbitrage.

Amounts written off

For securities in the investment portfolio section, amounts written off are booked if a long-term loss is observed. The amounts written off are deducted from the assets concerned. On fixed-income securities in the investment portfolio which are difficult to value on the basis of their actuarial return due to their nature, amounts written off are booked in the event of a long-term reduction in or loss of value. Loans contracted in perpetuity and other similar instruments are valued in accordance with the "lower of cost or market" principle.

■ FINANCIAL FIXED ASSETS

Financial fixed assets are included in the balance sheet at their acquisition value. The additional procurement costs are charged to the financial year of acquisition.

For shares and participating interests that fall under this item, amounts written off are booked if a long-term reduction in or loss of value is observed.

Shares and participating interest may be revalued if their value, as established on the basis of the usefulness for the institution, definitely and lastingly exceeds their book value.

When selling shares and participating interests, the acquisition price to be taken into account when booking out is determined on the basis of the principle of the individualized price (item by item).

As regards receivables and fixed-income securities in the financial fixed assets, amounts written off are booked when their collection is entirely or partially uncertain.

■ TANGIBLE FIXED ASSETS

Tangible fixed assets are valued at their acquisition value less depreciation.

If the assets display a definite and lasting increase in value compared with their book value, these assets may be revalued.

Additional costs and non-reclaimable taxes

As regards assets with a limited useful life, additional costs consisting of installation costs, other additional costs and non-reclaimable taxes are written off in accordance with the depreciation system of the main component to which they relate (*pro rata* basis).

As regards assets with an unlimited useful life, additional costs such as non-reclaimable taxes are charged in full to the year of acquisition by means of a write-off.

Intercalary interest

Intercalary interest is not included in the assets and is not included in the valuation principles of the tangible fixed assets.

Depreciation rules

The depreciation rules are determined on the basis of the expected economic life and depreciation is straight-line or degressive. To maintain fiscal neutrality, the depreciation rules of Artesia Banking Corporation remain applicable to investments undertaken before January 1, 2002.

The depreciation on investments acquired as of January 1, 2003 is prorated. These assets may therefore no longer be written off during the year of acquisition for a full annuity. The *pro rata* of the depreciation can only be taken into account at the earliest as of the invoicing date.

This rule does not apply for investments in branches of the bank, safe-deposit boxes, courier safes, safes, protected furniture, time-lock furniture and branches under construction.

The following useful lifespans are assumed:

- buildings – head office and other major buildings: 24 to 34 years
- buildings – outbuildings: 28 to 34 years
- buildings – branches and provincial head offices: 24 to 34 years
- buildings – revaluation surpluses: 20 years
- telephone exchange, telephony and telephone installation: 4 to 34 years
- safe-deposit boxes, courier safes, safes, protected furniture, time-lock furniture: 9 to 33 years
- air conditioning installations: 9 to 10 years
- heating installations: 9 to 20 years
- installations, machines, equipment, furniture and rolling stock: 3 to 9 years
- leasing and similar rights: 5 to 68 years
- other tangible fixed assets – costs of fitting out rented buildings: 4 to 9 years

- other tangible fixed assets – real estate leased out: 10 to 33 years
- other tangible fixed assets – buildings and sites that are not related to the company: 9 to 34 years
- assets under construction: 24 to 34 years

■ FORMATION EXPENSES AND INTANGIBLE FIXED ASSETS

Formation expenses are included under the assets and depreciated in full in the financial year to which they relate.

Costs related to the issue of loans are charged to the financial year in which the loans are granted.

Costs incurred as part of the restructuring of the branch network are included in the assets and subject to straight-line depreciation over five years.

License purchases are included in the assets as intangible fixed assets as of an amount in excess of or equal to EUR 500 as the acquisition value per operating resource or if the delivery is made in several parts that represent less than EUR 500 but altogether are equal to at least the EUR 500 criterion. Software included in the assets is depreciated over a maximum of five years.

Research and development costs for own software are charged in full to the financial years in which they are incurred.

Fees for bringing in transactions with customers are processed entirely as costs for the financial year in which they are incurred.

SPECIFIC RULES – LIABILITIES

■ AMOUNTS PAYABLE TO BANKS AND CUSTOMERS

Amounts payable to banks and customers are included in the balance sheet at the sum of money made available after deduction of any repayments made in the interim.

■ AMOUNTS PAYABLE REPRESENTED BY PROMISSORY NOTES

Amounts payable represented by promissory notes without share premium are included in the balance sheet at their nominal value.

Amounts payable represented by promissory notes for which the repayment value differs from the issue price are included in the balance sheet at the amount made available to the credit institution.

These promissory notes are revalued periodically on the basis of the actuarial return calculated upon sale and taking account of the repayment value on the due date.

The circulation of bank saving certificates is increased by registrations before the effective date and reduced by repayments before maturity.

For bank savings certificates with compulsory capitalization, the circulation is increased by the capitalized interest. With optional capitalization, interest due but not claimed is also added to the circulation.

■ PROVISIONS, FUNDS FOR GENERAL BANK RISKS AND DEFERRED TAXES

The provisions for risks and charges are established to cover losses and costs, the nature of which is clearly described, that are probable or certain on the balance-sheet date but the amount of which has not been determined.

The Global Banking Risks Reserve is a precautionary fund to protect the bank against future risks which, although they have not yet materialized, are latently linked to the business undertaken by credit institutions. The minimum threshold is currently set at 1% of the weighted risk volume.

■ CAPITAL AND RESERVES

Revaluation surpluses

Tangible fixed assets and participating interests and shares that are part of the financial fixed assets can be revalued when their value, as determined on the basis of the usefulness for the institution, definitely and lastingly exceeds their book value. They are kept under this item until the assets concerned are realized or until they are incorporated into the capital.

The amount of these revaluation surpluses is reduced annually by means of a transfer to the available reserve to the amount of the depreciation booked on the revalued assets.

SPECIFIC RULES – OFF-BALANCE-SHEET ITEMS

■ FINANCIAL INSTRUMENTS

The valuation of forward transactions on value dates, interest, shares and indexes varies depending on whether it involves hedging transactions or trading transactions. Forward transactions on interest may be the subject of an exemption from Article 36bis § 2 of the Royal Decree of September 23, 1992 on the financial statements of credit institutions.

Hedging transactions

Hedging transactions are concluded to hedge entirely or partially against the risk of value date, interest rate or price fluctuations. Processing of profits and losses on hedging transactions in the statement of income is symmetrical to the allocation of income and costs of the hedged component. The hedging transaction must, amongst other things, be documented and tested for its effectiveness. Transactions that are intended to cover trading transactions are themselves processed as trading transactions.

Trading transactions

Trading transactions are concluded with a view to making a short-term profit on investment. The transactions are valued at their market value on the balance-sheet date. If the transactions are traded on a liquid market, both the positive and the negative valuation variances are included in the result. If the transactions are traded on a non-liquid market, only negative valuation variances are included in the results; positive valuation variances are included in the accruals and deferrals.

Management transactions

As an exemption to Article 36bis § 2 of the Royal Decree of September 23, 1992 on the financial statements of credit institutions, the BFIC (Banking, Finance and Insurance Commission), in a letter dated January 18, 2002, in accordance with Article 38 of the aforementioned Royal Decree and its framework decision of June 14, 1994, granted Dexia Bank the following exemption:

- Forward interest-rate transactions concluded in the context of treasury management. These are transactions with a duration of less than or equal to one year. The results are prorated over the relevant duration of the transaction and processed under the item "Interest rate and similar results".
- Forward interest-rate transactions in EUR concluded in the context of overall balance-sheet management (ALM management) likely to reduce the interest-rate risk or not likely to reduce the interest-rate risk but within a limit depending on the profitability and solvency of the bank. All transactions must be validated by the ALCO. In addition, the transactions must be documented. The results are prorated over the relevant duration of the transaction and processed under the item "Interest rate and similar results".
- Forward interest-rate transactions in foreign currencies likely to reduce the interest-rate risk. All transactions must be validated by the ALCO and documented. The results are prorated over the relevant duration of the transaction and processed in the item "Interest rate and similar results".

Strategic transactions

The purpose of forward interest-rate transactions concluded in this context is to generate additional return on the basis of strategic positions. By means of the exemptions to Article 36bis § 2 of the Royal Decree of September 23, 1992 on the financial statements of credit institutions granted by the BFIC, strategic transactions are accepted as a specific category of ALM transactions in the sense that these transactions have to be validated by an ALCO.

With a multi-currency or EUR strategy, the results are prorated over the relevant duration of the transaction, along with a valuation – either at the cost price or at the market price, whichever is lower ("lower of cost or market" basis) – of the forward transaction only.

In the event of a single-currency strategy (except for EUR), the results are prorated over the relevant duration of the transaction, along with a valuation – either at the cost price or at the market price, whichever is lower ("lower of cost or market" basis) of the forward transaction taking account of any latent capital gains on jointly managed components of the assets and the liabilities further to the (non-booked) market valuation of the latter.

The sum of the latent losses is booked under the item "Results of financial transactions".

■ INTERNAL CONTRACTS, EXEMPTION: BFIC CIRCULAR DATED JULY 8, 1996

Internal contracts are transactions between two services within the same entity or between two entities (subbranch/main branch) within the same institution. A distinction is made between symmetrical and asymmetrical contracts. The first form concerns internal contracts between departments that apply the same valuation rule.

Asymmetric internal contracts are internal contracts concluded between two services or entities that use different valuation methods. Only asymmetric internal contracts give rise to the registration of autonomous results, that is results that impact on the results of the institution "in themselves". The accounting processing of asymmetric internal contracts in the context of off-balance-sheet transactions is undertaken in accordance with the circular from the Banking, Finance and Insurance Commission of July 8, 1996.

PROGRESS OF THE NON- CONSOLIDATED BALANCE SHEET AND THE STATEMENT OF INCOME

BALANCE SHEET

At December 31, 2007 the **balance-sheet total** amounted to EUR 244.7 billion, up 4.8% on that of the previous year.

■ ASSETS

Government securities eligible for central bank refinancing increased by EUR 177 million as a result of an increase in the holdings of treasury certificates.

Interbank loans and advances were up by EUR 3.4 billion as a result of an increase of EUR 2.4 billion in receivables of less than one year.

Outstanding *loans to customers* rose by EUR 4.3 billion of which EUR 1.7 billion were for mortgage loans.

Bonds and other fixed-income securities increased by EUR 1.8 billion following the rise of EUR 4.4 billion in the trading portfolio partly offset by the fall of EUR 2.6 billion in the investment portfolio.

The rise in *financial fixed assets* can be attributed in large measure to a new subordinated loan to the sister company DenizBank.

■ LIABILITIES

Interbank loans and deposits fell by EUR 6.2 billion following a fall of EUR 16.1 billion in mobilization debts on securities offset in part by a rise of EUR 9.9 billion in call money borrowings.

The growth of EUR 16 billion in *customer deposits* is due in the main to the increase of EUR 18.1 billion in current and term account balances offset by a fall of EUR 2.2 billion in savings account balances.

The fall in *debts evidenced by securities* is due essentially to the fall in balances invested in savings bonds and deposit certificates.

Capital and reserves after distribution of the profit and including the Global Banking Risks Reserve amounted at the end of 2006 to EUR 4 billion, EUR 284 million more than at the end of 2006.

STATEMENT OF INCOME

In 2007, the **total operating profit** increased by 31% or EUR 176 million on that achieved in 2006 and amounted to EUR 742 million at the end of the year.

■ NET INTEREST MARGIN

The net interest margin during 2007 amounted to EUR 1,056 million, as against EUR 1,039 million in 2006.

■ REVENUE FROM VARIABLE INCOME SECURITIES

Revenue from variable income securities fell by EUR 158 million during 2007 mainly as a result of the decline in dividends received from subsidiaries.

■ NET COMMISSIONS

Net commissions increased by EUR 90 million, mainly as a result of the rise in commissions received on unit trust funds and insurance business, partially compensated by the fall in fees paid on guarantees received for mortgage loans (Ducroire).

■ PROFIT FROM FINANCIAL TRANSACTIONS

The increase of EUR 130 million in comparison with 2006 in the profit from financial transactions can be ascribed in the main to the rise in ALM gains.

■ GENERAL MANAGEMENT COSTS

General management costs in 2007 increased by EUR 51 million on 2006 to EUR 1,051 million.

The increase of EUR 68 million in other management costs in 2007 was partly offset by a fall of EUR 17 million in personnel costs.

■ PROVISIONS FOR OTHER RISKS AND COSTS

Provisions under this item amounted to EUR 74 million as opposed to EUR 220 million in 2006.

■ EXTRAORDINARY INCOME AND COSTS

Extraordinary income amounted to EUR 318 million in 2007 – less than the EUR 417 million in 2006 – whereas extraordinary costs amounted to EUR 220 million (as against EUR 14 million in 2006).

Most of the net difference between 2006 and 2007 can be explained by non-recurring sales or liquidations of financial fixed assets made in 2006. Gains on financial fixed assets were made among other things on the sale of Banque Artesia Nederland (at a gain of EUR 313 million) and on the sale of the shareholdings in Bank Card Company and Banksys.

■ TAX

Tax, including deferred tax, amounted to EUR 47 million in 2007.

NOTES TO THE NON-CONSOLIDATED FINANCIAL STATEMENTS

I. STATEMENT OF LOANS AND ADVANCES TO CREDIT INSTITUTIONS (ASSETS ITEM III.)

1. For the item as a whole

(in thousands of EUR)	31/12/06	31/12/07
a) - Loans and advances to affiliated enterprises	32,791,748	50,927,699
- Loans and advances to other enterprises linked by participating interests	2,963,880	2,683,545
b) Subordinated loans and advances		
Nil		

2. Other loans and advances to credit institutions (with agreed maturity dates or periods of notice) (Assets item III.B.)

a) Trade bills eligible for refinancing with the central bank of the country or countries where the credit institution is established
Nil

(in thousands of EUR)	31/12/07
b) Analysis according to the remaining maturity	
- 3 months and less	72,679,533
- Over 3 months up to 1 year	6,856,933
- Over 1 year up to 5 years	772,934
- Over 5 years	16,425
- Undated	16,320

II. STATEMENT OF LOANS AND ADVANCES TO CUSTOMERS (ASSETS ITEM IV.)

1. Loans and advances

(in thousands of EUR)	31/12/06	31/12/07
To affiliated enterprises	9,563,132	19,710,137
To other enterprises linked by participating interests	1,950,259	1,740,744

2. Subordinated loans

(in thousands of EUR)	31/12/06	31/12/07
Subordinated loans	22,442	21,815

3. Trade bills eligible for refinancing with the central bank of the country or countries where the credit institution is established

Nil

4. Analysis according to the remaining maturity

(in thousands of EUR)	31/12/06	31/12/07
3 months and less	34,020,559	26,004,497
Over 3 months up to 1 year	3,422,610	8,463,416
Over 1 year up to 5 years	11,302,060	13,998,539
Over 5 years	37,481,091	41,083,851
Undated	3,053,806	4,024,295

5. Analysis by type

(in thousands of EUR)	31/12/06	31/12/07
Trade bills (including own acceptance)	69,835	62,530
Loans and advances as a result of leasing and similar agreements	556,974	528,524
Fixed-rate loans	1,485,337	1,442,603
Mortgage loans	16,822,851	18,557,082
Other term loans with a maturity over 1 year	32,822,127	37,697,747
Other loans and advances	37,523,002	35,286,112

6. Country analysis^(a)

(in thousands of EUR)	31/12/06	31/12/07
To Belgium	62,209,194	70,821,258
Foreign countries	27,070,932	22,753,340

(a) Trade bills should be analyzed by reference to the beneficiary of the credit.

7. Details of mortgage loans with reconstitution of capital or linked to life insurance and capitalization contracts

Nil

III. STATEMENT OF DEBT SECURITIES AND OTHER FIXED-INCOME SECURITIES (ASSETS ITEM V.)

1. Securities issued by

(in thousands of EUR)	31/12/06	31/12/07
Affiliated enterprises	1,575,207	2,175,261
Other enterprises linked by participating interests	46,218	29,287

2. Securities representing subordinated loans

(in thousands of EUR)	31/12/06	31/12/07
Securities representing subordinated loans	198,850	220,902

3. Country analysis of the securities issued

(in thousands of EUR)	Belgium	Foreign countries
By public bodies (V.A.)	697,967	1,031,972
By other borrowers (V.B.)	407,307	37,376,005

4. Listing and maturity

(in thousands of EUR)	Carrying value	Market value
a) - Listed securities	39,512,487	38,795,753
- Unlisted securities	764	

(in thousands of EUR)	31/12/07
b) - Remaining maturity of up to one year	4,968,326
- Remaining maturity of over one year	34,544,925

5. Analysis by portfolio

(in thousands of EUR)	31/12/07
a) Trading portfolio	9,643,121
b) Investment portfolio	29,870,130

6. Trading portfolio

(in thousands of EUR)	31/12/07
Difference between market value (if higher) and acquisition cost (for securities mark-to-market)	50,555

7. Investment portfolio

(in thousands of EUR)	31/12/07
Difference between redemption value (if higher) and carrying value	58,949
Difference between redemption value (if lower) and carrying value	7,387

8. Analysis of the carrying value of investment securities

(in thousands of EUR)	31/12/07
A. ACQUISITION COST	
As at end of preceding period	32,476,121
Movements during the period	
- Acquisitions	11,112,528
- Sales (-)	(13,331,625)
Realized exchange gains/losses (+/-)	(382,870)
AS AT END OF PERIOD (A)	29,874,154
B. TRANSFERS BETWEEN PORTFOLIOS	
Nil	
C. WRITE-DOWNS	
As at end of preceding period	379
Movements during the period	
- Recorded	3,645
AS AT END OF PERIOD (C)	4,024
D. CARRYING VALUE AS AT END OF PERIOD (A)+(B)-(C)	29,870,130

IV. STATEMENT OF SHARES AND OTHER VARIABLE-YIELD SECURITIES (ASSETS ITEM VI.)

1. Country analysis of the issuers of securities

(in thousands of EUR)	31/12/06	31/12/07
Belgian issuers	107,351	38,235
Foreign issuers	626,784	333,399

2. Listing

(in thousands of EUR)	Carrying value	Market value
Listed securities	363,570	374,722
Unlisted securities	8,064	

3. Analysis by portfolio

(in thousands of EUR)	31/12/06	31/12/07
Trading portfolio	395,007	134,737
Investment portfolio	339,128	236,897

4. Trading portfolio

(in thousands of EUR)	31/12/07
Difference between market value (if higher) and acquisition cost (for securities mark-to-market)	3,954

5. Analysis of the carrying value of investment securities

(in thousands of EUR)	31/12/07
A. ACQUISITION COST	
As at end of preceding period	355,985
Movements during the period	
- Acquisitions	107,648
- Sales (-)	(195,828)
AS AT END OF PERIOD (A)	267,805
B. TRANSFERS BETWEEN PORTFOLIOS (B)	
Nil	
C. WRITE-DOWNS	
As at end of preceding period	16,857
Movements during the period	
- Recorded	17,469
- Excess written back (-)	(3,418)
AS AT END OF PERIOD (C)	30,908
D. CARRYING VALUE AS AT END OF PERIOD (A)+(B)-(C)	236,897

V. STATEMENT OF FINANCIAL FIXED ASSETS (ASSETS ITEM VII.)

1. Analysis of Assets items VII.A., B., C.

A. ECONOMIC SECTOR OF ITEMS

(in thousands of EUR)	Credit institutions		Other	
	31/12/06	31/12/07	31/12/06	31/12/07
Participating interests in other enterprises	0	0	7,236,967	7,250,820
Participating interests in other enterprises linked by participating interests	208,403	208,403	188,352	188,080
Other shares held as financial fixed assets	167,175	160,590	32,029	28,619

B. LISTING

(in thousands of EUR)	Listed		Unlisted	
	31/12/06	31/12/07	31/12/06	31/12/07
Participating interests in affiliated enterprises	69,362	48,068	7,167,605	7,202,752
Participating interests in other enterprises linked by participating interests	48,658	45,401	348,097	351,082
Other shares held as financial fixed assets	179,129	170,935	20,075	18,274

2. Analysis of the carrying value, as at end of period, of Assets items VII.A., B. and C.

(in thousands of EUR)	Enterprises		
	Affiliated (VII.A.)	Linked by participating interests (VII.B.)	Other (VII.C.)

A. ACQUISITION COST

As at end of preceding period	7,466,394	399,003	202,345
Movements during the period			
- Acquisitions	71,020	9,735	0
- Sales and disposals (-)	(268,617)	(9,207)	(11,596)

AS AT END OF PERIOD (A)

7,268,797 399,531 190,749

B. REVALUATION SURPLUSES (B)

Nil

C. WRITE-DOWNS

As at end of preceding period	229,427	2,248	3,141
Movements during the period			
- Recorded	0	800	0
- Excess written back (-)	(211,450)	0	(1,601)

AS AT END OF PERIOD (C)

17,977 3,048 1,540

D. NET CARRYING VALUE AS AT END OF PERIOD (A)+(B)-(C)

7,250,820 396,483 189,209

3. Analysis of Assets item VII.D.

A. SUBORDINATED LOANS TO

(in thousands of EUR)	Credit institutions		Other	
	31/12/06	31/12/07	31/12/06	31/12/07
Affiliated enterprises	151,576	273,876	10,308	15,996
Other enterprises linked by participating interests	0	0	4,134	3,690

B. AMOUNT OF SUBORDINATED LOANS EVIDENCED BY LISTED SECURITIES

Nil

C. DETAILS OF SUBORDINATED LOANS

(in thousands of EUR)	Affiliated enterprises	Enterprises linked by participating interests
NET CARRYING VALUE AS AT END OF PRECEDING PERIOD	161,884	4,134
Movements during the period		
- Additional	127,988	0
- Reimbursements (-)	0	(444)
NET CARRYING VALUE AS AT END OF PERIOD	289,872	3,690
ACCUMULATED WRITE-DOWNS AS AT END OF PERIOD	0	0

4. Declaration on consolidated financial statements

A. TO BE COMPLETED BY ALL CREDIT INSTITUTIONS

The credit institution prepares and publishes consolidated financial statements and a consolidated director's report in accordance with the Royal Decree of September 23, 1992 on the consolidated financial statements of credit institutions: YES

B. TO BE COMPLETED BY CREDIT INSTITUTIONS WHICH ARE SOLELY OR JOINTLY-HELD SUBSIDIARIES

- Name and full address of the registered office and, for enterprises governed by Belgian law, the enterprise number of the parent company or companies preparing and publishing the consolidated financial statements in which the financial statements of the reporting institution are consolidated^(a):

Dexia SA
Place Charles Rogier 11
B-1210 Saint-Josse-Ten-Noode
No. 0458.548.296

Dexia Bank Belgium SA prepares and publishes consolidated financial statements including the financial statements of Dexia Bank.

- If the parent company or companies are governed by foreign law, state the place where the above-mentioned consolidated financial statements may be obtained^(a).

^(a) If the financial statements are consolidated at several levels, give details of the largest and smallest aggregate to which the reporting institution belongs as a subsidiary and for which consolidated financial statements are prepared and published.

VI §1. LIST OF ENTERPRISES IN WHICH THE CREDIT INSTITUTION HOLDS A PARTICIPATING INTEREST

All enterprises in which the reporting institution holds a participating interest within the meaning of the Royal Decree of September 23, 1992, and other enterprises in which it has rights representing at least 10% of their issued capital, shall be listed hereafter.

Name, Registered office and Company number	Rights				Data from the most recent financial statements available			
	Held directly			Held by subsidiaries	Financial statements	Currency	Capital and reserves	Net result
	Type ^(a)	Number	%	%			(thousands of currency units (+) or (-)	
ADINFO Belgium SA Boulevard Pachéco 44 B-1000 Bruxelles 0414.914.926		959,850	51.00		31-12-06	EUR	15,136	1,688
AIA-POOL SCRL Chaussée de Jette 221 B-1080 Bruxelles 0453.634.752				10.00	31-12-06	EUR	350	80
Arlinvest NV Hamiltonpark 24-26 B-8000 Brugge 0480.175.140		595,210	49.00		30-12-06	EUR	858	332
Artesia International Finance NV Castorweg 22-24 Curaçao - Antilles néerlandaises	<i>num pref os</i>	1,000 200 800	100.00 20.00 80.00		31-12-06	EUR	545	1
Artesia Mortgage Capital Corporation 1180 NW Maple Street, Suite 202 WA 98027 Issaquah - Washington - USA		100	100.00		31-12-06	USD	69,153	13,555
Artesia Mortgage CMBS Inc. 1013 Centre Road Wilmington New Castle 19801 Delaware - USA				100.00	31-12-06	USD		
Artesia Properties Inc. 1209 Orange Street Wilmington New Castle 19801 Delaware - USA				100.00	31-12-06	USD		
Artesimmo I SA Boulevard Pachéco 44 B-1000 Bruxelles 0419.838.467		1,249	99.92	0.08	31-12-06	EUR	96	(15)
Assurance Asset Management Company NV Sudermanstraat 5 B-2000 Antwerpen 0432.790.739				100.00	31-12-06	EUR	10,067	1,525
Audit en Ingénierie Sociale Consulting 99 bis, avenue du Général Leclerc F-75014 Paris				100.00	31-12-06	EUR	7,659	53
Auxipar SA Avenue Livingstone 6 B-1000 Bruxelles 0414.259.878		144,660	13.60	26.09	31-12-06	EUR	50,752	6,730
Aviabel SA Avenue Louise 54 B-1050 Bruxelles 0403.248.004				20.00	31-12-06	EUR	38,017	5,605

(a) os = ordinary shares num pref = number of preference shares

Name, Registered office and Company number	Rights				Data from the most recent financial statements available			
	Held directly			Held by subsidiaries	Financial statements	Currency	Capital and reserves	Net result
	Type ^(a)	Number	%	%			(thousands of currency units) (+) or (-)	
Banking Funding Company SA Chaussée de Haecht 1442 B-1130 Bruxelles 0884.525.182		13,690	22.26					
BCC Corporate Avenue du Roi Albert II 9 B-1210 Bruxelles 0883.523.807		5,338	22.24					
BedrijvenCentrum Mechelen NV De Regenboog 11 B-2800 Mechelen 0428.667.645	os	500	24.33		31-12-06	EUR	544	(44)
BedrijvenCentrum Waregem NV Kalkhoevestraat 1 B-8790 Waregem 0436.674.895	os	500	16.64		31-12-06	EUR	1,057	42
BEM - Flemish Construction & Investment Company SA Rue du Lombard 34-42 B-1000 Bruxelles 0416.612.904		2,793	12.05		31-12-06	EUR	4,916	10
Berlaymont 2000 SA Rue Froissart 95-99 B-1040 Bruxelles 0441.629.617		150	14.85		31-12-06	EUR	11,388	390
Bervoets Real Estate SA Avenue Maurice 8 B-1050 Bruxelles 0884.639.010		30	15.00					
Bogey SA Chaussée d'Alsemberg 1021 B-1420 Braine-l'Alleud 0447.921.551		9,800	49.00		30-11-06	EUR	1,100	547
Boonefaes Verzekeringen NV Sint-Walburgapark 1 B-8630 Veurne 0448.670.530				100.00	31-12-06	EUR	134	5
Brand & Licence Company Chaussée de Haecht 1442 B-1130 Bruxelles 0884.499.250		123	20.00					
Brussels Business Center SA Avenue Livingstone 6 B-1000 Bruxelles 0436.006.090		322,214	100.00		31-12-06	EUR	70,048	27,553
Bureau Laveaux & Martin SPRL Rue Lucien Burnotte 42 B-6840 Neufchâteau 0429.260.830				100.00	31-12-06	EUR	211	(5)
CEB Fin SA Rue des Clarisses 38 B-4000 Liège 0462.095.429	os	1	0.08	99.92	31-12-06	EUR	334	74

Name, Registered office and Company number	Rights				Data from the most recent financial statements available			
	Held directly			Held by subsidiaries	Financial statements	Currency	Capital and reserves	Net result
	Type ^(a)	Number	%	%			(thousands of currency units) (+) or (-)	
Cevi NV Bisdomein 3 B-9000 Gent 0860.972.295	os			100.00	31-12-06	EUR	8,924	1,975
Ciger SA Rue de Néverlée 12 B-5020 Namur 0861.023.666	os			100.00	31-12-06	EUR	9,698	2,140
Copharma Industries Unltd 6 George’s Dock IRL-Dublin 1				26.67	31-12-06	EUR	1,861	(14)
Cordius Advisory SA Boulevard Pachéco 44 B-1000 Bruxelles 0435.826.146		139	99.29	0.71	31-12-06	EUR	3,216	299
Corona SA Avenue de la Métrologie 2 B-1130 Bruxelles 0403.263.939				100.00	31-12-06	EUR	20,688	1,284
Crédit du Nord SA 28, Place Rihour F-59000 Lille		9,256,131	10.00		31-12-05	EUR	1,098,000	180,800
DELP Invest SCRL Namur Office Park B-5101 Loyers 0890.583.427				92.88				
Deschuytter Verzekeringskantoor NV Hondstraat 34 B-8970 Poperinge 0442.328.116				100.00	31-12-06	EUR	212	28
Dexia Aarschot-Haacht CVBA Leuvensestraat 44-48 B-3200 Aarschot 0473.644.565	os	770	25.67	0.33	31-12-06	EUR	321	321
Dexia Aéroport SCRL Place des Martyrs 2 B-6041 Gosselies 0476.491.813	os	770	25.67	0.33	31-12-06	EUR	296	144
Dexia Anderlecht SCRL Place de la Vaillance 35 B-1070 Bruxelles 0466.378.176	os	770	25.67	0.33	31-12-06	EUR	276	152
Dexia Antwerpen-Centraal CVBA Carnotstraat 1 B-2060 Antwerpen 0458.287.188	os	770	25.67	0.33	31-12-06	EUR	244	37
Dexia Antwerpen Metropool CVBA Statiestraat 63 B-2600 Berchem 0475.204.681	os	770	25.67	0.33	31-12-06	EUR	216	67
Dexia Antwerpen-Noord CVBA Antwerpsesteenweg 49 B-2950 Kapellen 0462.317.341	os	770	25.67	0.33	31-12-06	EUR	226	51

Name, Registered office and Company number	Rights				Data from the most recent financial statements available			
	Held directly			Held by subsidiaries	Financial statements	Currency	Capital and reserves	Net result
	Type ^(a)	Number	%	%			(thousands of currency units) (+) or (-)	
Dexia Antwerpen Noord-Oost CVBA Markt 26 B-2900 Schoten 0467.003.332	os	770	25.67	0.33	31-12-06	EUR	35	2
Dexia Antwerpen Zuidrand CVBA Kioskplaats 49 B-2660 Hoboken 0473.526.977	os	770	25.67	0.33	31-12-06	EUR	304	16
Dexia Asset Finance Holding Boulevard Pachéco 44 B-1000 Bruxelles 0893.860.839		6,379,943	100.00					
Dexia Asset Management Luxembourg SA 136, route d'Arlon L-1150 Luxembourg 522192325	os	7,539	49.00		31-12-05	EUR	265,072	133,773
Dexia Auderghem-Boitsfort SCRL Avenue du Bois de la Cambre 100 B-1050 Bruxelles 0473.622.393	os	770	25.67	0.33	31-12-06	EUR	332	371
Dexia Auto Lease SA Place Rogier 11 B-1210 Bruxelles 0461.783.247		1	0.02	99.98	31-12-06	EUR	1,363	1,702
Dexia Basilix SCRL Chaussée de Gand 444 B-1080 Bruxelles 0473.623.779		770	25.67	0.33	31-12-06	EUR	329	317
Dexia Berchem-Wilrijk CVBA Heistraat 2 B-2610 Wilrijk 0475.740.062	os	770	25.67	0.33	31-12-06	EUR	239	96
Dexia Binche-Région SCRL Avenue Charles Deliège 56 B-7130 Binche 0475.737.983	os	770	25.67	0.33	31-12-06	EUR	262	190
Dexia Bonheiden CVBA Dorp 56 B-2820 Bonheiden 0475.734.025	os	770	25.67	0.33	31-12-06	EUR	221	41
Dexia Borinage SCRL Rue J. Dufrane 3-5 B-7080 Frameries 0464.955.642	os	770	25.67	0.33	31-12-06	EUR	270	154
Dexia Boussu-Saint-Ghislain SCRL Avenue Louis Goblet 235 B-7331 Baudour 0467.000.560	os	770	25.67	0.33	31-12-06	EUR	218	161
Dexia Brugge-Oost CVBA Rapaertstraat 13 B-8020 Hertsberge 0468.498.221	os	770	25.67	0.33	31-12-06	EUR	178	108

Name, Registered office and Company number	Rights				Data from the most recent financial statements available			
	Held directly			Held by subsidiaries	Financial statements	Currency	Capital and reserves	Net result
	Type ^(a)	Number	%	%			(thousands of currency units) (+) or (-)	
Dexia Brugge-Oostkust CVBA Monnikenwerve 200 B-8000 Brugge 0465.840.025	os	770	25.67	0.33	31-12-06	EUR	222	55
Dexia Brugge-Tillegem CVBA Gistelse Steenweg 447 B-8200 Sint-Andries 0463.669.995	os	770	25.67	0.33	31-12-06	EUR	314	279
Dexia Brugmann SCRL Avenue Brugmann 247 B-1180 Bruxelles 0466.378.374	os	770	25.67	0.33	31-12-06	EUR	432	324
Dexia Bruxelles-Centre SCRL Place de Brouckère 41 B-1000 Bruxelles 0473.622.096	os	770	25.67	0.33	31-12-06	EUR	403	266
Dexia Capital Ireland Unltd 6 George's Dock IRL-IFSC Dublin 1	os	2,209,602,426	100.00		31-12-06	EUR	1,187,171	75,753
Dexia Centre Ardenne SCRL Avenue de Bouillon 16 B-6800 Libramont-Chevigny 0473.632.192	os	770	25.67	0.33	31-12-06	EUR	239	173
Dexia Centre-Hainaut SCRL Rue Albert 1 ^{er} 23 B-7100 La Louvière 0465.013.743	os	770	25.67	0.33	31-12-06	EUR	190	66
Dexia Centrum Kempen CVBA Stationsstraat 116-120 B-2440 Geel 0473.587.058	os	770	25.67	0.33	31-12-06	EUR	208	148
Dexia Charleroi Pont-à-Nôle SCRL Place Albert 1 ^{er} 23 B-6030 Marchienne-au-Pont 0468.860.683	os	770	25.67	0.33	31-12-06	EUR	304	149
Dexia Charleroi-Sud SCRL Boulevard Joseph Tirou 76-82 B-6000 Charleroi 0468.859.495	os	770	25.67	0.33	31-12-06	EUR	414	270
Dexia Châtelet Fleurus SCRL Rue du Calvaire 14 B-6200 Châtelet 0464.104.022	os	770	25.67	0.33	31-12-06	EUR	293	173
Dexia Ciney-Dinant SCRL Rue Saint-Eloi 1 B-5590 Ciney 0467.001.154	os	770	25.67	0.33	31-12-06	EUR	289	79
Dexia Commercial Finance SA Place Rogier 11 B-1210 Bruxelles 0440.627.349	os			100.00	31-12-06	EUR	6,693	2,784

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Dexia Crédits Logement SA Boulevard Pachéco 44 B-1000 Bruxelles 0405.549.377		17,724	99.99	0.01	31-12-06	EUR	48,625	24,845
Dexia Demerstreek CVBA Markt 33 B-3740 Bilzen 0467.093.701	os	770	25.67	0.33	31-12-06	EUR	86	
Dexia Denderleeuw CVBA Stationsstraat 13 B-9470 Denderleeuw 0475.132.229	os	770	25.67	0.33	31-12-06	EUR	295	118
Dexia De Voorkempen CVBA Lage Kaart 301 B-2930 Brasschaat 0862.652.375	os	770	25.67	0.33	31-12-06	EUR	197	154
Dexia Dilbeek-Lennik CVBA Ninoofsesteenweg 117 B-1700 Dilbeek 0476.492.308	os	770	25.67	0.33	31-12-06	EUR	364	239
Dexia Dour, Quiévrain, Haut-Pays SCRL Rue Grande 49 B-7380 Quiévrain 0468.851.874	os	770	25.67	0.33	31-12-06	EUR	245	243
Dexia Druivenstreek CVBA Stationsplein 17 B-3090 Overijse 0468.523.064	os	770	25.67	0.33	31-12-06	EUR	225	51
Dexia Eghezée-Jodoigne-Perwez SCRL Chaussée de Louvain 30 B-5310 Eghezée 0467.012.339	os	770	25.67	0.33	31-12-06	EUR	244	121
Dexia Enghien, Lessines SCRL Grand-Place 72 B-7850 Enghien 0473.630.907	os	770	25.67	0.33	31-12-06	EUR	243	92
Dexia Épargne Pension SA 76, rue de la Victoire F-75009 Paris				75.00	31-12-06	EUR	79,107	5,024
Dexia Espierres & Escaut SCRL Rue des Croisiers 28 B-7712 Herseaux 0472.305.767	os	770	25.67	0.33	31-12-06	EUR	256	75
Dexia Etterbeek SCRL Rue des Champs 6 B-1040 Bruxelles 0455.967.405	os	770	25.67	0.33	31-12-06	EUR	536	1,007
Dexia Fagnes et Thiérache SCRL Faubourg-St-Germain 84 B-5660 Couvin 0461.504.521	os	770	25.67	0.33	31-12-06	EUR	187	108

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	Held directly			Held by subsidiaries	Financial statements	Currency	Capital and reserves	Net result	
	Type ^(a)	Number	%	%			(thousands of currency units) (+) or (-)		
Dexia Famenne Ardenne SCRL Chaussée de Liège 1 B-6900 Marche-en-Famenne 0471.656.362	os	770	25.67	0.33	31-12-06	EUR	256	257	
Dexia Famenne - Semois SCRL Rue des Ardennes 2 B-5570 Beauraing 0474.536.866	os	770	25.67	0.33	31-12-06	EUR	340	242	
Dexia Financial Products, Inc 1209 Orange street Wilmington New Castle 19801 Delaware - USA		20	100.00		31-12-06	USD	1,520	204	
Dexia Fléron-Beyne-Soumagne SCRL Avenue des Martyrs 257 B-4620 Fléron 0460.950.928	os	770	25.67	0.33	31-12-06	EUR	304	497	
Dexia Funding Netherlands NV Strawinskylaan 3105 NL-1077 ZX Amsterdam	os	1,000	100.00		31-12-06	EUR	8,575	1,705	
Dexia Geer - Visé SCRL Rue Visé-Voie 39 B-4680 Oupeye 0468.670.247	os	770	25.67	0.33	31-12-06	EUR	352	270	
Dexia Gent-Ledeberg CVBA Zonnestraat 23-25 B-9000 Gent 0460.955.084	os	770	25.67	0.33	31-12-06	EUR	220	56	
Dexia Gent Noord-West CVBA Brugsesteenweg 514 B-9030 Mariakerke 0456.775.473	os	770	25.67	0.33	31-12-06	EUR	314	260	
Dexia Gent-Oost CVBA Dendermondsesteenweg 461 B-9070 Destelbergen 0468.561.864	os	770	25.67	0.33	31-12-06	EUR	244	60	
Dexia Gent Zuid-Oost CVBA Waterstraat 2 B-9820 Merelbeke 0468.502.674	os	770	25.67	0.33	31-12-06	EUR	277	93	
Dexia Geraardsbergen-Ninove CVBA Oudenaardsestraat 4-6 B-9500 Geraardsbergen 0468.504.258	os	770	25.67	0.33	31-12-06	EUR	297	24	
Dexia Groot Deurne CVBA Andree Hermanslaan 1 B-2100 Deurne 0473.611.705	os	770	25.67	0.33	31-12-06	EUR	291	53	
Dexia Haspengouw-Oost CVBA Visesteenvweg 227 B-3770 Zichen-Zussen-Bolder 0464.705.323	os	770	25.67	0.33	31-12-06	EUR	235	119	

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	Held directly			Held by subsidiaries	Financial statements	Currency	Capital and reserves	Net result
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Dexia Haspengouw-West CVBA Clockemstraat 38 B-3800 Sint-Truiden 0464.680.280	os	770	25.67	0.33	31-12-06	EUR	240	75
Dexia Haute-Ardenne SCRL Rue du Vieux Marché 21 C B-6690 Vielsalm 0464.665.929	os	770	25.67	0.33	31-12-06	EUR	250	202
Dexia Haute-Senne SCRL Rue Camille Duray 67 B-7190 Ecaussinnes 0468.852.666	os	770	25.67	0.33	31-12-06	EUR	189	226
Dexia Hauts de Liège SCRL Chaussée de Tongres 391 B-4000 Rocourt 0462.372.967	os	770	25.67	0.33	31-12-06	EUR	222	233
Dexia Herstal SCRL Place Jean Jaurès 34 B-4040 Herstal 0455.940.481	os	770	25.67	0.33	31-12-06	EUR	274	234
Dexia Hesbaye-Centre SCRL Grand-Place 5 B-4280 Hannut 0459.659.640	os	770	25.67	0.33	31-12-06	EUR	308	300
Dexia Hoogstraten-Kempem CVBA Vrijheid 109 B-2320 Hoogstraten 0463.702.758	os	770	25.67	0.33	31-12-06	EUR	239	253
Dexia Immorent Boulevard Pachéco 44 B-1000 Bruxelles 0893.787.296		400	40.00					
Dexia Ingénierie Sociale SA 3, avenue Claude Guillemin F-45100 Orléans				67.00	31-12-06	EUR	9,715	2,035
Dexia Insurance & Pensions Services SA 2, rue Nicolas Bové L-1253 Luxembourg LU 18621931				100.00	31-12-06	EUR	1,860	(403)
Dexia Insurance Belgium SA Avenue Livingstone 6 B-1000 Bruxelles 0405.764.064	os	905,169	99.63		31-12-06	EUR	374,411	110,357
Dexia Insurance Services Finance SA 2, rue Nicolas Bové L-1253 Luxembourg				100.00	31-12-06	EUR	273,343	18,269
Dexia Investment Company Boulevard Pachéco 44 B-1000 Bruxelles 0878.760.909	os	539,999,999	100.00		31-12-06	EUR	5,547,041	147,041

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Dexia Investments Ireland Unltd 6 George's Dock IRL-IFSC Dublin 1 IE 4886676 P				100.00	31-12-06	EUR	1,270,422	39,761,387
Dexia Jette SCRL Boulevard de Smet de Nayer 2A B-1090 Bruxelles 0463.693.850	os	770	25.67	0.33	31-12-06	EUR	223	189
Dexia Kempen CVBA Rondplein 13 A B-2400 Mol 0466.424.597	os	770	25.67	0.33	31-12-06	EUR	210	141
Dexia Kempen-Centraal CVBA Astridplein 9 B-2280 Grobbendonk 0468.248.296	os	770	25.67	0.33	31-12-06	EUR	178	128
Dexia Klein Brabant CVBA Nieuwstraat 21 B-2830 Willebroek 0475.123.519	os	770	25.67	0.33	31-12-06	EUR	241	63
Dexia Kortrijk CVBA Doorniksewijk 19 B-8500 Kortrijk 0466.460.726	os	770	25.67	0.33	31-12-06	EUR	220	28
Dexia Laeken SCRL Rue de Wand 77 B-1020 Bruxelles 0468.521.876	os	770	25.67	0.33	31-12-06	EUR	268	199
Dexia Lambermont SCRL Chaussée de Helmet 218 B-1030 Bruxelles 0462.793.631	os	770	25.67	0.33	31-12-06	EUR	345	580
Dexia Lease Belgium SA Place Rogier 11 B-1210 Bruxelles 0431.916.551	os			100.00	31-12-06	EUR	6,739	3,674
Dexia Lease Services SA Place Rogier 11 B-1210 Bruxelles 0427.903.127	os			100.00	31-12-06	EUR	14,592	7,894
Dexia Leeuw, Calevoet, Rode CVBA Weerstandsplein 1 B-1600 St-Pieters-Leeuw 0456.766.763	os	770	25.67	0.33	31-12-06	EUR	279	284
Dexia Leuven CVBA Brusselsestraat 2 B-3000 Leuven 0465.019.978	os	770	25.67	0.33	31-12-06	EUR	322	65
Dexia Leuven-Oost CVBA De Becker Remyplein 41-42 B-3010 Kessel-Lo 0465.198.142	os	770	25.67	0.33	31-12-06	EUR	169	47

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	Type ^(a)	Number	%	%			(thousands of currency units) (+) or (-)	
Dexia Liège-Centre SCRL Rue des Mineurs 12 B-4000 Liège 0460.558.473	os	770	25.67	0.33	31-12-06	EUR	397	415
Dexia Liège-Est SCRL Rue de Herve 511 B-4030 Liège 0473.627.145	os	770	25.67	0.33	31-12-06	EUR	127	20
Dexia Liège-Ouest SCRL Chaussée du Roi Albert 50 B-4430 Ans 0475.741.448	os	770	25.67	0.33	31-12-06	EUR	246	205
Dexia Liège-Sud SCRL Rue du Sart-Tilman 354 B-4031 Angleur 0458.893.043	os	770	25.67	0.33	31-12-06	EUR	207	112
Dexia Life & Pensions Luxembourg SA 2, rue Nicolas Bové L-1253 Luxembourg LU 18421978				100.00	31-12-06	EUR	76,908	9,822
Dexia Limburg Centrum CVBA Guldensporenlaan 9 B-3530 Houthalen-Helchteren 0473.708.210	os	770	25.67	0.33	31-12-06	EUR	298	210
Dexia Louise SCRL Place Flagey 28 B B-1050 Bruxelles 0465.123.116	os	770	25.67	0.33	31-12-06	EUR	505	392
Dexia Maaskant Noord CVBA Rijksweg 405 B-3650 Dilsen 0473.667.232	os	770	25.67	0.33	31-12-06	EUR	150	87
Dexia Maasland CVBA Stationsstraat 12 B-3620 Lanaken 0461.343.579	os	770	25.67	0.33	31-12-06	EUR	158	80
Dexia Mariemont-Seneffe SCRL Rue de Gouy 55 B-7160 Chapelle-lez-Herlaimont 0466.987.197	os	770	25.67	0.33	31-12-06	EUR	234	150
Dexia Mechelen-Zemst CVBA Brusselsesteenweg 110 B-1980 Zemst 0462.322.388	os	770	25.67	0.33	31-12-06	EUR	243	389
Dexia Meetjesland CVBA Markt 93 B-9900 Eeklo 0468.559.488	os	770	25.67	0.33	31-12-06	EUR	146	1
Dexia Meuse Liégeoise SCRL Rue de la Station 36-38 B-4101 Jemeppe-sur-Meuse 0475.741.250	os	770	25.67	0.33	31-12-06	EUR	293	307

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	Type ^(a)	Number	%	%			(thousands of currency units) (+) or (-)	
Dexia Meuse Namuroise SCRL Chaussée de Dinant 719 B-5100 Wépion 0468.888.694	os	770	25.67	0.33	31-12-06	EUR	220	138
Dexia Midden-Brabant CVBA Tervuursesteenweg 202 B-3001 Heverlee 0459.671.419	os	770	50.33	0.67	31-12-06	EUR	(40)	
Dexia Midden-Limburg CVBA Fruitmarkt 7 B-3600 Genk 0466.987.001	os	770	25.67	0.33	31-12-06	EUR	312	338
Dexia Midden-Waasland CVBA Kerkstraat 15 B-9190 Stekene 0479.386.668	os	770	25.67	0.33	31-12-06	EUR	182	12
Dexia Mons-Nord SCRL Rue de Nimy 61-65 B-7000 Mons 0464.187.263	os	770	25.67	0.33	31-12-06	EUR	236	196
Dexia Mons-Sud SCRL Avenue Jean d’Avesnes 9 B-7000 Mons 0465.013.644	os	770	25.67	0.33	31-12-06	EUR	75	508
Dexia Mortsel-Kontich CVBA Statielei 59 B-2640 Mortsel 0476.374.720	os	770	25.67	0.33	31-12-06	EUR	259	186
Dexia Mouscron SCRL Rue de la Station 52 B-7700 Mouscron 0473.635.360	os	770	25.67	0.33	31-12-06	EUR	225	497
Dexia Namur-Ouest SCRL Route de Gembloux 89 B-5002 Saint-Servais 0466.454.489	os	770	25.67	0.33	31-12-06	EUR	244	231
Dexia Namur-Sud SCRL Chaussée de Louvain 440 B-5004 Bouge 0464.982.366	os	770	25.67	0.33	31-12-06	EUR	344	446
Dexia Namur-Ville SCRL Rue de Marchovelette 1 B-5000 Namur 0464.103.329	os	770	25.67	0.33	31-12-06	EUR	307	291
Dexia Neteland CVBA Grote Markt 13 B-2500 Lier 0476.503.788	os	770	25.67	0.33	31-12-06	EUR	254	53
Dexia Nivelles-Tubize SCRL Rue de Mons 55 B-1480 Tubize 0466.977.596	os	770	25.67	0.33	31-12-06	EUR	364	299

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Dexia Noorderkempen CVBA Bredabaan 423 B-2990 Wuustwezel 0475.811.328	os	770	25.67	0.33	31-12-06	EUR	265	125
Dexia Noord-Limburg CVBA Oude Markt 26 B-3900 Overpelt 0473.590.424	os	770	25.67	0.33	31-12-06	EUR	204	113
Dexia Noord-Oost Limburg CVBA Dorpsstraat 51 B-3670 Meeuwen 0473.583.395	os	770	25.67	0.33	31-12-06	EUR	141	103
Dexia Oostende-Middelkerke CVBA Alfons Pieterslaan 90-92 B-8400 Oostende 0459.673.397	os	770	25.67	0.33	31-12-06	EUR	292	4
Dexia Ostbelgien CVBA Rathausplatz 11 B-4700 Eupen 0476.578.519	os	770	25.67	0.33	31-12-06	EUR	123	18
Dexia Ourthe-Amblève SCRL Place Joseph Thiry 47 B-4920 Aywaille 0463.712.062	os	770	25.67	0.33	31-12-06	EUR	337	460
Dexia Overseas Ltd 2 Jennifer Drive Grand Cayman - British West Indies		150,000	100.00		31-12-06	USD	1,115	(14)
Dexia Pays d'Arlon SCRL Rue de la Poste 13 B-6700 Arlon 0471.613.901	os	770	25.67	0.33	31-12-06	EUR	166	2
Dexia Pays de Bastogne SCRL Rue du Vivier 226 B-6600 Bastogne 0475.723.731	os	770	25.67	0.33	31-12-06	EUR	247	260
Dexia Pays de Herve SCRL Place du Marché 22 B-4651 Battice 0462.318.628	os	770	25.67	0.33	31-12-06	EUR	338	272
Dexia Pays Vert-Collines SCRL Grand-Place 24 B-7800 Ath 0476.507.055	os	770	25.67	0.33	31-12-06	EUR	205	181
Dexia Public Facilities Financing US Boulevard Pachéco 44 B-1000 Bruxelles 0894.448.678		19,999	99.99	0.01				
Dexia Re SA 2, rue Nicolas Bové L-1253 Luxembourg	os			100.00	31-12-06	EUR	1,225	1,168
Dexia Regio Aalst CVBA Stationsstraat 4 B-9300 Aalst 0464.206.861	os	770	25.67	0.33	31-12-06	EUR	317	440

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Dexia Regio Aalter CVBA Stationsstraat 157 B-9880 Aalter 0465.843.983	os	770	25.67	0.33	31-12-06	EUR	189	34
Dexia Regio Asse-Ternat CVBA Kattestraat 2 B-1730 Asse 0464.672.659	os	770	25.67	0.33	31-12-06	EUR	203	81
Dexia Regio Buggenhout-Londerzeel CVBA Stationsstraat 13 B-9255 Buggenhout 0467.005.411	os	770	25.67	0.33	31-12-06	EUR	270	161
Dexia Regio Deinze-Latem CVBA Tolpoortstraat 83 B-9800 Deinze 0463.653.367	os	770	25.67	0.33	31-12-06	EUR	189	34
Dexia Regio Dendermonde CVBA Zuidlaan 2 B-9200 Dendermonde 0463.700.184	os	770	25.67	0.33	31-12-06	EUR	202	143
Dexia Regio Diest CVBA St-Jan Berchmansstraat 4 B-3290 Diest 0461.505.214	os	770	25.67	0.33	31-12-06	EUR	358	199
Dexia Regio Diksmuide-Westkust CVBA Grote Markt 31 B-8600 Diksmuide 0464.991.373	os	770	25.67	0.33	31-12-06	EUR	258	211
Dexia Regio Erpe-Mere CVBA Marktplaats 36 B-9520 St Lievens Houtem 0466.990.959	os	770	25.67	0.33	31-12-06	EUR	285	199
Dexia Regio Evergem-Zelzate CVBA Hoeksken 10 B-9940 Evergem 0473.606.755	os	770	25.67	0.33	31-12-06	EUR	154	204
Dexia Regio Harelbeke CVBA Marktstraat 9-15 B-8530 Harelbeke 0464.961.976	os	770	25.67	0.33	31-12-06	EUR	182	25
Dexia Regio Hasselt CVBA Leopoldplein 41 B-3500 Hasselt 0473.588.444	os	770	25.67	0.33	31-12-06	EUR	359	319
Dexia Regio Ieper-Heuvelland CVBA Meensestraat 29 B-8900 Ieper 0473.708.408	os	770	25.67	0.33	31-12-06	EUR	154	29
Dexia Regio Kruishoutem CVBA Markt 2 B-9770 Kruishoutem 0473.703.458	os	770	25.67	0.33	31-12-06	EUR	263	145

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Dexia Regio Menen CVBA Kerkomtrek 16 B-8930 Menen 0466.390.648	os	770	25.67	0.33	31-12-06	EUR	322	139
Dexia Regio Middelkerke-Koekelare CVBA Sint-Maartensplein 17 B-8680 Koekelare 0456.783.391	os	770	25.67	0.33	31-12-06	EUR	254	147
Dexia Regio Oostende CVBA Kappellestraat 1 B-8400 Oostende 0463.670.985	os	770	25.67	0.33	31-12-06	EUR	279	146
Dexia Regio Oudenburg CVBA Ettelgemsestraat 2 B-8460 Oudenburg 0479.484.163	os	770	25.67	0.33	31-12-06	EUR	187	320
Dexia Regio Poperinge CVBA Grote Markt 39 B-8970 Poperinge 0464.214.284	os	770	25.67	0.33	31-12-06	EUR	145	17
Dexia Regio Roeselare Izegem CVBA Grote Markt 21 B-8870 Izegem 0456.777.750	os	770	25.67	0.33	31-12-06	EUR	373	236
Dexia Regio Tienen CVBA Nieuwstraat 36 B-3300 Tienen 0459.668.350	os	770	25.67	0.33	31-12-06	EUR	234	149
Dexia Regio Torhout CVBA Markt 28 B-8820 Torhout 0468.461.401	os	770	25.67	0.33	31-12-06	EUR	214	59
Dexia Regio Turnhout CVBA De Merodelei 27 B-2300 Turnhout 0464.218.145	os	770	25.67	0.33	31-12-06	EUR	229	142
Dexia Regio Waregem CVBA Markt 12 B-8790 Waregem 0463.668.908	os	770	25.67	0.33	31-12-06	EUR	286	158
Dexia Regio Wevelgem CVBA Grote Markt 8 B-8560 Wevelgem 0464.214.482	os	770	25.67	0.33	31-12-06	EUR	167	70
Dexia Regio Zuid-Gent CVBA Koning Albertlaan 142 B-9000 Gent 0464.994.937	os	770	25.67	0.33	31-12-06	EUR	191	137
Dexia Région Gembloux SCRL Avenue de la Faculté d'Agronomie 12 B-5030 Gembloux 0464.656.922	os	770	25.67	0.33	31-12-06	EUR	293	248

Name, Registered office and Company number	Rights				Data from the most recent financial statements available			
	Held directly			Held by subsidiaries	Financial statements	Currency	Capital and reserves	Net result
	Type ^(a)	Number	%	%			(thousands of currency units) (+) or (-)	
Dexia Région Huy-Amay SCRL Avenue des Ardennes 33 B-4500 Huy 0464.663.058	os	770	25.67	0.33	31-12-06	EUR	352	568
Dexia Région Verviers-Spa SCRL Place du Perron 41 B-4910 Theux 0474.573.488	os	770	25.67	0.33	31-12-06	EUR	199	118
Dexia Rupel CVBA Provinciaalsteeweg 73 B-2620 Hemiksem 0467.003.035	os	770	25.67	0.33	31-12-06	EUR	213	103
Dexia Sambre et Heure SCRL Rue 't Serstevens 9 B-6530 Thuin 0466.452.610	os	770	25.67	0.33	31-12-06	EUR	184	197
Dexia Scheldeland CVBA Kalkendorp 21 B-9270 Kalken 0463.671.480	os	770	25.67	0.33	31-12-06	EUR	460	399
Dexia Schoten-Merksem CVBA Markt 26 B-2900 Schoten 0862.458.078	os	770	25.67	0.33	31-12-06	EUR	132	42
Dexia Secured Funding Belgium Boulevard Pachéco 44 B-1000 Bruxelles 0890.181.767		6,200	10.00					
Dexia Securities Belgium SA Boulevard Pachéco 44 B-1000 Bruxelles 0442.757.389	os	10,839	99.99	0.01	31-12-06	EUR	8,798	459
Dexia Seraing-Ougrée-Nandrin SCRL Rue de Rotheux 37 B-4100 Seraing 0463.713.448	os	770	25.67	0.33	31-12-06	EUR	177	120
Dexia Société de Crédit SA Rue des Clarisses 38 B-4000 Liège 0404.228.296	os	6,463	99.98	0.02	31-12-06	EUR	15,215	7,033
Dexia Stockel SCRL Place Dumon 22 B-1150 Bruxelles 0458.895.815	os	770	25.67	0.33	31-12-06	EUR	296	253
Dexia Sud-Luxembourg SCRL Rue de la Poste 13 B-6700 Arlon 0466.444.195	os	770	25.67	0.33	31-12-06	EUR	337	517
Dexia Tournai SCRL Rue Royale 105-109 B-7500 Tournai 0462.410.480	os	770	25.67	0.33	31-12-06	EUR	226	212

Name, Registered office and Company number	Rights				Data from the most recent financial statements available			
	Held directly			Held by subsidiaries	Financial statements	Currency	Capital and reserves	Net result
	Type ^(a)	Number	%	%			(thousands of currency units) (+) or (-)	
Dexia Uccle-Rhode SCRL Chaussée de Waterloo 1356 B-1180 Bruxelles 0469.209.883	os	770	25.67	0.33	31-12-06	EUR	353	281
Dexia Val de Sambre SCRL Rue de la Station 15-17 B-5060 Tamines 0461.824.423	os	770	25.67	0.33	31-12-06	EUR	269	220
Dexia Val de Verne SCRL Grand-Place 34 B-7600 Peruwelz 0473.660.007	os	770	25.67	0.33	31-12-06	EUR	274	279
Dexia Val d'Heure SCRL Rue de Mettet 17 A B-5620 Florennes 0473.617.247	os	770	25.67	0.33	31-12-06	EUR	188	62
Dexia Val du Piéton SCRL Grand-Rue 12 B-6183 Trazegnies 0475.739.567	os	770	25.67	0.33	31-12-06	EUR	298	297
Dexia Vallée de la Dyle SCRL Avenue Einstein 8 B-1300 Wavre 0459.668.845	os	770	25.67	0.33	31-12-06	EUR	399	240
Dexia Vallée de la Lys SCRL Rue de Lille 19 B-7784 Warneton 0462.410.579	os	770	25.67	0.33	31-12-06	EUR	232	68
Dexia Verviers-Heusy SCRL Crapaurue 14 B-4800 Verviers 0475.224.378	os	770	25.67	0.33	31-12-06	EUR	210	157
Dexia Vilvoorde-Zaventem CVBA Bergstraat 4 B-1800 Vilvoorde 0476.492.110	os	770	25.67	0.33	31-12-06	EUR	315	233
Dexia Vlaamse Ardennen CVBA Nederstraat 17 B-9700 Oudenaarde 0459.674.288	os	770	25.67	0.33	31-12-06	EUR	402	126
Dexia Waasland-Centrum CVBA Statiestraat 135 B-2070 Zwijndrecht 0459.350.230	os	770	25.67	0.33	31-12-06	EUR	211	191
Dexia Waasland Noord-West CVBA Marktplaatsplein 3 B-9220 Hamme 0465.017.505	os	770	25.67	0.33	31-12-06	EUR	313	255
Dexia Waasland Zuid-Oost CVBA Parklaan 33 B-9100 Sint-Niklaas 0865.262.368	os	770	25.67	0.33	31-12-06	EUR	153	42

Name, Registered office and Company number	Rights				Data from the most recent financial statements available			
	Held directly			Held by subsidiaries	Financial statements	Currency	Capital and reserves	Net result
	Type ^(a)	Number	%	%			(thousands of currency units) (+) or (-)	
Dexia Waremme-Hesbaye SCRL Rue Joseph Wauters 15 B-4300 Waremme 0456.784.183	os	770	25.67	0.33	31-12-06	EUR	297	188
Dexia Waterloo SCRL Chaussée de Bruxelles 306 B-1410 Waterloo 0465.137.368	os	770	25.67	0.33	31-12-06	EUR	434	513
Dexia Wemmel-Meise-Strombeek CVBA Markt 60-62 B-1780 Wemmel 0465.156.966	os	770	25.67	0.33	31-12-06	EUR	308	188
Dexia West-Limburg CVBA Kerkstraat 2 B-3560 Lummen 0467.006.597	os	770	25.67	0.33	31-12-06	EUR	359	236
Dexia Woluwe SCRL Parvis Saint-Henri 49 B-1200 Bruxelles 0468.589.479	os	770	25.67	0.33	31-12-06	EUR	366	278
Dexia Zennevallei CVBA Basiliekstraat 13 B-1500 Halle 0454.765.692	os	770	25.67	0.33	31-12-06	EUR	291	282
Dexia Zoersel-Malle CVBA Handelslei 127 B-2980 Sint-Antonius-Zoersel 0871.252.713	os	770	25.67	0.33	31-12-06	EUR	139	89
Dexia Zottegem-Oosterzele CVBA Heldenlaan 33 B-9620 Zottegem 0460.956.965	os	770	25.67	0.33	31-12-06	EUR	274	56
Dexia Zuiderkempen CVBA L. Kempenaersstraat 8 B-2223 Schriek 0468.779.818	os	770	25.67	0.33	31-12-06	EUR	133	98
Dexia Zuid Molenland CVBA Holdestraat 21 B-8760 Meulebeke 0468.495.449	os	770	25.67	0.33	31-12-06	EUR	196	153
Deximmo SA Boulevard Pachéco 44 B-1000 Bruxelles 0422.976.715		72,401	100.00		31-12-06	EUR	3,914	686
DG INFRA+ Boulevard Pachéco 44 B-1000 Bruxelles 0894.555.972		4,800	18.05	0.20				
DIB Invest SA Rue Joseph II 96 B-1000 Bruxelles 0878.881.762	os			100.00	31-12-06	EUR	1,422,153	7,153

Name, Registered office and Company number	Rights				Data from the most recent financial statements available			
	Held directly			Held by subsidiaries	Financial statements	Currency	Capital and reserves	Net result
	Type ^(a)	Number	%	%			(thousands of currency units) (+) or (-)	
Domus Flandria NV Karel Oomstraat 37 B-2018 Antwerpen 1 0436.825.642	os	35,000	17.46		31-12-06	EUR	26,545	2,301
Echo Unltd 6 George's Dock IRL-Dublin 1		1,500	22.52	2.42	31-12-06	EUR	1,665	
Esplanade SA Rue Godecharle 15-17 B-1050 Bruxelles 0888.411.419		300	5.00	19.19				
Eurco Finance Unltd 6 George's Dock IRL-Dublin 1				100.00	31-12-06	EUR	2,888	342
Eurco Ltd 6 George's Dock IRL-Dublin 1				100.00	31-12-06	CAD	1,038	393
Eurcolux 2, rue Nicolas Bové L-1253 Luxembourg				100.00	31-12-06	EUR	1,983	7,717
Eurco Re Ltd 6 George's Dock IRL-Dublin 1				100.00	31-12-06	EUR	119,302	94,962
Eurco Rück AG Beethovenstrasse 49 CH-8002 Zürich				99.98	31-12-06	CHF	19,116	1,111
Eurco SA 2, rue Nicolas Bové L-1253 Luxembourg LU 15610600				100.00	31-12-06	EUR	1,044	270
Europay Belgium SCRL Rue Ravenstein 36 B 5 B-1000 Bruxelles 0434.197.536	os	4,592	13.28		31-12-06	EUR	1,175	6,640
Fiduciaire Dexia SA Boulevard Pachéco 44 B-1000 Bruxelles 0416.799.201	os	1,499	99.93	0.07	31-12-06	EUR	235	9
FINIMMO NV (antérieurement Gimogem) Pacifatiestraat 39 B-2000 Antwerpen 0436.044.197		505	50.00		31-12-06	EUR	1,206	90
Flanders Expo NV Maaltekouter 1 B-9051 Gent 0427.328.649	os	1,200	15.79		31-12-06	EUR	19,217	703
Foncière Erasme Avenue Herrmann-Debroux 42 B-1160 Bruxelles 0891.137.515				33.33				

Name, Registered office and Company number	Rights				Data from the most recent financial statements available			
	Held directly			Held by subsidiaries	Financial statements	Currency	Capital and reserves	Net result
	Type ^(a)	Number	%	%			(thousands of currency units) (+) or (-)	
Fynergie SA Boulevard Pachéco 44 B-1000 Bruxelles 0455.739.850		1,249	99.92	0.08	31-12-06	EUR	123	12
HIMBA NV Hamiltonpark 24-26 B-8000 Brugge 0870.505.516				99.00	30-12-06	EUR	416	(52)
IBRO Holdings Unltd 6 George's Dock IRL-Dublin 1				66.73	31-12-06	EUR	1	1
IDE Lux Finances SCRL Drève de l'Arc-en-Ciel 98 B-6700 Arlon 0258.258.738		3,719	36.87		31-12-06	EUR	26,980	862
IDE Lux SCRL Drève de l'Arc-en-Ciel 98 B-6700 Arlon 0205.797.475		1,092	11.12		31-12-06	EUR	56,844	(463)
IHF SC Hôtel de Ville B-7100 La Louvière 0245.830.563		558	71.44		31-12-06	EUR	16,969	396
Immo-Projets SA Rue Sainte-Marie 5 B-4000 Liège 0866.414.391		50	20.33		31-12-06	EUR	58	4
Immorente SA Boulevard Pachéco 44 B-1000 Bruxelles 0406.206.306		999	99.90	0.10	31-12-06	EUR	281	(7)
Inasep SCRL Rue des Viaux 1 B B-5100 Naninne 0218.735.790	os	1,250	29.66		31-12-06	EUR	30,339	658
INFORUM GIE Rue d'Arlon 53 Bte 4 B-1040 Bruxelles 0472.721.679	os	50	50.00		31-12-06	EUR	621	2
Inframan Boulevard Pachéco 44 B-1000 Bruxelles 0891.786.920		1,000	50.00					
Interbrugse Maatschappij voor Huisvesting CVBA Boeveriestraat 42 B-8000 Brugge 0406.062.883	os			12.18	31-12-06	EUR	41,099	3,043
Isabel SA Boulevard de l'Impératrice 13-15 B-1000 Bruxelles 0455.530.509	os	240,034	24.00		31-12-06	EUR	12,206	3,569

Name, Registered office and Company number	Rights				Data from the most recent financial statements available			
	Held directly			Held by subsidiaries	Financial statements	Currency	Capital and reserves	Net result
	Type ^(a)	Number	%	%			(thousands of currency units) (+) or (-)	
J. Zinner SA Rue Zinner 1 B-1000 Bruxelles 0427.213.140		2,096	13.10		31-12-06	EUR	5,060	18
Justinvest Antwerpen NV Heistraat 129 B-2610 Antwerpen-Wilrijk 0476.658.097		50	33.33		31-12-06	EUR	177	52
Kolum Verzekeringsteam NV Markt 17 B-2900 Schoten 0442.872.306				19.48	31-12-06	EUR	266	126
Leskoo NV Gemeenschappenlaan 100 B-1200 Sint-Lambrechts-Woluwe 0439.077.824				50.00	31-12-06	EUR	419	(56)
Lex 2000 Boulevard Pachéco 44 B-1000 Bruxelles 0403.364.996		74,339	38.09	11.91	31-12-06	EUR	14,875	48,998
Livingstone Building NV Sudermanstraat 5 B-2000 Antwerpen 0441.221.920				100.00	30-12-06	EUR	5,329	123
Logins NV Generaal De Wittelaan 17 B-2800 Mechelen 0458.715.671				100.00	31-12-06	EUR	1,726	524
Max Havelaar Label Belgium SCRL Rue du Trône 173 B-1050 Bruxelles 0465.853.089		50	13.33		31-12-06	EUR	365	113
Nord Projets SARL 12, place Saint-Hubert F-59000 Lille		7	14.00		31-12-06	EUR	16	
Notre Maison Boulevard Tirou 167 B-6000 Charleroi 0240.277.017				11.90	31-12-06	EUR	1,137	407
Omega 8-10 Avenue Jean Dubrucq 175/1 B-1080 Bruxelles 0405.966.675				50.00				
Ondernemerstalent NV P/A universiteit Hasselt - Agoralaan gebouw B B-3590 Diepenbeek 0883.079.288		310	44.29		31-12-06	EUR	68	(2)
Orfival SA Avenue Fleming 10 B-1348 Louvain-la-Neuve 0441.784.223				18.22	31-12-06	EUR	(5)	(291)

Name, Registered office and Company number	Rights				Data from the most recent financial statements available			
	Held directly			Held by subsidiaries	Financial statements	Currency	Capital and reserves	Net result
	Type ^(a)	Number	%	%			(thousands of currency units) (+) or (-)	
Parfipar SA 180, rue des Aubépines L-1145 Luxembourg		128,156	100.00		31-12-06	EUR	304,032	10,039
Park De Haan NV Place Sainte-Gudule 19 B-1000 Bruxelles 0438.533.436	os	300	15.00		31-12-06	EUR	68	40
Promotion Léopold SA Rue Godecharle 15-17 B-1050 Bruxelles 0439.904.896		191,400	16.50	21.50	31-12-06	EUR	30,521	4,131
Publipart SA Rue Royale 55 Bte 14 B-1000 Bruxelles 0875.090.844		209,993	10.76		30-09-06	EUR	172,900	4,324
Rabot Invest NV Heistraat 129 B-2610 Wilrijk 0479.758.733		60	25.00		31-12-06	EUR	157	26
RAC Investment Corp NV Van Eycklei 1 B-2018 Antwerpen 0479.128.827		25	25.00		31-12-06	EUR	5,280	(973)
Rainbow ICT-Services GIE Rue Royale 192 B-1000 Bruxelles 0473.453.139				50.00	31-12-06	EUR	25	
Realex SA Rue de la Loi 99-101 B-1000 Bruxelles 0403.288.584				100.00	31-12-06	EUR	35,639	1,007
SCI Saint Mesmin Immobilier 19-21, rue de Patay F-45000 Orléans				100.00				
Sepia SCRL Avenue Livingstone 6 B-1000 Bruxelles 0403.251.467				50.00	31-12-06	EUR	2,887	226
Service Communal de Belgique SC Rue d'Arlon 53 B-1040 Bruxelles 0403.166.147		34,351	63.59		31-12-04	EUR	(3,587)	
S.L.F. Finances SA Rue Sainte-Marie 5 B-4000 Liège 0203.978.726		85,993	27.99		31-12-06	EUR	218,297	6,901
S.L.F. Immo SA Rue Sainte-Marie 5 B-4000 Liège 0480.029.838		101	20.49		31-12-06	EUR	113	(4)
S.L.F. Participations SA Rue Sainte-Marie 5 B-4000 Liège 0480.029.739		42,289	20.57		31-12-06	EUR	63,226	3,415

Name, Registered office and Company number	Rights				Data from the most recent financial statements available			
	Held directly			Held by subsidiaries	Financial statements	Currency	Capital and reserves	Net result
	Type ^(a)	Number	%	%			(thousands of currency units) (+) or (-)	
Société de développement de Liège Guillemins SA Rue du Vertbois 13 B B-4000 Liège 0450.994.372	os	100	19.05		31-12-06	EUR	222	(10)
Société Espace Léopold SA Rue Godecharle 15-17 B-1050 Bruxelles 0435.890.977		6,660	33.30	16.70	31-12-06	EUR	8,037	455
Sofibail SA Société wallonne de location-financement Rue Dewez 49 B-5000 Namur 0426.091.207	os	2,000	19.42		31-12-06	EUR	2,105	143
SOFIBRU SA Rue de Stassart 32 B-1050 Bruxelles 0447.389.833	os	25	20.00		31-12-06	EUR	1,700	70
Sogeval SA Boulevard Pachéco 44 B-1000 Bruxelles 0403.240.975		15,000	64.35	35.65	31-12-06	EUR	6,460	(27)
Syneco Agence Conseil Rue E. Dinot 34 B-5590 Ciney 0460.180.470				20.00	31-12-03	EUR	16,148	832
VDK Spaarbank NV Sint-Michielsplein 16 B-9000 Gent 0400.067.788		8,771	17.79		31-12-06	EUR	210,027	21,871
VDL - Interass NV Brusselsesteenweg 346 C B-9090 Melle 0431.686.127				100.00	31-12-06	EUR	818	104
Visa Belgium SCRL Boulevard du Roi Albert II 9 B-1210 Bruxelles 0435.551.972	os	26	14.36		31-12-06	EUR	265	29
Vlabo-Invest NV Pater Damiaanstraat 5 B-3130 Betekom 0441.188.464		58	16.57		31-12-06	EUR	567	(16)
WGH SA Avenue de l'Expansion 7 B-4432 Ans 0861.000.902	os			100.00	31-12-06	EUR	1,378	(630)
Zakenkantoor Vandepitte-Leplae NV Astridlaan 37 B-8310 Assebroek 0466.037.092				26.00	31-12-06	EUR	36	(16)
Zonnige Kempen CV Grote Markt 39 B-2260 Westerlo 0404.221.368				16.29	31-12-06	EUR	24,147	649

VI. §2. ENTERPRISES FOR WHICH THE CREDIT INSTITUTION HAS UNLIMITED LIABILITY IN ITS CAPACITY OF FULLY LIABLE PARTNER OR MEMBER

Nil

VII. STATEMENT OF FORMATION EXPENSES AND INTANGIBLE FIXED ASSETS (ASSETS ITEM VIII.)

1. Formation expenses

(in thousands of EUR)	31/12/07
Net carrying value as at end of preceding period	8
Movements during the period	
- Amortization (-)	(7)
Net carrying value as at end of period	1
- Reorganization costs	1

2. Intangible fixed assets

(in thousands of EUR)	Goodwill	Other intangible fixed assets	Of which commissions for attracting new business art. 27bis ^(a)
A. ACQUISITION COST			
As at end of preceding period	0	58,723	0
Movements during the period			
- Acquisitions, including own construction	0	6,312	0
AS AT END OF PERIOD (A)	0	65,035	0
B. AMORTIZATION AND WRITE-DOWNS			
As at end of preceding period	0	49,264	0
Movements during the period			
- Recorded	0	3,727	0
AS AT END OF PERIOD (B)	0	52,991	0
C. NET CARRYING VALUE AS AT END OF PERIOD (A)-(B)	0	12,044	0

(a) If the amounts are significant.

VIII. TANGIBLE FIXED ASSETS (ASSETS ITEM IX.)

	Land and buildings	Plant, machinery and equipment	Furniture and vehicles	Leasing and other similar rights	Other tangible fixed assets	Assets under construction & advance payment	Costs for rented buildings
(in thousands of EUR)							
A. ACQUISITION COST							
As at end of preceding period	1,334,432	455,672	127,934	407	246,956	34,789	63,665
Movements during period							
- Acquisition, including own construction	25,932	15,261	5,366	15	2	10,300	2,653
- Sales and disposals (-)	(4,419)	(9,983)	(2,890)	0	(28,908)	(162)	(10,593)
- Transfers from one item to another (+/-)	37,434	(11)	0	0	(10,425)	(11,288)	8,032
AS AT END OF PERIOD (A)	1,393,379	460,939	130,410	422	207,625	33,639	63,757
B. REVALUATION SURPLUSES							
As at end of preceding period	146,000	0	0	0	5,764	0	0
Movements during period							
- Cancellations (-)	(205)	0	0	0	0	0	0
- Transfers from one item to another (+/-)	4,764	0	0	0	(900)	0	0
AS AT END OF PERIOD (B)	150,559	0	0	0	4,864	0	0
C. DEPRECIATION AND WRITE-DOWNS							
As at end of preceding period	735,135	430,352	98,709	407	203,381	10,383	51,472
Movements during period							
- Recorded	35,982	14,507	4,277	3	3,569	3,249	4,542
- Excess written back (-)	(98)	0	0	0	0	(163)	0
- Cancellations (-)	(4,070)	(9,982)	(2,864)	0	(28,908)	(84)	(10,540)
- Transfers from one item to another (+/-)	25,395	(9)	0	0	(8,941)	(3,408)	5,479
AS AT END OF PERIOD (C)	792,344	434,868	100,122	410	169,101	9,977	50,953
D. NET CARRYING VALUE							
AS AT END OF PERIOD (A)+(B)-(C)	751,594	26,071	30,288	12	43,388	23,662	12,804
Of which							
- Plant, machinery and equipment				12			

IX. OTHER ASSETS (ASSETS ITEM XI.)

(in thousands of EUR)		31/12/07
Analysis (if the amount in this item is significant)		
- Precious metals		103,406
- Assets for resale		205,869
- Premiums paid for swaptions written out		41,761
- Premiums paid for credit default swaps		500,934
- Premiums paid for options		167,916
- Deferred taxes – assets		3,267
- Other assets		4,084

X. DEFERRED CHARGES AND ACCRUED INCOME (ASSETS ITEM XII.)

(in thousands of EUR)		31/12/07
Deferred charges		296,296
Accrued income		18,028,564

XI. STATEMENT OF AMOUNTS OWED TO CREDIT INSTITUTIONS (LIABILITIES ITEM I.)

1. For the item as a whole

(in thousands of EUR)	31/12/06	31/12/07
Amounts due to affiliated enterprises	10,612,690	10,573,176
Amounts due to other enterprises linked by participating interests	248,368	1,572,824

2. For amounts owed to credit institutions (other than those repayable on demand), analysis of their remaining maturity (Liabilities item I.B. and C.)

(in thousands of EUR)	31/12/07
3 months and less	90,970,500
Over 3 months up to 1 year	4,392,420
Over 1 year up to 5 years	575,113
Over 5 years	1,823,493
Undated	321

XII. STATEMENT OF AMOUNTS OWED TO CUSTOMERS (LIABILITIES ITEM II.)

1. Amounts owed to

(in thousands of EUR)	31/12/06	31/12/07
Affiliated enterprises	12,060,047	16,071,553
Other enterprises linked by participating interests	1,127,494	310,488

2. Country analysis

(in thousands of EUR)	31/12/06	31/12/07
Customers in Belgium	50,142,993	55,045,232
Customers in foreign countries	29,456,411	40,642,281

3. Analysis according to the remaining maturity

(in thousands of EUR)	31/12/06	31/12/07
Repayable on demand	20,297,394	28,028,285
3 months and less	22,994,387	29,494,406
Over 3 months up to 1 year	3,893,514	5,017,414
Over 1 year up to 5 years	3,924,687	6,713,549
Over 5 years	3,873,497	3,689,427
Undated	24,615,925	22,744,432

XIII. STATEMENT OF DEBTS EVIDENCED BY CERTIFICATES (LIABILITIES ITEM III.)

1. Debts which to the best of the reporting institution's knowledge, are due to

(in thousands of EUR)	31/12/06	31/12/07
Affiliated enterprises	1,500	0

2. Analysis according to the remaining maturity

(in thousands of EUR)	31/12/07
3 months and less	3,940,508
Over 3 months up to 1 year	2,696,748
Over 1 year up to 5 years	3,702,096
Over 5 years	420,988

XIV. OTHER LIABILITIES (LIABILITIES ITEM IV.)

1. Taxes, remuneration and social security

Nil

2. Taxes

(in thousands of EUR)	31/12/07
Taxes payable	14,071

3. Other liabilities

(in thousands of EUR)	31/12/07
Analysis (if the amount in this item is significant)	
- Premiums received from issued options	210,113
- Other tax and social debts	189,725
- Premiums received from credit default swaps	136,702
- Suppliers	49,990
- Premiums received from issued swaptions	41,619
- Dividend to be paid	509,451

XV. ACCRUED CHARGES AND DEFERRED INCOME (LIABILITIES ITEM V.)

(in thousands of EUR)	31/12/06	31/12/07
Accrued charges	15,490,316	17,401,411
Deferred income	366,906	377,962

XVI. PROVISIONS FOR OTHER LIABILITIES AND CHARGES (LIABILITIES ITEM VI.A.3.)

(in thousands of EUR)	31/12/06	31/12/07
Analysis (if the amount in this item is significant)		
- Current disputes	226,775	115,045
- Large repairwork and maintenance	8,395	8,777
- Costs of lawyers and experts	16,749	16,719
- Loss-making contracts	6,125	25,891
- Dismantlement of buildings	5,698	2,500

XVII. STATEMENT OF SUBORDINATED LIABILITIES (LIABILITIES ITEM VIII.)

(in thousands of EUR)	31/12/06	31/12/07
A. FOR THE ITEM AS A WHOLE, AMOUNTS DUE TO		
- Affiliated enterprises	1,209,965	1,386,057
- Other enterprises linked by participating interests	85,000	164,817
B. CHARGES AS A RESULT OF SUBORDINATED LIABILITIES	132,881	152,744

C. SUBORDINATED LOANS (LIABILITIES ITEM VIII. CONTINUED):

Ref. No.	Currency	Amount in thousands of currency units	Maturity date or method for determining the duration	a) Circumstances for early redemption b) Conditions for subordination c) Conditions for convertibility	Conditions of compensations %
1.	EUR	4,813	12/05/08	a) no early redemption unless with approval of the BFIC b) no specified conditions c) none	0.01% Index linked on Eurostoxx
2.	EUR	301,292	29/03/10	a) No early redemption, unless change in fiscal situation of the issuer and with approval of the BFIC b) no specified conditions c) none	6.25%
3.	EUR	98,940	28/02/11	a) no early redemption unless with approval of the BFIC b) no specified conditions c) none	5.70%
4.	EUR	7,747	20/07/08	a) no early redemption unless with approval of the BFIC b) no specified conditions c) none	6.00% till 2000 issuer decides: 5.60% or Euribor 12 months + 60 bp
5.	EUR	40,000	03/12/19	a) No early redemption, unless change in fiscal situation of the issuer and with approval of the BFIC or on call date b) no specified conditions c) none	from year 1 to 3: 8.00% from year 4 to 20: - if GBP Libor 12 months < 5.00% rate = GBP Libor 12 months + 20 bp - if GBP Libor 12 months > = 5.00% rate = 7.55%
6.	EUR	5,113	22/07/08	a) no early redemption unless with approval of the BFIC b) no specified conditions c) none	5.42%
7.	EUR	228,369	Undetermined (call date 18/11/09)	a) early redemption possible every six months, starting from call date, and with approval of the BFIC b) no specified conditions c) none	year 1 to 12: 6.25% thereafter: Euribor 6 months + 1.87%
8.	USD	5,646	08/09/08	a) no early redemption unless with approval of the BFIC b) no specified conditions c) none	USD Libor 3 months + 49 bp
9.	EUR	7,271	05/01/09	a) no early redemption unless with approval of the BFIC b) no specified conditions c) none	0.01%, index linked on Eurostoxx
10.	EUR	4,800	03/07/09	a) no early redemption unless with approval of the BFIC b) no specified conditions c) none	0.01%, index linked on Eurostoxx Health
11.	JPY	10,000,000	11/09/25	a) no early redemption unless with approval of the BFIC b) no specified conditions c) none	6.37%; after 11/09/04: 6.10%, payable in USD, EUR or AUD at the option of the issuer + 0.12% in JPY
12.	JPY	10,000,000	11/09/25	a) no early redemption unless with approval of the BFIC b) no specified conditions c) none	6.37%; after 11/09/04: 6.05%, payable in USD, EUR or AUD at the option of the issuer + 0.12% in JPY

Ref. No.	Currency	Amount in thousands of currency units	Maturity date or method for determining the duration	a) Circumstances for early redemption b) Conditions for subordination c) Conditions for convertibility	Conditions of compensations %
13.	EUR	20,000	21/12/09	a) no early redemption unless with approval of the BFIC b) no specified conditions c) none	CMS linked
14.	JPY	15,000,000	undetermined (call date 27/11/27)	a) No early redemption, unless change in fiscal situation of the issuer and with approval of the BFIC or on call date b) no specified conditions c) none	year 1 to 30: 5.00% thereafter: 5 years JPY swap + 2.50% may be changed every 5 years
15.	EUR	53,603	22/12/09	a) no early redemption unless with approval of the BFIC b) no specified conditions c) none	6.01%
16.	EUR	446	24/12/09	a) no early redemption unless with approval of the BFIC b) no specified conditions c) none	6.01%
17.	EUR	1,850	14/04/10	a) no early redemption unless with approval of the BFIC b) no specified conditions c) none	CMS linked
18.	EUR	35,000	15/12/14	a) no early redemption unless with approval of the BFIC b) no specified conditions c) none	CMS linked
19.	EUR	15,000	15/12/15	a) no early redemption unless with approval of the BFIC b) no specified conditions c) none	0.01% Index linked on Nikkei, Eurostoxx 50, S&P 500
20.	EUR	15,000	15/07/19	a) no early redemption unless with approval of the BFIC b) no specified conditions c) none	CMS linked
21.	EUR	11,000	16/12/19	a) no early redemption unless with approval of the BFIC b) no specified conditions c) none	year 1 to 5: 8.875% year 6 to 20: CMS linked
22.	EUR	50,000	undetermined (call date 15/7/11)	a) no early redemption unless with approval of the BFIC b) no specified conditions c) none	CMS linked after call date: IRS 12 years + 250 bp
23.	EUR	17,500	undetermined (call date 29/12/09)	a) no early redemption unless with approval of the BFIC b) no specified conditions c) none	6.20% after call date: IRS 10 years + 200 bp
24.	EUR	17,500	undetermined (call date 29/12/11)	a) no early redemption unless with approval of the BFIC b) no specified conditions c) none	CMS linked after call date: IRS 12 years + 200 bp
25.	JPY	10,000,000	undetermined (call date 29/01/11)	a) no early redemption unless with approval of the BFIC or on call date b) no specified conditions c) none	3.66% till 29/01/31 JPY Libor 6 months + 2.10% thereafter
26.	JPY	5,000,000	undetermined (call date 29/01/11)	a) no early redemption unless with approval of the BFIC or on call date b) no specified conditions c) none	3.66% till 29/01/31 JPY Libor 6 months + 2.10% thereafter

Ref. No.	Currency	Amount in thousands of currency units	Maturity date or method for determining the duration	a) Circumstances for early redemption b) Conditions for subordination c) Conditions for convertibility	Conditions of compensations %
27.	JPY	15,000,000	undetermined (call date 29/01/29)	a) no early redemption unless with approval of the BFIC or on call date b) no specified conditions c) none	4.51%, after 29/01/2029: JPY Libor 6 months + 1.91%
28.	USD	32,616	undetermined (call date 31/1/09)	a) possible every three months, from call date, and with approval of the BFIC b) no specified conditions c) none	USD Libor 3 months + 45 bp, after call date: USD Libor 3 months + 250 bp
29.	USD	8,045	undetermined (call date 23/9/09)	a) possible every three months, from call date, and with approval of the BFIC b) no specified conditions c) none	USD Libor 3 months + 45 bp, after call date: USD Libor 3 months + 250 bp
30.	USD	33,858	undetermined (call date 1/2/08)	a) possible every three months, from call date, and with approval of the BFIC b) no specified conditions c) none	USD Libor 3 months + 93 bp, after call date: USD Libor 3 months + 250 bp
31.	USD	47,768	undetermined (call date 25/8/10)	a) no early redemption unless with approval of the BFIC b) no specified conditions c) none	USD Libor 3 months + 76 bp, after call date: USD Libor 3 months + 176 bp
32.	USD	95,525	undetermined (call date 21/9/10)	a) no early redemption unless with approval of the BFIC b) no specified conditions c) none	USD Libor 3 months + 76 bp after call date: USD Libor 3 months + 176 bp
33.	USD	27,087	undetermined (call date 15/2/08)	a) possible every three months, from call date, and with approval of the BFIC b) no specified conditions c) none	USD Libor 3 months + 90 bp, after call date: USD Libor 3 months + 250 bp
34.	USD	15,869	undetermined (call date 15/5/09)	a) possible every three months, from call date, and with approval of the BFIC b) no specified conditions c) none	USD Libor 3 months + 45 bp, after 15/05/09: USD Libor 3 months + 250 bp
35.	EUR	1,099	06/03/08	a) no early redemption unless with approval of the BFIC b) no specified conditions c) none	4.95%
36.	EUR	3,498	08/03/08	a) no early redemption unless with approval of the BFIC b) no specified conditions c) none	5.03%
37.	EUR	1,500	19/07/08	a) no early redemption unless with approval of the BFIC b) no specified conditions c) none	4.89%
38.	EUR	23,550	18/06/13 (call date 18/6/08)	a) no early redemption unless with approval of the BFIC b) no specified conditions c) none	5.50% till 18/06/03 5.85% from 18/06/03 till 18/06/2008 6.15% thereafter
39.	EUR	6,817	10/12/13 (call date 10/12/08)	a) no early redemption unless with approval of the BFIC b) no specified conditions c) none	5.15% till call date 5.75% thereafter
40.	EUR	29,880	01/03/22	a) no early redemption unless with approval of the BFIC b) no specified conditions c) none	Euribor 3 months + 43 bp

Ref. No.	Currency	Amount in thousands of currency units	Maturity date or method for determining the duration	a) Circumstances for early redemption b) Conditions for subordination c) Conditions for convertibility	Conditions of compensations %
41.	EUR	44,894	04/04/22	a) no early redemption unless with approval of the BFIC b) no specified conditions c) none	6.00%
42.	EUR	11,420	18/01/09	a) no early redemption unless with approval of the BFIC b) no specified conditions c) none	index linked annual coupon on Eurostoxx 50
43.	EUR	7,910	19/03/09	a) no early redemption unless with approval of the BFIC b) no specified conditions c) none	index linked, annual coupon on Eurostoxx 50
44.	EUR	4,354	14/05/09	a) no early redemption unless with approval of the BFIC b) no specified conditions c) none	index linked, annual coupon on Eurostoxx 50
45.	EUR	497,525	undetermined (call date 02/11/16)	a) early redemption possible from call date, on each following coupon date and with the approval of the BFIC b) no specified conditions c) none	4.92%, after 02/11/2016: Euribor 3 months + 181 bp
46.	EUR	142,021	2008	a) nil b) BFIC Art. 14 § 1.2° d) c) nil	
47.	EUR	49,976	2009	a) nil b) BFIC Art. 14 § 1.2° d) c) nil	
48.	EUR	45,489	2010	a) nil b) BFIC Art. 14 § 1.2° d) c) nil	
49.	EUR	9,578	2011	a) nil b) BFIC Art. 14 § 1.2° d) c) nil	
50.	EUR	4,996	2012	a) nil b) BFIC Art. 14 § 1.2° d) c) nil	
51.	EUR	194	2013	a) nil b) BFIC Art. 14 § 1.2° d) c) nil	
52.	GBP	149,312	09/02/17 (call date 09/02/12)	a) early redemption possible from call date, on each following coupon date and with the approval of the BFIC b) no specified conditions c) none	5.91%, from 09/02/2012: GBP Libor 3 months + 73.25 bp
53.	EUR	20,000	01/03/2047 (call date 01/03/17)	a) early redemption possible from call date, and at the end of each period of 5 years following call date and with the approval of the BFIC b) no specified conditions c) none	5.04%
54.	EUR	20,000	02/04/2037 (call date 02/04/17)	a) early redemption possible from call date, and at the end of each period of 5 years following call date and with the approval of the BFIC b) no specified conditions c) none	4.86%

XVIII. STATEMENT OF CAPITAL

1. Capital

(in thousands of EUR)

A. SUBSCRIBED CAPITAL (LIABILITIES ITEM IX.A.)

- As at end of preceding period	958,066	0
- Changes during the period	0	0

AS AT END OF PERIOD	958,066	0
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	Amounts in thousands of EUR	Number of shares
B. STRUCTURE OF THE CAPITAL		
1. Categories of shares		
- Category A	958,066	359,412,616
2. Registered or bearer shares		
- Registered shares	0	359,412,616
- Bearer shares	0	0

2. Capital not paid up

Nil

3. Own shares held

Nil

4. Share issuance commitments

Nil

5. Authorized capital non-issued

Nil

6. Shares not representing capital

Nil

XIX. CURRENCY ANALYSIS

	In euro	In foreign currencies (equivalent in EUR)
(in thousands of EUR)		
Total assets	183,956,252	60,717,691
Total liabilities	174,381,786	70,292,157

XX. FIDUCIARY TRANSACTIONS WITHIN THE MEANING OF ARTICLE 27TER § 1 PARAGRAPH 3

Nil

XXI. SECURED DEBTS AND COMMITMENTS

Reporting institution's own assets given or irrevocably promised as collateral security

	Mortgages (a)	Floating charges (b)	Other assets charged or pledged (c)	Future assets charged or pledged ^(d)
(in thousands of EUR)				
A. TO SECURE THE REPORTING INSTITUTION'S DEBTS AND COMMITMENTS				
1. Liabilities item				
- Sales of loans	0	0	23,062,981	0
- Other deposits	0	0	35,245,989	0
2. Off-balance-sheet items				
- Lines of credit	0	0	1,734	0
- Derivatives	0	0	8,971,953	0
- Other	0	0	17	0

B. TO SECURE THIRD-PARTY DEBTS AND COMMITMENTS

Nil

(a) Hypotecated amount of the mortgage or the carrying value of the immovable properties mortgaged if this is lower.

(b) Hypotecated amount of mortgage.

(c) Carrying value of the assets concerned.

(d) Amount of the assets concerned.

XXII. STATEMENT OF CONTINGENT LIABILITIES AND OF THE COMMITMENTS WHICH COULD GIVE RISE TO A RISK (OFF-BALANCE-SHEET ITEMS I. AND II.)

(in thousands of EUR)	31/12/06	31/12/07
Total contingent liabilities on behalf of affiliated enterprises	14,115,015	18,049,009
Total contingent liabilities on behalf of other enterprises linked by participating interests	1,427	1,157
Total commitments towards affiliated enterprises	1,201,411	7,180,918
Total commitments towards other enterprises linked by participating interests	83,735	1,402,030

XXIII. INFORMATION ON OPERATING RESULTS (STATEMENT OF INCOME ITEMS I. TO XV.)

(in thousands of EUR)	31/12/06	31/12/07
A. 1. EMPLOYEES RECORDED IN THE PERSONNEL REGISTER		
Number of employees recorded in the personnel register at the closing date	7,914	7,594
Average number of employees in full-time equivalent (FTE)	7,181.30	6,708.10
Number of actual working hours	10,072,730	9,628,956
1bis. TEMPORARY PERSONNEL AND PERSONS PLACED AT THE DISPOSAL OF THE ENTERPRISE		
Number of employees recorded in the personnel register at the closing date	0	0
Average number of employees in full-time equivalent (FTE)	1.09	1.18
Number of actual working hours	1,930	2,096.39
Charges to the enterprise (thousands of EUR)	84	68
2. PERSONNEL CHARGES		
Remuneration and direct social benefits	444,148	425,742
Employer's contribution for social security	122,226	118,824
Employer's premiums for extra-statutory insurance	60,367	59,376
Other personnel charges	294	3,758
Pensions	1,323	3,188
3. PROVISIONS FOR PENSIONS		
Nil		
B. 1. OTHER OPERATING INCOME		
Analysis of statement of income item XIV., if the amount is significant		
- Rents received	39,215	42,397
- Cost recovery of affiliates	10,690	15,836
- Cost recovery Banksys	12,673	13,184
2. OTHER OPERATING CHARGES (STATEMENT OF INCOME ITEM XV.)		
- Taxes	60,594	71,247
- Other operating charges	12,974	130,566
C. OPERATING RESULTS IN RELATION TO AFFILIATED ENTERPRISES		
Income	6,042,301	8,230,780
Charges	5,413,743	6,746,599

(in thousands of EUR)	31/12/06		31/12/07	
	Belgian operations	Foreign operations	Belgian operations	Foreign operations
D. OPERATING RESULTS BY ORIGIN				
I. Interests receivable and similar income	5,925,230	1,285,588	7,070,286	2,594,952
III. Income from variable-yield securities				
- From shares and other variable-yield securities	18,377	4,637	32,503	4,620
- From participating interests in affiliated enterprises	333,331	0	152,287	0
- From participating interests in other enterprises linked by participating interests	39,394	0	48,386	0
IV. Commissions receivable	398,011	3,418	493,216	4,673
VI. Profit on financial transactions				
- Profit on trading of securities and other financial instruments	131,831	(23,485)	304,649	(8,788)
- Profit on disposal of investment securities	202,727	38,768	182,153	2,137
XIV. Other operating income	113,758	734	157,759	846

Notes:

- With regard to foreign operations, the notes to the standard chart of financial statements should include a separate analysis by category of activity and geographical market if the sale and provision of ordinary banking activities are organized in a significantly different manner from one market category to another.
- The notes to the standard chart of financial statements should include a country analysis of items III.B. and C. with reference to the location of the head office of the enterprises concerned.

XXIV. FORWARD OFF-BALANCE-SHEET TRANSACTIONS ON SECURITIES, CURRENCIES AND OTHER FINANCIAL INSTRUMENTS WHICH ARE NOT COMMITMENTS THAT COULD GIVE RISE TO A RISK WITHIN THE MEANING OF OFF-BALANCE-SHEET ITEM II.

Type of transaction (in thousands of EUR)	31/12/07	Of which transactions not intended as hedges
A. SECURITIES TRANSACTIONS		
Forward purchases and sales of transferable and negotiable securities	35,749	35,749
B. CURRENCY TRANSACTIONS^(a)		
Forward foreign exchange transactions	29,127,157	29,127,157
Cross currency interest-rate swaps	20,067,053	18,751,822
Currency options	1,377,769	1,377,769
Exchange rate agreements	4,892	4,892
C. OTHER FINANCIAL INSTRUMENTS		
1. Interest-rate transactions ^(b)		
- Interest-rate swaps	885,444,976	796,981,729
- Interest-rate futures	41,995,530	3,098,468
- Forward rate agreements	75,153,166	75,053,441
- Interest-rate options	22,028,825	21,968,447
2. Other forward purchases and sales ^(c)		
- Other options contracts	60,003,418	59,595,692
- Other futures contracts	174,319	174,319
- Other forward purchases and sales	31,235	31,235

D. EFFECT ON RESULTS OF EXEMPTION FROM THE VALUATION RULE REFERRED TO IN ARTICLE 36bis, § 2, RELATING TO INTEREST-RATE TRANSACTIONS

(in thousands of EUR)	31/12/07 ^(d)	Difference between market value and carrying value ^(e)
As part of cash management	60,402,591	(3,435)
As part of asset and liability management	95,294,654	(9,622)

(a) Amounts to be delivered.

(b) Nominal/notional reference amount.

(c) Agreed buying/selling price.

(d) Nominal / notional reference amount.

(e) + : Positive difference between the market value and results accounted for.

- : Negative difference between the market value and results accounted for.

XXV. EXTRAORDINARY RESULTS

(in thousands of EUR)	31/12/06	31/12/07
A. Gains on transfers of fixed assets to affiliated enterprises	396,508	80,849
Losses on transfers of fixed-assets to affiliated enterprises	(539)	(211,621)
B. Other extraordinary income (statement of income item XVII.E.)		
Nil		
Other extraordinary charges (statement of income item XVIII.E.)		
Nil		

XXVI. INCOME TAXES

(in thousands of EUR)	31/12/06	31/12/07
A. ANALYSIS OF STATEMENT OF INCOME ITEM XX.A.		
1. Income taxes of the current period		
- Taxes and withholding taxes due or paid	84,977	44,395
- Excess of income tax prepayments and withholding taxes included in assets	(16,948)	0
- Estimated additional charges for income taxes (included in liabilities item IV.)	(11,435)	(1)
2. Income taxes on prior periods		
- Additional charges for income taxes due or paid	21,482	15,048
- Additional charges for income taxes, estimated (included in liabilities item IV.) or for which provision has been established (included in liabilities item IV.A.2.)	(17,616)	(10,518)
B. MAIN SOURCES OF DIFFERENCES BETWEEN THE PROFITS BEFORE TAXES AS STATED IN THE FINANCIAL STATEMENTS AND THE ESTIMATED TAXABLE PROFITS, WITH SPECIAL MENTION OF TIMING DIFFERENCES (IF THE INCOME TAXES OF THE CURRENT PERIOD ARE MATERIALLY INFLUENCED BY SUCH DIFFERENCES)		
Gains on shares	624,692	570,266
C. EFFECT OF EXTRAORDINARY RESULTS ON THE AMOUNT OF INCOME TAXES OF THE CURRENT PERIOD		
1. Extraordinary income	0	7,250
2. Extraordinary charges	(183)	(74,454)
D. STATUS OF FUTURE TAXATION (if it is important for the purpose of evaluating the reporting institution's financial position)		
Nil		

XXVII. OTHER TAXES AND TAXES SUPPORTED BY THIRD PARTIES

(in thousands of EUR)	31/12/06	31/12/07
A. VALUE ADDED TAX, TURNOVER TAXES AND SPECIAL TAXES CHARGED DURING THE PERIOD		
1. To the reporting institution (deductible)	62,962	47,858
2. By the reporting institution	88,893	97,156
B. AMOUNTS RETAINED ON BEHALF OF THIRD PARTIES FOR		
1. Payroll withholding taxes	143,537	139,566
2. Withholding taxes on investment income	183,262	208,905

XXVIII. OFF-BALANCE-SHEET RIGHTS AND COMMITMENTS NOT REFERRED TO ELSEWHERE IN THE OFF-BALANCE-SHEET ITEMS

A. DESCRIPTION OF THE SUPPLEMENTARY RETIREMENT OF SURVIVOR'S PENSION PLAN

1. Dexia-old

In the framework of the supplementary and retirement survivor's pensions, Dexia Bank subscribed a group insurance with an insurance company. This insurance is paid for by contributions of staff members and of the employer.

2 Ex-Artesia

In the framework of the supplementary and retirement survivor's pensions a contingency plan has existed since January 1, 2000 within the Artesia BC Group. It was concluded with an insurance company in favor of its staff members.

For staff members who were affiliated to the BACOB pension plan on December 31, 1999 this contingency fund foresees transitory measures, as well as for employees who were affiliated to the Artesia pension fund before December 31, 1999. These insurances are financed by contributions of the employer.

3 Dexia-new

New staff members taken on since April 1, 2002 joined the Dexia new benefit scheme, i.e. the Artesia BC Group benefit scheme. This scheme is organized in the framework of a contract with an insurance company. These insurances are financed by contributions of the employer.

These contributions are accounted for in the statement of income. Dexia Bank has no further commitment in that respect.

B. LERNOUT & HAUSPIE

Dexia is concerned in various ways with the bankruptcy of Lernout & Hauspie Speech Products (LHSP) and the consequences thereof. This was described in detail in the 2006 Annual Report. Since then, the following relevant events have occurred.

1. Claim on Lernout & Hauspie Speech Products

Dexia Bank has a claim in USD chargeable to the bankruptcy of LHSP for a principal sum of EUR 27,493,196.41 (exchange rate USD/EUR 1.4718) – of which EUR 173,101.09 reserved interests –, for which an impairment has been recorded for EUR 23,043,202.55. The liquidation of LHSP's assets is subject to separate proceedings in Belgium and in the United States.

According to the LHSP Belgian bankruptcy receivers, Dexia Bank and the other unsecured creditors are unlikely to receive any dividend from the Belgian liquidation of LHSP.

2. Claim on Lernout & Hauspie Investment Company

During 2007, the Dexia Bank's outstanding claim on Lernout & Hauspie Investment Company (LHIC) has been reduced to EUR 48,362,014.99 – of which EUR 4,926,788.84 reserved interests – as a consequence of the sale of a participation held by LHIC and pledged in favor of Dexia Bank. An impairment for EUR 46,868,797.65 has been recorded for the remaining claim.

As part of the security for its claim, Dexia Bank still has a pledge on a portfolio of securities owned by LHIC, the value of which is estimated at around USD 1,200,000.

3. Prosecution of Dexia Bank in Belgium

On May 4, 2007, Dexia Bank was summoned, together with 20 other parties, to appear before the Criminal Court of Appeal in Ghent. According to the writ of summons, Dexia Bank is prosecuted as an alleged accessory to the falsification of the financial statements of LHSP (*valsheid in de jaarrekening/ faux dans les comptes annuels*) and other related offences among which forgery (*valsheid in geschriften/faux en écritures*), securities fraud (*emissiebedrog/délit d'émission*) and market manipulation (*koersmanipulatie/manipulation de cours*).

The Public Prosecutor alleges in substance that Artesia Banking Corporation (hereafter ABC) aided and abetted LHSP in the creation of fictitious revenue, by granting a USD 20 million loan to Messrs. Lernout, Hauspie and Willaert, whilst ABC allegedly knew that the management of LHSP would utilize these funds for improper revenue recognition. Furthermore, the Public Prosecutor demands the seizure of properties in an amount of approximately EUR 29,000,000.

Dexia Bank considers it has serious grounds for contesting the charges.

Two series of hearings took place in 2007.

The Introductory Hearing started on May 21 and ended on June 26. These hearings only concerned arguments of procedural nature. In an interlocutory judgment of June 26, the Court of Appeal in Ghent rejected part of Dexia Bank's procedural arguments, while others were joined to the Merits.

The hearings on the Merits started on October 1. During those hearings, the Public Prosecutor and the Civil Parties (*burgerlijke partijen/parties civiles*) argued their case. No significant new elements were raised with respect to Dexia Bank. Dexia Bank underlines its innocence in this matter and contests the charges brought against it.

Parties alleging to have suffered losses in relation to the prosecuted offences can make a claim in the criminal proceedings until the last day of the trial. On December 31, 2007, around 12,600 parties had introduced a claim for damages in the criminal proceedings. Dexia Bank is currently reviewing these claims.

The largest claim is the claim of the LHSP Belgian bankruptcy receivers. They are claiming an amount of USD 744,128,638.37 in principal. This claim is in part duplicative of the claims of other civil parties.

Dexia Bank, in its turn, has made a claim as a civil party against Messrs. Lernout, Hauspie, Willaert and Bastiaens and against NV LHSP in October 2007, claiming damages for a provisional amount of EUR 2. Dexia Bank's claim is in relation to the losses suffered on its LHSP portfolio (Dexia Bank is still holding 437,000 LHSP shares) and to an amount of EUR 27,493,196.41 owed to it by LHSP under a USD 430 million Revolving Facility Agreement dated May 5, 2000 (Supra B.1.).

4. Civil proceedings against Dexia Bank in Belgium

4.1. LHSP receivers' claim

In July 2005, the Belgian receivers of LHSP filed an action against twenty-one parties, including Dexia Bank, for an indemnity against the net liabilities of LHSP in bankruptcy. According to the receivers' provisional assessment of the claim, the claim would amount to approximately EUR 439 million. This claim, to a large extent duplicative of the claims introduced in the criminal proceedings, is not likely to have any development until after the end of the criminal proceedings because of the principle "*le criminel tient le civil en état*".

4.2. Claims by individuals

Certain civil claims have been filed by groups of investors in LHSP shares against various parties, including Dexia Bank. The main claim was filed by Deminor on behalf of 4,941 investors. The claimants seek damages for their losses, which have not yet been assessed. These claims, to a large extent duplicative of the claims introduced in the criminal proceedings, are not likely to have any development until after the end of the criminal proceedings because of the principle "*le criminel tient le civil en état*".

5. Civil proceedings against Dexia Bank in the United States

5.1. LHSP Litigation Trustee's claim

In 2005 the Litigation Trustee for the LHSP Litigation Trust filed an action against Dexia Bank. The Litigation Trustee seeks to recover damages from Dexia Bank for entering into loan transactions, which he claims amount to aiding and abetting breaches of fiduciary duty by the LHSP Management. He also seeks to disallow or subordinate Dexia Bank's claims in the US bankruptcy proceedings. This action is, essentially, a duplication of the above-mentioned LHSP receivers' claim. The claim is still pending.

5.2. Claims by investors

Following the announcement of Dexia Bank's indictment in Belgium, several civil claims were introduced in the United States against Dexia SA and Dexia Bank arguing that Dexia Bank is liable for the losses suffered by LHSP shareholders.

All these claims have been settled (the NASDAQ class action as well as the Stonington, Baker and TRA/Filler claims) or dismissed with prejudice (the EASDAQ class action).

The NASDAQ class action has been settled for an amount of USD 60,000,000 and has been approved by the court. Dexia Bank has not rendered public the settlements amounts in the other cases since this could seriously harm Dexia Bank's interests. These settlements are not subject to court approval.

6. L&H Holding

On April 27, 2004, the bankruptcy receiver of L&H Holding summoned Messrs. Lernout, Hauspie and Willaert, along with Banque Artesia Nederland (BAN) and Dexia Bank, to pay the principal amount of USD 25 million.

This is connected with a USD 25 million loan granted to Mr. Bastiaens by BAN in July 2000 for the purposes of the acquisition by Mr. Bastiaens of LHSP shares owned by L&H Holding. The former Artesia Banking Corporation (ABC) issued a bank guarantee in favor of BAN for an amount of USD 10 million. The selling price of USD 25 million was credited to three personal accounts opened with BAN by Messrs. Lernout, Hauspie and Willaert. Taking the view that this money was due to L&H Holding, the L&H Holding bankruptcy receiver is claiming its repayment.

DBB vigorously contests the grounds for these applications.

7. Banque Artesia Nederland

In October 2006, Dexia Bank sold its affiliated company Banque Artesia Nederland (BAN). In the context of this operation, it has been agreed, in essence, that Dexia Bank will bear the financial consequences of the LHSP matter for BAN, capped at an amount equal to the price paid by the purchaser.

Most of the pending proceedings relate to the loan granted by BAN to Mr. Bastiaens (see paragraph B.6., above). They include the claim introduced by the receiver of L&H Holding both in the criminal investigation relating to LHSP (in the form of a *burgerlijke partijstelling/constitution de partie civile*) and before the civil court (see paragraph B.6., above).

In addition, BAN is involved in a number of proceedings pertaining to Parvest shares acquired by Messrs. Lernout, Hauspie and Willaert with the proceeds of the sale of the LHSP shares to Mr. Bastiaens. The investigating magistrate in the Belgian criminal case, L&H Holding and KBC Bank have all made claims in relation to these shares and proceeded to their provisional attachment in the hands of BAN. In addition, the Luxembourg Court of Appeal issued a decision on July 12, 2006 at the request of Cr dit Agricole Indosuez Luxembourg (CAIL) by which BNP Paribas Luxembourg was ordered to deliver the Parvest shares to CAIL by June 30, 2007 or to pay to CAIL the counter value of these Parvest shares on June 30, 2007 if the latter were not delivered to CAIL prior to July 1, 2007. The Luxembourg Court of Appeal condemned BAN to indemnify and hold BNP Paribas Luxembourg harmless against any damage deriving from its condemnation.

As no lifting of the various attachments on the Parvest shares was obtained, BAN paid the value of the Parvest shares to BNP Paribas Luxembourg and Dexia Bank reimbursed this amount (USD 30,039,336.54) to BAN on July 9.

BAN has lodged an appeal against the decision of the Court of Appeal in Luxembourg before the Supreme Court (*cour de cassation*).

Finally, in October 2007, Dexia Bank honored the bank guarantee of USD 10,000,000 in principal issued in favor of BAN (supra, B.6). This resulted in a payment of USD 17,538,614.58 in favor of BAN on October 30, 2007.

8. Provisions and impairments

On December 31, 2007, the exposure of Dexia Bank to the outstanding claims relating to credit facilities granted in the Lernout & Hauspie file amounts to some EUR 75,793,661.71 – of which EUR 5,101,935.02 reserved interests – (see paragraphs B.1., B.2. and B.7.). On the same date impairments for the Lernout & Hauspie file amounted to some EUR 69,912,004.48. Dexia Bank expects to be able to recover the difference in view of the securities provided.

The relevant provisions have been charged to the 2006 financial statements in order to cover the litigation in the US, and hence the settlements concluded in the NASDAQ class action and in the Baker, Stonington and TRA/Filler transactional cases as well as the costs and legal fees related to the whole of the L&H proceedings mentioned in paragraphs B.1. to B.6. above.

Dexia strongly challenges the validity and the merits of all these claims.

As mentioned in the 2006 annual report, Dexia does not disclose the amount of the provisions relating to the US litigation, in general, and, more specifically, to the settlements amounts reached with Stonington, Baker and TRA/Filler since this could seriously harm its right of defense.

XXIX. FINANCIAL RELATIONSHIP WITH

(in thousands of EUR)

31/12/07

A. DIRECTORS AND MANAGERS	
B. INDIVIDUALS OR LEGAL PERSONS WHO CONTROL THE CREDIT INSTITUTION DIRECTLY OR INDIRECTLY, BUT WHO ARE NOT AFFILIATED ENTERPRISES	
C. OTHER ENTERPRISES CONTROLLED DIRECTLY OR INDIRECTLY BY THE PERSONS MENTIONED UNDER B.	
D. THE AUDITOR(S) AND PERSONS LINKED TO THE AUDITOR(S)	
A. 1. Amounts receivable from them	6,906
2. Contingent liabilities for their account	9,417
3. Other significant commitments undertaken in their favor	0
Principal conditions relating to items A.1., A.2. and A.3.	0
B. 1. Direct and indirect remuneration and pensions included in the statement of income, as long as this disclosure does not concern exclusively or mainly the situation of a single identifiable person	
- For directors and managers	4,238
- For former directors and managers	0
D. 1. Remuneration paid to auditors	899
2. Remuneration paid for exceptional services or special assignments carried out at the behest of the bank to the auditors	
- Other audit assignments	0
- Tax advices	0
- Other assignments out of audit assignments	120
TOTAL	1,019

SOCIAL REPORT

I. STATEMENT OF THE PERSONS EMPLOYED

A. Employees recorded in the personnel register

1. DURING THE FINANCIAL PERIOD AND DURING THE PRECEDING FINANCIAL PERIOD

	Code	Full-time 31/12/07	Part-time 31/12/07	Total or total in full-time equivalents 31/12/06	Total or total in full-time equivalents 31/12/07
Average number of employees	100	5,322	2,199	7,181.30	6,708.10
Number of actual working hours	101	8,546,660	1,082,295	10,072,730	9,628,956
Personnel charges (in thousands of EUR)	102	423,150	174,841	622,872	597,991
Amount of the benefits in addition to wages (in thousands of EUR)	103	13,651	5,641	7,537	19,292

2. AS AT THE CLOSING DATE OF THE FINANCIAL PERIOD

	Code	Full-time	Part-time	Total in full-time equivalents
A. NUMBER OF EMPLOYEES RECORDED IN THE PERSONNEL REGISTER	105	5,365	2,229	6,766.40
B. BY NATURE OF THE EMPLOYMENT CONTRACT				
Contract of unlimited duration	110	5,149	2,228	6,549.90
Contract of limited duration	111	216	1	216.50
Contract for a specific work	112	0	0	0
Contract regarding substitution	113	0	0	0
C. BY SEX				
Male	120	3,558	549	3,855.05
Female	121	1,807	1,680	2,911.35
D. BY PROFESSIONAL CATEGORY				
Management personnel	130	160	23	169.55
Employees	134	5,205	2,172	6,585.80
Workers	132	0	34	11.05
Other	133	0	0	0

B. Temporary personnel and persons placed at the disposal of the enterprise

	Code	Time	Employees put at disposal of the enterprise
Average number of personnel employed	150	1.18	0
Number of actual working hours	151	2,096.39	0
Charges to the enterprise (in thousands of EUR)	152	68.00	0

II. LIST OF PERSONNEL MOVEMENTS DURING THE FINANCIAL PERIOD

A. Entrants

	Code	Full-time	Part-time	Total in full-time equivalents
A. NUMBER OF EMPLOYED PERSONS RECORDED IN THE PERSONNEL REGISTER DURING THE FINANCIAL PERIOD	205	494	6	498.00
B. BY NATURE OF THE EMPLOYMENT CONTRACT				
Contract of unlimited duration	210	322	5	325.50
Contract of limited duration	211	172	1	172.50
Contract regarding a specific work	212	0	0	0.00
Contract regarding substitution	213	0	0	0.00
C. BY SEX AND LEVEL OF EDUCATION				
Male: primary education	220	0	0	0.00
secondary education	221	25	0	25.00
higher non-university education	222	70	1	70.50
university education	223	164	1	164.50
Female: primary education	230	0	0	0.00
secondary education	231	40	0	40.00
higher non-university education	232	78	1	78.80
university education	233	117	3	119.20

B. Leavers

	Code	Full-time	Part-time	Total in full-time equivalents
A. NUMBER OF EMPLOYED PERSONS OF WHICH THE DATE OF TERMINATION OF THE CONTRACTS HAS BEEN RECORDED IN THE PERSONNEL REGISTER DURING THE FINANCIAL PERIOD	305	677	143	756.53
B. BY NATURE OF THE EMPLOYMENT CONTRACT				
Contract of unlimited duration	310	519	142	598.03
Contract of limited duration	311	158	1	158.50
Contract regarding a specific work	312	0	0	0.00
Contract regarding substitution	313	0	0	0.00
C. BY SEX AND LEVEL OF EDUCATION				
Male: primary education	320	2	2	2.00
secondary education	321	107	22	118.80
higher non-university education	322	243	26	159.00
university education	323	176	15	184.68
Female: primary education	330	0	1	0.25
secondary education	331	52	29	66.40
higher non-university education	332	63	35	84.80
university education	333	34	13	40.60
D. BY REASON OF TERMINATION OF CONTRACT				
Pension	340	37	53	63.55
Prepension	341	10	1	10.50
Dismissal	342	25	13	32.13
Other reason	343	605	76	650.35
Among which number of former employees who continued rendering services to the enterprise at least on a part-time basis in the capacity of self-employed person	350	0	0	0.00

III. STATEMENT CONCERNING THE IMPLEMENTATION OF MEASURES STIMULATING EMPLOYMENT DURING THE FINANCIAL PERIOD

	Code	Number of employed persons concerned		Financial advantage (in thousands of EUR)
		Number	In full-time equivalents	
MEASURES STIMULATING EMPLOYMENT				
1. Measures with financial advantage ^(a)				
1.1. Incentive plan for recruiting job-seekers who belong to high-risk groups	414	0	0	0
1.2. Conventional part-time prepension	411	0	0	0
1.3. Full career interruption	412	0	0	0
1.4. Reduction of job performance (part-time career interruption)	413	0	0	0
1.5. Social Maribel	415	0	0	0
1.6. Structural reduction of social security contributions	416	7,859	7,059.75	15,277.18
1.7. Staging post programs	417	0	0	0
1.8. Service jobs	418	0	0	0
1.9. Contracts: work – vocational training	503	0	0	0
1.10. Apprenticeship contract	504	0	0	0
1.11. Initial job agreement	419	532	532.00	0
2. Other measures				
2.1. Training period for junior employees	502	0	0	0
2.2. Successive employment contracts of limited duration	505	184	183.50	0
2.3. Conventional prepension	506	0	0	0
2.4. Reduction of employees' social security contribution regarding low-wage workers	507	443	410.44	0
3. Number of employees involved in one or more measures stimulating employment				
Total for the financial period	550	7,859	7,059.75	
Total for the previous financial period	560	8,363	7,512.50	

(a) Financial advantage for the employer with regard to the person concerned or his substitute.

IV. INFORMATION ON VOCATIONAL TRAINING FOR EMPLOYED PERSONS DURING THE FINANCIAL PERIOD

	Code	Male	Code	Female
TOTAL OF TRAINING INITIATIVES AT THE EXPENSE OF THE EMPLOYER				
1. Number of employees	5801	2,456	5811	1,837
2. Number of training hours	5802	68,259	5812	53,872
3. Charges to enterprise (in thousands of EUR)	5803	6,162	5813	4,864

V. INFORMATION ON EDUCATIONAL OR TUTORIAL ACTIVITIES OF EMPLOYEES IN COMPLIANCE WITH THE LAW OF SEPTEMBER 5 CONCERNING THE IMPROVEMENT OF EMPLOYMENT RATE

	Code	Male	Code	Female
EDUCATIONAL OR TUTORIAL ACTIVITIES				
1. Number of employees practicing	5804	35	5814	125
2. Number of hours spent on these activities	5805	5,871	5815	6,218
3. Number of employees attending these activities	5806	1,156	5816	1,232

DEXIA BANK BELGIUM SA/NV

Statutory auditor's report of the Board of Auditors to the General Shareholders' Meeting on the annual accounts as of and for the year ended December 31, 2007

28 March 2008

DEXIA BANK BELGIUM SA/NV STATUTORY AUDITOR'S REPORT OF THE BOARD OF AUDITORS FOR THE YEAR ENDED 31 DECEMBER 2007 TO THE GENERAL SHAREHOLDERS' MEETING

To the shareholders

As required by law and the company's articles of association, we report to you in the context of our appointment as statutory auditors. This report includes our opinion on the annual accounts together with the required additional disclosures and information.

Unqualified opinion on the annual accounts

We have audited the annual accounts of Dexia Bank Belgium SA/NV as of and for the year ended 31 December 2007, prepared in accordance with the financial reporting framework applicable in Belgium, which show total assets of EUR 244,673,943 (000) and a profit for the year of EUR 793,208 (000).

The company's board of directors is responsible for the preparation of the annual accounts. This responsibility includes among other things: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of annual accounts that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

Our responsibility is to express an opinion on these annual accounts based on our audit. We conducted our audit in accordance with the legal requirements and auditing standards applicable in Belgium, as issued by the "Institut des Reviseurs d'Entreprises/Instituut der Bedrijfsrevisoren". Those auditing standards require that we plan and perform the audit to obtain reasonable assurance whether the annual accounts are free of material misstatement.

In accordance with the auditing standards referred to above, we have carried out procedures to obtain audit evidence about the amounts and disclosures in the annual accounts. The selection of these procedures is a matter of our judgment, as is the assessment of the risk that the annual accounts contain material misstatements, whether due to fraud or error. In making those risk assessments, we have considered the company's internal control relating to the preparation and fair presentation of the annual accounts, in order to design audit procedures that were appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. We have also evaluated the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by management, as well as the presentation of the annual accounts taken as a whole. Finally, we have obtained from the board of directors and company officials the explanations and information necessary for our audit. We believe that the audit evidence we have obtained provides a reasonable basis for our opinion.

In our opinion, the annual accounts give a true and fair view of the company's net worth and financial position as of 31 December 2007 and of its results for the year then ended in accordance with the financial reporting framework applicable in Belgium.

Additional disclosures and information

The preparation and the assessment of the information that should be included in the directors' report and the company's compliance with the requirements of the Companies Code and its articles of association are the responsibility of the board of directors.

Our responsibility is to include in our report the following additional disclosures and information, which do not change the scope of our opinion on the annual accounts:

- The management report deals with the information required by the law and is consistent with the annual accounts. However, we are not in a position to express an opinion on the description of the principal risks and uncertainties facing the company, the state of its affairs, its foreseeable development or the significant influence of certain events on its future development. Nevertheless, we can confirm that the information provided is not in obvious contradiction with the information we have acquired in the context of our appointment.

- Without prejudice to certain formal aspects of minor importance, the accounting records are maintained in accordance with the legal and regulatory requirements applicable in Belgium.
- We are unaware of any transactions undertaken or decisions taken in breach of the company's articles of association or the Companies Code such as we would be obliged to report to you.
- The appropriation of results proposed to the general meeting is in accordance with the relevant requirements of the law and the company's articles of association.
- We draw your attention to the valuation rules, which include a description of the dispensations obtained from the Banking, Finance and Insurance Commission.

Brussels 28 March 2008

The Board of Auditors

PricewaterhouseCoopers
Réviseurs d'Entreprises
represented by

Joseph Steenwinckel
Réviseur d'Entreprises

DELOITTE Réviseurs d'Entreprises
SC sfd SCRL
represented by

Joseph Vlamincx
Réviseur d'Entreprises

ADDITIONAL INFORMATION

ADDRESSES OF THE MAIN SUBSIDIARIES OF DEXIA BANK

Adinfo

Boulevard Pachéco 44
B-1000 Bruxelles
Tel.: +32 2 222 81 74
Fax: +32 2 222 24 37
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Cevi

Bisdomplein 3
B-9000 Gent
Tel.: +32 9 264 07 01
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Ciger

Rue de Néverlée 12
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Corona

Avenue de la Métrologie 2
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www.corona.be

Dexia Asset Management Luxembourg

136, route d'Arlon
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Dexia Auto Lease

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www.dexia-auto-lease.be

Dexia Commercial Finance

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Branch offices

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Dexia Epargne Pension

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Dexia Ingénierie Sociale

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Assurance@dexia-is.com

Dexia Insurance Belgium

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Dexia Investment Company

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Dexia Investments Ireland

6 George's Dock
IRL-IFSC Dublin 1
Tel.: +353 1 645 50 00
Fax: +353 1 829 15 77
www.dexia-investments.ie

Dexia Lease Belgium

Registered office

Boulevard Pachéco 44
B-1000 Bruxelles

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Place Rogier 11
B-1210 Bruxelles
Tel.: +32 2 222 37 08
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www.dexialease.be

Dexia Lease Services

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B-1210 Bruxelles
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Dexia Life & Pensions Luxembourg

2, rue Nicolas Bové
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Tel.: +352 262 54 41
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www.dexia-life.com

Dexia Re

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1180 NW Maple Street Suite 202
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Elantis

Registered office & commercial branch

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Eurco Ltd/ Eurco Re Ltd

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Eurco Rück AG

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Tel.: +41 43 34 43 350

Eurco SA/Eurcolux SA

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Fax: +352 227 347

Logins

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www.logins.be

Sepia

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WGH Informatique

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Fax: +32 4 246 03 03
www.wgh.be

BRANCHES

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6 George's Dock
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Tel.: +353 16 45 50 31
Fax: +353 18 29 15 77

Dexia Bank Belgium, London Branch

Shackleton House, Hay's Galleria
4 Battle Bridge Lane
UK-London SE1 2GZ
Tel.: +44 20 7556 3060
Fax: +44 20 7556 2560

DATA FOR DEXIA BANK

Name

Dexia Bank Belgium

Contact

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B-1000 Bruxelles

Company number

RPM Brussels VAT BE 0403.201.185

Banking, Finance and Insurance Commission number

19649 A

Website

<http://www.dexia.be>

Information concerning the distribution of these reports can be obtained from:

Dexia Bank

Communication Division – PA 3/11

Boulevard Pachéco 44

B-1000 Bruxelles

Tel.: +32 2 222 45 50

Fax: +32 2 222 40 38

COMPLAINTS

In the case of a problem, you can turn initially to your branch, your relations manager or the complaints department.

Dexia Bank

Complaints – DT 23/02

Boulevard Pachéco 44

B-1000 Bruxelles

E-mail: claim@dexia.be

If you are not satisfied with the response you receive, you can turn to the mediator of Dexia Bank, Mr. Gilles Jockin.

Dexia Bank

Mediation Service – DT 23/03

Mr. Gilles Jockin

Boulevard Pachéco 44

B-1000 Bruxelles

E-mail: mediation@dexia.be

If you are a natural person operating in a private capacity and you are not satisfied with the responses you have received from the above, you can turn to the Mediation Service of the Financial Sector for complaints relating to banking products:

Financial Sector Mediation Service

Rue Belliard 15/17, box 8

B-1040 Bruxelles

E-mail: ombudsman@ombfin.be

For complaints relating to insurance products, you can turn to the Insurance Mediation Service.

Insurance Mediation Service

Square de Meeûs 35

B-1000 Bruxelles

E-mail: info@ombudsman.as



**REGISTERED OFFICE OF
DEXIA BANK BELGIUM SA**

Boulevard Pachéco 44
B- 1000 Brussels

PAYING AGENT

Dexia Bank BELGIUM SA

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RPM Brussels VAT BE 0403.201.185

AUDITORS TO THE ISSUER

B.C.V. Deloitte & Touche

(Member of Deloitte Touche Tohmatsu International)

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