

1027026

# ANNUAL REPORT 2006

0000125  
30

Corporate profile	2
Management report	5
Consolidated financial statements	29
Non-consolidated financial statements	125
Additional information	192

THURSDAY



AIQ  
"AOFDOV9I"  
06/12/2007  
COMPANIES HOUSE

2

11

## CORPORATE PROFILE

## BUSINESS LINES

### A EUROPEAN BANK, WORLD LEADER IN PUBLIC FINANCE

Dexia was born of the alliance in 1996, of two major institutions in local public finance in Europe. Crédit local de France and Crédit Communal de Belgique. Both institutions together with Banque Internationale à Luxembourg (BIL) were united in 1999 into one publicly-quoted company named Dexia. This was one of the very first cross-border mergers in the European banking sector. Today, Dexia ranks among the top 20 largest banks in Euroland, and builds its strategy on two pillars: Universal Banking in Europe (Belgium, Luxembourg, Slovakia, Turkey) and a worldwide leadership in Public/Project Finance.

### ■ TWO PILLARS: UNIVERSAL BANKING IN EUROPE AND PUBLIC/PROJECT FINANCE WORLDWIDE

Dexia is a leading retail bank and serves 5.5 million customers in Belgium, Luxembourg, Slovakia and Turkey. Over the years, Dexia has developed an entire range of banking services catering for individual customers, small and medium-sized enterprises and institutional clients and it is an active player in asset management, insurance, investor services and capital markets.

Since its merger in 1999 and the acquisition of Financial Security Assurance (FSA) in the United States in 2000, Dexia has become the world's largest player in local public finance. Dexia's high level of expertise, its long-term horizon and the very high solvency of its customers, grant a superior quality of franchise. Dexia develops its strategy in this area on a global scale.

### ■ PUBLIC/PROJECT FINANCE AND CREDIT ENHANCEMENT

Dexia has a well-deserved reputation for global leadership in public finance. This business line is especially exercised by Dexia Crédit Local and its branch offices, and by subsidiaries established in thirty countries worldwide. The main subsidiaries are located in France, Belgium, Italy, North America and Mexico, Germany, Spain, the UK, Scandinavia, Switzerland, Austria, Slovakia, Poland, Romania, the Czech Republic, Australia, Israel, Bulgaria, Hungary and Japan. In this enormous market, characterized by high-quality borrowers seeking to finance vast and growing public infrastructure needs, Dexia has a wealth of profitable business opportunities and strong prospects for international growth. Scale, innovation, expertise and a long-term view are the key ingredients of Dexia's success in this business line, which generates more than half of Dexia's earnings. Dexia participates in this market through a variety of activities which include basic lending, bond execution, highly-structured projects and credit enhancement. In addition, Dexia offers insurance, payment, asset management and other services to its clients.

### ■ PERSONAL FINANCIAL SERVICES

In Belgium, Dexia Bank is one of the country's top players in retail banking. It offers a complete range of banking and insurance services to a clientele of households and small and medium-sized enterprises. Similarly, Dexia BIL is a major retail bank in Luxembourg. Dexia banka Slovensko is the Group's retail bank in Slovakia. In 2006, Dexia acquired DenizBank, the sixth largest privately-owned bank in Turkey. An important private banking business has been developed over the years. Dexia has also acquired or developed units and joint ventures in a number of European countries including Belgium, Luxembourg, France, Spain and Switzerland.

### ■ TREASURY AND FINANCIAL MARKETS

Dexia's principal businesses give the Group an intensive presence in the capital markets, both for funding and managing the Group's balance sheet and for structuring sophisticated products and solutions for clients of the various business lines. This business segment not only provides key support to the entire Group, it also functions as an important profit center generating substantial earnings.

---

## ■ ASSET MANAGEMENT, INSURANCE AND INVESTOR SERVICES

Dexia Asset Management has built a strong reputation in Europe and today distributes more than a third of its products to institutions and through third-party channels. Dexia Insurance Services supplies all the life and nonlife insurance products sold in the retail networks of the Group in Belgium and Luxembourg and in France. In investor services, RBC Dexia Investor Services was set up as a joint venture with Royal Bank of Canada in 2006. Today it ranks among the ten largest custodian banks worldwide.

## EXPERTISE, PERFORMANCE AND RATING

Dexia's success lies not only in its well-established franchise and strong distribution skills, but also in its ability to conceive efficient products and develop innovative solutions to meet its clients' financial needs. In all business lines, Dexia has been able to attract and deploy the best professional skills. It exercises the highest standards in terms of underwriting, risk monitoring, operational disciplines and product performance. Dexia has one of the highest credit ratings in the banking industry: its three main entities – Dexia Crédit Local, Dexia Bank and Dexia BIL – are AA/Aaa/AA+ rated, two of its subsidiaries in Europe issue AAA rated secured bonds, finally FSA, one of the four largest bond insurers in the US is a triple A rated company.

CORPORATE GOVERNANCE

6

ACTIVITY REPORT

13

PROGRESS OF THE CONSOLIDATED BALANCE SHEET  
AND STATEMENT OF INCOME -- SUMMARY

17

PROGRESS OF THE NON-CONSOLIDATED BALANCE SHEET  
AND STATEMENT OF INCOME

20

RISK MANAGEMENT

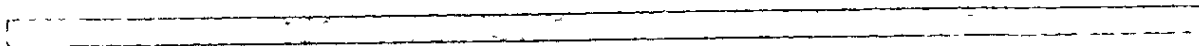
21

SHAREHOLDERS' EQUITY AND APPROPRIATION OF PROFIT

25

CHANGES IN THE STRUCTURE OF THE GROUP

26



1. The first part of the document is a list of names and addresses. The names are written in a cursive script, and the addresses are written in a more formal, printed style. The list is organized into two columns, with names on the left and addresses on the right. The names are: John Smith, Mary Jones, and Robert Brown. The addresses are: 123 Main Street, New York, NY 10001; 456 Elm Street, New York, NY 10002; and 789 Oak Street, New York, NY 10003.

# CORPORATE GOVERNANCE

## COMPOSITION OF THE MANAGEMENT BOARD AND THE BOARD OF DIRECTORS<sup>(1)</sup>

### ■ MANAGEMENT BOARD

#### Chairman

—

**Stefaan Decraene**

#### Members

—

**Dirk Gyselinck**

**Marc Lauwers**

**Benoît Debroise**

**Jean-François Martin**

**Ann De Roeck**

**Roger Leyssens**

**Dirk Vanderschrick**

### ■ BOARD OF DIRECTORS<sup>(2)</sup>

#### Chairman

—

**Marc Deconinck**

Burgomaster, Beauvechain

#### Vice-Chairmen

—

**Pierre Richard**

Chairman of the Board of Directors of Dexia SA

**Jozef Gabriels**

Burgomaster, Genk

### Members

—

**Stefaan Decraene**

Chairman of the Management Board of Dexia Bank

**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

**Benoît Debroise**

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

**Jean-François Martin**

Member of the Management Board of Dexia Bank, Chief Financial Officer and responsible for Risk Management

**Ann De Roeck**

Member of the Management Board of Dexia Bank, Secretary General responsible for the Legal and Tax Departments and for Wealth Analysis & Planning

**Roger Leyssens**

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

**Dirk Vanderschrick**

Member of the Management Board of Dexia Bank, responsible for IT, Operations Facility Management & Organization

**Rik Branson**

Chairman of the Management Board of the Arcofin Group

**Wivina Demeester**

Former Municipal Councilor for Zoersel

**Bruno Fligny**

Director and honorary Chairman of Crédit du Nord

**Jacques Guerber**

Vice Chairman of the Management Board of Dexia

**Thierry Jacques**

Chairman of the Christian Workers Movement

**Patrick Janssens**

Burgomaster, Antwerp

**Marc Justaert**

Chairman of the National Confederation of Christian Mutual Societies

**Serge Kubla**

Burgomaster Waterloo

(1) Position at 8 March 2007

(2) Article 2 of the law of 6 August 1931 (Belgian Gazette as of 14 August 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

**Patrick Lachaert**  
Municipal Councillor, Merelbeke

**Bernard Lux**  
Rector 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

**Tony Van Parys**  
Municipal Councillor Ghent

**Herman Van Rompuy**  
Senior lecturer

**Jean-Jacques Viseur**  
Alderman, Charleroi

As at 8 March 2007 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

Pursuant to the convention on the autonomy of bank managers, the day-to-day management of the bank is entrusted to the Management Board, whose members also sit on the Board of Directors

In 2006 the new organizational structure was implemented in order to strengthen the integration of the Dexia Group. At the level of Dexia SA a Management Board was established comprising five members and an Executive Committee made up of those five members plus seven other members to ensure the centralized supervision of the Group's main commercial and operational activities. In order to ensure maximum coordination of the operational entities of the Group (Dexia Bank, Dexia BIL, Dexia Crédit Local) with the strategy of the Dexia Group the chairmen of the Management Boards of these three entities attend the meetings of the Executive Committee of the Group.

Within Dexia Bank an Executive Committee was also set up with effect from 1 January 2006 consisting of eight members (Stefaan Decraene, chairman, and Michel Bouteille, Ann De Roeck, Dirk Gyselink, Marc Lauwers, Roger Leyssens, Jean-François Martin and Dirk Vanderschrick). That committee was responsible for the preparation and implementation of the decisions taken by the Management Board and could, within the limits of the powers delegated to it by the Management Board, take certain decisions relating to the day-to-day management of the bank.

Within a year of setting it up, the results that Dexia aimed to achieve with the new organization have nearly all been attained, as a result of which it was decided to take the development of the organization of the Group a stage further. That meant among other things winding up the Executive Committees in the operational entities.

No decisions or transactions covered by Article 523 of the Company Code concerning conflicts of interest were taken by the Board of Directors or the Management Board, or took place during 2006.

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

The new Management Board and Executive Committee of Dexia Bank were established with effect from 1 January 2006. The Management Board was composed of five members: Messrs Stefaan Decraene, Axel Miller, Jacques Guerber, Xavier de Walque and Rembert von Lowis. Mr Stefaan Decraene has been chairman of the bank's Management Board since 1 January 2006.

On 1 February 2006, Mr Bernard Lux was coopted as a director.

The terms of office of Messrs François Martou and Josly Piette expired at the shareholders' meeting of April 2006. They were succeeded by Messrs Thierry Jacques and Claude Rolin, who were appointed at that same shareholders' meeting for a period of two years.

The terms of office of Messrs Marc Deconinck, Pierre Richard, Jozef Gabriels, Axel Miller, Rembert von Lowis, Frank Beke, Rik Branson, Louis Bril, Benoît Dreze, Marc Justaert, Loïc Le Masne de Chermont, Herman Van Rompuy, Tony Van Parys and Mrs Wivina Demeester were renewed by the shareholders' meeting of April 2006 for a further period of two years.

Mr Benoît Drèze resigned as a director on 14 June 2006 and was replaced by Mr Jean-Jacques Viseur who was coopted by the Board on 30 August 2006.

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

Mr Michel Bouteille ceased to be a member of the Executive Committee on 1 January 2007.

On 28 February 2007, the Executive Committee was dissolved. Mrs Ann De Roeck and Messrs Benoît Debroise, Dirk Gyselink, Marc Lauwers, Roger Leyssens, Jean-François Martin and Dirk Vanderschrick were appointed directors and members of the

**Management Board** Since that day the Management Board has had eight members and has been chaired by Mr Stefaan Decraene

Messrs Axel Miller, Jacques Guerber, Xavier de Walque and Rembert von Lowis resigned as members of the Management Board of the bank on 28 February 2007 Messrs Axel Miller and Jacques Guerber retain their seats on the Board of Directors of the bank as non-executive directors representing the shareholder Dexia SA

Messrs Serge Kubla, Patrick Janssens and Patrick Lachaert were appointed as directors by an extraordinary shareholders' meeting held on 8 March 2007

## AUDIT COMMITTEE

The Audit Committee, set up on 18 December 2002, comprises three directors who are not allowed to be members of the Management Board

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

At 1 January 2006, the members of the Audit Committee were

### Chairman

Bruno Fligny

### Members

Marc Deconinck  
Herman Van Rompuy

Its meetings are attended by the auditor general of the bank, the Auditor General of the Group if he so requests, the chairman or a member of the Management Board and the auditors of the bank

The chairman of the audit committee routinely informs the Board of Directors of Dexia Bank of the work of the Audit Committee and of the opinions it delivers to the Board

The Audit Committee of Dexia Bank functions as an organization in the same way as the Audit Committee of the Dexia Group and in accordance with the principles laid down in the Dexia Audit Charter

In practical terms, the Audit Committee assists the Board of Directors in its task of exercising prudential supervision and supervision in the broad sense

Thus the Audit Committee conducted a preliminary audit on the integrity of financial information and reported to the Board of Directors on the consolidated financial results of Dexia Bank

Belgium as at 31 December 2005 and 30 June 2006 Having evaluated the comments made by the management of the bank and the auditors, the Audit Committee issued a positive recommendation to the Board of Directors regarding the financial results and the factors influencing them

During the year 2006, the Audit Committee was made privy to the reports relating to legal disputes, Compliance and the activities of Audit and Prudential Supervision as well as to the report by the Group Audit Division on Internal Audit within Dexia Bank and to the report by the BFIC (Banking Finance and Insurance Commission) inspectors on the organization of audits in the branches The Audit Committee also examined the risks described in those reports and transmitted its opinion thereon to the Board of Directors

Furthermore, the Audit Committee examined and approved the 2005 internal audit report, the half-yearly 2006 internal audit report and the 2006 audit plan An address was also given during the year on the new organization of the Dexia Group Audit Division

Since 2005 the sector has been consulted on several occasions over draft legislation to amend the banking law notably with regard to supervision and internal audit and the prudential measures for ensuring the reliability of financial reports These developments in the law and regulations will be closely monitored given the potential impact they may have on the powers and functioning of the Audit Committee within the financial sector

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

Pursuant to the Banking Finance and Insurance Commission regulations approved by Royal Decree of 19 July 2002 on the performance of external duties by the managers of credit institutions Dexia Bank is required to disclose any external positions held by its directors and executive managers Dexia Bank has chosen to publish such positions in the bank's annual report, which is lodged 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, represented by Mr Robert Peirce,
- Deloitte, company auditors, SC s f d SCRL represented by Mr Joseph Vlamincx



Amount in EUR	Certification	Accounting advice	Other tasks not entrusted by law to the auditors	Other
Dexia Insurance Belgium	34,798			6,970
Eurco Re Ltd		5,600		
Eurco Ltd		3,680		
DVV Finance	5,100			
Eurcolux	5,000			
Corona	3,500			
Belstar	3,500			
Dexia Factors	3,750		13,000	
Dexia Fiduciaire	800			
Banque Artesia Nederland				34,126
Eurco Finance Ltd		3,100		
Dexia Investment Company	1,500			

In 2006 PricewaterhouseCoopers was paid EUR 69 503 00 for exceptional services or special assignments carried out on behalf of Dexia Bank. This was made up of remuneration for certification work (EUR 12,000 00) and payment for accounting advice (EUR 57,503 00).

Deloitte received a total of EUR 163,605 00 during the course of 2006 in payment for exceptional services or special assignments carried out at the behest of the bank. This was made up of fees for certification work (EUR 3,000 00) and accounting and other advice (EUR 160,605 00).

Deloitte also received a sum of EUR 124,424 00 in fees for special assignments or exceptional services carried out for Belgian and foreign subsidiaries of the bank broken down as in the table above.

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

## LITIGATION

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

### ■ DOSSIER LERNOUT & HAUSPIE

Dexia is concerned in various ways with the bankruptcy of Lernout & Hauspie Speech Products (LHSP) and the consequences thereof. Initially, plaintiffs acted in all US proceedings both against Dexia SA and Dexia Bank Belgium. Meanwhile, in all US proceedings a notice of dismissal without prejudice has been filed as far as Dexia SA is concerned. Consequently, the pending proceedings now only involve Dexia Bank Belgium.

In the course of 2006 no new proceedings have been initiated, either against Dexia Bank Belgium (Dexia Bank) or Dexia SA.

#### 1 Claim on Lernout & Hauspie Speech Products

Dexia Bank has a claim chargeable to the bankruptcy of LHSP for a principal sum of some EUR 30 million for which an impairment has been recorded for some EUR 25 million.

The liquidation of LHSP's assets is subject to separate proceedings in Belgium and in the United States.

Dexia Bank was claiming a pledge on the business assets of LHSP. In a ruling dated 10 April 2006 the Court of Appeal in Ghent refused to acknowledge this pledge. Dexia Bank renounced to lodge an appeal with the Supreme Court. This means that Dexia Bank is now as an unsecured creditor, unlikely to receive any dividend from the Belgian liquidation of LHSP.

#### 2. Claim on Lernout & Hauspie Investment Company

As of 31 December 2006, Dexia Bank has a claim on Lernout & Hauspie Investment Company (LHIC) for an amount of some EUR 62 million for which an impairment has been recorded for some EUR 57 million.

As part of the security for its claim, Dexia Bank has a pledge on a portfolio of securities owned by LHIC.

#### 3 Indictment of Dexia Bank in Belgium in the criminal investigation against the LHSP directors

On 24 June 2003, Dexia Bank announced that it had been indicted in the criminal investigation relating to LHSP. The indictment of Dexia Bank concerns offences allegedly committed between 2 July 1999 and 1 September 2000 by Artesia Banking Corporation.

The investigation is now officially closed and the prosecutor has sent a "draft writ of summons" to the parties that are likely to be prosecuted, including Dexia Bank. According to the draft

Dexia Bank will be prosecuted for various offences, among which forgery in the annual financial statements of LHSP (*valsheid in de jaarrekening/ faux dans les comptes annuels*) and market manipulation (*koersmanipulatie/manipulation de cours*). The draft, which is subject to changes, alleges in substance that Artesia Banking Corporation has aided and abetted LHSP in the creation of fictitious revenue, by granting a USD 20 million loan to Messrs Lernout, Hauspie and Willaert, whilst Artesia allegedly knew that the management of LHSP would utilize these funds for improper revenue recognition.

Dexia Bank considers having serious grounds for contesting these charges.

Several parties have introduced a claim for damages in the criminal proceedings. The largest civil party is Deminor, representing – according to its website – 11,000 shareholders of L&H, with an aggregate amount of alleged damages of approximately USD 200 million in principal. There are about 400 other individuals that have reported themselves as civil parties. It is likely that not all of the potential applicants have already introduced their claim, those who have done so have in most cases not yet stated and/or provided evidence of the alleged losses.

It should be added that in January 2003, Dexia Bank has itself lodged a complaint with the examining magistrate against persons unknown, claiming compensation.

As yet it is very difficult to give an opinion on the likely outcome of the proceedings or on the level of the financial risk which Dexia Bank would face, if the charges brought against it were upheld. Dexia Bank underlines its innocence in this matter and contests the charges brought against it.

#### 4. Civil proceedings against Dexia Bank in Belgium

##### 4.1 LHSP receivers' claim

In July 2005, the 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 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 Claim 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 been assessed yet. 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's claims in the US bankruptcy proceedings. This action is essentially, a duplication of the above-mentioned LHSP receivers' claim.

##### 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. Dexia Bank disputes the merits of all of these claims.

##### 5.2.1 Class actions

Two class actions have been brought on behalf of investors of LHSP shares against Dexia Bank and a host of other parties named in prior litigation including the principals of LHSP.

##### NASDAQ class action

The first class action was served on Dexia Bank in February and March 2004 in the name of three individuals acting for themselves as well as on behalf of a class of purchasers of LHSP shares on the NASDAQ stock market between 19 August 1998 and 8 November 2000.

Although Dexia Bank is of the opinion that none of the claims of the plaintiffs is well-founded, Dexia Bank has, in view of the large costs of defence and the uncertainty about the outcome of the proceedings, decided to conclude a settlement agreement with the NASDAQ class plaintiffs. To this end, a memorandum of settlement has been concluded on 9 February 2007 which in its principal terms provides for the payment by Dexia Bank of an amount of USD 60 million in exchange for an unconditional release of all claims against Dexia SA and Dexia Bank and any of their past or present affiliates, officers and employees, relating to purchases or sales of LHSP common shares on the NASDAQ Stock Market during the period from 19 August 1998 through and including 8 November 2000 (the "class period") or to purchases of call options to acquire LHSP common shares or sales of put options related to LHSP common shares on any United States-based options exchange during the class period by all investors who will participate in and/or be bound by the settlement agreement, without any recognition on behalf of Dexia SA or Dexia Bank of any wrongdoing or liability. This settlement is still subject to court approval.

##### EASDAQ class action

In October 2005, a second class action was filed against Dexia Bank on behalf of a class of purchasers of LHSP shares on the EASDAQ stock market between 28 April 1998 and 8 November 2000.

On 12 February 2007 the District court of Massachusetts found that the US courts were not the appropriate forum to litigate this action and consequently dismissed the claim. The EASDAQ plaintiffs have thirty days from the date of the decision to lodge an appeal.

#### 5.2.2 Transactional proceedings

Three separate claims for damages have been filed against Dexia Bank by US shareholders that had acquired LHSP shares through major corporate transactions. One claim was filed by Stonington, the former owner of Dictaphone, a US company acquired by LHSP in May 2000 in exchange for LHSP shares valued at the time at USD 490 million. The two other claims were filed by James and Janet Baker, who had received in the spring of 2000 LHSP shares valued at that time at approximately USD 220 million in exchange for their shares in Dragon Systems, and by TRA/Filler Trust, which represents the interests of another former shareholder of Dragon Systems, who has received LHSP shares valued at the time at approximately USD 170 million. The writs of summons for these claims do not mention the amounts claimed by the plaintiffs, as all of them have reserved the right to produce evidence of the extent of the alleged losses at a later date. TRA/Filler Trust has however specified that the extent of its losses total at least some USD 150 million.

In February 2007 the dispute with Stonington was brought to a final end through the conclusion of a settlement agreement. On 31 December 2006, the cases against James and Janet Baker and TRA/Filler Trust were still in the discovery phase (request for production of documents and deposition by parties of witnesses).

#### 6 L&H Holding

On 27 April 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 Bank 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 procedures 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 procedures 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 Belgium 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 Appeals has issued a decision on 12 July 2006 at the request of Crédit Agricole Indosuez Luxembourg ("CAIL") by which BNP Paribas Luxembourg has been ordered to deliver the Parvest Shares to CAIL by 30 June 2007 or to pay to CAIL the counter-value of these Parvest shares on 30 June 2007 if the latter have not been delivered to CAIL prior to 1 July 2007. The Luxembourg Court of Appeals has condemned BAN to indemnify and hold BNP Paribas Luxembourg harmless against any damage deriving from its condemnation. As a consequence, BAN is at risk to have to pay BNP Paribas Luxembourg the counter-value of the Parvest shares, if the provisional attachments on these Parvest shares are not lifted prior to 30 June 2007.

BAN has lodged an appeal against the decision of the court of appeals of Luxembourg before the supreme court (cour de cassation).

#### 8 Provisions and impairments

On 31 December 2006, the exposure of Dexia Bank Belgium on the outstanding claims relating to credit facilities granted in the Lernout & Hauspie file amounts to some EUR 101 million (see paragraphs 1, 2 and 7). On the same date impairments for the Lernout & Hauspie file have recorded for a total amount of some EUR 90 million. 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 residual risks linked to the US cases for which no settlement has been concluded, as well as for costs and legal fees related to the whole of the L&H procedures mentioned in paragraphs 1 and 6 above. Dexia strongly challenges the validity and the merits of all these claims.

Dexia does not disclose

- the amount of the provisions relating to the LHSP US legal proceedings for which as yet no settlement has been concluded and
- the settlement amount reached with Stonington, mentioned below in paragraph 5.2.2. Dexia believes that to do so could seriously prejudice the outcome of the still pending LHSP legal proceedings.

## ■ INHERITANCE TAX CASE

The inquiry initiated by the judicial authorities on 28 September 1999 into Dexia Bank regarding possible inheritance tax evasion appears to be drawing to a close. Four former managers were indicted at the end of March 2004. However, the fact that they have been charged does not mean that the persons concerned are guilty, and the bank still has every confidence in them.

The bank confirms that it has the necessary internal control and IT procedures in place to conform to the directives issued by the BFC (Banking, Finance and Insurance Commission) in the matter. There were no major developments in this case in 2006.

## COMPLIANCE

In 2006 a computerized monitoring system was introduced in order to help detect possibly suspect transactions in the context of the "fight against money laundering and the funding of terrorism". A Risk Based Approach was also developed in order to complete the process in 2007 of computerizing the Customer Acceptance Policy and creating a dynamic Compliance Risk Profile. The task of making staff aware of the issue was achieved through the introduction of an e-learning module on money laundering.

In application of the laws governing "market abuse" and of the Group's policy on the subject, several preventive measures were introduced in order to do as much as possible to reduce the risk of insider dealings in non-Dexia securities.

The final objective continues to be to harmonize the approach to compliance throughout the Group. With that in mind, DBB and its subsidiaries – like all the other entities within the Group – will from now on undertake an assessment of the compliance risks (that may be) encountered in each area of activity.

# ACTIVITY REPORT

increases in profits boosted the stock market and provided higher dividends and enough financial elbow-room to be able to part self-fund take-overs out of reserves or share issues and so resort less to borrowing

Increased expenditure by households obviously played a crucial role as well. The improvement in the labor market, lower taxes, relatively low inflation, low rates of interest despite a recent hike and the settling of the savings ratio at a fairly low proportion of disposable incomes, all stimulated confidence and a willingness not only to increase current spending but also to embark upon building projects (purchases, new builds, renovations). Here, too, the impetus came from Germany where much of the spending took place in anticipation of the 3% increase in VAT from January 2007.

The better performing economy produced a substantial increase in tax revenue for the government through VAT, excise duties and tax prepayments by businesses as well as withholding tax and gift and inheritance tax. This made it easier to balance the budget or even produced a slight surplus. But one should not overlook the impact of windfall revenues such as the securitization of tax claims, the sale of public sector buildings and the interim dividend of Belgacom without which there would have been a deficit of 0.6%.

The disappointing performance of Belgium's foreign trade casts something of a shadow over this otherwise happy state of affairs. There is undoubtedly talk of a loss of competitiveness, given the fact that in past years our exports have increased at a substantially slower rate than those of our neighboring countries and even the euro zone as a whole. Even so, it is reassuring to note a surplus of around 2% GDP on the balance of payments current account.

The BEL20 index has held up well for four years running. The historical high of 6 January 1999 has been well surpassed. In 2006 the stock market rose by 23.6% (against 21.0% in 2005 and 30.7% in 2004). Such fine performances can be attributed to financial stocks and shares in public utility services which predominate in the BEL20 index. A strong economy, low interest rates, substantial profit increases, higher dividends, mergers and acquisitions and introductions to the stock exchange created a favorable environment for the stock market to take off again.

2007 looks to be a year in which economic growth is likely to slow down in the wake of a decline in the growth of the US economy (+2.5%), as it comes to terms with the delayed impact of tighter monetary restrictions and the substantial decline in the property market. In the euro zone growth could well fall to around +2.0% because of a temporary wobble by the German locomotive as households are expected to cut back on spending as a result of the increase in VAT. Tax reorganization in Italy, the dearer euro and the probable pursuit of a tighter monetary policy by the ECB will also exert their influence. Belgium will not be immune to such an international slowdown and could well lose a greater degree of its momentum than the euro zone as a whole. Problems of competitiveness will become more apparent. The government's margin for maneuver is limited.

## ECONOMIC AND FINANCIAL ENVIRONMENT IN 2006

With expectations of a 2.9% growth in GDP 2006 proved to be the best year for the Belgian economy since 2000. For the fifth year running, it outperformed the euro zone where growth is forecast at +2.6%. Even so the European economy performed very well, thanks to the recovery in Germany (+2.6%) following a spate of years of restructuring. The strong growth in the Asian economies largely offset the weakening of the American economy (+3.2%).

The growth was particularly marked during the first half of the year despite the rise in the prices of raw materials and above all oil products. But the firmness of the euro against the US dollar and the rise in imports of cheaper Chinese products prevented inflation from getting out of hand. Tighter monetary restrictions imposed by the American Federal Reserve and the European Central Bank respectively from mid 2004 and end 2005 helped to moderate inflation. The sharp fall of around 25% in the price of oil during the summer came as a pleasant surprise in that respect. However the economy, which was showing signs of slowing down, was able to recover and avoid a hard landing. Furthermore, tight monetary controls ended in America and eased in Europe resulting as might be expected, in an abrupt fall in long-term interest rates. Thus in Belgium inflation is set to remain below the 2% mark in 2006.

The past year was also notable for considerable confidence on the part of business leaders, which found its expression in a substantial increase in investment. This was made possible thanks to the successful but essential debt rescheduling operations in 2001 and 2002, which produced a significant improvement in the financial health of the business sector as a whole. Companies that reacted to the Chinese situation by relocating part of their production to reduce costs or which embarked on daring commercial activity in China to increase their turnover – or those which indeed did both – were able to achieve considerable improvements in their results. The remarkable

COPIED FROM THE ORIGINAL

given the need to achieve a structural surplus on the budget during an election year. However certain tax incentives will continue to sustain the labor market, expenditure by households and company profits

## THE PRINCIPAL ACTIVITIES OF DEXIA BANK IN 2006

### ■ PUBLIC, SOCIAL AND CORPORATE SECTOR

#### Public and social sector

In a market in which competition is growing and profit margins are coming under increased pressure, Dexia Bank succeeded more than ever before in translating its reputation as a market leader into added value for local government and other operators in the Belgian public and social sectors. Innovative products and services tailored to their financing needs, their investment wishes and their approach to risk have enabled us over the years to retain the confidence of these customers.

At the end of 2006 the total production of long-term loans granted by Dexia Bank and its subsidiaries to the public and social sector was 11% down on 2005. The demand from the public sector fell by 12% because of the approaching elections and the absence of any major contracts put out by the regional authorities. In that respect it should be pointed out that the Walloon Region has chosen to entrust Dexia Bank with the funding of part of its economic recovery plan. In a stagnant market the bank has nevertheless managed to retain its share of the market at a very high level. Following the catch-up movement begun by investments in the health care sector, the production of new long-term loans to the social sector increased by 9%.

At 31 December 2006 the total volume of outstanding long-term loans granted to the public and social sector by Dexia Bank and its subsidiaries amounted to 30.4 billion EUR, up 6.62% on the previous year. In Belgium, both in the public and in the social sector, outstanding loans increased by 3%. The total volume of outstanding short-term loans granted to the public and social sectors amounted to EUR 2.9 billion at the end of 2006. The progress of such funding is in line with overall demand and is, to a substantial degree, influenced by the current financial situation of customers. Outstanding short-term loans increased by 1% in the public sector and by 7% in the social sector.

Public and social sector sums on deposit and assets under management at the end of 2006 amounted to 10.4 billion EUR, up 2% on the position at the end of 2005. Investments in balance-sheet products increased by 4.3% while those in off-balance-sheet products fell by 1.2%.

With regard to insurance products, Dexia Bank continued to assert its position on the public sector market with a 35% increase in sums outstanding in its portfolio. In the new segment

of pension insurance contracts for elected representatives we achieved a hit ratio of over 50%.

At the level of service to customers in the public and social sectors, the bank was the first to offer on-line reporting that meets the most exacting of security standards. The customer thus receives his bank statements, payment records and loan summaries through the particular electronic banking channels that he uses (DexiaWeb and Dexia Secure EDI). In order to help prepare public and social sector customers for the major changes about to take place in payments as part of the European SEPA project, Dexia Bank posted onto its website a dossier dealing specifically with the subject. It can now already be seen that a substantial number of these customers will be ready by 2008 to apply the new operating arrangements to their payment transactions.

#### Corporate Sector

In the corporate and project finance segment, Dexia Bank pursued its targeted growth in 2006 both in its conventional lending and investment activities and in new areas such as Public-Private sector Partnerships.

During the year under review total production in long-term lending to the corporate sector by Dexia Bank and its subsidiaries increased by over 30% to 3.2 billion EUR. This favorable development was sustained by a new commercial approach based on the Strategic Account Plans, which centralize all relevant commercial information concerning the customer, and on Client Coverage Teams, which involve organized discussion between the corporate banker and the product experts.

With regard to Dexia Structured & Project Finance in 2006, thanks to its experience with the financing of maritime infrastructure projects, Dexia Bank made a substantial contribution towards various operations to privatize certain assets of the port authorities in the context of a PPP. In the same way in the field of renewable energy, the bank managed to strengthen its market position through the financing of projects in various subsectors ranging from wind energy to industrial co-generation via projects linked to biomass and bio-fuels.

Within Dexia Corporate Finance, the bank can boast several successes in key sectors such as property, public sector utilities and infrastructure in Belgium and France. In the field of M&A (mergers and acquisitions) the bank was involved in the sale to Leasinvest Real Estate of the Luxembourg-based unit trust fund Dexia Immo Lux and in the takeover bid arising out of that. The bank also took part in the floating on the stock exchange of Aéroports de Paris, Aedifica, Metris and EDF Energies Nouvelles, and acted in an advisory capacity for Befimmo over the purchase of Belgian public sector buildings.

Dexia Private Equity made a successful contribution to the nationalization of Aquafin and the sale of Indaver.

In the case of Dexia Real Estate Banking, its main transactions lay with the public authorities and involved both conventional building loans granted to developers and more complex PPF funding operations. In that respect mention should in particular

be made of the real estate property developments for various European or national institutions such as the Lex project of the European Council of Ministers or the law court in Ghent

## ■ PERSONAL FINANCIAL SERVICES

The generally favorable climate and the positive trend shown by most financial markets in 2006 raised the confidence of households. Their propensity for consumption and their interest in property investments thus remained intact during the course of the past year, which saw a further rise in mortgages. With interest rates persistently low, investors on the hunt for attractive yields rediscovered a taste for higher risk products (often with a capital guarantee), above all during the second half of the year, when the stock markets once again began to rise.

Total investments by retail and private banking customers amounted to EUR 91.4 billion at the end of 2006, a rise of 5.2% in one year. About a quarter of those funds came from private banking customers, the segment that undeniably showed the strongest increase (up 21% in terms of outstanding commitments). The fall of nearly 3% in balances on savings accounts brought to an end a succession of plentiful years despite a rise of 25 points in the basic rate of interest on 1 July 2006. At the end of 2006 savings accounts still accounted for a third of all investments by retail customers. The decline in interest shown in savings accounts was the main factor that boosted term accounts, the rate of interest on which increased slightly, particularly for short maturities, and balances more than doubled. Despite a limited rise in the yield on savings bonds interest in them flagged and outstanding sums fell by 18%.

The sale of investment funds suffered on account of the decline in the stock market in June 2006, subsequently to regain lost territory progressively as stock market prices began to rally. Over the year as a whole, therefore, the volume of net assets at the end of the year was much the same as at the beginning. Branch 23 insurance investment products also suffered from the gloomy conditions on the market during the second quarter of the year and only managed with great difficulty to recover their losses. Conversely thanks to a 19% increase in funds invested in them, Branch 21 products offering a guaranteed return were able nearly to match the results achieved the year before.

The success of structured bonds which the bank launched through its subsidiary Dexia Funding Netherlands was confirmed in 2006. It was mainly private banking customers who welcomed the three issues which responded to their needs in terms of maturity and return, as can be seen from the overall gross subscription of EUR 270 million. Asset management contracts granted in the framework of private banking – both discretionary and advisory – resulted in an increase of 36% in volumes, with the result that the overall portfolio has increased 2.5 times in a period of three years.

For private banking customers wanting to manage their finances themselves the bank set up within its Customer Care Center, an exclusive telephone-based financial service called Dexia Direct Private, which enables the investor to carry out various financial operations himself and obtain specific market

information rapidly. The Platinum Mastercard, a Financial Planning module and an open architecture in the range of funds complete the added value that the bank offers this customer segment. Its efforts in this respect have been recognized by the market since Dexia Bank has been designated by Euromoney Survey Private Banking 2007 as the third best local private bank in Belgium and the leading big bank in this category. Furthermore, that same survey has reaffirmed the position of Dexia as the leading private bank in Western Europe in the field of ethical investments.

2006 was also a prolific year for the granting of loans. Total outstanding loans to retail and private banking customers amounted at the end of the year to EUR 25.3 billion, an increase of 11.7% in twelve months. As in the case of investments, the main rise (+68%) was to be found in the private banking segment. This positive trend is still led by mortgages in a market where competition was slightly less virulent than the year before. At the end of 2006, the total volume of outstanding mortgages was 13% more than the previous year while the volume of outstanding consumer loans and business loans rose respectively by 11% and 7.5%.

In 2006 Dexia Bank also led the way in payments by launching a number of innovations.

At the beginning of June the bank thus offered its customers an opportunity to personalize their debit cards by incorporating into them an original photograph. The photocard, the first on the Belgian market, encountered a resounding success with over 200,000 such cards in circulation by the end of the year.

At the launching of Dexia Direct Net in March 2006, Dexia Bank was the first Belgian bank to implement maximum and user-friendly protection of transactions over the internet. Several functions were progressively added, with regard both to statements and transactions. Over 500,000 Dexia Bank customers now carry out their banking business on-line from home and the number of contracts increased by over 50% in 2006. In the autumn the bank launched Dexia Direct Net Business, the Direct Net module that offers specific business functions.

Furthermore, Dexia Bank as the second largest Belgian bank in terms of payments is making strenuous preparations for the introduction of the Single Euro Payments Area (SEPA). The operational, technical and commercial challenges presented by the establishment of a unified European payment system by 2008 are of crucial importance both for the bank and for its customers.

Lastly, Dexia Bank's Axion Website was revamped in 2006 as part of the new positioning of the Axion brand "Get more for your money!" With this rebranding of Axion – which was already a first in Belgium when it was introduced in 1995 – the bank intends to use the Website as a reliable platform for communication and meetings created for and by young people, full of useful information and instruments on money and banking services. The new Axion Website was developed in accordance with the ethical rules on communication with young people – rules to which the big banks in Belgium had unanimously subscribed in 2004.

## ■ TREASURY AND FINANCIAL MARKETS

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

These characteristics also lie at the heart of the new organizational structure that was introduced at the beginning of 2006. The bank's business on the financial markets has been divided into three groups, which has made it possible to bring together expertise in different segments of the market. It has also raised the level of customer-orientation of these activities and stimulated interaction with other departments. At the same time its remit has been widened through the integration of ALM.

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

A new multi-annual strategy for TFM (TFM+) is intended to enable TFM to make a greater contribution towards the income of the Dexia Group. It is a question of making the most of the strong points of the bank in these activities: such as its in-depth knowledge of certain classes of assets, its capacity for origination through commercial networks, its technological and innovative strength and its balance-sheet management.

With the creation of Dexia Investment Company (DIC), the bank now has a competence centre for its long-term ALM investments. By 2008 that subsidiary will become the Dexia Group's only skills and investment centre for the Group's long-term ALM investments in euro.

Through its London branch, Dexia Bank aims to expand its funding activities in sterling. Thereafter Sales & Equity activities will also be developed from London.

The securitization of a pool of guaranteed infrastructure bonds and the issuing of structured products intended for retail and private banking customers are explicit examples of the manner in which TFM supports the two major business lines of the bank and Dexia Group as they respond to the financial needs of their customers.

In order to meet their long-term funding needs, the bank issued structured bond loans in 2006 either itself, or through its subsidiary Dexia Funding Netherlands (DFN), amounting to a

total of EUR 3.8 billion. The major part of these issues were placed through the branch network among its retail and private banking customers.



# PROGRESS OF THE CONSOLIDATED BALANCE SHEET AND STATEMENT OF INCOME – SUMMARY

## PRELIMINARY NOTES TO THE ANNUAL FINANCIAL STATEMENTS

### ■ CHANGES IN THE SCOPE OF THE CONSOLIDATION

The main changes in the scope of the consolidation during 2006 were the sale of Banque Artesia Nederland and of the shareholdings in Banksys and Bank Card Company. The year also saw the founding of Dexia Investment Company and Dexia Insurance Belgium Invest. A detailed account of the changes in the scope may be found in the Notes to the consolidated financial statements. The major changes during 2005 were the sale of Eural Spaarbank (with effect from the fourth quarter of the year) and the winding up of the Rekord Group which is no longer part of the consolidation.

### ■ EU-GAAP

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

## ANALYSIS OF THE BALANCE SHEET

At 31 December 2006 the **consolidated balance-sheet total** amounted to EUR 254.4 billion, an increase of 10.8% on the total at 31 December 2005 thanks to the expansion of the bank's commercial activities.

### ■ ASSETS

At 31 December 2006 **loans and advances to customers** amounted to EUR 83.5 billion (up 24.0%). EUR 2.8 billion of that increase were accounted for by loans to retail customers. The remainder of this growth came from reverse repo contracts.

Pursuant to the EU-GAAP 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 or held to maturity. The total amount of **loans and securities** at 31 December 2006 was EUR 69.8 billion, of which EUR 68.9 billion EUR in securities (up 13.0%). That increase is due to a EUR 6.1 billion change in the position of bonds and to variations in shares, mainly bought by insurance companies.

The rise in interbank assets is attributable to an increase mainly in term deposits and reverse contracts.

### ■ LIABILITIES

#### Total liabilities

**Customer borrowings and deposits**, and **debt securities** (savings bonds, certificates, and bonds) amounted to EUR 85.5 billion at the end of 2006 (up 19.2%), accounting for 34.8% of the balance-sheet total.

At the end of 2006 **customer borrowings and deposits** were worth EUR 66.5 billion, up 18.1% on the previous year. EUR 2.8 billion of that increase was due to the increase in balances on current accounts and savings accounts. **Debt securities** amounted to EUR 21.9 billion (+22.8%), mainly thanks to new bond issues amounting to EUR 2.7 billion and deposit certificates worth EUR 2.7 billion. Savings bonds fell by EUR 1.3 billion.

The rise in interbank liabilities is attributable to an increase mainly in term deposits and repo contracts.

#### Total equity

At 31 December 2006 the **total shareholders' equity** of the Dexia Bank Group amounted to EUR 6.4 billion, as against EUR 6.3 billion at 31 December 2005 – an increase of 1.8%.

**Total equity** is made up of core capital (capital, issue premiums, reserves, net profit for the year before appropriation) 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 886 million, down 33.5%, due to the fall in bond prices.

**Core shareholders' equity** amounted to EUR 5.5 billion, an increase of 11.2% derived from the net profit for the year less the dividend on the net profit for 2005 paid in 2006. Minority interests increased by EUR 2 million to EUR 28 million.

	31/12/05	31/12/06	Evolution in % (a)
(in millions of EUR)			
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>229,710</b>	<b>254,424</b>	<b>+10.8%</b>
<b>TOTAL LIABILITIES</b>	<b>222,948</b>	<b>247,556</b>	<b>+11.0%</b>
Due to banks	99,037	119,470	+20.6%
Customer borrowings and deposits	56,336	66,536	+18.1%
Negative value of derivatives	24,392	15,428	-36.7%
Debt securities	17,904	21,991	+22.8%
Subordinated and convertible debt	2,859	3,139	+9.8%
<b>TOTAL EQUITY</b>	<b>6,762</b>	<b>6,868</b>	<b>+1.6%</b>
Core shareholders' equity	4,969	5,527	+11.2%
Total shareholders' equity	6,303	6,414	+1.8%
Minority interests	26	28	+7.7%
<b>TOTAL ASSETS</b>	<b>229,710</b>	<b>254,424</b>	<b>+10.8%</b>
Due from banks	70,189	80,693	+15.0%
Loans and advances to customers	67,394	83,545	+24.0%
Loans and securities	62,163	69,773	+12.2%
Positive value of derivatives	23,653	15,189	-35.8%

(a) Percentages were calculated on the basis of amounts in units

## ANALYSIS OF THE CONSOLIDATED STATEMENT OF INCOME

### ■ NET INCOME – GROUP SHARE

The **Net income – Group share** amounted in 2006 to EUR 1,157 million, an increase of EUR 258 million (up 28.7%) on 2005. The changes in the scope of consolidation from one year to the next account for EUR +8.7 of that increase. The contribution by factors not linked to operational activities is again significant this year (EUR 323.6 million in 2006 as against EUR 195.4 million in 2005), and represents a rise of EUR 128 million. The underlying profit thus increased by EUR 120 million, up 16.9% overall.

### ■ INCOME

**Income** amounted to EUR 3,060 million in 2006, an increase of EUR 157 million (+5.4%) on 2005. Had the scope remained unchanged, the increase would have been EUR 201 million (+7%) in one year.

The rise is the result of a combination of movements up and down. The item Net interest income rose by EUR 102 million. The items Dividend income and Net income from associates increased respectively by EUR 15 and 20 million. The Net trading income and net result of hedge accounting increased by EUR 39 million and the Net income on investments rose by EUR 234 million. Items that fell were Net commissions (EUR -36 million) and the Technical margin of insurance activities (EUR -86 million).

The fall in the technical margin of insurance activities was reduced by the constitution of a reserve for higher volumes of sales, an increase in the percentage of the share in the profit and the creation of reserves for capital liabilities ("warning light" reserves).

### ■ COSTS

**Costs** amounted to EUR 1,784 million in 2006, i.e. 1.8% (EUR 32 million) less than in 2005.

They break down as follows:

- Staff expense, which account for around 43% of the total, fell by EUR 27 million (-3.4%) over the year.
- Network costs fell by 3.7% (EUR -13.6 million, of which EUR 10 million as a result of the deconsolidation of Eural from the fourth quarter of 2005).
- Other costs rose by 3.9% (EUR +19.6 million, this sum includes a negative compensation of EUR -6.6 million for Eural).
- Depreciation fell by 6.8% (EUR -10.9 million).

The operating ratio came to 58.3%, down on 2005 (62.6%). The underlying ratio was 63.9% (as opposed to 65.3% in 2005).

### ■ GROSS OPERATING INCOME

The **gross operating profit** in 2006 amounted to EUR 1,276 million, up 17.3% on 2005. The underlying profit was up 7.6%.

(in millions of EUR)	31/12/05	31/12/06	Evolution in % <sup>(a)</sup>
<b>INCOME</b>	<b>2,903</b>	<b>3,060</b>	<b>+5.4%</b>
Of which net commissions	430	393	-8.4%
<b>COSTS</b>	<b>(1,816)</b>	<b>(1,784)</b>	<b>-1.8%</b>
<b>GROSS OPERATING INCOME</b>	<b>1,087</b>	<b>1,276</b>	<b>+17.3%</b>
Cost of risk	(34)	(38)	+11.9%
Impairments on (in) tangible assets	(1)	(1)	-8.8%
Tax expense	(150)	(75)	-50.0%
<b>NET INCOME</b>	<b>902</b>	<b>1,161</b>	<b>+28.8%</b>
Minority interests	(2)	(4)	+70.6%
<b>NET INCOME - GROUP SHARE</b>	<b>899</b>	<b>1,157</b>	<b>+28.7%</b>

(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 2006 to EUR 38 million, as opposed to EUR 34 million in 2005

## ■ TAX

**Taxes** (including deferred taxes) amounted to EUR 75 million for 2006. This includes credits for items not linked to operational activities (EUR 54.7 million in 2006 and EUR 38.5 million in 2005) without which the underlying tax bill fell from EUR 186 million in 2005 to EUR 130 million in 2006

## ■ FOCUS ON THE MAIN NON-OPERATIONAL ITEMS

In 2006 the contribution by non-operational items to the net profit share of the Group amounted to EUR 323.6 million as opposed to EUR 195.4 million the year before

The principal changes during the year are shown below

### In terms of income

In 2006 non-operational items amounted to EUR +271 million as opposed to EUR +160 million in 2005. Among the principal items are to be found the gains realized on the sales of Banque Artesia Nederland, Banksys and Bank Card Company

### In terms of costs

2006 saw a recovery of EUR +1.9 million in respect of the Rekord companies in Germany

Taxes on non-operational items balanced out with a credit of EUR 54.7 million in 2006 (as opposed to one of EUR 38 million in 2005) mainly as a result of the settlement of disputes with the tax and legal authorities

## ■ FINANCIAL RATIOS

The **profit margin** (the net profit as a percentage of total income) came to 37.9% in 2006 – up on 2005 (31.1%)

The **return on equity (ROE)** amounted to 26.5% (as opposed to 19.8% in 2005), well above the year before, thanks in part to the impact of non-operational items

The **Tier 1 solvency ratio** amounted at the end of 2006 to 8.6% and the **total capital ratio** to 10.2%. These ratios have been calculated on the basis of the consolidated IFRS figures pursuant to the amending decree published in the Belgian (and the RAR to 11.6%) on 31 December 2005 on the basis of BE-GAAP figures. Over that period the volume of risk-weighted assets increased by 9.5%

# PROGRESS OF THE NON-CONSOLIDATED BALANCE SHEET AND STATEMENT OF INCOME

The increase in debt securities (EUR 4,260 million) is due to the take-over of term deposit certificates of less than 1 year at the London branch

Shareholders' equity after appropriation of profit and including the Fund for General Banking Risks amounted to 3,685 million EUR at the end of 2006, 250 million EUR less than at the end of 2005

## PROGRESS OF THE NON-CONSOLIDATED STATEMENT OF INCOME

At the end of 2006, the **total operating profit** amounted to EUR 566 million, as against EUR 603 million the year before – a fall of EUR 36 million or 6%

The net interest margin during 2006 amounted to EUR 1,039 million, a fall of EUR 292 million on the previous year, mainly due to the funding of Dexia Investment Company

Revenue from variable income securities rose by EUR 107 million to EUR 396 million EUR in 2006. Total intra-Group dividends in 2006 amounted to EUR 355 million

Net commissions fell by EUR 22 million, mainly as a result of a decline in commissions on unit trust funds

Commissions paid to self-employed branch managers in the network remained at virtually the same level as the previous year (EUR 292 million EUR in 2006 as opposed to EUR 290 million in 2005)

The increase of EUR 369 million in the profit on financial transactions can be ascribed to rises in ALM gains, gains realized on transfers of loans to Dexia Municipal Agency, and gains from trading in equities and trading in interest derivatives

General management costs increased by EUR 20 million to EUR 1,001 million

Personnel costs amounted to EUR 628 million in 2006, a fall of EUR 8 million EUR on 2005

Other management costs increased by EUR 28 million, mainly IT costs

*Provisions for other risks and costs rose from EUR 33 million in 2005 to EUR 220 million in 2006*

Extraordinary income amounted to EUR 417 million in 2006 (as against EUR 215 million in 2005). This is made up essentially of gains achieved on the sale of financial fixed assets (including EUR 313 million for Banque Artesia Nederland and EUR 63 million for BCC/Banksys) and the sales of tangible fixed assets (EUR 21 million)

Tax, including deferred tax, amounted to EUR 60 million in 2006

## PROGRESS OF THE NON-CONSOLIDATED BALANCE SHEET

At 31 December 2006 the **balance-sheet total** amounted to EUR 233.6 billion, up 16.6% on that of the previous year

In 2006 a total of EUR 18.7 billion was entered in the balance sheet following the transfer of the activities of the London branch of Dexia BIL

### ■ ASSETS

Government securities eligible for central bank refinancing fell by EUR 1,595 million as a result of the decline in holdings of treasury certificates

Interbank loans and advances were up by EUR 7,724 million as a result of an increase in receivables on the mobilization of securities, a fall in claims on banks of less than one year and the takeover of the lending portfolio of the London branch of Dexia BIL

Outstanding loans to customers rose by EUR 21,955 million of which EUR 2,024 million were for mortgage loans and EUR 15,611 million for short-term repo transactions

The rise in financial fixed assets (EUR 5,548 million) can be attributed in large measure to the creation of a new subsidiary Dexia Investment Company and the subordinated loan to DenizBank

### ■ LIABILITIES

Interbank loans and deposits rose by EUR 20,981 million as a result of the progress of day-to-day borrowings, a fall in mobilization debts on securities and a rise in term loans

The growth of EUR 7,964 million in customer deposits is due mainly to the increase in current accounts

# RISK MANAGEMENT

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 enable 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 status".

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" and is a risk-corrected method of measuring and monitoring the return on an individual loan or on a portfolio.

## CREDIT RISK

The credit risk can be defined as the potential loss that the bank may suffer as a result of 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 surety to meet his obligations or of a decline in the quality of a counterparty.

Measures taken by political or monetary authorities, or events in a particular country, may also cause an increase in the 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 "internal rating based advanced method (IRBA)".

The implementation of the various parameters in the day-to-day management of credits forms an essential component of the Basel II approach to credit risk.

### Probability of Default

Dexia applies an internal rating system to monitor the quality of the lending portfolio. This 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 provides an indication of the extent of the loss that the bank can expect if the counterparty continues

## ■ REVIEW OF 2006

During the course of 2006 the "governance" model was used to focus on improving the organization of the credit risk. The Risk Management team of the Dexia Group determines, along with the business entities (of which Dexia Bank Belgium is one) the guidelines regarding the limits and delegations of powers and regarding the monitoring of risks and the decision-making processes this involves. This cross-pollination across the organization makes it possible to adopt a coherent approach to the different views in the different business lines and operating entities.

This model ensures a simpler, more transparent and shorter decision-making procedure.

Within the context of the Basel II rules, 2006 also saw the refining of the system for the validating, back-testing and quality control of various factors which affected the performance of our lending activities.

The context in which the system for managing the risk on the loan portfolio is organized and modeled, is documented in minute detail and was sent to the prudential authorities in the form of a homologation dossier.

## ■ MANAGEMENT OF RISK FOR THE NEXT DECADE

With the application of the "IRBA Advanced method", Dexia has established an effective professional risk-management tool that will stand it in good stead in the pursuit of its strategy of growth.

The fact is that the bank is highly active in those market segments where assets will have a much lower statutory risk weighting under the Basel II advanced method than they would have under Basel I.

A high credit rating and a substantial level of expertise in assessing and managing risks are, moreover, crucial to the Bank's success in the coming years

Because of that, not only is Dexia fully geared up for the official launching of the Basel II regulations, the Group is also in an excellent position to face the next ten years

## MARKET RISK

### ■ RULES GOVERNING MARKET RISKS

The definition of the Group's general risk policy and the determination of a set of limits within an operational framework constitute the corner stones around which the activities on the financial markets and risk management are built

The management rules of Dexia Bank are set out in a transparent form that espouses the principles of sound banking management, is in line with statutory requirements and 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 tasks

- monitoring the risks and results within TFM,
- information on the assessment parameters,
- monitoring the development of new financial products

This Committee is made up of representatives of all the relevant departments within TFM – Front Office, Operations, Credit & Market Risk, Financial Reporting & Legal

The Committee reports to a Market Committee in Dexia SA, the Market Risk & Guidelines Committee (MRGC)

### ■ 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 entities. 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 is coordinated by Market Risk Management. That procedure

permits 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 way. 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

### ■ MARKET-RISK 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 (Bank for International Settlements)

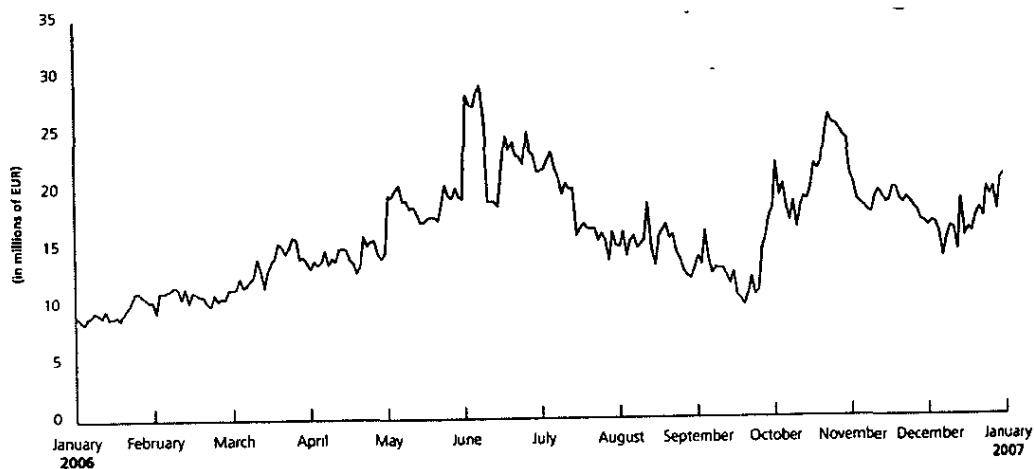
The VaR measure is the main tool used for risk management and the day-to-day monitoring of financial-market positions. This is a statistical measure of the maximum potential losses associated with a particular confidence interval (99%), these losses may result from changes in market prices and other market parameters over a period of 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, share risk and spread risk

The chart (see table on the next page) shows the progress of the VaR for the market activities of Dexia Bank in 2006, giving the overall market risk position for Fixed Income, Market Engineering & Trading as well as ALM ST & Cash and Liquidity Management

Maximum VaR	EUR 29 million
Average VaR	EUR 16 million
Minimum VaR	EUR 8 million



In comparison with 2005, we note an overall increase in the Average VaR. This is in line with the strategic development of TFM+.

In May 2006, we noted an exception to hypothetical back-testing. This exception came about as a result of a major shift in the rate of exchange of the Turkish Lira.

## ■ INTEREST-RATE RISK MANAGEMENT

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 corresponds to 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.

## ALM

### ■ 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)<sup>(3)</sup>, sensitivity limits and the expected maximum liquidity deviations.

In order to ensure optimum control, a clear segregation of functions within the ALM process is made between the Risk Department and the Front Office.

For the purpose of optimizing the monitoring of the ALM process, the tactical ALCO committee 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.

### 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 Committee 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 angle)

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 future 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.

(3) NPV sensitivity represents the change in NPV observed following one basis point movement in the yield curve.

## ■ 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 Committee, on the basis of information provided by each entity within the Group.

In addition, the ALCO Committee, 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 entities.

## OPERATIONAL RISK

The policy on the management of operational risks as applied by Dexia Bank is approved by the Risk Policy Committee at the level of the Dexia Group. It sets out in detail the principles that are reflected in the methodology and organization model and specifies the roles and responsibilities of all those involved. In particular, the central Operational Risk Management departments of the holding company and the main business entities take care to ensure that the policy is applied in a coherent manner throughout all entities and report regularly thereon to the Management.

The first responsibility for the management of operational risks however lies with the departmental heads, to that end they have appointed a number of "operational-risk correspondents" who manage the different aspects of the operational risk on a day-to-day basis.

The management of operational risks is based essentially on the following elements:

- The collection of data relating to incidents found, starting in January 2004, in 2006 the collection of data on incidents intensified and the procedures for reporting on them were streamlined.
- The mapping of risks and controls for all significant processes on a self-assessment basis which can also result in the identification of corrective action. All divisions of the bank were subject to these "Risk & Control Self Assessment" (RCSA) exercises in 2006. The results are compared internally within

the bank and with those of the other entities in the Group in order to achieve a better understanding of the risks associated with the activities of each division.

- The monitoring of the various action plans. This will be progressively implemented in 2007.
- A coherent management structure based in particular on regular reporting to the different levels of the hierarchy. In that respect, analysis reports relating to the incidents collected already provide a better understanding of the risk profile and enable corrective measures to be taken. In the future these reports will be supplemented with data provided by the risk maps.

In 2006 all divisions of the bank prepared or updated their business continuity plans, an important part of the mechanism for managing the risk of business being interrupted. For all critical activities, these plans were tested and adapted in the light of the results obtained.

As regards the calculation of statutory capital adequacy in respect of operational risks, Dexia has opted for the Standard method. This is not to say that it may not move over to the Advanced Measurement Approach in the future.



# SHAREHOLDERS' EQUITY AND APPROPRIATION OF PROFIT

## SHAREHOLDERS' EQUITY

### ■ PROGRESS OF THE CAPITAL DURING 2006

There was no change during 2006 to the equity capital of the bank or in its shareholders

The bank's equity capital amounts to EUR 958,066,225.54 and is represented by 359,412,616 shares, of which 359,412,609 are held by the majority shareholder, Dexia SA, 6 by Dexia Lease Services SA and 1 by Arcofin SCRL

There are also 300,000 registered beneficial shares. These shares have no par value and do not represent the equity capital. The rights attaching to those beneficial shares are laid down in the articles of association and in agreements

### ■ "HYBRID TIER 1" TYPE LOAN

At the end of 2006 Dexia Bank took out a "Hybrid Tier 1" type loan for a sum of EUR 500 million

## 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

### ■ INTERIM DIVIDEND AND EXTRAORDINARY DIVIDEND

Dexia Bank has paid its shareholders an extraordinary dividend of EUR 550 million in two installments

A first installment of EUR 280 million was paid out in September 2006 in the form of an interim dividend on the profit for 2006. A second installment of EUR 270 million was paid out in February 2007 from the reserves and the profit brought forward

### ■ ANNUAL DIVIDEND

At the shareholders' meeting on 25 April 2007 the Board of Directors will propose the payment of

- a dividend of EUR 1,150,000,000.00 to shareholders, of which EUR 1,149,999,977.60 for Dexia SA, EUR 19.20 for Dexia Lease Services SA and EUR 3.20 for Arcofin SCRL,
- a preference dividend of EUR 9,175,932.81 to holders of beneficial shares

## CHANGES IN THE STRUCTURE OF THE GROUP

The most important event during 2006 with regard to the structure of the Dexia Bank Group was undeniably the sale of the Dutch subsidiary Banque Artesia Nederland to General Electric Capital Corporation

Dexia Bank also carried out a number of other sales during the course of the year. It sold its holdings in the Luxembourg unit trust fund Dexia Immo Lux and in its management company Dexia Immo Lux Conseil, in Banksys and in the French savings bank Créatis. At the same time as the sale of its holdings in Banksys, Dexia Bank also took a shareholding in the companies that were created as a result of the sale of Banksys with the aim of taking on some of Banksys' activities: BCC Corporate, Brand & Licence Company, and Banking Funding Company.

2006 saw the creation of the Belgian company Dexia Investment Company and the establishment of a branch of Dexia Bank in London which took over the financial market activities of the London branch of Dexia BIL. Dexia Bank also participated in the creation of the autonomous group of persons Associated Dexia Technology Services with a branch in Belgium which combines all the IT infrastructure activities of the bank and Dexia BIL.

Dexia Bank undertook a number of small restructuring operations with a view to simplifying its Group structure. It thus merged two Luxembourg companies – Parfi-par and Artesialux Finance – and wound up Dexia Financial Services Ireland, Artesia International Finance and Star Fund Management (the company managing the Star Fund pensions savings fund, an activity taken over by ING Investment Management Belgium under the new UCITS III legislation).

Dexia Bank took part in a number of financial operations in Belgium. It thus sold its holdings in Aquafin, in the "Association pour l'Innovation par l'Informatique (AII)" and in Dimaco, facilitated the mergers of Bruficom with SRIB and of the utility company IDEMLS with SWDE, and was involved in the liquidation of Belgian Olympic Travel.

In the context of its commitment to sustainable investment, Dexia Bank established a partnership with Credal and took a share in its equity. Dexia Bank also took a participation in "Ondernemerstalent" (for the possible creation of spin-offs in collaboration with the University of Hasselt and other teaching institutions). Dexia Bank was also involved in the capital increase of Max Havelaar.

Dexia Bank increased the capital of its Irish subsidiaries in order to expand their resources. It also participated in the increase in capital of Fidexis.

CONSOLIDATED BALANCE SHEET	30
CONSOLIDATED STATEMENT OF INCOME	32
CONSOLIDATED STATEMENT OF CHANGE IN EQUITY	33
CONSOLIDATED CASH-FLOW STATEMENT	39
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS	40
I Accounting principles and rules of consolidated financial statements	40
II Subsidiaries, equity-accounted enterprises, and affiliated enterprises	54
III Business reporting	59
IV Significant items included in the net income	60
V Post balance-sheet events	60
VI Litigations	60
VII Notes on the assets of the consolidated balance sheet	60
VIII Notes on the liabilities of the consolidated balance sheet	76
IX Other notes on the consolidated balance sheet	85
X Notes on the consolidated off-balance-sheet items	99
XI Notes on the consolidated statement of income	100
XII Notes on risk exposure	108
REPORT OF THE BOARD OF AUDITORS	122



AS AT 31 DECEMBER 2006

# CONSOLIDATED BALANCE SHEET

	Notes	31/12/05	31/12/06
(in thousands of EUR)			
I Cash and balances with central banks	7 2	1,138,597	938,245
II Due from banks	7 3	70,188,778	80,693,485
III Loans and advances to customers	7 4	67,394,256	83,545,044
IV Loans and securities held for trading	7 5	5,465,013	5,788,126
V Loans and securities designated at fair value	7 6	8,599,812	9,696,863
VI Loans and securities available for sale	7 7	47,773,261	54,040,391
VII Securities held to maturity	7 8	324,506	248,100
VIII Positive value of derivatives	9 1	23,653,434	15,189,000
IX Fair value revaluation of portfolio hedge		919,253	225,929
X Investments in associates	7 9	571,043	616,901
XI Tangible fixed assets	7 10	1,462,861	1,318,279
XII Intangible assets and goodwill	7 11	226,124	218,953
XIII Tax assets	7 12 & 9 2	108,347	243,418
XIV Other assets	7 13 & 9 3	1,848,661	1,616,848
XV Non-current assets held for sale	7 14	36,360	44,590
<b>TOTAL ASSETS</b>		<b>229,710,306</b>	<b>254,424,172</b>

The notes on pages 40 to 121 are an integral part of these consolidated financial statements

	Notes	31/12/05	31/12/06
(in thousands of EUR)			
I Due to banks	8 1	99,036,964	119,470,433
II Customer borrowings and deposits	8 2	56,335,500	66,536,382
III Liabilities held for trading	8 3	3,738,338	552,337
IV Liabilities designated at fair value	8 4	5,011,932	4,780,734
V Negative value of derivatives	9 1	24,391,995	15,428,478
VI Fair value revaluation of portfolio hedge		0	0
VII Debt securities	8 5	17,903,809	21,990,958
VIII Subordinated and convertible debt	8 6	2,859,198	3,139,242
IX Technical provisions of insurance companies		9,696,760	12,143,466
X Provisions and other obligations	8 7	814,884	1,002,512
XI Tax liabilities	8 8 & 9 2	409,208	186,627
XII Other liabilities	8 9 & 9 3	2,749,852	2,325,293
XIII Liabilities included in disposal groups held for sale	8 10	0	0
<b>TOTAL LIABILITIES</b>		<b>222,948,440</b>	<b>247,556,462</b>

	Notes	31/12/05	31/12/06
(in thousands of EUR)			
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		2,902,684	3,202,512
XVIII Net income for the period		899,408	1,157,195
<b>CORE SHAREHOLDERS' EQUITY</b>		<b>4,969,390</b>	<b>5,527,005</b>
XIX Gains and losses not recognized in the statement of income		1,333,322	886,946
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>6,302,712</b>	<b>6,413,951</b>
XX Minority interests		25,747	27,729
XXI Discretionary participation features of insurance contracts		433,407	426,030
<b>TOTAL EQUITY</b>		<b>6,761,866</b>	<b>6,867,710</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>229,710,306</b>	<b>254,424,172</b>

The notes on pages 40 to 121 are an integral part of these consolidated financial statements

# CONSOLIDATED STATEMENT OF INCOME

	Notes	31/12/05	31/12/06
(in thousands of EUR)			
I Interest income	11 1	32,140,126	37,929,848
II Interest expense	11 1	(30,280,228)	(35,967,959)
III Dividend income	11 2	103,232	118,068
IV Net income from associates	11 3	101,996	122,346
V Net trading income and net result of hedge accounting	11 4	39,313	78,324
VI Net income on investments	11 5	418,292	652,393
VII Commission income	11 6	525,933	486,042
VIII Commission expense	11 6	(96,209)	(92,595)
IX Technical margin of insurance activities	11 7 & 9 3	(128,024)	(214,112)
X Other net income	11 8	79,020	(52,344)
<b>INCOME</b>		<b>2,903,451</b>	<b>3,060,011</b>
XI Staff expense	11 9	(791,335)	(764,379)
XII General and administrative expense	11 10	(497,666)	(517,308)
XIII Network costs		(366,191)	(352,575)
XIV Depreciation & amortization	11 11	(161,037)	(150,142)
XV Deferred acquisition costs		(1)	0
<b>COSTS</b>		<b>(1,816,230)</b>	<b>(1,784,404)</b>
<b>GROSS OPERATING INCOME</b>		<b>1,087,221</b>	<b>1,275,607</b>
XVI Impairment on loans and provisions for credit commitments	11 12	(34,323)	(38,391)
XVII Impairment on tangible and intangible assets	11 13	(1,392)	(1,269)
XVIII Impairment on goodwill	11 14	0	0
<b>NET INCOME BEFORE TAX</b>		<b>1,051,506</b>	<b>1,235,947</b>
XIX Tax expense	11 15	(149,839)	(74,898)
<b>NET INCOME</b>		<b>901,667</b>	<b>1,161,049</b>
Attributable to minority interest		2,259	3,854
Attributable to equity holders of the parent		899,408	1,157,195

The notes on pages 40 to 121 are an integral part of these consolidated financial statements

# CONSOLIDATED STATEMENT OF CHANGE IN 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
<b>AS OF 1 JANUARY 2005</b>	<b>924,248</b>	<b>194,703</b>	<b>0</b>	<b>4,243,140</b>	<b>0</b>	<b>5,362,091</b>
<b>Movements of the period</b>						
- Issuance of subscribed capital	38	0	0	0	0	38
- Exercise of convertible bonds	0	0	0	0	0	0
- Acquisition of treasury shares	0	0	0	0	0	0
- Sale and cancellation of treasury shares	0	0	0	0	0	0
- Purchase and sale on derivatives on treasury shares	0	0	0	0	0	0
- Transfers to reserves	0	0	0	0	0	0
- Transfers to general banking reserve	0	0	0	0	0	0
- Dividends	0	0	0	(1,364,649)	0	(1,364,649)
- Currency translation adjustments	0	0	0	0	0	0
- Dividends voted in advance	0	0	0	0	0	0
- Cumulative effect of changes in accounting policy or correction of fundamental errors	0	0	0	0	0	0
- Effect of changes in classifications in foreign operations	0	0	0	0	0	0
- Share based payments value of employee services	0	0	0	0	0	0
- Business combinations	33,780	14,529	0	62,008	0	110,317
- Variation of scope of consolidation	0	0	0	(27,627)	0	(27,627)
- Net income for the period	0	0	0	0	899,408	899,408
- Other	0	0	0	(10,188)	0	(10,188)
<b>AS OF 31 DECEMBER 2005</b>	<b>958,066</b>	<b>209,232</b>	<b>0</b>	<b>2,902,614</b>	<b>899,408</b>	<b>4,969,390</b>

The notes on pages 40 to 121 are an integral part of these consolidated financial statements



(in thousands of EUR)	Gains and losses not recognized in the statement of income				Cumulative Translation Adjustments (CTA)	Shareholders' equity
	Subsidiary held for sale	Securities (AFS)	Derivatives (CFH)	Associates (AFS, CFH and CTA)		
<b>AS OF 1 JANUARY 2005</b>	<b>0</b>	<b>1,012,263</b>	<b>12,109</b>	<b>4,590</b>	<b>(2,506)</b>	<b>1,026,456</b>
<b>Movements of the period</b>						
- Net change in fair value through equity - Available for sale investments	0	484,811	0	4,511	0	489,322
- Net change in fair value through equity - cash-flow hedges	0	0	(10,974)	0	0	(10,974)
- Net change in fair value due to transfers to income - Available for sale investments	0	0	0	0	0	0
- Net change in fair value due to transfers to income - cash-flow hedges	0	0	0	0	0	0
- 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	0	0	0
- Translation adjustments	0	16,191	0	0	5,413	21,604
- Variation of consolidation scope	0	(21,987)	17	0	70	(21,900)
- Cancellation of FV following AFS disposals	0	(171,186)	0	0	0	(171,186)
- Gains and losses attributable to discontinuing operations	0	0	0	0	0	0
- Transfers	0	0	0	0	0	0
- Other	0	0	0	0	0	0
<b>AS OF 31 DECEMBER 2005</b>	<b>0</b>	<b>1,320,092</b>	<b>1,152</b>	<b>9,101</b>	<b>2,977</b>	<b>1,333,322</b>

The notes on pages 40 to 121 are an integral part of these consolidated financial statements



(in thousands of EUR)	Subscribed capital	Additional paid-in capital	Treasury shares	Reserves and retained earnings	Net income for the period	Core shareholders' equity
<b>AS OF 1 JANUARY 2006</b>	<b>958,066</b>	<b>209,232</b>	<b>0</b>	<b>2,902,684</b>	<b>899,408</b>	<b>4,969,390</b>
<i>Movements of the period</i>						
- Issuance of subscribed capital	0	0	0	0	0	0
- Exercise of convertible bonds	0	0	0	0	0	0
- Acquisition of treasury shares	0	0	0	0	0	0
- Sale and cancellation of treasury shares	0	0	0	0	0	0
- Purchase and sale on derivatives on treasury shares	0	0	0	0	0	0
- Transfers to reserves	0	0	0	899,408	(899,408)	0
- Transfers to general banking reserve	0	0	0	0	0	0
- Dividends	0	0	0	(600,000)	0	(600,000)
- Currency translation adjustments	0	0	0	0	0	0
- Dividends voted in advance	0	0	0	0	0	0
- Cumulative effect of changes in accounting policy or correction of fundamental errors	0	0	0	0	0	0
- Effect of changes in classifications in foreign operations	0	0	0	0	0	0
- Share based payments value of employee services	0	0	0	0	0	0
- Business combinations	0	0	0	0	0	0
- Variation of scope of consolidation	0	0	0	(7,332)	0	(7,332)
- Net income for the period	0	0	0	0	1,157,195	1,157,195
- Other	0	0	0	7,752	0	7,752
<b>AS OF 31 DECEMBER 2006</b>	<b>958,066</b>	<b>209,232</b>	<b>0</b>	<b>3,202,512</b>	<b>1,157,195</b>	<b>5,527,005</b>

The notes on pages 40 to 121 are an integral part of these consolidated financial statements

	Gains and losses not recognized in the statement of income				Cumulative Translation Adjustments (CTA)	Shareholders' equity
	Subsidiary held for sale	Securities (AFS)	Derivatives (CFH)	Associates (AFS, CFH and CTA)		
(in thousands of EUR)						
<b>AS OF 1 JANUARY 2006</b>	<b>0</b>	<b>1,320,092</b>	<b>1,152</b>	<b>9,101</b>	<b>2,977</b>	<b>1,333,322</b>
<b>Movements of the period</b>						
- 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
- Net change in fair value due to transfers to income – Available for sale investments	0	0	0	0	0	0
- Net change in fair value due to transfers to income – cash-flow hedges	0	0	0	0	0	0
- 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	0	0	0
- Translation adjustments	0	12,349	0	0	(5,544)	6,805
- Variation of consolidation scope	0	(16,898)	0	3	5	(16,890)
- Cancellation of FV following AFS disposals	0	(235,807)	0	0	0	(235,807)
- Gains and losses attributable to discontinuing operations	0	0	0	0	0	0
- Transfers	0	0	0	0	0	0
- Other	0	0	0	0	0	0
<b>AS OF 31 DECEMBER 2006</b>	<b>0</b>	<b>864,226</b>	<b>5,053</b>	<b>20,229</b>	<b>(2,562)</b>	<b>886,946</b>

The notes on pages 40 to 121 are an integral part of these consolidated financial statements

KPMG ASSOCIATES  
 100 N. GARDEN STREET  
 SUITE 1000  
 LOS ANGELES, CA 90017-1430

	Core equity	Gains and losses not recognized in the statement of income	Minority interests	Discretionary participation features of insurance contracts
(in thousands of EUR)				
<b>AS OF 1 JANUARY 2006</b>	<b>24,844</b>	<b>903</b>	<b>25,747</b>	<b>433,407</b>
Movements of the period				
- Increase of capital <sup>(a)</sup>	1,847	0	1,847	0
- Dividends	(1,381)	0	(1,381)	0
- Net income for the period	3,854	0	3,854	0
- Transfers to reserve	0	0	0	0
- Net change in fair value through equity –				
Available for sale investments	0	(273)	(273)	(7,377)
Translation adjustments	0	0	0	0
Variation of consolidation scope	(2,041)	(24)	(2,065)	0
- Other	0	0	0	0
<b>AS OF 31 DECEMBER 2006</b>	<b>27,123</b>	<b>606</b>	<b>27,729</b>	<b>426,030</b>
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
<b>TOTAL EQUITY AS OF 31 DECEMBER 2006</b>				<b>6,867,710</b>

(a) Issuance of Perpetual Non-cumulative Guaranteed Securities for EUR 500 million

The notes on pages 40 to 121 are an integral part of these consolidated financial statements

# CONSOLIDATED CASH-FLOW STATEMENT

31/12/05 31/12/06

(in thousands of EUR)

<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net income after income taxes	901,667	1,161,049
Adjustment for		
- Depreciation, amortization and other impairment	167,692	154,324
- Impairment on bonds, equities, loans and other assets	(56,601)	(64,919)
- Net gains on investments	(223,277)	532,487
- Charges for provisions	3,178,027	2,796,093
- Unrealized gains or losses	728	207
- Income from associates	(101,996)	(122,346)
- Dividends from associates	61,804	78,239
- Deferred taxes	(10,455)	(69,062)
- Other adjustments	(24)	0
Changes in operating assets and liabilities	8,285,423	13,183,330
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>12,202,988</b>	<b>16,584,428</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets	(456,969)	(149,116)
Sales of fixed assets	76,849	131,784
Acquisitions of unconsolidated equity shares	(1,119,498)	(826,965)
Sales of unconsolidated equity shares	834,382	983,581
Acquisitions of subsidiaries and of business units	(46,708)	217
Sales of subsidiaries and of business units	126,375	147,975
<b>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>	<b>(585,569)</b>	<b>287,476</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Issuance of new share	521	1,843
Issuance of subordinated debt	0	667,525
Reimbursement of subordinated debt	(235,749)	(238,561)
Purchase of treasury shares	0	0
Sale of treasury shares	0	0
Dividends paid	(1,369,545)	(881,457)
<b>NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES</b>	<b>(1,604,773)</b>	<b>(450,650)</b>
<b>NET CASH PROVIDED</b>	<b>10,012,646</b>	<b>16,421,254</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>	<b>33,113,663</b>	<b>43,128,870</b>
Cash flow from operating activities	12,202,988	16,584,428
Cash flow from investing activities	(585,569)	287,476
Cash flow from financing activities	(1,604,773)	(450,650)
Effect of exchange rate changes and change in scope of consolidation on cash and cash equivalents	2,561	(3,831)
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>43,128,870</b>	<b>59,546,293</b>
<b>ADDITIONAL INFORMATION</b>		
Income tax paid	(172,618)	(165,956)
Dividends received	165,036	196,307
Interest received	31,812,006	38,940,874
Interest paid	(29,362,858)	(37,926,778)

The notes on pages 40 to 121 are an integral part of these consolidated financial statements

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## I ACCOUNTING PRINCIPLES AND RULES OF CONSOLIDATED FINANCIAL STATEMENTS

### METHODOLOGY 41

### ACCOUNTING POLICIES 41

Basis of accounting	41
Changes in accounting policies that may impact Dexia Bank Group	41
Consolidation	42
Offsetting financial assets and financial liabilities	42
Foreign currency translation and transactions	42
Trade date and settlement date accounting	43
Realized gains and losses on sales of financial assets	43
Impairment on financial assets	43
Interest income and expense	44
Commission income and expense	44
Insurance and reinsurance activities	44
Network costs	46
Loans and advances due from banks and other customers	46
Financial assets or financial liabilities held for trading or financial assets or liabilities designated at fair value through profit and loss	46
Loans and securities available for sale and securities held to maturity	47
Positive/negative value of derivatives	47
Hedging derivatives	48
Hedge of the interest-rate risk exposure of a portfolio	48
Tangible fixed assets	49
Intangible assets	49
Goodwill	49
Other assets	50
Leases	50

Sales and repurchase agreements and lending of securities	50
Borrowings	50
Deferred income tax	50
Employee benefits	51
Provisions for risks and charges	51
Share capital and treasury shares	52
Fiduciary activities	52
Fair value of financial instruments	52
Cash and cash equivalents	52
Related parties	52

### EFFECTS OF CHANGES IN ACCOUNTING POLICIES 52

Date of first time adoption	52
Presentation	53

## METHODOLOGY

Since 1 January 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 5 December 2004 compels Dexia Bank to publish its consolidated financial statements according to the IFRS approved by the European Union as from 31 December 2006

The consequences of the changes on the accounting principles and methods resulting from the first adoption of IFRS for the publication of the consolidated financial statements of Dexia Bank are discussed in the paragraph "Effects of changes in accounting policies"

The financial statements have been approved by the board of directors on 28 February 2007

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

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 31 December 2006 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 1 January 2005. Dexia Bank is a Dexia SA subsidiary, which is publishing its consolidated annual financial statements in accordance with the IFRS standards with effect from the year 2005. For 2004 and 2005, Dexia Bank applies the IFRS standards in the same way as Dexia SA. Dexia Bank decided to apply IAS 32&39 and IFRS 4 as from 1 January 2005, without restating the 2004 comparative information as permitted by IFRS 1

The effects of the adoption of IFRS for the Group Dexia Bank have been reflected within paragraph "Effects of changes in accounting policies"

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 could differ from such estimates and the differences could be material to the financial statements

The consolidated financial statements are stated in thousands of euros (EUR) unless otherwise stated

### ■ CHANGES IN ACCOUNTING POLICIES THAT MAY IMPACT DEXIA BANK GROUP

#### New IFRS standards, IFRIC interpretations and amendments issued

The IASB published a new standard

- IFRS 8 Operating segments, which will supersede IAS 14 Segment Reporting and will be applicable as from 1 January 2009. The impact of this standard is under analysis

The IFRIC published 5 new interpretations in 2006

- IFRIC 8 Scope of IFRS 2, which has no impact on Dexia Group
- IFRIC 9 Reassessment of embedded derivatives, Dexia already applies the option given by this interpretation
- IFRIC 10 Interpretation on Interim Financial reporting and impairment, Dexia already applies this rule
- IFRIC 11 IFRS 2 Group and Treasury Share Transactions, which has no impact on Dexia Group but will be applicable for Dexia Bank starting from 2007
- IFRIC 12 Service concession arrangements, which has no impact on Dexia Group

#### IASB and IFRIC text endorsed by the European Commission

The European Commission endorsed IFRS 7 Financial Instruments disclosure and several amendments to existing standards and interpretations in 2006

- An amendment to IFRS 1 First-time Adoption of International Financial Reporting Standards,



- An amendment to IAS 1 Presentation of Financial Statements – Capital disclosures,
- An amendment to IAS 39 Financial Instruments Recognition and Measurement and IFRS 4 Insurance Contracts – Financial Guarantee Contracts
- Amendments to IAS 21 The effects of changes in foreign exchanges rates,
- IFRIC interpretation 7 Applying the restatement approach under IAS 29 Financial Reporting in hyperinflationary economy,
- IFRIC interpretation 8 Scope of IFRS 2,
- IFRIC interpretation 9 Reassessment of embedded derivatives

Dexia applies all of these texts in 2006, except the amendment to IAS 1 and IFRS 7 which will be applicable as from 1 January 2007. Dexia however already gives information on capital disclosures and will include most of the requirements of IFRS 7 in its annual financial statements, but not all of them.

Dexia does not expect that these new amendments may have a significant impact on the financial situation of the Group.

## ■ CONSOLIDATION

### Business combinations

Dexia has applied IFRS 3 as from 1 January 2004. Dexia has applied the exemption of IFRS 1 and has not restated business combinations before 1 January 2004.

### 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, 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 and are no longer consolidated as from the date on which Dexia loses control. Intercompany transactions, balances and unrealized gains and losses on transactions between Dexia'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.

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 intercompany transactions. When necessary, the accounting policies of jointly controlled entities have been amended to ensure consistency with the policies adopted by Dexia.

### Associates

Investments in associates are accounted for using the equity method. Associates are investments where Dexia has significant influence but does not exercise control. This is usually the case, when Dexia 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 and its "equity method investments" are eliminated to the extent of Dexia'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 amount of the investment reaches zero, unless Dexia 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.

## ■ OFFSETTING FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Financial assets and financial liabilities are offset (and consequently, the net amount is only reported) when there is a legally enforceable right to offset. It is intended to do so both on asset and liability settled simultaneously. Assets are presented net of any allowance for loss on impairment.

## ■ FOREIGN CURRENCY TRANSLATION AND TRANSACTIONS

The consolidated financial statements are stated in EUR (functional and presentation currency), the currency in which Dexia 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's presentation currency are translated into Dexia'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.

Dexia has taken the option permitted under IFRS 1 to reset its cumulative translation adjustments to zero as of 1 January 2004. This includes the cumulative exchange difference on translation of the equity of subsidiaries.

#### Foreign currency transactions

For individual Dexia 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. 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 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.

#### IMPAIRMENT ON FINANCIAL ASSETS

Dexia 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 amount 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 amount 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.

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 amount and the recoverable amount, 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.
- **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 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 uncollectable, 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 heading "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 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 heading "Impairments on loans and provisions for credit commitment".

## ■ 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 include 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 line 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.

## ■ 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'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, 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 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. General provisions, including catastrophe and equalization reserves, have been removed as from 1 January 2005.

Dexia is applying IFRS 4 as from 1 January 2005, in order to be consistent with its date of implementation of IAS 32&39. IFRS 4 allows the possibility to continue to account for its insurance products under local GAAP if they qualify as such under IFRS 4. Hence, Dexia has decided to use the local accounting policies to measure the 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.

Life and nonlife claims and changes in technical reserves are also recorded in the "Technical margin of insurance activities", whereas losses and changes in provisions for credit enhancement activities, which are similar to banking activities, are reported under "Impairment on loans and provisions for credit commitments".

All 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 heading.

Insurance activities of Dexia are mainly performed by Dexia Insurance Services (DIS) for life and nonlife products and by Financial Security Assurance (FSA) in the USA for credit enhancement of municipal and corporate bonds.

### 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 17 November 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 under following Belgian GAAP into the hereunder categories

- 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 its 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 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 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 Test) 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 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 line 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 need 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 amount 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

RECEIVED  
Dexia  
12/06/06

#### 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 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 its insurance products and investment contracts with DPF. Dexia 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 amount 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 14 November 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 definitively 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 examines if the built-up reserves for claim files already opened are sufficient and in the second part Dexia 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 performs runoff calculations, using estimates for the claims handling expenses

For the assessment of loss burden for the insurance portfolio, Dexia 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's reinsurance contracts with third parties that contain enough characteristics 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 him 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 refers to its attributed credit rating and the impairment rules

#### ■ NETWORK COSTS

This heading records commission paid to intermediaries associated by exclusive sales mandate for bringing in transactions with customers

#### ■ LOANS AND ADVANCES DUE FROM BANKS AND OTHER 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 DESIGNATED AT FAIR VALUE THROUGH PROFIT AND 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

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 follow the same accounting rules as those for loans and securities held for trading

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.

- 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

In order to avoid volatility in its equity and results, Dexia will designate the assets and liabilities of unit-linked contracts (branch 23) at fair value through the statement of income

The above comments on the fair value option are also valid for the liabilities.

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 the net interest income.

Available-for-sale financial assets 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."

Held-to-maturity investments are carried at amortized cost using the effective interest method, less any allowance for impairment.

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 lines 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

U.S. Patent 2,325,000

## ■ HEDGING DERIVATIVES

On the date a derivative contract is entered into, Dexia 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 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 amount 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 changes in shareholders' 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'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 has decided to apply IAS 39 as adopted by the EU because it better reflects the way Dexia 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 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 "Fair value revaluation of portfolio hedge". In case of hedging of AFS, the revaluation is part of the heading "Loans and securities AFS"

## ■ 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

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 amount 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 amount 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 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 holds an insignificant portion for its own use

Investment properties are recorded at cost less accumulated depreciation and impairments. The investment properties are depreciated over their useful lives on a straight-line basis. Depreciation of buildings given in operating leases is recorded in "Depreciation", whereas depreciation on other assets given in operating lease is booked in "Other net income"

## ■ 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 amount 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 amount 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'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 1 January 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

Goodwill as of 1 January 2004 remains in the same currency as it is booked under Dexia GAAP. New goodwill arising after 1 January 2004 will be booked in the currency of the subsidiary

The carrying amount of goodwill in the opening IFRS balance sheet is its carrying amount under Dexia GAAP at the date of transition to the new accounting principles

### Impairment of goodwill

The carrying amount of goodwill is reviewed at year-end when circumstances or events indicate that there may be uncertainty over the carrying amount. It is written down for impairment when the recoverable amount of the business is insufficient to support the carrying value

CONFIDENTIAL  
REVENUE & FINANCE



## ■ 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 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 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 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.

## ■ SALES 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 on 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 amounts 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 cash outflows using interest rates of corporate bonds rated AA, which have terms to maturity approximating to the terms of the related liability and also taking into consideration actuarial and demographic assumptions

Qualified internal and external actuaries carry out valuations of these obligations. All valuation assumptions and results are reviewed and validated by an external actuary for Dexia, that ensures that all calculations are harmonized and calculated in conformity with IAS 19

### Pension obligations

Dexia operates a number of defined benefit and defined contribution plans throughout the world, the assets of which are generally held in separate insurance companies. The pension plans are generally funded by payments from employees and by the relevant Dexia 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 (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 life of the plan

The defined obligation is presented net of plan assets as a liability unless the assets are held by a Group entity, in which case the assets are recorded gross in the related lines of the assets

### Defined contribution pension plans

Dexia'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 is limited to the contributions that Dexia agrees to pay into the fund on behalf of the employee

### Other post-retirement obligations

Some Dexia 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 a methodology similar to that for defined benefit pension plans

## Other long-term benefits

— This mainly includes provisions for jubilee premiums that will be received by employees when they become entitled to this right

### Termination benefits

— A termination benefit provision is only recorded when Dexia is committed to terminate the employment before the normal date of retirement or provide benefits as a result of an offer made in order to encourage voluntary redundancy. Dexia 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 expense based on services received and is compensated by a recording in profit for the same amount, the final cost being accounted for within the 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 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 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. 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 amount 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 amount 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 amounts

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 the time. For those, Dexia 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

## EFFECTS OF CHANGES IN ACCOUNTING POLICIES

### ■ DATE OF FIRST TIME ADOPTION

The date for Dexia Bank's first annual financial statements of IFRS type is 31 december 2006. The date of the switch to the IFRS standards is therefore 1 January 2005

Dexia Bank is a Dexia SA subsidiary, which is publishing its consolidated annual financial statements in accordance with the IFRS standards with effect from the year 2005

#### ■ PRESENTATION

In the context of the first time adoption, Dexia Bank opts for the treatment as described by IFRS 1 24 a. Therefore, Dexia Bank measures its assets and liabilities at the carrying amounts as reported in the contribution to Dexia's consolidated financial statements after adjustments for consolidation purposes

Dexia Bank applies the same IFRS 1 exemption rules as were applicable for Dexia SA

CONSOLIDATED  
FINANCIAL STATEMENTS

## II SUBSIDIARIES, EQUITY-ACCOUNTED ENTERPRISES, AND AFFILIATED ENTERPRISES

This list does not include the non-consolidated participations nor the participations in the DBB self-employed branches. The complete list can be received on demand.

### A FULLY-CONSOLIDATED SUBSIDIARIES

Name	Head Office	% of capital held <sup>(a)</sup>	Business code
Adinfo SA	Boulevard Pachéco 44 B-1000 Bruxelles	51	34
Artesia International Finance NV	Castorweg 22-24 Curaçao – Nederlandse Antillen	100	49
Artesia Italia SRL	Studio Tributario Societario Via dei Giardini 7 I-20121 Milano	100	21
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 SA	Boulevard Pachéco 44 B-1000 Bruxelles	100	31
Assurance Asset Management Cy AAMC NV	Sudermanstraat 5 B-2000 Antwerpen	100	31
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 en Ingénierie Sociale Consulting SA	3, avenue Claude Guillemin Site du BRGM F-45100 Orléans	100	30
BACOB Finance Luxembourg SA	2, rue Nicolas Bové L-1253 Luxembourg	100	7
Belstar Assurances SA	Avenue Livingstone 6 B-1000 Bruxelles	100	28
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	Bisdomein 3 B-9000 Gent	100	34
CIGER SA	Rue de Néverlée 12 Parc Industriel de Rhisnes B-5020 Namur	100	34
Copharma Industries United	International Financial Services Centre 6, George's Dock IRL-Dublin 1	26.67	21

(a) % of capital held by holding company

Name	Head Office	% of capital held	Business code
Cordius Advisory SA	Boulevard Pachéco 44 B-1000 Bruxelles	100	14
Corona SA	Avenue de la Métrologie 2 B-1130 Bruxelles	100	28
Dexia Auto Lease SA	Avenue Livingstone 6 B-1000 Bruxelles	100	5
Dexia Capital Ireland Ltd	6, George's Dock IRL-IFSC Dublin 1	100	49
Dexia Crédits Logement SA	Boulevard Pachéco 44 B-1000 Bruxelles	100	6
Dexia Épargne Pension SA	7 à 11, quai André Citroën F-75015 Paris	100	25
Dexia Factors SA	Avenue Livingstone 6 B-1000 Bruxelles	100	15
Dexia Financial Products Inc	1209, Orange Street Wilmington, New Castle 19801 Delaware – USA	100	21
Dexia Financial Services Ireland Unltd	6, George's Dock IRL-IFSC Dublin 1	100	13
Dexia Funding Netherlands NV	Atrium 7th floor Strawinskylaan 3105 NL-1077 ZX Amsterdam	100	49
Dexia Insurance Belgium SA	Avenue Livingstone 6 B-1000 Bruxelles	99.63	28
Dexia Insurance Belgium Invest SA	Rue Joseph II 96 B-1000 Bruxelles	100	21
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 Ltd	6, George's Dock IRL-IFSC Dublin 1	100	49
Dexia Lease Belgium SA	Boulevard Pachéco 44 B-1000 Bruxelles	100	5
Dexia Lease Services SA	Avenue Livingstone 6 B-1000 Bruxelles	100	5
Dexia Life & Pensions SA	2, rue Nicolas Bové L-1253 Luxembourg	100	19
Dexia Overseas Ltd	2, Jennifer's Drive Grand Cayman – British West Indies	100	21
Dexia Prévoyance France SA	3, avenue Claude Guillemin Site BRGM F-45100 Orléans	67	30
Dexia Re SA	2, rue Nicolas Bové L-1253 Luxembourg	100	27
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

Handwritten note: "Dexia Insurance Belgium Invest SA" with a checkmark.



Name	Head Office	% of capital held	Business code
Deximmo SA	Boulevard Pachéco 44 B-1000 Bruxelles	100	31
DVV Finance SA	2, rue Nicolas Bové L-1253 Luxembourg	100	7
Echo Dublin Unltd	International Financial Services Centre 6, George's Dock IRL-Dublin 1	24 94	21
Eurco Finance Unltd (Ireland)	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 99	28
Eurco SA	2, rue Nicolas Bové L-1253 Luxembourg	100	28
Fidexis SA	Boulevard du Souverain 191 B-1160 Bruxelles	51	48
Fiduciaire Dexia SA	Boulevard Pachéco 44 B-1000 Bruxelles	100	23
Fynergie SA	Boulevard Pachéco 44 B-1000 Bruxelles	100	32
Immorte SA	Boulevard Pachéco 44 B-1000 Bruxelles	100	31
Livingstone Building NV	Sudermanstraat 5 B-2000 Antwerpen	100	31
Logins NV	Generaal De Wittelaan 17 B-2800 Mechelen	100	34
MBS NV	Pontbeek 63 B-1731 Asse	0	47
Parfipar SA	10a, boulevard Royal L-2449 Luxembourg	100	21
Realex SA	Rue de la Loi 99-101 B-1000 Bruxelles	100	31
Securifund NV	22-24 Castorweg Curaçao - Nederlandse Antillen	100	21
Sogeval SA	Boulevard Pachéco 44 B-1000 Bruxelles	100	14
Van De Walle Verzekeringen NV	Kortrijksesteenweg 203 B-9830 Sint-Martens-Latem	100	30
VDL - Interass NV	Brusselsesteenweg 346 B-9090 Melle	100	30
WGH SA	Avenue de l'Expansion 7 B-4432 Ans (Aleur)	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
Himba NV	Hamiltonpark 24-26 B-8000 Brugge	48 94	31
Lex 2000 SA	Boulevard Pacheco 44 B-1000 Bruxelles	50	31
Sepia SCRL	Avenue Livingstone 6 B-1000 Bruxelles	50	25
SF Management SA	Boulevard Marnix 24 B-1000 Bruxelles	47 18	14
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 Brugmann 10 B-1060 Bruxelles	20	25
Banking Funding Company SA	Chaussée de Haecht 1442 B-1130 Bruxelles	23 51	48
BCC Corporate SA	Boulevard du Roi Albert II 9 B-1210 Bruxelles	22 24	35
Bogey SA	Chaussée d'Alsemberg 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 Financière SA	Boulevard Pacheco 44 B-1000 Bruxelles	22 12	10
Dexia Asset Management Luxembourg SA	283, route d'Arion L-1150 Luxembourg	49	19
Immo Charlotte SA	4, boulevard de la Foire 4 L-1528 Luxembourg	20	31
Immo Projets SA	Rue Sainte-Marie 5 B-4000 Liège	20 33	31
Isabel SA	Boulevard de l'Impératrice 13-15 B-1000 Bruxelles	24	39
Justinvest Antwerpen NV	Heistraat 129 B-2610 Antwerpen	33 33	32

GONN / IDATED  
 1998-01-01  
 1998-01-01



Name	Head Office	% of capital held	Business code
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	19

#### 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

	PublicProject Finance and Credit Enhancement	Personal Financial Services	Investment Management, Insurance Services and Investor Services	Treasury and Financial Markets	Non- allocated – Central Assets	Dexia Bank
--	---	-----------------------------------	--	--------------------------------------	---------------------------------------	---------------

(in thousands of EUR)

#### AS OF 31 DECEMBER 2005

Income	611,747	1,769,938	221,112	173,870	126,784	2,903,451
- Of which Net income from associates	1,241	23,779	2,197	0	74,779	101,996
<b>NET INCOME BEFORE TAX</b>	<b>332,956</b>	<b>455,434</b>	<b>96,634</b>	<b>105,737</b>	<b>60,745</b>	<b>1,051,506</b>
<b>ASSETS</b>						
Subtotal assets <sup>(a)</sup>	47,567,312	40,572,987	12,057,943	89,694,380	1,796,457	191,689,079
- Of which investments in associates	96,153	228,708	19,293	0	226,889	571,043
<b>LIABILITIES</b>						
Subtotal liabilities <sup>(b)</sup>	20,487,903	55,096,633	10,988,891	95,547,326	852,281	182,973,034
<b>OTHER SEGMENT INFORMATION</b>						
Capital expenditures	(110,619)	0	0	0	(245,516)	(356,135)
Depreciation and amortization	0	0	0	0	(161,037)	(161,037)
Impairments <sup>(c)</sup>	(8,654)	(25,635)	25,649	26,608	1,977	19,945
Other non-cash expenses <sup>(d)</sup>	(6,800)	(25,800)	0	(1,900)	(1,700)	(36,200)

#### AS OF 31 DECEMBER 2006

Income	691,803	1,811,539	250,585	204,285	101,799	3,060,011
- Of which net income from associates	1	30,481	2,450	0	89,414	122,346
<b>NET INCOME BEFORE TAX</b>	<b>416,687</b>	<b>551,993</b>	<b>109,318</b>	<b>138,339</b>	<b>19,610</b>	<b>1,235,947</b>
<b>ASSETS</b>						
Subtotal assets <sup>(a)</sup>	35,714,127	26,792,916	14,730,800	143,390,067	4,272,422	224,900,332
- Of which investments in associates	95,701	243,827	21,243	0	256,130	616,901
<b>LIABILITIES</b>						
Subtotal liabilities <sup>(b)</sup>	11,101,895	42,219,053	14,222,686	148,062,235	4,535,370	220,141,239
<b>OTHER SEGMENT INFORMATION</b>						
Capital expenditures	(140,991)	0	0	0	42,067	(98,924)
Depreciation and amortization	0	0	0	0	(150,142)	(150,142)
Impairments <sup>(c)</sup>	(12,984)	(20,881)	31,916	15,425	(1,735)	11,741
Other non-cash expenses <sup>(d)</sup>	(6,336)	(28,908)	0	(1,513)	3,767	(32,990)

(a) 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

(b) Includes Due to banks customer borrowing and deposits debt securities, technical provisions of insurance companies

(c) Includes impairments on tangible and other intangible assets impairments on securities, impairments on loans and provisions for credit commitments, impairments on goodwill

(d) 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 out-standing,
- 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)	31/12/05	31/12/06
Cash and balances with central banks	1,136,203	936,051
Interbank loans and advances	39,669,259	56,926,548
Loans and securities available for sale	1,948,466	1,606,265
Loans and securities held for trading	356,684	77,429
Loans and securities designated at fair value	18,258	0
<b>TOTAL</b>	<b>43,128,870</b>	<b>59,546,293</b>

##### 2. Of which restricted cash

(in thousands of EUR)	31/12/05	31/12/06
Mandatory reserves <sup>(a)</sup>	618,454	548,925
Other	0	0
<b>TOTAL</b>	<b>618,454</b>	<b>548,925</b>

(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

(in thousands of EUR)	31/12/05	31/12/06
Accrued interest	2,394	2,194
Acquisition cost	1,136,203	936,051
<b>TOTAL</b>	<b>1,138,597</b>	<b>938,245</b>

### Analysis by nature (acquisition cost)

(in thousands of EUR)	31/12/05	31/12/06
Cash in hand	417,774	387,126
Balances with central banks other than mandatory reserve deposits	99,976	0
Mandatory reserve deposits	618,453	548,925
<b>TOTAL</b>	<b>1,136,203</b>	<b>936,051</b>
Of which included in cash and cash equivalents	1,136,203	936,051

## 7.3 DUE FROM BANKS

(in thousands of EUR)	31/12/05	31/12/06
Accrued interest on not impaired interbank loans and advances	515,059	1,077,145
Accrued interest on impaired interbank loans and advances	0	0
Fair value hedge adjustment	0	0
Reimbursement amount, premium discount and impairments	69,673,719	79,616,340
<b>TOTAL</b>	<b>70,188,778</b>	<b>80,693,485</b>

### 1 Analysis by nature (reimbursement amount, premium discount and impairments)

(in thousands of EUR)	31/12/05	31/12/06
Nostro accounts	501,214	1,976,995
Reverse repurchase agreements	53,569,087	56,608,915
Loans and other advances	15,603,418	21,030,430
Impaired loans	0	0
<b>TOTAL</b>	<b>69,673,719</b>	<b>79,616,340</b>
Of which included in cash and cash equivalents	39,669,259	56,926,548
Of which included in finance lease	0	408

### 2 Analysis of quality

See note 7.16

### 3 Analysis by maturity and interest rate

See notes 12.3, 12.4 and 12.6

### 4 Analysis of the fair value

See note 12.1

SARL 100% CAPITAL  
GEMINIS

## 7.4 LOANS AND ADVANCES TO CUSTOMERS

(in thousands of EUR)	31/12/05	31/12/06
Accrued interest on not impaired loans to customers	261,634	314,749
Accrued interest on impaired loans to customers	(7,618)	0
Fair value hedge adjustment	21,489	(67)
Reimbursement amount, premium discount and impairments	67,118,751	83,230,362
<b>TOTAL</b>	<b>67,394,256</b>	<b>83,545,044</b>

### 1 Analysis by counterpart (reimbursement amount, premium discount and impairments)

(in thousands of EUR)	31/12/05	31/12/06
Public sector	18,422,345	18,645,498
Others	48,600,352	64,491,836
Impaired loans	757,313	683,374
Less		
- Specific impairment on impaired loans	(568,831)	(485,847)
- Collective impairment	(92,428)	(104,499)
<b>TOTAL</b>	<b>67,118,751</b>	<b>83,230,362</b>

Of which included in finance lease 2,026,304 2,124,532

### 2 Analysis of quality

See note 7.16

### 3 Analysis by maturity and interest rate

See notes 12.3, 12.4 and 12.6

### 4 Analysis of the fair value

See note 12.1

## 7.5 LOANS AND SECURITIES HELD FOR TRADING

(in thousands of EUR)	31/12/05	31/12/06
Accrued interest on loans and securities held for trading	18,166	59,151
Fair value adjustment	(29,789)	106,902
Reimbursement amount and premium discount	5,476,636	5,622,073
<b>TOTAL</b>	<b>5,465,013</b>	<b>5,788,126</b>

### 1 Analysis by counterpart (reimbursement amount and premium discount)

(in thousands of EUR)	31/12/05	31/12/06
Public sector	2,438,643	814,077
Banks	745,264	87,755
Other	2,292,729	4,720,241
<b>TOTAL</b>	<b>5,476,636</b>	<b>5,622,073</b>

Of which included in cash and cash equivalents	356,684	77,429
Of which included in financial lease	0	0

### 2 Analysis by nature (reimbursement amount and premium discount)

(in thousands of EUR)	31/12/05		31/12/06	
	Listed	Not listed	Listed	Not listed
Loans	0	1,021,803	0	359,231
Bonds issued by public bodies	2,438,644	0	814,077	0
Other bonds and fixed-income instruments	1,439,575	2,304	4,349,185	596
Equity and variable-income instruments	574,310	0	98,984	0
<b>TOTAL</b>	<b>4,452,529</b>	<b>1,024,107</b>	<b>5,262,246</b>	<b>359,827</b>

### 3 Treasury bills and other eligible bills for refinancing to the central banks

(in thousands of EUR)	31/12/05	31/12/06
Treasury bills and other eligible bills for refinancing to the central banks	1,008,303	112,408

### 4 Securities pledged under repurchase agreements with other banks

(in thousands of EUR)	Market value	
	31/12/05	31/12/06
Included in bonds issued by public bodies	0	0
Included in other bonds and fixed-income instruments	3,087	1,385

### 5 Analysis by maturity and interest rate

See notes 12.3, 12.4 and 12.6

### 6 Analysis of the fair value

See note 12.1

## 7.6 LOANS AND SECURITIES DESIGNATED AT FAIR VALUE

(in thousands of EUR)	31/12/05	31/12/06
Accrued interest on loans and securities designated at fair value	17,771	28,978
Fair value adjustment	33,291	28,780
Reimbursement amount and premium discount	8,548,750	9,639,105
<b>TOTAL</b>	<b>8,599,812</b>	<b>9,696,863</b>

### 1 Analysis by counterpart (reimbursement amount and premium discount)

(in thousands of EUR)	31/12/05	31/12/06
Public sector	308,207	49,819
Banks	161,549	179,278
Other	8,078,994	9,410,008
<b>TOTAL</b>	<b>8,548,750</b>	<b>9,639,105</b>
Of which included in cash and cash equivalents	18,258	0
Of which included in financial lease	0	0

### 2 Analysis by nature (reimbursement amount and premium discount)

(in thousands of EUR)	31/12/05		31/12/06	
	Listed	Not listed	Listed	Not listed
Loans	0	11,584	0	0
Bonds issued by public bodies	239,078	23,930	8,536	0
Other bonds and fixed-income instruments	2,474,081	40,434	3,535,291	0
Equity and variable-income instruments	0	0	19,678	0
Unit linked products Insurance	5,758,580	1,063	6,053,884	21,716
<b>TOTAL</b>	<b>8,471,739</b>	<b>77,011</b>	<b>9,617,389</b>	<b>21,716</b>

### 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 12.3, 12.4 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 and for which reason benefits are paid 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 securities and for issuers with a similar credit rating.

## 7.7 LOANS AND SECURITIES AVAILABLE FOR SALE

(in thousands of EUR)	31/12/05	31/12/06
Accrued interest on not impaired loans and securities available for sale	592,839	713,325
Accrued interest on impaired loans and securities available for sale	9	5
Fair value adjustment	2,531,632	1,479,997
Reimbursement amount, premium discount and impairments	44,648,781	51,847,064
<b>TOTAL</b>	<b>47,773,261</b>	<b>54,040,391</b>

### 1 Analysis by counterpart (reimbursement amount, premium discount and impairments)

(in thousands of EUR)	31/12/05	31/12/06
Public sector	16,062,977	14,852,830
Banks	12,693,378	20,249,243
Others	15,714,474	16,665,214
Impaired loans	0	0
Impaired bonds issued by public bodies	0	0
Impaired other bonds and fixed-income instruments	41,262	2,824
Impaired other equity and variable-income instruments	280,265	173,105
<b>REIMBURSEMENT AMOUNT AND PREMIUM DISCOUNT</b>	<b>44,792,356</b>	<b>51,943,216</b>

Less		
- Specific impairment on impaired loans and securities available for sale	(143,575)	(96,152)
<b>TOTAL</b>	<b>44,648,781</b>	<b>51,847,064</b>

Of which included in cash and cash equivalents	1,948,466	1,606,265
--	-----------	-----------

### 2 Analysis of quality

See note 7.16

### 3. Analysis by maturity and interest rate

See notes 12.3, 12.4 and 12.6

### 4 Analysis by nature (reimbursement amount and premium discount)

(in thousands of EUR)	31/12/05		31/12/06	
	Listed	Not listed	Listed	Not listed
Loans	0	427,402	0	424,703
Bonds issued by public bodies	15,636,747	431,423	15,357,880	0
Other bonds and fixed-income instruments	25,486,627	371,782	32,913,565	696,766
Equity and variable-income instruments	2,289,794	148,581	2,400,155	150,147
<b>TOTAL</b>	<b>43,413,168</b>	<b>1,379,188</b>	<b>50,671,600</b>	<b>1,271,616</b>

### 5 Transfers between portfolios

Nil

### 6 Convertible bonds included in the available-for-sale portfolio

No position greater than EUR 50 million

### 7 Analysis of the fair value

See note 12.1



## 7.8 SECURITIES HELD TO MATURITY

(in thousands of EUR)	31/12/05	31/12/06
Accrued interest on not impaired securities held to maturity	9,315	8,318
Accrued interest on impaired securities held to maturity	0	0
Fair value adjustment	0	0
Reimbursement amount, premium discount and impairments	315,191	239,782
<b>TOTAL</b>	<b>324,506</b>	<b>248,100</b>

### 1 Analysis by counterpart (reimbursement amount, premium discount and impairments)

(in thousands of EUR)	31/12/05	31/12/06
Public sector	71,958	41,122
Banks	207,923	171,740
Other	35,310	26,920
Impaired bonds issued by public bodies	0	0
Impaired other bonds and fixed-income instruments	0	0
<b>REIMBURSEMENT AMOUNT AND PREMIUM DISCOUNT</b>	<b>315,191</b>	<b>239,782</b>

Less		
- Specific impairment on securities held to maturity	0	0
<b>TOTAL</b>	<b>315,191</b>	<b>239,782</b>

### 2 Analysis of quality

See note 7.16

### 3 Analysis by maturity and interest rate

See notes 12.3, 12.4 and 12.6

### 4 Analysis by nature (reimbursement amount and premium discount)

(in thousands of EUR)	31/12/05		31/12/06	
	Listed	Not listed	Listed	Not listed
Bonds issued by public bodies	71,958	0	41,122	0
Other bonds and fixed-income instruments	234,190	9,043	187,739	10,921
<b>TOTAL</b>	<b>306,148</b>	<b>9,043</b>	<b>228,861</b>	<b>10,921</b>

### 5 Analysis of the fair value

See note 12.1

## 7.9 INVESTMENTS IN ASSOCIATES

### 1 Carrying value

(in thousands of EUR)	2005	2006
<b>CARRYING VALUE AS OF 1 JANUARY</b>	<b>539,054</b>	<b>571,043</b>
Acquisitions	28	2,093
Disposals	(637)	(10,437)
Change in scope of consolidation (in)	91	120
Change in scope of consolidation (out)	(10,313)	(1,137)
Share of result before tax	135,244	160,102
Share of tax	(33,248)	(37,756)
Dividend paid	(61,804)	(78,227)
Changes in Goodwill (see below)	0	0
Share of gains and losses not recognized in the income statement	4,509	11,126
Translation adjustments	55	(46)
Impairment booked	0	0
Impairment write-back	0	0
Impairment write-off	0	0
Other	(1,936)	20
<b>CARRYING VALUE AS OF 31 DECEMBER</b>	<b>571,043</b>	<b>616,901</b>

### 2 Positive goodwill included in carrying value

(in thousands of EUR)	2005	2006
<b>ACQUISITION COST AS OF 1 JANUARY</b>	<b>122,551</b>	<b>122,551</b>
Change in scope of consolidation	0	0
<b>ACQUISITION COST AS OF 31 DECEMBER (A)</b>	<b>122,551</b>	<b>122,551</b>
<b>ACCUMULATED DEPRECIATION AND ACCUMULATED IMPAIRMENT AS OF 1 JANUARY</b>	<b>(26,019)</b>	<b>(26,019)</b>
Change in scope of consolidation	0	0
<b>ACCUMULATED DEPRECIATION AND ACCUMULATED IMPAIRMENT AS OF 31 DECEMBER (B)</b>	<b>(26,019)</b>	<b>(26,019)</b>
<b>NET BOOK VALUE AS OF 31 DECEMBER (A)-(B)</b>	<b>96,532</b>	<b>96,532</b>

### 3 List of major associates

Associates (in thousands of EUR)	31/12/05		31/12/06		Reference to Website
	Book value	Fair value of investment	Book value	Fair value of investment	
Crédit du Nord	220,561	373,000	241,976	366,500	www.groupe.credit.du.nord.com
Dexia Asset Management Luxembourg SA	121,034	121,034	132,026	132,026	Not listed
SLF Finance SA	63,425	63,425	64,207	64,207	Not listed
Dexia Asset Management France SA	49,063	49,063	50,087	50,087	Not listed
Dexia Asset Management Belgium SA	24,326	24,326	41,735	41,735	Not listed
<b>TOTAL</b>	<b>478,409</b>	<b>630,848</b>	<b>530,031</b>	<b>654,555</b>	

### 4 Discontinuation of recognition of share of loss (negative equity)

Nil

## 7 10 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		
<b>ACQUISITION COST</b>							
<b>AS OF 1 JANUARY 2005</b>	<b>769,875</b>	<b>2,117</b>	<b>858,822</b>	<b>1,607</b>	<b>1,118,619</b>	<b>8,399</b>	<b>2,759,439</b>
Acquisitions	355,224	174	33,228	37	19,096	803	408,562
Post acquisition adjustment	0	0	0	0	0	0	0
Disposals	(55,128)	0	(24,410)	(183)	(843)	(252)	(80,816)
Change in scope of consolidation (in)	0	0	0	0	0	0	0
Change in scope of consolidation (out)	0	0	(3,246)	0	0	0	(3,246)
Transfers	80,486	(1,887)	(2,429)	(644)	(196,781)	(633)	(121,888)
Translation adjustments	0	32	112	0	0	0	144
Other	(164)	0	12	0	0	0	(152)
<b>ACQUISITION COST</b>							
<b>AS OF 31 DECEMBER 2005 (A)</b>	<b>1,150,293</b>	<b>436</b>	<b>862,089</b>	<b>817</b>	<b>940,091</b>	<b>8,317</b>	<b>2,962,043</b>
<b>ACCUMULATED DEPRECIATION AND IMPAIRMENT</b>							
<b>AS OF 1 JANUARY 2005</b>	<b>(154,518)</b>	<b>(646)</b>	<b>(714,290)</b>	<b>(1,303)</b>	<b>(644,229)</b>	<b>(7,177)</b>	<b>(1,522,163)</b>
Post acquisition adjustment	0	0	0	0	0	0	0
Booked	(4,350)	(126)	(42,027)	(180)	(63,335)	(882)	(110,900)
Write-back	0	0	0	0	0	0	0
Write-off	6,396	0	23,172	183	2,407	247	32,405
Change in scope of consolidation (in)	0	0	0	0	0	0	0
Change in scope of consolidation (out)	0	0	2,304	0	0	0	2,304
Transfers	(55,731)	582	2,497	591	150,919	394	99,252
Translation adjustments	0	(19)	(70)	0	0	0	(89)
Other	0	0	9	0	0	0	9
<b>ACCUMULATED DEPRECIATION AND IMPAIRMENT</b>							
<b>AS OF 31 DECEMBER 2005 (B)</b>	<b>(208,203)</b>	<b>(209)</b>	<b>(728,405)</b>	<b>(709)</b>	<b>(554,238)</b>	<b>(7,418)</b>	<b>(1,499,182)</b>
<b>NET BOOK VALUE AS OF</b>							
<b>31 DECEMBER 2005 (A)+(B)</b>	<b>942,090</b>	<b>227</b>	<b>133,684</b>	<b>108</b>	<b>385,853</b>	<b>899</b>	<b>1,462,861</b>

	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		
(in thousands of EUR)							
<b>ACQUISITION COST</b>							
<b>AS OF 1 JANUARY 2006</b>	<b>1,150,293</b>	<b>436</b>	<b>262,089</b>	<b>117</b>	<b>940,091</b>	<b>1,317</b>	<b>2,962,043</b>
Acquisitions	44,034	3,507	27,859	18	23,088	418	98,924
Post acquisition adjustment	0	0	0	0	0	0	0
Disposals	(100,649)	0	(8,201)	(147)	(9,002)	(125)	(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	(65,732)	0	(71,079)
Translation adjustments	0	(47)	(95)	0	0	0	(142)
Other	0	0	0	0	0	0	0
<b>ACQUISITION COST</b>							
<b>AS OF 31 DECEMBER 2006 (A)</b>	<b>1,049,498</b>	<b>3,208</b>	<b>267,323</b>	<b>688</b>	<b>888,445</b>	<b>1,610</b>	<b>2,818,372</b>
<b>ACCUMULATED DEPRECIATION AND IMPAIRMENT</b>							
<b>AS OF 1 JANUARY 2006</b>	<b>(208,203)</b>	<b>(209)</b>	<b>(728,405)</b>	<b>(709)</b>	<b>(554,238)</b>	<b>(7,418)</b>	<b>(1,499,182)</b>
Post acquisition adjustment	0	0	0	0	0	0	0
Booked	(27,715)	(117)	(36,133)	(55)	(37,129)	(562)	(101,711)
Write-back	0	0	0	0	0	0	0
Write-off	5,981	1	8,290	135	9,001	118	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)	51,244	0	53,765
Translation adjustments	0	19	60	0	0	0	79
Other	0	0	0	0	0	0	0
<b>ACCUMULATED DEPRECIATION AND IMPAIRMENT</b>							
<b>AS OF 31 DECEMBER 2006 (B)</b>	<b>(215,834)</b>	<b>(251)</b>	<b>(744,385)</b>	<b>(639)</b>	<b>(531,122)</b>	<b>(7,862)</b>	<b>(1,500,093)</b>
<b>NET BOOK VALUE AS OF</b>							
<b>31 DECEMBER 2006 (A)+(B)</b>	<b>833,664</b>	<b>3,557</b>	<b>122,938</b>	<b>49</b>	<b>357,323</b>	<b>748</b>	<b>1,318,279</b>

## 2 Fair value

(in thousands of EUR)	31/12/05	31/12/06
Fair values of investment properties	362,140	389,193
Fair value subject to an independent valuation	0	1,438
Fair value not subject to an independent valuation	362,140	387,755

## 3 Expenditures

(in thousands of EUR)	31/12/05	31/12/06
Expenditures capitalized for the construction of property, plant & equipment	235,644	13,376

## 4 Contractual obligations relating to investment property at end of period

Nil

## 7.11 INTANGIBLE ASSETS AND GOODWILL

	Positive Goodwill	Internally developed software	Other intangible assets <sup>(a)</sup>	Total
(in thousands of EUR)				
<b>ACQUISITION COST AS OF 1 JANUARY 2005</b>	<b>134,715</b>	<b>203,723</b>	<b>162,904</b>	<b>501,412</b>
Acquisitions	0	30,581	16,389	46,970
Disposals	0	(642)	(1,741)	(2,383)
Change in scope of consolidation (in)	0	0	0	0
Change in scope of consolidation (out)	0	0	(5,345)	(5,345)
Transfers	(4,905)	1,092	5,555	1,742
Translation adjustments	0	0	24	24
Post acquisition adjustment	0	0	0	0
Other	6	0	143	149
<b>ACQUISITION COST AS OF 31 DECEMBER 2005 (A)</b>	<b>129,816</b>	<b>314,754</b>	<b>177,929</b>	<b>622,569</b>
<b>ACCUMULATED DEPRECIATION AND IMPAIRMENT AS OF 1 JANUARY 2005</b>	<b>(30,819)</b>	<b>(198,748)</b>	<b>(106,985)</b>	<b>(336,553)</b>
Booked	0	(38,587)	(18,075)	(56,662)
Change in scope of consolidation (in)	0	0	0	0
Change in scope of consolidation (out)	0	0	2,577	2,577
Write-back	0	0	69	69
Write-off	0	803	1,668	2,471
Transfers	4,905	(7,588)	(5,652)	(8,335)
Translation adjustments	0	0	(17)	(17)
Post acquisition adjustment	0	0	0	0
Other	(6)	0	11	5
<b>ACCUMULATED DEPRECIATION AND IMPAIRMENT AS OF 31 DECEMBER 2005 (B)</b>	<b>(25,920)</b>	<b>(244,120)</b>	<b>(126,405)</b>	<b>(396,445)</b>
<b>NET BOOK VALUE AS OF 31 DECEMBER 2005 (A)+(B)</b>	<b>103,966</b>	<b>70,634</b>	<b>51,524</b>	<b>226,124</b>

(a) Other intangible assets include purchased softwares

	Positive Goodwill	Internally developed software	Other intangible assets(a)	Total
(in thousands of EUR)				
<b>ACQUISITION COST AS OF 1 JANUARY 2006</b>	<b>129,886</b>	<b>314,754</b>	<b>177,929</b>	<b>622,569</b>
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
<b>ACQUISITION COST AS OF 31 DECEMBER 2006 (A)</b>	<b>129,886</b>	<b>350,847</b>	<b>170,971</b>	<b>651,704</b>
<b>ACCUMULATED DEPRECIATION AND IMPAIRMENT AS OF 1 JANUARY 2006</b>	<b>(25,920)</b>	<b>(244,120)</b>	<b>(126,405)</b>	<b>(396,445)</b>
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
<b>ACCUMULATED DEPRECIATION AND IMPAIRMENT AS OF 31 DECEMBER 2006 (B)</b>	<b>(25,920)</b>	<b>(278,516)</b>	<b>(128,315)</b>	<b>(432,751)</b>
<b>NET BOOK VALUE AS OF 31 DECEMBER 2006 (A)+(B)</b>	<b>103,966</b>	<b>72,331</b>	<b>42,656</b>	<b>218,953</b>

## 7.12 TAX ASSETS

(in thousands of EUR)	31/12/05	31/12/06
Current/prepaid	64,126	47,891
Operational taxes	21,463	24,123
<b>CURRENT TAXES</b>	<b>85,589</b>	<b>72,014</b>
Deferred tax assets (see note 9.2)	22,758	171,404
<b>TOTAL</b>	<b>108,347</b>	<b>243,418</b>

## 7 13 OTHER ASSETS

(in thousands of EUR)	31/12/05	31/12/06
Other assets	1,551,933	1,400,463
Other assets specific to insurance companies	296,728	216,385
<b>TOTAL</b>	<b>1,848,661</b>	<b>1,616,848</b>

### 1 Other assets

#### ANALYSIS BY NATURE

(in thousands of EUR)	31/12/05	31/12/06
Accrued income	173,385	63,377
Deferred expenses	34,028	37,758
Other accounts receivable <sup>(a)</sup>	1,256,594	938,677
Plan assets <sup>(b)</sup>	5,144	9,561
Long-term construction contracts	605	3,339
Inventories	3,255	2,942
Other assets	78,922	344,809
<b>TOTAL</b>	<b>1,551,933</b>	<b>1,400,463</b>

(a) Mainly cash collaterals on derivative products

(b) See note 8 7 4 F

### 2 Other assets specific to insurance activities

#### 2 1

(in thousands of EUR)	31/12/05	31/12/06
Accrued interest	24	15
Acquisition costs and share of reinsurers	296,704	216,370
<b>TOTAL</b>	<b>296,728</b>	<b>216,385</b>

#### 2 2 ANALYSIS BY NATURE (ACQUISITION COSTS AND SHARE OF REINSURERS)

(in thousands of EUR)	31/12/05	31/12/06
Share of the reinsurers in the technical reserves	121,200	88,643
Receivables resulting from direct insurance transactions	69,436	53,560
Premiums still to be issued	89	1,219
Deferred acquisition costs	7	6
Other insurance assets	105,966	72,708
Impaired insurance assets	764	1,223
Less		
- Specific impairment	(758)	(989)
- Provisions on not impaired insurance assets	0	0
<b>TOTAL</b>	<b>296,704</b>	<b>216,370</b>

## 7 14 NON-CURRENT ASSETS HELD FOR SALE

(in thousands of EUR)	31/12/05	31/12/06
Assets of subsidiaries held for sale	0	0
Tangible and intangible assets held for sale	35,605	43,751
Discontinued operations	0	0
Other assets	755	839
<b>TOTAL</b>	<b>36,360</b>	<b>44,590</b>

## 715 LEASING

### 1 Dexia as a lessor

#### FINANCE LEASE

(in thousands of EUR)	31/12/05	31/12/06
Gross investment in finance leases		
- Not later than 1 year	357,578	498,200
- Later than 1 year and not later than 5 years	886,363	905,792
- Later than 5 years	1,308,466	1,243,548
<b>SUBTOTAL (A)</b>	<b>2,552,407</b>	<b>2,647,540</b>
<b>UNEARNED FUTURE FINANCE INCOME ON FINANCE LEASES (B)</b>	<b>525,873</b>	<b>524,802</b>
<b>NET INVESTMENT IN FINANCE LEASES (A)-(B)</b>	<b>2,026,534</b>	<b>2,122,738</b>

(in thousands of EUR)	31/12/05	31/12/06
The net investment in finance leases may be analyzed as follows		
- Not later than 1 year	306,302	440,548
- Later than 1 year and not later than 5 years	761,605	769,566
- Later than 5 years	958,627	912,624
<b>TOTAL</b>	<b>2,026,534</b>	<b>2,122,738</b>

(in thousands of EUR)	31/12/05	31/12/06
Amount of contingents rents recognized in statement of income during the period	115	80
Amount of uncollectible finance lease receivables included in the provision for loan losses at end of period	9,770	9,436
Residual values unguaranteed by lessees	0	0
Estimated fair value of finance lease	2,035,676	1,935,837
Accumulated allowance for uncollectible minimum lease payments receivable	3,451	2,869

#### OPERATING LEASE

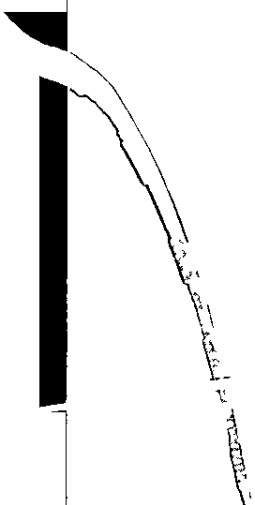
(in thousands of EUR)	31/12/05	31/12/06
Future net minimum lease receivables under non-cancellable operating leases are as follows		
- Not later than 1 year	7,592	11,514
- Later than 1 year and not later than 5 years	24,288	33,877
- Later than 5 years	19,643	17,731
<b>TOTAL</b>	<b>51,523</b>	<b>63,122</b>
Amount of contingent rents recognized in statement of income during the period	0	0

### 2 Dexia as a lessee

#### FINANCE LEASE

(in thousands of EUR)	31/12/05	31/12/06
Minimum lease payments		
- Not later than 1 year	100	0
- Later than 1 year and not later than 5 years	116	150
- Later than 5 years	0	1,050
<b>TOTAL</b>	<b>216</b>	<b>1,200</b>





==

(in thousands of EUR)	31/12/05	31/12/06
Present value of finance lease liabilities	93	0
- Not later than 1 year	102	35
- Later than 1 year and not later than 5 years	0	296
- Later than 5 years		
<b>TOTAL</b>	<b>195</b>	<b>331</b>

(in thousands of EUR)	31/12/05	31/12/06
Contractual future minimum lease payments	216	1,200
Correction due to discount rate	(21)	(869)
<b>PRESENT VALUE OF THE FUTURE MINIMUM LEASE PAYMENTS</b>	<b>195</b>	<b>331</b>
Amount of contingent rents recognized in statement of income during the period	6	0
Amount of future minimum sublease payments expected to be received under non-cancelable subleases at the balance-sheet date	0	0

#### OPERATING LEASE

(in thousands of EUR)	31/12/05	31/12/06
Future net minimum lease payments under non-cancelable operating leases are as follows		
- Not later than 1 year	38,112	25,516
- Later than 1 year and not later than 5 years	77,221	69,706
- Later than 5 years	27,820	17,113
<b>TOTAL</b>	<b>143,153</b>	<b>112,335</b>
Amount of future minimum sublease payments expected to be received under non-cancelable subleases at the balance-sheet date	5,054	5,613
Lease and sublease payments recognized as an expense during the period		
- Minimum lease payments	40,538	41,018
- Contingent rents	3	116
- Sublease payments	0	317
<b>TOTAL</b>	<b>40,541</b>	<b>41,451</b>

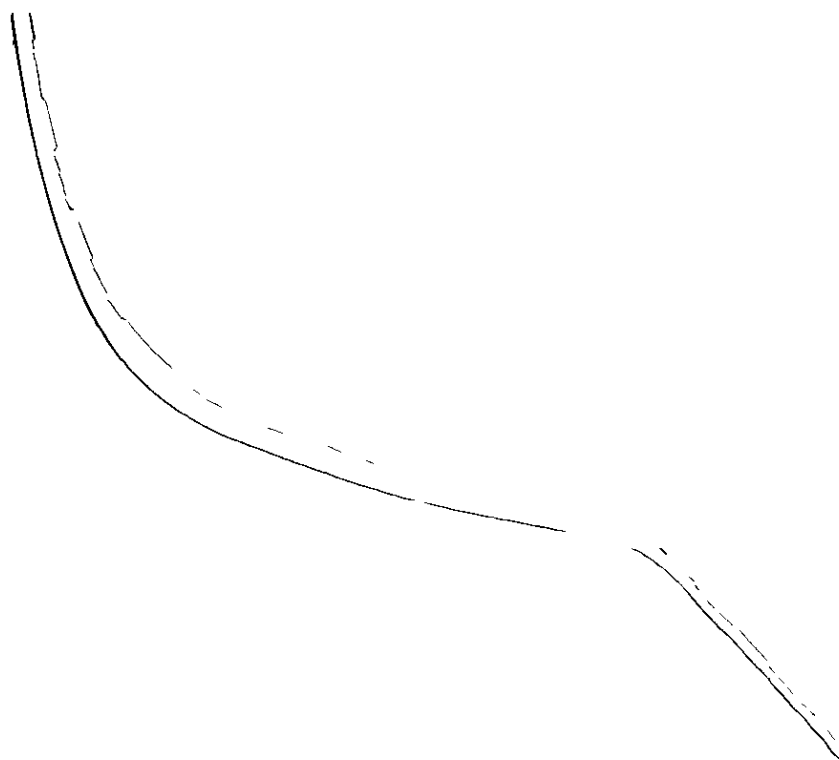
## 716 QUALITY OF FINANCIAL ASSETS

### 1 Accrued interest

	Normal loans		Impaired loans		Total	
(in thousands of EUR)	31/12/05	31/12/06	31/12/05	31/12/06	31/12/05	31/12/06
Due from banks	515,059	1,077,145	0	0	515,059	1,077,145
Loans to customers	261,634	314,749	(7,618)	0	254,016	314,749
Securities – held to maturity	9,315	8,318	0	0	9,315	8,318
Loans and securities – available for sale	592,839	713,325	9	5	592,848	713,330
Assets from insurance activities	24	15	0	0	24	15

### 2 Fair value adjustment

	Normal loans		Impaired loans		Total	
(in thousands of EUR)	31/12/05	31/12/06	31/12/05	31/12/06	31/12/05	31/12/06
Due from banks	0	0	0	0	0	0
Loans to customers	21,489	(67)	0	0	21,489	(67)
Securities – held to maturity	0	0	0	0	0	0
Loans and securities – available for sale	2,439,727	1,385,991	91,905	94,006	2,531,632	1,479,997
Assets from insurance activities	0	0	0	0	0	0



### 3 Analysis of normal loans and securities

(in thousands of EUR)	Gross amount (acquisition cost and premium discount)(A)	
	31/12/05	31/12/06
Normal assets in due from banks	69,673,719	79,616,340
Normal loans to customers	67,022,697	83,137,334
Normal securities held to maturity	315,191	239,782
Normal loans and securities available for sale	44,470,829	51,767,287
Normal assets from insurance activities	296,698	216,136
Normal other accounts and receivable	1,253,953	938,515
Normal other assets	81,206	344,192
Collective impairment on not impaired loans (-)	(92,428)	(104,499)
<b>TOTAL</b>	<b>183,021,865</b>	<b>216,155,087</b>

### 4 Analysis of impaired loans and securities

(in thousands of EUR)	Gross amount (acquisition cost and premium discount)(B)		Specific loan loss allowance individual basis (C)		Net amount (B)+(C)	
	31/12/05	31/12/06	31/12/05	31/12/06	31/12/05	31/12/06
Impaired assets in due from banks	0	0	0	0	0	0
Impaired loans to customers	757,313	683,374	(568,831)	(485,847)	188,482	197,527
Impaired securities - held to maturity	0	0	0	0	0	0
Impaired loans and securities - available for sale	321,527	175,929	(143,575)	(96,152)	177,952	79,777
Impaired assets from insurance activities	764	1,223	(758)	(989)	6	234
Impaired other accounts and receivable	3,274	1,027	(633)	(865)	2,641	162
Impaired other assets	0	0	0	0	0	0
<b>TOTAL</b>	<b>1,082,878</b>	<b>861,553</b>	<b>(713,797)</b>	<b>(583,853)</b>	<b>369,081</b>	<b>277,700</b>

### 5 Normal + impaired

(in thousands of EUR)	Gross amount (A)+(B)		Specific loan loss allowance (C)		Net amount (A)+(B)+(C)	
	31/12/05	31/12/06	31/12/05	31/12/06	31/12/05	31/12/06
Due from banks	69,673,719	79,616,340	0	0	69,673,719	79,616,340
Loans to customers	67,780,010	83,820,708	(568,831)	(485,847)	67,211,179	83,334,861
Securities held to maturity	315,191	239,782	0	0	315,191	239,782
Impaired loans and securities available for sale	44,792,356	51,943,216	(143,575)	(96,152)	44,648,781	51,847,064
Assets from insurance activities	297,462	217,359	(758)	(989)	296,704	216,370
Other accounts and receivable	1,257,227	939,542	(633)	(865)	1,256,594	938,677
Other assets	81,206	344,192	0	0	81,206	344,192
Collective impairment on not impaired loans	(92,428)	(104,499)	0	0	(92,428)	(104,499)
<b>TOTAL</b>	<b>184,104,743</b>	<b>217,016,640</b>	<b>(713,797)</b>	<b>(583,853)</b>	<b>183,390,946</b>	<b>216,432,787</b>

## VIII NOTES ON THE LIABILITIES OF THE CONSOLIDATED BALANCE SHEET

### 8.1 DUE TO BANKS

(in thousands of EUR)	31/12/05	31/12/06
Accrued interest	340,806	438,723
Fair value hedge adjustment	1,191	15
Reimbursement amount and premium discount	98,694,967	119,031,695
<b>TOTAL</b>	<b>99,036,964</b>	<b>119,470,433</b>

#### 1 Analysis by nature (reimbursement amount and premium discount)

(in thousands of EUR)	31/12/05	31/12/06
On demand	4,363,197	18,432,234
Term	51,675,692	61,733,431
Repurchase activity	42,260,975	38,438,703
Central banks	0	0
Other borrowings	395,103	427,327
<b>TOTAL</b>	<b>98,694,967</b>	<b>119,031,695</b>

#### 2 Analysis by maturity and interest rate

See notes 12.3, 12.4 and 12.6

#### 3 Analysis of the fair value

See note 12.1

### 8.2 CUSTOMER BORROWINGS AND DEPOSITS

(in thousands of EUR)	31/12/05	31/12/06
Accrued interest	569,615	654,068
Fair value hedge adjustment	(132,796)	(267,583)
Reimbursement amount and premium discount	55,898,681	66,149,897
<b>TOTAL</b>	<b>56,335,500</b>	<b>66,536,382</b>

#### 1 Analysis by nature (reimbursement amount and premium discount)

(in thousands of EUR)	31/12/05	31/12/06
Demand deposits	15,620,670	19,199,739
Saving deposits	24,773,065	24,037,023
Term deposits	12,773,667	20,571,511
Other customer deposits	3,071	968
<b>TOTAL CUSTOMER DEPOSITS</b>	<b>53,170,473</b>	<b>63,809,241</b>

Repurchase activity	2,617,851	2,252,804
Other borrowings	110,357	87,852
<b>TOTAL CUSTOMER BORROWINGS</b>	<b>2,728,208</b>	<b>2,340,656</b>

<b>TOTAL</b>	<b>55,898,681</b>	<b>66,149,897</b>
--------------	-------------------	-------------------

#### 2 Analysis by maturity and interest rate

See notes 12.3, 12.4 and 12.6

#### 3 Analysis of the fair value

See note 12.1

### 8.3 LIABILITIES HELD FOR TRADING

(in thousands of EUR)	31/12/05	31/12/06
Accrued interest	33,227	18,815
Fair value adjustment	1,274	2,936
Reimbursement amount and premium discount	3,703,837	530,586
<b>TOTAL</b>	<b>3,738,338</b>	<b>552,337</b>

#### 1 Analysis by nature (reimbursement amount and premium discount)

(in thousands of EUR)	31/12/05	31/12/06
Bonds issued by public bodies	3,428,892	489,497
Other bonds	6,494	6,494
Repurchase agreements	233,893	0
Equity	34,558	34,595
<b>TOTAL</b>	<b>3,703,837</b>	<b>530,586</b>

#### 2 Analysis by maturity and interest rate

See notes 12.3, 12.4 and 12.6

#### 3 Analysis of the fair value

See note 12.1

### 8.4 LIABILITIES DESIGNATED AT FAIR VALUE

(in thousands of EUR)	31/12/05	31/12/06
Accrued interest	0	0
Fair value adjustment	0	0
Reimbursement amount and premium discount	5,011,932	4,780,734
<b>TOTAL</b>	<b>5,011,932</b>	<b>4,780,734</b>

#### 1 Analysis by nature (reimbursement amount and premium discount)

(in thousands of EUR)	31/12/05	31/12/06
Liabilities at fair value	0	0
Unit-linked products	5,011,932	4,780,734
<b>TOTAL</b>	<b>5,011,932</b>	<b>4,780,734</b>

#### 2 Analysis by maturity and interest rate

See notes 12.3, 12.4 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 situation

- in the insurance business for its liabilities containing a discretionary participation feature and for which reason benefits are paid based on realized/unrealized investment returns of a specified pool of insurer's assets

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 securities and taking into account our own credit rating.

## 8.5 DEBT SECURITIES

(in thousands of EUR)	31/12/05	31/12/06
Accrued interest	272,583	270,660
Fair value adjustment	(906)	(592)
Reimbursement amount and premium discount	17,632,132	21,720,890
<b>TOTAL</b>	<b>17,903,809</b>	<b>21,990,958</b>

### 1 Analysis by nature (reimbursement amount and premium discount)

(in thousands of EUR)	31/12/05	31/12/06
Certificates of deposit	4,225,484	6,885,148
Customer savings certificates	7,004,048	5,765,629
Non-convertible bonds	6,402,600	9,070,113
<b>TOTAL</b>	<b>17,632,132</b>	<b>21,720,890</b>

### 2 Analysis by maturity and interest rate

See notes 12.3, 12.4 and 12.6

### 3 Analysis of the fair value

See note 12.1

## 8.6 SUBORDINATED AND CONVERTIBLE DEBT

(in thousands of EUR)	31/12/05	31/12/06
Accrued interest	60,381	52,916
Fair value adjustment	82,508	67,700
Reimbursement amount and premium discount	2,716,309	3,018,626
<b>TOTAL</b>	<b>2,859,198</b>	<b>3,139,242</b>

### 1 Accrued interest

(in thousands of EUR)	31/12/05	31/12/06
Convertible subordinated debt	0	0
Non-convertible subordinated debt	60,381	48,871
Convertible non-subordinated debt	0	0
Other dilutive instruments	0	0
Hybrid capital and redeemable preference shares	0	4,045
<b>TOTAL</b>	<b>60,381</b>	<b>52,916</b>

### 2 Fair value adjustment

(in thousands of EUR)	31/12/05	31/12/06
Convertible subordinated debt	0	0
Non-convertible subordinated debt	82,508	67,700
Convertible non-subordinated debt	0	0
Other dilutive instruments	0	0
Hybrid capital and redeemable preference shares	0	0
<b>TOTAL</b>	<b>82,508</b>	<b>67,700</b>

### 3 Analysis by category (reimbursement amount and premium discount)

#### CONVERTIBLE SUBORDINATED DEBT

Nil

#### NON-CONVERTIBLE SUBORDINATED DEBT

(in thousands of EUR)	31/12/05	31/12/06
Loan capital perpetual subordinated notes	1,026,820	1,092,673
Other	1,689,489	1,428,387
<b>TOTAL</b>	<b>2,716,309</b>	<b>2,521,060</b>

List available on request

#### CONVERTIBLE NON-SUBORDINATED DEBT

Nil

#### OTHER DILUTIVE INSTRUMENTS

Nil

#### HYBRID CAPITAL AND REDEEMABLE PREFERENCE SHARES

(in thousands of EUR)	31/12/05	31/12/06
	0	497,566

Dexia Bank Belgium has a hybrid subordinated debt of EUR 500 million resulting from a subordinated perpetual emission by Dexia Funding Luxembourg at the rate of 4,922% annual for 10 years till 02/11/2016 and after 02/11/2016 at 3 months Euribor + 181bp. The difference between the book value and the total of the nominal amounts is due to the premium discount taken into account in the interest margin.

#### 4 Analysis of convertible subordinated debt in Dexia shares

Nil

#### 5 Analysis by maturity and interest rate

See notes 12.3, 12.4 and 12.6

#### 6 Analysis of the fair value

See note 12.1



## 8.7 PROVISIONS AND OTHER OBLIGATIONS

### 1 Analysis by nature

(in thousands of EUR)	31/12/05	31/12/06
Litigation claims <sup>(a)</sup>	109,506	235,254
Restructuring	168,888	142,164
Long-term defined benefit plans	378,739	428,256
Other postretirement obligations	42,910	46,665
Other long-term employee benefits	26,567	24,695
Provision for off-balance-sheet credit commitments	10,948	20,838
Other Provisions (non insurance)	77,326	104,640
<b>TOTAL<sup>(b)</sup></b>	<b>814,884</b>	<b>1,002,512</b>

(a) Provisions for litigation 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

### 2 Analysis of movements

(in thousands of EUR)	Litigation claims	Restructuring	Pensions and other employee benefits	Provision for off-balance-sheet credit commitments	Other provisions
<b>AS OF 1 JANUARY 2005</b>	<b>107,940</b>	<b>186,626</b>	<b>389,495</b>	<b>4,139</b>	<b>20,690</b>
Exchange difference	170	0	0	(1,141)	0
Additional provisions	22,189	16,492	102,994	8,298	26,359
Unused amounts reversed	(13,759)	(1,781)	(766)	(255)	(21,507)
Utilized during the year	(8,175)	(35,827)	(52,300)	(93)	(10,756)
Changes in scope of consolidation (in)	0	0	0	0	0
Changes in scope of consolidation (out)	(7,800)	(4,785)	(324)	0	(490)
Transfers	3,543	3,949	17,917	0	2,936
Other movements	5,398	4,214	(8,800)	0	94
<b>AS OF 31 DECEMBER 2005</b>	<b>109,506</b>	<b>168,888</b>	<b>448,216</b>	<b>10,948</b>	<b>77,326</b>
<b>AS OF 1 JANUARY 2006</b>	<b>109,506</b>	<b>168,888</b>	<b>448,216</b>	<b>10,948</b>	<b>77,326</b>
Exchange difference	(133)	0	0	(1,618)	0
Additional provisions	183,303	38,176	110,863	5,246	41,398
Unused amounts reversed	(5,872)	(19,760)	(11,844)	(2,177)	(5,416)
Utilized during the year	(42,621)	(27,534)	(55,982)	(43)	(2,971)
Changes in scope of consolidation (in)	0	0	0	0	0
Changes in scope of consolidation (out)	(7,039)	(204)	(11,827)	8,482	0
Transfers	(1,890)	(17,402)	20,766	0	(5,697)
Other movements	0	0	(576)	0	0
<b>AS OF 31 DECEMBER 2006</b>	<b>235,254</b>	<b>142,164</b>	<b>499,616</b>	<b>20,838</b>	<b>104,640</b>

### 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)	31/12/05	31/12/06
1 Benefit obligation at beginning of year	1,827,702	1,932,911
2 Current service cost	85,660	88,493
3 Interest cost	80,270	73,564
4 Plan participants' contributions	2,906	2,881
5 Amendments	0	(12,941)
6 Actuarial (gains)/losses	65,927	(149,317)
7 Benefits paid	(90,076)	(91,160)
8 Expenses paid	(30)	(35)
9 Taxes paid	0	0
10 Premiums paid	(1,624)	(2,147)
11 Acquisitions/divestitures	(10,992)	(106,282)
12 Plan curtailments	(557)	0
13 Plan settlements	0	(9,008)
14 Exchange rate changes	0	308
<b>BENEFIT OBLIGATION AS OF END OF YEAR</b>	<b>1,959,186</b>	<b>1,727,267</b>

##### B CHANGE IN PLAN ASSETS

(in thousands of EUR)	31/12/05	31/12/06
1 Fair value of plan assets at beginning of year	1,242,150	1,274,046
2 Expected return on plan assets	57,660	50,799
3 Actuarial gains/(losses) on plan assets	38,712	(14,229)
4 Employer contributions	48,319	50,885
5 Member contributions	2,906	2,881
6 Benefits paid	(90,076)	(91,160)
7 Expenses paid	(30)	(35)
8 Taxes paid	0	0
9 Premiums paid	(1,624)	(2,147)
10 Plan settlements	0	(5,319)
11 Acquisitions/divestitures	0	(105,265)
12 Exchange rate changes	0	311
<b>FAIR VALUE OF PLAN ASSETS AS OF END OF YEAR</b>	<b>1,298,017</b>	<b>1,160,767</b>

##### C AMOUNTS RECOGNIZED IN THE BALANCE SHEET

(in thousands of EUR)	31/12/05	31/12/06
1 Present value of funded obligations	1,533,902	1,284,383
2 Fair value of plan assets	1,298,017	1,160,698
3 Deficit/(surplus) for funded plans	235,885	123,685
4 Present value of unfunded obligations	425,284	442,614
5 Unrecognized net actuarial gains/(losses)	(218,097)	(80,416)
6 Unrecognized past service (cost)/benefit	0	4,172
7 Effect of paragraph 58(b) limit	0	0
<b>NET LIABILITY/(ASSET)</b>	<b>443,072</b>	<b>490,055</b>

##### AMOUNTS IN THE BALANCE SHEET

1 Liabilities	448,216	499,616
2 Assets	(5,144)	(9,561)
<b>NET LIABILITY (ASSET)</b>	<b>443,072</b>	<b>490,055</b>

## D COMPONENTS OF PENSION COST

(in thousands of EUR)

31/12/05 31/12/06

### AMOUNTS RECOGNIZED IN STATEMENT OF INCOME

1 Current service cost	85,660	88,493
2 Interest cost	80,270	73,564
3 Expected return on plan assets	(57,660)	(50,799)
4 Expected return on reimbursement assets	0	0
5 Amortization of past service cost incl § 58a	0	(8,769)
6 Amortization of net (gain)/loss incl § 58a	7,249	4,031
7 Effect of paragraph 58b limit	0	0
8 Curtailment (gain)/loss recognized	(503)	0
9 Settlement (gain)/loss recognized	0	(3,583)

**TOTAL PENSION COST RECOGNIZED IN THE STATEMENT OF INCOME** 115,016 102,937

### ACTUAL RETURN ON ASSETS

Actual return on plan assets	96,372	36,570
Actual return on reimbursement assets	0	0

## E BALANCE-SHEET RECONCILIATION

(in thousands of EUR)

31/12/05 31/12/06

1 Balance sheet liability (asset)	387,367	445,778
2 Pension expense recognized in statement of income in the financial year	115,016	102,937
3 Amounts recognized in SORIE in the financial year	0	0
4 Employer contributions made in the financial year	33,308	37,794
5 Benefits paid directly by company in the financial year	15,011	13,091
6 Credit to reimbursements	0	0
7 Net transfer in/(out) (including the effect of any business combinations/divestitures)	(10,992)	(7,704)
8 Exchange rate adjustment - (gain)/loss	0	(71)

**BALANCE-SHEET LIABILITY (ASSET) AS OF END OF YEAR (1)+(2)+(3)-(4)-(5)+(6)+(7)+(8)** 443,072 490,055

## F PLAN ASSETS

Asset category

Percentage  
of Plan assets

31/12/05 31/12/06

1 Equity securities	17.56%	15.65%
2 Debt securities	81.70%	83.77%
3 Real estate	0.37%	0.00%
4 Other <sup>(a)</sup>	0.37%	0.58%

(a) Includes qualifying insurance policies

## G HISTORY OF EXPERIENCE GAINS AND LOSSES

(in thousands of EUR)

31/12/05 31/12/06

1 Difference between the actual and expected return on plan assets		
a Amount	38,712	(14,229)
b Percentage of plan assets	2.98%	-1.23%
2 Total gains (-) and losses on plan liabilities <sup>(a)</sup>		
a Amount	65,927	(149,317)
b Percentage of present value of plan liabilities	3.37%	-8.64%

(a) Due essentially to change on assumptions

## H RANGE OF ASSUMPTIONS TO DETERMINE PENSION EXPENSE

31/12/05	Discount Rate	Inflation	Expected return on assets	Expected return on bonds	Expected return on shares	Salary Increase Rate
Europe	4.00%-5.50%	2.50%	3.00%-6.00%	4.00%-5.50%	6.00%-7.00%	2.50%-5.50%
Switzerland	2.50%	1.00%	3.11%	2.25%	6.75%	1.50%
United Kingdom	4.75%	2.50%	6.58%	4.75%	7.75%	4.00%

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%
Switzerland	2.75%	1.00%	3.25%	2.75%	5.75%	2.00%
United Kingdom	5.00%	2.75%	6.02%	5.00%	8.00%	4.25%

Comment on assumptions

As a general principle, discount rate is equal to return on bonds in 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)	31/12/05	31/12/06
Long-term obligations		
- Outstanding liability relating to defined benefit plans	378,739	428,256
- Outstanding liability relating to other postretirement obligations	42,910	46,665
- Outstanding liability relating to other long-term employee benefits	26,567	24,695
<b>TOTAL OUTSTANDING LIABILITY REPORTED IN THE FINANCIAL STATEMENTS<sup>(a)</sup></b>	<b>448,216</b>	<b>499,616</b>
<b>TOTAL LIABILITY CALCULATED BY ACTUARIALS</b>	<b>448,216</b>	<b>499,616</b>
<b>TOTAL LIABILITY RELATING TO INSIGNIFICANT PLANS</b>	<b>0</b>	<b>0</b>
Outstanding asset reported in the financial statements <sup>(b)</sup>	5,144	9,561
<b>TOTAL ASSETS ANALYZED BY ACTUARIALS</b>	<b>5,144</b>	<b>9,561</b>
<b>TOTAL ASSETS RELATING TO INSIGNIFICANT PLANS</b>	<b>0</b>	<b>0</b>

(a) See note 8.7.1

(b) See note 7.13.1

## J CONCENTRATION RISK

Some of the Dexia Bank's plan assets are insurance policies issued by Ethias

The fair value of the plan assets amounts to respectively EUR 1,021,193,000 as of 31 December 2005 and EUR 1,026,940,000 as of 31 December 2006

## K Defined contribution plan

Contributions to legal pensions are not included in the amounts

For 2005 and 2006, the amounts recognized as an expense for defined contribution plans are respectively EUR 562,000 and EUR 977,000

## 8.8 TAX LIABILITIES

### 1 Analysis by nature

(in thousands of EUR)	31/12/05	31/12/06
Current income tax	51,757	43,998
Operational taxes	55,476	63,697
<b>CURRENT TAX LIABILITIES</b>	<b>107,233</b>	<b>107,695</b>
Deferred tax liabilities (See note 9.2)	301,975	78,932
<b>TOTAL</b>	<b>409,208</b>	<b>186,627</b>

## 8.9 OTHER LIABILITIES

(in thousands of EUR)	31/12/05	31/12/06
Other liabilities	2,477,638	2,169,111
Other liabilities specific to insurance activities	272,214	156,182
<b>TOTAL</b>	<b>2,749,852</b>	<b>2,325,293</b>

### 1 Other liabilities

(in thousands of EUR)	31/12/05	31/12/06
Accrued costs	52,397	36,460
Deferred income	17,180	23,105
Subsidies	2	0
Other accounts payable	2,004,296	1,747,818
Other granted amounts received	303	467
Salaries and social charges (payable)	185,764	195,166
Shareholder dividends payable	0	1
Long-term construction contracts	915	0
Other liabilities	216,781	166,094
<b>TOTAL</b>	<b>2,477,638</b>	<b>2,169,111</b>

### 2 Liabilities specific to insurance activities

(in thousands of EUR)	31/12/05	31/12/06
Debts for deposits from assignees	68,225	67,468
Debts resulting from direct insurance transactions	180,785	70,768
Debts resulting from reinsurance transactions	17,591	17,946
Other insurance liabilities	5,613	0
<b>TOTAL</b>	<b>272,214</b>	<b>156,182</b>

## 8.10 NON-CURRENT LIABILITIES HELD FOR SALE

Nil

## IX OTHER NOTES ON THE CONSOLIDATED BALANCE SHEET

### 91 DERIVATIVES

#### 1 Analysis by nature

(in thousands of EUR)	31/12/05		31/12/06	
	Assets	Liabilities	Assets	Liabilities
Derivatives held for trading	23,052,778	22,217,632	14,430,240	13,726,981
Derivatives designated as fair-value hedges	36,626	376,878	294,400	593,057
Derivatives designated as cash-flow hedges	69,443	81,152	73,547	46,188
Derivatives designated as hedge of a net investment in foreign entities	0	0	0	0
Derivatives of portfolio hedge	494,587	1,716,333	390,813	1,062,252
<b>TOTAL</b>	<b>23,653,434</b>	<b>24,391,995</b>	<b>15,189,000</b>	<b>15,428,478</b>

#### 2 Detail of derivatives held for trading

(in thousands of EUR)	31/12/05				31/12/06			
	Notional amount		Assets	Liabilities	Notional amount		Assets	Liabilities
	To receive	To deliver			To receive	To deliver		
Foreign exchange derivatives	31,613,541	29,019,566	679,067	359,579	31,803,287	31,934,999	420,452	354,453
Interest-rate derivatives	843,828,754	865,691,732	21,656,197	21,119,721	840,420,044	846,332,834	12,797,571	12,146,091
Equity derivatives	16,981,738	11,322,730	661,019	680,961	13,049,173	13,092,402	1,153,728	1,171,493
Credit derivatives	32,677,912	12,793,650	56,495	57,371	15,647,593	18,720,049	58,489	54,944
Commodity derivatives	0	0	0	0	0	0	0	0
<b>TOTAL</b>	<b>925,101,945</b>	<b>918,827,678</b>	<b>23,052,778</b>	<b>22,217,632</b>	<b>910,920,097</b>	<b>910,080,284</b>	<b>14,430,240</b>	<b>13,726,981</b>

#### 3 Detail of derivatives designated as fair-value hedges

(in thousands of EUR)	31/12/05				31/12/06			
	Notional amount		Assets	Liabilities	Notional amount		Assets	Liabilities
	To receive	To deliver			To receive	To deliver		
Foreign exchange derivatives	215,788	210,316	4,910	7,966	1,923,172	1,919,936	49,710	63,123
Interest-rate derivatives	3,688,873	4,652,862	31,716	368,912	6,653,260	6,746,807	227,780	234,310
Equity derivatives	0	0	0	0	0	1,589,340	16,910	295,624
Credit derivatives	0	0	0	0	0	0	0	0
Commodity derivatives	0	0	0	0	0	0	0	0
<b>TOTAL</b>	<b>3,904,661</b>	<b>4,863,178</b>	<b>36,626</b>	<b>376,878</b>	<b>8,576,432</b>	<b>10,256,083</b>	<b>294,400</b>	<b>593,057</b>

#### 4 Detail of derivatives designated as cash-flow hedges

(in thousands of EUR)	31/12/05				31/12/06			
	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	45,200,975	45,174,364	69,443	81,152	89,161,072	89,122,461	73,547	46,188
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
<b>TOTAL</b>	<b>45,200,975</b>	<b>45,174,364</b>	<b>69,443</b>	<b>81,152</b>	<b>89,161,072</b>	<b>89,122,461</b>	<b>73,547</b>	<b>46,188</b>

## 5 Detail of derivatives of portfolio hedge

(in thousands of EUR)	31/12/05				31/12/06			
	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	36,608,384	36,608,384	494,587	1,716,333	36,646,832	36,646,832	390,813	1,062,252
<b>TOTAL</b>	<b>36,608,384</b>	<b>36,608,384</b>	<b>494,587</b>	<b>1,716,333</b>	<b>36,646,832</b>	<b>36,646,832</b>	<b>390,813</b>	<b>1,062,252</b>

## 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)	31/12/05	31/12/06
Net deferred income tax assets (liabilities)	(279,217)	92,472
Of which		
- Deferred income tax liabilities	301,975	78,932
- Deferred income tax assets	38,114	198,734
- Impairment on deferred income tax assets	(15,356)	(27,330)

### 2 Movements

(in thousands of EUR)	2005	2006
<b>AS OF 1 JANUARY</b>	<b>(236,054)</b>	<b>(279,217)</b>
Movements of the year		
- Statement of income charge/credit	(70,426)	69,014
- Items directly computed by equity	21,493	301,828
- Effect of change in tax rates – statement of income	1,769	85
- Effect of change in tax rates – equity	(630)	198
- Changes in scope of consolidation	6,030	661
- Exchange differences	74	(81)
- Other movements	(1,433)	(16)
<b>AS OF 31 DECEMBER</b>	<b>(279,217)</b>	<b>92,472</b>

## DEFERRED INCOME TAX COMING FROM ASSETS OF THE BALANCE SHEET

(in thousands of EUR)	31/12/05	31/12/06
Cash, loans and loan loss provisions	(7,360)	35,365
Securities	(500,019)	(146,564)
Derivatives	188,693	187,172
Investment in associates	0	0
Tangible and intangible fixed assets	(183,680)	(172,012)
Other assets and liabilities specific to insurance companies	(591)	1,094
Tax losses carried forward	0	0
Tax credit carried forward	0	0
Other	(23,321)	(19,941)
<b>TOTAL</b>	<b>(526,278)</b>	<b>(114,886)</b>

# DEFERRED INCOME TAX COMING FROM LIABILITIES OF THE BALANCE SHEET

(in thousands of EUR)

	31/12/05	31/12/06
Securities	0	0
Derivatives	23,281	3
Borrowings, deposits and issuance of debt securities	2,354	(68,378)
Provisions	50,351	96,028
Pensions	67,801	78,575
Other assets and liabilities specific to insurance companies	41,413	21,340
Tax losses carried forward	27,937	32,595
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	49,276	74,521
<b>TOTAL</b>	<b>262,417</b>	<b>234,688</b>

## 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	(27,330)	(27,330)
<b>TOTAL</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(27,330)</b>	<b>(27,330)</b>

## 9.3 INSURANCE CONTRACTS

### 1 Life contracts

#### INCOME AND EXPENSES

##### Premium income

(in thousands of EUR)	31/12/05				31/12/06			
	Insurance contracts		Investment contracts with DPF <sup>(a)</sup>		Insurance contracts		Investment contracts with DPF <sup>(a)</sup>	
	Individual	Group	Individual	Group	Individual	Group	Individual	Group
Gross premiums written	285,386	258,769	1,840,611	208,756	392,363	239,220	2,312,312	49,568
Premiums ceded to reinsurers	(6,555)	(39,592)	0	0	(3,471)	(40,459)	(45)	(810)
Change in gross unearned premium reserves (UPR)	0	0	0	0	0	55,942	0	0
Share of reinsurer in change of unearned premium reserves (UPR)	0	0	0	0	(19)	(15,250)	0	0
<b>NET PREMIUM AFTER REINSURANCE</b>	<b>278,831</b>	<b>219,177</b>	<b>1,840,611</b>	<b>208,756</b>	<b>388,873</b>	<b>239,453</b>	<b>2,312,267</b>	<b>48,758</b>

##### Claims expenses

(in thousands of EUR)	2005				2006			
	Insurance contracts		Investment contracts with DPF <sup>(a)</sup>		Insurance contracts		Investment contracts with DPF <sup>(a)</sup>	
	Individual	Group	Individual	Group	Individual	Group	Individual	Group
Gross claims paid	(175,755)	(112,750)	(187,558)	(2,519)	(228,403)	(115,555)	(371,846)	(5,511)
Claims reserve as of 1 January	23,867	7,328	70	149	32,374	9,825	1,215	434
Claims reserve as of 31 December	(32,374)	(9,825)	(1,215)	(434)	(12,324)	(13,908)	(7,752)	(460)
Transferred claims reserves	1,352	(79)	0	0	(5,763)	(85)	0	0
Share of reinsurers	1,884	13,285	381	703	3,704	15,557	0	0
<b>NET CLAIMS INCURRED</b>	<b>(181,026)</b>	<b>(102,041)</b>	<b>(188,322)</b>	<b>(2,101)</b>	<b>(210,412)</b>	<b>(104,166)</b>	<b>(378,383)</b>	<b>(5,537)</b>

(a) Discretionary Participation Features

CONSOLIDATED  
FINANCIAL STATEMENTS



**Changes in technical reserves**  
**Change in life-insurance reserve**

(in thousands of EUR)	2005				2006			
	Insurance contracts		Investment contracts with DPF <sup>(a)</sup>		Insurance contracts		Investment contracts with DPF <sup>(a)</sup>	
	Individual	Group	Individual	Group	Individual	Group	Individual	Group
Life-insurance reserve as of 1 January	2,180,592	635,311	3,593,343	174,969	2,295,862	710,373	5,466,050	385,870
Life-insurance reserve as of 31 December	(2,295,862)	(710,373)	(5,466,050)	(385,870)	(2,367,363)	(743,962)	(8,005,782)	(228,486)
Transferred life-insurance reserve	(1,557)	(33,958)	0	0	(262,111)	(18,553)	477,685	(246,635)
Share of reinsurers in life-insurance reserve as of 1 January	(46,870)	(45,520)	(1,007)	0	(11,260)	(18,819)	(1,015)	0
Share of reinsurers in life-insurance reserve as of 31 December	11,260	18,819	1,015	0	10,391	5,394	746	0
Share of reinsurers in transferred life-insurance reserve	36,125	22,127	0	0	(129)	13,860	(182)	0
<b>NET CHANGE IN LIFE-INSURANCE RESERVE</b>	<b>(116,312)</b>	<b>(113,594)</b>	<b>(1,872,699)</b>	<b>(210,901)</b>	<b>(334,610)</b>	<b>(51,707)</b>	<b>(2,062,498)</b>	<b>(89,251)</b>

**Change in profit-sharing reserve**

(in thousands of EUR)	2005				2006			
	Insurance contracts		Investment contracts with DPF <sup>(a)</sup>		Insurance contracts		Investment contracts with DPF <sup>(a)</sup>	
	Individual	Group	Individual	Group	Individual	Group	Individual	Group
Profit-sharing reserve as of 1 January	1,628	3,998	12,297	424	2,668	6,295	21,430	1,697
Profit-sharing reserve as of 31 December	(2,668)	(6,295)	(21,430)	(1,697)	(4,772)	(8,392)	(48,057)	(314)
Transferred profit-sharing reserve	0	0	0	0	1,422	313	(5)	(1,527)
Share of reinsurers in profit-sharing reserve as of 1 January	0	0	0	0	(511)	(82)	0	0
Share of reinsurers in profit-sharing reserve as of 31 December	511	82	0	0	0	201	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
<b>NET CHANGE IN PROFIT-SHARING RESERVE</b>	<b>(529)</b>	<b>(2,215)</b>	<b>(9,133)</b>	<b>(1,273)</b>	<b>(1,193)</b>	<b>(1,665)</b>	<b>(26,632)</b>	<b>(144)</b>

(a) Discretionary Participation Features

**Losses resulting from Liability Adequacy Test (LAT)**  
**Nil**

# ASSETS AND LIABILITIES

## Gross reserves

(in thousands of EUR)	31/12/05				31/12/06			
	Insurance contracts		Investment contracts with DPf <sup>(a)</sup>		Insurance contracts		Investment contracts with DPf <sup>(a)</sup>	
	Individual	Group	Individual	Group	Individual	Group	Individual	Group
Life-insurance reserve local GAAP	2,295,862	710,374	5,466,050	385,871	2,367,363	743,962	8,005,782	228,486
Reserves due to results of LAT (Liability Adequacy Test)	0	0	0	0	0	0	0	0
Reserves due to shadow accounting adjustments	5,446	15,125	43,686	3,613	2,720	5,787	21,776	2,078
Reserves due to results of IAS 39	0	0	0	0	0	0	0	0
<b>TOTAL LIFE INSURANCE RESERVE</b>	<b>2,301,308</b>	<b>725,499</b>	<b>5,509,736</b>	<b>389,484</b>	<b>2,370,083</b>	<b>749,749</b>	<b>8,027,558</b>	<b>230,564</b>
Claims reserves	32,374	9,825	1,215	434	12,324	13,908	7,752	460
Other technical reserves	2,668	6,295	21,429	1,697	4,772	8,392	48,057	314
<b>TOTAL GROSS RESERVES</b>	<b>2,336,350</b>	<b>741,619</b>	<b>5,532,380</b>	<b>391,615</b>	<b>2,387,179</b>	<b>772,049</b>	<b>8,083,367</b>	<b>231,338</b>

## Share of reinsurers

(in thousands of EUR)	31/12/05				31/12/06			
	Insurance contracts		Investment contracts with DPf <sup>(a)</sup>		Insurance contracts		Investment contracts with DPf <sup>(a)</sup>	
	Individual	Group	Individual	Group	Individual	Group	Individual	Group
Share of reinsurers in life-insurance reserve	11,260	18,819	1,015	0	10,391	5,393	746	0
Share of reinsurers in claims reserves	2,280	1,681	0	0	2,117	1,424	0	0
Share of reinsurers in other technical reserves	511	82	0	0	79	202	0	0
<b>TOTAL SHARE OF REINSURERS</b>	<b>14,051</b>	<b>20,582</b>	<b>1,015</b>	<b>0</b>	<b>12,587</b>	<b>7,019</b>	<b>746</b>	<b>0</b>

(a) Discretionary Participation Features

## Discretionary participation feature included in equity

(in thousands of EUR)	Contracts with DPf			
	31/12/05		31/12/06	
	Individual	Group	Individual	Group
Net discretionary participation feature included in equity	373,844	59,866	370,499	55,531

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)	2005			2006		
	Contracts Gross amount	Reinsurance amount	Net amount	Contracts Gross amount	Reinsurance amount	Net amount
<b>LIFE INSURANCE RESERVE AS OF 31 DECEMBER 2005-1</b>	<b>6,584,215</b>	<b>93,397</b>	<b>6,490,818</b>	<b>8,925,639</b>	<b>31,094</b>	<b>8,894,545</b>
Additional reserves originated during the period	2,369,759	(53,638)	2,423,397	2,841,932	18,618	2,823,314
Additional reserves due to shadow adjustments	67,871	0	67,871	(35,508)	0	(35,508)
Additional reserves due to results of LAT	0	0	0	0	0	0
Claims paid	(522,220)	(15,832)	(506,388)	(561,630)	(98,150)	(463,480)
Results on death and on life	11,012	9,242	1,770	(67,002)	1,351	(68,353)
Attribution of technical interest	244,427	823	243,604	335,354	1,747	333,607
Other changes	170,575	(2,898)	173,473	(60,830)	61,871	(122,701)
<b>LIFE-INSURANCE RESERVE AS OF 31 DECEMBER</b>	<b>8,925,639</b>	<b>31,094</b>	<b>8,894,545</b>	<b>11,377,955</b>	<b>16,531</b>	<b>11,361,424</b>

## 2 Nonlife contracts

### INCOME AND EXPENSES

#### Premium income

(in thousands of EUR)	31/12/05	31/12/06
Gross premiums written	362,206	360,744
Premiums ceded to reinsurer	(26,390)	(24,607)
<b>NET PREMIUMS AFTER REINSURANCE (A)</b>	<b>335,816</b>	<b>336,137</b>
Change in gross Unearned Premium Reserves (UPR)	(2,158)	(3,587)
Share of reinsurers in change of Unearned Premium Reserve (UPR)	257	(200)
<b>CHANGE IN NET UNEARNED PREMIUM RESERVE (UPR) (B)</b>	<b>(1,901)</b>	<b>(3,787)</b>
<b>TOTAL NET EARNED PREMIUMS (A)+(B)</b>	<b>333,915</b>	<b>332,350</b>

#### Claims expenses

(in thousands of EUR)	2005	2006
Gross claims paid	(188,171)	(187,664)
Claims reserve as of 1 January	566,077	592,571
Claims reserve as of 31 December	(592,571)	(568,388)
Transferred claims reserves	0	(49,253)
Share of reinsurers	10,034	11,563
<b>NET CLAIMS INCURRED</b>	<b>(204,631)</b>	<b>(201,171)</b>

#### Changes in other nonlife insurance reserves

(in thousands of EUR)	2005	2006
Other nonlife insurance reserves as of 1 January	16,317	16,956
Other nonlife insurance reserves as of 31 December	(16,956)	(18,343)
Transferred other nonlife insurance reserves	23	(87)
Share of reinsurers in other nonlife insurance reserves as of 1 January	(658)	(668)
Share of reinsurers in other nonlife insurance reserves as of 31 December	668	741
Share of reinsurers in transferred other nonlife insurance reserves	0	0
<b>NET CHANGES IN INSURANCE LIABILITIES</b>	<b>(606)</b>	<b>(1,401)</b>

#### Losses resulting from liability adequacy test (LAT)

Nil

# ASSETS AND LIABILITIES

## Gross reserves

(in thousands of EUR)	31/12/05	31/12/06
Claims reserves	535,713	512,069
Reserves Unallocated Loss Adjustment Expenses (ULAE)	27,903	27,064
Premium deficiency reserves (nonlife LAT)	0	0
Incurred But Not Reported (IBNR)	28,955	29,255
<b>TOTAL CLAIMS RESERVES</b>	<b>592,571</b>	<b>568,388</b>
Other technical reserves	16,956	18,343
Unearned Premium Reserve (UPR)	84,907	82,724
<b>TOTAL GROSS RESERVES</b>	<b>694,434</b>	<b>669,455</b>

## Share of reinsurers

(in thousands of EUR)	31/12/05	31/12/06
Share of reinsurers in claims reserves	82,542	65,633
Share of reinsurers in reserves ULAE	0	0
Share of reinsurers in IBNR	0	0
<b>SHARE OF REINSURERS IN TOTAL CLAIMS RESERVE</b>	<b>82,542</b>	<b>65,633</b>
Share of reinsurers in other technical reserves	668	741
Share of reinsurers in UPR	2,342	1,917
<b>TOTAL SHARE OF REINSURERS</b>	<b>85,552</b>	<b>68,291</b>

## Reconciliation of changes in claims reserves

(in thousands of EUR)	2005			2006		
	Gross amount	Reinsurance amount	Net amount	Gross amount	Reinsurance amount	Net amount
<b>CLAIMS RESERVES AS OF 1 JANUARY</b>	<b>566,077</b>	<b>86,544</b>	<b>479,533</b>	<b>592,571</b>	<b>82,542</b>	<b>510,029</b>
Claims paid on previous years	(46,653)	1,687	(48,340)	(102,343)	(19,295)	(83,048)
Change in claim charges on previous years	(79,010)	(16,018)	(62,992)	(81,048)	338	(81,386)
Liabilities on claims current year	152,157	10,329	141,828	159,208	2,047	157,161
<b>CLAIMS RESERVES AS OF 31 DECEMBER</b>	<b>592,571</b>	<b>82,542</b>	<b>510,029</b>	<b>568,388</b>	<b>65,632</b>	<b>502,756</b>

**Claims development (in millions of EUR)**  
Runoff triangle total costs (gross figures)

Liquidation year	Occurrence year					
	Previous	2002	2003	2004	2005	2006
2001	469	0	0	0	0	0
2002	300	184	0	0	0	0
2003	246	112	194	0	0	0
2004	204	70	105	225	0	0
2005	180	59	63	115	241	0
2006	154	52	49	66	129	239

#### 9.4 RELATED PARTIES TRANSACTIONS

##### 1 Related parties transactions

(in thousands of EUR)	Key management personnel		Parent company		Entities with joint control or significant influence over the entity <sup>(a)</sup>	
	31/12/05	31/12/06	31/12/05	31/12/06	31/12/05	31/12/06
Loans <sup>(b)</sup>	3,187	5,548	1,472,484	202,007	316,325	648,703
Interest income	4	3	38,862	32,875	5,809	20,004
Deposits	5,125	3,929	282,695	278,446	2,657	7,791
Interest expense	0	(110)	(6,362)	(8,894)	(157)	(221)
Other revenue – fee result	(2)	(2)	2,169	4,041	56	145
Guarantees issued and commitments provided by the Group <sup>(c)</sup>	0	0	42,479	42,033	16,239	56,239
Guarantees and commitments received by the Group	2,261	2,251	0	0	0	620,455

(in thousands of EUR)	Subsidiaries		Associates		Joint ventures in which the entity is a venturer		Other related parties	
	31/12/05	31/12/06	31/12/05	31/12/06	31/12/05	31/12/06	31/12/05	31/12/06
Loans <sup>(b)</sup>	0	0	195,138	150,363	16,376	13,398	17,653,152	35,722,110
Interest income	0	0	4,877	1,912	583	395	407,753	761,745
Deposits	58	125	221,783	262,270	38,152	41,862	20,123,088	11,136,338
Interest expense	(1)	(2)	(4,884)	(7,593)	(536)	(782)	(351,944)	(611,829)
Other revenue – fee result	1	0	79,599	103,610	1,353	1,409	(1,097)	(3,135)
Guarantees issued and commitments provided by the Group <sup>(c)</sup>	432	13	208,752	25,771	6,510	2,748	10,630,899	3,745,620
Guarantees and commitments received by the Group	0	0	0	0	0	0	15,163,855	25,559,617

(a) We refer to the main shareholders of Dexa (2005-2006) Arcofin Holding Communal and Caisse de 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)

	31/12/05	31/12/06
Short-term benefits	5,131	2,054
Post-employment benefits	0	0
Other long-term benefits	0	0
Termination benefits	0	0
Share-based payments	325	93

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

## 9.5 SECURITIZATION

Dexia Bank Belgium has three securitization vehicles: Atrium-1, Atrium-2 and MBS. This latter has six compartments

Total assets of those vehicles amounts respectively to EUR 332 million and EUR 295 million as of 31 December 2005 and 31 December 2006

Atrium-1 is a securitization transaction of social housing loans pursuant to a long-term credit facility between BACOB (currently merged into 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 30 April 1996, both carrying a Moody's rating equal to that of the Flemish government (initially Aa2, currently Aa1). As of 31 December 2006 EUR 118.6 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 BACOB (merged into 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 SPV. The original size of the transaction was EUR 129.3 million. Two classes of fixed-rate notes were issued on 19 June 1997, both carrying a Moody's rating equal to that of the Flemish government (initially Aa2, currently Aa1). As of 31 December 2006 EUR 86 million is still outstanding under class A2.

MBS-3 is a securitization transaction of Belgian residential mortgage loans. The transaction, which had an original outstanding amount of EUR 371.8 million, was launched on 24 November 1997. 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 31 December 2006 there is still EUR 28.5 million outstanding. There is 24.5 million outstanding under class A3 and EUR 3.9 million under class B (currently rated Aa1/AA by Moody's and Fitch).

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 25 November 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 of 31 December 2006 there is still EUR 51.2 million outstanding. There is EUR 46.2 million outstanding under class A3 and EUR 5.0 million under class B (currently rated Aa1/AA by Moody's and Fitch).

## 9 6 ACQUISITIONS AND DISPOSALS OF CONSOLIDATED COMPANIES

### 1 Main acquisitions

There were no significant acquisitions in 2005 and 2006

### 2 Main disposals

#### Year 2005

In December 2005 the Group disposed of 100% of the share capital of Eural Banque d'épargne SA (Eural)

#### Year 2006

In December 2006 the Group disposed of 100% of the share capital of Banque Artesia Nederland NV (BAN)

The assets and liabilities disposed are as follows

	2005 Eural	2006 BAN
(in thousands of EUR)		
Cash and cash equivalents	106,419	353,423
Due from banks	355,693	100,053
Loans and advances to customers	758,223	3,422,176
Loans and securities available for sale	1,394,486	683,490
Positive value of derivatives	54,510	51,406
Other assets	18,651	34,973
Due to banks	(21,546)	(3,032,794)
Customer borrowings and deposits	(1,362,925)	(1,216,510)
Negative value of derivatives	(76,889)	(55,361)
Debt securities	(1,090,926)	0
Other liabilities	(47,226)	(119,077)
<b>NET ASSETS<sup>(a)</sup></b>	<b>88,470</b>	<b>221,779</b>
Proceeds from sale (in cash)	121,625	484,700
Less cash and cash equivalents in the subsidiaries sold	(106,419)	(353,423)
<b>NET CASH INFLOW ON SALE</b>	<b>15,206</b>	<b>131,277</b>

(a) Eural including EUR 36 million gains and losses not recognized in the statement of income (AFS reserve)  
BAN including EUR 17 million gains and losses not recognized in the statement of income (AFS reserve)

## 9 7 EQUITY

(in thousands of EUR)	2005	2006
By categorie 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
<b>VALUE PER SHARE</b>	<b>No nominal value</b>	<b>No nominal value</b>
Outstanding as of 1 January	346,725,878	359,412,616
Number of shares issued	12,686,738	0
Number of shares cancelled	0	0
Outstanding as of 31 December	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

	31/12/05 Number of options	31/12/06 Number of options
Outstanding at beginning of period	23,020,306	23,021,293
Granted during the period	3,751,672	3,401,048
Forfeited during the period	0	0
Exercised during the period <sup>(a)</sup>	(3,719,315)	(3,921,953)
Expired during the period	(31,370)	(12,786)
Outstanding at end of period	23,021,293	22,487,602
Exercisable at end of period	5,657,572	5,598,072

(a) The weighted average exercise price for 2005 and 2006 was respectively EUR 14.74 and 14.04 per share

Range of exercise prices (EUR)	31/12/05			31/12/06		
	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)
10.97 - 11.37	4,525,296	0	6.71	4,525,296	0	5.73
11.88 - 13.66	5,987,926	11.88	7.54	5,967,926	11.88	6.56
13.81 - 14.58	3,331,467	14.39	2.89	1,571,482	14.12	1.87
15.17 - 15.88	2,962,251	15.17	2.76	1,142,497	15.17	1.77
17.23 - 17.86	2,462,681	17.86	5.46	2,127,681	17.86	4.45
18.03 - 18.20	3,751,672	0	9.24	3,751,672	0	8.26
18.62 - 21.25	0	0	0	3,401,048	0	9.19

### Stock option plans settled in Dexia shares

#### Plan 2005

#### Plan 2006

	30/06/05	18/11/05	30/06/06	17/11/06
Grant date				
Number of instruments granted	3,561,700	189,972	2,758,500	197,748
Exercise price	18.03	18.2	18.62	21.25
Share price at the date of grant	18.21	18.36	18.85	21.27
Contractual life (years)	10 years	5 years	10 years	5 years
Vesting conditions	See note (a)	None	See note (a)	None
Settlement	Dexia shares	Dexia shares	Dexia shares	Dexia shares
Fair value per granted instrument at grant date	2.16	2.1	2.33	2.67
Valuation model	See note (b)	See note (b)	See note (b)	See note (b)

(a) In 2005, Dexia's stock options plan was changed when possible by local law in order to harmonize the conditions within the Group. The vesting conditions are the following: 40% is vested immediately, 20% is yearly vested over the next 3 years.

(b) For the stock options plan offered towards Dexia's employees, Dexia used the fair value obtained from a non-related third party.



## 9.9 MINORITY INTERESTS – CORE EQUITY

(in thousands of EUR)

<b>AS OF 1 JANUARY 2005</b>	<b>51,611</b>
Increase of capital	0
Dividends	(5,867)
Net income for the period	2,259
Variation of scope of consolidation <sup>(a)</sup>	(23,159)
<b>AS OF 31 DECEMBER 2005</b>	<b>24,844</b>
<b>AS OF 1 JANUARY 2006</b>	<b>24,844</b>
Increase of capital	1,847
Dividends	(1,381)
Net income for the period	3,854
Variation of scope of consolidation	(2,041)
<b>AS OF 31 DECEMBER 2006</b>	<b>27,123</b>

(a) The change in scope of consolidation in 2005 includes the purchase of remaining minority interests in Dexia Insurance Belgium

## 9 10 CONTRIBUTION BY ACTIVITY

		31/12/05			31/12/06		
		Banking and other activities	Insurance activities <sup>(a)</sup>	Total	Banking and other activities	Insurance activities <sup>(a)</sup>	Total
(in thousands of EUR)							
I	Cash and balances with central banks	1,138,555	42	1,138,597	938,221	24	938,245
II	Due from banks	70,007,040	181,738	70,188,778	80,551,364	142,121	80,693,485
III	Loans and advances to customers	67,082,124	312,132	67,394,256	83,242,614	302,430	83,545,044
IV	Loans and securities held for trading	5,465,013	0	5,465,013	5,788,126	0	5,788,126
V	Loans and securities designated at fair value	2,840,169	5,759,643	8,599,812	3,620,978	6,075,885	9,696,863
VI	Loans and securities available for sale	37,561,244	10,212,017	47,773,261	42,201,871	11,838,520	54,040,391
VII	Securities held to maturity	324,506	0	324,506	248,100	0	248,100
VIII	Positive value of derivatives	23,648,495	4,939	23,653,434	15,182,670	6,330	15,189,000
IX	Fair value revaluation of portfolio hedge	919,253	0	919,253	225,929	0	225,929
X	Investments in associates	563,937	7,106	571,043	609,565	7,336	616,901
XI	Tangible fixed assets	1,437,264	25,597	1,462,861	1,295,040	23,239	1,318,279
XII	Intangible assets and goodwill	88,908	137,216	226,124	85,458	133,495	218,953
XIII	Tax assets	99,847	8,500	108,347	234,844	8,574	243,418
XIV	Other assets	1,470,800	377,861	1,848,661	1,329,594	287,254	1,616,848
XV	Non-current assets held for sale	36,360	0	36,360	44,590	0	44,590
<b>TOTAL ASSETS</b>		<b>212,683,515</b>	<b>17,026,791</b>	<b>229,710,306</b>	<b>235,598,964</b>	<b>18,825,208</b>	<b>254,424,172</b>
I	Due to banks	99,012,627	24,337	99,036,964	119,344,411	126,022	119,470,433
II	Customer borrowings and deposits	55,814,451	521,049	56,335,500	66,125,162	411,220	66,536,382
III	Liabilities held for trading	3,738,338	0	3,738,338	552,337	0	552,337
IV	Liabilities designated at fair value	0	5,011,932	5,011,932	0	4,780,734	4,780,734
V	Negative value of derivatives	24,391,995	0	24,391,995	15,428,264	214	15,428,478
VI	Fair value revaluation of portfolio hedge	0	0	0	0	0	0
VII	Debt securities	17,903,809	0	17,903,809	21,990,958	0	21,990,958
VIII	Subordinated and convertible debt	2,805,579	53,619	2,859,198	2,913,958	225,284	3,139,242
IX	Technical provisions of insurance companies	0	9,696,760	9,696,760	0	12,143,466	12,143,466
X	Provisions and other obligations	568,271	246,613	814,884	779,725	222,787	1,002,512
XI	Tax liabilities	254,987	154,221	409,208	114,781	71,846	186,627
XII	Other liabilities	2,328,512	421,340	2,749,852	1,972,686	352,607	2,325,293
XIII	Non-current liabilities held for sale	0	0	0	0	0	0
<b>TOTAL LIABILITIES</b>		<b>206,818,569</b>	<b>16,129,871</b>	<b>222,948,440</b>	<b>229,222,282</b>	<b>18,334,180</b>	<b>247,556,462</b>

(a) The heading "Insurance activities" includes mainly Dexia Insurance Belgium Group

	31/12/05			31/12/06		
	Banking and other activities	Insurance activities <sup>(a)</sup>	Total	Banking and other activities	Insurance activities <sup>(a)</sup>	Total
(in thousands of EUR)						
Interest margin	1,511,866	348,032	1,859,898	1,583,705	378,184	1,961,889
Dividend income	54,157	49,075	103,232	50,903	67,165	118,068
Net income from associates	101,439	557	101,996	121,894	452	122,346
Net trading income and net result of hedge accounting	53,862	(14,549)	39,313	85,928	(7,604)	78,324
Net income on investments	336,676	81,616	418,292	533,423	118,970	652,393
Net commission	390,811	38,913	429,724	361,884	31,563	393,447
Technical margin of insurance activities	0	(128,024)	(128,024)	0	(214,112)	(214,112)
Other net income	94,245	(15,225)	79,020	(57,839)	5,495	(52,344)
<b>INCOME</b>	<b>2,543,056</b>	<b>360,395</b>	<b>2,903,451</b>	<b>2,679,898</b>	<b>380,113</b>	<b>3,060,011</b>
Staff expense	(707,577)	(83,758)	(791,335)	(667,193)	(97,186)	(764,379)
General and administrative expense	(434,171)	(63,495)	(497,666)	(452,455)	(64,853)	(517,308)
Network costs	(310,746)	(55,445)	(366,191)	(299,304)	(53,271)	(352,575)
Depreciation & amortization	(148,108)	(12,929)	(161,037)	(141,833)	(8,309)	(150,142)
Deferred acquisition costs	0	(1)	(1)	0	0	0
<b>COSTS</b>	<b>(1,600,602)</b>	<b>(215,628)</b>	<b>(1,816,230)</b>	<b>(1,560,785)</b>	<b>(223,619)</b>	<b>(1,784,404)</b>
<b>GROSS OPERATING INCOME</b>	<b>942,454</b>	<b>144,767</b>	<b>1,087,221</b>	<b>1,119,113</b>	<b>156,494</b>	<b>1,275,607</b>
Impairment on loans and provisions for credit commitments	(33,883)	(440)	(34,323)	(37,795)	(596)	(38,391)
Impairment on tangible and intangible assets	(1,392)	0	(1,392)	(1,269)	0	(1,269)
Impairment on goodwill	0	0	0	0	0	0
<b>NET INCOME BEFORE TAX</b>	<b>907,179</b>	<b>144,327</b>	<b>1,051,506</b>	<b>1,080,049</b>	<b>155,898</b>	<b>1,235,947</b>
Tax expense	(121,276)	(28,563)	(149,839)	(50,794)	(24,104)	(74,898)
<b>NET INCOME OF CONTINUING OPERATIONS</b>	<b>785,903</b>	<b>115,764</b>	<b>901,667</b>	<b>1,029,255</b>	<b>131,794</b>	<b>1,161,049</b>
Discontinued operations (net of tax)	0	0	0	0	0	0
<b>NET INCOME</b>	<b>785,903</b>	<b>115,764</b>	<b>901,667</b>	<b>1,029,255</b>	<b>131,794</b>	<b>1,161,049</b>
Attributable to minority interest	1,702	557	2,259	3,220	634	3,854
Attributable to equity holders of the parent	784,201	115,207	899,408	1,026,035	131,160	1,157,195

(a) The heading "Insurance activities" includes mainly Dexia Insurance Belgium 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

		31/12/05		31/12/06	
		Closing rate	Average rate	Closing rate	Average rate
Australian Dollar	AUD	1 6113	1 6277	1 6699	1 6695
Canadian Dollar	CAD	1 3728	1 4991	1 5337	1 4300
Swiss Franc	CHF	1 5541	1 5475	1 6081	1 5763
Koruna (Czech republic)	CZK	28 9839	29 7804	27 5492	28 2639
Danish Krone	DKK	7 4598	7 4524	7 4546	7 4588
Euro	EUR	1	1	1	1
Pound Sterling	GBP	0 6852	0 6831	0 6726	0 6820
Hong Kong Dollar	HKD	9 1426	9 6396	10 2438	9 8277
Forint	HUF	252 8001	248 5968	251 4469	264 1324
Shekel	ILS	5 4272	5 5674	5 5520	5 6087
Yen	JPY	138 8567	136 9703	156 8456	146 8583
Mexican Peso	MXN	12 5787	13 4915	14 2633	13 7988
Norwegian Krone	NOK	7 9807	7 9999	8 2115	8 0450
New Zealand Dollar	NZD	1 7266	1 7619	1 8704	1 9448
Swedish Krona	SEK	9 3909	9 3017	9 0298	9 2459
Singapore Dollar	SGD	1 9612	2 0630	2 0195	1 9987
New Turkish Lira	TRY	1 5917	1 6656	1 8515	1 8069
US Dollar	USD	1 1790	1 2395	1 3172	1 2649

## X NOTES ON THE CONSOLIDATED OFF-BALANCE-SHEET ITEMS

### 10 1 REGULAR WAY TRADE

(in thousands of EUR)	31/12/05	31/12/06
Loans to be delivered and purchases of assets	3,909,379	4,563,417
Borrowings to be received and sales of assets	10,202,353	10,512,639

### 10 2 GUARANTEES

(in thousands of EUR)	31/12/05	31/12/06
Guarantees given to credit institutions	4,622,905	25,605,779
Guarantees given to customers	17,010,156	6,227,801
Guarantees received from credit institutions	3,450,686	3,626,605
Guarantees received from customers	44,862,562	33,155,347

### 10 3 LOAN COMMITMENTS

(in thousands of EUR)	31/12/05	31/12/06
Unused lines granted to credit institutions	1,382,750	389,493
Unused lines granted to customers	23,621,947	26,408,490
Unused lines obtained from credit institutions	2,124,930	4,476,477
Unused lines obtained from customers	0	0

#### 10 4 OTHER COMMITMENTS

(in thousands of EUR)	31/12/05	31/12/06
Insurance activity – Commitments given	156,770	0
Insurance activity – Commitments received	0	37,997
Banking activity – Commitments given	175,777,479	172,084,538
Banking activity – Commitments received	166,622,491	244,678,645

As from 31 December 2006 commitments given include financial instruments given as collateral and commitments received include financial instruments received as collateral

### XI NOTES ON THE CONSOLIDATED STATEMENT OF INCOME

#### 11 1 INTEREST INCOME – INTEREST EXPENSE

(in thousands of EUR)	31/12/05	31/12/06
<b>INTEREST INCOME</b>	<b>32,140,126</b>	<b>37,929,848</b>
<b>INTEREST INCOME OF ASSETS NOT AT FAIR VALUE</b>	<b>5,872,743</b>	<b>7,582,107</b>
Cash and balances with central banks	29,629	48,892
Due from banks	1,454,697	2,242,003
Loans and advances to customers	2,693,687	3,236,888
Loans and securities – available for sale	1,634,226	2,009,734
Loans and securities – held to maturity	18,388	15,980
Interest on impaired assets	33,273	22,449
Other	8,843	6,161
<b>INTEREST INCOME OF ASSETS AT FAIR VALUE</b>	<b>26,267,383</b>	<b>30,347,741</b>
Loans and securities – held for trading	151,599	161,435
Loans and securities – designated at fair value	80,229	158,772
Derivatives	26,035,555	30,027,534
<b>INTEREST EXPENSE</b>	<b>(30,280,228)</b>	<b>(35,967,959)</b>
<b>INTEREST EXPENSE OF LIABILITIES NOT AT FAIR VALUE</b>	<b>(3,883,889)</b>	<b>(5,670,951)</b>
Due to banks	(2,070,201)	(3,655,297)
Customer borrowings and deposits	(891,294)	(1,112,765)
Debt securities	(775,100)	(750,909)
Subordinated and convertible debt	(143,724)	(139,890)
Interest on preferred shares and hybrid capital	0	0
Other	(3,570)	(12,090)
<b>INTEREST EXPENSE OF LIABILITIES AT FAIR VALUE</b>	<b>(26,396,339)</b>	<b>(30,297,008)</b>
Liabilities held for trading	(50,759)	(5,054)
Liabilities designated at fair value	(4,723)	0
Derivatives	(26,340,857)	(30,291,954)
<b>NET INTEREST INCOME</b>	<b>1,859,898</b>	<b>1,961,889</b>

## 11.2 DIVIDEND INCOME

(in thousands of EUR)	31/12/05	31/12/06
Financial assets – available for sale	95,775	110,391
Financial assets – held for trading	1,847	3,041
Financial assets – designated at fair value	5,610	4,636
<b>TOTAL</b>	<b>103,232</b>	<b>118,068</b>

## 11.3 NET INCOME FROM ASSOCIATES

(in thousands of EUR)	31/12/05	31/12/06
Income from associates before tax	135,244	160,102
Share of tax	(33,248)	(37,756)
Impairment on goodwill	0	0
<b>TOTAL</b>	<b>101,996</b>	<b>122,346</b>

(in thousands of EUR)	31/12/05	31/12/06
Of which		
- Investors' share of discontinued operations of associates	0	0

## 11.4 NET TRADING INCOME AND NET RESULT OF HEDGE ACCOUNTING

(in thousands of EUR)	31/12/05	31/12/06
Foreign exchange net income	11,262	(41,455)
Revaluation of assets at fair value in FVH hedge	425,580	206,874
Revaluation of liabilities at fair value in FVH hedge	103,420	102,768
Change in own credit risk	0	0
Other activities from trading and hedging	(500,949)	(189,863)
<b>TOTAL</b>	<b>39,313</b>	<b>78,324</b>

All interests received and paid on all assets, liabilities and derivatives are recorded in the interest margin.

Therefore, the net trading income and net result of hedge accounting include only the change in market value of derivatives, the revaluation of assets and liabilities in a hedge relationship and the revaluation of the trading portfolio.

This heading therefore includes the inefficiency of all hedge relationships.

The item "Other activities from trading and hedging" includes results on trading derivatives, hedging derivatives and, in case of rupture of cash-flow hedge relationship, the accumulated CFH reserve related to those derivatives. It also includes net result on portfolio hedge.

# 11.5 NET INCOME ON INVESTMENTS

(in thousands of EUR)	31/12/05	31/12/06
Gains on loans	1,818	41,320
Gains on loans and securities available for sale	421,002	654,920
Gains on loans and securities held to maturity	0	0
Gains on tangible fixed assets	19,593	8,627
Gains on intangible fixed assets	1	15
Gains on assets and liabilities held for sale	0	28,980
Gains on liabilities	0	0
Other gains	377	574
<b>TOTAL GAINS</b>	<b>442,791</b>	<b>734,436</b>
Losses on loans	(1,096)	(5,618)
Losses on loans and securities available for sale	(77,668)	(126,744)
Losses on loans and securities held to maturity	(1)	(1)
Losses on tangible fixed assets	(1,401)	(349)
Losses on intangible fixed assets	0	(1)
Losses on assets and liabilities held for sale	0	(706)
Losses on liabilities	(3)	0
Other losses	0	(28)
<b>TOTAL LOSSES</b>	<b>(80,169)</b>	<b>(133,447)</b>
<b>NET IMPAIRMENT</b>	<b>55,670</b>	<b>51,404</b>
<b>TOTAL</b>	<b>418,292</b>	<b>652,393</b>

## Impairment on securities

(in thousands of EUR)	Specific risk		Total
	Allowances	Write-backs	
As of 31 December 2005			
Securities held to maturity	0	0	0
Securities available for sale	(6,300)	61,970	55,670
<b>TOTAL</b>	<b>(6,300)</b>	<b>61,970</b>	<b>55,670</b>
As of 31 December 2006			
Securities held to maturity	0	0	0
Securities available for sale	(906)	52,310	51,404
<b>TOTAL</b>	<b>(906)</b>	<b>52,310</b>	<b>51,404</b>

## 11 6 COMMISSION INCOME AND EXPENSE

(in thousands of EUR)	31/12/05			31/12/06		
	Income	Expense	Net	Income	Expense	Net
Management of unit trusts and mutual funds	112,944	(8,976)	103,968	123,393	(2,884)	120,509
Administration of unit trusts and mutual funds	51,013	(4,883)	46,130	52,229	(4,402)	47,827
Insurance activity and broking	16,080	(120)	15,960	13,631	(951)	12,680
Credit activity	29,486	(11,574)	17,912	26,430	(10,068)	16,362
Purchase and sale on securities	21,034	(3,837)	17,197	21,721	(5,580)	16,141
Purchase and sale on unit trusts and mutual funds	78,884	(20,266)	58,618	40,466	(10,341)	30,125
Payment services	100,849	(17,791)	83,058	101,517	(21,200)	80,317
Commissions to not exclusive brokers	23,656	(5,582)	18,074	22,395	(7,868)	14,527
Financial engineering	2,690	0	2,690	0	0	0
Services on securities other than safekeeping	10,464	(3,254)	7,210	12,051	(4,471)	7,580
Custody	20,012	(5,861)	14,151	23,577	(9,374)	14,203
Issues and placements of securities	4,764	(1,012)	3,752	1,595	(541)	1,054
Servicing fees of securitization	0	0	0	0	(225)	(225)
Private banking	2,908	(1,463)	1,445	4,604	(1,526)	3,078
Clearing and settlement	766	(10,465)	(9,699)	1,488	(10,774)	(9,286)
Other	50,383	(1,125)	49,258	40,945	(2,390)	38,555
<b>TOTAL</b>	<b>525,933</b>	<b>(96,209)</b>	<b>429,724</b>	<b>486,042</b>	<b>(92,595)</b>	<b>393,447</b>

## 11 7 TECHNICAL MARGIN OF INSURANCE ACTIVITIES

### Income in the technical margin

(in thousands of EUR)	31/12/05	31/12/06
Premiums and contributions received	2,955,728	3,354,208
Allowance charges – intervention of reinsurers	29,527	31,012
Changes in technical reserves – part of reinsurers	(4,876)	(16,991)
Other technical income	168,362	152,852
<b>INCOME</b>	<b>3,148,741</b>	<b>3,521,081</b>

### Expenses in the technical margin

(in thousands of EUR)	31/12/05	31/12/06
Premiums received transferred to reinsurers	(71,822)	(69,393)
Premiums and contributions paid	(110,841)	(132,575)
Allowance charges	(666,753)	(908,979)
Change in technical reserves	(2,377,003)	(2,557,452)
Other technical expenses	(50,346)	(66,794)
<b>EXPENSES</b>	<b>(3,276,765)</b>	<b>(3,735,193)</b>
<b>TOTAL</b>	<b>(128,024)</b>	<b>(214,112)</b>

## 11 8 OTHER NET INCOME

(in thousands of EUR)	31/12/05	31/12/06
Other income	189,257	181,382
Other expense	(110,237)	(233,726)
<b>TOTAL</b>	<b>79,020</b>	<b>(52,344)</b>



# 11 9 STAFF EXPENSE

	31/12/05	31/12/06
(in thousands of EUR)		
Wages and salaries	(529,971)	(517,578)
Social security and insurance costs	(155,162)	(154,247)
Pension costs – defined benefit plans	(90,593)	(70,655)
Pension costs – defined contribution plans <sup>(a)</sup>	(562)	(977)
Other post retirement benefits	(3,975)	(5,018)
Stock compensation expense <sup>(b)</sup>	0	0
Long-term employee benefits	(2,810)	184
Restructuring expenses	3,736	(103)
Other expenses	(11,998)	(15,985)
<b>TOTAL</b>	<b>(791,335)</b>	<b>(764,379)</b>

(a) See note 8.7.5  
(b) See note 9.8

(Average FTE)	31/12/05			31/12/06		
	Fully consolidated	Proportionally consolidated	Total	Fully consolidated	Proportionally consolidated	Total
Senior Executives	293	1	294	292	1	293
Employees	9,996	3	9,999	9,386	3	9,389
Other	4	1	5	22	1	23
<b>TOTAL</b>	<b>10,293</b>	<b>5</b>	<b>10,298</b>	<b>9,700</b>	<b>5</b>	<b>9,705</b>

(Average FTE) as of 31 December 2005	Belgium	France	Luxembourg	Switzerland	Germany	Ireland	The Netherlands	USA	Total Dexia Bank
Senior Executives	260	12	14	0	0	1	0	7	294
Employees	9,293	66	42	3	273	8	273	41	9,999
Other	5	0	0	0	0	0	0	0	5
<b>TOTAL</b>	<b>9,558</b>	<b>78</b>	<b>56</b>	<b>3</b>	<b>273</b>	<b>9</b>	<b>273</b>	<b>48</b>	<b>10,298</b>

(Average FTE) as of 31 December 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
<b>TOTAL</b>	<b>9,306</b>	<b>88</b>	<b>60</b>	<b>1</b>	<b>13</b>	<b>182</b>	<b>55</b>	<b>9,705</b>

# 11 10 GENERAL AND ADMINISTRATIVE EXPENSE

(in thousands of EUR)

	31/12/05	31/12/06
Occupancy	(49,039)	(49,066)
Operating leases	(47,194)	(38,574)
Professional fees	(41,071)	(42,381)
Marketing advertising and public relations	(50,307)	(50,097)
Technology and system costs	(85,879)	(96,635)
Software costs and research and development costs	(26,128)	(34,592)
Repair and maintenance expenses	(1,770)	(2,852)
Restructuring costs other than staff	1,322	2,797
Insurance (except related to pension)	(6,868)	(5,234)
Transportation of mail and valuable	(33,507)	(37,509)
Operational taxes	(48,270)	(44,334)
Other general and administrative expense	(108,955)	(118,831)
<b>TOTAL</b>	<b>(497,666)</b>	<b>(517,304)</b>

# 11 11 DEPRECIATION AND AMORTIZATION

(in thousands of EUR)

	31/12/05	31/12/06
Depreciation on investment property	(64,218)	(38,118)
Depreciation on property plant and equipment	(3,578)	(27,167)
Depreciation on other tangible assets	(36,580)	(35,994)
Amortization of intangible assets	(56,661)	(48,863)
<b>TOTAL</b>	<b>(161,037)</b>	<b>(150,142)</b>

# 11 12 IMPAIRMENT ON LOANS AND PROVISIONS FOR CREDIT COMMITMENTS

## Collective impairment

(in thousands of EUR)	31/12/05			31/12/06		
	Allowances	Write-backs	Total	Allowances	Write-backs	Total
Loans	(23,146)	3,027	(20,119)	(30,649)	5,755	(24,894)
Credit enhancement (collective reserve)	0	0	0	0	0	0
<b>TOTAL</b>	<b>(23,146)</b>	<b>3,027</b>	<b>(20,119)</b>	<b>(30,649)</b>	<b>5,755</b>	<b>(24,894)</b>

## Specific impairment

(in thousands of EUR)	31/12/05				
	Allowances	Write-backs	Losses	Recoveries	Total
Due from banks	0	701	0	0	701
Loans to customers	(109,500)	101,642	(669)	781	(7,746)
Loans - held to maturity	0	0	0	0	0
Loans - available for sale	0	0	0	0	0
Other receivables <sup>(a)</sup>	(393)	250	(36)	0	(179)
Other assets	0	0	0	0	0
Commitments	(7,616)	636	0	0	(6,980)
Credit enhancement (specific reserve)	0	0	0	0	0
<b>TOTAL</b>	<b>(117,509)</b>	<b>103,229</b>	<b>(705)</b>	<b>781</b>	<b>(14,204)</b>

(a) Is published in heading XIV of the Assets

## Specific impairment

(in thousands of EUR)	31/12/06				
	Allowances	Write-backs	Losses	Recoveries	Total
Due from banks	0	0	0	0	0
Loans to customers	(78,927)	74,655	(4,129)	21,083	12,682
Loans – held to maturity	0	0	0	0	0
Loans – available for sale	0	0	0	0	0
Other receivables <sup>(a)</sup>	(441)	66	0	0	(375)
Other assets	0	0	0	0	0
Commitments	(33,577)	7,773	0	0	(25,804)
Credit enhancement (specific reserve)	0	0	0	0	0
<b>TOTAL</b>	<b>(112,945)</b>	<b>82,494</b>	<b>(4,129)</b>	<b>21,083</b>	<b>(13,497)</b>

(a) Is published in heading XIV of the Assets

## 11 13 IMPAIRMENTS ON TANGIBLE AND INTANGIBLE FIXED ASSETS

(in thousands of EUR)	31/12/05	31/12/06
Impairment on investment property	2	0
Impairment on property plant and equipment	353	0
Impairment on other tangible assets	0	0
Impairment on assets held for sale	(1,354)	(1,269)
Impairment on long-term construction contracts	0	0
Impairment of intangible assets	(393)	0
<b>TOTAL</b>	<b>(1,392)</b>	<b>(1,269)</b>

Impairments are recorded when the criteria are met

A review of the market and sales conditions are 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)	31/12/05	31/12/06
Income tax on current year	(200,197)	(141,413)
Deferred taxes	10,456	69,062
<b>TAX ON CURRENT YEAR RESULT (A)</b>	<b>(189,741)</b>	<b>(72,351)</b>
Income tax on previous years	40,172	(38,651)
Provision for tax litigation	(270)	36,104
<b>OTHER TAX EXPENSE (B)</b>	<b>39,902</b>	<b>(2,547)</b>
<b>TOTAL (A)+(B)</b>	<b>(149,839)</b>	<b>(74,894)</b>

The standard tax rate applicable in Belgium in 2005 and 2006 was 33.99%. Dexia Bank effective tax rate was respectively 19.98% and 6.50% for 2005 and 2006. The difference between these two rates can be analyzed as follows:

(in thousands of EUR)

(a) *Mainly non taxable gains on sales of equity shares*

1. Submarine      2. Shallow  
 3. Depth      4. Bottom

## XII NOTES ON RISK EXPOSURE

### 12.1 FAIR VALUE

#### 1 Breakdown of fair value

##### BREAKDOWN OF FAIR VALUE OF ASSETS

(in thousands of EUR)	31/12/05			31/12/06		
	Accounting value	Fair value	Difference	Accounting value	Fair value	Difference
Cash and balances with central banks	1,138,597	1,138,597	0	938,245	938,245	0
Due from banks	70,188,778	70,186,351	(2,427)	80,693,485	80,636,190	(57,295)
Loans and advances to customers	67,394,256	69,012,884	1,618,628	83,545,044	83,421,470	(123,574)
Loans and securities held for trading	5,465,013	5,465,013	0	5,788,126	5,788,126	0
Loans and securities designated at fair value	8,599,812	8,599,812	0	9,696,863	9,696,863	0
Loans and securities available for sale	47,773,261	47,773,261	0	54,040,391	54,040,391	0
Securities held to maturity	324,506	336,306	11,800	248,100	250,471	2,371
Positive value of derivatives	23,653,434	23,653,434	0	15,189,000	15,189,000	0
Fair value revaluation of portfolio hedge	919,253	919,253	0	225,929	225,929	0
Investments in associates	571,043	571,043	0	616,901	616,901	0
Other assets	3,645,993	3,645,993	0	3,397,498	3,395,306	(2,192)
Non-current assets held for sale	36,360	36,360	0	44,590	72,785	28,195
<b>TOTAL</b>	<b>229,710,306</b>	<b>231,338,307</b>	<b>1,628,001</b>	<b>254,424,172</b>	<b>254,271,677</b>	<b>(152,495)</b>

##### BREAKDOWN OF FAIR VALUE OF LIABILITIES

(in thousands of EUR)	31/12/05			31/12/06		
	Accounting value	Fair value	Difference	Accounting value	Fair value	Difference
Due to banks	99,036,964	99,037,133	169	119,470,433	119,470,444	11
Customer borrowings and deposits	56,335,500	56,376,946	41,446	66,536,382	66,542,803	6,421
Liabilities held for trading	3,738,338	3,738,338	0	552,337	552,337	0
Liabilities designated at fair value	5,011,932	5,011,932	0	4,780,734	4,780,734	0
Negative value of derivatives	24,391,995	24,391,995	0	15,428,478	15,428,478	0
Fair value revaluation of portfolio hedge	0	0	0	0	0	0
Debt securities	17,903,809	18,032,142	128,333	21,990,958	22,001,397	10,439
Subordinated and convertible debts	2,859,198	2,869,980	10,782	3,139,242	3,153,433	14,191
Other liabilities	13,670,704	13,670,703	(1)	15,657,898	15,656,709	(1,189)
Liabilities included in disposal groups held for sale	0	0	0	0	0	0
<b>TOTAL</b>	<b>222,948,440</b>	<b>223,129,169</b>	<b>180,729</b>	<b>247,556,462</b>	<b>247,586,335</b>	<b>29,873</b>

In accordance with our valuation rules, fair value is equal to accounting value for some kinds of items, see note Accounting policies

## 2 Analysis of fair value of assets and liabilities booked at fair value

### ASSETS BOOKED AT FAIR VALUE

	31/12/05				31/12/06			
	Quoted market price	Model (with observable market prices and rates)	Model (no observable market prices and rates) <sup>(a)</sup>	Total	Quoted market price	Model (with observable market prices and rates)	Model (no observable market prices and rates) <sup>(a)</sup>	Total
(in thousands of EUR)								
Loans and securities held for trading	4,438,902	1,026,111	0	5,465,013	5,428,257	359,869	0	5,788,126
Loans and securities designated at fair value	8,364,709	11,522	223,581	8,599,812	9,677,561	19,302	0	9,696,863
Loans and securities available for sale	46,746,127	548,510	478,624	47,773,261	49,666,131	4,373,100	1,160	54,040,391
Positive value of derivatives	5,315	23,620,710	27,409	23,653,434	6,596	14,664,208	518,196	15,189,000
Fair value revaluation of portfolio hedge	0	909,441	9,812	919,253	0	225,929	0	225,929
<b>TOTAL</b>	<b>59,555,053</b>	<b>26,116,294</b>	<b>739,426</b>	<b>86,410,773</b>	<b>64,778,545</b>	<b>19,642,408</b>	<b>519,356</b>	<b>84,940,309</b>

### LIABILITIES BOOKED AT FAIR VALUE

	31/12/05				31/12/06			
	Quoted market price	Model (with observable market prices and rates)	Model (no observable market prices and rates) <sup>(a)</sup>	Total	Quoted market price	Model (with observable market prices and rates)	Model (no observable market prices and rates) <sup>(a)</sup>	Total
(in thousands of EUR)								
Liabilities held for trading	3,503,664	234,674	0	3,738,338	550,293	2,044	0	552,337
Liabilities designated at fair value	5,011,932	0	0	5,011,932	4,780,734	0	0	4,780,734
Negative value of derivatives	34	24,367,019	24,942	24,391,995	415	14,619,951	808,112	15,428,478
Fair value revaluation of portfolio hedge	0	0	0	0	0	0	0	0
<b>TOTAL</b>	<b>8,515,630</b>	<b>24,601,693</b>	<b>24,942</b>	<b>33,142,265</b>	<b>5,331,442</b>	<b>14,621,995</b>	<b>808,112</b>	<b>20,761,549</b>

(a) This amount also includes the amortized cost of liabilities for which no quoted market price nor model (with observable market prices and rates) exists, like unlisted shares. Fair value may also be calculated based on interpolation of market prices.

## 12.2 CREDIT RISKS EXPOSURE

### Analysis of total Dexia Bank Belgium exposure

Credit exposure covers counterpart risk in balance-sheet and off-balance-sheet confirmed risks

Exposures are considered taking into account the impairments

The exposure covers all the subsidiaries in which Dexia Bank Belgium has a majority participation except Dexia Insurance Belgium Group

### EXPOSURE BY GEOGRAPHICAL REGION

(in thousands of EUR)	31/12/05	31/12/06
Belgium	85,217	88,858
France	1,862	1,821
Germany	3,747	3,134
Italy	9,016	7,580
Luxembourg	765	590
Other EU countries	22,188	26,248
Rest of Europe	1,060	899
United States and Canada	9,510	9,591
South and Central America	195	207
Southeast Asia	412	718
Japan	867	1,363
Other <sup>(a)</sup>	2,183	2,891
<b>TOTAL</b>	<b>137,022</b>	<b>143,900</b>

(a) Includes supranational entities like ECB

### EXPOSURE BY CATEGORY OF COUNTERPART

(in thousands of EUR)	31/12/05	31/12/06
Central governments	16,020	12,159
Local public sector	42,020	44,526
Corporate	13,135	12,346
Monoline	935	767
ABS/MBS	14,438	15,648
Project finance	242	31
Individuals, SME, self-employed	28,425	29,708
Financial institutions	16,764	23,960
Other	5,043	4,755
<b>TOTAL</b>	<b>137,022</b>	<b>143,900</b>

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 sensitivity (see note 12.4.)

	31/12/05									
(in thousands of EUR)	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	Total
Cash and balances with central banks	1,136,203	0	0	0	0	0	2,394	0	0	1,138,597
Due from banks	12,039,692	30,606,353	7,900,182	19,002,417	14,216	110,859	515,059	0	0	70,188,778
Loans and advances to customers	8,115,844	10,931,419	10,463,276	18,651,549	16,789,378	2,828,544	254,016	21,489	(661,259)	67,394,256
Loans and securities held for trading	26,611	1,097,593	3,121,309	486,328	640,574	104,221	18,166	(29,789)	0	5,465,013
Loans and securities designated at fair value	55,330	2,107,945	358,527	13,619	301,272	5,712,057	17,771	33,291	0	8,599,812
Loans and securities available for sale	434,571	16,882,073	4,191,624	3,890,706	17,345,505	2,047,877	592,848	2,531,632	(143,575)	47,773,261
Securities held to maturity	0	36,442	81,645	197,104	0	0	9,315	0	0	324,506
Positive value of derivatives							4,690,691	18,962,743	0	23,653,434
Fair value revaluation of portfolio hedge								919,253	0	919,253
Investments in associates						571,043			0	571,043
Tangible fixed assets						1,462,861			0	1,462,861
Intangible assets and goodwill						226,124			0	226,124
Tax assets						123,703			(15,356)	108,347
Other assets	117,893	50,549	17,203	1,738	4,516	1,653,136	24	5,144	(1,542)	1,848,661
Non-current assets held for sale						39,870	0	0	(3,510)	36,360
<b>TOTAL</b>	<b>21,926,144</b>	<b>61,712,374</b>	<b>26,133,766</b>	<b>42,243,461</b>	<b>35,095,461</b>	<b>14,880,295</b>	<b>6,100,284</b>	<b>22,443,763</b>	<b>(825,242)</b>	<b>229,710,306</b>



## Liabilities

(in thousands of EUR)	31/12/05								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	42,360,673	38,605,082	17,268,082	152,969	20,601	287,560	340,806	1,191	99,036,964
Customer borrowings and deposits	20,951,372	8,559,700	893,514	719,294	280,527	24,494,274	569,615	(132,796)	56,335,500
Liabilities held for trading	18,114	246,134	2,451,523	950,211	4,543	33,312	33,227	1,274	3,738,338
Liabilities designated at fair value	47,366	0	0	0	0	4,964,566	0	0	5,011,932
Negative value of derivatives							5,804,979	18,587,016	24,391,995
Fair value revaluation of portfolio hedge								0	0
Debt securities	288,846	2,811,822	6,247,642	7,521,828	761,994	0	272,583	(906)	17,903,809
Subordinated and convertible debts	4,748	80,079	42,499	851,547	671,414	1,066,022	60,381	82,508	2,859,198
Technical provision from insurance companies						9,696,760			9,696,760
Provisions and other obligations						814,884			814,884
Tax liabilities						409,208			409,208
Other liabilities	1,710,623	87,425	81,200	26,475	25,240	809,707	9,182	0	2,749,852
Liabilities included in disposal groups held for sale						0	0	0	0
<b>TOTAL</b>	<b>65,381,742</b>	<b>50,390,242</b>	<b>26,984,460</b>	<b>10,222,324</b>	<b>1,764,319</b>	<b>42,576,293</b>	<b>7,090,773</b>	<b>18,538,287</b>	<b>222,948,440</b>

## Net position

(in thousands of EUR)	31/12/05					
	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	(43,455,598)	11,322,132	(850,694)	32,021,137	33,331,142	(27,695,998)

Balance-sheet sensitivity gap is hedged through derivatives

# 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
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
Loans and securities held for trading	199,914	3,613,506	275,530	324,900	1,110,613	97,610	59,151	106,902	0	5,788,126
Loans and securities designated at fair value	1,613	2,852,660	426,244	6,805	256,505	6,095,278	28,978	28,780	0	9,696,863
Loans and securities 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
Securities held to maturity	0	52,092	60,710	126,980	0	0	8,318	0	0	248,100
Positive value of 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			0	616,901
Tangible fixed assets						1,318,279			0	1,318,279
Intangible assets and goodwill						218,953			0	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
<b>TOTAL</b>	<b>31,623,388</b>	<b>84,605,885</b>	<b>34,531,450</b>	<b>23,946,348</b>	<b>46,392,996</b>	<b>14,798,037</b>	<b>5,050,679</b>	<b>14,193,303</b>	<b>(717,914)</b>	<b>254,424,172</b>

31.12.2006  
 14.12.2006  
 14.12.2006

## 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
Liabilities held for trading	0	355,326	49,448	75,350	21,033	29,429	18,815	2,936	552,337
Liabilities designated at fair value	55,533	0	0	0	0	4,725,201	0	0	4,780,734
Negative value of derivatives							3,661,539	11,766,939	15,428,478
Fair value revaluation of portfolio hedge								0	0
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 and convertible debts	1,967	177,442	167,326	1,531,650	997,351	142,890	52,916	67,700	3,139,242
Technical provision from 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
Liabilities included in disposal groups held for sale						0	0	0	0
<b>TOTAL</b>	<b>114,814,809</b>	<b>62,077,825</b>	<b>23,549,897</b>	<b>9,131,420</b>	<b>2,545,684</b>	<b>18,767,128</b>	<b>5,100,282</b>	<b>11,569,417</b>	<b>247,556,462</b>

## 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)

Balance-sheet sensitivity gap is hedged through derivatives

## 12.4 INTEREST RATE SENSITIVITY RISK

No average interest rate by assets and by liabilities is published as Dexia Bank has developed a wide hedging policy through its ALM department. Our interest margin is therefore the result of interests received and paid on business transactions less those on hedging operations.

A more relevant risk indicator is the Value at Risk (VaR) for Treasury and Finance Market activities (TFM) and sensibility for ALM activities.

### Treasury and Finance Market activities

The treasury & financial markets activities of Dexia Bank are mainly oriented as a support function for the Group. The detailed VaR usage of DBB Group is in the table below.

In 2006, the average Value at Risk the Dexia Bank Group has faced on its financial market activities has been limited to EUR 19.9 million. DBB Group calculated in 2006 an Interest Rate and FX VaR mainly based on the parametrical method (99% 10 days), an Equity VaR based on the historical method and since the beginning of the last quarter of the year it started to calculate a historical credit spread VaR but only on trading desks.

In 2005, the average global VaR of TFM amounted to 15.8 Mios EUR. This number did not include the spread risk. Consequently, this number has to be compared to the TFM IR, FX & EQT VaR of 2006 which amounted to 16.8 Mios EUR.

	2005		2006		
	IR <sup>(a)</sup> & FX <sup>(b)</sup> Banking & Trading	EQT <sup>(c)</sup> Trading	IR <sup>(a)</sup> & FX <sup>(b)</sup> Banking & Trading	EQT <sup>(c)</sup> Trading	Spread Trading (only Q4) <sup>(d)</sup>
(in millions of EUR)					
Individual	Average 13.0 Maximum 20.7	Average 2.7 Maximum 7.6	Average 12.8 Maximum 22.2	Average 4.0 Maximum 8.3	Average 3.1 Maximum 4.7
Global	Average 15.8 Maximum 22.6 Limit 33			Average 19.9 Maximum 35.2 Limit 85	

(a) IR: interest rates

(b) FX: Forex

(c) EQT: equities

(d) Calculation of VaR Spread started only at the last quarter of 2006

### ALM sensitivity

The basis point value (BPV) measures the change in the balance-sheet net economic value if interest rates rise by 1% across the entire curve.

BPV (in millions of EUR)	31/12/05	31/12/06
<b>TOTAL</b>	<b>(57)</b>	<b>(210)</b>

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 12.3).

## 12.5 LISTED SHARES SENSITIVITY

The Value at Risk (VaR) represents the potential change in market value, whereas the Earnings at Risk (EaR) represents the impact in the accounting result if the VaR materializes

The VaR equity 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 EaR is lower than the VaR as most of listed shares have a positive AFS reserve cushion. Impairment tests are performed when the difference between the market value and the cost is higher than 25% and/or when there is a lasting decline in the fair value

The -25% column represents the impairment that could be recorded in accounting result if there is a decline in value of 25%

### 1 Banking companies (ALM portfolio)

(in millions of EUR)	Market value	VaR	% VaR	EaR	-25%
31 December 2005	833	44	5.3%	0	(8)
31 March 2006	981	55	5.6%	(9)	(17)
30 June 2006	906	62	6.9%	(17)	(33)
30 September 2006	938	69	7.4%	(8)	(12)
31 December 2006	949	66	7.0%	(2)	(7)

### 2 Insurance companies portfolio

(in millions of EUR)	Market value	VaR	% VaR	EaR	-25%
31 December 2005	1,729	69	4.0%	0	(52)
31 March 2006	1,815	81	4.5%	(3)	(47)
30 June 2006	1,554	81	5.2%	(2)	(67)
30 September 2006	1,679	94	5.6%	(2)	(34)
31 December 2006	1,795	100	5.6%	(1)	(16)

## 12.6 LIQUIDITY RISK BREAKDOWN BY RESIDUAL MATURITY UNTIL MATURITY DATE

Sight accounts and saving deposits are included in the column "At sight and on demand" even though they have no fixed repayment date

### Assets

(in thousands of EUR)	31/12/05						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	1,136,203	0	0	0	0	0	2,394	0	0	1,138,597
Due from banks	12,022,842	29,517,198	7,925,758	20,002,766	97,459	107,696	515,059	0	0	70,188,778
Loans and advances to customers	7,024,632	8,056,657	4,192,651	11,349,724	34,581,567	2,574,779	254,016	21,489	(661,259)	67,394,256
Loans and securities held for trading	18,254	412,279	3,077,578	538,166	1,326,138	104,221	18 166	(29,789)	0	5,465,013
Loans and securities designated at fair value	47,367	8,037	8,769	116,768	2,655,753	5,712,056	17,771	33,291	0	8,599,812
Loans and securities available for sale	64,356	969,473	2,351,389	7,127,440	32,126,241	2,153,457	592,848	2,531,632	(143,575)	47,773,261
Securities held to maturity	0	30,244	42,680	242,267	0	0	9,315	0	0	324,506
Positive value of derivatives							4,690,691	18,962,743	0	23,653,434
Fair value revaluation of portfolio hedge								919,253	0	919,253
Investments in associates						571,043				571,043
Tangible fixed assets						1,462,861				1,462,861
Intangible assets and goodwill						226,124				226,124
Tax assets						123,703			(15,356)	108,347
Other assets	117,944	134,600	53,709	8,078	7,202	1,523,502	24	5,144	(1,542)	1,848,661
Non-current assets held for sale						39,870	0	0	(3,510)	36,360
TOTAL	20,431,598	39,128,488	17,652,534	39,365,209	70,794,360	14,599,312	6,100,284	22,443,763	(825,242)	229,710,306

## Liabilities

(in thousands of EUR)	31/12/05						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	42,381,304	38,584,450	17,266,114	152,341	23,198	287,560	340,806	1,191	99,036,964
Customer borrowings and deposits	20,951,372	8,559,700	893,513	719,294	282,057	24,492,745	569,615	(132,796)	56,335,500
Liabilities held for trading	18,114	246,134	2,451,523	950,211	4,543	33,312	33,227	1,274	3,738,338
Liabilities designated at fair value	47,366	0	0	0	0	4,964,566	0	0	5,011,932
Negative value of derivatives	-	-	-	-	-	-	5,804,979	18,587,016	24,391,995
Fair value revaluation of portfolio hedge	-	-	-	-	-	-	-	0	0
Debt securities	288,847	2,321,356	5,008,370	7,541,541	2,472,018	0	272,583	(906)	17,903,809
Subordinated and convertible debts	4,748	80,079	42,499	851,440	671,414	1,066,129	60,381	82,508	2,859,198
Technical provision from insurance companies	-	-	-	-	-	9,696,760	-	-	9,696,760
Provisions and other obligations	-	-	-	-	-	814,884	-	-	814,884
Tax liabilities	-	-	-	-	-	409,208	-	-	409,208
Other liabilities	1,711,921	95,983	9,869	26,477	25,240	871,180	9,182	0	2,749,852
Liabilities included in disposal groups held for sale	-	-	-	-	-	0	0	0	0
TOTAL	65,403,672	49,887,702	25,671,888	10,241,304	3,478,470	42,636,344	7,090,773	18,538,287	222,948,440

## Net liquidity gap

(in thousands of EUR)	31/12/05					
	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	(44,972,074)	(10,759,214)	(8,019,354)	29,143,905	67,315,890	(28,037,032)

This table does not take into account the liquidity nor the eligibility to refinancing of the asset so that some listed long-term assets may be sold in case of need of liquidity

# Assets

31/12/06

(in thousands of EUR)	Breakdown of gross amount and premium/discount						Accrued interest	Fair value adjustment	Impairment	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				
Cash and balances with central banks	936,051	0	0	0	0	0	2,194	0	0	938,245
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
Loans and securities held for trading	1,020	76,409	117,687	403,145	4,926,202	97,610	59,151	106,902	0	5,788,126
Loans and securities designated at fair value	0	0	10,000	102,039	3,431,788	6,095,278	28,978	28,780	0	9,696,863
Loans and securities 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
Securities held to maturity	0	45,894	61,743	132,145	0	0	8,318	0	0	248,100
Positive value of 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
<b>TOTAL</b>	<b>30,270,580</b>	<b>57,975,554</b>	<b>27,080,475</b>	<b>22,840,344</b>	<b>82,737,489</b>	<b>14,993,662</b>	<b>5,050,679</b>	<b>14,193,303</b>	<b>(717,914)</b>	<b>254,424,172</b>

FOR CL BANK-  
TRADING, SAVINGS



## 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	2,561,630	815,892	240,706	52,087	654,068	(267,582)	66,536,382
Liabilities held for trading	0	355,323	49,448	75,350	21,036	29,429	18,815	2,936	552,337
Liabilities designated at fair value	55,533	0	0	0	0	4,725,201	0	0	4,780,734
Negative value of derivatives							3,661,539	11,766,939	15,428,478
Fair value revaluation of portfolio hedge							0	0	0
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 and convertible debts	2,514	6,605	144,174	1,169,737	447,984	1,247,612	52,916	67,700	3,139,242
Technical provision from 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	1,591,221	219,185	9,380	11,875	6,224	483,847	3,561	0	2,325,293
Liabilities included in disposal groups held for sale						0	0	0	0
TOTAL	114,564,849	59,582,723	20,900,359	9,323,965	6,643,975	19,870,892	5,100,282	11,569,417	247,556,462

## Net liquidity gap

(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
Net liquidity gap	(84,294,269)	(1,607,169)	6,180,116	13,516,379	76,093,514	(4,877,230)

This table does not take into account the liquidity nor the eligibility to refinancing of the asset so that some listed long-term assets may be sold in case of need of liquidity

## 12.7 CURRENCY RISK

(in thousands of EUR)	31/12/05				
	EUR	Other EU currencies	USD	Other	Total
Total assets	164,967,158	13,826,551	43,217,794	7,698,803	229,710,306
Total liabilities	165,178,582	12,275,021	47,325,797	4,930,906	229,710,306
<b>NET ON-BALANCE POSITION</b>	<b>(211,424)</b>	<b>1,551,530</b>	<b>(4,108,003)</b>	<b>2,767,897</b>	<b>0</b>

(in thousands of EUR)	31/12/06				
	EUR	Other EU currencies	USD	Other	Total
Total assets	185,391,543	23,461,763	37,966,319	7,604,547	254,424,172
Total liabilities	183,781,213	25,807,283	38,399,185	6,436,491	254,424,172
<b>NET ON-BALANCE POSITION</b>	<b>1,610,330</b>	<b>(2,345,520)</b>	<b>(432,866)</b>	<b>1,168,056</b>	<b>0</b>

## 12.8 INSURANCE RISKS

Insurance activities are performed in the Dexia Bank Group by DIS Group (see Accounting policies, paragraph "Insurance and reinsurance 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 Bank Group, change of insurance variables will not have a significant impact on the Dexia Bank Group financial position.

## 12.9 BREAKDOWN OF RISK-WEIGHTED ASSETS

(in thousands of EUR)	31/12/05	31/12/06
20% weighted counterparts	9,320,485	12,585,574
50% weighted counterparts	13,089,309	12,527,113
100% weighted counterparts	27,193,598	28,607,462
Trading portfolio	2,722,008	3,546,415
<b>TOTAL</b>	<b>52,325,400</b>	<b>57,266,564</b>

## 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 31 December 2006

28 March 2007

### STATUTORY AUDITOR'S REPORT OF THE BOARD OF AUDITORS TO THE SHAREHOLDERS' MEETING ON THE CONSOLIDATED FINANCIAL ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2006

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 Réviseurs 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.

Brussels 28 March 2007

#### The Board of Auditors

PricewaterhouseCoopers  
Réviseurs d'Entreprises  
represented by

Robert Peirce  
Réviseur d'Entreprises

Deloitte Réviseurs d'Entreprises  
SC sfd SCRL  
represented by

Joseph Vlamincx  
Réviseur d'Entreprises

RECEIVED  
28/03/2007  
14h



BALANCE SHEET	126
OFF-BALANCE-SHEET	128
STATEMENT OF INCOME	129
APPROBATION ACCOUNT	130
LAYOUT RULES AND ACCOUNTING PRINCIPLES	131
NOTES TO THE NON-CONSOLIDATED FINANCIAL STATEMENTS	137
REPORT OF THE BOARD OF AUDITORS	188



	130
	131
	137
	188

AS/AT  
31 DEC 2006

# BALANCE SHEET (after appropriation)

	31/12/05	31/12/06
(in thousands of EUR)		
I Cash in hand, balances with central banks and post-office banks	417,517	387,201
II Treasury bills eligible for refinancing with central banks	1,707,245	112,438
III Loans and advances to credit institutions	71,009,727	78,733,286
A Repayable on demand	199,235	1,547,266
B Other loans and advances (with agreed maturity dates)	70,810,492	77,186,020
IV Loans and advances to customers	67,325,533	89,280,126
V Debt securities and other fixed-income securities	37,823,019	37,761,009
A Issued by public bodies	11,932,498	6,501,698
B Issued by other borrowers	25,890,521	31,259,311
VI Shares and other variable-yield securities	871,990	734,135
VII Financial fixed assets	2,450,990	7,998,944
A Participating interests in affiliated enterprises	1,757,369	7,236,967
B Participating interests in other enterprises linked by participating interests	405,186	396,755
C Other shares held as financial fixed assets	207,896	199,204
D Subordinated loans to affiliated enterprises and to other enterprises linked by participating interests	80,539	166,018
VIII Formation expenses and intangible fixed assets	25,929	9,467
IX Tangible fixed assets	791,178	885,780
X Own shares	0	0
XI Other assets	923,537	638,805
XII Deferred charges and accrued income	16,903,603	17,019,038
<b>TOTAL ASSETS</b>	<b>200,250,268</b>	<b>233,560,229</b>

(in thousands of EUR)

	31/12/05	31/12/06
I Amounts owed to credit institutions	97,470,176	118,450,964
A Repayable on demand	3,929,564	18,287,495
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	93,540,612	100,163,469
II Amounts owed to customers	71,635,265	79,599,404
A Savings deposits	24,863,148	24,472,001
B Other debts	46,772,117	55,127,403
1 Repayable on demand	12,788,062	20,297,394
2 With agreed maturity dates or periods of notice	33,984,055	34,830,009
3 As a result of the rediscounting of trade bills	0	0
III Debts evidenced by certificates	6,974,667	11,235,156
A Debt securities and other fixed-income securities in circulation	6,837,557	7,039,964
B Other	137,110	4,195,192
IV Other liabilities	1,429,601	1,506,565
V Accrued charges and deferred income	15,899,024	15,857,222
A Provisions for liabilities and charges	270,703	456,159
1 Pensions and similar obligations	25,041	90,891
2 Taxation	29,682	50,139
3 Other liabilities and charges	215,980	315,129
B Deferred taxes	68,534	71,689
VI Fund for general banking risks	988,737	988,737
VII Subordinated liabilities	2,566,325	2,697,519
<b>CAPITAL AND RESERVES</b>	<b>2,947,236</b>	<b>2,696,814</b>
IA 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	245
XII Reserves	1,776,386	1,522,520
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	159,275	165,409
D Reserves available for distribution	1,383,434	1,123,434
XIII Profits (losses (-)) brought forward	3,307	6,751
<b>TOTAL LIABILITIES</b>	<b>200,250,268</b>	<b>233,560,229</b>



# OFF-BALANCE-SHEET

(in thousands of EUR)		31/12/05	31/12/06
I	Contingent liabilities	18,029,026	16,002,398
-	A Non-negotiated acceptances	0	0
-	B Guarantees serving as direct credit substitutes	13,587,715	12,220,670
-	C Other guarantees	4,365,218	3,698,806
-	D Documentary credits	76,093	82,922
-	E Assets charged as collateral security on behalf of third parties	0	0
II	Commitments which could give rise to a risk	29,991,151	33,728,097
-	A Firm credit commitments	1,745,159	2,175,760
-	B Commitments as a result of spot purchases of transferable or other securities	561,330	909,608
-	C Undrawn margin on confirmed credit lines	27,684,662	26,910,229
-	D Underwriting and placing commitments	0	3,732,500
-	E Commitments as a result of open-ended sale and repurchase agreements	0	0
III	Assets lodged with the credit institution	87,792,191	108,314,352
-	A Assets held by the credit institution for fiduciary purposes	0	0
-	B Safe custody and equivalent items	87,792,191	108,314,352
IV	Uncalled amounts of share capital	16,846	17,098

# STATEMENT OF INCOME

(in thousands of EUR)

	31/12/05	31/12/06
I Interest receivable and similar income	5,409,114	7,210,818
of which from fixed-income securities	1,363,110	1,658,502
II Interest payable and similar charges (-)	(4,077,535)	(6,171,470)
III Income from variable-yield securities	288,552	395,739
A From shares and other variable-yield securities	191,565	23,014
B From participating interests in affiliated enterprises	73,326	333,331
C From participating interests in other enterprises linked by participating interests	23,661	39,394
D From other shares held as financial fixed assets	0	0
IV Commissions receivable	403,800	401,429
V Commissions payable (-)	(384,825)	(404,737)
VI Profit (Loss (-)) on financial transactions	(19,610)	349,841
A On trading of securities and other financial instruments	(145,879)	108,346
B On disposal of investment securities	126,269	241,495
VII General administrative expenses (-)	(981,143)	(1,001,001)
A Remuneration, social security costs and pensions	(635,998)	(628,358)
B Other administrative expenses	(345,145)	(372,643)
VIII Depreciation/amortization of and other write-downs on (-) formation expenses, intangible and tangible fixed assets	(92,928)	(91,170)
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"	(16,919)	(20,794)
X Decrease (Increase (-)) in write-downs on the investment portfolio of debt securities, shares and other fixed-income or variable-yield securities	31,101	21,893
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"	54,152	55,084
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"	(33,313)	(220,196)
XIII Transfer from (Transfer to) the fund for general banking risks	0	0
XIV Other operating income	95,732	114,492
XV Other operating charges	(73,848)	(73,568)
XVI Profits (Losses (-)) on ordinary activities before taxes	602,330	566,360
XVII Extraordinary income	214,658	417,343
A Adjustments to depreciation/amortization of and to other write-downs on intangible and tangible fixed assets	3,936	7,430
B Adjustments to write-downs on financial fixed assets	10	15
C Adjustments to provisions for extraordinary liabilities and charges	0	0
D Gain on disposal of fixed assets	210,712	409,898
E Other extraordinary income	0	0
XVIII Extraordinary charges (-)	(16,375)	(14,489)
A Extraordinary depreciation/amortization of and extraordinary write-downs on formation expenses and intangible and tangible fixed assets	(9,733)	(13,071)
B Write-downs on financial fixed assets	0	0
C Provisions for extraordinary liabilities and charges	0	0
D Loss on disposal of fixed assets	(6,372)	(1,060)
E Other extraordinary charges	(270)	(358)
XIX Profits (Losses (-)) for the period before taxes	800,613	969,214
XX Transfer to deferred taxes (-)	(5,480)	(4,928)
XXI Income taxes	1,230	1,774
A Income taxes (-)	(80,513)	(57,305)
B Adjustment of income taxes and write-back of tax provisions	(121,884)	(77,181)
XXII Profits (Losses (-)) for the period	41,371	19,876
XXIII Transfer to untaxed reserves (-)	715,850	908,755
XXIV Transfer from untaxed reserves	(10,643)	(9,571)
XXV Profit (Losses (-)) for the period available for approbation	2,381	3,437
	707,588	902,621

# APPROBATION ACCOUNT

(in thousands of EUR)

	31/12/05	31/12/06
I Profits (Losses (-)) to be appropriated	737,215	905,928
1 Profits (Losses (-)) for the period available for approbation	707,588	902,621
2 Profit (Losses (-)) brought forward	29,627	3,307
II Transfers from capital and reserves	0	260,000
1 From capital and share premium account	0	0
2 From reserves	0	260,000
III Appropriations to capital and reserves ( )	(125,000)	0
1 To capital and share premium account	0	0
2 To legal reserve	0	0
3 To other reserves	(125,000)	0
IV Result to be carried forward	(3,307)	(6,751)
1 Profits to be carried forward (-)	(3,307)	(6,751)
2 Losses to be carried forward	0	0
V Shareholders' contribution in respect of losses	0	0
VI Distribution of profits (-)	(608,909)	(1,159,177)
1 Dividends <sup>(a)</sup>	600,000	1,150,000
2 Director's entitlements <sup>(a)</sup>	0	0
3 Other allocations <sup>(a)</sup>	8,909	9,177

(a) Only applicable to Belgian limited liability companies

# LAYOUT RULES AND ACCOUNTING PRINCIPLES

## LAYOUT RULES

### ■ DEROGATIONS BANKING, FINANCE AND INSURANCE COMMISSION (BFIC)

Dexia Bank Belgium has received the agreement of the BFIC on 19 December 2006 to renounce from the following derogations

- The final derogation granted by the BFIC on 16 December 1998 makes it possible to establish the annual and consolidated financial statements of Crédit Communal de Belgique in accordance with the layout of the consolidated annual financial statements of Dexia
- A specific derogation was granted for the extraordinary income and charges on 9 March 1999

As from 2006 no consolidated financial statements will be published under BE-Gaap or by Dexia Bank Belgium nor by Dexia SA, the "Dexia Scheme" is no longer used in the Group

### ■ DIFFERENCES BETWEEN THE LAYOUT ACCORDING TO THE ROYAL DECREE OF 23 SEPTEMBER 1992 AND THE NEW LAYOUT OF THE FINANCIAL STATEMENTS OF THE GROUP DEXIA

#### Balance sheet

In the new layout of the bank's financial statements the order of the items respects as much as possible that of the European directive 86/635 of 8 December 1986 regarding the annual and consolidated financial statements of credit institutions

When a subitem, as stipulated in the Royal Decree of 23 September 1992, is not included in the balance sheet, the information is stated in the notes to the annual financial statements

The balance sheet is established before appropriation of profit

If an item is irrelevant, it is not included in the annual financial statements

#### Assets

Most assets items directly correspond to the items of the Belgian banking layout

Accrued interests, determined *pro rata temporis* since the latest due date, are attached to the receivables items that generate them

Subordinated loans are, according to the case included in the items III IV and V

#### Liabilities

Most liabilities items directly correspond to the items of the Belgian banking layout

Accrued interests determined *pro rata temporis* since the latest due date, are attached to the debts items that generate them

The item 'I Interbank loans and deposits' is broken down into two subitems subitem "A Sight" and subitem "B Time". Mobilization debts as a result of the rediscount of bills are registered in subitem B

The item "II Customer deposits" is broken down into two subitems subitem "A Savings accounts" and subitem "B Other deposits". Subitem "B Other deposits" is subdivided into "1 Sight" and "2 Time". Debts resulting from the rediscount of bills are registered in item B 2

On the liabilities side, a new item is recorded, i.e. "XVII Net income for the year". The proposed appropriation account is mentioned separately

#### Off-balance-sheet items

Three new items complete the information on the off-balance-sheet transactions: 'Commitments received' (item V), 'Foreign currency transactions' (item VI) and 'Financial futures' (item VII)

#### Statement of income

The items 'I Interest income' and 'II Interest expense' are broken down into interest income/expense on interbank transactions, on customer transactions and on bonds and other fixed-income securities

The net result of the appropriated hedging operations is broken down into the subitems of the interest income and interest expense of the hedged operations

Interest expense resulting from deposits relating to mortgage loan contracts are allocated to the item "II Interest expense"

GROUP  
FINANCIAL  
STATEMENTS  
2006

The "Write-downs on the investment portfolio of debt securities, shares and other fixed- or variable-income securities" (item X of the Belgian layout) are recorded in item "VI Income from financial transactions"

The 'General operating expense' (item VIII) is broken down into the subitems "A Staff Costs", "B Other general operating expense" including e.g. the operating taxes and "C Network commissions"

The "Network commissions" are extracted from the item "Commissions expense" and constitute a separate subitem of the "General operating expense"

The "Depreciation and amortization on formation expenses and intangible and tangible fixed assets" (item VIII of the Belgian layout) are recorded in the item "IX Depreciation and amortization"

The "Appropriations and write-backs of provisions for liabilities and charges" other than those included in the off-balance-sheet items "Contingent liabilities" and "Commitments which could give rise to a credit risk" (items XI and XII of the Belgian layout that disappear) are stated according to their nature in the items which give rise to provisions to be booked

The item "Corporate income tax" comprises fiscal charges on the net income for the year, tax regularizations and write-backs of tax provisions as well as transfers to and withdrawals from taxes resulting from the spreading of taxation

The statement of income presented according to the Royal Decree of 23 September 1992 is stated in note 5.13. Note 5.7 contains the detail of the extraordinary income and charges following the Royal Decree of 23 September 1992

#### ■ SPECIFIC DEROGATION FOR THE EXTRAORDINARY RESULTS APPLIED FOR THE FIRST TIME TO THE ANNUAL REPORT OF 31 DECEMBER 1998

Are recorded as extraordinary income and charges the income and expenses that are independent of the bank's current activities and asset management, however resulting from external events that are totally unusual to the bank

The component parts of the extraordinary income and charges therefore have an exceptional character as compared to the bank's activities and asset management, as well as compared to the companies' environment in the countries in which they are situated

The income and expenses concerned have to be of significant importance in the statement of income of the period

The following elements are – among other things – considered as "extraordinary" in the layout of the Bank's financial statements

- the impact of adjustments on the initial shareholders' equity during a specified financial year,
- the effect of a claim (fire, important theft, attack ...) and the corresponding indemnification by an insurance,
- the effect of any natural disaster for establishments not located in hazardous areas
- the defaulting of one or a few states in the absence of any forewarning and of any negative rating,
- the effects of a nationalization or of an expropriation,
- profit and loss due to the termination or the liquidation of some of the Group's major activities by disposal or termination, provided that it is not due to a choice of the Bank but to inescapable consequences of a situation imposed on the bank (on the other hand, the disposal of fixed assets or sections within the normal framework of activities would not fall under this provision: the same would apply to the disposal of major fixed assets in the framework of the asset management strategy or of the operating means of the Group)

In the layout of the Bank's financial statements, the elements considered as extraordinary in the Belgian banking layout (Royal Decree of 23 September, 1992) are mentioned in the statement of income according to their nature

- write-downs and depreciations (recorded in previous financial years or of an extraordinary nature) on tangible or intangible fixed assets as well as the related write-backs are registered under item "IX Depreciation and amortization",
- write-downs on financial fixed assets as well as the related write-backs recorded in previous financial years that are now in surplus, are registered under item "XII Net gains and recoveries of allowances on long-term investments"
- provisions for extraordinary risks and charges and the related write-backs are allocated to the statement of income according to their nature
- gains and losses on the sale of financial fixed assets are registered under item "XII Net gains and recoveries of allowances on long-term investments",
- gains and losses on the sale of tangible and intangible fixed assets are registered under item "IX Depreciation and amortization"
- transfers to and deductions from deferred taxes are registered under item "XVII Corporate income tax"
- gains and losses that do not correspond to the definition of one of the items above and the nature of which is extraordinary according to the Royal Decree of 23 September 1992 but not according to the Bank's rules for the layout are allocated to the statement of income according to their nature

## 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 23 September 1992, published in the Belgian official journal of 6 October 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.

UNRECORDED  
IN THE  
GENERAL  
LEDGER

#### 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 heading 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 1 January 2002.

The depreciation on investments acquired as of 1 January 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.

Licence 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.

Fees for bringing in transactions with customers are processed entirely as costs for the financial year in which they are incurred



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 heading 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 heading 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 23 September 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 heading ‘results of financial transactions’.

#### **Internal contracts, exemption BFIC circular dated 8 July 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 Commission for Banking, Finance and Insurance of 8 July 1996.

# 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)	31/12/05	31/12/06
a) - Loans and advances to affiliated enterprises	19,645,368	32,791,748
- Loans and advances to other enterprises linked by participating interests	209,998	2,963,880
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)	31/12/06
b) Analysis according to the remaining maturity	
- 3 months and less	55,688,982
- Over 3 months up to 1 year	21,404,264
- Over 1 year up to 5 years	61,183
- Over 5 years	18,760
- Undated	12,832

## II STATEMENT OF LOANS AND ADVANCES TO CUSTOMERS (ASSETS ITEM IV )

### 1 Loans and advances

(in thousands of EUR)	31/12/05	31/12/06
To affiliated enterprises	4,919,828	9,563,132
To other enterprises linked by participating interests	1,487,868	1,950,259

### 2 Subordinated loans

(in thousands of EUR)	31/12/05	31/12/06
Subordinated loans	22,539	22,442

- 3 Trade bills eligible for refinancing with the central bank of the country or countries where the credit institution is established  
Nil

SOCIETÀ PER AZIONI



#### 4 Analysis according to the remaining maturity

(in thousands of EUR)	31/12/05	31/12/06
3 months and less	15,131,746	34,020,559
Over 3 months up to 1 year	4,291,452	3,422,610
Over 1 year up to 5 years	10,759,623	11,302,060
Over 5 years	33,630,453	37,481,091
Undated	3,512,259	3,053,806

#### 5 Analysis by type

(in thousands of EUR)	31/12/05	31/12/06
Trade bills (including own acceptance)	68,297	69,835
Loans and advances as a result of leasing and similar agreements	570,954	556,974
Fixed-rate loans	1,535,405	1,485,337
Mortgage loans	14,795,905	16,822,851
Other term loans with a maturity over 1 year	30,561,387	32,822,127
Other loans and advances	19,793,585	37,523,002

#### 6 Country analysis<sup>(a)</sup>

(in thousands of EUR)	31/12/05	31/12/06
To Belgium	55,780,318	62,209,194
Foreign countries	11,545,215	27,070,932

(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)	31/12/05	31/12/06
Affiliated enterprises	3,421,842	1,575,207
Other enterprises linked by participating interests	6,919	46,218

#### 2 Securities representing subordinated loans

(in thousands of EUR)	31/12/05	31/12/06
Securities representing subordinated loans	318,345	198,850

### 3 Country analysis of the securities issued

	Belgium	Foreign countries
(in thousands of EUR)		
By public bodies (V A )	1,224,573	5,277,125
By other borrowers (V B )	380,557	30,878,754

### 4 Listing and maturity

	Carrying value	Market value
(in thousands of EUR)		
a) - Listed securities	37,760,393	38,149,795
- Unlisted securities	616	
(in thousands of EUR)		31/12/06
b) - Remaining maturity of up to one year		3,063,108
- Remaining maturity of over one year		34,697,901

### 5 Analysis by portfolio

(in thousands of EUR)	31/12/06
a) Trading portfolio	5,285,267
b) Investment portfolio	32,475,742

### 6 Trading portfolio

(in thousands of EUR)	31/12/06
Difference between market value (if higher) and acquisition cost (for securities marked to market)	88,874

### 7 Investment portfolio

(in thousands of EUR)	31/12/06
Difference between redemption value (if higher) and carrying value	62,923
Difference between redemption value (if lower) and carrying value	442,358

VERBODEN TOEGANG  
TOEGANG VERBODEN

## 8 Analysis of the carrying value of investment securities

(in thousands of EUR)

31/12/06

### A. ACQUISITION COST

As at end of preceding period	34,735,418
Movements during the period	9,871,192
- Acquisitions	(11,626,569)
- Sales (-)	(503,920)
Realized exchange gains/losses (+/-)	

AS AT END OF PERIOD (A) 32,476,121

### B. TRANSFERS BETWEEN PORTFOLIOS

1 Transfers	0
2 Impact on result	0

### C. WRITE-DOWNS

As at end of preceding period	13,764
Movements during the period	232
- Recorded	(1,505)
- Excess written back (-)	(11,630)
- Cancellations (-)	(482)
- Transfers from one item to another (+/-)	

AS AT END OF PERIOD (C) 379

D. CARRYING VALUE AS AT END OF PERIOD (A)+(B)-(C) 32,475,742

## IV STATEMENT OF SHARES AND OTHER VARIABLE-YIELD SECURITIES (ASSETS ITEM VI)

### 1 Country analysis of the issuers of securities

(in thousands of EUR)

31/12/05 31/12/06

Belgian issuers	131,628	107,351
Foreign issuers	740,362	626,784

### 2 Listing

(in thousands of EUR)

Carrying value Market value

Listed securities	722,199	873,178
Unlisted securities	11,936	

### 3 Analysis by portfolio

(in thousands of EUR)

31/12/05 31/12/06

Trading portfolio	530,306	395,007
Investment portfolio	341,684	339,128

#### 4 Trading portfolio

(in thousands of EUR)

31/12/06

Difference between market value (if higher) and acquisition cost (for securities marked to market)

30,288

#### 5 Analysis of the carrying value of investment securities

(in thousands of EUR)

31/12/06

##### A. ACQUISITION COST

As at end of preceding period

368,080

Movements during the period

- Acquisitions

126,904

- Sales (-)

(138,999)

##### AS AT END OF PERIOD (A)

355,985

##### B. TRANSFERS BETWEEN PORTFOLIOS

1 Transfers

0

2 Impact on result

0

##### C. WRITE-DOWNS

As at end of preceding period

26,396

Movements during the period

- Recorded

1,005

- Excess written back (-)

(5,491)

- Cancellations (-)

(5,053)

##### AS AT END OF PERIOD (C)

16,857

##### D. CARRYING VALUE AS AT END OF PERIOD (A)+(B)-(C)

339,128

#### 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	
	31/12/05	31/12/06	31/12/05	31/12/06
Participating interests in other enterprises	171,765	0	1,585,604	7,236,967
Participating interests in other enterprises linked by participating interests	213,013	208,403	192,173	188,352
Other shares held as financial fixed assets	172,589	167,175	35,307	32,029

##### B LISTING

(in thousands of EUR)

	Listed		Unlisted	
	31/12/05	31/12/06	31/12/05	31/12/06
Participating interests in affiliated enterprises	0	69,362	1,757,369	7,167,605
Participating interests in other enterprises linked by participating interests	0	48,658	405,186	348,097
Other shares held as financial fixed assets	172,590	179,129	35,306	20,075

## 2 Analysis of the carrying value, as at end of period, of Assets items VII A , B and C

(in thousands of EUR)	Entreprises		
	Affiliated (VII A )	Linked by participating interests (VII B )	Others (VII C )
<b>A. ACQUISITION COST</b>			
As at end of preceding period	1,986,796	407,747	210,737
Movements during the period			
- Acquisitions	5,664,427	1,602	2,832
- Sales and disposals (-)	(184,829)	(10,346)	(11,224)
<b>AS AT END OF PERIOD</b>	<b>7,466,394</b>	<b>399,003</b>	<b>202,345</b>
<b>B. REVALUATION SURPLUSES</b>			
Nil			
<b>C. WRITE-DOWNS</b>			
As at end of preceding period	229,427	2,561	2,841
Movements during the period			
- Recorded	0	0	300
- Cancellations (-)	0	(313)	0
<b>AS AT END OF PERIOD</b>	<b>229,427</b>	<b>2,248</b>	<b>3,141</b>
<b>D. NET CARRYING VALUE AS AT END OF PERIOD (A)+(B)-(C)</b>	<b>7,236,967</b>	<b>396,755</b>	<b>199,204</b>

## 3 Analysis of Assets item VII D

### A SUBORDINATED LOANS TO

(in thousands of EUR)	Credit institutions		Others	
	31/12/05	31/12/06	31/12/05	31/12/06
Affiliated enterprises	61,577	151,576	14,719	10,308
Other enterprises linked by participating interests	0	0	4,243	4,134

### 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	
	31/12/05	31/12/06	31/12/05	31/12/06
<b>NET CARRYING VALUE AS AT END OF PRECEDING PERIOD</b>	<b>76,296</b>		<b>4,243</b>	
Movements during the period				
- Additional		91,785		0
- Reimbursements (-)		(6,197)		(109)
<b>NET CARRYING VALUE AS AT END OF PERIOD</b>	<b>161,884</b>		<b>4,134</b>	
<b>ACCUMULATED WRITE-DOWNS AS AT END OF PERIOD</b>	<b>0</b>		<b>0</b>	

#### 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 23 September 1992 on the consolidated financial statements of credit institutions YES

##### B TO BE COMPLETED BY CREDIT INSTITUTIONS WHICH ARE SOLELY OR JOINTLY-HELD SUBSIDIARIES

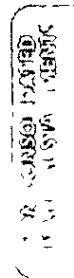
- Name and full address of the registered office and for enterprises governed by Belgian law, the enterprise number of the parent company or companies preparing and publishing the consolidated financial statements in which the financial statements of the reporting institution are consolidated<sup>(a)</sup>

**Dexia SA**  
**Place Charles Rogier 11**  
**B-1210 Saint-Josse-Ten-Noode**  
**Nr 0458 548 296**

Dexia Banque Belgique SA prepares and publishes consolidated financial statements in which the financial statements of Dexia Bank are consolidated

- 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) 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 23 September 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 (thousands of currency units) (+) or (-)	Net result
	Type <sup>(a)</sup>	Number	%	%				
ADINFO Belgium SA Boulevard Pacheco 44 B-1000 Bruxelles 0414 914 926		959,850	51 00		31-12-05	EUR	15,077	3 167
AIA-POOL SCRL Avenue de Tervuren 96 B-1040 Bruxelles 0453 634 752				10 00	31-12-05	EUR	270	82
Arlinvest NV Hamiltonpark 24-26 B-8000 Brugge 0480 175 140		595,210	49 00		30-12-05	EUR	1,024	2,396
Artesia International Finance NV Castorweg 22-24 Curaçao - Nederlandse Antillen	num pref os	1,000 200 800	100 00 20 00 80 00		31-12-05	EUR	544	86
Artesia Italia SRL Studio Tributario Societario I-20121 Milano				100 00	30-04-05	EUR	137,202	3,301
Artesia Mortgage Capital Corporation 1180 NW Maple Street Suite 202 Issaquah WA 98027- USA		100	100 00		31-12-05	USD	55,598	13,504
Artesia Mortgage CMBS Inc 1013 Centre Road Wilmington New Castle 19801 Delaware - USA				100 00	31-12-05	USD	100	
Artesia Properties Inc 1209 Orange Street Wilmington New Castle 19801 Delaware - USA				100 00	31-12-05	USD	100	
Artesimmo ISA Boulevard Pacheco 44 B-1000 Bruxelles 0419 838 467		1,249	99 92	0 08	31-12-05	EUR	112	42
Assurance Asset Management Company NV Sudermanstraat 5 B-2000 Antwerpen 0432 790 739				100 00	31-12-05	EUR	8,542	(172)
Audit en Ingenierie Sociale Consulting 3 Avenue Claude Guillemin F-45100 Orleans				100 00	31-12-05	EUR	7,606	(448)
Auxipar SA Avenue Livingstone 6 B-1000 Bruxelles 0414 259 878		144,660	13 60	26 09	31-12-05	EUR	45,192	6,377

(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 <sup>(a)</sup>	Number	%	%			(thousands of currency units) (+) or (-)	
Brussels Business Center SA Avenue Livingstone 6 B-1000 Bruxelles 0436 006 090		322,214	100 00		31-12-05	EUR	42,496	779
Bureau Laveaux & Martin SPRL Rue Lucien Burnotte 42 B-6840 Neufchâteau 0429 260 830				100 00	31-12-05	EUR	216	(47)
CEB Fin SA – DKB Fin NV Rue des Clarisses 38 B-4000 Liège 0462 095 429	os	1	0 08	99 92	31-12-05	EUR	260	55
Cevi NV Bisdomplein 3 B-9000 Gent 0860 972 295	os			100 00	31-12-05	EUR	7,947	2,102
CIGER SA Rue de Néverlee 12 B-5020 Namur 0861 023 666	os			100 00	31-12-05	EUR	8,630	1,896
Copharma Industries Unltd International Financial Services Centre 6 George's Dock IRL-Dublin 1				26 67	31-12-05	EUR	1,861	(14)
Cordius Advisory SA Boulevard Pacheco 44 B-1000 Bruxelles 0435 826 146		139	99 29	0 71	31-12-05	EUR	3 918	194
Corona SA Avenue de la Metrologie 2 B-1130 Bruxelles Belgique 0403 263 939				100 00	31-12-05	EUR	19,405	1,270
Credit du Nord SA 59, Boulevard Haussmann F-75008 Paris		9,256,131	10 00		31-12-05	EUR	1,098,000	180,800
Deschuytter Verzekeringskantoor NV Hondstraat 34 B-8970 Poperinge 0442 328 116				100 00	31-12-05	EUR	192	12
Dexia Aarschot-Haacht CVBA Leuvensestraat 44-48 B-3200 Aarschot 0473 644 565	os	770	25 67	0 33	31-12-05	EUR	253	246
Dexia Aeropole SCRL Place des Martyrs 2 B-6041 Gosselies 0476 491 813	os	770	25 67	0 33	31-12-05	EUR	227	177
Dexia Anderlecht SCRL Place de la Vaillance 35 B-1070 Bruxelles 0466 378 176	os	770	25 67	0 33	31-12-05	EUR	212	211

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 <sup>(a)</sup>	Number	%	%			(thousands of currency units) (+) or (-)	
Dexia Antwerpen-Centraal CVBA Carnotstraat 1 B-2060 Antwerpen 0458 287 188	os	770	25.67	0.33	31-12-05	EUR	212	196
Dexia Antwerpen-Metropool CVBA Statiestraat 63 B-2600 Berchem 0475 204 681	os	770	25.67	0.33	31-12-05	EUR	188	87
Dexia Antwerpen-Noord CVBA Antwerpsesteenweg 49 B-2950 Kapellen 0462 317 341	os	770	25.67	0.33	31-12-05	EUR	206	287
Dexia Antwerpen Noord-Oost CVBA Markt 26 B-2900 Schoten 0467 003 332	os	770	25.67	0.33	31-12-05	EUR	82	(1)
Dexia Antwerpen-Zuidrand CVBA Kioskplaats 49 B-2660 Hoboken 0473 526 977	os	770	25.67	0.33	31-12-05	EUR	270	177
Dexia Asset Management Luxembourg SA 283, route d'Arion 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	31-12-05	EUR	295	330
Dexia Auto Lease SA Avenue Livingstone 6 B-1000 Bruxelles 0461 783 247		1	0.02	99.98	31-12-05	EUR	1,363	1 527
Dexia Basilix SCRL Chaussee de Gand 444 B-1080 Bruxelles 0473 623 779		770	25.67	0.33	31-12-05	EUR	272	223
Dexia Berchem-Wilrijk CVBA Heistraat 2 B-2610 Wilrijk 0475 740 062	os	770	25.67	0.33	31-12-05	EUR	202	199
Dexia Binche-Region SCRL Avenue Charles Delière 56 B-7130 Binche 0475 737 983	os	770	25.67	0.33	31-12-05	EUR	226	203
Dexia Bonheiden CVBA Dorp 56 B-2820 Bonheiden 0475 734 025	os	770	25.67	0.33	31-12-05	EUR	185	837
Dexia Borinage SCRL Rue J. Dufrane 3-5 B-7080 Frameries 0464 955 642	os	770	25.67	0.33	31-12-05	EUR	208	112

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 <sup>(a)</sup>	Number	%	%			(thousands of currency units) (+) or (-)	
Dexia Boussu-Saint-Ghislain SCRL Avenue Louis Goblet 235 B-7331 Baudour 0467 000 560	os	770	25 67	0 33	31-12-05	EUR	166	94
Dexia Brugge-Oostkust CVBA Monnikenwerve 200 B-8000 Brugge 0465 840 025	os	770	25 67	0 33	31-12-05	EUR	231	124
Dexia Brugge-Oost CVBA Rapaertstraat 13 B-8020 Hertsberge 0468 498 221	os	770	25 67	0 33	31-12-05	EUR	282	35
Dexia Brugge-Tillegem CVBA Gistelse Steenweg 447 B-8200 Sint-Andries 0463 669 995	os	770	25 67	0 33	31-12-05	EUR	246	257
Dexia Brugmann SCRL Avenue Brugmann 247 B-1180 Bruxelles 0466 378 374	os	770	25 67	0 33	31-12-05	EUR	317	298
Dexia Bruxelles-Centre SCRL Place de Brouckère 41 B-1000 Bruxelles 0473 622 096	os	770	25 67	0 33	31-12-05	EUR	278	361
Dexia Capital Ireland Ltd 6, George's Dock IRL-IFSC Dublin 1	os	771 774,693	100 00		31-12-05	EUR	872,023	
Dexia Centre Ardenne SCRL Avenue de Bouillon 16 B-6800 Libramont-Chevigny 0473 632 192	os	770	25 67	0 33	31-12-05	EUR	191	181
Dexia Centre Hainaut SCRL Rue Albert 1 <sup>er</sup> 23 B-7100 La Louvière Belgique 0465 013 743	os	770	25 67	0 33	31-12-05	EUR	161	77
Dexia Centrum Kempen CVBA Stationsstraat 116-120 B-2440 Geel 0473 587 058	os	770	25 67	0 33	31-12-05	EUR	163	204
Dexia Charleroi Pont-a-Nôle SCRL Place Albert 1 <sup>er</sup> 23 B-6030 Marchienne-au-Pont Belgique 0468 860 683	os	770	25 67	0 33	31-12-05	EUR	259	205
Dexia Charleroi-Sud SCRL Boulevard Joseph Tirou 76-82 B-6000 Charleroi 0468 859 495	os	770	25 67	0 33	31-12-05	EUR	319	398
Dexia Châtelet Fleurus SCRL Rue du Calvaire 14 B-6200 Châtelet 0464 104 022	os	770	25 67	0 33	31-12-05	EUR	226	213

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 <sup>(a)</sup>	Number	%	%			(thousands of currency units) (+) or (-)	
Dexia Ciney-Dinant SCRL Rue Saint-Éloi 1 B-5590 Ciney 0467 001 154	os	770	25 67	0 33	31-12-05	EUR	230	135
Dexia Credits Logement SA Boulevard Pacheco 44 B-1000 Bruxelles 0405 549 377		17,724	99 99	0 01	31-12-05	EUR	42,080	27,333
Dexia De Voorkempen CVBA Lage Kaart 301 B-2930 Brasschaat 0862 652 375	os	770	25 67	0 33	31-12-05	EUR	151	54
Dexia Demerstreek CVBA Markt 33 B-3740 Bilzen 0467 093 701	os	770	25 67	0 33	31-12-05	EUR	82	3
Dexia Denderleeuw CVBA Stationsstraat 13 B-9470 Denderleeuw 0475 132 229	os	770	25 67	0 33	31-12-05	EUR	176	104
Dexia Dilbeek-Lennik CVBA Ninoofsesteenweg 117 B-1700 Dilbeek 0476 492 308	os	770	25 67	0 33	31-12-05	EUR	292	255
Dexia Dour-Quievrain-Haut-Pays SCRL Rue Grande 49 B-7380 Quievrain 0468 851 874	os	770	25 67	0 33	31-12-05	EUR	196	94
Dexia Druivenstreek CVBA Stationsplein 17 B-3090 Overijse 0468 523 064	os	770	25 67	0 33	31-12-05	EUR	175	68
Dexia Eghezee-Jodoigne-Perwez SCRL Chaussee de Louvain 30 B-5310 Eghezee 0467 012 339	os	770	25 67	0 33	31-12-05	EUR	372	63
Dexia Enghien-Lessines SCRL Grand-Place 72 B-7850 Enghien 0473 630 907	os	770	25 67	0 33	31-12-05	EUR	200	205
Dexia Épargne Pension SA 7 a 11, quai Andre Citroen F-75015 Paris				100 00	31-12-05	EUR	71,998	2,860
Dexia Espierres & Escaut SCRL Rue des Croisiers 28 B-7712 Herseaux 0472 305 767	os	770	25 67	0 33	31-12-05	EUR	209	126
Dexia Etterbeek SCRL Rue des Champs 6 B-1040 Bruxelles 0455 967 405	os	770	25 67	0 33	31-12-05	EUR	506	1,106

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 (thousands of currency units) (+) or (-)	Net result
	Type <sup>(a)</sup>	Number	%	%				
Dexia Factors SA Avenue Livingstone 6 B-1000 Bruxelles 0440 627 349	os	24 499	100 00		31-12-05	EUR	6,693	2,941
Dexia Fagnes et Thierache SCRL Faubourg-St-Germain 84 B-5660 Couvin 0461 504 521	os	770	25 67	0 33	31-12-05	EUR	149	49
Dexia Famenne-Ardenne SCRL Chaussee de Liege 1 B-6900 Marche-en-Famenne 0471 656 362	os	770	25 67	0 33	31-12-05	EUR	228	121
Dexia Famenne-Semois SCRL Rue des Ardenes 2 B-5570 Beauraing 0474 536 866	os	770	25 67	0 33	31-12-05	EUR	276	216
Dexia Financial Products Inc 1209 orange street Wilmington New Castle 19801 Delaware – USA		20	100 00		31-12-05	USD	1,316	256
Dexia Financial Services Ireland Unltd 6 George's Dock IRL-IFSC Dublin 1				100 00	31-12-05	GBP	498,000	30,600
Dexia Financière SA Boulevard Pachéco 44 B-1000 Bruxelles 0479 551 271	os	17 824,477	22 12		31-12-05	EUR	93,879	830
Dexia Fléron-Beyne-Soumagne SCRL Avenue des Martyrs 257 B-4620 Fléron 0460 950 928	os	770	25 67	0 33	31-12-05	EUR	276	352
Dexia Funding Netherlands NV Atrium 7th floor Strawinskylaan 3105 NL-1077 ZX Amsterdam	os	1,000	100 00		31-12-05	EUR	6,870	3,473
Dexia Geer-Vise SCRL Rue Visé Voie 39 B-4680 Oupeye 0468 670 247	os	770	25 67	0 33	31-12-05	EUR	275	364
Dexia Gent-Ledeberg CVBA Zonnestraat 23-25 B-9000 Gent 0460 955 084	os	770	25 67	0 33	31-12-05	EUR	184	193
Dexia Gent Noord-West CVBA Brugsesteenweg 514 B-9030 Mariakerke 0456 775 473	os	770	25 67	0 33	31-12-05	EUR	247	312
Dexia Gent-Oost CVBA Dendermondsesteenweg 461 B-9070 Destelbergen 0468 561 864	os	770	25 67	0 33	31-12-05	EUR	200	273

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 <sup>(a)</sup>	Number	%	%			(thousands of currency units) (+) or (-)	
Dexia Gent Zuid-Oost CVBA Waterstraat 2 B-9820 Merelbeke 0468 502 674	os	770	25 67	0 33	31-12-05	EUR	226	100
Dexia Geraardsbergen-Ninove CVBA Oudenaardsestraat 4-6 B-9500 Geraardsbergen 0468 504 258	os	770	25 67	0 33	31-12-05	EUR	273	100
Dexia Groot Deurne CVBA Andree Hermanslaan 1 B-2100 Deurne 0473 611 705	os	770	25 67	0 33	31-12-05	EUR	241	222
Dexia Haspengouw-Oost CVBA Visesteeweg 227 B-3770 Zichen-Zussen-Bolder Belgique 0464 705 323	os	770	25 67	0 33	31-12-05	EUR	188	87
Dexia Haspengouw-West CVBA Clockemstraat 38 B-3800 Sint-Truiden 0464 680 280	os	770	25 67	0 33	31-12-05	EUR	185	79
Dexia Haute-Ardenne SCRL Rue du Vieux Marche 21 C B-6690 Vielsalm 0464 665 929	os	770	25 67	0 33	31-12-05	EUR	212	194
Dexia Haute-Senne SCRL Rue Camille Duray 67 B-7190 Écaussinnes 0468 852 666	os	770	25 67	0 33	31-12-05	EUR	168	36
Dexia Hauts de Liège SCRL Chaussee de Tongres 391 B-4000 Rocourt 0462 372 967	os	770	25 67	0 33	31-12-05	EUR	170	118
Dexia Herstal SCRL Place Jean Jaurès 34 B-4040 Herstal 0455 940 481	os	770	25 67	0 33	31-12-05	EUR	214	259
Dexia Hesbaye-Centre SCRL Grand-Place 5 B-4280 Hannut 0459 659 640	os	770	25 67	0 33	31-12-05	EUR	239	270
Dexia Hoogstraten-Kempen CVBA Vrijheid 109 B-2320 Hoogstraten 0463 702 758	os	770	25 67	0 33	31-12-05	EUR	182	196
Dexia Insurance & Pensions Services SA 2 rue Nicolas Bové L-1253 Luxembourg LU 18621931				100 00	31-12-05	EUR	2,263	(72)
Dexia Insurance Belgium SA 6 Avenue Livingstone 6 B-1000 Bruxelles 0405 764 064	os	905,169	99 63		31-12-05	EUR	482,612	116,912





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 <sup>(a)</sup>	Number	%	%			(thousands of currency units) (+) or (-)	
Dexia Investment Company Boulevard Pacheco 44 1000 Bruxelles 0878 760 909	os	539,999,999	100 00					
Dexia Investments Ireland Ltd 6, George's Dock IRL-IFSC Dublin 1 IE 4886676 P				100 00	31-12-05	EUR	496,905	14,816
Dexia Jette SCRL Boulevard de Smet de Nayer 2A B-1090 Bruxelles 0463 693 850	os	770	25 67	0 33	31-12-05	EUR	267	332
Dexia Kempen CVBA Rondplein 13 A B-2400 Mol 0466 424 597	os	770	25 67	0 33	31-12-05	EUR	173	180
Dexia Kempen-Centraal CVBA Astridplein 9 B-2280 Grobbendonk 0468 248 296	os	770	25 67	0 33	31-12-05	EUR	145	146
Dexia Klein-Brabant CVBA Nieuwstraat 21 B-2830 Willebroek 0475 123 519	os	770	25 67	0 33	31-12-05	EUR	201	60
Dexia Kortrijk CVBA Doorniksewijk 19 B-8500 Kortrijk 0466 460 726	os	770	25 67	0 33	31-12-05	EUR	212	146
Dexia Laeken SCRL Rue de Wand 77 B-1020 Bruxelles 0468 521 876	os	770	25 67	0 33	31-12-05	EUR	204	192
Dexia Lambermont SCRL Chaussée de Helmet 218 B-1030 Bruxelles 0462 793 631	os	770	25 67	0 33	31-12-05	EUR	264	426
Dexia Lease Belgium SA Boulevard Pacheco 44 B-1000 Bruxelles Belgique 0431 916 551	os	229,999	100 00		31-12-05	EUR	6,739	2,966
Dexia Lease Services SA Avenue Livingstone 6 B-1000 Bruxelles 0427 903 127	os	25,095	100 00		31-12-05	EUR	14,621	8,379
Dexia Leeuw-Calevoet-Rode CVBA Weerstandspelen 1 B-1600 St-Pieters-Leeuw 0456 766 763	os	770	25 67	0 33	31-12-05	EUR	247	221
Dexia Leuven CVBA Brusselsestraat 2 B-3000 Leuven 0465 019 978	os	770	25 67	0 33	31-12-05	EUR	263	187

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 <sup>(a)</sup>	Number	%	%			(thousands of currency units) (+) or (-)	
Dexia Leuven-Oost CVBA De Becker Remyplein 41-42 B-3010 Kessel-Lo 0465 198 142	os	770	25 67	0 33	31-12-05	EUR	154	43
Dexia Liège-Centre SCRL Rue des Mineurs 12 B-4000 Liège 0460 558 473	os	770	25 67	0 33	31-12-05	EUR	358	650
Dexia Liège-Est SCRL Rue de Herve 511 B-4030 Liège 0473 627 145	os	770	25 67	0 33	31-12-05	EUR	121	13
Dexia Liège-Ouest SCRL Chaussée du Roi Albert 50 B-4430 Ans 0475 741 448	os	770	25 67	0 33	31-12-05	EUR	192	175
Dexia Liège-Sud SCRL Rue du Sart-Tilman 354 B-4031 Angleur 0458 893 043	os	770	25 67	0 33	31-12-05	EUR	163	91
Dexia Life & Pensions Luxembourg SA 2 rue Nicolas Bové L-1253 Luxembourg LU18421978				100 00	31-12-05	EUR	67,086	5,164
Dexia Limburg Centrum CVBA Guldensporenlaan 9 B-3530 Houthalen-Helchteren 0473 708 210	os	770	25 67	0 33	31-12-05	EUR	234	343
Dexia Louise SCRL Place Flagey 28 B B-1050 Bruxelles 0465 123 116	os	770	25 67	0 33	31-12-05	EUR	481	880
Dexia Maaskant Noord CVBA Rijksweg 405 B-3650 Dilsen 0473 667 232	os	770	25 67	0 33	31-12-05	EUR	140	146
Dexia Maasland CVBA Stationsstraat 12 B-3620 Lanaken 0461 343 579	os	770	25 67	0 33	31-12-05	EUR	134	78
Dexia Mariemont-Seneffe SCRL Rue de Gouy 55 B-7160 Chap Lez-Herlaimont 0466 987 197	os	770	25 67	0 33	31-12-05	EUR	215	358
Dexia Mechelen-Zemst CVBA Brusselsesteenweg 110 B-1980 Zemst 0462 322 388	os	770	25 67	0 33	31-12-05	EUR	200	415
Dexia Meetjesland CVBA Markt 93 B-9900 Eeklo 0468 559 488	os	770	25 67	0 33	31-12-05	EUR	146	30



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 <sup>(a)</sup>	Number	%	%			(thousands of currency units) (+) or (-)	
Dexia Meuse Liegeoise SCRL Rue de la Station 36-38 B-4101 Jemeppe-sur-Meuse 0475 741 250	os	770	25 67	0 33	31-12-05	EUR	269	354
Dexia Meuse Namuroise SCRL Chaussee de Dinant 719 B-5100 Wepion 0468 888 694	os	770	25 67	0 33	31-12-05	EUR	179	159
Dexia Midden-Brabant CVBA Tervuursesteenweg 202 B-3001 Leuven 0459 671 419	os	755	50 33	0 67	31-12-05	EUR	(40)	4
Dexia Midden-Waasland CVBA Kerkstraat 15 B-9190 Stekene 0479 386 668	os	770	25 67	0 33	31-12-05	EUR	170	125
Dexia Midden-Limburg CVBA Fruitmarkt 7 B-3600 Genk 0466 987 001	os	770	25 67	0 33	31-12-05	EUR	227	278
Dexia Mons-Nord SCRL Rue de Nimy 61-65 B-7000 Mons 0464 187 263	os	770	25 67	0 33	31-12-05	EUR	236	230
Dexia Mons-Sud SCRL Avenue Jean d'Avesnes 9 B-7000 Mons 0465 013 644	os	770	25 67	0 33	31-12-05	EUR	305	430
Dexia Mortsel-Kontich CVBA Statielei 59 B-2640 Mortsel 0476 374 720	os	770	25 67	0 33	31-12-05	EUR	212	160
Dexia Mouscron SCRL Rue de la Station 52 B-7700 Mouscron 0473 635 360	os	770	25 67	0 33	31-12-05	EUR	288	196
Dexia Namur-Ouest SCRL Route de Gembloux 89 B-5002 Saint-Servais 0466 454 489	os	770	25 67	0 33	31-12-05	EUR	205	124
Dexia Namur-Sud SCRL Chaussee de Louvain 440 B-5004 Bouge 0464 982 366	os	770	25 67	0 33	31-12-05	EUR	287	352
Dexia Namur-Ville SCRL Rue de Marchovelette 1 B-5000 Namur 0464 103 329	os	770	25 67	0 33	31-12-05	EUR	241	302
Dexia Neteland CVBA Grote Markt 13 B-2500 Lier 0476 503 788	os	770	25 67	0 33	31-12-05	EUR	206	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 <sup>(a)</sup>	Number	%	%			(thousands of currency units) (+) or (-)	
Dexia Nivelles-Tubize SCRL Rue de Mons 55 B-1480 Tubize 0466 977 596	os	770	25 67	0 33	31-12-05	EUR	270	304
Dexia Noordekempen CVBA Bredabaan 423 B-2990 Wuustwezel 0475 811 328	os	770	25 67	0 33	31-12-05	EUR	208	168
Dexia Noord-Limburg CVBA Oude Markt 26 B-3900 Overpelt 0473 590 424	os	770	25 67	0 33	31-12-05	EUR	168	169
Dexia Noord-Oost Limburg CVBA Dorpsstraat 51 3670 Meeuwen 0473 583 395	os	770	25 67	0 33	31-12-05	EUR	141	69
Dexia Oostende-Middelkerke CVBA Alfons Pieterslaan 90-92 B-8400 Oostende 0459 673 397	os	770	25 67	0 33	31-12-05	EUR	289	3
Dexia Ostbelgien CVBA Rathausplatz 11 B-4700 Eupen 0476 578 519	os	770	25 67	0 33	31-12-05	EUR	209	94
Dexia Ourthe-Ambleve SCRL Place Joseph Thiry 47 B-4920 Aywaille 0463 712 062	os	770	25 67	0 33	31-12-05	EUR	258	410
Dexia Overseas Ltd 2 Jennifer's Drive Grand Cayman - British West Indies		150,000	100 00		31-12-05	USD	1,142	162
Dexia Pays d'Arlon SCRL Rue de la Poste 13 B-6700 Arlon 0471 613 901	os	770	25 67	0 33	31-12-05	EUR	186	108
Dexia Pays de Bastogne SCRL Rue du Vivier 226 B-6600 Bastogne 0475 723 731	os	770	25 67	0 33	31-12-05	EUR	204	169
Dexia Pays de Herve SCRL Place du Marche 22 B-4651 Battice 0462 318 628	os	770	25 67	0 33	31-12-05	EUR	263	344
Dexia Pays Vert-Collines SCRL Grand-Place 24 B-7800 Ath 0476 507 055	os	770	25 67	0 33	31-12-05	EUR	191	113
Dexia Prevoyance France SA 3, avenue Claude Guillemin F-45100 Orleans				67 00	31-12-05	EUR	8,287	1,473
Dexia Re SA 2, rue Nicolas Bove L-1253 Luxembourg	os	1		100 00	31-12-05	EUR	1,225	



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 <sup>(a)</sup>	Number	%	%			(thousands of currency units) (+) or (-)	
Dexia Regio Aalst CVBA Stationsstraat 4 B-9300 Aalst 0464 206 861	os	770	25 67	0 33	31-12-05	EUR	238	191
Dexia Regio Aalter CVBA Stationsstraat 157 B-9880 Aalter 0465 843 983	os	770	25 67	0 33	31-12-05	EUR	159	347
Dexia Regio Asse-Ternat CVBA Kattestraat 2 B-1730 Asse 0464 672 659	os	770	25 67	0 33	31-12-05	EUR	160	58
Dexia Regio Buggenhout-Londerzeel CVBA Stationsstraat 13 B-9255 Buggenhout 0467 005 411	os	770	25 67	0 33	31-12-05	EUR	212	293
Dexia Regio Deinze-Latem CVBA Tolpoortstraat 83 B-9800 Deinze 0463 653 367	os	770	25 67	0 33	31-12-05	EUR	156	90
Dexia Regio Dendermonde CVBA Zuidlaan 2 B-9200 Dendermonde 0463 700 184	os	770	25 67	0 33	31-12-05	EUR	226	139
Dexia Regio Diest CVBA St-Jan Berchmansstraat 4 B-3290 Diest 0461 505 214	os	770	25 67	0 33	31-12-05	EUR	286	330
Dexia Regio Diksmuide-Westkust CVBA Grote Markt 31 B-8600 Diksmuide 0464 991 373	os	770	25 67	0 33	31-12-05	EUR	253	388
Dexia Regio Erpe-Mere CVBA Marktplein 36 B-9520 St -Lievens-Houtem 0466 990 959	os	770	25 67	0 33	31-12-05	EUR	222	175
Dexia Regio Evergem-Zelzate CVBA Hoeksken 10 B-9940 Evergem 0473 606 755	os	770	25 67	0 33	31-12-05	EUR	189	209
Dexia Regio Hageland CVBA Dorpsstraat 38 B-3450 Geetbets 0465 847 151	os	770	25 67	0 33	31-12-05	EUR	165	3
Dexia Regio Harelbeke CVBA Marktstraat 9-15 B-8530 Harelbeke 0464 961 976	os	770	25 67	0 33	31-12-05	EUR	170	60
Dexia Regio Hasselt CVBA Leopoldplein 41 B-3500 Hasselt 0473 588 444	os	770	25 67	0 33	31-12-05	EUR	336	333

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 <sup>(a)</sup>	Number	%	%			(thousands of currency units) (+) or (-)	
Dexia Regio Ieper-Heuvelland CVBA Meensestraat 29 B-8900 Ieper 0473 708 408	os	770	25 67	0 33	31-12-05	EUR	166	54
Dexia Regio Kruishoutem CVBA Markt 2 B-9770 Kruishoutem 0473 703 458	os	770	25 67	0 33	31-12-05	EUR	212	171
Dexia Regio Menen CVBA Kerkomtrek 16 B-8930 Menen 0466 390 648	os	770	25 67	0 33	31-12-05	EUR	189	179
Dexia Regio Middelkerke-Koekelare CVBA Sint-Maartensplein 17 B-8680 Koekelare 0456 783 391	os	770	25 67	0 33	31-12-05	EUR	203	185
Dexia Regio Oostende CVBA Kappellestraat 1 B-8400 Oostende 0463 670 985	os	770	25 67	0 33	31-12-05	EUR	266	73
Dexia Regio Oudenburg CVBA Ettelgemsestraat 2 B-8460 Oudenburg 0479 484 163	os	770	25 67	0 33	31-12-05	EUR	192	224
Dexia Regio Poperinge CVBA Grote Markt 39 B-8970 Poperinge 0464 214 284	os	770	25 67	0 33	31-12-05	EUR	139	14
Dexia Regio Roeselare Izegem CVBA Grote Markt 21 B-8870 Izegem 0456 777 750	os	770	25 67	0 33	31-12-05	EUR	311	259
Dexia Regio Tienen CVBA Nieuwstraat 36 B-3300 Tienen 0459 668 350	os	770	25 67	0 33	31-12-05	EUR	209	158
Dexia Regio Torhout CVBA Markt 28 B-8820 Torhout 0468 461 401	os	770	25 67	0 33	31-12-05	EUR	199	160
Dexia Regio Turnhout CVBA De Merodelei 27 B-2300 Turnhout 0464 218 145	os	770	25 67	0 33	31-12-05	EUR	202	138
Dexia Regio Waregem CVBA Markt 12 B-8790 Waregem 0463 668 908	os	770	25 67	0 33	31-12-05	EUR	226	115
Dexia Regio Wevelgem CVBA Grote Markt 8 B-8560 Wevelgem 0464 214 482	os	770	25 67	0 33	31-12-05	EUR	200	127

04/07/2011 15:38:00  
 AS WA 111

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 <sup>(a)</sup>	Number	%	%			(thousands of currency units) (+) or (-)	
Dexia Regio Zuid-Gent CVBA Koning Albertlaan 142 B-9000 Gent 0464 994 937	os	770	25.67	0.33	31-12-05	EUR	242	223
Dexia Région Gembloux SCRL Avenue de la Faculté d'agronomie 12 B-5030 Gembloux 0464 656 922	os	770	25.67	0.33	31-12-05	EUR	709	266
Dexia Region Huy-Amay SCRL Avenue des Ardennes 33 B-4500 Huy 0464 663 058	os	770	25.67	0.33	31-12-05	EUR	264	355
Dexia Region Verviers-Spa SCRL Place du Perron 41 B-4910 Theux 0474 573 488	os	770	25.67	0.33	31-12-05	EUR	193	76
Dexia Rupeel CVBA Provinciaalsteenweg 73 B-2620 Hemiksem 0467 003 035	os	770	25.67	0.33	31-12-05	EUR	184	226
Dexia Sambre et Heure SCRL Rue 't Serstevens 9 B-6530 Thuin 0466 452 610	os	770	25.67	0.33	31-12-05	EUR	151	95
Dexia Scheldeland CVBA Kalkendorp 21 B-9270 Kalken 0463 671 480	os	770	25.67	0.33	31-12-05	EUR	356	327
Dexia Schoten-Merksem CVBA Markt 26 B-2900 Schoten 0862 458 078	os	770	25.67	0.33	31-12-05	EUR	123	26
Dexia Securities Belgium SA Boulevard Pacheco 44 B-1000 Bruxelles 0442 757 389	os	10,839	99.99	0.01	31-12-05	EUR	8,339	1,323
Dexia Seraing-Ougree-Nandrin SCRL Rue de Rotheux 37 B-4100 Seraing 0463 713 448	os	770	25.67	0.33	31-12-05	EUR	151	28
Dexia Societe de Credit SA Rue des Clarisses 38 B-4000 Liege 0404 228 296	os	6,463	99.98	0.02	31-12-05	EUR	13,482	6,417
Dexia Stockel SCRL Place Dumon 22 B-1150 Bruxelles 0458 895 815	os	770	25.67	0.33	31-12-05	EUR	255	353
Dexia Sud-Luxembourg SCRL Rue de la Poste 13 B-6700 Arlon 0466 444 195	os	770	25.67	0.33	31-12-05	EUR	216	249

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 <sup>(a)</sup>	Number	%	%			(thousands of currency units) (+) or (-)	
Dexia Tournai SCRL Rue Royale 105-107-109 B-7500 Tournai 0462 410 480	os	770	25 67	0 33	31-12-05	EUR	192	99
Dexia Uccle-Rhode SCRL Chaussee de Waterloo 1356 B-1180 Bruxelles 0469 209 883	os	770	25 67	0 33	31-12-05	EUR	277	340
Dexia Val de Sambre SCRL Rue de la Station 15-17 B-5060 Taminies 0461 824 423	os	770	25 67	0 33	31-12-05	EUR	199	142
Dexia Val de Verne SCRL Grand-Place 34 B-7600 Péruwelz 0473 660 007	os	770	25 67	0 33	31-12-05	EUR	215	154
Dexia Val d'Heure SCRL Rue de Mettet 17 A B-5620 Florennes 0473 617 247	os	770	25 67	0 33	31-12-05	EUR	162	97
Dexia Val du Pieton SCRL Grand-Rue 12 B-6183 Trazegnies 0475 739 567	os	770	25 67	0 33	31-12-05	EUR	217	243
Dexia Vallée de la Dyle SCRL Avenue Einstein 8 B-1300 Wavre 0459 668 845	os	770	25 67	0 33	31-12-05	EUR	301	235
Dexia Vallée de la Lys SCRL Rue de Lille 19 B-7784 Warneton 0462 410 579	os	770	25 67	0 33	31-12-05	EUR	183	106
Dexia Verviers-Heusy SCRL Crapaurue 14 B-4800 Verviers 0475 224 378	os	770	25 67	0 33	31-12-05	EUR	168	142
Dexia Vilvoorde-Zaventem CVBA Bergstraat 4 B-1800 Vilvoorde 0476 492 110	os	770	25 67	0 33	31-12-05	EUR	271	123
Dexia Vlaamse Ardennen CVBA Nederstraat 17 B-9700 Oudenaarde 0459 674 288	os	770	25 67	0 33	31-12-05	EUR	334	301
Dexia Waasland Noord-West CVBA Marktplaats 3 B-9220 Hamme 0465 017 505	os	770	25 67	0 33	31-12-05	EUR	260	341
Dexia Waasland Zuid-Oost CVBA Parklaan 33 B-9100 Sint-Niklaas 0865 262 368	os	770	25 67	0 33	31-12-05	EUR	131	99





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 <sup>(a)</sup>	Number	%	%			(thousands of currency units) (+) or (-)	
Dexia Waasland-Centrum CVBA Statiestraat 135 B-2070 Zwijndrecht 0459 350 230	os	770	25 67	0 33	31-12-05	EUR	194	138
Dexia Waremmе-Hesbaye SCRL Rue Joseph Wauters 15 B-4300 Waremmе 0456 784 183	os	770	25 67	0 33	31-12-05	EUR	263	249
Dexia Waterloo SCRL Chaussée de Bruxelles 306 B-1410 Waterloo 0465 137 368	os	770	25 67	0 33	31-12-05	EUR	394	224
Dexia Wemmel-Meise-Strombeek CVBA Markt 60-62 B-1780 Wemmel 0465 156 966	os	770	25 67	0 33	31-12-05	EUR	247	257
Dexia West-Limburg CVBA Kerkstraat 2 B-3560 Lummen 0467 006 597	os	770	25 67	0 33	31-12-05	EUR	313	422
Dexia Woluwé SCRL Parvis Saint-Henri 49 B-1200 Bruxelles 0468 589 479	os	770	25 67	0 33	31-12-05	EUR	288	327
Dexia Zennevallei CVBA Basiliekstraat 13 B-1500 Halle 0454 765 692	os	770	25 67	0 33	31-12-05	EUR	333	411
Dexia Zoersel-Malle CVBA Handelslei 127 B-2980 Sint-Antonius-Zoersel 0871 252 713	os	770	25 67	0 33	31-12-05	EUR	111	138
Dexia Zottegem-Oosterzele CVBA Heldenlaan 33 B-9620 Zottegem 0460 956 965	os	770	25 67	0 33	31-12-05	EUR	222	117
Dexia Zuid-Molenband CVBA Hofdestraat 21 B-8760 Meulebeke 0468 495 449	os	770	25 67	0 33	31-12-05	EUR	223	155
Dexia Zuiderkempen CVBA L. Kempenaersstraat 8 B-2223 Schriek 0468 779 818	os	770	25 67	0 33	31-12-05	EUR	135	87
Deximmo SA Boulevard Pacheco 44 B-1000 Bruxelles 0422 976 715		72,401	100 00		31-12-05	EUR	3,228	288
DIB Invest SA Rue Joseph II 96 1000 Bruxelles Belgique 0878 881 762	os			100 00				

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 <sup>(a)</sup>	Number	%	%			(thousands of currency units) (+) or (-)	
Domus Flandria NV Karel Oomsstraat 37 B-2018 Antwerpen 1 0436 825 642	os	35 000	17 46		31-12-05	EUR	26,430	2,092
DVV Finance SA 2, rue Nicolas Bove L-1253 Luxembourg				100 00	31-12-05	EUR	275,075	20,797
Echo Dublin Unltd 6 George's Dock IRL-Dublin 1 Irlande		1,500	22 52	2 42	31-12-05	EUR	2,891	(24)
Eurco Finance Unltd International Financial Services Centre 6 George's Dock IRL-Dublin 1				100 00	31-12-05	EUR	2,513	13
Eurco Ireland Ltd 6 George's Dock Dublin 1				100 00	31-12-05	EUR	980	335
Eurco Re Ltd International Financial Services Centre 6 George's Dock IRL-Dublin 1				100 00	31-12-05	EUR	122,579	97,012
Eurco Ruck AG Beethovenstrasse 49 CH-8002 Zürich				99 98	31-12-05	CHF	19,176	(2,012)
Eurco SA 2, rue Nicolas Bove L-1253 Luxembourg LU 15610600				100 00	31-12-05	EUR	1,024	250
Eurcolux 2, rue Nicolas Bove L-1253 Luxembourg				100 00	31-12-05	EUR	1,983	20,797
Europay Belgium SCRL Boulevard du Roi Albert II 9 B-1210 Bruxelles 0434 197 536	os	4,592	13 28		31-12-05	EUR	1,399	304
Fidexis SA Boulevard du Souverain 191 B-1160 Bruxelles 0461 066 635	os	41,031	51 00		31-12-05	EUR	(2 057)	(2,990)
Fiduciaire Dexia SA Boulevard Pacheco 44 B-1000 Bruxelles 0416 799 201		1,499	99 93	0 07	31-12-05	EUR	226	1
Finimmo NV (antérieurement Gimogem) Pacifatiestraat 39 B-2000 Antwerpen 0436 044 197		505	50 00		31-12-05	EUR	1,116	70
Flanders Expo NV Maaltekouter 1 B-9051 Gent 0427 328 649	os	3,200	42 11		31-12-05	EUR	18,514	350



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 (thousands of currency units) (+) or (-)	Net result
	Type <sup>(a)</sup>	Number	%	%				
Fynergie SA Boulevard Pachéco 44 B-1000 Bruxelles 0455 739 850		1,249	99 92	0 08	31-12-05	EUR	113	13
Himba NV Hamiltonpark 24-26 B-8000 Brugge 0870 505 516				99 00	31-12-05	EUR	18	(44)
IDE Lux SCRL Drève de l'Arc-en-Ciel 98 B-6700 Arlon 0205 797 475		1,092	11 12		31-12-05	EUR	59,310	3
IDE Lux Finance SCRL Drève de l'Arc-en-Ciel 98 B-6700 Arlon 0258 258 738		3 719	36 87		31-12-05	EUR	26,622	800
IGRETEC SCRL Boulevard Mayence 1 B-6000 Charleroi 0201 741 768		2 118	77 50		31-12-05	EUR	96,055	3 387
IHF SC Hôtel de Ville B-7100 La Louvière 0245 830 563		558	71 44		31-12-05	EUR	16,949	565
Immo Charlotte SA 4, Boulevard de la Foire L-1528 Luxembourg			20 00					
Immo-Projets SA Rue Sainte-Marie 5 B-4000 Liege 0866 414 391		50	20 33		31-12-05	EUR	55	(7)
Immorente SA Boulevard Pachéco 44 B-1000 Bruxelles 0406 206 306		999	99 90	0 10	31-12-05	EUR	289	33
Inasep SCRL Rue des Vieux 1b B-5100 Naninne 0218 735 790	os	1 250	29 66		31-12-05	EUR	23 705	12
INFORUM GIE Rue d'Arlon 53 Bte 4 B-1040 Bruxelles 0472 721 679	os	50	50 00		31-12-05	EUR	650	106
Interbrugse Maatschappij voor Huisvesting CVBA Boeveriestraat 42 B-8000 Brugge 0406 062 883	os			12 18	31-12-05	EUR	25,126	1,035
Isabel SA Boulevard de l'Imperatrice 13-15 B-1000 Bruxelles 0455 530 509	os	240,034	24 00		31-12-05	EUR	11,938	8,326

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 <sup>(a)</sup>	Number	%	%			(thousands of currency units) (+) or (-)	
Justinvest Antwerpen NV Heistraat 129 B-2610 Wilrijk 0476 658 097		50	33 33		31-12-05	EUR	125	90
Kolum Verzekeringsteam NV Markt 17 B-2900 Schoten 0442 872 306				19 48	31-12-05	EUR	240	67
Lex 2000 Boulevard Pacheco 44 B-1000 Bruxelles 0403 364 996		74,339	38 09	11 91	31-12-05	EUR	9,378	626
Livingstone Building NV Sudermanstraat 5 B-2000 Antwerpen 0441 221 920				100 00	30-12-05	EUR	5,205	129
Logins NV Generaal De Wittelaan 17 B-2800 Mechelen 0458 715 671				100 00	31-12-05	EUR	1,202	463
Max Havelaar Label Belgium SCRL Rue du Trône 173 B-1050 Bruxelles 0465 853 089		50	13 33		31-12-05	EUR	98	92
Nord Projets SARL 12, place Saint-Hubert F-59000 Lille		7	14 00		31-12-05	EUR	17	
Notre Maison Boulevard Tirou 167 B-6000 Charleroi 0240 277 017				11 90	31-12-04	EUR	1,295	(89)
Ondernemertalent P/A universiteit Hasselt - Agoralaan gebouw B B-3590 Diepenbeek 0883 079 288		310	44 29					
Orfival SA Avenue Fleming 10 B-1348 Louvain-la-Neuve 0441 784 223				18 22	31-12-05	EUR	285	26
Parfipar SA 10, boulevard Royal L-2449 Luxembourg		111,702	100 00		31-12-05	EUR	261 287	22,451
Park De Haan NV Place Sainte-Gudule 19 B-1000 Bruxelles 0438 533 436	os	300	15 00		31-12-05	EUR	68	73
Projenor SA 12, place Saint-Hubert F-59000 Lille	os	850	10 30		31-12-05	EUR	1,476	3
Promotion Leopold SA Rue Godecharle 15-17 B-1050 Bruxelles 0439 904 896		191,400	16 50	21 50	31-12-05	EUR	35,252	3,254

1126 CONSOLIDATED  
 FINANCIAL STATEMENTS



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 <sup>(a)</sup>	Number	%	%			(thousands of currency units) (+) or (-)	
Publipart SA Rue Royale 55 bte 14 1000 Bruxelles 0875 090 844		209,993	10 76		30-09-05	EUR	117,947	60,030
Rabot Invest NV Heistraat 129 B-2610 Wilrijk 0479 758 733		60	25 00		31-12-05	EUR	131	5
RAC Investment Corp NV Van Eycklei 1 B-2018 Antwerpen 0479 128 827		25	25 00		31-12-05	EUR	2,253	(2,568)
Rainbow ICT-Services ESV Rue Royale 192 1000 Bruxelles 0473 453 139				50 00	31-12-05	EUR	25	
Realex SA Rue de la Loi 99-101 B-1000 Bruxelles 0403 288 584				100 00	31-12-05	EUR	34,631	(6,161)
Rekord AG Grafenberger Allee 277-287 D-40237 Düsseldorf 133/5863/0253				100 00	31-12-04	EUR	18,342	(12,291)
Rekord Finanzdienstleistung AG Grafenberger Allee 277-287 D-40237 Düsseldorf 133/5736/0029				100 00	31 12-05	EUR		2,201
Securifund NV 22-24 Castorweg Curaçao – Nederlandse Antillen		495,788	100 00		31-12-05	EUR	49,400	1,250
Sepia SCRL Avenue Livingstone 6 B-1000 Bruxelles 0403 251 467				50 00	31-12-05	EUR	2 661	154
SLF Finances SA Rue Sainte-Marie 5 B-4000 Liege 0203 978 726		85 993	27 99		31-12-05	EUR	219 251	8,001
SLF Immo SA Rue Sainte-Marie 5 B-4000 Liege 0480 029 838		101	20 49		31-12-05	EUR	116	(5)
SLF Participations SA Rue Sainte-Marie 5 B-4000 Liege 0480 029 739		42,289	20 57		31-12-05	EUR	62,895	3,156
Société de développement de Liege Guillemins SA Rue du Vertbois 13 B B-4000 Liege 1 0450 994 372	os	100	19 05		31-12-05	EUR	232	(10)

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 <sup>(a)</sup>	Number	%	%			(thousands of currency units) (+) or (-)	
Société Espace Leopold SA Rue Godecharle 15-17 B-1050 Bruxelles 0435 890 977		6,660	33 30	16 70	31-12-05	EUR	7,582	694
Sofibail SA Société Wallone de Location-Financement Rue Dewez 49 B-5000 Namur 0426 091 207	os	2 000	19 42		31-12-05	EUR	2,086	(224)
Sofibru SA Rue de Stassart 32 B-1050 Bruxelles 0447 389 833	os	25	20 00		31-12-05	EUR	1,680	39
Sogeval SA Boulevard Pachéco 44 B-1000 Bruxelles 0403 240 975		15,000	64 35	35 65	31-12-05	EUR	6,487	3
Sohr SPRL Stationstraat 172 B-1640 St-Genesius-Rode 0460 930 934				25 73	31-12-05	EUR	63	64
Star Fund Management SA Avenue Marnix 24 B-1000 Bruxelles 0430 147 191		47,184	47 18		31-12-05	EUR	8,265	11,333
Syneco Agence Conseil Rue E. Dinot 34 B-5590 Ciney 0460 180 470				20 00	31-12-03	EUR	16,148	832
Van De Walle Verzekeringen NV Kortrijksesteenweg 203 B-9830 Sint-Martens-Latem 0456 777 255				100 00	31-12-05	EUR	220	12
VOK Spaarbank NV Sint-Michielsplein 16 B-9000 Gent 0400 067 788		8,771	17 79		31-12-05	EUR	195,059	20,386
VDL-Interass NV Brusselsesteenweg 346 C B-9090 Melle 0431 686 127				100 00	31-12-05	EUR	714	73
Visa Belgium SCRL Boulevard du Roi Albert II 9 B-1210 Bruxelles 0435 551 972	os	26	14 36		31-12-05	EUR	239	16
Vlabo-Invest NV Pater Damiaanstraat 5 B-3130 Betekom 0441 188 464		58	16 57		31-12-05	EUR	552	101
WGH SA Avenue de l'Expansion 7 B-4432 Ans 0861 000 902	os			100 00	31-12-05	EUR	2,009	50



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 <sup>(a)</sup>	Number	%	%			(thousands of currency units) (+) or (-)	
Zakenkantoor Vandepitte-Lepiae NV Astridlaan 37 B-8310 Assebroek 0466 037 092				26 00	31-12-05	EUR	57	(1)
Zinner SA Rue Zinner 1 B-1000 Bruxelles 0427 213 140		2,029	12 68		31-12-04	EUR	5,033	(9)
Zonnige Kempen CV Grote Markt 39 B-2260 Westerlo 0404 221 368				16 29	31-12-05	EUR	18,211	58

**VI 52 LIST OF ENTERPRISES IN WHICH THE CREDIT INSTITUTION OPERATES IN AN UNLIMITED MANNER AS AN ASSOCIATE OR AS AN INDEFINITELY RESPONSABLE MEMBER**

Nil

**VII STATEMENT OF FORMATION EXPENSES AND INTANGIBLE FIXED ASSETS (ASSETS ITEM VIII.)**

**1 Formation expenses**

(in thousands of EUR)

31/12/06

Net carrying value as at end of preceding period	5,143
Movements during the period	
- Amortization (-)	(5,135)
Net carrying value as at end of period	8
- Of which reorganization costs	8

**2 Intangible fixed assets**

Goodwill	Other intangible fixed assets	Of which commissions for attracting new business art 27bis <sup>(a)</sup>
----------	--	---

(in thousands of EUR)

**A. ACQUISITION COST**

As at end of preceding period	0	95,937	0
Movements during the period			
- Acquisitions, including own construction	0	5,177	0
- Sales and disposals (-)	0	(42,389)	0
- Transfers from one item to another (+/-)	0	(2)	0

<b>AS AT END OF PERIOD (A)</b>	<b>0</b>	<b>58,723</b>	<b>0</b>
--------------------------------	----------	---------------	----------

**B. AMORTIZATION AND WRITE-DOWNS**

As at end of preceding period	0	75,151	0
Movements during the period			
- Recorded	0	7,795	0
- Cancellations (-)	0	(33,682)	0

<b>AS AT END OF PERIOD (C)</b>	<b>0</b>	<b>49,264</b>	<b>0</b>
--------------------------------	----------	---------------	----------

<b>C. NET CARRYING VALUE AS AT END OF PERIOD (A)-(B)</b>	<b>0</b>	<b>9,459</b>	<b>0</b>
--	----------	--------------	----------

(a) If the amounts are significant

SULLIOW'S MANAGEMENT  
SULLIOW'S MANAGEMENT



# VIII TANGIBLE FIXED ASSETS (ASSETS ITEM IX.)

(in thousands of EUR)

	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
<b>A. ACQUISITION COST</b>							
As at end of preceding period	980,811	676,476	125,017	2,374	242,036	271,722	75,096
Movements during period							
- Acquisition, including own construction	32,832	20,383	4,105	0	393	139,425	5,061
- Sales and disposals (-)	(3,304)	(241,198)	(1,448)	(1,967)	(2,408)	0	(10,058)
- Transfers from one item to another (+/-)	324,093	11	0	0	6,935	(376,358)	(6,434)
- Other changes (+/-)	0	0	260	0	0	0	0
<b>AS AT END OF PERIOD (A)</b>	<b>1,334,432</b>	<b>455,672</b>	<b>127,834</b>	<b>407</b>	<b>246,956</b>	<b>34,789</b>	<b>63,665</b>
<b>B. REVALUATION SURPLUSES</b>							
As at end of preceding period	158,411	0	0	0	6,067	0	0
Movements during period							
- Transfers from one item to another (+/-)	(12,411)	0	0	0	(303)	0	0
<b>AS AT END OF PERIOD (B)</b>	<b>146,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>5,764</b>	<b>0</b>	<b>0</b>
<b>C. DEPRECIATION AND WRITE-DOWNS</b>							
As at end of preceding period	738,168	635,208	95,860	1,091	194,917	18,338	63,252
Movements during period							
- Recorded	35,129	22,863	4,098	0	5,517	4,354	4,609
- Excess written back (-)	0	(17)	0	0	0	0	0
- Cancellations (-)	(3,304)	(227,706)	(1,437)	0	(2,408)	0	(10,058)
- Transfers from one item to another (+/-)	(34,858)	4	0	(684)	5,355	(12,309)	(6,331)
- Other changes (+/-)	0	0	188	0	0	0	0
<b>AS AT END OF PERIOD (C)</b>	<b>735,135</b>	<b>430,352</b>	<b>98,709</b>	<b>407</b>	<b>203,381</b>	<b>10,383</b>	<b>51,472</b>
<b>D. NET CARRYING VALUE</b>							
<b>AS AT END OF PERIOD (A)+(B)-(C)</b>	<b>745,297</b>	<b>25,320</b>	<b>29,225</b>	<b>0</b>	<b>49,339</b>	<b>24,406</b>	<b>12,193</b>

Of which

- Land and buildings

407

## IX OTHER ASSETS (ASSETS ITEM XI )

	31/12/06
(in thousands of EUR)	
Analysis (if the amount in this item is significant)	66,342
- Precious metals	257,858
- Assets for resale	59,063
- Premiums paid for swaptions written out	222,883
- Premiums paid for options	29,502
- Deferred taxes – assets	3,157
- Other assets	

## X DEFERRED CHARGES AND ACCRUED INCOME (ASSETS ITEM XII )

	31/12/06
(in thousands of EUR)	
Deferred charges	324,556
Accrued income	16,694,482

## XI STATEMENT OF AMOUNTS OWED TO CREDIT INSTITUTIONS (LIABILITIES ITEM I )

### 1 For the item as a whole

	31/12/05	31/12/06
(in thousands of EUR)		
Amounts due to affiliated enterprises	19,756,310	10,612,690
Amounts due to other enterprises linked by participating interests	65,996	248,368

### 2 For amounts owed to credit institutions (other than those repayable on demand), analysis of their remaining maturity (Liabilities item 1 B and C )

	31/12/06
(in thousands of EUR)	
3 months and less	84,291,858
Over 3 months up to 1 year	13,674,239
Over 1 year up to 5 years	161,778
Over 5 years	2,035,594

SUNBELT BANK CAPITAL GROUP

## XII STATEMENT OF AMOUNTS OWED TO CUSTOMERS (LIABILITIES ITEM II )

### 1. Amounts owed to

(in thousands of EUR)	31/12/05	31/12/06
Affiliated enterprises	11,970,772	12,060,047
Other enterprises linked by participating interests	979,349	1,127,494

### 2. Country analysis

(in thousands of EUR)	31/12/05	31/12/06
Customers in Belgium	50,422,473	50,142,993
Customers in foreign countries	21,212,792	29,456,411

### 3 Analysis according to the remaining maturity

(in thousands of EUR)	31/12/05	31/12/06
Repayable on demand	12,788,063	20,297,394
3 months and less	22,843,620	22,994,387
Over 3 months up to 1 year	5,238,578	3,893,514
Over 1 year up to 5 years	4,921,215	3,924,687
Over 5 years	749,906	3,873,497
Undated	25,093,883	24,615,925

## 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)	31/12/05	31/12/06
Affiliated enterprises	8,688	1,500

### 2 Analysis according to the remaining maturity

(in thousands of EUR)	31/12/06
3 months and less	3,994,767
Over 3 months up to 1 year	2,813,703
Over 1 year up to 5 years	3,978,034
Over 5 years	448,652

#### XIV OTHER LIABILITIES (LIABILITIES ITEM IV )

##### 1 Taxes, remuneration and social security

Nil

##### 2 Taxes

(in thousands of EUR)

31/12/06

Taxes payable

14,626

##### 3 Other liabilities

(in thousands of EUR)

31/12/06

Analysis (if the amount in this item is significant)

- Suppliers	61,982
- Other tax and social debts	210,709
- Premiums received from issued swaptions	55,416
- Premiums received from issued options	268,186
- Dividend to be paid	879,177

#### XV ACCRUED CHARGES AND DEFERRED INCOME (LIABILITIES ITEM V )

(in thousands of EUR)

31/12/05

31/12/06

Accrued charges

15,563,460

15,490,316

Deferred income

335,564

366,906

#### XVI PROVISIONS FOR OTHER LIABILITIES AND CHARGES (LIABILITIES ITEM VI A 3.)

(in thousands of EUR)

31/12/05

31/12/06

Analysis (if the amount in this item is significant)

- Pensions and other retirement commitments	25,041	20,000
- Integration costs	70,528	71,165
- Taxes	29,682	50,138
- Loan losses (general provisions)	20,066	15,705
- Other contingencies and charges	108,106	293,846

#### XVII STATEMENT OF SUBORDINATED LIABILITIES (LIABILITIES ITEM VIII )

(in thousands of EUR)

31/12/05

31/12/06

##### A FOR THE ITEM AS A WHOLE, AMOUNTS DUE TO

- Affiliated enterprises	816,577	1,209,965
- Other enterprises linked by participating interests	160,987	85,000

##### B CHARGES AS A RESULT OF SUBORDINATED LIABILITIES

141,081

132,881

# C SUBORDINATED LOANS (LIABILITIES ITEM VIII CONTINUED)

Ref n°	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	301,634	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	3/12/19	a) no early redemption, unless change in fiscal situation of the issuer and with approval of the BFIC or on date call 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 + 20bp - if GBP Libor 12 months > = 5% 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	228,285	Undetermined call 18/11/09	a) no early redemption unless with approval of the BFIC or on call date b) no specified conditions c) none	year 1 to 12 6.25% thereafter Euribor 6 months + 1.87%
8	USD	5,645	8/09/08	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	5/01/09	a) no early redemption unless with approval of the BFIC b) no specified conditions c) none	0.01% index linked on Eurostoxx Health
10	EUR	4,800	3/07/09	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 n°	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 %
26	JPY	5 000,000	undetermined call 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 29/01/2031 JPY Libor 6 months + 2.10% thereafter
27	JPY	15,000,000	undetermined call 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% till 29/01/29 JPY Libor 6 months + 1.91% thereafter
28	USD	32 616	undetermined call 31/01/09	a) no early redemption unless with approval of the BFIC or on call date b) no specified conditions c) none	USD Libor 3 months + 45 bp
29	USD	8,045	undetermined call 23/09/09	a) no early redemption unless with approval of the BFIC or on call date b) no specified conditions c) none	USD Libor 3 months + 45 bp
30	USD	33,858	undetermined call 1/02/08	a) no early redemption unless with approval of the BFIC or on call date b) no specified conditions c) none	USD Libor 3 months + 93 bp
31	USD	47 768	undetermined call 25/08/10	a) no early redemption unless with approval of the BFIC or on call date 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 21/09/10	a) no early redemption unless with approval of the BFIC or on call date 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 15/02/08	a) no early redemption unless with approval of the BFIC or on call date b) no specified conditions c) none	USD Libor 3 months + 90 bp
34	USD	15 869	undetermined call 15/05/09	a) no early redemption unless with approval of the BFIC or on call date b) no specified conditions c) none	USD Libor 3 months + 45 bp
35	USD	149 841	undetermined call 17/09/07	a) no early redemption unless with approval of the BFIC or on call date b) no specified conditions c) none	7.25% after call date USD Libor 3 months + 250 bp
36	EUR	1,250	13/11/07	a) no early redemption unless with approval of the BFIC b) no specified conditions c) none	4.13%
37	EUR	10,000	17/12/07	a) no early redemption unless with approval of the BFIC b) no specified conditions c) none	5.50% after 15/12/03 6.50% or Euribor 3 months + 95 bp
38	EUR	1,099	6/03/08	a) no early redemption unless with approval of the BFIC b) no specified conditions c) none	4.95%
39	EUR	3 498	8/03/08	a) no early redemption unless with approval of the BFIC b) no specified conditions c) none	5.03%

Ref n°	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 %
40	EUR	1,500	19/07/08	a) no early redemption unless with approval of the BFIC b) no specified conditions c) none	4.89%
41	EUR	23,550	18/06/13 call 18/6/08	a) no early redemption unless with approval of the BFIC or on call date b) no specified conditions c) none	5.50% till 18/06/03 5.85% from 18/06/03 till 18/06/08 6.15% thereafter
42	EUR	6,817	10/12/13 call 10/12/08	a) no early redemption unless with approval of the BFIC or on call date b) no specified conditions c) none	5.15% till call date 5.75% thereafter
43	EUR	29,872	1/03/22	a) no early redemption unless with approval of the BFIC b) no specified conditions c) none	Euribor 3 months + 43 bp
44	EUR	44,914	4/04/22	a) no early redemption unless with approval of the BFIC b) no specified conditions c) none	6.00%
45	EUR	11,526	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
46	EUR	7,990	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
47	EUR	4,374	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
48	EUR	497,525	undetermined call 02/11/16	a) no early redemption unless with approval of the BFIC after the call date b) no specified conditions c) none	4.92%, after 02/11/16 Euribor 3 months + 181 bp
49	EUR	140,356	2007	a) nil b) BFIC Art 14 § 1 2° d) c) nil	
50	EUR	138,946	2008	a) nil b) BFIC Art 14 § 1 2° d) c) nil	
51	EUR	48,972	2009	a) nil b) BFIC Art 14 § 1 2° d) c) nil	
52	EUR	44,774	2010	a) nil b) BFIC Art 14 § 1 2° a) c) nil	
53	EUR	9,487	2011	a) nil b) BFIC Art 14 § 1 2° d) c) nil	
54	EUR	4,938	2012	a) nil b) BFIC Art 14 § 1 2° d) c) nil	
55	EUR	194	2013	a) nil b) BFIC Art 14 § 1 2° d) c) nil	



## XVIII STATEMENT OF CAPITAL

### 1 Capital

(in thousands of EUR)

<b>A SUBSCRIBED CAPITAL (LIABILITIES ITEM IX A )</b>	<b>958,066</b>
- As at end of preceding period	0
- Changes during the period	
<b>AS AT END OF PERIOD</b>	<b>958,066</b>

	Amounts in thousands of EUR	Number of shares
<b>B STRUCTURE OF THE CAPITAL</b>		
1 Categories of shares		
- Category A	958,066	359,412,616
2 Registered or bearer shares		
- Registered shares		359,412,616
- Bearer shares		0
<b>2 Capital not paid up</b>		
Nil		
<b>3 Own shares held</b>		
Nil		
<b>4 Share issuance commitments</b>		
Nil		
<b>5 Authorized capital no issued</b>		
Nil		
<b>6 Shares not representing capital</b>		
Nil		

## XIX CURRENCY ANALYSIS

	In euros	In foreign currencies (equivalent in EUR)
(in thousands of EUR)		
Total assets	173,650,506	59,909,723
Total liabilities	169,317,997	64,242,232

## 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 <sup>(d)</sup>
(in thousands of EUR)				
<b>A TO SECURE THE REPORTING INSTITUTION'S DEBTS AND COMMITMENTS</b>				
1 Liabilities item				
- Sales of loans	0	0	41,670,284	0
- Other deposits	0	0	23,741,989	0
2 Off-balance-sheet items				
- Derivatives	0	0	6,561,800	0
- Lines of credit	0	0	2,929	0
- Other	0	0	17	0
<b>B TO SECURE THIRD-PARTY DEBTS AND COMMITMENTS</b>				
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)	31/12/05	31/12/06
Total contingent liabilities on behalf of affiliated enterprises	15,440,930	14,115,015
Total contingent liabilities on behalf of other enterprises linked by participating interests	1,085	1,427
Total commitments towards affiliated enterprises	5,150,842	1,201,411
Total commitments towards other enterprises linked by participating interests	90,931	83,735

(1) CONSOLIDATED  
 TRADING STATEMENT

### XXIII INFORMATION ON OPERATING RESULTS (STATEMENT OF INCOME ITEMS I TO XV)

(in thousands of EUR)	31/12/05	31/12/06
<b>A 1 EMPLOYEES RECORDED IN THE PERSONNEL REGISTER</b>		
Number of employees recorded in the personnel register at the closing date	8,050	7,914
Average number of employees in full-time equivalent (FTE)	7,418.35	7,181.30
Number of actual working hours	10,595,834	10,072,730
<b>1b1s TEMPORARY PERSONNEL AND PERSONS PLACED AT THE DISPOSAL OF THE ENTERPRISE</b>		
Average number of employees in full-time equivalent (FTE)	3.49	1.09
Number of actual working hours	6,200	1,930
Charges to the enterprise (thousands of EUR)	106	84
<b>2 PERSONNEL CHARGES</b>		
Remuneration and direct social benefits	456,107	444,148
Employer's contribution for social security	127,641	122,226
Employer's premiums for extra-statutory insurance	50,554	60,367
Other personnel charges	298	294
Pensions	1,398	1,323
<b>3 PROVISIONS FOR PENSIONS</b>		
Nil		
<b>B 1 OTHER OPERATING INCOME</b>		
Analysis of statement of income item XIV, if the amount is significant		
- Rents received	35,169	39,215
- Cost recovery of affiliates	7,588	10,690
- Cost recovery Banksys	6,815	12,673
<b>2 OTHER OPERATING CHARGES (STATEMENT OF INCOME ITEM XV)</b>		
- Taxes	65,139	60,594
- Other operating charges	8,709	12,974
Analysis of other operation charges if the amount is significant		
- Paid compensation missing coupons	1,825	7,797
<b>C OPERATING RESULTS IN RELATION TO AFFILIATED ENTERPRISES</b>		
Income	5,486,677	6,042,301
Charges	6,470,174	5,413,743

(in thousands of EUR)	31/12/05		31/12/06	
	Belgian operations	Foreign operations	Belgian operations	Foreign operations
<b>D OPERATING RESULTS BY ORIGIN</b>				
I Interests receivable and similar income	4,686,097	723,017	5,925,230	1,285,588
III Income from variable-yield securities				
- From shares and other variable-yield securities	188,036	3,529	18,377	4,637
- From participating interests in affiliated enterprises	73,326		333,331	
- From participating interests in other enterprises linked by participating interests	23,661		39,394	
IV Commissions receivable	399,217	4,583	398,011	3,418
VI Profit on financial transactions				
- Profit on trading of securities and other financial instruments	(85,977)	(59,902)	131,831	(23,485)
- Profit on disposal of investment securities	59,047	67,222	202,727	38,768
XIV Other operating income	95,308	424	113,758	734

#### 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)	Amount as at end of period	Of which transactions not intended as hedges
<b>A SECURITIES TRANSACTIONS</b>		
Forward purchases and sales of transferable and negotiable securities	143,451	143,451
<b>B CURRENCY TRANSACTIONS<sup>(a)</sup></b>		
Forward foreign exchange transactions	17,372,397	17,372,397
Cross currency interest-rate swaps	15,394,928	14,107,363
Currency options	1,724,318	1,724,318
Exchange rate agreements	953	953
<b>C OTHER FINANCIAL INSTRUMENTS</b>		
1 Interest-rate transactions <sup>(b)</sup>		
- Interest-rate swaps	925,904,312	797,300,000
- Interest-rate futures	69,564,842	5,661,078
- Forward rate agreements	57,556,967	57,311,000
- Interest-rate options	27,370,166	27,278,827
2 Other forward purchases and sales <sup>(c)</sup>		
- Other options contracts	42,253,552	41,811,918
- Other futures contracts	288,604	288,604

**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)	Amount as at end of period <sup>(d)</sup>	Difference between market value and carrying amount <sup>(e)</sup>
As part of cash-management	82,445,063	(420,793)
As part of asset and liability management	88,511,725	(10,891)

- (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)	31/12/05	31/12/06
<b>A - Gains on transfers of fixed assets to affiliated enterprises</b>	195,111	396,508
- Losses on transfers of fixed-assets to affiliated enterprises	(6 250)	(539)
<b>B Other extraordinary income (statement of income item XVII E )</b>		
Nil		
<b>Other extraordinary charges (statement of income item XVIII E )</b>		
Nil		

31/12/06  
 31/12/05  
 31/12/04  
 31/12/03  
 31/12/02  
 31/12/01  
 31/12/00  
 31/12/99  
 31/12/98  
 31/12/97  
 31/12/96  
 31/12/95  
 31/12/94  
 31/12/93  
 31/12/92  
 31/12/91  
 31/12/90  
 31/12/89  
 31/12/88  
 31/12/87  
 31/12/86  
 31/12/85  
 31/12/84  
 31/12/83  
 31/12/82  
 31/12/81  
 31/12/80  
 31/12/79  
 31/12/78  
 31/12/77  
 31/12/76  
 31/12/75  
 31/12/74  
 31/12/73  
 31/12/72  
 31/12/71  
 31/12/70  
 31/12/69  
 31/12/68  
 31/12/67  
 31/12/66  
 31/12/65  
 31/12/64  
 31/12/63  
 31/12/62  
 31/12/61  
 31/12/60  
 31/12/59  
 31/12/58  
 31/12/57  
 31/12/56  
 31/12/55  
 31/12/54  
 31/12/53  
 31/12/52  
 31/12/51  
 31/12/50  
 31/12/49  
 31/12/48  
 31/12/47  
 31/12/46  
 31/12/45  
 31/12/44  
 31/12/43  
 31/12/42  
 31/12/41  
 31/12/40  
 31/12/39  
 31/12/38  
 31/12/37  
 31/12/36  
 31/12/35  
 31/12/34  
 31/12/33  
 31/12/32  
 31/12/31  
 31/12/30  
 31/12/29  
 31/12/28  
 31/12/27  
 31/12/26  
 31/12/25  
 31/12/24  
 31/12/23  
 31/12/22  
 31/12/21  
 31/12/20  
 31/12/19  
 31/12/18  
 31/12/17  
 31/12/16  
 31/12/15  
 31/12/14  
 31/12/13  
 31/12/12  
 31/12/11  
 31/12/10  
 31/12/09  
 31/12/08  
 31/12/07  
 31/12/06  
 31/12/05  
 31/12/04  
 31/12/03  
 31/12/02  
 31/12/01  
 31/12/00  
 31/12/99  
 31/12/98  
 31/12/97  
 31/12/96  
 31/12/95  
 31/12/94  
 31/12/93  
 31/12/92  
 31/12/91  
 31/12/90  
 31/12/89  
 31/12/88  
 31/12/87  
 31/12/86  
 31/12/85  
 31/12/84  
 31/12/83  
 31/12/82  
 31/12/81  
 31/12/80  
 31/12/79  
 31/12/78  
 31/12/77  
 31/12/76  
 31/12/75  
 31/12/74  
 31/12/73  
 31/12/72  
 31/12/71  
 31/12/70  
 31/12/69  
 31/12/68  
 31/12/67  
 31/12/66  
 31/12/65  
 31/12/64  
 31/12/63  
 31/12/62  
 31/12/61  
 31/12/60  
 31/12/59  
 31/12/58  
 31/12/57  
 31/12/56  
 31/12/55  
 31/12/54  
 31/12/53  
 31/12/52  
 31/12/51  
 31/12/50  
 31/12/49  
 31/12/48  
 31/12/47  
 31/12/46  
 31/12/45  
 31/12/44  
 31/12/43  
 31/12/42  
 31/12/41  
 31/12/40  
 31/12/39  
 31/12/38  
 31/12/37  
 31/12/36  
 31/12/35  
 31/12/34  
 31/12/33  
 31/12/32  
 31/12/31  
 31/12/30  
 31/12/29  
 31/12/28  
 31/12/27  
 31/12/26  
 31/12/25  
 31/12/24  
 31/12/23  
 31/12/22  
 31/12/21  
 31/12/20  
 31/12/19  
 31/12/18  
 31/12/17  
 31/12/16  
 31/12/15  
 31/12/14  
 31/12/13  
 31/12/12  
 31/12/11  
 31/12/10  
 31/12/09  
 31/12/08  
 31/12/07  
 31/12/06  
 31/12/05  
 31/12/04  
 31/12/03  
 31/12/02  
 31/12/01  
 31/12/00  
 31/12/99  
 31/12/98  
 31/12/97  
 31/12/96  
 31/12/95  
 31/12/94  
 31/12/93  
 31/12/92  
 31/12/91  
 31/12/90  
 31/12/89  
 31/12/88  
 31/12/87  
 31/12/86  
 31/12/85  
 31/12/84  
 31/12/83  
 31/12/82  
 31/12/81  
 31/12/80  
 31/12/79  
 31/12/78  
 31/12/77  
 31/12/76  
 31/12/75  
 31/12/74  
 31/12/73  
 31/12/72  
 31/12/71  
 31/12/70  
 31/12/69  
 31/12/68  
 31/12/67  
 31/12/66  
 31/12/65  
 31/12/64  
 31/12/63  
 31/12/62  
 31/12/61  
 31/12/60  
 31/12/59  
 31/12/58  
 31/12/57  
 31/12/56  
 31/12/55  
 31/12/54  
 31/12/53  
 31/12/52  
 31/12/51  
 31/12/50  
 31/12/49  
 31/12/48  
 31/12/47  
 31/12/46  
 31/12/45  
 31/12/44  
 31/12/43  
 31/12/42  
 31/12/41  
 31/12/40  
 31/12/39  
 31/12/38  
 31/12/37  
 31/12/36  
 31/12/35  
 31/12/34  
 31/12/33  
 31/12/32  
 31/12/31  
 31/12/30  
 31/12/29  
 31/12/28  
 31/12/27  
 31/12/26  
 31/12/25  
 31/12/24  
 31/12/23  
 31/12/22  
 31/12/21  
 31/12/20  
 31/12/19  
 31/12/18  
 31/12/17  
 31/12/16  
 31/12/15  
 31/12/14  
 31/12/13  
 31/12/12  
 31/12/11  
 31/12/10  
 31/12/09  
 31/12/08  
 31/12/07  
 31/12/06  
 31/12/05  
 31/12/04  
 31/12/03  
 31/12/02  
 31/12/01  
 31/12/00  
 31/12/99  
 31/12/98  
 31/12/97  
 31/12/96  
 31/12/95  
 31/12/94  
 31/12/93  
 31/12/92  
 31/12/91  
 31/12/90  
 31/12/89  
 31/12/88  
 31/12/87  
 31/12/86  
 31/12/85  
 31/12/84  
 31/12/83  
 31/12/82  
 31/12/81  
 31/12/80  
 31/12/79  
 31/12/78  
 31/12/77  
 31/12/76  
 31/12/75  
 31/12/74  
 31/12/73  
 31/12/72  
 31/12/71  
 31/12/70  
 31/12/69  
 31/12/68  
 31/12/67  
 31/12/66  
 31/12/65  
 31/12/64  
 31/12/63  
 31/12/62  
 31/12/61  
 31/12/60  
 31/12/59  
 31/12/58  
 31/12/57  
 31/12/56  
 31/12/55  
 31/12/54  
 31/12/53  
 31/12/52  
 31/12/51  
 31/12/50  
 31/12/49  
 31/12/48  
 31/12/47  
 31/12/46  
 31/12/45  
 31/12/44  
 31/12/43  
 31/12/42  
 31/12/41  
 31/12/40  
 31/12/39  
 31/12/38  
 31/12/37  
 31/12/36  
 31/12/35  
 31/12/34  
 31/12/33  
 31/12/32  
 31/12/31  
 31/12/30  
 31/12/29  
 31/12/28  
 31/12/27  
 31/12/26  
 31/12/25  
 31/12/24  
 31/12/23  
 31/12/22  
 31/12/21  
 31/12/20  
 31/12/19  
 31/12/18  
 31/12/17  
 31/12/16  
 31/12/15  
 31/12/14  
 31/12/13  
 31/12/12  
 31/12/11  
 31/12/10  
 31/12/09  
 31/12/08  
 31/12/07  
 31/12/06  
 31/12/05  
 31/12/04  
 31/12/03  
 31/12/02  
 31/12/01  
 31/12/00  
 31/12/99  
 31/12/98  
 31/12/97  
 31/12/96  
 31/12/95  
 31/12/94  
 31/12/93  
 31/12/92  
 31/12/91  
 31/12/90  
 31/12/89  
 31/12/88  
 31/12/87  
 31/12/86  
 31/12/85  
 31/12/84  
 31/12/83  
 31/12/82  
 31/12/81  
 31/12/80  
 31/12/79  
 31/12/78  
 31/12/77  
 31/12/76  
 31/12/75  
 31/12/74  
 31/12/73  
 31/12/72  
 31/12/71  
 31/12/70  
 31/12/69  
 31/12/68  
 31/12/67  
 31/12/66  
 31/12/65  
 31/12/64  
 31/12/63  
 31/12/62  
 31/12/61  
 31/12/60  
 31/12/59  
 31/12/58  
 31/12/57  
 31/12/56  
 31/12/55  
 31/12/54  
 31/12/53  
 31/12/52  
 31/12/51  
 31/12/50  
 31/12/49  
 31/12/48  
 31/12/47  
 31/12/46  
 31/12/45  
 31/12/44  
 31/12/43  
 31/12/42  
 31/12/41  
 31/12/40  
 31/12/39  
 31/12/38  
 31/12/37  
 31/12/36  
 31/12/35  
 31/12/34  
 31/12/33  
 31/12/32  
 31/12/31  
 31/12/30  
 31/12/29  
 31/12/28  
 31/12/27  
 31/12/26  
 31/12/25  
 31/12/24  
 31/12/23  
 31/12/22  
 31/12/21  
 31/12/20  
 31/12/19  
 31/12/18  
 31/12/17  
 31/12/16  
 31/12/15  
 31/12/14  
 31/12/13  
 31/12/12  
 31/12/11  
 31/12/10  
 31/12/09  
 31/12/08  
 31/12/07  
 31/12/06  
 31/12/05  
 31/12/04  
 31/12/03  
 31/12/02  
 31/12/01  
 31/12/00  
 31/12/99  
 31/12/98  
 31/12/97  
 31/12/96  
 31/12/95  
 31/12/94  
 31/12/93  
 31/12/92  
 31/12/91  
 31/12/90  
 31/12/89  
 31/12/88  
 31/12/87  
 31/12/86  
 31/12/85  
 31/12/84  
 31/12/83  
 31/12/82  
 31/12/81  
 31/12/80  
 31/12/79  
 31/12/78  
 31/12/77  
 31/12/76  
 31/12/75  
 31/12/74  
 31/12/73  
 31/12/72  
 31/12/71  
 31/12/70  
 31/12/69  
 31/12/68  
 31/12/67  
 31/12/66  
 31/12/65  
 31/12/64  
 31/12/63  
 31/12/62  
 31/12/61  
 31/12/60  
 31/12/59  
 31/12/58  
 31/12/57  
 31/12/56  
 31/12/55  
 31/12/54  
 31/12/53  
 31/12/52  
 31/12/51  
 31/12/50  
 31/12/49  
 31/12/48  
 31/12/47  
 31/12/46  
 31/12/45  
 31/12/44  
 31/12/43  
 31/12/42  
 31/12/41  
 31/12/40  
 31/12/39  
 31/12/38  
 31/12/37  
 31/12/36  
 31/12/35  
 31/12/34  
 31/12/33  
 31/12/32  
 31/12/31  
 31/12/30  
 31/12/29  
 31/12/28  
 31/12/27  
 31/12/26  
 31/12/25  
 31/12/24  
 31/12/23  
 31/12/22  
 31/12/21  
 31/12/20  
 31/12/19  
 31/12/18  
 31/12/17  
 31/12/16  
 31/12/15  
 31/12/14  
 31/12/13  
 31/12/12  
 31/12/11  
 31/12/10  
 31/12/09  
 31/12/08  
 31/12/07  
 31/12/06  
 31/12/05  
 31/12/04  
 31/12/03  
 31/12/02  
 31/12/01  
 31/12/00  
 31/12/99  
 31/12/98  
 31/12/97  
 31/12/96  
 31/12/95  
 31/12/94  
 31/12/93  
 31/12/92  
 31/12/91  
 31/12/90  
 31/12/89  
 31/12/88  
 31/12/87  
 31/12/86  
 31/12/85  
 31/12/84  
 31/12/83  
 31/12/82  
 31/12/81  
 31/12/80  
 31/12/79  
 31/12/78  
 31/12/77  
 31/12/76  
 31/12/75  
 31/12/74  
 31/12/73  
 31/12/72  
 31/12/71  
 31/12/70  
 31/12/69  
 31/12/68  
 31/12/67  
 31/12/66  
 31/12/65  
 31/12/64  
 31/12/63  
 31/12/62  
 31/12/61  
 31/12/60  
 31/12/59  
 31/12/58  
 31/12/57  
 31/12/56  
 31/12/55  
 31/12/54  
 31/12/53  
 31/12/52  
 31/12/51  
 31/12/50  
 31/12/49  
 31/12/48  
 31/12/47  
 31/12/46  
 31/12/45  
 31/12/44  
 31/12/43  
 31/12/42  
 31/12/41  
 31/12/40  
 31/12/39  
 31/12/38  
 31/12/37  
 31/12/36  
 31/12/35  
 31/12/34  
 31/12/33  
 31/12/32  
 31/12/31  
 31/12/30  
 31/12/29  
 31/12/28  
 31/12/27  
 31/12/26  
 31/12/25  
 31/12/24  
 31/12/23  
 31/12/22  
 31/12/21  
 31/12/20  
 31/12/19  
 31/12/18  
 31/12/17  
 31/12/16  
 31/12/15  
 31/12/14  
 31/12/13  
 31/12/12  
 31/12/11  
 31/12/10  
 31/12/09  
 31/12/08  
 31/12/07  
 31/12/06  
 31/12/05  
 31/12/04  
 31/12/03  
 31/12/02  
 31/12/01  
 31/12/00  
 31/12/99  
 31/12/98  
 31/12/97  
 31/12/96  
 31/12/95  
 31/12/94  
 31/12/93  
 31/12/92  
 31/12/91  
 31/12/90  
 31/12/89  
 31/12/88  
 31/12/87  
 31/12/86  
 31/12/85  
 31/12/84  
 31/12/83  
 31/12/82  
 31/12/81  
 31/12/80  
 31/12/79  
 31/12/78  
 31/12/77  
 31/12/76  
 31/12/75  
 31/12/74  
 31/12/73  
 31/12/72  
 31/12/71  
 31/12/70  
 31/12/69  
 31/12/68  
 31/12/67  
 31/12/66  
 31/12/65  
 31/12/64  
 31/12/63  
 31/12/62  
 31/12/61  
 31/12/60  
 31/12/59  
 31/12/58  
 31/12/57  
 31/12/56  
 31/12/55  
 31/12/54  
 31/12/53  
 31/12/52  
 31/12/51  
 31/12/50  
 31/12/49  
 31/12/48  
 31/12/47  
 31/12/46  
 31/12/45  
 31/12/44  
 31/12/43  
 31/12/42  
 31/12/41  
 31/12/40  
 31/12/39  
 31/12/38  
 31/12/37  
 31/12/36  
 31/12/35  
 31/12/34  
 31/12/33  
 31/12/32  
 31/12/31  
 31/12/30  
 31/12/29  
 31/12/28  
 31/12/27  
 31/12/26  
 31/12/25  
 31/12/24  
 31/12/23  
 31/12/22  
 31/12/21  
 31/12/20  
 31/12/19  
 31/12/18  
 31/12/17  
 31/12/16  
 31/12/15  
 31/12/14  
 31/12/13  
 31/12/12  
 31/12/11  
 31/12/10  
 31/12/09  
 31/12/08  
 31/12/07  
 31/12/06  
 31/12/05  
 31/12/04  
 31/12/03  
 31/12/02  
 31/12/01  
 31/12/00  
 31/12/99  
 31/12/98  
 31/12/97  
 31/12/96  
 31/12/95  
 31/12/94  
 31/12/93  
 31/12/92  
 31/12/91  
 31/12/90  
 31/12/89  
 31/12/88  
 31/12/87  
 31/12/86  
 31/12/85  
 31/12/84  
 31/12/83  
 31/12/82  
 31/12/81  
 31/12/80  
 31/12/79  
 31/12/78  
 31/12/77  
 31/12/76  
 31/12/75  
 31/12/74  
 31/12/7

## XXVI INCOME TAXES

(in thousands of EUR)	31/12/05	31/12/06
<b>A ANALYSIS OF STATEMENT OF INCOME ITEM XX A</b>		
1 Income taxes of the current period	127,973	84,977
- Taxes and withholding taxes due or paid	(28,202)	(16,948)
- Excess of income tax prepayments and withholding taxes included in assets	0	(11,435)
- Estimated additional charges for income taxes (included in liabilities item IV)		
2 Income taxes on prior periods	19,116	21,482
- Additional charges for income taxes due or paid		
- 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)	(38,374)	(17,616)
<b>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)</b>		
Gains on shares	325,931	624,692
<b>C EFFECT OF EXTRAORDINARY RESULTS ON THE AMOUNT OF INCOME TAXES OF THE CURRENT PERIOD</b>		
1 Extraordinary income	0	0
2 Extraordinary charges	(2,161)	(183)
<b>D STATUS OF FUTURE TAXATION (if it is important for the purpose of evaluating the reporting institution's financial position)</b>		
Nil		

## XXVII OTHER TAXES AND TAXES SUPPORTED BY THIRD PARTIES

(in thousands of EUR)	31/12/05	31/12/06
<b>A VALUE ADDED TAX, TURNOVER TAXES AND SPECIAL TAXES CHARGED DURING THE PERIOD</b>		
1 To the reporting institution (deductible)	48,421	62,962
2 By the reporting institution	64,931	88,893
<b>B AMOUNTS RETAINED ON BEHALF OF THIRD PARTIES FOR</b>		
1 Payroll withholding taxes	148,408	143,537
2 Withholding taxes on investment income	182,766	183,262

## 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 1 January 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 31 December 1999 this contingency fund foresees transitory measures, as well as for employees who were affiliated to the Artesia pension fund before 31 December 1999. These insurances are financed by contributions of the employer.

#### 3 Dexia-new

New staff members taken on since 1 April 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. This insurance is 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 DOSSIER LERNOUT & HAUSPIE

Dexia is concerned in various ways with the bankruptcy of Lernout & Hauspie Speech Products (LHSP) and the consequences thereof. Initially plaintiffs acted in all US proceedings both against Dexia SA and Dexia Bank Belgium. Meanwhile, in all US proceedings a notice of dismissal without prejudice has been filed as far as Dexia SA is concerned. Consequently the pending proceedings now only involve Dexia Bank Belgium. In the course of 2006 no new proceedings have been initiated, either against Dexia Bank Belgium (Dexia Bank) or Dexia SA.

#### 1 Claim on Lernout & Hauspie Speech Products

Dexia Bank has a claim chargeable to the bankruptcy of LHSP for a principal sum of some EUP 30 million for which an impairment has been recorded for some EUR 25 million.

The liquidation of LHSP's assets is subject to separate proceedings in Belgium and in the United States.

Dexia Bank was claiming a pledge on the business assets of LHSP. In a ruling dated 10 April 2006, the Court of Appeal in Ghent refused to acknowledge this pledge. Dexia Bank renounced to lodge an appeal with the Supreme Court. This means that Dexia Bank is now, as an unsecured creditor, unlikely to receive any dividend from the Belgian liquidation of LHSP.

#### 2 Claim on Lernout & Hauspie Investment Company

As of 31 December 2006 Dexia Bank has a claim on Lernout & Hauspie Investment Company (LHIC) for an amount of some EUR 62 million for which an impairment has been recorded for some EUR 57 million.

As part of the security for its claim, Dexia Bank has a pledge on a portfolio of securities owned by LHIC.

#### 3 Indictment of Dexia Bank in Belgium in the criminal investigation against the LHSP directors

On 24 June 2003, Dexia Bank announced that it had been indicted in the criminal investigation relating to LHSP. The indictment of Dexia Bank concerns offences allegedly committed between 2 July 1999 and 1 September 2000 by Artesia Banking Corporation.

The investigation is now officially closed and the prosecutor has sent a 'draft writ of summons' to the parties that are likely to be prosecuted, including Dexia Bank. According to the draft, Dexia Bank will be prosecuted for various offences, among which forgery in the annual financial statements of LHSP (valsheid in de jaarrekening/faux dans les comptes annuels) and market manipulation (koersmanipulatie / manipulation de cours). The draft, which is subject to changes, alleges in substance that Artesia Banking Corporation has aided and abetted LHSP in the creation of fictitious revenue, by granting a USD 20 million loan to Messrs. Lernout, Hauspie and Willaert, whilst Artesia allegedly knew that the management of LHSP would utilize these funds for improper revenue recognition.

Dexia Bank considers having serious grounds for contesting these charges.

Several parties have introduced a claim for damages in the criminal proceedings. The largest civil party is Deminor, representing – according to its website – 11 000 shareholders of L&H, with an aggregate amount of alleged damages of approximately USD 200 million in principal. There are about

400 other individuals that have reported themselves as civil parties. It is likely that not all of the potential applicants have already introduced their claim, those who have done so, have in most cases not yet stated and/or provided evidence of the alleged losses.

It should be added that in January 2003, Dexia Bank has itself lodged a complaint with the examining magistrate against persons unknown, claiming compensation.

As yet it is very difficult to give an opinion on the likely outcome of the proceedings or on the level of the financial risk which Dexia Bank would face, if the charges brought against it were upheld. Dexia Bank underlines its innocence in this matter and contests the charges brought against it.

#### **4 Civil proceedings against Dexia Bank in Belgium**

##### **4.1 LHSP receivers' claim**

In July 2005, the 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 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 Claim 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 been assessed yet. 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's claims in the US bankruptcy proceedings. This action is essentially a duplication of the above-mentioned LHSP receivers' claim.

##### **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. Dexia Bank disputes the merits of all of these claims.

###### **5.2.1 Class actions**

Two class actions have been brought on behalf of investors of LHSP shares against Dexia Bank and a host of other parties named in prior litigation, including the principals of LHSP.

###### **• NASDAQ class action**

The first class action was served on Dexia Bank in February and March 2004 in the name of three individuals acting for themselves as well as on behalf of a class of purchasers of LHSP shares on the NASDAQ stock market between 19 August 1998 and 8 November 2000.

Although Dexia Bank is of the opinion that none of the claims or the plaintiffs is well-founded, Dexia Bank has, in view of the large costs of defence and the uncertainty about the outcome of the proceedings, decided to conclude a settlement agreement with the NASDAQ class plaintiffs. To this end, a memorandum of settlement has been concluded on 9 February, 2007, which in its principal terms provides for the payment by Dexia Bank of an amount of USD 60 million in exchange for an unconditional release of all claims against Dexia SA and Dexia Bank and any of their past or present affiliates, officers and employees, relating to purchases or sales of LHSP common shares on the NASDAQ Stock Market during the period from 19 August 1998 through and including 8 November 2000 (the 'class period') or to purchases of call options to acquire LHSP common shares or sales of put options related to LHSP common shares on any United States-based options exchange during the class period by all investors who will participate in and/or be bound by the settlement agreement, without any recognition on behalf of Dexia SA or Dexia Bank of any wrongdoing or liability. This settlement is still subject to court approval.

###### **• EASDAQ class action**

In October 2005, a second class action was filed against Dexia Bank on behalf of a class of purchasers of LHSP shares on the EASDAQ stock market between 28 April 1998 and 8 November 2000.

On 12 February 2007 the District court of Massachusetts found that the US courts were not the appropriate forum to litigate this action and consequently dismissed the claim. The EASDAQ plaintiffs have thirty days from the date of the decision to lodge an appeal.

### 5.2.2 Transactional proceedings

Three separate claims for damages have been filed against Dexia Bank by US shareholders that had acquired LHSP shares through major corporate transactions. One claim was filed by Stonington, the former owner of Dictaphone, a US company acquired by LHSP in May 2000 in exchange for LHSP shares valued at the time at USD 490 million. The two other claims were filed by James and Janet Baker, who had received in the spring of 2000 LHSP shares valued at that time at approximately USD 220 million in exchange for their shares in Dragon Systems, and by TRA/Filler Trust, which represents the interests of another former shareholder of Dragon Systems, who has received LHSP shares valued at the time at approximately USD 170 million. The writs of summons for these claims do not mention the amounts claimed by the plaintiffs, as all of them have reserved the right to produce evidence of the extent of the alleged losses at a later date. TRA/Filler Trust has however specified that the extent of its losses total at least some USD 150 million.

In February 2007, the dispute with Stonington was brought to a final end through the conclusion of a settlement agreement. On 31 December 2006, the cases against James and Janet Baker and TRA/Filler Trust were still in the discovery phase (request for production of documents and deposition by parties or witnesses).

### 6 L&H Holding

On 27 April 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 Bank 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 procedures 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 procedures 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 Belgium 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 Appeals has issued a decision on 12 July, 2006 at the request of Crédit Agricole Indosuez Luxembourg (CAIL) by which BNP Paribas Luxembourg has been ordered to deliver the Parvest Shares to CAIL by 30 June 2007 or to pay to CAIL the counter-value of these Parvest shares on 30 June, 2007 if the latter have not been delivered to CAIL prior to 1 July, 2007. The Luxembourg Court of Appeals has condemned BAN to indemnify and hold BNP Paribas Luxembourg harmless against any damage deriving from its condemnation. As a consequence, BAN is at risk to have to pay BNP Paribas Luxembourg the countervalue of the Parvest shares, if the provisional attachments on these Parvest shares are not lifted prior to 30 June, 2007.

BAN has lodged an appeal against the decision of the court of appeals of Luxembourg before the supreme court (cour de cassation).

### 8 Provisions and impairments

On 31 December, 2006, the exposure of Dexia Bank Belgium on the outstanding claims relating to credit facilities granted in the Lernout Hauspie file amounts to some EUR 101 million (see paragraphs 1, 2 and 7). On the same date, impairments for the Lernout Hauspie file have recorded for a total amount of some EUR 90 million. 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 residual risks linked to the US cases for which no settlement has been concluded, as well as for costs and legal fees related to the whole of the L&H procedures mentioned in paragraphs 1 and 6 above. Dexia strongly challenges the validity and the merits of all these claims.

Dexia does not disclose:

- the amount of the provisions relating to the LHSP US legal proceedings for which as yet no settlement has been concluded and
- the settlement amount reached with Stonington, mentioned below in paragraph 5.2.2. Dexia believes that to do so could seriously prejudice the outcome of the still pending LHSP legal proceedings.



## XXIX FINANCIAL RELATIONSHIP WITH

(in thousands of EUR)

31/12/06

### DIRECTORS AND MANAGERS (A)

INDIVIDUALS OR LEGAL PERSONS WHO CONTROL THE CREDIT INSTITUTION DIRECTLY OR INDIRECTLY,  
BUT WHO ARE NOT AFFILIATED ENTERPRISES (B)

OTHER ENTERPRISES CONTROLLED DIRECTLY OR INDIRECTLY BY THE PERSONS MENTIONED UNDER B (C)  
THE AUDITOR(S) AND PERSONS LINKED TO THE AUDITOR(S) (D)

a) 1 Amounts receivable from them	2,811
2 Contingent liabilities for their account	5,471
3 Other significant commitments undertaken in their favor	
Principal conditions relating to items a)1, a)2 and a)3	
b) 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	1,461
- For directors and managers	1,043
d) 1 Remuneration paid to the auditor(s)	3
2 Remuneration paid for exceptional services or special assignments carried out at the behest of the bank to the auditor(s)	1
- Other audit assignments	230
- Tax advices	
- Other assignments out of audit assignments	

# 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

	Codes	Full-time	Part-time	Total or total in full-time equivalents	Total or total in full-time equivalents
		31/12/06	31/12/06	31/12/05	31/12/06
Average number of employees (FTE)	100	5,807	2,177	7,418 35	7,181 30
Number of actual working hours	101	8,957,442	1,115,287	10,595,834	10,072,730
Personnel charges (in thousands of EUR)	102	453,033	169,839	614,252	622,872
Amount of the benefits in addition to wages (in thousands of EUR)	103	5,482	2,055	7,377	7,537

#### 2 AS AT THE CLOSING DATE OF THE FINANCIAL PERIOD

	Codes	Full-time	Part-time	Total in full-time equivalents
<b>A NUMBER OF EMPLOYEES RECORDED IN THE PERSONNEL REGISTER</b>	105	5,726	2,188	7,109 16
<b>B BY NATURE OF THE EMPLOYMENT CONTRACT</b>				
Contract of unlimited duration	110	5,472	2,187	6,854 66
Contract of limited duration	111	254	1	254 50
Contract for a specific work	112	0	0	0 00
Contract regarding substitution	113	0	0	0 00
<b>C BY SEX</b>				
Male	120	3,938	501	4,214 23
Female	121	1,788	1,687	2,894 93
<b>D BY PROFESSIONAL CATEGORY</b>				
Management personnel	130	180	19	189 75
Employees	134	5,546	2,134	6,907 78
Workers	132	0	35	11 63
Other	133	0	0	0 00

#### B Temporary personnel and persons placed at the disposal of the enterprise

	Codes	Time	Employees put at disposal of the enterprise
Average number of personnel employed	150	1,09	0
Number of actual working hours	151	1,930	0
Charges to the enterprise (in thousands of EUR)	152	84	0

## II LIST OF PERSONNEL MOVEMENTS DURING THE FINANCIAL PERIOD

### A Entrants

	Codes	Full-time	Part-time	Total in full-time equivalents
<b>A NUMBER OF EMPLOYED PERSONS RECORDED IN THE PERSONNEL REGISTER DURING THE FINANCIAL PERIOD</b>	205	428	1	428 80
<b>B BY NATURE OF THE EMPLOYMENT CONTRACT</b>				
Contract of unlimited duration	210	201	1	201 80
Contract of limited duration	211	227	0	227 00
Contract regarding a specific work	212	0	0	0 00
Contract regarding substitution	213	0	0	0 00
<b>C BY SEX AND LEVEL OF EDUCATION</b>				
Male primary education	220	0	0	0 00
secondary education	221	23	0	23 00
higher non-university education	222	88	0	88 00
university education	223	118	0	118 00
Female primary education	230	0	0	0 00
secondary education	231	48	0	48 00
higher non-university education	232	62	1	62 80
university education	233	89	0	89 00

### B Leavers

	Codes	Full-time	Part-time	Total in full-time equivalents
<b>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</b>	305	447	118	504 71
<b>B BY NATURE OF THE EMPLOYMENT CONTRACT</b>				
Contract of unlimited duration	310	273	117	329 91
Contract of limited duration	311	174	1	174 80
Contract regarding a specific work	312	0	0	0 00
Contract regarding substitution	313	0	0	0 00
<b>C BY SEX AND LEVEL OF EDUCATION</b>				
Male primary education	320	4	2	5 00
secondary education	321	70	25	83 03
higher non-university education	322	94	17	102 30
university education	323	106	12	110 10
Female primary education	330	1	2	1 50
secondary education	331	45	28	59 78
higher non-university education	332	79	17	88 30
university education	333	48	15	54 70
<b>D BY REASON OF TERMINATION OF CONTRACT</b>				
Pension	340	58	67	92 70
Prepension	341	29	2	29 88
Dismissal	342	30	12	36 30
Other reason	343	330	37	345 83
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

	Codes	Number of employed persons concerned		Financial advantage (in thousands of EUR)
		Number	In full-time equivalents	
<b>MEASURES STIMULATING EMPLOYMENT</b>				
<b>1 Measures with financial advantage<sup>(a)</sup></b>				
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	8,363	7,512 50	16,338 39
1 7 Staging post programmes	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	430	430 00	0
<b>2 Other measures</b>				
2 1 Training period for junior employees	502	0	0	0
2 2 Successive employment contracts of limited duration	505	206	205 50	0
2 3 Conventional prepension	506	0	0	0
2 4 Reduction of employees' social security contribution regarding low-wage workers	507	471	446 35	0
<b>3 Number of employees involved in one or more measures stimulating employment</b>				
Total for the financial period	550	8,363	7,512 50	
Total for the previous financial period	560	8,588	7,766	

(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

	Codes	Male	Codes	Female
<b>TOTAL OF TRAINING INITIATIVES AT THE EXPENSE OF THE EMPLOYER</b>				
1 Number of employees	5801	2,331	5811	1,573
2 Number of training hours	5802	59,793	5812	38,335
3 Charges to enterprise (in thousands of EUR)	5803	6,889	5813	4,417

### V INFORMATION ON EDUCATIONAL OR TUTORIAL ACTIVITIES OF EMPLOYEES IN COMPLIANCE WITH THE LAW OF 5 SEPTEMBER CONCERNING THE IMPROVEMENT OF EMPLOYMENT RATE

	Codes	Male	Codes	Female
<b>EDUCATIONAL OR TUTORIAL ACTIVITIES</b>				
1 Number of employees practising	5804	31	5814	119
2 Number of hours spent on these activities	5805	5 538	5815	4,247
3 Number of employees attending these activities	5806	1,347	5816	1,076

## DEXIA BANK BELGIUM NV/SA

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 31 December 2006

28 March 2007

### STATUTORY AUDITOR'S REPORT OF THE BOARD OF AUDITORS FOR THE YEAR ENDED 31 DECEMBER 2006 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 2006, prepared in accordance with the financial reporting framework applicable in Belgium, which show total assets of EUR 233,560,229 (000) and a profit for the year of EUR 908,755 (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 2006 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 directors' report includes the information required by law and is in agreement with the financial statements. However, we are unable to express an opinion on the description of the main risks and uncertainties confronting the company or on the status, future evolution or significant influence of certain factors on its future development. We can nevertheless confirm that the information given is not in contradiction with any information obtained 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
- No transactions have been 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
- An interim dividend was distributed during the year for which we have made the attached report in accordance with legal requirements
- 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 2007

### The Board of Auditors

PricewaterhouseCoopers  
Réviseurs d'Entreprises  
represented by

Robert Peirce  
Réviseur d'Entreprises

Deloitte Réviseurs d'Entreprises  
SCA sfd SCRL  
represented by

Joseph Vlamincx  
Réviseur d'Entreprises

NOT CONTROLLED  
BY THE STATE

## DEXIA BANK BELGIUM NV/SA

Free translation of the report of the board of auditors to the board of directors on the schedule of assets and liabilities, established for the purpose of distributing an interim dividend

25 August 2006

### FREE TRANSLATION OF THE REPORT OF THE BOARD OF AUDITORS TO THE BOARD OF DIRECTORS OF DEXIA BANK BELGIUM SA/NV, ON THE SCHEDULE OF ASSETS AND LIABILITIES, ESTABLISHED FOR THE PURPOSE OF DISTRIBUTING AN INTERIM DIVIDEND

In accordance with article 618 of the Company Code, we are issuing a report on the schedule of assets and liabilities of your Company as at 30 June 2006 as included in appendix to this report, on the basis of which the Board of Directors proposes to distribute an interim dividend of EUR 280 million

We have carried out a limited review of the schedule of assets and liabilities as at 30 June 2006. Our review consisted principally of the analysis, comparison and discussion of the financial information with Company management. Our review was conducted in conformity with the recommendation on limited review issued by the Belgian Institute of Auditors (IBR/IRE)

Our review has not brought to light any factors likely to have a significant impact on the schedule of assets and liabilities as at 30 June 2006

Finally, on the basis of the schedule of assets and liabilities as at 30 June 2006, it appears that the proposed distribution does not have the effect of reducing the net assets to an amount less than that of the paid-up capital plus the reserves that the Law or the Articles of Association of the Company do not allow to be distributed

25 August 2006

#### The Board of Auditors

PricewaterhouseCoopers  
Réviseurs d'Entreprises  
represented by

Robert Peirce  
Réviseur d'Entreprises

Deloitte Réviseurs d'Entreprises  
SC sfd SCRL  
represented by

Joseph Vlamincx  
Réviseur d'Entreprises

Appendix: Schedule of assets and liabilities as at 30 June 2006

# NON-CONSOLIDATED BALANCE SHEET (before appropriation)

30/06/06

(in millions of EUR)

I	Cash in hand, balances with central banks and post-office banks	315
II	Treasury bills eligible for refinancing with central banks	172
III	Loans and advances to credit institutions	66,207
	A Repayable on demand	803
	B Other loans and advances	65,404
IV	Loans and advances to customers	71,265
V	Debt securities and other fixed-income securities	37,861
	A Issued by public bodies	9,700
	B Issued by other borrowers	28,161
VI	Shares and other variable-yield securities	1,006
VII	Financial fixed assets	8,017
	A Participating interests in affiliated enterprises	7,408
	B Participating interests in other enterprises linked by participating interests	401
	C Other shares held as financial fixed assets	208
VIII	Intangible fixed assets	22
IX	Tangible fixed assets	853
X	Other assets	712
XI	Deferred charges and accrued income	13,546
<b>TOTAL ASSETS</b>		<b>199,976</b>

30/06/06

(in millions of EUR)

I	Amounts owed to credit institutions	101,402
	A Repayable on demand	12,180
	B With agreed maturity dates or periods of notice	89,222
II	Amounts owed to customers	70,618
	A Savings deposits	25,929
	B Other debts	44,689
	1 Repayable on demand	15,095
	2 With agreed maturity dates or periods of notice	29,594
III	Debts evidenced by certificates	7,503
	A Debt securities and other fixed-income securities in circulation	7,373
	B Other	130
IV	Other liabilities	635
V	Deferred charges and accrued income	12,746
VI	Provisions for liabilities and charges and deferred taxes	359
	A Provisions for liabilities and charges	288
	B Deferred taxes	71
VII	Fund for general banking risks	989
VIII	Subordinated liabilities	2,454
IX	Subscribed capital	958
X	Share premium account	209
XI	Reserves	1,777
XII	Revaluation reserves	0
XIII	Result brought forward	3
XIV	Result current year	323
XV	Interim dividend	0
<b>TOTAL LIABILITIES</b>		<b>199,976</b>



# ADDITIONAL INFORMATION

## MAIN SUBSIDIARIES

### **Adinfo**

Boulevard Pachéco 44  
B-1000 Bruxelles  
Tel +32 2 222 81 74  
Fax +32 2 222 24 37

### **Artesia Mortgage Capital Corporation (AMCC)**

1180 NW Maple Street Suite 202  
Issaquah WA 98027  
USA  
Tel +1 425 313 46 00  
Fax +1 425 313 10 05  
www.artesiamortgage.com

### **Belstar Assurances**

Avenue Livingstone 6  
B-1000 Bruxelles  
Tel +32 2 556 01 75  
Fax +32 2 524 01 88  
www.belstar.be

### **CEVI**

Bisdomein 3  
B-9000 Gent  
Tel +32 9 264 07 01  
Fax +32 9 233 05 24  
www.cevi.be

### **CIGER**

Rue de Nevelée 12  
B-5020 Namur  
Tel +32 81 55 45 11  
Fax +32 81 55 45 06  
www.ciger.be

### **Corona**

Avenue de la Metrologie 2  
B-1130 Bruxelles  
Tel +32 2 244 22 11  
Fax +32 2 216 15 15  
www.corona.be

### **Dexia Asset Management Belgium**

Rue Royale 180  
B-1000 Bruxelles  
Tel +32 2 222 32 42  
Fax +32 2 222 07 07  
www.dexia-am.com

### **Dexia Asset Management Luxembourg**

283, route d Arlon  
L-1150 Luxembourg  
Tel +352 254 34 31  
Fax +352 254 34 34 940  
www.dexia-am.com

### **Dexia Auto Lease**

Avenue Livingstone 6  
B-1000 Bruxelles  
Tel +32 2 285 37 77  
Fax +32 2 282 66 01  
www.dexia-auto-lease.be

### **Dexia Crédits Logement**

**Registered Office**  
Boulevard Pachéco 44  
B-1000 Bruxelles

### **Branch offices**

Chaussée de Dinant 1033  
B-5100 Wépion  
Tel +32 81 46 82 11  
Fax +32 81 46 05 55

H. Consciencestraat 6  
B-8800 Roeselare  
Tel +32 51 23 21 11  
Fax +32 51 23 21 45

### **Dexia Epargne Pension**

65-67, rue de la Victoire  
F-75009 Paris  
Tel 0810 398 283  
www.dexia-ep.com

### **Dexia Factors**

Avenue Livingstone 6  
B-1000 Bruxelles  
Tel +32 2 282 66 33  
Fax +32 2 282 66 99  
www.dexia-factors.be

### **Dexia Insurance Belgium**

Avenue Livingstone 6  
B-1000 Bruxelles  
Tel +32 2 286 61 11  
Fax +32 2 286 15 15  
www.dvz.be

### **Dexia Investment Company**

Boulevard Pachéco 44  
B-1000 Bruxelles  
Tel +32 2 222 71 94  
Fax +32 2 285 35 48

### **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

**Branch Offices**

Avenue Livingstone 6  
B-1000 Bruxelles  
Tel +32 2 222 38 36  
Fax +32 2 222 37 13  
[www.dexialease.be](http://www.dexialease.be)

**Dexia Lease Services**

Avenue Livingstone 6  
B-1000 Bruxelles  
Tel +32 2 222 38 36  
Fax +32 2 222 37 13

**Dexia Life & Pensions**

2, rue Nicolas Bové  
L-1253 Luxembourg  
Tel +352 262 54 41  
Fax +352 262 54 45 480  
[www.dexia-life.com](http://www.dexia-life.com)

**Dexia Prévoyance**

Site du BRGM  
3, Avenue Claude Guillemin  
F-45100 Orléans  
France

**Dexia Société de Crédit****Registered Office and Branch Office**

Rue des Clarisses 38  
B-4000 Liège  
Tel +32 4 232 45 45  
Fax +32 4 232 45 01

**Branch office**

Boulevard Saint Michel 50  
B-1040 Bruxelles  
Tel +32 2 732 12 12  
Fax +32 2 737 29 27  
[www.dexia-societedecredit.be](http://www.dexia-societedecredit.be)

**Fidexis**

Boulevard du Souverain 19  
B-1160 Bruxelles  
Tel +32 2 209 02 30  
Fax +32 2 209 02 37

**Logins**

Generaal De Wittelaan 17 bus 32  
B-2800 Mechelen  
Tel +32 15 45 48 50  
Fax +32 15 45 48 89  
[www.logins.be](http://www.logins.be)

**Sepia**

Avenue Livingstone 6  
B-1000 Bruxelles  
Tel +32 2 286 63 27  
Fax +32 2 234 74 76

**WGH Informatique**

Avenue de l'Expansion 7  
B-4432 Ans  
Tel +32 4 246 10 46  
Fax +32 4 246 03 03  
[www.wgh.be](http://www.wgh.be)

**BRANCHES****Dexia Bank Belgium, Dublin Branch**

6 George's Dock  
IRL-IFSC Dublin 1  
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

## **INFORMATION ON THE ANNUAL REPORT**

Information on the distribution of this report is available from

**Dexia Bank**  
**Communication Department PA 3/11**  
**Boulevard Pacheco 44**  
**B-1000 Brussels**  
**Tel +32 2 222 45 50**  
**Fax +32 2 222 40 38**

### **Telephone**

**Tel +32 2 222 11 11**  
**Fax +32 2 222 11 22**

### **General postal address**

**Boulevard Pacheco 44**  
**B-1000 Brussels**

### **Company registration number**

**RPR Brussels VAT BE 0403 201 185**

### **Website**

**<http://www.dexia.be>**

## **MEDIATOR**

If you wish to communicate a negative experience or a complaint concerning our service offer, you can first contact the manager of your branch. In the majority of cases, he will be able to resolve your problem. If you cannot obtain satisfaction in this way, you can write to

**Dexia Bank**  
**Mediator – OM 4/6**  
**Mr Honoré Pitteljon**  
**Boulevard Pacheco 44**  
**B-1000 Brussels**  
**Fax +32 2 222 30 41**  
**E-mail [ombuds@dexia.be](mailto:ombuds@dexia.be)**