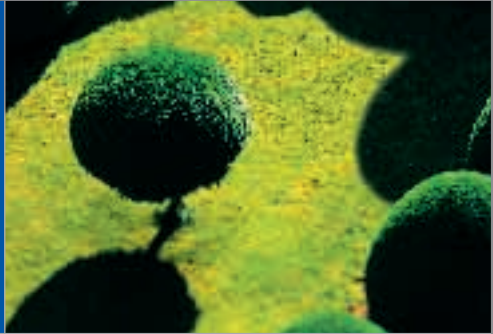




Bank



2002

ANNUAL REPORT



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## DEXIA - GROUP PROFILE 2002

### THE BANK FOR SUSTAINABLE DEVELOPMENT

- **A MAJOR PLAYER IN THE EUROPEAN FINANCIAL SECTOR**

Dexia was created through the 1996 alliance of Europe's two largest local public finance companies: Crédit local de France and Crédit Communal de Belgique. Together with Banque Internationale à Luxembourg (BIL), the two institutions joined forces in 1999 to become Dexia, in one of the first cross-border mergers in European banking. An early believer in the European Monetary Union, the Group is now one of the fifteen largest financial institutions listed on the stock market in the euro zone.

- **WORLD LEADER IN FINANCIAL SERVICES TO THE LOCAL PUBLIC SECTOR**

Since it was created in 1996, Dexia has ranked first, through Dexia Crédit Local, in the local public finance market in Europe. The Group's acquisition in 2000 of Financial Security Assurance (FSA) in the United States, where this subsidiary is the major player in the municipal bond credit enhancement market, made the Group the world leader in this sector. This business, which defines the Group's identity, makes the largest contribution to Dexia's results.

- **RETAIL FINANCIAL SERVICES**

The Group's historical preeminence in the local public sector in Belgium was bolstered by its extensive network of retail branches. This strong commercial presence was expanded in 2001 through the acquisition of the Artesia BC Group and, in particular, of the retail network of BACOB Bank. As a result of this merger, Dexia Bank is now one of the three largest banks in Belgium, offering its clientele of individuals, self-employed professionals and small and medium-sized businesses a full range of retail banking and insurance services.

- **INVESTMENT MANAGEMENT SERVICES**

Since its creation, relying on the know-how and client base of Dexia BIL in Luxembourg, the Group has developed specialized expertise in investment management services, i.e. private banking, investment fund administration, institutional and collective investment, including a range of ethical funds distributed throughout Europe.

- **CAPITAL MARKETS AND TREASURY ACTIVITIES**

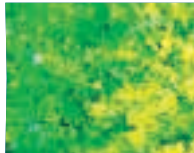
To support its three strategic business lines and in light of the size of its bond issues, the majority of which are rated AAA, Dexia is also a recognized player in international Capital Markets and Treasury Activities, thereby assuring the Group and its clients of the best possible access to funding.

- **GROUP VALUES**

The very nature of these activities, their respective contribution to corporate results and the values the Group promotes define Dexia's distinguishing characteristics in the world of finance. Its client categories and the nature of the transactions it conducts assure the Group of a low risk profile, illustrate its commitment to the long term, confirm its role as a socially responsible corporate entity, and inspire its commitment to sustainable development. In addition, vis-à-vis its shareholders, Dexia has constantly targeted and attained a high and regular level of profitability and generated corresponding dividends.

- **SOUND FINANCIAL BASE**

Dexia is one of the most highly rated financial institutions in the world. The Group's main entities are rated AA or AAA.



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## TRIBUTE TO LUC ONCLIN

On December 31, 2002 Luc Onclin took his leave of the bank, thus ending a career which had spanned 31 years, including 18 years as a member of the Management Board, seven years as its Vice Chairman and three years as its Chairman. He felt that the time had come to devote more time to matters close to his heart. That decision does him credit and is a true reflection of his character. Luc Onclin is a determined man, and once he has taken a decision he stands by it.

That was so when he was involved in devising the plans for transforming Crédit Communal – at that time a public credit institution – into Dexia Bank, which has now become a cornerstone of a financial services group operating on an international scale.

At a very early stage, Luc Onclin was convinced that a distribution network of self-employed branch managers was an exceptionally effective commercial tool, and therefore pledged himself fully to that strategy. Consequently, the development and mobilization of an efficient network which, one might add, is setting a trend in the industry can be classed unequivocally as one of the highlights of Luc Onclin's career.

While he was Chairman, his wealth of knowledge, his experience and his vision of retail banking convinced him that an alliance with Artesia Banking Corporation was most likely the last great opportunity for consolidating Dexia Bank's position on the Belgian market. This operation is the final stage in the impressive transformation of the bank of the "municipal guard", logo of Crédit Communal, over the past forty years.

The Board of Directors would like to pay tribute to Luc Onclin in its own name and on behalf of the management, staff and branch managers. Following in the footsteps of his predecessors, but with a style and temperament all his own, he paved the way for a new bank which, following a tireless effort to integrate the varying business cultures, will undoubtedly be capable of successfully tackling the increasingly crucial challenges which the financial world will face in the 21<sup>st</sup> century.



*In the end, 2002 was a year of economic stagnation. The promising start to the year rapidly gave way to a marked downturn in growth. As business and consumer confidence evaporated, many investments and purchases were postponed and unemployment increased. Inflation declined, albeit more slowly than expected, owing to the introduction of the euro banknotes and coins in January 2002 and the rise in oil prices in the autumn. The easing of monetary policy in recent months came too late to have any impact during the year. Government deficit spending tempered the economic slowdown while the downward trend in long-term interest rates sustained building activity.*

*The terrorist attacks and the growing threat of war in Iraq caused turbulence on the market, where confidence was severely shaken by the accounting scandals and fraud perpetrated by some prominent listed companies. This caused share prices to tumble, with a particularly marked fall in the third quarter. The rally from mid-October was not enough to avoid a third successive year of negative returns, or even a fourth year in the case of Euronext Brussels.*

*The malaise which initially made itself felt primarily in the information technology, media and telecommunications sectors infected many other areas. For instance, the decline in the technical reserves of certain insurance companies had a serious impact and compromised the guaranteed commitments to the point where recapitalization was necessary in some cases. Companies suspending their payments or incapable of repaying their borrowings had their ratings downgraded, and some were relegated to junk status. The interest rate spread between corporate bonds and government bonds widened substantially, significantly pushing up the cost of raising funds on the capital market. Business news was dominated by reports of restructuring, debt rescheduling, bankruptcies and profits warnings.*

*The passing of the anti-fraud law in the United States, new initiatives relating to corporate governance and stricter ethical standards imposed on analysts and stock market intermediaries stemmed the flow of scandals. All the same, it will take time to restore confidence.*

*Dexia did not escape the disruption caused by the global stagnation and stock market malaise. Plummeting share prices were the reason for the compensation claims lodged by the "Legio Lease" customers of Dexia Bank Nederland, for which the Group had to form a special provision. Commission income came under heavy pressure and there was a sharp decline in asset management revenue. The financial market activities were refocused. On the other hand, the Group's primary business line, namely all aspects of local authority finance, produced an excellent performance.*

*For Dexia Bank Belgium, 2002 was the first year of the merger with Artesia BC, which became legal reality on April 1, 2002. Implementation of the integration plan prepared in the second half of 2001 was speeded up. The cost synergies predicted for 2002 were achieved by natural wastage and by strict monitoring of operating expenses and investment budgets.*

*This progress would not have been possible without the dedicated efforts of all our staff, helping to make Dexia Bank one of the leading financial services groups in Belgium. The consultation between the management and the representatives of employees and branch managers took place in an open, constructive atmosphere. This resulted in the conclusion of two collective labor agreements, one on May 23 concerning the salaried branch network and the other on July 2 concerning the social plan. These were the first practical applications of the outline agreement of March 26 concerning the guidelines and commitments forming the basis for the work of management and employees during and after the merger process. In December, an initial agreement was concluded on the harmonization of some banking benefits, taking account of the new legislation.*

*The job center, the internal employment exchange, proved effective. Its primary purpose is to redeploy staff whose jobs were cut during the integration, and also those who wish to pursue a new direction in their career. To consolidate the progress achieved in cutting staff costs, it was decided last autumn to bring forward to 2003 some of the savings originally planned for 2004 and 2005. While the efforts to integrate the IT systems have been stepped up, they will not take full effect until 2003, and more particularly 2004.*

*The income synergies have been more difficult to achieve owing to the disappointing performance of the financial markets, which caused investors to become disenchanted with all types of stock market investment. Customers were only interested in traditional forms of saving and structured products with a capital guarantee.*

*Meticulous preparation went into restructuring the distribution network, leaving the SCRL (cooperative limited liability companies) network coexisting alongside the salaried network, and it is already known which outlets will form part of the new sales network. Individual interviews were held, offering employees of the salaried branch network genuine opportunities for redeployment and retraining, and tailor-made support arrangements were devised where necessary. Meanwhile, the harmonization of the product range of the two networks is practically complete.*

*For the bank and its staff, 2002 will be remembered as the year of change in a troubled environment. The challenges which the bank will have to face in 2003 will also demand an effort from everyone. In particular, we need to reconcile the differing staff status systems, boost the productivity of the support services and the competitiveness of our sales networks, continue a frank and open dialogue between management and labor and, above all, create a unified corporate culture in which everyone feels part of an international group with abundant development opportunities.*

*Thanks to all our staff, we will achieve our ambition and will continue developing Dexia Bank Belgium for years to come, further enhancing its efficiency as a financial institution.*

Axel Miller

## DEXIA BANK – CONSOLIDATED FIGURES

	2001	2002	Evolution
<b>RESULTS OF OPERATIONS</b> (in millions of EUR)			
Net banking income	4,153	3,656	-12.0%
Operating expenses	(2,989)	(2,527)	-15.5%
<b>Operating income before allowances</b>	<b>1,164</b>	<b>1,129</b>	<b>-3.0%</b>
Cost of risk	(188)	(585)	+211.2%
Net losses on LT investment portfolio	(39)	(2)	-94.9%
Amortization of goodwill	(31)	(36)	+16.1%
Corporate income tax	(241)	178	-173.9%
Earnings from equity-accounted companies	25	12	-52.0%
Net allocation to the general banking risks reserve	141	82	-41.8%
Minority interests	144	113	-21.5%
<b>Net income</b>	<b>686</b>	<b>665</b>	<b>-3.1%</b>
<b>BALANCE SHEET</b> (in millions of EUR)			
<b>Balance sheet total</b>	<b>221,616</b>	<b>209,149</b>	<b>-5.6%</b>
<b>Liabilities</b>			
Shareholders' equity	6,554	6,826	+4.2%
Minority interests	290	328	+13.1%
General banking risks reserve	1,448	1,364	-5.8%
Subordinated debts	5,061	4,880	-3.6%
Interbank loans and deposits	54,365	47,130	-13.3%
Customer deposits	79,830	77,495	-2.9%
Debt securities	53,537	49,775	-7.0%
<b>Assets</b>			
Interbank loans and advances	49,572	43,509	-12.2%
Customer loans	72,173	71,914	-0.4%
Bonds, equities and other securities	79,861	75,234	-5.8%
Long-term investments	1,094	1,278	+16.8%
<b>RATIOS (%)</b>			
Return on Equity (ROE) <sup>(1)</sup>	16.45	14.61	
Tier-One Capital Ratio	7.85	7.77	
Total Capital Ratio	11.55	11.03	
Cost to Income Ratio <sup>(2)</sup>	72.00	69.10	
Asset Quality Ratio <sup>(3)</sup>	1.97	2.02	
Coverage Ratio <sup>(4)</sup>	63.90	63.90	
<b>STAFF &amp; BRANCH NETWORK</b>			
Staff <sup>(5)</sup>		21,896	
Sales outlets <sup>(6)</sup>	1,483	1,411	-4.9%

(1) Ratio between the net income and the weighted average shareholders' equity (excluding GBRR and after income appropriation).

(2) Ratio between operating expense and net banking income.

(3) Ratio between the gross outstanding problem loans and the gross outstanding customer loans.

(4) Ratio between cumulated write-downs and the gross outstanding problem loans.

(5) On a consolidated basis, including self-employed branch managers and their staff.

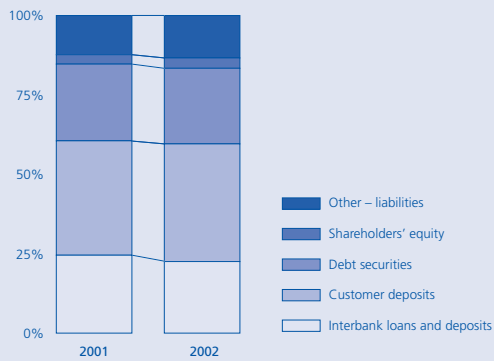
(6) Branch network + SCRL (cooperative limited liability companies) network, excluding brokers.



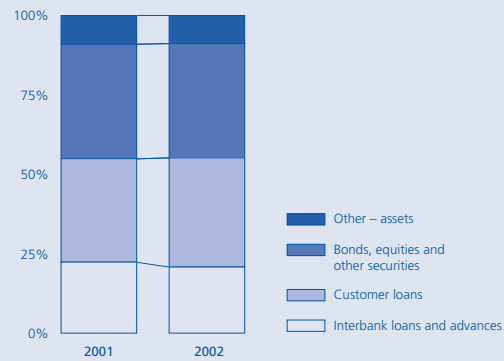
## RATINGS 2002

	Dexia Bank Belgium			Dexia BIL		
	Long-term	Short-term	Financial soundness	Long-term	Short-term	Financial soundness
Moody's	Aa2	P1	B	Aa2	P1	B
Standard & Poor's	AA	A1+	-	AA	A1+	-
Fitch-Ibca	AA+	F1+	B	AA+	F1+	A/B

### Liabilities (%)

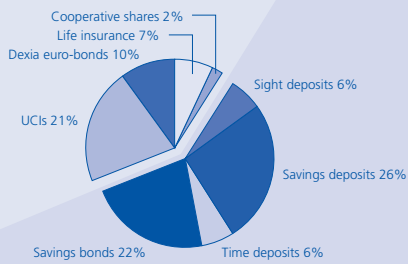


### Assets (%)



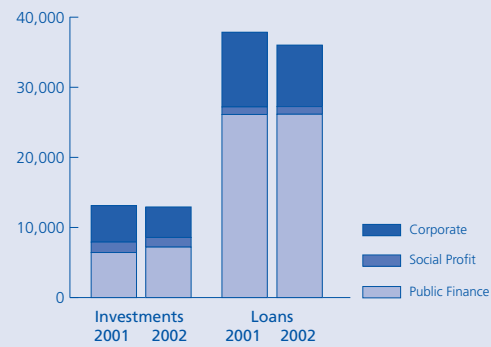
### Breakdown per category of customer deposits and investment products – Individuals, small firms and self-employed persons (%)

#### Off-balance sheet

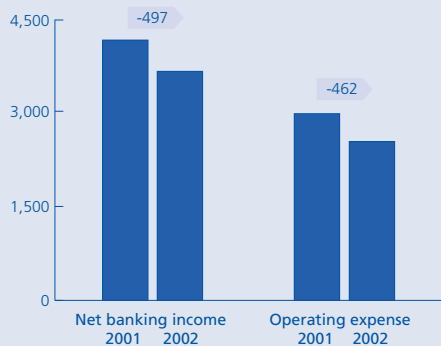


#### Balance sheet

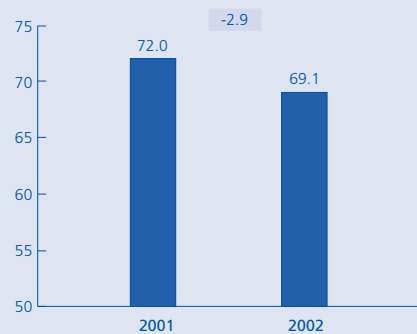
### Outstandings by customer segments – Wholesale Banking (in millions of EUR)



### Net banking income and operating expense (in millions of EUR)



### Cost to income ratio (%)





## BOARD OF DIRECTORS

**Chairman:**  
Marc DECONINCK

**Vice Chairmen:**  
Pierre RICHARD  
Jef GABRIÉLS

**Directors/Members of the Management Board:**  
Axel MILLER, Chairman  
Martine DECAMPS, Vice Chairman  
Michel BOUTEILLE  
Jean-François MARTIN  
Michel HÉNAUT  
Claude PIRET

**Other directors:**  
Éric ANDRÉ  
Frank BEKE  
Rik BRANSON  
Louis BRIL  
Wivina DEMEESTER  
Didier DONFUT  
Benoît DRÈZE  
Daniel DUCARME  
Marc JUSTAERT  
Loïc LE MASNE de CHERMONT  
François MARTOU  
Josly PIETTE  
Tony VAN PARYS  
Herman VAN ROMPUY  
Rembert von LOWIS

## MANAGEMENT BOARD

**Chairman**  
Axel MILLER



**Vice Chairman**  
Martine DECAMPS



Michel BOUTEILLE



Jean-François MARTIN



Michel HÉNAUT



Claude PIRET



## MANAGEMENT\*

### Divisions headed by Axel MILLER

Secretary to the Management Board & Labor Relations  
General Auditor  
Compliance  
Communication  
Culture  
HRM  
Legal Services  
Integration

### Divisions headed by Martine DECAMPS

Accounting  
Adviser to the Board of Directors  
Taxation  
Planning & Management Control  
Research  
Subsidiaries Strategy & Projects

### Divisions headed by Michel BOUTEILLE

Retail Distribution  
Branch Network Management  
Marketing Private Personal & Retail Banking  
Private Banking  
North-West  
North-East  
Center  
South-West  
South-East

### Divisions headed by Claude PIRET

ALM Analysis & Strategy  
Adviser to the Management Board  
Corporate Banking  
Dexia Securities / Ventures  
Financial Markets  
Market Strategies  
Marketing & Development  
Dexia Bank New York Branch  
Distribution Social Profit  
Public Banking  
Commercial Support  
Real Estate Banking

### Divisions headed by Jean-François MARTIN

Back Office Payments & Accounts – Contact Center  
Back Office Securities  
Back Office Retail Lending  
Back Office & Organization of Financial Markets  
Credit Risk Management  
Market Risk Management  
Organization & Control

### Divisions headed by Michel HÉNAUT

Real Estate  
Purchasing & Logistics  
Safety & Security  
IT Infrastructure & Services  
IT Development

IT Organization  
IT Special Projects  
IT Adviser

E. Plettinck  
H. Deweirtd  
E. De Gyns  
G. Helbig  
C. Pinte  
L. Fiey  
A. De Roeck  
E. Van Gool

P. Van Herwegen  
R. Deras  
A. Van Den Borre  
B. Marchand  
F. Lierman  
S. Vermeire

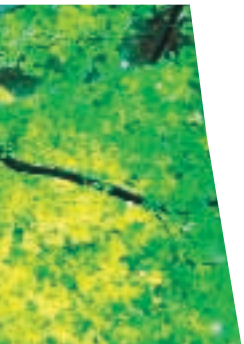
D. Gyselinck  
P. Philippaerts  
B. L'Hoost  
B. Mommens  
P. De Dier  
R. Leyssens  
S. Jeurissen  
C. Caudron  
E. Collard

E. De Cooman  
S. Frei  
V. Sneyers  
P. Steverlynck  
D. Vanderschrick  
A. Engel  
E. Berneman  
M. Brugière  
G. De Clercq  
W. Pintens  
J.-M. Focant  
M. Vankeirsbilck

L. Walravens  
G. De Baere  
L. Verlaenen  
A. Guilliams  
F. Saverys  
E. Lemaire  
Y. Morlegthem

J. Van Brussel  
E. De Rouck  
K. Vandereycken  
M. Van Schingen  
C.J. Hespel (until March 1, 2003)  
D. Hoebeeck (from March 1, 2003)  
B. Wierinckx  
P. Lewahert  
P. Delesalle

\* Structure as of March 1, 2003



In 2002, the integration of Artesia BC SA and its subsidiaries in the consolidation scope of Dexia Bank Belgium SA continued with a view to optimum harmonization of the Group. In particular, this led to the absorption of Banque Vernes Artesia SA by Dexia Banque Privée France SA in July 2002. At the same time, the Luxembourg life insurance company, Luxstar SA, was merged with Dexia Life & Pensions SA under the aegis of Dexia Insurance SA. Similarly, during the fourth quarter it was decided to amalgamate all the venture capital activities in a single division of Dexia Bank Belgium SA under the Dexia Securities/Ventures label, leading to the liquidation of Dexia Securities/Ventures SA.

The full integration of the subsidiaries of Artesia BC SA will be completed in 2003 following the merger by absorption of four real estate companies in which the bank's operational buildings are managed by Dexia Bank Belgium SA, and after the merger of the Belgian leasing subsidiaries.

In May 2002, Dexia Bank Belgium SA increased its interest in DVV Insurance NV from 81.06% to 99.39% by purchasing the DVV shares still held by VDK Spaarbank NV and Volksvermogen CV.

In Spain, an alliance was concluded between Dexia Banque Internationale à Luxembourg SA (Dexia BIL) and Banco Popular with a view to the launch of a private bank under the name of Iberagentes Popular Banca Privada, wholly owned by Fortior Holding. To effect this deal, Dexia Banque Internationale à Luxembourg SA and Banco Popular increased their stake in Fortior Holding to 40% and 60% respectively. The Group has thus extended its presence in Spain by linking up with a major local player.

To simplify the Dexia Group's structure, the boards of directors of Dexia SA and Dexia Bank Belgium SA decided that all the shares in Dexia Banque Internationale à Luxembourg SA should be held directly by Dexia. This decision will be implemented in the first half of 2003 and will exclude Dexia BIL from the consolidation scope of Dexia Bank Belgium with effect from January 1, 2003.

In addition, all the shareholders in the IT centers, Cevi NV, Ciger SA and WGH Informatique SA, have given their agreement in principle to the reorganization of the centers in a single holding company. This should speed up the decision-making process and maximize synergy between the centers.

To resolve the special problems afflicting Dexia Bank Nederland NV as a result of the stock market slump and the adverse publicity associated with the proceeds from share leasing, the Group formed the necessary provisions and decided on complete restructuring of the Dutch bank. The splitting of Dexia Bank Nederland NV into two separate banks is an important factor here. One of the banks will focus on retail customers and products, under the name of Dexia Bank Nederland NV, and the other will deal with asset management, brokerage and corporate finance under its old name of Kempen & Co.

## DEXIA BANK BELGIUM SA

### SUBSIDIARIES

#### BANKS

Dexia Banque Internationale à Luxembourg (Luxembourg)  
 Dexia Bank Nederland (The Netherlands)  
 Dexia Private Bank Switzerland (Switzerland)  
 Dexia BIL Asia Singapore (Singapore)  
 Dexia Private Bank Jersey (Channel Islands)  
 Dexia Banque Privée France (France)  
 Bancoval (Spain)  
 Société Monégasque de Banque Privée (Monaco)  
 Dexia P-H Private Bank Denmark A/S (Denmark)  
 Banque Artesia Nederland (The Netherlands)  
 Eural (Belgium)  
 Parfibank (Belgium)

#### INSURANCES

Dexia Insurance (Belgium)  
 DVV Insurance (Belgium)  
 Dexia Reinsurance (Luxembourg)  
 BIL Ré (Luxembourg)  
 Dexia Assurance Services France (France)  
 Dexia Life & Pensions (Luxembourg)  
 Dexia Epargne Pensions (France)  
 Dexia Insurance & Pensions Services (Luxembourg)  
 Dexia Insurance Services (Germany)  
 Dexia Rekord (Germany)  
 Rekord Management & Consulting (Switzerland)  
 Belstar Assurances (Belgium)  
 Corona (Belgium)  
 Eurco (Belgium)  
 Eurco (Luxembourg)  
 Eurco AG (Switzerland)  
 Eurco Ireland (Ireland)  
 Sepia (Belgium)

#### LEASING & FACTORING

Dexia Lease (Belgium)  
 BIL Lease (Luxembourg)  
 Dexia Auto Lease (Belgium)  
 Artesia Lease (Belgium)  
 Artesia Leasing & Renting (Belgium)  
 Dexia Factors (Belgium)

#### DATA PROCESSING

WGH Informatique (Belgium)  
 Ciger (Belgium)  
 Cevi (Belgium)  
 Logins (Belgium)

#### SECURITIZATION

AMCC (United States)

### MAIN BRANCHES AND REPRESENTATIVE OFFICES

#### BRANCHES

Dexia Bank Belgium New York Branch (United States)  
 Dexia Bank Belgium Dublin Branch (Ireland)  
 Dexia Bank Belgium Cayman Islands Branch (British West Indies)  
 Dexia BIL London Branch (United Kingdom)  
 Dexia BIL Singapore Branch (Singapore)  
 Dexia BIL Dublin Branch (Ireland)  
 Dexiaplus.fr (France)  
 Dexia Asset Management Luxembourg, Geneva Branch (Switzerland)

#### REPRESENTATIVE OFFICES

Dexia BIL Hong Kong Representative office (Hong Kong)  
 Dexia BIL Fuengirola Representative office (Spain)

\* Situation as of February 1, 2003

MORTGAGE AND CONSUMER LOANS	Dexia Crédits Logement (Belgium) Dexia Société de Crédit (Belgium) CEB Fin - DKB Fin (Belgium) Fidexis (Belgium) Particuliere Begeleiding en Advisering (The Netherlands)
ASSET MANAGEMENT	Dexia Asset Management Belgium (Belgium) Dexia Asset Management Luxembourg (Luxembourg) Dexia Asset Management France (France) Dexia Asset Management SGO (France) Dexia Asset Management Alternative Dublin Ltd (Ireland) Ausbil Dexia Ltd (Australia) Ely Fund Managers (Holdings) (United Kingdom)
INVESTMENT FUNDS ADMINISTRATION	First European Transfer Agent (Luxembourg) Dexia Fund Services Belgium (Belgium) Dexia Fund Services Cayman (British West Indies) Dexia Fund Services Dublin (Ireland) Dexia Fund Services Singapore (Singapore) Dexia Fund Services France (France) Dexia Fund Services Italia (Italy) Dexia BIL Holding (Hong Kong)
CAPITAL MARKET	Dexia Delaware (United States) Dexia Funding Netherlands (The Netherlands) Dexia Investments Ireland (Ireland) Dexia Financial Products (United States) Dexia Securities France (France) Dexia Financial Services Ireland (Ireland)
REAL ESTATE	Artesimmo I (Belgium) Artesimmo III (Belgium) Finhyp (Belgium) Fynergie (Belgium) Immo Artesia (Belgium) Immoyente (Belgium) Lex 2000 (Belgium) Livingstone Building (Belgium) Realex (Belgium)
TRUST COMPANY	Fiduciaire Artesia (Belgium) Experta Corporate & Trust Services (Luxembourg) Dexia Trust Services Singapore (Singapore) Dexia Trust Services Jersey (Jersey)
ART	Fonds Mercator (Belgium) Sivart (Belgium) Artesia Center for the Arts (Belgium)

## MAIN MINORITY INTERESTS

Fortior Holding (Spain)  
Créatis (France)  
Crédit du Nord (France)  
Dexia Crediop (Italy)  
Trustwell SITC (Taiwan)  
Auxipar (Belgium)  
Crédit Agricole (Belgium)  
Société Espace Léopold (Belgium)  
VDK Spaarbank (Belgium)









# management report



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The economic and financial climate in which Dexia Bank had to operate throughout the past year was extremely difficult. In the end, the long-awaited recovery did not materialize in 2002; all-pervading uncertainty ensued, especially as regards the economic, financial and geopolitical situation. European consumers were manifestly reluctant. Belgian economic growth remained below 1% for the second consecutive year (+0.7%) and was similar to the growth rate for euroland, where the poor performance of the German economy set the tone. During that time, the US economy continued to prosper, thanks to the efforts of the Federal Reserve and the buoyant mood among consumers.

The terrorist attacks on September 11, 2001 prompted the Fed and the ECB to inject liquidity into the economy, though both refrained from modifying their interest rate policy for much of 2002. However, in November the persistent weakness of economic activity finally forced the Fed to lower its base rate by 50 basis points to 1.25%. That is the lowest rate ever recorded since 1961. One month later the ECB followed suit with a cut of 50 basis points to 2.75%. After fluctuating in the first half-year, long-term rates once again declined to reach their lowest level of the beginning of 1999.

After four disappointing years, the Belgian stock exchange ultimately lost 27% during 2002. The European and American stock markets suffered a fall for the third year in a row.

Following the launch of the euro for cashless payments in 1999, euro banknotes and coins made their appearance on January 1, 2002, and during the year the European currency at last strengthened as expected against the dollar. After more than two years, the EUR/USD rate returned to parity and even exceeded that level. In contrast to the situation regarding capital flows and interest rate spreads (European long and short-term rates higher than US rates), the difference in growth rates between the United States and Europe was never at any time a decisive factor.

This troubled economic context was reflected in varying degrees in all the business lines of Dexia Bank. Investors increasingly opted for short-term products offering fixed returns and a capital guarantee. Demand for credit remained modest, except for mortgage loans where extremely low levels of interest rates provided a stimulus. Asset management and financial market activities waited in vain for any sign of a stock market rally.

Despite these decidedly unfavorable market conditions, Dexia Bank steadfastly pursued its integration program, harmonizing its range of products and services, "reprofiling" its distribution network and providing its back offices with the means to ensure that there would never be any compromise on optimum quality of service for customers.



#### KEY ECONOMIC AND FINANCIAL FIGURES

(end-of-period)	1999	2000	2001	2002
ECB repo rate (%)	3.00	4.75	3.25	2.75
Euribor 3M (%)	3.34	4.86	3.30	2.87
OLO 10A (%)	5.56	5.28	5.14	4.30
Interest margin 10Y – 3M (%)	2.22	0.42	1.84	1.43
BEL20 (%)	-5.0	-9.5	-8.0	-27.2
GDP (%)	3.2	3.7	0.8	0.7
EUR/USD	1.01	0.94	0.89	1.05

Source: Thomson Financial Datastream



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Among all its activities, Dexia Bank has always reserved a special place for financial services for the public sector. Dexia Bank has always been and still remains the accredited banker of the Belgian public authorities, both local and regional authorities and the federal government. This position is based not only on Dexia's historical origins, but also on the stability and regularity of this activity and the revenues which it generates. At times of economic and financial turmoil such as we are currently seeing, this basic activity cushions the large fluctuations suffered by the bank in other spheres.

Following the recent integration of Artesia BC, the client base of Dexia Bank has been widened by a number of large and medium-sized businesses and some non-profit organizations. While this activity has consequently become slightly more sensitive to the vagaries of the mar-

ket, that expansion still opens up promising opportunities for increasing and diversifying the income base. This refinement in the segmentation of the target clientele, as well as allowing cross-selling, is also a source of inspiration, encouraging the development of new products and even other sub-segments of the market. The expertise present throughout the Dexia Group combined with a dynamic commercial approach enable Dexia Bank to present its increasingly diversified clientele with a range of genuinely integrated financial services. The customers appreciate these services. At least, that is the implication, as Dexia Bank is steadily increasing its lead on the public clients market and in the social sector. Similarly, Dexia Bank also aims to secure a prominent position in new segments such as insurance, active debt management and cross-border leasing.



## PUBLIC SECTOR

On a market where competition has become even keener since the law on public procurement entered into force, Dexia Bank remains the banker of choice for handling the financial transactions of the Belgian local authorities (municipalities, provinces, public social welfare centers, associations of municipalities and police districts) and other public clients. This reputation is based on its specific experience, its knowledge and its excellent relationship with its customers.

### • FINANCE

#### Outstanding loans

At the end of 2002, the outstanding short and long-term loans granted by Dexia Bank to public customers as a whole represented EUR 22.6 billion, which was slightly less (-1.0%) than at the end of 2001.

The breakdown of this total according to the term of the loan and per type of customer reveals that outstanding short-term loans were down by EUR 434 million (-20.5%), while long-term loans were up by just EUR 203 million (+1.0%).

#### Long-term loans – New business

Altogether, new long-term lending by Dexia Bank in 2002 totaled EUR 2.13 billion.

Long-term loans made available to local authorities came to EUR 1.63 billion in 2002, a rise of 11% against 2001.

Other public authorities contracted new long-term loans totaling EUR 502 million, an increase of 29% against 2001.

The expansion in long-term lending to local authorities is connected with the cyclical pattern of their investments, which tend to remain static or even decline during post-election periods and increase in the run-up to the municipal elections.

The growth in the activity of other public authorities is evident not only in traditional forms of lending but also and above all in off-balance sheet finance which enables these authorities to raise funds on the capital markets, thereby diversifying their sources of finance.

In 2002, Dexia Bank succeeded in increasing its share of the market in long-term lending to local authorities to 87%, despite fiercer competition.

An image survey conducted in mid-2002 clearly showed that 85% of the local representatives questioned intended to continue their association with Dexia Bank, justifying that preference by mentioning Dexia's specialization and professionalism, and their satisfaction with the quality of service which the bank provides.

Moreover, Dexia and the public authorities are working more closely in tandem on active debt management. In 2002, encouraged by favorable interest rates, the public authorities contracted structured loans totaling EUR 671 million and the equivalent of EUR 3.7 billion of debt was restructured.

Dexia Bank is also continuing its pioneering work in product development and use of the most advanced financial techniques for the benefit of its customers.

Thus, in 2002, four municipalities chose Dexia Bank as their partner for the purpose of conducting a cross-border leasing operation concerning their sewerage networks. These relatively sophisticated financial deals are devised with other Dexia Group entities (Dexia Global Structured Finance and Financial Security Assurance) and

### OUTSTANDING LOANS GRANTED BY DEXIA BANK TO THE PUBLIC SECTOR

(in millions of EUR, excluding outstanding loans ex-Artesia BC)	Dec. 2001	Dec. 2002	Evolution	Evolution in %
Total outstanding loans (short-term + long-term)	22,805	22,574	-231	-1.0%
Short-term finance	2,118	1,684	-434	-20.5%
<i>Local authority clientele</i>	1,363	1,313	-50	-3.7%
<i>Other customers</i>	755	371	-384	-50.9%
Long-term finance	20,687	20,890	+203	+1.0%
<i>Local authority clientele</i>	15,898	16,190	+292	+1.8%
<i>Other customers</i>	4,790	4,700	-90	-1.9%

enable these municipalities to arrange transactions which generate financial flows while maintaining the quality of service for residents.

Through PubliRent IT, created jointly by Dexia Bank, Dexia Lease and the regional IT centers, Dexia Bank offers public authorities a totally new form of leasing geared to their needs. It enables the authorities to upgrade their facilities by adding or replacing IT equipment under a single leasing contract.

### Short-term loans – New business

In 2002, Dexia Bank extended short-term loans to the public sector totaling almost EUR 1.7 billion, a decline of 20.5% against the 2001 figure.

EUR 1,313 million of these loans were destined for the local sector and EUR 371 million concerned other local sector players. The decline in traditional forms of lending to the latter was not due solely to the mergers and refinancing operations which dominated the public hospital sector in 2001 and 2002. The revival in issues of treasury certificates by regional authorities is a major factor. In 2002, the fall in the level of outstanding short-term loans to other public sector authorities (- EUR 384 million) was thus fully offset by treasury certificate issues (-EUR 411 million).

In 2002, local authorities, too, accessed the financial markets direct, to a greater extent than ever, for their short-term funding. Their treasury certificate issues were up by EUR 70 million (+20%) against 2001.

### • DEPOSITS AND INVESTMENTS

As of December 31, 2002, the outstanding total of public sector deposits came to EUR 7.2 billion.

On the same date, the outstanding deposits by local sector customers shown on the Dexia Bank balance sheet totaled EUR 2.93 billion, an increase of EUR 447 million (+18%) against 2001. Most of these deposits consisted of traditional savings products.

In contrast, the outstanding deposits by other authorities in the public sector were EUR 140 million lower than in 2001.

This decline was in turn offset by the growth of treasury certificate deposits by these authorities (-EUR 186 million or +46%).

At a total of EUR 2.24 billion, off-balance sheet investments by the local sector grew by EUR 252 million (+12.7%) compared to 2001. Most of this increase is due to the growth in outstanding treasury certificates (+63%), while the level of investments in mutual funds and other asset management products contracted sharply (-EUR 223 million or -18%) owing to the turmoil on the stock market in 2002.

This preference for investing in treasury certificates was also encouraged by the federal State, as the Maastricht Treaty standards allow such treasury certificate deposits to be deducted from the public debt.

### • CASHIER FUNCTION

Apart from its financing and asset management activity, Dexia Bank also acts as cashier for the public authorities at both local and regional level.

Acting as cashier for the public authorities entails making all their disbursements and collecting all their revenues, and providing them with a range of short-term financial instruments.

On the basis of its expertise, gained initially with the municipalities and provinces, Dexia Bank has progressively extended this activity and now serves all local and regional players.

Dexia Bank is currently still the exclusive cashier of all the Regions and Communities in Belgium. The cashier's contract with the German-speaking Community expired in 2002 and was renewed until 2005. At federal level, Dexia Bank has been the exclusive cashier of FEDASIL (federal agency for asylum seekers) since 2002. In this connection, it should also be pointed out that in 2002 the establishment of the local police network continued, giving rise to the creation of 196 police districts almost all of which opened their main sight account with Dexia Bank.

Despite very fierce competition, Dexia Bank continues to improve its range of services for its local sector clients, and more particularly for the public social welfare centers, mainly with a range of social products which facilitate financial operations for the most disadvantaged, and also for the authorities. Thus, 46,000 social assistance accounts were opened with Dexia Bank by the end of 2002.



Similarly, as an extension to its debt management services, Dexia Bank opened 24,000 drawing accounts. Each of these accounts is accompanied by a special debit card for people with debt problems, enabling the holder to withdraw cash from any cash dispenser.

Finally, as a sideline and to back up its function as cashier, Dexia Bank continued to develop PubliWeb. At the end of 2002, PubliWeb had 5,353 users representing around 1,630 authorities. This product enables local authorities to manage a number of financial products in real time and offers them a very convenient way of executing most of their current banking operations on line.

With Dexia Secure EDI, Dexia offers authorities an efficient and convenient alternative to slow data transfer interfaces such as diskettes and magnetic tapes. Dexia Secure EDI permits the exchange of large volumes of data with the bank via the internet, with digital authentication ensuring total security.

It is therefore not surprising that around 95% of banking transactions with public sector clients are handled electronically.

#### • SERVICES

The specialized financial services which Dexia Bank offers its public sector clients are the key to the added value which makes the bank stand out from its competitors.

Information and training are crucial factors here. That is why, following the highly successful event in 2001, Dexia Bank once again arranged a one-day seminar for local representatives of Brussels, Namur and Antwerp. This seminar, entitled "The financial challenges of the next legislature", focused on topical financial issues (such as the police reform, liberalization of the energy sector, etc.). During these seminars, experts from the local and regional sector were able to explain their point of view and compare ideas with the new local representatives. Over 460 representatives of local and regional authorities attended these seminars.

#### • COMMUNICATION AND CONSULTATION

Dexia Bank also keeps a very close eye on the development of new technologies in communica-

tion with its customers. For instance, PubliContact, the Dexia Bank magazine aimed at the public sector, is available electronically via the internet.

The communication and consultation facilities which Dexia Bank has set up for its public customers were further extended: the provincial working breakfasts provide representatives and officials with excellent opportunities for discussion and consultation on the economic outlook and the financial impact of numerous events of concern to local authorities.

### CORPORATE CLIENTS

In 2002, work began on the harmonization of corporate banking operations, the aim being to prevent customers from switching between segments within the bank as a result of insufficiently precise definitions.

This integration mainly concerned the distribution networks and improvements to the quality of loan portfolios. The latter was achieved by reducing unused credit lines, increasing cross-selling to customers and canvassing new clients.

In 2002, outstanding long-term loans to corporate clients declined by EUR 1.5 billion as a result of the matching of the portfolio risk profile with the Dexia criteria and the reduction in transfers between segments on the part of the bank's customers, already mentioned.

Outstanding short-term loans were also down, but to a lesser extent (-EUR 300 million). This decline was due to risk reduction, which was more or less offset by internal reclassification and new lending.

### NON-PROFIT ORGANIZATIONS

One of the benefits of integration in the "Social Profit" sphere has been the opportunity for Dexia Bank to gain a substantial share of the private hospital market, in addition to its dominant share of the public hospital market. This segment of the non-profit organizations market mainly comprises institutions in the medical and welfare sector and in the socio-cultural sphere, plus those in the field of higher education.

Like public sector clients, the customers making up this segment belong to the non-market sector but they have their own specific product mix, since investments, asset management and insurance predominate, rather than loans. That does much to explain why there have been





some transfers of customers between segments. The most notable was the switch of the hospital clientele to the "Social Profit" segment, while previously it had come under the "Public Finance" segment.

Furthermore, the traditional sectoral analysis of the public hospital sector was successfully extended to include the private hospitals, providing an initial example of the pooling of expertise.

As regards electronic banking, clients in the "social profit" segment will have access to PubliWeb or Isabel in 2003.

The major investment programs carried out by private hospitals in 2002 in both Flanders and Wallonia caused

the volume of new investment loans to double against the previous year.

In addition, Dexia Bank helped to specify the role of the "CRAC" (Center for Regional Aid to Municipalities), a new financing system of the Walloon government, destined to boost health sector investment in the future.

Investments by "Social Profit" clients were also affected by the stock market slump. The outstanding total of fixed-income investments therefore increased, while the volume of funds withdrawn in the portfolio management sphere exceeded the level of new funds invested.





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In 2002, retail banking also suffered from the sluggish state of the market. In a climate of tougher competition, the renewed enthusiasm among savers for fixed-income investments did not generate any income growth for the bank. However, the Dexia Bank distribution network still recorded good results in the past financial year. Furthermore, the year 2002 represented a milestone in terms of integration, the bank's strategic and commercial

position and the reorganization of its distribution channels. Dexia Bank has thus become one of the largest Belgian retail banks. With acknowledged competence in the field of investment, bancassurance and lending, the bank is emerging as the leading adviser and guide for a clientele comprising private customers, small businesses and self-employed persons in the face of a complex financial environment.



## CLIENTELE AND DISTRIBUTION CHANNELS

By means of very detailed segmentation, Dexia Bank identifies the specific needs of its clientele and responds effectively via appropriate forms of distribution (see diagram). The establishment of a balanced commercial relationship with customers is based on:

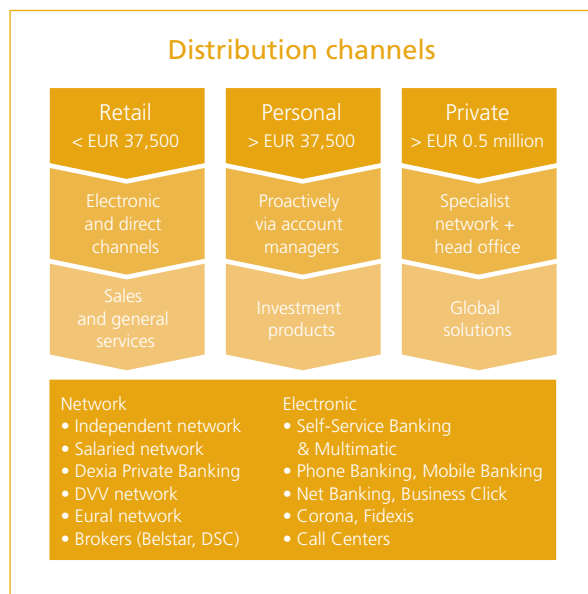
- a diversified and competitive product range,
- high-quality customer service,
- a multi-channel distribution and communication model,
- a strong brand and competitive position on the market.

In 2002, the first steps were taken to introduce an integrated distribution network. The independent agent network (SCRL network) and the salaried network will form a unique distribution network serving Belgium under the single brand Dexia Bank.

By 2005 it will comprise 900 independent branches with SCRL status and 200 branches staffed by bank employees. This entails rationalizing the salaried network, and the associated measures were arranged under a collective labor agreement signed by management and employees on May 23, 2002.

In 2002, the number of branches in the salaried network was cut by 44 to 499. In order to optimize services and in line with the business location policy, the number of branches in the independent agents' network was reduced by 28 to 912.

All the branches which will form part of the new integrated network have already been selected. In the coming years, customers whose branch will close will be offered appropriate assistance. Completion of the integration of the Dexia Bank Self Service Banking machines and those of BACOB's Multimatic network marked a crucial stage. Apart from non-life insurance products, all products now have similar characteristics whichever the distribution network. Harmonization of the product ranges also proceeded in the information technology field, steadily standardizing product sales via the available distribution channels. The integration of the specialist network teams dedicated to private



banking customers continued, as did the development of "duo-servicing" by the private banking and retail networks.

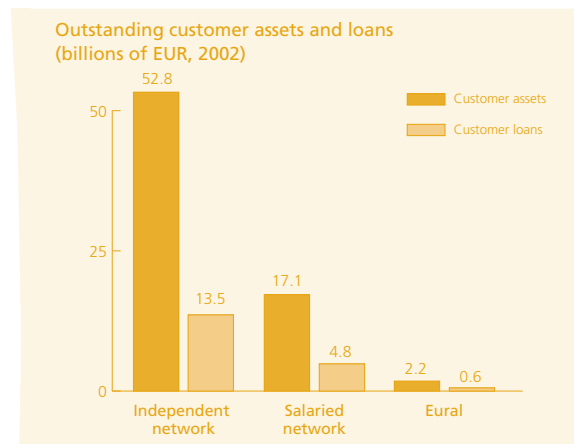
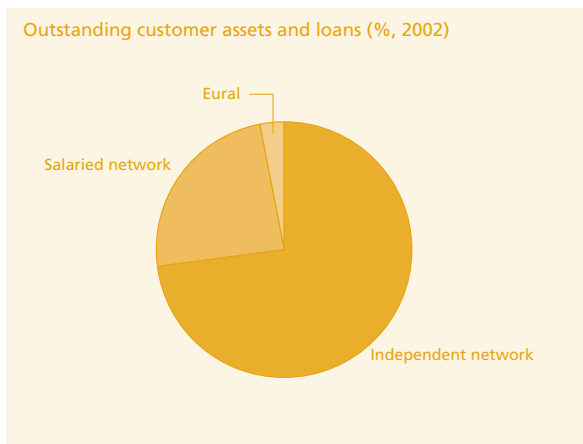
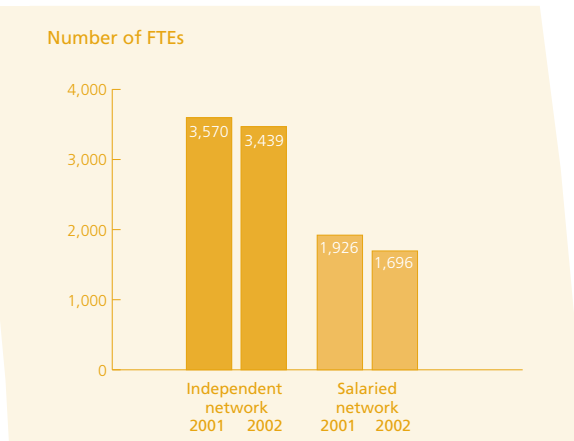
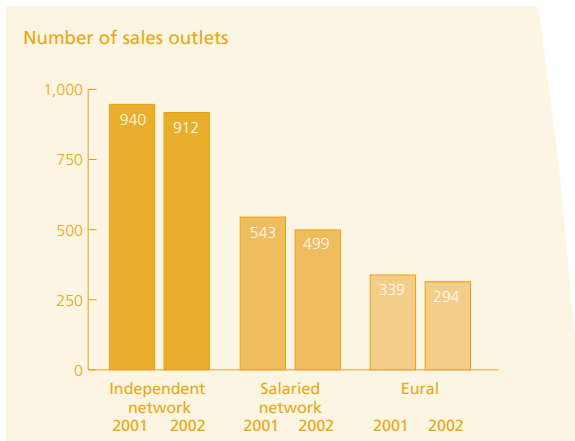
The Eural network of independent agents, where professionalism has been further enhanced, was cut to 294 units. Cooperation with insurance and credit brokers was harmonized and is now implemented by a single sales team.

In 2002, the Net Banking and BusinessClick functionalities were extended to include, in particular, international euro transfers. On the other hand, the Cortal Belgique direct banking channel and the Dutch broker, Alex, were sold off.

## CUSTOMER ASSETS

The general uncertainty, historically low interest rates and unrelenting stock market gloom encouraged growing numbers of Belgian investors to opt for fixed-income products, such as savings deposits, bonds and investment funds with a capital guarantee. This change of attitude which was prevalent in 2001 persisted in 2002, giving rise to a further modification in the structure of private individuals' investment portfolios.

Outstanding customer assets were 1% down at EUR 78.7 billion. This fall was itself due to a 3% decline in off-balance sheet products (to EUR 30.8 billion) and stabilization



(0.2%) of on-balance sheet products (at EUR 48 billion). In addition, the changing environment and market conditions led to substantial shifts between traditional products.

The volume of Dexia Bank savings accounts grew by 11% to reach EUR 21.5 billion at the end of 2002. This strengthened their leading position in the investment portfolios. As the competition became still tougher, the volume of savings deposits on the Belgian market exceeded EUR 100 billion. Investors chose to bide their time, so that the volume of sight accounts grew by 5%, reaching EUR 5 billion at year-end 2002.

The volume of time accounts and savings bonds declined by 9% and 10% respectively, to EUR 4.4 billion and EUR 17 billion. Time accounts were particularly hard hit by the fall in short-term interest rates, which greatly increased the attraction of savings accounts where rates are relatively stable. The decline in the volume of savings bonds con-

tinued in 2002, though this trend was less marked than in previous years, despite investors' risk aversion. The less attractive yield on savings bonds following successive interest rate cuts in fact means that, though this product is safer, it is no longer regarded as a valid alternative investment. In 2002 the savings bond renewal rate averaged 62% (against 65% in 2001 and 74% in 2000). The third quarter of the year, in particular, brought a sharp reduction (57%) in this figure, down to 49% in the fourth quarter. In the past two years, the volume of outstanding savings bonds has thus fallen by over 21% while savings accounts have seen a 16% increase. In 2002, Dexia Bank's share in the total Belgian market in traditional savings products came to 18%.

The drop in net asset values had repercussions on mutual funds (OPCVM), causing the outstanding total to fall by 9% to EUR 16.3 billion. The resurgence of bond funds and funds with capital pro-

OUTSTANDING ASSETS OF PRIVATE INDIVIDUALS, SMALL BUSINESSES  
AND SELF-EMPLOYED PERSONS WITH THE DEXIA BANK GROUP (DEXIA BANK + DEXIA BIL)

(in millions of EUR)	Dec. 2001	Dec. 2002	% change
<b>On-balance sheet investments</b>	<b>47,850</b>	<b>47,953</b>	<b>+0.2</b>
<i>of which: sight accounts</i>	4,837	5,093	+5.3
<i>savings accounts</i>	19,385	21,495	+10.9
<i>time accounts</i>	4,779	4,361	-8.7
<i>savings bonds</i>	18,849	17,004	-9.8
<b>Off-balance sheet investments</b>	<b>31,722</b>	<b>30,779</b>	<b>-3.0</b>
<i>of which: mutual funds</i>	17,892	16,269	-9.1
<i>Dexia euro-bonds</i>	6,917	7,481	+8.2
<i>life insurance</i>	5,705	5,813	+1.9
<i>cooperative shares</i>	1,207	1,216	+0.7
<b>Total</b>	<b>79,572</b>	<b>78,732</b>	<b>-1.1</b>

tection tempered this decline to some extent. Following further setbacks, equity funds ceased to predominate among funds as a whole, giving way to bond funds and guaranteed capital funds.

In 2002, keeping in line with the market, the volume of Dexia Bank euro-bonds totaled EUR 7.5 billion, an increase of 8% against the previous year. This growth was fostered by relatively dynamic new business, only 11% below the record figure achieved in 2001 (the year in which investors made ample use of the last opportunities for tax exemption available to them in connection with the harmonization of European taxes). Structured euro-bonds were the main products underpinning new business in general. However, a large number of bonds maturing in the last quarter of 2002 and strong competition from savings accounts restricted this growth.

The insurance products picture is similar to that for investment funds. In 2002, there was a marked decline in sales of branch 23 unit-linked products in favor of traditional, fixed-income life insurance products. The volume of life insurance increased to EUR 5.8 billion (+2%). Owing to the large difference in absolute value between the figures for new business and the amount outstanding, the total for branch 23 nevertheless remained practically steady (-0.1%) despite a decline in new business and a negative market effect. However, there was a 4.5% rise in the outstanding total of branch 21 products, generated by investors' constant demand for greater security.

## LENDING

The low level of interest rates, persistent stock market gloom and measures to reduce registration fees once again stimulated demand for home loans in the Flemish Region in 2002, following a rather mixed year in 2001. Detailed figures for the mortgage loan market show that the main growth was in loans for the purchase of existing properties, rather than loans for new housing.

The total outstanding volume of mortgage loans granted by Dexia Bank increased by 6.5% to EUR 13 billion. Despite the adverse economic situation, consumer credit and overdraft facilities for private individuals increased to EUR 2.2 billion (+3.3%).

Loans to small businesses and self-employed persons grew by 5.9% to EUR 6.6 billion, bolstered by the sustained increase in investment loans and business financing.

## BANCASSURANCE

Premium income generated by retail customers in 2002 totaled EUR 1.6 billion, down 15.4% against the previous year, the main factor being the marked fall in branch 23 premium income (-33%). As in the case of investment funds, the fact that equity-linked products were out of favor with investors exerted a decisive influence. Dexia Life and Open Life saw a reduction in premium income despite the launch of two new alternative products: Dexia Life Values and Dexia Life Secure.

OUTSTANDING LOANS TO PRIVATE INDIVIDUALS, SMALL BUSINESSES  
AND SELF-EMPLOYED PERSONS, GRANTED BY THE DEXIA BANK GROUP (DEXIA BANK + DEXIA BIL)

(in millions of EUR)	Dec. 2001	Dec. 2002	% change
<b>Total private individuals</b>	<b>14,446</b>	<b>15,318</b>	<b>+6.0</b>
<i>of which: home loans</i>	<i>12,273</i>	<i>13,073</i>	<i>+6.5</i>
<i>consumer and other loans</i>	<i>2,173</i>	<i>2,244</i>	<i>+3.3</i>
<b>Small businesses and self-employed persons</b>	<b>6,285</b>	<b>6,655</b>	<b>+5.9</b>
<b>Total</b>	<b>20,730</b>	<b>21,973</b>	<b>+6.0</b>

Premium income in branch 21 enjoyed sustained growth (+23%) so that, in 2002, this segment accounted for almost 40% of life insurance premiums, against 26% in 2001.

Non-life premiums were up by almost 4% at EUR 0.28 billion. Here it should be noted that 90% of the fire, assistance and family insurance portfolios from Mega were transferred to Dexia Insurance.

PREMIUM INCOME IN 2002

(in millions of EUR)	Dec. 2001	Dec. 2002	% change
<b>Life</b>	<b>1,656</b>	<b>1,350</b>	<b>-18.5</b>
<i>of which: life (branch 21)</i>	<i>432</i>	<i>531</i>	<i>+23.1</i>
<i>life (branch 23)</i>	<i>1,225</i>	<i>818</i>	<i>-33.2</i>
<b>Non-life</b>	<b>271</b>	<b>281</b>	<b>+3.7</b>
<b>Total</b>	<b>1,927</b>	<b>1,630</b>	<b>-15.4</b>

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During the past year, activity in the field of private banking, asset management and fund administration was even harder hit than other activities by the difficult market conditions, which led to erosion of the volume of assets under management and a decline in transaction volumes, both at Dexia Bank in Belgium and at Dexia BIL and its specialist subsidiaries in Luxembourg and other European countries.

The special circumstances confronting Dexia Bank Nederland justify separate analysis of these various business lines, especially as they felt the full force of the Amsterdam stock exchange débâcle.

Nonetheless, the upward trend in fund administration activity bears witness to its continuing expansion.



## PRIVATE BANKING

Private banking is aimed at high-net-worth individuals, providing them with asset management services (investment advice and discretionary management) and financial engineering. In Belgium, Dexia Bank pursues this activity via its network of specialist Dexia Private Banking branches, adopting a segmented approach and working in alliance with the retail network based on the system of "duo-servicing". In Luxembourg and internationally, it is represented by Dexia BIL and its subsidiaries, the principal ones being Dexia Private Bank Switzerland and Dexia Banque Privée France.

As of December 31, 2002, the amount of private banking assets excluding Dexia Bank Nederland totaled EUR 30.8 billion, a decline of 9.2% against the end of 2001. This fall was due mainly to a serious deterioration in the markets and a negative (USD) exchange rate effect in the second and third quarters. Faced with this difficult environment, the bank steered its customers towards structured products offering protection from stock market fluctuations or opportunities to capitalize on them. This strategy, first applied in Luxembourg and later internationally, put the bank in a better position to cope in the fourth quarter. Thus, the year 2002 was notable for the volume of activity and the diversity of products offered.

Moreover, this approach was backed by an active retail marketing policy, increasing the number of home visits to customers and arranging contact evenings on investment topics.

Continuing the integration of Artesia BC, the teams of "private banking" sales staff were amalgamated with the teams of legal advisers and tax consultants, and the product range was extended (especially discretionary management products).

The Dexia/Cordius mutual fund range was revamped to incorporate the Luxembourg, Belgian, French and Irish Dexia/Cordius funds in the range of funds sold by Dexia BIL. The two main areas of work here were the introduction of uniform, consistent pricing and the restructuring of the entire range (eliminating duplication, etc.).

In Luxembourg, *dexiaplus*, an automated banking service launched in October 2001, secured its place as a communication channel and is now a fully-fledged part of the multi-channel strategy, in the same way as the contact persons and the Contact Center. The proportion of stock market transactions handled via the internet subsequently reached almost 50%.

Following the success of Axion, the Dexia Bank Belgium internet site, a website [www.axion.lu](http://www.axion.lu), once again aimed at young people, was set up in Luxembourg by Dexia BIL.

In addition, the expansion of private banking activities in the regions of northern Europe was a key focus of development in 2002. Dexia Nordic Bank Luxembourg, acquired in 2001, was thus integrated into Dexia BIL with promising results, as is evident from the favorable trend in the outstanding total, encouraged by enlargement of the business.

As of December 31, 2002, the outstanding private banking deposits held by Dexia Bank Nederland totaled EUR 2.1 billion (excluding Equity-Leasing), a drop of more than 48% against the end of 2001. The turbulent stock market climate, restructuring of the Labouchere network and the problems encountered by the share leasing activity thus created an environment which was hardly conducive to an effective sales campaign.

## ASSET MANAGEMENT

Dexia Asset Management (Dexia AM) is the Dexia Group's asset management entity. Its activities cover collective management, via investment funds, and discretionary management and advice for private and institutional clients.

Dexia Asset Management Belgium and Cordius Asset Management merged on January 1, 2002. In May 2002, Dexia Asset Management Belgium also transferred its fund administration operation to Dexia Fund Services Belgium.

Excluding Dexia Bank Nederland, the volume of assets under management totaled EUR 69.4 billion at the end of 2002, a fall of more than 9% since the end of 2001. This contraction is due mainly to the steep decline of the main stock market indices, causing a reduction in the value of



the assets under management which was not offset by new inflows of capital.

Nevertheless, organic growth came to almost 1%, thanks to the commercial success of institutional management by mandate (particularly as regards bond management) and to a lesser extent discretionary management and advice. As of December 31, 2002, the assets under management were broken down as follows: collective management (EUR 40.1 billion), discretionary management and advice (EUR 17.8 billion) and institutional management (EUR 11.5 billion).

The products managed by Dexia AM were reorganized to offer customers a logically structured product range. Accordingly, most of the old Cordius funds now bear the Dexia label. A number of funds were wound up or merged, and several new funds were launched simultaneously (mainly in the range of guaranteed capital funds). The range of ethical funds was augmented by six new sub-funds, five being designed for private customers and one Australian fund being reserved for institutional clients. Dexia AM has thus confirmed its desire to expand its range to products in the traditional active management category, index-linked funds and alternative forms of management.

As of December 31, 2002, the assets managed by Dexia Bank Nederland totaled EUR 4.4 billion, down by almost 46% against the end of 2001. This fall was due to an adverse market effect and the termination of the mandate for a major institution which was a client of the former Kempen & Co company.

## FUND ADMINISTRATION

Fund administration covers custodial banking activities, central administration and transfer agent activities. Dexia BIL

is the leading provider of this type of services in Luxembourg. An international network has been developed and comprises branches in Dublin, Zurich, Paris and Singapore, with the recent addition of Hong Kong.

In 2002, the continuing stock market slide triggered a fall in the value of assets on deposit, lower net fund subscriptions and the postponement of new projects. Nevertheless, 2002 was a very satisfactory year for every line of activity.

### • CUSTODIAL BANKING

Custodial banking consists in holding assets in the form of securities and cash for third parties. At the end of 2002, the volume of these assets totaled EUR 114.8 billion, a rise of 2.3% against the end of 2001. This growth was due mainly to the launch of the Zurich activity in the first quarter and widening of the customer base.

### • CENTRAL ADMINISTRATION

Fund administration and accounting involves setting up the funds, drafting the articles of association, keeping the accounts and calculating the net asset value. At the end of 2002, the number of net asset values to be calculated totaled 276,000. The number of funds and sub-funds came to 1,554 units, up almost 46% over one year.

### • TRANSFER AGENT SERVICES

These services, provided by FETA (First European Transfer Agent), a Dexia BIL subsidiary, involve keeping registers of fund shareholders, and processing subscriptions and fund unit repurchases. At the end of 2002, the number of repurchases / subscriptions totaled 5.24 million, a rise of 13% against the previous year.





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Dexia Bank's activities on the financial markets have been grouped within Dexia Financial Markets (DFM) and are organized on a matrix model based on two central elements: the lines of activity and the main legal entities (Dexia Bank, Dexia Crédit Local and Dexia BIL).

DFM's main role is to provide support for the bank's three basic activities by affording access to the products avail-

able on the capital market; it also contributes to the result by maintaining the bank's low risk profile.

Through DFM, Dexia Bank pursues nine lines of activity: Financial Engineering & Derivatives, Money Market, Credit Spread Portfolio, Securitization, Fixed Income, Long Term Funding, Forex, Market Strategies and Sales. Operational ALM also comes under the financial markets activity.



## FINANCIAL ENGINEERING & DERIVATIVES

By pooling their expertise and taking full advantage of the development opportunities offered by the market, the Financial Engineering and Derivatives (FED) activities achieved substantial progress in 2002.

In this context, Dexia Bank was thus the first Belgian bank to offer the public sector inflation-linked loans. It also pioneered a 'pooling' concept, which gives small entities access to sophisticated financial market techniques.

The FED division manages all the structured issues in the retail sector. In 2002 it was the first to issue a guaranteed capital euro bond with performance linked to investment funds. The trading activities produced excellent results. In both Brussels and New York, they capitalized to the full on the high volatility of the equity markets and the increase in intra-Group swap flows. Following incorporation of the former Artesia trading portfolio, active quoting of stock options was introduced for the benefit of the customers. In addition, as a result of innovative action plans, the FED division has become the Belgian market leader in structured financing intended for stock option plans for large corporations.

## MONEY MARKET

In the euro-bond field, Dexia is the market-maker in EONIA swaps, REPO and treasury certificates for euroland. In addition, Dexia was the leading Primary Dealer in both the primary and the secondary markets in Belgian treasury certificates in 2002.

Dexia Bank is also a highly active counterparty in the management of foreign exchange cash positions (USD, GBP, CAD, DKK, CHF, JPY). The adoption of a dynamic, proactive approach, using derivatives and REPOs, enabled this activity to make a substantial contribution to the result.

In 2002, the alternative sources of short-term finance were greatly expanded. Dexia Bank Belgium became the competence center for obtaining funding from the central banks. As of

December 31, 2002 the volume of this type of finance totaled EUR 4.6 billion, plus EUR 1.7 billion from institutional players and supranational bodies.

The end of 2002 also saw the launch of a "Euro Commercial Paper" program totaling EUR 5 billion.

## FIXED INCOME

This activity, pursued under the name of Dexia Capital Markets (DCM), consists mainly in financing the Group by issuing bonds for subscription by both institutional and private clients. It also involves playing the dual role of Primary Dealer in Belgian government bonds and market maker for Dexia Municipal Agency mortgage bonds. In addition, DCM organizes bond issues for local authorities.

In 2002, DCM led 29 issues for a total of EUR 2 billion, 22 being intended to finance the Dexia Group. The six issues which DCM launched for third parties were those for the cities of Milan, Montreal, Madrid and Copenhagen, the Region of Abruzzi and Kommunalkredit Austria. DCM also took part in 187 bond issues for third parties as co-lead and co-manager. The stock market slump combined with the likelihood of a continuing fall in interest rates explain private individuals' preference for this type of fixed-income investments.

DCM's activities as a Primary Dealer in linear bonds were a major factor in the success of the "MTS Belgium" electronic trading platform. 2002 also saw the launch of a dealing activity via the Bloomberg electronic trading system which enables Dexia to offer its business and institutional clients the opportunity to conclude totally automated transactions relating to over 400 bonds.

## FUNDING

Dexia Bank finances its activities by fixed-rate, variable-rate and structured issues which may be linked to an index or a basket of indices, a basket of shares, funds or a basket of funds.

In 2002, the bank arranged issues totaling EUR 2 billion at maturities of over two years. EUR 723 million were placed in the form of variable-rate instruments and pri-

vate structured placings with institutional investors. EUR 1,213 million were placed with private individuals, mainly through the branch network. This concerned fixed-rate bonds under the Euro Medium Term Notes (EMTN) program and structured bonds with the option of early redemption, not included in the EMTN program. Finally, Dexia Bank opened a long-term credit line totaling EUR 100 million for the Council of Europe Development Bank, of which EUR 50 million was drawn in 2002.

## CREDIT SPREAD PORTFOLIO (CSP)

The activity of this division consists in investing in a highly diversified portfolio of lending to borrowers with whom the bank does not have any direct commercial relationship. A distinction can be made between the specialist "Credit & Credit Derivatives" activities (involving public authorities, banks, insurance companies and, to a lesser extent, corporate clients) and the "Mortgage Backed & Asset Backed Securities (MBS/ABS)" activities. The ultimate aim is to generate steady, recurrent income while safeguarding the low risk profile of the bank and of the Group.

In 2002, the portfolio activities underwent fundamental reorganization and the investment strategy was updated, leading to a new code of conduct and the creation of a weekly credit committee.

As the main CSP centers, Brussels, Dublin and New York were assigned specific asset classes. It was also decided that, from 2003, the European CSP activities of Dexia Bank would be concentrated on its branch in the Dublin financial center, while the CSP activities of the New York branch would be divided among several specific niches linked to the local presence on the American market.

## FOREX (FOREIGN EXCHANGE)

The "Spot" desk activity experienced a large decline in the volume of business for both external and internal clients (Dexia AM). The results of own account operations (trading) therefore played a dominant role in the attainment of the objectives.

## SECURITIZATION

Integration of Artesia Financial Markets in Dexia Financial Markets enabled the latter to extend its activity to the Securitization division. This new line of activity is pursued partly in Brussels and partly in Seattle via Artesia Mortgage Capital Corporation. This entity aims to offer public sector clients and other financial sector customers an alternative source to traditional funding.

The primary aim of Artesia Mortgage Capital Corporation (AMCC) is to take maximum advantage of the opportunities for arbitrage on the American mortgage markets. In this context, AMCC develops and securitizes home loans. In 2002, AMCC securitized the equivalent of USD 300 million. AMCC also made resources available for the conclusion of long-term real estate leasing loans with the federal government, and the American states and municipalities.

## MARKET STRATEGIES

The 'Market Strategies' division takes positions on rates and shares for the bank and engages in arbitrage between financial markets to generate profits. In 2002, the Group's low risk profile was maintained. In fixed-income products, a number of strategic positions on rates were taken, while long-term positions taken previously progressed as planned in terms of margin and at economic level.

In the case of the share activities, a market risk hedging strategy was implemented during the second half of 2002, the intention being to reduce the volatility of the results of this activity.

## SALES

The trading desks provide support for sales activities serving not only corporate and institutional clients but also a public sector and "social profit" clientele. The unsettled economic and financial climate led to a fall in the number of Forex transactions, with many institutional clients demonstrating greater caution with regard to investments. In this con-



text, the investor – always seeking the best possible return – showed growing interest in structured products involving quality borrowers.

In the case of public authorities, Dexia continued to increase its share of the local authority funding market via Commercial Papers. The number of programs for this type of paper increased to 12, and the volume rose by 30% to EUR 17 billion.

## OPERATING ALM

This division concerns the management of the balance sheet structure relating to the interest rate risk and the liquidity risk connected with the assets and liabilities originating from clients. It aims to optimize the trans-

formation margin and the equity within authorized risk limits. The task of operating ALM is to keep the agenda and implement optimization techniques in the range of permitted instruments (on and off-balance sheet). In this respect, it operates under the authority of the Market Committee / Strategic ALCO (Asset and Liability Committee). Operating ALM also has to anticipate macro-economic developments which are liable to occur on the financial markets. Furthermore, it has to analyze interest rate scenarios and offer ALCO appropriate hedging strategies.

Operating ALM takes place essentially in euro. However, other currencies are also used where there is real commercial activity in those currencies. This activity concerns the balance sheets of all the entities forming part of Dexia Bank.









## CORPORATE GOVERNANCE

### THE BOARD OF DIRECTORS<sup>1</sup>

#### • COMPOSITION OF THE BOARD OF DIRECTORS (AS OF MARCH 1, 2003)

Dexia Bank SA is managed by a Board of Directors comprising a maximum of twenty-six members, appointed by the general meeting which also has power to dismiss them. The majority of the directors, other than those on the Management Board, must be public representatives of local authorities.

As of March 1, 2003, the Board comprised 24 members:

#### Chairman

- Marc DECONINCK, burgomaster, Beauvechain

#### Vice Chairmen

- Pierre RICHARD, Group Chief Executive Officer and Chairman of the Management Board of Dexia SA
- Jef GABRIELS, burgomaster, Genk

#### Members of the Management Board

- Axel MILLER, Chairman
- Martine DECAMPS, Vice Chairman
- Michel BOUTEILLE
- Jean-François MARTIN
- Michel HÉNAUT
- Claude PIRET

#### Other directors

- Eric ANDRÉ, municipal councilor, Uccle
- Frank BEKE, burgomaster, Ghent
- Rik BRANSON, Chairman of the Management Board of the Arco Group
- Louis BRIL, alderman, Roulers
- Wivina DEMEESTER, municipal councilor, Zoersel
- Didier DONFUT, burgomaster, Frameries
- Benoît DRÈZE, provincial councilor, Liège
- Daniel DUCARME, municipal councilor, Schaerbeek
- Marc JUSTAERT, Chairman of the National Alliance of Christian Mutual Societies
- Loïc LE MASNE de CHERMONT, regional councilor, Pays-de-la-Loire (France)
- François MARTOU, Chairman of the Christian Workers Movement

- Josly PIETTE, Secretary General, Confederation of Belgian Christian Unions
- Tony VAN PARYS, municipal councilor, Ghent
- Herman VAN ROMPUY, senior lecturer
- Rembert von LOWIS, member of the Management Board of Dexia SA

All terms of office expire on April 26, 2006.

There is no age limit for members of the Board of Directors, except for the limit of 65 years for members of the Management Board.

#### • CHANGES IN THE COMPOSITION OF THE BOARD OF DIRECTORS

On March 28, 2002 the extraordinary general meetings of Dexia Bank Belgium SA, BACOB SA, Artesia Banking Corporation SA and Artesia Services SCRL approved the merger whereby Artesia Banking Corporation SA (which subsequently changed its company name to Dexia Bank Belgium) absorbed the other three companies. The merger took effect on April 1, 2002. Following this operation, the composition of the bank's Board of Directors resulting from the merger was revised and a new Board of Directors was installed. 26 new directors were appointed. They were Mrs Martine Decamps and Mrs Wivina Demeester and Messrs Luc Onclin, Axel Miller, Michel Bouteille, Michel Hénaut, Jean-François Martin, Claude Piret, Frank Beke, Rik Branson, Louis Bril, Jean-François Copé, Marc Deconinck, François-Xavier de Donnea de Hamoir, Didier Donfut, Benoît Drèze, Daniel Ducarme, Jef Gabriëls, Marc Justaert, Loïc Le Masne de Chermont, Pierre Richard, Rembert von Lowis, François Martou, Tony Van Parys, Herman Van Rompuy and Josly Piette. Their term of office expires at the end of the annual general meeting in 2006.

On March 28, 2002, the extraordinary general meeting was immediately followed by a Board of Directors' meeting which appointed Mr Marc Deconinck as Chairman and Messrs Jef Gabriëls and Pierre Richard as Vice Chairmen. This same board appointed seven of its number with professional banking and financial experience as members of the Management Board. More particularly, these were Mrs Martine Decamps

<sup>1</sup> Article 2 of the law of 6 August 1931 (M.B. of 14 August, 1931) forbids ministers, former ministers and State ministers as well as members and former members of Legislative Assemblies to mention their status as such in acts and publications of profit-making companies.



and Messrs Luc Onclin, Axel Miller, Michel Bouteille, Jean-François Martin, Michel Hénaut and Claude Piret. Mr Luc Onclin was appointed as Chairman and Mrs Martine Decamps as Vice Chairman of the Management Board.

At the meeting on May 22, 2002, the board noted the resignation of Mr Jean-François Copé as a director following his appointment as State Secretary in the French government. He was not replaced. On September 11, 2002 the Board of Directors appointed Mr Eric André, municipal councilor, Uccle, as a director temporarily replacing Mr François-Xavier de Donnea, who resigned. Mr Eric André was finally appointed as a director by the extraordinary general meeting on October 31, 2002.

Mr Luc Onclin tendered his resignation as a director and Chairman of the Board of Directors with effect from January 1, 2003. Mr Axel Miller succeeded him as Chairman of the Board of Directors.

#### Operation of the Board of Directors

The Board of Directors is regularly informed of the progress of the various activities and the financial results of the company and its subsidiaries in the sphere of the basic activities.

The Board of Directors conducts the general policy as determined at Group level. This means that it decides the strategic options for the bank in accordance with the basic strategy devised at Dexia Group level, approves the plans and budgets and any major structural modifications. It thus ensures that the Group's unity is preserved in terms of activities and aims to exploit synergy and create shareholder value.

Within this general framework, the protocol on the autonomy of the banking function guarantees the management autonomy of the Board of Directors. In connection with its supervisory function, the Board of Directors has powers of investigation. It may ask for reports from the Management Board.

At its meeting on January 29, 2003, the Board of Directors approved the "Internal rules on the exercise of external functions by the bank's executive staff". These rules were drawn up in accordance with the new Article 27 of the law of March 22, 1993 on the status and supervision of credit institutions.

#### • SPECIALIZED COMMITTEE SET UP BY THE BOARD OF DIRECTORS

##### Audit Committee

On July 17, 2002, the Board of Directors decided to set up an Audit Committee composed of Board members. Its operation is formalized by internal rules of procedure determining its composition, powers and periodic reporting arrangements.

The Audit Committee, installed on December 18, 2002 is composed of three members who may not be members of the Management Board. One of them represents the main shareholder, Dexia SA. The Auditor General of the bank and, at his request, the Group Auditor General, the Chairman or a member of the Management Board and the bank's auditors attend the meetings.

The Audit Committee currently comprises Marc Deconinck, Chairman and Messrs Herman Van Rompuy and Rembert von Lowis. The latter was appointed as the representative of Dexia SA.

The Audit Committee assists the Board of Directors in performing its task of supervising the affairs and the management of the bank in accordance with the principles of corporate governance.

## MANAGEMENT

#### • COMPOSITION OF THE MANAGEMENT BOARD

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

The Management Board currently has six members:

##### Chairman

Axel MILLER

##### Vice Chairman

Martine DECAMPS

## Members

Michel BOUTEILLE  
Jean-François MARTIN  
Michel HÉNAUT  
Claude PIRET

### • CHANGES IN THE COMPOSITION OF THE MANAGEMENT BOARD

On March 28, 2002, after the meetings which approved the merger, the Board of Directors met to appoint a new Management Board composed of seven members. Mr Luc Onclin was appointed Chairman with Mrs Martine Decamps as Vice Chairman and Messrs Axel Miller, Michel Bouteille, Jean-François Martin, Michel Hénaut and Claude Piret as members of the Management Board.

Mr Luc Onclin decided to resign as director and Chairman of the Management Board of the bank with effect from January 1, 2003, for personal and family reasons. On the proposal of the Board of Directors and with the approval of the Banking and Finance Commission, Mr Axel Miller was appointed as Chairman of the Management Board with effect from January 1, 2003, succeeding Mr Luc Onclin.

### • OPERATION OF THE MANAGEMENT BOARD

The Management Board deals with the actual management of the bank in accordance with the general policy guidelines laid down by the Board of Directors, and indirectly by the Dexia Board of Directors. The Management Board has the necessary decision-making powers for this purpose, and powers of representation. The Management Board operates in accordance with the principle of joint and several liability.

## COMPANY NAME

The extraordinary general meeting on March 28, 2002 changed the name of the Artesia Banking Corporation to "Dexia Banque Belgique", "Dexia Bank België", "Dexia Bank Belgien", "Dexia Bank Belgium", abbreviated as "Dexia Banque" and "Dexia Bank" with effect from April 1, 2002.

## CAPITAL STOCK

### • CHANGES IN THE CAPITAL

#### Capital increases following the mergers by absorption

Following the merger whereby Artesia Banking Corporation SA (now called Dexia Bank Belgium) absorbed Dexia Bank Belgium SA, BACOB SA and Artesia Services SCRL, the authorized capital was increased and new shares were issued. On April 1, 2002 the capital stock of the bank following the merger totaled EUR 2,891,285,768.94, represented by 346,518,163 registered shares of no par value.

#### Capital reduction to be effected by reimbursing Dexia SA for the shares held in the capital of Dexia Banque Internationale à Luxembourg SA

In order to simplify the organization chart of the Dexia Group, the Board of Directors of Dexia Bank SA decided, at its meeting on January 29, 2003, to transfer the interest held (directly and indirectly) by the bank in the capital of the public limited liability company incorporated under Luxembourg law, "Dexia Banque Internationale à Luxembourg", to the holding company, Dexia SA. This operation will be effected by reducing the capital of Dexia Bank Belgium SA by EUR 1,967,592,534.32 by repayment (i) in kind to the main shareholder, Dexia SA and (ii) in cash to the minority shareholders. This will reduce the capital stock of Dexia Bank Belgium SA from EUR 2,891,285,768.94 to EUR 923,693,234.62. This capital reduction will be submitted for the approval of the shareholders during the first half of 2003, once consent has been obtained from the competent Belgian and foreign supervisory authorities.

## SHAREHOLDER STRUCTURE – FOUNDERS' SHARES

The capital stock of Dexia Bank SA is currently represented by 346,518,163 shares held by Dexia SA (346,518,157 shares), Dexia Crédit Local (3 shares), Artesia Leasing & Renting SA (2 shares) and Arcofin SCRL (1 share).



There are 300,000 registered founders' shares. These shares have no par value and do not represent the capital stock. The rights attached to them are described in the articles of association.

## PROFIT APPROPRIATION POLICY

The dividend is determined according to earnings growth and the Group strategy. At the Ordinary General Meeting on April 30, 2003, the Board of Directors will propose a dividend of EUR 284.2 million.

## COLLEGE OF STATUTORY AUDITORS

Since March 28, 2002 the supervision of the financial situation and the accounts of the bank has been entrusted to a College of Statutory Auditors comprising two firms of company auditors:

- PricewaterhouseCoopers, SCCRL, company auditors, represented by Messrs Daniel Van Woensel and Robert Peirce who was appointed as auditor by the Extraordinary General Meeting on March 28, 2002 for a 3-year period;
- Deloitte & Touche, SCRL, company auditors, represented by Mr Jozef Vlaminckx whose term of office was renewed by the Ordinary General Meeting on April 24, 2002 for a 3-year period.

The annual remuneration of the College of Statutory Auditors was fixed by the Extraordinary General Meeting on March 28, 2002 at EUR 545,365.76 for its statutory work of auditing the accounts and supervising the company's financial position.

In addition, for the 2002 financial year, PricewaterhouseCoopers was entrusted with a number of special tasks for a total of EUR 1,049,516.00, made up of EUR 995,631.00 for other special tasks and EUR 53,885.00 for other certification tasks.

Deloitte & Touche submitted an invoice in 2002 for fees totaling EUR 29,456.55 in connection with their work as Qualified Intermediary at ex-Artesia for the 2001 financial year.

## COMPLIANCE

In conformity with the basic strategic options of the Dexia Group, and pursuant to the Banking and Finance Commission circular published on the subject at the end of 2001, Dexia Bank Belgium SA has equipped itself with a strong "Compliance" function.

Since the merger between Artesia Banking Corporation SA, Dexia Bank SA, BACOB SA and Artesia Services SCRL, the bank has set up a Compliance Division comprising a dozen experts under the direction of the Bank's Compliance Officer, who reports directly to the Chairman of the Management Board.

The new Compliance Division, working with the departments concerned, very quickly took on the task of defining principles and procedures designed to increase the protection against any use of banking networks for illegal purposes, such as money laundering and tax evasion. Thus, a strict customer acceptance policy already applies to all business lines.

The Compliance Division also focuses on compliance with the law, regulations and ethical principles in all other spheres assigned to it by the Management Board, such as transactions in financial instruments, privacy protection, the rules on incompatibility of offices, transactions for the own account of staff members, etc.

## AUDIT AND SUPERVISION

Dexia Banque SA, which deliberately opts to pursue activities with a low risk profile, has introduced a uniform audit system which meets the requirements of the Banking and Finance Commission as well as the rules defined by Dexia Group Audit.

At the time of the legal merger between Dexia Bank SA, Artesia Banking Corporation SA, BACOB SA and Artesia Services SCRL, the two audit teams were immediately reorganized under the direction of a new Auditor General on the basis of the new bank's structure. The operation of these departments is based on a harmonized audit plan and a uniform methodology.

In 2002, in collaboration with the other audit departments directed by Group Audit, an overall approach to risks, the common audit methodology and the reporting and monitoring procedures relating to the Group's holding structure were developed.

Control of both the former Dexia Bank branches and those of BACOB and Artesia Banking Corporation was also reorganized in a single department called "Network Audit". The audit systems responsible for risk assessment in the bank branches or the hub and spoke network were devised on the basis of an integrated system.

On the initiative of Group Audit, a new audit charter was drafted and approved by the Board of Directors, thus strengthening the links between Group Audit and the audit departments of the Group's other operating entities. As a corollary, improved control over the subsidiaries of Dexia Bank SA was established by means of Service Level Agreements specifying the mutual auditing rights and obligations. In 2003 this control will be systematically applied.

The audit plan for 2002 naturally placed the emphasis on monitoring the integration of the three banks so that the risks inherent in a merger can be properly identified and analyzed.



## STAFF AND RESOURCES

### HUMAN RESOURCES

As of December 31, 2002, Dexia Bank had 9,210 employees, or 8,481 active full-time equivalents, 6.9% fewer than in 2001. This outcome was achieved by restricting external recruitment to fixed-term contracts and, exceptionally, to permanent contracts of employment.

Throughout 2002, all attention centered on both the quantitative and the qualitative aspects of employment. First, the management and unions laid the foundations for mutual cooperation by asserting their resolve to conduct the negotiations in a climate of dialogue and openness. At the same time they reiterated their wish to examine all employment options in order to minimize the impact of job cuts on employment. This is a considerable challenge: we need to reconcile two staff status systems and adopt harmonized procedures, at the same time developing a new human resources policy which motivates staff and preserves key skills while still remaining competitive on the Belgian market.

Much effort went into informing managerial personnel and raising their awareness, in order to involve them without delay in the routine management of their staff, although the various status systems and strict observance of staffing plans are currently making staff management more difficult.

The first major step towards integration took the form of the March framework agreement which led to the signing, in May, of a collective labor agreement on the organization of the salaried network. This network, while endeavoring to maintain customer satisfaction, will be redeployed to improve profitability and ensure continuity. Interviews were held with staff of the salaried network in order to discuss the practical options with each individual: moving within the salaried network or transferring to the independent network, switching to an administrative office or opting for a redundancy plan.

The signing of four collective labor agreements (CLA) at the beginning of July 2002 was the second stage in the integration process. The first of these agreements deals with the consequences of the internal reorganization and geographical moves caused by the integration. The second guarantees a certain volume of employment under a medium-term plan up to 2006, with a collective employment guarantee and the preparation of individual measures. The third CLA formalizes the retraining and redeployment rules via the "Job Center". This defines the whole system of managing the internal employment market: priority for staff whose jobs are eliminated, maximizing of each person's retraining potential, active support in the form of individual training plans, optimal use of fixed-term contracts, establishment of a joint monitoring unit. The fourth agreement sets out the social plan and comprises two major sets of measures: one encouraging time credit and the other offering various early retirement formulas for older staff.

The integration of Artesia BC entailed detailed work to harmonize the human resources management tools and processes. The preparation of a new assessment system in 2002 was a first step in this direction. The harmonization of the staff banking benefits was also covered by a CLA concluded in the first few days of 2003.

### IT RESOURCES

The merger of the IT systems of Dexia Bank SA, BACOB SA and the former Paribas Belgique is beyond doubt the most important and crucial of all the projects under the integration plan, and its success will determine the scale of the synergy in terms of both costs and income.

During the past year, intensive work has gone into the development of a reference system containing information common to all the applications. Later stages will concern transactions geared to products and the information system, in other words the commercial and management applications. In practice, an effort was made to ensure that, simultaneously with the legal merger, all the necessary IT adjustments were completed so that the company could present a unified image to the outside world. Working jointly with the back office and front office teams, the dealing rooms were merged on the basis of sequential integration of products, monitoring systems





and associated back offices. In September the new accounting platform was set up and everything necessary was done to ensure the required minimum links between the various staff management applications.

As a result of the IT adjustments made to Dexia Bank's SSB machines and BACOB's Multimatic machines, all customers can now use any machine in the two networks to effect their current transactions. The period for testing the other applications relating to payments was extended in order to minimize any problems which customers might encounter following implementation.

## REAL ESTATE

In the first few months of 2002, work on fitting out the Galilée building continued, particularly the Management Board facilities. The work of removing asbestos from the Pacheco building, which began in April 2002, will take about another year. As regards the Centre International Rogier (CIR), the new building to be erected, a project group has been set up which is to conduct a study on the feasibility of accommodating the Dexia Bank central services.

As part of the integration with Artesia BC, speedy reorganization of all the divisions was desirable after the legal merger. A general removal plan covering the period from April 2002 to October 2003 was drawn up for that purpose. The move to the Galilée building and vacation of the Pacheco building involved moving 6,095 staff in 2002. By the end of 2002, 61% of all employees were located in accordance with the removal plan.

In order to improve flexibility in the management of its real estate while ensuring medium and long-term stability of location, Dexia Bank sold off five of its buildings in Brussels to the real estate company, Cofinimmo. Via the sale & rent-back deal, the bank will rent these buildings back under medium and long-term leases. This concerns three central offices of Dexia Bank (De Ligne, Meiboom, Congrès), one regional office (Seny Auderghem) and the Livingstone complex housing DVV.

As regards branch integration, implementation of the plan for a mixed network has begun. This entails a number of building projects, removals and closures, and non-renewal of some leases. Two provincial BACOB offices have been sold, namely the Bruges office and the Hasselt office.

Integration aside, a total of 28 new or refurbished branches were opened. This is considerably fewer than in earlier years because no new projects were started until the merger scenario had been finalized.

## COMMUNICATION

The success of the integration project owes much to the information supplied on the subject to everyone involved. A clear explanation of the business plan, presentation of the objectives and determination of each person's role are vital to ensure the loyalty of staff and customers.

A survey conducted by an external consultant among 150 to 200 staff highlighted the strengths and weaknesses of internal communication on the integration. It supplied some interesting information which can be used to construct a new corporate culture. A common intranet site called *Intradexia* and an electronic newsletter comprising online video modules were introduced to facilitate the dissemination of information in a targeted, flexible manner at crucial moments during the integration process.

As regards external communication, a mass media campaign was conducted during the first half year to reinforce the brand image and positioning of Dexia Bank on the Belgian banking scene. In addition, in order to highlight the Dexia Bank name, numerous measures were taken in connection with some major sponsorship projects, such as that concerning the Belgian national football team during the World Cup in Japan and Korea, and the performance of the Bruges Football Club in the Champions League.



## RISK MANAGEMENT

One of the essential elements of the banking business is the management of miscellaneous risks, which can be divided into several categories. These include market risks, liquidity risks, credit risks, insurance risks and operational risks.

Dexia Bank's risk policy is in line with the approach adopted at the level of the Group as a whole. In practice, two principles ensure consistent risk management at the level of the Group and of the entities:

- strategic control is centralized, coming under the Dexia Group Management Board;
- operational management is decentralized but coordinated by the Dexia Group.

## CREDIT RISK

### • ORGANIZATION

There were no substantial changes in 2002 to the organization of the Credit Risk Management teams and decision-making procedures.

Decisions are taken at three levels: the first concerns the volume of the consolidated commitments, the second concerns their hedging and the third concerns counterparty quality. The decision-making bodies are composed of equal numbers of representatives of the business line concerned and representatives of the risk department. In addition, the largest commitments are submitted to the Dexia Group Management Board.

### • RISK MEASUREMENT

The teams responsible for the methodology devoted themselves to developing new rating systems and improving the existing systems, regardless of the type of counterparty. This work aims at alignment with the conceptual and operational requirements of the Basle proposals. It is also intended to meet the requirements of professional risk management in accordance with best market practice. The use of models aims to improve the discriminating ability of the quantitative and qualitative analysis and to

ensure that precise parameters are set, guaranteeing that the analysis is consistent throughout the organization.

This work all comes under the Basle II project, which is a horizontal Group project. In certain areas, the internal resources allocated to conceptual development have been augmented by calling in external consultants and assistance from the academic world. Some of the models have already reached the test phase, ensuring that, by the beginning of 2004, risk measurement will conform to the Basle standards.

At the beginning of 2002 a new regular reporting system was introduced. It permits much more accurate monitoring of the risk profile of each of the segments of activity and of each entity and subsidiary. This reporting concerns in particular the detailed pattern of risk profiles, the quality of new business, the maturity of the commitments and their sectoral and geographical breakdown. For each of these elements, the expected default rate is constantly analyzed, permitting a prior estimate of the cost of the lending activity.

### • LIMITS AND ECONOMIC EQUITY

The system of limits is based on the allocation of the economic equity, permitting incorporation of all the risk parameters (volumes, rating, collateral and maturity) in a dynamic approach.

The commitments were redefined in accordance with the Group's conservative risk profile and its strategic priorities. As regards corporate loans, Dexia Bank gives preference to certain sectors of activity where it has greater expertise and better client monitoring.

At consolidated level, there are instruments which specifically track the largest commitments. In this context, in the event of excessive concentrations due to the reorganization associated with the creation of the Dexia Group, flexible commitment reduction programs were introduced, and were already having an effect in 2002.

### • THE BASLE II PROJECT

The study and implementation of the Basle II recommendations was the main project for the Credit Risk Department in 2002. This project, which concerns the whole of the Dexia Group, is being headed by a team set up at holding company level.

The third Basle proposals impact study ("Quantitative Impact Study no. 3") requested from leading banks in the

market, received special attention. It led to an extremely detailed report on the structure and content of the databases.

The results of this study are in line with those produced by the banking industry, and make it possible to establish a positive link between equity gains and the sophistication of the methods used. While Dexia Bank's substantial retail banking activity permits considerable savings in terms of the equity allocated, the significant share of the total volume represented by the local public sector prevents any significant gains except by the most advanced method ("Internal Rating Based Approach - Advanced"). The Basle II project approach ensures maximum conceptual and operational consistency with the I.F.R.S. project, in order to take optimal advantage of the numerous parallel features of the two projects. This should keep costs to a minimum when the projects are implemented.

#### • LENDING ACTIVITY

The chart below shows the breakdown of Dexia Bank credit commitments by type of client.

##### Wholesale

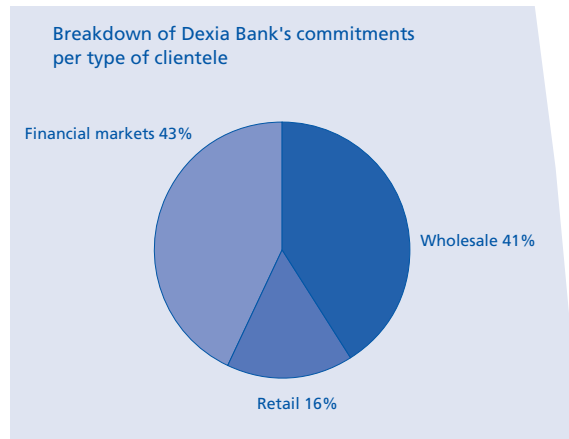
In the case of the first business line, the local public sector accounts for 59% of the volume of lending, corporate clients represent 32% and non-market organizations 9%. A restrictive policy has led to improvements in the average portfolio quality, both in the corporate segment and for small businesses. Suitable management tools and several years' experience which Dexia has gained in measuring the RAROC are crucial advantages in managing this activity.

##### Retail

In retail financial services, 71% of loans are granted to private individuals and the credit risk there is generally particularly low. Scoring tools already adapted to the stringent requirements of Basle II, which will not take effect until 2007, are already ensuring optimal retail market risk management.

##### Financial markets

As regards the Credit Spread Portfolio, the bank has succeeded in improving the overall rating of its portfolio by its risk hedging policy and prudent renewal of its outstanding commitments (the average rating of new transactions is AA-). The average life of its portfolio – under 3.5 years – has also been kept under control.



Credit facilities opened for financial institutions meet the same prudence criteria. However, more stringent limits have been introduced for transactions with a life of over two years and no credit is granted to non "investment grade" banks unless the group to which they belong is of better quality.

#### • RISK PROFILES

The breakdown of Dexia Bank's counterparties according to their rating illustrates the bank's very favorable risk profile.

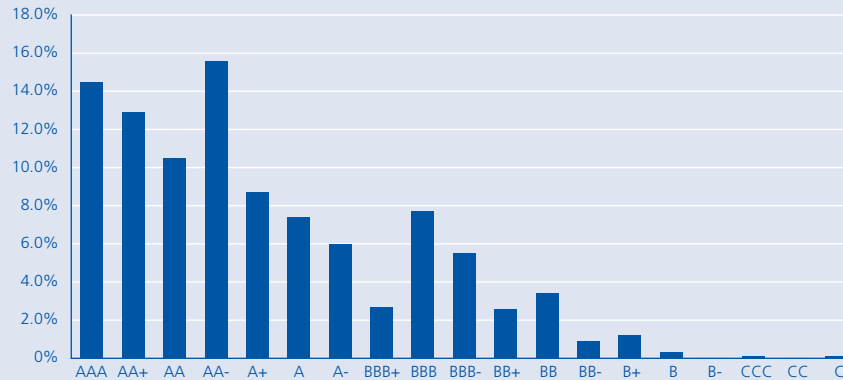
The lowest ratings concern lending to professionals and small businesses, which also offers the benefit of wide diversification and more favorable hedging ratios.

The geographical breakdown of the commitments varies greatly from one business line to another. 92.9% of lending in the first business line is located in Belgium, and so is 98.8% of lending in the second business line. In the Netherlands (via Banque Artesia Nederland), these proportions are decidedly lower, at 4.4% and 0.7% respectively. The share of other countries is marginal, and in the case of non-OECD countries the commitments generally concern subsidiaries of major groups or transactions hedged almost entirely by the Office National du Ducroire.

Counterparties in North America and Europe represent 56% and 39% respectively of the Credit Spread Portfolio. 70% of bank lines are opened for institutions in the European Union, and 24% for European banks outside the EU. 44% of sovereign paper held by the bank is issued by Belgium, 23% by Italy and 29.3% by other European Union countries.



Breakdown of Dexia Bank's counterparts per type of rating



The breakdown of Dexia Bank's commitments by sector is also highly diversified. While the national, regional and local public sector represents 50% of the commitments, the financial counterparties sector 27% and the social sector 5%, no commercial or industrial sector exceeds 3%. Furthermore, the particularly vulnerable sectors (telecommunications and air transport in 2002) are specially monitored, even in the case of small risks.

## MARKET RISK

### • MARKET RISKS COMMITTEE

Dexia Bank arranges a weekly Market Risks Committee to monitor the activities of ALM, Market Strategies and DFM. The Weekly Operational Committee is more of a discussion platform, intended for debating, elaborating on and validating operational issues which are of common concern at the level of Market Risk Management, Back Office and Front Office.

### • MARKET RISK MANAGEMENT MEMOS

Writing management memos, defining limits and establishing an operating framework are the cornerstones of the financial market and risk management activities. The Dexia management memos adhere to a format which conforms to the precepts of sound management of the banking activity, the statutory requirements and the Bank's strategic and tactical planning.

### • RISK FRAMEWORK AND RISK MONITORING

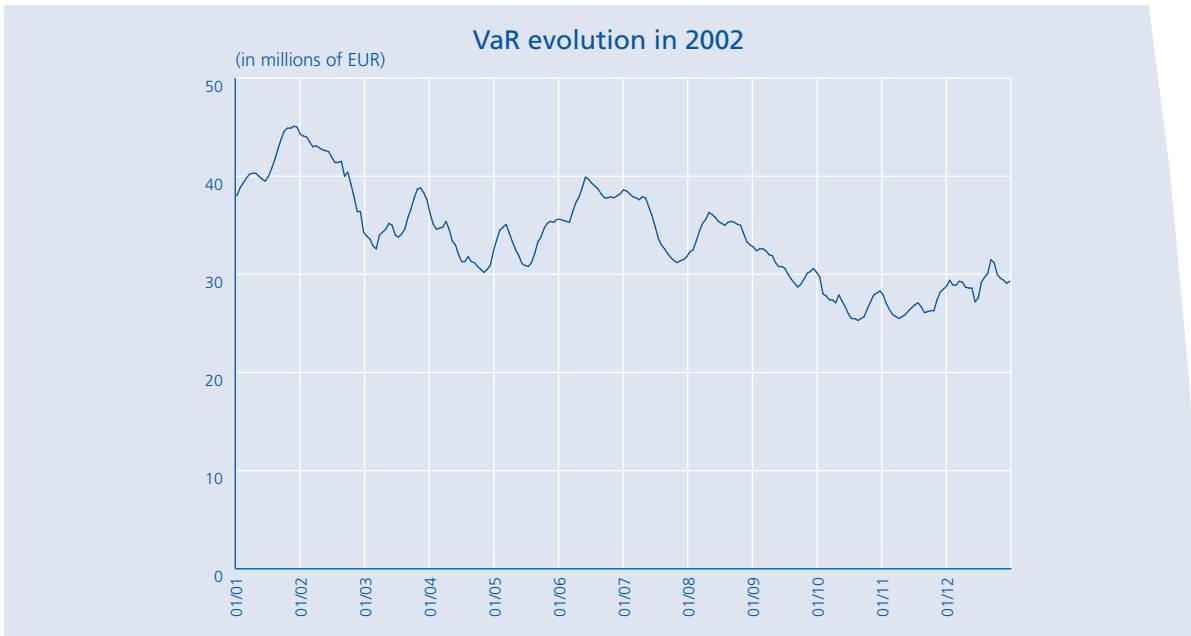
Market risks are monitored and a report on the subject is produced by the Market Risk Management division, which has defined a consistent framework of risk policies and limits in order to manage and control the risks taken by the Financial Markets operation. The final market risk policy and the framework of limits are harmonized and validated at Dexia Group level by Group Risk Management.

A key element of this risk framework is the Value at Risk (VaR) limit set per business line and activity desk. The VaR limits are complemented with nominal volume limits, limits on sensitivity to interest rates and margins, limits on sensitivity to options (delta, gamma, vega, theta, rho), Monte-Carlo analysis and stress-testing.

### • MARKET RISK METHODOLOGY

Dexia Bank's market risk methodology is based on quantitative and qualitative standards contained in the European Union's capital adequacy directive and on the rules of the Basle 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 market parameters during a particular period of time (10 days).



In the VaR method, the volatility and correlation parameters are estimated on the basis of historical market data. The underlying time series consists of one year equally-weighted observations.

To provide an integrated measure of the risk associated with the majority of market activities, a parametric approach is used. The VaR of specific portfolios affected by a significant optional risk is calculated via the Monte-Carlo method.

The VaR not only measures the primary risk, but is also a key element in the determination of the economic capital and the RAROC measure of Financial Markets activity.

The above chart shows the VaR for the market activities of Dexia Bank Belgium in 2002. This concerns the overall market risk position for Money Market, Financial Engineering & Derivatives, Fixed Income, Forex and Market Strategies.

#### • ARTESIA BC INTEGRATION PROCESS

Once the target systems for Dexia Financial Markets had been chosen and set up, all the Artesia BC transactions were transferred and the necessary interfaces were created. These systems supply the data base of Market Risk Management performance and risks, allowing quick and effective global risk reporting. The aggregate reporting has been redesigned with a view to daily monitoring of

market value fluctuations. The VaR calculations are also based on the overall dealing room positions.

## OPERATIONAL RISK

The general policy on operational risk management was modified in 2002. The intention is that all staff should understand the system to be used to evaluate this type of risk in all activities.

Operational risk management comprises two particularly important aspects:

### Cause analysis

When the risk has already materialized, analysis of the causes makes it possible to find solutions preventing its recurrence. In the case of potential risks, it permits assessment of the probability that the risk will occur. At this stage it is a question of identifying the main source of the problems detected among the categories implicitly defined by the Basle Committee (processing procedures, information systems, human factors or factors external to the business).

### Evaluation of the financial and non-financial repercussions

Here, the main point is to devise preventive measures limiting the repercussions of operational risks



(“corrective” controls, insurance, and other hedging). Non-financial repercussions include non-compliance with economic and social regulations.

The Dexia Group has drawn up a list of operational losses and incidents which will be disseminated progressively in all group entities, constituting an initial basis for analysis with a view to operational risk management.

## ALM

### • PRINCIPLES

The main aim of Asset & Liability Management is to help maximize shareholder value by optimum management of Dexia Bank’s financial resources. The individual goals of these processes are:

- management and effective control of exposure to non-trading interest rate risks;
- sustained, profitable funding of the Dexia Bank balance sheet;
- optimal liquidity management to generate available funds at the required time;
- efficient capital management maintaining strategic flexibility, sound capitalization and a strong rating;
- compliance with the legal and regulatory requirements.

### • INTEREST RATE RISK MANAGEMENT

The purpose of ALM is to protect the bank’s overall intermediation result and the Net Present Value (NPV) of that margin from macroeconomic shocks, and to achieve a structural increase in that income and value by an appropriate position on the market.

ALM covers all types of macro-risks, including pure rate gaps, slope risk in repricing, negative convexity arising from explicit options or from implicit “behavioral options” (early payment, pipeline, etc.), structural risk arising from reallocation of clients’ funds between product classes, systemic risk of ALCO-equity portfolios, etc.

The interest rate position within the ALM scope is managed as a single global pool of all non-trad-

ing assets and liabilities, covering all currencies and all terms on the yield curve. This enables the bank to manage that position by making extensive use of trading in macro-hedging derivatives which minimize the transaction costs and the use of capital while permitting appropriate adjustments to exposures.

Strategic decisions concerning the management of interest rate risks relating to all the balance-sheet items are taken at the ALCO committee meetings. The committee comprises all the members of the Management Board, ALM experts, dealing room managers and risk managers. The role of the ALCO committee is to supervise the management of the interest rate risk and the bank’s liquidity position. It does so in a permanent framework of standards based on income risk limits, NPV-sensitivity limits and maximum prospective separation liquidity gaps. In this framework of standards, the ALCO periodically fixes the interest rate exposure targets in order to take advantage of market opportunities.

In order to perfect the control, Dexia Bank makes a particular point of identifying and separating functions within the ALM process. This creates an organization based on three pillars, separating the ALM risk management (reporting to the board members responsible for risk management), the ALM “analysis and strategies” (reporting to the board members responsible for financial markets) and the ALM “transaction execution” (included within the dealing room).

To optimize the monitoring of the ALM process, a Market Risk Committee chaired by the Management Board member responsible for Risk Management and including the Management Board member responsible for financial markets meets every week to examine the decisions of the ALCO committee and the ALM operations.

### • MANAGEMENT OF FUNDING AND LIQUIDITY

The Dexia Group defines the liquidity policy. Liquidity management is based on an integrated system which encompasses all known cash-flows in the Dexia Group and takes account of the availability of high quality collateral. The aim is to maintain sufficient funding to satisfy demand. That demand concerns liquid resources in euro and in currencies other than the euro resulting both from current activity,

whether or not subject to any special cyclical pattern, and more exceptional, unforeseen needs.

## INSURANCE RISK

The Dexia Bank Group insurance companies have to comply with a number of rules relating to risk management. In the insurance companies, the profile and quality of the assets invested are assessed in the light of the future obligations towards policyholders. The ALM approach has been further developed and refined for that purpose. In addition, the measurements taken in this connection show that the assets cover the liabilities by a comfortable margin. Guidelines have been designed to ensure compliance with the regulations. For a number of subsidiaries, the guidelines concerned were changed in 2001 and adjusted in line with market trends and the development of new products. They go beyond the strict application of the OCA (insurance supervision office) regulations, since they also contain internal rules on both the allocation of the assets and the targets or required quality for investments, etc.

### • INVESTMENT RISK

The DVV Insurance's investment portfolio and that of Dexia Insurance are managed by Dexia Asset Management under a discretionary asset management mandate. The management of investments in terms of credit risk is very conservative. Only investments in bonds with a rating of at least BBB are permitted. Another limit

stipulates that no more than 25% of the investment portfolio may have a rating of A or less. The average rating of the portfolio is AA. Market risks such as interest rate risk are closely tracked.

The monitoring, guidance and validation of the portfolio management are handled by a single Investment Committee (DVV + Dexia Insurance) in which the financial expertise of the insurance group complements the ALM capability.

### • TECHNICAL RISK

The acceptance and rate policy is set and updated by continuously tracking the underwriting results of the Insurance divisions and systematically monitoring competitors' rates. An efficient acceptance and rates system has been put in place for ordinary risks on the retail market (car insurance, fire insurance, etc.).

### • CLAIMS CONTROL

High quality claims processing was introduced in order to encourage the network to adopt a professional, ethical approach to the settlement of claims.

### • LEVEL OF TECHNICAL RESERVES

The rules for the calculation of the technical reserves are very conservative. The adequacy of these reserves is systematically assessed. If the reserves are insufficient, additional provisions are formed and the policy on rates and underwriting is modified.





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In 2002, the trend in banking sector income was disrupted by the persistent uncertainty among savers and investors. The main causes were the weak economic growth, the continuing slide on the international stock markets, the downward trend in the profits of industrial and financial companies and a number of accounting scandals in some major international companies.

The fact that the current business cycle is in a downward phase is the reason why banks have to increase their provisions for bad debts. The fees charged by financial institutions on stock market trading and transactions in securities which, only recently, were the main engine of income, have been under severe pressure because of the persistent stock market slump. On the other hand, the renewed popularity of certain traditional savings products has restored intermediation activity to a prime position. Moreover, given the cut-throat competition, particularly from small institutions, it is vital to maintain strict cost control.

Despite this difficult market environment combined with the operational and strategic complexity of integrating Artesia BC, Dexia Bank and its subsidiaries succeeded in maintaining their financial performance in 2002.

The changes to the Dexia Bank Group consolidation scope in 2002 were as follows: the Kempen & Co and Ely Fund figures were consolidated for the full year 2002 whereas in 2001 only the second half-year figures were consolidated; Bank of NT Butterfield Hong Kong was included in the scope of Dexia BIL from July 1. Artesia Bank Luxembourg, Cortal and Mega were the main entities removed from the consolidation scope. The integration of Artesia BC also led to some restructuring within the scope of the Group.

## STATEMENT OF INCOME

**Net banking income** totaled EUR 3,657 million at the end of 2002, against EUR 4,153 million a year earlier, representing a fall of EUR 496 million or 12%. Taking the consolidation scope unchanged and disregarding exceptional items, this reduction is 10%.

In a context of declining interest rates, interest charges grew faster than interest income, so that **net interest income** rose by 3.5% overall to EUR 2,029 million. This net interest income once again represented over half of total

revenues, 55.5% to be exact, against 47.2% in 2001, mainly because of the persistent stock market slump and the resulting revival in traditional intermediation activities.

**Other revenues** were down by 25.8% or EUR 565 million at EUR 1,628 million:

- *Dividends* were down 18.2%.
- *Results of financial transactions* dropped by 40.4% owing to the slump on the financial markets. The large capital gain which BIL made on the sale of its position in Clearstream was insufficient to reverse the trend.
- *Net commissions* declined by 19.7%, the main reason being the drop in commission on stock market dealing and the sale of investment funds, and the reduction in management fees linked to the value of the funds managed.
- Other *net operating revenues* more than halved; in 2001 they had been influenced by a number of non-recurring factors.
- The *technical and financial margin on insurance activities* of the Dexia Bank Group fell by 6.9%. The shift away from branch 23 insurance products in favor of branch 21 life insurance products with a fixed yield and the growth of premium income in the non-life branch in 2002 did not make up for the steep fall in the proceeds from the financial investments of insurance companies in the Dexia Bank Group.

**Operating expenses** totaled EUR 2,528 million at the end of 2002, a fall of EUR 461 million or 15.4% against the previous year. Taking the consolidation scope unchanged and disregarding exceptional items, operating expenses were 7% down against the previous year.

- *Staff costs* declined by 6.8%, or EUR 97 million to EUR 1,336 million, thus representing 53% of total operating expenses.
- *Network commissions*, i.e. the commissions paid to self-employed branch managers, were also 7% down at EUR 320 million, as a direct result of the fall in demand for savings bonds and investment funds. Their relative share in total expenses remained steady at 13%.



- *Other administrative expenses* declined by EUR 195 million or 21%.
- *Depreciation and amortization* halved (down by EUR 145 million or 51.2%) following the sale & rent-back deal with Cofinimmo.  
Taking account of the underlying changes only, depreciation and amortization were down by EUR 20 million or 7%.

The **Operating Efficiency Ratio** (OER – ratio between expenses and income) was 69.1% at year-end 2002, against 72.0% the year before. As already mentioned, the decline in expenses amply offset the fall in income.

In 2002, total **write-downs and provisions** increased by EUR 424 million to EUR 541 million. *Write-downs and provisions for non-performing loans* totaled EUR 585 million, EUR 397 million more than in 2001. *Net write-backs on the general banking risks reserve (GBRR)* totaled EUR 82 million, against EUR 141 million a year earlier.

The exceptional increase in provisions for non-performing loans in 2002 was due entirely to the provisions of EUR 448 million formed by Dexia BIL for the Legio Lease product sold by Dexia Bank Nederland.

**Corporate income tax** was 173% lower, mainly because of the tax savings secured by the provisions for the Legio Lease item.

**Net income before minority interests** was EUR 52 million down at EUR 778 million. Net income was EUR 665 million and minority interests EUR 113 million.

With an ROE<sup>1</sup> of 14.6%, Dexia Bank succeeded in maintaining its profitability in 2002, despite a tough economic and financial market environment, made even more difficult by the complexity of the operational and strategic integration process.

## CONSOLIDATED STATEMENT OF INCOME

(in millions of EUR)	Dec. 31, 2001	Dec. 31, 2002	Change
<b>Net interest income</b>	<b>1,960</b>	<b>2,029</b>	<b>+3.5%</b>
<b>Other revenues</b>	<b>2,193</b>	<b>1,628</b>	<b>-25.8%</b>
- dividends	110	90	-18.2%
- net commissions	1,111	892	-19.7%
- net income from financial transactions	470	280	-40.4%
- other net operating revenues	185	71	-61.6%
- technical and financial margin on insurance activities	317	295	-6.9%
<b>NET BANKING INCOME</b>	<b>4,153</b>	<b>3,657</b>	<b>-11.9%</b>
<b>Operating expenses</b>	<b>(2,989)</b>	<b>(2,528)</b>	<b>-15.4%</b>
- staff costs	(1,433)	(1,336)	-6.8%
- other administrative expenses	(929)	(734)	-21.0%
- network commissions	(344)	(320)	-7.0%
- depreciation and amortization	(283)	(138)	-51.2%
<b>GROSS OPERATING INCOME BEFORE ALLOWANCES</b>	<b>1,164</b>	<b>1,129</b>	<b>-3.0%</b>
<b>Write-downs and provisions</b>	<b>(117)</b>	<b>(541)</b>	<b>+362.4%</b>
- loans and off-balance sheet items	(188)	(585)	+211.2%
- securities	(39)	(2)	-94.9%
- general banking risks reserve	141	82	-41.8%
- goodwill arising on consolidation	(31)	(36)	+16.1%
<b>Corporate income tax</b>	<b>(241)</b>	<b>178</b>	<b>-173.9%</b>
<b>Income from companies accounted for by the equity method</b>	<b>25</b>	<b>12</b>	<b>-52.0%</b>
<b>NET INCOME BEFORE MINORITY INTERESTS</b>	<b>831</b>	<b>778</b>	<b>-6.5%</b>
- minority interests	144	113	-21.5%
- net income	686	665	-3.1%

## MAIN ITEMS IN THE CONSOLIDATED BALANCE SHEET OF DEXIA BANK

(in millions of EUR)	Dec. 31, 2001	Dec. 31, 2002	Change	Relative share 2002
Balance sheet total	221,616	209,149	-5.6%	
Shareholders' equity <sup>(1)</sup>	6,554	6,826	4.2%	3%
Customer deposits	79,830	77,495	-2.9%	37%
Debt securities	53,537	49,775	-7.0%	24%
Customer loans	72,173	71,914	-0.4%	34%
Bonds, equities and other securities	79,861	75,234	-5.8%	36%

(1) Capital, reserves, retained earnings, minority interests, GBRR

### BALANCE SHEET

In 2002, the consolidated balance-sheet total of Dexia Bank was down by EUR 12.5 billion, or 5.6%, at EUR 209.1 billion, mainly as a result of the reduction in interbank transactions. Interbank loans and deposits and interbank loans and advances showed a fall of 13.3% and 12.2% respectively. In addition, investment and lending activities failed to expand.

**Customer deposits** were 2.9% lower at EUR 77,495 million. The decline was particularly steep for time deposits (-8.2%), while savings deposits grew by EUR 1,286 million (+6.9%) to almost EUR 20 billion. Customer deposits represented 37% of the total liabilities.

**Debt securities** (savings bonds, bonds, certificates and other debt instruments) showed a 7% fall at EUR 49,775 million. The main reason was the decline in outstanding savings bonds, although other types of debt securities were also down in 2002. These financial resources represent 24% of the bank's total funding requirement.

**Customer loans** remained relatively steady, despite a less favorable economic climate, at EUR 71,914 million. However, the quality of these loans was maintained at a

very high level in 2002, as indicated by the asset quality ratio<sup>2</sup> of 2.02% and the coverage ratio<sup>3</sup> of 63.86%.

The **securities portfolio** (bonds and other fixed-income securities, equities and other variable-income securities and government securities for central bank refinancing) contracted by 5.8% to EUR 75,234 million. Nevertheless, this item still represents 36% of the balance sheet total, or almost as much as customer loans.

At the end of 2002, **shareholders' equity** totaled EUR 6,826 million, an increase of 4.2% against the previous year. This growth is due to the fluctuation in reserves, retained earnings, and the direct charge against the equity in respect of goodwill.

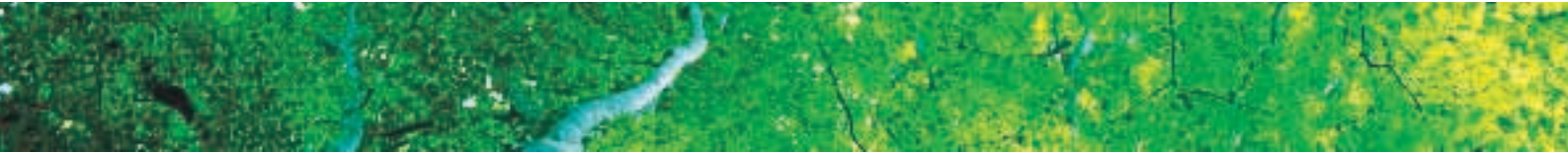
The **Tier-One Capital Ratio** (7.77%) and the **Total Capital Ratio** (11.0%) are well in excess of the international requirements and confirm the bank's financial soundness.

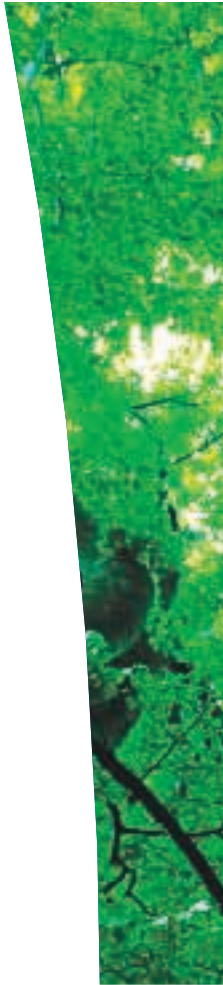
1 Ratio between the net income and the weighted average shareholders' equity (excluding GBRR and after income appropriation).

2 Ratio between the gross outstanding problem loans and the gross outstanding customer loans.

3 Ratio between the cumulated write-downs and the outstanding problem loans.







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## DEXIA BANK BELGIUM - CONSOLIDATED BALANCE SHEET (BEFORE INCOME APPROPRIATION)<sup>1</sup>

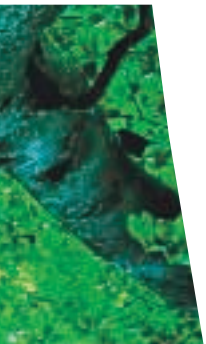
ASSETS (in thousands of EUR)		Notes	Dec. 31, 2001	Dec. 31, 2002
I.	Cash, central banks and postal checking accounts	2.0.	1,151,754	1,554,766
II.	Government securities eligible for central bank refinancing	2.1.	4,138,120	5,383,029
	A. Banking activity and other		4,138,120	5,383,029
	B. Insurance activity		0	0
III.	Interbank loans and advances		49,571,621	43,509,127
	A. Sight		3,282,507	2,033,980
	B. Other	2.2.	46,289,114	41,475,147
IV.	Customer loans	2.3.	72,172,936	71,914,301
V.	Bonds and other fixed-income securities	2.4.	69,801,630	65,121,070
	A. Banking activity and other		66,092,610	60,614,467
	1. Government bonds		21,284,441	18,766,488
	2. Other bonds		44,808,169	41,847,979
	B. Insurance activity		3,709,020	4,506,603
VI.	Equities and other variable-income securities	2.5.	5,920,849	4,730,239
	A. Banking activity and other		2,662,042	1,803,713
	B. Insurance activity		3,258,807	2,926,526
VII.	Long-term investments	2.6.	1,094,000	1,277,787
	A. Investments accounted for by the equity method		253,512	208,152
	B. Investments at cost		840,488	1,069,635
	1. Banking activity and other		821,297	975,679
	2. Insurance activity		19,191	93,956
VIII.	Intangible assets		604,450	664,326
	A. Organization expense and other intangible assets	2.9.	208,182	210,176
	B. Goodwill arising on consolidation	2.8.	396,268	454,150
IX.	Property and equipment	2.10.	1,857,974	1,677,074
X.	Unpaid capital		0	0
XII.	Treasury stock	2.14.	0	0
XIII.	Other assets	2.13.	3,007,874	2,376,244
	A. Banking activity and other		2,633,076	1,952,430
	B. Insurance activity		374,798	423,814
XIV.	Accruals and other assets	2.11.	12,294,797	10,941,985
<b>TOTAL ASSETS</b>			<b>221,616,005</b>	<b>209,149,948</b>

<sup>1</sup> Restated for 2001.

**DEXIA BANK BELGIUM - CONSOLIDATED BALANCE SHEET (BEFORE INCOME APPROPRIATION)<sup>1</sup>**

<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b> (in thousands of EUR)		<b>Notes</b>	<b>Dec. 31, 2001</b>	<b>Dec. 31, 2002</b>
<b>I.</b>	<b>Interbank loans and deposits</b>		<b>54,364,937</b>	<b>47,129,434</b>
	A. Sight		3,074,530	3,585,794
	B. Time	3.1.	51,290,407	43,543,640
<b>II.</b>	<b>Customer deposits</b>	3.2.	<b>79,830,418</b>	<b>77,495,506</b>
	A. Savings accounts		18,630,133	19,916,451
	B. Other deposits		61,200,285	57,579,055
	1. <i>Sight</i>		22,120,996	21,719,918
	2. <i>Time</i>		39,079,289	35,859,137
<b>III.</b>	<b>Debt securities</b>	3.3.	<b>53,537,200</b>	<b>49,775,466</b>
	A. Banking activity and other		53,537,200	49,775,466
	1. <i>Notes and other bonds</i>		29,752,989	28,508,198
	2. <i>Other</i>		23,784,211	21,267,268
	B. Insurance activity		0	0
<b>IV.</b>	<b>Other liabilities</b>	3.12.	<b>1,896,621</b>	<b>2,716,988</b>
	A. Banking activity and other		1,706,683	2,486,783
	B. Insurance activity		189,938	230,205
<b>V.</b>	<b>Accruals and other liabilities</b>	3.4.	<b>11,110,662</b>	<b>10,681,643</b>
<b>VI.</b>	<b>Reserves</b>		<b>9,262,846</b>	<b>9,643,342</b>
	A. Reserves for contingencies and charges	3.5.	1,006,940	1,191,418
	B. Provisions for deferred taxes	3.6.	248,721	211,851
	C. Technical provisions of insurance activity	3.5.	8,007,185	8,240,073
<b>VII.</b>	<b>General banking risks reserve</b>	3.7.	<b>1,447,640</b>	<b>1,363,991</b>
<b>VIII.</b>	<b>Subordinated debt and hybrid capital instruments</b>	3.8.	<b>5,060,618</b>	<b>4,879,853</b>
	A. Banking activity and other		5,053,074	4,872,068
	B. Insurance activity		7,544	7,785
<b>IX.</b>	<b>Capital stock</b>	3.10.	<b>2,891,286</b>	<b>2,891,286</b>
<b>X.</b>	<b>Additional paid-in capital</b>	3.10.	<b>189,469</b>	<b>189,469</b>
<b>X.bis</b>	<b>Commitments to capital increase</b>	3.10.	<b>0</b>	<b>0</b>
<b>XI.</b>	<b>Retained earnings</b>	3.10.	<b>2,254,449</b>	<b>2,017,222</b>
<b>XII.</b>	<b>Revaluation reserve</b>	3.10.	<b>17,546</b>	<b>9,093</b>
<b>XIV.</b>	<b>Negative goodwill</b>	2.8. - 3.10.	<b>47,542</b>	<b>49,891</b>
<b>XIV.bis</b>	<b>Deducted goodwill</b>	2.8. - 3.10.	<b>(1,418,295)</b>	<b>(799,557)</b>
<b>XV.</b>	<b>Cumulative translation adjustments</b>	3.10.	<b>3,058</b>	<b>579</b>
<b>XVI.</b>	<b>Minority interests</b>	3.10.	<b>289,583</b>	<b>327,931</b>
<b>XVII.</b>	<b>Net income for the year</b>	3.10.	<b>830,425</b>	<b>777,811</b>
	A. Net income for the year		685,985	664,332
	B. Minority interests in net income for the year		144,440	113,479
<b>XVIII.</b>	<b>Interim dividend</b>	3.10.	<b>0</b>	<b>0</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>			<b>221,616,005</b>	<b>209,149,948</b>

<sup>1</sup> Restated for 2001.





## DEXIA BANK BELGIUM - CONSOLIDATED OFF-BALANCE SHEET ITEMS<sup>1</sup>

(in thousands of EUR)		Notes	Dec. 31, 2001	Dec. 31, 2002
I.	Contingencies	4.1.	5,318,052	7,435,223
II.	Financing commitments	4.2.	37,000,462	30,267,733
III.	Assets entrusted to the Group	4.3.	282,426,490	276,250,393
IV.	Uncalled amounts of share capital		81,442	40,662
V.	Commitments received		70,982,431	73,055,350
	A. Financing commitments		4,447,559	7,430,054
	B. Guarantees received		66,534,872	65,625,296
	C. Commitments received by insurance companies		0	0
VI.	Foreign currency transactions	4.4.	110,001,488	93,565,137
	A. Amounts receivable		55,137,987	46,921,489
	B. Amounts to be delivered		54,863,501	46,643,648
VII.	Financial futures	4.4.	842,305,683	927,100,643
VIII.	Securities transactions	4.8.	12,578,578	9,997,617
IX.	Other commitments		0	11,902
	A. Banking activity and other		0	11,902
	B. Insurance activity		0	0

<sup>1</sup> Restated for 2001.

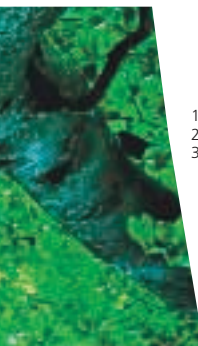
## DEXIA BANK BELGIUM - CONSOLIDATED STATEMENT OF INCOME<sup>1</sup>

(in thousands of EUR)	Notes	Dec. 31, 2001	Dec. 31, 2002
<b>I. Interest income</b>		<b>9,504,378</b>	<b>7,756,148</b>
A. Interest income on interbank transactions		1,980,324	1,399,266
B. Interest income on customer transactions		3,984,714	3,740,091
C. Interest income on bonds and other fixed-income securities		3,539,340	2,616,791
<b>II. Interest expense</b>		<b>(7,544,139)</b>	<b>(5,727,118)</b>
A. Interest expense on interbank transactions		(2,361,502)	(1,540,281)
B. Interest expense on customer transactions		(2,368,156)	(2,050,684)
C. Interest expense on bonds and other fixed-income securities		(2,814,481)	(2,136,153)
<b>III. Income from variable-income securities</b>		<b>109,548</b>	<b>90,110</b>
A. Equities and other variable-income securities		52,776	38,957
B. Long-term investments	5.1.	56,772	51,153
<b>IV. Commission income</b>	5.2.	<b>1,293,607</b>	<b>1,153,694</b>
<b>V. Commission expense</b>	5.2.	<b>(182,787)</b>	<b>(261,968)</b>
<b>VI. Income from financial transactions</b>	5.3.	<b>469,719</b>	<b>279,598</b>
<b>VII. Other banking income</b>	5.7.	<b>483,875</b>	<b>314,065</b>
<b>X.<sup>2</sup> Other banking expense</b>	5.7.	<b>(298,693)</b>	<b>(243,221)</b>
<b>XXII.<sup>3</sup> Technical and financial margin of insurance activities</b>	5.14.	<b>316,570</b>	<b>295,220</b>
<b>NET BANKING INCOME</b>	5.11.	<b>4,152,078</b>	<b>3,656,528</b>
<b>VIII.<sup>2</sup> General operating expense</b>		<b>(2,705,668)</b>	<b>(2,388,915)</b>
A. Staff costs	5.4.	(1,433,160)	(1,335,524)
1. Payroll expense		(1,153,313)	(1,041,014)
2. Social security costs		(279,847)	(294,510)
B. Other general operating expense		(928,496)	(733,754)
1. Taxes other than on income		(12,124)	(66,736)
2. Other general operating expense		(916,372)	(667,018)
C. Network commissions		(344,012)	(319,637)
D. Deferred acquisition costs		0	0
<b>IX. Depreciation and amortization</b>		<b>(282,873)</b>	<b>(138,003)</b>
<b>OPERATING INCOME BEFORE ALLOWANCES</b>		<b>1,163,537</b>	<b>1,129,610</b>
<b>XI. Net losses and allowances for loan losses and off-balance sheet items</b>	5.5.	<b>(188,099)</b>	<b>(585,305)</b>
<b>XII. Net gains and recoveries of allowances on long-term investments</b>	5.6.	<b>(38,662)</b>	<b>(2,036)</b>
<b>XIII. Net allocation to the general banking risks reserve</b>		<b>141,292</b>	<b>81,852</b>
<b>XIV. Amortization of goodwill of fully-consolidated companies</b>		<b>(31,327)</b>	<b>(36,245)</b>
<b>OPERATING INCOME AFTER ALLOWANCES</b>		<b>1,046,741</b>	<b>587,876</b>

1 Restated for 2001.

2 In order to express the "Net banking income", these items were transferred keeping the numbers of the European directive 86/635.

3 Includes the net income of the insurance activity in the net banking income.



(in thousands of EUR)	Notes	Dec. 31, 2001	Dec. 31, 2002
XV. Non-recurring income	5.8.	0	0
XVI. Non-recurring expense	5.8.	0	0
XVII. Corporate income tax	5.8. - 5.9.	<b>(241,104)</b>	<b>178,027</b>
A. Current taxes		(295,887)	(139,779)
B. Deferred taxes		54,783	317,806
<b>INCOME OF FULLY-CONSOLIDATED COMPANIES AFTER TAXES</b>		<b>805,637</b>	<b>765,903</b>
XVIII. Income and losses from companies accounted for by the equity method		<b>29,523</b>	<b>16,835</b>
A. Income		42,222	26,426
B. Losses		(12,699)	(9,591)
XIX. Depreciation and amortization of goodwill of companies accounted for by the equity method		<b>(4,737)</b>	<b>(4,927)</b>
<b>NET INCOME BEFORE MINORITY INTERESTS</b>		<b>830,423</b>	<b>777,811</b>
XX. Minority interests		<b>144,440</b>	<b>113,479</b>
XI. Net income		<b>685,983</b>	<b>664,332</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (BEFORE INCOME APPROPRIATION)

### 1. BASIS OF CONSOLIDATION AND ACCOUNTING POLICIES

#### 1.1. BASIS OF CONSOLIDATION

##### Consolidation criteria

The companies included in the consolidated financial statements of the two Groups have been determined in accordance with the rules and regulations applicable to their respective parent companies, except where a different treatment is adopted to comply with the requirements of the banking authorities.

In accordance with the 7<sup>th</sup> European Directive of 13 June 1983, companies that are at least 20% owned are included in the scope of consolidation.

The consolidated financial statements include the consolidating entity and all of the entity's domestic and foreign subsidiaries.

The consolidating entity is Dexia Bank Belgium SA.

##### Full consolidation method

The full consolidation method is applied to all subsidiaries that are controlled directly or indirectly by the consolidating entity. Control is considered to be exercised when over 50% of the voting rights are held. Companies in which less than 50% of the voting rights are held but over which the consolidating entity exercises de facto control are also fully consolidated.

##### Proportional method

The proportional method is applied to subsidiaries that are jointly owned and managed by a limited number of shareholders, where the shareholders have agreed that all major strategic and policy decisions are to be made jointly.

##### Equity method

The equity method is applied to companies over which the consolidating entity exercises significant influence, directly or indirectly.

In principle, significant influence is considered to be exercised when between 20% and 50% of the voting rights are held.

This method is also applied to certain subsidiaries that are over 50% owned or jointly owned but cannot be fully or proportionally consolidated for legal reasons.

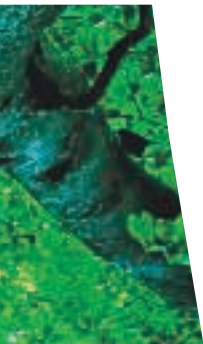
Companies that are 20% to 50% owned but are not material in relation to the Group as a whole are excluded from the scope of consolidation.

##### Exclusion of non-material subsidiaries

Certain subsidiaries have been excluded from the scope of consolidation because their inclusion would not have a material impact on consolidated assets, net assets or income.

Subsidiaries are considered as not material if their total assets amount to less than EUR 10 million and represent less than 1% of the total assets of the consolidating entity.

If several subsidiaries are considered as not material, they may be excluded from the scope of consolidation only if their aggregate assets are not material.



## CHANGES IN THE SCOPE OF CONSOLIDATION COMPARED WITH 2001:

### A. Companies consolidated for the first time or no longer consolidated in 2002

#### Companies fully consolidated for the first time:

Antkar International BV  
Argeus Fonds NV  
Asmey BV  
Day Nominees Ltd  
Dexia BIL Holding (Hong Kong) Ltd  
Dexia BIL Nominees Ltd  
Dexia Certificaten Nederland NV  
Dexia Corporate Services Hong Kong Ltd  
Dexia Equities Espagne SA  
Dexia Fund Services Belgium SA

Dexia Nominees Hong Kong Ltd  
Dexia Securities France Holding SA  
Dexia Trust Services Hong Kong Ltd  
ESSF UNO BVBA  
I Broker Europe SARL  
LUFA NV  
P. Oudhof & Co NV  
Quinta Verdi BV  
T.G. Olieholding II BVBA

#### Companies no longer fully consolidated for the first time:

Artesia Bank Luxembourg SA  
Artesia Bank SA  
Artesia Invest SA  
Artesia Services SC  
Axiom Risques & Finance Management SA  
BACOB Bank SA  
BACOB Holding GmbH Wien  
Banque Artesia Curaçao NV  
Banque Vernes Artesia SA  
Biliam Ltd  
Cordius Asset Management SA  
Cortal SA  
Cregem Conseil Luxembourg SA  
Dexia Finance Company SA  
Dexia Multigestion France SA

Dexia Nordic Private Bank SA  
Dexia Prigestion France SA  
Dexia Società di Intermediazione Mobiliare Italia S.p.a  
Dexia Ventures SA  
Financière Opale SA  
Geslease (Fima) SA  
Hôtel de Bocholz SA  
I Broker Benelux Participating BV  
Kristal GIE  
Lex 2000 NV  
Luxstar SA  
Prigérance SA  
Stevast SA  
Vennootschap voor het behoud van Historische Gebouwen NV

#### Companies proportionally consolidated for the first time:

Financière Centuria SAS  
Lex 2000 NV  
Société Espace Léopold SA

#### Companies no longer proportionally consolidated:

Intelli Partners Ltd  
Fortior Holding SA

#### Companies accounted for by the equity method for the first time:

Conception et Coordination Léopold SA  
Fortior Holding SA  
Forum Léopold SA  
Justinvest Antwerpen NV  
Projet Roosevelt SA  
Promotion Léopold SA

#### Companies no longer accounted for by the equity method:

Banimmo Management Company Bremco  
Banimmo Real Estate BRE  
Dexia JMF Asset Management Malaysia Sdn Bhd  
E. Sun Securities Investment Trust Corp  
Mega NV  
MT Développement SA  
VDK Spaarbank NV  
Zebank SA

## B. Changes in the Group's interest percentage

The interest percentage of the Group in most of the hub-and-spoke branches has decreased from 51% to 26%

Conception et Coordination Léopold SA from 16.75% to 38.75%

Forum Léopold SA from 16.5% to 38%

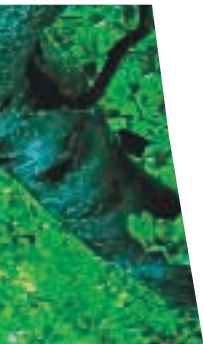
Fortior Holding SA from 25% to 39.94%

DVV Insurance SA from 82.664% to 99%

Promotion Léopold SA from 16.5% to 38%

## C. Changes in corporate names

New name	Old name
Antexia Gestion	Antares Gestion
Artesia Ireland Unlimited	Dexia Investment Ireland
Ausbil Dexia Ltd	Dexia Ausbil Partners Australia Ltd
Dexia Assurance Services France SA	Dexia Courtage France SA
Dexia Auto Lease SA	Artesia Auto Lease
Dexia Capital Ireland Ltd	Artesia Dublin
Dexia Factors SA	Artesia Factors
Dexia Financial Products Inc.	Artesia Delaware Inc.
Dexia Financial Services Ireland	Artesia Financial Services
Dexia Insurance Services AG	Dexia Deutschland AG
Dexia Investments Ireland	Artesia Ireland Plc
Dexia Overseas Ltd	Artesia Overseas
Dexia Securities Belgium	Artesia Securities
Dexia Securities Services Custody NV	CDC Labouchere Securities Services Custody NV
Dexia Securities Services NV	CDC Labouchere Securities Services NV
Dexia Securities USA	Kempen & Co USA
Experta Corporate and Trust Services SA	Compagnie Financière BIL SA
Rekord Finanzdienstleistung AG	Rekord Versicherungsvermittlung und betreuungsgesellschaft für Selbständige mbH & Co
Isabel SA	Isaserver NV



## 1.2. SUBSIDIARIES, EQUITY-ACCOUNTED ENTERPRISES, AFFILIATED ENTERPRISES AND ENTERPRISES IN WHICH THE GROUP HOLDS RIGHTS REPRESENTING AT LEAST 10% OF THE ISSUED CAPITAL

### 1.2.A. FULLY-CONSOLIDATED SUBSIDIARIES

Name	Head Office	% of capital held	Business code
3B Investments Nederland BV	Herengracht 182 NL-1016 BR Amsterdam	100	21
Adea SA	Place Xavier Neujean B-4000 Liège	100	09
Alfimava BV	Herengracht 539-543 NL-1017 BW Amsterdam	100	20
Almafinex BV	Herengracht 539-543 NL-1017 BW Amsterdam	100	20
Andumaco BV	Herengracht 182 NL-1016 BR Amsterdam	100	21
Angévine de Participations SA	37-39, rue d'Anjou F-75008 Paris Cedex 08	99.9	19
Antkar International BV	Chuchubiweg 17 Curaçao - Neth. Antilles	100	43
Arceba BV	Herengracht 182 NL-1016 BR Amsterdam	100	21
Argenteuil de Participation	15, Rue des pyramides F-75001 Paris	100	21
Argeus Fonds NV	Herengracht 182 NL-1016 BR Amsterdam	100	13
Artesia Administratiekantoor BV	Herengracht 539-543 NL-1017 BW Amsterdam	100	18
Artesia Asset Management NL BV	Herengracht 539-543 NL-1017 BW Amsterdam	100	21
Artesia Bail SA (Centrabail SA)	15, rue des Pyramides F-75001 Paris	100	01
Artesia Bedrijfsfinanciering BV	Herengracht 539-543 NL-1017 BW Amsterdam	100	21
Artesia Beleggingsmaatschappij BV	Herengracht 539-543 NL-1017 BW Amsterdam	100	21
Artesia CMBS Inc.	710,N.W. Juniper St., Suite 202 Issaquah, WA 98027 - USA	100	21
Artesia Finance NV	Herengracht 539-543 NL-1017 BW Amsterdam	100	21
Artesia International Finance NV	Polarisweg 35 pb 767 Curaçao - Neth. Antilles	100	49
Artesia Italia SRL	Studio Tributario Societario Via dei Giardini 7 I- 20121 Milano	100	21
Artesia Lease SA	Avenue Livingstone 6 B-1000 Brussels	100	05
Artesia Leasing & Renting SA	Avenue Livingstone 6 B-1000 Brussels	100	05
Artesia Mortgage Capital Corporation	1180 NW Maple Street # 202 Issaquah, WA 98027 - USA	100	21
Artesia North America	1209 Orange Street Wilmington, New Castle, Delaware - USA	100	21
Artesia Ventures BV	Herengracht 539-543 NL-1017 BW Amsterdam	100	49
Artesialux Finance SA	10a, boulevard Royal L-2039 Luxembourg	100	49
Artesimmo I SA	Boulevard du roi Albert II 30 B55 B-1000 Brussels	100	31
Artesimmo III SA	Boulevard du roi Albert II 30 B55 B-1000 Brussels	85.266	31
Asmey BV	Beethovenstraat 300 NL-1077 ZW Amsterdam	100	49
Assurance Asset Management Cy AAMC NV	Van Breestraat 2 2018 Antwerpen	100	31
Assuranjou SARL	37-39, rue d'Anjou F-75008 Paris Cedex 08	100	28
Atlas Venture Partners III BV	Herengracht 182 NL-1016 BR Amsterdam	100	21
Atlas Venture Partners IV BV	Herengracht 182 NL-1016 BR Amsterdam	100	21
AusBIL Dexia Limited	Level 23, Veritas House 207 Kent Street Sydney NSW 2000 Australia	51	10
BACOB Finance Luxembourg SA	62, avenue Victor Hugo L-1750 Luxembourg	100	07

Name	Head Office	% of capital held	Business code
BACOB Finance Nederland NV	Mallebaan 15 NL-3503 RA Utrecht	100	21
BACOB Re SA	62, avenue Victor Hugo L-1750 Luxembourg	100	27
Bancoval SA	Fernando el Santo 20 E-28010 Madrid	50.86	01
Bancoval Activos SA	Fernando el Santo 20 E-28010 Madrid	100	14
Banque Artesia Nederland NV	Herengracht 539-543 NL- 1017 BW Amsterdam	100	01
Beheer en Beleggingsmaatschappij Robeem NV	Herengracht 182 NL-1016 BR Amsterdam	100	21
Beheermaatschappij Wedo BV	Herengracht 182 NL-1016 BR Amsterdam	100	21
Beleggingsmaatschappij Hekendorp BV	Herengracht 182 NL-1016 BR Amsterdam	100	21
Beleggingsmaatschappij Morsinkhof BV	Herengracht 182 NL-1016 BR Amsterdam	100	21
Belstar Assurances SA	Riverside Business Park Boulevard International 55 B 37 B-1070 Brussels	100	28
Benito Holding BV	Herengracht 182 NL-1016 BR Amsterdam	100	21
Berova Holding BV	Herengracht 182 NL-1016 BR Amsterdam	100	21
Bewaarbedrijf Artesia Nederland NV	Herengracht 539-543 NL-1017 BW Amsterdam	100	21
BIL Invest NV	Pietermaai 15, PO Box 564 Curaçao - Neth. Antilles	100	10
BIL Part Investments NV	Pietermaai 15, PO Box 564 Curaçao - Neth. Antilles	100	07
BIL Lease SA	14-16, avenue Pasteur L-2310 Luxembourg	100	05
Bolsa Verde NV	Herengracht 182 NL-1016 BR Amsterdam	100	07
Brussels Business Center SA	Boulevard du roi Albert II 30 B-1000 Brussels	100	31
CEB Fin - DKB Fin SA	Rue des Clarisses 38 B-4000 Liège	100	09
Centrum voor Informatica NV (CEVI)	Bisdomplein 3 B-9000 Gent	51	34
CIGER SA	Rue de Néverlée 12 Parc Industriel de Rhisnes B-5020 Namur	51	34
Copharma Industries United	Washingtonstreet 10 IRL - Cork	15.40	21
Cordius Advisory SA	Rue de Trèves 25 B-1040 Brussels	100	14
Corona SA	Avenue de la métrologie 2 B-1130 Brussels	100	28
Daclivio BV	Herengracht 182 NL-1016 BR Amsterdam	100	21
Damdrie Beheer BV	Herengracht 182 NL-1016 BR Amsterdam	100	21
Damzeven Beheer BV	Herengracht 182 NL-1016 BR Amsterdam	100	21
Day Nominees Ltd	Garden Road 1 26F Bank of China Tower Hong Kong	100	10
Deelnemingsmaatschappij Halley BV	Keizersgracht 617 NL-1000 AV Amsterdam	100	21
Dexia Asset Management Alternative Dublin Ltd	Fitzwilton Place IRL-Dublin 2	100	14
Dexia Asset Management (Asia) Ltd	Raffles Place 42-01 9 HEX 22-01 Republic Plaza 048619 Singapore	100	19
Dexia Asset Management Belgium SA	Boulevard Pachéco 44 B-1000 Brussels	100	19
Dexia Asset Management France SA	Washington Plaza 40, rue Washington F-75008 Paris	79.04	19
Dexia Asset Management Japan KK	Fukoku Life Building 2-2, Uchisaiwaicho 2-chome, Chiyoda-ku Tokyo - Japan	99.97	19
Dexia Asset Management Luxembourg SA	283, route d'Arlon L-1150 Luxembourg	100	19



Name	Head Office	% of capital held	Business code
Dexia Asset Management PTY Ltd	Level 23, Veritas House 207 Kent Street Sydney NSW 2000 Australia	100	19
Dexia Assurance Services France SA	3, avenue Claude Guillemin Site du BRGM F-45100 Orléans	100	30
Dexia Australia PTY Ltd	Level 23, Veritas House 207 Kent Street Sydney NSW 2000 Australia	100	47
Dexia Auto Lease SA	Avenue Livingstone 6 B-1000 Brussels	100	05
Dexia Bank Nederland NV	Herengracht 182 NL-1016 BR Amsterdam	91.58	01
Dexia Banque Internationale à Luxembourg SA	69, route d'Esch L-2953 Luxembourg	65.62	01
Dexia Banque Privée France SA	37-39, rue d'Anjou F-75008 Paris Cedex 08	72.10	01
Dexia BIL Asia Singapore Ltd	Raffles Place 9 HEX 22-01 Republic Plaza 048619 Singapore	100	50
Dexia BIL Holding (Hong Kong) Ltd	Garden Road 1 26F Bank of China Tower Hong Kong	80	10
Dexia BIL (HK) Investment Advisors Ltd	1 Connaught Place Suite 2220 Jardine House Hong Kong	100	19
Dexia BIL Nominees Ltd	Garden Road 1 26F Bank of China Tower Hong Kong	100	01
Dexia Capital Ireland Ltd	6 George's Dock IRL - IFSC Dublin 1	100	49
Dexia Certificaten Nederland NV	Beethovenstraat 300 NL-1077 WZ Amsterdam	100	21
Dexia Corporate Services Hong Kong Ltd	Garden Road 1 26F Bank of China Tower Hong Kong	100	01
Dexia Crédits Logement SA	Boulevard Pachéco 44 B-1000 Brussels	100	06
Dexia Custody Services (Nederland) NV	Herengracht 182 NL-1016 BR Amsterdam	100	19
Dexia Delaware LLC	East North Street 15 Delaware 1991 19901 Dover - USA	100	49
Dexia Epargne Pension SA	7 à 11, quai André Citroën F-75015 Paris	100	25
Dexia Equities Espagne SA		100	
Dexia Factors SA	Avenue Livingstone 6 B-1000 Brussels	100	15
Dexia Financial Products Inc (ex Artesia Delaware Inc)	1209 Orange Street Wilmington, New Castle, Delaware - USA	100	21
Dexia Financial Services Ireland	6, George's Dock IRL - IFSC Dublin 1	100	13
Dexia Fund Services Belgium SA	Rue Royale 180 B-1000 Brussels	100	11
Dexia Fund Services Cayman Ltd	Ugland House 309 BWI George Town Grand Cayman - British West Indies	100	13
Dexia Fund Services Dublin Ltd	Georges Quai House 43 Townsend Street IRL-Dublin 2	100	13
Dexia Fund Services France SA	37-39, rue d'Anjou F-75008 Paris	99.99	19
Dexia Fund Services Singapore PTE Ltd	Raffles Place 42-01 9 Republic Plaza 048619 Singapore	100	36
Dexia Funding Netherlands BV	Atrium 7th floor Strawinskylaan 3105 NL-1077 ZX Amsterdam	100	49
Dexia Generali Santé SA	3, avenue Claude Guillemin Site du BRGM F-45100 Orléans	50.1	30
Dexia Immo Lux Conseil SA	69, route d'Esch L-2953 Luxembourg	51	14
Dexia Insurance SA	Avenue des Arts 23 B-1000 Brussels	90	28

Name	Head Office	% of capital held	Business code
Dexia Insurance & Pensions Services SA	2, rue Nicolas Bové L-1253 Luxembourg	100	25
Dexia Insurance Services AG	Innere Kanalstrasse 69 D-50823 Köln	100	10
Dexia Invest Conseil SA	14, rue du quatre septembre F-75002 Paris	73	20
Dexia Investments Ireland SA	6 George's Dock IRL - IFSC Dublin 1	100	49
Dexia Investments Luxembourg SA	69, route d'Esch L-2953 Luxembourg	100	10
Dexia Lease Belgium SA	Boulevard Pachéco 44 B-1000 Brussels	100	05
Dexia Life & Pensions SA	2, rue Nicolas Bové L-1253 Luxembourg	100	19
Dexia Mahé Vendôme SA	6, place Vendôme F- 75001 Paris	100	19
Dexia Management Services Ltd	55, Tufton Street Westminster London SW 1P3QF - UK	100	01
Dexia Nominees Hong Kong Ltd	Garden Road 1 26F Bank of China Tower Hong Kong	100	01
Dexia Overseas Ltd	P.O.Box 2003 George Town Grand Cayman - British West Indies	100	21
Dexia Partenaires France SA	2, rue de Messine F-75008 Paris	100	10
Dexia Petersen-Hinrichsen Private Bank Denmark A/S	Nygade 4 DK-1164 Copenhagen	100	01
Dexia Petersen-Hinrichsen Holding Denmark	Nygade 4 DK-1164 Copenhagen	79.71	01
Dexia Prévoyance France SA	3, avenue Claude Guillemin Site BRGM F-45100 Orléans	67	30
Dexia Banque Privée Suisse AG	Beethovenstrasse 48 CH-8039 Zürich	100	01
Dexia Private Bank Jersey Ltd	Victoria Chambers 12 Liberation Square St Helier JE 49NE - Jersey - Channel Islands	100	01
Dexia Rekord AG	Grafenberger Allee 277-287 D-40237 Düsseldorf	100	30
Dexia Securities Belgium SA	Boulevard du roi Albert II 30 B55 B-1000 Brussels	100	11
Dexia Securities France SA	112, avenue Kléber F- 75116 Paris	100	11
Dexia Securities France Holding SA	112, avenue Kléber F-75116 Paris	100	10
Dexia Securities Services NV	Beethovenstraat 300 NL-1077 WZ Amsterdam	100	01
Dexia Securities Services Custody NV	Keizersgracht 617 NL-1000 AV Amsterdam	100	19
Dexia Securities USA Inc.	747 Third Avenue New York NY 10017 - USA	100	01
Dexia Société de Crédit SA	Rue des Clarisses 38 B-4000 Liège	100	06
Dexia Trust Services Hong Kong Ltd	Garden Road 1 26F Bank of China Tower Hong Kong	100	01
Dexia Trust Services Jersey Ltd	Commercial House 330 Commercial Street St Helier JE4 8YL - Jersey - Channel Islands	100	47
Dexia Trust Services Singapore Ltd	Raffles Place 42-01 9 Republic Plaza 048619 Singapore	100	21
Dexia Versicherungsvermittlungs AG	Innere Kanalstrasse 69 D-50823 Köln	100	30
DH Constructief Beheer BV	Keizersgracht 617 NL-1000 AV Amsterdam	100	21
DMS Holding BV	Herengracht 182 NL-1016 BR Amsterdam	100	21
Druke BV	de Ruijterkade 58A Willemstad - Curaçao - Neth. Antilles	100	21
D.Tjepkema BV	Herengracht 182 NL-1016 BR Amsterdam	100	21
DVV Finance SA	2, rue Nicolas Bové L-1253 Luxembourg	100	07
DVV Insurance SA	Avenue Livingstone 6 B-1000 Brussels	99.39	28
DVV Investments NV	Herengracht 538-543 NL-1017 BW Amsterdam	100	07
Echo Dublin United	Washingtonstreet 10 IRL - Cork	14.23	21

Name	Head Office	% of capital held	Business code
Ecupar Conseil SA	10a, boulevard Royal L-2093 Luxembourg	100	14
Eleaco BV	Herengracht 182 NL-1016 BR Amsterdam	100	21
Electro Beleggingen BV	Herengracht 182 NL-1016 BR Amsterdam	100	21
Ely Fund Managers Holding Ltd	Audrey House Ely Place London EC1N 6SW - UK	100	19
Ely Fund Managers Ltd	Audrey House Ely Place London EC1N 6SW - UK	100	19
Ely Fund Managers (EBT) Ltd	Audrey House Ely Place London EC1N 6SW - UK	100	47
ESSF UNO BVBA	Beethovenstraat 300 NL-1077 ZW Amsterdam	100	19
Eural Banque d'épargne SA	Boulevard du roi Albert II 30 B2 B-1000 Brussels	100	01
Eurco AG	Neugasse 6 CH- 8005 Zürich	99.97	28
Eurco Ireland Ltd	International Financial Services Centre 6 George's Dock IRL - Dublin 1	99.56	28
Eurcolux SA	2, rue Nicolas Bové L-1235 Luxembourg	100	28
Eurco Re Ltd	International Financial Services Centre 6 George's Dock IRL - Dublin 1	99.86	28
Eurco Rück AG	Neugasse 6 CH- 8005 Zürich	99.98	28
Eurco SA	2, rue Nicolas Bové L- 1235 Luxembourg	100	28
Exel Conseils SA	2, rue de Messine F-75008 Paris	100	17
Experta Corporate and Trust Services SA	69, route d'Esch L-2953 Luxembourg	100	10
Experta Immobilien AG	Steinengraben 23 CH-4200 Basel	100	16
Experta Management SA	69, route d'Esch L-2953 Luxembourg	100	19
Exploitation Maatschappij Hereg BV	Herengracht 538-543 NL - 1017 BW Amsterdam	100	31
FCA International BV	Herengracht 182 NL-1016 BR Amsterdam	100	21
Fidexis SA	Rue de la Charité 13-17 B-1210 Brussels	51	48
Fiduciaire Artesia SA	Boulevard du roi Albert II 30 B55 B-1000 Brussels	100	23
Financière des Pyramides SA	15, rue des Pyramides F-75001 Paris	99.1	21
First European Transfer Agent SA	5, rue Jean Monnet L-1017 Luxembourg	100	13
Floreoco BV	Herengracht 182 NL-1016 BR Amsterdam	100	21
Fonds Mercator SA	Meir 85 B-2000 Antwerpen	100	47
Fynergie SA	Rue de Trèves 25 B-1040 Brussels	100	32
Gecopar SA	Boulevard du roi Albert II 30 B55 B-1000 Brussels	100	14
Gesfin (RV FINANCE)	Place Xavier Neujean 1, 3 <sup>e</sup> étage B-4000 Liège	100	29
Global Property Research BV	Herengracht 182 NL-1016 BR Amsterdam	100	21
Hamburger CMS BV	Herengracht 182 NL-1016 BR Amsterdam	100	21
I.B. Finance SA	69, route d'Esch L-2953 Luxembourg	100	10
I Broker Europe SARL	12, rue Léon Thyès L-2636 Luxembourg	66	34
I-J Oever I BV	Keizersgracht 617 NL-1000 AV Amsterdam	100	31
I-J Oever II BV	Keizersgracht 617 NL-1000 AV Amsterdam	100	31
I-J Oever III BV	Keizersgracht 617 NL-1000 AV Amsterdam	100	21
I-J Oever IV BV	Keizersgracht 617 NL-1000 AV Amsterdam	100	21
Immo 26 SA	Montagne du Parc 4 B-1000 Brussels	97.4	31
Immo Artesia SA	Boulevard du roi Albert II 30 B55 B-1000 Brussels	100	31

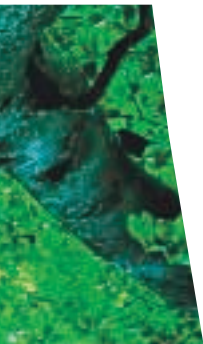
Name	Head Office	% of capital held	Business code
Immobilien-gesellschaft Gartenstrasse AG	Bahnhofstrasse 23 CH-6301 Zug	100	32
Immorente SA	Boulevard du roi Albert II 30 B55 B-1000 Brussels	100	31
Independent Investment Management Ltd	Audrey House Ely Place London EC1N 6SW - UK	100	19
Intereffect Rente Groei II NV	Herengracht 182 NL-1016 BR Amsterdam	100	
Junix Invest BV	Herengracht 182 NL-1016 BR Amsterdam	100	21
Kempen Capital Management NV	Herengracht 182 NL-1016 BR Amsterdam	100	19
Kempen Capital Management (UK) Ltd	60 Melville Street Edinburgh EH3 7HF - UK	100	19
Kempen Deelnemingen BV	Herengracht 182 NL-1016 BR Amsterdam	100	10
Kempen Finance BV	Herengracht 182 NL-1016 BR Amsterdam	100	20
Kempen Management BV	Herengracht 182 NL-1016 BR Amsterdam	100	20
Kempen Management Services Ltd	Eaton House Seaton Place St Helier - Jersey - Channel Islands	100	20
Kempen Suisse SA	49, rue du Rhône CH-1204 Genève	100	19
Kempen Trust NV	Herengracht 182 NL-1016 BR Amsterdam	100	20
Kempen Trust Antilles NV	de Ruijterkade 58A Willemstad - Curaçao - Neth. Antilles	100	19
L.A.B.S. NV	Keizersgracht 617 NL-1000 AV Amsterdam	100	15
L.A.B.S. II NV	Keizersgracht 617 NL-1000 AV Amsterdam	100	15
L.A.B.S. III NV	Keizersgracht 617 NL-1000 AV Amsterdam	100	15
L.A.B.N. NV	Keizersgracht 617 NL-1000 AV Amsterdam	100	15
L.A.B.N. II NV	Keizersgracht 617 NL-1000 AV Amsterdam	100	15
L.A.B.P.S. NV	Keizersgracht 617 NL-1000 AV Amsterdam	100	15
Labouchere Beheer BV	Keizersgracht 617 NL-1000 AV Amsterdam	100	19
Labouchere Liquiditeitenfonds NV	Keizersgracht 617 NL-1000 AV Amsterdam	99.99	13
Legio Callcentre Services BV	Schipholweg 5-7 NL-2300 AS Leiden	100	21
Livingstone Building NV	Van Breestraat 2 B-2018 Antwerpen	100	31
Logins NV	Mommaertslaan 16a B-1831 Diegem	100	34
LUFA NV	Landhuis Joonchi 837 Curaçao - Neth. Antilles	100	21
Maatschappij tot Exploitatie van Onroerende Goederen Plaats BV	Herengracht 538-543 NL-1017 BW Amsterdam	100	31
Managementmaatschappij Tolsteeg BV	Herengracht 182 NL-1016 BR Amsterdam	100	21
Mandataria Fiduciaire SA	Bahnhofstrasse 23 P.O. 858 CH-6301 Zug	100	23
Mandataria Treuhand AG			
Marais Investissements SARL	15, rue des Pyramides F-75001 Paris	99.8	21
MK Particuliere Participatie Maatschappij BV	Herengracht 182 NL-1016 BR Amsterdam	100	21
Nederlandse Standaard Bank I-J	Keizersgracht 617 NL-1000 AV Amsterdam	100	21
Novolease SA	Boulevard du roi Albert II 30 B55 B-1000 Brussels	100	05
P. Oudhof & Co NV	Beethovenstraat 300 NL-1077 ZW Amsterdam	100	14
Parfibank SA	Boulevard du Régent 40 B-1000 Brussels	100	01
Parfipar SA	10a, boulevard Royal L-2039 Luxembourg	100	21
Particuliere begeleiding en advisering PBA BV	Herengracht 538-543 NL-1017 BW Amsterdam	51	06
Pembroke Asset Management Ltd	Audrey House Ely Place London EC1N 6SW - UK	100	19

Name	Head Office	% of capital held	Business code
Pembroke Asset Management Nominees Ltd	Audrey House Ely Place London EC1N 6SW - UK	100	21
Publifique BV	Herengracht 182 NL-1016 BR Amsterdam	100	21
Quinta Verdi BV	Beethovenstraat 300 NL-1077 ZW Amsterdam	100	14
Realex SA	Rue de la Loi 99-101 B-1000 Brussels	100	31
Rekord Management & Consulting AG, Appenzell	Weissbadstrasse 14 CH-9050 Appenzell	100	28
Rekord Finanzdienstleistung AG	Grafenberger Allee 277-287 D-40237 Düsseldorf	100	30
RV Assurances	Place Xavier Neujean 1, 3e étage B-4000 Liège	100	28
SCI du 15 rue des Pyramides	15, rue des Pyramides F-75001 Paris	100	21
Securifund NV	Castorweg 22-24 Curaçao - Neth. Antilles	99.28	21
Sivart SA	Boulevard du roi Albert II 30 B55 B-1000 Brussels	100	47
Soca-retraite SARL	15, rue des Pyramides F-75001 Paris	99.8	21
Socimbal SA	Steingraben 22 CH-4200 Basel	100	10
Sogeval SA	Avenue Livingstone 6 B-1000 Brussels	100	14
Soprex SA	Steingraben 22 CH-4200 Basel	100	10
Stehouwer en van Rees BV	Herengracht 182 NL-1016 BR Amsterdam	100	21
Stip BV	Herengracht 182 NL-1016 BR Amsterdam	100	21
Stip Beheer BV	Herengracht 182 NL-1016 BR Amsterdam	100	21
T.G. Olieholding II BVBA	Beethovenstraat 300 NL-1077 ZW Amsterdam	100	19
Van Lieshout & Partners NV	Maliebaan 45 NL-3581 CD Utrecht	100	19
Vernes Gestion SNC	15, rue des Pyramides F-75001 Paris	100	19
WGH Informatique SA	Avenue de l'Expansion 7 B-4432 Ans (Alleur)	100	34
Windmill BV	Herengracht 182 NL-1016 BR Amsterdam	100	21
Other subsidiaries	Five subsidiaries of less importance for consolidation purposes, and which when mentioned by name could mean a major commercial disadvantage		

## 1.2.B. NON-CONSOLIDATED SUBSIDIARIES

Name	Head Office	% of capital held	Reason for exclusion	Business code
Alazee Corp.	24 De Castro Street - Wickhams Cay 1 Tortola - British Virgin Islands	100	not material	19
Anjou Immobilier SA	37-39, rue d'Anjou F-75008 Paris Cedex 08	99.88	not material	16
Aurea Finance Company SA	50, rue Basse L-7307 Steinsel	50.01	to be sold	19
BIL Trust Guernsey Ltd	Canada Court 14 Upland Road St Peter Port GY1 4LE - Guernsey - Channel Islands	100	not material	21
Boonefaes Verzekeringen	Sint-Walburgelopark 1 B-8360 Veurne	98.67	not material	30
Compagnie Financière BIL SA & Cie Secs	69, route d'Esch L-2953 Luxembourg	99.99	not material	39
Concept Management SA	69, route d'Esch L-2953 Luxembourg	99.98	not material	19
Deschuyter Verzekeringen	Hondstraat 34 B-8970 Poperinge	99.96	not material	30
Dexia Antwerpen-Stad CVBA	Meir 18 B-2000 Antwerpen	51	not material	04
Dexia Asset Management SGO	40, rue Washington F-75008 Paris	100	not material	19
Dexia Braine-Genappe SCRL	Place de la Gare 7 B-1420 Braine-L'Alleud	51	not material	04
Dexia Meuse et Lesse SCRL	Rue de la Station 14 B-5500 Dinant	51	not material	04

Name	Head Office	% of capital held	Reason for exclusion	Business code
Dexia Midden-Brabant CVBA	Tervuursesteenweg 202 B-3001 Leuven	51	not material	04
Dexia Nominees Jersey Ltd	Church Street 2-6 1427 St Helier JE4 2YN - Jersey - Channel Islands	100	not material	21
Dexia Nominees Singapore PTE Ltd	Raffles Place 42-01 9 HEX 22-01 Republic Plaza 048619 Singapore	100	not material	21
Dexia Nominees (UK) Ltd	4 Battle Bridge Lane Shackleton House, Hay's Galleria London SE1 2GZ - UK	100	not material	21
Dexia Réalisation	7 à 11, quai André Citroën F-75015 Paris	100	not material	41
Dexia Roeselare-St.-Amandsplaats CVBA	H. Consciencestraat 23, bus 6 B-8800 Roeselare	51	not material	04
Dexia Secretaries Jersey Ltd	Church Street 2-6 300 St Helier JE4 8YL - Jersey - Channel Islands	100	not material	21
Dexia Services Jersey Ltd	Church Street 2-6 300 St Helier JE4 8YL - Jersey - Channel Islands	100	not material	41
Dexia Trustees Jersey Ltd	Church Street 2-6 300 St Helier JE4 8YL - Jersey - Channel Islands	100	not material	23
Dexia Waasland Zuid CVBA	Hoogveld 44 B-9200 Dendermonde	51	not material	04
DVV Deurne NV	Schotensesteenweg 15 B-2100 Deurne	70	not material	30
DVV Zakenkantoor Ieper NV	Meensestraat 43 B-8900 Ieper	99	not material	30
DVV Zakenkantoor Leuven NV	Bondgenotenlaan 131 B-3000 Leuven	99.96	not material	30
FCP Multimangement SA	69, route d'Esch L-1470 Luxembourg	100	not material	14
Finance Television BV	Hoogte Kadijk, F25 143 NL-1018 BH Amsterdam	100	not material	21
Koffour SA	180, rue des Aubépines L-1145 Luxembourg	100	not material	07
Koffour SA	24 De Castro Street - Wickhams Cay 1 Tortola - British Virgin Islands	100	not material	10
K.S.R. Spol sro	Jana Milca 6 SK-010 01 Zilina	100	not material	
Lirepa SA	69, route d'Esch L-2953 Luxembourg	100	not material	10
Lothbury Nominees Ltd	Battle Bridge Lane, Shackleton House London SE1 2GZ - UK	100	not material	35
Mittelständische Unternehmensberatungs- vermittlung Düsseldorf	Grafenberger Allee 277-287 D-40237 Düsseldorf	100	not material	32
Monko Property Ltd	Fitzwilton House Wilton Place IRL-2 Dublin	100	not material	
Property Euro BV	Herengracht 182 NL-1016 BR Amsterdam	52.5	not material	31
Rekord Versicherungsvermittlung und Betreuungs- gesellschaft für Selbständige mbH	Grafenberger Allee 277-287 D-40237 Düsseldorf	100	not material	30
Service Communal de Belgique SC	Rue d'Arlon 53 bte 13 B-1040 Brussels	81.80	disproportionate cost	47
Société Immobilière Portugaise SA	42, avenue Montaigne F-75008 Paris	55.55	not material	10
Soporgest SA	69, route d'Esch L-2953 Luxembourg	100	not material	19
Stichting Beleggingsrekening Dexia	Herengracht 182 Pb 11363 NL-1001 GJ Amsterdam	100	not material	35
Other subsidiaries	Two subsidiaries of less importance for consolidation purposes, and which when mentioned by name could mean a major commercial disadvantage			



### 1.2.C. JOINT SUBSIDIARIES CONSOLIDATED BY THE PROPORTIONAL METHOD

Name	Head Office	% of capital held	Business code
Crédit Agricole Groupe SA	Boulevard Sylvain Dupuis 251 B-1070 Brussels	33.333	01
Financière ADSB BV	Drentestraat 24 NL-1083 HK Amsterdam	37.5	10
Financière Centuria SAS	37, rue d'Anjou F-75008 Paris	33	19
Lex 2000 NV	Boulevard du roi Albert II 30 B55 B-1000 Brussels	50	31
Sepia SCRL	Avenue Livingstone 6 B-1000 Brussels	50	25
Société Espace Léopold SA	Rue Belliard 127 B-1040 Brussels	33.3	31
Société Monégasque de Banque Privée SA	9, boulevard d'Italie 98000 Monte Carlo - Monaco	49.9	01

### 1.2.D. NON-CONSOLIDATED JOINT SUBSIDIARIES

Name	Head Office	% of capital held	Reason for exclusion	Business code
Antexia Gestion SA	37-39, rue d'Anjou F-75008 Paris Cedex 08	49.9	not material	19
Beheer & Adviesmaatschappij Intereffekt Rentegroei II BV	Sewei 2 NL-8501 SP Joure	50	not material	19
Federatie van de Kassen van het Landbouwkrediet	Boulevard Sylvain Dupuis 251 B-1070 Brussels	99.9	not material	30
Inforum GIE	Rue d'Arlon 53 B-1040 Brussels	50	not material	41
Intelli Partners Ltd	29 Rutland Square EH 12 BW Edinburgh - UK	35	not material	10
Les AP Liège Centre SA	Boulevard d'Avroy 79 B-4000 Liège	50	not material	30
Rainbow ICT-Services GIE	Rue Royale 192 B-1000 Brussels	50	disproportionate cost	47

### 1.2.E. AFFILIATED COMPANIES ACCOUNTED FOR BY THE EQUITY METHOD

Name	Head Office	% of capital held	Business code
Artesia Ireland Unltd	Merrion Square 91 IRL-Dublin 2	99	49
Auxipar	Avenue Livingstone 6 B-1000 Brussels	39.70	10
Aviabel	Avenue Brugmann 10 B-1060 Brussels	11.20	25
BIL RE SA	69, route d'Esch L-2953 Luxembourg	100	27
Bogey NV	Rue des Champs Elysées 33 B-1050 Brussels	49	31
Conception et Coordination Léopold SA	Rue Godecharle 15-17 B-1050 Brussels	38.75	31
Coppefis CVBA	Fossé-aux-Loups 48 B-1000 Brussels	34.67	48
Créatis SA	34, rue Nicolas Leblanc BP 2013 F-59000 Lille	12.50	01
Crédit du Nord SA	28, place Rihour F-59800 Lille	10	01
Dexia Crediop S.p.a.	Via Venti Settembre 30 I-00187 Roma	10	01
Dexia Reinsurance SA	62, avenue Victor Hugo L-1750 Luxembourg	100	27
Fairbanks Capital Holding Corp.	3815 South West Temple Salt Lake City, UT 84165 - 0250 - USA	29.70	47
Finimmo NV	Karel Oomsstraat 37 B-2018 Antwerpen	50	16
Fortior Holding SA (Groupe)	95, Edificio Torre Europa Paseo de la Castellana E-28046 Madrid	39.94	19
Forum Léopold SA	Rue Belliard 127 B-1040 Brussels	38	31
Grand Canal Brokerage Investments Unltd	International Financial Services Centre 6 George's Dock IRL -Dublin 1	33.3	10
Justinvest Antwerpen NV	Heistraat 129 B-2610 Antwerp	33.33	32
MT Développement SA	1, place Esquirol BP 397 F-31007 Toulouse Cedex	21	16

Name	Head Office	% of capital held	Business code
Projet Roosevelt SA	Avenue F. Roosevelt 86 B-1050 Brussels	24	31
Promotion Léopold SA	Rue Belliard 127 B-1040 Brussels	38	31
S.F. Management SA	Avenue Marnix 24 B-1000 Brussels	45.313	14
Titrisation belge - Belgische Effectisering (TBE) SA	Rue Montagne du Parc 3 B-1000 Brussels	25	35

## 1.2.F. AFFILIATED COMPANIES NOT ACCOUNTED FOR BY THE EQUITY METHOD

Name	Head Office	% of capital held	Business code
2 CI SA	Avenue Louise 391 B-1050 Brussels	25	34
Alert NV	Kioskplaats 60 B-2660 Hoboken	22	30
Allshare BV	Jupiterstraat 63 NL-2132 HC Hoofddorp	23	46
Assurfina SA	Rue de Soignies 28 B-1400 Nivelles	26	30
Bank Card Company SA	Boulevard du roi Albert II 9 B-1210 Brussels	20.78	41
Banksys SA	Chaussée de Haecht 1442 B-1130 Brussels	22.77	48
Bedrijvencentrum Regio Mechelen NV	De regenboog 11 B-2800 Mechelen	24.33	41
Belgian Olympic Travel SA	Avenue de Bouchout 9 B-1020 Brussels	20	47
Beurshave Management BV	Janskerkhof 12 NL-3512 BL Utrecht	37	19
B-Lease SA	Rue de Stassart 32 B-1050 Brussels	33	05
Cards Management Company SA	Boulevard du roi Albert II 9 B-1210 Brussels	20	48
C.Fin Spa	Roma - Italia	100	49
Dexia Aarschot-Haacht CVBA	Leuvensestraat 44-48 B-3200 Aarschot	26	04
Dexia Aéroport SCRL	Place des Martyrs 2 B-6041 Gosselies	26	04
Dexia Anderlecht SCRL	Place de la Vaillance 35 B-1070 Brussels	26	04
Dexia Antwerpen-Centraal CVBA	Vondelstraat 13 B-2060 Antwerpen	26	04
Dexia Antwerpen-Metropool CVBA	Statiestraat 63-65 B-2600 Berchem	26	04
Dexia Antwerpen-Noord CVBA	Kerkstraat 7 B-2940 Hoevenen	26	04
Dexia Antwerpen Noord-Oost CVBA	Markt 26 B-2900 Schoten	26	04
Dexia Antwerpen Zuidrand CVBA	Kioskplaats 49 B-2660 Hoboken	26	04
Dexia Auderghem-Boitsfort SCRL	Avenue du Bois de la Cambre 100 B-1050 Brussels	51	04
Dexia Basilix SCRL	Chaussée de Gand 444 B-1080 Brussels	26	04
Dexia Berchem-Wilrijk CVBA	Heistraat 2 B-2610 Wilrijk	26	04
Dexia Binche-Région SCRL	Avenue Charles Delière 56 B-7130 Binche	26	04
Dexia Bonheiden CVBA	Markt 24 B-2860 Sint-Katelijne-Waver	26	04
Dexia Borinage SCRL	Rue J. Dufrane 3-5 B-7080 Frameries	26	04
Dexia Boussu-Saint-Ghislain SCRL	Avenue Louis Goblet 235 B-7331 Baudour	26	04
Dexia Brugge-Oost CVBA	Gaston Roelandsplein 17 B-8310 Assebroek	26	04
Dexia Brugge-Oostkust CVBA	Sint-Salvatorskerkhof 18-20 B-8000 Brugge	26	04
Dexia Brugge-Tillegem CVBA	Gistelsesteenweg 447 B-8200 Brugge Sint-Andries	26	04
Dexia Brugmann SCRL	Avenue Brugmann 247 B-1180 Brussels	26	04
Dexia Bruxelles Centre SCRL	Place de Brouckère 41 B-1000 Brussels	26	04



Name	Head Office	% of capital held	Business code
Dexia Centre Ardenne SCRL	Avenue de Bouillon 16 B-6800 Libramont	26	04
Dexia Centre-Hainaut SCRL	Rue Albert 1 <sup>er</sup> 23 B-7100 La Louvière	26	04
Dexia Centrum Kempen CVBA	Nieuwstraat 19 B-2440 Geel	26	04
Dexia Charleroi Pont-à-Nôle SCRL	Avenue Paul Pastur 114 B-6032 Mont-sur-Marchienne	26	04
Dexia Charleroi-Sud SCRL	Boulevard Joseph Tirou 76-82 B-6000 Charleroi	26	04
Dexia Châtelet Fleurus SCRL	Rue de Moncheret 48 B-6280 Acoz	26	04
Dexia Ciney-Dinant SCRL	Rue Saint-Éloi 1 B-5590 Ciney	26	04
Dexia Demerstreek CVBA	Markt 33 B-3740 Bilzen	26	04
Dexia Denderleeuw CVBA	Stationsstraat 13 B-9470 Denderleeuw	26	04
Dexia Diksmuide-Koekelare CVBA	Sint-Maartensplein 17 B-8680 Koekelare	26	04
Dexia Dilbeek-Lennik CVBA	Ninoofsesteenweg 117 B-1700 Dilbeek	26	04
Dexia Dour Quiévrain Haut-Pays SCRL	Rue Grande 49 B-7380 Quiévrain	26	04
Dexia Druivenstreek CVBA	Stationsplein 17 B-3090 Overijse	26	04
Dexia Eghezée-Jodoigne-Perwez SCRL	Chaussée de Louvain 30 B-5310 Eghezée	26	04
Dexia Enghien, Lessines SCRL	Grand-Place 72 B-7850 Enghien	26	04
Dexia Espierres & Escaut SCRL	Rue des Croisiers 28 B-7712 Herseaux	26	04
Dexia Etterbeek SCRL	Rue des Champs 6 B-1040 Brussels	26	04
Dexia Fagnes et Thiérache SCRL	Grand-Place 29 B-6460 Chimay	26	04
Dexia Famenne d'Ardenne SCRL	Chaussée de Liège 1 B-6900 Marche-en-Famenne	26	04
Dexia Famenne Haute-Lesse SCRL	Rue des Ardennes 2 B-5570 Beauraing	26	04
Dexia Fléron-Beyne-Soumagne SCRL	Avenue des Martyrs 257 B-4620 Fléron	26	04
Dexia Gaume SCRL	Avenue Bouvier 2a B-6760 Virton	26	04
Dexia Geer-Basse Meuse SCRL	Rue Visé Voie 39 B-4680 Oupeye	26	04
Dexia Gent-Ledeberg CVBA	Zonnestraat 23-25 B-9000 Ghent	26	04
Dexia Gent Noord-West CVBA	Brugsesteenweg 555 B-9030 Mariakerke	26	04
Dexia Gent-Oost CVBA	Dendermondsesteenweg 447 B-9070 Destelbergen	26	04
Dexia Gent Zuid-Oost CVBA	Waterstraat 2 B-9820 Merelbeke	26	04
Dexia Geraardsbergen-Ninove CVBA	Oudenaardsestraat 4-6 B-9500 Geraardsbergen	26	04
Dexia Groot Deurne CVBA	Wim Saerensplein 17-19 B-2100 Deurne	26	04
Dexia Haspengouw-Oost CVBA	Graanmarkt 1 B-3700 Tongeren	26	04
Dexia Haspengouw-West CVBA	Grote Markt 44 B-3800 Sint-Truiden	26	04
Dexia Haute-Ardenne SCRL	Rue du Vieux Marché 21c B-6690 Vielsalm	26	04
Dexia Haute Senne SCRL	Rue Mayeur Etienne 14 bte 1 B-7090 Braine-le-Comte	26	04
Dexia Hauts de Liège SCRL	Rue Sainte-Walburge 112 B-4000 Liège	26	04
Dexia Herstal SCRL	Place Jean Jaurès 34 B-4040 Herstal	26	04
Dexia Hesbaye-Centre SCRL	Grand-Place 5 B-4280 Hannut	26	04
Dexia Hoogstraten-Kempen CVBA	Vrijheid 109 B-2320 Hoogstraten	26	04
Dexia Jette SCRL	Boulevard de Smet de Nayer 2a B-1090 Brussels	26	04
Dexia Kempen CVBA	Rondplein 13a B-2400 Mol	26	04

Name	Head Office	% of capital held	Business code
Dexia Kempen-Centraal CVBA	Grote Markt 34 B-2200 Herentals	26	04
Dexia Klein Brabant CVBA	Nieuwstraat 21 B-2830 Willebroek	26	04
Dexia Kortrijk CVBA	Doorniksewijk 19 B-8500 Kortrijk	26	04
Dexia Laeken SCRL	Rue de Wand 77 B-1020 Brussels	26	04
Dexia Lambermont SCRL	Chaussée de Helmet 218 B-1030 Brussels	26	04
Dexia Leeuw, Calevoet, Rode CVBA	Weerstandsplein 1 B-1600 Sint-Pieters-Leeuw	26	04
Dexia Leuven CVBA	Bondgenotenlaan 53 B-3000 Leuven	26	04
Dexia Leuven-Oost CVBA	Diestsesteenweg 60-62 B-3010 Kessel-Lo	26	04
Dexia Liège-Centre SCRL	Rue des Mineurs 12 B-4000 Liège	26	04
Dexia Liège-Est SCRL	Rue de Herve 511 B-4030 Liège	26	04
Dexia Liège-Ouest SCRL	Rue de l'Yser 396 B-4430 Ans	26	04
Dexia Liège-Sud SCRL	Rue Vaudrée 91 B-4031 Angleur	26	04
Dexia Limburg Centrum CVBA	Dorpsstraat 1a B-3530 Houthalen-Helchteren	26	04
Dexia Louise SCRL	Place Flagey 28b B-1050 Brussels	26	04
Dexia Maaskant Noord CVBA	Bosstraat 67 B-3680 Maaseik	26	04
Dexia Maasland CVBA	Rijksweg 365 B-3630 Maasmechelen	26	04
Dexia Mariemont-Seneffe SCRL	Grand-Place 2 B-7140 Morlanwelz	26	04
Dexia Mechelen-Zerst CVBA	Befferstraat 34 B-2800 Mechelen	26	04
Dexia Meetjesland CVBA	Markt 93 B-9900 Eeklo	26	04
Dexia Meuse Liégeoise SCRL	Rue de la Station 36 B-4101 Seraing	26	04
Dexia Meuse Namuroise SCRL	Chaussée de Dinant 719 B-5100 Namur	26	04
Dexia Midden-Limburg CVBA	Fruitmarkt 7 B-3600 Genk	26	04
Dexia Midden Waasland CVBA	Kerkstraat 15 9190 Stekene	26	04
Dexia Mons-Nord SCRL	Rue de Nimy 61-65 B-7000 Mons	26	04
Dexia Mons-Sud SCRL	Avenue Jean d'Avesnes 9 B-7000 Mons	26	04
Dexia Mortsel-Kontich CVBA	Statielei 59 B-2640 Mortsel	26	04
Dexia Mouscron SCRL	Rue de la Station 72 B-7700 Mouscron	26	04
Dexia Namur-Ouest SCRL	Route de Gembloux 89 B-5002 Namur	26	04
Dexia Namur-Sud SCRL	Chaussée de Louvain 440 B-5004 Namur	26	04
Dexia Namur-Ville SCRL	Rue de Marcholette 1 B-5000 Namur	26	04
Dexia Neteland CVBA	Markt 13 B-2500 Lier	26	04
Dexia Nivelles-Tubize SCRL	Rue de Mons 55 B-1480 Tubize	26	04
Dexia Noordekempen CVBA	Bredabaan 423 B-2990 Wuustwezel	26	04
Dexia Noord-Limburg CVBA	Oude Markt 14 B-3900 Overpelt	26	04
Dexia Noord-Oost Limburg CVBA	Dorpsstraat 51 B-3670 Meeuwen	26	04
Dexia Oostende-De Haan CVBA	Kapellestraat 1 B-8400 Oostende	26	04
Dexia Oostende-Middelkerke CVBA	Alfons Pieterslaan 90-92 B-8400 Oostende	26	04
Dexia Ostbelgien SCRL	Rathausplatz 11 B-4700 Eupen	26	04
Dexia Ourthe-Amblève SCRL	Place Joseph Thiry 47 B-4920 Aywaille	26	04

Name	Head Office	% of capital held	Business code
Dexia Pays d'Arlon SCRL	Rue de la Poste 13 B-6700 Arlon	26	04
Dexia Pays de Bastogne SCRL	Rue du Vivier 226 B-6600 Bastogne	26	04
Dexia Pays de Herve SCRL	Place du Marché 22 B-4651 Battice	26	04
Dexia Pays Vert-Collines SCRL	Grand-Place 24 B-7800 Ath	26	04
Dexia Regio Aalst CVBA	Stationsstraat 4 B-9300 Aalst	26	04
Dexia Regio Aalter CVBA	Stationsstraat 97 B-9880 Aalter	26	04
Dexia Regio Asse-Ternat CVBA	Kattestraat 2 B-1730 Asse	26	04
Dexia Regio Buggenhout-Londerzeel CVBA	Stationsstraat 13 B-9255 Buggenhout	26	04
Dexia Regio Deinze-Latem CVBA	Tolpoortstraat 83 B-9800 Deinze	26	04
Dexia Regio Dendermonde CVBA	Zuidlaan 2 B-9200 Dendermonde	26	04
Dexia Regio Diest CVBA	Sint-Jan Berchmansstraat 4 B-3290 Diest	26	04
Dexia Regio Erpe-Mere CVBA	Marktplein 36 B-9520 Sint-Lievens-Houtem	26	04
Dexia Regio Evergem-Zelzate CVBA	Hoeksken 10 B-9940 Evergem	26	04
Dexia Regio Hageland CVBA	Dorpsstraat 38 B-3450 Geetbets	26	04
Dexia Regio Harelbeke CVBA	Marktstraat 13-15 B-8530 Harelbeke	26	04
Dexia Regio Hasselt CVBA	Havermarkt 36-38 B-3500 Hasselt	26	04
Dexia Regio Ieper-Heuvelland CVBA	Lerkenstraat 17 B-8920 Langemark-Poelkapelle	26	04
Dexia Regio Kruishoutem-Gavere CVBA	Markt 2 B-9770 Kruishoutem	26	04
Dexia Regio Menen CVBA	Kerkomtrek 16 B-8930 Menen	26	04
Dexia Regio Poperinge CVBA	Grote Markt 39 B-8970 Poperinge	26	04
Dexia Regio Roeselare Izegem CVBA	Zuidstraat 8 B-8800 Roeselare	26	04
Dexia Regio Tielt CVBA	Holdestraat 21 B-8760 Meulebeke	26	04
Dexia Regio Tienen CVBA	Nieuwstraat 36 B-3300 Tienen	26	04
Dexia Regio Torhout CVBA	Markt 28 B-8820 Torhout	26	04
Dexia Regio Turnhout CVBA	De Merodelei 27 B-2300 Turnhout	26	04
Dexia Regio Waregem CVBA	Markt 12 B-8790 Waregem	26	04
Dexia Regio Wevelgem CVBA	Grote Markt 10 B-8560 Wevelgem	26	04
Dexia Regio Zuid-Gent CVBA	Koning Albertlaan 142 B-9000 Ghent	26	04
Dexia Région Andenne SCRL	Rue du Pont 16 B-5300 Andenne	26	04
Dexia Région Gembloux SCRL	Avenue Faculté Agronomie 12 B-5030 Gembloux	26	04
Dexia Région Huy-Amay SCRL	Avenue des Ardennes 33 B-4500 Huy	26	04
Dexia Région Semois SCRL	Route de Bouillon 23 B-5555 Bièvre	26	04
Dexia Région Verviers-Spa SCRL	Rue de l'Harmonie 40 B-4800 Verviers	26	04
Dexia Rupel CVBA	Elisabethplein 1 B-2845 Niel	26	04
Dexia Sambre et Heure SCRL	Rue 't Serstevens 9 B-6530 Thuin	26	04
Dexia Scheldeland CVBA	Kalkendorp 21 B-9270 Kalken	26	04
Dexia Seraing-Ougrée-Nandrin SCRL	Rue de Rotheux 37/1 B-4100 Seraing	26	04
Dexia Stockel SCRL	Place Dumon 22 B-1150 Brussels	26	04
Dexia Tournai SCRL	Rue Royale 64 B-7500 Tournai	26	04

Name	Head Office	% of capital held	Business code
Dexia Uccle-Rhode SCRL	Chaussée de Waterloo 1356 B-1180 Brussels	26	04
Dexia Val de Sambre SCRL	Rue de la Station 15-17 B-5060 Taminnes	26	04
Dexia Val de Verne SCRL	Grand-Place 34 B-7600 Peruwelz	26	04
Dexia Val d'Heure SCRL	Rue de Mettet 17a B-5620 Florennes	26	04
Dexia Val du Piéton SCRL	Grand-Rue 12 B-6183 Trazegnies	26	04
Dexia Vallée de la Dyle SCRL	Place Alphonse Bosch 15 B-1300 Wavre	26	04
Dexia Vallée de la Lys SCRL	Rue de Lille 19 B-7784 Warneton	26	04
Dexia Verviers-Heusy SCRL	Crapaurue 14 B-4800 Verviers	26	04
Dexia Veurne-Westkust CVBA	Zeelaan 106 B-8660 De Panne	26	04
Dexia Vilvoorde-Zaventem CVBA	Bergstraat 4 B-1800 Vilvoorde	26	04
Dexia Visé et environs SCRL	Rue Saint-Hadelin 1 B-4600 Visé	26	04
Dexia Vlaamse Ardennen CVBA	Nederstraat 17 B-9700 Oudenaarde	26	04
Dexia Waasland Centrum CVBA	Houtbriel 18 B-9100 Sint-Niklaas	26	04
Dexia Waasland Noord CVBA	Statiestraat 135 B-2070 Zwijndrecht	26	04
Dexia Waasland Noord-West CVBA	Markt 66 B-9160 Lokeren	26	04
Dexia Wareme-Hesbaye SCRL	Rue Joseph Wauters 15 B-4300 Wareme	26	04
Dexia Waterloo SCRL	Chaussée de Bruxelles 224 B-1410 Waterloo	26	04
Dexia Wemmel-Meise-Grimbergen CVBA	De Limburg Stirumlaan 30 B-1780 Wemmel	26	04
Dexia West-Limburg CVBA	Pastoor G. Mevislaan 13/1 B-3582 Koersel	26	04
Dexia Woluwe SCRL	Avenue Paul Hymans 9 B-1200 Brussels	26	04
Dexia Zennevallei CVBA	Basiliekstraat 13 B-1500 Halle	26	04
Dexia Zottegem-Oosterzele CVBA	Heldenlaan 33 B-9620 Zottegem	26	04
Dexia Zuiderkempen CVBA	Markt 1 B-2270 Herenthout	26	04
DIMACO SA	Rue Phocas Lejeune 30 B-5032 Les Isnes	49.6	41
DVV Zakenkantoor St. - Niklaas	Driekoningestraat 39 B-9100 Sint-Niklaas	35	30
DVV Zakenkantoor Naert-Huys NV	Oude Stationsstraat 8 B-8700 Tielt	25.97	30
Eurocross International Belgium CVBA	Brusselsesteenweg 124 B-1860 Meise	49	47
Europay Luxembourg SC	10, rue d'Activité L-5365 Munsbach	28.10	48
FILMS Ltd	La Tonnelle House 141 St Sampson, Guernsey - Channel Islands	25	45
Flanders Expo NV	Maaltekouter 1 B-9051 Gent	42.11	47
FSA Global Funding Ltd	Queensgate House Grand Cayman - British West Indies	29	10
Global Insurance NV	Stationsstraat 12 B-8770 Ingelmunster	25	30
Goldegg SA	Rue de la terre à briques 6 B-7522 Tournai	30	46
Guide Pratique de la Decentralisation	6, rue Barbès F-92300 Levallois-Perret	49.65	47
Hoedemaekers BVBA	Sint-Katarinaplein 22 B-3500 Hasselt	39.02	30
Ibis 4 SA	Grand Place 25 B-1348 Louvain-la-Neuve	26	30
Immo-Croissance Conseils SA	69, route d'Esch L-2953 Luxembourg	33.33	14
Independant Minds Ltd	Audrey House Ely Place London EC1N 6SW - UK	27.2	19
Isabel SA	Boulevard de l'Impératrice 13-15 B-1000 Brussels	23.99	39

Name	Head Office	% of capital held	Business code
IsaNet SA	Boulevard de l'Impératrice 13-15 B-1000 Brussels	23.99	39
Koers-Kompas Holding BV	Strawinskylaan 445 NL-1077 XX Amsterdam	20	21
Kolum Verzekeringsteam NV	Markt 17 B-2900 Schoten	25.97	30
Luxesite SA	13, rue R. Stumper L-2557 Luxembourg	24.79	41
Mediafile SA	Avenue Général Michel 1/E B-6000 Charleroi	25.23	34
Nécaraise de Participations SA	1, boulevard Haussmann F-75009 Paris	34	14
New Eryplast SA	Rue de Wallonie S/N Zone Industrielle B-4460 Grâce-Hollogne	26.53	47
Orfival SA	Drève 4 B-1370 Zétrud-Lumay	30	30
PACT SA	Rue Vanderlinden 81-87 B-1030 Brussels	33.33	41
Premier International Funding	Queensgate House Grand Cayman - British West Indies	0	10
Side International SA	9, route de 3 Cantons L-8399 Windhof	20.68	39
S.L.F. SCRL	Rue Louvrex 109 B-4000 Liège	29.11	42
Société de la Bourse de Luxembourg SA	11, avenue de la Porte Neuve L-2227 Luxembourg	20.99	11
Société Wallonne de Financement Complémentaire des Infrastructures	Rue du Canal de l'Ourthe 9 bte 3 B-4031 Angleur	32	16
Sofibru SA	Rue de Stassart 32 B-1050 Brussels	20	16
Somers-Hoedemaekers BVBA	Gouverneur Roppesingel 77 B-3500 Hasselt	39.02	30
Sustainable Energy Ventures SA	Uitbreidingstraat 62 B-2600 Antwerpen	22.51	42
Syneco Agence Conseil ASBL	Avenue Livingstone 6 B-1000 Brussels	20	30
Truman Capital Founders LLC	200 Business Park Drive Armonk, NY 10504 - USA	39.22	47
Trustwell Securities Investment Trust Co. Ltd	72 sec Nanking E road 10F 104 Taipei, Taiwan - China	20	19
Vanhees - Heylen NV	Bevrijdingslaan 18 B-3665 As	26	30
VRContext SA	Avenue Macau 3 B-1050 Brussels	22.22	34
Zakenkantoor Beveren NV	Albert Panisstraat 8 bus 1 B-9120 Beveren-Waas	38.14	30
Zakenkantoor Vandepitte - Leplae NV	Astridlaan 37 B-8310 Assebroek	26	30

## 1.2.G ENTERPRISES WHICH ARE NEITHER CONSOLIDATED NOR EQUITY ACCOUNTED AND IN WHICH THE GROUP HOLDS RIGHTS REPRESENTING AT LEAST 10% OF THE ISSUED CAPITAL

Name	Head Office	% of capital held	Shareholders' equity (in millions of EUR)	Net profits	Year	Activity code
Accuris NV	Wouwstraat 122 B-2540 Hove	16.13			1999	34
Assurantie Ingenieurs Architecten	Avenue de Cortenbergh 75 B-1000 Brussels	10	0.48	0.22	2000	28
Bedrijvencentrum Waregem NV	Kalkhoevestraat 1 B-8790 Waregem	18.52	1	0	2000	41
Berlaymont 2000 SA	Rue Froissart 95 B-1040 Brussels	14.85	14	2	2000	31
Bruxelles-Midi SA	Chaussée de Forest 47 B-1060 Brussels	15.00	1	0	2000	47
Capricorn Venture Fund NV	Lei 19 B-3000 Leuven	11.71				36
CD-PME (Capital Développement pour les PME)	7, rue du Saint-Esprit L-1475 Luxembourg	10	2	(1)	2001	20
CETREL SC	Parc d'Activité 10, Syrdall L-5365 Luxembourg	18.60	5	0	1999	48
Cofinimmo SA	Chaussée de Waterloo 876 B-1000 Brussels	15.2	734	73	2001	19
Compagnie pour le Financement des Loisirs SA	48, avenue Raymond Poincaré F- 75116 Paris	15	8	1	2000	17

Name	Head Office	% of capital held	Shareholders' equity (in millions of EUR)	Net profits	Year	Activity code
Domus Flandria NV	Karel Oomsstraat 37 B-2018 Antwerpen	17.46				
Europay Belgium SCRL	Boulevard du roi Albert II 9 B-1210 Brussels	13.74	0	0	1999	17
Euro Travellers Cheque Belgium SC	Boulevard du roi Albert II 9 B-1210 Brussels	15.00	0	0	1999	17
Fonds Innovation Plus Poitou Charente	6, place Sainte-Croix F-86000 Poitiers	10				36
IDE Lux SCRL	Drève de l'Arc-en-Ciel 98 B-6700 Arlon	37.82				43
IDE Lux Finances SCRL	Drève de l'Arc-en-Ciel 98 B-6700 Arlon	36.87	26	1	2000	16
IGRETEC SCRL	Boulevard Mayence 1 B-6000 Charleroi	89.07	76	3	2000	43
IHF SC	Hôtel de Ville B-7100 La Louvière	65.77	19	1	2000	43
Inasep SCRL	Rue des Viaux 13 B-5100 Naninne	40.58	21	0	1999	44
Innovatie- en Incubatiecentrum Brussel NV	Kranenberg 6 Research Park B-1731 Asse	10.42	1	0	2000	47
Interbrugse Maatschappij voor Huisvesting NV	Boeveriestraat 42 B-8000 Brugge	12.18	18	1	2000	31
Italconsult S.p. A.	Via di Villa Ricotti 20 I-00161 Roma	10	7	0	2000	41
IVEG CVBA	Antwerpsesteenweg 260 B-2660 Antwerpen	39.73				42
Lambdatech SA	Les Beyelettes 2 B-6953 Forrières	15.62	0	0	1999	46
Linde Partners Asset Management SA	206, route d'Arlon L-8010 Luxembourg	10				19
Lorenz Simulation SA	Avenue Pré-Ailly, Centre Socran B-4031 Liège	15.04	0	0	1999	46
Luxair SA	Aéroport Findel L-2987 Luxembourg	13.14	114	31	1999	40
Luxempart SA	6, rue Albert Borschette L-1246 Luxembourg	10.00	163	28	1999	10
Max Havelaar Label Belgium SCRL	Rue d'Alost 7-11 B-1000 Brussels	13.33	( )	( )	2001	20
Nord Projets SARL	7, boulevard Louis XIV F-59000 Lille	14.00	0	0	1999	32
Notre Maison	Boulevard Tirou 167 B-6000 Charleroi	14.88	3	0.6	2000	21
Park De Haan NV	Place Sainte-Gudule 19 B-1000 Brussels	15.00	0	2	1999	14
Projenor SA	7, boulevard Louis XIV F-59000 Lille	10.30	1	0	2000	40
Q-Star Test NV	Bedrijventrum Regio Brugge Lieven Bauwensstraat 20 B-8200 Brugge	15.63	1	0	2000	34
Red Laboratories NV	Kranenberg 6 B-1731 Zellik	14	2	(1)	2000	33
S.P.I. SCRL	Rue Lonhienne 14 B-4000 Liège	14.46	89	1	2000	43
S.P.I.K.E. NV	Steenweg op Gierle 100 B-2300 Turnhout	11.53	0.1	0	2000	47
Salyp ELV Center NV	Rozendaalstraat 14 bus 3 B-8900 Ieper	15.65	1	(1)	2000	37
SEM d'Aménagement Foncier et d' Urbanisme	24, rue François Rabelais F-66000 Perpignan	10				47
Société de développement Liège Guillemins SA	Rue du Vertbois 13b B-4000 Liège	19.05	1	0	1998	40
Société d'Équipement du Département du Doubs	6b, rue Louis Garnier F-25008 Besancon	10.1				47
Sofibail SA	Place Léopold 3 B-5000 Namur	19.42	0	0	1999	16
Trading Central SA	18, rue du Faubourg du Temple F-75011 Paris	14.25				20
Transvalor SA	80, route des Lucioles F-06560 Valbonne	10.07				34
VDK Spaarbank NV	Sint-Michielsplein 16 B-9000 Gent	17.79				01
Visa Belgium SCRL	Boulevard du roi Albert II 159 B-1210 Brussels	15.6	0	0	2000	48
Visalux SA	Parc d'Activité 10, Syrdall L-5365 Munsbach	12.09	1	0	1999	48
Vlabo Invest NV	Molenstraat 2/16 B-3110 Rotselaar	16.57	0.5	0	2000	31

Name	Head Office	% of capital held	Shareholders' equity (in millions of EUR)	Net profits	Year	Activity code
XenICs NV	Kapeldreef 75 B-3001 Leuven	12.12	2	0	2000	42
Zinner SA	Rue Zinner 1 B-1000 Brussels	13.10	5	( )	2001	32
Zonnige Kempen CV	Grote Markt 39 B-2260 Westerlo	17.05	12	0	2000	30

### Activity code

- |   |  |
|---|--|
| 1. Bank, credit institution                                     | 26. Non-life insurance   |
| 2. Private savings bank   | 27. Captive reinsurance  |
| 3. Government credit institution                                | 28. General insurance  |
| 4. Banking agency   | 29. Financial product agency and broking                               |
| 5. Leasing  | 30. Insurance agency and broking                                       |
| 6. Home loans   | 31. Real estate (proprietary portfolio)                                |
| 7. Development capital  | 32. Real estate agency (third party)                                   |
| 8. Consumer credit  | 33. Health and welfare   |
| 9. Other lending activities                                     | 34. Computer business  |
| 10. Investment company  | 35. Banking associations   |
| 11. Stock broking   | 36. Other associations   |
| 12. Variable capital investment company                         | 37. Sewage, road cleaning and maintenance and waste management         |
| 13. Mutual fund   | 38. Recreation   |
| 14. Fund manager  | 39. Telecommunications   |
| 15. Factoring   | 40. Transportation   |
| 16. Infrastructure and construction financing                   | 41. Other services   |
| 17. Other specific financing                                    | 42. Energy   |
| 18. Financial market administration                             | 43. Economic development   |
| 19. Asset and portfolio management, financial advisory services | 44. Water  |
| 20. Financial engineering, consultancy, financial research      | 45. Book publishing and multimedia                                     |
| 21. Other professional services in financial sector             | 46. Research and development   |
| 22. Guarantee company   | 47. Other service activities   |
| 23. Trust company   | 48. Production, management, distribution of computerized payment media |
| 24. Foreign currency exchange                                   | 49. Financing  |
| 25. Life insurance  | 50. Merchant banking   |

## 1.3. LAYOUT RULES AND ACCOUNTING PRINCIPLES

### A. LAYOUT RULES

#### 1. General rule

The derogation granted to the bank by the Banking and Finance Commission on 16 December 1998 results in an uniform layout of both the company financial statements and the consolidated financial statements. A specific derogation was granted for the extraordinary results.

The rules concerning the layout of the consolidated financial statements are specific to the consolidated financial statements but derive from those applied to the annual financial statements of the bank.

The layout of financial statements was supplemented by the integration in items already found in the consolidated balance sheet or off-balance sheet items and in the consolidated financial statements, of sub-items or of items specific to the integrated non-banking activities. The information in the notes to the consolidated financial statements was supplemented by new sub-items or items specific to the integrated non-banking activities.

#### 2. Comparison between the layout of the annual financial statements of Belgian banks (Royal Decree of September 23, 1992) and the layout of the Dexia Group financial statements

##### 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 December 8, 1986 regarding the annual and consolidated financial statements of credit institutions.

Only the layout rules that depart from those of the parent company will be mentioned here.

## Assets

In previous annual financial statements, the commissions paid on the occasion of the issue of debt securities and stated in the assets were transferred from "Formation expenses and intangible fixed assets" to the "Deferred charges and accrued income" financial statements. From the financial year 1998 on, these commissions are not activated anymore.

The item "Intangible assets" is subdivided into two sub-items:

"A. Organization expense and other intangible assets" and "B. Goodwill arising on consolidation".

## Liabilities

Item "XI. Retained earnings" comprises the result carried forward.

Item "XVI. Minority interests" does not comprise the share of minority interests in the income for the year.

In the item "XVII. Income for the year" the share of the Group is separated from the share of minority interests. The result in question is the result before appropriation of the profit of the parent company.

## STATEMENT OF INCOME

In previous annual financial statements, the depreciations relating to the commissions paid at the issue of debt securities that were stated in the assets, were transferred from item "Depreciation and write-downs on formation expenses and intangible and tangible fixed assets" (item VIII. of the Belgian layout) to sub-item "C. Network commissions" of item "VIII. General operating expense". From the financial year 1998 on, these commissions are not activated anymore.

Depreciations and value adjustments on consolidation differences are broken down into two separate items: "Amortization of goodwill of fully-consolidated companies" (item XIV. of the new layout) and "Depreciation and amortization of goodwill of companies" (item XIX. of the new layout).

### 3. Changes with regard to previous year

## BALANCE SHEET

### Assets

The items "II. Government securities eligible for central bank refinancing", "V. Bonds and other fixed-income securities", "VI. Equities and other variable-income securities", "VII.B. Long-term investments - Investments at cost" and "XIII. Other assets" have been subdivided into "Banking activity and other" and "Insurance activity" in order to represent the bancassurance activity more appropriately.

### Liabilities

The specific provisions that are to cover clearly identified losses or charges and which are likely or certain at the end of the drawing up of the balance sheet but for which the total amount is not precisely known as well as those of a wider nature are integrated in the item "VI.C. Technical provision of insurance activity".

The items "III. Debt securities", "IV. Other liabilities" and "VIII. Subordinated debt and hybrid capital instruments" have been subdivided into "Banking activity and other" and "Insurance activity" in order to better represent the activity of bancassurance.

## STATEMENT OF INCOME

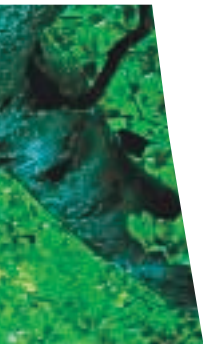
The reciprocal revenues and expenses between banking and insurance activities related to ordinary activities are not suppressed from the statement of income. This approach allows a more precise assessment of each activity.

With regard to the net banking income, the financial and technical margin of insurance activity (item XXII.) includes the revenues and technical charges (life, non-life, credit enhancing), i.e. acquired premiums or contributions, charges from services (claims), reinsurers share in the services, net revenue from investments, other products and technical charges, depreciation allowances and appropriations to the reserve related to the insurance investments.

In the future, the interest differences on exchange or rate transactions aiming at covering the exchange or rate risk affecting one element or several homogeneous elements in the framework of the treasury management or at covering and managing the global exchange or rate risk are registered in the interest margin (item "I. Interest income" and item "II. Interest expense") rather than in item VII. "Other banking income".

## OFF-BALANCE SHEET ITEMS

In the item "V. Commitments received", a sub-item "C. Commitments received by insurance companies" has been added.





Item "IX. Other commitments" has been subdivided into "Banking activity and other" and "Insurance activity" in order to represent the bancassurance activity more appropriately.

Item "VII. Financial futures" include all commitments concerning financial futures, except commitments regarding foreign currency transactions, which are recorded under item "VI. Foreign currency transactions".

Item "VIII. Securities transactions" comprise purchase and sale commitments on securities, both spot and forward. These commitments were previously recorded under item "II. Financing commitments".

#### **TOTAL ASSETS AND TOTAL LIABILITIES**

The balance sheet total changed as a result of the incorporation of investments and technical reserves connected with branch 23 products of insurance companies.

### **B. ACCOUNTING PRINCIPLES**

The accounting principles have been established by the Board of Directors which approved the annual financial statements.

#### **1. Derogations granted by the Banking and Finance Commission**

Without prejudice to the derogations granted by the Banking and Finance Commission, the consolidated annual financial statements and consolidated directors' report are established in accordance with the terms of the Royal Decree of September 23, 1992 (the Belgian Official Gazette of October 6, 1992) regarding the consolidated annual financial statements of credit institutions, and the Royal Decree of August 12, 1994 (the Belgian Official Gazette of October 12, 1994) regarding the supervision on a consolidated basis of credit institutions.

However, the Banking and Finance Commission has authorized Dexia Bank to deduce immediately and visibly from the shareholders' equity the positive consolidation differences resulting from the non-allocated difference between the acquisition price of the BIL shares acquired through the public exchange offer method and the share of the Group in their net assets at the time of acquisition.

The Banking and Finance Commission has also authorized the direct deduction of the first goodwill of Labouchere, Kempen & Co and Compagnie Financière Opale.

The impact of these derogations is detailed in annex 2.8.c.

The Banking and Finance Commission granted a derogation with respect to article 36bis, §2, of the Royal Decree of September 23, 1992, relating to the annual financial statements of credit institutions for the valuation of interest rate derivative transactions conducted in the framework of cash management and asset and liability management (ALM) operations. It also allowed that interest rate derivative transactions conducted to carry out strategic ALM decisions which do not reduce interest rate risk may be valued with recognition of corresponding gains and losses on an accruals basis over the life of transactions, while any negative balance resulting when marked to market by strategy or, if appropriate, per currency is recorded in the statement of income.

#### **2. General rule**

In accordance with article 8 of the Royal Decree of September 23, 1992, the valuation rules for the consolidated annual financial statements are the same as those which are applicable to the annual financial statements of Dexia Bank.

As a deviation from the general rule and in accordance with article 8 of the Royal Decree of September 23, 1992, some rules have been standardized within the Group in order to be able to present the annual financial statements of the consolidated enterprises on a same economic basis.

Only the rules which differ from those of the parent company are mentioned hereafter.

#### **3. Adjustments**

In order to be able to present on a same economic basis the assets and liabilities elements and the rights and obligations included in the consolidated financial statements, accounting rules and valuation methods that are homogeneous for the whole Group were applied to the accounting items of the subsidiaries. Before applying the actual consolidation methods, specific items were reclassified, rearranged or eliminated. Moreover, the special rules applying to the insurance activity are mentioned item per item.

#### 4. Translation of currency balances and obligations, and of the financial statements of the foreign subsidiaries

The financial statements of the foreign subsidiaries of each Group are translated into EUR by crossing the parities of the EUR against each of the currencies on the closing date, as far as the assets, liabilities and off-balance sheet items are concerned, and against each currency at the average rate as far as the statement of income is concerned (for EUR currencies, the average rate is the closing rate). The shareholders' equity is translated at the crossed historical rate.

Translation differences are recorded in the liabilities under the item "Translation differences", after deducting the share of translation differences for third parties, which is recorded in the liabilities under the item "Minority interests".

#### 5. Closing date

The consolidated annual financial statements are closed on December 31, i.e. the closing date at the parent company and the consolidated companies. An interim statement is drawn up with a view to consolidation if the annual financial statements of a company included in the consolidation are not closed on the same day as the annual financial statements of the consolidating company, and if a period of more than three months lies between these two dates.

#### 6. Intangible and tangible fixed assets

Fixed assets are booked on the assets side of the balance sheet at their acquisition price, which is the historic cost price reduced by the accumulated write-downs, that are calculated according to the straight-line method, based on the estimated economic life of the particular assets.

If the fixed assets are reviewed or revalued in the context of a consolidation, the write-downs, the value reductions and results of transfers are included in the consolidated annual financial statements on the basis of this revision or revaluation.

##### BANKING ACTIVITY

The following life terms normally used are:

- Buildings: 20 years; additional charges and non-deductible taxes are written down at the same speed as the assets concerned;
- Data-processing equipment: 3 to 6 years;
- Installations, equipment, furniture: 2 to 12 years;
- Rolling stock: 2 to 5 years;
- Leasing and similar rights: in accordance with the lease period.

##### AS FOR INTANGIBLE ASSETS

- The purchases of software are capitalized as intangible assets and amortized according to their useful lives over a maximum of five years.
- Software products developed by the company are recorded on the assets side at their cost price provided that the amount does not exceed a prudent valuation of the useful value of the software or its future profitability for the enterprise. Software products are written down on a straight-line basis over 3 years.
- In accordance with the Royal Decree of September 23, 1992, on the annual financial statements of credit institutions, commissions paid to offset the introduction of new client business are recorded over the life of the transactions in question within a maximum of five years.

##### INSURANCE ACTIVITY

Amortization schedules have been harmonized within the Group.

#### 7. Goodwill

##### BANKING ACTIVITY

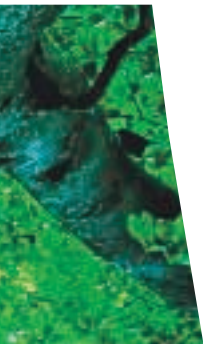
###### General principles

When a company is consolidated for the first time, a difference is established between the cost price of the securities and the share in the shareholders' equity of the company. The main differences arising from the revaluation of the assets are, as much as possible, used to increase or reduce the balance-sheet items concerned, and are depreciated, written down or incorporated in the statement of income according to the accounting principles that apply to the above-mentioned assets.

The remaining positive difference is recorded on the assets side of the consolidated balance sheet under the sub-item "Goodwill arising on consolidation" and is written off on a straight-line basis, pro rata temporis, in the year of acquisition.

The amortization period, that may not exceed 20 years, is based on the assumptions and objectives governing the acquisition. It is totally written off if it does not exceed EUR 1 million.

The negative difference (badwill) is recorded on the liabilities side of the consolidated balance sheet under the item "Negative goodwill".



The negative goodwill is recorded in the liabilities of the consolidated balance sheet under the heading "Negative goodwill". It can be included in the capital stock if it represents permanently acquired reserves. If it is intended to offset future losses or charges, it is recorded in the statement of income over a period corresponding with the events that generated it.

This item contains, in the first place, all the differences of the first consolidation calculated on January 1, 1990 which represent differences that are not allocated to the assets or liabilities items, between the share in the shareholders' equity of the consolidated enterprises and the stocktaking value of participations that fall within the first consolidation.

Secondly, it includes the consolidation differences caused by further acquisitions, as well as the first consolidation differences of new participations in subsidiaries that have been integrated in the consolidation since 1990.

#### Derogation to the general principles

The positive consolidation difference can be charged to the consolidated shareholders' equity when the application of the above-mentioned general principles does not give a fair image of the assets, the financial situation or the result. This method must however be authorized by the Banking and Finance Commission.

#### INSURANCE ACTIVITY

The principles governing the determination of goodwill are compatible with the principles applied in banking activity.

### 8. Categories of portfolios

#### TRADING PORTFOLIO

Trading securities are securities to be placed or to be realized, with the following characteristics:

- they should be bought or sold with the initial intention of buying or selling them again within a short period (under 6 months);
- they are negotiable on a liquid market;
- their market prices are permanently available to third parties.

#### INVESTMENT PORTFOLIO

Investment securities are bought with the intention of holding them for more than 6 months, except for fixed-income securities the institution intends to hold until maturity. The latter securities are then classified as investment securities. Investment securities also include securities which do not belong to trading or investment securities.

#### INVESTMENT PORTFOLIO (FIXED-INCOME SECURITIES)

This portfolio includes securities bought, in principle, with the intention of holding them until maturity.

#### FINANCIAL FIXED ASSETS (VARIABLE-INCOME SECURITIES, CONVERTIBLE BONDS)

This category includes the participating interests: These include shares and other variable-income securities that give rights in the shareholders' equity of a company when these securities, by creating a lasting and specific link with this company, are intended to contribute to its activity and to influence its policy.

Participating interests are securities representing 10% of the company's shareholders' equity or of a category of shares, or a lesser percentage.

- when, the sum of the rights held in the same company by the institution or its subsidiaries represents one tenth of the shareholders' equity or of a category of shares of the company concerned;
- when acts of disposal relating to these shares or the exercise of the rights relating to them are subject to contractual provisions or unilateral commitments of the company.

This portfolio also includes bonds convertible in shares or repayable in shares when they were bought with the initial intention, in due time, to hold the shares in question within the context of the participating portfolio.

#### LONG-TERM INVESTMENTS UNDER THE EQUITY METHOD

Holdings which are recorded under the equity method are revalued in relation to the proportion of the company concerned in equity. Holding securities that are not recorded in the consolidation are stated at their acquisition cost. A specific write-down is recorded when the yearly valuation shows a lasting depreciation.

### 9. Securities portfolio relating to the insurance activity

#### INVESTMENTS IN FIXED-INCOME SECURITIES

Fixed-income securities are valued at cost. However, when their yield to maturity calculated at acquisition by taking into account their

redemption value at maturity is different from their nominal value, the difference between the acquisition cost and the redemption value is recorded in the statement of income on an accruals basis for the acquisition value period of the securities.

Treasury bonds acquired as a support for liquidity are valued at cost. At the end of the year, they are marked to market if this price is less than the price of acquisition.

Acquisition expense is directly recorded in the statement of income in the year in which it is incurred.

Reserves are applied whenever their redemption (total or partial) at maturity has become uncertain.

#### **INVESTMENTS IN EQUITIES, SHARES AND OTHER VARIABLE-INCOME SECURITIES**

These securities are valued at cost.

Reserves are applied in the event of long-term capital losses or depreciation. They are justified by the general prospects of the company whose securities are held and which are based on its financial situation, its profitability and the outlook for the company.

A harmonization of operational approaches takes place within the insurance activity.

Financial income and expense linked to investments in ratchet funds are recorded in the statement of income in relation to changes in technical provisions. Financial income realized during the period preceding the cut-off date is recorded under accruals. Any additional income is only booked in the statement of income at the ratchet security's maturity.

#### **INVESTMENTS RELATED TO LIFE INSURANCE**

Investments related to transactions linked with life insurance investment funds in which the subscribers assume the investment risk are recorded on the balance sheet at their current value and are valued in accordance with article 27 of the Royal Decree of November 17, 1994, on the annual financial statements of insurance companies.

#### **LONG-TERM INVESTMENTS**

Holdings in associated and affiliated companies with a holding follow the same principles as for banking activity.

### **10. Assets relating to the insurance activities**

Mortgage loans are stated for the authorized amount and the non withdrawn portion is recorded in the liabilities. Non-mortgage receivables are recorded in the assets to the amount withdrawn.

### **11. Other assets**

Other insurance activity assets include, among other items, the reinsurers' share of technical provisions, deferred acquisition costs and premiums still to be issued.

The reinsurers' share of technical provisions are accounted for in accordance with the terms of the reinsurance contract and with legal and regulatory provisions relating to insurance and reinsurance companies.

### **12. Other liabilities**

This item also includes liabilities generated by direct insurance and reinsurance transactions as well as the mathematical reserves of the Group's life insurance companies.

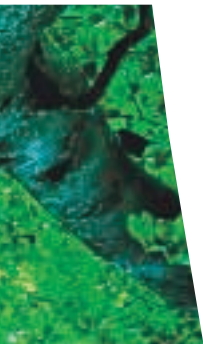
### **13. Reserves for contingencies and charges and provisions for deferred taxes**

#### **BANKING ACTIVITY**

Reserves for contingencies and charges are recorded to cover clearly identified losses and expense which are probable or certain at year end, but the total amount of which cannot be determined with a reasonable degree of accuracy. They also include a reserve for restructuring costs related to a program that has been irrevocably decided by competent authorities and defined in a detailed fashion.

Deferred taxes are recorded by the liability method to account for timing differences between the recognition of certain items of income and expense for financial reporting and tax purposes, as well as for consolidation adjustments. They are determined company by company at the latest known local tax rates.

Deferred tax assets and liabilities expected to reverse in the same period are netted off. Net deferred tax liabilities are systematically recognized; net deferred tax assets are recognized when the related tax benefit can reasonably be expected to be received.



## PROVISIONS OF INSURANCE COMPANIES

The specific provisions intended to cover clearly identified losses and expense which are probable or certain at the end of the fiscal year, but the total amount of which cannot be determined with a reasonable degree of accuracy, as well as more general losses and expense are recorded as a separate item under provisions of insurance companies.

Provisions for direct insurance claims are calculated file by file, including future settlement fees and, if necessary, they are complemented by experience acquired in the past concerning the number and amounts of claims which arrived after the end of the fiscal year. In accepted reinsurance, reserves are constituted on the basis of data communicated by the insurance companies.

Provisions for interest rate risks related to guaranteed-rate life insurance contracts are calculated on the basis of contractual agreements as well as restrictions and specific legal and regulatory procedures related to life insurance activities.

Provisions for non-acquired premiums are calculated on an accruals basis for each contract separately on the basis of the premium net of any commission and of the time remaining to the due date of the next premium.

Provisions for equalization and catastrophes include all the amounts earmarked to offset in coming years non-recurring technical losses or to level out claims fluctuations or to cover particular risks. They are constituted on the basis of minimal attributions determined by official insurance oversight authorities in the country in which the insurance company is located.

Provisions for profit-sharing and retrocession are constituted in accordance with the procedures defined in the attribution plan filed with official insurance oversight authorities in the country in which the insurance company is located.

## 14. General Banking Risks Reserve

In the consolidated financial statements, this item also includes the Internal Security Fund, a contingency fund which in the non-consolidated annual financial statements is dealt with by write-down on receivables.

In the consolidated financial statements, the allocations to the internal security reserve are recorded as part of the General Banking Risks Reserve.

The minimum threshold for the Group is currently fixed at 1% of the weighted risk volume.

## 15. Consolidation of commitments

For the consolidated companies, all the commitments must be recorded in the financial statements, after elimination, proportionately to the financial interest, of the commitments on behalf of companies belonging to the Group or of duplications.

The share of minority interests in the commitments undertaken by the subsidiaries is not recorded separately.

## 16. Income statement – charges and income relating to the current insurance activity

With regard to net banking income, the financial and technical margin of the insurance business (heading XXII) includes the technical revenues and charges (life, non-life, credit enhancement), i.e. acquired premiums or contributions, charges from services (claims), reinsurers' share in the services, net revenue from investments, other technical revenues and charges, depreciation allowances and appropriations related to the insurance investments.

## 17. Processing of reciprocal revenues and expenses of banking and insurance activities

The reciprocal revenues and expenses of banking and insurance activities related to ordinary activities are not suppressed from the statement of income. This approach allows a more precise assessment of the result of each activity.

## 2. NOTES TO THE ASSETS OF THE CONSOLIDATED BALANCE SHEET (in thousands of EUR)

### 2.0. CASH, CENTRAL BANKS AND POSTAL CHECKING ACCOUNTS (item I. Assets)

a. Accrued interest	1,724
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#### b. Details of this item, excluding accrued interest

	Amount at Dec. 31, 2002
Cash	251,098
Funds with authorized agents	307,555
Monetary reserve assets	86,081
Central banks	902,521
Postal checking accounts	5,787
<b>Total</b>	<b>1,553,042</b>

### 2.1. GOVERNMENT SECURITIES ELIGIBLE FOR CENTRAL BANK REFINANCING (item II. Assets)

a. Accrued interest	1,267
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#### b. Analysis by maturity, excluding accrued interest

Less than 3 months	3 months to 1 year	1 year to 5 years	Over 5 years	No fixed maturity and other	Total
1,778,723	3,593,949	8,148	942	0	<b>5,381,762</b>

#### c. Analysis by portfolio, excluding accrued interest and movements for the year

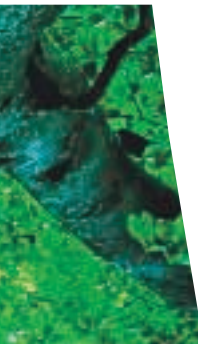
	Banking activity and other			Insurance activity	Total
	Trading securities	Securities available for sale	Investment securities		
At cost at Dec. 31, 2001	3,801,410	179,667	155,754	0	4,136,831
Movements for the year:					
- additions	76,028,247	6,114,549	221,233	0	82,364,029
- disposals and securities at maturity date	(74,589,648)	(6,247,341)	(281,120)	0	(81,118,109)
- translation adjustments	0	0	(748)	0	(748)
- other movements	(241)	0	0	0	(241)
At cost at Dec. 31, 2002 (A)	5,239,768	46,875	95,119	0	5,381,762
Allowances at Dec. 31, 2001	0	0	666	0	666
Movements for the year:					
- reclassifications	0	0	(666)	0	(666)
Allowances at Dec. 31, 2002 (B)	0	0	0	0	0
Net book value at Dec. 31, 2002 (A) - (B)	<b>5,239,768</b>	<b>46,875</b>	<b>95,119</b>	<b>0</b>	<b>5,381,762</b>

#### d. Transfers between portfolios (excluding insurance activity)

Nil

#### e. Analysis in quoted and unquoted bonds, excluding accrued interest

	Net book value at Dec. 31, 2002	Market value at Dec. 31, 2002	Difference at Dec. 31, 2002
Quoted bonds	5,381,762	5,385,430	3,668
Unquoted bonds	0		
<b>Total</b>	<b>5,381,762</b>		



## 2.2. INTERBANK LOANS AND ADVANCES: OTHER (item III. Assets)

a. **Accrued interest** 271,864

b. **Analysis by maturity, excluding accrued interest** (item III.B. Assets)

	Less than 3 months	3 months to 1 year	1 year to 5 years	Over 5 years	No fixed maturity and other	Total
	31,479,223	8,603,649	632,584	78,948	438,878	<b>41,233,282</b>

c. **Analysis by related parties, excluding accrued interest**

	Amount at Dec. 31, 2001	Amount at Dec. 31, 2002
Loans and advances to non-consolidated affiliates	18,676,192	20,295,533
Loans and advances to other related credit institutions	43	47,644
Loans and advances to non-related credit institutions	30,349,975	22,894,086
<b>Total</b>	<b>49,026,210</b>	<b>43,237,263</b>

d. **Doubtful and non-performing loans**

Risk	Amount at Dec. 31, 2001	Doubtful loans		Non-performing loans	Amount at Dec. 31, 2002
		Specific	General		
Gross amount	0	0	0	0	0
Loan loss reserves	0	0	0	0	0
Net amount	0	0	0	0	0

e. **Analysis by subordination, excluding accrued interest**

	Amount at Dec. 31, 2001	Amount at Dec. 31, 2002
Subordinated interbank loans and advances to related, non consolidated credit institutions	61,577	61,577
Subordinated interbank loans and advances to other related credit institutions	0	0
Subordinated interbank loans and advances to non-related credit institutions	0	10,891
Not subordinated interbank loans and advances to credit institutions	48,964,633	43,164,795
<b>Total</b>	<b>49,026,210</b>	<b>43,237,263</b>

f. **Movements for the year of subordinated loans, excluding accrued interest**

	Related credit Institutions	Other credit Institutions	Total
At cost at Dec. 31, 2001	61,577	0	61,577
Movements for the year:			
- additions	0	10,891	10,891
<b>At cost at Dec. 31, 2002 (A)</b>	<b>61,577</b>	<b>10,891</b>	<b>72,468</b>
Allowances at Dec. 31, 2001	0	0	0
Movements for the year	0	0	0
<b>Allowances at Dec. 31, 2002 (B)</b>	<b>0</b>	<b>0</b>	<b>0</b>
Net book value at Dec. 31, 2002 (A) - (B)	<b>61,577</b>	<b>10,891</b>	<b>72,468</b>

## 2.3. CUSTOMER LOANS (item IV. Assets)

a. **Accrued interest** 298,177

b. **Analysis by maturity, excluding accrued interest**

	Less than 3 months	3 months to 1 year	1 year to 5 years	Over 5 years	No fixed maturity and other	Total
	15,208,736	5,313,738	12,509,191	34,616,525	3,967,934	<b>71,616,124</b>

## c. Analysis by type of borrower, excluding accrued interest

	Amount at Dec. 31, 2001	Amount at Dec. 31, 2002
Public sector	26,232,833	25,572,089
Other sectors	45,597,764	46,044,035
<b>Total</b>	<b>71,830,597</b>	<b>71,616,124</b>

## d. Doubtful and non-performing loans, excluding accrued interest

Risk	Amount at Dec. 31, 2001	Doubtful loans		Non-performing loans	Amount at Dec. 31, 2002
		Specific	General		
Gross amount	1,443,063	606,348	56,040	788,616	1,451,004
Loan loss reserves	(915,954)	(297,907)	(22,886)	(614,529)	(935,322)
Net amount	527,109	308,441	33,154	174,087	515,682

## e. Analysis by related parties, excluding accrued interest

	Amount at Dec. 31, 2001	Amount at Dec. 31, 2002
Loans and advances to non-consolidated affiliates	353,299	336,246
Loans and advances to other related parties	624,216	675,606
Loans and advances to non-related parties	70,853,082	70,604,272
<b>Total</b>	<b>71,830,597</b>	<b>71,616,124</b>

## f. Analysis by subordination, excluding accrued interest

	Amount at Dec. 31, 2001	Amount at Dec. 31, 2002
Subordinated loans on other counterparts	20,261	17,511
Other customer loans	71,810,336	71,598,613
<b>Total</b>	<b>71,830,597</b>	<b>71,616,124</b>

## g. Movements for the year of subordinated loans, excluding accrued interest

	Companies accounted for by equity method	Other companies	Total
At cost at Dec. 31, 2001	0	20,261	20,261
Movements for the year:			
- additions	0	14,991	14,991
- disposals and securities at maturity date	0	(2,750)	(2,750)
At cost at Dec. 31, 2002 (A)	0	32,502	32,502
Allowances at Dec. 31, 2001	0	14,991	14,991
Movements for the year	0	0	0
Allowances at Dec. 31, 2002 (B)	0	14,991	14,991
Net book value at Dec. 31, 2002 (A) - (B)	0	17,511	17,511

## 2.4. BONDS AND OTHER FIXED-INCOME SECURITIES (item V. Assets)

a. Accrued interest	<b>1,082,803</b>
---------------------	------------------

## b. Analysis by maturity, excluding accrued interest

Less than 3 months	3 months to 1 year	1 year to 5 years	Over 5 years	No fixed maturity and other	Total
6,243,442	10,050,565	23,231,657	22,247,604	2,264,999	<b>64,038,267</b>

## c. Analysis by type of issuer, excluding accrued interest

	Amount at Dec. 31, 2001	Amount at Dec. 31, 2002
Public sector	22,534,430	20,070,088
Other sectors	46,324,380	43,968,179
<b>Total</b>	<b>68,858,810</b>	<b>64,038,267</b>



d. Analysis in quoted and unquoted bonds, excluding accrued interest

	Net book value at Dec. 31, 2002	Market value at Dec. 31, 2002	Difference at Dec. 31, 2002
Quoted bonds	51,362,117	52,034,225	672,108
Unquoted bonds	12,676,150		
<b>Total</b>	<b>64,038,267</b>		

e. Analysis by portfolio, excluding accrued interest and movements for the year

	Banking activity and other			Insurance activity	Total
	Trading securities	Securities available for sale	Investment securities		
At cost at Dec. 31, 2001	6,785,386	1,100,137	57,404,704	3,694,082	68,984,309
Movements for the year:					
- additions	99,027,139	6,350,099	60,769,071	787,626	166,933,935
- disposals and securities at maturity date	(97,754,328)	(6,860,201)	(65,777,065)	(1,501,013)	(171,892,607)
- adjustments pursuant to article 35 ter § 4 and 5 of the Royal Decree of September 23, 1992	0	5	(11,984)	61,959	49,980
- changes in scope of consolidation (in)	60,230	10,147	821,910	0	892,287
- changes in scope of consolidation (out)	(26,195)	0	(5,631)	0	(31,826)
- translation adjustments	157	(67,381)	(716,929)	1,624	(782,529)
- other movements	(34,863)	(270)	(4,720)	50,551	10,698
At cost at Dec. 31, 2002 (A)	8,057,526	532,536	52,479,356	3,094,829	64,164,247
Allowances at Dec. 31, 2001	0	535	111,562	13,402	125,499
Movements for the year:					
- recorded	0	5,672	37,078	508	43,258
- reversal of excess depreciation	0	(1,123)	(26,111)	0	(27,234)
- cancelled	0	(811)	(1,634)	(12,939)	(15,384)
- reclassifications	0	379	29	0	408
- translation differences	0	(39)	(528)	0	(567)
Allowances at Dec. 31, 2002 (B)	0	4,613	120,396	971	125,980
Net book value at Dec. 31, 2002 (A) - (B)	8,057,526	527,923	52,358,960	3,093,858	64,038,267

f. Analysis by related parties, excluding accrued interest

	Amount at Dec. 31, 2001	Amount at Dec. 31, 2002
Bonds and other fixed-income securities issued by non-consolidated affiliates	3,351,603	3,664,700
Bonds and other fixed-income securities issued by other related parties	0	0
Bonds and other fixed-income securities issued by non-related parties	65,507,207	60,373,567
<b>Total</b>	<b>68,858,810</b>	<b>64,038,267</b>

g. Analysis by subordination, excluding accrued interest

	Amount at Dec. 31, 2001	Amount at Dec. 31, 2002
Subordinated debt securities issued by banks	84,597	139,205
Non-subordinated debt securities issued by banks	65,444	433,683
Other	68,708,769	63,465,379
<b>Total</b>	<b>68,858,810</b>	<b>64,038,267</b>
Quoted subordinated debt securities	64,411	507,210

h. Transfers between portfolios (excluding insurance activity)

Nil

i. Trading portfolio, excluding accrued interest

	Amount at Dec. 31, 2001	Amount at Dec. 31, 2002
Difference between market value (if higher) and cost for securities marked to market	3,838	31,594
Difference between market value (if higher) and carrying value for securities valued in accordance with article 35ter section 2 paragraph 2 of the Royal Decree of September 23, 1992 on the annual financial statements of credit institutions	0	0

j. Investment portfolio, excluding accrued interest

	Amount at Dec. 31, 2001	Amount at Dec. 31, 2002
Difference between redemption value (if higher) and book value	109,824	297,384
Difference between redemption value (if lower) and book value	214,230	621,479

k. Movements for the year of the investment portfolio, excluding accrued interest

	Companies accounted for by the equity method	Other companies	Total
<b>At cost at Dec. 31, 2001</b>	<b>0</b>	<b>399,119</b>	<b>399,119</b>
Movements for the year:			
- additions	0	200,826	200,826
- disposals and securities at maturity date	0	(14,535)	(14,535)
- translation adjustments	0	(454)	(454)
- other movements	0	(9,604)	(9,604)
<b>At cost at Dec. 31, 2002 (A)</b>	<b>0</b>	<b>575,352</b>	<b>575,352</b>
<b>Allowances at Dec. 31, 2001</b>	<b>0</b>	<b>1,845</b>	<b>1,845</b>
Movements for the year:			
- recorded	0	1,737	1,737
- reversal of excess depreciation	0	(714)	(714)
- cancelled	0	(404)	(404)
<b>Allowances at Dec. 31, 2002 (B)</b>	<b>0</b>	<b>2,464</b>	<b>2,464</b>
<b>Net book value at Dec. 31, 2002 (A) - (B)</b>	<b>0</b>	<b>572,888</b>	<b>572,888</b>



## 2.5. EQUITIES AND OTHER VARIABLE-INCOME SECURITIES (item VI. Assets)

### a. Analysis by portfolio and movements for the year

	Banking activity and other			Insurance activity	Total
	Trading securities	Securities available for sale	Investment securities		
<b>At cost at Dec. 31, 2001</b>	<b>410,679</b>	<b>227,356</b>	<b>2,109,610</b>	<b>3,259,849</b>	<b>6,007,494</b>
Movements for the year:					
- additions	4,023,208	436,496	937,908	786,781	6,184,393
- disposals and securities at maturity	(4,085,978)	(329,937)	(1,617,985)	(621,488)	(6,655,388)
- transfers	0	0	(187,375)	0	(187,375)
- changes in scope of consolidation (in)	0	15,776	0	0	15,776
- changes in scope of consolidation (out)	(56)	(22,261)	0	0	(22,317)
- translation adjustments	(20,930)	(12)	(2,974)	(6,320)	(30,236)
- other movements	0	2,509	(4,232)	(491,565)	(493,288)
<b>At cost at Dec. 31, 2002 (A)</b>	<b>326,923</b>	<b>329,927</b>	<b>1,234,952</b>	<b>2,927,257</b>	<b>4,819,059</b>
<b>Allowances at Dec. 31, 2001</b>	<b>0</b>	<b>1,596</b>	<b>83,505</b>	<b>1,544</b>	<b>86,645</b>
Movements for the year:					
- recorded	0	6,957	53,822	19	60,798
- reversal of excess depreciation	0	(3,012)	(66,099)	(18)	(69,129)
- cancelled	0	0	(462)	(313)	(775)
- reclassifications	0	0	12,572	0	12,572
- changes in scope of consolidation (in)	0	97	0	0	97
- changes in scope of consolidation (out)	0	(44)	0	0	(44)
- translation differences	0	(2)	(1,344)	2	(1,344)
<b>Allowances at Dec. 31, 2002 (B)</b>	<b>0</b>	<b>5,592</b>	<b>81,994</b>	<b>1,234</b>	<b>88,820</b>
<b>Net book value at Dec. 31, 2002 (A) - (B)</b>	<b>326,923</b>	<b>324,335</b>	<b>1,152,958</b>	<b>2,926,023</b>	<b>4,730,239</b>

### b. Transfers between portfolios (excluding insurance activity)

	Amount at Dec. 31, 2002	Impact on the result
From investment securities to long-term investments; investments at cost	<b>174,803</b>	0

### c. Analysis by country

	Amount at Dec. 31, 2001	Amount at Dec. 31, 2002
Belgian issuers	2,576,191	1,780,693
French issuers	465,841	495,393
Foreign issuers	2,878,817	2,454,153
<b>Total</b>	<b>5,920,849</b>	<b>4,730,239</b>

### d. Analysis in quoted and unquoted shares

	Book value at Dec. 31, 2002	Market value at Dec. 31, 2002	Difference at Dec. 31, 2002
Quoted shares	4,561,492	4,469,931	(91,561)
Unquoted shares	168,747		
<b>Total</b>	<b>4,730,239</b>		

### e. Trading portfolio

	Amount at Dec. 31, 2001	Amount at Dec. 31, 2002
Difference between market value (if higher) and cost for shares marked to market	9,309	257
Difference between market value (if higher) and carrying value for shares valued in accordance with article 35ter section 2 paragraph 2 of the Royal Decree of September 23, 1992 on the annual financial statements of credit institutions	287	0

## 2.6. LONG-TERM INVESTMENTS (item VII. Assets)

a. <b>Accrued interest</b>	0
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### b. Analysis by type of issuer and movements for the year

	Investments at equity		Investments at cost			Total
	Financial inst.	Other	Banking activity and other		Insurance activity	
	Financial inst.	Other	Financial inst.	Other		
<b>At cost at Dec. 31, 2001</b>	<b>132,821</b>	<b>120,691</b>	<b>410,583</b>	<b>434,494</b>	<b>19,190</b>	<b>1,117,779</b>
Movements for the year:						
- additions	0	50	7	66,591	62,766	129,414
- disposals and securities at maturity	0	(474)	(23,830)	(55,271)	(565)	(80,140)
- transfers	0	0	(16,415)	191,218	0	174,803
- changes in scope of consolidation (in)	0	21,036	7	0	0	21,043
- changes in scope of consolidation (out)	(19,639)	(50,555)	18,939	8,166	0	(43,089)
- translation adjustments	0	(18)	0	(395)	0	(413)
- other movements	8,554	(4,314)	0	(2,774)	12,847	14,313
<b>At cost at Dec. 31, 2002 (A)</b>	<b>121,736</b>	<b>86,416</b>	<b>389,291</b>	<b>642,029</b>	<b>94,238</b>	<b>1,333,710</b>
<b>Allowances at Dec. 31, 2001</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(24,119)</b>	<b>0</b>	<b>(24,119)</b>
Movements for the year:						
- recorded	0	0	0	(35,366)	(283)	(35,649)
- reversal of excess depreciation	0	0	0	222	0	222
- cancelled	0	0	0	10,496	0	10,496
- changes in scope of consolidation (out)	0	0	0	(6,873)	0	(6,873)
<b>Allowances at Dec. 31, 2002 (B)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(55,640)</b>	<b>(283)</b>	<b>(55,923)</b>
<b>Net book value at Dec. 31, 2002 (A) - (B)</b>	<b>121,736</b>	<b>86,416</b>	<b>389,291</b>	<b>586,389</b>	<b>93,955</b>	<b>1,277,787</b>

### c. Quoted and unquoted shares

	Quoted shares			Unquoted shares
	Book value at Dec. 31, 2002	Market value at Dec. 31, 2002	Difference at Dec. 31, 2002	Book value at Dec. 31, 2002
Investments at equity	0	0	0	208,152
Investments at cost	544,937	530,349	(14,588)	524,698
<b>Total</b>	<b>544,937</b>	<b>530,349</b>	<b>(14,588)</b>	<b>732,850</b>

### d. Details of significant investments

	Net book value at Dec. 31, 2002
<b>Quoted shares</b>	
Investments at equity	0
Investments at cost	
- Erste Bank	52,654
- Fortis	139,327
- Société Générale	200,290
- Swiss Life	10,341
<b>Unquoted shares</b>	
Investments at equity	
- Auxipar	14,339
- Crédit du Nord	118,876
Investments at cost	
- Soc. coopérative de Production d'Électricité (SPE)	62,998
- Soc. Liégeoise de Financement (SLF)	73,170
- VDK Spaarbank	23,939



## 2.7. ANALYSIS OF ASSETS BY MATURITY, EXCLUDING ACCRUED INTEREST (summary)

	Amount at Dec. 31, 2001	Government securities eligible for central bank refinancing	Interbank loans and advances	Customer loans	Bonds and other fixed-income securities	Amount at Dec. 31, 2002
Less than 3 months	55,604,257	1,778,723	31,479,223	15,208,736	6,243,442	54,710,124
3 months to 1 year	31,560,914	3,593,949	8,603,649	5,313,738	10,050,565	27,561,901
1 year to 5 years	41,576,563	8,148	632,584	12,509,191	23,231,657	36,381,580
Over 5 years	51,171,615	942	78,948	34,616,525	22,247,604	56,944,019
No fixed maturity	10,697,931	0	438,878	3,967,934	2,264,999	6,671,811
<b>Total</b>	<b>190,611,280</b>	<b>5,381,762</b>	<b>41,233,282</b>	<b>71,616,124</b>	<b>64,038,267</b>	<b>182,269,435</b>

## 2.8. GOODWILL (item VIII.B. Assets and item XIV. Liabilities)

### a. Details and movements for the year

	Goodwill arising on consolidation (item VIII.B. Assets)		Negative goodwill (item XIV. Liabilities)		Deducted goodwill (item XIV.bis Liabilities)	
	Fully consolidated companies	Companies at equity	Fully consolidated companies	Companies at equity	Fully consolidated companies	Companies at equity
<b>Net book value at Dec. 31, 2001</b>	<b>316,135</b>	<b>80,133</b>	<b>45,330</b>	<b>2,212</b>	<b>1,413,395</b>	<b>4,900</b>
Movements for the year:						
- movements due to an increase of percentage held	65,203	16,005	196	0	0	0
- movements due to a decrease of percentage held	0	0	0	0	(367)	0
- changes in scope of consolidation (in)	17,684	0	2,573	0	0	0
- changes in scope of consolidation (out)	(859)	0	(420)	0	0	(3,897)
- amortization	(33,996)	(6,155)	0	0	(613,568)	(907)
- translation differences	0	0	0	0	0	0
- other movements	(14,253)	14,253	424	(424)	0	0
<b>Net book value at Dec. 31, 2002</b>	<b>349,914</b>	<b>104,236</b>	<b>48,103</b>	<b>1,788</b>	<b>799,460</b>	<b>96</b>

### b. Write-off periods

Consolidation and equity-accounted differences related to following companies are written off over 20 years.

	Consolidation differences	Equity-accounted differences
Dexia Banque Privée France	19,793	0
Dexiam France	44,847	0
Fortior	0	32,773
Bancoval	16,047	0
P-H Holding	6,325	0
Dexia Nordic Private Bank	36,058	0
Kempen & Co	6,456	0
Ely Fund Management	44,315	0
Group Butterfield	17,256	0
Dexia Life & Pensions	5,093	0
Group Rekord	39,801	0
Dexia Insurance	72,791	0
Dexia BIL (post PEO)	3,789	0
Crédit du Nord	0	88,779
DVV Insurance	57,095	0

c. Imputation of the positive consolidation differences on the capital stock

	Depreciation period	Year	Consolidation differences (1)	Equity-accounted differences (1)
Dexia BIL	20	1999	210,644	0
DVV Insurance	10	1999	112,753	0
Labouchere	20	2000	504,894	0
Group Financière Opale	20	2001	119,958	0
Kempen & Co	20	2001	498,755	0
Aviabel	3	2001	0	2,721
Sepia	3	2001	45	0
<b>Total</b>			<b>1,447,049</b>	<b>2,721</b>

d. Amortization cost imputed on the reserves

<b>Amortization cost imputed on the reserves at Dec. 31, 2001 (A)</b>	<b>140,982</b>
Amortization of the year:	
- Dexia BIL	10,532
- DVV Insurance	16,055
- Labouchere	313,452
- Group Financière Opale	5,998
- Kempen & Co	174,695
- Aviabel	907
- Sepia	15
Write-back of the year:	
- Banimmo Real Estate	(3,312)
- Roosevelt	(733)
- VDK Spaarbank	(8,378)
<b>Total (B)</b>	<b>509,231</b>
<b>Cumulated amortization at Dec. 31, 2002 (A) + (B)</b>	<b>650,213</b>

2.9. ORGANIZATION EXPENSE AND OTHER INTANGIBLE ASSETS (item VIII.A. Assets)

a. Details and movements for the year

	Goodwill	Organization expense	Other intangible assets (exclusive commission art. 27 bis*)	Total
<b>At cost at Dec. 31, 2001</b>	<b>21,220</b>	<b>190,916</b>	<b>276,360</b>	<b>488,496</b>
Movements for the year:				
- increase	91	18,808	68,121	87,020
- decrease	0	(3,452)	(13,648)	(17,100)
- translation adjustments	0	(2)	0	(2)
- changes in scope of consolidation (in)	0	0	223	223
- changes in scope of consolidation (out)	0	(102)	(3,929)	(4,031)
- other	0	(5)	16,443	16,438
<b>At cost at Dec. 31, 2002 (A)</b>	<b>21,311</b>	<b>206,163</b>	<b>343,570</b>	<b>571,044</b>
<b>Amortization and allowances at Dec. 31, 2001</b>	<b>(4,587)</b>	<b>(92,372)</b>	<b>(183,355)</b>	<b>(280,314)</b>
Movements for the year:				
- increase	(2,286)	(38,885)	(65,417)	(106,588)
- decrease	0	3,514	12,878	16,392
- translation adjustments	0	(1)	871	870
- changes in scope of consolidation (in)	0	0	0	0
- changes in scope of consolidation (out)	0	47	3,388	3,435
- other	0	(4)	5,341	5,337
<b>Amortization and allowances at Dec. 31, 2002 (B)</b>	<b>(6,873)</b>	<b>(127,701)</b>	<b>(226,294)</b>	<b>(360,868)</b>
<b>Net book value at Dec. 31, 2002 (A) - (B)</b>	<b>14,438</b>	<b>78,462</b>	<b>117,276</b>	<b>210,176</b>

(\*) Commissions are booked in item "XIV. Accruals and other assets". For more details see note 2.11.

b. Details of organization expense

Net book value at Dec. 31, 2002	78,462
of which:	
- incorporation and capital increase expense	106
- loan issue expense	0
- other formation expense	244
- reorganization costs	78,112

2.10. PROPERTY AND EQUIPMENT (Item IX. Assets)

	Lands and buildings	Equipment, furniture and vehicles	Assets under capital leases	Other property assets	Assets under construction and prepayments	Total
<b>At cost at Dec. 31, 2001</b>	<b>1,892,209</b>	<b>1,049,163</b>	<b>8,200</b>	<b>745,054</b>	<b>41,085</b>	<b>3,735,711</b>
Movements for the year:						
- additions (and produced fixed assets)	72,495	80,591	136	108,751	6,351	268,324
- disposals and retirements (-)	(422,451)	(23,815)	(1,348)	(63,541)	(968)	(512,123)
- reclassifications	(60,380)	49,473	410	117,752	(740)	106,515
- changes in scope of consolidation (in)	0	2,878	0	0	0	2,878
- changes in scope of consolidation (out)	(13,017)	(6,913)	0	(858)	(1,793)	(22,581)
- translation adjustments	588	(701)	(34)	(52)	0	(199)
- other movements	(5,306)	14,311	5,258	7,540	(6,475)	15,328
<b>At cost at Dec. 31, 2002 (A)</b>	<b>1,464,138</b>	<b>1,164,987</b>	<b>12,622</b>	<b>914,646</b>	<b>37,460</b>	<b>3,593,853</b>
<b>Gains at Dec. 31, 2001</b>	<b>225,242</b>	<b>0</b>	<b>0</b>	<b>29,888</b>	<b>0</b>	<b>255,130</b>
Movements for the year:						
- cancelled (-)	(32,273)	0	0	0	0	(32,273)
- reclassifications	(53,292)	0	0	56,010	0	2,718
<b>Gains at Dec.31, 2002 (B)</b>	<b>139,677</b>	<b>0</b>	<b>0</b>	<b>85,898</b>	<b>0</b>	<b>225,575</b>
<b>Amortizations and allowances at Dec. 31, 2001</b>	<b>(977,761)</b>	<b>(812,766)</b>	<b>(2,379)</b>	<b>(338,973)</b>	<b>(987)</b>	<b>(2132,866)</b>
Movements for the year:						
- depreciation for the year	(75,141)	(81,048)	(548)	(84,016)	0	(240,753)
- reversals of excess depreciation (-)	13	8	0	0	0	21
- depreciation written off on disposal (-)	267,817	13,329	0	48,781	0	329,927
- reclassifications	9,932	(15,893)	(160)	(94,231)	(232)	(100,584)
- changes in scope of consolidation (in)	0	(2,150)	0	0	0	(2,150)
- changes in scope of consolidation (out)	320	3,260	17	570	0	4,167
- translation adjustments	(159)	710	0	36	0	587
- other movements	(4,464)	(2,754)	1,435	5,080	0	(703)
<b>Amortizations and allowances at Dec. 31, 2002 (C)</b>	<b>(779,443)</b>	<b>(897,304)</b>	<b>(1,635)</b>	<b>(462,753)</b>	<b>(1,219)</b>	<b>(2142,354)</b>
<b>Net book value at Dec. 31, 2002 (A) + (B) + (C)</b>	<b>824,372</b>	<b>267,683</b>	<b>10,987</b>	<b>537,791</b>	<b>36,241</b>	<b>1,677,074</b>
of which:						
- lands and buildings			2,032			
- plant, machinery, equipment			8,699			
- furniture and vehicles			256			

## 2.11. ACCRUALS AND OTHER ASSETS (item XIV. Assets)

### a. Details of item XIV. Accruals and other assets

	Amount at Dec. 31, 2001	Amount at Dec. 31, 2002
Redemption premiums and other deferred charges on borrowings	212	234
Potential and deferred losses on financial future hedges	107,011	174,068
Accrued income on hedging transactions	1,411,765	2,367,260
Accrued income on trading transactions	6,208,253	7,358,525
Translation differences	491	0
Other deferred charges	197,169	198,570
Other accrued income	4,183,911	696,779
Deferred commissions on treasury notes	185,985	146,549
<b>Total</b>	<b>12,294,797</b>	<b>10,941,985</b>

### b. Analysis of potential and deferred losses on financial future hedges

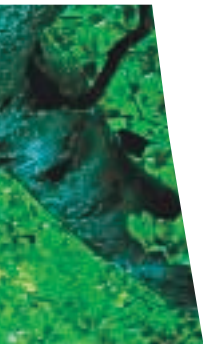
	Amount at Dec. 31, 2001	Amount at Dec. 31, 2002
Securities transactions	1,170	61
Foreign currency transactions	9,004	92,003
Other financial instruments		
- interest rate instruments	32,029	25,941
- other forward purchases and sales	64,808	56,063
<b>Total</b>	<b>107,011</b>	<b>174,068</b>

### c. Analysis of accrued income on hedging transactions

	Amount at Dec. 31, 2001	Amount at Dec. 31, 2002
Securities transactions	4,179	2,766
Foreign currency transactions	85,728	76,052
Other financial instruments		
- interest rate instruments	1,268,285	2,288,381
- other forward purchases and sales	53,573	61
<b>Total</b>	<b>1,411,765</b>	<b>2,367,260</b>

### d. Analysis of accrued income on trading transactions

	Amount at Dec. 31, 2001	Amount at Dec. 31, 2002
Securities transactions	32,278	5,482
Foreign currency transactions	617,410	293,023
Other financial instruments		
- interest rate instruments	5,558,566	7,060,021
- other forward purchases and sales	0	0
<b>Total</b>	<b>6,208,254</b>	<b>7,358,526</b>





## 2.13. OTHER ASSETS (item XIII. Assets)

### a. Details of item XIII.A Other assets: Banking activity and other

	Amount at Dec. 31, 2002
Precious metals	33,235
Assets for resale	178,311
Miscellaneous assets, of which:	1,740,884
- tax receivables	122,671
- premiums paid for swaptions written out	196,350
- guarantees	2,490
- other assets	379,990
- pension fund	0
- premiums paid for options	626,846
- provision for coupons	14,443
- short-term receivables	168,801
- deferred taxes-assets	224,036
- other financial fixed assets	5,257
<b>Total</b>	<b>1,952,430</b>

### b. Details of item XIII.B Other assets: Insurance activity

	Amount at Dec. 31, 2002
Share of the reinsurers in the technical reserves	174,144
Receivables resulting from direct insurance transactions	44,229
Premiums still to be issued	0
Deferred acquisition costs	0
Other insurance assets	205,441
<b>Total</b>	<b>423,814</b>

### 3. NOTES TO THE LIABILITIES OF THE CONSOLIDATED BALANCE SHEET (in thousands of EUR)

#### 3.1. INTERBANK LOANS AND DEPOSITS: TIME (item I.B. Liabilities)

a. Accrued interest	267,515
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#### b. Analysis by maturity, excluding accrued interest

	Less than 3 months	3 months to 1 year	1 year to 5 years	Over 5 years	No fixed maturity and other	Total
	33,001,129	9,590,285	297,365	315,554	71,792	43,276,125

#### c. Analysis by related parties, excluding accrued interest

	Amount at Dec. 31, 2001	Amount at Dec. 31, 2002
Interbank loans and deposits to non-consolidated affiliates	1,286,673	230,995
Interbank loans and deposits to other related parties	0	16,113
Interbank loans and deposits to non-related parties	49,475,039	43,029,017
<b>Total</b>	<b>50,761,712</b>	<b>43,276,125</b>

#### d. Analysis by country, excluding accrued interest

	Amount at Dec. 31, 2001	Amount at Dec. 31, 2002
Belgium	7,632,819	9,152,697
France	4,013,622	2,160,474
Foreign EU-countries	11,870,742	15,687,583
Foreign countries outside EU	27,244,529	16,275,371
<b>Total</b>	<b>50,761,712</b>	<b>43,276,125</b>

#### 3.2. CUSTOMER DEPOSITS (item II. Liabilities)

a. Accrued interest	161,301
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#### b. Analysis by maturity, excluding accrued interest and sight deposits

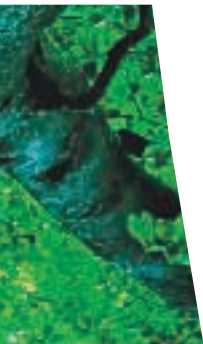
	Less than 3 months	3 months to 1 year	1 year to 5 years	Over 5 years	No fixed maturity and other	Total
	25,321,088	6,756,870	1,945,272	484,785	21,107,351	55,615,366

#### c. Analysis by related parties, excluding accrued interest

	Amount at Dec. 31, 2001	Amount at Dec. 31, 2002
Customer deposits to non-consolidated affiliates	471,504	37,434
Customer deposits to other related parties	308,346	273,938
Customer deposits to non-related parties	78,844,972	77,022,833
<b>Total</b>	<b>79,624,822</b>	<b>77,334,205</b>

#### d. Analysis by type of customer, excluding accrued interest

	Amount at Dec. 31, 2001	Amount at Dec. 31, 2002
Public sector	5,299,718	7,770,399
Other sectors	74,325,104	69,563,806
<b>Total</b>	<b>79,624,822</b>	<b>77,334,205</b>



e. Analysis by country, excluding accrued interest

	Amount at Dec. 31, 2001	Amount at Dec. 31, 2002
Belgium	47,097,617	46,779,604
France	1,812,537	1,651,212
Foreign EU-countries	18,161,543	17,545,465
Foreign countries outside EU	12,553,125	11,357,924
<b>Total</b>	<b>79,624,822</b>	<b>77,334,205</b>

f. As a result of rediscounting bills of exchange, excluding accrued interest

	Amount at Dec. 31, 2001	Amount at Dec. 31, 2002
	15,977	10,419

**3.3. DEBT SECURITIES** (item III. Liabilities)

a. Accrued interest

710,847

b. Analysis by maturity, excluding accrued interest

Less than 3 months	3 months to 1 year	1 year to 5 years	Over 5 years	No fixed maturity and other	Total
21,413,269	8,324,369	16,183,902	3,048,338	94,741	49,064,619

c. Analysis by type of security and movements during the year, excluding accrued interest

	Savings bonds	Bond loans	Certificates of deposit, negotiable debts and other	Total
<b>Amount at Dec. 31, 2001</b>	<b>19,195,271</b>	<b>9,905,235</b>	<b>23,634,868</b>	<b>52,735,374</b>
Movements for the year:				
- additions	3,224,831	1,721,514	13,717,441	18,663,786
- disposals and securities at maturity date	(5,049,546)	(904,358)	(12,211,277)	(18,165,181)
- transfers	(1,088)	0	(2,109,696)	(2,110,784)
- changes in scope of consolidation (in)	1,031	0	105,476	106,507
- changes in scope of consolidation (out)	(1,374,563)	81,476	(434,570)	(1,727,657)
- translation adjustments	0	4,807	(1,713,920)	(1,709,113)
- other movements	1,348,712	(272,558)	195,533	1,271,687
<b>Amount at Dec. 31, 2002</b>	<b>17,344,648</b>	<b>10,536,116</b>	<b>21,183,855</b>	<b>49,064,619</b>

d. Analysis by related parties, excluding accrued interest

	Amount at Dec. 31, 2001	Amount at Dec. 31, 2002
Debt securities to non-consolidated affiliates	7,339	114,751
Debt securities to other related parties	0	0
Debt securities to non-related parties	52,728,035	48,949,868
<b>Total</b>	<b>52,735,374</b>	<b>49,064,619</b>

### 3.4. ACCRUALS AND OTHER LIABILITIES (item V. Liabilities)

#### a. Details of accruals and other liabilities

	Amount at Dec. 31, 2001	Amount at Dec. 31, 2002
Issue premiums on borrowings	138	48
Redemption premiums on loans	1,983	1,984
Potential and deferred gains on hedging transactions	256,160	259,403
Accrued charges on hedging transactions	908,473	2,324,028
Accrued charges on trading transactions	5,392,097	6,910,100
Received deferred rent	56,930	51,107
Other accrued income	180,497	201,105
Other accrued expense	4,314,384	933,868
<b>Total</b>	<b>11,110,662</b>	<b>10,681,643</b>

#### b. Analysis of potential and deferred gains on hedging transactions

	Amount at Dec. 31, 2001	Amount at Dec. 31, 2002
Securities transactions	2,440	153
Foreign currency transactions	18,715	4,512
Other financial instruments		
- interest rate instruments	182,310	199,858
- other forward purchases and sales	52,695	54,880
<b>Total</b>	<b>256,160</b>	<b>259,403</b>

#### c. Analysis of accrued charges on hedging transactions

	Amount at Dec. 31, 2001	Amount at Dec. 31, 2002
Securities transactions	0	56
Foreign currency transactions	81,778	86,870
Other financial instruments		
- interest rate instruments	826,695	2,237,103
<b>Total</b>	<b>908,473</b>	<b>2,324,029</b>

#### d. Analysis of accrued charges on trading transactions

	Amount at Dec. 31, 2001	Amount at Dec. 31, 2002
Securities transactions	1,629	466
Foreign currency transactions	34,397	422,349
Other financial instruments		
- interest rate instruments	5,355,995	6,487,387
- other forward purchases and sales	76	(102)
<b>Total</b>	<b>5,392,097</b>	<b>6,910,100</b>



### 3.5. RESERVES FOR CONTINGENCIES AND CHARGES (item VI.A. Liabilities)

Reserves for:	Pensions and other retirement commitments	Taxes	Loan losses (general provisions)	Losses on foreign currency positions, securities and other financial instruments	Other contingencies and charges	Provisions of insurance companies (item VI.C. Liabilities)	Total
<b>Amount at Dec. 31, 2001</b>	<b>130,390</b>	<b>244,944</b>	<b>10,110</b>	<b>83,149</b>	<b>538,347</b>	<b>8,007,185</b>	<b>9,014,125</b>
Movements for the year:							
- increase	17,997	26,022	30,523	22,629	488,428	1,446,810	2,032,409
- decrease	(26,856)	(126,690)	(15,341)	(79,971)	(156,506)	(1,213,931)	(1,619,295)
- transfers	12,733	(1,935)	284	(302)	418	0	11,198
- changes in scope of consolidation (in)	13	57	0	0	68	0	138
- changes in scope of consolidation (out)	0	(5,647)	0	0	(753)	0	(6,400)
- translation adjustments	(49)	(136)	0	0	(261)	9	(437)
- other movements	0	(247)	0	0	0	0	(247)
<b>Amount at Dec. 31, 2002</b>	<b>134,228</b>	<b>136,368</b>	<b>25,576</b>	<b>25,505</b>	<b>869,741</b>	<b>8,240,073</b>	<b>9,431,491</b>

### 3.6. PROVISIONS FOR DEFERRED TAXES (item VI.B. Liabilities)

	Deferred taxes Timing differences	Deferred tax liabilities	Total
<b>Amount at Dec. 31, 2001</b>	<b>53,629</b>	<b>195,092</b>	<b>248,721</b>
Movements for the year:			
- increase	81,526	10,168	91,694
- decrease	(12,485)	(23,320)	(35,805)
- transfers	0	(92,609)	(92,609)
- changes in scope of consolidation (out)	(159)	0	(159)
- translation adjustments	2	0	2
- other movements	0	7	7
<b>Amount at Dec. 31, 2002</b>	<b>122,513</b>	<b>89,338</b>	<b>211,851</b>

### 3.7. GENERAL BANKING RISKS RESERVE (GBRR) (item VII. Liabilities)

	GBRR
<b>Amount at Dec. 31, 2001</b>	<b>1,447,640</b>
Movements for the year:	
- increase	19,295
- decrease	(101,120)
- changes in scope of consolidation (out)	(1,415)
- translation adjustments	(409)
<b>Amount at Dec. 31, 2002</b>	<b>1,363,991</b>

### 3.8. SUBORDINATED DEBT AND HYBRID CAPITAL INSTRUMENTS (item VIII. Liabilities)

a. **Accrued interest** 75,158

b. **Analysis by maturity, excluding accrued interest**

Less than 3 months	3 months to 1 year	1 year to 5 years	Over 5 years	No fixed maturity and other	Total
84,310	181,563	1,097,285	2,161,949	1,279,588	4,804,695

c. Movements for the year:

	Subordinated debt
<b>Amount at Dec. 31, 2001</b>	<b>4,978,576</b>
Movements for the year:	
- additions	410,705
- disposals and securities at maturity date	(1,458,000)
- transfers	(42,959)
- changes in scope of consolidation (in)	10,000
- changes in scope of consolidation (out)	(386,040)
- translation adjustments	(183,775)
- other movements	1,476,188
<b>Amount at Dec. 31, 2002</b>	<b>4,804,695</b>

d. Interests and commission payments on subordinated debt

	Amount at Dec. 31, 2001	Amount at Dec. 31, 2002
Interests and commissions	(272,011)	(226,313)

e. Analysis by related parties, excluding accrued interest

	Amount at Dec. 31, 2001	Amount at Dec. 31, 2002
Subordinated debt to non-consolidated affiliates	3,718	233,000
Subordinated debt to other related parties	0	0
Subordinated debt to non-related parties	4,974,858	4,571,695
<b>Total</b>	<b>4,978,576</b>	<b>4,804,695</b>

f. Item as a whole, excluding accrued interest

	Amount at Dec. 31, 2001	Amount at Dec. 31, 2002
Amounts owed by the consolidating credit institution	2,742,363	3,131,928
Amounts owed by other consolidated enterprises	2,236,213	1,672,767
<b>Total</b>	<b>4,978,576</b>	<b>4,804,695</b>

g. Details of subordinated debt

Detailed list available on request.

3.9. ANALYSIS OF LIABILITIES BY MATURITY, EXCLUDING ACCRUED INTEREST (summary)

	Amount at Dec. 31, 2001	Interbank loans and deposits	Customer deposits	Debt securities	Subordinated debt	Amount at Dec. 31, 2002
Less than 3 months	84,412,174	33,001,129	25,321,088	21,413,269	84,310	79,819,796
3 months to 1 year	27,124,599	9,590,285	6,756,870	8,324,369	181,563	24,853,087
1 year to 5 years	22,817,589	297,365	1,945,272	16,183,902	1,097,285	19,523,824
Over 5 years	9,339,088	315,554	484,785	3,048,338	2,161,949	6,010,626
No fixed maturity and other	22,287,691	71,792	21,107,351	94,741	1,279,588	22,553,472
<b>Total</b>	<b>165,981,141</b>	<b>43,276,125</b>	<b>55,615,366</b>	<b>49,064,619</b>	<b>4,804,695</b>	<b>152,760,805</b>



### 3.10. CONSOLIDATED SHAREHOLDERS' EQUITY

#### a. Consolidated shareholders' equity

	Before minority interests	Minority interests	Total
<b>At Dec. 31, 2001</b>			
Capital stock	2,891,286	0	2,891,286
Additional paid-in capital	189,469	0	189,469
Retained earnings	2,254,449	291,407	2,545,856
Revaluation reserve	17,546	0	17,546
Cumulative translation adjustments	3,059	(1,824)	1,235
Negative goodwill	47,542	0	47,542
Deducted goodwill	(1,418,295)	0	(1,418,295)
Net income for the year	685,985	144,440	830,425
Interim dividend	0	0	0
<b>Shareholders' equity at Dec. 31, 2001</b>	<b>4,671,041</b>	<b>434,023</b>	<b>5,105,064</b>
Movements for the year:			
- capital stock	0	0	0
- issuance of shares	0	0	0
- revaluation reserves	(8,453)	0	(8,453)
- dividends paid (-) and received (+)	(314,900)	0	(314,900)
- translation adjustments	(2,481)	1,335	(1,146)
- consolidation differences	2,349	0	2,349
- increase in deducted goodwill	618,738	0	618,738
- deducted goodwill written off through the reserves	(614,655)	0	(614,655)
- net income for the year	664,332	113,479	777,811
- interim dividend	0	0	0
- other movements	6,343	(107,427)	(101,084)
<b>At Dec. 31, 2002</b>			
Capital stock	2,891,286	0	2,891,286
Additional paid-in capital	189,469	0	189,469
Retained earnings	2,017,222	328,420	2,345,642
Revaluation reserves	9,093	0	9,093
Cumulative translation adjustments	578	(489)	89
Negative goodwill	49,891	0	49,891
Deducted goodwill	(799,557)	0	(799,557)
Net income for the year	664,332	113,479	777,811
Interim dividend	0	0	0
<b>Shareholders' equity at Dec. 31, 2002 (A)</b>	<b>5,022,314</b>	<b>441,410</b>	<b>5,463,724</b>
<b>General banking risks reserve at Dec. 31, 2001</b>	<b>1,447,640</b>	<b>0</b>	<b>1,447,640</b>
Changes in general banking risks reserve	(83,649)	0	(83,649)
<b>General banking risks reserve at Dec. 31, 2002 (B)</b>	<b>1,363,991</b>	<b>0</b>	<b>1,363,991</b>
<b>Equity and quasi-equity at Dec. 31, 2002 (A) + (B)</b>	<b>6,386,305</b>	<b>441,410</b>	<b>6,827,715</b>

### 3.11. ANALYSIS OF ASSETS AND LIABILITIES BY CURRENCY

Classification by accounting currency	In EUR	Other EU currencies	Non-EU currencies	Total
Total assets	148,592,521	21,192,439	39,364,988	209,149,948
Total liabilities	149,574,739	32,812,941	26,762,268	209,149,948

### 3.12. OTHER LIABILITIES (item IV. Liabilities)

#### a. Detail of item IV.A. Other liabilities: Banking activity and other

	Amount at Dec. 31, 2002
Taxes, remuneration and social security	40,076
- amount due to the tax authorities	13,061
- amount due to the National Security Office	27,015
Taxes	64,256
- taxes payable	44,281
- estimated tax liabilities	19,975
Other liabilities:	2,382,452
- deposits for received guarantees	5,538
- staff pension fund	152
- other tax and social debts	172,240
- suppliers	50,122
- premiums received from issued swaptions	228,908
- premiums received from issued options	412,799
- other debts	1,512,693
<b>Total</b>	<b>2,486,784</b>

#### b. Detail of item IV.B. Other liabilities: Insurance activity

	Amount at Dec. 31, 2002
Debts for deposits from assignees	106,815
Debts resulting from direct insurance transactions	45,147
Debts resulting from reinsurance transactions	45,255
Other insurance liabilities	32,988
<b>Total</b>	<b>230,205</b>





#### 4. NOTES ON THE CONSOLIDATED OFF-BALANCE SHEET ITEMS (in thousands of EUR)

##### 4.1. CONTINGENCIES (item I. Off-balance sheet items)

###### a. Analysis by nature of customer

	Amount at Dec. 31, 2001	Amount at Dec. 31, 2002
Contingencies to credit institutions	1,851,281	2,403,079
Contingencies to customers	3,466,771	5,032,144
<b>Total</b>	<b>5,318,052</b>	<b>7,435,223</b>

###### b. Analysis by related parties

	Amount at Dec. 31, 2001	Amount at Dec. 31, 2002
Contingent liabilities to non-consolidated affiliates	5,558	13,715
Contingent liabilities to other related parties	39,726	34,290
Contingent liabilities to non-related parties	5,272,768	7,387,218
<b>Total</b>	<b>5,318,052</b>	<b>7,435,223</b>

###### c. Analysis by nature of operations

	Amount at Dec. 31, 2001	Amount at Dec. 31, 2002
Non-negotiated acceptances	17,106	11,391
Guarantees serving as direct credit substitutes	1,548,860	2,735,833
Other guarantees	1,484,031	1,522,577
Documentary credits	499,396	335,005
Assets charged as collateral security on behalf of third parties	1,768,659	2,830,417
<b>Total</b>	<b>5,318,052</b>	<b>7,435,223</b>

##### 4.2. FINANCING COMMITMENTS (item II. Off-balance sheet items)

###### a. Analysis by nature of customer

	Amount at Dec. 31, 2001	Amount at Dec. 31, 2002
Commitments to credit institutions	5,416,685	5,261,445
Commitments to customers	27,541,515	22,225,746
Commitments on bonds	4,042,262	2,780,542
<b>Total</b>	<b>37,000,462</b>	<b>30,267,733</b>

###### b. Analysis by related parties

	Amount at Dec. 31, 2001	Amount at Dec. 31, 2002
Contingent liabilities to non-consolidated affiliates	3,365,892	3,650,109
Contingent liabilities to other related parties	367,596	101,837
Contingent liabilities to non-related parties	33,266,974	26,515,787
<b>Total</b>	<b>37,000,462</b>	<b>30,267,733</b>

###### c. Analysis by nature of operations

	Amount at Dec. 31, 2001	Amount at Dec. 31, 2002
Firm credit commitments	4,411,729	1,712,364
Undrawn margin on confirmed credit lines	28,671,091	25,735,246
Underwriting and placing commitments	3,489,390	2,630,000
Commitments as a result of open-ended sale and repurchase agreements	428,252	190,123
<b>Total</b>	<b>37,000,462</b>	<b>30,267,733</b>

#### 4.3. ASSETS ENTRUSTED TO THE GROUP (item III. Off-balance sheet items)

	Amount at Dec. 31, 2001	Amount at Dec. 31, 2002
Assets entrusted under a fiduciary regime	5,783,751	3,536,545
Sealed deposit	276,642,739	272,713,848
<b>Total</b>	<b>282,426,490</b>	<b>276,250,393</b>

#### 4.4. DETAIL OF FORWARD OFF-BALANCE SHEET INSTRUMENTS ON SECURITIES, FOREIGN CURRENCY TRANSACTIONS AND OTHER FINANCIAL INSTRUMENTS

##### a. Analysis by product and market

Type of transaction	Amount at Dec. 31, 2001	Amount at Dec. 31, 2002	Hedging		Trading	
			Micro- position	Macro- position	Isolated open management	Specialized portfolio management
Foreign currency transactions <sup>(a)</sup>						
- forward transactions	37,852,221	31,986,654	15,489,108	0	0	16,497,546
- currency and interest rate swaps	16,312,271	13,506,939	2,623,870	0	0	10,883,069
- currency options	699,008	1,150,055	61,564	0	0	1,088,491
Other financial instruments						
Interest rate instruments <sup>(b)</sup>						
- interest rate swaps	680,520,927	709,452,055	111,553,065	76,199,733	503,894	521,195,363
- interest rate futures	5,466,195	11,638,946	5,804	2,197,483	162,900	9,272,759
- future rate agreements	57,148,080	81,131,289	1,210,669	10,603,828	123,022	69,193,770
- interest rate options	69,141,175	74,474,246	3,063,843	0	201,170	71,209,233
Other forward purchases and sales <sup>(c)</sup>						
- other options contracts	29,903,959	50,233,690	1,843,025	0	4,731,354	43,659,311
- other futures transactions	89,580	154,279	31,782	0	122,424	73
- other forward purchases and sales	35,768	16,138	0	0	16,138	0
<b>Total</b>	<b>897,169,184</b>	<b>973,744,291</b>	<b>135,882,730</b>	<b>89,001,044</b>	<b>5,860,902</b>	<b>742,999,615</b>

(a) amounts to be delivered

(b) nominal/notional reference amount

(c) agreed buying/selling price

##### b. Analysis by market

Type of transaction	Over-the-counter market	Controlled market	Total
Foreign currency transactions	45,804,501	839,147	46,643,648
Other financial instruments			
- interest rate instruments	860,471,258	16,225,277	876,696,535
- other forward purchases and sales	49,558,926	845,182	50,404,108

##### c. Analysis in conditional and unconditional transactions

Type of transaction	Unconditional transactions	Conditional transactions	Total
Foreign currency transactions	45,521,188	122,460	45,643,648
Other financial instruments			
- interest rate instruments	794,451,780	82,244,755	876,696,535
- other forward purchases and sales	44,462,729	5,941,379	50,404,108



#### d. Analysis by maturity

Type of transaction	Less than 1 year	1 year to 5 years	Over 5 years	Total
Foreign currency transactions	28,423,013	14,541,416	3,679,219	46,643,648
Other financial instruments				
- interest rate instruments	454,647,464	263,027,768	159,021,303	876,696,535
- other forward purchases and sales	8,058,232	24,220,832	18,125,044	50,404,108

#### e. Isolated open position transactions

Amount of deferred taxation of isolated open position transactions	0
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#### f. Effect on results of exemption from the valuation rule referred to in article 36 bis section 2, relating to interest-rate futures

Analysis by type of interest-rate future	Amount at Dec. 31, 2002 <sup>(a)</sup>	Difference between market value and carrying value <sup>(b)</sup>
As part of cash management	54,999,144	20,434
As part of asset and liability management	148,911,716	(435,146)

(a) nominal/notionnel reference amount

(b) +: positive difference between the market value and results accounted for  
- : negative difference between the market value and results accounted for

### 4.5. ASSETS LODGED AS A COLLATERAL

	Mortgages <sup>(1)</sup>	Goodwill pledges <sup>(2)</sup>	Pledges on other assets <sup>(3)</sup>	Pledges on future assets <sup>(4)</sup>
As a collateral for debt and commitments				
Balance sheet debt				
- sales of loans	0	0	17,346,183	0
- others	0	0	6,946,305	0
Off-balance sheet commitments				
- interest rate futures	0	0	1,435,364	0
- securities transactions	0	0	3,402,584	0
- BNB lines of credit	0	0	9,703	0

(1) stated at the lower of the mortgage value and the book value of the mortgaged real estate

(2) value of the pledge

(3) book value of pledged assets

(4) value of future assets

### 4.6. COMMITMENTS GIVEN AND RECEIVED NOT REFLECTED ABOVE

#### Description of the supplementary retirement of survivor's pension plan

1. In the framework of the supplementary and retirement survivor's pensions, Dexia Bank Belgium subscribed a group insurance with an insurance company. This insurance is paid for by contributions of staff members and of the employer.  
Dexia Bank has no further commitment in that respect.
2. In the framework of the supplementary and retirement survivor's pensions a contingency plan has been existing since January 1, 2000 within the Artesia BC Group and was concluded with an insurance company in favor of its staff members. For staff members who were affiliated to the BACOB pension plan on December 31, 1999, this contingency fund foresees transitory measures, as well as for employees who were affiliated to the Artesia pension fund before December 31, 1999.  
These insurances are financed by contributions of the employer.  
These contributions are accounted for in the statement of income.  
Dexia Bank has no further commitment in that respect.
3. The staff members of some subsidiaries enjoy a pension plan of which the guarantees are insured with insurance companies.

#### 4.7. COUNTERPART RISK ON DERIVATIVES

##### a. Volume OECD - countries

Counterpart	Notation	Non-weighted, non-compensated equivalent of risks	Weighted, non-compensated equivalent of risks	Impact of the compensation on the non-weighted equivalent of risks	Impact of the guarantees on the non-weighted equivalent of risks	Non-weighted equivalent of risks after compensation and guarantees
Credit institutions	AAA	1,070,514	214,103	302,202	55,155	713,158
	AA	19,591,134	3,918,179	15,198,330	566,982	3,825,821
	A	6,950,254	1,390,051	4,824,192	174,123	1,951,939
	BBB	1,012,149	202,430	924,083	29,655	58,412
	BB	100	20	0	0	100
	Unquoted	98,343	19,669	0	0	98,343
Public sector	AAA	635	127	0	0	635
	AA	35,510	0	0	0	35,510
	A	39,670	7,934	0	0	39,670
	Unquoted	43,061	176	0	0	43,061
Other sector	AAA	58,232	28,231	0	0	58,232
	AA	882,492	312,453	526,706	0	355,786
	A	2,735,556	999,041	2,292,376	0	443,181
	BBB	20,410	10,205	0	0	20,410
	BB	460,745	230,372	0	0	460,745
	Unquoted	170,902	84,803	0	0	170,902

##### b. Volume out of OECD

Counterpart	Notation	Non-weighted, non-compensated equivalent of risks	Weighted, non-compensated equivalent of risks	Impact of the compensation on the non-weighted equivalent of risks	Impact of the guarantees on the non-weighted equivalent of risks	Non-weighted equivalent of risks after compensation and guarantees
Credit institutions	AAA	25,527	5,105	0	0	25,527
	AA	21,892	4,378	0	0	21,892
Other sector	AAA	194,024	97,012	91,354	0	102,671
	AA	1,599	799	0	0	1,599
	Unquoted	769	384	0	0	769

#### 4.8. SECURITIES TRANSACTIONS (item VIII. Off-balance sheet items)

##### a. Analysis by product and market

	Amount at Dec. 31, 2001	Amount at Dec. 31, 2002
Purchases		
- spot	312,799	1,903,328
- forward	11,227,599	2,688,383
Sales		
- spot	98,006	1,949,148
- forward	940,174	3,456,758
<b>Total</b>	<b>12,578,578</b>	<b>9,997,617</b>

##### b. Analysis by forward transactions

	Amount at Dec. 31, 2001	Amount at Dec. 31, 2002	Hedging		Trading		Other
			Micro-position	Macro-position	Isolated open position	Specialised portfolio management	
Securities transactions	12,167,773	6,145,141	231,394	0	0	5,879,429	34,318

##### c. Analysis by market

	Over-the-counter market	Controlled market	Total
Securities transactions	6,095,672	49,469	6,145,141



d. Analysis by maturity

Type of transaction	Less than 1 year	1 year to 5 years	Over 5 years	No fixed maturity and other	Total
Securities transactions	5,404,494	656,599	84,048	0	6,145,141

e. Isolated open position transactions

Amount of isolated open position transactions	0
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## 5. NOTES TO THE CONSOLIDATED STATEMENT OF INCOME (in thousands of EUR)

### 5.1. LONG-TERM INVESTMENTS (item III.B. Statement of income)

	Amount at Dec. 31, 2001	Amount at Dec. 31, 2002
Non-consolidated subsidiaries and affiliates	31,215	11,498
Other related parties	13,054	14,821
Other long-term investments	12,503	24,834
<b>Total</b>	<b>56,772</b>	<b>51,153</b>

### 5.2. COMMISSIONS (items IV. and V. Statement of income)

#### a. Commission income (item IV. Statement of income)

Nature	Amount at Dec. 31, 2001	Amount at Dec. 31, 2002
Unit trusts and mutual funds (management)	484,246	405,600
Unit trusts and mutual funds (administration)	56,814	71,287
Insurance activity	40,072	70,718
Credit activity	42,703	47,778
Stock exchange activity	160,258	107,257
Purchase and sale of other securities	73,419	68,974
Payment services	101,359	112,574
Safe-keeping fees and services on securities	59,538	43,119
Financial engineering	(870)	25,469
Private and institutional management	91,176	73,623
Transactions on financial instruments	81,657	63,868
Other financial services	103,235	63,427
<b>Total</b>	<b>1,293,607</b>	<b>1,153,694</b>

#### b. Commission expense (item V. Statement of income)

Nature	Amount at Dec. 31, 2001	Amount at Dec. 31, 2002
Unit trusts and mutual funds (management)	28,165	18,261
Unit trusts and mutual funds (administration)	1,222	1,474
Insurance activity	7,934	8,755
Credit activity	20,275	77,944
Stock exchange activity	16,579	12,148
Purchase and sale of other securities	18,721	10,189
Payment services	12,440	24,176
Safe-keeping fees and services on securities	10,689	14,611
Financial engineering	287	185
Private and institutional management	583	2,489
Transactions on financial instruments	24,096	19,604
Other financial services	41,796	72,132
<b>Total</b>	<b>182,787</b>	<b>261,968</b>

### 5.3. INCOME FROM FINANCIAL TRANSACTIONS (item VI. Statement of income)

	Amount at Dec. 31, 2001	Amount at Dec. 31, 2002
Net gains (+/-) and changes in provisions		
- on trading securities and other financial instruments	156,777	35,373
- on marketable securities available for sale and investment securities	241,477	186,504
- on foreign currency transactions	71,465	57,721
<b>Total</b>	<b>469,719</b>	<b>279,598</b>



Net changes to allowances and net gains on disposal on securities available for sale are as follows:	Amount at Dec. 31, 2001	Amount at Dec. 31, 2002
- Charges to allowances	(139,219)	(170,282)
- Recoveries of allowances	134,114	109,935
<b>Subtotal</b>	<b>(5,105)</b>	<b>(60,347)</b>
- Losses on disposal	(139,176)	(229,991)
- Gains on disposal	385,758	476,842
<b>Subtotal</b>	<b>246,582</b>	<b>246,851</b>
<b>Total</b>	<b>241,477</b>	<b>186,504</b>

#### 5.4. EMPLOYEE INFORMATION

	2001		2002	
	Consolidated companies Fully	Proportionally	Consolidated companies Fully	Proportionally
Average number of employees				
- unskilled	163	0	81	0
- administrative	16,983	550	17,229	552
- management <sup>(1)</sup>	797	20	373	19
- other	110	0	16	0
Payroll costs				
- salaries and benefits	961,141	15,442	950,269	14,022
- payroll taxes	221,158	3,722	218,845	3,738
- contributions to voluntary benefit plans	40,532	540	81,231	490
- other payroll costs	58,491	542	63,995	674
- pension costs	15,476	766	29,939	264
Provisions for pensions				
- dotations (+)	14,052	48	14,146	106
- reversals (-)	(5,757)	0	(1,248)	0
Provisions for other retirement commitments				
- provisions for integration costs: dotations				
- dotations(+)	133,269	0	0	0
- reversals (-)	0	0	(25,744)	0
Other provisions				
- dotations (+)	3,055	0	11,103	6
- reversals (-)	(29,317)	0	(26,312)	0
Other administrative costs (VIII.b2)				
Other administrative costs	790,555	12,298	691,805	13,429
Provision for integration costs				
- dotations (+)	113,519	0	0	0
- reversals (-)	0	0	(38,216)	0

(1) senior executives

#### 5.5. NET LOSSES AND ALLOWANCES FOR LOAN LOSSES AND OFF-BALANCE SHEET ITEMS (item XI. Statement of income)

	Dotations et pertes <sup>(1)</sup>	Reprises et utilisations	Total
Customer loans	206,014	63,588	142,426
Off-balance sheet items	21,054	875	20,179
Reserves for contingencies and charges	422,700	0	422,700
<b>Total</b>	<b>649,768</b>	<b>64,463</b>	<b>585,305</b>

(1) difference between the gross outstanding balance and the amount recovered

## 5.6. NET GAINS AND RECOVERIES OF ALLOWANCES ON LONG-TERM INVESTMENTS (item XII. Statement of income)

	Amount at Dec. 31,2001		Amount at Dec. 31,2002	
	Related parties	Other	Related parties	Other
Increase in allowances	0	(13,873)	0	(38,342)
Recoveries of allowances	0	2,530	0	1,450
<b>Subtotal</b>	<b>0</b>	<b>(11,343)</b>	<b>0</b>	<b>(36,892)</b>
Losses on capital	0	(42,310)	0	(20,513)
Gains on disposal	0	14,991	0	55,369
<b>Subtotal</b>	<b>0</b>	<b>(27,319)</b>	<b>0</b>	<b>34,856</b>
<b>Total</b>	<b>0</b>	<b>(38,662)</b>	<b>0</b>	<b>(2,036)</b>

## 5.7. OTHER BANKING INCOME AND OTHER BANKING EXPENSE

### a. Other banking income (item VII. Statement of income)

	Amount at Dec. 31,2002
Net results of other companies	165,257
Other banking income	148,807
<b>Total</b>	<b>314,064</b>

### b. Other banking expense (item X. Statement of income)

	Amount at Dec. 31,2002
Net results of other companies	(102,382)
Other banking expense	(140,839)
<b>Total</b>	<b>(243,221)</b>

## 5.8. NON-RECURRING ITEMS (items XV., XVI. and XVII. Statement of income)

### a. Analysis non-recurring items

Nil

### b. Extraordinary income as defined in the Royal Decree of September 23, 1992

	Amount at Dec. 31,2001	Amount at Dec. 31,2002
1. Extraordinary income (+)		
A. Adjustments to depreciation and write-downs on intangible and tangible assets	2,185	1,845
B. Adjustments to write-downs on financial fixed assets	2,530	1,450
C. Adjustments to provisions for extraordinary liabilities and charges	57	9
D. Gain on disposal of fixed assets	22,662	196,478
E. Other extraordinary income	2,805	1,698
<b>Total</b>	<b>30,239</b>	<b>201,480</b>
2. Extraordinary charges (-)		
A. Extraordinary depreciation and amortization on formation expense and intangible and tangible fixed assets	(2,038)	(2,788)
B. Write-downs on financial fixed assets	(13,873)	(38,342)
C. Provisions for extraordinary liabilities and charges	143	0
D. Loss on disposal of fixed assets	(43,154)	(21,949)
E. Other extraordinary charges	(1,739)	(572)
<b>Total</b>	<b>(60,661)</b>	<b>(63,651)</b>

### c. Tax on nonrecurring items

Nil





## 5.9. CORPORATE INCOME TAX (item XVII. Statement of income)

	Amount at Dec. 31,2001	Amount at Dec. 31,2002
Current taxes (item XVII.A.)		
- tax on income for the year	268,646	116,052
- tax on prior years' income	27,241	23,727
<b>Total</b>	<b>295,887</b>	<b>139,779</b>
Deferred taxes (item XVII.B.)		
- allocations to provisions	36,861	30,740
- reversals of provisions	(91,644)	(348,546)
<b>Total</b>	<b>(54,783)</b>	<b>(317,806)</b>

## 5.10. COMPENSATION PAID TO DIRECTORS AND OFFICERS

Compensation paid to executive directors and officers by subsidiaries and affiliates including pension benefits paid to former executive directors and officers	
Board of directors	8,642
Supervisory Board	0
<b>Total</b>	<b>8,642</b>
Loans	
Board of directors	1,078
<b>Total</b>	<b>1,078</b>

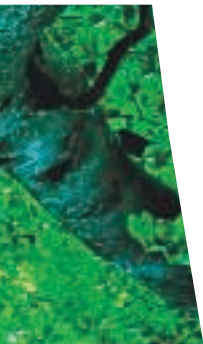
## 5.11. GEOGRAPHICAL INFORMATION

### a. By enterprise located in

	Net banking income	Operating income before allowances	Net income
Belgium	2,255,378	613,692	401,503
France	125,839	13,503	10,795
Luxembourg	590,823	247,700	483,731
Other countries	684,488	254,715	(118,218)
<b>Total</b>	<b>3,656,528</b>	<b>1,129,610</b>	<b>777,811</b>

b. Breakdown of net banking income according to origin

	Amount at Dec. 31, 2001		Amount at Dec. 31, 2002	
	Belgian operations	Foreign operations	Belgian operations	Foreign operations
I. Interest receivable and similar income	13,103,918	(3,599,540)	5,449,990	2,306,158
II. Interest expense	(11,135,635)	3,591,496	(3,535,113)	(2,192,005)
III. Income from variable income securities	80,582	28,966	68,317	21,793
A. Equities and other variable income securities	41,919	10,857	33,442	5,515
B. Long-term investments	38,663	18,109	34,875	16,278
IV. Commission income	487,991	805,616	430,970	722,724
V. Commission expense	(71,931)	(110,856)	(134,042)	(127,926)
VI. Income from financial transactions	338,358	131,361	126,608	152,990
VII. Other banking income	366,643	117,232	212,032	102,033
X. Other banking expense	(81,343)	(217,350)	(124,850)	(118,371)
XII. Technical and financial margin of insurance activities	291,069	25,501	285,406	9,814



### 5.13. CONSOLIDATED STATEMENT OF INCOME - PRESENTATION ACCORDING TO THE ROYAL DECREE OF SEPTEMBER 23, 1992

Consolidated statement of income	Amount at Dec. 31, 2001	Amount at Dec. 31, 2002
I. Interest receivable and other similar income	9,866,890	8,144,365
of which: interest from fixed-income securities	3,535,400	2,667,561
II. Interest payable and similar charges	(7,734,942)	(5,845,775)
III. Income from equity investment securities	215,140	107,217
A. From shares and other equity investment securities	53,261	38,957
B. From participating interests and shares constituting financial fixed assets	161,879	68,260
IV. Commissions receivable	1,998,482	1,677,669
V. Commissions payable	(593,703)	(724,714)
VI. Profit (loss) on financial transactions	324,105	(296,638)
A. On trading of securities and other financial instruments	213,468	(10,299)
B. On disposal of investment securities	110,637	(286,339)
VII. General administrative expenses	(2,148,357)	(2,097,207)
A. Remuneration, social security costs and pensions	(1,317,809)	(1,363,466)
B. Other administrative expenses	(830,548)	(733,741)
VIII. Depreciation and write-downs on formation expenses, intangible and tangible fixed assets	(392,548)	(369,477)
IX. Adjustments 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 credit risk"	(102,353)	(162,605)
X. Adjustments in write-downs on the investment portfolio of debt securities, shares and other fixed-income or equity investment securities	(5,105)	(60,347)
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 credit risk"	185,972	218,838
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 credit risk"	(369,172)	(499,364)
XIII. Fund for general banking risks	81,556	81,852
XIV. Other operating income	794,120	884,802
XV. Other operating charges	(1,047,660)	(613,497)
XVI. Profits on normal business activities before tax of consolidated enterprises	1,072,425	445,119
XVII. Extraordinary income (*)	30,240	201,481
XVIII. Extraordinary charges (*)	(60,660)	(63,651)
XIX. Profits for the year before tax of consolidated enterprises	1,042,005	582,949
XX. Income taxes	(241,105)	178,027
A. Income taxes	(376,956)	(222,171)
B. Tax adjustments and write-backs of tax provisions	135,851	400,198
XXI. Profit of consolidated enterprises	800,900	760,976
XXII. Portion of the result of the enterprises accounted for under the equity method		
A. Results showing profit	42,222	26,427
B. Results showing loss	(12,699)	(9,592)
XXIII. Consolidated profit	830,423	777,811
XXIV. Share of minority interests in result	144,440	113,479
XXV. Share of group in result	685,983	664,332

(\*) The note 5.8. gives the breakdown of exceptional results according to the Royal Decree of September 23, 1992.

#### 5.14. TECHNICAL AND FINANCIAL MARGIN OF INSURANCE ACTIVITIES (item XXII. Statement of income)

##### a. Details of item XXII

	Amount at Dec. 31,2001	Amount at Dec. 31, 2002
Interest income	272,116	263,855
Interest expense	(346)	(8,303)
Income from variable-income securities	16,825	17,107
Commission income	19,699	16,502
Commission expense	(51,743)	(76,690)
Income from financial transactions	(160,333)	(559,829)
Other banking income	220,352	642,578
<b>Total</b>	<b>316,570</b>	<b>295,220</b>

##### b. Details of other banking income

	Amount at Dec. 31,2001	Amount at Dec. 31, 2002
Premiums and contributions received	1,949,448	1,821,552
Premiums and contributions paid	(78,638)	(101,740)
Allowance charges	(594,264)	(359,517)
Adjustments of the technical reserves	(1,050,423)	(724,349)
Other technical income	(12,250)	(14,637)
Other non-technical income	6,479	21,269
<b>Total</b>	<b>220,352</b>	<b>642,578</b>



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DEXIA BANK BELGIUM NV / SA

**REPORT OF THE BOARD OF AUDITORS ON THE CONSOLIDATED ACCOUNTS FOR THE YEAR  
ENDED 31 DECEMBER 2002**

March 26, 2003

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Free translation

To the shareholders of Dexia Bank Belgium NV / SA

**REPORT OF THE BOARD OF AUDITORS ON THE CONSOLIDATED ACCOUNTS FOR THE YEAR  
ENDED 31 DECEMBER 2002**

In accordance with legal and regulatory requirements, we are pleased to report to you on the completion of the audit mandate which you have entrusted to us.

We have audited the consolidated statements as of and for the year ended December 31, 2002, which have been prepared under the responsibility of the Board of Directors of the Bank and which show a balance sheet total of EUR 209,149,948,(000) and a profit for the year of EUR 777,811,(000). We have also reviewed the consolidated Directors' report.

**Unqualified opinion on the consolidated financial statements**

We conducted our audit in accordance with the standards of the "Institut des Reviseurs d'Entreprises / Instituut der Bedrijfs-revisoren". Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, taking into account the legal and regulatory requirements applicable in Belgium.

In accordance with those standards, we considered the Group's administrative and accounting organisation, as well as its internal control procedures. We obtained the explanations and information required for the purpose of our audit and we examined, on a test basis, evidence supporting the amounts in the consolidated financial statements. We assessed the accounting principles used and significant estimates made by the group, as well as the overall presentation of the consolidated financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements as at December 31, 2002 present fairly the net worth, the financial position and the consolidated results of the group in compliance with the applicable legal and regulatory requirements, and the information given in the notes to the consolidated financial statements is properly presented.

**Additional certification and informations**

We supplement our report with the following additional certification and informations which do not have any impact on our audit opinion on the consolidated financial statements:

- The consolidated Directors' report contains the information required by the law and is consistent with the consolidated financial statements.
- We draw your attention to the consolidated valuation rules, which include a description of the dispensations obtained from the Banking and Finance Commission.

26 March 2003

The board of auditors

PricewaterhouseCoopers  
Reviseurs d'Entreprises  
represented by

Robert Peirce  
Reviser d'Entreprises

Daniel van Woensel  
Reviser d'Entreprises

Deloitte & Touche  
Reviseurs d'Entreprises  
represented by

Jos Vlamincx  
Reviser d'Entreprises

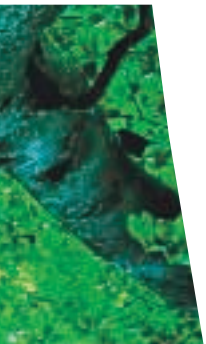
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agenda of the ordinary general meeting  
as of April 30, 2003







## AGENDA OF THE ORDINARY GENERAL MEETING AS OF APRIL 30, 2003

### I. Re Dexia Bank Belgium SA

1. Presentation of the management report of the Board of Directors and the reports of the College of Statutory Auditors for the year 2002, as well as the consolidated financial statements.
2. Resolution to approve the annual financial statements for the year 2002 and the proposed appropriation of the year's profit.
3. Resolution to give board members full discharge.
4. Resolution to give the auditors full discharge.

### II. Re BACOB HOLDING GmbH, company incorporated under Austrian law (which ceased to exist following the merger with Artesia Invest SA on September 25, 2002)

1. Resolution to give board members full discharge for the period from August 10, 2002 to September 25, 2002.
2. Resolution to give the auditor full discharge for the period from August 10, 2002 to September 25, 2002.

### III. Re Artesia Invest SA (which ceased to exist following the merger with Dexia Bank Belgium SA on October 31, 2002)

1. Resolution to give board members full discharge for the period from September 1, 2002 to October 31, 2002.
2. Resolution to give the auditor full discharge for the period from September 1, 2002 to October 31, 2002.

## GENERAL INFORMATION

### ADDRESSES

#### Dexia Bank Belgium

*Head office:*  
Boulevard Pachéco 44  
B-1000 Brussels  
Tel. 02 222 11 11

#### Dexia Société de Crédit

*Head office and administrative headquarters:*  
Rue des Clarisses 38  
B-4000 Liège  
Tel. 042 32 45 45  
Fax 042 32 45 01

#### *Administrative headquarters:*

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B-1040 Brussels  
Tel. 02 732 12 12  
Fax 02 737 29 27

#### Dexia Crédits Logement

*Head office:*  
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B-1000 Brussels

#### *Administrative headquarters:*

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Fax 081 46 05 55

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Tel. 051 23 21 11  
Fax 051 23 21 45

#### Dexia Insurance

Avenue des Arts 23  
B-1000 Brussels  
Tel. 02 237 15 11  
Fax 02 237 16 99

#### DVV Insurance

Avenue Livingstone 6  
B-1000 Brussels  
Tel. 02 286 61 11  
Fax 02 286 15 25

#### Fidexis

Rue de la Charité 15  
B-1210 Brussels  
Tel. 02 209 02 30  
Fax 02 209 02 37

#### Dexia Lease Belgium

*Head office:*  
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B-1000 Brussels

#### *Administrative headquarters:*

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Tel. 02 222 37 08  
Fax 02 222 37 13

#### Dexia Auto Lease

Avenue Livingstone 6  
B-1000 Brussels  
Tel. 02 285 35 88  
Fax 02 282 66 01

#### Artesia Leasing & Renting and Artesia Lease

Avenue Livingstone 6  
B-1000 Brussels  
Tel. 02 285 29 29  
Fax 02 285 39 99

#### Dexia Factors

Avenue Livingstone 6  
B-1000 Brussels  
Tel. 02 282 66 33  
Fax 02 282 66 99

#### Dexia Life & Pensions

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Tel. (352) 4544-331  
Fax (352) 4544-33555

#### Cevi

Bisdomeplein 3  
B-9000 Ghent  
Tel. 09 225 48 60  
Fax 09 233 05 24

#### Ciger

Rue de Néverlée 12  
B-5020 Namur  
Tel. 081 55 45 11  
Fax 081 55 45 06

#### WGH Informatique

Avenue de l'Expansion 7  
B-4432 Ans (Aleur)  
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Fax 04 246 03 03

#### Dexia Asset Management Belgium

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#### *Administrative headquarters:*

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#### Dexia Asset Management Luxembourg

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#### Dexia Fund Services Belgium

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#### Dexia Banque Internationale à Luxembourg

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Fax (352) 4590-2010

#### Dexia Bank Nederland

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### Annual report data

The annual report of the Dexia Bank Group is published in French, Dutch and English. Information on the distribution of this report is available from:

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### Mediator service

If you feel that you have not been treated correctly, you should first contact the manager of your branch. In the majority of cases, he will resolve your problem. If you cannot obtain satisfaction in this way, you can write to:

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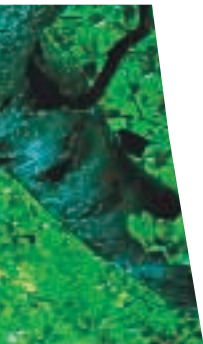
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