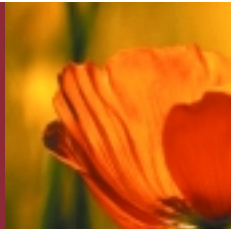
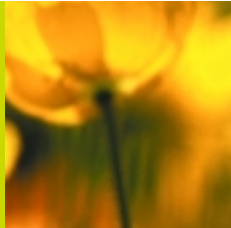




Bank



ANNUAL REPORT 2003



CORPORATE PROFILE IN 2003

▶ A KEY PLAYER IN THE EUROPEAN FINANCIAL SECTOR

Dexia was born out of the alliance in 1996, of the two major European players in local public finance: Crédit local de France and Crédit Communal de Belgique. Both institutions, together with Banque Internationale à Luxembourg (BIL), were united under the name Dexia in 1999. This was one of the very first cross-border mergers in the European banking sector. Today, Dexia ranks as one of the top fifteen banks in the euro zone.

▶ DEXIA, THE BANK FOR SUSTAINABLE DEVELOPMENT

Dexia's activities, its roots and the values to which it is committed, give the Group its distinctive identity, in the financial industry, as the bank for sustainable development.

Historically, Dexia's long-term intervention horizon, proximity to customers, and its socially responsible corporate culture are the basis of its commitment to sustainable development.

That commitment is defined by the very nature of its main business line: local public finance. This activity caters to essential public services and improvements to the everyday quality of life, particularly in the fields of transport, education, health, social housing and the environment.

That commitment also applies in Retail Financial Services which are delivered in a manner always respectful of common interests, in terms of good relationship with customers and in terms of product offer.

Sustainable development thus constitutes an essential dimension of value creation. It represents a constant objective in the relationships with customers, staff and shareholders.

▶ SERVING TWO MARKETS

The Group's reputation, the skills of its staff and the architecture of its information systems are aligned exclusively to two markets:

- on the one hand, the local public institutions and semi-public and private companies associated with this market. Dexia knows them well and develops a major part of its activities with them, worldwide;
- the other one is the market of individuals, professionals and small companies where Dexia is a major player in the Benelux.

All of Dexia's resources are deployed with a view to providing customers in these two markets with the most innovative products and services available, through the best suited and most efficient channels of distribution.

▶ DEXIA'S FOUR CORE BUSINESS LINES

Dexia's activities and management mode are organized according to four core business lines which transcend the entities which compose them.

▶ **FINANCIAL SERVICES TO THE LOCAL PUBLIC SECTOR**

Since its creation in 1996, the Group has been Europe's leading bank in the local public finance market. Its North American subsidiary, Financial Security Assurance (FSA), is one of the market leaders in credit enhancement of US municipal bonds. Together, they place Dexia in a position of worldwide leader. This business line, for which the Group is deservedly renowned, is the greatest contributor to Group results.

▶ **RETAIL FINANCIAL SERVICES**

Dexia has a large network of local branches. This significant commercial presence was increased by the 2001 acquisition of Artesia Banking Corporation and in particular the BACOB Bank network. Since that acquisition, Dexia has established itself as one of the three leading banks in Belgium. It offers domestic customers, professionals and small and medium-sized companies a comprehensive range of retail banking and insurance services. Dexia also has a large network of local branches in Luxembourg.

▶ **INVESTMENT MANAGEMENT SERVICES**

Since its creation, the Group has developed many specializations in Investment Management Services. These include Private Banking, Fund Administration, Institutional and Mutual Fund Management. The latter includes a range of ethical funds distributed throughout Europe.

▶ **TREASURY AND FINANCIAL MARKETS**

As a result of the large volumes of its long-term bond issues – the majority of which are rated AAA – Dexia also has a global presence in Treasury and Financial Markets, providing it and its customers with the best possible access to market products.

This business line is also in charge of the management bond portfolio of the Group.

Dexia is one of the highest-rated financial institutions in the world; the main issuers of the Group are rated AA or AAA.

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After a difficult year in 2002, it was mid-2003 before signs of global economic recovery emerged. The first few months of the year were dominated by uncertainty, caused mainly by the imminent war in Iraq, the SARS epidemic – especially in Asia – and the eruption of further accounting scandals. The majority of stock markets therefore hit new lows, leading to obsessive fears of deflation. The launching of hostilities in Iraq in mid-March triggered a stock market rally which in turn restored the confidence of business leaders, consumers and investors. Asia felt the benefits of strong growth in China, while Japan came out of recession. In the United States, further tax cuts and a particularly relaxed monetary policy generated an economic revival. In euroland, an injection of cash into the economy, associated with structural reforms in Germany and France, helped to reverse the trend.

In the western countries, where high unemployment persisted, household spending nonetheless increased, boosted by tax cuts and the continuing low level of interest rates. Business investment recovered, driven mainly by replacement investment, while housing construction was sustained at a high level. Inflation continued to hover around the 2% mark targeted by the European Central Bank, mainly as a result of the tensions on the commodity markets. While Belgium succeeded in maintaining a balanced budget, other major countries faced substantial deficits. However, the recovery of corporate profits demonstrated that restructuring and cost control were succeeding in restoring the balance which had been compromised by past excesses.

For the first time since 1999 (1998 for Euronext Brussels), the stock markets ended the year with gains, thanks to the rally which had begun in mid-March. The dividend yield for the year (ranging from over 11% for the BEL20 to more than 50% for the composite Nasdaq) was well in excess of the long-term bond yield (with the sole exception of the AEX +5%). However, for European investors, the sharp depreciation of the dollar against the euro seriously impaired the performance of the American stock market.

Yet the restoration of economic and financial confidence was not enough to diminish investors' appetite for conventional forms of saving and investment. The traditional savings account was once again the best-seller in 2003, while investment products with a capital guarantee were next, though lagging far behind. The renewed expansion of lending to individuals and public sector clients and the stiffening of the interest rate curve which accompanied the success of the savings accounts augmented the bank's interest income. Conversely, commission income continued to decline. In 2003, a strict cost control policy and lower write-downs on equity positions delivered 25% growth in the net income of the bank and its subsidiaries.

This noteworthy improvement in the results augurs extremely well for the years ahead, especially as the full benefit of the synergy resulting from the integration of Dexia Bank and Artesia BC is now being felt. Accordingly, the progressive unification of the IT platforms, the first three phases of which were completed last year, should accelerate the integration of the back offices and ensure progress in the rationalization of the commercial network. In this context, the number of sales outlets (comprising self-employed branch managers and branches employing salaried staff) was reduced by 122 units, while the BACOB sign was replaced with that of Dexia Bank. The maintenance of strict cost control and optimization of working

procedures within the support services and back offices should provide the impetus for further growth and development.

Open and constructive consultation between the top and middle management and staff representatives led to the launch of the dynamic process necessary to deal with the consequences of integration and rationalization. Thus, the job center succeeded in finding new employment for 314 staff members whose jobs were abolished or who wished to develop their career in a new direction. In addition, some important new collective labor agreements were concluded, concerning such matters as job mobility, reorganization of the work, banking benefits and a mobility plan.

The progress made in 2003 despite a difficult context, resulting from both the integration and the unsettled economic and financial environment, was only possible thanks to the total commitment, positive attitude and notable skill of all the staff of head office, regional offices and branches. While the construction of our "new" bank has now actually begun, it will still demand much energy and concentration. Our "E.N.J.O.Y" project is intended to mark out a clear route for the future, making sense of these developments for all the Bank's stakeholders (customers, staff and shareholders).

This realistic program defines our vision, formulates our aims and describes our values. It can be summarized as follows: Dexia Bank is the bank which "brings its customers' money to life", via accessible technology and the commitment of its staff. A contented customer is the best guarantee of the necessary satisfaction and constant motivation of both staff and shareholders.

"Enterprise, respect and commitment" are our bank's priority values. They underpin the standards of conduct, rights and duties common to all staff. The corporate project therefore encourages all members of staff to feel more involved, to invest their efforts in fulfilling themselves through their work.

Implementation of the corporate project at all levels – division, service, sales outlet – is one of the challenges for 2004: it means nothing less than everyone pulling together to offer customers an unparalleled service!

Our project and our aims are also totally in line with the strategic vision of the Dexia Group, in which the bank is one of the founding entities and operational pillars. Moreover, the Group has decided to reinforce the organization of the operating entities on the basis of the business lines. The organizational structure set up for that purpose is centered on Dexia's four business lines. The reallocation of responsibilities among the various operating entities should permit an even more effective and targeted approach to the Group's various categories of customers.

With the Group keeping a firmer guiding hand on the activities relating to Public Sector, Social Profit, and Corporate clients it will be possible to capitalize to a greater extent from Dexia's competitive advantage, its innovative capacity, its speed of response and the European scale of its market.

In Retail Financial Services, the reorganization of the skills concerning private customers and the closer collaboration in all the segments relating to that clientele show great potential. The contact established through the retail banking activity provides the opportunity to manage the customers' assets via the private banking service. The same idea lies behind our decision to continue developing our life and non-life insurance activities, in order to achieve a very substantial increase in our share of this market within five to seven years.

These initiatives guarantee the growth and future diversification of our income, the essential complement to keeping our overheads under constant control. The problems which are bound to arise during this process must never be underestimated. However, I remain firmly convinced that, if we work together – staff members of the head office and branches, self-employed branch managers and brokers – we shall succeed in advancing the development of our bank, creating a range of financial services which are a worthy reflection of our leading position on the Belgian market and our pioneering role within the Dexia Group.

*Axel Miller
Chairman of the Management Board*

KEY FIGURES

► DEXIA BANK – CONSOLIDATED FIGURES

	Pro forma 2002 ¹	2003	Change (in %)
RESULTS OF OPERATIONS (in millions of EUR)			
Revenues	2,336	2,423	3.7
Net interest and related income	1,680	1,727	2.8
Net commission and other income	368	406	10.3
Technical and financial margin on insurance activity	288	290	0.7
Costs	(1,690)	(1,752)	3.7
Gross operating income	646	671	3.9
Cost of risk	(112)	(76)	(32.1)
Operating income	534	595	11.4
Net gains & recoveries on long-term investments	20	423	n.s.
Net allocation to the general banking risks reserve	(6)	0	n.s.
Amortization of goodwill	(10)	(9)	(18.2)
Corporate income tax	(123)	(73)	(40.7)
Net income from equity-accounted companies	9	111	n.s.
Net income before minority interests	424	1,047	147.0
Minority interests	8	15	87.5
Net income	416	1,032	148.1
BALANCE SHEET (in millions of EUR)			
Total assets	159,231	161,496	1.4
Liabilities & shareholders' equity			
Shareholders' equity	5,683	5,897	3.7
Subordinated debt	3,427	3,033	(11.5)
Interbank loans and deposits	37,511	37,021	(1.3)
Customer deposits	50,983	57,172	12.1
Debt securities	42,009	35,186	(16.2)
Assets			
Interbank loans and advances	28,915	29,305	1.3
Customer loans	57,161	61,488	7.6
Bonds, equities and other securities	57,898	54,827	(5.3)
Long-term investments	1,302	975	(25.1)
RATIOS (in %)			
Return on Equity (ROE) ²	10.0	14.2	
Tier 1 capital ratio ³	8.5	9.2	
Capital adequacy ratio ³	11.5	11.7	
Cost to income ratio ⁴	72.3	72.3	
Asset quality ratio ⁵	1.2	1.0	
Coverage ratio ⁶	61.9	64.1	
STAFF & BRANCH NETWORK			
Staff ⁷	15,822	15,350	(472)
Sales outlets ⁸	1,405	1,283	(122)

¹ Since January 1, 2003, Dexia Banque Internationale à Luxembourg has ceased to be included in the consolidation scope of Dexia Bank Belgium. The accounts at December 31, 2002 are recorded pro forma.

² Ratio between the net income, excluding Dexia BIL capital gain, and the weighted average shareholders' equity (excluding GBRR and after income appropriation).

³ The shareholders' equity includes the retained earnings for the financial year, less the dividend proposed.

⁴ Ratio between operating expense (costs), including depreciation, and net banking income (revenues).

⁵ Ratio between the gross outstanding nonperforming loans and the gross outstanding customer loans.

⁶ Ratio between cumulated write-downs and the gross outstanding doubtful and nonperforming loans.

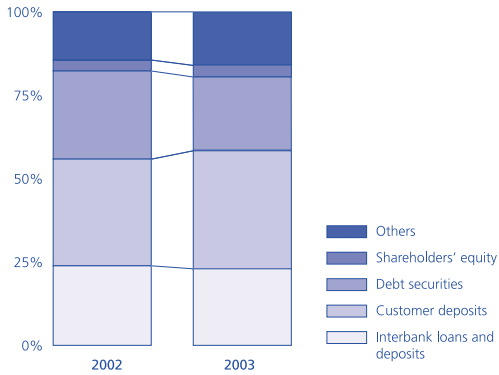
⁷ On a consolidated basis, including self-employed branch managers and their staff.

⁸ Salaried branch network + SCRL (cooperative limited liability companies) network of self-employed branch managers, excluding brokers.

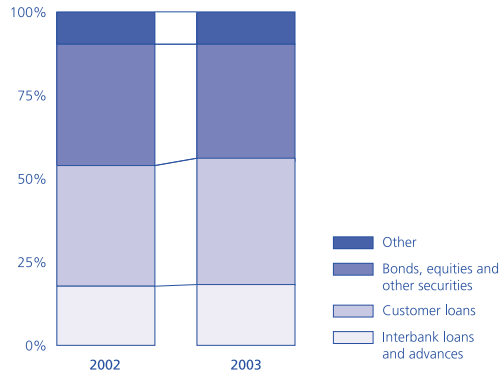
RATINGS DEXIA BANK BELGIUM – 2003

	Long-term	Short-term	Financial soundness
Moody's	Aa2	P1	B
Standard & Poor's	AA	A1+	-
Fitch-Ibca	AA+	F1+	B

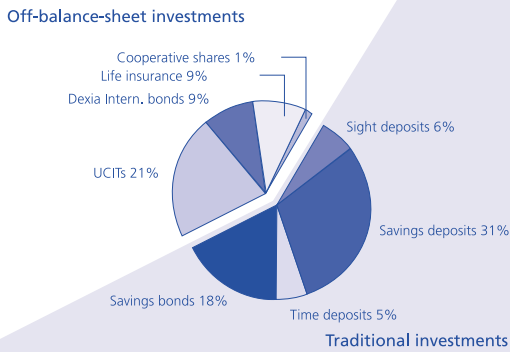
Liabilities (in %)



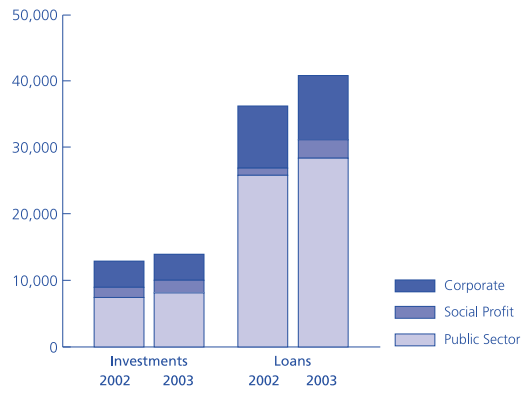
Assets (in %)



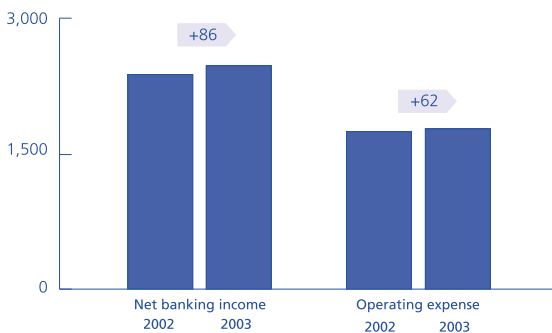
Deposits and investment products by Retail clients (2003)



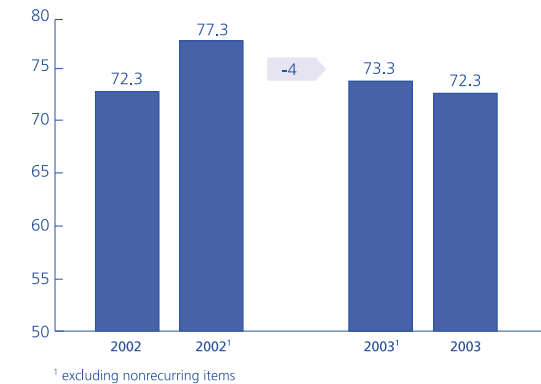
Outstandings by customer segments of the Public Sector, Social Profit and Corporate clients (in millions of EUR)



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



Cost to income ratio (in %)



▶ BOARD OF DIRECTORS*

Chairman:

Marc DECONINCK

Vice Chairmen:

Pierre RICHARD

Jef GABRIELS

Directors/Members

of the Management Board:

Axel MILLER, Chairman

Martine DECAMPS, Vice Chairman

Michel BOUTEILLE

Jean-François MARTIN

Michel HENAUT

Stefaan DECRAENE

Xavier de WALQUE

Other directors:

Eric ANDRE

Frank BEKE

Rik BRANSON

Louis BRIL

Wivina DEMEESTER

Didier DONFUT

Benoit DREZE

Antoine DUQUESNE

Bruno FLICHY (since 4 February 2004)

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 HENAUT



Stefaan DECRAENE



Xavier de WALQUE



Associate member
Dirk VANDERSCHRICK

► MANAGEMENT*

Axel MILLER
Chairman

General Secretary
General Auditor
Compliance
Communication
Culture
Taxation
Business Processing & Organization
HRM
Legal Services
Corporate project
Adviser to the Management Board

Ann De Roeck
Hans Deweydt
Chantal Stragier
Gustaaf Helbig
Christian Pinte
Albert Van den Borre
Christian Jacques-Hespel
Eric Van Gool
Willy Van Cauwelaert
Roger Leyssens
Stéphane Frei

Martine DECAMPS
Vice Chairman

Michel BOUTEILLE
Personal Financial Services (PFS)

PFS Distribution
PFS Marketing
Private Banking
Branch Network
SCRL Network North-West
SCRL Network North-East
SCRL Network Center
SCRL Network South-West
SCRL Network South-East
Adviser to the Management Board

Dirk Gyselinx
Christophe Burm
Bernard Mommens
Peter Philippaerts
Paul De Dier
Jaak De Meester
Stefan Jeurissen
Claude Caudron
Etienne Collard
Bernard L'Hoost

Jean-François MARTIN
Operations

Payments and Accounts – Contact Center
Back Office Securities
Private, Personal & Retail Loan Management
Back Office & Organization of Financial Markets
Credit Risk Management
Market and Operational Risk Management
Dexia Crédits Logement
Dexia Société de Crédit

Luc Walravens
Geert De Baere
Lucien Verlaenen
Frank Van Hoornweder
François Saverys
Eric Lemaire
Roland Blomme
Pierre Landrain

Michel HENAUT
IT & Logistics

Facility Management
IT Infrastructure & Services
IT Development

Bruno Wierinckx
Michel Van Schingen
Dirk Hoebeek

* As of January 1, 2004.

Stefaan DECRAENE
Public Sector, Social Profit & Corporate

Marketing 1st Business Line
Distribution Public Finance
Corporate Banking**
Ventures**
Commercial Support 1st Business Line
Distribution Social Profit
Real Estate Banking

Edith Berneman
Willy Pintens
Vincent Sneyers
Philippe Steverlynck
Jean-Marie Focant
Gabriël De Clercq
Marc Vankeirsbilck

Xavier de WALQUE
Chief Financial Officer (CFO)

Accounting
ALM
Planning and Management Control
Strategy Subsidiaries & Projects
Research
Adviser to the Management Board

Peter Van Herwegen
Eric De Cooman
Brigitte Marchand
Stéphane Vermeire
Frank Lierman
Alain Engel

Dirk VANDERSCHRICK (associate member of the Management Board)
Treasury & Financial Markets

Capital Markets, Credit & Long-Term Funding
Money Market, Forex & Equities

Marc Buckens
Johan Evenepoel

** From April 1, 2004 the Ventures unit will be amalgamated with the Corporate Banking division, headed by Philippe Steverlynck.

The merger of the leasing companies Artesia Lease, Artesia Leasing & Renting and Novolease, which now form the company Dexia Lease Services, marked the end of the integration of the subsidiaries of Artesia Banking Corporation SA in the consolidation scope of Dexia Bank SA. The direct interest in Dexia Insurance increased from 60% to 71.94% following the partial split of DVV Insurance, whose bancassurance activities were transferred to Dexia Insurance. In addition, the sale of the 33% stake in Crédit Agricole SA to its French counterpart "Crédit Agricole SA" was concluded last August.

The reorganization, announced at the end of 2002, of the shareholder structure of the IT centers, CEVI NV, CIGER SA, WGH Informatique SA and Logins SA, in the holding company Adinfo SA was also carried out during the past year. This holding company's present shareholders are: Dexia Bank SA (51%), CEVI ASBL (24.5%) and CIGER ASBL (24.5%). The reorganization of the interests of these four centres, which are among the leading Belgian suppliers of IT management services for the local, regional and federal authorities, ensures the most efficient allocation of the available resources and enhances the scope for designing and executing large-scale IT projects.

In order to simplify the Dexia Group's structure, the shareholding of Dexia Banque Internationale à Luxembourg SA was placed directly under Dexia SA. Since January 1, 2003, Dexia Banque Internationale à Luxembourg SA has therefore ceased to be included in the consolidation scope of Dexia Bank Belgium SA.

Following the merger of Dexia Asset Management Belgium SA with the former Cordius SA, Dexia Bank Belgium SA acquired a direct 39% stake in the new Belgian asset management company, Dexia Asset Management Belgium SA. Simplification of the Group structures also entailed transferring all the shareholders of Dexia Asset Management Belgium SA back to Dexia Asset Management Luxembourg SA. Dexia Asset Management Luxembourg SA, in which Dexia Bank Belgium SA holds a 49% share, takes charge of all asset management for the Dexia Group.

During the first quarter of 2003, Dexia Bank Nederland NV was split into two separate entities: Dexia Bank Nederland, focusing on retail customers, and Kempen & Co, which concentrates on asset management, brokerage and corporate finance.

► STRUCTURE OF THE DEXIA BANK GROUP

(as of January 1, 2004)

MAIN SUBSIDIARIES

FINANCIAL INSTITUTIONS	Banque Artesia Nederland (Netherlands) Eural (Belgium) Parfibank (Belgium)
INSURANCE	Dexia Insurance (Belgium) DVV Insurance (Belgium) Belstar Assurances (Belgium) Corona (Belgium) Eurco (Belgium) Sepia (Belgium) Dexia Insurance Services (Germany) Dexia Rekord (Germany) Dexia Assurance Services France (France) Dexia Epargne Pension (France) Eurco Ireland (Ireland) Dexia Reinsurance (Luxembourg) Dexia Life & Pensions (Luxembourg) Eurco (Luxembourg) Dexia Insurance & Pensions Services (Luxembourg) Eurco AG (Switzerland) Rekord Management & Consulting (Switzerland)
LEASING & FACTORING	Dexia Lease Services (Belgium) Dexia Lease (Belgium) Dexia Auto Lease (Belgium) Dexia Factors (Belgium)
DATA PROCESSING	Adinfo (Belgium) CEVI (Belgium) CIGER (Belgium) Logins (Belgium) WGH Informatique (Belgium)
SECURITIZATION	AMCC (United States)

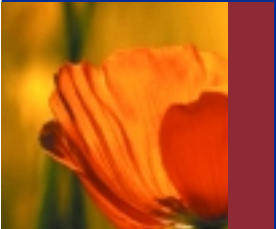
MAIN BRANCHES

Dexia Bank Belgium New York Branch (United States)
Dexia Bank Belgium Dublin Branch (Ireland)
Cayman Islands Branch (Cayman Islands)

MORTGAGE AND CONSUMER LOANS	Dexia Crédits Logement (Belgium) Dexia Société de Crédit (Belgium) CEB Fin - DKB Fin (Belgium) Fidexis (Belgium) Particuliere Begeleiding en Advisering (Netherlands)
ASSET MANAGEMENT	Dexia Asset Management Belgium (Belgium) Dexia Asset Management Luxembourg (Luxembourg)
INVESTMENT FUNDS ADMINISTRATION	Dexia Fund Services Belgium (Belgium)
CAPITAL MARKETS	Dexia Overseas (Cayman Islands) Dexia Delaware (United States) Dexia Financial Products (United States) Dexia Capital Ireland (Ireland) Dexia Financial Services Ireland (Ireland) Dexia Investments Ireland (Ireland) Artesia Italia (Italy) Dexia Funding Netherlands (Netherlands)
REAL ESTATE	Artesimmo I (Belgium) Deximmo (Belgium) Brussels Business Center (Belgium) Fynergie (Belgium) Immo Artesia (Belgium) Immorente (Belgium) Livingstone Building (Belgium) Realex (Belgium) Immo 26 (Belgium) Lex 2000 (Belgium) Société Espace Léopold (Belgium)
TRUST COMPANY	Fiduciaire Artesia (Belgium)
ART	Mercatorfonds (Belgium) Sivart (Belgium) Artesia Center for the Arts (Belgium)

MAIN MINORITY INTERESTS

Crédit du Nord (France)
Auxipar (Belgium)
VDK Spaarbank (Belgium)
Créatis (France)



MANAGEMENT REPORT





ACTIVITIES

After a difficult year on the economic and financial front in 2002, signs of a modest recovery emerged in 2003. The economic, financial and geopolitical uncertainty waned during the year, the main feature being the return to favor of the stock market which, after three years of losses (four in the case of the Brussels Stock Exchange), had reached its lowest point in March 2003. In Belgium, the sluggishness of economic activity persisted for the third consecutive year, and that was reflected in economic growth of 1%. However, in this respect Belgium outperformed euroland (+0.5%) where – as in 2002 – Germany was still the poor relation (0%). For its part, the US economy showed clear signs of recovery (+3.1%).

In 2003, the downward trend in the interest rates set by the ECB and the Federal Reserve (Fed) continued, and rates fell to a new low. The two institutions cut their rates to historically low levels. The Fed pursued a very relaxed monetary policy, introduced after the terrorist attacks of September 11, 2001, ordering an additional cut of 25 basis points to 1%. The persistent weakness of economic activity also prompted the ECB to slash its rate by 75 basis points to 2%. However, the decline in short-term rates and the upward adjustment in long-term rates – which had reached their lowest level in June 2003 – once again accentuated the recovery of the yield curve.

The Belgian stock market had a disastrous first quarter, slumping to its lowest level for nearly seven years in mid-March 2003. Despite further accounting scandals and geopolitical tensions, a strong rise was recorded throughout the rest of the year, enabling Euronext Brussels to post a gain of 10% against the previous year. The launch of hostilities in Iraq on March 20, 2003 seems to have acted as a catalyst on the stock markets.

In relation to the US dollar, the euro confirmed the strong recovery which had begun in 2002. The

geopolitical uncertainty and concern over the financing of the current account balance and the US budget deficit, the lack of transparency in American foreign exchange policy and the flexibility of the Fed's policy on interest rates, characterized by the maintenance of very low short-term rates, carried more weight than the good US economic indicators, the weakness of European growth and the deadlock on the subject of the European Stability and Growth Pact. The EUR/USD exchange rate therefore exceeded for the first time the value recorded when the euro was introduced on January 1, 1999.

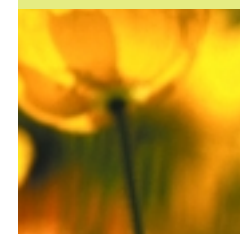
As in 2002, the hesitancy of the recovery in this economic and financial context encouraged investors to favor short-term products accompanied by guarantees. The traditional savings account proved to be the bestseller in 2003, while investment funds with capital protection came next, though lagging far behind. Demand for mortgage loans was once again bolstered by the extremely low interest rates, especially in the first half of 2003. Financial management and financial market activities produced some modest growth, coinciding with the strong stock market rally in mid-March 2003 and the limited rise in long-term interest rates, as well as the recovery of the rate curve during the second half of the year. However, the fall of the dollar hurt investment products denominated in the American currency.

In this more favorable economic climate, Dexia Bank resolutely continued its integration process. The new configuration of the business lines at Group level, the establishment of the corporate project ('E.N.J.O.Y'), harmonization of the range of products and services, rationalization of the sales outlets and the IT infrastructure, and standardization of the back offices speeded up the integration not only of Dexia Bank but also of the Dexia Group as a whole.

KEY ECONOMIC AND FINANCIAL FIGURES

(end-of-period)	2000	2001	2002	2003
ECB repo rate (%)	4.75	3.25	2.75	2.00
Euribor 3M (%)	4.86	3.30	2.87	2.12
OLO 10Y (%)	5.28	5.14	4.30	4.33
Spread 10Y – 3M (%)	0.36	1.80	1.40	2.17
BEL20 (%)	(9.5)	(8.0)	(27.2)	10.8
GDP (%)	3.7	0.8	0.7	1.0
EUR/USD	0.94	0.89	1.05	1.26

Source: Thomson Financial Datastream



► ► PUBLIC SECTOR, SOCIAL PROFIT & CORPORATE

In providing services for the Belgian public sector, businesses and non-profit organizations, Dexia Bank is not content to continue playing its historical role but is constantly developing this key activity. With its multiple skills and expertise, plus the financial strength of the Dexia Group, Dexia Bank is able to reinforce its image with its customers as a well-known, sound and specialized financial partner.

The European dimension of the public sector finance market, where Dexia is the leader, provides an excellent foundation, fostering the creativeness which the bank has always developed in its financial services, and which forms the basis of its undeniable competitive advantage. The bank adds to this a relationship of total trust with the clientele, which explains its preferential position in providing finance for the public and non-profit sectors. That also enables it to nurture ambitions in the sphere of corporate finance.

► ► ► PUBLIC SECTOR

While Dexia Bank is undeniably the banker of choice for the Belgian local authorities (municipalities, provinces, public social action centres, associations of municipalities and police districts), many other public sector clients (Regions and Communities, para-regional institutions and other public agencies) also make use of the bank's services.

FINANCE

At the end of 2003, the outstanding short and long-term loans granted by Dexia Bank to public sector customers represented a total of EUR 25.4 billion, a strong rise against the year-end 2002 figure (+13%).

The breakdown according to the term and per type of customer reveals that outstanding short-term loans produced a marked rise (+ EUR 3.12 billion, or +216%) while the total for long-term loans remained broadly the same (- EUR 174 million, or -1%).

The expansion in outstanding short-term loans is almost exclusively due to the transfer of the federal social housing debt to the regional housing companies. The apparent stability of long-term loans is the outcome of reclassification of the public hospital clientele, which were transferred to the "Social Profit" category in 2003. Without this change of classification, the outstanding long-term loans to the local sector grew by around EUR 800 million (+5.3%), including the contribution made by new federal sector clients.

New long-term lending business

In 2003, Dexia Bank granted new long-term loans totalling around EUR 2.31 billion. Lending to local authorities, which came to EUR 1.84 billion of that total, was 13% higher than in 2002. Other public authorities accounted for a total of 463 million in new loans, a fall of 6% against 2002.

OUTSTANDING LOANS GRANTED BY DEXIA BANK TO THE PUBLIC SECTOR

(in millions of EUR)

	Dec. 2002	Dec. 2003	change	% change
Total outstanding loans (short-term + long-term)	22,409	25,359	2,950	13
Short-term finance	1,448	4,572	3,124	216
<i>Local authority clientele</i>	1,023	361	(662)	(65)
<i>Other customers</i>	425	4,211	3,786	891
Long-term finance	20,961	20,787	(174)	(1)
<i>Local authority clientele</i>	16,151	16,158	7	0
<i>Other customers</i>	4,810	4,629	(181)	4

This pattern of lending to local authorities is due mainly to the cyclical nature of their investments, directly linked to the municipal elections.

In addition to traditional loans, the other public authorities are making ever-increasing use of indirect finance, which enables them to apply to the capital markets and thus diversify their sources of funding.

In 2002, Dexia Bank held on to its 84% share of the market in long-term loans to the public sector. That outstanding result is due mainly to the quality of its products and services. An image survey conducted in 2003 confirms Dexia Bank's excellent position with the associations of municipalities, since 89% of them state that it is their main bank. Apart from the financial terms, the plus points most often mentioned for Dexia Bank are its expertise, its dynamic response to requirements and its tailor-made service.

Furthermore, the bank and the public authorities continued to work even more closely in tandem on active debt management. Thus, in 2003, encouraged by favorable interest rates, they contracted structured loans for a total of EUR 809 million, and a total of EUR 5.41 billion of outstanding debt was restructured.

Apart from the traditional forms of loan, Dexia Bank is increasingly acting via its subsidiary, Dexia Lease, in refinancing leasing agreements concluded between the suppliers of goods and services and their public sector clients. This mainly concerns the leasing of IT equipment and ancillary services.

The bank is also winning a growing number of public tenders. The favourable position of Dexia Lease in this field demonstrates the public sector's increased interest in leasing formulas as an alternative source of finance.

Short-term loans

In 2003, the short-term loans which Dexia Bank granted to the public sector totalled almost EUR 4.57 billion, three times the 2002 figure. This amount can be broken down as follows: EUR 361 million for local authorities and EUR 4.2 billion for other players at local sector level. Here, too, the decline in traditional loans granted to local authorities is due to the transfer of the public hospitals to the "social profit"

category. But without that factor, the outstanding short-term loans to the local sector were down by EUR 109 million (-7.5%). The growth of lending to other local authorities is due to the social housing operation mentioned earlier. In 2003, these authorities had more direct recourse to the financial markets for the purpose of raising short-term finance; the treasury certificates which they issued represented EUR 3.14 billion, i.e. EUR 243 million or 8.5% more than in 2002.

In 2003, local authorities made less use of the financial markets than in 2002 for their short-term funding: excluding the public hospitals, their issues of treasury certificates were down by EUR 34 million, a decline of 8.8%.

DEPOSITS AND INVESTMENTS

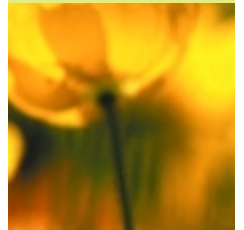
The outstanding total of public sector investments with Dexia Bank stood at EUR 8.13 billion.

The public sector investments shown on the Bank's balance sheet totalled EUR 3.25 billion for the local sector, EUR 198 million higher (+6.5%) than in 2002, and consisted almost exclusively of traditional savings products. In contrast, the outstanding deposits of the other public authorities declined by EUR 48 million against 2002. This fall was in turn offset by the growth of these authorities' investments in treasury certificates (+ EUR 315 million, or +27.5%).

At a total of EUR 2.41 billion, off-balance-sheet investments by the local sector were up by EUR 21 million (+5.3%) against 2002. Most of this increase was due to the expansion in outstanding treasury certificates and bills (+29%), while investments in mutual funds and other asset management products were down slightly (- EUR 75 million, or -8.3%) despite the very modest improvement in the stock market climate.

INSURANCE

In 2003 Dexia Bank initiated some important measures regarding insurance for public sector clients. "Dexia PubliPension" is the name of the range of products specifically designed for the bank's public clients, and developed jointly with DVV Insurance. These products enable local authorities to insure the pensions of their various categories of staff



(mainly the representatives and employees covered by the staff regulations). The range of "non-life" insurance products was also expanded in 2003.

CASHIER FUNCTION

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

Dexia Bank remains the exclusive cashier of all the Belgian Regions and Communities. The cashier's contract with the Flemish Community, which expired in 2003, was renewed until the end of 2008. The Brussels-Capital Region and the Joint Community Commission also renewed their contracts until 2008.

Acting jointly with the public social action centres, the Bank opened more than 50,000 social assistance accounts and 8,800 drawing accounts for the most vulnerable customers.

The 6,000 or so PubliWeb users (representing 1,800 authorities) recorded at the end of 2003 bear witness once again to the success of this efficient tool, made available to the local authorities to facilitate the management of their financial products and the execution of their routine banking transactions. As a result, around 95.5% of the banking transactions of public sector clients are handled electronically.

SERVICES

In addition to its financial services, Dexia Bank has a long tradition as a supplier of information and training for its public sector clientele.

The Bank's efforts in this field have been appreciated, as is evident from a thousand local representatives who attended 35 breakfast meetings dealing with strategic issues. For these civil servants, the meetings were an ideal platform for discussing the economic outlook and the financial impact of a number of specific topics of concern to local authorities.

On the subject of training, Dexia Bank organized a special training program for the first time in 2003, designed for "non financial specialists" from the

local sector, particularly representatives and secretaries, dealing with the latest techniques and financial products (structured finance and derivatives).

PubliContact, the Dexia Bank magazine intended for the public sector, is now available in electronic form on the Internet. This electronic magazine formula permits closer monitoring of current affairs. At the end of 2003, PubliContact had around 2,200 subscribers.

►►► SOCIAL PROFIT ORGANIZATIONS

The links which Dexia Bank maintains with non-profit organizations in the social and hospital sector, the education sector, socio-cultural associations, workers' organizations and non-profit associations providing services enable the Bank to combine its experience and knowledge of both public and private sectors for the benefit of the client. The aim is to maintain consistently high levels of customer satisfaction among the clients of the former entities – Dexia Bank for the public sector and BACOB Bank for the private institutions.

The classification of the public hospitals in the Social Profit segment in 2003 is a first key stage in this harmonization process. From now on, account managers will be able to approach public hospitals with the same professionalism as private institutions. The "Maha" (Model of Automatic Hospital Analysis) sectoral analysis has therefore been extended to include this clientele so that, like the private hospitals, public hospitals can now assess their own financial strengths and weaknesses and follow the trend in the sector. As regards the product range, the "active debt management" so popular with the Public Finance segment is now also offered to public hospitals.

The Bank wants to provide non-profit organizations, too, with the best possible service by supplying them with appropriate information and training facilities. At the beginning of 2003, the "Socionet" website was set up to provide them with a permanent source of information, not only on financial products and services but also on legal

and tax questions concerning non-profit organizations. In connection with the changes to the legislation on non-profit organizations, which came into effect in 2003 and are covered in depth by the website, seminars were also held jointly with the partners Procura and Syneco; these were a great success.

After an exceptional year in 2002, new long-term lending business was again very substantial in 2003. Public hospital investment was the main growth area, and Dexia Bank achieved a significant increase in its market share in funding that investment. The health care investment programme in Wallonia, via the "CRAC" (regional centre for aid to municipalities) funding mechanism, became fully operational. Dexia also played a major role in the development of that mechanism and the associated lending. New investment loans to private hospitals in Flanders were down slightly. Cash flow problems afflicting the VIPA (Flemish infrastructure fund for care institutions) held back the implementation of several large investment projects.

▶▶▶ CORPORATE CLIENTS

While the amalgamation of the customer portfolios and IT platforms of Dexia Bank and Artesia BC proved to be a complex and delicate operation, it also disclosed significant and highly promising scope for expansion. The Bank has some excellent instruments for continuous customer analysis and monitoring in the form of a new segmentation model and the "Customer relationship model" (CRM, allowing for an optimal allocation of clients in terms of market segments and distribution channels). The resulting improvements to the action plans should stimulate the supply of products and the quality of service.

The reorganization of the corporate sales outlets continued (the number being reduced from 26 to 13), and the examination of the loan portfolio with a view to quality improvement was finalized. On the basis of the hub and spoke system, the corporate banker is presented as a generalist and the principal contact for customers. This enables him to call in specialists in leasing, factoring, insurance, real estate, etc., in order to meet all his

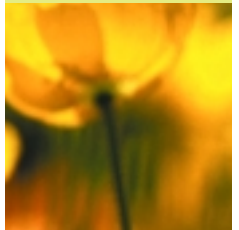
clients' needs. In the process, opportunities for cross-selling are optimized and synergy may be created between the public and private sectors.

The search for better quality borrowers and the reduction in new lending business, together with the transfer of customers between segments, ended with a decline in outstanding long-term loans, down from EUR 2.1 billion to EUR 1.6 billion. Conversely, the leasing and factoring operations were very buoyant.

The banking activities relating to property (Real Estate) continued to expand within a well-defined framework in terms of quality and quantity, and within strict limits specific to each type of commitment.

While, in 2003, traditional real estate finance (represented by an appropriate mix of houses, apartments and offices) produced relatively normal growth, "alternative forms of finance" – such as the funding of real estate projects for the public sector and similar clients (e.g. participation in the construction of the Antwerp and Ghent law courts) – surged ahead. As regards real estate projects conducted jointly with professionals, a number of major new projects were launched. These included Lex 2000 (office complex for the European Council of Ministers in the Léopold district), Arlimmo (shopping center at Arlon), the Bank's sale of its stake in North Galaxy to the property fund Cofinimmo and the agreement in principle concerning the acquisition by Brussels Business Center of the "Dexia Tower" currently under construction. At the beginning of 2004, the "Omega Court" project in Auderghem and the refurbishment of the site of the State Administrative City in Brussels were added to this portfolio. These projects illustrate the growing success of the partnership agreements concluded between public and private investors. In this field, the bank can offer tailor-made solutions with high added value, on the basis of its knowledge of both the real estate sector and the specific needs of the public sector.

In view of its expertise in stock market flotations (IPOs) and its substantial placing capacity, due to its extensive retail network, Dexia Bank was selected jointly with KBC as the Joint Global Coordinator of the



public offering on the Belgian market and the private international placing of the Belgacom shares held by private shareholders belonging to ADSB SA. To ensure the success of the international aspect of the opera-

tion, the banks will collaborate with Goldman Sachs International, Lehman Brothers, Morgan Stanley and UBS Ltd; Dexia Bank and KBC have been appointed as Lead Managers for the Belgian offering.

►► RETAIL FINANCIAL SERVICES¹

The regular and relatively stable income generated by retail banking, together with its low risk profile, were the source of the new momentum gained by the retail activities at European level in 2003. During that year, the Belgian retail market climate was influenced by three major factors. In the financial sphere, first came the stock market rally from March 2003 and the fall in long-term interest rates in June 2003. As regards taxation, the next thing was the "one-off declaration of financial assets" (DLU: tax amnesty). And finally, in the commercial sphere, there was the fierce battle between financial institutions competing for savings accounts, which were to remain the star product in 2003.

For Dexia Bank, 2003 was also an important year for integration, strategic and commercial positioning, and reorganization of the direct and electronic distribution channels. Thus, Dexia Bank strengthened its position as one of Belgium's leading retail banks.

►►► STRATEGY, CLIENTELE AND DISTRIBUTION CHANNELS

The financial services which Dexia Bank offers to individuals are based mainly on precise knowledge of what the customers actually want and the suc-

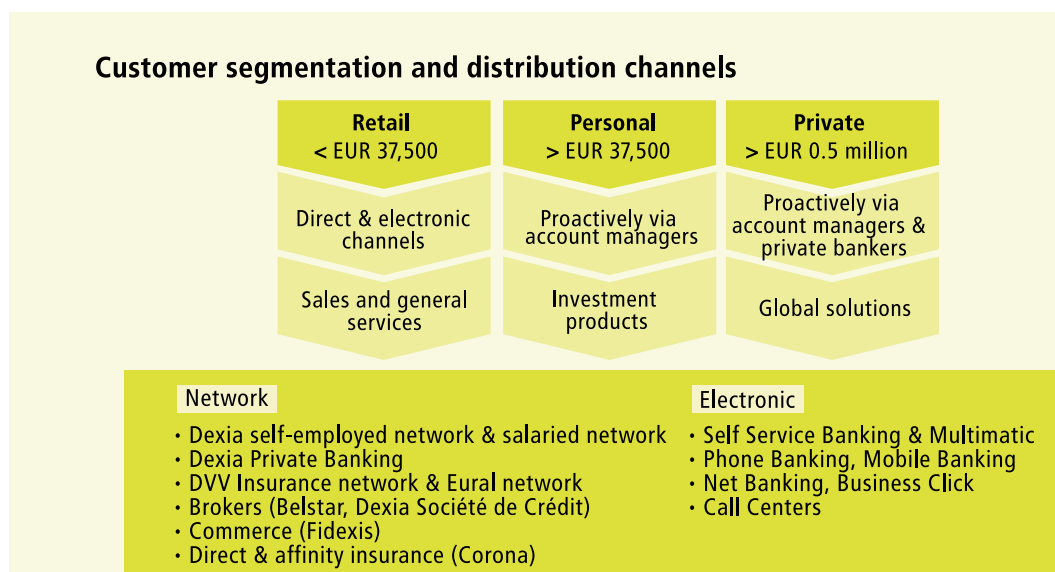
cessful response to those requirements. This solution is offered through the most suitable distribution channels and according to a very precisely targeted marketing policy.

All the same, the market environment is so competitive that constant monitoring is needed at several levels. Indeed, the strategy for canvassing and retaining customers may require adjustment at any moment, as may the product range, or the services intended for the various customer segments. The distribution channels and marketing support measures may also need to be modified.

The customer segmentation, the marketing strategy adopted and the distribution channels offered are outlined in the diagram below.

The effort made to amalgamate and reorganize the distribution network continued in 2003:

- In order to optimize the service and in accordance with the policy on location, the SCRL (cooperative limited liability company) self-employed network was reduced by 15 units, and now has a total of 889 outlets, while the salaried branch network was cut by 107 units to a total of 394 outlets.
- The first three stages of the IT integration, which began at the end of 2002 with the integration of the SSB equipment, have now been completed.



¹ The clientele comprises both employees and the self-employed, members of the professions and small and medium-sized firms.

The impact of such a process is not confined to the field of IT, but is also of crucial importance for the back office, distribution and the rationalization of the sales network. The other four phases, which are mainly concerned with the management of securities, will be carried out in 2004.

- The BACOB Bank sign has been replaced with that of Dexia Bank. In the last quarter of 2003, 420 branches thus received a new visual identity in the space of just seven weeks.

A marketing support policy led to the execution of various key initiatives in 2003:

- a large-scale investment promotion accompanied by a temporary reduction in entry fees for investment funds, but also associated with renewed interest in savings accounts;
- strong commercial position on the tax amnesty, supported by an information and communication campaign which was clearly successful;
- encouragement for the use of electronic channels following the transfer of all customers to the Dexia Bank platform;
- the launch of mobile Internet Banking via BASE i-mode, a first in Belgium;

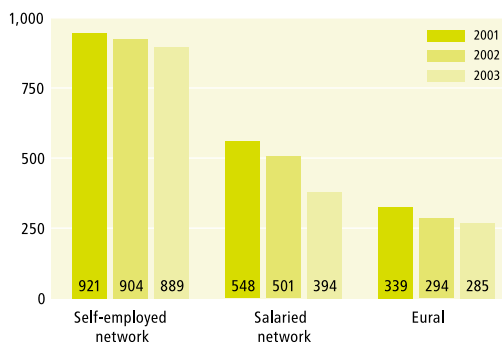
- the creation of a new interactive portal dedicated entirely to investments (www.dexiainvestor.be);
- the progressive upgrading of credit cards in line with the new EMV (Europay MasterCard Visa) international protection standard, by the replacement of magnetic strips with electronic chips.

►►► CUSTOMER ASSETS

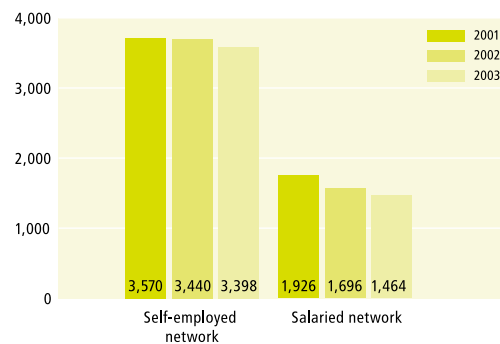
The stock market recovery was too hesitant to have any fundamental influence on the investment behaviour of individuals, who continued to favour secure investment products. The total customer assets outstanding increased by 4.5% to EUR 76.5 billion, owing to a small 1.3% rise in balance-sheet products (which totalled EUR 43.7 billion) and strong expansion of 9.1% in off-balance-sheet products (which totalled EUR 32.8 billion).

The Belgian market in savings deposits continued to expand in 2003, boosted mainly by the savings account promotions, the low level of short and long-term interest rates and the modest stock market rally. The outstanding totals on Dexia Bank savings accounts grew by no less than 17% to reach

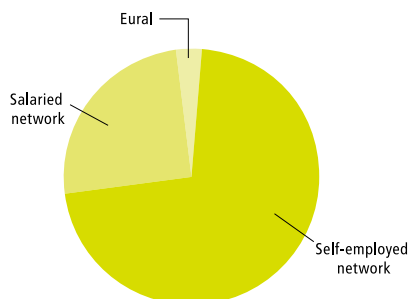
Number of sales outlets



Number of FTEs



Outstanding customer assets and loans (2003)



Outstanding customer assets and loans (billions of EUR, 2003)



EUR 23.9 billion by the end of 2003. Savings accounts have therefore strengthened their position and represent the main product in the portfolio, at almost one third of the total assets outstanding.

Among the other balance-sheet products, the amounts outstanding on fixed-term accounts and in savings bonds declined by 22.5% and 14.6% respectively to EUR 1.5 billion and EUR 14.1 billion. Fixed-term accounts were particularly affected by the fall in short-term rates, which greatly increased the competition with savings accounts on which the rate remained relatively steady. The decline in outstanding savings bonds continued in 2003, despite investors' risk aversion. The record low returns on investments in savings bonds once again worked against them. Fewer than half the savings bonds reaching maturity were reinvested in savings bonds (average reinvestment percentage was 41% in 2003 against 62% in 2002 and 76% in 2001).

In 2003, investment funds gained ground, after two difficult years, the main factor being the renewed popularity of bond funds and investment funds with capital protection. The total outstanding grew by 8.2% to EUR 16.8 billion, influenced by two additional factors: first, a positive market effect and second, the launch of a marketing campaign with reduced rates of entry fees.

Dexia Bank's international bonds were 1.6% down against the previous year, with a volume of EUR 7.4 bil-

lion. The historically low levels of market interest rates depressed investor demand, and the year 2003 was also marked by several large blocks of bonds maturing. However, there were a number of highly successful issues of structured euro-bonds, though the competition with savings accounts and the marketing campaign relating to mutual funds and branch 23 unit-linked products reduced the level of new business.

2003 brought strong expansion in the total volume of branch 23 products (+17.3%) and branch 21 products (+39.3%). Thus, the outstanding total of life insurance increased by 27% to EUR 7.4 billion. Branch 23 products benefited from a positive market effect, support for new structured issues and a marketing campaign. In line with the market situation, branch 21 products were the most obviously successful, thanks to customers' increased preference for products offering security. The decline in the guaranteed yield had only a minor impact on that success.

►►► LENDING

Total outstanding mortgage loans granted by Dexia Bank grew by 4.7% to EUR 13 billion. The low interest rates generated an excellent level of new business, around 28% higher than in 2002. However, owing to the increase in early repayments and refinancing, this rise did not result in any substantial increase in the outstanding total.

OUTSTANDING ASSETS OF RETAIL CUSTOMERS WITH THE DEXIA BANK GROUP

(in millions of EUR)	Dec. 2002	Dec. 2003	% growth
On-balance-sheet investments	43,149	43,702	1.3
of which:			
- sight accounts	4,180	4,124	(1.3)
- savings accounts	20,442	23,908	17.0
- fixed-term accounts	2,005	1,554	(22.5)
- savings bonds	16,522	14,116	(14.6)
Off-balance-sheet investments	30,040	32,769	9.1
of which:			
- mutual funds	15,535	16,811	8.2
- Dexia euro-bonds	7,481	7,359	(1.6)
- life insurance	5,807	7,372	26.9
- cooperative shares	1,216	1,226	0.8
Total	73,188	76,471	4.5

OUTSTANDING LOANS TO RETAIL CUSTOMERS, GRANTED BY THE DEXIA BANK GROUP

(in millions of EUR)	Dec. 2002	Dec. 2003	% growth
Total private individuals	14,049	14,509	3.3
of which:			
- mortgage loans	12,376	12,953	4.7
- consumer and other loans	1,673	1,557	(7.0)
Small and medium-sized businesses and self-employed persons	5,291	5,536	4.6
Total	19,340	20,045	3.6

The relative weakness of private consumption and growing competition from non-financial institutions caused consumer credit and debit balances to fall by 7% to EUR 1.5 billion. It was also decided that Eural would stop granting new installment loans from the second quarter of 2003. However, a slight improvement in consumer confidence and a more favourable economic outlook permit greater optimism for 2004.

Lending to small businesses and the self-employed expanded by 4.6% to EUR 5.5 billion. The main growth here is in investment loans and business finance, which represent some 80% of the total.

►►► BANCASSURANCE

Dexia Bank's penetration of the Belgian insurance market following the takeover of Artesia BC, and hence DVV Insurance, gained new impetus in 2003 via the proactive distribution of non-life insurance products throughout the retail network. Similarly, Corona confirmed its position as a direct insurer by taking over part of the CB Direct portfolio.

In 2003, the volume of premiums paid by retail customers totalled EUR 2.2 billion, a rise of 34.7%

against the previous year. That growth is due mainly to the strong expansion in branch 21 premiums, where a marketing campaign generated a 152% rise in income. The success of Dexia Life Capital and Dexia Life Safe, both launched at the end of 2002, undoubtedly contributed towards this substantial growth. Premium income on branch 23 products was 33% down, mainly because of the lack of enthusiasm for equity-linked products. Nonetheless, structured issues provided the necessary support. In 2003, branch 21 products represented around 70% of life insurance premium income, against 40% in 2002 and 26% in 2001.

Non-life premium income was almost 12% up at EUR 0.32 billion. The integration process resulted in a number of non-life products being made available to the mixed retail network.

►►► PRIVATE BANKING

Private Banking offers services relating to asset management and financial engineering for high-net-worth clients. At Dexia Bank, this activity is conducted by specialist Private Bankers, on the basis of a segmented approach, arranging "duo-servicing" with the retail network.

PREMIUM INCOME

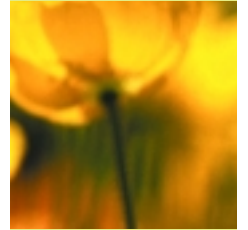
(in millions of EUR)	Dec. 2002	Dec. 2003	% growth
Life	1,350	1,883	39.5
of which:			
- Life (branch 21)	531	1,339	152.0
- Life (branch 23)	818	544	(33.5)
Non-life	283	317	11.8
Total	1,633	2,200	34.7

This close interaction between the retail network and private banking is a powerful lever for developing the Private Banking activity. It was therefore decided to incorporate the Private Banking activity in the Retail Financial Services from January 1, 2005.

Following the merger, the major part of the former Artesia's private clientele was allocated to the retail branches. Six Private Houses were closed, and

the ten remaining Private Houses cover the direct service for private clients.

There has been a marked expansion in "duo-servicing" in the SCRL branches, spearheaded by discretionary management. The branch network was also included in this overall approach to Private Banking and now has an extensive range of products plus one Private Banker for each geographical area.



►► TREASURY AND FINANCIAL MARKETS

Dexia Bank's activities on the financial markets are handled by 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 provides support for the Bank's basic activities. It also contributes to the Bank's result while maintaining the Group's low risk profile.

DFM has eight lines of activity: Financial Engineering & Derivatives (FED), Money Market, Fixed Income, Funding, Credit Spread Portfolio (CSP), Forex, Securitization and Sales.

The dominant feature of 2003 was the creation of the optimum structure for the organization of Financial Markets activities at Dexia Bank. At the beginning of the year, the Market Strategies activity, also known as Proprietary Management, was phased out. In this way, the Financial Markets activities were aligned even more strictly with the low risk profile of the Dexia Group. Moreover, decisions were taken on improving the centralization of skills, so that they can be used more effectively. Thus, the management of the Dexia Bank CSP was centralized at the Dublin branch, the operational ALM unit was transferred to the ALM division and the former Dexia Securities Belgium was partly amalgamated with DFM's lines of activity. In this annual report, the comments on operational ALM are included under the heading of financial markets.

In the autumn of 2003, discussions took place at group level with a view to developing a new, more centralized DFM structure to replace the existing matrix structure. The aim was to further enhance the efficiency with which the global Financial Market activities of the Dexia Group (DFM) are organized. That aim will be achieved partly by establishing a new Treasury and Financial Markets (TFM) Executive Committee at Group level. The general outline of this new structure was designed and approved at the end of 2003 and will be specified in detail and finalized in 2004.

►►► FINANCIAL ENGINEERING & DERIVATIVES

The FED activity is continuing to progress in terms of both the provision of services within the Group and the supply of new products for customers. Dexia Bank was the first bank in Belgium to sell an inflation-linked euro-bond to retail customers. The public sector is also displaying genuine interest in inflation-linked swaps.

The system of pooling loans to public sector entities, whereby the hedging transactions of several such entities are grouped together to attain a critical size, has been extended to a wider range of products. The activity of restructuring loans granted to public entities also expanded this year.

Dexia Bank's FED division is the leading Belgian player in structured finance for stock option plans designed for large corporations. This expertise is also used to develop and promote stock option plans comprising a leverage effect.

The trading desk continues to act as an interface between the Dexia entities and the derivatives market. The volume of stock options traded for customers has increased despite the difficult conditions and a decline in the volume of trade on the stock market.

►►► MONEY MARKET

In euroland, Dexia Bank Belgium is the market maker in Eonia, T-bills, forwards and repurchase agreements (repo) transactions. The bank also manages substantial cash positions in USD, GBP, CAD, DKK, SEK, CHF and JPY.

As a Primary Dealer in Belgian treasury certificates and as a Single Market Specialist in Dutch T-bills, Dexia is among the top three in terms of the volumes handled.

With regard to repo, Dexia Bank is the Dexia Group's competence center. Apart from intra-group repos, Dexia Bank Belgium has exclusive external

access to the repo market. The main activities entailed here are the fixing of single prices, single contracts and the centralized management of margin calls.

In 2003, the tripartite repo activity was significantly expanded. Apart from the updating of contracts with Euroclear and Clearstream, the new tripartite contracts were finalized via the Bank of New York. There was a substantial rise in the number of American counterparties.

Alternative sources of funding also continued to expand in 2003. Active canvassing in Eastern Europe, the Middle East and the Far East generated a 20% increase in the amount outstanding with central banks and supranational institutions.

The liquid assets of the Dexia Group, taking account of the real security lodged with the ECB and the Fed, were managed by Dexia Bank, which also monitored them in real time.

▶▶▶ FIXED INCOME

These activities, pursued under the name of Dexia Capital Markets (DCM), consist mainly in helping to finance the Group by issuing bonds intended for institutional and private clients, and acting as a Primary Dealer in Belgian government bonds, and as market maker for Dexia Municipal Agency mortgage bonds. In addition, DCM organizes bond issues for local authorities.

In 2003, DCM led 30 issues for a total of EUR 7.4 billion, 21 of them being intended to finance the Dexia Group. Nine other issues were launched by DCM for third parties, including the cities of Milan and Rome, the Region of Abruzzi, the EIB and the Belgian State. In 2003, Dexia was instructed for the first time by the Belgian Treasury to issue EUR 5 billion in benchmark 10-year linear bonds. DCM also took part as co-lead and co-manager in 174 bond issues for third parties. Demand for euro-bonds has fallen, the main factors being the decline in interest rates and the greater attractions of structured products.

▶▶▶ LONG TERM FUNDING

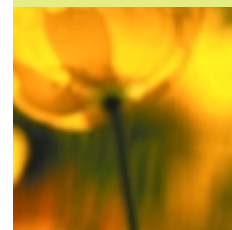
Dexia Bank finances its activities by issuing long-term debt such as fixed rate and floating rate notes, or structured notes which may be linked to equities, indices, funds, inflation, exchange rates, etc.

In 2003, the bank raised EUR 1.2 billion for a minimum of two years via its subsidiary, Dexia Funding Netherlands. The bulk of this was placed with private investors, via Dexia Bank's branch network, in the form of Eurobond fixed rate notes and structured notes such as Multi-Callable notes. The other structured products offered to the branch network included Reverse Exchangeable Notes, Inflation Linked Notes, Notes Exchangeable for Savings Notes and Equity Linked Notes.

▶▶▶ CREDIT SPREAD PORTFOLIO

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

In 2003, the CSP activities underwent radical reorganization: the bank decided to centralize its Credit Spread Portfolio activities at its Dublin branch, but without altering the current investment strategy, and to pursue the activities from that location in the future. The good performance achieved in 2003 was attributable in particular to the absence of loan losses and write-backs. The portfolio's quality was also improved by the purchase of better rated products and the maturing of poorer quality risks. However, the squeeze on margins reduced the scope for investment and the volume of the portfolio.



►►► FOREX (FOREIGN EXCHANGE)

The gradual weakening of the dollar throughout the year and the onset of war in Iraq were reflected in a significant fall in the volume of activity, both for clients and for own account.

►►► SECURITIZATION

The securitization division, based in Brussels, and the Artesia Mortgage Capital Corporation (AMCC), located in Seattle (United States), are the two operating entities covering the "Securitization" activities. The primary aim of the Belgian entity is to offer public sector clients and other customers in the financial sector alternative solutions to traditional financing tools.

In 2003, synergy between the various operating entities of the group was further reinforced. New cooperation agreements were concluded with Dexia Sabadell Banco Local and Dexia's representation office in Portugal. The effectiveness of this cooperation with FSA was evident in the securitization of mortgage loans for a banking client. The syndicated sales and investment activities in which Dexia acted as co-lead and co-manager also did well in 2003.

AMCC's main goal is to exploit opportunities for arbitrage on the American mortgage loan markets. It creates added value by developing and securitizing commercial mortgages. In 2003, AMCC securitized commercial mortgages worth the equivalent of USD 610 million in five transactions. Thus, over the past four years, AMCC has securitized commercial mortgages for the equivalent of over USD 1.6 billion. Through AMCC, Dexia is able to develop its financing activity for the Public Sector in the States. In addition, AMCC is planning to launch a program aimed at supplying financial resources for the American real estate sector on the basis of long-term leasing to municipal authorities, the American states and the American federal authorities.

►►► SALES

The Sales division handles relations with external counterparties, i.e. mainly institutional and public

sector clients, commercial firms and enterprises in the non-profit sector.

While the volume of activity in 2003 was greatest and most volatile during the first and last quarters, and during and immediately after the Iraq conflict, all the activities were down pending confirmation of the reversal in the trend (continued strengthening of the euro against the US dollar and the attractiveness of the stock markets).

In January, Dexia acted as coordinator for the launch of the OLO 41. The issue was successful and this new 10-year benchmark bond was placed with a broad range of investors.

Owing to the low interest rates, many investors were interested in structured issues by high-quality debtors. The low yield curve, which was relatively flat at the start of the war in Iraq, also enabled many borrowers to use derivatives to hedge their floating rate exposures.

On the public authority market, the popularity of Commercial Papers continued to grow and the volume increased from EUR 17 billion in 2002 to just under EUR 20 billion in 2003. Various programmes were added to the range available, e.g. the "Gemeentelijk Samenwerkingsverbond voor Distributiebeheer" (EUR 250 million).

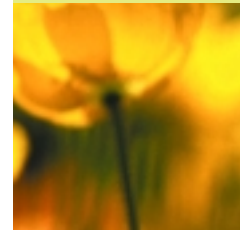
►►► ALM

Asset and Liability Management (ALM) concerns the management of the balance sheet structure as regards the interest rate risk and liquidity risk connected with the assets and liabilities originating from commercial and non-commercial activities. The task of ALM is to optimize the bank's transformation margin and the equity within the authorized risk limits (Value at Risk (VaR), Basis Point Value, etc.). To achieve that, ALM anticipates macroeconomic developments on the financial markets and analyses interest rate scenarios in collaboration with the Market Risk Management division. ALM optimizes the asset allocation and offers the ALCO (Asset and Liability Committee) the most appropriate hedging and investment strategies.

In 2003, ALM activity expanded owing to the incorporation of a securities portfolio following the abolition of the Market Strategies division. An in-depth study was also conducted on how the application of the IFRS affects the ALM activities.

Operating ALM is responsible for scheduling and implementing optimization techniques via a range of authorized instruments (on and off balance sheet).

In that context, it operates on the instructions and under the control of the Market Committee and the Tactical & Strategic ALCO. Operating ALM activities take place essentially in euro, though other currencies are also used where trade is conducted in those currencies. The ALM activity which concerns the balance sheets of all entities included in the consolidation scope of Dexia Bank (except the insurance entities) is conducted jointly with those entities.



COMPANY



►► CORPORATE GOVERNANCE

►►► THE BOARD OF DIRECTORS

COMPOSITION OF THE BOARD OF DIRECTORS¹

Since February 4, 2004, the Board of Directors of Dexia Bank SA has comprised twenty-six members. The majority of the directors who are not members of the Management Board must be public representatives of local authorities.

Chairman

- Marc DECONINCK, burgomaster, Beauvechain

Term of office expiry date

April 26, 2006

Vice Chairmen

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

April 26, 2006

April 26, 2006

Directors, members of the Management Board

- Axel MILLER, Chairman
- Martine DECAMPS, Vice Chairman
- Michel BOUTEILLE
- Jean-François MARTIN
- Michel HENAUT
- Stefaan DECRAENE
- Xavier de WALQUE

April 26, 2006

April 26, 2006

April 26, 2006

April 26, 2006

April 26, 2006

April 25, 2007

April 25, 2007

Other non-executive directors

- Eric ANDRE, municipal councilor, Uccle
- Frank BEKE, burgomaster, Ghent
- Rik BRANSON, Chairman of the Management Board of the Arco Group
- Louis BRIL, alderman, Roeselare
- Wivina DEMEESTER, municipal councilor, Zoersel
- Didier DONFUT, burgomaster, Frameries
- Benoit DREZE, provincial councilor, Liège
- Antoine DUQUESNE, lawyer
- Bruno FLICHY, director and honorary chairman of Crédit du Nord (F)
- Marc JUSTAERT, Chairman of the National Alliance of Christian Mutual Societies
- Loïc LE MASNE de CHERMONT, regional councilor, Pays-de-la-Loire (F)
- 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

April 26, 2006

April 26, 2006

April 26, 2006

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¹ Article 2 of the law of August 6, 1931 (MB of August 14, 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.

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

At its meeting on May 20, 2003, the Board of Directors decided to appoint Mr Stefaan Decraene as a member of the Management Board, subject to the suspensory condition of his appointment as a director with effect from July 1, 2003. An extraordinary general meeting conducted in accordance with the written procedure appointed Mr Stefaan Decraene as a director with effect from July 1, 2003.

Having been appointed Minister President of the Brussels Capital Region, Mr Daniel Ducarme resigned his post as a director of Dexia Bank with effect from September 10, 2003. To provide a temporary replacement, the Board co-opted Mr Antoine Duquesne as a director with effect from September 10, 2003.

In connection with the reorganization of the administrative structure of the Dexia Group, Mr Claude Piret was appointed as Chief Operations & Technology Officer on the Management Board of Dexia SA. In view of his new full-time post in the Dexia Group, Mr Claude Piret resigned his posts as a director and a member of the Management Board of Dexia Bank with effect from January 1, 2004.

On the proposal of the Management Board, the Board of Directors appointed Mr Xavier de Walque as a member of the Management Board with effect from January 1, 2004, succeeding Mr Claude Piret, subject to the suspensory condition of his appointment as a director. The Board of Directors also wished to appoint Mr Bruno Flichy, the honorary chairman of the Board of Directors of Crédit du Nord, as a director of the bank.

The extraordinary general meeting on December 19, 2003 confirmed the appointment of Mr Antoine Duquesne as a director and appointed Messrs Xavier de Walque and Bruno Flichy as directors with effect from January 1 and February 4, 2004 respectively.

OPERATION OF THE BOARD OF DIRECTORS

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

Within this general framework, the protocol on the autonomy of the banking function guarantees the management autonomy of the Management Board. In connection with its supervisory function, the Board of Directors has powers of investigation. It may ask for reports from the Management Board. Once a quarter, on the occasion of the quarterly results, the Management Board reports to the Board of Directors concerning the situation as regards the integration of Dexia Bank and Artesia BC, the progress of the activities and the financial results of the bank and its subsidiaries. Last year, the issues addressed by the Board of Directors included the strategy relating to Risk Management, the Corporate sector and Real Estate, the bank's cultural policy (more specifically its art collections), the restructuring within the Dexia Bank Group (such as the sale of Crédit Agricole, the partial split of DVV Insurance and the transfer of its bancassurance activities to Dexia Insurance), and Compliance.

At its meeting on February 4, 2004, the Board of Directors assessed the internal rules on the exercise of external functions by the Bank's executive staff and made a number of modifications. The Management Board reported on the incompatible directorships held by several executive managers of the Bank. The Board of Directors authorized one executive manager of the Bank to perform the duties of a non-executive director for the listed company, Cofinimmo.

The Board of Directors also approved the internal rules relating to the application of Article 28 of the banking law on credit and loans granted by Dexia Bank to its directors.

SPECIALIZED COMMITTEE SET UP BY THE BOARD OF DIRECTORS

Audit Committee

The Audit Committee, installed on December 18, 2002, is composed of three directors who must not

be members of the Management Board of Dexia Bank. 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 college of statutory auditors of Dexia Bank 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 met on three occasions in 2003. It took note of the consolidated results of Dexia Bank as at December 31, 2002, and of significant facts which have affected the bank's results. The auditors issued an unqualified opinion on the 2002 accounts and confirmed the improvement in the internal control systems.

The 2002 report on internal control and the medium-term plan for 2004-2007 and the audit plan for 2004 were also approved by the Audit Committee. After each Audit Committee meeting, the chairman of the Audit Committee, who is also the chairman of the Board of Directors, routinely informs the Board of Directors of Dexia Bank about the work of the Audit Committee.

►►► 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.

Under the articles of association, the Management Board comprises a maximum of eight members who have gained professional experience in the field of banking and finance.

Since January 1, 2004 the Management Board has seven members and one associate member: Axel Miller, Chairman, Martine Decamps, Vice Chairman and Messrs Michel Bouteille, Jean-François Martin, Michel Hénaut, Stefaan Decraene and Xavier de Walque, members, and Dirk Vanderschrick, associate member.

CHANGES IN THE COMPOSITION OF THE MANAGEMENT BOARD

With effect from July 1, 2003, the Board of Directors appointed Mr Stefaan Decraene as a member of the Management Board, responsible for developing the international retail activity and controlling the insurance activity.

At Dexia level, it was decided to adjust the administrative organization of the Dexia Group to bring it more into line with the group's actual development, opting for an operational integration of the Group relying on a structure based on the core business lines. The reorganization at holding company level was reflected in the composition of the bank's Management Board and the allocation of responsibilities. This board mirrors the Group Management Board, thus creating a direct and advantageous working relationship between the persons responsible for the activities and functions of the Dexia Group and their counterparts at the bank.

Mr Claude Piret was appointed with effect from January 1, 2004 as Chief Operations & Technology Officer on the Management Board of Dexia SA, and he therefore resigned from the Management Board and the Board of Directors of Dexia Bank. He was replaced by Mr Xavier de Walque.

OPERATION OF THE MANAGEMENT BOARD

The Management Board manages the Bank in accordance with the general policy guidelines laid down by the Bank's Board of Directors, and indirectly by the Board of Directors of the Group. 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.

EXTERNAL DUTIES OF THE DIRECTORS²

Under the Banking, Finance and Insurance Commission Regulation, approved by the Royal Decree dated July 19, 2002 and concerning the performance of external duties by executive managers of credit institutions, Dexia Bank is required to disclose the external duties performed by its directors and execu-

² Article 27 (paragraph 2) of the Law of March 22, 1993 on the status and supervision of credit institutions.

tive managers. Dexia Bank chose to publish the posts mentioned in the bank's official annual report, which is lodged with the National Bank of Belgium.

►►► COMPANY NAME

The corporate name of the bank as in the articles of association is "Dexia Banque Belgique", "Dexia Bank België", "Dexia Bank Belgien", "Dexia Bank Belgium". The abbreviations "Dexia Banque" and "Dexia Bank" may also be used.

►►► CAPITAL STOCK

CAPITAL REDUCTION FOLLOWING THE TRANSFER OF THE STAKE IN DEXIA BIL SA TO DEXIA SA

The extraordinary general meeting on April 30, 2003 decided to reduce the capital by EUR 1,967,592,534.32, whereupon the capital stock of Dexia Bank Belgium SA was reduced from EUR 2,891,285,768.94 to EUR 923,693,234.62. The repayment was effected (i) in kind to the main shareholder, Dexia SA, in the form of shares in Dexia BIL and Dexia Investment Luxembourg and (ii) in cash to the minority shareholders.

Following this operation, the direct and indirect stake held by Dexia Bank SA, through Dexia Investments Luxembourg, in the capital of the company incorporated under Luxembourg law, Dexia BIL, was transferred directly to the holding company, Dexia SA.

The main aim of this operation was to simplify the group structures from the point of view of organization, accounting and tax. This in turn leads to simplification of the consolidation, management control and financial flows.

CAPITAL INCREASE FOLLOWING THE EXERCISE OF DEXIA BANK OPTIONS AND AUTHORIZATION TO REPURCHASE OWN SHARES

In 1999 and 2000, Artesia BC issued options for certain members of its staff and collaborators, enabling them to acquire shares in the capital of Artesia BC.

Following the merger with Dexia Bank Belgium SA and the accompanying change of name from Artesia Banking Corporation to Dexia Bank Belgium, the option holders have held options on "Dexia Bank Belgium" stock since April 1, 2002. During April 2002 Dexia SA launched an Exchange Offer for these options. Around 90% of the options were handed in and exchanged for options on listed shares in Dexia SA.

The unexchanged options on Dexia Bank stock, allocated to certain members of staff in 1999, may be exercised in 2003 or 2004.

On July 31, 2003, during the first period of exercise, 7,409 options out of 8,113 were exercised.

An extraordinary general meeting was held on August 29, 2003 which decided to increase the capital of Dexia Bank by EUR 415,422.63 and to issue 155,589 new shares.

That extraordinary general meeting also decided to increase the capital a second time by issuing in 2004 and 2005 the maximum number of shares which would result from the actual exercise of the options not yet used.

Since the bank's stock is not listed, Dexia Bank exercised its right of call on the 155,589 new Dexia Bank shares held by members of its staff. The extraordinary general meeting authorized the Board of Directors to dispose of the own shares thus acquired. On September 26, 2003 Dexia Bank sold the own shares thus acquired to the holding company, Dexia SA.

The capital stock of Dexia Bank SA totals EUR 924,108,657.25 represented by 346,673,752 shares held by Dexia SA (346,673,749 shares), Dexia Lease Services SA (2 shares) and Arcofin SCRL (1 share). There are also 300,000 registered founders' shares. These shares have no par value and do not represent the capital stock. The rights attached to these founders' shares are laid down by the articles of association.

►►► PROFIT APPROPRIATION POLICY

The dividend is determined according to the earnings growth and the Group strategy. At the general meeting on April 28, 2004, the Board of Directors will propose a dividend of EUR 320 million.

▶▶▶ AMENDMENT OF THE ARTICLES OF ASSOCIATION

The extraordinary general meeting on April 30, 2003 amended the bank's articles of association in line with the law of August 2, 2002 concerning corporate governance.

▶▶▶ COLLEGE OF STATUTORY AUDITORS

Since March 28, 2002 the supervision of the financial situation and the annual accounts of Dexia 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;
- Deloitte & Touche, SCCRL, company auditors, represented by Mr Jozef Vlamincx.

Mr Daniel Van Woensel, one of the representatives of PricewaterhouseCoopers, company auditors, retired on May 31, 2003 and was not replaced. Mr Robert Peirce is currently the sole representative of PricewaterhouseCoopers at Dexia Bank.

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 2003, PricewaterhouseCoopers received a remuneration of EUR 256,080 for special tasks performed on behalf of Dexia Bank:

- (i) of which EUR 57,573 for additional tasks relating to their activity as auditors: quarterly audit, qualified intermediary audit, special report on the organization on behalf of the Banking, Finance and Insurance Commission and several legal tasks;
- (ii) of which EUR 55,357 for taxation advice, EUR 84,778 for IAS/IFRS support and EUR 58,372 for other IT tasks.

In 2003, Deloitte & Touche received a remuneration of EUR 128,116 for special tasks performed on behalf of Dexia Bank:

- (i) of which EUR 55,376 for additional tasks relating to their activity as auditors: IAS/IFRS support, certifications and other legal tasks;
- (ii) of which EUR 72,740 for other tasks mainly regarding support by the Milieu-Environment division of Deloitte & Touche for ground analysis on behalf of Dexia Bank.

The special tasks performed by PricewaterhouseCoopers or Deloitte & Touche on behalf of Belgian companies associated with Dexia Bank or the bank's foreign subsidiaries are described in detail in the annual report of Dexia SA.

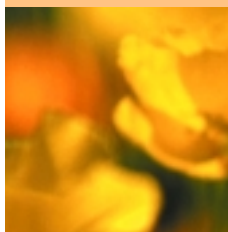
▶▶▶ LEGAL PROCEEDINGS

The investigation into Dexia Bank, initiated by the judicial authorities on September 28, 1999 and concerning possible evasion of inheritance tax, continues. Necessary internal control and IT procedures enable Dexia Bank to conform to the BFIC guidelines on the matter. Dexia Bank has stated that it will cooperate fully in the current investigation, in close consultation with the BFIC.

Three Lernout&Hauspie Speech Products (LHSP) shareholders initiated a class action before the Massachusetts District courts, claiming damages and interest as a result of alleged errors on the part of Artesia Banking Corporation in the "Lernout&Hauspie" case. The plaintiffs originally brought their action against Dexia SA. That was probably due to an error, as Dexia SA has not taken over the rights and obligations of Artesia Banking Corporation. Once that fact was brought to their attention, the plaintiffs also brought an action against Dexia Bank Belgium, a subsidiary of Dexia SA, but without withdrawing their claim against Dexia SA. Dexia SA will apply for exoneration at the start of the preliminary phase of the proceedings. Both Dexia SA and Dexia Bank Belgium strongly object the grounds for the claims made against them.

▶▶▶ COMPLIANCE

One of the main tasks of the Compliance function is to prevent the use of the Bank's networks for illegal purposes (money laundering and tax evasion).



Since the beginning of 2003, as well as the establishment and monitoring of principles and procedures, this task has also included actually looking for suspect transactions in order to combat money laundering. Training on this subject has therefore been stepped up considerably.

Special attention focused on the numerous IT applications required in the normal course of business and for the integration process, in order to ensure adherence to and application of the compliance principles.

In 2003, the code of ethics was endorsed by the bank's works council. On the basis of that code, which has now been incorporated in the work regulations, all members of staff undertake to behave correctly and honestly and to perform their various activities in accordance with that attitude.

The Compliance Division also played an active part in drawing up internal rules on the incompatibility of offices and on controlling the risk of insider dealing in Dexia shares and transactions in financial instruments.

There were consultations with the subsidiaries to make them aware of the various rules on compliance and their effective application.

At the end of 2003, work began on preparing the procedures to be validated by the bank in connection with the tax amnesty (DLU).

►►► AUDIT AND SUPERVISION

In accordance with the audit charter, the internal audit function of the Dexia Group is carried out by a network of audit departments (those of the Group, the operating entities and their subsidiaries). The Dexia Bank Auditor General comes under the Chairman of the Management Board of the Bank in terms of the hierarchy, while in operational terms he comes under the Group Auditor

General. The latter ensures that the internal audit set up for the Dexia Group as a whole is properly organized, and supervises the quality of its operation. The same principle applies to the audit departments of the Dexia Bank subsidiaries, which come under the Dexia Bank Auditor General in operational terms.

The new audit methodology set up by the Group has led to significant changes in the scope of the audit and in the determination of the annual and medium-term audit plans. These changes are intended to improve the quality and completeness of the bank's risk coverage.

These plans are now drawn up on the basis of a 4-year cycle, taking account of all the subsidiaries and their activities. Other processes or activities require an annual or biennial audit.

The structures and method of operation of the Audit and Supervision Division were reorganized in October 2003. On that occasion, particular attention was paid to the forwarding of information to the judicial and tax authorities and to the prudential authorities. The audit network between Dexia Bank and its subsidiaries is based on a regular exchange of information, formally set out in a Service Level Agreement (SLA).

In consultation with the Banking, Finance and Insurance Commission, a start was made on describing the organization of the bank following the merger. On that occasion, the various persons responsible identified the functions and key activities of the bank. Similarly, the internal control elements were described and documented using a special IT program. The results were made available to the auditors and the supervisory bodies. The auditing of the network of branches with salaried staff and self-employed managers, carried out by the "Network Audit", was made easier by the increased use of harmonized IT systems when drawing up the managers' risk profile.

►► STAFF AND RESOURCES

►►► CORPORATE PROJECT

In 2003, at the instigation of the Management Board and with the participation of all the bank's staff, the main features of the corporate project of the new merged bank were defined. This project was named "E.N.J.O.Y", an acronym in which each of the letters represents a particular value and attitude expected of everyone. At this stage of the integration, this provides a unique opportunity to encourage the staff to converge towards a single corporate culture and to make their commitment and effort conform even more closely to the bank's long-term goals.

Dexia Bank aims:

- to be the most accessible and customer-centered bank;
- to be among the leading European retail banks providing the most efficient counter service;
- to consolidate its position as leader on the public sector finance market;
- to be among the most progressive employers.

All current and future initiatives taken with these aims in mind are encouraged, supported and coordinated by a special "Programme Office" team. In the process, special attention is paid to overall cohesion in order to ensure maximum convergence of all the resources used across all the Bank's divisions and business lines. That is the prevailing viewpoint in the measures aimed at optimizing communication with customers, in particular. The creation of a "contact centre" for customers and the network is one practical example. Support activities and marketing – including the product range, distribution channels, pricing, technology, back office and computer systems – will also be subjected to critical analysis to check that they are customer-centred.

►►► GO4IT

The bank keeps a constant eye on its operating efficiency. In collaboration with various divisions of the bank and via its Go 4 It project, it has thus initiated a series of highly practical ways of making a sub-

stantial contribution towards improving the operating efficiency ratio. With that in mind, it reviewed the operating budgets and conducted a critical analysis of business processes.

►►► HUMAN RESOURCES

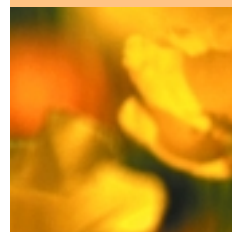
Intensive efforts continued on the finalization of the staffing plan drawn up at the time of the merger in 2002. As of December 31, 2003 Dexia Bank had 8,441 employees, or 7,957 active full-time equivalents, representing a reduction of 6.2% against 2002.

Throughout the year under review, optimum management and numerous training schemes were required to deal with the many changes confronting staff in the context of the merger.

The Job Center succeeded in redeploying over 300 staff who had lost their jobs or who wished to change the direction of their career. An internal temporary employment agency was also set up. Apart from offering employees new career prospects, it helps to reduce the need for staff on temporary contracts. Having taken stock of the training requirements, the human resources advisers played a very active part in devising and implementing training programmes for both clerical and managerial staff.

These same teams also supervised the various human resources projects launched after the merger. Work thus began on the drafting of a new staff status, and in this context a number of collective labor agreements (CLAs) were concluded between management and unions.

A first CLA concerning "Banking benefits", harmonizing the benefits which the Bank grants to its staff, was arranged in accordance with the new legislation on the subject. A second CLA spells out the status for the staff of the salaried network. The CLA relating to the new mobility plan aims to improve the quality of commuter journeys and encourage the use of public transport and alternative facilities. A fourth CLA introduced a new system of work organization. The combination of various full-time and part-time working arrangements offered by the bank should be an equitable way of helping to ensure both continuity of service and staff satisfaction. Its implementation was accom-



panied by the launch of a user-friendly system for recording hours worked, which enables all staff to check their recorded data.

This system of recording hours worked is only a first stage in the preparation of an e-HRM strategy, to be introduced in the longer term. This strategy aims to optimize the internal service and increase the contribution to Human Resources policy on the part of everyone involved.

On January 1, 2004, the technical integration of the various IT systems supporting Human Resources management ensured that the administrative work was handled via one and the same platform right from the start. During 2004, salaries will also be processed via this platform.

The coherent and harmonious completion of all the integration phases, including the integration of the staff status, also requires the reorientation and strengthening of the organizational structure of Human Resources.

The various elements mentioned above are instruments whose efficient operation is dependent on the job satisfaction and motivation of all staff.

"Well-being" is becoming an increasingly important aspect in the management of Human Resources, and in this area a number of specific initiatives have already been implemented to ensure and enhance the well-being of staff facing major changes in their working environment.

In 2003, the identification of Dexia Bank staff with the Dexia Group was further reinforced by the implementation of a 4th staff shareholding plan available to all Group colleagues.

▶▶▶ IT RESOURCES

The amalgamation of the IT systems of Dexia Bank SA, Bacob SA and the former Paribas Belgique is unquestionably the most important and crucial of all the projects under the integration plan. Its success will dictate the scale of the synergy in terms of both expenses and income.

During the past year, intensive work went into the preparation of a reference system containing data common to all the applications: the integrated management of the clientele and their contracts as well as payment transactions. The first integrated applications relating to the management of invest-

ments and loans were also introduced. The integration projects are being completed strictly on time.

Among the commercial applications, the year's most noteworthy achievement is without a doubt the first version of "Customer relationship management".

As regards the new accounting and risk management platform and the Basle II requirements, a modular approach was adopted uniformly for the Dexia Group as a whole.

▶▶▶ REAL ESTATE

In 2003, with the relocation of 4,969 people, the plan for relocating the central services in Brussels, drawn up after the merger, was finalized.

In addition, the work of removing asbestos from the Pachéco building was completed on time and on budget, despite a heavy workload following the major fire which occurred at the beginning of 2003. The renovation work began on June 1, 2003 and the first transfers are scheduled for November 2004. External specialists were brought in to monitor the major building project at the Centre International Rogier.

During 2003, four regional offices (Hasselt, Aalst, Bruges and Woluwe) were closed out of the twelve planned. As regards the integration of the retail branches, the division of customers between the SCRL self-employed network and the salaried branch network has not had any effect on premises until after the end of May.

Altogether, 132 sales outlets were closed, giving rise to the sale of 108 offices, apartments or sites. Integration aside, 30 new or refurbished branches were also opened.

▶▶▶ COMMUNICATION & CULTURE

The integration project and the corporate project are two key elements in the structuring of the new bank. The success of these projects depends very much on the effectiveness and relevance of the information provided on the subject, not only for all the bank's staff but also for its customers and every-

one else associated with promoting its image. To carry out its work, the corporate communication unit used modern techniques such as the intranet, audiovisual modules and an electronic magazine, D-zine, which received a European Bronze Award from the Federation of European Internal Editors Association (FEIEA). It also used live communication, e.g. in the form of theatre productions designed to reflect the varying impressions of staff regarding the merger project. The same applied to the launch of the "E.N.J.O.Y" campaign, explaining the entire corporate project at all levels of the Bank.

External communication centered on publicizing the integration of the distribution networks under the Dexia sign, and took advantage of the opportunity to reinforce the Dexia brand image. During the closing months of the year, all the BACOB branch signs were also changed to Dexia signs.

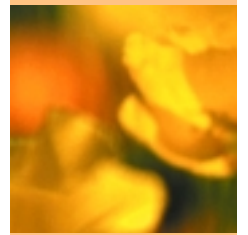
The 40th journalism competition run by Dexia Bank attracted no fewer than 229 entries. The contributions were submitted by Belgian professional jour-

nalists and consisted of articles or series of articles, photos and television and radio reports, published during the past year in the media or broadcast in Belgium at national, regional or local level, in the broadest sense of the term.

The Caius prize, awarded by Prométhéa in 2003, recognized Dexia Bank as a patron of the arts. This prize was awarded for the "Axion Classics" event, a national music competition aimed at young talent. The bank has been running the competition for over 40 years, in partnership with the municipal music colleges.

The book entitled "*Le retour à l'ordre: art et politique en Belgique entre 1918 et 1945*" [Order restored: art and politics in Belgium between 1918 and 1945] by Virginie Devillez, published by the bank, was awarded the "Suzanne Tassier" prize by the Royal Academy of Belgium.

In 2003, the bank also expanded its art collection with the addition of several contemporary works by Joëlle Tuerlinckx, Robert De Vriendt, Hans Op De Beek and Sam Dillemans.



▶▶ RISK MANAGEMENT

One of the essential functions of the banking profession is the management and constant control of the risk associated with the transactions effected both on and off the balance sheet. That risk takes a number of forms, the main ones being credit risk, market risk and liquidity risk, while the insurance activities are subject to investment risks and various technical risks. Operational risks are generated by both banking and insurance activities.

The reforms planned via the Basle II regulations and the introduction of the IFRS accounting standards are important opportunities for the bank to perfect its risk management. The operational aspects of these reforms for Dexia Bank are handled and coordinated by the Dexia Group, which also takes charge of the central control over the general risk strategy at Group level.

▶▶▶ CREDIT RISK

ORGANIZATION

The organization of the Risk Management teams is based on the typology of the counterparties and remained unchanged in 2003. The decision-making bodies, composed of equal numbers of representatives of the business line concerned and the risk management function, are organized at three levels. Their authority is based on the real level of risk incurred by the Bank, rather than on the gross amount of the liabilities, since the counterparty's rating and the degree of credit risk hedging are both taken into consideration.

During the past year, the quality control organization was reinforced, a move reflected in the creation of a Rating Committee which has supreme control over the rating process. A Default Committee was also set up in order to designate the counterparties to be placed in this specific category, which is of particular importance in the context of Basel II and the adoption of the IFRS.

RISK MEASUREMENT

The year 2003 saw major work on the revision of the internal rating systems in all sectors of activity. The "advanced approaches" under the Basel II proposals are very demanding in terms of the conceptual and operational requirements, necessitating the launch of some massive work programs in the Dexia Group.

These new systems were tested and calibrated on a large scale during 2003, so that they were fully operational by the beginning of 2004 for almost all the various types of counterparty. These systems are notable for their advanced scientific approach, and are built into the risk control and measurement instruments. All these models lead to a rating on a single internal scale comprising 20 levels, applied throughout the Dexia Group. Apart from their high degree of "granularity", the setting of precise parameters reduces the subjective element inherent in the models to an even greater extent than previously.

The collection of internal data by the Bank, and more specifically data on instances of default, is another crucial element of risk measurement; it was set up in 2003 and will be actively pursued over the next three years.

In line with this approach, the content of the internal reporting has been augmented and both the speed and the reliability of this vital risk control tool are constantly monitored. Reporting is not meant to be purely analytical. While it examines the portfolio details by rating, sector, maturity, etc., it is also forward-looking in that it is used in the preparation of the business budgets and strategy.

LIMITS AND ECONOMIC EQUITY

The allocation of the limits per counterparty is based on the concept of economic equity consumed. This incorporates all the risk parameters and is therefore far more appropriate than the setting of gross appropriations.

The Bank's targets for reducing concentration were defined in 2003, the concentration being due main-

ly to the rearrangement which took place within the Group; this did not always correspond as closely as the Bank wished to its aims in terms of risk profile and diversification. However, the reduction in certain commitments was modified to give preference to the sectors and types of player relating to Dexia's key skills.

In 2003, a major project was launched at Dexia Group level to unify and refine the actual concept of economic equity. This project, which will continue in 2004 and 2005, aims to incorporate all the types of risk incurred by the Bank in a harmonized conceptual approach with a common confidence interval linked to its rating. As regards the credit risk, it will go beyond the "advanced approaches" of Basel II, by using measurement tools better suited to certain portfolios and taking account of the parameters, such as diversification, hitherto ignored in the regulatory calculations. It will have many applications in the field of both risk management and pricing (revision of the Raroc concept) and in the allocation to the businesses and lines of activity.

THE BASEL II PROJECT

Simulations confirmed the benefits for the Dexia Group of using the most advanced approaches, since they are better suited to the conservative risk profile associated with Dexia's type of clientele and its lending policy. Throughout this project, Dexia favours dialogue with the supervisory authorities on the basis of the principle that the constraints of the project are also opportunities for perfecting its risk management.

The main conceptual development work was completed in 2003. In particular, this took the form of the establishment of new internal rating systems. It also led to systematic unification of nomenclatures and information channels, which consists of a difficult but necessary task for a relatively young Group born out of recent acquisitions. Most of the practical implementation will proceed in 2004.

In 2003, Dexia selected the single, integrated IT platform which will be used to manage all the data

required by the future regulations on capital; Dexia also took advantage of this opportunity to incorporate other risk management tools in that platform. Substantial IT resources were allocated to the project, both for the development of the tool and for the adaptation of all the resulting operating facilities. This tool will be tested at Group level in the first half of 2004.

IFRS

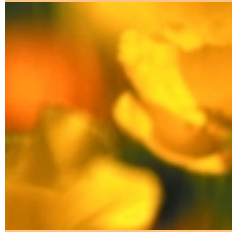
Despite the continuing uncertainty over the regulations on this subject, the Dexia Bank Risk Management unit, in close consultation with the Group, established and formulated the principles for the formation of general and special provisions to cover the credit risks. Optimum use was made of synergy with the Basel II project, in particular by using the same risk parameters and standardizing the concepts of loans "in default" and "impaired" loans.

At the end of each quarter, simulated general provisions were calculated in order to test the proposed methodology and measure its impact. The "Default Committee" set up during the last quarter decides on the classification of certain counterparties as "impaired", and the necessary recording and calculation tools for keeping account of them were made available to the units concerned.

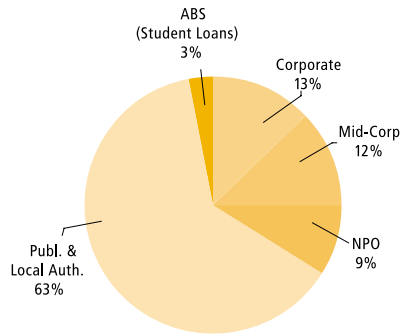
LENDING ACTIVITY

Public Sector, Social Profit and Corporate

The first business line, where the overall volume remained fairly steady, recorded a significant shift in its components. While the share of non-profit organizations remained unchanged, there was a marked fall in business loans, mainly giving way to loans to the local public sector, following the policy mentioned earlier regarding concentration. There was an improvement in the average rating of the large and medium-sized firms represented in the portfolio. The management of this activity is particularly affected by the current regulatory reforms. Thus, the "Economic equity" project will perfect the measurement and pricing tools.



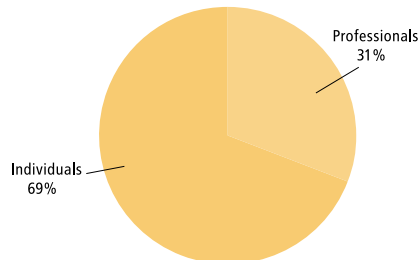
Breakdown by type of clientele of loans to Public Sector, Social Profit and Corporate



Retail

The retail business is traditionally marked both by great stability in the breakdown by type of activities and through its quality aspects. Only natural volume growth was observed. The regulator’s comments on the risk measurement tools were taken into account during 2003.

Breakdown by type of clientele of the volume of retail loans

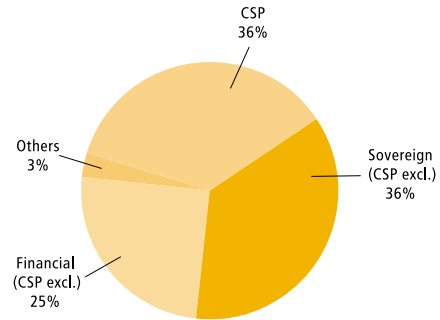


Financial markets

During the year under review, the Credit Spread Portfolio (CSP) was considerably reduced while its average rating improved, mainly owing to the reduction in its riskiest component in Credit Linked Notes; the rest of that paper still in the portfolio will mature during this year. New business is being done at an average rating of AA with a relatively short maturity, reflecting the current strategy for this activity.

The policy of opening credit lines for financial institutions and sovereign debtors remained unchanged in relation to the previous year, reflecting very stable quality in terms of the weighted rating, which is between AA- and A+ for the former and close to AA for the latter.

Breakdown by type of clientele of commitments of the financial markets activity



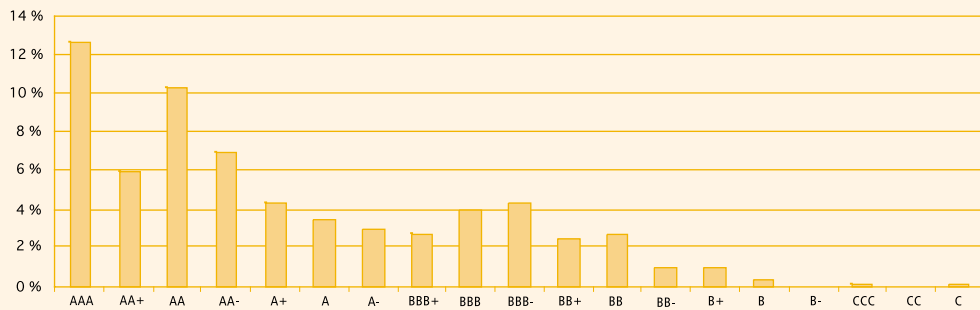
Risk profile

The breakdown of Dexia Bank’s counterparties according to their rating illustrates both the high quality and the stability of its portfolio. The lowest ratings mainly concern self-employed customers and small businesses, counterparties who are, by nature, highly diversified and who offer better collateral. Compared with earlier years, 2003 also saw a decline in the overall volume of provisions and write-downs.

The commitments relating to the first and second business lines are almost entirely confined to Belgium, the only notable exceptions being the domestic customers of Banque Artesia Nederland and an excellent quality American ABS portfolio assigned to the first business line during the year. The financial market lending activity is spread over a much wider geographical area, although the share of non-OECD countries is insignificant. Counterparties in Europe and North America represent 51% and 43% respectively of the Credit Spread Portfolio (non-CLN). 63% of banking risks relate to institutions in the European Union and 27% to North American counterparties.

While commitments relating to the public sector (supranational, national, regional or local) and the financial sector represent 46% and 26% respectively of the total, the breakdown of risks among the other sectors shows wide diversification and reflects the Dexia Group’s traditional involvement in the health care, water, energy and real estate investment sectors. Excluding any acute sectoral crisis which might occur, though that did not happen in 2003, the most vulnerable sectors remain the focus of special monitoring.

Breakdown of Dexia Bank's counterparties according to their rating



▶▶▶ MARKET RISK

MARKET RISK COMMITTEE

Dexia Bank arranges a weekly Market Risk committee to monitor the activities of ALM, Market Strategies and Dexia Financial Markets. 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 regulatory requirements and the Bank's strategic and tactical planning.

RISK FRAMEWORK AND RISK MONITORING

The Market Risk Management division, which has the task of measuring, controlling and identifying risks, has defined a consistent framework of policies and limits, applicable throughout the company. The advent of new financial instruments and the rapid changes taking place in the environment oblige Market Risk Management to constantly anticipate market trends and translate them into appropriate risk terms. To that end, every proposed new product has to undergo a strict, overall procedure coordinated by Market Risk Management. That procedure permits in-

depth discussion of the product by the various divisions involved. An overall framework of limits and an appropriate operational framework are then devised, with due regard for the other policies of Dexia Bank. This procedure ensures that all divisions of risk management, the back office and the front office apply an appropriate treatment to the new product.

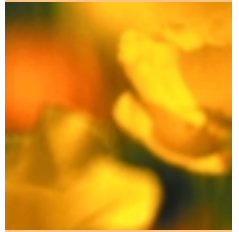
A key element in this risk structure is the Value at Risk (VaR) limit per business line and activity desk. The VaR limits are complemented with nominal volume limits, limits on sensitivity to interest rates and margins, limits on sensitivity to options (delta, gamma, vega, theta, rho), Monte-Carlo analysis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

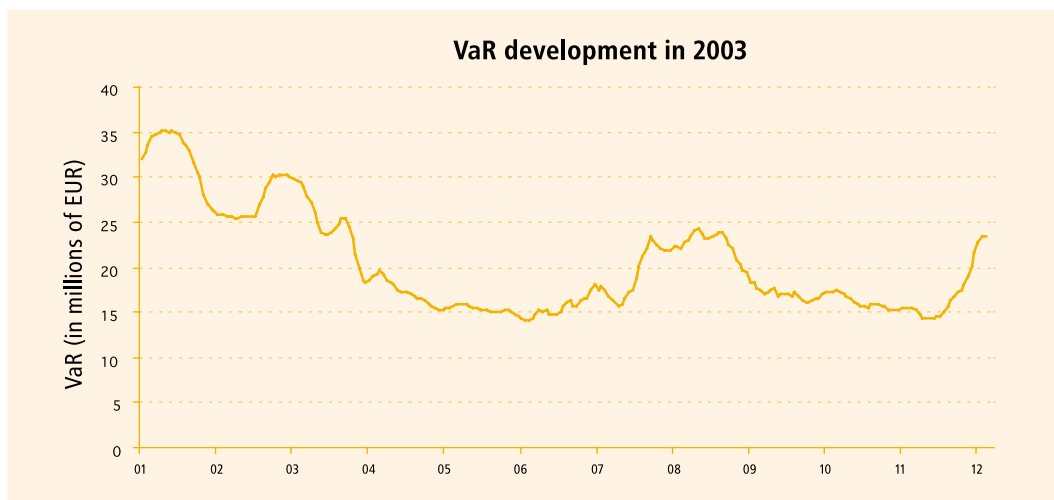
MARKET RISK METHODOLOGY

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 Basel Committee (Bank for International Settlements).

The VaR measure is the main tool used for risk management and the day-to-day monitoring of financial market positions. This is a statistical measure of the maximum potential losses associated with a particular reliability interval (99%); these losses may result from changes in market prices and other 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 equally-weighted observations over 481 days.





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 equity and the Raroc measure of Financial Markets activity.

The above chart shows the VaR for the market activities of Dexia Bank Belgium in 2003. This concerns the overall market risk position for Money Market, Financial Engineering & Derivatives, Fixed Income, Forex, Securitization and Proprietary Management activities (up to March 31, 2003).

►►► OPERATIONAL RISK

ORGANIZATION

In 2003, operational risk correspondents were appointed to represent all the Dexia Bank activities and entities concerned. Their main function is to provide information for the new database on incidents and losses and to coordinate the charting of risks in their activities. They will also be responsible for passing on the necessary information for producing reports at both local and group level.

Compared with this first level, the main role of the operational risk function created within the Risk Management division is to propose and coordinate

the structure of the arrangements. This applies in particular to the methodologies to be adopted, the IT tools to be used and the standard reports to be produced at group level.

Finally, the Operational Risk committee set up within the Dexia Group in 2003 decides the strategy to be applied in the various areas concerned and reports on those decisions to the Group Management Board.

IMPLEMENTATION OF THE DATABASE RECORDING INCIDENTS AND OPERATING LOSSES

In order to conform to the Basel II requirements concerning the creation of a historical record of losses, an IT tool dedicated to the collection of data on incidents and operating losses and a data collection procedure have been developed in 2003. However, the objective is broader and initially consists in acquiring better knowledge of the operating problems per activity, which will improve the understanding of the Dexia Group risk profile. Where necessary, the recording of losses and incidents in a common database should lead to corrective measures and subsequent monitoring of those measures.

CHARTING OF THE RISKS ACROSS THE VARIOUS BUSINESS LINES

It is essential to supplement these historical data with the identification and analysis of events likely to have a significant impact at group level. This second element is to be implemented progressively in 2004 and 2005 via the charting of operational risks.

CALCULATION OF THE EQUITY TO BE ALLOCATED TO OPERATIONAL RISKS

Although Dexia has not yet chosen from among the various methods proposed by the Basel Committee for calculating regulatory capital, it is already clear that the basic method is ruled out, owing to the Group's size and its international dimension.

▶▶▶ ALM

PRINCIPLES

The strategic decisions concerning the management of interest rate risks relating to all items on the balance sheet are taken at the ALCO committee meetings. This committee comprises the members of the Management Board, ALM experts and risk managers. The ALCO committee's role is to supervise the management of the bank's interest rate risk and liquidity position. It does so within a permanent, normative framework, in which the ALCO periodically sets targets for exposure to interest rates in order to take advantage of market opportunities.

To ensure optimum control, Dexia Bank places particular emphasis on the identification and segregation of functions within the ALM process. This has led to a dual structure in which the ALM risk management unit (reporting to the committee member responsible for risk management) is separated from the ALM "analysis and strategy" unit (which reports to the committee member responsible for the financial markets).

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.

INTEREST RATE RISK MANAGEMENT

Appropriate levels of acceptable interest rate risk have to be defined and assigned to separate programmes where appropriate. Market Risk Management ensures that the interest rate risk exposure

corresponds to the Bank's overall risk profile. Interest rate variations may have a negative impact on both the Bank's profits and its economic value. That gives rise to two separate but complementary angles for assessing the Bank's interest rate risk: the economic value angle and the profits angle.

Sensitivity limits (economic value angle)

Variations in market interest rates may affect the economic value of the Bank's balance sheet and off-balance-sheet items. The Group's ALCO committee set a consolidated sensitivity limit for Dexia Bank, covering the interest rate risk generated by activities included within its ALM.

Apart from the sensitivity limits, Dexia Bank has adopted a VaR guideline which is intended to obtain and supply to ALCO committee members additional information on the volatility, correlation and spread risks associated with the ALM positions.

Net interest income risk (profits angle)

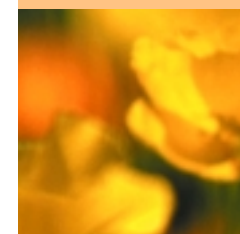
That emphasis also reflects the importance of net interest income to the Bank's profits as a whole. Estimates of the interest rate risk exposure, normally calculated for a given period (current calendar year), use different potential rates for future interest. A limit is set in order to supervise this profit risk.

MANAGEMENT OF FUNDING AND LIQUIDITY

Liquidity risk management is coordinated and defined at Dexia Group level by the Group ALCO committee, on the basis of information supplied by each Group entity.

The ALCO committee also validates the measurement techniques and standards and defines the limits and ratios to be respected. The ALCO committee's decision is then converted for the Group into actual liquidity management by the Funding and Liquidity Committee, which executes the ALCO decision and monitors the overall liquidity position of the Group and its various entities.

Although liquidity risk management is defined at Dexia Group level, it is Dexia Bank that is in charge of its measurement and supervision. The Dexia Bank ALCO committee is responsible for monitoring the liquidity risk exposure and the adherence to the liquidity limits. It is also required to take appropriate action where necessary.



►►► INSURANCE RISK

The Dexia Bank Group insurance companies have to comply with a number of rules relating to risk management. Those rules are laid down mainly by the OCA [insurance supervision office, now incorporated in the BFIC] and concern the solvency margin, requirements concerning the assets covering the technical reserves, etc. In the insurance companies, the profile and quality of the assets invested are assessed in the light of obligations towards policyholders. The creation of an ALM committee (ALCO) was intended to coordinate and refine the ALM approach within the Group. In addition, from the point of view of prudential supervision, the Bank's solvency position is measured periodically.

INVESTMENT RISK

The DVV Insurance 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 has 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 Insurance and Dexia Insurance) in which the financial expertise of the insurance group supplements the ALM capability.

TECHNICAL RISK

The acceptance and rate policy is determined by continuously tracking the results of the Insurance divisions and routinely monitoring competitors' rates. An efficient acceptance and rate-setting 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 routinely assessed. If the reserves are insufficient, additional provisions are formed and the policy on rates and acceptance is modified.



FINANCIAL RESULTS

In June 2000 the European Commission announced its intention to make it compulsory to apply the IFRS (International Financial Reporting Standards) in order to facilitate the creation of a large European capital market. That intention was confirmed by Regulation No 1606/2002 of July 19, 2002, which requires listed companies to use the IFRS for their published consolidated accounts relating to the financial years commencing on or after January 1, 2005.

Since January 2001, Dexia has been engaged in a three-stage project which will establish these new standards. An initial preliminary analysis stage from January to April 2001 identified the main areas requiring more detailed examination of the differences between the current standards and the IFRS. The second detailed analysis stage which continued until April 2002 identified more precisely the implications of these new regulations. The third stage, comprising practical, IT and operational implementa-

tion, will continue until the first accounts are published in accordance with the IFRS in 2005.

In 2005, in line with the arrangements provided for in the current legislation, Dexia will publish pro forma IFRS accounts for 2004, with the exception of the IAS 32 and 39 standards, for which the transition date will be January 1, 2005. The accounts relating to the activities of the Dexia Group will be drawn up in accordance with the current standards in 2004, and according to the IFRS as from the first quarter of 2005. The same applies to the Group's operating entities, subject to the approval of the supervisory authorities, where necessary.

The IFRS project is being closely coordinated with the Basle II project to ensure the preservation of a high level of consistency between the data and the treatment of the information required by the two projects, in accordance with the regulations and the objectives specific to each project.

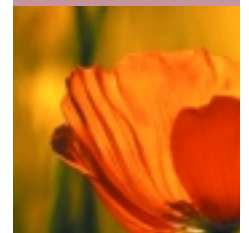


After a number of difficult years, dominated by operational integration processes and a downturn in the economic cycle, the banking sector's income is increasing once again. 2003 was a transitional year, featuring the economic revival and the recovery of both long-term interest rates and the stock markets.

Dexia Bank and its subsidiaries benefited from the favorable effects of integration: these included the continuing rationalization of the network and optimization of the back offices and support activities, as well as the low risk profile. It was also possible to restore moderate to strong growth figures for outstanding loans and assets for the public sector, the non-profit sector, corporate banking and retail

customers alike. The financial results of Dexia Bank and its subsidiaries are therefore particularly pleasing.

There were fundamental alterations to the scope of Dexia Bank SA in 2003, following the transfer as at January 1, 2003 of Dexia BIL to the direct control of Dexia SA. The joint subsidiaries of Dexia BIL and Dexia Bank, such as Dexia Asset Management, Dexia Fund Services Belgium and Dexia Bank Nederland, were included in the results by the equity accounting method. Following the sale of Crédit Agricole in the third quarter, the results of that company were included up to June 30, 2003 in those of the equity-accounted companies.



▶▶ STATEMENT OF INCOME

Revenues totalled EUR 2,423 million at the end of 2003, against EUR 2,336 million a year earlier, representing a rise of EUR 86 million or 3.7%. Disregarding exceptional items, the increase was 5.8%.

In the context of falling interest rates in the first half of 2003, reaching a low point in June, and a stock market rally from the second quarter of the financial year, **net interest income and related income** grew by 2.8% to EUR 1,727 million. Disregarding exceptional items, the growth came to 8.9%:

- *net interest income* was 5% up at EUR 1,546 million, as the decline in charges outstripped the fall in earnings. In 2003, net interest income represented almost two-thirds of net banking income, or 63%, which is comparable to the 2002 figure, owing to the revival in traditional retail banking activities caused by the risk aversion of investors;
- *dividends* were 37.7% down;
- *net income from financial transactions* increased by 1.5%, boosted mainly by the favorable financial market trend from the second quarter of 2003.

Net commissions and other income increased to EUR 406 million (+10.3%). Excluding exceptional items, net commissions and other income were down by 2.9%:

- *net commissions* grew by 11.8% to EUR 304 million, mainly as a result of the change in exceptional items.; on a recurring basis, net commissions were 3.5% down, the main reason being the decline in commissions on mutual funds and insurance products;
- *other net operating income* increased by 6.3% in 2003.

The **technical and financial margin on insurance activities** was up by 0.7% (3.2% excluding exceptional items). One factor contributing to this result was the writing back of value adjustments to the equity portfolio.

Costs (operating expenses) totalled EUR 1,752 million at the end of 2003, a rise of EUR 62 million or

3.7% against 2002. Excluding exceptional items, they were more or less steady (+0.3%):

- **staff costs** declined by 9.1% (3.1% on a recurring basis), or EUR 76 million to EUR 759 million; they represent 43% of the total expenses, against 49% in 2002;
- **network commissions**, i.e. the commissions paid to self-employed branch managers, increased by 9% to EUR 340 million (+15% on a recurring basis), mainly as a result of the rise in the variable and segmentation commission and the introduction of a new management fee for branch managers; their relative share in total expenses thus increased from 18.4% to 19.4%;
- **other operating expenses** were down by EUR 2 million or 0.4%;
- **depreciation and amortization** were up by EUR 112 million, or 120.4%; however, in 2002 they had been favorably influenced by some exceptional items (sale & rent back deal with Cofinimmo); taking account of the underlying changes only, depreciation and amortization declined by EUR 14 million or 6.3%.

The **operating efficiency ratio** (OER – ratio between expenses and income) remained virtually unchanged in relation to 2002, standing at 72.3% at the end of 2003. Excluding exceptional items, the OER dropped from 77.3% to 73.3%.

The **cost of risk** was 32.1% lower at EUR 76 million, or EUR 36 million less than in 2002, mainly at the level of the financial markets and, to a lesser extent, of the public sector and retail banking; this made a major contribution to growth in the **operating income**, which was up by almost 11.4% at EUR 595 million.

As regards the other value adjustments, the main point to mention is the exceptional increase in **net gains and recoveries on long-term investments**, attributable almost entirely to the capital gain of EUR 411 million on Dexia BIL following the change to the consolidation scope. Excluding exceptional items, the value adjustment on the portfolio was down by 75%.

Corporate income tax was 40.7% lower, the main reason being a reduction in deferred taxes. A tax

saving of EUR 60 million was achieved on the harmonization of the calculation of deferred taxes, based on the IAS 12. Excluding exceptional items, corporate income tax was up by 45%.

Net income before minority interests came to EUR 1,047 million, a rise of EUR 623 million, due largely to the growth of net banking income and the limited rise in operating expenses, but also to the capital gain already mentioned on Dexia BIL

and the gains on the sale of Erste Bank and Crédit Agricole. Without these exceptional items, the increase came to EUR 110 million or 26.3%. Net income represents EUR 515 million while the figure for minority interests is EUR 15 million.

With the **ROE**¹ up from 10% in 2002 to 14.3% in 2003 (disregarding the capital gain realized on BIL), Dexia Bank achieved a significant increase in profitability in 2003.

¹ Ratio between the net income, excluding Dexia BIL capital gain, and the weighted average shareholders' equity (excluding GBRR and after income appropriation).

CONSOLIDATED STATEMENT OF INCOME

(in millions of EUR)	Pro forma 31/12/02	31/12/03	Change (%)
REVENUES	2,336	2,423	3.7
Net interest and related income	1,680	1,727	2.8
- Net interest income	1,472	1,546	5.0
- dividends	77	48	(37.7)
- net income from financial transactions	131	133	1.5
Net commissions and other income	368	406	10.3
- net commissions	272	304	11.8
- other net operating income	96	102	6.3
Technical and financial margin on insurance activities	288	290	0.7
COSTS	(1,690)	(1,752)	3.6
Staff costs	(835)	(759)	(9.1)
Other operating expenses	(450)	(448)	(0.4)
Network commissions	(312)	(340)	9.0
Depreciation and amortization	(93)	(205)	120.4
GROSS OPERATING INCOME	646	671	3.9
Cost of risk	(112)	(76)	(32.1)
OPERATING INCOME	534	595	11.4
Net gains and recoveries on long-term investments	20	423	n.s.
General banking risks reserve	(6)	0	n.s.
Amortization of goodwill	(10)	(9)	(18.2)
Corporate income tax	(123)	(73)	(40.7)
Net income from companies accounted for by the equity method	9	111	n.s.
NET INCOME BEFORE MINORITY INTERESTS	424	1,047	147.0
Minority interests	8	15	87.5
NET INCOME	416	1,032	148.1

▶▶ BALANCE SHEET

MAIN ITEMS IN THE CONSOLIDATED BALANCE SHEET				
(in millions of EUR)	Pro forma 31/12/02	31/12/03	Change (%)	% of balance- sheet total 2002
Balance-sheet total	159,231	161,496	1.4	
Shareholders' equity ²	5,683	5,897	3.7	4
Customer deposits	50,983	57,172	12.1	35
Debt securities	42,009	35,186	(16.2)	22
Customer loans	57,161	61,488	7.6	38
Bonds, equities and other securities	57,898	54,827	(5.3)	34

² Capital, reserves, net income for the year, minority interests, GBRR.

As of December 31, 2003 the **consolidated balance-sheet total** stood at EUR 161.5 billion, an increase of 1.4%, due largely to the rise in customer deposits and loans, essentially counter-balanced by the decline in debt securities and the securities portfolio.

In 2003, **customer deposits** grew to EUR 57,172 million (+12.1%). There was a particularly steep rise in savings deposits, up by 10.5%, while fixed-term accounts and notice accounts delivered growth of 14.7%. Customer deposits thus represented 35% of the total liabilities, against 32% in 2002.

Total outstanding **debt securities** (savings bonds, bonds, certificates and other debt instruments) showed a fall of 16.2% to EUR 35,186 million. Once again, the main factor was the decline in outstanding savings bonds, but other types of debt securities were also down in 2003. These resources represent 22% of the bank's total funding requirement, whereas in 2002 the figure came to 26.4%.

In 2003, **customer loans** expanded by 7.6% to EUR 61,488 million, stimulated mainly by the low interest rates. Nonetheless, the quality of these loans remains very high: at the end of 2003, the asset quality ratio³ was 1.6% and the coverage ratio⁴ stood at 64.1%.

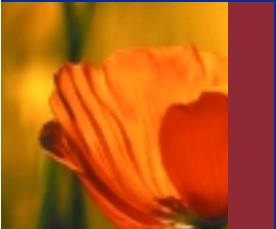
The **securities portfolio** (bonds and other fixed-income securities, equities and other variable-income securities, and government securities for central bank refinancing) contracted by 5.3% to EUR 54,827 million, mainly because of the decline in government securities for central bank refinancing. The securities portfolio represents 33% of the balance sheet total.

At the end of 2003, the consolidated **shareholders' equity** totaled EUR 5,897 million, 4% higher than the previous year. The increase in this capital is largely due to the substantial rise in profits for the year.

Both the **Tier-One Capital Ratio** (9.2%) and the **CAD Ratio** (11.7%) are well in excess of the international requirements and indicate a sound financial base.

³ Ratio between the outstanding nonperforming loans and the outstanding customer loans.

⁴ Ratio between the cumulated write-downs and the gross outstanding doubtful and nonperforming loans.



FINANCIAL STATEMENTS*

*THE NON-CONSOLIDATED ACCOUNTS ARE AVAILABLE ON WWW.DEXIA.BE/REDIRECT.ASP?ID=REPORT_GB



DEXIA BANK BELGIUM - CONSOLIDATED BALANCE SHEET (BEFORE INCOME APPROPRIATION)¹

ASSETS (in thousands of EUR)		Notes	Dec. 31, 2002	Dec. 31, 2003
I.	Cash, central banks and postal checking accounts	2.0.	595,654	729,691
II.	Government securities eligible for central bank refinancing	2.1.	5,322,090	2,260,653
	A. Banking activity and other		5,322,090	2,260,653
	B. Insurance activity		0	0
III.	Interbank loans and advances		28,914,635	29,305,424
	A. Sight		650,761	1,174,487
	B. Other	2.2.	28,263,874	28,130,937
IV.	Customer loans	2.3.	57,161,218	61,488,349
V.	Bonds and other fixed-income securities	2.4.	48,806,267	48,542,722
	A. Banking activity and other		44,292,302	42,192,065
	1. Government bonds		15,641,539	15,449,132
	2. Other bonds		28,650,763	26,742,933
	B. Insurance activity		4,513,965	6,350,657
VI.	Equities and other variable-income securities	2.5.	3,770,081	4,023,702
	A. Banking activity and other		843,555	766,921
	B. Insurance activity		2,926,526	3 256,781
VII.	Long-term investments	2.6.	1,301,515	974,956
	A. Investments accounted for by the equity method		435,525	512,688
	B. Investments at cost		865,990	462,268
	1. Banking activity and other		772,034	403,008
	2. Insurance activity		93,956	59,260
VIII.	Intangible assets		383,103	351,225
	A. Organization expense and other intangible assets	2.9.	195,364	176,235
	B. Goodwill arising on consolidation	2.8.	187,739	174,990
IX.	Property and equipment	2.10.	1,367,141	1,383,784
X.	Unpaid capital		0	0
XII.	Treasury stock		0	0
XIII.	Other assets	2.13.	1,549,501	1,430,752
	A. Banking activity and other		1,120,137	1,039,982
	B. Insurance activity		429,364	390,770
XIV.	Accruals and other assets	2.11.	10,059,633	11,005,071
TOTAL ASSETS			159,230,838	161,496,329

¹ Restated for 2002.

LIABILITIES AND SHAREHOLDERS' EQUITY (in thousands of EUR)		Notes	Dec. 31, 2002	Dec. 31, 2003
I.	Interbank loans and deposits		37,510,625	37,021,103
	A. Sight		3,215,626	2,940,346
	B. Time	3.1.	34,294,999	34,080,757
II.	Customer deposits	3.2.	50,983,339	57,172,213
	A. Savings accounts		19,910,346	22,011,989
	B. Other deposits		31,072,993	35,160,224
	1. <i>Sight</i>		11,273,535	12,443,430
	2. <i>Time</i>		19,799,458	22,716,794
III.	Debt securities	3.3.	42,009,319	35,185,662
	A. Banking activity and other		42,009,319	35,185,662
	1. <i>Notes and other bonds</i>		25,273,926	21,561,870
	2. <i>Other</i>		16,735,393	13,623,792
	B. Insurance activity		0	0
IV.	Other liabilities	3.12.	1,172,156	1,220,272
	A. Banking activity and other		941,951	988,173
	B. Insurance activity		230,205	232,099
V.	Accruals and other liabilities	3.4.	9,548,631	11,403,171
VI.	Reserves		8,896,192	10,564,300
	A. Provisions for contingencies and charges	3.5.	497,437	420,306
	B. Provisions for deferred taxes	3.6.	158,682	139,933
	C. Technical provisions of insurance companies	3.5.	8,240,073	10,004,061
VII.	General banking risks reserve	3.7.	1,041,961	1,001,458
VIII.	Subordinated debt	3.8.	3,427,215	3,033,043
	A. Banking activity and other		3,419,430	3,025,499
	B. Insurance activity		7,785	7,544
IX.	Capital stock	3.10.	923,693	924,109
X.	Additional paid-in capital	3.10.	189,469	193,328
X. <i>bis</i>	Commitments to capital increase	3.10.	0	0
XI.	Retained earnings	3.10.	3,124,825	2,763,011
XII.	Revaluation reserve	3.10.	9,093	8,681
XIV.	Negative goodwill	2.8. - 3.10.	44,038	43,327
XIV. <i>bis</i>	Deducted goodwill	2.8. - 3.10.	(214,901)	(130,904)
XV.	Cumulative translation adjustments	3.10.	2,077	(4,696)
XVI.	Minority interests	3.10.	139,046	51,356
XVII.	Net income for the year	3.10.	424,060	1,046,895
	A. Net income for the year		416,215	1,032,393
	B. Minority interests in net income for the year		7,845	14,502
XVIII.	Interim dividend	3.10.	0	0
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY			159,230,838	161,496,329

DEXIA BANK BELGIUM - CONSOLIDATED OFF-BALANCE SHEET ITEMS¹

(in thousands of EUR)	Notes	Dec. 31, 2002	Dec. 31, 2003
I. Contingencies	4.1.	3,927,752	3,827,491
II. Financing commitments	4.2.	25,786,420	31,347,615
III. Assets entrusted to the Group	4.3.	69,184,640	74,842,829
IV. Uncalled amounts of share capital		21,656	19,940
V. Commitments received		72,665,978	73,914,277
A. Financing commitments		7,040,682	5,065,536
B. Guarantees received		65,625,296	68,848,741
C. Commitments received by insurance companies		0	0
VI. Foreign currency transactions	4.4.	63,556,748	60,221,252
A. Amounts receivable		31,914 371	29,969,930
B. Amounts to be delivered		31,642 377	30,251,322
VII. Financial futures	4.4.	874,339,815	917,689,223
VIII. Securities transactions	4.8.	10,009,015	1,619,934
IX. Other commitments		11,902	0
A. Banking activity and other		11,902	0
B. Insurance activity		0	0

¹ Restated for 2002.

DEXIA BANK BELGIUM - CONSOLIDATED STATEMENT OF INCOME¹

(in thousands of EUR)		Notes	Dec. 31, 2002	Dec. 31, 2003
I.	Interest income		5,758,209	4,947,236
	A. Interest income on interbank transactions		966,752	794,561
	B. Interest income on customer transactions		2,865,466	2,624,092
	C. Interest income on bonds and other fixed-income securities		1,925,991	1,528,583
II.	Interest expense		(4,286,528)	(3,401,111)
	A. Interest expense on interbank transactions		(1,375,003)	(1,079,856)
	B. Interest expense on customer transactions		(1,188,046)	(1,003,334)
	C. Interest expense on bonds and other fixed-income securities		(1,723,479)	(1,317,921)
III.	Income from variable-income securities		76,589	47,691
	A. Equities and other variable-income securities		34,020	21,250
	B. Long-term investments	5.1.	42,569	26,441
IV.	Commission income	5.2.	417,530	399,700
V.	Commission expense	5.2.	(145,093)	(96,126)
VI.	Income from financial transactions	5.3.	131,381	133,457
VII.	Other banking income	5.7.	225,331	249,756
X. ²	Other banking expense	5.7.	(129,036)	(147,811)
XXII. ³	Technical and financial margin of insurance activities	5.14.	287,683	289,522
	NET BANKING INCOME	5.11.	2,336,066	2,422,314
VIII. ²	General operating expense		(1,596,777)	(1,546,799)
	A. Staff costs	5.4.	(834,699)	(758,581)
	1. Payroll expense		(589,955)	(543,369)
	2. Social security costs		(244,744)	(215,212)
	B. Other general operating expense		(449,978)	(448,171)
	1. Taxes other than on income		(60,550)	(50,385)
	2. Other general operating expense		(389,428)	(397,786)
	C. Network commissions		(312,100)	(340,047)
	D. Deferred acquisition costs		0	0
IX.	Depreciation and amortization		(93,159)	(204,810)
	OPERATING INCOME BEFORE ALLOWANCES		646,130	670,705
XI.	Net losses and allowances for loan losses and off-balance sheet items	5.5.	(111,722)	(75,681)
XII.	Net gains and recoveries of allowances on long-term investments	5.6.	20,425	423,407
XIII.	Net allocation to the general banking risks reserve		(5,637)	(202)
XIV.	Amortization of goodwill of fully-consolidated companies		(10,729)	(8,866)
	OPERATING INCOME AFTER ALLOWANCES		538,467	1,009,363

¹ Restated for 2002.

² In order to express the "Net banking income", these headings 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, 2002	Dec. 31, 2003
XV. Exceptional income	5.8.	0	0
XVI. Exceptional expense	5.8.	0	0
XVII. Corporate income tax	5.8. - 5.9.	(123,370)	(73,181)
A. Current taxes		(123,181)	(151,815)
B. Deferred taxes		(189)	78,634
INCOME OF FULLY-CONSOLIDATED COMPANIES AFTER TAXES		415,097	936,182
XVIII. Income and losses from companies accounted for by the equity method		13,890	115,152
A. Income		69,981	118,660
B. Losses		(56,091)	(3,508)
XIX. Depreciation and amortization of goodwill of companies accounted for by the equity method		(4,927)	(4,439)
NET INCOME BEFORE MINORITY INTERESTS		424,060	1,046,895
XX. Minority interests		7,845	14,502
XXI. Net income		416,215	1,032,393

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (BEFORE INCOME APPROPRIATION)

1. BASIS OF CONSOLIDATION AND ACCOUNTING POLICIES

1.1. CONSOLIDATION CRITERIA

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 7th European Directive of June 13, 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 if their aggregate assets are not material.

CHANGES IN THE SCOPE OF CONSOLIDATION COMPARED WITH 2002:

A. Companies consolidated for the first time or no longer consolidated in 2003

Companies fully consolidated for the first time:

Artesia Multi Purpose I BV

Artesia Multi Purpose II BV

Windwiek BV, all newly founded companies at Banque Artesia Nederland (BAN)

CEVI Newco 2003 NV, newly founded company that took over the activity of CEVI NV

CIGER Newco 2003 SA, newly founded company that took over the activity of CIGER SA

WGH Newco 2003 SA, newly founded company that took over the activity of WGH Informatique SA

Companies no longer fully consolidated for the first time:

Adea SA, sold

Almafinex BV, merger with Artesia Ventures BV (group BAN)

Artesia Asset Management NL BV, merger with Artesia Ventures BV (group BAN)

Artesia Beleggingsmaatschappij BV, merger with Artesia Ventures BV (group BAN)

Artesia Finance NV, merger with Artesia Ventures BV (group BAN)

Artesia Lease SA, absorbed in Dexia Lease Services SA

Artesia North America Inc., merger with Dexia Delaware

BACOB Finance Nederland NV, merger with Artesia Ventures BV (group BAN)

Dexia Insurance Services AG, liquidation by absorption in Dexia Rekord AG

Dexia Investments Luxembourg SA, transferred at Dexia SA

Dexia Versicherungsvermittlung AG, liquidation by absorption in Dexia Rekord AG

Ecupar Conseil SA, liquidated

Eurco AG, merger with Eurco Rück AG

Gecopar SA, liquidated

Gesfin SA, sold

Group Dexia Banque Internationale à Luxembourg, transferred to Dexia SA

Maatschappij tot Exploitatie van Onroerende Goederen BV, merger with Artesia Ventures BV (group BAN)

Novolease SA, absorption in Dexia Lease Services SA

RV Assurances, sold

Companies proportionally consolidated for the first time:

Arlimmo SA

Arlinvest NV

Finimmo NV, formerly equity method

SF Management SA, formerly equity method

Companies no longer proportionally consolidated:

Group Landbouwkrediet, sold

Companies accounted for by the equity method:

Bank Card Company SA

Banksys SA

Cards Management Company SA

Dexia Asset Management Belgium SA, consequent on deconsolidation Dexia BIL

Dexia Asset Management Luxembourg SA, consequent on deconsolidation Dexia BIL

Dexia Financière SA (participation in group Kempen / Dexia Bank Nederland), consequent on deconsolidation Dexia BIL

Dexia Fund Services Belgium SA, consequent on deconsolidation Dexia BIL

Isabel SA

Rabotinvest NV

SLF Finances SA

SLF Immo SA

SLF Participations SA

Companies no longer accounted for by the equity method:

Artesia Ireland Unltd, liquidated
Coppetis SCRL, sold
Créatis SA, deconsolidated in view of sale
Dexia Asset Management Belgium SA, sold to Dexiam Luxembourg SA
Dexia Reinsurance SA, liquidated
Projet Roosevelt SA, sold
Titrisation Belge – Belgische Effectisering SA, sold

B. Changes in the Group's interest percentage

The participation in Dexia Insurance SA eased from 90% to 60%, due to a transfer of the group Dexia BIL to Dexia SA. After that the percentage increased from 60% to 71.94% due to a partial division of activity DVV Insurance that passed to Dexia Insurance SA.

A grouping of IT companies brings into effect the following structure:

Dexia Bank maintains 51% of Adinfo SA, that has on his turn 100% in resp. CEVI Newco NV, CIGER Newco SA et WGH Newco SA.

C. Changes in corporate names

New name	Old name
Adinfo SA	WGH Informatique SA
Artesia Beleggingsmaatschappij BV	Artesia Ventures BV
Dexia Lease Services SA	Artesia Leasing & Renting SA
Deximmo SA	Artesimmo III SA

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
Adinfo SA	Avenue de l'Expansion 7 B-4432 Ans (Alleur)	51	34
Alfimava BV	Herengracht 539-543 NL-1017 BW Amsterdam	100	20
Artesia Administratiekantoor BV	Herengracht 539-543 NL-1017 BW Amsterdam	100	18
Artesia Bedrijfsfinanciering BV	Herengracht 539-543 NL-1017 BW Amsterdam	100	21
Artesia Beleggingsmaatschappij BV (ex Artesia Ventures)	Herengracht 539-543 NL-1017 BW Amsterdam	100	49
Artesia International Finance NV	polarisweg 35 pb 767 Curaçao - Nederlandse Antillen	100	49
Artesia Italia SRL	Studio Tributario Societario Via dei Giardini 7 I- 20121 Milano	100	21
Artesia Mortgage Capital Corporation	1180 NW Maple Street # 202 Issaquah, WA 98027-USA	100	21
Artesia Mortgage CMBS Inc.	1013 Centre Road Wilmington, New Castle 19801 Delaware-USA	100	21
Artesia Multi Purpose I	Herengracht 539-543 NL-1017 BW Amsterdam	100	35
Artesia Multi Purpose II	Herengracht 539-543 NL-1017 BW Amsterdam	100	35
Artesia Properties Inc.	1209 Orange Street Wilmington, New Castle 19801 Delaware-USA	100	21
Artesialux Finance SA	US - 10a,boulevard Royal L-2039 Luxembourg	100	49
Artesimmo I SA	Boulevard du Roi Albert II 30 boîte 55 B-1000 Brussels	100	31
Assurance Asset Management Cy AAMC NV	Van Breestraat 2 B-2018 Antwerpen	100	31
BACOB Finance Luxembourg SA	62, avenue Victor Hugo L-1750 Luxembourg	100	07
BACOB Re SA	62, avenue Victor Hugo L-1750 Luxembourg	100	27
Banque Artesia Nederland NV	Herengracht 539-543 NL- 1017 BW Amsterdam	100	01
Belstar Assurances SA	Riverside Business Park Boulevard International 55 boîte 37 B-1070 Brussels	100	28
Bewaarbedrijf Artesia Nederland NV	Herengracht 539-543 NL-1017 BW Amsterdam	100	21
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
CEVI Newco 2003 NV	Bisdomplein 3 B-9000 Gent	100	34
CIGER Newco 2003 SA	Rue de Néverlée 12 Parc Industriel de Rhisnes B-5020 Namur	100	34
Copharma Industries United	10 Washingtonstreet 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
Dexia Assurance Services France SA	3, avenue Claude Guillemin Site du BRGM F-45100 Orléans	100	30
Dexia Auto Lease SA	Avenue Livingstone 6 B-1000 Brussels	100	05
Dexia Capital Ireland Ltd	6 George's Dock IRL - IFSC Dublin 1	100	49
Dexia Crédits Logement SA	Boulevard Pachéco 44 B-1000 Brussels	100	06
Dexia Delaware LLC	East North Street 15 Delaware 1991 19901 Dover-USA	100	49

Name	Head Office	% of capital held	Business code
Dexia Epargne Pension SA	7 à 11, quai André Citroën F-75015 Paris	100	25
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 19 801 Delaware-USA	100	21
Dexia Financial Services Ireland	6 George's Dock IRL - IFSC Dublin 1	100	13
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	71.94	28
Dexia Insurance & Pensions Services SA	2, rue Nicolas Bové L-1253 Luxembourg	100	25
Dexia Investments Ireland SA	6 George's Dock IRL - IFSC Dublin 1	100	49
Dexia Lease Belgium SA	Boulevard Pachéco 44 B-1000 Brussels	100	05
Dexia Lease Services SA (ex Artesia Leasing & Renting SA)	Avenue Livingstone 6 B-1000 Brussels	100	05
Dexia Life & Pensions SA	2, rue Nicolas Bové L-1253 Luxembourg	100	19
Dexia Overseas Ltd	PO Box 2003 George Town Grand Cayman - Cayman Islands	100	21
Dexia Prévoyance France SA	3, avenue Claude Guillemin Site du BRGM F-45100 Orléans	67	30
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 Société de Crédit SA	Rue des Clarisses 38 B-4000 Liège	100	06
Deximmo SA (ex Artesimmo III SA)	Boulevard du Roi Albert II 30 B55 B-1000 Brussels	100	31
DVV Insurance SA	Avenue Livingstone 6 B-1000 Brussels	99.25	28
DVV Finance SA	2, rue Nicolas Bové L-1253 Luxembourg	100	07
DVV Investments NV	Herengracht 539 NL-1017 BW Amsterdam	100	07
Echo Dublin United	10 Washingtonstreet IRL - Cork	14.24	21
Eural Spaarbank SA	Boulevard du Roi Albert II 30 B2 B-1000 Brussels	100	01
Eurco Ireland Ltd	International Financial Services Centre 6 George's Dock IRL - Dublin 1	99.56	28
Eurcolux SA	2, rue Nicolas Bové L-1253 Luxembourg	100	28
Eurco Re Ltd	International Financial Services Centre 6 George's Dock F-45100 Orléans	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
Exploitatie Maatschappij Hereg BV	Herengracht 538-543 NL - 1017 BW Amsterdam	10	31
Fidexis SA	Rue de la Charité 13-17 B-1210 Brussels	51	48
Fiduciaire Artesia SA	Boulevard du Roi Albert II 30 boîte 55 B-1000 Brussels	100	23
Fynergie SA	Rue de Trèves 25 B-1040 Brussels	100	32
Immo 26 SA	Boulevard du Roi Albert II 30 B-1000 Brussels	100	31
Immo Artesia SA	Boulevard du Roi Albert II 30 boîte 55 B-1000 Brussels	100	31
Immorente SA	Boulevard du Roi Albert II 30 boîte 55 B-1000 Brussels	100	31

Name	Head Office	% of capital held	Business code
Livingstone Building NV	Van Breestraat 2 B-2018 Antwerpen	100	31
Logins NV	Mommaertsiaan 16a B-1831 Diegem	100	34
Mercatorfonds NV	Meir 85 B-2000 Antwerpen	100	47
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
Realex SA	Rue de la Loi 99-101 B-1000 Brussels	100	31
Rekord Management & Consulting AG	Weissbadstrasse 14 CH-9050 Appenzell	100	28
Rekord Finanzdienstleistung AG	Grafenberger Allee 277-287 D-40237 Düsseldorf	100	30
Securifund NV	Castorweg 22-24 Curaçao Nederlandse Antillen	100	21
Sivart SA	Boulevard du Roi Albert II 30 boîte 55 B-1000 Brussels	100	47
Sogeval SA	Avenue Livingstone 6 B-1000 Brussels	100	14
WGH Newco 2003 SA	Avenue de l'Expansion 7 B-4432 Ans (Alleur)	100	34
Windwiek BV	Herengracht 539-543 NL-1017 BW Amsterdam	100	35

1.2.B. NON-CONSOLIDATED SUBSIDIARIES

Name	Head Office capital held	% of exclusion	Reason for code	Business
Boonefaes Verzekeringen NV	Sint-Walburgepark 1 B-8360 Veurne	100	not material	30
Bureau Laveaux & Martin SPRL	42, rue L. Burnotte B-6840 Neufchâteau	100	not material	30
Deschuyter Verzekeringen NV	Hondstraat 34 B-8970 poperinge	100	not material	30
DVV Zakenkantoor Ieper NV	Meensestraat 43 B-8900 Ieper	79	not material	30
DVV Zakenkantoor Leuven NV	Bondgenotenlaan 131 B-3000 Leuven	100	not material	30
DVV Zakenkantoor St.-Niklaas NV	Driekoningenstraat 39 B-9100 Sint-Niklaas	67	not material	30
Eurco Belgium SPRL	Avenue de la métrologie 4 B-1130 Brussels	100	not material	10
Service Communal de Belgique SC	Rue d'Arlon 53 boîte 13 B-1040 Brussels	81.80	disproportionate cost	47
Van De Walle Lissnijder Verzekeraars NV	Kortrijksesteenweg 203 B-9830 Sint-Martens-Latem	100	not material	30
VDL - Interass NV	poelstraat 153 B-9800 Deinze	100	not material	30

1.2.C. JOINT SUBSIDIARIES CONSOLIDATED BY THE PROPORTIONAL METHOD

Name	Head office	% of capital held	Business code
Arlimmo SA	Avenue Henry Dunant 15 boîte 1 B-1140 Brussels	100	31
Arlinvest NV	Hamiltonpark 24-26 B-8000 Brugge	49	19
Financière ADSB BV	Drentestraat 24 NL-1083 HK Amsterdam	37.5	10
Finimmo NV	Karel Oomsstraat 37 B-2018 Antwerpen	50	16
Lex 2000 SA	Boulevard du Roi Albert II 30 boîte 2 B-1000 Brussels	50	31
Sepia SCRL	Avenue Livingstone 6 B-1000 Brussels	50	25
SF Management SA	Boulevard Marnix 24 B-1000 Brussels	48.31	14
Société Espace Léopold SA	Rue Belliardstraat 127 B-1040 Brussels	50	31

1.2.D. NON-CONSOLIDATED JOINT SUBSIDIARIES

Name	Head Office	% of capital held	Reason for exclusion	Business code
Inforum GIE	Rue d'Arlon 53 B-1040 Brussels	50	not material	41
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	34

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

Name	Head office	% of capital held	Business code
Auxipar SA	Avenue Livingstone 6 B-1000 Brussels	39.70	10
Aviabel SA	Avenue Brugmann 10 B-1060 Brussels	11.20	25
Bank Card Company SA	Boulevard du Roi Albert II 9 B-1210 Brussels	20.26	41
Banksys SA	Chaussée de Haecht 1442 B-1130 Brussels	22.52	48
Bogey SA	Rue des Champs Elysées 33 B-1050 Brussels	49	31
Cards Management Company SA	Boulevard du Roi Albert II 9 B-1210 Brussels	20	48
Conception et Coordination Léopold SA	Rue Godecharle 15-17 B-1050 Brussels	38.75	31
Crédit du Nord SA	28, place Rihour F-59800 Lille	10	01
Dexia Asset Management Luxembourg SA	283, route d'Arlon L-1150 Luxembourg	49	19
Dexia Financière SA	Boulevard Pachéco 44 B -1000 Brussels	22.12	10
Dexia Fund Services Belgium SA	Rue Royale 180 B-1000 Brussels	39	11
Forum Léopold D3 SA	Rue Godecharle 15-17 B-1050 Brussels	38	31
Grand Canal Brokerage Investments Unltd	International Financial Services Centre 6 George's Dock IRL -Dublin 1	33.3	10
Isabel SA	Boulevard de l'Impératrice 13-15 B-1000 Brussels	24	39
Justinvest Antwerpen NV	Heistraat 129 B-2610 Antwerpen-Wilrijk	33.33	32
Promotion Léopold SA	Rue Godecharle 15-17 B-1050 Brussels	38	31
Rabot Invest NV	Heistraat 129 B-2610 Wilrijk	25	31
SLF Finances SA	Rue Louvrex 109 B-4000 Liège	27.99	49
SLF Immo SA	Rue Louvrex 109 B-4000 Liège	20.49	31
SLF Participations SA	Rue Louvrex 109 B-4000 Liège	20.57	19

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

DBB self-employed branches are mentioned separately under 1.2.H.

Name	Head office	% of capital held	Business code
2 CI SA	Avenue Louise 391 B-1050 Brussels	25	34
Accuris NV	Uitbreidingsstraat 184 B-2600 Antwerpen	25.1	34
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
Crétis SA	34, rue Nicolas Leblanc BP 2013 F-59011 Lille	12.5	01
DIMACO SA	Rue Phocas Lejeune 30 B-5032 Les Isnes	49.6	41
DVV Zakenkantoor Naert-Huys NV	Oude Stationsstraat 8 B-8700 Tielit	25.97	30
Flanders Expo NV	Maaltekouter 1 B-9051 Gent	42.11	47

Name	Head office	% of capital held	Business code
Global Insurance NV	Stationsstraat 12 B-8770 Ingelmunster	25	30
Goldegg SA	Rue de la terre à briques 6 B-7522 Tournai	30	46
Hoedemaekers BVBA	Sint-Katarinaplein 22 B-3500 Hasselt	39.02	30
Mediafile SA	Avenue Général Michel 1/E B-6000 Charleroi	25.23	34
New Eryplast SA	Zone Industrielle des Hauts Sarts 2 ^e avenue 16 B-4040 Herstal	37.96	47
Société Wallonne de Financement Complémentaire des Infrastructures Sofibru SA	Rue du Canal de l'Ourthe 9 boîte 3 B-4031 Angleur	32	16
Sustainable Energy Ventures SA	Rue de Stassart 32 B-1050 Brussels	20	16
Syneco Agence Conseil ASBL	Uitbreidingstraat 62 B-2600 Antwerpen	22.51	42
VRContext SA	Avenue Livingstone 6 B-1000 Brussels	20	47
Zakenkantoor Vandepitte - Leplae NV	Avenue Tedesco 5 B-1160 Brussels	22.22	34
	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	Registered office	% of capital held	Shareholders equity (in millions of EUR)	Net profits	Year	Activity code
Assurantie Ingenieurs Architecten	Avenue de Cortenberg 75 B-1000 Brussels	10	0.48	0.22	2000	28
Bedrijvencentrum Waregem NV	Kalkhoevestraat 1 B-8790 Waregem	18.52	0.8	0.04	2002	41
Berlaymont 2000 SA	Rue Froissart 95-99 B-1040 Brussels	14.85	18.1	3.6	2002	31
Brussels-Midi SA	Chaussée de Forest 47 B-1060 Brussels	15	0.9	(0.4)	2002	47
Capricorn Venture Fund NV	Lei 19 bus 4 B-3000 Leuven	11.71	9	(0.6)	2002	36
Cofinimmo SA	Chaussée de Waterloo 58 B-1000 Brussels	12.5	850	54.3	2002	19
Domus Flandria NV	Karel Oomsstraat 37 B-2018 Antwerpen	17.46	26	2.5	2001	16
EquipNet Direct.Com	40 Messina Drive MA-02184 Braintree Massachusetts-USA	13.9	0.6	0.3	2002	46
Europay Belgium SCRL	Boulevard du Roi Albert II 9 B-1210 Brussels	13.74	1	0.2	2002	17
IDE Lux SCRL	Drève de l'Arc-en-Ciel 98 B-6700 Arlon	10.8	64	0.7	2002	43
IDE Lux Finances SCRL	Drève de l'Arc-en-Ciel 98 B-6700 Arlon	36.87	26	0.6	2002	16
IGRETEC SCRL	Boulevard Mayence 1 B-6000 Charleroi	89.1	88.6	4.6	2002	43
IHF SC	Hôtel de Ville B-7100 La Louvière	71.82	16.9	0.6	2002	43
Inasep SCRL	Rue des Viaux 13 B-5100 Naninne	40.58	20.5	0.1	2002	44
Innovatie- en Incubatiecentrum Brussels NV	Kranenberg 6 Research Park B-1731 Asse (Zellik)	10.42	1.1	0	2001	47
Interbrugge Maatschappij voor Huisvesting NV	Boeveriestraat 42 B-8000 Brugge	12.18	18	1	2001	31
Kolum Verzekeringsteam NV	Markt 17 B-2900 Schoten	19.5	0.2	0	2002	30
Lambdatech SA	Les Beyolettes 2 B-6953 Forrières	14.29	0	0	1999	46
Lorenz Simulation SA	Avenue Pré-Ailly Centre Socran B-4031 Liège	15.04	0.05	(0.1)	2000	46
Max Havelaar Label Belgium SCRL	Rue d'Alost 7-11 B-1000 Brussels	13.33	0.1	0.2	2002	20
Nord Projets SARL	7, boulevard Louis XIV Immeuble Louis XIV F-59000 Lille	14.00	0.08	0	2002	32
Notre Maison	Boulevard Tirou 167 B-6000 Charleroi	14.88	3	0.6	2000	21

Name	Registered office	% of capital held	Shareholders equity (in millions of EUR)	Net profits	Year	Activity code
Orfival SA	Drève 4 B-1370 Zétrud-Lumay	18.2	0.2	(0.1)	2002	30
Park De Haan SA	Place Sainte-Gudule 19 B-1000 Brussels	15.00	0.1	0.1	2002	14
Projenor SA	7, boulevard Louis XIV Immeuble Louis XIV F-59000 Lille	10.30	1.2	0.2	2002	40
Q-Star Test NV	Bedrijvencentrum Regio Brugge Lieven Bauwensstraat 20 B-8200 Brugge	15.63	0.2	(0.2)	2001	34
Red Laboratories NV	Kranenberg 6 B-1731 Zellik	14	(0.2)	(1.0)	2002	33
SPI SCRL	Rue du Vertbois 11 B-4000 Liège	11.86	97	6.6	2002	43
Salyp ELV Center NV	Rozendaalstraat 14 bus 3 B-8900 Ieper	15.65	1.4	(2.3)	2002	37
SN Airholding NV	The Corporate Village Avenue Da Vinci 9 B-1930 Zaventem	12.9	(143)	(143.0)	2002	07
Société de développement Liège Guillemins SA	Rue du Vertbois 13b B-4000 Liège	19.05	0.3	0	2002	40
Sofibail SA	Place Léopold 3 B-5000 Namur	19.42	2.3	0.2	2002	16
VDK Spaarbank NV	Sint-Michielsplein 16 B-9000 Gent	17.79	159	76	2002	01
Visa Belgium SCRL	Boulevard du Roi Albert II 9 B-1210 Brussels	15.47	0.2	0.1	2002	48
Vlabo Invest NV	Molenstraat 2/16 B-3110 Rotselaar	15.81	0.5	0.1	2002	31
XenlCs NV	Kapeldreef 75 B-3001 Heverlee - Leuven	12.12	1.1	(1.4)	2002	42
Zakenkantoor Beveren NV	Albert Panisstraat 8 bus 1 B-9120 Beveren-Waas	19.07	0.04	0.02	2002	30
Zinner SA	Rue Zinner 1 B-1000 Brussels	13.10	15	()	2001	32
Zonnige Kempen CV	Grote Markt 39 B - 2260 Westerlo	17.05	12	0	2000	30

Business code

- | | |
|---|--|
| 01. Bank, credit institution | 26. Non-life insurance |
| 02. Private Savings Bank | 27. Captive reinsurance |
| 03. Government credit institution | 28. General insurance |
| 04. Banking agency | 29. Financial product agency and broking |
| 05. Leasing | 30. Insurance agency and broking |
| 06. Home loans | 31. Real estate (proprietary portfolio) |
| 07. Development capital | 32. Real estate agency (third party) |
| 08. Consumer credit | 33. Health and welfare |
| 09. 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 |

1.2.H. SELF-EMPLOYED BRANCHES

Name	Head office	% of capital held	Business code
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-Stad CVBA	Meir 18 B-2000 Antwerpen	51	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 Deliége 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 Braine-Genappe SCRL	Place de la Gare 7 B-1420 Braine-L'Alleud	51	04
Dexia Brugge-Oost CVBA	Gaston Roelantsplein 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 Brussels Centre SCRL	Place de Brouckère 41 B-1000 Brussels	26	04
Dexia Centre-Ardenne SCRL	Avenue de Bouillon 16 B-6800 Libramont	26	04
Dexia Centre-Hainaut SCRL	Rue Albert 1 ^{er} 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-Eloi 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-Westkust CVBA	Zeelaan 106 B-8660 De Panne	26	04
Dexia Dilbeek-Lennik CVBA	Ninoofsesteenweg 117 B-1700 Dilbeek	26	04
Dexia Dour-Quévrain-Haut-Pays SCRL	Rue Grande 49 B-7380 Quévrain	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

Name	Head office	% of capital held	Business code
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 Beaurain	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 Gent	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 boîte 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
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	Doornikewijk 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	Weerstandspaleis 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

Name	Head office	% of capital held	Business code
Dexia Mariemont-Seneffe SCRL	Grand-Place 2 B-7140 Morlanwelz	26	04
Dexia Mechelen-Zemst CVBA	Beffersstraat 34 B-2800 Mechelen	26	04
Dexia Meetjesland CVBA	Markt 93 B-9900 Eeklo	26	04
Dexia Meuse et Lesse SCRL	Rue de la Station 14 B-5500 Dinant	51	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 - Wépion	26	04
Dexia Midden-Brabant CVBA	Tervuursesteenweg 202 B-3001 Heverlee-Leuven	51	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	59, Statielei 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 Saint-Servais (Namur)	26	04
Dexia Namur-Sud SCRL	Chaussée de Louvain 440 B-5004 Bouge (Namur)	26	04
Dexia Namur-Ville SCRL	Rue de Marchovelette 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 Noorderkempen 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-Middelkerke CVBA	Alfons Pieterslaan 90-92 B-8400 Oostende	26	04
Dexia Ostbelgien CVBA	Rathausplatz 11 B-4700 Eupen	26	04
Dexia Oudenburg-De Haan CVBA	Ettelgemsestraat 2 B-8460 Oudenburg	26	04
Dexia Ourthe-Amblève SCRL	Place Joseph Thiry 47 B-4920 Aywaille	26	04
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	Marktplaats 36 B-9520 St.-Lievekens-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

Name	Head office	% of capital held	Business code
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 Kortemark-Houthulst CVBA	Neerstraat 22 B-8810 Lichtervelde	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 Middelkerke-Koekelare CVBA	Sint-Maartensplein 17 B-8680 Koekelare	26	04
Dexia Regio Oostende CVBA	Kapellestraat 1 B-8400 Oostende	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 Gent	26	04
Dexia Région Andenne SCRL	Rue du pont 16 B-5300 Andenne	26	04
Dexia Région Gembloux SCRL	Avenue de la Faculté d'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 Roeselare-St.-Amandsplaats CVBA	H. Consciencestraat 23, bus 6 B-8800 Roeselare	51	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 Schoten-Merksem CVBA	Markt 26 B-2900 Schoten	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
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 Tamines	26	04
Dexia Val de Verne SCRL	Grand-Place 34 B-7600 Péruwelz	26	04
Dexia Val d'Heure SCRL	Rue de Mettet 17 A B-1300 Wavre	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 Vilvoorde-Zaventem CVBA	Bergstraat 4 B-1800 Vilvoorde	26	04

Name	Head office	% of capital held	Business code
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	Houtbriël 18 B-9100 St.-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 Waasland Zuid CVBA	Hoogveld 44 B-9200 Dendermonde	51	04
Dexia Wareme-Hesbaye SCRL	Rue Joseph Wauters 15 B-4300 Wareme	26	04
Dexia Waterloo SCRL	Chaussée de Brussels 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

1.3. LAYOUT RULES AND ACCOUNTING PRINCIPLES

A. LAYOUT RULES

I. GENERAL RULE

The derogation granted to the bank by the Banking, Finance and Insurance Commission on December 16, 1998 results in a 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.

II. 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 annual 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.

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.

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".

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

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 financial year.

In the item "XVII. Net 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.

Concerning the insurance activity, 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 specific 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

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).

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 the 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 "VI. Income from financial transactions".

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

I. INTRODUCTION AND REGULATORY FRAMEWORK

1. Introduction

The Accounting Principles were fixed by the Board of Directors which approved the Annual Accounts.

In accordance with article 8 of the Royal Decree dated September 23, 1992, the Accounting Principles for the Consolidated Annual Accounts are identical to those applicable to the Annual Accounts of Dexia Bank.

Notwithstanding the general rule and in accordance with article 8 of the same Royal Decree, some principles have been harmonised within the Group, in order to be able to present the Annual Accounts of consolidated companies on the same economic basis. Before application of the methods of consolidation themselves, certain data from subsidiaries have therefore been subject to reprocessing, reclassification or elimination. Per item the principles specific to insurance activities are also mentioned if they are applicable.

The Consolidated Annual Accounts are closed on December 31, namely the closing date for the financial year of the parent company and the consolidated companies. An interim statement is established with a view to consolidation when a company which falls within the scope of consolidation does not close its financial year on the same date as the Annual Accounts of the consolidating company, on condition that the interval between the two dates or the period taken into consideration exceeds three months.

2. Regulatory framework

Outside the dispensation dated December 16, 1998 granted by the Banking, Finance and Insurance Commission relating to the presentation of the accounts, the Consolidated Annual Accounts and the Consolidated Annual Report are drawn up in accordance with the Royal Decrees dated September 23, 1992 (Belgian Gazette October 6, 1992) on the consolidated annual accounts of credit institutions, and August 12, 1994 (Belgian Gazette October 12, 1994) relating to the supervision of credit institutions on a consolidated basis.

The Banking, Finance and Insurance Commission has authorised Dexia Bank to make an immediate deduction in a clear manner from equity of the goodwill relating to Dexia Bank Nederland, Kempen & Co and DVV Insurance.

On January 18, 2002, the Banking, Finance and Insurance Commission granted a new dispensation from article 36*bis* §2 of the Royal Decree dated September 23, 1992 relating to the valuation of forward rate transactions. This new dispensation for the harmonised Bank replaces the existing dispensation for the individual banks (Dexia Bank and Artesia Banking Corporation) and provides, alongside the existing commercial and hedging categories of transaction, for strategic and management transactions.

3. Currency conversion

3.1. Accounting

The off-balance sheet monetary debts, assets, rights and liabilities expressed in currencies are converted into EUR at the average rate on the balance sheet date. Non-monetary elements are converted into EUR at the exchange rate on the date of the transaction.

When non-monetary assets are funded by lasting financing in the corresponding currency, it is permitted to adopt a valuation method by which translation differences relating to those loans are not taken into account in determining the balance of translation differences, but are recorded in adjustment accounts.

Proceeds and charges in currencies are converted into EUR at the rate on the date when the result is recognised.

3.2. Conversion of the financial statements of foreign subsidiaries

The financial statements of foreign subsidiaries are converted into EUR by crossing the parities of the EUR against each of the different currencies, in relation to the closing rate for the asset, liability and off-balance sheet items, and in relation to the average rate for the items on the income statement (for EUR currencies, the closing rate = the average rate); equity is converted at the historic rate.

Conversion differences appear as liabilities under the item "Conversion differences", after deduction of the proportion of conversion differences reverting to third parties which appear as liabilities under the item "Minority interests".

II. BALANCE SHEET

4. Interbank loans, advances and customer loans (items II. and III.)

Loans and advances are stated in the balance sheet at the amount of the funds made available, less reimbursements already made and plus outstanding interest.

At regular intervals, but at a minimum once at the end of each quarter, all claims are assessed as to their potential credit risk and the necessity to account for write-downs or not is determined. Recorded write-downs are deducted from the assets and the interest on those loans is not stated as profit but recorded on the asset adjustment account.

5. Securities portfolio (items V. and VI.)

5.1. Banking activity

Securities are recorded at their acquisition value and additional costs are always charged immediately.

5.1.1. Trading portfolio

The value of securities to be placed and realised in the case of sale is determined according to the principle of average weighted price. Securities for which there exists a liquid market are valued at their market value on the balance sheet date and both positive and negative valuation differences are recorded in the income statement. If there is no liquid market, they are valued at their acquisition value or their market value at the balance sheet date if the market value is less (LOCOM).

5.1.2. Investment portfolio

The investment portfolio consists of two parts; securities acquired with the intention of keeping them for more than six months but not until maturity and fixed-income securities which the bank wishes to keep until maturity.

The value of securities in the event of sale is determined according to the principle of individualised price (item by item), with the exception of variable-rate securities which are recorded according to the average price principle.

Variable-income securities are valued at their acquisition value or their realisation value on the balance sheet date if that is less.

Fixed-income securities are valued on the basis of their actuarial yield calculated on purchase and taking account of their repayment value at maturity. The difference between acquisition value and repayment value is posted pro rata temporis in the income statement over the residual term of the securities as a component of the interest margin. The recording of this difference in the income statement takes place on an actuarial basis, taking account of the real yield at purchase.

Fixed-income securities in the investment portfolio may be subject to arbitrage transactions as defined in article 35ter, §5. The results of these arbitrage transactions, to the extent that they might occur, are treated in accordance with the provisions of article 35ter, §5. Gains or losses resulting from the sale of fixed-income investment securities are spread in the income statement with the future income from securities acquired within the context of the arbitrage.

For securities in the investment portfolio which are kept until maturity, write-downs are recorded if a permanent loss of value is observed.

5.2. Insurance activity

5.2.1. Investments in fixed-income securities

Investments in fixed-income securities are valued on the basis of their actuarial yield calculated on purchase and taking account of their repayment value on maturity. The difference between acquisition value and repayment value is recorded pro rata temporis in the income statement over the residual term of the securities as a component of the interest margin. The recording of this difference in the income statement takes place on an actuarial basis, taking account of the real yield at purchase.

Write-downs are recorded when repayment (total or partial) at maturity has become uncertain.

5.2.2. Investments in variable-income securities

Investments in variable-income securities are valued at acquisition value. Write-downs are recorded in the case of permanent loss or in the case of depreciation justified by the situation, profitability or prospects of the company concerned.

5.2.3. Investments relating to life transactions

Investments relating to life transactions associated with an investment fund within the context of life activity and of which the insured bear the investment risk are recorded in the balance sheet at their current value, and are valued in accordance with article 27 of the Royal Decree dated November 17, 1994 on the annual accounts of insurance companies.

6. Long-term investments (item VII.)

6.1. Banking activity

The item "long-term investments" includes holdings and receivables. Holdings relate to shares and other variable-income securities which represent rights in the capital of a company and which, by the creation of a permanent and specific link with that company, are aimed at contributing to the activity of the entity controlled and at influencing the orientation of that company's policy. Also considered as holdings are bonds convertible or repayable into shares which, from the beginning, are acquired with the intention, at a given time, of holding shares which are a part of the portfolio of holdings.

Long-term investments are recorded in the balance sheet at acquisition value. Costs ancillary to the acquisition are charged to the financial year of acquisition.

Write-downs are recorded for holdings in the case of permanent loss of value. For receivables and fixed-income securities, write-downs are recorded if their collection has become entirely or partially uncertain.

Holdings may be revalued if their value, determined on the basis of their usefulness, exceeds their book value in a definite and lasting manner. Holdings which are recorded under the equity method are revalued in relation to the proportion of the company concerned in equity.

6.2. Insurance activity

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

7. Intangible fixed assets (item VIII.)

7.1. Formation expenses and other intangible fixed assets

Formation expenses are recorded in the assets and written-down by 100% over the financial year during which they are incurred.

The purchases of licences are chargeable to the asset as intangible fixed assets and written-down on the basis of their economic life, averaging a maximum write-down period of five years.

Software developed by the company is recorded in the assets at cost price, on condition that the amount does not exceed a cautious estimate of the use value of the software or its future yield for the company. This software is subject to straight-line write-down over three years.

Indemnities paid for the contribution of transactions with customers are spread over the term of the transactions contributed, up to a maximum five years.

7.2. Goodwill

GENERAL PRINCIPLES

When a company is consolidated for the first time, a difference is observed between the cost price of securities and the share in the company's equity capital. The main differences related to the revaluation of the assets are, as far as possible, allocated as an increase or decrease in the balance sheet items concerned and are written off, depreciated or included in the income statement in accordance with the accounting principles applicable to such elements.

The residual positive goodwill is recorded in the assets of the consolidated balance sheet under the item "Consolidation goodwill". It is written off on a straight-line basis, pro rata temporis, in the year of acquisition. The write-down period, which may not exceed 20 years, reflects the assumptions and objectives governing the acquisition. It is totally written off if it does not exceed one million EUR.

Positive consolidation goodwill resulting from the non-allocated difference between the acquisition price of the interests through public exchange offers and the share of the group in the net assets at the time of acquisition are immediately and visibly deducted from the consolidated shareholders' equity.

The negative goodwill ("badwill") is recorded in the liabilities of the consolidated balance sheet under the items "Consolidation goodwill". This item includes firstly all the differences in the first consolidation calculated on January 1, 1990 which represent differences not allocated to assets or liabilities items, between the percentage in the equity capital of the companies included in the consolidation and the stocktaking value of the interests included in the first consolidation scope.

Secondly, it includes the differences resulting from additional acquisitions and the first-consolidation differences of the new acquisitions relative to the subsidiaries included in the consolidation since 1990.

DISPENSATION FROM GENERAL PRINCIPLE

The positive goodwill can be charged to the consolidated shareholders' equity when the application of the aforementioned general principles does not give a fair image of the assets, the financial situation or the result. This method must however be authorised by the Banking, Finance and Insurance Commission.

The consolidation goodwill recorded as liabilities is subject to a theoretical percentage write-down, the amount being transferred each year (during 20 years) to item XI. "Retained earnings".

8. Property and equipment (item IX.)

Property and equipment are recorded at acquisition value, namely historic cost price less accumulated write-downs, which are calculated on a straight-line basis over the estimated economic life of the assets concerned. If these assets present a definite and lasting gain in relation to their book value, they may be revalued.

Rights of use in relation to property and equipment by virtue of contracts for lease-finance are recorded under the Item "Tangible fixed assets" for the proportion of instalments payable according to the contract, which guarantees the rebuilding of capital.

Property acquired under long-lease contracts is written down over the term of that lease. Additional purchases made in a building on a long-lease contract are written down over the residual term of that lease.

For property acquired against payment of a life annuity, acquisition value means the capital necessary at the time of acquisition to pay the annuity increased by the amount paid on acquisition as well as costs. A provision is made up to the amount of the said capital; that provision is adjusted annually.

9. Other assets (item XIII.)

9.1. Banking and other activity

The item "Other assets" includes precious metals, real property intended for sale and/or lease, premiums paid for options acquired and deferred taxes.

9.2. Insurance activity

Other insurance activity assets include the reinsurance quota in technical reserves, acquisition costs carried forward and premiums yet to be issued. The reinsurance quota in technical reserves is recorded in accordance with the provisions of the reinsurance contract and the legal and regulatory provisions of the insurance and reinsurance companies.

In order to take account of all the costs and proceeds relating to the financial year, whatever the date when it was either paid or received, the charges to be carried forward and the proceeds acquired are recorded in the accruals and other assets.

10. Interbank deposits and customer deposits (items I. and II.)

Debts vis-à-vis banks and customers are recorded in the balance sheet up to the amount of the funds made available.

11. Debt securities (item III.)

Debt securities without issue premium are recorded in the balance sheet at their nominal value.

Debt securities for which the repayment value is different from the issue price are recorded in the balance sheet at the amounts made available to the credit institution. These securities are revalued periodically on the basis of their actuarial yield calculated at the time of sale, taking into account their repayment value at maturity.

12. Other liabilities (item IV.)

12.1. Banking activity

Taxes, wages and social liabilities (item 241) are recorded in the balance sheet at their nominal value. Premiums received on options written are entered under item 242 for the amount received. The later valuation of the premium depends upon the intention at the moment of writing the option.

12.2. Insurance activity

Other liabilities include debts for cash deposits received from transferees, arising from direct insurance and reinsurance transactions, and other reinsurance liabilities.

13. Provisions for contingencies and charges and deferred taxes (item VI.)

13.1. Deferred taxes

This item records the consequences of deferred taxes as a result of national fiscal provisions. It also includes temporary differences and reprocessing at consolidation level, and is determined on the basis of all balance sheet items according to the method of variable transfer on the basis of the local rate of taxation on closing date.

13.2. Contingencies for risks and charges from banking activity

The contingencies for risks and charges are made to cover losses or charges the nature of which is clearly described and which, at the balance sheet date, are either probable or certain but indeterminate as regards their amount. This item also includes a reserve for restructuring costs, as decided and established irreversibly by the competent bodies.

13.3. Insurance company reserves

The specific provisions made to cover losses or charges the nature of which is clearly identified and which, at the balance sheet date, are probable or even certain, but indeterminate as to their amount, and more general provisions are recorded in the balance sheet under the specific item "Insurance company provisions". This item includes the following provisions:

- The provision for direct insurance claims is calculated case by case, including the costs of future settlement and, if necessary, it is completed by the experience acquired from the past as to the number and amount of claims files arising after the balance sheet date. In the case of reinsurance accepted, the reserves are formed on the basis of data transmitted by the transferor companies.
- The provision for rate risk associated with guaranteed-rate life insurance contracts is calculated by taking account of the contractual clauses as well as the specific legal and regulatory restrictions and terms relating to life insurance activities.
- The provision for non-acquired premiums is calculated pro rata temporis for each contract separately on the basis of the premium net of any commission and the term remaining until the following premium becomes due.
- The provision for equalisation and catastrophes includes all the amounts intended either to compensate non-recurrent technical losses in coming years, or to balance out claims differences, or to cover specific risks. The provision is made according to minimum allocations determined by the official insurance supervisory body of the country where the insurance company is established.
- The provision for participation in profits and refunds is made according to the terms fixed in the allocation plan lodged with the official insurance supervisory body of the country where the insurance company is established.
- The general and specific provision includes all amounts intended to cover risks engendered by the financial guarantee activity following a deterioration of credit quality.

14. General Banking Risks reserve (item VII.)

The General Banking Risks reserve is a contingency fund intended to safeguard solvency against future risks which, though not yet materialised, are nonetheless considered to be inherent in the business of a credit institution.

In the consolidated accounts, this item also includes the Internal Security Fund, a contingency fund which in the Non-Consolidated Annual Accounts is dealt with by write-down on receivables.

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

15. Reserves and income carried forward (item XI.)

This item includes the reserves (including income carried forward) of the consolidating company prior to the first consolidation, increased by the share of the Group in the consolidated result, after deduction of payments made by the consolidating company. The reserves may only be fed by allocation of consolidated income.

This item also includes the proportion of theoretical depreciation on the goodwill recorded in equity.

16. Minority interests (item XVI.)

In the consolidated balance sheet, the equity capital of each fully consolidated subsidiary is recorded in liabilities under the item "Minority interests" up to the amount of the proportion of that equity capital represented by its shares held by persons other than the companies included in the consolidation.

III. OFF-BALANCE SHEET ITEMS

17. Financial instruments

The valuation of forward transactions on currencies, rates, stocks or indices depends on the aim upon conclusion of the transaction and varies according to whether they are hedging transactions or trading transactions.

17.1. Hedging transactions

Hedging transactions are concluded to cover all or part of any risk of fluctuation in currency, rate or price. The recording of profits and losses on hedging transactions in the income statement is symmetric with the accounting of the proceeds and charges of the component hedged. The hedging transaction must in particular be documented and tested in terms of efficiency.

17.2. Trading transactions

Trading transactions are concluded with a view to realising price gains in the short-term. Such transactions are valued at their market value at the balance sheet date. In the case of transactions on a liquid market, both the positive and the negative valuation differences are recorded in the income statement. In the case of transactions on a non-liquid market, only the negative valuation differences are recorded in the income statement; positive valuation differences being recorded in the deferred charges and accruals.

17.3. Management transactions

Management transactions consist of forward rate transactions concluded within the context of liquidity management, forward rate transactions in EUR concluded within the context of ALM management with or without the character of reducing rate risk but within a determined limit and also forward rate transactions in currencies with the character of reducing rate risk. The results are spread pro rata temporis over the term concerned and allocated to the item "Interest and similar income".

17.4. Strategic transactions

Strategic transactions consist of forward rate transactions which are concluded with the aim of realising an additional yield on the basis of strategic positions. The results are spread pro rata over the term of the transaction concerned, with an additional valuation on the basis of the principle of the "the-lower-of-cost-or-market" (LOCOM), calculated either by strategy or by currency in relation to the type of strategy.

18. Consolidation of commitments

For the consolidated companies, all commitments must be recorded after elimination, for financial interests, of the commitments on behalf of companies of the Group or overlaps.

The third party share in commitments undertaken by subsidiaries is not recorded separately.

IV. INCOME STATEMENT

19. Charges and proceeds from current insurance activity

As regards net banking proceeds, the "technical and financial margin of insurance activities" includes the technical proceeds and charges (life, non-life, credit enhancement), namely premiums or contributions acquired, charges for claims, the reinsurers' share in claims, the net proceeds from investments, other technical proceeds and charges, allocations to write-offs or write-backs and provisions concerning insurance investments.

20. Treatment of reciprocal proceeds and charges from banking and insurance activity

The reciprocal proceeds and charges from banking and insurance activity, which relate to current activity, are not eliminated in the income statement, which enables a more precise picture to be obtained of the result of each activity.

2. NOTES ON 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

Nil

b. Details of this item, excluding accrued interest

	Amount at Dec. 31, 2003
Cash	239,593
Funds with authorized agents	315,830
Monetary reserve assets	62,025
Central banks	111,984
Postal checking accounts	259
Total	729,691

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

a. Accrued interest

30

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
	1,584,542	676,081	0	0	0	2,260,623

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, 2002	254,745	0	5,067,288	0	5,322,033
Movements for the year:					
- additions	52,247,184	0	10,269,718	0	62,516,902
- disposals and securities at maturity date	(52,322,211)	0	(13,173,179)	0	(65,495,390)
- changes in scope of consolidation (out)	0	0	(82,922)	0	(82,922)
At cost at Dec. 31, 2003 (A)	179,718	0	2,080,905	0	2,260,623
Allowances at Dec. 31, 2002	0	0	0	0	0
Movements for the year	0	0	0	0	0
Allowances at Dec. 31, 2003 (B)	0	0	0	0	0
Net book value at Dec. 31, 2003 (A) - (B)	179,718	0	2,080,905	0	2,260,623

d. Transfers between portfolios

Nil

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

	Net book value at Dec. 31, 2003	Market value at Dec. 31, 2003	Difference at Dec. 31, 2003
Quoted bonds	2,260,623	2,260,994	371
Unquoted bonds	0		
Total	2,260,623		

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

a. Accrued interest

159,751

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
	20,022,335	6,556,487	1,197,163	114,502	129,681	28,020,168

c. Analysis by related parties, excluding accrued interest

	Amount at Dec. 31, 2002	Amount at Dec. 31, 2003
Loans and advances to non-consolidated affiliates	13,201,616	13,089,412
Loans and advances to other related credit institutions	47,640	5,686
Loans and advances to non-related credit institutions	15,456,576	16,050,575
Total	28,705,832	29,145,673

d. Doubtful and non-performing loans

Nil

e. Analysis by subordination, excluding accrued interest

	Amount at Dec. 31, 2002	Amount at Dec. 31, 2003
Subordinated interbank loans and advances to related, non consolidated credit institutions	96,036	71,577
Subordinated interbank loans and advances to non-related credit institutions	10,891	8,168
Not subordinated interbank loans and advances to credit institutions	28,598,905	29,065,928
Total	28,705,832	29,145,673

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

	Related Credit Institutions	Other Credit Institutions	Total
At cost at Dec. 31, 2002	96,036	10,891	106,927
Movements for the year:			
- disposals and securities at maturity date	(24,459)	(2,723)	(27,182)
At cost at Dec. 31, 2003 (A)	71,577	8,168	79,745
Allowances at Dec. 31, 2002	0	0	0
Movements for the year	0	0	0
Allowances at Dec. 31, 2003 (B)	0	0	0
Net book value at Dec. 31, 2003 (A) - (B)	71,577	8,168	79,745

2.3. CUSTOMER LOANS (item IV. Assets)

a. Accrued interest

	221,367
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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
	12,023,910	3,845,361	10,181,186	32,123,576	3,092,949	61,266,982

c. Analysis by type of borrower, excluding accrued interest

	Amount at Dec. 31, 2002	Amount at Dec. 31, 2003
Public sector	25,257,152	32,217,307
Other sectors	31,652,153	29,049,675
Total	56,909,305	61,266,982

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

Risk	Amount at Dec. 31, 2002	Doubtful loans		Non-performing loans	Amount at Dec. 31, 2003
		Specific	General		
Gross amount	1,136,563	341,753	58,270	616,093	1,016,116
Loan loss reserves	(703,963)	(144,937)	(22,325)	(484,055)	(651,317)
Net amount	432,600	196,816	35,945	132,038	364,799

e. Analysis by related parties, excluding accrued interest

	Amount at Dec. 31, 2002	Amount at Dec. 31, 2003
Loans and advances to non-consolidated affiliates	43,469	26,599
Loans and advances to other related parties	630,386	655,668
Loans and advances to non-related parties	56,235,450	60,584,715
Total	56,909,305	61,266,982

f. Analysis by subordination, excluding accrued interest

	Amount at Dec. 31, 2002	Amount at Dec. 31, 2003
Subordinated loans on other counterparties	17,511	4,964
Other customer loans	56,891,794	61,262,018
Total	56,909,305	61,266,982

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, 2002	0	32,502	32,502
Movements for the year:			
- additions	0	2,464	2,464
At cost at Dec. 31, 2003 (A)	0	34,966	34,966
Allowances at Dec. 31, 2002	0	14,991	14,991
Movements for the year:			
- recorded	0	15,011	15,011
Allowances at Dec. 31, 2003 (B)	0	30,002	30,002
Net book value at Dec. 31, 2003 (A) - (B)	0	4,964	4,964

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

a. Accrued interest

	725,458
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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
	3,232,337	7,183,677	12,429,492	21,939,675	3,032,083	47,817,264

c. Analysis by type of issuer, excluding accrued interest

	Amount at Dec. 31, 2002	Amount at Dec. 31, 2003
Public sector	16,979,379	17,636,463
Other sectors	30,969,786	30,180,801
Total	47,949,165	47,817,264

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

	Net book value Dec. 31, 2003	Market value Dec. 31, 2003	Difference Dec. 31, 2003
Quoted bonds	42,547,245	43,524,756	977,511
Unquoted bonds	5,270,019		
Total	47,817,264		

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, 2002	6,115,303	1,333,229	36,114,735	4,480,736	48,044,003
Movements for the year:					
- additions	120,159,503	81,268	42,248,534	2 523,878	165,013,183
- disposals and securities at maturity date	(120,049,580)	(333,775)	(42,008,971)	(728,556)	(163,120,882)
- transferts	0	0	(4,069)	2,963	(1,106)
- adjustments pursuant to article 35ter § 4 and 5 of the Royal Decree of September 23, 1992	0	6	4,950	0	4,956
- changes in scope of consolidation (in)	0	0	0	7,362	7,362
- changes in scope of consolidation (out)	(97)	(51)	(828,975)	0	(829,123)
- translation adjustments	0	0	(1,244,896)	99	(1,244,797)
- other movements	0	0	16,745	(5,854)	10,891
At cost at Dec. 31, 2003 (A)	6,225,129	1,080,677	34,298,053	6,280,628	47,884,487
Allowances at Dec. 31, 2002	0	6,273	87,594	971	94,838
Movements for the year:					
- recorded	0	232	44,764	256	45,252
- reversal of excess depreciation	0	(4,786)	(55,674)	0	(60,460)
- cancelled	0	0	0	(269)	(269)
- changes in scope of consolidation (out)	0	0	(1,072)	0	(1,072)
- translation differences	0	0	(10,548)	0	(10,548)
- other movements	0	0	0	(518)	(518)
Allowances at Dec. 31, 2003 (B)	0	1,719	65,064	440	67,223
Net book value at Dec. 31, 2003 (A) - (B)	6,225,129	1,078,958	34,232,989	6,280,188	47,817,264

f. Analysis by related parties, excluding accrued interest

	Amount at Dec. 31, 2002	Amount at Dec. 31, 2003
Bonds and other fixed-income securities issued by non-consolidated affiliates	3,590,260	3,936,947
Bonds and other fixed-income securities issued by other related parties	0	11,173
Bonds and other fixed-income securities issued by non-related parties	44,358,905	43,869,144
Total	47,949,165	47,817,264

g. Analysis by subordination, excluding accrued interest

	Amount at Dec. 31, 2002	Amount at Dec. 31, 2003
Subordinated bonds and other fixed-income securities issued by banks	128,140	105,528
Subordinated bonds and other fixed-income securities issued by other companies	432,689	388,526
Non-subordinated bonds and other fixed-income securities	47,388,336	47,323,210
Total	47,949,165	47,817,264
Quoted subordinated debt securities	506,250	507,210

h. Transfers between portfolios

Nil

i. Trading portfolio, excluding accrued interest

	Amount at Dec. 31, 2002	Amount at Dec. 31, 2003
Difference between market value (if higher) and cost for securities marked to market	31,594	28,165
Difference between market value (if higher) and carrying value for securities valued in accordance with article 35ter b section 2 paragraph 2 of the Royal Decree of September 23, 1992 on the annual accounts of credit institutions	0	2,604

j. Investment portfolio, excluding accrued interest

	Amount at Dec. 31, 2002	Amount at Dec. 31, 2003
Difference between redemption value (if higher) and book value	286,982	176,181
Difference between redemption value (if lower) and book value	516,032	711,355

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

	Companies accounted for by the equity method	Other Companies	Total
At cost at Dec. 31, 2002	0	563,293	563,293
Movements for the year:			
- additions	0	5,722	5,722
- disposals and securities at maturity date	0	(50,860)	(50,860)
- changes in scope of consolidation (out)	0	(12,781)	(12,781)
- other movements	0	1,622	1,622
At cost at Dec. 31, 2003 (A)	0	506,996	506,996
Allowances at Dec. 31, 2002	0	2,464	2,464
Movements for the year:			
- recorded	0	12,653	12,653
- reversal of excess depreciation	0	(2,175)	(2,175)
Allowances at Dec. 31, 2003 (B)	0	12,942	12,942
Net book value at Dec. 31, 2003 (A) - (B)	0	494,054	494,054

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		
At cost at Dec. 31, 2002	259,700	20,976	632,487	2,927,759	3,840,922
Movements for the year:					
- additions	5,269,087	49,563	448,333	655,564	6,422,547
- disposals and securities at maturity	(5,308,316)	(59,505)	(599,520)	(271,701)	(6,239,042)
- transfers	0	84,884	7,136	(24,432)	67,588
- changes in scope of consolidation (out)	0	(1,348)	(4,740)	0	(6,088)
- other movements	0	2,432	455	(16,261)	(13,374)
At cost at Dec. 31, 2003 (A)	220,471	97,002	484,151	3,270,929	4,072,553
Allowances at Dec. 31, 2002	0	5,572	64,036	1,233	70,841
Movements for the year:					
- recorded	0	3,986	14,658	13,071	31,715
- reversal of excess depreciation	0	(3,406)	(51,749)	(78)	(55,233)
- cancelled	0	(108)	(87)	(78)	(273)
- reclassifications	0	(1,318)	1,196	0	(122)
- changes in scope of consolidation (out)	0	(583)	(66)	0	(649)
- translation differences	0	0	1,606	0	1,606
- other movements	0	966	0	0	966
Allowances at Dec. 31, 2003 (B)	0	5,109	29,594	14,148	48,851
Net book value at Dec. 31, 2003 (A) - (B)	220,471	91,893	454,557	3,256,781	4,023,702

b. Transfers between portfolios (excluding insurance activity)

	Amount at Dec. 31, 2003	Impact on the result
From investment securities to securities available for sale	77,430	0
From investment securities to long-term investments-investments at cost	3,000	0
From long-term investments-investments at cost to securities available for sale	4,064	0
From long-term investments-investments at cost to investment securities	92,172	0

c. Analysis by country

	Amount at Dec. 31, 2002	Amount at Dec. 31, 2003
Belgian issuers	1,776,634	1,442,638
French issuers	277,162	393,545
Foreign issuers	1,716,285	2,187,519
Total	3,770,081	4,023,702

d. Analysis in quoted and unquoted shares

	Book value at Dec. 31, 2003	Market value at Dec. 31, 2003	Difference at Dec. 31, 2003
Quoted shares	3,957,589	3,969,461	11,872
Unquoted shares	66,113		
Total	4,023,702		

e. Trading portfolio

	Amount at Dec. 31, 2002	Amount at Dec. 31, 2003
Difference between market value (if higher) and cost for shares marked to market	24	14,427

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

a. Accrued interest

Nil

b. Analysis by type of issuer and movements for the year

	Investments at equity accounted for by the equity method		Investments at cost			Total
	Financial Inst.	Other	Banking activity and other Financial Inst.	Other	Insurance activity	
At cost at Dec. 31, 2002	190,350	245,175	228,400	550,892	94,239	1,309,056
Movements for the year:						
- additions	0	515,266	124	3,445	5,789	524,624
- disposals and securities at maturity	0	0	(52,661)	(174,161)	(66,294)	(293,116)
- transferts	0	(6,347)	0	(140,312)	25,526	(121,133)
- changes in scope of consolidation (in)	0	11,859	0	0	0	11,859
- changes in scope of consolidation (out)	(41)	(36,141)	0	(1,860)	0	(38,042)
- translation adjustments	(161)	0	0	0	0	(161)
- other movements	31,133	(438,404)	2,860	(6,095)	0	(410,506)
At cost at Dec. 31, 2003 (A)	221,281	291,408	178,723	231,909	59,260	982,581
Allowances at Dec. 31, 2002	0	0	0	7,258	283	7,541
Movements for the year:						
- recorded	0	0	0	49,839	0	49,839
- cancelled	0	0	0	(2,482)	(283)	(2,765)
- reclassifications	0	0	0	(46,990)	0	(46,990)
Allowances at Dec. 31, 2003 (B)	0	0	0	7,625	0	7,625
Net book value at Dec. 31, 2003 (A) - (B)	221,281	291,408	178,723	224,284	59,260	974,956

c. Quoted and unquoted shares

	Quoted shares			Unquoted shares Book value at Dec. 31, 2003
	Book value at Dec. 31, 2003	Market value at Dec. 31, 2003	Difference at Dec. 31, 2003	
Investments at equity	0	0	0	512,688
Investments at cost	219,756	265,501	45,745	242,512
Total	219,756	265,501	45,745	755,200

d. Details of significant investments

	Net book value at Dec. 31, 2003
Quoted shares	
Investments at equity	0
Investments at cost	
- Cofinimmo	62,937
- Société Générale	156,800

	Net book value at Dec. 31, 2003
Unquoted shares	
Investments at equity	
- Crédit du Nord	127,481
- Dexia Asset Management Luxembourg	165,355
- Group Dexia Bank Nederland	93,823
- SLF Finances	62,848
Investments at cost	
- Société Coopérative de Production d'Électricité (SPE)	62,998
- VDK Spaarbank	23,939

2.7. ANALYSIS OF ASSETS BY MATURITY, EXCLUDING ACCRUED INTEREST

(summary)

	Amount at Dec. 31, 2002	Government securities eligible for central bank refinancing	Interbank loans and advances	Customer loans	Bonds and other fixed-income securities	Amount at Dec. 31, 2003
Less than 3 months	33,071,821	1,584,542	20,022,335	12,023,910	3,232,337	36,863,124
3 months to 1 year	22,521,754	676,081	6,556,487	3,845,361	7,183,677	18,261,606
1 year to 5 years	26,663,806	0	1,197,163	10,181,186	12,429,492	23,807,841
Over 5 years	49,796,056	0	114,502	32,123,576	21,939,675	54,177,753
No fixed maturity	6,211,521	0	129,681	3,092,949	3,032,083	6,254,713
Total	138,264,958	2,260,623	28,020,168	61,266,982	47,817,264	139,365,037

2.8. GOODWILL ARISING ON CONSOLIDATION (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
Net book value at Dec. 31, 2002	112,277	75,462	22,973	21,065	62,887	152,013
Movements for the year:						
- changes in scope of consolidation (in)	556	0	0	0	0	0
- changes in scope of consolidation (out)	0	0	(258)	(453)	0	0
- amortization	(8,866)	(4,439)	0	0	(11,290)	(72,706)
- other movements	0	0	1,788	(1,788)	0	0
Net book value at Dec. 31, 2003	103,967	71,023	24,503	18,824	51,597	79,307

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 Insurance	82,323	0
Crédit du Nord	0	88,779
DVV Insurance	47,563	0

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

	Depreciation period	Year	Consolidation differences	Equity-accounted differences
DVV Insurance	10	1999	112,753	0
Labouchere	20	2000	0	121,179
Kempen & Co	20	2001	0	178,812
Aviabel	3	2001	0	289
Sepia	3	2001	45	0
Total			112,798	300,280

d. Amortization cost imputed on the reserves

Amortization cost imputed on the reserves at Dec. 31, 2002 (A)	198,178
Amortization of the year:	
- DVV Insurance	11,275
- Labouchere	6,059
- Kempen & Co	66,551
- Aviabel	96
- Sepia	15
Write-back of the year	
Total (B)	83,996
Cumulated Amortization at Dec. 31, 2003 (A) + (B)	282,174

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. 27bis) ¹	Total
At cost at Dec. 31, 2002	21,311	204,444	288,184	513,939
Movements for the year:				
- increase	2,791	90	63,302	66,183
- decrease	0	(137)	(12,841)	(12,978)
- translation adjustments	0	(4)	(1)	(5)
- changes in scope of consolidation (out)	0	0	(4,213)	(4,213)
- other	(91)	0	8,885	8,794
At cost at Dec. 31, 2003 (A)	24,011	204,393	343,316	571,720
Amortization and allowances at Dec. 31, 2002	(6,873)	(126,262)	(185,440)	(318,575)
Movements for the year:				
- increase	(2,482)	(34,459)	(47,663)	(84,604)
- decrease	0	137	9,251	9,388
- translation adjustments	0	4	0	4
- changes in scope of consolidation (out)	0	0	2,508	2,508
- other	89	0	(4,295)	(4,206)
Amortization and allowances at Dec. 31, 2003 (B)	(9,266)	(160,580)	(225,639)	(395,485)
Net book value at Dec. 31, 2003 (A) - (B)	14,745	43,813	117,677	176,235

¹ 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, 2003	43,813
of which:	
- reorganization costs	43,813

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
At cost at Dec. 31, 2002	1,113,996	911,862	3,946	864,726	37,461	2,931,991
Movements for the year:						
- additions (and produced fixed assets)	65,267	30,400	158	45,489	9,860	151,174
- disposals and retirements (-)	(32,439)	(13,282)		(11,054)	(23)	(56,798)
- reclassifications (+/-)	14,600	(8,267)	(120)	(2,354)	14,299	18,158
- changes in scope of consolidation (out)	(10,999)	(5,503)	0	0	(4,390)	(20,892)
- translation adjustments	0	(177)	(32)	(34)	0	(243)
- other movements	(72)	0	0	0	0	(72)
At cost at Dec. 31, 2003 (A)	1,150,353	915,033	3,952	896,773	57,207	3,023,318
Revaluation at Dec. 31, 2002	136,959	0	0	85,898	0	222,857
Movements for the year:						
- cancelled (-)	(4,765)	0	0	(992)	0	(5,757)
- reclassifications (+/-)	2,240	0	0	(5,111)	0	(2,871)
Revaluation at Dec. 31, 2003 (B)	134,434	0	0	79,795	0	214,229
Amortizations and allowances at Dec. 31, 2002	(622,612)	(725,340)	(1,635)	(436,901)	(1,219)	(1,787,707)
Movements for the year:						
- depreciation for the year	(53,890)	(52,623)	(457)	(67,225)	0	(174,195)
- reversals of excess depreciation (-)	390	35	79	26,340	0	26,844
- depreciation written off on disposal (-)	23,193	13,243	0	10,398	0	46,834
- reclassifications (+/-)	13,513	4,188	59	8,807	117	26,684
- changes in scope of consolidation (out)	3,506	4,813	0	0	0	8,319
- translation adjustments	0	131	22	29	0	182
- other movements	(489)	(235)	0	0	0	(724)
Amortizations and allowances at Dec. 31, 2003 (C)	(636,389)	(755,788)	(1,932)	(458,552)	(1,102)	(1,853,763)
Net book value at Dec. 31, 2003 (A) + (B) + (C)	648,398	159,245	2,020	518,016	56,105	1,383,784
of which:						
- lands and buildings			1,494			
- plant, machinery, equipment			289			
- furniture and vehicles			230			

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

a. Details of item XIV. Accruals and other assets

	Amount at Dec. 31, 2002	Amount at Dec. 31, 2003
Redemption premiums and other deferred charges on borrowings	234	191
Potential and deferred losses on financial future hedges	113,453	467,661
Accrued income on hedging transactions	1,961,584	493,897
Accrued income on trading transactions	7,404,249	9,744,727
Translation differences	165,347	148,445
Other accrued income	412,435	150,150
Deferred commissions on treasury notes	2,331	0
Total	10,059,633	11,005,071

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

	Amount at Dec. 31, 2002	Amount at Dec. 31, 2003
Securities transactions	61	0
Foreign currency transactions	92,004	265
Other financial instruments		
- interest rate instruments	21,362	467,396
- other forward purchases and sales	26	0
Total	113,453	467,661

c. Analysis of accrued income on hedging transactions

	Amount at Dec. 31, 2002	Amount at Dec. 31, 2003
Securities transactions	2,766	0
Foreign currency transactions	72,892	6,849
Other financial instruments		
- interest rate instruments	1,885,926	487,048
Total	1,961,584	493,897

d. Analysis of accrued income on trading transactions

	Amount at Dec. 31, 2002	Amount at Dec. 31, 2003
Securities transactions	5,482	5
Foreign currency transactions	293,023	250,518
Other financial instruments		
- interest rate instruments	7,105,744	9,494,204
Total	7,404,249	9,744,727

2.13. OTHER ASSETS (item XIII. Assets)

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

	Amount at Dec. 31, 2003
Precious metals	66,960
Assets for resale	158,743
Miscellaneous assets, of which:	814,279
- tax receivables	81,463
- premiums paid for swaptions written out	134,719
- guarantees	709
- other assets	126,675
- premiums paid for options	445,888
- short-term receivables	67
- deferred taxes-assets	22,623
- other financial fixed assets	2,135
Total	1,039,982

b. Details of item XIII.B Other assets: insurance activity

	Amount at Dec. 31, 2003
Share of the reinsurers in the technical reserves	190,020
Receivables resulting from direct insurance transactions	60,869
Other insurance assets	139,881
Total	390,770

3. NOTES ON 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	119,077
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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
	27,502,273	6,046,866	188,491	223,919	131	33,961,680

c. Analysis by related parties, excluding accrued interest

	Amount at Dec. 31, 2002	Amount at Dec. 31, 2003
Interbank loans and deposits to non-consolidated affiliates	312,123	1,523,105
Interbank loans and deposits to other related parties	10,656	531
Interbank loans and deposits to non-related parties	33,772,817	32,438,044
Total	34,095,596	33,961,680

d. Analysis by country, excluding accrued interest

	Amount at Dec. 31, 2002	Amount at Dec. 31, 2003
Belgium	9,021,236	7,766,098
France	2,188,604	1,065,217
Foreign EU-countries	12,939,061	15,327,370
Foreign countries outside EU	9,946,695	9,802,995
Total	34,095,596	33,961,680

e. Debts resulting from mobilizations and advances through rediscounting of trade bills excluding accrued interest

Nil

3.2. CUSTOMER DEPOSITS (item II. Liabilities)

a. Accrued interest	148,213
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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
	15,056,114	3,497,909	1,758,552	1,789,898	22,493,440	44,595,913

c. Analysis by related parties, excluding accrued interest

	Amount at Dec. 31, 2002	Amount at Dec. 31, 2003
Customer deposits to non-consolidated affiliates	191,669	172,638
Customer deposits to other related parties	133,606	156,302
Customer deposits to non-related parties	50,517,563	56,695,060
Total	50,842,838	57,024,000

d. Analysis by type of customer, excluding accrued interest

	Amount at Dec. 31, 2002	Amount at Dec. 31, 2003
Public sector	6,512,096	9,367,812
Other sectors	44,330,742	47,656,188
Total	50,842,838	57,024,000

e. Analysis by country, excluding accrued interest

	Amount at Dec. 31, 2002	Amount at Dec. 31, 2003
Belgium	44,825,727	47,735,556
France	224,526	355,273
Foreign EU-countries	3,420,825	3,979,948
Foreign countries outside EU	2,371,760	4,953,223
Total	50,842,838	57,024,000

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

Nil

3.3. DEBT SECURITIES (item III. Liabilities)

a. Accrued interest

446 363

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
13,357,068	7,022,978	11,205,492	3,153,761	0	34,739,299

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

	Savings bonds	Bond loans	Certificates of deposit Negotiable debts and others	Total
Amount at Dec. 31, 2002	16,607,626	8,111,405	16,685,346	41,404,377
Movements for the year:				
- additions	1,952,466	1,132,918	9,752,940	12,838,324
- disposals and securities at maturity date	(4,402,561)	(1,500,928)	(11,157,741)	(17,061,230)
- changes in scope of consolidation (out)	(591,696)	(99,157)	(28,653)	(719,506)
- translation adjustments	0	(62,698)	(1,515,582)	(1,578,280)
- other movements	17,353	(43,797)	(117,942)	(144,386)
Amount at Dec. 31, 2003	13,583,188	7,537,743	13,618,368	34,739,299

d. Analysis by related parties, excluding accrued interest

	Amount at Dec. 31, 2002	Amount at Dec. 31, 2003
Debt securities to non-consolidated affiliates	114,751	100,142
Debt securities to non-related parties	41,289,626	34,639,157
Total	41,404,377	34,739,299

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

a. Details of accruals and other liabilities

	Amount at Dec. 31, 2002	Amount at Dec. 31, 2003
Issue premiums on borrowings	48	0
Redemption premiums on loans	1,984	29,854
Potential and deferred gains on hedging transactions	191,805	491,308
Accrued charges on hedging transactions	1,974,992	584,868
Accrued charges on trading transactions	6,952,846	9,601,752
Received deferred rent	51,107	44,827
Other deferred income	105,887	139,639
Other accrued expense	269,962	510,923
Total	9,548,631	11,403,171

b. Analysis of potential and deferred gains on hedging transactions

	Amount at Dec. 31, 2002	Amount at Dec. 31, 2003
Securities transactions	153	28,835
Foreign currency transactions	4,512	3,198
Other financial instruments		
- interest rate instruments	187,101	459,275
- other forward purchases and sales	39	0
Total	191,805	491,308

c. Analysis of accrued charges on hedging transactions

	Amount at Dec. 31, 2002	Amount at Dec. 31, 2003
Securities transactions	56	0
Foreign currency transactions	86,870	15,522
Other financial instruments		
- interest rate instruments	1,888,066	569,346
Total	1,974,992	584,868

d. Analysis of accrued charges on trading transactions

	Amount at Dec. 31, 2002	Amount at Dec. 31, 2003
Securities transactions	466	15,128
Foreign currency transactions	422,349	345,968
Other financial instruments		
- interest rate instruments	6,530,133	9,240,656
- other forward purchases and sales	(102)	0
Total	6,952,846	9,601,752

3.5. PROVISIONS FOR CONTINGENCIES AND CHARGES (item VI.A. and VI.C. 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	Total
Amount at Dec. 31, 2002	41,400	66,242	22,930	23,746	343,119	8,240,073	8,737,510
Movements for the year:							
- increase	7,200	17,380	1,654	7,955	27,617	2,413,330	2,475,136
- decrease	(8,481)	(19,186)	(7,773)	(1,986)	(89,178)	(651,720)	(778,324)
- transfers	(178)	(4,921)	0	(514)	(2,995)	2,378	(6,230)
- changes in scope of consolidation (out)	(693)	0	0	0	(2,825)	0	(3,518)
- translation adjustments	0	0	(123)	0	(85)	0	(208)
- other movements	1	0	0	0	0	0	1
Amount at Dec. 31, 2003	39,249	59,515	16,688	29,201	275,653	10,004,061	10,424,367

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

	Deferred taxes	Deferred tax liabilities	Total
Amount at Dec. 31, 2002	69,344	89,338	158,682
Movements for the year:			
- increase	2,412	5,499	7,911
- decreases	(5,585)	(19,408)	(24,993)
- transfers	165	(1,832)	(1,667)
Amount at Dec. 31, 2003	66,336	73,597	139,933

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

	General banking risks reserve
Amount at Dec. 31, 2002	1,041,961
Movements for the year:	
- increase	499
- decrease	(6,125)
- transfers	93
- changes in scope of consolidation (out)	(34,970)
Amount at Dec. 31, 2003	1,001,458

3.8. SUBORDINATED DEBT (item VIII. Liabilities)

a. Accrued interest	63,534
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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
51,321	133,084	65,519	1,062,511	1,071,074	2,969,509

c. Movements for the year

	Subordinated debt
Amount at Dec. 31, 2002	3,353,052
Movements for the year:	
- additions	23,371
- disposals and securities at maturity date	(210,258)
- changes in scope of consolidation (out)	(80,091)
- translation adjustments	(119,488)
- other movements	2,923
Amount at Dec. 31, 2003	2,969,509

d. Interests and commission payments on subordinated debt

	Amount at Dec. 31, 2002	Amount at Dec. 31, 2003
Interests and commissions	(180,895)	(163,883)

e. Analysis by related parties, excluding accrued interest

	Amount at Dec. 31, 2002	Amount at Dec. 31, 2003
Subordinated debt to non-related parties	3,353,052	2,969,509

f. Item as a whole, excluding accrued interest

	Amount at Dec. 31, 2002	Amount at Dec. 31, 2003
Amounts owed by the consolidating credit institution	1,914,793	1,836,160
Amounts owed by other consolidated enterprises	1,438,259	1,133,349
Total	3,353,052	2,969,509

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, 2002	Interbank loans and deposits	Customer deposits	Debt securities	Subordinated debt	Amount at Dec. 31, 2003
Less than 3 months	52,922,325	27,502,273	15,056,114	13,357,068	51,321	55,966,776
3 months to 1 year	20,064,978	6,046,866	3,497,909	7,022,978	133,084	16,700,837
1 year to 5 years	18,427,366	188,491	1,758,552	11,205,492	651,519	13,804,054
Over 5 years	4,569,326	223,919	1,789,898	3,153,761	1,062,511	6,230,089
No fixed maturity and other	22,438,675	131	22,493,440	0	1,071,074	23,564,645
Total	118,422,670	33,961,680	44,595,913	34,739,299	2,969,509	116,266,401

3.10. CONSOLIDATED SHAREHOLDERS' EQUITY

	Before minority interests	Minority interests	Total
At Dec. 31, 2002			
Capital stock	923,693	0	923,693
Additional paid-in capital	189,469	0	189,469
Retained earnings	3,124,825	139,137	3,263,962
Revaluation reserve	9,093	0	9,093
Cumulative translation adjustments	2,077	(91)	1,986
Negative goodwill	44,038	0	44,038
Deducted goodwill	(214,901)	0	(214,901)
Net income for the year	416,215	7,845	424,060
Interim dividend	0	0	0
Shareholders' equity at Dec. 31, 2002	4,494,509	146,891	4,641,400
Movements for the year:			
- capital stock	416	0	416
- issuance of shares	3,859	0	3,859
- revaluation reserves	(412)	0	(412)
- dividends paid (-) and received (+)	(284,153)	0	(284,153)
- translation adjustments	(6,773)	0	(6,773)
- consolidation differences	(711)	0	(711)
- increase in deducted goodwill	83,997	0	83,997
- deducted goodwill written off from the reserves	(83,997)	0	(83,997)
- net income for the year	1,032,393	14,502	1,046,895
- impact sale Dexia BIL in result for the year	(411,015)	0	(411,015)
- other movements	1,135	(95,535)	(94,400)
At Dec. 31, 2003			
Capital stock	924,109	0	924,109
Additional paid-in capital	193,328	0	193,328
Retained earnings	2,763,010	51,427	2,814,437
Revaluation reserves	8,681	0	8,681
Cumulative translation adjustments	(4,696)	(71)	(4,767)
Negative goodwill	43,327	0	43,327
Deducted goodwill	(130,904)	0	(130,904)
Net income for the year	1,032,393	14,502	1,046,895
Shareholders' equity at Dec. 31, 2003 (A)	4,829,248	65,858	4,895,106
General banking risks reserve at Dec. 31, 2002	1,041,958	2	1,041,960
Changes in general banking risks reserve	(40,503)	1	(40,502)
General banking risks reserve at Dec. 31, 2003 (B)	1,001,455	3	1,001,458
Equity and quasi-equity at Dec. 31, 2003 (A) + (B)	5,830,703	65,861	5,896,564

3.11. ANALYSIS OF ASSETS AND LIABILITIES BY CURRENCY

Classification by accounting currency	In EUR	Other EU currencies	Non-EU currencies	Total
Total assets	117,769,006	5,546,880	38,180,443	161,496,329
Total liabilities	122,451,075	5,133,685	33,911,569	161,496,329

3.12. OTHER LIABILITIES (item IV. Liabilities)

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

	Amount at Dec. 31, 2003
Taxes, remuneration and social security	0
- amount due to the tax authorities	0
- amount due to the National Security Office	0
Taxes	81,515
- taxes payable	66,830
- estimated tax liabilities	14,685
Other liabilities	906,658
- deposits for received guarantees	6,238
- pension fund	670
- other tax and social debts	190,576
- suppliers	58,142
- premiums received from issued swaptions	134,922
- premiums received from issued options	439,335
- other debts	76,775
Total	988,173

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

	Amount at Dec. 31, 2003
Debts for deposits from assignees	134,901
Debts resulting from direct insurance transactions	46,043
Debts resulting from reinsurance transactions	41,863
Other insurance liabilities	9,292
Total	232,099

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, 2002	Amount at Dec. 31, 2003
Contingencies to credit institutions	147,839	1,338,570
Contingencies to customers	3,779,913	2,488,921
Total	3,927,752	3,827,491

b. Analysis by related parties

	Amount at Dec. 31, 2002	Amount at Dec. 31, 2003
Contingent liabilities to non-consolidated affiliates	5,448	11,086
Contingent liabilities to other related parties	886	561
Contingent liabilities to non-related parties	3,921,418	3,815,844
Total	3,927,752	3,827,491

c. Analysis by nature of operations

	Amount at Dec. 31, 2002	Amount at Dec. 31, 2003
Non-negotiated acceptances	353	3,960
Guarantees serving as direct credit substitutes	2,682,813	2,408,465
Other guarantees	1,056,100	1,148,547
Documentary credits	187,146	266,519
Assets charged as collateral security on behalf of third parties	1,340	0
Total	3,927,752	3,827,491

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

a. Analysis by nature of customer

	Amount at Dec. 31, 2002	Amount at Dec. 31, 2003
Commitments to credit institutions	3,540,278	4,118,388
Commitments to customers	19,616,142	24,596,128
Commitments on bonds	2,630,000	2,633,099
Total	25,786,420	31,347,615

b. Analysis by related parties

	Amount at Dec. 31, 2002	Amount at Dec. 31, 2003
Contingent liabilities to non-consolidated affiliates	2,777,089	2,278,277
Contingent liabilities to other related parties	101,732	100,950
Contingent liabilities to non-related parties	22,907,599	28,968,388
Total	25,786,420	31,347,615

c. Analysis by nature of operations

	Amount at Dec. 31, 2002	Amount at Dec. 31, 2003
Firm credit commitments	1,003,618	2,105,979
Undrawn margin on confirmed credit lines	22,113,730	26,587,701
Underwriting and placing commitments	2,630,000	2,630,000
Commitments as a result of open-ended sale and repurchase agreements	39,072	23,935
Total	25,786,420	31,347,615

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

	Amount at Dec. 31, 2002	Amount at Dec. 31, 2003
Assets entrusted under a fiduciary regime	1,992,869	2,233,930
Sealed deposit	67,191,771	72,608,899
Total	69,184,640	74,842,829

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, 2002	Amount at Dec. 31, 2003	Hedging		Trading	
			Micro	Macro	Isolated open position	Specialized port- folio management
Foreign currency transactions¹						
- forward transactions	17,529,478	17,665,351	1,193,990	0	0	16,471,361
- currency and interest rate swaps	13,019,122	9,739,175	1,020,402	0	0	8,718,773
- currency options	1,093,777	2,846,796	1,188	0	0	2,845,608
Other financial instruments						
Interest rate instruments²						
- interest rate swaps	665,517,652	700,832,875	9,955,907	64,492,690	0	626,384,278
- interest rate futures	11,470,241	12,069,597	0	2,180,918	0	9,888,679
- future rate agreements	78,611,121	106,999,908	677,400	1,947,123	662,800	103,712,585
- interest rate options	74,192,741	55,454,118	479,616	0	0	54,974,502
Other forward purchases and sales³						
- other options contracts	44,547,986	42,332,620	709,876	0	0	41,622,744
- other futures transactions	73	106	0	0	0	106
Total	905,982,191	947,940,546	14,038,379	68,620,731	662,800	864,618,636

¹ Amounts to be delivered.

² Nominal/notional reference amount.

³ Agreed buying/selling price.

b. Analysis by market

Type of transaction	Over-the-counter market	Controlled market	Total
Foreign currency transactions	30,251,322	0	30,251,322
Other financial instruments			
- interest rate instruments	863,478,113	11,878,385	875,356,498
- other forward purchases and sales	42,332,620	106	42,332,726

c. Analysis in conditional and unconditional transactions

Type of transaction	Unconditional transactions	Conditional transactions	Total
Foreign currency transactions	27,397,335	2,853,987	30,251,322
Other financial instruments			
- interest rate instruments	819,891,764	55,464,734	875,356,498
- other forward purchases and sales	41,707,793	624,933	42,332,726

d. Analysis by maturity

Type of transaction	Less than 1 year	1 year to 5 years	Over 5 years	Total
Foreign currency transactions	22,724,560	4,194,291	3,332,471	30,251,322
Other financial instruments				
- interest rate instruments	406,042,504	254,266,032	215,047,962	875,356,498
- other forward purchases and sales	1,895,415	23,065,657	17,371,654	42,332,726

e. Isolated open position transactions

Nil

f. Effect on results of exemption from the valuation rule referred to in article 36bis section 2, relating to interest-rate futures

Analysis by type of interest-rate future	Amount at Dec. 31, 2003 ¹	Difference between market value and carrying value ²
As part of cash management	37,871,276	892
As part of asset and liability management	115,213,258	(446,767)

¹ Nominal/ notionnel reference amount.

² +: 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 ¹	Goodwill pledges ²	Pledges on other assets ³	Pledges on future assets ⁴
As a collateral for debt and commitments				
Balance sheet debt				
- sales of loans	0	0	14,114,918	0
- others	0	0	63,358	0
Off-balance sheet commitments				
- interest rate futures	0	0	9,367,598	0
- securities transactions	0	0	4,336,724	0
- BNB lines of credit	0	0	6,516	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

a. Description of the supplementary retirement of survivor's pension plan

1. **Dexia-old**

In the framework of the supplementary and retirement survivor's pensions Dexia Bank Belgium subscribed a group insurance with an insurance company. This insurance is paid for by contributions of staff members and of the employer.

2. **Ex-Artesia**

In the framework of the supplementary and retirement survivor's pensions a contingency plan has 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.

3. **Dexia-new**

The employees taken on as from April 1, 2002 are enrolled in the Fringe Benefit Plan of Dexia-new, meaning the Fringe Benefit Plan the Artesia BC group concluded with an insurance company.

This insurance is funded by employer contributions. These contributions are accounted for in the statement of income. Dexia Bank has no further commitment in this respect.

4. **Others**

The staff members of some subsidiaries enjoy a pension plan of which the guarantees are insured by insurance companies.

b. General guarantee in favour of Banque Artesia Nederland

Dexia Bank granted a guarantee to Banque Artesia Nederland, so as to comply with the risk concentration criteria imposed by the Dutch central bank (Nederlandsche Bank).

c. Litigation contingency: comment on Dexia Bank Nederland

LEGAL ASPECTS

A number of disputes have arisen between Dexia Bank Nederland and its customers with respect to share leasing products. In general the claims that Dexia Bank Nederland is faced with are based on alleged:

- misleading information/error;
- failure to ascertain whether the share leasing product is suitable for a customer in view of his investment experience and objective and his financial situation ("duty of care");
- failure to obtain consent of spouse of customer;
- undue influence;
- canvassing;
- false and misleading oral statements by and conduct of intermediaries.

A number of individual claims were put to the Grievance Committee of the Dutch Securities Institute (DSI) (the "Committee"). DSI is a privately set-up foundation in which most of the regulated Dutch financial institutions participate. By offering private investors the opportunity to lodge a complaint with the Committee against participating banks and brokers, DSI and its participants provide these investors with a low threshold infrastructure for alternative dispute resolution. According to its regulations, the Committee makes its judgment in good faith and all reasonableness and based on the principles of the law of The Netherlands. If the Committee finds that the private investor's claim has merit, it may award the investor compensation, for example in the form of damages or waiver of debt. In one case, the Committee has ruled that the customer's contracts are voidable because they were entered into under the influence of error induced by oral statements made by the sales person. In eight other cases, some of which were concerning expired contracts, the Committee rejected claims based on misleading information/error so that the contracts were considered valid and the customer must perform its obligations. In one of these cases the Committee also ruled that in general Dexia Bank Nederland cannot be held liable for the actions of intermediaries. However, in all of these eight cases the Committee ruled that Dexia Bank Nederland had neglected its duty of care towards the customer, because it had not ascertained whether the customer could bear the financial burden of the share leasing contract. According to these rulings, Dexia Bank Nederland should have offered the customers a hedge against a decline of the share prices, thus avoiding that a debt would remain upon expiration of the contract. Since Dexia Bank Nederland did not offer such a hedge, the Committee ruled that Dexia Bank Nederland may only collect a remaining debt up to a maximum of 15 or 20% (depending on the term of the contract) of the initial purchase price of the underlying securities (i.e. the loan amount), being the cost of a hedge as estimated by the Committee. With respect to a deposit leasing product (i.e. a share leasing contract with respect to which the monthly payments were payable from a share deposit), the Committee ruled that a reasonably able and acting securities firm should not have offered a share deposit for the purpose of making the monthly payments for a share lease contract. The damage that this customer may suffer as a result of that product must be compensated by Dexia Bank Nederland to an extent equal to 100% of the shortfall on the deposit. With respect to the share lease contracts, the aforementioned 15/20% cap applies accordingly. Dexia Bank Nederland has appealed all these decisions.

A number of individual claims are also pending before Dutch Courts. In one such individual procedure before a District Court, the Court ruled that the contract was valid. However, the Court also ruled that Dexia Bank Nederland had breached its obligation to inform the customer of the risks connected with the share leasing product and ordered Dexia Bank Nederland to partially compensate that customer. This judgment was appealed by Dexia Bank Nederland.

Apart from complaints from individual clients, Dexia Bank Nederland also needs to address and respond to a number of collective complaints.

Stichting Leaseverlies, a foundation claiming to be supported by more than 90,000 customers with share leasing contracts, has initiated legal proceedings in the form of a collective complaint against Dexia Bank Nederland in January 2003. The foundation's object is to act for customers who have entered into share leasing contracts between 1995 and 2002. Stichting Leaseverlies claims that the advertising materials used by Dexia Bank Nederland were misleading. Dexia presented a statement of answer in June 2003. The case is pending.

Stichting Eegalease, a foundation claiming to be supported by more than 16,000 spouses of customers with share leasing contracts, has initiated legal proceedings in the form of a collective complaint against Dexia Bank Nederland in March 2003. The foundation's object is to act for spouses of customers who have entered into share leasing contracts between 1995 and 2002. Stichting Eegalease claims that the spouses of the customers should have given his or her consent for the entering into the share leasing contracts and that without such consent contracts are voidable. The case is pending.

Stichting Leaseleed, a foundation representing 293 customers, has threatened to file a lawsuit against Dexia Bank Nederland. This relates to share leasing contracts with respect to which monthly payments are payable from a share deposit. Dexia Bank Nederland is currently in the process of discussing the possibility of a settlement. At the moment it is unclear whether a settlement will be reached.

In December 2002, Dexia sued Aegon, the former owner of Labouchere, on the basis that certain information should have been given by the seller to the buyer, and that certain warranties included in the purchase agreement have been breached. The case is pending.

The Dutch Ministry of Finance has established a committee that mediates between customers that have entered into share leasing contracts and financial institutions – Dexia Bank Nederland and others – that have sold those contracts. The object of the Committee Disputes Securities Leasing ("Commissie Geschillen Aandelenlease – CGA") is to explore the possibilities for a general out of court settlement between the sellers of these products and their customers. The CGA is currently in the process of inviting the parties involved to a second round of discussions. Dexia will participate in these discussions, the outcome of which is still unclear.

COMMERCIAL OFFER/HARDSHIP CLAUSE

In order to mitigate the credit risk, minimize the claims and restore good customer relationship, Dexia Bank Nederland proposed in 2003 a commercial offer to customers who, at maturity of their contract, may have a residual debt towards Dexia Bank Nederland exceeding the value of the underlying shares. Customers could choose between the following three options:

- repayment of the residual debt in instalments with no interest charge; or
- to receive call options on the AEX index upon expiration of the contract in consideration for full repayment of principal or residual debt (as the case may be); or
- extend the term of the contract, at a reduced interest rate.

The commercial offer was made personally to all qualifying customers, and accepted by 47% of them. The customers who accepted the offer, have also waived their rights to initiate any further legal action against Dexia Bank Nederland with respect to their contracts.

Dexia Bank Nederland has also put in place measures allowing the settling of those cases where customers encounter financial difficulties (the so-called hardship clause). In particular, an independent Commission has been nominated to examine such cases, and provisions have been set aside to this effect.

SHARE LEASING PORTFOLIO

The position as per December 31, 2003 of the share leasing products portfolio of Dexia Bank Nederland is described hereafter.

ASSESSMENT AND PROVISIONS

Although Dexia Bank Nederland considers its overall legal position with respect to the legal matters described above as robust, risks arising there from cannot be excluded. Dexia Bank Nederland has booked provisions for legal risks with respect to a limited number of individual cases where negative decisions have already been rendered in first instance (and notwithstanding the fact that Dexia Bank Nederland has appealed), or where the amounts can be estimated with a reasonable degree of certainty. With respect to other legal disputes, Dexia Bank Nederland has not booked provisions since Dexia Bank Nederland only books a provision when it believes that it is reasonably probable that an obligation exists and the amounts involved can be estimated with a reasonable degree of certainty.

PORTFOLIO AS AT DECEMBER 31, 2003 (in millions of EUR, except where indicated)

	Number of contracts	Loan amount	Collateral	Lack of collateral
Total outstanding portfolio	369,258	3,268.6	2 116.8	
- <i>Contracts with sufficient collateral</i>	<i>37,817</i>	<i>171.6</i>	<i>248.8</i>	<i>77.1</i>
- <i>Contracts with insufficient collateral</i>	<i>331,441</i>	<i>3,096.9</i>	<i>1,868.0</i>	<i>(1,229.0)</i>
of which:				
- <i>contracts with redemption or guaranteed capital</i>	<i>126,618</i>	<i>1,175.8</i>	<i>792.9</i>	<i>(382.9)</i>
- <i>contracts without redemption or guaranteed capital</i>	<i>204,823</i>	<i>1,921.1</i>	<i>1,075.1</i>	<i>(846.1)</i>
of which:				
- <i>accepted the Dexia offer (and signed the waiver)</i>	<i>101,406</i>	<i>934.5</i>	<i>524.3</i>	<i>(410.2)</i>
- <i>not accepted the Dexia offer</i>	<i>103,417</i>	<i>986.6</i>	<i>550.7</i>	<i>(435.9)</i>

CONTRACTS THAT EXPIRED ON THE NORMAL TERMINATION DATE UP TILL DECEMBER 31, 2003

(in millions of EUR, except where indicated)

	Number of contracts	Loan amount	Collateral	Lack of collateral
Total outstanding portfolio	98,129	1,111.7	709.6	
- <i>Contracts with sufficient collateral</i>	27,640	185.4	221.2	35.9
- <i>Contracts with insufficient collateral</i>	70,489	926.3	488.3	(438.0)
of which:				
- contracts with redemption or guaranteed capital	0	0	0	0
- contracts without redemption or guaranteed capital	70,489	926.3	488.3	(438.0)
of which:				
- <i>accepted the Dexia offer (and signed the waiver)</i>	22,019	267.6	125.7	(141.9)
- <i>not accepted the Dexia offer</i>	48,470	658.7	362.6	(296.0)

- This table shows the total number of share leasing contracts that are still in force and the contracts that have expired during the period 2002-2003;
- The loan amount relates to the original loan amount, minus redemptions made till reporting date and including future contractual delivery of shares (which will lead to an increase of the loan amount);
- Contracts can be split up into a category where a redemption of the loan amount takes place (during the term of the lease) or a capital amount at the end of the contract is guaranteed. These contracts did not qualify for the Dexia offer. Another category are the contracts without periodic redemption or guaranteed capital. These contracts qualified for the Dexia offer;
- In case of the contracts that did qualify for the Dexia offer a split up is made into clients who have accepted the Dexia offer and clients who have not accepted the Dexia offer;

The shortfall on the deposit that clients may or already have suffered on products of which the deposit paid could be or already has been affected by market variations is approximately EUR 55 million.

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 deduction of guarantees
Credit institutions	AAA	1,243,608	248,722	598,563	0	645,045
	AA	20,041,175	4,008,235	16,889,925	133,336	3,017,914
	A	7,344,400	1,468,880	5 369,480	160,940	1,813,980
	BBB	641,447	128,289	584,117	26,085	31,245
	Unquoted	40,908	8,182	0	0	40,908
Public sector	AA	164,187	24,803	0	0	164,187
	A	23,158	4,632	0	0	23,158
	Unquoted	35,919	278	0	0	35,919
Private sector	AAA	71,982	35,259	1,033	0	70,949
	AA	842,209	291,640	645,166	0	197,043
	A	4,229,024	1,154,120	3,876,683	0	352,341
	BBB	35,314	17,653	0	0	35,314
	BB	481,591	240,795	0	0	481,591
	Unquoted	197,647	98,711	0	0	197,647

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 deduction of guarantees
Credit institutions	AAA	5,466	1,093	0	0	5,466
	A	18,489	3,698	0	0	18,489
Private Sector	AAA	311,019	155,509	255,535	0	55,484
	Unquoted	716	358	0	0	716

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

a. Analysis by product and market

	Amount at Dec. 31, 2002	Amount at Dec. 31, 2003
Purchases		
- spot	1,903,328	347,718
- forward	2,779,581	622,899
Sales		
- spot	1,949,148	485,793
- forward	3,376,958	163,524
Total	10,009,015	1,619,934

b. Analysis by forward transactions

	Amount at Dec. 31, 2002	Amount at Dec. 31, 2003	Hedging		Trading		Other
			Micro	Macro	Isolated open position	Specialised portfolio management	
Securities transactions	6,156,539	786,423	53,695	0	0	732,478	250

c. Analysis by market

	Over-the-counter market	Controlled market	Total
Securities transactions	786,423	0	786,423

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	423,722	356,149	6,552	0	786,423

e. Isolated open position transactions

Nil

5. NOTES TO THE CONSOLIDATED STATEMENT OF INCOME (in thousands of EUR)

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

	Amount at Dec. 31, 2002	Amount at Dec. 31, 2003
Non-consolidated subsidiaries and affiliates	6,229	2,435
Other related parties	14,769	7,208
Other long-term investments	21,571	16,798
Total	42,569	26,441

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

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

Nature	Amount at Dec. 31, 2002	Amount at Dec. 31, 2003
Unit trusts and mutual funds (management)	114,812	112,416
Unit trusts and mutual funds (administration)	16,889	9,974
Insurance activity	66,947	52,776
Credit activity	35,529	38,517
Stock exchange activity	22,500	22,451
Purchase and sale of other securities	16,051	11,886
Payment services	107,535	102,172
Safe-keeping fees and services on securities	13,934	15,040
Private and institutional management	2,996	5,983
Transactions on financial instruments	15	(626)
Other financial services	20,322	29,111
Total	417,530	399,700

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

Nature	Amount at Dec. 31, 2002	Amount at Dec. 31, 2003
Unit trusts and mutual funds (management)	11,722	5,513
Insurance activity	7,502	7,755
Credit activity	77,074	31,261
Stock exchange activity	2,344	4,558
Purchase and sale of other securities	2,263	1,762
Payment services	21,162	17,026
Safe-keeping fees and services on securities	8,190	6,153
Private and institutional management	0	2,794
Transactions on financial instruments	6,996	11,661
Other financial services	7,840	7,643
Total	145,093	96,126

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

	Amount at Dec. 31, 2002	Amount at Dec. 31, 2003
Net gains (+/-) and changes in provisions:		
- on trading securities and other financial instruments	33,804	42,091
- on marketable securities available for sale and investment securities	96,775	83,898
- on foreign currency transactions	802	7,468
Total	131,381	133,457

Net changes to allowances and net gains on disposal on securities available for sale are as follows:	Amount at Dec. 31, 2002	Amount at Dec. 31, 2003
- Charges to allowances	(129,840)	(64,185)
- Recoveries of allowances	81,193	111,980
Subtotal	(48,647)	47,795
- Losses on disposal	(225,974)	(221,361)
- Gains on disposal	371,396	257,464
Subtotal	145,422	36,103
Total	96,775	83,898

5.4. EMPLOYEE INFORMATION AND OTHER ADMINISTRATIVE COSTS

	2002		2003	
	Consolidated companies		Consolidated companies	
	Fully	Proportionally	Fully	Proportionally
Employee information				
Average number of employees				
- unskilled	65	0	59	0
- administrative	11,584	552	11,207	4
- management ¹	283	19	297	1
- other	16	0	24	0
Payroll costs				
- salaries and benefits	577,038	12,168	550,690	490
- payroll taxes	169,695	3,472	167,601	0
- contributions to voluntary benefit plans	80,881	490	55,688	0
- other payroll costs	7,782	673	8,968	0
- pension costs	5,790	0	10,007	0
Provisions for pensions				
- dotations (+)	4	106	692	0
- reversals (-)	(1,222)	0	(2,539)	0
Provisions for other retirement commitments				
- provisions for integration costs : dotations				
- dotations (+)	0	0	0	0
- reversals (-)	(25,744)	0	(34,905)	0
Other provisions				
- dotations (+)	9,867	0	11,027	0
- reversals (-)	(6,301)	0	(9,138)	0
Other administrative costs (VIII.b2)				
Other administrative costs	415,275	12,369	413,941	852
Provision for integration costs				
- dotations (+)	0	0	0	0
- reversals (-)	(38,216)	0	(17,007)	0

¹ Senior executives.

5.5. NET LOSSES AND ALLOWANCES FOR LOAN LOSSES AND OFF-BALANCE SHEET ITEMS

(item XI. Statement of income)

	Losses and increase ¹	Gains and recoveries	Total
Customer loans	(140,216)	57,579	(82,637)
Off-balance sheet items	(1,031)	7,987	6,956
Total	(141,247)	65,566	(75,681)

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, 2002		Amount at Dec. 31, 2003	
	Related parties	Other	Related parties	Others
Increase in allowances	0	(6,723)	0	(58,495)
Recoveries of allowances	0	1,173	0	165
Subtotal	0	(5,550)	0	(58,330)
Losses on capital	0	(12,718)	0	(2,179)
Gains on disposal	0	38,693	0	483,916
Subtotal	0	25,975	0	481,737
Total	0	20,425	0	423,407

5.7. OTHER BANKING INCOME AND OTHER BANKING EXPENSE

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

	Amount at Dec. 31, 2003
Net results of other companies	157,094
Other banking income	92,662
Total	249,756

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

	Amount at Dec. 31, 2003
Net results of other companies	(98,437)
Other banking expense	(49,374)
Total	(147,811)

5.8. TAX ON EXCEPTIONAL ITEMS (detail of items XV., XVI. and XVII. Statement of income)

a. Analysis exceptional items

Nil

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

	Amount at Dec. 31, 2002	Amount at Dec. 31, 2003
1. Exceptional income (+)		
A. Adjustments to depreciation and write-downs on intangible and tangible assets	1,845	731
B. Adjustments to write-downs on financial fixed assets	1,173	165
C. Adjustments to provisions for exceptional liabilities and charges	0	14
D. Gain on disposal of fixed assets	168,540	493,672
E. Other exceptional income	0	234
Total	171,558	494,816
2. Exceptional charges (-)		
A. Exceptional depreciation and amortization on formation expense and intangible and tangible fixed assets	(2,788)	(1,319)
B. Write-downs on financial fixed assets	(6,723)	(58,495)
D. Loss on disposal of fixed assets	(14,082)	(4,186)
E. Other exceptional charges	(115)	(270)
Total	(23,708)	(64,270)

c. Tax on exceptional items as defined in the Royal Decree of September 23, 1992

	Amount at Dec. 31, 2003
Current taxes	5,597

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

	Amount at Dec. 31, 2002	Amount at Dec. 31, 2003
Current taxes (item XVII.A.)		
- tax on income for the year	100,982	137,266
- tax on prior years' income	22,199	14,549
Total	123,181	151,815
Deferred taxes (item XVII.B.)		
- allocations to provisions	24,475	5,089
- reversals of provisions	(24,286)	(83,723)
Total	189	(78,634)

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		
Management Board		8,175
Board of Directors		329
Supervisory Board		0
Total		8,504
Amounts, at year-end, of their debts, liabilities in their favor and of other obligations, undertaken on their behalf.		
Management Board		732
Board of Directors		543
Supervisory Board		0
Total		1,275

5.11. GEOGRAPHICAL INFORMATION

a. By enterprise located in

	Net banking income	Operating income before allowances	Net income
Belgium	2,257,742	586,059	905,292
France	5,632	(2,865)	12,584
Luxembourg	14,102	8,748	49,360
Other countries	144,838	78,763	79,659
Total	2,422,314	670,705	1,046,895

b. Breakdown of net banking income according to origin

	Amount at Dec. 31, 2002		Amount at Dec. 31, 2003	
	Belgian operations	Foreign operations	Belgian operations	Foreign operations
I. Interest receivable and similar income	5,474,701	283,508	4,689,822	257,414
II. Interest expense	(3,593,109)	(693,419)	(2,851,064)	(550,047)
III. Income from variable income securities	68,218	8,371	44,241	3,450
A. <i>Equities and other variable income securities</i>	33,344	677	20,425	825
B. <i>Long-term investments</i>	34,874	7,695	23,816	2,625
IV. Commission income	381,532	35,998	361,364	38,336
V. Commission paid	(143,436)	(1,657)	(91,146)	(4,980)
VI. Income from financial transactions	128,955	2,426	119,388	14,069
VII. Other banking income	219,564	5,767	248,631	1,125
X. Other banking expense	(122,994)	(6,042)	(144,018)	(3,793)
XII. Technical and financial margin of insurance activities	277,869	9,814	276,698	12,824

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

Consolidated statement of income (before income appropriation)	Amount at Dec. 31, 2002	Amount at Dec. 31, 2003
I. Interest receivable and other similar income	6,206,966	5,351,991
of which: interest from fixed-income securities	1,983,472	1,571,566
II. Interest payable and similar charges	(4,466,164)	(3,520,871)
III. Income from equity investment securities	93,696	68,287
A. From shares and other equity investment securities	34,020	21,250
B. From participating interests and shares constituting financial fixed assets	59,676	47,037
IV. Commissions receivable	434,032	424,262
V. Commissions payable	(542,980)	(519,205)
VI. Profit (loss) on financial transactions	(455,634)	174,081
A. On trading of securities and other financial instruments	(67,866)	(49,070)
B. On disposal of investment securities	(387,768)	223,151
VII. General administrative expenses	(1,305,821)	(1,243,135)
A. Remuneration, social security costs and pensions	(857,988)	(802,908)
B. Other administrative expenses	(447,833)	(440,227)
VIII. Depreciation and write-downs on formation expenses, intangible and tangible fixed assets	(286,160)	(285,814)
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"	(111,722)	(75,681)
X. Adjustments in write-downs on the investment portfolio of debt securities, shares and other fixed-income or equity investment securities	(48,647)	47,795
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"	185,751	99,175
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"	(55,115)	(32,865)
XIII. Fund for general banking risks	(5,637)	(202)
XIV. Other operating income	1,233,659	1,028,541
XV. Other operating charges	(490,534)	(941,981)
XVI. Profits on normal business activities before tax of consolidated enterprises	385,690	574,378
XVII. Exceptional income ¹	171,559	494,817
XVIII. Exceptional charges ¹	(23,709)	(64,271)
XIX. Profits for the year before tax of consolidated enterprises	533,540	1,004,924
XX. Income taxes	(123,370)	(73,181)
A. Income taxes	(166,450)	(200,081)
B. Tax adjustments and write-backs of tax provisions	43,080	126,900
XXI. Profit of consolidated enterprises	410,170	931,743
XXII. Portion of the result of the enterprises accounted for under the equity method		
A. Results showing profit	69,981	118,660
B. Results showing loss	(56,091)	(3,508)
XXIII. Consolidated profit	424,060	1,046,895
XXIV. Share of minority interests in result	7,845	14,502
XXV. Share of group in result	416,215	1,032,393

¹ 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 ACTIVITY (item XXII. Statement of income)

a. Details of item XXII.

	Amount at Dec. 31, 2002	Amount at Dec. 31, 2003
Interest income	263,855	303,135
Interest expense	(8,303)	(12,713)
Income from variable-income securities	17,107	20,596
Commission income	16,502	24,562
Commission expense	(84,227)	(84,089)
Income from financial transactions	(559,829)	87,950
Other banking income	642,578	(49,919)
Total	287,683	289,522

b. Details of other banking income

	Amount at Dec. 31, 2002	Amount at Dec. 31, 2003
Premiums and contributions received	1,821,552	2,508,697
Premiums and contributions paid	(101,740)	(133,818)
Allowance charges	(359,517)	(822,100)
Adjustments of the technical reserves	(724,349)	(1,681,340)
Other technical income	(14,637)	(17,381)
Other non-technical income	21,269	96,023
Total	642,578	(49,919)

REPORT OF THE BOARD OF AUDITORS ON THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED DECEMBER 31, 2003

March 15, 2004

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 DECEMBER 31, 2003

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, 2003, which have been prepared under the responsibility of the Board of Directors of the Bank and which show a balance sheet total of EUR 161,496,(000,000) and a profit for the year of EUR 1,032,(000,000) group share. We have also reviewed the consolidated Directors' report.

Unqualified opinion on the consolidated financial statements, with explanatory paragraph

We conducted our audit in accordance with the standards of the "Institut des Reviseurs d'Entreprises / Instituut der Bedrijfsrevisoren". 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, 2003 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.

Without amending our unqualified opinion, we nevertheless draw the attention to the note 4.6.c to the consolidated accounts, describing some legal disputes with regard to the share leasing in the Netherlands, the final outcome of which is uncertain at this moment.

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, Finance and Insurance Commission.

March 15, 2004

The board of auditors

PricewaterhouseCoopers
Reviseurs d'Entreprises
represented by

Robert Peirce
Reviser d'Entreprises

Deloitte & Touche
Reviseurs d'Entreprises
represented by

Jos Vlamincx
Reviser d'Entreprises



AGENDA OF THE ORDINARY GENERAL MEETING AS OF APRIL 28, 2004



AGENDA OF THE ORDINARY GENERAL MEETING AS OF APRIL 28, 2004

1. Presentation of the management report of the Board of Directors and the reports of the College of Statutory Auditors for the year 2003, as well as the consolidated financial statements.
2. Resolution to approve the annual financial statements for the year 2003 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.

GENERAL INFORMATION

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ADDITIONAL INFORMATION

Annual report

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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All information on the content 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 be able to resolve your problem. If you cannot obtain satisfaction in this way, you can write to:

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