

An aerial photograph of a snowy landscape. A winding path or road is visible, with several people walking along it. The snow is bright white, and the overall scene is serene and quiet. The path curves through the snow, and the people are small figures in the distance, providing a sense of scale.

# Activity Report **Q1 2007**



**DEXIA**

*no achievement without commitment*



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Activity Report **Q1 2007**

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**PRESS RELEASE**  
**PARIS AND BRUSSELS, MAY 23, 2007, 2:00 P.M.**

**FIRST QUARTER 2007: ANOTHER SET OF SOLID RESULTS**

- Net income – Group share EUR 720 million
- Earnings per share (EPS) EUR 0.62
- Return on equity 21.0%
- Tier 1 ratio at March 31, 2007 9.7%
- Strong commercial activity in all business lines
  - Public Finance long-term commitments EUR 271 billion (+14.1% in one year)
  - FSA net par outstanding USD 391 billion (+10.8% in one year)
  - Personal customers' assets outstanding EUR 134 billion (+5.2% in one year)
  - Assets under management EUR 108 billion (+11.6% in one year)
  - Assets under administration USD 2,428 billion (+22.8% in one year)

- Double-digit growth of underlying net income

<i>in millions of EUR</i>	Q1 2007		Variation Q1 07/Q1 06		
	Reported	Underlying*	Reported	Underlying*	<i>Underlying* at constant exchange rate</i>
Income	1,785	1,756	+0.1%	+9.7%	+11.8%
Gross operating income	859	829	-11.1%	+13.0%	+15.0%
Net income – Group share	720	617	-6.1%	+16.9%	+19.1%

\* i.e. excluding non-operating items; pro forma for Q1 2006.

## I. CONSOLIDATED FINANCIAL STATEMENTS AS OF MARCH 31, 2007

The Board of Directors of Dexia met on May 23, 2007 and approved the Group's financial statements as of March 31, 2007.

**Net income – Group share** amounted to EUR 720 million in the first quarter of 2007. To comment this result appropriately, it must be reminded that important variations in the scope of consolidation took place in 2006, the main ones being the acquisition of DenizBank, the sale of Banque Artesia Nederland, of Dexia Banque Privée France and of the private banking business in the UK. On the basis of today's scope of consolidation, net income – Group share would have been EUR 789 million in Q1 2006 instead of EUR 767 million. Besides, the contribution of non-operating items to the net income – Group share was materially different in the two quarters compared: it was EUR 261 million in Q1 2006 (largely explained by the gain linked to the creation of the joint venture RBC Dexia Investor Services), whilst it was EUR 103 million in Q1 2007 (as analyzed below). Therefore, comparisons hereafter will often bear on "underlying pro forma" numbers so as to be meaningful. As it will be analyzed in more detail below, although the reported net income – Group share went down 6.1% in Q1 2007 compared to Q1 2006, it has strongly increased (+ 16.9%) on the basis of underlying pro forma numbers. By and large, this very good underlying result stemmed from the excellent operating performance of the business lines – particularly Public/Project Finance and Asset Management – despite the negative influence of the foreign exchange on non-euro denominated business. At constant exchange rates, the underlying net income went up 19.1%.

**Total income** amounted to EUR 1,785 million in the first three months of 2007, almost exactly the same amount as in Q1 2006. On the underlying pro forma basis, the progression was +9.7% or EUR +155 million (EUR 1,601 million in Q1 2006, and EUR 1,756 mil-

lion in Q1 2007). All business lines contributed to this progression, very strongly in some cases: respectively EUR +77 million in Public Finance (+12.3%); EUR +16 million in Personal Financial Services (+2.4%); EUR +10 million in Asset Management (+17.2%), EUR +9 million in Investor Services (+10.4%) and EUR +14 million in Treasury and Financial Markets (+8.9%) – see below. It should be noted that this revenue growth was mitigated, to the extent of EUR -35 million, by the negative evolution of the US and Canadian dollars and of the Turkish lira. At constant exchange rates, the increase of the total underlying income would have been +11.8% over Q1 2006 (pro forma).

**Costs** amounted to EUR 926 million in the first quarter of 2007, up 13.2% on a reported basis, but only 6.8% on the underlying pro forma basis (EUR 867 million in Q1 2006 – in the absence of non-operating costs in each quarter). This EUR 59 million underlying variation stems from various sources, in different directions. The main favorable ones are the positive effect of the exchange rates (EUR 20 million), the stability of staff expenses at Dexia Bank Belgium and the progressive phasing out of Dexia Bank Nederland's operations. On the increasing side, we note the costs linked to increasing activities in a number of units (Dexia Insurance Services; the US Securitization unit; staff number increases at RBC Dexia Investor Services, DenizBank, FSA and Dexia SA). Overall, at constant exchange rates, the growth of the cost base would have been +9.2% over Q1 2006 (pro forma), i.e. nearly 3 percentage points below the equivalent progression of revenues.

The **cost-income ratio** stood at 51.9%, in the first three months of 2007, much above the level of the first quarter 2006 (45.9%), in view of the large one-off gain in the latter period, as discussed above. The underlying cost-income ratio stood at 52.8% (compared to 54.2% in the first quarter of 2006 pro forma). This very good progression underscores the virtuous respective evolutions of costs and revenues overall as discussed above and individually as it will be analyzed below for each business line.

### Consolidated statement of income\*

<i>in millions of EUR</i>	Q1 2006	Q1 2007	Variation	Variation underlying pro forma
Income	1,784	1,785	+0.1%	+9.7%
Expenses	(818)	(926)	+13.2%	+6.8%
<b>Gross operating income</b>	<b>966</b>	<b>859</b>	<b>-11.1%</b>	<b>+13.0%</b>
Cost of risk	0	(23)	n.s.	+37.9%
Tax expense	(179)	(93)	-48.0%	-2.7%
<b>Net income</b>	<b>787</b>	<b>743</b>	<b>-5.6%</b>	<b>+17.0%</b>
Minority interests	20	23	+15.0%	+20.9%
<b>Net income – Group share</b>	<b>767</b>	<b>720</b>	<b>-6.1%</b>	<b>+16.9%</b>
Cost-income ratio	45.9%	51.9%	-	-
ROE (annualized)	28.0%	21.0%	-	-

\* Audited statement of income (limited review).

The **gross operating income** amounted to EUR 859 million in the first quarter of 2007, down 11.1% compared to the first quarter of 2006. On the underlying pro forma basis, the gross operating income went up strongly (+13.0%, and +15.0% at constant exchange rates). As will be seen below, the underlying pro forma performances of the business lines have been, this time again, very satisfactory: they came to +17.3% in Public/Project Finance, +7.8% in Personal Financial Services, +18.6% in Asset Management, +8.1% in Investor Services and +5.8% in Treasury and Financial Markets. Note that the gross operating income from the Turkish operations progressed by 16.8% (+32.8% at constant exchange rate).

The **cost of risk** (impairments on loans and provisions for credit risks) stood at EUR 23 million in the first quarter of 2007, compared to a nil charge in the same period of 2006. Excluding the provision movements at Dexia Bank Nederland (see page 22), the underlying pro forma cost of risk increased slightly in the period (EUR 27 million against EUR 20 million in the same quarter of 2006), remaining at a very low level (3.4 basis points on average banking commitments).

**Tax expense** (comprising both current and deferred tax) amounted to EUR 93 million in the first quarter of 2007, compared to EUR 179 million in the same period of 2006. These amounts include non-operating items (detailed on page 22). Without those, the tax charge went from EUR 167 million in Q1 2006 (pro forma), to EUR 162 million in Q1 2007, reflecting a further decrease of the effective tax rate to 20.8% on the basis of underlying results.

**Return on equity** (ROE – annualized) stood at 21.0% (compared to 28.0% in the first quarter of 2006). The decrease is largely explained by the large one-off gain discussed above. Excluding the non-operating items, the ROE would have been 18.0% in Q1 2007 against 18.4% in Q1 2006.

**Earnings per share** (EPS) amounted to EUR 0.62 in the quarter (undiluted), down 12.3% from the first quarter of 2006. It should be noted that the EPS of Q1 2006 (EUR 0.71) has been impacted by several nonrecurring items, among which the gain linked to the creation of RBC Dexia Investor Services and that the EPS of Q1 2007 was impacted by several nonrecurring items discussed elsewhere. Without these elements the (undiluted) EPS would have been respectively EUR 0.47 in Q1 2006 and EUR 0.53 in Q1 2007, i.e. an increase of 13.9% .

**Group tier 1 ratio**<sup>1</sup> stood at 9.7% as of March 31, 2007, compared to 9.8% at the end of 2006. Excluding 50% of the hybrid capital instruments, the ratio stood at 9.2% as of March 31, 2007, unchanged from its level as of December 31, 2006, and slightly above target.

<sup>1</sup> For the calculation of the solvency ratio in 2007, the treatment of qualified participations in banking and insurance institutions remains the same as in 2006, being the deduction of the total regulatory equity.

## II. ACTIVITY AND UNDERLYING RESULTS OF THE BUSINESS LINES

*Since January 1, 2007 the Insurance Services segment – which was handling the production of the insurance products when other business lines were distributing them – does no longer exist. It has been reallocated to the business lines concerned by the operations realized, introducing this way 100% of the insurance results to Public/Project Finance and Credit Enhancement and Personal Financial Services. 2006 figures are pro forma.*

### 1. PUBLIC/PROJECT FINANCE AND CREDIT ENHANCEMENT

#### Activity

Long-term commitments posted a very satisfying 14.1% year-on-year increase overall (+14.8% at constant exchange rates), reaching EUR 270.8 billion at the end of the first quarter of 2007.

Of this amount, commitments to the local public sector represented EUR 236.5 billion, a 12.4% increase in one year (13.1% at constant exchange rates). New originations in this sector were up 15.8% (20.8% at constant exchange rates). A particular dynamism has been observed in the United Kingdom, Germany and in Japan, where Dexia is realizing a very good start since obtaining its banking license last November.

On the corporate and project financing side, long-term commitments were up 27.7%, (28.1% at constant exchange rates) to EUR 34.3 billion, with noticeable progressions in France and Iberia among others.

Regionally, the commercial performances were as follows:

#### • In Europe

- **Belgium:** long-term commitments reached EUR 31.7 billion at the end of March 2007, up 2.0% in one year. The originations increased by 15.4% quarter over quarter, a performance notably observed in the social profit segment, confirming the favorable trend initiated last year. Municipal finance market remains relatively slow due to the recent local elections. Corporate business continues performing very well.

- **France:** long-term commitments reached EUR 62.2 billion, up 7.7% in one year, a remarkable increase given the position of Dexia in this historic market. The Housing and Social sectors realized notably a very good performance. In project finance, Dexia confirmed a very dynamic trend, with new originations reaching EUR 237 million during the quarter.

- **Luxembourg:** total long-term commitments posted a very satisfactory increase of 13.1%, to EUR 2.1 billion.

- **United Kingdom:** total commitments went up 32.9% in EUR equivalent and 29.4% in GBP, at GBP 6.2 billion at March 31, 2007. The impact of the sharp competitive conditions in the local authorities sector was offset by a very buoyant trend in social housing. Dexia continued developing very well in the PFI sector, with a lead arranger role for instance in a Social housing financing for Manchester City Council during the first quarter of 2007.

- **Italy** has recorded a very active first three months period, with commitments reaching EUR 36.7 billion at March 31, 2007, up 8.5% in one year. This performance is mainly achieved on public sector. Activity levels were strong for public sector originations, at EUR 415 million. In the project finance area, even if decreasing compared to the first quarter of 2006 – during which a large railway infrastructure transaction took place –, the activity was good during the first quarter of 2007 with lead arranger roles in the financing of solar power plants (Solar Ventures) and in the Healthcare sector (Legnano Hospital).

- **Iberia:** total long-term commitments were up 18.0% over the first quarter of 2006, to EUR 9.3 billion. The level of new activity is not expected to be very high in the municipal sector in 2007 due to local elections. In project finance, Dexia Sabadell posted a very strong progression, notably in the renewable energy and infrastructure sectors: Dexia Sabadell arranged among others the

financing of the biggest solar energy plant in the world (Fotowatio in Spain).

- **Germany** recorded a very good quarter, with total commitments increasing by 16.9% to EUR 31.6 billion. In the municipal sector, the activity of debt management keeps developing very well, confirming the steady growth already experienced in 2005 and 2006. More recently, Dexia started its Structured finance activities in Germany with a sale and leaseback transaction for the city of Hamburg (EUR 27 million) and a participation in the financing of a coal-fired power plant in Duisburg (EUR 28 million).

- **Central and Eastern Europe:** total commitments showed a strong increase of 49.5% to EUR 5.3 billion, as a consequence of the very strong origination activity all over 2006, based both on the public sector (notably sovereign risk) and the corporate and project finance activities. New originations totalled EUR 267 million in the first quarter of this year. The steady development of financial engineering in Slovakia and the Czech Republic is to be noted. On the corporate and project finance side, Dexia participated during the first quarter to the financing of the Belchatow energy plant in Poland and of the Maritza I energy plant in Bulgaria.

### Long-term commitments – Public/Project Finance

<i>in billions of EUR</i>	March 31, 2006	March 31, 2007	Variation	Variation at constant exch. rate
<b>Europe</b>				
Belgium	31.1	31.7	+2.0%	+2.0%
France	57.7	62.2	+7.7%	+7.7%
Luxembourg	1.9	2.1	+13.1%	+13.1%
United Kingdom	6.9	9.2	+32.9%	+29.4%
Italy	33.8	36.7	+8.5%	+8.5%
Iberia (Spain & Portugal)	7.9	9.3	+18.0 %	+18.0 %
Germany	27.0	31.6	+16.9%	+16.9%
Central and Eastern Europe	3.5	5.3	+49.5 %	+49.5 %
Sweden	3.5	3.8	+9.4%	+8.3%
Turkey	1.2	1.3	+14.2%	+28.8%
<b>America</b>	43.5	46.8	+7.4%	+18.1%
<b>Asia and other countries</b>				
Japan	0	3.2	n.s.	n.s.
Other <sup>1</sup>	19.3	27.7	+43.5%	+54.5%
<b>Total</b>	<b>237.3</b>	<b>270.8</b>	<b>+14.1%</b>	<b>+14.8%</b>

<sup>1</sup> "Other" includes the activities of the Pacific area, Israel, Switzerland, Mexico as well as the transactions carried out by head office in countries where the Group has no direct presence.

- **Turkey** increased its commitments by 14.2% in one year, to EUR 1.3 billion as of March 31, 2007 (the increase is 28.8% in local currencies). First quarter activity related mainly to corporate lending, taking advantage of the very positive developments of the Turkish economy, but also to project finance. In this activity, the impact of the revenue synergies stemming from the fact that DenizBank is now part of Dexia, is showing rapidly, especially in the Telecom sector: Dexia and DenizBank participated in the financing of the acquisition of Turk Telecom by the Ojer Group and in the financing of the strategic investments of Turkcell.

#### • In America

In an increasingly competitive market, total commitments posted a 18.1% progression in dollars over the first quarter of 2006, to USD 62.2 billion. The long-term commitments growth was only 7.4% in euros due to exchange rate effect, at EUR 46.8 billion. The underwriting of the financing of the acquisition of terminals of the New York and Vancouver harbours (final take – USD 125 million) along with a lead arranger role in the Calgary Ring Road project in Canada (final take – USD 59 million – wrapped loan) should be mentioned in the Project finance area.

#### • In Asia and other countries

- **Japan:** Dexia Tokyo branch realized a very promising start with new originations of EUR 1.4 billion in the first quarter 2007 bringing long-term commitments to EUR 3.2 billion at March 31st. A EUR 125 million loan was granted to Hyogo prefecture and two primary transactions were closed with the prefectures of Yamagata and Okayama.

- The activity recorded in **other countries and carried out from head offices** kept increasing at a very satisfying pace, with long-term commitments up 43.5%, at EUR 27.7 billion. Of note, Japan is accounted for on a separate basis since January 1, 2007 (the local branch obtained a banking license in November 2006). The segment Other countries includes for the time being Switzerland, where Dexia opened in October 2006 a foreign bank representation in Geneva. In this country, originations reached EUR 322 million realized exclusively with local authorities. Of note, Dexia took EUR 77 million in the financing of the Geneva International Airport. Australia, also included in Other countries, recorded a very buoyant activity and a very satisfying increase of 66.1%, to EUR 498 million. Dexia took part in the financing of a toll highway in Melbourne for an amount of AUD 50 million.

The **debt management** activity was really buoyant in the first three months of the year, reaching EUR 4.2 billion, an increase of 20.0% over the same period of 2006.

**Short-term loans** stood at EUR 18.6 billion slightly down compared to the end of March 2006.

**Assets under management** for the business line's customers are still experiencing a very good increase. The amount of assets under management increased by 17.1% in one year to EUR 35.5 billion, with a special mention for France: +30.8% and Italy: +121.5%.

**Insurance services (excluding FSA).** Dexia Sofaxis collected EUR 331 million in the first quarter of 2007, a stable level compared to the same period of 2006.

**FSA** posted a very good first quarter with USD 197 million of gross present value originations, a raise of 56% on the same period of 2006.

In the **municipal business**, gross present value originations reached USD 91 million in the first three months of the year, up 9.8% compared to one year ago.

In the United States, municipal issuance reached a very high USD 107 billion during the first quarter, up 53% compared to last year. Both new money and refunding activity increased in an environment of very low interest rates and a flat yield curve. Insurance penetration reached 52%, compared to 49% for all of 2006. In this very active but increasingly competitive market, FSA grew its market share to 25% (20% in the first quarter of 2006), and collected USD 74 million gross present value premiums (+36% compared to the first quarter of 2006).

In the rest of the world, FSA originated USD 17 million of gross present value premiums during the first quarter. This is on the low side, but the activity in the Infrastructure and PFI markets is lumpy. At the present time, FSA's pipeline looks good.

The **ABS** sector benefited from improved business conditions. The recent subprime mortgage crisis in the US caused a slight widening of the spreads in the residential mortgage-backed securities segment. FSA, which had voluntarily stayed away from certain types of products for several months, judging they did not provide a proper risk reward, saw at least opportunities to do business in better commercial conditions. The quarter was also very active in the CDO/CLO area providing FSA with good opportunities. Originations reached USD 80 million at the end of March, almost three times higher than during the same period in 2006.

As far as **financial products** are concerned, USD 27 million of gross present value was created, a 78% increase in one year, demonstrating FSA's ability to take advantage of good investment opportunities.

## Underlying\* results – Public/Project Finance and Credit Enhancement

<i>in millions of EUR</i>	Q1 2006	Q1 2007	Variation	Variation at constant exchange rate
Income	629	706	+12.3%	+15.6%
Expenses	(217)	(224)	+2.9%	+6.0%
Gross operating income	412	483	+17.3%	+20.7%
<b>Net income – Group share</b>	<b>278</b>	<b>344</b>	<b>+23.8%</b>	<b>+27.9%</b>
Cost-income ratio	34.5%	31.6%	-	-
ROEE**	25.7%	25.8%	-	-

\* i.e. excluding non-operating items; pro forma for Q1 2006.

\*\* Return on economic equity, annualized.

### Underlying results

**Net income – Group share** for the first three months of the year 2007, amounted to the very good level of EUR 344 million, posting a 23.8% increase. This performance, sustained by a very good commercial activity, was mitigated by the foreign exchange impact, as the US dollar value was on average 9.2 % lower in the first quarter of 2007 than in the same period of 2006. At constant exchange rates (USD, TRY), the net income - Group share would have gone up by 27.9%.

Total **income** of the business line amounted to EUR 706 million, up 12.3% over the first quarter of 2006 (+15.6% at constant exchange rates). This very satisfying result stems largely from the very strong increase of the book of business in public and project finance in most of the European countries, and by the very good start of the Japanese branch. Some large transactions had also a visible impact on the revenues of the quarter, either because they generated sizeable upfront commissions, or because of “day-one-profit” treatment under IFRS.

**Costs** stood at EUR 224 million for the first three months of the year, up 2.9% in one year. This moderate increase is quite remarkable, keeping in mind the high level of activity during the period. At FSA, the resumption of the CDOs activity – where the costs are largely recognized upfront – contributed to the increase of expenses, but this – as well as the rest of Dexia’s business in America – was mitigated by the exchange rate evolution. At constant exchange rates, total costs of the business line would have gone up by 6.0% (i.e. nearly 10 percentage points less than revenue growth).

**Gross operating income** reached EUR 483 million, a very strong increase of 17.3% (+20.7% at constant exchange rates) over the first quarter of 2006 (pro forma). Of note, the contribution from the Turkish operations to this business line grew by 47.6% (+61.5% at constant exchange rates).

The business line’s **cost-income ratio** thus went down from 34.5% to 31.6%.

The **cost of risk** for the first three months of 2007 remained stable (EUR 9 million), at historically low levels.

The **return on economic equity** (ROEE) in the first quarter, stood at 25.8% (annualized).

## 2. PERSONAL FINANCIAL SERVICES

### Activity

The first quarter of 2007 was marked by a fluctuating stock market environment combined to a flattening of the yield curve leading short-term products to become more attractive. In this context, total customer assets increased since the beginning of the year by EUR 2.4 billion (+1.8%) and amounted to EUR 133.8 billion. In one year, customer assets increased by EUR 6.6 billion (+5.2%).

Overall, on-balance-sheet customer assets stood at EUR 57.3 billion as of March 31, 2007, up 4.8% from a year ago. Off-balance-sheet assets reached EUR 63.0 billion at the end of the first quarter 2007, up 3.7% from a year ago. Life insurance reserves were EUR 13.5 billion as of March 31, 2007, up 14.8% from a year ago.

In **retail banking**, customer assets reached EUR 87.1 billion as of March 31, 2007, up 1.1% in three months (or EUR +1.0 billion). The quarter was marked by a decrease in savings bonds and in savings accounts. Of note, the whole industry experienced divestments in this latter product. On the contrary, and reflecting the shift occurred in the market, term deposits and bonds issued by the Group increased significantly (respectively by 18.8% and 8.6% in three months). Finally, life insurance products continued to progress (+0.8% in three months),

with a contrasted situation between unit-linked products (-3.9%) and guaranteed products (+4.6%). Concerning the operations in Turkey, it is worth mentioning that investment products increased by a robust 23.2% in one year, with notably sight accounts volumes up 32.6% to TRY 872 million.

**Private banking** customer assets were standing at EUR 46.7 billion as of March 31, 2007, up 3.2% in three months and 12.5% from a year ago. In three months, the deposits outstanding increased strongly by 9.3%, a trend reflecting the strong appetite of customers for term deposits products in Belgium and Luxembourg as well. Insurance products are up 9.9% in one quarter and up 34.3% in a year. Dexia Epargne Pension had a positive contribution on this insurance production.

As of March 31, 2007, **loans to retail and private customers** reached EUR 34.4 billion, up 3.0% during the first quarter of 2007 and up 14.0% in one year. This increase was experienced in all segments of the lending activity but especially with private banking customers. The mortgage activity was up 1.8% in three months with Dexia Bank Belgium notably developing new offers with a view to move away, as much as possible from sheer price competition. In Turkey, loans to SMEs and self employed raised by 81% in one year, while the mortgage activity is experiencing a good start, with volumes up 44%.

### Customer assets (at quarter end)<sup>1</sup>

<i>in billions of EUR</i>	March 2006	June 2006	Sept. 2006	Dec. 2006	March 2007	Variation March 2007/ Dec. 2006	Variation March 2007/ March 2006
Balance-sheet products							
<i>(Deposits, savings bonds...)</i>	54.7	56.3	55.7	55.9	57.3	+2.6%	+4.8%
Off-balance-sheet products							
<i>(Mutual funds, securities...)</i>	60.8	58.7	61.6	62.6	63.0	+0.7%	+3.7%
Insurance							
<i>(Life insurance technical reserves)</i>	11.7	12.1	12.6	12.9	13.5	+4.2%	+14.8%
<b>Total customer assets</b>	<b>127.2</b>	<b>127.0</b>	<b>129.8</b>	<b>131.4</b>	<b>133.8</b>	<b>+1.8%</b>	<b>+5.2%</b>
<i>of which retail banking</i>	85.7	85.2	85.5	86.1	87.1	+1.1%	+1.6%
<i>of which private banking</i>	41.5	41.8	44.4	45.2	46.7	+3.2%	+12.5%

### Customer loans (at quarter end)<sup>1</sup>

<i>in billions of EUR</i>	March 2006	June 2006	Sept. 2006	Dec. 2006	March 2007	Variation March 2007/ Dec. 2006	Variation March 2007/ March 2006
Mortgage loans to retail customers	17.2	17.9	18.4	18.8	19.2	+1.8%	+11.6%
Consumer loans to retail customers	3.1	3.3	3.4	3.5	3.6	+1.7%	+14.4%
Loans to SMEs and the self-employed	6.7	7.1	7.2	7.4	7.7	+3.7%	+14.5%
Loans to Private banking customers	3.2	3.6	3.7	3.7	4.0	+9.3%	+25.2%
<b>Total customer loans</b>	<b>30.2</b>	<b>31.8</b>	<b>32.6</b>	<b>33.4</b>	<b>34.4</b>	<b>+3.0%</b>	<b>+14.0%</b>

<sup>1</sup> Pro forma as Banque Artesia Nederland (left the Group in Q4 2006) and Dexia Banque Privée France (expected to leave the Group in Q2 2007) are not included in the scope anymore. The above amounts include DenizBank and some insurance companies which were previously accounted for in the segment "Insurance Services", now integrated in the distribution business lines. Moreover, the definition of some products was fine-tuned, which conducted to slight adjustments.

## Underlying\* results – Personal Financial Services

<i>in millions of EUR</i>	Q1 2006	Q1 2007	Variation	Variation at constant exchange rate
Income	658	674	+2.4%	+4.2%
Expenses	(461)	(461)	+0.1%	+1.9%
Gross operating income	197	213	+7.8%	+9.8%
<b>Net income – Group share</b>	<b>146</b>	<b>160</b>	<b>+10.0%</b>	<b>+11.3%</b>
Cost-income ratio	70.0%	68.4%	-	-
ROEE**	28.1%	28.4%	-	-

\* i.e. excluding non-operating items; pro forma for Q1 2006.

\*\* Return on economic equity, annualized.

### Underlying results

The **net income – Group share** for the first three months of 2007 amounted to EUR 160 million, up 10.0% compared to the same period of 2006, and up 11.3% at constant exchange rates. This new progression in underlying profitability was achieved thanks to increasing revenues in a competitive environment, and owing to the tight cost control and a decreasing effective tax rate.

Total **income** in the first quarter of 2007 stood at EUR 674 million, up 2.4% compared to the first quarter of 2006 (+4.2% at constant exchange rates). This increase came from a contrasted environment, both geographically and by nature of activities. In Belgium and Luxembourg, the revenue growth (EUR +10 million) largely stemmed from the good performance of the insurance activities, whilst the savings and loans activities kept experiencing the pressure of competition. In Turkey, the revenues amounted to EUR 85 million in the quarter, and the increase came to EUR 6 million (+7.8%) in euros equivalents, but it was much higher at constant exchange rate (+23.2%).

**Costs** amounted to EUR 461 million for the first quarter of 2007, the same level as in the first quarter of 2006 (+0.1%). This good situation reflects different evolutions: i) a noticeable EUR 8 million decrease in the Belgian operations, due among other, to the closure of 6 branches during the quarter (bringing the total number of branches at 1,013), mitigated by ii) staff cost increases in Turkey.

As a result, **gross operating income** came up 7.8% quarter on quarter, and stood at EUR 213 million. At constant exchange rates, the growth was +9.8%.

The **cost-income ratio** continued to improve to reach 68.4% versus 70.0% for the same period of last year.

**Cost of risk** increased at EUR 18 million this quarter, a EUR 4 million progression split equally between Turkey and Belgium, bearing in mind that the charge in the latter country was very low in the first quarter of 2006.

The **return on economic equity** (ROEE) thus reached 28.4% (annualized) for the first quarter of 2007, up from 28.1% for the same period in 2006.

## 3. ASSET MANAGEMENT

### Activity

**Assets under management** reached EUR 108.4 billion as of March 31, 2007, up 11.6% in one year and 3.1% in one quarter. Since the end of March 2006, the EUR 11.2 billion increase is the result of the very satisfactory organic growth (EUR +6.4 billion) and positive market effects in the period (EUR +4.8 billion). The institutional mutual funds experienced the most satisfactory progression, with assets under management getting to EUR 26.6 billion, up 26.9% since March 31, 2006. In three months, the increase was 7.9%, with net new cash largely pulled by hedge funds activity. A similar evolution can be seen with the institutional mandates reaching EUR 29.8 billion, a EUR 5.3 billion or +21.5% growth in one year. Of note, the new cash stemming from those mandates in the first quarter of 2007 came for the largest part from insurance companies. Finally, in one year, the volumes of the private mandates grew by 12.9%, while the evolution of the retail funds was almost flat. As of March 31, 2007, total assets under management distributed by the Institutional Sales Teams of Dexia Asset Management amounted to EUR 48.5 billion, a EUR 3.1 billion increase compared to the previous quarter. Nearly half of the net new cash raised by those teams came from France and one third from Spain and Portugal.

### Underlying results

The Asset management business had a very good start in 2007, with **net income – Group share** amounting to EUR 31 million, up 29.6% compared to the first quarter 2006.

Total **income** went up 17.2% (or EUR +10 million) to EUR 69 million, a very robust progression stemming from a strong level of management fees (+32% or EUR +14 million) linked to the 12% increase of the volumes under management and despite the fact that the performance

## Underlying\* results – Asset Management

<i>in millions of EUR</i>	Q1 2006	Q1 2007	Variation	Variation at constant exchange rate
Income	59	69	+17.2%	+17.2%
Expenses	(31)	(36)	+15.9%	+15.9%
Gross operating income	28	33	+18.6%	+18.6%
<b>Net income – Group share</b>	<b>24</b>	<b>31</b>	<b>+29.6%</b>	<b>+29.6%</b>
Cost-income ratio	53.0%	52.4%	-	-
ROEE**	215.0%	196.1%	-	-

\* i.e. excluding non-operating items; pro forma for Q1 2006.

\*\* Return on economic equity, annualized.

fees – which vary from quarter to quarter as they are only received by the end of the financial calendar of the fund concerned – went down EUR 6 million compared to Q1 2006.

**Costs** are up (+15.9% in one year, or EUR +5 million), in conjunction with staff headcounts increased (+85 full-time employees in one year) and increasing IT expenses. Despite the increase in absolute terms, the cost per unit of asset managed remained with 13 basis points in the lower range of the industry.

## 4. INVESTOR SERVICES

### Activity

Total *assets under administration* by RBC Dexia Investor Services amounted to USD 2,428 billion at the end of March 2007. This represents a 22.8% increase over the year and a 6.0% increase in three months, thanks notably to a strong organic growth on existing and on new clients but also because of the good performance of the stock exchange. In euro terms, this progression mitigated by the strengthening of the EUR against the US and Canadian dollars (+5.0% in three months and +12.0% in one year). Of note, in March 2007, the company was named “#1 Global Custodian in the World” by R&M Consultants 2007 Global Custody Survey for the third consecutive year.

In the *transfer agent* activity, the number of shareholder accounts rose by 300,000 (+4.7%) over the quarter and 665,000 (+11.0%) over the year. Those very solid figures shows the high performances of RBC Dexia Investor Services notably named “transfer agent of the year” at the ICFA European Awards 2007. This award marks the fourth consecutive year that the company is recognized for its transfer agency services at the prestigious awards ceremony.

The number of *funds under administration* has grown by 20.5% (+821 funds) in one year and 3.0% (+140 funds) over the quarter due to the strong organic growth and notably one very large new client.

### Underlying results

**Net income – Group share** stood at EUR 23 million, up 11.9% or 21.9% at constant exchange rates.

Total **income** went up 10.4% (EUR +10 million), to EUR 99 million and would have been EUR +18 million higher than in Q1 2006 (+19.9%) without the unfavorable exchange impact. The volume growth with existing clients, the acquisition of new customers and the good stock market performances together pulled up net interest, commission and foreign exchange revenues.

## Underlying\* results – Investor Services

<i>in millions of EUR</i>	Q1 2006	Q1 2007	Variation	Variation at constant exchange rate
Income	89	99	+10.4%	+19.9%
Expenses	(59)	(65)	+11.6%	+21.0%
Gross operating income	31	33	+8.1%	+17.8%
<b>Net income – Group share</b>	<b>20</b>	<b>23</b>	<b>+11.9%</b>	<b>+21.9%</b>
Cost-income ratio	65.6%	66.3%	-	-
ROEE**	61.6%	51.9%	-	-

\* i.e. excluding non-operating items; pro forma for Q1 2006.

\*\* Return on economic equity, annualized.

**Costs** stood at EUR 65 million, a EUR 6 million increase (EUR 12 million at constant exchange rates) compared to the first quarter of 2006. A large part of this rise is explained by the activity increase, particularly in the labor intensive central administration activities. This element, added to some other atypical elements such as extra expenses on marketing and public relations, IT enhancements and the move to new premises in Luxembourg explain more than half of the increase.

The **cost-income ratio** thus stood at 66.3% in the first quarter of 2007, a rather small increase compared to the level reached one year ago (65.6%).

## 5. TREASURY AND FINANCIAL MARKETS (TFM)

### Activity

In the **Group Treasury** segment, the teams in charge of the long and short term funding and the management of liquidity had again a very active quarter. The long-term bonds issued (2 years and more) represented a total of EUR 9.0 billion for the first quarter of 2007 (EUR 8.9 billion in 2006). The bulk of this amount (69%) bears the AAA signature of Dexia Municipal Agency and the pfandbriefe issued by Dexia Kommunalbank Deutschland. The average life of the new issuances remained stable at 8.2 years (compared to 8.1 years in the previous year), while the cost of the new issues continued to be very attractive. The private placements represented 39% of the total issuance volumes in 2007, of which 57% by the AAA issuers, in a still rather difficult market environment for the AA issuers. The public placement activity was important, with almost 47% of the total issuances of the Group. Finally, it should be noted that a specialized marketing team managed to increase significantly the deposits received from central banks and supranational institutions, with outstandings multiplied by three in a three year time, up to EUR 30 billion.

The **Fixed Income** segment manages the Credit Spread Portfolio and runs the Securitization, Sales and Structured Finance teams. It also contributes to the development of the Public Sector Debt Origination and related Portfolio Management activities. In the Credit Spread Portfolio (CSP) activity, the new investments represented EUR 5.1 billion during the first quarter of 2007, bringing the Credit Spread Portfolio to EUR 75.6 billion as of March 31, 2007. The new transactions were concluded at attractive returns and investments were concentrated on sectors which are future Basel II winners such as covered bonds, ABS/MBS or Negative Basis Trades. Of note, the exposures were largely made on financials. Despite the increase of the portfolio, the risk-weighted asset level has remained almost unchanged since the beginning of the year. About 99% of the portfolio is rated "investment grade" and 78% is rated AA- or better, and the investment lines are

mostly classified as available-for-sale (93%). Concerning securitization where Dexia acts as an advisor, arranger and/or underwriter, the business performed well in Europe with already three underwritings during the first quarter. In the United States, where the securitization activities consist essentially in originating commercial mortgage loans before securitizing them, the team managed to conclude its largest securitization to date at a very attractive return.

**Market Engineering and Trading** regroups all competences in the supply of structured products to the retail/private banking clients and to the public sector clients. It also manages the sectors of interest rates, foreign exchange and equities. The Public Finance Market Engineering segment was buoyant with a very successful structuring and hedging desks. In the equities activity, the teams, both in Paris (Dexia Securities France) and Brussels, performed satisfactorily.

Finally, it should be reminded that TFM is not only a strong revenue generator on its own, but also an important support unit for the other business lines and for the Group as a whole regarding balance-sheet management. As such, the amount of indirect revenues stemming from this close cooperation which are booked in the other business lines is estimated to be EUR 141 million in the first quarter of 2007 (against EUR 103 million in the same period of 2006).

### Underlying results

First quarter 2007 **net income – Group share** amounted to EUR 96 million, a robust 10.7% increase (+14.5% at constant exchange rates) despite the record high level reached in the first quarter of 2006. This good performance was largely pulled by the Fixed Income and the Market Engineering and Trading (MET) segments, while the Treasury activities experienced a decrease.

The **income** amounted to EUR 176 million, up 8.9% year on year and 11.8% at constant exchange rates. The largest contributor was Fixed Income (63% of total), while the remaining (37%) is nearly equally split between the two other segments. In the Fixed Income segment, every activity contributed to the income progression and more especially the CSP and the Securitization desks. CSP which accounts for 65% of the Fixed Income segment income was largely pulled by the important volumes invested in the previous quarters, with outstanding increasing by 12% in one year. Concerning Securitization, it should be noted that the US activity performed particularly well, accounting for EUR 3 million to the increase. The Market Engineering and Trading activity performed also very well (EUR +7 million) with the Equities desk realizing almost 80% of the progression, thanks to the good performances of the brokerage activities at Dexia Securities France and derivatives in Brussels. Of note, the MET performance has to be analyzed in parallel with the increase of tax expense, as discussed in previous earnings releases. Finally, the Treasury segment experienced a decrease

## Underlying\* results – Treasury and Financial Markets

<i>in millions of EUR</i>	Q1 2006	Q1 2007	Variation	Variation at constant exchange rate
Income	161	176	+8.9%	+11.8%
Expenses	(43)	(51)	+17.3%	+19.4%
Gross operating income	118	125	+5.8%	+9.0%
<b>Net income – Group share</b>	<b>86</b>	<b>96</b>	<b>+10.7%</b>	<b>+14.5%</b>
Cost-income ratio	26.8%	28.9%	-	-
ROEE**	30.3%	27.3%	-	-

\* i.e. excluding non-operating items; pro forma for Q1 2006.

\*\* Return on economic equity, annualized.

of its revenues quarter-to-quarter due to the interest rates environment during the quarter.

**Costs** went up EUR 8 million quarter on quarter to EUR 51 million in Q1 2007. Of note, a significant part of this increase stemmed from the new activity in Japan, the expansion of TFM in London, and a business volume effect.

The **gross operating income** thus increased to EUR 125 million (+5.8% year on year, and +9.0% at constant exchange rates).

The **cost-income ratio** reached a satisfactory 28.9% level, well under the full year 2006 level (32.7%) and despite an important increase of the staff numbers.

The **tax expense** decreased from EUR 30 million in the first quarter of 2006 to EUR 27 million in the first quarter of 2007. This 9.9% tax decrease is largely explained by the effect of arbitrage products (which embed cash and derivative instruments whose change in value may cause simultaneously both increased revenues and taxes at times, or reduced revenues and taxes at other times) in the MET segment.

The **return on economic equity (ROEE)** remained at the high level of 27.3% (annualized).

## FOCUS ON INSURANCE ACTIVITIES

Since January 1, 2007, a new segmentation has been introduced: the results of Insurance activities are now allocated respectively to Public/Project Finance (15%) and to Personal Financial Services (85%).

This focus on the Insurance activities complements the comments made before on these two business lines. The scope of the Insurance activities includes Dexia Insurance Services (DIS) and Global Hayat in Turkey and excludes FSA and the brokerage specialist Dexia Sofaxis. Insurance activities represent about 7% of the total net income – Group share of the Group.

Total gross premiums collected in the first quarter of 2007 reached EUR 1,030 million, of which premiums generated by life insurance activity represented 87% and nonlife 13%.

With 90% of total premiums written, Personal Financial Services is the leading generator in the Group. Public/Project Finance collects the remaining 10% among the institutional clients, local authorities and other local public sector organizations.

The commercial activity was very strong in life insurance (premiums up 10.0%), while nonlife premium growth was lower (+3.2%).

In life insurance, the increase stemmed from Branch 21 products (+18.3%). The good trend in life insurance is mainly attributable to: i) the success of two new products at Dexia Bank Belgium, ii) the increasing business at Dexia Epargne Pension (+9.9%), which is all the most satisfactory as the French life insurance market underwent a 7% drop since the beginning of 2007, and iii) the good progression at Dexia Life & Pension (+45.4%). Of note, production in Branch 23 came below last year's level which was influenced by a commercial

incentive program in Belgium in Q1 2006. Geographically, 68% of life insurance premiums were collected in Belgium and the balance came essentially from France and Luxembourg.

Nonlife activity strongest growth is observed in the automotive sector of the DVV network, and the Dexia Home & Family product sold through Dexia Bank Belgium network. To recall, the nonlife premium progression was mitigated by the sale of Flexia in the third quarter of 2006.

Premiums collected in Public/Project Finance decreased from EUR 121 million to EUR 103 million as a result of investors lesser appetite for long term investments in the current yield curve configuration. Consequently, the increase was realized in Personal Financial Services (+12.6% or EUR 104 million), of which 70% is attributable to Dexia Bank's network, and 30% to Dexia Epargne Pension and Dexia Life & Pension.

In Q1 2007, DIS experienced a remarkable progression and generated EUR 106 million of revenues (+15.3% on Q1 2006). The financial revenues increased by EUR 36 million compared to the first quarter 2006 level, as a result of higher outstanding in life products and of gains crystallized in anticipation of the March stock exchange. Expenses went up 7.8% to EUR 59 million and reflect i) higher staff numbers in the French and Luxembourg subsidiaries, linked to the business developments; ii) higher IT expenses as investments on some projects are progressing; and iii) more fees paid to the DVV network in line with the higher production (+4.4%) in nonlife. The net income – Group share reached EUR 45 million, a very satisfying 22.3% progression in one year.

### TOTAL GROSS WRITTEN PREMIUMS

<i>in millions of EUR</i>	Q1 2006	Q1 2007	Variation
<b>Total premiums (by type)</b>	<b>945</b>	<b>1,030</b>	<b>+9.1%</b>
Nonlife	127	131	+3.2%
Life	818	899	+10.0%
<i>Branch 21 (classical life included)</i>	666	788	+18.3%
<i>Branch 23 (unit-linked contracts)</i>	115	98	-14.9%
<i>Branch 26 (guaranteed/public sector)</i>	37	14	-62.8%
<b>Total premiums (by segment)</b>	<b>945</b>	<b>1,030</b>	<b>+9.1%</b>
<i>Public/Project Finance (PPF)</i>	121	103	-14.9%
<i>Personal Financial Services (PFS)</i>	823	927	+12.6%

### UNDERLYING RESULTS OF DEXIA INSURANCE SERVICES

<i>in millions of EUR</i>	Q1 2006	Q1 2007	Variation	<i>of which life insurance</i>		
				Q1 2006	Q1 2007	Variation
Revenues	92	106	+15.3%	53	71	+33.6%
Expenses	(55)	(59)	+7.8%	(21)	(24)	+12.3%
Tax expense	(1)	(2)	n.s.	0	(2)	n.s.
<b>Net income – Group share</b>	<b>37</b>	<b>45</b>	<b>+22.3%</b>	<b>31</b>	<b>45</b>	<b>+43.8%</b>

### III. CENTRAL ASSETS AND NON-OPERATING ITEMS

As one of the analytical segments in the organization, "Central Assets" mainly records the revenues on excess capital, corporate holdings (dividends, capital gains/losses) and currency hedging contracts. "Central Assets" also allocates economic capital to the business lines which receive notional interest thereon, charged to Central Assets. On the cost side, the segment registers those costs that cannot be attributed to a specific business line. Since January 1, 2005, Central Assets also includes all the results of the share-leasing activities at Dexia Bank Nederland. Besides, management has chosen to isolate those items which have an influence on the published financial statements, but which, by their nature, render the interpretation of the true underlying trends difficult. This is why the "nonrecurring items" such as one-off capital gains or losses, are isolated and described in detail on page 22 of the Activity Report. And since the introduction of IAS 32&39 in 2005, the variations of income caused by the marking to market of FSA's CDS portfolio (see page 22) are also considered "non-operating".

The table below summarizes the aggregate contribution of Central Assets and non-operating items to Dexia's results.

In the first quarter of 2007, the contribution to the net income Group share of all the components described above, was EUR +66 million, compared to EUR +234 million in the equivalent period of 2006 pro forma. This stems from various factors impacting almost all the lines of the statement of income, as follows:

Concerning total **income**, the decrease from EUR 269 million in Q1 2006 (pro forma) to EUR 62 million in Q1 2007 (a EUR -207 million variation) is mainly explained by a number of factors as follows:

- the mark-to-market of FSA's CDS portfolio was EUR 24 million in Q1 2006 versus EUR -9 million in Q1 2007 (a EUR -33 million variation);
- non-operating capital gains amounted to EUR 237 million in Q1 2006 (mostly that on RBC Dexia Investor Services), against EUR 39 million in Q1 2007 (see details on page 22 of the Activity Report), i.e. a EUR -198 million variation;
- Dexia Bank Nederland's revenues amounted to EUR 32 million in Q1 2006, and went down to EUR 17 million in Q1 2007 (a EUR -15 million variation);
- EUR -22 million less net interest income due to larger amounts of economic equity allocated to the business lines;
- the results of foreign exchange hedges (a EUR +11 million variation).

Concerning the **costs**, the increase of EUR 34 million stems from some several items booked in Central Assets. The main ones are linked with the increase of the headcount of several central services; the installation of Dexia Credit Local and Dexia SA headquarters in Paris La Défense; IT developments linked to the data center project underway.

The **cost of risk** came to a net write back of EUR 4 million this quarter, against a net write back of EUR 15 million in the first quarter of 2006. This is almost totally attributable to Dexia Bank Nederland write backs (respectively EUR 13 million in Q1 2006 and EUR 4 million in Q1 2007).

Concerning the **tax charge**, a net tax credit appears, in the amount of EUR +98 million, against EUR +13 million in Q1 2006. Last year, it came mostly from the tax incidence of the non-operating items of the period (see Activity Report page 22). This year, it includes on the one hand the tax effect (EUR +30 million) of the underlying gross operating income of Central Assets, and on the other hand, the release of a tax credit triggered by the winding out of Dexia Bank Nederland's local holding company (EUR +67 million).

#### Results from Central Assets and non-operating items

<i>in millions of EUR</i>	Q1 2006*	Q1 2007	Variation
Income	269	62	-207
Expenses	(56)	(90)	-34
<b>Gross operating income</b>	<b>213</b>	<b>(27)</b>	<b>-241</b>
Cost of risk	15	4	-12
Impairment on (in)tangible assets	-	-	-
Tax expense	13	98	+85
Minority interests	7	9	+2
<b>Net income – Group share</b>	<b>234</b>	<b>66</b>	<b>-169</b>

\* pro forma.

Commenting on the results, Axel Miller, Chief Executive Officer, declared:

*"This quarter again, Dexia's results show the resilience of its business model and strategy, and they adequately reflect the steady and satisfactory progression of our business, in all parts of the Group.*

*In particular, despite persistent competitive environment and adverse foreign exchange impacts, we managed to deliver another double-digit underlying earnings growth while achieving in all our business lines a return on economic equity above 20%.*

*As importantly, we continued to increase our business volumes and geographical presence whilst improving the Group's underlying cost-income ratio.*

*2007 starts very well for Dexia."*



Axel Miller  
Chief Executive Officer  
Chairman of the Management Board

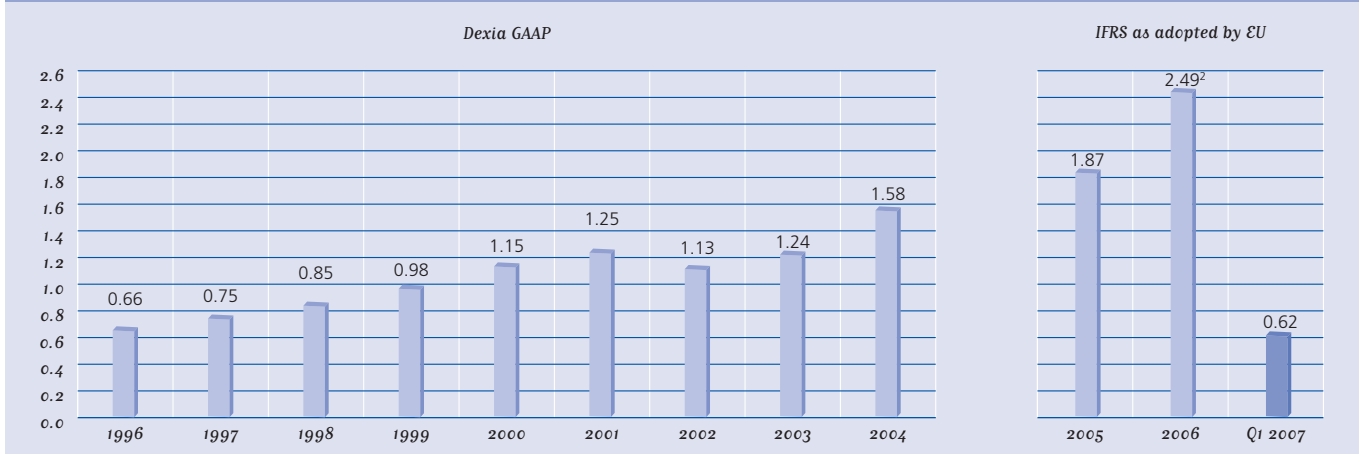


## ACTIVITY AND FINANCIAL RESULTS

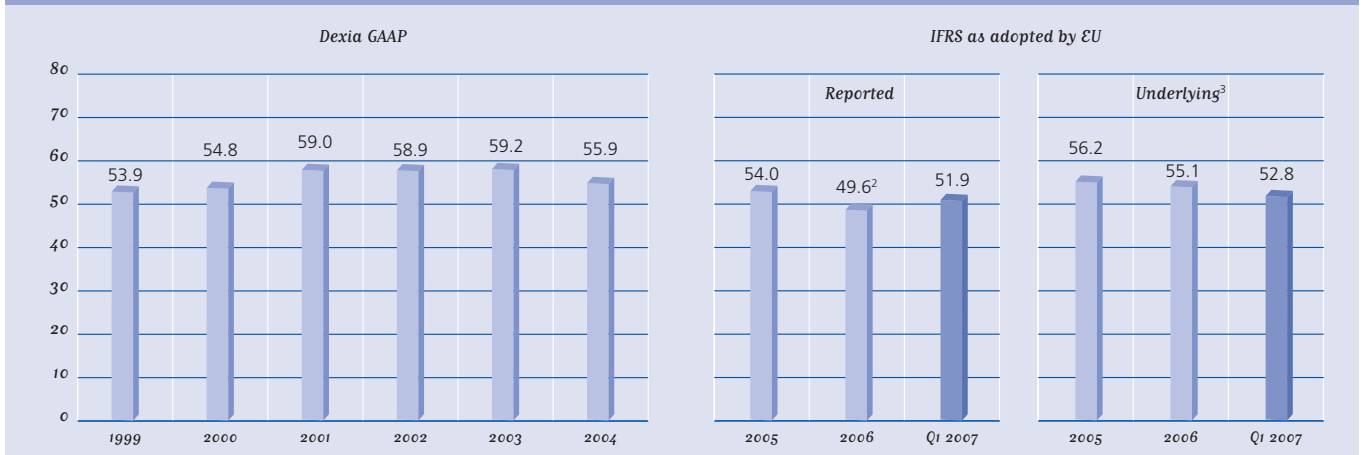


# I FINANCIAL REPORTING

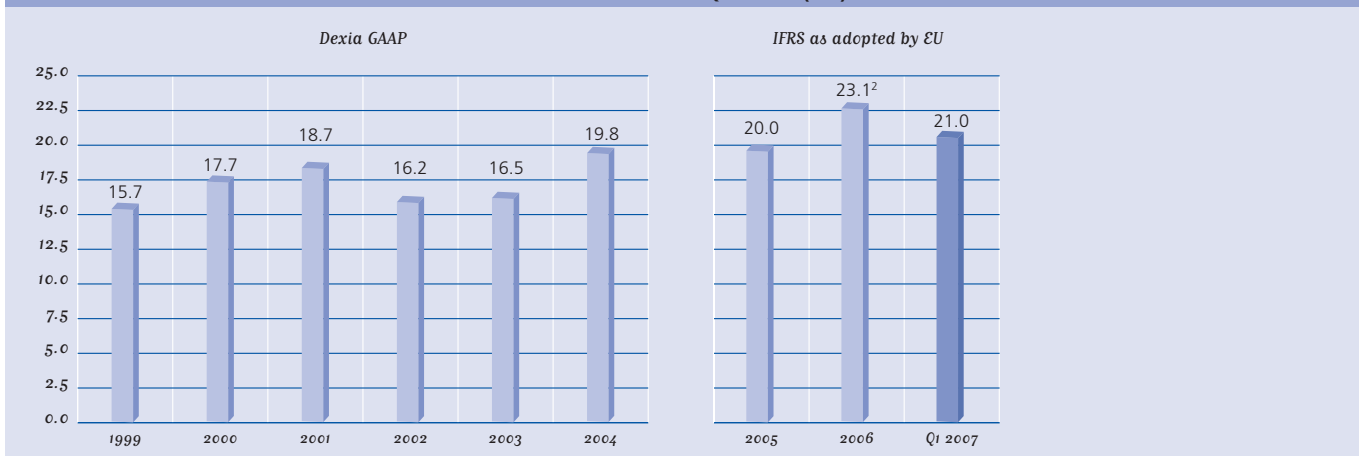
## EARNINGS PER SHARE (in EUR)<sup>1</sup>



## COST-INCOME RATIO (%)



## RETURN ON EQUITY (%)<sup>4</sup>



1 Undiluted for the years under IFRS as adopted by EU.

2 Including EUR 236 million result on Dexia's net asset contribution to the joint venture RBC Dexia Investor Services and EUR 280 million result on the sale of Banque Artesia Nederland.

3 Underlying i.e. excluding non-operating items.

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

## STATEMENT OF INCOME (YEAR-TO-DATE)

<i>in millions of EUR</i>	Q1 2006	Q1 2007	Variation	2006 pro forma	Variation pro forma	
					total	underlying
<b>Income</b>	<b>1,784</b>	<b>1,785</b>	<b>+0.1%</b>	<b>1,866</b>	<b>-4.3%</b>	<b>+9.7%</b>
<i>of which net commissions</i>	325	371	+14.2%	353	+5.1%	+5.1%
<b>Expenses</b>	<b>(818)</b>	<b>(926)</b>	<b>+13.2%</b>	<b>(867)</b>	<b>+6.8%</b>	<b>+6.8%</b>
<b>Gross operating income</b>	<b>966</b>	<b>859</b>	<b>-11.1%</b>	<b>999</b>	<b>-14.0%</b>	<b>+13.0%</b>
Cost of risk	0	(23)	n.s.	(7)	x 3.4	+37.9%
Impairments on (in)tangible assets	0	0	n.s.	(1)	n.s.	n.s.
Tax expense	(179)	(93)	-48.0%	(183)	-49.0%	-2.7%
<b>Net income</b>	<b>787</b>	<b>743</b>	<b>-5.6%</b>	<b>809</b>	<b>-8.1%</b>	<b>+17.0%</b>
Minority interests	20	23	+15.0%	20	+18.5%	+20.9%
<b>Net income – Group share</b>	<b>767</b>	<b>720</b>	<b>-6.1%</b>	<b>789</b>	<b>-8.8%</b>	<b>+16.9%</b>

## STATEMENT OF INCOME: FROM REPORTED TO UNDERLYING<sup>1</sup> PRO FORMA<sup>2</sup>

<i>in millions of EUR</i>	Q1 2006	Q1 2007	Variation
<b>Income</b>	<b>1,784</b>	<b>1,785</b>	<b>+0.1%</b>
<i>Changes in scope of consolidation</i>	82	-	n.s.
<b>Income pro forma</b>	<b>1,866</b>	<b>1,785</b>	<b>-4.3%</b>
<i>Non-operating items</i>	265	30	-88.7%
<b>Underlying income</b>	<b>1,601</b>	<b>1,756</b>	<b>+9.7%</b>
<b>Expenses</b>	<b>(818)</b>	<b>(926)</b>	<b>+13.2%</b>
<i>Changes in scope of consolidation</i>	(49)	-	n.s.
<b>Expenses pro forma</b>	<b>(867)</b>	<b>(926)</b>	<b>+6.8%</b>
<i>Non-operating items</i>	0	0	n.s.
<b>Underlying costs</b>	<b>(867)</b>	<b>(926)</b>	<b>+6.8%</b>
<b>Gross operating income pro forma</b>	<b>999</b>	<b>859</b>	<b>-14.0%</b>
<i>Non-operating items</i>	265	30	-88.7%
<b>Underlying gross operating income</b>	<b>734</b>	<b>829</b>	<b>+13.0%</b>
<b>Cost of risk pro forma</b>	<b>(7)</b>	<b>(23)</b>	<b>x 3.4</b>
<i>Non-operating items</i>	13	4	-66.3%
<b>Underlying cost of risk</b>	<b>(20)</b>	<b>(27)</b>	<b>+37.9%</b>
<b>Net income – Group share</b>	<b>767</b>	<b>720</b>	<b>-6.1%</b>
<i>Changes in scope of consolidation</i>	21	-	n.s.
<b>Net income – Group share pro forma</b>	<b>789</b>	<b>720</b>	<b>-8.8%</b>
<i>Non-operating items</i>	261	103	-60.5%
<b>Underlying net income – Group share</b>	<b>528</b>	<b>617</b>	<b>+16.9%</b>

<sup>1</sup> i.e. excluding the non-operating items (described on page 22 of this report).

<sup>2</sup> Pro forma as defined on page 22.

## KEY RATIOS

	Q1 2006	Q1 2007
Earnings per share (EPS)		
- basic <sup>1</sup>	EUR 0.71 <sup>8</sup>	EUR 0.62
- diluted <sup>2</sup>	EUR 0.70 <sup>8</sup>	EUR 0.61
Profit margin <sup>3</sup>	44.1% <sup>8</sup>	41.6%
Cost-income ratio <sup>4</sup>	45.9% <sup>8</sup>	51.9%
Cost of risk of banking activities (annualized) <sup>5</sup>	0 bp	2.8 bp
Return on equity (annualized) <sup>6</sup>	28.0% <sup>8</sup>	21.0%

UNDERLYING <sup>7</sup> KEY RATIOS		
Underlying cost-income ratio	54.2%	52.8%
Underlying cost of risk of banking activities (annualized)	1.6 bp	3.4 bp

1 The ratio between net income – Group share and weighted average number of shares.

2 The ratio between net income – Group share and the diluted weighted average number of shares.

3 The ratio between net income and income.

4 The ratio between expenses and income.

5 The ratio between the annualized net cost of risk (i.e. excluding credit enhancement) and the gross outstanding loans and advances to customers and off-balance-sheet financing commitments.

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

7 i.e. excluding non-operating items and pro forma for Q1 2006.

8 Including result on Dexia's net asset contribution to RBC Dexia Investor Services.

## KEY BALANCE-SHEET ITEMS

<i>in millions of EUR</i>	March 31, 2006	Dec. 31, 2006	March 31, 2007	<i>Variation</i> March 31, 2007/ March 31, 2006	<i>Variation</i> March 31, 2007/ Dec. 31, 2006
	<b>Total assets</b>	<b>509,269</b>	<b>566,743</b>	<b>570,480</b>	<b>+12.0%</b>
<i>of which</i>					
Loans and advances to customers	193,678	226,502	223,483	+15.4%	-1.3%
Loans and securities	203,072	223,207	229,313	+12.9%	+2.7%
<b>Total liabilities</b>	<b>493,123</b>	<b>548,308</b>	<b>551,349</b>	<b>+11.8%</b>	<b>+0.6%</b>
<i>of which</i>					
Customer borrowings and deposits	102,429	109,484	107,431	+4.9%	-1.9%
Debt securities	180,197	184,746	188,598	+4.7%	+2.1%
<b>Total equity</b>	<b>16,146</b>	<b>18,435</b>	<b>19,131</b>	<b>+18.5%</b>	<b>+3.8%</b>
Core shareholders' equity	12,194	14,433	15,158	+24.3%	+5.0%
Total shareholders' equity	14,538	16,299	17,021	+17.1%	+4.4%

## CAPITAL ADEQUACY

<i>in millions of EUR, except where indicated</i>	March 31, 2006	Dec. 31, 2006	March 31, 2007	<i>Variation</i> March 31, 2007/ March 31, 2006	<i>Variation</i> March 31, 2007/ Dec. 31, 2006
	Tier 1 capital	12,291	13,028	13,497	+9.8%
Total regulatory capital	12,815	13,754	14,275	+11.4%	+3.8%
Risk-weighted assets	119,236	133,369	138,810	+16.4%	+4.1%
Tier 1 ratio	10.3%	9.8%	9.7%		
Capital adequacy ratio	10.7%	10.3%	10.3%		

Nota bene: For the calculation of the solvency ratio in 2007, the treatment of qualified participations in banking and insurance institutions remains the same as in 2006, being the deduction of the total regulatory equity.

## CHANGES IN SCOPE AND CONVENTIONS

### **Reported financial statements**

Since January 1, 2006, Dexia consolidates 50% of the joint venture RBC Dexia Investor Services by the proportional method.

The Q1 2007 financial statements exclude the private banking activities in the UK sold in Q2 2006 and Banque Artesia Nederland sold in Q4 2006.

DenizBank is fully consolidated since Q4 2006. In December 2006, a mandatory tender offer was launched on the minority interests which were present for 25%. Dexia now owns 99.8% of DenizBank's shares.

### **Pro forma financial statements**

The changes in the scope of consolidation were taken into account to reestablish pro forma financial statements for 2006 so as to enable comparisons. In absolute figures, the difference between the reported and pro forma Q1 2006 net income – Group share is EUR 21 million (income higher by EUR 82 million; expenses by EUR 49 million; cost of risk by EUR 7 million and taxes by EUR 4 million).

### **New analytical treatment introduced in 2007**

Since January 1, 2007, the Insurance Services segment – which was handling the production of the insurance products when other business lines were distributing them – does no longer exist and is reallocated to the business lines concerned by the operations realized, introducing this way 100% of the insurance results to Public/Project Finance and Credit Enhancement and Personal Financial Services. 2006 figures are pro forma.

## MAIN ITEMS REPORTED AS NON-OPERATING IN THE LAST FIVE QUARTERS

*The non-operating factors comprise both the nonrecurring items and the variations of the marked-to-market value of FSA's CDS portfolio. The latter instruments being classified as derivatives, the variation of the market value during the reporting period is taken as a trading result; this treatment under IAS 39 does not allow a good understanding of the economic results, as this portfolio is composed of AAA-rated instruments, which FSA is committed to insure until maturity. Thus, the positive or negative marked-to-market variations on this book in any period are not underlying results, as they will eventually add up to zero.*

### **Income**

*In Q1 2006:* interest discount on loans accepting "Dexia Offer" (EUR +4.3 million); capital gains (EUR +236.6 million); marking to market of FSA's CDS portfolio (EUR +24.1 million).

*In Q2 2006:* interest discount on loans accepting "Dexia Offer" (EUR +3.3 million); capital gains (EUR +67.0 million); marking to market of FSA's CDS portfolio (EUR -3.1 million).

*In Q3 2006:* interest discount on loans accepting "Dexia Offer" (EUR +2.4 million); capital gains (EUR +131.0 million); marking to market of FSA's CDS portfolio (EUR -1.5 million).

*In Q4 2006:* interest discount on loans accepting "Dexia Offer" (EUR +1.8 million); capital gains net of provisions (EUR + 221.4 million); marking to market of FSA's CDS portfolio (EUR +5.7 million).

*In Q1 2007:* interest discount on loans accepting "Dexia Offer" (EUR +0.6 million); capital gains (EUR +38.8 million); marking to market of FSA's CDS portfolio (EUR -9.4 million).

### **Costs**

Nil.

### **Cost of risk**

*In Q1 2006:* net release of prior provisions for Legiolease at Dexia Bank Nederland (EUR +13.0 million).

*In Q2 2006:* net charge for Legiolease at Dexia Bank Nederland (EUR -42.0 million).

*In Q3 2006:* net release of prior provisions for Legiolease at Dexia Bank Nederland (EUR +13.8 million).

*In Q4 2006:* net charge of prior provisions for Legiolease at Dexia Bank Nederland (EUR -19.8 million).

*In Q1 2007:* net release of prior provisions for Legiolease at Dexia Bank Nederland (EUR +4.4 million).

### **Impairments on (in) tangible assets**

Nil.

### **Taxes**

All the items above are before tax. The amount of corresponding taxes, at appropriate rates, is treated as a non-operating item in the total amount of taxation. The individual tax incidence of some items is specified below, as well as particular tax entries.

*In Q2 2006:* reimbursement of taxes following the settlement of a tax dispute (EUR +6.8 million).

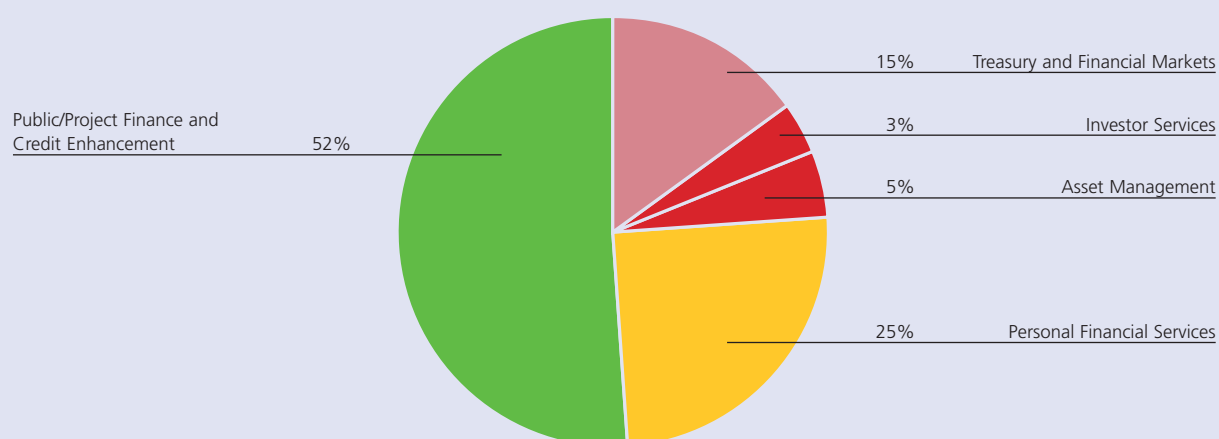
*In Q1 2007:* tax effect of the liquidation of the holding company which owned Dexia Bank Nederland (EUR +66.9 million).

## II ACTIVITY AND RESULTS OF THE BUSINESSES

	Public/Project Finance and Credit Enhancement	Personal Financial Services	Asset Management	Investor Services	Treasury and Financial Markets	Central Assets	Dexia
<b>STATEMENT OF INCOME</b> INCLUDING NON-OPERATING ITEMS <sup>1</sup> Q1 2007							
<i>in millions of EUR, except where indicated</i>							
Income	697	674	69	99	176	72	1,785
of which net commissions	61	188	68	62	6	(13)	371
Expenses	(224)	(461)	(36)	(65)	(51)	(90)	(926)
Gross operating income	473	213	33	33	125	(18)	859
Cost of risk	(9)	(18)	0	0	0	4	(23)
Impairments on (in)tangible assets	0	0	0	0	0	0	0
Tax expense	(117)	(34)	(1)	(10)	(27)	95	(93)
Net income	348	161	32	23	98	81	743
Minority interests	10	1	1	1	2	9	23
Net income – Group share	338	160	31	23	96	72	720
Cost-income ratio	32.1%	68.4%	52.4%	66.3%	28.9%	n.s.	51.9%
Total allocated equity (average)	5,575	2,260	64	174	1,425	1,821	11,319
Risk-weighted assets	71,566	27,393	26	2,161	31,758	5,907	138,810

<sup>1</sup> Described on page 22.

### CONTRIBUTION TO THE UNDERLYING NET INCOME – GROUP SHARE\* Q1 2007



\* i.e. excluding Central Assets and non-operating items as described on page 22.

## II ACTIVITY AND RESULTS OF THE BUSINESSES

### Public/Project Finance and Credit Enhancement

#### ACTIVITY STATISTICS

All statistics hereunder relate to the final take underwriting, acceptance or purchase of public/project finance sector debt obligations, under the form of long-term loans, notes and bonds, liquidity guarantees, all forms of credit procurement as applicable in those countries where Dexia operates. Due to the specificities of the business in that country, production statistics are reported excluding Germany. The short-term facilities are not included.

<i>in millions of EUR</i>	LONG-TERM ORIGINATIONS			LONG-TERM COMMITMENTS <sup>1</sup>		
	Q1 2006	Q1 2007	Variation	March 31, 2006	March 31, 2007	Variation
<b>Fully-consolidated subsidiaries</b>						
Belgium	1,182	1,365	+15.4%	31,080	31,691	+2.0%
France	1,719	1,852	+7.8%	57,749	62,172	+7.7%
Luxembourg	16	50	x 3.1	1,851	2,094	+13.1%
United Kingdom	333	572	+71.9%	6,892	9,156	+32.9%
Sweden	192	229	+18.8%	3,514	3,843	+9.4%
Italy	375	490	+30.6%	33,790	36,654	+8.5%
Iberia (Spain & Portugal)	804	614	-23.7%	7,871	9,288	+18.0%
Central and Eastern Europe	910	267	-70.7%	3,518	5,259	+49.5%
America	2,668	2,091	-21.6%	43,540	46,783	+7.4%
Japan	0	1,368	-	0	3,244	-
Turkey	949	874	-7.9%	1,179	1,346	+14.2%
Other <sup>2</sup>	2,327	1,981	-14.9%	19,280	27,671	+43.5%
<b>Fully consolidated subsidiaries without Germany</b>	<b>11,475</b>	<b>11,753</b>	<b>+2.4%</b>	<b>210,264</b>	<b>239,201</b>	<b>+13.8%</b>
Germany	1,131	1,641	+45.1%	26,990	31,562	+16.9%
<b>Fully-consolidated subsidiaries with Germany</b>	<b>12,606</b>	<b>13,395</b>	<b>+6.3%</b>	<b>237,254</b>	<b>270,762</b>	<b>+14.1%</b>
<i>of which public sector</i>	<i>8,474</i>	<i>9,814</i>	<i>+15.8%</i>	<i>210,402</i>	<i>236,475</i>	<i>+12.4%</i>
<i>of which corporate &amp; project finance</i>	<i>4,132</i>	<i>3,580</i>	<i>-13.4%</i>	<i>26,851</i>	<i>34,286</i>	<i>+27.7%</i>
<b>Equity-accounted companies</b>						
Austria (Kommunalkredit Austria) <sup>3</sup>	4,018	2,365	-41.1%	20,006	25,157	+25.7%
<b>Total managed by the Dexia Group</b>	<b>16,624</b>	<b>15,760</b>	<b>-5.2%</b>	<b>257,260</b>	<b>295,919</b>	<b>+15.0%</b>

<sup>1</sup> These amounts are stated at current exchange rate.

<sup>2</sup> "Other" includes the activities of the Pacific area, Israel, Switzerland, Mexico as well as the transactions carried out by head office in countries where the Group has no direct presence.

<sup>3</sup> Corresponding to 100% of originations/commitments of Kommunalkredit Austria, which is 49%-owned by Dexia.

#### DEPOSIT-TAKING SERVICES AND INVESTMENT PRODUCTS (INCLUDING OFF-BALANCE-SHEET PRODUCTS)

<i>in millions of EUR</i>	March 31, 2006	March 31, 2007	Variation
Balance sheet	21,338	22,125	+3.7%
Off-balance sheet	8,946	13,333	+49.0%
<b>Total</b>	<b>30,284</b>	<b>35,458</b>	<b>+17.1%</b>

## FSA: ACTIVITY STATISTICS

<i>in millions of USD</i>	Q1 2006	Q1 2007	Variation
<b>Gross present value originations</b>	<b>126.5</b>	<b>197.5</b>	<b>+56.2%</b>
Municipal	82.6	90.7	+9.8%
<i>US municipal obligations<sup>1</sup></i>	54.3	74.0	+36.2%
<i>International municipal obligations<sup>1</sup></i>	28.2	16.7	-40.9%
Asset-backed obligations	28.9	80.0	x2.8
<i>US asset-backed obligations<sup>1</sup></i>	25.9	64.4	x2.5
<i>International asset-backed obligations<sup>1</sup></i>	3.0	15.6	x5.1
Financial products <sup>2</sup>	15.0	26.8	+78.3%
<i>in millions of USD</i>	March 31, 2006	March 31, 2007	Variation
<b>Net par outstanding</b>	<b>353,049</b>	<b>391,211</b>	<b>+10.8%</b>
Municipal	230,425	257,468	+11.7%
<i>US municipal obligations</i>	217,122	238,771	+10.0%
<i>International municipal obligations</i>	13,302	18,697	+40.6%
Asset-backed obligations	109,498	116,851	+6.7%
<i>US asset-backed obligations</i>	79,340	86,913	+9.5%
<i>International asset-backed obligations</i>	30,158	29,938	-0.7%
Financial products	13,126	16,892	+28.7%

1 Present value of premiums originated (PV premiums).

2 Present value of future net interest margin from guaranteed investments contracts (GICs) issued to municipalities and other market participants.

## Public/Project Finance and Credit Enhancement

### RESULTS

UNDERLYING STATEMENT OF INCOME				
EXCLUDING NON-OPERATING ITEMS				
<i>in millions of EUR</i>	Q1 2006 <sup>1</sup>	Q1 2007	Variation	Variation at constant exchange rate
<b>Income</b>	629	706	+12.3%	+15.6%
<i>of which net commissions</i>	48	61	+26.3%	
<b>Expenses</b>	(217)	(224)	+2.9%	+6.0%
<b>Gross operating income</b>	412	483	+17.3%	+20.7%
Cost of risk	(9)	(9)	+1.2%	
Impairments on (in)tangible assets	0	0	n.s.	
Tax expense	(115)	(120)	+4.9%	
<b>Net income</b>	288	354	+22.7%	
Minority interests	11	10	-6.6%	
<b>Net income – Group share</b>	278	344	+23.8%	+27.9%
Cost-income ratio	34.5%	31.6%		
Annualized ROEE <sup>2</sup>	25.7%	25.8%		
Total allocated equity (average)	4,479	5,575		

1 Pro forma.

2 Return on economic equity (net income – Group share / allocated equity – Group share).

## STATEMENT OF INCOME – QUARTERLY SERIES<sup>1</sup>

<i>in millions of EUR</i>	Q1 2006	Q2 2006	Q3 2006	Q4 2006	Q1 2007
<b>TOTAL</b>					
<b>Income</b>	653	652	641	707	697
<i>of which net commissions</i>	48	53	49	51	61
<b>Expenses</b>	(217)	(210)	(213)	(233)	(224)
<b>Gross operating income</b>	436	442	428	474	473
Cost of risk	(9)	(21)	(10)	(21)	(9)
Impairments on (in)tangible assets	0	0	0	0	0
Tax expense	(123)	(109)	(121)	(30)	(117)
<b>Net income</b>	304	311	298	424	348
Minority interests	11	11	9	11	10
<b>Net income – Group share</b>	293	300	289	412	338
<b>NON-OPERATING ITEMS<sup>2</sup></b>					
<b>Income</b>	24	(3)	(1)	68	(9)
<i>of which net commissions</i>					
<b>Expenses</b>					
<b>Gross operating income</b>	24	(3)	(1)	68	(9)
Cost of risk					
Impairments on (in)tangible assets					
Tax expense	(8)	1	1	49	3
<b>Net income</b>	16	(2)	(1)	117	(6)
Minority interests					
<b>Net income – Group share</b>	15	(2)	(1)	117	(6)
<b>UNDERLYING</b>					
<b>Income</b>	629	655	643	639	706
<i>of which net commissions</i>	48	53	49	51	61
<b>Expenses</b>	(217)	(210)	(213)	(233)	(224)
<b>Gross operating income</b>	412	445	430	406	483
Cost of risk	(9)	(21)	(10)	(21)	(9)
Impairments on (in)tangible assets	0	0	0	0	0
Tax expense	(115)	(110)	(121)	(79)	(120)
<b>Net income</b>	288	313	299	307	354
Minority interests	11	11	9	11	10
<b>Net income – Group share</b>	278	302	290	295	344

1 Pro forma for Q1 2006 to Q4 2006 as defined on page 22.

2 Described on page 22.



## II ACTIVITY AND RESULTS OF THE BUSINESSES

### Personal Financial Services

#### CUSTOMER ASSETS & LIABILITIES<sup>1</sup>

<i>in millions of EUR</i>	2006				2007	Variation	Variation
	March 31	June 30	Sept. 30	Dec. 31	March 31	March 31, 2007/ Dec. 31, 2006	March 31, 2007/ March 31, 2006
Balance sheet products	54,692	56,311	55,693	55,877	57,322	+2.6%	+4.8%
Off-balance sheet products	60,772	58,674	61,561	62,558	63,003	+0.7%	+3.7%
Life insurance technical reserves	11,737	12,061	12,593	12,938	13,476	+4.2%	+14.8%
<b>Total customer assets</b>	<b>127,200</b>	<b>127,046</b>	<b>129,848</b>	<b>131,373</b>	<b>133,800</b>	<b>+1.8%</b>	<b>+5.2%</b>
<b>Total customer liabilities</b>	<b>30,216</b>	<b>31,814</b>	<b>32,612</b>	<b>33,440</b>	<b>34,445</b>	<b>+3.0%</b>	<b>+14.0%</b>
<b>Total customer assets &amp; liabilities</b>	<b>157,415</b>	<b>158,860</b>	<b>162,460</b>	<b>164,814</b>	<b>168,246</b>	<b>+2.1%</b>	<b>+6.9%</b>

#### RETAIL BANKING<sup>1</sup>

<i>in millions of EUR</i>	2006				2007	Variation	Variation
	March 31	June 30	Sept. 30	Dec. 31	March 31	March 31, 2007/ Dec. 31, 2006	March 31, 2007/ March 31, 2006
Deposits	32,271	32,596	31,451	30,893	30,443	-1.5%	-5.7%
<i>Sight accounts</i>	5,920	6,518	6,038	6,043	6,147	+1.7%	+3.8%
<i>Savings accounts</i>	26,351	26,077	25,413	24,850	24,296	-2.2%	-7.8%
Savings bonds & term deposits	11,134	11,302	11,701	12,288	13,404	+9.1%	+20.4%
Bonds issued by the Group	5,371	5,391	5,847	6,166	6,697	+8.6%	+24.7%
Mutual funds	21,453	20,658	20,907	21,047	20,729	-1.5%	-3.4%
Life insurance technical reserves	7,841	7,945	8,082	8,175	8,243	+0.8%	+5.1%
Direct securities <sup>2</sup>	7,651	7,318	7,497	7,569	7,612	+0.6%	-0.5%
<b>Total customer assets</b>	<b>85,722</b>	<b>85,210</b>	<b>85,487</b>	<b>86,139</b>	<b>87,128</b>	<b>+1.1%</b>	<b>+1.6%</b>
Loans to customers	20,285	21,190	21,719	22,342	22,733	+1.8%	+12.1%
<i>Mortgage loans</i>	17,171	17,863	18,359	18,838	19,170	+1.8%	+11.6%
<i>Consumer loans</i>	3,114	3,327	3,360	3,504	3,563	+1.7%	+14.4%
Loans to SMEs and self-employed	6,737	7,066	7,236	7,443	7,716	+3.7%	+14.5%
<b>Total loans to customers</b>	<b>27,023</b>	<b>28,256</b>	<b>28,955</b>	<b>29,785</b>	<b>30,449</b>	<b>+2.2%</b>	<b>+12.7%</b>

#### PRIVATE BANKING<sup>1</sup>

<i>in millions of EUR</i>	2006				2007	Variation	Variation
	March 31	June 30	Sept. 30	Dec. 31	March 31	March 31, 2007/ Dec. 31, 2006	March 31, 2007/ March 31, 2006
Cash management	1,685	1,958	2,007	1,893	1,793	-5.3%	+6.4%
Deposits	9,189	9,823	10,261	10,409	11,375	+9.3%	+23.8%
Mandates	6,699	6,676	7,039	7,094	7,183	+1.2%	+7.2%
Mutual funds	9,213	8,825	9,219	9,390	9,361	-0.3%	+1.6%
Structured products	2,728	2,646	2,991	3,149	3,219	+2.2%	+18.0%
Life insurance technical reserves	3,895	4,116	4,511	4,763	5,233	+9.9%	+34.3%
Direct securities <sup>2</sup>	8,069	7,792	8,333	8,535	8,508	-0.3%	+5.4%
<b>Total customer assets</b>	<b>41,478</b>	<b>41,836</b>	<b>44,361</b>	<b>45,235</b>	<b>46,672</b>	<b>+3.2%</b>	<b>+12.5%</b>
<b>Total loans to customers</b>	<b>3,193</b>	<b>3,558</b>	<b>3,657</b>	<b>3,656</b>	<b>3,996</b>	<b>+9.3%</b>	<b>+25.2%</b>

1 Pro forma as Banque Artesia Nederland (left the Group in Q4 2006) and Dexia Banque Privée France (expected to leave the Group in Q2 2007) are not included in the scope anymore. The above amounts include DenizBank and some insurance companies which were previously in the segment "Insurance Services", now integrated in the distribution business lines. Moreover the definition of some products was fine-tuned, which conducted to slight adjustments.

2 Customers' financial assets (such as shares, bonds and cooperator's shares) held under custody by the bank.

## Personal Financial Services

### RESULTS

UNDERLYING STATEMENT OF INCOME				
EXCLUDING NON-OPERATING ITEMS				
<i>in millions of EUR</i>	Q1 2006 <sup>1</sup>	Q1 2007	Variation	Variation at constant exchange rate
<b>Income</b>	658	674	+2.4%	+4.2%
<i>of which net commissions</i>	193	188	-2.6%	
<b>Expenses</b>	(461)	(461)	+0.1%	+1.9%
<b>Gross operating income</b>	197	213	+7.8%	+9.8%
Cost of risk	(13)	(18)	+32.5%	
Impairments on (in)tangible assets	0	0	n.s.	
Tax expense	(38)	(34)	-12.1%	
<b>Net income</b>	146	161	+10.8%	
Minority interests	0	1	n.s.	
<b>Net income – Group share</b>	146	160	+10.0%	+11.3%
Cost-income ratio	70.0%	68.4%		
Annualized ROEE <sup>2</sup>	28.1%	28.4%		
Total allocated equity (average)	2,081	2,260		

1 Pro forma.

2 Return on economic equity (net income – Group share / allocated equity – Group share).

## STATEMENT OF INCOME – QUARTERLY SERIES<sup>1</sup>

<i>in millions of EUR</i>	Q1 2006	Q2 2006	Q3 2006	Q4 2006	Q1 2007
<b>TOTAL</b>					
<b>Income</b>	<b>658</b>	<b>703</b>	<b>676</b>	<b>789</b>	<b>674</b>
<i>of which net commissions</i>	193	177	166	175	188
<b>Expenses</b>	<b>(461)</b>	<b>(462)</b>	<b>(467)</b>	<b>(474)</b>	<b>(461)</b>
<b>Gross operating income</b>	<b>197</b>	<b>241</b>	<b>209</b>	<b>315</b>	<b>213</b>
Cost of risk	(13)	(8)	(14)	(16)	(18)
Impairments on (in)tangible assets	0	0	0	0	0
Tax expense	(38)	(51)	(34)	(34)	(34)
<b>Net income</b>	<b>146</b>	<b>182</b>	<b>161</b>	<b>265</b>	<b>161</b>
Minority interests	0	1	(1)	1	1
<b>Net income – Group share</b>	<b>146</b>	<b>181</b>	<b>162</b>	<b>264</b>	<b>160</b>
<b>NON-OPERATING ITEMS<sup>2</sup></b>					
<b>Income</b>		<b>18</b>	<b>17</b>	<b>127</b>	
<i>of which net commissions</i>					
<b>Expenses</b>				<b>(4)</b>	
<b>Gross operating income</b>		<b>18</b>	<b>17</b>	<b>123</b>	
Cost of risk					
Impairments on (in)tangible assets					
Tax expense		(1)		(5)	
<b>Net income</b>		<b>17</b>	<b>17</b>	<b>118</b>	
Minority interests					
<b>Net income – Group share</b>		<b>17</b>	<b>17</b>	<b>118</b>	
<b>UNDERLYING</b>					
<b>Income</b>	<b>658</b>	<b>685</b>	<b>659</b>	<b>662</b>	<b>674</b>
<i>of which net commissions</i>	193	177	166	175	188
<b>Expenses</b>	<b>(461)</b>	<b>(462)</b>	<b>(467)</b>	<b>(470)</b>	<b>(461)</b>
<b>Gross operating income</b>	<b>197</b>	<b>223</b>	<b>192</b>	<b>192</b>	<b>213</b>
Cost of risk	(13)	(8)	(14)	(16)	(18)
Impairments on (in)tangible assets	0	0	0	0	0
Tax expense	(38)	(50)	(34)	(29)	(34)
<b>Net income</b>	<b>146</b>	<b>165</b>	<b>144</b>	<b>147</b>	<b>161</b>
Minority interests	0	1	(1)	1	1
<b>Net income – Group share</b>	<b>146</b>	<b>164</b>	<b>145</b>	<b>146</b>	<b>160</b>

<sup>1</sup> Pro forma for Q1 2006 to Q4 2006 as defined on page 22.

<sup>2</sup> Described on page 22.

## II ACTIVITY AND RESULTS OF THE BUSINESSES

### Asset Management

#### ACTIVITY

##### ASSETS UNDER MANAGEMENT<sup>1</sup>

<i>in billions of EUR</i>	2006				2007	Variation	Variation
	March 31	June 30	Sept. 30	Dec. 31	March 31	March 31, 2007/ Dec. 31, 2006	March 31, 2007/ March 31, 2006
<b>Total</b>	97.2	97.3	102.3	105.2	108.4	+3.1%	+11.6%
<b>By type of management</b>							
Mutual funds	67.7	66.7	69.4	71.2	73.0	+2.5%	+7.9%
<i>Institutional funds</i>	20.9	21.7	22.8	24.6	26.6	+7.9%	+26.9%
<i>Retail funds</i>	46.8	45.0	46.6	46.6	46.5	-0.3%	-0.6%
Private mandates	4.9	4.9	5.2	5.3	5.6	+4.8%	+12.9%
Institutional mandates	24.5	25.7	27.6	28.6	29.8	+4.2%	+21.5%
<b>By type of mutual fund</b>							
Equity funds	12.2	11.7	12.6	13.5	14.0	+3.2%	+14.1%
Bond funds	18.8	18.2	19.0	19.2	18.7	-2.4%	-0.4%
Money market funds	10.2	10.0	10.3	11.5	11.8	+2.1%	+15.7%
Alternative funds	7.2	7.8	8.1	8.0	9.3	16.4%	+29.0%
Global balanced funds	10.2	10.1	10.6	10.8	10.9	+1.0%	+6.5%
Structured products	3.3	3.5	3.5	3.4	3.6	+5.0%	+6.1%
Other	5.7	5.3	5.4	4.8	4.8	+0.0%	-15.5%

<sup>1</sup> Assets under the management of Dexia Asset Management. Assets counted twice included.

#### RESULTS

##### UNDERLYING STATEMENT OF INCOME

EXCLUDING NON-OPERATING ITEMS

<i>in millions of EUR</i>	Q1 2006 <sup>1</sup>	Q1 2007	Variation	Variation at constant exchange rate
<b>Income</b>	59	69	+17.2%	+17.2%
<i>of which net commissions</i>	58	68	+16.6%	
<b>Expenses</b>	(31)	(36)	+15.9%	+15.9%
<b>Gross operating income</b>	28	33	+18.6%	+18.6%
Cost of risk	0	0	n.s.	
Impairments on (in)tangible assets	0	0	n.s.	
Tax expense	(3)	(1)	-79.2%	
<b>Net income</b>	25	32	+29.9%	
Minority interests	1	1	n.s.	
<b>Net income – Group share</b>	24	31	+29.6%	+29.6%
Cost-income ratio	53.0%	52.4%		
Annualized ROEE <sup>2</sup>	215.0%	196.1%		
Total allocated equity (average)	45	64		

<sup>1</sup> Pro forma.

<sup>2</sup> Return on economic equity (net income – Group share / allocated equity – Group share).

## STATEMENT OF INCOME – QUARTERLY SERIES<sup>1</sup>

<i>in millions of EUR</i>	Q1 2006	Q2 2006	Q3 2006	Q4 2006	Q1 2007
<b>TOTAL</b>					
<b>Income</b>	59	61	50	81	69
<i>of which net commissions</i>	58	60	49	80	68
<b>Expenses</b>	(31)	(34)	(32)	(41)	(36)
<b>Gross operating income</b>	28	26	18	40	33
Cost of risk	0	0	0	0	0
Impairments on (in)tangible assets	0	0	0	0	0
Tax expense	(3)	(1)	1	(4)	(1)
<b>Net income</b>	25	25	19	36	32
Minority interests	1	2	(1)	1	1
<b>Net income – Group share</b>	24	23	19	35	31
<b>NON-OPERATING ITEMS<sup>2</sup></b>					
<b>Income</b>					
<i>of which net commissions</i>					
<b>Expenses</b>					
<b>Gross operating income</b>					
Cost of risk					
Impairments on (in)tangible assets					
Tax expense					
<b>Net income</b>					
Minority interests					
<b>Net income – Group share</b>					
<b>UNDERLYING</b>					
<b>Income</b>	59	61	50	81	69
<i>of which net commissions</i>	58	60	49	80	68
<b>Expenses</b>	(31)	(34)	(32)	(41)	(36)
<b>Gross operating income</b>	28	26	18	40	33
Cost of risk	0	0	0	0	0
Impairments on (in)tangible assets	0	0	0	0	0
Tax expense	(3)	(1)	1	(4)	(1)
<b>Net income</b>	25	25	19	36	32
Minority interests	1	2	(1)	1	1
<b>Net income – Group share</b>	24	23	19	35	31

1 Pro forma for Q1 2006 to Q4 2006 as defined on page 22.

2 Described on page 22.

## II ACTIVITY AND RESULTS OF THE BUSINESSES

### Investor Services

#### ACTIVITY

INVESTOR SERVICES							
	2006				2007	Variation	Variation
	March 31	June 30	Sept. 30	Dec. 31	March 31	March 31, 2007/ Dec. 31, 2006	March 31, 2007/ March 31, 2006
Assets under administration <sup>1</sup> (in billions of USD)	1,978	2,080	2,170	2,290	2,428	+6.0%	+22.8%
Number of funds under administration	3,998	4,079	4,585	4,679	4,819	+3.0%	+20.5%
Number of shareholder accounts in transfer agent (in thousands)	6,020	6,318	6,341	6,385	6,685	+4.7%	+11.0%

1 i.e. assets under custody, administration and transfer agent.

#### RESULTS

UNDERLYING STATEMENT OF INCOME				
EXCLUDING NON-OPERATING ITEMS				
<i>in millions of EUR</i>	Q1 2006 <sup>1</sup>	Q1 2007	Variation	Variation at constant exchange rate
<b>Income</b>	<b>89</b>	<b>99</b>	<b>+10.4%</b>	<b>+19.9%</b>
<i>of which net commissions</i>	59	62	+5.9%	
<b>Expenses</b>	<b>(59)</b>	<b>(65)</b>	<b>+11.6%</b>	<b>+21.0%</b>
<b>Gross operating income</b>	<b>31</b>	<b>33</b>	<b>+8.1%</b>	<b>+17.8%</b>
Cost of risk	0	0	n.s.	
Impairments on (in)tangible assets	0	0	n.s.	
Tax expense	(10)	(10)	n.s.	
<b>Net income</b>	<b>21</b>	<b>23</b>	<b>+12.2%</b>	
Minority interests	1	1	n.s.	
<b>Net income – Group share</b>	<b>20</b>	<b>23</b>	<b>+11.9%</b>	<b>+21.9%</b>
Cost-income ratio	65.6%	66.3%		
Annualized ROEE <sup>2</sup>	61.6%	51.9%		
Total allocated equity (average)	131	174		

1 Pro forma.

2 Return on economic equity (net income – Group share / allocated equity – Group share).

## STATEMENT OF INCOME – QUARTERLY SERIES<sup>1</sup>

<i>in millions of EUR</i>	Q1 2006	Q2 2006	Q3 2006	Q4 2006	Q1 2007
<b>TOTAL</b>					
<b>Income</b>	<b>316</b>	<b>101</b>	<b>89</b>	<b>104</b>	<b>99</b>
<i>of which net commissions</i>	59	68	58	60	62
<b>Expenses</b>	<b>(59)</b>	<b>(63)</b>	<b>(61)</b>	<b>(66)</b>	<b>(65)</b>
<b>Gross operating income</b>	<b>257</b>	<b>38</b>	<b>28</b>	<b>38</b>	<b>33</b>
Cost of risk	0	0	0	0	0
Impairments on (in)tangible assets	0	0	0	0	0
Tax expense	(10)	(14)	(9)	(8)	(10)
<b>Net income</b>	<b>247</b>	<b>25</b>	<b>19</b>	<b>30</b>	<b>23</b>
Minority interests	1	1	1	1	1
<b>Net income – Group share</b>	<b>247</b>	<b>24</b>	<b>18</b>	<b>30</b>	<b>23</b>
<b>NON-OPERATING ITEMS<sup>2</sup></b>					
<b>Income</b>	<b>227</b>			<b>9</b>	
<i>of which net commissions</i>					
<b>Expenses</b>					
<b>Gross operating income</b>	<b>227</b>			<b>9</b>	
Cost of risk					
Impairments on (in)tangible assets					
Tax expense					
<b>Net income</b>	<b>227</b>			<b>9</b>	
Minority interests					
<b>Net income – Group share</b>	<b>227</b>			<b>9</b>	
<b>UNDERLYING</b>					
<b>Income</b>	<b>89</b>	<b>101</b>	<b>89</b>	<b>95</b>	<b>99</b>
<i>of which net commissions</i>	59	68	58	60	62
<b>Expenses</b>	<b>(59)</b>	<b>(63)</b>	<b>(61)</b>	<b>(66)</b>	<b>(65)</b>
<b>Gross operating income</b>	<b>31</b>	<b>38</b>	<b>28</b>	<b>29</b>	<b>33</b>
Cost of risk	0	0	0	0	0
Impairments on (in)tangible assets	0	0	0	0	0
Tax expense	(10)	(14)	(9)	(8)	(10)
<b>Net income</b>	<b>21</b>	<b>25</b>	<b>19</b>	<b>21</b>	<b>23</b>
Minority interests	1	1	1	1	1
<b>Net income – Group share</b>	<b>20</b>	<b>24</b>	<b>18</b>	<b>20</b>	<b>23</b>

<sup>1</sup> Pro forma for Q1 2006 to Q4 2006 as defined on page 22.

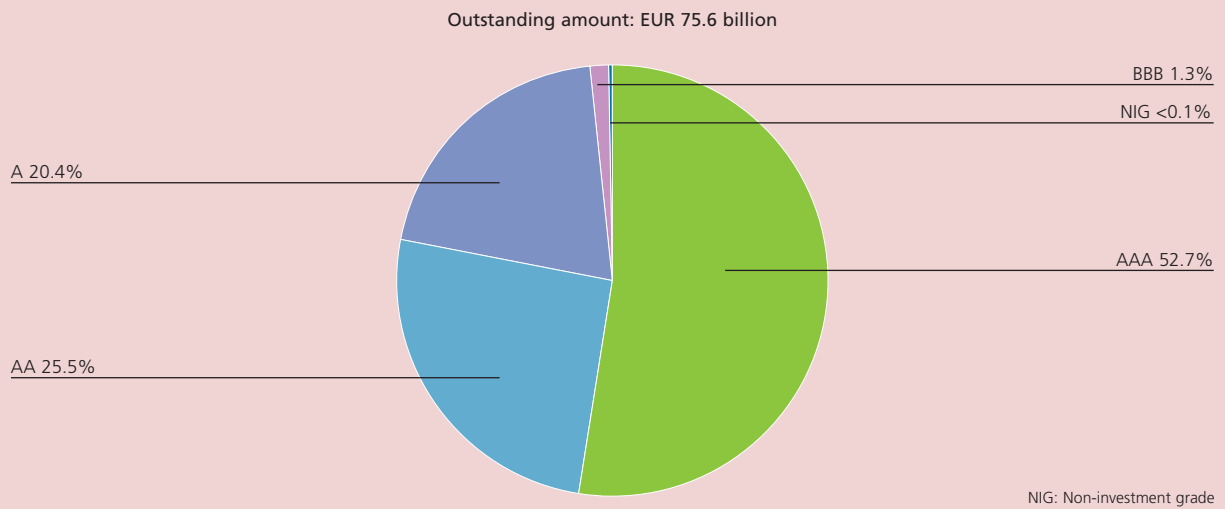
<sup>2</sup> Described on page 22.



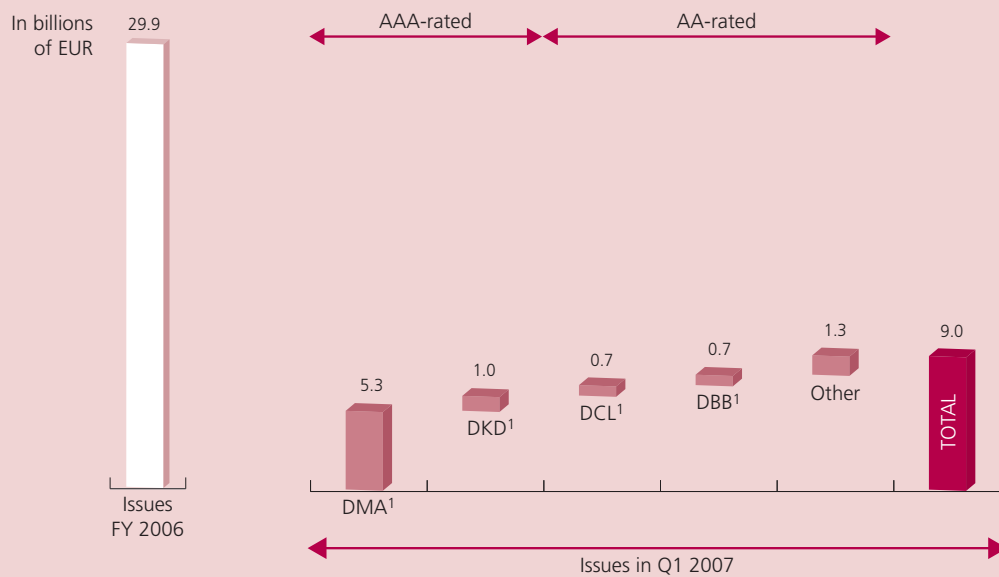
## II ACTIVITY AND RESULTS OF THE BUSINESSES

### Treasury and Financial Markets

#### CREDIT SPREAD PORTFOLIO QUALITY AS OF MARCH 31, 2007



#### LONG-TERM ISSUES



<sup>1</sup> DMA: Dexia Municipal Agency; DKD: Dexia KommunalBank Deutschland; DCL: Dexia Crédit Local; DBB: Dexia Bank Belgium.

## Treasury and Financial Markets

### RESULTS

UNDERLYING STATEMENT OF INCOME				
EXCLUDING NON-OPERATING ITEMS				
<i>in millions of EUR</i>	Q1 2006 <sup>1</sup>	Q1 2007	Variation	Variation at constant exchange rate
<b>Income</b>	161	176	+8.9%	+11.8%
<i>of which net commissions</i>	6	6	+7.0%	
<b>Expenses</b>	(43)	(51)	+17.3%	+19.4%
<b>Gross operating income</b>	118	125	+5.8%	+9.0%
Cost of risk	0	0	n.s.	
Impairments on (in)tangible assets	0	0	n.s.	
Tax expense	(30)	(27)	-9.9%	
<b>Net income</b>	88	98	+11.2%	
Minority interests	1	2	n.s.	
<b>Net income – Group share</b>	86	96	+10.7%	+14.5%
Cost-income ratio	26.8%	28.9%		
Annualized ROEE <sup>2</sup>	30.3%	27.3%		
Total allocated equity (average)	1,157	1,425		

1 Pro forma.

2 Return on economic equity (net income – Group share / allocated equity – Group share).

## STATEMENT OF INCOME – QUARTERLY SERIES<sup>1</sup>

<i>in millions of EUR</i>	Q1 2006	Q2 2006	Q3 2006	Q4 2006	Q1 2007
<b>TOTAL</b>					
<b>Income</b>	161	127	128	149	176
<i>of which net commissions</i>	6	3	2	9	6
<b>Expenses</b>	(43)	(44)	(45)	(52)	(51)
<b>Gross operating income</b>	118	84	83	97	125
Cost of risk	0	0	0	0	0
Impairments on (in)tangible assets	0	0	0	0	0
Tax expense	(30)	(14)	(17)	(9)	(27)
<b>Net income</b>	88	70	66	88	98
Minority interests	1	0	2	0	2
<b>Net income – Group share</b>	86	71	64	88	96
<b>NON-OPERATING ITEMS<sup>2</sup></b>					
<b>Income</b>				3	
<i>of which net commissions</i>					
<b>Expenses</b>					
<b>Gross operating income</b>				3	
Cost of risk					
Impairments on (in)tangible assets					
Tax expense					
<b>Net income</b>				3	
Minority interests					
<b>Net income – Group share</b>				3	
<b>UNDERLYING</b>					
<b>Income</b>	161	127	128	147	176
<i>of which net commissions</i>	6	3	2	9	6
<b>Expenses</b>	(43)	(44)	(45)	(52)	(51)
<b>Gross operating income</b>	118	84	83	94	125
Cost of risk	0	0	0	0	0
Impairments on (in)tangible assets	0	0	0	0	0
Tax expense	(30)	(14)	(17)	(9)	(27)
<b>Net income</b>	88	70	66	85	98
Minority interests	1	0	2	0	2
<b>Net income – Group share</b>	86	71	64	85	96

<sup>1</sup> Pro forma for Q1 2006 to Q4 2006 as defined on page 22.

<sup>2</sup> Described on page 22.

## II ACTIVITY AND RESULTS OF THE BUSINESSES

### Central Assets

#### STATEMENT OF INCOME – QUARTERLY SERIES<sup>1</sup>

in millions of EUR

	Q1 2006	Q2 2006	Q3 2006	Q4 2006	Q1 2007
<b>TOTAL</b>					
<b>Income</b>	<b>19</b>	<b>103</b>	<b>152</b>	<b>35</b>	<b>72</b>
<i>of which net commissions</i>	<i>(10)</i>	<i>(13)</i>	<i>(9)</i>	<i>(7)</i>	<i>(13)</i>
<b>Expenses</b>	<b>(56)</b>	<b>(74)</b>	<b>(83)</b>	<b>(91)</b>	<b>(90)</b>
<b>Gross operating income</b>	<b>(37)</b>	<b>29</b>	<b>69</b>	<b>(56)</b>	<b>(18)</b>
Cost of risk	15	(44)	13	(19)	4
Impairments on (in)tangible assets	(1)	0	0	0	0
Tax expense	22	26	(1)	37	95
<b>Net income</b>	<b>(1)</b>	<b>10</b>	<b>81</b>	<b>(38)</b>	<b>81</b>
Minority interests	6	6	5	7	9
<b>Net income – Group share</b>	<b>(7)</b>	<b>4</b>	<b>76</b>	<b>(44)</b>	<b>72</b>
<b>NON-OPERATING ITEMS<sup>2</sup></b>					
<b>Income</b>	<b>14</b>	<b>56</b>	<b>117</b>	<b>22</b>	<b>39</b>
<i>of which net commissions</i>					
<b>Expenses</b>					
<b>Gross operating income</b>	<b>14</b>	<b>56</b>	<b>117</b>	<b>22</b>	<b>39</b>
Cost of risk	13	(42)	14	(20)	4
Impairments on (in)tangible assets				1	
Tax expense	(8)	16	(5)	6	65
<b>Net income</b>	<b>19</b>	<b>30</b>	<b>126</b>	<b>10</b>	<b>109</b>
Minority interests					
<b>Net income – Group share</b>	<b>19</b>	<b>30</b>	<b>126</b>	<b>10</b>	<b>109</b>
<b>UNDERLYING</b>					
<b>Income</b>	<b>4</b>	<b>47</b>	<b>35</b>	<b>13</b>	<b>32</b>
<i>of which net commissions</i>	<i>(10)</i>	<i>(13)</i>	<i>(9)</i>	<i>(7)</i>	<i>(13)</i>
<b>Expenses</b>	<b>(56)</b>	<b>(74)</b>	<b>(83)</b>	<b>(91)</b>	<b>(90)</b>
<b>Gross operating income</b>	<b>(52)</b>	<b>(27)</b>	<b>(49)</b>	<b>(78)</b>	<b>(57)</b>
Cost of risk	2	(2)	(1)	0	(1)
Impairments on (in)tangible assets	(1)	0	0	(1)	0
Tax expense	29	9	4	30	30
<b>Net income</b>	<b>(20)</b>	<b>(20)</b>	<b>(45)</b>	<b>(48)</b>	<b>(28)</b>
Minority interests	6	6	5	7	9
<b>Net income – Group share</b>	<b>(27)</b>	<b>(26)</b>	<b>(50)</b>	<b>(54)</b>	<b>(37)</b>

<sup>1</sup> Pro forma for Q1 2006 to Q4 2006 as defined on page 22.

<sup>2</sup> Described on page 22.

## II ACTIVITY AND RESULTS OF THE BUSINESSES

### Dexia

#### STATEMENT OF INCOME – QUARTERLY SERIES<sup>1</sup>

in millions of EUR

	Q1 2006	Q2 2006	Q3 2006	Q4 2006	Q1 2007
<b>TOTAL</b>					
<b>Income</b>	<b>1,866</b>	<b>1,747</b>	<b>1,737</b>	<b>1,866</b>	<b>1,785</b>
<i>of which net commissions</i>	353	349	315	369	371
<b>Expenses</b>	<b>(867)</b>	<b>(887)</b>	<b>(902)</b>	<b>(957)</b>	<b>(926)</b>
<b>Gross operating income</b>	<b>999</b>	<b>860</b>	<b>835</b>	<b>909</b>	<b>859</b>
Cost of risk	(7)	(73)	(11)	(56)	(23)
Impairments on (in)tangible assets	(1)	0	0	0	0
Tax expense	(183)	(163)	(180)	(48)	(93)
<b>Net income</b>	<b>809</b>	<b>624</b>	<b>644</b>	<b>806</b>	<b>743</b>
Minority interests	20	21	15	21	23
<b>Net income – Group share</b>	<b>789</b>	<b>603</b>	<b>629</b>	<b>785</b>	<b>720</b>
<b>NON-OPERATING ITEMS<sup>2</sup></b>					
<b>Income</b>	<b>265</b>	<b>70</b>	<b>133</b>	<b>229</b>	<b>30</b>
<i>of which net commissions</i>					
<b>Expenses</b>				<b>(4)</b>	
<b>Gross operating income</b>	<b>265</b>	<b>70</b>	<b>133</b>	<b>226</b>	<b>30</b>
Cost of risk	13	(42)	14	(20)	4
Impairments on (in)tangible assets				1	
Tax expense	(16)	17	(4)	50	69
<b>Net income</b>	<b>262</b>	<b>45</b>	<b>142</b>	<b>257</b>	<b>103</b>
Minority interests					
<b>Net income – Group share</b>	<b>261</b>	<b>45</b>	<b>142</b>	<b>257</b>	<b>103</b>
<b>UNDERLYING</b>					
<b>Income</b>	<b>1,601</b>	<b>1,677</b>	<b>1,605</b>	<b>1,637</b>	<b>1,756</b>
<i>of which net commissions</i>	353	349	315	369	371
<b>Expenses</b>	<b>(867)</b>	<b>(887)</b>	<b>(902)</b>	<b>(953)</b>	<b>(926)</b>
<b>Gross operating income</b>	<b>734</b>	<b>790</b>	<b>702</b>	<b>684</b>	<b>829</b>
Cost of risk	(20)	(31)	(24)	(37)	(27)
Impairments on (in)tangible assets	(1)	0	0	(1)	0
Tax expense	(167)	(180)	(176)	(98)	(162)
<b>Net income</b>	<b>547</b>	<b>579</b>	<b>502</b>	<b>549</b>	<b>640</b>
Minority interests	19	21	15	21	23
<b>Net income – Group share</b>	<b>528</b>	<b>557</b>	<b>487</b>	<b>528</b>	<b>617</b>

<sup>1</sup> Pro forma for Q1 2006 to Q4 2006 as defined on page 22.

<sup>2</sup> Described on page 22.

### III CAPITAL ADEQUACY, RISKS AND RATINGS

#### CAPITAL ADEQUACY

<i>in millions of EUR, except where indicated</i>	Dec. 31, 2006	March 31, 2007
Tier 1 capital	13,028	13,497
Total regulatory capital	13,754	14,275
Tier 1 ratio	9.8%	9.7%
Capital adequacy ratio	10.3%	10.3%

Nota bene: For the calculation of the solvency ratio in 2007, the treatment of qualified participations in banking and insurance institutions remains the same as in 2006, being the deduction of the total regulatory equity.

#### RISK-WEIGHTED ASSETS

<i>in millions of EUR</i>	Dec. 31, 2006	March 31, 2007
20% weighted counterparts	45,102	47,199
50% weighted counterparts	14,783	15,216
100% weighted counterparts	65,393	67,490
Trading portfolio	8,091	8,905
<b>Total</b>	<b>133,369</b>	<b>138,810</b>

#### QUALITY OF RISKS

<i>in millions of EUR, except where indicated</i>	March 31, 2006	March 31, 2007
Impaired loans	1,453	1,279
Portfolio impairments <sup>1</sup>	970	881
Assets quality ratio <sup>2</sup>	0.76%	0.58%
Coverage ratio <sup>3</sup>	66.8%	68.9%

1 Does not include the collective impairment set aside to cover potential risk on share-leasing products.

2 The ratio between the impaired loans and the gross outstanding loans.

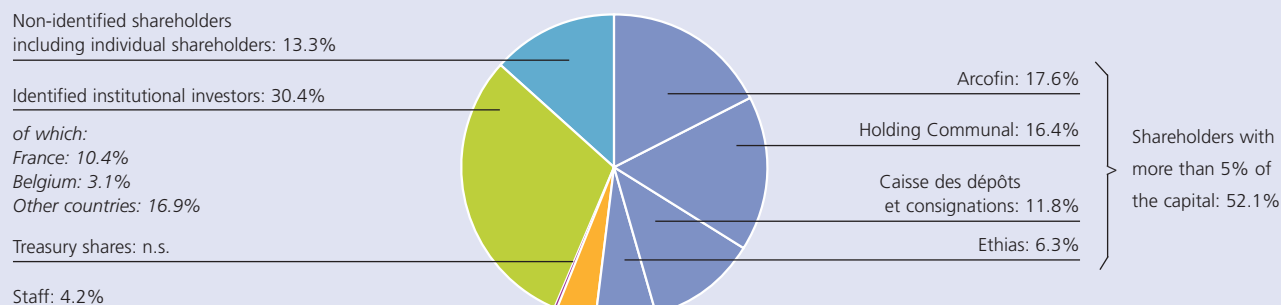
3 The ratio between the portfolio impairments and the impaired loans.

#### RATINGS (long term)

	DEXIA BANK	DEXIA CRÉDIT LOCAL	DEXIA BIL	FSA	DEXIA MUNICIPAL AGENCY
Moody's	Aa1	Aa1	Aa1	Aaa	Aaa
Standard & Poor's	AA	AA	AA	AAA	AAA
Fitch	AA+	AA+	AA+	AAA	AAA

## IV SHAREHOLDER INFORMATION

### SHAREHOLDERS' BASE AS OF MARCH 31, 2007



### NUMBER OF SHARES

	March 31, 2006	Dec. 31, 2006	March 31, 2007
Number of shares	1,107,469,030	1,163,184,325	1,163,184,325
of which Treasury shares	22,711,786	490,607	480,249
Number of options	55,903,030	58,697,872	58,697,872
<b>Total number of current/potential future shares<sup>1</sup></b>	<b>1,163,372,060</b>	<b>1,221,882,197</b>	<b>1,221,882,197</b>

<sup>1</sup> For more details refer to "Legal Information" on [www.dexia.com](http://www.dexia.com).

### DATA PER SHARE

	March 31, 2006	March 31, 2007
Average weighted number of shares <sup>1</sup>	1,086,724,764	1,162,695,427
Diluted average weighted number of shares <sup>1</sup>	1,103,108,775	1,179,359,718
Earnings per share – EPS (in EUR)		
- basic <sup>2</sup>	0.71	0.62
- diluted <sup>3</sup>	0.70	0.61
<b>Net assets per share (in EUR)<sup>4</sup></b>	<b>Dec. 31, 2006</b>	<b>March 31, 2007</b>
- related to core shareholders' equity <sup>5</sup>	11.60	12.00
- related to total shareholders' equity <sup>6</sup>	13.21	13.60

<sup>1</sup> Excluding shares held in treasury stocks.

<sup>2</sup> The ratio between the net income – Group share and the weighted average number of shares.

<sup>3</sup> The ratio between the net income – Group share and the weighted average diluted number of shares.

<sup>4</sup> The ratio between the shareholders' equity (estimated dividend for the period deducted) and the number of shares (after deduction of treasury shares) at end of period.

<sup>5</sup> Without AFS, CFH reserve and cumulative translation adjustments.

<sup>6</sup> With AFS, CFH reserve and cumulative translation adjustments.

### STOCK EXCHANGE DATA

	Dec. 31, 2006	March 31, 2007
Share price (in EUR) <sup>1</sup>	20.75	22.35
Stock market capitalization (in millions of EUR)	24,136	25,991
<b>Stock exchange</b>	<b>Brussels</b>	<b>Paris</b>
Share price as of Dec. 31, 2006 (in EUR)	20.75	20.75
Share price as of March 31, 2007 (in EUR)	22.34	22.35
Highest price/Lowest price during the first 3 months 2007 (in EUR)	23.33/20.51	23.32/20.48
Average daily trading volume during the first 3 months 2007 (in millions of EUR)	41.82	44.25
Average daily trading volume during the first 3 months 2007 (in thousands of shares)	1,893	2,008

<sup>1</sup> Average closing prices on Euronext Brussels and Euronext Paris.



## V CONSOLIDATED FINANCIAL STATEMENTS

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- Financial statements as of March 31, 2007 -

**DEXIA – CONSOLIDATED BALANCE SHEET**

**ASSETS**

*in millions of EUR*

	March 31, 2006	Dec. 31, 2006	March 31, 2007
I. Cash and balances with central banks	3,332	3,365	3,251
II. Loans and advances due from banks	74,376 <sup>1</sup>	78,215	79,577
III. Loans and advances to customers	193,678	226,502	223,483
IV. Financial assets measured at fair value through profit or loss	30,407	32,569	33,590
V. Financial investments	172,665	190,638	195,723
VI. Derivatives	25,429	24,032	22,512
VII. Fair value revaluation of portfolio hedge	944	759	413
VIII. Investments in associates	836	826	852
IX. Tangible fixed assets	2,007	2,188	2,181
X. Intangible assets and goodwill	845	2,393	2,399
XI. Tax assets	637	749	824
XII. Other assets	4,081 <sup>1</sup>	3,552	4,004
XIII. Non current assets held for sale	32	955	1,671
<b>Total assets</b>	<b>509,269</b>	<b>566,743</b>	<b>570,480</b>

<sup>1</sup> Cash collaterals have been reclassified from "Other assets" to "Loans and advances due from banks" for an amount of EUR 4,001 million.

The notes on pages 52 to 57 are an integral part of these consolidated financial statements.

- Financial statements as of March 31, 2007 -

**DEXIA – CONSOLIDATED BALANCE SHEET**

**LIABILITIES**

*in millions of EUR*

	March 31, 2006	Dec. 31, 2006	March 31, 2007
I. Due to banks	135,806 <sup>1</sup>	174,754	177,114
II. Customer borrowings and deposits	102,429	109,484	107,431
III. Financial liabilities measured at fair value through profit or loss	18,784	21,889	22,050
IV. Derivatives	30,197	30,489	26,523
V. Fair value revaluation of portfolio hedge	602	239	81
VI. Debt securities	180,197 <sup>2</sup>	184,746 <sup>2</sup>	188,598
VII. Subordinated debts	4,727 <sup>2</sup>	4,345 <sup>2</sup>	4,934
VIII. Technical provisions of insurance companies	10,545	12,288	12,480
IX. Provisions and other obligations	1,231	1,468	1,368
X. Tax liabilities	1,321	1,276	1,313
XI. Other liabilities	7,284 <sup>1</sup>	6,545	7,981
XII. Liabilities included in disposal groups held for sale	0	785	1,476
<b>Total liabilities</b>	<b>493,123</b>	<b>548,308</b>	<b>551,349</b>

**EQUITY**

*in millions of EUR*

XIV. Subscribed capital	4,888	5,238	5,238
XV. Additional paid-in capital	9,137	10,229	10,229
XVI. Treasury shares	(417)	(1)	1
XVII. Reserves and retained earnings	(2,181)	(3,783)	(1,030)
XVIII. Net income for the period	767	2,750	720
<b>Core shareholders' equity</b>	<b>12,194</b>	<b>14,433</b>	<b>15,158</b>
XIX. Gains and losses not recognized in the statement of income	2,344	1,866	1,863
<b>Total shareholders' equity</b>	<b>14,538</b>	<b>16,299</b>	<b>17,021</b>
XX. Minority interests	1,188	1,710	1,735
XXI. Discretionary participation features of insurance contracts	420	426	375
<b>Total equity</b>	<b>16,146</b>	<b>18,435</b>	<b>19,131</b>
<b>Total liabilities and equity</b>	<b>509,269</b>	<b>566,743</b>	<b>570,480</b>

1 Cash collaterals have been reclassified from "Other liabilities" to "Due to banks" for an amount of EUR 493 million.

2 Convertible and non subordinated debts were classified in "VII. Subordinated debts" and are now in "VI. Debt securities" for an amount of EUR 60 million in March 2006 and of EUR 20 million in December 2006.

The notes on pages 52 to 57 are an integral part of these consolidated financial statements.

- Financial statements as of March 31, 2007 -

**DEXIA – CONSOLIDATED STATEMENT OF INCOME**

<i>in millions of EUR</i>	March 31, 2006	March 31, 2007
I. Interest income	16,133	22,874
II. Interest expense	(15,199)	(21,838)
III. Dividend income	11	14
IV. Net income from associates	26	23
V. Net income from financial instruments at fair value through profit or loss	125	165
VI. Net income on investments	326 <sup>1</sup>	169
VII. Fee and commission income	383	449
VIII. Fee and commission expense	(58)	(78)
IX. Premiums and technical income from insurance activities	1,023	1,176
X. Technical expense from insurance activities	(1,002)	(1,183)
XI. Other net income	16 <sup>2</sup>	14
<b>Income</b>	<b>1,784</b>	<b>1,785</b>
XII. Staff expense	(406)	(468)
XIII. General and administrative expense	(256)	(287)
XIV. Network costs	(89)	(92)
XV. Depreciation & amortization	(54) <sup>2</sup>	(67)
XVI. Deferred acquisition costs	(13)	(12)
<b>Expenses</b>	<b>(818)</b>	<b>(926)</b>
<b>Gross operating income</b>	<b>966</b>	<b>859</b>
XVII. Impairment on loans and provisions for credit commitments	0	(23)
XVIII. Impairment on tangible and intangible assets	0	0
XIX. Impairment on goodwill	0	0
<b>Net income before tax</b>	<b>966</b>	<b>836</b>
XX. Tax expense	(179)	(93)
<b>Net income</b>	<b>787</b>	<b>743</b>
Attributable to minority interest	20	23
Attributable to equity holders of the parent	767	720
<i>in EUR</i>		
Earnings per share		
- basic	0.71	0.62
- diluted	0.70	0.61

1 March 31, 2006: of which EUR 227 million result on Dexia's net asset contribution to the joint venture RBC Dexia Investor Services.

2 March 31, 2006: as the revenue on investment properties are booked in "XI. Other net income", depreciation on investment properties have been reclassified from item "XV. Depreciation and amortization" to item "XI. Other net income" for an amount of EUR -2 million.

The notes on pages 52 to 57 are an integral part of these consolidated financial statements.

- Financial statements as of March 31, 2007 -

**DEXIA – CONSOLIDATED STATEMENT OF CHANGE IN EQUITY**

<b>CORE SHAREHOLDERS' EQUITY</b>	Subscribed capital	Additional paid-in capital	Treasury shares	Reserves and retained earnings	Net income for the period	Core shareholders' equity
<i>in millions of EUR</i>						
<b>As of Dec. 31, 2005</b>	4,888	9,137	(356)	(4,219)	2,038	11,488
<i>Movements of the period</i>						
- Acquisition of treasury shares			(50)			(50)
- Trading activities on treasury shares			(13)			(13)
- Sale and cancellation of treasury shares			2			2
- Transfers to reserves				2,038	(2,038)	0
- Share based payments: value of employee services				2		2
- Variation of scope of consolidation				(2)		(2)
- Net income for the period					767	767
<b>As of March 31, 2006</b>	4,888	9,137	(417)	(2,181)	767	12,194

<b>GAINS AND LOSSES NOT RECOGNIZED IN THE STATEMENT OF INCOME</b>	Gains and losses not recognized in the statement of income			Cumulative translation adjustments	Total gains and losses
	securities	derivatives	associates		Group share
<i>in millions of EUR</i>	(AFS)	(CFH)	(AFS, CFH and CTA)	(CTA)	
<b>As of Dec. 31, 2005</b>	2,608	(96)	7	77	2,596
<i>Movements of the period</i>					
- Net change in fair value through equity – Available for sale investments	(294)		3		(291)
- Net change in fair value through equity – Cash flow hedges		158			158
- Translation adjustments	(1)			(56)	(57)
- Cancellation of FV following AFS disposals	(62)				(62)
<b>As of March 31, 2006</b>	2,251	62	10	21	2,344

<b>MINORITY INTERESTS</b>	Core equity	Gains and losses not recognized in the statement of income	Minority interests	<b>DISCRETIONARY PARTICIPATION FEATURES OF INSURANCE CONTRACTS</b>
<i>in millions of EUR</i>				<i>in millions of EUR</i>
<b>As of Dec. 31, 2005</b>	1,136	47	1,183	433
<i>Movements of the period</i>				
- Increase of capital	5		5	
- Dividends	(1)		(1)	
- Net income for the period	20		20	
- Net change in fair value through equity		2	2	(13)
- Translation adjustments		(1)	(1)	
- Variation of scope of consolidation	(17)		(17)	
- Others	(2)	(1)	(3)	
<b>As of March 31, 2006</b>	1,141	47	1,188	420

Core shareholders' equity	12,194
Gains and losses not recognized in the statement of income attributable to equity holders of the parent	2,344
Minority interests	1,188
Discretionary participation features of insurance contracts	420
<b>TOTAL EQUITY AS OF MARCH 31, 2006</b>	<b>16,146</b>

The notes on pages 52 to 57 are an integral part of these consolidated financial statements.

- Financial statements as of March 31, 2007 -

**DEXIA – CONSOLIDATED STATEMENT OF CHANGE IN EQUITY**

<b>CORE SHAREHOLDERS' EQUITY</b>	Subscribed capital	Additional paid-in capital	Treasury shares	Reserves and retained earnings	Net income for the period	Core shareholders' equity
<i>in millions of EUR</i>						
<b>As of Dec. 31, 2006</b>	5,238	10,229	(1)	(3,783)	2,750	14,433
<i>Movements of the period</i>						
- Trading activities on treasury shares			2			2
- Transfers to reserves				2,750	(2,750)	0
- Share based payments: value of employee services				3		3
- Net income for the period					720	720
<b>As of March 31, 2007</b>	5,238	10,229	1	(1,030)	720	15,158

<b>GAINS AND LOSSES NOT RECOGNIZED IN THE STATEMENT OF INCOME</b>	Subsidiaries held for sale	Gains and losses not recognized in the statement of income			Cumulative translation adjustments	Total gains and losses
<i>in millions of EUR</i>		securities (AFS)	derivatives (CFH)	associates (AFS, CFH and CTA)	(CTA)	Group share
<b>As of Dec. 31, 2006</b>	1	1,958	10	15	(118)	1,866
<i>Movements of the period</i>						
- Net change in fair value through equity – Available for sale investments		165		2		167
- Net change in fair value through equity – Cash flow hedges			88			88
- Net change in fair value due to transfers to income – Cash Flow hedges			(3)			(3)
- Translation adjustments		(3)			3	0
- Cancellation of FV following AFS disposals		(255)				(255)
- Transfer	(2)	1	1			0
<b>As of March 31, 2007</b>	(1)	1,866	96	17	(115)	1,863

<b>MINORITY INTERESTS</b>	Core equity	Gains and losses not recognized in the statement of income	Minority interests	<b>DISCRETIONARY PARTICIPATION FEATURES OF INSURANCE CONTRACTS</b>
<i>in millions of EUR</i>				<i>in millions of EUR</i>
<b>As of Dec. 31, 2006</b>	1,664	46	1,710	426
<i>Movements of the period</i>				
- Dividends	(3)		(3)	
- Net income for the period	23		23	
- Net change in fair value through equity		6	6	(50)
- Cancellation of FV following AFS disposals		(1)	(1)	(1)
- Translation adjustments		1	1	
- Others	(1)		(1)	
<b>As of March 31, 2007</b>	1,683	52	1,735	375

Core shareholders' equity	15,158
Gains and losses not recognized in the statement of income attributable to equity holders of the parent	1,863
Minority interests	1,735
Discretionary participation features of insurance contracts	375
<b>TOTAL EQUITY AS OF MARCH 31, 2007</b>	<b>19,131</b>

The notes on pages 52 to 57 are an integral part of these consolidated financial statements.

- Financial statements as of March 31, 2007 -

**DEXIA – CONSOLIDATED CASH FLOW STATEMENT**

	March 31, 2006	March 31, 2007
<b>Cash flow from operating activities</b>		
Net income after income taxes	787	743
<i>Adjustment for:</i>		
- Depreciation, amortization and other impairment	59	73
- Impairment on bonds, equities, loans and other assets	(48)	(22)
- Net gains on investments	(295) <sup>1</sup>	(90)
- Charges for provisions (mainly insurance provision)	621	655
- Unrealized gains or losses	1	(33)
- Income from associates	(26)	(23)
- Dividends from associates	0	0
- Deferred taxes	55	29
- Other adjustments	2	(1)
Changes in operating assets and liabilities	(2,904)	12,160
<b>Net cash provided (used) by operating activities</b>	<b>(1,748)</b>	<b>13,491</b>
<b>Cash flow from investing activities</b>		
Purchase of fixed assets	(155)	(114)
Sales of fixed assets	28	44
Acquisitions of unconsolidated equity shares	(334)	(318)
Sales of unconsolidated equity shares	315	447
Acquisitions of subsidiaries and of business units	(1)	(1)
Sales of subsidiaries and of business units	0	0
<b>Net cash provided (used) by investing activities</b>	<b>(147)</b>	<b>58</b>
<b>Cash flow from financing activities</b>		
Issuance of new shares	10	0
Issuance of subordinated debt	0	743
Reimbursement of subordinated debt	(83)	(121)
Purchase of treasury shares	(50)	0
Sale of treasury shares	3	0
Dividends paid	0	(3)
<b>Net cash provided (used) by financing activities</b>	<b>(120)</b>	<b>619</b>
<b>Net cash provided</b>	<b>(2,015)</b>	<b>14,168</b>
<b>Cash and cash equivalents at the beginning of the period</b>		
	<b>43,797</b>	<b>57,941</b>
Cash flow from operating activities	(1,748)	13,491
Cash flow from investing activities	(147)	58
Cash flow from financing activities	(120)	619
Effect of exchange rate changes and change in scope of consolidation on cash and cash equivalents	(883) <sup>2</sup>	(10)
<b>Cash and cash equivalents at the end of the period</b>	<b>40,899</b>	<b>72,099</b>
<b>Additional information</b>		
Income tax paid	(82)	(115)
Dividends received	11	15
Interest received	17,189	23,322
Interest paid	(17,790)	(23,607)

1 March 2006: includes EUR 227 million result on Dexia's net asset contribution to the joint venture RBC Dexia Investor Services. It is a non cash item as it mainly results from exchange of shares.

2 March 2006: includes impact on cash and cash equivalents of joint venture RBC Dexia Investor services: EUR -770 million.

The notes on pages 52 to 57 are an integral part of these consolidated financial statements.

## NOTE I. ACCOUNTING PRINCIPLES AND RULES OF CONSOLIDATED FINANCIAL STATEMENTS

*These financial statements include the disclosures required by the European Accounting Regulation published up to March 31, 2007. Additional accounting policies and disclosures may be required in order to comply with local laws, accounting standards and stock exchange regulations.*

### GENERAL INFORMATION

Dexia provides financial services to the local public sector and is one of the world's largest player in Public/Project Finance and Credit Enhancement. In Europe, Dexia offers retail and private banking services and also asset management and insurance services.

The parent company of the Group is Dexia, which is a limited liability company and is incorporated and domiciled in Belgium. The address of its registered office is: Place Rogier 11 – B-1210 Brussels (Belgium).

Dexia is listed on the Euronext Stock Exchange in Paris and in Brussels and on the Luxembourg Stock Exchange.

These financial statements have been approved for issue by the Board of Directors on May 23, 2007.

### NOTES TO THE FINANCIAL STATEMENTS

The principal accounting policies adopted in the preparation of these consolidated financial statements are available in Dexia Annual Report 2006 and on [www.dexia.com](http://www.dexia.com)

Only the general framework and the changes in accounting policies since the previous annual publication that may impact Dexia Group are reported here.

The common used abbreviations below are:

- IFRIC: International Financial Reporting Interpretations Committee
- EU GAAP: International Financial Reporting Standards as adopted by the EU
- IFRS: International Financial Reporting Standard
- IASB: International Accounting Standards Board

### ACCOUNTING POLICIES

#### 1 Basis of accounting

The consolidated financial statements of Dexia are prepared in accordance with all IFRSs as adopted by the EU. Interim financial statements are prepared in accordance with IAS 34.

The European Commission published Regulation EC 1606/2002 on July 19, 2002, requiring listed groups to apply IFRS as from January 1, 2005. This regulation has been updated several times since 2002, validating the various texts published by the IASB with the exception of certain rules included in IAS 39.

The European Commission carved out some paragraphs of IAS 39 with the objective of enabling European companies to reflect appropriately in their consolidated financial statements the economic hedges they make in the management of their interest rate risk exposure.

Dexia's financial statements have therefore been prepared "in accordance with all IFRSs as adopted by the EU" and endorsed by the EC up to March 31, 2007, including the conditions of application of interest rate portfolio hedging and the possibility to hedge core deposits.

In preparing the consolidated financial statements, management is required to make estimates and assumptions that affect amounts reported. While management believes it has considered all available information in developing these estimates, actual results could differ from such estimates and the differences could be material to the financial statements.

The consolidated financial statements are stated in millions of euro (EUR) unless otherwise stated.

## 2 Changes in accounting policies since the previous annual publication that may impact Dexia Group

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

The IASB published an amendment to the existing standard IAS 23 Borrowing costs, which will be applicable as from January 1, 2009. The impact of this standard is under analysis.

### 2.2 IASB and IFRIC texts endorsed by the European Commission

None

### 2.3 Change in presentation

#### First-time application of IFRS 7 and the amendment to IAS 1: Presentation of financial statements

On January 1, 2007, Dexia applied for the first time the disclosure requirements for financial Instruments under IFRS 7 and the amendment to IAS 1: Presentation of Financial Statements – Capital disclosures. These standards have no impact on recognition and measurement of financial instruments and no effect on the net profit and equity.

Nevertheless, the application of IFRS 7 will simplify several publication lines of the consolidated financial statements.

The new disclosures relating to changes of IAS 1 and IFRS 7 will mainly impact Dexia's 2007 financial statements rather than the quarterly financial statements.

#### Reclassification of depreciation on investment property to "XI. Other net income"

Depreciation on investment properties is reclassified from gross operating income to other net income, as from January 1, 2007, in order to match income and related charges on this activity. Previous periods have been restated.

#### Reclassification of convertible but non-subordinated debts

Convertible but non-subordinated debts are now classified with debt securities. Debts with a subordinated character are therefore shown separately in the primary financial statements. This reclassification will also allow an easier reconciliation with the yearly capital disclosure as required by IAS 1.

#### Split of the "Technical margin of insurance activities" in income and expenses

The previous publication line "Technical margin of insurance activities" has been split in "IX. Premiums and technical income from insurance activities" and "X. Technical expense from insurance activities". Income of insurance companies is constituted by insurance premiums and technical income (new line IX) but also by financial net income, generated by financial investments, reported in lines I. to VIII. of the statement of income. The part of the policyholders in the total income is transferred in provisions (in the liabilities) via the use of the line "X. Technical expense from insurance activities". Therefore, when the insurance companies receive dividends or do a gain on the sale of financial investments, the technical expense may be higher than the "Premiums and technical income from insurance activities", leading to a negative "Technical margin of insurance activities" which does not mean that the insurance activities have a negative margin. Dexia decided to split the "Technical margin" in income and expenses in order to allow a better understanding of the insurance activities in the Group. This analysis may also be found in the note IV. Contribution by activity.

- Financial statements as of March 31, 2007 -

## NOTE II. SIGNIFICANT CHANGES IN SCOPE OF CONSOLIDATION

### As of March 31, 2006

Dexia and Royal Bank of Canada combine their institutional investor services businesses in the joint venture RBC Dexia Investor Services equally owned by both of them.

Dexia consolidates 50% of the joint venture by proportional method as from January 1, 2006.

### As of March 31, 2007

As of March 13, 2007 Dexia and Ethias signed an agreement for the sale of Belstar Assurances SA.

According to this, as of March 31, 2007 Belstar is recorded in "Non current assets held for sale" and in "Liabilities included in disposal groups held for sale" for amounts amounting EUR 0.7 billion.

## NOTE III. BUSINESS AND GEOGRAPHIC REPORTING

BUSINESS REPORTING						
	<i>Public/Project Finance and Credit Enhancement</i>	<i>Personal Financial Services</i>	<i>Asset Management, Insurance Services and Investor Services<sup>1</sup></i>	<i>Treasury and Financial Markets</i>	<i>Non allocated – Central Assets</i>	<i>Dexia</i>
<i>in millions of EUR</i>						
<b>As of March 31, 2006</b>						
Income	628	559	426	152	19	1,784
<i>of which net income from associates</i>	7	15	0	0	4	26
Net income before tax	421	162	303	111	(31)	966
<i>in millions of EUR</i>						
<b>As of March 31, 2007</b>						
Income	697	673	168	176	71	1,785
<i>of which net income from associates</i>	8	11	0	0	4	23
Net income before tax	465	195	66	125	(15)	836

<sup>1</sup> Since January 1, 2007 the Insurance Services segment – which was handling the production of the insurance products when other business lines were distributing them – does no longer exist and is reallocated to the business lines concerned by the operations realized, introducing this way 100% of the insurance results to Public/Project Finance and Credit Enhancement and Personal Financial Services. The comparison between March 2006 and March 2007 is therefore not relevant.

Relations between business lines, and especially between commercial business lines, financial markets and production and service centers are subject to retrocessions and/or analytical transfers, governed by service level agreements based on normal commercial terms and market conditions. The results of each business line also include:

- The earnings from commercial transformation, including the management costs of this transformation and the Group equity allocated to this activity on the basis of medium and long-term outstanding;

- Interest on economic capital: economic capital is allocated to the business lines for internal purposes and the return on economic capital is used to measure the performance of each business line;
- Funding cost.

Tangible and intangible assets are allocated to "Non allocated – Central Assets" except when they are directly managed by a commercial or financial business line.

- Financial statements as of March 31, 2007 -

GEOGRAPHIC REPORTING					
<i>in millions of EUR</i>	<i>Euro zone<sup>1</sup></i>	<i>Rest of Europe</i>	<i>USA</i>	<i>Rest of the world<sup>2</sup></i>	<i>Dexia</i>
<b>As of March 31, 2006</b>					
Net income before tax	743	32	166	25	966
<b>As of March 31, 2007</b>					
Net income before tax	571	45	148	72	836

1 Countries using the euro currency.

2 Including Turkey.

Geographic reporting is done based on booking centers, being the country of the company having recorded the transaction, and not the country of the customers.

## NOTE IV. CONTRIBUTION BY ACTIVITY – INCOME

	March 31, 2006				March 31, 2007			
	<i>Banking and other activities</i>	<i>FSA</i>	<i>Other insurance<sup>1</sup></i>	<i>TOTAL</i>	<i>Banking and other activities</i>	<i>FSA</i>	<i>Other insurance<sup>1</sup></i>	<i>TOTAL</i>
Interest margin	791	52	91	934	872	51	113	1 036
Dividend income	7	0	4	11	10	1	3	14
Net income from associates	25	1	0	26	23	0	0	23
Net income from financial instruments at fair value through profit or loss	104	27	(6)	125	170	(4)	(1)	165
Net income on investments	271	0	55	326	105	1	63	169
Net fees and commissions	314	(1)	12	325	360	(1)	12	371
Premiums and technical income from insurance activities	4	114	905	1,023	4	117	1,055	1,176
Technical expense from insurance activities	(3)	(34)	(965)	(1,002)	(2)	(41)	(1,140)	(1,183)
Other net income	16	0	0	16	13	1	0	14
<b>Income</b>	<b>1,529</b>	<b>159</b>	<b>96</b>	<b>1,784</b>	<b>1,555</b>	<b>125</b>	<b>105</b>	<b>1,785</b>
Staff expense	(367)	(14)	(25)	(406)	(429)	(13)	(26)	(468)
General and administrative expense	(235)	(6)	(15)	(256)	(264)	(7)	(16)	(287)
Network costs	(75)	0	(14)	(89)	(77)	0	(15)	(92)
Depreciation & amortization	(51)	(1)	(2)	(54)	(64)	(1)	(2)	(67)
Deferred acquisition costs	0	(13)	0	(13)	0	(12)	0	(12)
<b>Expenses</b>	<b>(728)</b>	<b>(34)</b>	<b>(56)</b>	<b>(818)</b>	<b>(834)</b>	<b>(33)</b>	<b>(59)</b>	<b>(926)</b>
<b>Gross operating income</b>	<b>801</b>	<b>125</b>	<b>40</b>	<b>966</b>	<b>721</b>	<b>92</b>	<b>46</b>	<b>859</b>
Impairment on loans and provisions for credit commitments	3	(3)	0	0	(20)	(3)	0	(23)
Impairment on tangible and intangible assets	0	0	0	0	0	0	0	0
Impairment on goodwill	0	0	0	0	0	0	0	0
<b>Net income before tax</b>	<b>804</b>	<b>122</b>	<b>40</b>	<b>966</b>	<b>701</b>	<b>89</b>	<b>46</b>	<b>836</b>
Tax expense	(143)	(34)	(2)	(179)	(69)	(22)	(2)	(93)
<b>Net income</b>	<b>661</b>	<b>88</b>	<b>38</b>	<b>787</b>	<b>632</b>	<b>67</b>	<b>44</b>	<b>743</b>
Attributable to minority interest	18	2	0	20	22	1	0	23
<b>Attributable to equity holders of the parent</b>	<b>643</b>	<b>86</b>	<b>38</b>	<b>767</b>	<b>610</b>	<b>66</b>	<b>44</b>	<b>720</b>

1 "Other insurance" includes Dexia Insurance Belgium Group.

## NOTE V. EXCHANGE RATES

		EXCHANGE RATES				
		Closing rate			Average rate	
		March 31, 2006	Dec. 31, 2006	March 31, 2007	March 31, 2006	March 31, 2007
Canadian dollar	CAD	1.4140	1.5337	1.5332	1.3863	1.5397
New Turkisch lira	TRY	1.6306	1.8515	1.8383	1.6022	1.8442
US dollar	USD	1.2110	1.3172	1.3305	1.2057	1.3171

## NOTE VI. SIGNIFICANT ITEMS INCLUDED IN THE NET INCOME

Reported amounts are significant and unusual transactions and not only large transactions. They therefore do not include results on sales of securities nor provisions thereon or on customers.

The decision to liquidate Dexia Financière, owner of Dexia Bank Nederland until May 2005, allows to recognize a tax credit of EUR 67 million in Q1 2007.

As a result of this liquidation, all impairments recognized in the past by Dexia Bank Belgium on this company become tax deductible. This element is reported in non-operating results.

All nonrecurring items are reported in the Activity Report on page 22.

## NOTE VII. POST-BALANCE-SHEET EVENTS

A gross dividend of EUR 0.81 per share has been approved by the Annual Shareholders' Meeting on May 9, 2007, or a total of EUR 942 million. The payment date of the dividend is May 24, 2007.

In Q4 2006, BNP Paribas and Dexia signed an agreement regarding the sale of Dexia Banque Privée France (DBPF), a wholly-owned subsidiary of Dexia BIL, which offers private banking services to private clients and not-for-profit organizations.

Following the sale of DBPF, Dexia will record a net profit of about EUR 42 million in the second quarter of 2007.

As in December 2006, Dexia Banque Privée France is recorded as of March 31, 2007 in "Non current assets held for sale" for EUR 0.8 billion and in "Liabilities included in disposal groups held for sale" for EUR 0.7 billion.

As of May 15, 2007 Dexia and Ethias finalized the sale of Belstar Assurances SA.

Further to the sale of Belstar, Dexia will record a capital gain of about EUR 45 million in the second quarter of 2007.

## NOTE VIII. LITIGATIONS

### 1. Update of the disclosure concerning share leasing

Reference is made to the detailed disclosure in the annual report 2006 and the Activity Report Year & Q4 2006 which are available on [www.dexia.com](http://www.dexia.com).

On May 10, 2007, approximately 66,000 clients holding more than 110,000 contracts have accepted settlements based on the Duisenberg Arrangements. This figure does not include the approximately 200,000 contracts for which clients had already signed a waiver, and of which some also potentially benefit from the Duisenberg Arrangement.

The Amsterdam Court of Appeal has rendered the definitive decision in respect of the joint petition of Dexia Bank Nederland NV (DBnl) and the foundations Leaseverlies and Eegalease, the Consumentenbond – Consumers Association – and the Vereniging van Effectenbezitters – Dutch Association of Securities holders (VEB) on January 25, 2007, granting binding force to the Duisenberg Arrangement which means that all relevant clients in respect of the Arrangement who will not "opt-out" within six months, will be bound automatically to the Arrangement. After mandatory advertisements were placed in national newspapers on January 31, 2007, the opt-out period started on February 1, 2007, until and including July 31, 2007.

## *- Financial statements as of March 31, 2007 -*

Until May 10, 2007, around 20,500 clients have filed an opt-out statement, including 17,200 clients represented by Leaseproces BV. Starting February 1, 2007, the suspended court cases could be resumed by the plaintiffs. However, until May 10, 2007, only approximately 370 court cases – around 10% of the number of suspended cases – have been continued.

On March 1, 2007, the Amsterdam Court of Appeal has rendered two important judgments. In one case, this court confirmed a ruling that spouse consent to enter into share-leasing agreements is mandatory. In this matter, DBnl has issued an appeal to the Dutch Supreme Court. In the other case, concerning “duty of care”, the Court of Appeal ruled in line with the Duisenberg Arrangement.

Leaseproces BV, a profit driven organization that recruits clients on a “no cure, no pay” base, represented on May 10, 2007, approximately 24,000 clients, of which approximately 17,200 have filed an opt-out statement in the context of the Duisenberg Arrangement. For approximately 1,700 of their clients, Leaseproces BV actually started proceedings. Other organizations, attorneys at law and other lawyers continue to summon DBnl on behalf of their clients in civil courts. However, in Q1 2007 a number of other court cases have been settled as well, a vast majority on the base of the Duisenberg Arrangement. Therefore, the total number of clients in proceedings continues to remain at the same level.

### **2. Update of the disclosure concerning Lernout & Hauspie**

The involvement of Dexia SA and Dexia Bank Belgium (DBB) in the Lernout & Hauspie file has been described in the annual report 2006 and in the Activity Reports of 2006. Since January 1, 2007, the following major developments have taken place in the legal proceedings before US Courts involving Dexia Bank Belgium.

First, on February 9, 2007, Dexia Bank Belgium and the plaintiffs in the NASDAQ Class Action have signed a memorandum of understanding which in effect terminates the proceedings in return for the payment by DBB of USD 60 million. This settlement is still subject to court approval on June 22.

Further, in February 2007, DBB has also entered into settlement agreements with Stonington and TRA. Both companies had introduced a separate claim against DBB. These settlements are final and effectively terminate all court proceedings initiated by Stonington and TRA.

On February 12, 2007, the so-called “EASDAQ Class Action” was dismissed by the District Court of Massachusetts, which found that the US Courts are not the appropriate forum to litigate the claims involved in that action. The plaintiffs in the “EASDAQ Class Action” did not appeal the judgment.

Some developments also took place in the proceedings regarding the Bastiaens loan.

As a consequence of the decision of the Luxembourg Court of Appeals on July 12, 2006 – against which Banque Artesia Nederland (BAN) lodged for appeal before the Supreme Court – BAN has to return on or before June 30, 2007 the Parvest shares (or the value of these shares) to BNP Paribas and Crédit Agricole Indosuez Luxembourg (CAIL). A first attempt to have the seizures on the Parvest shares lifted failed on April 20, 2007. BAN lodged for appeal against the decision of the Amsterdam Court. As a consequence of the agreement with General Electric, regarding the sale of BAN, DBB has to bear the financial consequences of the proceedings regarding the Bastiaens file. If the result of the appeal is negative for BAN and depending upon the decision of the Luxembourg Supreme Court, DBB could have to pay the value of the Parvest shares (approximately USD 30 million).



## REVIEW REPORT OF THE BOARD OF AUDITORS ON THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION OF DEXIA SA AS OF MARCH 31, 2007

To the Shareholders of Dexia SA

### Introduction

We have reviewed the accompanying condensed consolidated financial statements of Dexia SA and its subsidiaries as of March 31, 2007, including the consolidated balance sheet, the related consolidated statements of income, changes in equity and cash flows for the three-month period then ended and the notes related thereto as disclosed on pages 46-57 of Dexia's Activity Report Q1 2007. The board of directors is responsible for the preparation and presentation of this interim financial information in accordance with IFRSs as adopted by the European Union applicable to interim financial reporting ("IAS 34"). Our responsibility is to express a conclusion on this interim financial information based on our review.

### Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial information consists of making inquiries,

primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information is not prepared, in all material respects, in accordance with IAS 34 as adopted by the European Union applicable to interim financial reporting. Without amending our conclusion, we draw attention to note VIII of the interim financial information, which provides updated information on the legal proceedings the Group is facing on the Legiolease share leasing issue in the Netherlands.

Brussels, May 23, 2007

The Board of Auditors,

#### PRICEWATERHOUSECOOPERS

Reviseurs d'Entreprises SCCRL

Represented by

*R. Peirce*

#### MAZARS & GUERARD

Reviseurs d'Entreprises SCCRL

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## Financial Calendar

### DATES

May 24, 2007  
August 30, 2007  
November 15, 2007  
February 28, 2008  
May 14, 2008  
May 14, 2008

### EVENTS

Payment of the 2006 dividend; ex-dividend date  
Publication of the results as of June 30, 2007  
Publication of the results as of September 30, 2007  
Publication of the results as of December 31, 2007  
Annual Shareholders' Meeting  
Publication of the results as of March 31, 2008

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