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## Transformation plan ahead of target

### Net profit of EUR 1,010 million in 2009 and EUR 202 million in 4Q 2009

#### Highlights

- **Transformation plan ahead of target:** Group refocused on core client franchises, risk profile of the Group strongly improved and cost reduction well on track
- **Agreement reached with the European Commission** on the restructuring plan of the Group

#### Full Year 2009: recovery of the Group's profitability

- Net profit of EUR 1,010 million vs. 2008 net loss of EUR 3,326 million
- Profitability of core businesses confirmed quarter after quarter

#### 4Q 2009

- Net profit of EUR 202 million vs. 4Q 2008 net loss of EUR 2,603 million

- **Strong solvency:** Tier 1 ratio of 12.3% and core Tier 1 ratio of 11.3%

- The Board of Directors intends to submit to the Shareholders' General Meeting a proposal to pay a **dividend** in shares corresponding to a 35% pay-out

#### • Outlook 2010

- Further implementation of the transformation plan, integrating the content of the agreement with European Commission announced on February 5, 2010
- Early exit from the States guarantee on funding: full exit planned for June 30, 2010
- Presentation of the business reviews during **Investor Day** on **May 27, 2010**

Mr. Jean Luc Dehaene, Chairman of the Board of Directors, said: "The transformation initiated end of 2008 and the mobilization of all the Group's staff were up to the challenges the bank then faced. The progresses we have made was acknowledged by the European Commission and Dexia is now refocused on its historical perimeter. With this strong base, Dexia has given itself the means to reinvest in its commercial franchises."

Mr. Pierre Mariani, Chief Executive Officer and Chairman of the Management Board, said: "In 2009, quarter after quarter, Dexia has kept to or exceeded its commitments and has returned to profitability. After a loss of EUR 3.3 billion in 2008, the Group demonstrates the profitability of its core businesses. Refocused on its commercial franchises, in its historic markets, Dexia will deploy, in a still challenging environment, its strategy, business by business and continuously better serve its client base."

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

During its February 24, 2010 meeting, the Board of Directors examined the results of Dexia.

## **Transformation plan: ahead of target**

### ***Refocus on the historical franchises of the Group***

In November 2008 the Group committed to exit its non-strategic territories, to decrease its Public and Wholesale Banking production sharply from EUR 52 billion in 2008 to EUR 19 billion in 2009 and to increase its client deposits base.

These targets have been reached. The Group has stopped its commercial activities in Australia, Mexico, India, Scandinavia, Switzerland (in the field of public finance), Japan as well as Central and Eastern Europe. Activities in the United Kingdom and North America have been sharply reduced. New production in Public & Wholesale Banking has been brought back to EUR 12 billion in 2009. Moreover, EUR 8.4 billion of additional deposits have been collected in Retail & Commercial Banking and Public & Wholesale Banking.

Dexia was equally committed to develop its commercial franchises in Retail & Commercial Banking in Belgium, Turkey and Luxembourg. A EUR 350 million investment program was decided upon to modernise the branch network in Belgium, of which EUR 105 million was committed in 2009. In Turkey, the bank has acquired 615,000 more clients over the year.

Beyond these commitments, Dexia signed an agreement for the sale of Dexia Epargne Pension, sold its 20%-stake in Crédit du Nord and refocused its Private Banking activities on Luxembourg and Switzerland.

In accordance with the agreement with the European Commission, Dexia has undertaken, within the coming three years, to dispose of its stakes in Dexia Crediop (by 31/10/2012), Dexia Sabadell (by 31/12/2013), Dexia banka Slovensko (by 31/10/2012) as well as its stakes in AdInfo (by 31/12/2010), its insurance activities in Turkey (by 31/10/2012) and SPE (by 31/12/2010). The disposal of these entities will enable the Group to reduce its balance sheet by an amount of approximately EUR 44 billion.

### ***Improvement of the Group's risk profile and liquidity situation of the Group***

As early as November 2008 Dexia undertook to improve its risk profile by way of the disposal of FSA Insurance, an improvement to its liquidity situation (the latter to be improved through the use of State-guaranteed funding, the progressive disposal of its bond portfolios and non-strategic loans as well as the adjustment of its Public & Wholesale Banking production to its refinancing capacity) and lastly, the in-depth reorganisation of its trading activities.

**In line with the calendar, FSA Insurance was disposed of on July 1, 2009.** The States of Belgium and France guarantee 75% of the assets held in the Financial Products portfolio. By way of this guarantee the States will cover losses above a first loss of USD 4.5 billion (see details in press releases dated November 14, 2008). As at December 31, 2009, Dexia had booked a total provision of USD 2 billion in relation to the Financial Products portfolio. It is important to note that the Group's solvency ratios are immunized against the potential losses of the guaranteed portfolio.

**In terms of liquidity the Group has well exceeded its objectives.** The debt profile of the Group was extended, with EUR 46 billion of medium and long-term debt raised during 2009, of which EUR 13 billion in the format of Covered Bonds. Half these issues were made without using the States guarantee. The size of the balance sheet was down scaled by EUR 73 billion (11%) between the end of 2008 and end of 2009, notably via the sale of EUR 18 billion of bonds and non-strategic loans. The production in Public & Wholesale Banking was brought back in line with the Group's long-term funding capacity and the availability of its stable funding (deposits and covered bonds).

As a consequence the need for short-term funding has been reduced by around EUR 80 billion in 2009, allowing the Group to reduce the outstanding amount of State guaranteed funding from EUR 95 billion at the peak of its use in May 2009 to EUR 50 billion at the end of December 2009 while at the same time reducing the outstanding amounts being refinanced via the central banks from EUR 122 billion at the end of 2008 to EUR 57 billion at the end of 2009. At the end of 2009, Dexia had EUR 136 billion central bank eligible assets

on its balance sheet of which EUR 49 billion was mobilized to attract secured funding via repo's and central bank operations.

In line accordance with the agreement concluded with the European Commission, the Group's short-term funding will decrease steadily to reach a maximum of 11% of the total balance sheet in 2014, with a target at 23% by the end of 2010. The average life of funding excluding deposits will increase by 1 year until December 2014 to reduce the asset/liabilities duration gap. Lastly, the ratio of stable funding (defined as the sum of covered bonds and deposits) over total assets will increase over time to reach 58% by the end of 2014 with a target of 40% by the end of 2010.

A reporting on the three above-mentioned commitments will be done to the European Commission every 6 months.

**Proprietary trading was stopped** and the VaR limits cut by half. The use of VaR fell sharply, from EUR 127.5 million in the last quarter of 2008 to EUR 46 million in the fourth quarter of 2009. Finally, trading activities were centralised in Brussels and the management of portfolios in run-off in Dublin.

### Cost Reduction

Dexia undertook to reduce its cost base by EUR 600 million until 2011, o/w EUR 200 million in savings to be realised in 2009.

Excluding restructuring charges, EUR 434 million in cost savings were realised in 2009, o/w EUR 73 million linked to the disposal of FSA Insurance. At constant perimeter Dexia has exceeded its cost reduction target by EUR 161 million in 2009.

### Group's profitability recovered in 2009

Consolidated statement of income*								
In millions of EUR	4Q08	3Q09	4Q09	Var. 4Q09/ 4Q08	Var. 4Q09/ 3Q09	2008	2009	Var. 2009/ 2008
<b>Income**</b>	<b>-249</b>	<b>1,369</b>	<b>1,451</b>	<b>n.s.</b>	<b>+6.0%</b>	<b>3,556</b>	<b>6,163</b>	<b>+73.3%</b>
Expenses	-1,177	-916	-920	-21.8%	+0.4%	-4,119	-3,607	-12.4%
<b>Gross operating income</b>	<b>-1,426</b>	<b>453</b>	<b>531</b>	<b>n.s.</b>	<b>+17.2%</b>	<b>-563</b>	<b>2,556</b>	<b>n.s.</b>
Cost of risk & impairments	-1,448	-102	-281	-80.6%	x2.8	-3,314	-1,153	-65.2%
<b>Pre-tax income</b>	<b>-2,874</b>	<b>351</b>	<b>250</b>	<b>n.s.</b>	<b>-28.8%</b>	<b>-3,877</b>	<b>1,403</b>	<b>n.s.</b>
Tax expense	268	-65	-56	n.s.	-15.1%	629	-314	n.s.
<b>Net income</b>	<b>-2,606</b>	<b>286</b>	<b>194</b>	<b>n.s.</b>	<b>-32.2%</b>	<b>-3,248</b>	<b>1,089</b>	<b>n.s.</b>
Minority interests	3	-12	8	x2.7	-33.3%	-78	-79	n.s.
<b>Net income Group share</b>	<b>-2,603</b>	<b>274</b>	<b>202</b>	<b>n.s.</b>	<b>-26.3%</b>	<b>-3,326</b>	<b>1,010</b>	<b>n.s.</b>
<b>Return on Equity***</b>						<b>-22.6%</b>	<b>+5.6%</b>	
Earnings per share (in EUR)	-1.48	0.16	0.11	-	-	-2.54	0.57	-

\* FSA Insurance deconsolidated since 2Q 2009.

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

\*\*\* ROE calculated on Core Shareholders Equity

Note : 2009 figures unaudited

For comparison purposes, pro-forma results taking into account the sale of FSA Insurance (deconsolidated in 2Q 2009) are shown in the Appendix.

In 2009, after recording a loss of EUR 3,326 million in 2008, Dexia resumed to profit following four consecutive positive quarters. Net income Group share amounted to EUR 1,010 million as of December 31, 2009.

At EUR 6,163 million revenues were up by 73% in 2009 as compared to the previous year. Aggregate revenues of Retail & Commercial Banking, Public and Wholesale Banking and Asset Management & Services increased by 16% yoy. Revenues from Group Center (comprising Treasury, Portfolios in run-off and Central Assets) which had been strongly impacted by the crisis in 2008 (EUR -994 million) were equal to EUR 898 million in 2009.

In 2009, the cost of risk and impairments reached EUR 1,153 million, far from the pre-crisis level (EUR 170 million in 2007), but below the 2008 EUR 3,314 million cost of risk and impairments which were severely impacted by the crisis (of which EUR 1,665 million due to the sale of FSA Insurance).

Return on equity reached 5.6%, reflecting the first impacts of Dexia's transformation plan launched in November 2008.

In 4Q 2009, revenues, including a EUR 153 million capital gain related to the sale of the Group's 20% stake in Crédit du Nord were equal to EUR 1,451 million vs. a loss of EUR 249 million in 4Q 2008 impacted by crisis items and up 6% vs. 3Q 2009.

Thanks to constant efforts throughout the year, costs were down 21.8% vs. 4Q 2008 and flat compared to the previous quarter.

At EUR 281 million, the cost of risk and impairments were up by EUR 179 million vs 3Q 2009 which benefited from reversals on provisions. During 4Q 2009, the Group took a provision of EUR 140 million on the Financial Products portfolio, thus enabling to keep the stock of provisions on this portfolio unchanged despite USD 100 million of cash losses in 4Q 2009.

For the fourth quarter in a row, net income Group share was positive at EUR 202 million vs. a loss of EUR 2,603 million recorded in 4Q 2008.

The Board of Directors intends to submit to the Shareholders' General Meeting a proposal to pay **dividend** in shares corresponding to a 35% pay-out

## Improved operational performance of all business lines

### Retail & Commercial Banking (RCB)

Statement of income								
In millions of EUR	4Q08	3Q09	4Q09	Var. 4Q09/ 4Q08	Var. 4Q09/ 3Q09	2008	2009	Var. 2009/ 2008
<b>Income</b>	<b>686</b>	<b>733</b>	<b>862</b>	<b>+25.7%</b>	<b>+17.6%</b>	<b>2,722</b>	<b>3,035</b>	<b>+11.5%</b>
Expenses	-488	-469	-476	-2.4%	+1.5%	-1,978	-1,875	-5.2%
<b>Gross operating income</b>	<b>198</b>	<b>264</b>	<b>386</b>	<b>+94.9%</b>	<b>+46.3%</b>	<b>744</b>	<b>1,160</b>	<b>+56.1%</b>
Cost of risk & impairments	-235	-89	-96	-59.1%	+7.9%	-508	-363	-28.5%
<b>Pre-tax income</b>	<b>-37</b>	<b>176</b>	<b>290</b>	<b>n.s.</b>	<b>+65.1%</b>	<b>235</b>	<b>797</b>	<b>x3.4</b>
Tax expense	54	-51	-47	n.s.	-7.6%	-64	-190	x3.0
<b>Net income Group share</b>	<b>23</b>	<b>125</b>	<b>243</b>	<b>x10.6</b>	<b>+94.2%</b>	<b>184</b>	<b>608</b>	<b>x3.3</b>

Note : 2009 figures unaudited

In 2009, the Group placed an emphasis on developing its retail franchise both in its historical markets and also in Turkey which turned in a strong RCB commercial performance. At EUR 3,035 million including EUR 153 million capital gain on the sale of the 20%-stake in Crédit du Nord, RCB's revenues increased by

11.5% on 2008. Excluding this gain, revenues went up by 5.9% yoy. Costs decreased by 5% yoy and the cost of risk and impairments decreased by 28.5% on 2008 that was impacted by significant provisioning. As a result net income in 2009 was EUR 608 million equal to 3.3 times 2008 net income.

- In **Belgium**, the client base grew by 3.5% to reach 4.5 million clients. Client satisfaction surveys largely improved over the year in most valuable client segments. Furthermore Dexia launched a program of deployment of its new retail platform representing a EUR 350 million investment including EUR 105 million in 2009: 133 open & cashless branches were opened during the year, out of a target of 308 in 2011 and 400 additional account managers were appointed. This new concept was greeted by strong customer acceptance. Marketing campaigns helped the Group aggressively to regain share of voice in communication and supported the collection of deposits. All this contributed to a growth of EUR 7.2 billion (+14%) of deposits over the year. Loans grew by 5% driven by business credit and mortgages.

Revenues grew by 7% in 2009 vs. 2008 due to the capital gain realized on the sale of Crédit du Nord and supported by volume growth and favorable deposit mix. As a result of cost control, costs were down 2% and the cost-income ratio decreased by 3 pp in 2009 on 2008. Pre-tax income amounted to EUR 302 million in 2009 (including capital gain on the sale of the 20%-stake in Crédit du Nord).

- In **Luxembourg**, the franchise remained resilient despite a turbulent environment. There was a slight increase in international private banking assets and the Group's retail market share remained stable. Revenues were up 17% in 2009 vs. 2008 which was marked by financial crisis related items. Costs were down 7% in 2009 vs. 2008 supported by IT and overhead cost reduction. Pre-tax income amounted to EUR 262 million in 2009.
- In **Turkey**, the dynamic expansion of DenizBank's retail platform was confirmed through the acquisition of 615,000 new retail and business customers (+20% yoy) and the opening of 50 new branches. Deposits grew by 24% through specific commercial initiatives and loans increased by 7%. As a result, the loan-deposit ratio improved strongly (126% at end-2009 versus 146% at end-2008).

Revenues were up 10% in 2009 vs. 2008 (or +25% in YTL) thanks to improvement of margins and volume growth. Costs decreased by 7% in 2009 vs. 2008. Pre-tax income amounted to EUR 184 million up by 60% compared to end 2008.

**In 4Q 2009**, revenues excluding the capital gain realized on the sale of the 20%-stake in Crédit du Nord declined slightly vs. 3Q 2009, mainly owing to Luxembourg (EUR 18 million recovery of the payments for the deposit guarantee fund related to Icelandic banks boosted 3Q 2009 revenues). Belgium's revenues increased by 4% vs 3Q 2009 excluding the capital gain on the sale of the 20%-stake in Crédit du Nord by virtue of volume growth. In Turkey, 4Q 2009 revenues slowed against a challenging 3Q 2009 base.

Costs were up by 2% qoq partly explained by the opening of 29 new branches in Turkey. The cost of risk expressed on average customer loans was up 5 bps vs. 3Q 2009 at 80 bps in 4Q 2009 driven by Turkey (340 bps in 4Q 2009 vs. 314 bps in 3Q 2009). RCB's Net income Group share for the quarter was EUR 243 million.

**In 2010**, Dexia will pursue the deployment of its new distribution model in Belgium, leverage its wealth management capabilities and customer base in Luxembourg to strengthen its private banking activities and capitalize on a strong commercial momentum in Turkey.

## Public & Wholesale Banking (PWB)

Statement of income								
In millions of EUR	4Q08	3Q09	4Q09	Var. 4Q09/ 4Q08	Var. 4Q09/ 3Q09	2008	2009	Var. 2009/ 2008
<b>Income</b>	<b>380</b>	<b>341</b>	<b>310</b>	<b>-18.5%</b>	<b>-9.1%</b>	<b>1.483</b>	<b>1,482</b>	<b>-0.1%</b>
Expenses	-157	-147	-152	-3.1%	+3.8%	-637	-589	-7.5%
<b>Gross operating income</b>	<b>223</b>	<b>194</b>	<b>158</b>	<b>-29.3%</b>	<b>-18.8%</b>	<b>846</b>	<b>893</b>	<b>+5.5%</b>
Cost of risk & impairments	-141	-30	-51	-63.8%	x 1.7	-234	-141	-39.7%
<b>Pre-tax income</b>	<b>81</b>	<b>165</b>	<b>106</b>	<b>+30.3%</b>	<b>+35.5%</b>	<b>612</b>	<b>752</b>	<b>+22.9%</b>
Tax expense	-10	-61	-29	x 2.9	-53.1%	-183	-222	+20.9%
<b>Net income Group share</b>	<b>78</b>	<b>95</b>	<b>81</b>	<b>3.8%</b>	<b>-14.9%</b>	<b>388</b>	<b>502</b>	<b>+29.2%</b>

Note : 2009 figures unaudited

**In 2009**, as a result of the rapid refocus of the business line on its core franchises, long-term commitments (EUR 260 billion) were down 7.1% compared to the previous year (EUR 280 billion).

In core countries, the public finance business was however resilient, with commitments only down by 1% yoy in Belgium and down by 4% yoy in France. Besides, in 4Q 2009 new loan production recovered on 9M 2009 (+50% qoq in France and + 25% qoq in Belgium).

Throughout 2009, PWB's production was profitable as margins on new loans more than offset Dexia's increased cost of funding. The focus on deposits collection and cross-selling to local authorities in core markets led to an increase of deposits and services and investment products of 4%.

In Project Finance, Dexia confirmed the strength of its expertise and franchises and gained mandates on core sectors such as social infrastructure & transportation PPP as well as renewable energies and environment. 2009 was characterized by high levels of pricing especially in the US and Canada, substantially shorter tenors, and reduced final take.

PWB confirmed its profitability in 2009 with a net profit of EUR 502 million, compared to EUR 388 million in 2008, which had been negatively impacted by charges of EUR 199 million on Kommunalkredit Austria. Quarter after quarter, the pressure on revenues caused by higher funding costs was mitigated by significant cost reduction efforts and an overall low risk charge (5 bps on average for the full year 2009). Globally, expenses were down by 7.5% in 2009 vs. 2008 (-6% in Belgium and France and -13% in other markets) leading to a decrease of the cost income ratio from 43% to 40% between 2008 and 2009.

**In 4Q 2009**, revenues were down by 9% qoq, linked to a drop in trading revenues allocated to Public & Wholesale Banking. Liquidity costs stabilized vs 3Q09, notably thanks to the decrease of payments on States guarantee fees. Costs were up 4% qoq and down 3% yoy. The cost of risk increased by EUR 21 Group share for 4Q 2009 was EUR 81 million.

**In 2010** and going forward, Dexia will align its lending activity with its funding capacity, focus on new business protecting the group's profitability and further develop expertise in Project Finance.

In line with the European Commission agreement, the new production will respect a minimum RAROC of 10% (report will be done every 6 months to the European Commission). Accounting for 26% of the Group's full year revenue (excluding FSA) in 2009, the proportion of revenue generated by Public and Wholesale Banking is expected to converge towards 20% by 2014.

## Asset Management & Services (AMS)

Statement of income								
In millions of EUR	4Q08	3Q09	4Q09	Var. 4Q09/ 4Q08	Var. 4Q09/ 3Q09	2008	2009	Var. 2009/ 2008
<b>Income</b>	<b>-334</b>	<b>238</b>	<b>290</b>	<b>n.s.</b>	<b>+21.8%</b>	<b>345</b>	<b>748</b>	<b>x2.2</b>
Expenses	-176	-168	-173	-1.7%	+2.6%	-694	-672	-3.1%
<b>Gross operating income</b>	<b>-509</b>	<b>70</b>	<b>118</b>	<b>n.s.</b>	<b>+67.7%</b>	<b>-349</b>	<b>76</b>	<b>n.s.</b>
Cost of risk & impairments	-1	0	0	n.s.	n.s.	-1	-23	n.s.
<b>Pre-tax income</b>	<b>-510</b>	<b>71</b>	<b>118</b>	<b>n.s.</b>	<b>+67.4%</b>	<b>-350</b>	<b>53</b>	<b>n.s.</b>
Tax expense	52	27	-19	n.s.	n.s.	28	26	-10.1%
<b>Net income Group share</b>	<b>-462</b>	<b>96</b>	<b>98</b>	<b>n.s.</b>	<b>n.s.</b>	<b>-329</b>	<b>74</b>	<b>n.s.</b>

Note: 2009 figures unaudited

Breakdown of AMS net income Group share								
In millions of EUR	4Q08	3Q09	4Q09	Var. 4Q09/ 4Q08	Var. 4Q09/ 3Q09	2008	2009	Var. 2009/ 2008
Asset Management	-34	16	13	n.s.	-21.6%	11	37	x3.4
Investor Services	13	6	8	-41.0%	+17.4%	80	19	-76.9%
Insurance	-441	73	77	n.s.	+5.4%	-420	19	n.s.
<b>Total AMS</b>	<b>-462</b>	<b>96</b>	<b>98</b>	<b>n.s.</b>	<b>n.s.</b>	<b>-329</b>	<b>74</b>	<b>n.s.</b>

Note: 2009 figures unaudited

**In 2009**, after a difficult first quarter marked by impairments and losses on insurance investment portfolios, the results of AMS which includes Asset Management, Investor Services and Insurance, have continually improved throughout the year. AMS reported a net profit of EUR 74 million for the full year against a loss of EUR 329 million in 2008.

**In 4Q 2009**, net income Group share stood at EUR 98 million in line with 3Q 2009.

- **Asset Management:** In 2009, Assets under management (AuM) went up by 4% yoy to reach EUR 82.4 billion as positive market effects more than offset outflows. Such outflows mainly came from retail funds (EUR -7.9 billion), whilst institutional funds recorded net new cash of EUR 1.5 billion over the year. This trend was confirmed in 4Q 2009 leading to stable AuM vs. 3Q 2009.

In 2009, net income Group share was more than three times that of 2008 thanks to rising performance fees (+44%), lower crisis impacts and good cost control (-11%).

In 4Q 2009, revenues were slightly up qoq with an increase in performance fees. Net profit was slightly down on 3Q 2009 due to the seasonality of costs.

- **Investor Services:** In 2009, assets under administration (AuA) improved by 31% at USD 2,456 billion as compared to end of 2008, mainly driven by market effects. AuA continued their increase in 4Q 2009 with additional USD 176 billion (+7.7% on 3Q 2009). Similarly, assets under custody (AuC) were up 32.9% over the year at USD 1,883 billion (+9.5% qoq) supported by both forex and market effects. Yoy transfer agent accounts grew by 9.7% (or 788,000 accounts) driven by a mix of organic client growth and new business.

In 2009, Investor Services' revenues declined by 20% yoy at EUR 327 million mainly driven by decreasing interest and forex margins. Expenses remained flat in 2009 vs. 2008.

In 4Q 2009, net income Group share was EUR 8 million, up 17% qoq. Revenues were stable vs. 3Q 2009 at EUR 81 million supported by an increasing forex margin. Expenses proved to be under control, showing a 4% decrease qoq.

**Insurance:** Gross written premiums were up 34% yoy to EUR 895 million by the end of 2009 with life insurance reserves increasing by 5% yoy and non-life premiums up by 5% yoy. In 4Q 2009, the collection of insurance premiums was driven by a particularly strong momentum especially for life insurance products.

In 2009, Insurance reported a net income of EUR 19 millions vs. a loss of EUR 420 million in 2008 which was impacted by impairments on the investment portfolio.

While 4Q 2008 revenues were severely impacted by the financial crisis, 4Q 2009 revenues were supported by improved financial revenues (including a.o. write-back of impairments) which were not fully offset by profit-sharing allocation.

## Group Center

Statement of income								
In millions of EUR	4Q08	3Q09	4Q09	Var. 4Q09/ 4Q08	Var. 4Q09/ 3Q09	2008	2009	Var. 2009/ 2008
<b>Income</b>	<b>-982</b>	<b>57</b>	<b>-12</b>	<b>n.s.</b>	<b>n.s.</b>	<b>-994</b>	<b>898</b>	<b>n.s.</b>
Expenses	-355	-132	-118	-66.7%	-10.3%	-809	-471	-41.9%
<b>Gross operating income</b>	<b>-1,337</b>	<b>-75</b>	<b>-130</b>	<b>n.s.</b>	<b>n.s.</b>	<b>-1,804</b>	<b>428</b>	<b>n.s.</b>
Cost of risk & impairments	-1,070	15	-134	n.s.	n.s.	-2,569	-626	-75.6
<b>Pre-tax income</b>	<b>-2,408</b>	<b>-60</b>	<b>-265</b>	<b>-89.0%</b>	<b>n.s.</b>	<b>-4,373</b>	<b>-198</b>	<b>n.s.</b>
Tax expense	172	20	39	-77.3%	n.s.	848	73	-91.4%
<b>Net income Group share</b>	<b>-2.241</b>	<b>-42</b>	<b>-220</b>	<b>-90.2%</b>	<b>n.s.</b>	<b>-3,570</b>	<b>-173</b>	<b>n.s.</b>

Note: 2009 figures unaudited

Breakdown of Group Center net income Group share								
In millions of EUR	4Q08	3Q09	4Q09	Var. 4Q09/ 4Q08	Var. 4Q09/ 3Q09	2008	2009	Var. 2009/ 2008
Bond portfolios in run-off	-1,234	-129	-159	n.s.	n.s.	-2,102	-514	n.s.
Treasury	232	98	74	-67.9%	-23.9%	454	469	+3.2%
Central assets	-1,239	-11	-135	n.s.	n.s.	-1,922	-128	n.s.
<b>Total Group Center</b>	<b>-2.241</b>	<b>-42</b>	<b>-220</b>	<b>-90.2%</b>	<b>n.s.</b>	<b>-3,570</b>	<b>-173</b>	<b>n.s.</b>

Note: 2009 figures unaudited

## Full year and 4Q 2009

The Group Center business line – which gathers the contributions of Dexia's bond portfolios in run-off (including the Financial Products portfolio), the Treasury and Central Assets sub-segments – reported a EUR 220 million net loss in 4Q 2009 and a EUR 173 net loss for the full year 2009.

- **Bond portfolios in run-off**

The **bond portfolio in run-off** represented EUR 134 billion at the end of 2009 vs. EUR 158 billion at the end of 2008. Revenues generated by this portfolio continued to be impacted by higher funding costs, although these are stabilizing in 4Q 2009 thanks to the decrease in State guarantee fees (falling by EUR 18 million in 4Q 2009 vs 3Q 2009) and by the cost of deleveraging. EUR 16.5 billion bonds were sold in 2009 (EUR 15 billion of net sales within the bond portfolio in run off and EUR 1.5 billion from ALM portfolios) leading to a loss of EUR -136 million. In 4Q 2009, the net loss of bond sales amounted to EUR -67 million for a total amount of net sale of EUR 5.2 billion.



Going forward, the cost of deleverage will burden the result of the bond portfolio in run-off while at the same time reducing its negative cost of carry.

The contribution of the USD 15.4 billion **Financial Products portfolio** was lowered by an additional EUR 140 million impairment in 4Q 2009 of which 77million of collective impairment due to an increase in ABS collective impairment and EUR 64 million of specific allowances on US RMBS. The net loss of the Financial Products portfolio amounted to EUR 134 million in 4Q 2009 and EUR 354 million for 2009.

- **Treasury:** the segment reported a net profit of EUR 74 million in 4Q 2009 and EUR 469 million in 2009. Whilst declining by EUR 102 million in 3Q 2009 vs. 2Q 2009, 4Q 2009 revenues were slightly up vs 3Q 2009. This can be explained by a greater use of less expensive unsecured non-guaranteed short-term funds during 4Q 2009, compared to Central bank or States guaranteed funds.
- **Central Assets:** this sub-segment booked a EUR 135 million loss in 4Q 2009 and a loss of EUR 128 million in 2009. Despite further gains on the bond portfolio of DenizBank (EUR 40 million before tax), Central Assets results were impacted in 4Q 2009 by the non-recurrence of one-off revenues, additional impairments of deferred tax assets on entities in run-off, a EUR -24 million restructuring charge and a EUR -30 million one-off adjustment.

## Strong solvency ratios

Shareholders' equity and solvency					
	Dec 31, 2008	Sept 30, 2009	Dec 31, 2009	Variation Dec 31, 09/ Sept 30, 09	Variation Dec 31, 09/ Dec 31, 08
Core shareholders' equity (EUR m)	17,488	18,309	18,498	+1.0%	+5.8%
Total shareholders' equity (EUR m)	3,916	9,864	10,182	+3.2%	x2.6
Tier 1 capital (EUR m) *	16,126	17,089	17,573	+2.8%	+9.0%
Total weighted risks (EUR m)	152,837	144,841	143,170	-1.2%	-6.3%
Tier 1 ratio *	10.6%	11.8%	12,3%	+50 bps	+172 bps
Net assets per share					
– Core shareholders' equity (EUR)	9.92	10.39	10.50	+1.1%	+5.8%
– Total shareholders' equity (EUR)	2.22	5.60	5.78	+3.2%	x2.6

\* Calculation assuming no cash dividend payment

Note: 2009 figures unaudited

At the end of December 2009, Dexia's core shareholders' equity was EUR 18.5 billion, up by 1% compared to end of September 2009 and by 5.8% as compared to December 2008.

The Group's IFRS total shareholders' equity, including Accumulated Other Comprehensive Income (OCI), improved by EUR 0.3 billion compared to September 2009 and reached EUR 10.2 billion. On a yearly basis, total shareholders' equity improved by EUR 6.3 billion mainly as a result of the contraction of the negative Available-for-Sale reserve on Securities (AFS) which improved by EUR 4.8 billion. Such improvement is mainly explained by the tightening of secondary spreads which reduced the negative AFS reserve related to the Group's bond portfolio in run-off. The AFS reserve remained almost stable on a quarterly basis.

In the frame of IAS 39, an amount of EUR 91.6 billion of Available-for-Sales (AFS) assets were reclassified in Loans and Receivables (L&R) in 2008. The related AFS reserve is amortized over time and amounted to EUR -5.6 billion as of December 31, 2009 (versus EUR -6.5 billion as of December 31, 2008).

As of December 31, 2009, the carrying amount of these reclassified assets was EUR 83.8 billion. If the reclassification had not been made, an additional EUR -0.6 billion would have been recognized in AFS reserve.

At the end of December 2009, total weighted risks amounted to EUR 143.2 billion, down by EUR 1.6 billion (-1.2%) as compared to the end of September 2009 and by EUR 9.7 billion (-6.3%) as compared to the end

of December 2008. The decrease of weighted risks in 2009 is mainly explained by the deleveraging efforts of the group and by the depreciation of the US dollar against the euro.

In 2009, the Group's Tier 1 ratio further improved by 172 bps to 12.3% supported by organic generation of Tier 1 capital of EUR 1.45 billion (equivalent to 95 bps) and by a decrease of total weighted risks by EUR 9.7 billion (equivalent to 77 bps). The core Tier 1 ratio reached 11.3%, up by 50 bps compared to the end of September 2009 illustrating the solid solvency situation of the Group. The core Tier 1 ratio of the Group will be maintained equal or above 10.6% in 2010 as agreed with the European Commission.

At EUR 577.6 billion at the end of December 2009, the total balance sheet of the Group is down by EUR 73.4 billion (11%) as compared to December 2008, reflecting the refocus on core commercial franchises and active deleveraging of the Group as part of the implementation of the transformation plan.

## Outlook 2010

### *Continuation of the execution of the transformation plan*

In a still challenging environment, the transformation plan will focus on the development of **commercial franchises**: Retail & Commercial Banking in Belgium, Turkey and Luxembourg as well as the reinforcement of Public & Wholesale Banking in France and Belgium. The Group will be mindful of the development of Dexia Crediop, Dexia Sabadell and Dexia banka Slovensko, and will maintain the quality of service to clients in the period leading to the disposal of these entities.

Improvement of the **Group's risk profile** will continue at a sustained pace, in accordance with the European Commission agreement and will translate into a continuous down sizing of the balance sheet in 2010. The program aiming at the lengthening of the refinancing profile of the Group will be maintained. It is important to note that, as of February 18, 2010 the Group has already realised 45% of its 2010 long-term issuance target. The production in Public & Wholesale Banking will be aligned to long-term funding capacities and will not be more than EUR 15 billion.

The plan for **reducing costs**, which is ahead of target, will continue to have beneficial impacts on Group profitability throughout 2010 and 2011.

### *Early exit from the States guarantee on the funding*

Given the significant improvement in the Group's liquidity situation, Dexia undertakes to exit the States guarantee mechanism earlier than was initially planned:

- Exit from "contracts" and notably from interbank deposits by March 1, 2010, anticipating the calendar agreed with the European Commission,
- End of all guaranteed short-term issues by May 31, 2010,
- End of all guaranteed long-term issues by June 30, 2010.

Consequently, by the end of June Dexia will have recovered its full funding autonomy.

### *Strategic business reviews*

A strategic review of the businesses will be presented during an **Investor Day** to be held on **May, 27 2010**.

## APPENDIX

Pro-forma results for the sale of FSA insurance (deconsolidated in 2Q 2009)

Consolidated statement of income*								
In millions of EUR	4Q08	3Q09	4Q09	Var. 4Q09/ 4Q08	Var. 4Q09/ 3Q09	2008	2009	Var. 2009/ 2008
<b>Income</b>	<b>491</b>	<b>1,369</b>	<b>1,451</b>	<b>x3.0</b>	<b>6.0%</b>	<b>4,401</b>	<b>5,792</b>	<b>+31.6%</b>
Expenses	-1,135	-916	-920	-19.0%	+0.4%	-4,018	-3,579	-10.9%
<b>Gross operating income</b>	<b>-643</b>	<b>453</b>	<b>531</b>	<b>n.s.</b>	<b>+17.3%</b>	<b>383</b>	<b>2,213</b>	<b>x5.8</b>
Cost of risk & impairments	-957	-102	-281	-70.1%	-x2.8%	-1,933	-881	-54.4%
<b>Pre-tax income</b>	<b>-1,600</b>	<b>351</b>	<b>250</b>	<b>n.s.</b>	<b>-28.9%</b>	<b>-1,551</b>	<b>1,332</b>	<b>n.s.</b>
Tax expense	8	-65	-56	n.s.	-15.1%	-37	-243	x6.6
Minority interests	-2	12	8	x6.0	-33.3%	78	79	+1.1%
<b>Net income Group share</b>	<b>-1,590</b>	<b>274</b>	<b>202</b>	<b>n.s.</b>	<b>-26.3%</b>	<b>-1,666</b>	<b>1,010</b>	<b>n.s.</b>

*Excluding FSA Insurance in all periods.*

*Note: 2009 figures unaudited*

Detailed information on reported results are provided in the presentation "FY & 4Q 2009 Results, Achievements of the Transformation Plan and Business Highlights" available on the website [www.dexia.com](http://www.dexia.com).

For detailed information on the results and the balance sheet elements, please consult the 2009 Annual Report, which was drawn up in accordance with the Royal Decree of 14 November 2007 and will be available on [www.dexia.com](http://www.dexia.com) as from April 1, 2010

### About Dexia

*Dexia is a European bank, with 35,234 members of staff and core shareholders' equity of EUR 18.5 billion as of December 31, 2009. The Dexia Group focuses on Retail and Commercial Banking in Europe, mainly Belgium, Luxembourg and Turkey and on Public and Wholesale Banking, providing local public finance operators with comprehensive banking and financial solutions. Asset Management and Services provides asset management, investor and insurance services, in particular to the clients of the other two business lines. The different business lines interact constantly in order to serve clients better and to support the Group's commercial activity.*

*For more information: [www.dexia.com](http://www.dexia.com)*

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