PRESS RELEASE

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Net loss of EUR 3,326 million in 2008
Tier 1 ratio remains solid at 10.6%

Full year 2008 highlights

- **2008 characterized by an exceptionally severe financial crisis which required a strong support from the States and shareholders: EUR 6.0 billion capital increase, States guarantee on liabilities, and guarantee on FSA's FP assets**
- **Net loss of EUR 3,326 million, higher than the initially estimated EUR 3.0 billion loss. Increasing uncertainties lead to a collective impairment of EUR 300 million on the US RMBS portfolio**
- **Impact of the crisis on Dexia's net income was EUR -5,868 million, with FSA accounting for EUR -3,139 million**
- **FSA sale progressing towards closing, still expected in early 2Q 2009**
- **Proposal to exceptionally cancel dividends for the 2008 financial year**

4Q 2008 highlights

- **Implementation of the transformation plan moving ahead: focus on core client franchises, improvement of the Group's risk profile, adaptation of the cost base**
- **Net loss of EUR 2,603 million**
- **The financial crisis had a net negative impact of EUR 3,159 million, of which EUR 1,655 million related to the sale of FSA Insurance**
- **IAS 39 amendment: reclassification of EUR 100 billion of AFS and trading assets, allowing for a stabilization of the AFS reserve in 4Q 2008 and having a limited P&L impact**
- **Tier 1 of 10.6% and core Tier 1 of 9.6%, including all impacts from the ongoing sale of FSA insurance activities and prudential consolidation of FSA's FP**
- **Solvency ratios protected against further potential FP losses, after the expected finalization of the States Guarantee on FP assets.**

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

Mr Jean-Luc Dehaene, Chairman of the Board of Directors, said, *"An exceptional crisis shook Dexia in 2008. Determined support given at its peak by the Belgian, French and Luxembourg governments enabled the new management to propose new perspectives for Dexia, refocused on its franchises. I would like to thank them for that. With everyone mobilized around this project, I am convinced we can give Dexia a new future."*

Mr Pierre Mariani, Chief Executive Officer and Chairman of the Dexia Management Board, said, *"The results for the 2008 financial year are evidence of the magnitude of a truly exceptional crisis and of the structural fragility developed in Dexia over recent years. They reflect the cost of risky developments backed by unappropriate funding and concentrated far from core markets and activities that have been the historic strength of the company. Whilst 2009 will see an unprecedented macroeconomic slowdown and the equity as well as the credit markets will remain very severely disrupted, Dexia aims at significantly improving its risk profile with the implementation of its transformation plan, in particular with the current sale of FSA. Refocused on its core business lines, which have demonstrated their resilience even at the very worst of the crisis, with the support of the Belgian, French and Luxembourg governments, and with the unfailing mobilization of all its teams, Dexia is in a position to regain the path to profitability."*

During its February 25, 2009 meeting, the Board examined the preliminary 2008 results of Dexia. Final accounts will be approved following the validation by FSA auditors of all accounting operations linked to the split of Insurance and Financial Products activities of FSA, due to be finalised prior to the closing of the deal with Assured Guaranty and which are booked in December 2008 accounts. This validation will be given after the release of FSA accounts, expected on March 12, 2009.

Full year 2008 and 4Q 2008 Dexia group preliminary results

Consolidated statement of income 4Q and FY 2008						
In millions of EUR	**4Q 2007**	**4Q 2008**	**Variation**	**FY2007**	**FY 2008**	**Variation**
Income*	1,695	-249	n.s.	6,896	3,556	-48.4%
Expenses	-1,004	-1,177	+17.2%	-3,834	-4,119	+7.4%
Gross operating income	691	-1,426	n.s.	3,062	-563	n.s.
Cost of risk	-63	-1,438	x22.8	-163	-3,292	x20.2
Impairment on (in)tangible assets	-7	-10	+42.8%	-7	-22	x3.1
Pre-tax income	621	-2,874	n.s.	2,892	-3,877	n.s
Tax expense	-1	268	n.s.	-256	629	n.s.
Net income	620	-2,606	n.s.	2,636	-3,248	n.s.
Minority interests	-33	3	n.s.	-103	-78	-24.3%
Net income – Group share	587	-2,603	n.s.	2,533	-3,326	n.s.
o/w Impact financial crisis	-190	-3,159	x16.6	-358	-5,868	x16.4
o/w Net income excl. financial crisis	776	557	-28.2%	2,894	2,543	- 12.1%
Earnings per share (in EUR)				2.18	-2.54	

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

Full year 2008 preliminary results

2008 was characterized by an exceptionally severe financial crisis creating major disruptions on the overall market liquidity, securities markets and specific RMBS and bank credit risks. In this context Dexia was hit in different ways through fair value adjustments, impairments or losses. In 2008, Dexia also booked all the accounting consequences from the ongoing sale of FSA Insurance, announced on November 14, 2008.

Overall, the financial crisis significantly impacted Dexia's 2008 results with a charge of EUR[1] 5,868 million, of which impacts purely related to FSA amounted to EUR 3,139 million. In light of the continued deterioration of the US mortgage market and with the aim of retaining a cautious approach, the Board has decided to book a complementary EUR 300 million collective impairment on the US RMBS portfolio. This additional charge led to a full year net loss of EUR 3,326 million, compared to the initially estimated EUR 3.0 billion loss communicated on January 30, 2009.

Revenues almost halved (-48% yoy), due to the consequences of the financial crisis (for EUR -4,173 m). Excluding financial crisis impacts, revenues were up by 4% yoy.

Excluding crisis impacts and FSA, revenues at Public and Wholesale Banking (PWB) were up by 14%, due to higher outstanding commitments. At Personal Financial Services (PFS), revenues (excluding crisis impacts) decreased by 1% yoy as savings deposit volumes and margins, and fees generated on savings products were under pressure.

Exceptional charges related to Dexia's transformation plan of EUR 229 million (pre-tax) explain most of 2008 cost growth. Excluding these charges, costs were up by 2% yoy.

Within cost of risk, EUR 2,852 million were related to the financial crisis, including losses on the sale of FSA and impairments. Excluding this amount, the cost of risk was EUR 439 million or 15 bps on average customer loans.

Full year 2008 impact of the financial crisis

Impact of the financial crisis FY 2008			
in millions of EUR	**Revenues** (before tax)	**Cost of risk** (before tax)	**Net income**
FSA	**-2,060**	**-1,665**	**-3,139**
FSA Financial Products	-344	-339	-676
FSA Insurance	-452	-884	-810
Sale of FSA Insurance	-1,264	-442	-1,655
Impairments and other	**-2,114**	**-1,187**	**-2,729**
Impairments & losses – insurance activities	-649	-	-594
Impairments & losses – banking counterparties*	-613	-368	-810
Collective impairments	-	-500	-386
Monolines	-381	-91	-320
Other value adjustments	-169	-	-98
Other	-420	-228	-604
Own credit risk (excl. FSA)	118	-	83
Total financial crisis impact	**-4,173**	**-2,852**	**-5,868**

** Excluding banking counterparties within insurance activities.*

- All consequences of the ongoing sale of FSA Insurance operations to Assured Guaranty were booked in 4Q 2008 for a total amount, after tax, of EUR -1,655 million. They include not only the capital loss but also a number of related effects like the write-down of deferred tax assets and the partial reversal of own credit risk positive value adjustments.
- FSA's Financial Products (for an after tax amount of EUR 674 million) and FSA insurance (for an after tax amount of EUR 810 million) were both directly affected by the US mortgage and market crisis. Both realized substantial impairments on their exposure to residential mortgage backed securities (mainly on HELOC, Alt-A, Subprime and Option ARMs exposures). FSA's Financial Products EUR 676 million crisis impact includes the above-mentioned EUR 300 million collective impairment (no tax impact) on the US RMBS sector.
- In its own Insurance operations, Dexia booked a number of impairments on investment portfolios, mainly financial bonds and shares, for a total after tax amount of EUR 597 million. Taking into account realized gains and losses, the estimated impact from the financial crisis is EUR -594 million, after tax.
- Dexia's investment portfolios were affected by the value deterioration and losses in some bank counterparties and investments for a total amount, after tax, of EUR 810 million, mainly booked in 3Q 2008. Largest components were: EUR 473 million on Lehman Brothers; EUR 174 million on Icelandic banks.
- The "Other" category gathers a number of atypical items related to the financial crisis for a total amount of EUR 604 million. The main components are: an after tax charge of EUR 258 million related to the situation in Central Europe (as disclosed in October and November); impairments on funds for an after tax impact of EUR 101 million; impairments on the Madoff exposure for an after tax impact of EUR 86 million, in line with the December 15 announcement.

4Q 2008 preliminary results

In 4Q 2008 the financial crisis worsened significantly. The decline of equity markets accelerated with a fall in the Eurostoxx 50 of 19%, triggering impairments on the Group's investment portfolios. The downturn in the economy, particularly in the US, and the accelerated dislocation of markets meant further difficulties for monolines and other financial institutions. Altogether, the crisis led to additional losses and impairments on Dexia's accounts, on top of the charge related to the ongoing sale of FSA Insurance announced on November 14.

The impact of the financial crisis in 4Q 2008 amounted to EUR 3,159 million, after tax. In light of the continued deterioration of the US mortgage market and with the aim of retaining a cautious approach, the Board has decided to book a complementary EUR 300 million collective impairment on the US RMBS portfolio. This additional charge led to a 4Q 2008 net loss of EUR 2,603 million, compared to the initially estimated EUR 2.3 billion loss communicated on January 30, 2009. The impact of the ongoing sale of FSA Insurance amounted to EUR 1,655 million, in line with previous announcement.

4Q 2008 revenues were a negative EUR 249 million, due to the consequences of the financial crisis for EUR -2,308 million. Excluding financial crisis impacts, revenues were up by 4% yoy.

Excluding crisis impacts and FSA, revenues at PWB were up by 16%, due to draws on high margin liquidity lines in the US, particularly in October, and to the growth in commitments. At PFS, revenues (excluding crisis impacts) decreased by 7% yoy as savings deposit volumes and margins, and fees generated on savings products were under pressure.

Exceptional charges related to Dexia's transformation plan of EUR 181 million (pre-tax) fully explain the annual cost growth in 4Q 2008.

Within cost of risk, EUR 1,230 million was related to the financial crisis. Excluding this amount, the cost of risk was EUR 208 million or 26 bps on average customer loans.

4Q 2008 impact of the financial crisis

Impact of the financial crisis 4Q 2008			
In millions of EUR	Revenues (before tax)	Cost of risk (before tax)	Net income
FSA	**-1,302**	**-781**	**-2,031**
FSA Financial Products	-38	-339	-378
Sale of FSA Insurance	-1,264	-442	-1,655
Impairments and other	**-1,006**	**-450**	**-1,128**
Impairments & losses - insurance activities	-509	-	-456
Impairments & losses - banking counterparties*	-118	-77	-173
Collective impairments	-	-176	-71
Monolines	-201	-91	-202
Other value adjustments	-162	-	-127
Other	-134	-107	-182
Own credit risk (excl. FSA)	118	-	83
Total financial crisis impact	**-2,308**	**-1,230**	**-3,159**

** Excluding banking counterparties within insurance activities.*

- All consequences of the ongoing sale of FSA insurance operations to Assured Guaranty were booked in 4Q 2008 for a total amount, after tax, of EUR 1,655 million. They include not only the capital loss (assuming Assured Guaranty's stock price at USD 8.1 at closing) but also a number of related effects like the write-down of deferred tax assets and the partial reversal of own credit risk positive value adjustments.

  Following the sale, Dexia's exposure to FSA-Assured will remain limited to a maximum stake of 24.7% (44.6 million shares) in the combined entity.

- FSA Financial Products was further impacted by the deepening of the US mortgage crisis and booked impairments on its portfolio of residential mortgage-backed securities for a total amount, after tax, of EUR 78 million. In addition, a EUR 300 million collective impairment (no tax effect) was booked to reflect the continued deterioration of the US mortgage market and a more cautious approach.

- In its own Insurance operations, Dexia booked a number of impairments and losses on investment portfolios, mainly financial bonds and shares, for a total after tax amount of EUR 457 million. Taking into account realized gains and losses, the impact from the financial crisis is estimated at EUR -456 million, after tax.

- Dexia's investment portfolios were affected by the value deterioration and losses in some bank counterparties and investments for a total amount, after tax, of EUR 173 million. In addition to smaller items, impairments and losses on bank shares and Tier 1 subordinated bonds amounted to respectively EUR 107 million and EUR 30 million, after tax.

- Dexia decided to book an additional after tax EUR 71 million collective impairment for credit risks in 4Q 2008.

- 4Q 2008 impairments on Dexia's exposure to monolines amounted to EUR 202 million, after tax. Impairments and credit value adjustments on Dexia's exposure (mainly indirect through assets guaranteed by monolines) amounted to EUR 472 million (pre tax) at the end of 2008 after considering a differentiated recovery rate for each monoline.

- "Other value adjustments" includes a number of fair value movements on other exposures within Dexia's trading books.
- The "Other" category gathers a number of atypical items related to the financial crisis for a total amount of EUR 182 million. The main components are:
    - Impairments on funds for EUR 75 million, after tax;
    - Impairments on Madoff exposure for an after tax impact of EUR 86 million, in line with the December 15 announcement;
    - A number of smaller negative impacts were also identified as a direct consequence of this exceptional financial crisis for EUR 21 million, after tax.

IAS 39 reclassification

As announced mid-November, Dexia reclassified part of its Available-for-Sale (AFS) and trading assets for a total amount of EUR 100 billion, with effects from October, 1, 2008. EUR 10 billion of trading assets were transferred to AFS (EUR 3 billion) and Loans & Receivables (EUR 7 billion) categories and EUR 91 billion of AFS assets were reclassified in Loans & Receivables.

Impact on results: if these reclassifications had not been made, the net impact from value movements and impairments on FY 2008 and 4Q 2008 profit and loss accounts would have been limited.

Impact on the AFS reserve: if these reclassifications had not been made, the AFS reserve would have been EUR 1.3 billion lower at end December 2008.

Solvency, liquidity and shareholders' equity

Weighted risks at the end of 2008 increased by 18% during 4Q 2008 due to the inclusion of FSA's Financial Products (FP) portfolio into Dexia's banking book. Excluding FP, weighted risks decreased by 1% during 4Q 2008.

Dexia's capital situation benefited in 2008 from the EUR 6.0 billion capital increase announced on September 30 underwritten by the Belgian and French States and by Dexia's main shareholders.

Dexia's Tier 1 ratio reached 10.6% at the end of 2008, including a core Tier 1 ratio of 9.6%. It included all consequences from the ongoing sale of FSA Insurance and the prudential consolidation of FSA's FP activities which, together, had a negative impact of around 350 bps as announced on November 14, 2008.

With the guarantee from the Belgian and French States on FP assets, currently at the stage of finalization and approval by the European Commission, Dexia's solvency ratios are protected against potential further FP losses.

The Tier 1 ratio at end of 2008 did not include the EUR 0.4 billion capital contribution from the Government of Luxembourg which was announced on September 30, 2008.

In a still challenging environment, the Group's liquidity has gradually improved from the difficult situation prevailing late September and early October 2008 thanks to the States guarantee granted on October 9, 2008. This support allowed Dexia to issue a EUR 3 billion 2011 bond in early February and has facilitated the access to funding markets and the stabilization of the deposit base. This improvement was also possible due to an intended reduction in new loan production and by a decrease of the draws on committed lines in the US. Going forward, Dexia will take advantage of all market opportunities to lengthen the maturity of its funding sources.

Core shareholders' equity was EUR 17.5 billion at end of December 2008, down by 13% qoq or EUR 2.6 billion compared to the end of September due to the 4Q 2008 reported loss.

The Group's IFRS total shareholders' equity, including accumulated Other Comprehensive Income (OCI), decreased by EUR 4.6 billion qoq and reached EUR 3.9 billion. With credit market spreads widening further in 4Q 2008, accumulated OCI deteriorated from EUR -11.5 billion at end of September 2008 to EUR -13.6 billion at end of December 2008. In this respect, as some markets have become illiquid and inactive, models were applied to value certain non reclassified AFS assets.

Shareholders' equity and solvency

	31 Dec. 2007	30 Sept. 2008	31 Dec. 2008	Variation in 3 months
Core shareholders' equity (EUR m)	16,112	20,089	17,488	-12.9%
Total shareholders' equity (EUR m)	14,525	8,547	3,916	-54.2%
Tier 1 capital (EUR m) *	14,549	18,741	16,126	-14.0%
Total weighted risks (EUR m) *	159,383	129,400	152,837	+18.1%
Tier 1 ratio *	9.1%	14.5%	10.6%	
Net assets per share				
- Core shareholders' equity (EUR)	12.87	11.18	9.92	-11.3%
- Total shareholders' equity (EUR)	11.51	4.63	2.22	-52.1%

Basel I applied as of Dec. 2007; Basel II applied as of Sept. and Dec. 2008.

Implementation of the transformation plan on track

As announced on January 30, 2009 or earlier on November 14, 2008, Dexia took a number of decisions aiming at improving the Group's risk profile, focusing on its core client franchises and adapting its cost base.

- Improvement of the Group's risk profile:
    - The sale process of FSA's insurance activities is in line with the planned timetable (closing expected early 2Q 2009); FP is being hived up to Dexia prior to FSA sale and will be managed by Dexia, which already provides its liquidity;
    - The liquidity situation is gradually improving thanks to the combined effect of the States guarantee, of an intended reduction of new loan production outside core markets, of the decrease of draws on committed lines in the US, and of the stabilization of the deposit base;
    - In-depth reorganization of trading activities.
- Transformation of Public and Wholesale banking activities with a strong focus on the commercial franchise in Belgium, France, Luxembourg, Italy and Iberia.
- Cost reduction plan of EUR 600 million by 2011, with savings of EUR 200 million in 2009.

FY 2008 and 4Q 2008 preliminary results per business line

Foreword: the scope of the various business lines as well as transfer prices within the Group were maintained for the purpose of 4Q 2008 and FY 2008 reporting. As they will change in the near future, we will disclose pro-forma historical data.

Net income FY 2008 by business line

In millions of EUR	Net income (excl. financial crisis)	Impact financial crisis	Reported net income
PWB (excl. FSA)	1,126	-283	843
FSA (PWB)	338	-3,106	-2,767
PFS	581	-723	-143
TFM	715	-1,504	-789
AM	69	-57	11
IS	81	0	81
CA	-368	-195	-563
Total	**2,543**	**-5,868**	**-3,326**

Net income 4Q 2008 by business line

In millions of EUR	Net income (excl. financial crisis)	Impact financial crisis	Reported net income
PWB (excl. FSA)	202	-2	200
FSA (PWB)	87	-1,999	-1,911
PFS	105	-446	-341
TFM	299	-456	-157
AM	7	-41	-34
IS	13	0	13
CA	-157	-216	-374
Total	**557**	**-3,159**	**-2,603**

Public and Wholesale Banking (excluding FSA)

Reported statement of income						
In millions of EUR	**4Q 2007**	**4Q 2008**	**Variation**	**FY 2007**	**FY 2008**	**Variation**
Income	**557**	**553**	**-0.7%**	**2,259**	**2,452**	**+8.5%**
Expenses	-220	-210	-4.5%	-816	-869	+6.6%
Gross operating income	**337**	**344**	**+1.8%**	**1,443**	**1,583**	**+9.7%**
Cost of risk	-27	-67	x2.5	-58	-391	x6.7
Pre-tax income	**310**	**276**	**-11.2%**	**1,385**	**1,184**	**-14.5%**
Net income Group share	**252**	**200**	**-20.6%**	**1,041**	**843**	**-19.0%**
o/w Impact financial crisis	3	-2	n.s.	8	-283	n.s.
o/w Net income excl. financial crisis	249	202	-18.7%	1,033	1,126	+9.0%

Following the aggressive commercial strategy pursued during the first 9 months of the year, Dexia decided, early 4Q 2008, to only focus on its core markets and valuable commercial franchises.

Dexia significantly slowed down its production and ceased all activity related to public bond portfolios. In 4Q 2008, production volumes were down by 73% yoy to EUR 8 billion (of which -66% for the new loan production). Long term commitments were stable in 4Q 2008 vs. 3Q 2008 to EUR 363 billion.

For the full year 2008, production volumes decreased by 18% to EUR 67 billion. Within this amount, loan production decreased by 6% to EUR 55 billion. Long-term commitments increased by 10% to EUR 363 billion.

PWB's performance in the quarter was resilient with revenues up by 16% excluding FSA and financial crisis impacts. The growth in commitments from past quarters but also draws on high margin liquidity lines in the US were the two main drivers of this increase. Costs began to decrease (-5% excluding FSA and financial crisis effects) due to lower provisions for variable remunerations and to the first results of cost cutting measures. Cost of risk without financial crisis impacts and FSA increased to EUR 98 million in 4Q 2008 vs. EUR 34 million in 3Q 2008 due in particular to DenizBank and reflecting a tougher stance on risk provisioning standards.

Excluding financial crisis effects and FSA, net income was EUR 202 million in 4Q 2008, down by 19% yoy. Reported net income excluding FSA was EUR 200 million, -21% yoy.

For the full year 2008, net income for PWB excluding FSA was EUR 1,126 million without crisis impacts and EUR 843 million on a reported basis. Crisis impacts on PWB included the KA/DKB transaction in Central Europe of which details had been announced in November 2008.

Personal Financial Services

Reported statement of income						
In millions of EUR	**4Q 2007**	**4Q 2008**	**Variation**	**FY 2007**	**FY 2008**	**Variation**
Income	**717**	**237**	**-67.0%**	**2,820**	**2,197**	**-22.1%**
Expenses	-497	-497	-0.1%	-1,889	-1,997	+5.7%
Gross operating income	**220**	**-260**	**n.s.**	**931**	**200**	**-78.5%**
Cost of risk	-15	-168	x11.2	-62	-368	x6.0
Pre-tax income	**201**	**-435**	**n.s.**	**865**	**-180**	**n.s.**
Net income Group share	**164**	**-341**	**n.s.**	**728**	**-143**	**n.s.**
o/w Impact financial crisis	0	-446	n.s.	0	-723	n.s.
o/w Net income excl. financial crisis	164	105	-35.8%	728	581	-20.3%

Throughout the crisis, PFS activities proved their robustness. In Belgium, deposits are back to pre-crisis levels. Total PFS deposits showed a slight 4% decrease at the end of December vs. the end of September.

For the full year 2008, total customer deposits were stable at EUR 69 billion. On the contrary, customer off-balance-sheet assets experienced a 22% decline to EUR 52 billion, including -34% for mutual funds. Loans registered a 10% growth yoy with increasing margins.

In Turkey, DenizBank grew rapidly with loans up by 43% yoy and deposits up by 28% yoy at constant exchange rates, while maintaining a 89% loan to deposits ratio.

From a financial perspective, the market environment has clearly put pressure on PFS's performance. Excluding financial crisis effects, revenues came down by 7% yoy in 4Q 2008. This masks a 8% growth at DenizBank more than offset by a 12% decline in Belgium and 7% decrease in Luxembourg. In the last two countries, revenues were impacted by lower volumes (savings accounts and mutual funds) as well as lower fees. Excluding crisis impacts, costs were flat in 4Q 2008 vs. 4Q 2007 and cost of risk increased to EUR 49 million compared to EUR 25 million in 3Q08. The quarterly increase in cost of risk without crisis impacts was attributable to DenizBank.

Without crisis effects, net income Group share was EUR 105 million in 4Q 2008, down by 36% yoy. On a reported basis, PFS made a EUR 341 million net loss in 4Q 2008. Reported results were affected by impairments on the insurance activities and on the exposure to Madoff.

For the full year 2008, net income Group share was EUR 581 million excluding crisis effects, down by 20%, and EUR -143 million on a reported basis.

Asset Management

Reported statement of income						
In millions of EUR	4Q 2007	4Q 2008	Variation	FY 2007	FY 2008	Variation
Income	**73**	**2**	**-97.2%**	**284**	**161**	**-43.4%**
Expenses	-45	-36	-20.6%	-158	-143	-9.9%
Gross operating income	**28**	**-33**	**n.s.**	**125**	**18**	**-85.7%**
Cost of risk	0	0	-	0	0	-
Pre-tax income	**28**	**-33**	**n.s.**	**125**	**18**	**-85.7%**
Net income Group share	**26**	**-34**	**n.s.**	**114**	**11**	**-90.1%**
o/w Impact financial crisis	0	-41	n.s.	0	-57	n.s.
o/w Net income excl. financial crisis	26	7	-72.3%	114	69	-39.8%

Asset management activities were heavily impacted by the financial crisis. Assets under management went down by 28% yoy and by 15% qoq to EUR 79 billion. Half of the annual decrease was explained by net outflows, mainly in fixed income and money market funds.

In this context cost control was a priority with costs falling by 21% yoy in 4Q 2008 and by 10% in 2008.

Net income Group share reached EUR 7 million in 4Q 2008 and EUR 69 million in 2008 (vs. EUR 26 million in 4Q 2007 and EUR 114 million in 2007), before taking into account the negative impact of a one-off commercial action related to the financial crisis. On a reported basis, asset management made a net loss in 4Q 2008 of EUR -34 million and a net profit in 2008 of EUR 11 million.

Investor Services

Reported statement of income						
In millions of EUR	4Q 2007	4Q 2008	Variation	FY 2007	FY 2008	Variation
Income	**112**	**89**	**-20.8%**	**426**	**409**	**-4.1%**
Expenses	-76	-75	-2.1%	-285	-297	+4.4%
Gross operating income	**36**	**14**	**-60.6%**	**142**	**112**	**-21.2%**
Cost of risk	0	-1	n.s.	0	-1	n.s.
Pre-tax income	**34**	**13**	**-62.0%**	**141**	**111**	**-21.2%**
Net income Group share	**22**	**13**	**-41.1%**	**100**	**81**	**-18.5%**
o/w Impact financial crisis	0	**0**	n.s.	0	**0**	n.s.
o/w Net income excl. financial crisis	22	13	-41.1%	100	81	-18.5%

Assets under administration decreased by 34% yoy and by 20% qoq to USD 1,896 billion. The decrease is largely due to the negative market value effect. The strong depreciation of the CAD and the EUR vs. the USD at end of December 2008 vs. end of December 2007 also contributed to the fall.

The commercial performance remains however solid, with the number of funds under administration up by 17% yoy and by 6% qoq and the number of shareholders accounts up by 6% yoy and stable vs. September 2008.

Cost reduction efforts were initiated. Net income Group share was EUR 13 million in 4Q 2008 (-41% yoy) and EUR 81 million in 2008 (-19% yoy).

Treasury and Financial Markets

Reported statement of income						
In millions of EUR	**4Q 2007**	**4Q 2008**	**Variation**	**FY 2007**	**FY 2008**	**Variation**
Income	**145**	**255**	**+75.6%**	**581**	**33**	**-94.3%**
Expenses	-52	-65	+24.4%	-215	-245	+14.0%
Gross operating income	**93**	**190**	**x2.0**	**366**	**-212**	**n.s.**
Cost of risk	-9	-362	x39.3	-9	-716	x79.5
Pre-tax income	**84**	**-174**	**n.s.**	**357**	**-930**	**n.s.**
Net income Group share	**95**	**-157**	**n.s.**	**317**	**-789**	**n.s.**
o/w Impact financial crisis	-72	-456	x6.3	-155	-1,504	x9.4
o/w Net income excl. financial crisis	167	299	+79.4%	472	715	+51.4%

In early 4Q 2008, TFM initiated a substantial reduction of its risk-taking strategy. Proprietary trading activities were discontinued. Value at Risk limits were halved on other trading activities.

During 2008 and even more in 4Q 2008, Cash and Liquidity Management had a positive contribution.

Without crisis effects, net income Group share was EUR 299 million in 4Q 2008. The reported net loss was EUR -157 million. Effects related to the financial crisis included impairments on monolines and collective impairments.

For the full year 2008, net income Group share was EUR 715 million excluding crisis effects and EUR -789 million on a reported basis with substantial losses booked in 3Q 2008 on the portfolio of bank bonds.

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