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## **Net income Group share of EUR 723 million in 2010 reflecting acceleration of the transformation plan**

### **Healthy contribution of the commercial business lines**

### **Tier 1 of 13.1% confirming financial strength**

#### **Highlights**

##### **Net income Group share of EUR 723 million in 2010**

- Confirmed sustained commercial dynamic: business development on track with road-map
- Solid contribution of commercial business lines<sup>\*\*</sup>: +18% pre-tax income yoy (excluding capital gains)
- Sharp decrease of the cost of risk despite cost of risk of the Financial Products portfolio up by EUR 196 million in 4Q 2010 against 3Q 2010

##### **Acceleration of the transformation in 2010**

- Material improvement of the liquidity profile: short term gap reduced by EUR 141 billion since October 2008
- EUR 52.4 billion of asset disposal since 2008 at contained cost thanks to “best execution” strategy
- As expected, transformation leading to decreasing Treasury and Legacy revenues

##### **Tier 1 of 13.1% and Core Tier 1 of 12.1% confirming financial strength**

- 60 bps of organic Tier 1 generation over 2010
- Regulatory solvency ratio immune from any further provisioning and losses on the Financial Products portfolio

<sup>\*\*</sup> Retail and Commercial Banking (RCB), Public and Wholesale Banking (PWB) and Asset Management and Services (AMS)

Jean-Luc Dehaene, Chairman of the Board of Directors, said: “Over the last two years, Dexia has undergone major changes leading to a reinforcement of its financial basis, expansion of its client franchises and reshape of its operating model. As regularly mentioned, 2010 and 2011 are transition years towards a financial and commercial refocus. In what remained a mixed environment, 2010 was a year of accelerated transformation and was marked by major achievements of the Group thanks to the remarkable mobilization of all members of staff and management. We crossed an important milestone by fully exiting from the State guarantee support on funding and the deployment of our commercial plan is on track. Therefore, I am fully confident in the Group’s ability to achieve the targets it has set for 2014, as communicated on 12 October 2010, leading to the best interests of all stakeholders.”

Pierre Mariani, CEO and Chairman of the Management Board, said: “Acceleration of the financial restructuring and strategic development of our commercial franchises were our top two priorities in 2010, as announced in our 2008 far-reaching transformation plan and confirmed during our last Investor day in October 2010. In that respect, 2010 net income of EUR 723 million meets our expectations with, on one side, a solid contribution in progression of 18% of our commercial business lines and, on the other hand, a decrease of the financial revenues associated to the Group’s commercial refocus and a sharp improvement of its liquidity profile, rebalanced towards long-term funding together with a fast pace of asset disposals. The Group financial strength is confirmed with a Tier 1 ratio at 13.1% which will enable Dexia to face the ongoing regulatory changes. As committed, the implementation of the transformation will still be on the agenda for 2011.”

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

During its 23 February 2011 meeting, the Board of Directors approved the 4Q and FY 2010 financial statements of Dexia.

## 4Q and FY 2010 reported statement of income and update on the transformation plan

Consolidated statement of income*								
In millions of EUR	4Q09**	3Q10	4Q10	Var. 4Q10/ 4Q09	Var. 4Q10/ 3Q10	2009**	2010	Var. 2010/ 2009
<b>Income***</b>	<b>1,482</b>	<b>1,234</b>	<b>1,214</b>	<b>-18.1%</b>	<b>-1.6%</b>	<b>6,184</b>	<b>5,310</b>	<b>-14.1%</b>
Expenses	-920	-973	-972	+5.7%	-0.1%	-3,607	-3,703	+2.7%
<b>Gross operating income</b>	<b>562</b>	<b>261</b>	<b>242</b>	<b>-56.9%</b>	<b>-7.3%</b>	<b>2,577</b>	<b>1,607</b>	<b>-37.6%</b>
Cost of risk	-275	-49	-201	-26.9%	x4.1	-1,096	-641	-41.5%
Other impairments & provisions for legal litigations**	-37	3	107	n.s.	n.s.	-78	-42	-46.5%
<b>Pre-tax income</b>	<b>250</b>	<b>215</b>	<b>148</b>	<b>-40.8%</b>	<b>-31.2%</b>	<b>1,403</b>	<b>924</b>	<b>-34.1%</b>
Tax expense	-56	3	-70	n.s.	n.s.	-314	-127	-59.6%
<b>Net income</b>	<b>194</b>	<b>218</b>	<b>78</b>	<b>-59.8%</b>	<b>-64.2%</b>	<b>1,089</b>	<b>797</b>	<b>-26.8%</b>
Non-controlling interests	-8	15	22	n.s.	46.7%	79	74	-6.3%
<b>Net income Group share</b>	<b>202</b>	<b>203</b>	<b>56</b>	<b>-72.3%</b>	<b>-72.4%</b>	<b>1,010</b>	<b>723</b>	<b>-28.4%</b>
<b>Return on Equity****</b>	<b>4.4%</b>	<b>4.2%</b>	<b>1.2%</b>			<b>5.6%</b>	<b>3.8%</b>	
Earnings per share (in EUR)	0.11	0.11	0.03			0.55	0.39	

\* FSA Insurance deconsolidated since 2Q 2009.

\*\* The provisions for legal litigations were previously included in income (other net income).

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

\*\*\*\* The ratio between the net income Group share and the weighted average core shareholders' equity.

Note: 2010 figures unaudited

### 2010 Dexia Group reported results: net profit of EUR 723 million

At EUR 5,310 million 2010 **income** was marked by the acceleration of the transformation of the Group and in particular by the strengthening of its financial structure. Indeed, the sharp decrease of the liquidity gap and the Group's active deleveraging programme, in line with Dexia's targets, were reflected by a EUR 528 million decrease in Treasury revenues against 2009 record results and a EUR 283 million loss on margins on run-off assets. Although remaining contained, the cost of deleveraging also impacted revenues with a EUR 212 million loss for a total of EUR 27.2 billion of asset sales. The stronger contribution from the commercial business lines and the positive effects of the Legacy trading portfolio valuation (CDS linked to synthetic securitization and CVA on CDS intermediation) did not fully offset this impact. Consequently, income fell by 14% in 2010. Excluding FSA Insurance (deconsolidated as from 2Q 2009), the decrease was 9% compared to the FY 2009.

**Costs** totalled EUR 3,703 million (+2.7% on 2009). Within the context of its restructuring plan, Dexia booked EUR 145 million of provisions for restructuring costs in 2010 against EUR 89 million in the previous year. Excluding those restructuring costs and reversal of bonuses, costs remained flat. In 2010, the cost base was also impacted by business-related costs in Turkey resulting from the network expansion (+50 branches yoy) and by EUR 52 million of currency impact on RBC Dexia and DenizBank. The cost-income ratio amounted to 69.7% for the full year 2010.

In 2010, **gross operating income** was EUR 1,607 million compared to EUR 2,577 million in 2009.

The **cost of risk** was down sharply on 2009 (-41%) at EUR 641 million. Excluding FSA Insurance, the cost of risk fell by EUR 183 million, reflecting diverging trends. On the one hand, the Group benefited from a decrease of the cost of risk in Retail and Commercial Banking (EUR -104 million yoy) mainly due to a rapidly improving credit environment in Turkey, EUR 195 million reversals of impairments in Public and Wholesale Banking also reflecting an improvement of the environment and EUR 191 million reversals on collective impairments for ABS and subordinated debt booked in the bond portfolio in run-off following the disposal of assets. On the other hand, 2010 was marked by higher impairments on the Financial Products portfolio (up EUR 328 million on FY 2009), particularly during the last quarter of the year in line with tougher assumptions on the US RMBS market. These provisions have not however impacted Dexia's regulatory solvency ratios

which have been immune from losses and provisioning on the FP portfolio following the Financial products State Guarantee mechanism (see page 11)..

**Other impairments and provisions for legal litigations** amounted to EUR 42 million.

Consequently, **pre-tax income** amounted to EUR 924 million against EUR 1,403 million in 2009.

**Tax expenses** were EUR 127 million and the effective tax rate 14%, principally explained by EUR 143 million of one-off positive items: USD 51 million (EUR 39 million) of tax refunds in the US (booked in 3Q 2010), EUR 78 million of reversals of Deferred Tax Assets (DTA) or tax provisions and tax impacts related to the closure of foreign entities. In 2010, EUR 21 million DTA on timing differences on the Financial Products portfolio were also recognized on provisions exceeding the economic loss assessment after deduction of the Own Credit Risk.

After taking EUR 74 million of **non-controlling interests** into account, **net income Group share** amounted to EUR 723 million in 2010 against EUR 1,010 million in 2009.

**Earnings per share** amounted to EUR 0.39 for 2010.

As in 2010, the Board of Directors decided on 23 February 2011 to propose to the Extraordinary Shareholders' Meeting of 11 May 2011, to approve a capital increase by incorporation of reserves in an amount of approximately EUR 280 million by the issue of new shares to shareholders in the form of bonus shares. Bonus shares are new ordinary shares representing the capital of Dexia, issued in consideration of the capital increase by incorporation of reserves, and issued to shareholders *pro rata* to their shareholding. They will have the same dividend right and the same rights as existing Dexia shares on their date of issue.

#### **4Q 2010 Dexia Group reported results: net profit of EUR 56 million**

In 4Q 2010, **income** amounted to 1,214 million, down 9% compared to 4Q 2009 excluding the EUR 153 million capital gain related to the sale of the Group's stake in Crédit du Nord booked in 4Q 2009. The main driver of the decrease in revenues was the ongoing reduction of the liquidity gap which, combined with less favourable market conditions, led to lower treasury revenues (EUR -105 million) versus 4Q 2009.

**Costs** totalled EUR 972 million up 6% compared to the same quarter in 2009 due to EUR 48 million of provisions for restructuring costs in 4Q 2010 and to business-related expenses in Turkey. The cost base was also negatively impacted by EUR 38 million currency effect on both RBC Dexia and DenizBank.

**Gross operating income** amounted to EUR 242 million.

The **cost of risk** fell sharply (-27%) in 4Q 2010 compared to 4Q 2009 to EUR 201 million, driven by diverging trends. The cost of risk on Financial Products increased by EUR 92 million on 4Q 2009 to EUR 232 million in line with tougher modelling assumptions on the US RMBS market. In contrast, the cost of risk in Retail and Commercial Banking fell by 49% at 35 basis points on average customer loans and EUR 102 million reversals of provisions substantially reduced the cost of risk of Public and Wholesale Banking compared to 4Q 2009.

Other **impairments and provisions for legal litigations** were impacted by EUR 107 million reversals mainly linked to the Ritro litigation in Slovakia.

Consequently, **pre-tax income** amounted to EUR 148 million. **Tax expenses** were EUR 70 million leading to an effective tax rate of 47% due to the negative impact of deferred tax related to the Financial Products portfolio (EUR -101 million) and unused tax losses.

After taking EUR 22 million of **non-controlling interests** into account, **net income Group share** amounted to EUR 56 million in 4Q 2010 against EUR 202 million in 4Q 2009.

## **2010: acceleration of the transformation plan**

Throughout the year 2010, the Group successfully accelerated its transformation plan leading to a sharp reduction of its short-term funding requirement and a further consolidation of its financial structure despite a turbulent economic environment.

The Group continued to refocus on its main franchises and its historical markets and this was reflected by several disposals: sale of the common shares in Assured Guaranty in 1Q 2010, of SPE and Dexia Epargne Pension (DEP) in 2Q 2010 and of AdInfo in 3Q 2010. In 4Q 2010, Dexia also concluded an agreement with Penta Investments, a Central European investment group, on the sale of its 88.71% stake in Dexia banka Slovensko. Regulatory approval has been obtained and the sale is expected to be finalized in 1Q 2011, ahead of the target date (31 October 2012) provided for by the European Commission decision. Finally, the sale process of DenizEmeklilik, the insurance subsidiary of DenizBank in Turkey, has been launched in 4Q 2010. Non-bidding offers have already been received.

In line with the European Commission decision, Dexia also undertook to sell its 70% holding in Dexia Crediop (Italy) before 31 October 2012 as well as its 60% holding in Dexia Sabadell (Spain) before 31 December 2013.

The deleveraging of the balance sheet remains a high priority and Dexia considerably accelerated the pace of disposals in 2010. In total, EUR 27.2 billion of bonds and loans were disposed in 2010 at a contained 0.78% average rate of loss (impact of EUR 213 million on the statement of income). Thanks to its centralized and dedicated teams, a total of EUR 52.4 billion of assets have been sold since October 2008 at 0.89% of average loss on nominal through a “best execution strategy”.

On the bond side, since October 2008, EUR 45.9 billion of Core and Legacy bonds have been sold at an average loss of 0.82% of the nominal, of which EUR 22.4 billion in 2010. The sales were mainly focused on ABS, MBS and bank debt, the high granularity of the portfolio allowing for a good mix of sales opportunities. 55% of the bonds sold were denominated in non-Euro currencies thus strongly reducing the Group’s non-Euro liquidity gap.

Dexia also sold EUR 6.5 billion of non-strategic loans booked in its segment “PWB run-off commitments” (of which EUR 4.8 billion in 2010). Those loans were mainly booked in Japan. The accelerated pace of sale will enable the group to bring forward the closure of some of its international entities in 2011.

The Group is actively pursuing its plan of deleveraging plan in 2011 with a total of EUR 4 billion of assets sold as at 22 February 2011 (impact of EUR 44 million on the statement of income or 1.1% of average loss on nominal). The total amount of sales targeted in 2011 is approximately EUR 15 billion.

Combined with the swift execution of the long-term funding programme, the reduction of PWB lending activity and the increased collection of deposits, the deleveraging enabled the Group to improve its liquidity position further. Indeed, at EUR 119 billion at the end of December 2010, Dexia’s short-term funding gap was decreased by an impressive EUR 141 billion since the peak it reached in October 2008, of which a EUR 48 billion decrease was achieved in 2010.

The Group has raised a total of EUR 86.3 billion of wholesale medium and long term resources since the end of 2008. In 2010, EUR 44.4 billion were issued through EUR 23.2 billion of government-guaranteed debt, EUR 13.6 billion of long-dated covered bonds, EUR 4.5 billion of long-term secured funding other than covered bonds and EUR 3.2 billion of senior unsecured funding. At the beginning of 2011 the long-term wholesale funding programme was also solid with slightly more than EUR 4 billion issued as at 17 February 2011. The 2011 funding programme has been aligned with investors’ appetite and should be around EUR 15 billion.

Furthermore, the successful deployment of the group’s commercial strategy was reflected in RCB and PWB deposits, up by EUR 16.6 billion since end of 2008 increasing the base of Dexia’s stable resources.

Over the past two years, the Group has not only demonstrated its ability to reduce its short-term liquidity gap but also to improve the quality of its short-term funding mix. Indeed, the Government guarantee issuance mechanism was discontinued from 1 July 2010 onwards, in line’s with Dexia’s decision to exit the State guarantee mechanism earlier than scheduled. As at 31 December 2010, the guaranteed short-term outstanding (money market) is nil and the remaining EUR 44.4 billion medium-term guaranteed debt will amortize by 2014, of which approximately 40% will amortize in 2011.

Furthermore, Dexia accelerated the cutback of central bank borrowings leading to a EUR 97 billion decrease of the outstanding amount of central bank funding between October 2008 when it reached the peak of EUR 122 billion and the end of December 2010. As of February 2011, central bank borrowings are below pre-crisis levels at EUR 18 billion.

Despite the deleveraging the Group maintains its ability to fund in the repo market and the shift towards longer-term bilateral and tri-party repos was confirmed in 2010. As at the end of December 2010, the outstanding of bilateral and tri-party repos amounted to EUR 48 billion.

Lastly, the Group still enjoys a comfortable buffer of eligible securities. As at the end of December 2010, eligible securities amounted to EUR 108 billion (of which EUR 42 billion were unencumbered).

As part of its transformation plan, Dexia also undertook to reduce its cost base by 600 million between the end of 2008 and the end of 2011. With EUR 416 million cost reductions between the end of 2008 and the end of 2010, the Group is on track to meet this objective.

The Dexia restructuring plan is being monitored by an independent expert commissioned by Dexia and the European Commission. The extent to which the objectives are being met will be concluded from the report to be issued by the expert by 30 April 2011. With regard to the commitments related to the balance sheet, accounting data as at 31 December 2010 will be restated, in compliance with the measures outlined in the Commission's decision.

## Results by division

### Core Division

In millions of EUR	Statement of income							
	4Q09*	3Q10	4Q10	Var. 4Q10/ 4Q09	Var. 4Q10/ 3Q10	2009*	2010	Var. 2010/ 2009
<b>Income**</b>	<b>1,221</b>	<b>1,241</b>	<b>1,185</b>	<b>-2.9%</b>	<b>-4.5%</b>	<b>5,004</b>	<b>4,916</b>	<b>-1.8%</b>
Expenses	-889	-941	-943	+6.1%	+0.2%	-3,444	-3,585	+4.1%
<b>Gross operating income</b>	<b>332</b>	<b>300</b>	<b>243</b>	<b>-27.0%</b>	<b>-19.1%</b>	<b>1,560</b>	<b>1,331</b>	<b>-14.7%</b>
Cost of risk	-129	-34	45	n.s.	n.s.	-455	-151	-66.9%
Other impairments & provisions for legal litigations*	-32	3	107	n.s.	n.s.	-78	-40	-48.7%
<b>Pre-tax income</b>	<b>171</b>	<b>268</b>	<b>394</b>	<b>x2.3</b>	<b>46.9%</b>	<b>1,027</b>	<b>1,140</b>	<b>11.0%</b>

\* The provisions for legal litigations were previously included in income (other net income).

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

Note: 2010 figures unaudited

Under the segment reporting introduced in 1Q 2010, the Core Division includes the contributions of Retail and Commercial Banking (RCB), Public and Wholesale Banking (PWB), Asset Management and Services (AMS) and Group Center.

The capital gains related to the sale of SPE (EUR 69 million) and of DEP (EUR 29 million) both closed in 2Q 2010 and of AdInfo (EUR 14 million) closed in 3Q 2010 were recorded in the Core Division.

In 2010, the Core Division reported a **pre-tax income** of EUR 1,140 million up 11% on FY 2009 driven by diverging trends. Pre-tax of the commercial business lines increased by 18% (excluding the afore-mentioned capital gains) supported by the strong performance of Retail and Commercial Banking and Insurance, a resilient Public and Wholesale Banking activity and a recovery in the financial markets driving up Asset Management and Investor Services. In contrast, the strengthening of the Group's liquidity profile, in line with targets, impacted the pre-tax income of the Group Center due to a sharp fall in treasury income.

In 4Q 2010, pre-tax income amounted to EUR 394 million, more than twice the level of 4Q 2009 which was impacted by a high level of provisions.

## **Retail and Commercial Banking (RCB)**

(See business line statement of income in appendix)

The development of its retail franchises is central to Dexia's commercial strategic plan and the Group kept a strong focus on expanding its customer franchise and better serving its client base in 2010. In a context of gradual economic recovery, Dexia pursued the development of its "New Distribution Model" in Belgium while further strengthening its private banking franchise in Luxembourg. In Turkey, DenizBank benefited from the fast growth of the economy, supported by a strong domestic demand, increasing foreign trade, and an overall but raising level of bank penetration.

This positive commercial momentum translated into robust growth in loans and deposits. Total customer loans rose by EUR 5 billion (of which EUR 3 billion of business loans and EUR 1.7 billion of mortgages) and reached EUR 56 billion at year-end.

The deposit collection recorded a strong 8% increase (EUR +6.2 billion to EUR 87.7 billion) on FY 2009, of which 40% from Turkey. In Belgium, the product mix remained oriented towards savings accounts as retail and private customers remained very cautious in the light of still uncertain financial markets. This principally explained the 3% fall in off-balance-sheet assets (excluding life insurance products) which amounted to EUR 36 billion at year-end 2010. Life insurance technical reserves were up 10% on 2009 at EUR 11.9 billion, driven by guaranteed-yield insurance products (branch 21) in Belgium and unit-linked contracts in Luxembourg.

In **Belgium**, 2010 was an important milestone for the implementation of the new distribution model which is part of the investments supporting Dexia's commercial ambitions. By the end of 2010, 304 branches were refurbished and additional specialised account managers were appointed to improve customer service further. Although not yet reaching its full potential, the new distribution model has delivered its first results with the customer satisfaction improving in 2010 and the market share in assets rising to 14%. This contributed to significant growth in loans and deposits. Overall, customer assets were up 4% to EUR 93.4 billion and loans grew by EUR 1.8 billion (or 6%) driven by business and mortgage loans. EUR 3.4 billion were collected on savings accounts (reaching EUR 32 billion at year-end 2010), a 12% increase compared to last year and a 39% increase in a two year-period. Structured bonds issued by the Group grew by EUR 1.8 billion and life insurance technical reserves rose by EUR 0.8 billion.

In **Luxembourg**, the bank further consolidated its local franchise and increased its market share as "main banker" of Luxembourg individuals from 13% in 2009 to 14% in 2010. The recruitment of wealth managers and the diversification of the offer to affluent and private clients led to a successful repositioning of private banking, confirmed by a 5% increase in the mandate penetration at 24%. Total customer assets were up 3% year-on-year to EUR 31 billion supported by a strong rise in life insurance (+34% in life reserves). Loans were up 2% to EUR 9 billion at year-end 2010.

In **Turkey**, DenizBank continued its fast expansion, following its roadmap. With 50 new retail and SME branches to reach 500 domestic branches in total by the end of the year and 346 extra ATMs made available to its clientele, DenizBank continued to expand its customer franchise in 2010. DenizBank gained 425,000 new retail and business customers (+11% compared to 2009) and the cooperation with the Turkish Post signed in November 2010 added a potential of 3 million new customers to its client base. With a 34% rise to TRY 19.7 billion (or EUR 9.6 billion) the deposit gathering has beaten the 20% average sector growth. Outstanding loans also posted a sharp 28% increase to TRY 23.8 billion (or EUR 11.6 billion) reflecting the dynamism of the Turkish economy. As a result the loan to deposit ratio of DenizBank stabilized around 120% at year-end 2010 following a sharp decrease from 146% to 126% between 2008 and 2009.

In **2010** the **pre-tax income** of the RCB division increased by a solid 32% to EUR 709 million compared to FY 2009, testifying to the healthy commercial position of the Group and the improvement of the risk environment. **Income** increased by EUR 86 million on FY 2009 at EUR 2,852 million, mainly supported by good revenue generation in Belgium driven by volumes and a favourable product mix. In Turkey, revenues benefited from a positive exchange rate impact and increased volumes which more than offset the margin shrinkage in line with the fast decreasing Cost of Risk.

Whereas cost reduction efforts continued in Belgium and Luxembourg, **costs** went up 4% in 2010 (to EUR 1,935 million) as a result of the business expansion in Turkey and a negative TRY/EUR currency impact.

The **cost of risk** fell sharply (-33%) in 2010 amounting to EUR 208 million mainly as a result of an improving environment in Turkey.

In **4Q 2010**, pre-tax income stood at EUR 146 million, up 28% on 4Q 2009. Income amounted to EUR 707 million, affected by around EUR 30 million related to the Belgian deposit guarantee scheme. Costs

were driven up (+9% on 4Q 2009) by the business expansion in Turkey and the cost of risk reached 35 basis points on average customer loans, i.e. a 54% decrease compared to 4Q 2009. By country, it represented a 62% decrease for Turkey in line with a further NPL decrease and a 25% decrease for Belgium and Luxembourg.

### **Public and Wholesale Banking (PWB)**

(See business line statement of income in appendix)

Since 2008, PWB has drastically refocused its activities on its core markets and franchises i.e. providing credit and non lending services to the public and social sector in Belgium, France, Spain and Italy as well as to corporate clients in Belgium, and developing its leading edge expertise on PFI, PPP and energy/environment in project finance with a broader geographical scope.

Globally long-term commitments were slightly down year-on-year, at EUR 228.2 billion, reflecting stability in the historic markets and a 4% decline in other geographic areas.

In Public Banking, Dexia's more selective approach has resulted in EUR 7.7 billion new long term commitments in 2010 (EUR 9.5 billion in 2009). New loans were mainly originated in France and Belgium, where Dexia's position as a skilled and selective specialist was better recognized, and to a lesser extent, in Spain. Margin levels were satisfactory in all markets as, for example, the average margin on the French and Belgium markets increased by 76% compared to 2009. Long-term commitments were slightly down year-on-year, at EUR 191.2 billion.

In Project Finance, Dexia, once again, demonstrated the quality of its franchise in 2010. Its recognized know-how in infrastructure, transport and renewable energy was confirmed by a large number of new lead-arranger mandates. Indeed, this expertise was recognised with awards 5 times in 2010, notably the "Europe Renewable Deal of the Year" for the "C-Power" wind farm project, the "Europe Telecoms Deal of the Year" for the GSMR transaction and the "Europe PPP Deal of the Year" for the Birmingham Highways.

New commitments in Project Finance amounted to EUR 1.4 billion in 2010 (EUR 27.9 billion of total outstanding), +4% on 2009, in line with the strong focus given to syndication and asset rotation.

In Corporate Banking, EUR 1.2 billion of new commitments were originated in 2010 on a selective and profitable basis.

The deposit collection increased by 8% in 2010, reflecting PWB business focus on liquidity. This growth was notably supported by a dynamic collection in Belgium and in Germany.

**In 2010**, PWB benefitted from a positive trend of commercial margins, increasing fees from the Project Finance activity and an improvement of the environment driving down the Cost of Risk. However, the improvement of the funding mix of the business line, relying on longer-dated and more stable resources more than offset these positive elements and **pre-tax income** was down 3% on FY 2009 at EUR 544 million.

**Income** fell by 18%, mainly due to higher allocated costs of funding (EUR 290 million) which more than offset EUR 83 million of capital gains and positive margin evolution. Restated from capital gains recorded in 2010, the decline would have been 25%.

**Costs** were well controlled, down by 3% in 2010 compared to FY 2009, mainly supported by the implementation of the transformation plan.

The **cost of risk** returned to the traditionally low levels recorded by the business line after higher provisioning in project finance in the second half of 2009. The improvement of the environment led to a decrease in the cost of risk of EUR 195 million compared to FY 2009. 2009 was marked by EUR 128 million of provisions whereas reversals were booked in 2010, in particular during the fourth quarter of the year.

**In 4Q 2010**, the business lines benefited from an increase in interest margins, higher market-related revenues and significant up front fees which boosted revenues up by 9% versus 4Q 2009. Costs remained well controlled and down 7% compared to 4Q 2009. The Cost of Risk recorded a sharp decrease versus 4Q 2009 following a reversal of EUR 107 million, of which EUR 62 million reflecting a change in methodology due to a now mature project finance activity having reached critical mass. As a result, pre-tax income was up by EUR 161 million compared to 4Q 2009 at EUR 221 million.

## **Asset Management and Services (AMS)**

(See business line statement of income in appendix)

Asset-Management and Services comprises three divisions, namely Asset Management, Investor Services and Insurance.

In 2010, the Asset Management and Services contribution to the Group's **pre-tax income** was sharply higher at EUR 308 million i.e. twice the level of 2009, supported by a strong drive of Insurance and Investor Services. Insurance contributed up to 60% to the total pre-tax income of the business-line in 2010, while Asset Management and Investor Services represented a share of 20% each.

### **Asset Management**

In 2010 Dexia AM expertise was rewarded by several new mandates from pension funds, corporate and public sector clients both in fixed income and equities. It also received 3 different awards as asset manager for its excellent performances and 24 awards for specific funds in 10 different countries.

The business line's Assets under Management (AuM) amounted to EUR 86.4 billion at the end of December 2010, up 4.8% compared to December 2009. This EUR 4.0 billion growth is due to a strong inflows in institutional and private mandates (EUR 4.9 billion) enhanced by a positive market effect (EUR 4.0 billion), more than offsetting outflows in retail (EUR -2.2 billion) and institutional funds (EUR -2.7 billion). Private and retail clients have continued to show a preference for on-balance-sheet products given the uncertain economic and financial environment. In 4Q 2010, AuM remained stable (+0.2%).

**In 2010**, the business line's pre-tax income amounted to EUR 63 million, up 53% compared to 2009, driven by higher revenues (+14%) while costs remained well under control. The total costs on average AuM ratio decreased from 16.2 basis points in 2009 to 15.5 basis points in 2010, reflecting a high degree of efficiency.

**In 4Q 2010**, Asset Management posted a pre-tax income of EUR 12 million compared to EUR 19 million in 4Q 2009.

### **Investor Services**

2010 confirmed the rebound of the Canadian and US equity markets, enabling Investor Services to post an extremely satisfactory commercial performance. This momentum translated into a 23% growth of Assets under Administration (AuA) at EUR 2,101 billion (of which EUR +144 billion in 4Q 2010). This growth was also enhanced by a foreign exchange effect and in particular the 12% appreciation of the CAD/ EUR and 7% appreciation of the USD/EUR. Finally, the integration on 31 May 2010 of Ubi Banca Depository Bank business contributed to EUR 20 billion growth in AuA.

Sustained by the same parameters, Assets under Custody (AuC) posted 27% growth in 2010. The number of accounts managed within the transfer agent activity rose by 667,000.

**In 2010**, the division's pre-tax income amounted to EUR 60 million, more than twice the pre-tax income recorded in 2009. Income was up 20% at EUR 393 million thanks to the positive AuA evolution and to increased FX margins as investors rebalanced their currency exposure.

At EUR 332 million, costs were up 13%, half of the increase being driven by a currency impact.

Annual gross operating income amounted to EUR 61 million, of which EUR 1 million associated with the integration of Ubi Banca Depository Bank business (EUR +8 million in income and EUR -7 million in costs) from 31 May 31 2010.

**In 4Q 2010**, the division's pre-tax income totalled EUR 20 million (+100% on 4Q 2009). At EUR 106 million (+31% on 4Q 2009), the income benefited from a rise of the Canadian base rate and the good health of the division core financial markets. Costs increased by 20% against 4Q 2009 mainly due to a currency impact.

### **Insurance**

Dexia Insurance Services recorded an excellent commercial performance in 2010. Total gross written premiums increased by 52% to EUR 3.5 billion driven by Life insurance (+ 64% to EUR 3 billion) that has benefited from high customer demand supported by commercial campaigns and non-life (+4% to EUR 504 million).

In Belgium, the retail network collected twice as much in premiums as in 2009 and in the Public and Wholesale Banking the cross sale of Insurance products contributed positively to the growth of the business line's performance. Dexia Insurance Services successfully entered the second pillar pension market for public-sector related counterparties, which was a major commercial achievement in 2010.



In Luxembourg, Dexia Life & Pensions outperformed and collected EUR 1.1 billion within the context of the forthcoming European Savings Directive.

Consequently life insurance reserves grew by 12.7% in 2010 to reach EUR 18.4 billion at year-end.

In 2010, the business line's pre-tax income more than doubled (x 2.3) in comparison with FY 2009 and reached EUR 185 million thanks to improved revenues and a halved cost of risk. Income also benefited from higher financial results supported by outstandings and higher capital gains.

In contrast, 4Q 2010 was marked by lower financial results and extra provisions to strengthen life reserves. The pre-tax income stood at EUR 34 million, a level lower than 4Q 2009 which benefitted from capital gains and reversal of impairments.

### Group Center

(See business line statement of income in appendix)

Group Center includes the Treasury, the ALM and the Central Assets segments.

In 2010, Group Center posted a **pre-tax loss** of EUR 421 million, against a loss of EUR 222 million in 2009. Compared to 2009, the EUR 147 million fall of the division's income, to EUR 36 million is principally explained by a EUR 155 million decline of Treasury revenues compared to 2009 record results, following the ongoing reduction of the liquidity gap of the Group and less favourable market conditions. Restructuring costs booked mainly in the second half of the year impacted the costs (up EUR 27 million on 2009). The **cost of risk and other impairments** amounted to EUR 33 million in 2010, down EUR 25 million compared to 2009, which was positively impacted by reversals of impairments.

In 4Q 2010, income amounted to EUR -40 million, down EUR 48 million compared to 4Q 2009 due to EUR 37 million decrease in Treasury revenues and EUR 53 million negative adjustments related to the cessation of international activities, partially offset by EUR 14 million gain on DenizBank Turkish CPI bond portfolio. Costs totalled EUR 116 million and were impacted by EUR 48 million of restructuring costs. Lastly, other impairments and provisions for legal litigations improved by EUR 129 million compared to 4Q 2009, at EUR 117 million as a result of reversals of provisions, particularly the provision related to the Ritro litigation in Slovakia.

As a consequence, the division's pre-tax income amounted to EUR -39 million, against EUR -114 million in 4Q 2009.

### Legacy Portfolio Management Division

Statement of income								
In millions of EUR	4Q09*	3Q10	4Q10	Var. 4Q10/ 4Q09	Var. 4Q10/ 3Q10	2009*	2010	Var. 2010/ 2009
<b>Income**</b>	<b>262</b>	<b>-7</b>	<b>29</b>	<b>-88.7%</b>	<b>n.s.</b>	<b>1,180</b>	<b>395</b>	<b>-66.5%</b>
Expenses	-31	-32	-30	-2.0%	-4.4%	-162	-119	-26.8%
<b>Gross operating income</b>	<b>231</b>	<b>-39</b>	<b>-1</b>	<b>n.s.</b>	<b>-98.1%</b>	<b>1,017</b>	<b>276</b>	<b>-72.9%</b>
Cost of risk	-146	-15	-246	67.8%	x16.4	-641	-490	-23.5%
Other impairments & provisions for legal litigations*	-6	0	0	n.s.	n.s.	0	-2	n.s.
<b>Pre-tax income</b>	<b>79</b>	<b>-53</b>	<b>-246</b>	<b>n.s.</b>	<b>x4.6</b>	<b>376</b>	<b>-216</b>	<b>n.s.</b>
<i>o/w changes in scope***</i>	<i>154</i>	<i>0</i>	<i>0</i>	<i>n.s.</i>	<i>n.s.</i>	<i>254</i>	<i>0</i>	<i>n.s.</i>

\* The provisions for legal litigations were previously included in income (other net income).

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

\*\*\* Mainly FSA Insurance and Crédit du Nord.

Note: 2010 figures unaudited

The Legacy Portfolio Management Division (LPM Division) includes the contributions from the Group's bond portfolios in run-off (including the Financial Products portfolio) and the PWB run-off commitments. The LPM

Division is also allocated part of the Treasury result. Entities to be divested are still reported in the Core Division.

The capital gains on the disposal of Crédit du Nord (EUR 153 million booked in 4Q 200) and on the sale of the stake in Assured Guaranty (EUR 153 million booked in 1Q 2010) were both allocated to the Legacy Division. FSA Insurance was deconsolidated as from 2Q 2009.

In **2010**, the LPM Division recorded a pre-tax loss of EUR 216 million, against EUR 376 million (including FSA Insurance) or EUR 305 million (excluding FSA Insurance) positive results in 2009.

Over the year, the LPM Division posted a positive result in the first quarter and losses in the last three. This evolution is explained, in particular, by the EUR 414 million (excluding FSA Insurance) fall in income compared to FY 2009 driven by a EUR 373 million decrease in Treasury income allocated to the division in line with the ongoing decrease of the liquidity gap but also the reduction of net margins on the PWB run-off commitments (EUR -121 million) and on the bond portfolio in run-off (EUR -162 million). The cost of risk, up by EUR 121 million (excluding FSA Insurance), was impacted by a reversal of collective provisions on ABS and subordinated debt booked in the bond portfolio in run-off, for an amount of EUR 184 million, and by a EUR 328 million increase of the provisions on the Financial Products portfolio.

In **4Q 2010**, the LPM Division posted a pre-tax loss of EUR 246 million down EUR 325 million on 4Q 2009 which benefited from a EUR 153 million capital gain from the sale of Crédit du Nord. Excluding this capital gain, the decrease in pre-tax income is mainly explained by a EUR 69 million decrease of the Treasury revenue allocated to the LPM Division. In addition, the cost of risk was up EUR 100 million, impacted by additional provisions booked in the Financial Products portfolio.

The significant changes impacting for the segments of the LPM Division are set out in detail below.

The **bond portfolio in run-off** amounted to EUR 111.7 billion at year-end 2010, a reduction of EUR 22.5 billion on 2009. Thanks to the Group's voluntary balance-sheet deleveraging, EUR 18.8 billion bonds were disposed of from this portfolio, with a 1% loss of the nominal amount i.e. EUR 184 million. EUR 2 billion of bonds were sold in 4Q 2010, with an impact of EUR 53 million on the statement of income. Over the year, EUR 8 billion of bonds amortized and the size of the portfolio was inflated by EUR 4.4 billion currency impact.

The portfolio remains of good credit quality, at 95% investment grade (against 97% at year-end 2009) and the rating migrations were principally due to the impact of deleveraging and the downgrade of the Greek rating from A to BBB. The stock of impairments is down to EUR 884 million at year-end 2010, against EUR 956 million at year-end 2009.

In **2010**, the bond portfolio in run-off recorded a pre-tax loss of EUR 10 million, against a loss of EUR 316 million in 2009. Income was up EUR 115 million on 2009, principally driven by a EUR 293 million increase in trading income (CDS linked to synthetic securitization and CVA on CDS intermediation) which more than offset the reduction of interest margin (EUR -162 million) and deleveraging losses up by EUR 65 million, as volumes disposed of were higher in 2010. The cost of risk improved by EUR 184 million in 2010, marked by reversals of impairments, principally on ABS and on the banking sector.

In **4Q 2010**, the segment's pre-tax income was EUR 5 million, up EUR 41 million on 4Q 2009. Income totalled EUR 38 million against EUR -28 million in 4Q 2009, due to trading results (EUR +37 million) and reversals of impairments related to the disposal of assets (EUR 67 million) despite the decrease of the interest margin (EUR -28 million). Cost of risk stood at EUR 15 million, up EUR 27 million as a result of a collective impairment on ABS.

Over 2010, the **Financial Products portfolio** was reduced by USD 1.6 billion, to USD 13.8 billion (nominal value), due to USD 0.4 billion asset sales (of which USD 0.2 billion in 4Q 2010) and to the amortization of the portfolio. The expected average life of the portfolio was 9.2 years at year-end 2010.

The total cash shortfalls and realised losses on the portfolio increased by USD 82 million over the quarter, to USD 624 million. This includes USD 49 million shortfalls and USD 33 million losses on asset sales that were mitigated by a release of collective impairments.

In **2010**, the Financial Products portfolio posted a pre-tax loss of EUR 299 million, against a EUR 169 million loss in 2009. The EUR 204 million rise in income, to EUR 282 million as a result of gains on own credit risk and of the sale of the stake in Assured Guaranty (EUR 153 million) did not totally offset the EUR 328 million rise of the Cost of Risk over the year.

**4Q 2010** was impacted by additional impairments, the background of which is given below, leading to a pre-tax loss of EUR 243 million.

In a context characterized by a volatile economic environment and large stocks of homes which will continue to weigh heavily on the real estate market, at least in 2011, Dexia adapted its US RMBS scenario to take into account the following considerations:

- During 2010, a high percentage of delinquent loans, in particular subprime loans, have been restructured by the servicers, and this has contributed to improve the default rate on such assets. However, Dexia estimates that part of these defaults could be just postponed in time.
- The visibility on housing price recovery is remaining low due to the existing large stock of homes for sale and to other negative factors such as the impact of the potential forecloser freeze.

Dexia therefore proceeded to make some adjustments of its assumptions for US RMBS in 4Q 2010. In particular, to reflect the assessed impact of loans modifications, Dexia assumes that the current default rates will not improve within the next 3 years and might need 4 additional years to return to the levels observed before materialization of the crisis. Moreover, Dexia assumes that the current severity rates <sup>(1)</sup> will not show any improvement until the end of the transactions.

As a consequence, in 4Q 2010:

- The expected economic losses (discounted expected cash shortfalls) increased by USD 588 million versus 3Q 2010 to USD 1.796 billion. Such an estimate is made to the best of Dexia's knowledge based on market conditions as at the end of December 2010. The increase in expected economic losses led to a USD 135 million reductions of the Deferred Tax Assets.
- USD 50 million of specific impairments and USD 286 million of collective impairments were booked leading to a total of USD 2.252 billion impairments.
- By the end of December 2010, the level of cumulative impairments exceeds the expected economic losses by USD 456 million.

It is important to note that, in line with the **State Guarantee mechanism**, Dexia's regulatory solvency ratio is immune from provisions and losses on Financial Products (see press release published by Dexia on 14 November 2008 and Special Report of the Board of Directors dated 12 May 2009).

Those additional provisions therefore have no impact on Dexia's regulatory solvency ratio.

The modelling of the US RMBS portfolios is very sensitive to parameters such as the timing of defaults, loan modifications, house prices and the length of the crisis. Therefore any changes of the parameters could lead to significant modifications in the projected economic results compared to the 4Q 2010 "base scenario".

- As an example, under a scenario based on deteriorated default rates against the "base case" (higher level of default during the whole period) coupled with a higher (5%) severity, expected losses would increase to USD 2.3 billion.
- As another example, under a scenario based on a flat default rate curve "for ever", expected economic losses would increase to USD 2.8 billion.
- In contrast, a faster recovery in the US economy by 18 months compared to the "base case" would decrease the expected economic losses to USD 1.3 billion.

Assuming the materialization of one of those scenarios and as stated earlier, Dexia's regulatory solvency ratio is immune from provisions and losses in line with the state Guarantee mechanism.

Lastly, Dexia launched an active work-out process to optimize recoveries on the US RMBS portfolio in 2011, with a dedicated experienced team in New York, and filed lawsuits against different stakeholders involved in the US RMBS market. However, at this stage no potential positive impact of such litigation procedures has been taken into account in the Group's financial statements.

**In 2010, PWB run-off commitments** posted a pre-tax income of EUR -14 million, down EUR 138 million compared to FY 2009. This decrease is principally explained by the EUR 170 million fall in income related to the decrease in margin revenues, mainly due to reduced exposure on US Stand-By Purchase Agreements (SBPA), and to an active deleveraging of loans. <sup>1</sup>

The portfolio recorded a EUR 48 million loss on the EUR 4.8 billion loans disposed of in 2010. Furthermore income was impacted by the cessation of activities in Australia and Japan and subsequent asset repatriation.

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<sup>1</sup> The "severity" refers to the loss expected on a property that would have been sold following a foreclosure process

In 4Q 2010, the division reported a pre-tax loss of EUR 10 million, against a gain of EUR 3 million in 4Q 2009. This trend is also explained by the fall of margins and the cost of asset sales which were partially offset by an improvement in the cost of risk, as specific impairments were booked in 4Q 2009.

Against the background of less favourable market conditions and in line with the sharp decrease in the Group's liquidity gap, the **Treasury result allocated to the LPM Division** was down sharply in 2010 (EUR -376 million) compared to the FY 2009 record result. The 2010 result was mainly generated during the first half-year.

In 4Q 2010, the Treasury result allocated to the LPM Division followed the same trend with a pre-tax income down by EUR 69 million on 4Q 2009 due to the same elements.

## Balance-sheet and solvency

Total assets, shareholders' equity and solvency					
	Dec. 31, 2009*	Sept. 30, 2010	Dec. 31, 2010	Variation Dec. 31, 10/ Dec. 31, 09	Variation Dec. 31, 10/ Sept. 30, 10
Total assets (EUR m)	577,630	598,517	566,735	-1.9%	-5.3%
Core shareholders' equity (EUR m)	18,498	19,167	19,214	+3.9%	+0.2%
Total shareholders' equity (EUR m)	10,181	9,070	8,945	-12.1%	-1.4%
Tier 1 capital (EUR m)	17,573	18,418	18,425	+4.8%	n.s.
Total weighted risks (EUR m)	143,170	143,962	140,834	-1.6%	-2.2%
Tier 1 ratio	12.3%	12.8%	13.1%	+81 bps	+29 bps
Core Tier 1 ratio	11.3%	11.8%	12.1%	+79 bps	+27 bps
Net assets per share					
– Core shareholders' equity (EUR)	10.02	10.38	10.41	+3.9%	+0.3%
– Total shareholders' equity (EUR)	5.52	4.91	4.85	-12.1%	-1.2%

\* Figures for December 2009 were restated to take into consideration the bonus shares (free of charge) distributed to the shareholders.

Note: 2010 figures unaudited

At the end of December 2010, Dexia's total assets reached EUR 567 billion, down by EUR 11 billion compared to December 2009. The impact of the deleveraging (EUR -27.2 billion) and natural asset amortization (EUR -27.6 billion), was partially offset by the new commercial production of the year (EUR +22.3 billion) and the increase (EUR +17.8 billion) in cash collateral postings and fair value adjustments of assets (mainly derivatives) following the evolution of the EUR and USD interest rate curves. In the fourth quarter of the year the balance sheet went down by EUR 32 billion mainly driven by decrease of cash collateral posting, derivatives and fair value adjustments of hedged items following the strong increase of the EUR and USD interest rate curves during the last quarter of the year.

At EUR 19.2 billion, Dexia's core shareholders' equity increased by 3.9% on December 2009 supported by the robust organic capital generation of the Group.

The Group's total shareholders' equity amounted to EUR 8.9 billion, down 12.1% (EUR 1.2 billion) compared to the end of 2009. This decline is due to an increase of the negative Other Comprehensive Income (EUR -2.0 billion), and in particular of the available-for-sale reserve on securities (AFS), from EUR -1.5 billion at the end of December 2009 to EUR -3.9 billion at the end of December 2010. The negative evolution on the AFS reserve on bonds is mainly explained by the spread widening on sovereign debt (Greece, Portugal and Italy). The frozen fair value of assets reclassified in Loans and Receivables improved by EUR 0.3 billion to EUR -5.3 billion by end of 2010. If the reclassification had not been made, an additional EUR -0.6 billion fair value adjustment would have been recognized. On a quarterly basis, the AFS reserve remained almost stable as the spread widening on covered bonds and bank debt was offset by a tightening of the sovereign debt.

At the end of December 2010, weighted risks amounted to EUR 140.8 billion, down EUR 2.3 billion compared to December 2009. Core weighted risks increased by 3% (EUR +2.3 billion) driven by the growth of activities in Turkey whereas the Legacy weighted risks fell by 9% (EUR -4.7 billion), mainly due to impairments on Financial Products and deleveraging efforts of the Group. During the last quarter of the year the weighed risks decreased by EUR 3.1 billion, mainly due to impairments on the Financial Products portfolio.

With a Tier 1 ratio of 13.1% (Core Tier 1 of 12.1%) as at end of December 2010, the Group enjoys a robust solvency which has been further strengthen in 2010 thanks to organic capital generation (+60 bps versus end of 2009) and by a decrease of total weighted risks by EUR 2.3 billion (equivalent to 21 bps).

## APPENDIX

### Retail and Commercial Banking (RCB)

Statement of income								
In millions of EUR	4Q09	3Q10	4Q10	Var. 4Q10/ 4Q09	Var. 4Q10/ 3Q10	2009	2010	Var. 2010/ 2009
<b>Income</b>	<b>697</b>	<b>715</b>	<b>707</b>	<b>+1.4%</b>	<b>-1.0%</b>	<b>2,765</b>	<b>2,852</b>	<b>+3.1%</b>
Expenses	-471	-477	-513	+8.8%	+7.4%	-1,853	-1,935	+4.4%
<b>Gross operating income</b>	<b>226</b>	<b>237</b>	<b>195</b>	<b>-14.0%</b>	<b>-18.0%</b>	<b>913</b>	<b>917</b>	<b>+0.5%</b>
Cost of risk	-96	-31	-49	-49.4%	58.0%	-313	-208	-33.4%
Other impairments & provisions for legal litigations	-16	2	0	n.s.	n.s.	-63	0	n.s.
<b>Pre-tax income</b>	<b>114</b>	<b>208</b>	<b>146</b>	<b>+28.2%</b>	<b>-29.9%</b>	<b>537</b>	<b>709</b>	<b>+32.1%</b>

Note: The provisions for legal litigations were previously included in income (other net income). Income (also mentioned as revenues) includes interests, fees, and commissions, trading and other income. 2010 figures unaudited.

### Public and Wholesale Banking (PWB)

Statement of income								
In millions of EUR	4Q09	3Q10	4Q10	Var. 4Q10/ 4Q09	Var. 4Q10/ 3Q10	2009	2010	Var. 2010/ 2009
<b>Income</b>	<b>233</b>	<b>235</b>	<b>254</b>	<b>9.1%</b>	<b>8.4%</b>	<b>1,227</b>	<b>1,007</b>	<b>-17.9%</b>
Expenses	-138	-131	-128	-7.3%	-2.0%	-535	-521	-2.6%
<b>Gross operating income</b>	<b>95</b>	<b>104</b>	<b>126</b>	<b>32.9%</b>	<b>21.6%</b>	<b>692</b>	<b>486</b>	<b>-29.7%</b>
Cost of risk	-36	-4	102	n.s.	n.s.	-128	67	n.s.
Other impairments & provisions for legal litigations	1	-2	-7	n.s.	n.s.	0	-9	n.s.
<b>Pre-tax income</b>	<b>60</b>	<b>98</b>	<b>221</b>	<b>x3.7</b>	<b>x2.3</b>	<b>564</b>	<b>544</b>	<b>-3.5%</b>

Note: The provisions for legal litigations were previously included in income (other net income). The results of AdInfo previously recorded in PWB are now recorded in Group Center. Income (also mentioned as revenues) includes interests, fees, and commissions, trading and other income. 2010 figures unaudited.

### Asset Management and Services (AMS)

Statement of income								
In millions of EUR	4Q09	3Q10	4Q10	Var. 4Q10/ 4Q09	Var. 4Q10/ 3Q10	2009	2010	Var. 2010/ 2009
<b>Income</b>	<b>282</b>	<b>289</b>	<b>264</b>	<b>-6.5%</b>	<b>-8.7%</b>	<b>829</b>	<b>1,021</b>	<b>+23.1%</b>
Expenses	-169	-175	-186	+10.3%	6.5%	-659	-704	+6.9%
<b>Gross operating income</b>	<b>113</b>	<b>114</b>	<b>78</b>	<b>-31.5%</b>	<b>-31.9%</b>	<b>171</b>	<b>317</b>	<b>+85.7%</b>
Cost of risk	1	0	-10	n.s.	n.s.	-21	-7	-64.7%
Other impairments & provisions for legal litigations	-2	0	-2	n.s.	n.s.	-1	-2	n.s.
<b>Pre-tax income</b>	<b>112</b>	<b>114</b>	<b>66</b>	<b>-40.5%</b>	<b>-41.7%</b>	<b>149</b>	<b>308</b>	<b>x2.1</b>
<i>Of which</i>								
<i>Asset Management</i>	19	16	12	-34.9%	-21.0%	41	63	+52.8%
<i>Investor Services</i>	10	12	20	x2.0	68.5%	27	60	x2.2
<i>Insurance</i>	83	86	34	-59.1%	-60.7%	81	185	x2.3

Note: The provisions for legal litigations were previously included in income (other net income). The results of DEP previously recorded in AMS are now recorded in Group Center. Income (also mentioned as revenues) includes interests, fees, and commissions, trading and other income. 2010 figures including UBI Banca's depositary banking business from 31 May 2010. 2010 figures unaudited.

## Group Center

Statement of income								
In millions of EUR	4Q09	3Q10	4Q10	Var. 4Q10/ 4Q09	Var. 4Q10/ 3Q10	2009	2010	Var. 2010/ 2009
<b>Income</b>	<b>8</b>	<b>3</b>	<b>-40</b>	<b>-48</b>	<b>-43</b>	<b>183</b>	<b>36</b>	<b>-147</b>
Expenses	-110	-158	-116	-6	+42	-398	-425	-27
<b>Gross operating income</b>	<b>-102</b>	<b>-155</b>	<b>-156</b>	<b>-54</b>	<b>-1</b>	<b>-215</b>	<b>-389</b>	<b>-174</b>
Cost of risk	2	0	2	0	+2	6	-2	-8
Other impairments & provisions for legal litigations	-14	4	115	+129	+111	-13	-31	-18
<b>Pre-tax income</b>	<b>-114</b>	<b>-151</b>	<b>-39</b>	<b>+75</b>	<b>+112</b>	<b>-222</b>	<b>-421</b>	<b>-199</b>

Note: The provisions for legal litigations were previously included in income (other net income). The results of DEP previously recorded in AMS and the results of AdInfo previously recorded in PWB are now recorded in Group Center. Income (also mentioned as revenues) includes interests, fees, and commissions, trading and other income. 2010 figures unaudited.

Detailed information on reported results are provided in the presentation "4Q & FY 2010 Results 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 2010 Annual Report, 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 1 April 2011.

### About Dexia

*Dexia is a European bank, with about 35,200 members of staff and core shareholders' equity of EUR 19.2 billion as at 31 December 2010. 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.*

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