



## **DEXIA BANK BELGIUM NV/SA**

Limited liability company  
with registered office at B-1000 Brussels, Pachecolaan 44  
registered under number 0403.201.185

(the "Issuer")

## **VERY LONG TERM WARRANT**

€ 100,000,000

This Base Prospectus was approved by the Financial Services and Markets Authority of Belgium in accordance with article 23 of the Prospectus Law of 16 June 2006. This approval does not entail any appraisal of the appropriateness or the merits of the issue nor of the situation of the Issuer.

This Base Prospectus should be read and construed in conjunction with any relevant Final Terms. This Base Prospectus, the relevant Final Terms and the Summary together constitute the Prospectus.

This Base Prospectus is dated 9 January 2012 and is valid for one year from that date, provided that the Base Prospectus may be updated by any supplements in accordance with articles 34 and 35 of the Prospectus Law of 16 June 2006. This Base Prospectus will be updated or will be completed with a supplement, as the case may be, as soon as material information is available.

The Base Prospectus, the Final Terms and the Summary are available on the internet site [www.dexia.com](http://www.dexia.com) and a copy can be obtained free of charge in the offices of Dexia Bank.

**Prospective purchasers of Warrants should ensure that they understand the nature of the relevant Warrants and the extent of their exposure to risks and that they consider the suitability of the relevant Warrants as an investment in the light of their own circumstances and financial condition. The Warrants involve a high degree of risk and potential investors should be prepared to sustain a total loss of the purchase price of the Warrants. See the "Important Remarks" on page 2 and the description of the "Risk Factors" on page 14 of this Base Prospectus.**

## **IMPORTANT REMARKS**

Potential investors in the Warrants and potential investors interested in this Offer are explicitly reminded that any investment involves financial risks. They are therefore advised to read this Base Prospectus, including the relevant Final Terms, carefully and in its entirety.

It is recommended that they consult about the Offer and the Warrants, and the risks related to any investment therein, with their legal, tax, investment and accounting advisors prior to making any investment decision.

Neither this Base Prospectus nor any other information supplied in connection with the Base Prospectus (i) is intended to provide the basis of any credit or other evaluation or (ii) should be considered as a recommendation by the Issuer that any recipient of this Base Prospectus or any other information supplied in connection with the Base Prospectus should purchase any Warrants. Each investor contemplating purchasing any Warrants should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer. Neither this Base Prospectus nor any other information supplied in connection with the Base Prospectus constitutes an offer or an invitation by or on behalf of the Issuer or any other person to subscribe for or to purchase any Warrants.

The delivery of this Base Prospectus does not at any time imply that the information contained herein concerning the Issuer is correct at any time subsequent to the date hereof or that any other information supplied in connection with the Base Prospectus is correct as of any time subsequent to the date indicated in the document containing the same. Investors should review, inter alia, the most recently published annual and interim financial statements of the Issuer, when deciding whether or not to purchase any Warrants.

No person is authorized to give any information or to make any representation not contained in or not consistent with this document or any other information supplied in connection with the Base Prospectus and, if given or made, such information or representation must not be relied upon as having been authorized by the Issuer.

This document is to be read and construed in conjunction with any amendment or supplement hereto, with any Final Terms and with all documents which are deemed to be incorporated herein by reference.

The Warrants create options exercisable by the relevant holder. There is no obligation upon any holder to exercise his Warrant nor, in the absence of such exercise, any obligation on the Issuer to pay any amount to any holder of a Warrant, unless provided otherwise. The Warrants will be exercisable in the manner set forth herein and in the relevant Final Terms. The only means through which the Warrant Holder can realize value from the Warrant prior to the Exercise Period is to sell it through the secondary market.

The Warrants of each issue may be sold by the Issuer at such time and at such prices as the Issuer may select. There is no obligation upon the Issuer to sell all of the Warrants of any issue. The Warrants of any issue may be offered or sold from time to time in one or more transactions in the over-the-counter market or otherwise at prevailing market prices or in negotiated transactions, at the discretion of the Issuer.

The Issuer shall have complete discretion as to what type of Warrants it issues and when.

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## SUMMARY

The following summary is established in accordance with Articles 24 and 28 of the Belgian Law of 16 June 2006 on the public offer of investment instruments and the admission to trading of investment instruments on a regulated market and conveys, in a brief manner and in a non-technical language, the essential characteristics and risks associated with the Issuer and the Warrants.

**WARNING: This summary should only be read as an introduction to the Base Prospectus. Any decision to invest in any Warrants should be based on a consideration of the Base Prospectus as a whole and of the relevant Final Terms by the Warrant Holders. Where a claim relating to the information contained in the Prospectus is brought before a court in an EEA State, the plaintiff Warrant Holder may, under the national legislation of the EEA State, be required to bear the costs of translating the Prospectus before the legal proceedings are initiated. Nobody bears civil liability on the mere basis of this summary or its translation, except if its contents are misleading, incorrect or inconsistent when read together with other parts of the Prospectus.**

**Issuer:**

DEXIA BANK Belgium NV (abbreviated as “DEXIA BANK”) is a limited liability company (“naamloze vennootschap”/“société anonyme”) incorporated under Belgian law and registered under the number 0403.201.185 and with its registered office situated at Pachecolaan 44, B-1000 Brussels, Belgium.

**Information relating to DEXIA BANK:**

DEXIA BANK is a limited liability company of unlimited duration incorporated under Belgian law and registered with the Crossroads Bank for Enterprises under business identification number 0403.201.185. Its registered office is at 1000 Brussels, boulevard Pachéco 44, Belgium, telephone +32 2 222 11 11.

DEXIA BANK’s object is to carry on the business of a credit institution and it has in furtherance of its object all the necessary powers, including the power to enter into transactions on financial derivatives. As such DEXIA BANK may - for its own account and for the account of third parties - even by intermediary of a natural person or a legal entity, both in Belgium and abroad, undertake any and all activities and carry out all banking transactions.

1. transactions regarding deposits, credits within the broadest sense, brokerage, stock exchange related operations, launches of issues, guarantees and surety;

2. short, medium and long-term credit transactions, sustain investments by provinces, municipalities and organisations of a regional and local character, and likewise investments effected by all public establishments, companies, associations and organisations, which are constituted for regional and local purposes, and which provinces, municipalities and organisations of a regional and local character are authorised to support; and

3. to further, by means of appropriate credit transactions, the day-to-day operation of the budgets of provinces, municipalities and organisations of a regional and local character, and of all other institutions referred to in 2 above, and likewise the day-to-day management of their concerns, public companies and enterprises.

Furthermore, DEXIA BANK may distribute insurance products from third party insurance companies. DEXIA BANK may acquire, own and sell shares and participations in one or more companies,

within the limits provided for by the legal status of credit institutions.

DEXIA BANK is entitled to carry out any transactions of whatever nature, inter alia financial, commercial, including goods and estate, relating directly or indirectly to the furtherance of its object or of such a nature as to facilitate the achievement thereof.

<b>Warrants:</b>	Each and any warrant offered pursuant to this Base Prospectus and the relevant Final Terms.
<b>Form and Denomination:</b>	The Warrants shall be represented by a temporary global warrant (the “Global Warrant”) representing the Warrants in bearer. The Global Warrant will be deposited on the Issue Date with the Issuer and will not be exchangeable for definitive Warrants. The Issuer will not charge any fees for Warrants held in securities account with the Issuer or for the opening of such securities account.
<b>Exercise Period:</b>	The Warrants can be exercised during the Exercise Period. Consequently, the only means through which the Warrant Holder can realize value from the Warrant prior to the Exercise Period is to sell it through the secondary market.
<b>Offer:</b>	The Warrants will be offered for subscription as specified in the relevant Final Terms at the relevant Issue Price (Commission included). The Issuer has the right to anticipatively terminate the Offering Period if the maximum amount of the Warrants issue has been reached or if the market conditions adversely affect the interest of the Issuer, as the case may be.
<b>Offering Period:</b>	The offering period specified as such in the relevant Final Terms.
<b>Issue Price:</b>	The issue price specified as such in the relevant Final Terms.
<b>Underlying Value:</b>	The underlying value specified as such in the relevant Final Terms.
<b>Status of the Warrants:</b>	The Warrants constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer and rank and will rank at all times pari passu without any preference among them. The payment obligations of the Issuer under the Warrants shall, subject to any exceptions as from time to time exist under applicable law, at all times rank equally with all its other present and future unsecured and unsubordinated obligations. In particular, the Warrants will not be secured by the Underlying Value to which such Warrants relate.
<b>Use of Proceeds:</b>	The net proceeds of the issue of the Warrants will be used for covering the risks resulting of the issue of the Warrants by the Issuer. The Warrants issue will be subject to some out-of-pocket expenses and publicity fees estimated to be around EUR 25,000.
<b>Governing law and Competent Courts:</b>	<b>and</b> The Offer and the Warrants are governed by the laws of Belgium. All disputes arising out of or in connection with the Offer and the Warrants shall be exclusively submitted to the jurisdiction of the competent courts in Brussels.
<b>Risk Factors:</b>	Prospective purchasers of the Warrants offered hereby should

consider carefully, among other things and in light of their financial circumstances and investment objectives, all of the information in this document and, in particular, the risk factors set forth in the Base Prospectus in making an investment decision. These include risk factors relating to the Warrants, such as (i) the influence of trading or hedging transactions of the Issuer on the Warrants, (ii) hedging against the market risk, (iii) adjustments, (iv) possible illiquidity of the Warrants in the secondary market, (v) potential conflicts of interest, (vi) liquidity risk, or (vii) post-issuance information. They also include risk factors relating to the Issuer, such as (i) economic setting, (ii) operational risk, (iii) credit risk, including to the former mother company Dexia Group and its entities, (iv) market risk, (v) liquidity risk, (vi) lowering of the ratings and (vii) risks due to the crisis on the international financial markets.

Warrants involve a high degree of risk and investors must be prepared to sustain a total loss of the purchase price of their Warrants. The occurrence of fluctuations or the non-occurrence of anticipated fluctuations in the price of the underlying share will disproportionately affect the value of the Warrants and may lead to the Warrants expiring worthless. Purchasers of Warrants risk losing their entire investment if the share underlying the Warrants does not perform as anticipated. Further risks may include, among others, interest rate, foreign exchange, time value and political risks. The Warrants do not entitle the holder of the Warrants to receive a coupon payment or dividend yield and therefore do not constitute a regular source of income. Possible losses in connection with an investment in the Warrants can therefore not be compensated by other income from the Warrants.

Prospective purchasers of Warrants should be experienced with respect to options and option transactions, should understand the risks of transactions involving the relevant Warrants and should reach an investment decision only after careful consideration, with their financial and tax advisers, of the suitability of such Warrants in light of their particular financial circumstances.

As of September 30 2011, 56 bn EUR of total gross (cash) funding exposure to Dexia Group entities translate into 22.5 bn EUR of net (cash) unsecured exposure of funding given, after taking into account

collateral received from Dexia Group entities and deposits done by Dexia Group entities at DEXIA BANK.

This funding given to the Dexia Group, especially the net “unsecured” part, is expected to be gradually reduced according to the terms of the sale agreement between Dexia SA and the Belgian State of October 20, 2011. The net unsecured (cash) exposure has been reduced to an amount of approximately EUR 10 billion as of January 4, 2012.

Hereunder the characteristics of the collateral received by DEXIA BANK, as of September 30, 2011:

- liquidity classes of the received collateral: 27% B1, 43% B2 and 12% B3. B1 means securities that are eligible for refinancing via bilateral market repos; B2 means eligible for refinancing via central banks; B3 eligible via tri-party repo.

- credit risk rating classes of the received collateral: 3% AAA, 36% [AA-;AA+], 28% [A-;A+] , 18% [BBB+;-BBB-], the rest being rated lower, not rated or Dexia unsecured bonds.

The European Commission has temporarily authorised, under the EU state aid rules, a temporary guarantee on the refinancing of Dexia SA and its subsidiary Dexia Crédit Local (DCL), for a maximum capital value of €45 billion. This temporary guarantee, extended by Belgium (60.5%), France (36.5%) and Luxembourg (3%), is joint and non-several. It covers the bank refinancing measures with a maturity of a maximum of three years, and was issued until 31 May 2012. The purpose of the guarantee is to enable the bank to draw up a restructuring plan, or – should Dexia SA prove not to be viable – a liquidation plan, which the three Member States undertake to submit to the Commission within three months from December 21, 2011. The Commission will take a final decision on the temporary guarantee as part of its assessment of the restructuring plan. The issuance of guaranteed funding will help the Dexia Group to pay its financing received from DEXIA BANK, especially for the proportion of the unsecured funding. See the Section “Risk factors” in the Base Prospectus.

**Ratings:**

The current ratings of DEXIA BANK are A3, with outlook ‘under review with direction uncertain’ (Moody’s), A-, with outlook ‘Credit Watch Negative’ (Standard & Poors) and A, with outlook ‘Rating Watch Negative’ (Fitch-Ibca). An outlook ‘under review with direction uncertain’ means that the rating agency analyses the situation of the bank on the currently, before making any conclusion on further evolution of the rating. An outlook ‘Credit/Rating Watch Negative’ means that the rating agency assesses a potential lowering of a long-term credit rating over the intermediate term (typically six months to two years), consideration is given to any changes in the economic and/or fundamental business conditions. An outlook is not necessarily a precursor of a rating change or future CreditWatch action.

## DEFINITIONS

The terms used in this Base Prospectus shall have the meaning as expressed hereunder, unless defined otherwise in this Base Prospectus. The definitions do not apply to terms used in the extracts and press releases that, as the case may be, are mentioned in this Base Prospectus.

- Audit Committee** : The committee established on 18 December 2002 to assist the board of directors in supervising the activities of Dexia Bank;
- Financial Services and Markets Authority** : The Financial Services and markets Authority, designated by the Prospectus Law of 16 June 2006 as the authority competent to approve this Base Prospectus;
- Base Prospectus** : the present document, including, for the avoidance of doubt, the Summary, any of its Annexes or, as the case may be, subsequent supplements, which together constitute a base prospectus for the purposes of the articles 29 and 49 of the Prospectus Law of 16 June 2006;
- Calculation Agent** : Dexia Bank Belgium NV/SA (abbreviated as “Dexia Bank”), unless specified otherwise in the relevant Final Terms;
- Commission** : The commission included in the Issue Price, as specified under the relevant Final Terms;
- Company Code** : The Belgian company code, introduced by the Law of 7 May 1999 (as amended);
- De-listing** : Means that the Shares cease, for any reason, to be listed on the Related Exchange;
- Dexia Bank** : Dexia Bank Belgium NV/SA, a limited liability company of unlimited duration incorporated under Belgian law and registered under the number 0403.201.185 and having its registered office at Pachecolaan 44, B-1000 Brussels;
- Dexia BIL** : Dexia Banque Internationale à Luxembourg, a limited liability company incorporated under the law of Luxembourg and registered under the number B-6307 and having its registered office at 69, route d’Esch, L-2953 Luxembourg;
- Dexia CL** : Dexia Crédit Local S.A., a limited liability company incorporated under French law and having its registered office at 1, Passerelle des Reflets, Tour Dexia La Défense, TSA 92202, F-92919 La Défense Cedex;
- Dexia NV** : Dexia NV/SA, a limited liability company of unlimited duration incorporated under Belgian law and registered under the number 0458.548.296 and having its registered office at Rogierplein 11, B-1210 Brussels;
- Disrupted Day** : Any scheduled trading day on which a relevant Exchange or any Related Exchange fails to open for trading during its regular trading session or on which a Market Disruption Event has occurred;



<b>Early Closure</b>	: The closure on any Exchange Business Day of the relevant Exchange or any Related Exchange(s) prior to its scheduled closing time unless such earlier closing time is announced by such Exchange(s) or Related Exchange(s) at least one hour prior to the earlier of (i) the actual closing time for the regular trading session on such Exchange(s) or Related Exchange(s) on such Exchange Business Day and (ii) the submission deadline for orders to be entered into the Exchange or Related Exchange system for execution at the scheduled closing time on such Exchange Business Day;
<b>Early Termination Amount</b>	: Means that, if the Warrants, are cancelled the Issuer will pay an amount to each Warrant Holder in respect of each Warrant held by such Warrant Holder which amount shall be the fair market value of a Warrant, taking into account the Merger Event, De-listing, Nationalization or Insolvency, as the case may be, less the cost to the Issuer of unwinding any underlying related hedging arrangements, all as determined by the Calculation Agent in its sole and absolute discretion;
<b>Euronext Stock Exchange</b>	: A regulated market operating under the name “ <i>Euronext</i> ”, including Euronext Brussels NV/SA located at Beursplein, B-1000 Brussels and Euronext Paris located at 39 rue Cambon, F-75039 Paris Cedex 01;
<b>Exchange</b>	: Each exchange or quotation system, any successor or any substitute exchange or quotation system, including for the avoidance of doubt but without limitation, any regulated market;
<b>Exchange Business Day</b>	: A day on which the Exchange is open for business;
<b>Exchange Disruption</b>	: Any event (other than an Early Closure) that disrupts or impairs (as determined by the Calculation Agent) the ability of market participants in general (i) to effect transactions in, or obtain market values for, the Shares on the Exchange, or (ii) in futures or options contracts relating to the Share on any relevant Related Exchange;
<b>Exercise</b>	: Delivery of the Underlying Value against payment of the Strike Price. The request to Exercise needs to be submitted during the Exercise Period;
<b>Exercise Date</b>	: Date during the Exercise Period on which the Warrants are exercised;
<b>Exercise Period</b>	: Each business day on which commercial banks in Belgium are open for business from the date as specified in the relevant Final Terms until and including the Maturity Date;
<b>Final Terms</b>	: The document containing the specific final terms relating to a specific series of the Warrants;
<b>Global Warrant</b>	: A temporary warrant representing the Warrants in bearer;
<b>IFRS</b>	: International Financial Reporting Standards;
<b>Insolvency</b>	: Means that by reason of the voluntary or involuntary liquidation, bankruptcy or insolvency of or any analogous proceeding affecting Dexia Bank (i) all the Shares are required to be transferred to a trustee, liquidator or other similar official or (ii) holders of the Shares become legally prohibited from transferring them;
<b>Issue Date</b>	: The issue date specified as such in the relevant Final Terms;

<b>Issue Price</b>	: The issue price specified as such in the relevant Final Terms;
<b>Issuer</b>	: Dexia Bank Belgium;
<b>Luxembourg Stock Exchange</b>	: The regulated market Bourse de Luxembourg, located at 11, avenue de la Porte-Neuve, L-2227 Luxembourg;
<b>Market Disruption Event</b>	: Means in respect of any Share, the occurrence or existence of (i) a Trading Disruption, (ii) any disruption that affect a relevant Exchange which in either case the Calculation Agent determines is material, at any time during the one hour period that ends at the relevant scheduled closing time or (iii) an Early Closure;
<b>Maturity Date</b>	: The maturity date specified as such in the relevant Final Terms;
<b>Merger Date</b>	: Means, in respect of a Merger Event, the date upon which all holders of Shares (other than, in the case of a takeover offer, Shares owned or controlled by the offeror) have agreed or have irrevocably become obliged to transfer their Shares;
<b>Merger Event</b>	: Means any (i) reclassification or change of Shares that results in a transfer of or an irrevocable commitment to transfer all Shares outstanding, (ii) consolidation, amalgamation or merger of Dexia Bank with or into another entity (other than a consolidation, amalgamation or merger in which Dexia Bank is the continuing entity and which does not result in any such reclassification or change of all Shares outstanding) or (iii) other takeover offer for Shares that results in a transfer of or an irrevocable commitment to transfer all Shares (other than Shares owned or controlled by the offeror), in each case if the Merger Date is on or before the Valuation Date in respect of the relevant Warrant;
<b>Nationalization</b>	: Means that all the Shares or all the assets or substantially all the assets of Dexia Bank are nationalized, expropriated or are otherwise required to be transferred to any governmental agency, authority or entity;
<b>Offer</b>	: Any offer on the basis of and, in accordance with, this Base Prospectus;
<b>Offering Period</b>	: The offering period specified as such in the relevant Final Terms;
<b>Potential Adjustment Event</b>	: Means any of the following: <ul style="list-style-type: none"> <li>(i) a subdivision, consolidation or reclassification of Shares (unless a Merger Event) or a free distribution or dividend of Shares to existing holders by way of bonus, capitalization or similar issue;</li> <li>(ii) a distribution or dividend to existing holders of Shares of (a) Shares or (b) other share capital or securities granting the right to payment of dividends and/or the proceeds of liquidation of Dexia Bank equally or proportionately with such payments to holders of Shares or (c) any other type of securities, rights or price as determined by the Calculation Agent;</li> <li>(iii) an extraordinary dividend (provided that any ordinary dividend, whether or not in the form of cash, will not be considered as a Potential Adjustment Event);</li> </ul>

(iv) a call by Dexia Bank in respect of Shares that are not fully paid;

(v) a repurchase by Dexia Bank of Shares whether out of profits or capital and whether the consideration for such repurchase is cash, securities or otherwise; or

(vi) any other event having, in the opinion of the Calculation Agent, a diluting or concentrative effect on the theoretical value of the Shares;

<b>Prospectus Law of 16 June 2006</b>	:	The Belgian Law of 16 June 2006 on the public offer of investment instruments and the admission to trading of investment instruments on a regulated market (as amended);
<b>Related Exchange</b>	:	Means, in respect of the Share, each exchange or quotation system where trading has a material effect (as determined by the Calculation Agent) on the overall market for futures or options contracts relating to such Share;
<b>Share</b>	:	The Underlying Value, specified as such in the relevant Final Terms;
<b>Strike Price</b>	:	The Strike Price is equal to the net asset value of the Underlying Value, specified as such in the relevant Final Terms;
<b>Summary</b>	:	The summary of the Base Prospectus as such term is used in the Prospectus Law of 16 June 2006;
<b>Trading Disruption</b>	:	Any suspension of or limitation imposed on trading by the relevant Exchange or Related Exchange or otherwise and whether by reason of movements in price exceeding limits permitted by the relevant Exchange or Related Exchange or otherwise (i) relating to the Share on the relevant Exchange, or (ii) in futures or options contracts relating to the Share on any relevant Related Exchange;
<b>Underlying Value</b>	:	The underlying value specified as such in the relevant Final Terms;
<b>Valuation Date</b>	:	Means in respect of any exercised Warrant, the Exercise Date in respect of such Warrant;
<b>Warrant</b>	:	Means a warrant that is offered pursuant to this Base Prospectus and the relevant Final Terms;
<b>Warrant Holder</b>	:	A person holding Warrants through a participant or, in the case a participant acts on its own account, that participant.

## DOCUMENTS INCORPORATED BY REFERENCE

This Base Prospectus should be read and construed in conjunction with the audited annual accounts of DEXIA BANK for the years ended 31 December 2009 and 31 December 2010, including the reports of the statutory auditors in respect thereof, which are incorporated by reference in this Base Prospectus. Copies of all documents incorporated by reference will be available free of charge from the offices of DEXIA BANK. Additionally, the annual reports of DEXIA BANK are available on the internet site of DEXIA BANK ([www.dexia.be/viadexia/publications](http://www.dexia.be/viadexia/publications)).

The balance sheet, income statements, accounting policies, notes and auditors' reports of DEXIA BANK are set out on the following pages of the annual reports of the Issuer:

	<i><b>DEXIA BELGIUM S.A.</b></i>	<i><b>BANK</b></i>
	<i><b>Annual Report 2010</b></i>	<i><b>Annual Report 2009</b></i>
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Information contained in the documents incorporated by reference other than information listed in the table above is for information purposes only.

## **SELLING RESTRICTIONS**

This Base Prospectus was approved by the Financial Services and Markets Authority of Belgium on 9 January 2012, in accordance with article 23 of the Prospectus Law of 16 June 2006.

In relation to each member state of the European Economic Area which has implemented the Prospectus Directive (each, a “Relevant Member State”), an offer to the public of the Warrants may only be made once the prospectus has been passported in such Relevant Member State in accordance with the Prospectus Directive as implemented by such Relevant Member State. For the other Relevant Member States an offer to the public in that Relevant Member State of any Shares may only be made at any time under the following exemptions under the Prospectus Directive, if and to the extent that they have been implemented in that Relevant Member State: (a) to legal entities which are authorised or regulated to operate in the financial markets or, if not so authorised or regulated, whose corporate purpose is solely to invest in securities; (b) to any legal entity which has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than €43,000,000 and (3) an annual net turnover of more than €50,000,000, as shown in its last annual or consolidated accounts; (c) to fewer than 100 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) in such Relevant Member State; or (d) in any other circumstances falling within Article 3(2) of the Prospectus Directive, as implemented by the Relevant Member States; and in each of the circumstances mentioned under (a) to (d) (included) provided that no such offer of Shares shall result in a requirement for the publication by the Issuer or any offeror of the Warrants of a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this provision, the expression an “offer to the public” in relation to any offer of Warrants in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the Offer and/or any Warrants to be offered so as to enable an investor to decide to purchase or subscribe for the Warrants, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State and the expression “Prospectus Directive” means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State.

This Base Prospectus and/or any of the Final Terms does not constitute an offer of, or invitation by or on behalf of the Issuer to subscribe for or purchase any Warrants. The distribution of this Base Prospectus and/or any of the Final Terms, and the Offer of Warrants in certain jurisdictions may be restricted by law. Persons into whose possession this Base Prospectus and/or any of the Final Terms comes are required by the Issuer to inform themselves about and to observe any such restrictions. This document does not constitute, and may not be used for the purposes of an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorized or to any person to whom it is unlawful to make such offer or solicitation and no action is being taken to permit an offering of the Warrants or the distribution of this document in any jurisdiction where any such action is required.

In particular, and without prejudice to the foregoing, the Warrants have not been offered, sold or delivered and will not be offered, sold or delivered, as part of their distribution at any time, or otherwise until 40 days after the commencement of the offering within the United States or to, or for the account or the benefit of, U.S. persons and a dealer to which the Warrants are sold during the restricted period, will receive a confirmation or other notice setting forth the restrictions on offers and sales of the Warrants within the U.S. or to, or for the account or benefit of, U.S. persons.

Until 40 days after the commencement of the offering, an offer or sale of Warrants within the U.S. by a dealer that is not participating in the offering may violate the registration requirements imposed by the U.S. Securities Act of 1933, as amended.

## **RISK FACTORS**

*Prospective purchasers of the Warrants offered hereby should consider carefully, among other things and in light of their financial circumstances and investment objectives, all of the information in this document and, in particular, the risk factors set forth below (which the Issuer, in its reasonable opinion, believes represents or may represent the risk factors known to it which may affect such Issuer's ability to fulfill its obligations under the Warrants) in making an investment decision. Investors may lose the value of their entire investment in certain circumstances.*

### ***Risk factors relating to the Warrants***

#### **General**

Warrants involve a high degree of risk and investors must be prepared to sustain a total loss of the purchase price of their Warrants. The occurrence of fluctuations or the non-occurrence of anticipated fluctuations in the price of the underlying share will disproportionately affect the value of the Warrants and may lead to the Warrants expiring worthless.

Purchasers of Warrants risk losing their entire investment if the share underlying the Warrants does not perform as anticipated. Further risks may include, among others, interest rate, foreign exchange, time value and political risks. A Warrant is an asset which, other factors held constant, tends to decline in value over time and which may become worthless when it expires. Prospective purchasers of Warrants should be experienced with respect to options and option transactions, should understand the risks of transactions involving the relevant Warrants and should reach an investment decision only after careful consideration, with their financial and tax advisers, of the suitability of such Warrants in light of their particular financial circumstances.

The risk of the loss of some or all of the purchase price of a Warrant upon expiration means that, in order to recover and realize a return upon his or her investment, a purchaser of a Warrant must generally be correct about the direction, timing and magnitude of an anticipated change in the value of the share underlying the Warrants. Assuming all other factors are held constant, the more a Warrant is 'out-of-the-money' and the shorter its remaining term to expiration, the greater the risk that purchasers of such Warrants will lose all or part of their investment.

In addition, investors should consider that the return on the investment in Warrants is reduced by the costs in connection with the purchase and exercise or sale of the Warrants.

The Warrants do not entitle the holder of the Warrants to receive a coupon payment or dividend yield and therefore do not constitute a regular source of income. Possible losses in connection with an investment in the Warrants can therefore not be compensated by other income from the Warrants. Further to this, the investor bears the risk that the financial situation of the Issuer declines - or that insolvency or bankruptcy proceedings are instituted against the Issuer - and that as a result the Issuer cannot fulfill its payment obligations under the Warrants.

#### **The influence of trading or hedging transactions of the Issuer on the Warrants**

The Issuer may in the course of its normal business activity engage in trading in the underlying shares. In addition, the Issuer may conclude transactions in order to hedge itself partially or completely against the risks associated with the issue of the Warrants. These activities of the Issuer may have an influence on the market price of the Warrants. A possibly negative impact of the conclusion or dissolution of these transactions on the value of the Warrants cannot be excluded.

#### **Hedging against the market risk**

Due to fluctuating supply and demand for the Warrants, there is no assurance that their value will correlate with movements of the underlying share. Prospective purchasers intending to purchase Warrants to hedge against the market risk associated with investing in the underlying share should recognize the complexities of utilizing Warrants

in this manner. For example, the value of the Warrants may not exactly correlate with the value of the underlying share.

### **Adjustments**

In relation to the terms and conditions of the Warrants, events relating to the underlying share may bring about adjustments to such terms and conditions which may vary from those made by the organized derivatives markets.

### **Possible illiquidity of the Warrants in the secondary market**

It is not possible to predict the price at which Warrants will trade in the secondary market or whether such market will be liquid or illiquid. The Issuer may, but is not obliged to, list Warrants on an Exchange.

The Issuer may, but is not obliged to, at any time purchase Warrants at any price in the open market or by tender or private treaty. Any Warrants so purchased may be held or resold or surrendered for cancellation. The Issuer may, but is not obliged to, be a market-maker for an issue of Warrants. Even if the Issuer is a market-maker for an issue of Warrants, the secondary market for such Warrants may be limited. To the extent that an issue of Warrants becomes illiquid, an investor may have to exercise such Warrants to realize value.

The Warrants can be freely transferred to any third party, provided the transferee holds the Warrants on a securities account with Dexia Bank..

### **Potential conflicts of interest**

The Issuer may also engage in trading activities (including hedging activities) related to the share underlying the Warrants and other instruments or derivative products based on or related to the underlying share for their proprietary accounts or for other accounts under their management. The Issuer may also issue other derivative instruments in respect of the underlying share. The Issuer may also act as underwriter in connection with future offerings of the underlying shares or other securities related to the shares underlying the Warrants or may act as financial adviser to certain companies or in a commercial banking capacity for certain companies. Such activities could present certain conflicts of interest, could influence the prices of the underlying shares or other securities referring to the underlying share and could adversely affect the value of such Warrants. In case the Calculation Agent should make determinations and calculations in respect of the Warrants, the Calculation Agent shall act at all times in good faith and a commercially reasonable manner, but not necessarily in the interest of the Warrant Holder.

### **Liquidity risk**

No application is made to list the Warrants on an Exchange. There is no assurance that an active trading market for the Warrants will develop.

### **Post-issuance information**

The relevant Final Terms may specify that the relevant Issuer will not provide post-issuance information in relation to the Underlying Value. In such an event, investors will not be entitled to obtain such information from the relevant Issuer.

### ***Risk factors relating to the Issuer***

#### **Economic setting**

Demand for the products and services offered by the Issuer is mainly dependent upon economic performance as a whole. In the area of corporate and investment banking, for example, sluggish economic activity has a direct impact on companies' demand for credit and causes lending to decline and average creditworthiness to deteriorate. As there is also a greater likelihood of companies becoming insolvent and consequently defaulting on their loans in a shaky economic environment, higher provisioning is necessary. Moreover, a poorer corporate profit outlook leads to lower evaluations of companies and as a result to less interest in both mergers and acquisitions and such capital-market

transactions as IPOs, capital increases and takeovers; accordingly, the revenues from advising clients and placing their shares decline when economic activity is sluggish. Furthermore, proprietary trading and the trading profit are also dependent upon the capital-market situation and the expectations of market participants. In the retail banking and asset management division, lower company evaluations prompt investors to turn to forms of investment entailing less risk (such as moneymarket funds rather than other fund products), the sale of which generate only weaker commissions.

Should the overall economic conditions deteriorate further or should the incentives and reforms necessary to boost the economies fail to materialize, this could have a serious negative impact on the Issuer's net assets, financial position and earnings performance.

### **Operational risk**

A new framework on the management of Operational Risk is currently in development and will be based on the principles as mentioned in the Principles for the Sound Management of Operational Risk (BIS, June 2011).

In expectation of this new framework at DEXIA BANK the existing policy and guidelines are still applicable in order to ensure the continuation of the operational risk management in the company. The governance structure is based on a first line responsibility by the business management and a second line responsibility by the Operational Risk Management department, who defines the methodological principles. There is a clear separation of duties between both lines. An operational risk committee (Operational Risk Acceptance Committee) is installed at senior management level.

The operational risk management includes the collection of operational events (loss data), the organization of yearly risk and control self-assessments (RCSA) as well as the performance of scenario analysis, the collection of insurance claims and the yearly review of the insurance policies, the development and testing of business continuity plans and performance of business impact analysis, a crisis management program, the management of outsourcing arrangements and of information risk. All activities of the bank are covered by the current framework. Actually DEXIA BANK defines Operational Risk as the risk of financial or non-financial impact resulting from inadequate or failed internal processes, people and systems, or from external events. The definition includes legal and reputation risk but excludes strategic risk and expenses from commercial decisions.

### **Credit risk**

As a credit institution, DEXIA BANK is exposed to the creditworthiness of its customers and counterparties. DEXIA BANK may suffer losses related to the inability of its customers or other counterparties to meet their financial obligations. Being a universal commercial credit institution, DEXIA BANK, is financing (local) public and social sector, the historical and still predominant segment, and enterprises through its Public and Wholesale Banking business unit as well as households, self-employed persons and small businesses through its Retail and Commercial Banking business unit. The loan portfolio is generally perceived as being of good quality. DEXIA BANK can however not assure that its level of provisions will be adequate or that it will not have to make significant additional provisions for possible bad and doubtful debts in future periods.

Risk Management is responsible for, inter alia, setting and managing the risk surveillance function and decision processes and implementing risk assessment methods for each of the bank's activities and operational entities.

Credit risk measurements rely principally on internal rating systems put in place by DEXIA BANK under Basel II. Each counterparty is rated by analysts in charge of credit risk or by dedicated scoring systems. This rating corresponds to a valuation of the counterparty's level of default risk, expressed on an internal rating scale, and is a key element in the loan granting process by the credit committee or by automated granting systems. Ratings are reviewed at least annually, and this allows a proactive identification of counterparties requiring regular monitoring by the "watchlist" committee.

In order to control the general credit risk profile and to limit risk concentrations credit risk limits are defined for each counterparty, fixing the maximum exposure to credit risk deemed acceptable for a given counterparty. Limits may also be imposed per economic sector and per product. The risk department proactively monitors these limits, in relation to the evolution of the perception of risks run by the bank. In order to take more recent events into consideration, specific limits may be frozen at any time by the Risk Management department.



Historically, the credit risk management teams of DEXIA BANK were well integrated with the teams at Dexia SA, the former shareholder. Expected service levels between entities were governed by a set of Service Level Agreements. At the occasion of the acquisition of DEXIA BANK by the Belgian State, credit risk management took the necessary measures in order to ensure proper risk governance. During the transition period, Service Level Agreements remain in place if no other equivalent alternative is achievable on short notice.

Throughout the year 2011 the loan portfolios of the Retail and Commercial Banking business line remained generally speaking in line with expectations relating to growth and quality of the portfolio. Overall quality remained good despite the growing concerns as to the macroeconomic environment as from early 2011. Although it could be expected that 2012 will reveal even more challenging macroeconomic conditions, DEXIA BANK is confident that the retail loan portfolio will remain sound and should not cause important volatility at the level of the cost of risk.

Similar conclusions can be made for the Public and Wholesale Banking business line loan portfolio bearing in mind however the lower degree of granularity as compared to the retail loan portfolio. Over the first nine months of 2011, but abstracting from one non-recurring item, cost of risk was in line with expectations. The non-recurring item that is made reference to concerns the impairment applied on Greek sovereign debt, in the third quarter 2011 results (for a net amount of EUR 979 million)..

The investment portfolio amounted to approximately EUR 26 billion as of September 30, 2011, and comprised of assets of good credit quality as evidenced by the internal credit ratings presented in the chart page 29.

## **Market risk**

Market risk covers the potential negative change in value of the Issuer's positions as a result of changes in market prices – for example, interest rates, currency and equity prices, or parameters which influence prices (volatilities, correlations).

Fluctuations in current interest rates (including changes in the relative levels of short- and long-term interest rates) could affect the results of the Issuer's banking activities. Changes in the level of both the short- and the long-term interest rates always affect the level of gains and losses on securities held in the Issuer's financial investments portfolio and the point of time at which these gains and losses were realized. A rise in the interest-rate level could substantially reduce the value of the fixed-income financial investments, and unforeseen interest-rate fluctuations could have a very adverse effect on the value of the bond and interest-rate derivative portfolios held by the Issuer.

The Issuer's management of interest-rate risk also influences the treasury result. The relationship of assets to liabilities as well as any imbalance stemming from this relationship causes the revenues from the Issuer's banking activities to change with different correlations when interest rates fluctuate. Significant for the Issuer are above all changes in the interest-rate level for different maturity brackets and currencies in which the Issuer holds interest-sensitive positions. An imbalance between interest-bearing assets and interest-bearing liabilities with regard to maturities can have a considerable adverse effect on the financial position and earnings performance of the Issuer's banking business in the relevant month or quarter. Should the Issuer be unable to balance mismatches between interest-bearing assets and liabilities, the consequences of a narrowing of the interest margin and interest income might be a considerable adverse impact on the Issuer's earnings performance.

Some of the revenues and some of the expenses of the Issuer arise outside the Eurozone. As a result, it is subject to a currency risk. As the Issuer's consolidated financial statements are drawn up in Euros, foreign-currency transactions and the non-Euro positions of the individual financial statements of the subsidiary, which are consolidated in the Issuer's financial statements, are translated into Euros at the exchange rates valid at the end of the respective period. The Issuer's results are subject, therefore, to the effects of the Euro's fluctuations against other currencies, e.g. the Pound sterling. If, due to currency fluctuations, the revenues denominated in a currency other than the Euro prove to be lower on translation, while expenses denominated in a currency other than the Euro prove to be higher on translation, this might have an adverse impact on the Issuer's financial position and earnings performance.

The trading profit of the Issuer may be volatile and is dependent on numerous factors which lie beyond the Issuer's control, such as the general market environment, trading activity as a whole, the interest rate level, currency fluctuations and general market volatility.

### **Liquidity risk**

The Issuer is exposed to liquidity risk, i.e. the risk that the Issuer is unable to meet its current and future payment commitments, or is unable to meet them on time (solvency or refinancing risk). In addition, the risk exists for the Issuer that inadequate market liquidity (market-liquidity risk) will prevent the Issuer from selling trading positions at short notice or hedging them, or that it can only dispose of them at a lower price. Liquidity risk can arise in various forms. It may happen that on a given day the Issuer is unable to meet its payment commitments and then has to procure liquidity at short notice in the market on expensive conditions. There is also the danger that deposits are withdrawn prematurely or lending commitments are taken up unexpectedly.

### **Lowering of the ratings**

The rating agencies Standard & Poor's, Moody's and Fitch Ratings use ratings to assess whether a potential borrower will be able in future to meet its credit commitments as agreed. A major element in the rating for this purpose is an appraisal of the company's net assets, financial position and earnings performance. A bank's rating is an important comparative element in its competition with other banks. In particular, it also has a significant influence on the individual ratings of the most important subsidiaries. A downgrading or the mere possibility of a downgrading of the rating of the Issuer or one of its subsidiaries might have adverse effects on the relationship with customers and on the sales of the products and services of the company in question. In this way, new business could suffer, the company's competitiveness in the market might be reduced, and its funding costs would increase substantially. A downgrading of the rating would also have adverse effects on the costs to the Issuer of raising equity and borrowed funds and might lead to new liabilities arising or to existing liabilities being called that are dependent upon a given rating being maintained. It could also happen that, after a downgrading, the Issuer would have to provide additional collateral for derivatives in connection with rating-based collateral agreements. If the rating of the Issuer were to fall to within reach of the non-investment grade category, it would suffer considerably. In turn, this would have an adverse effect on the Issuer's ability to be active in certain business areas.

### **Current Market Volatility and Recent Market Developments**

Significant declines in the housing market in the United States and in various other countries in the past two years have contributed to significant write-downs of asset values by financial institutions, including government-sponsored entities and major commercial and investment banks. These write-downs have caused many financial institutions to seek additional capital, to merge with larger and stronger institutions and, in some cases, to fail. Amid concerns about the stability of the financial markets generally and the strength of counterparties, many lenders and institutional investors have substantially reduced, and in some cases, halted their funding to borrowers, including other financial institutions.

While the capital and credit markets have been experiencing volatility and disruption for more than 12 months, the volatility and disruption has reached unprecedented levels in recent months. In some cases, this has resulted in downward pressure on stock prices and significantly reduced the capacity of certain issuers to raise debt. The resulting lack of credit availability, lack of confidence in the financial sector, increased volatility in the financial markets and reduced business activity could materially and adversely affect the Issuer's business, financial condition and results of operations, which could in turn affect the Issuer's ability to meet its payments under the Warrants.

As of September 30 2011, 56 bn EUR of total gross (cash) funding exposure to Dexia Group entities translate into 22.5 bn EUR of net (cash) unsecured exposure of funding given, after taking into account collateral received from Dexia Group entities and deposits done by Dexia Group entities at DEXIA BANK. This funding given to the Dexia Group, especially the net "unsecured" part, is expected to be gradually reduced according to the terms of the sale agreement between Dexia SA and the Belgian State of October 20, 2011. The net unsecured (cash) exposure has been reduced to an amount of approximately EUR 10 billion as of January 4, 2012.

Hereunder the characteristics of the collateral received by DEXIA BANK, as of September 30, 2011:

- liquidity classes of the received collateral: 27% B1, 43% B2 and 12% B3. B1 means securities that are eligible for refinancing via bilateral market repos; B2 means eligible for refinancing via central banks; B3 eligible via tri-party repo.

- credit risk rating classes of the received collateral: 3% AAA, 36% [AA-;AA+], 28% [A-;A+], 18% [BBB+;-BBB-], the rest being rated lower, not rated or Dexia unsecured bonds.

The European Commission has temporarily authorised, under the EU state aid rules, a temporary guarantee on the refinancing of Dexia SA and its subsidiary Dexia Crédit Local (DCL), for a maximum capital value of €45 billion. This temporary guarantee, extended by Belgium (60.5%), France (36.5%) and Luxembourg (3%), is joint and non-several. It covers the bank refinancing measures with a maturity of a maximum of three years, and was issued until 31 May 2012. The purpose of the guarantee is to enable the bank to draw up a restructuring plan, or – should Dexia SA prove not to be viable – a liquidation plan, which the three Member States undertake to submit to the Commission within three months from December 21, 2011. The Commission will take a final decision on the temporary guarantee as part of its assessment of the restructuring plan.

The investment portfolio amounted to approximately EUR 26 billion as of September 30, 2011; an overview of the assets and their internal credit ratings is represented in the chart page 28.

## INFORMATION RELATING TO THE ISSUER

### ***General Information***

#### **Persons responsible**

Dexia Bank accepts responsibility for the information contained in this Base Prospectus and each relevant Final Terms. To the best of the knowledge of the Issuer (who has taken all reasonable care to ensure that such is the case), the information contained herein is in accordance with the facts and does not omit anything likely to affect the import of such information.

Information contained in this Base Prospectus which is sourced from a third party has been accurately reproduced and, as far as the Issuer is aware and is able to ascertain from information published by the relevant third party, no facts have been omitted which would render the reproduced information inaccurate or misleading. The Issuer has also identified the source(s) of such information.

#### **Information about the issuer**

##### **1.1 General Information**

Dexia Bank Belgium S.A. (“DEXIA BANK”) is a limited liability company of unlimited duration incorporated under Belgian law and registered with the Crossroads Bank for Enterprises under business identification number 0403.201.185 and with VAT number BE 403.201.185. Its registered office is located at 1000 Brussels, Boulevard Pachéco 44, Belgium, telephone +32 2 222 11 11.

DEXIA BANK was created and developed as the financial institution of municipalities. The bank has also approached the market of private individuals and set up a network of branches. From 1990 onwards it has been operating on the international market and in 1996 it has joined Crédit Local de France (now Dexia Crédit Local S.A. (“Dexia CL”)) and Banque Internationale à Luxembourg (now Dexia Banque Internationale à Luxembourg, société anonyme (“Dexia BIL”)) to create Dexia Group, an European banking group. The Dexia Group was focused 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.

Until 20 October 2011, the shares were held by Dexia S.A. (359,412,609 shares), Dexia Lease Services SA (6 shares) and Arcofin SCRL (1 share).

Following the ongoing restructuring of the Dexia Group, Dexia S.A. (a holding company listed on the Brussels stock exchange) and the Belgian State finalised on October 20, 2011 the sale agreement of Dexia Bank Belgium to the Federal Holding and Investment Company, acting on behalf of the Belgian State.

Dexia Bank Belgium’s 49% holding in Dexia Asset Management has been transferred to the Dexia Group. Therefore, the disposal relates to all assets and liabilities and all subsidiaries and holdings of Dexia Bank Belgium at the closing date to the exception of its stake in Dexia Asset Management. All existing contracts that DEXIA BANK entered into before 20 October 2011 (the Sale of the shares to the FHIC) with third parties remain valid and applicable under the initial terms and conditions.

DEXIA BANK has been since October 20, 2011 wholly owned by the Federal Holding and Investment Company NV /SA (naamloze vennootschap/société anonyme) and has become an autonomous

independent, Belgian banking and insurance group whose shares are not listed.

The Federal Holding and Investment Company (Federale Participatie- en Investeringsmaatschappij / Société Fédérale de Participations et d'Investissement) was created on 1 November 2006 as a result of the merger between the Federal Participation Company and the Federal Investment Company, two public holding companies that each have their own history.

The federal government is the sole shareholder in the Federal Holding and Investment Company. The federal government now has to notify a restructuring plan for DEXIA BANK within a period of six months from October 17, 2011.

The Federal Holding and Investment Company (FHIC) centrally manages the federal government's shareholdings, cooperates with the government on specific projects and pursues its own investment policy in the interests of the Belgian economy.

The FHIC has three core businesses:

- acquiring shareholdings in public and private companies that are of strategic importance in terms of federal policy;
- investing in companies with an attractive social value in one of the FHIC's priority sectors;
- cooperating on policy matters with the federal government and working on behalf of the government to implement specific projects.

On 20 December 2011, Dexia, Precision Capital and the Grand Duchy of Luxembourg announced they entered into a binding memorandum of understanding on the acquisition by Precision Capital and the Grand Duchy of Luxembourg of the 99.906% stake in Dexia Banque Internationale à Luxembourg S.A. owned by the Dexia Group. Precision Capital, a Qatari investment group, will acquire 90% of the stake, the remaining 10% will be acquired by the Grand Duchy of Luxembourg. The transaction price values 100% of the shares in Dexia Banque Internationale à Luxembourg at EUR 730 million. The participations in Dexia Asset Management Luxembourg and RBC Dexia Investor Services Limited will be disposed of separately.

The authorised, issued and fully paid up share capital of DEXIA BANK amounts to EUR 3,458,066,227.41 divided into 359,412,616 ordinary shares with no face value, each representing 1/359,412,616th of the share capital.

DEXIA BANK's object is to carry on the business of a credit institution and it has in furtherance of its object all the necessary powers, including the power to enter into transactions on financial derivatives. As such DEXIA BANK may - for its own account and for the account of third parties - even by intermediary of a natural person or a legal entity, both in Belgium and abroad, undertake any and all activities and carry out all banking transactions.

1. transactions regarding deposits, credits within the broadest sense, brokerage, stock exchange related operations, launches of issues, guarantees and surety;
2. short, medium and long-term credit transactions, sustain investments by provinces, municipalities and organisations of a regional and local character, and likewise investments effected by all public establishments, companies, associations and organisations, which are constituted for regional and local purposes, and which provinces, municipalities and organisations of a regional and local character are authorised to support;
3. to further, by means of appropriate credit transactions, the day-to-day operation of the budgets of provinces, municipalities and organisations of a regional and local character, and of all other institutions referred to in 2 above, and likewise the day-to-day management of their concerns, public companies and enterprises.

Furthermore, DEXIA BANK may distribute insurance products from third party insurance companies. DEXIA BANK may acquire, own and sell shares and participations in one or more companies, within the limits provided for by the legal status of credit institutions.

DEXIA BANK is entitled to carry out any transactions of whatever nature, inter alia financial, commercial, including goods and estate, relating directly or indirectly to the furtherance of its object or of such a nature as to facilitate the achievement thereof.

All the provisions of the present article must be interpreted in the broadest sense and within the context of the laws and regulations governing transactions of credit institutions.

The current ratings of DEXIA BANK are A3 (Moody's), A- (Standard & Poors) and A (Fitch-Ibca). The outlook attributed to DEXIA BANK by the different rating agencies can be found on the website [www.dexia.be/Vous](http://www.dexia.be/Vous) et nous/Nos notations or [www.dexia.be/U](http://www.dexia.be/U) en wij/Onze ratings.

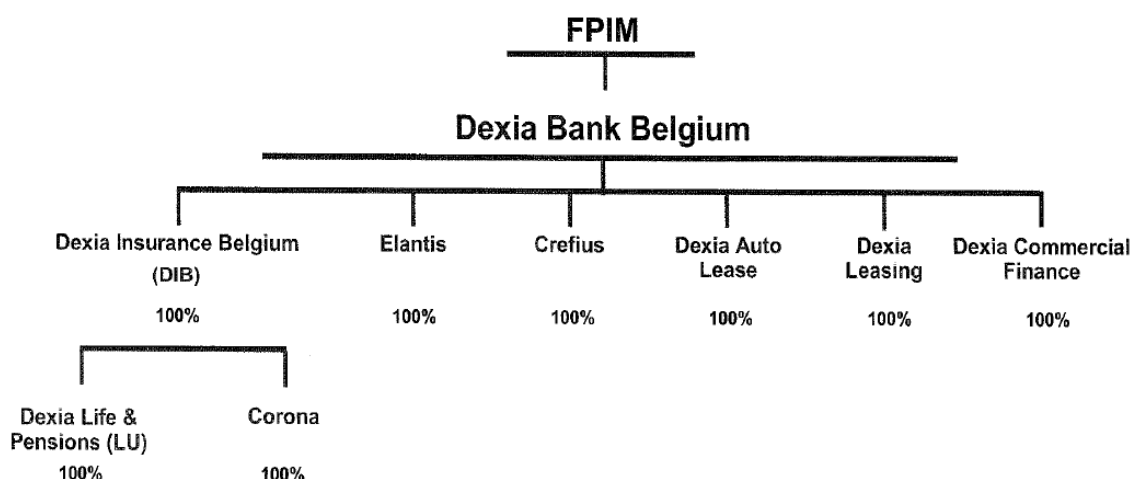
There have been no material contracts that are not entered into in the ordinary course of DEXIA BANK's business which could result in any member of the Dexia Group being under an entitlement that is material to DEXIA BANK's ability to meet its obligations to Warrantholders.

DEXIA BANK has made no investments since the date of the last published financial statements, and no principal future investments are planned.

The auditor of DEXIA BANK is Deloitte Bedrijfsrevisoren BV o.v.v.e CVBA (Member of Deloitte Touche Tohmatsu International), Berkenlaan 8B - 1831 Diegem (member of IBR – IRE Instituut der Bedrijfsrevisoren/ Institut des Réviseurs d'Entreprises).

The relevant auditor's report with respect to the audited accounts of DEXIA BANK for the years ended 31 December 2009 and 31 December 2010, as incorporated by reference (See Condition 6. Documents incorporated by reference), were delivered without any reservations.

Hereunder the new (simplified) structure for DEXIA BANK as of 30 November 2011:



## 1.2 Overview Business Lines

Building on an existing strong commercial franchise among private individuals, professionals, companies, social profit institutions and, of course, local and regional authorities, Dexia Bank Belgium is a locally anchored relationship bank whose activities are focused on three business lines.

### Retail and Commercial Banking

Dexia Bank Belgium is positioned among the top 3 Belgian retail and commercial banks, serving more than 4 million clients (3.8 million retail clients, 45,000 private clients as well as 190,000 SME and self-employed clients).

With its network of 824 branches as at the end of September 2011, the bank covers the whole territory and has the second largest branch network in Belgium.

2010 saw an important milestone passed on the road to implementation of the new distribution model. By virtue of a new commercial organisation and state-of-the-art technology, this new model based on the “open branch concept” permits a specialist service within the branches. This model was further implemented in 2011.

By the end of September 2011, 400 branches were refurbished and clients can rely on specialized advice for all segments:

- more than 1,400 advisers for day-to-day transactions, payments, and so on
- about 1,700 investment advisers
- 640 specialist in mortgage loans, consumer credit and insurance
- 200 private bankers in 196 flagship branches and 53 private banking experts (financial planning, succession, ...)
- 440 business banking specialists

This client-centric approach is completed by a wide range a direct distribution services: ATMs, internet and mobile banking ...

The new recycling ATMs with on-line cash in/cash out functionalities proved very successful as illustrated by the number of cash deposits performed through these machines. Indeed it increased sharply to 88% in 3Q 2011 compared to 66% and 26% respectively at the beginning of 2010 and 2009. Moreover Dexia Bank Belgium has the second largest ATM network in Belgium and is the only bank with online deposit facility in all branches from 6 am to 22 pm.

Dexia Direct Net, the bank’s internet banking system, was renewed in 2011. This integrated website, providing information and allowing clients to realize most transactions, is currently being used by 900,000 clients.

In March 2011, the bank launched the Dexia Direct Mobile service for Smartphone and tablets, extending its range of direct distribution services. As at the end of September 2011, 25,000 clients were already using this device actively.

As at 30 September 2011, customer assets amounted to EUR 92.7 billion, including EUR 63.1 billion deposits, EUR 11.3 billion life insurance (Branch 21, 23 and 26) and EUR 18.3 billion other off-balance sheet products (investment funds and others).

At the same date loans amounted to EUR 34.5 billion of loans, business loans representing 27% of the whole.

More particularly and as at 30 September 2011:

- mortgage loans amounted to EUR 23.5 billion, up 15% on the end of 2008;
- at EUR 1.5 billion, consumer loans were up 1.5% compared to the end of 2008;

This illustrates that, even in time of crisis, Dexia Bank Belgium remains a driving force of the Belgian economy.

### **Public and Wholesale Banking**

Dexia Bank Belgium plays a major role in the financing of local facilities and infrastructures, the health and social housing sectors and the social economy. The bank assists public and semi-public operators in implementing their projects, and participates in the development of local infrastructures and services.

The business line manages relations with customers in the public and the social profit sectors as well as corporate Banking activities.

As at 30 September 2011, client assets amounted to EUR 25.4 billion, including EUR 16 billion of deposits and EUR 9.4 billion of off-balance-sheet investments.

At the same date, total loans amounted to EUR 59.2 billion, of which EUR 42.5 billion on balance sheet and EUR 16.7 billion off balance sheet.

- *Public Banking and Social Profit*

With 10,000 clients, Dexia Bank Belgium is market leader in the financing of local, regional and federal authorities as well as in the sector of health, accommodation and education.

Given its concern for sustainable development and its desire to remain a loyal partner on the Public and Wholesale Banking market, Dexia Bank Belgium provides solutions that meet the investment needs of the local authorities, the social profit sector, the business sector and project sponsors.

The range of products and services is structured into six “Lines” reflecting Dexia Bank Belgium’s commitment to sustainable and social development.

Immo Line covers a wide assortment of mechanisms for financing real estate, ranging from conventional funding solutions to public-private partnerships (PPP) that are tailored to the size of the public and social profit sector customers and the level of support they require.

As at 30 September 2011, total loans to public and sector amounted to EUR 33.0 billion, up 8% compared to the end of 2008.

Energy Line gathers solutions supporting the development of green growth:

- Green IT, an all-in-one solution for leasing IT equipment that meets the latest European energy savings standards;
- Green Fleet, an integrated solution aimed at reducing the environmental footprint associated with road traffic;
- cogeneration and solar energy solutions.

Dexia Bank Belgium entered in an exclusive cooperation with EIB to finance local renewable energy projects, for an amount of EUR 300 million in 2010/2011. It also financed over 300 projects in solar energy and cogeneration and contributed to making outdated property of public institutions more energy efficient.

Energy line represents 87,426.77 KWP of total installed capacity.

Social Line is a range of products which provides 200,000 socially disadvantaged people in Belgium



with modified banking services that are every bit as effective and user-friendly as those offered to the general public. 2010 merely served to confirm the success encountered by Social Line, use of which is regrettably – because of the present crisis – set to increase in 2011.

Dexia Bank Belgium manages 41,000 social assistance accounts, i.e. total computerized bank accounts opened for recipients of social benefits, at the request of Public Social Action Centers (CPAS) and 60,000 budget management accounts. These accounts enable CPAS to assist individuals in highly insecure situation to manage their budget.

*IT Line* was created in order to facilitate treasury management. The software Dexia Web allows clients to manage their payments, credits and investments online and in real time as well as to consult their accounts. Reports can be obtained via CODA and Papyrus (Projet for Paper Reporting Substitution), a securitised, powerful and economic system that drastically reduces direct and indirect costs inherent to paper reporting.

*People Line* offers, among other things, appropriate pension insurance solutions for government employees and officials. In collaboration Ethias, Dexia Bank Belgium cornered two of the main pension insurance markets. In addition it reported some handsome successes in the hospital sector.

The ageing of the population and its social and financial consequences is a matter of some concern to Dexia Bank Belgium which has responded by introducing the *Silver Line*. It provides a framework under which this year the Bank drew up for the benefit of the local authorities a particularly well documented Socio-Demographic Profile setting out in detail the infrastructural developments that will be required to meet the needs of their respective populations over the next fifteen years. A similar profile intended for institutions in the social profit sector is also in preparation. Here again, Dexia Bank Belgium demonstrates its wide-ranging financial commitment to society in the long term.

Dexia Bank Belgium financed 25 projects in this field in 2010, worth EUR 145 million.

Clients can rely on a team of 40 account managers who provide personalized and innovative advice. They are assisted by experts from the bank and the subsidiaries, in order to find the products and solutions best suited to the clients' needs. Finally, seminars and meetings are organised on a regular basis in order to share Dexia Bank Belgium's expertise and added value. The bank also publishes each year studies on the financial situation of Belgian local governments and hospitals.

- *Corporate Banking*

In Corporate Banking, Dexia Bank Belgium has a strong position among medium-sized companies, with a turnover or balance sheet between EUR 10 million and EUR 1 billion. It serves 5,300 clients.

There is also an impressive range of products and services in all areas. The cross-selling strategy and targeted market approach both contribute to the development of the corporate market. A well-balanced risk management procedure substantially limits losses on the credit portfolio.

Clients in this segment benefit from the personalised service offered by 50 dedicated corporate bankers, assisted by specialists in payments, traditional short- and long-term lending, and specialised lending (foreign trade, documentary credit, syndication, consortium), cash management, real-estate and financial management, factoring, leasing (including car leasing), renting, electronic banking, special arrangements (listing on the stock market, delisting, management buy-outs, project financing,...), insurance, financial markets (for, *inter alia*, interest-rate risk management), HR management (pensions, salaries), private banking (succession), etc.

The business line benefits in particular from the support provided by the specialists from Financial Markets management, which manages the structured products used to actively manage debt or compile offers for tailor-made investments. A comprehensive range of interest-rate hedges (forward rate agreement, interest rate swap, etc...) and exchange rates (spot, swap, forward, option plain vanilla, exotic option) is available to clients using the Dexia Bank services as provided by the Public and Wholesale Banking sales team. Financial Market management is also business-line partner for all operations related to Debt Capital Market activity (T-notes, commercial paper, medium-term notes, retail bonds), which has grown significantly over the past few years.

## **Insurance**

Dexia Insurance Belgium is DexiaBank Belgium's insurance pool for Retail and Commercial Banking clients (individuals, private, SME) and Public and Wholesale Banking clients (public, social profit).

Dexia Insurance Belgium is the fifth largest insurer in Belgium. It combines the strength of DVV-LAP, a tied agent network with a banking and insurance approach through the banking network. This multi-channel offer, which is at the heart of the strategy of insurer, is completed by Corona Direct, a direct insurer.

Its Luxembourg subsidiary, Dexia Life & Pensions offers its insurance products especially to wealthy clients, supported by the banking network of Dexia Banque Internationale à Luxembourg.

As at 30 September 2011, gross written premiums with retail and commercial clients, collected through Dexia Bank Belgium's branches, stood at EUR 1,242 million (93% life and 7% non life). Gross written premiums from public banking and social profit clients amounted to EUR 275 million (73% life and 27% non life).

The DDV-LAP network counted 348 branches and 208 self-employed agents as at 30 September 2011. Gross written premiums amounted to EUR 382 million (45% life and 55% non life).

Corona Direct, the direct insurer, collected EUR 45 million gross premiums as at 30 September 2011 (31% life and 69% non life).

In Luxembourg, Dexia Life & Pensions collected EUR 265 million gross premiums (only life) via Dexia Banque Internationale à Luxembourg's branch network and through partnership in and outside Luxembourg.

At the same date total life insurance reserves amounted to EUR 19.7 billion.

### **1.3 recent Developments**

On November 30, 2011 Dexia Bank Belgium communicated its new commitments as a bank on a stand-alone basis and published some limited information on its results as at September 30, 2011.

#### **8.3.1. Dexia Bank's three commitments**

To prepare for the bank's future, management has taken a number of clear governance-related decisions, including one not to award a bonus to any senior management member for the year 2011. Three further commitments are aimed at restoring customer confidence, motivating staff and regaining operational independence, allowing the bank to focus on change, which will include a change of name in the course of 2012.

The 3 commitments are closely based on the wealth of expertise and experience that the bank has accumulated over the past 150 years in the public sector and over the past 50 years in private-individual banking.

#### **Dexia Bank Belgium wishes to become a locally anchored relationship bank**

As a locally anchored relationship bank, we wish, now more than ever, to prioritise the personal relationship with our clients through strong relationship management and specialised advice based on an extensive and high-quality range of products and services. Our "financial planning" investment offer for private banking clients, our "Green Energy

Solutions”, our role as banker to municipalities and the regions, the “ageing populations” study for local authorities, our MAHA study for Belgian hospitals and our credit-advice programme for project financing are but a few examples of current initiatives that we intend to even further diversify and expand.

Additionally, it is our aim to be accessible 24/7. Dexia Bank Belgium has – with 824 branches, around 400 of which have already been refurbished in line with the “open branch concept” – a strong presence in Flanders, Brussels and Wallonia. As well as our mobile banking application “Dexia Direct Mobile”, launched in March, and with a DDM customer base that has, in the meantime, grown to 25,000 users, there is also our internet banking site, used by some 900,000 subscribers, and our customised e-network, “Publilink”, used by 97% of municipalities and 85% of OCMWs (the social services).

#### Dexia Bank Belgium wants to be a bank offering added value to society

Dexia Bank Belgium shall, by dint of these undertakings, continue to guarantee the financing of the public and social sector. Savings certificates for local projects, which were launched on December 5, are a perfect example of this and will provide the necessary funds for projects such as rest- and nursing homes, hospitals, swimming pools, nurseries and libraries. In addition, Dexia Bank Belgium seeks, from a financial point of view, to meet major challenges to society such as the ageing population, sustainability and social integration.

#### Dexia Bank Belgium seeks to communicate clearly and succinctly.

Trust, a vital part of any banking relationship, is shaped and consolidated by, among other things, clear and succinct communication with customers. Dexia Bank Belgium seeks to provide regular and transparent news about its strategy, results and corporate governance. A stronger corporate governance with a new, independent and professional Board of Directors acts as the basis of a simple and unequivocal strategy in the best interests of our Belgian economy.

### **8.3.2. Dexia Bank’s results as at September 30, 2011**

- Underlying commercial results remain, in spite of a difficult market environment, positive, with the generation, after 9 months, of a net profit (without one-off items) of EUR 361 million (after tax).
- The negative net income for the first nine months of 2011 (EUR -1,109 million after tax) can principally be explained by write-offs on Greek securities (EUR -979 million after tax), a capital loss on the disposal of Dexia Asset Management (EUR -147 million after tax), a capital loss following the reduction in the investment portfolio (EUR -309 million) and one-off provisions in support of our stand-alone position (EUR -35 million after tax).
- Taking into account the above-mentioned one-off items, the Tier 1 ratio stood at 13.3% and the Capital Adequacy Ratio (CAD) ratio at 15.1%.
- The commercial part of the balance sheet is well-balanced (EUR 77 billion customer loans and EUR 79 billion customer deposits).

As of September 30 2011, 56 bn EUR of total gross (cash) funding exposure to Dexia Group entities translate into 22.5 bn EUR of net (cash) unsecured exposure of funding given, after taking into account collateral received from Dexia Group entities and deposits done by Dexia Group entities at DEXIA BANK. This funding given to the Dexia Group, especially the net “unsecured” part, is expected to be gradually reduced according to the terms of the sale agreement between Dexia SA and the Belgian State of October 20, 2011. The net unsecured (cash) exposure has been reduced to an amount of approximately EUR 10 billion as of January 4, 2012.

Hereunder the characteristics of the collateral received by DEXIA BANK, as of September 30, 2011:

- liquidity classes of the received collateral: 27% B1, 43% B2 and 12% B3. B1 means securities that are eligible for refinancing via bilateral market repos; B2 means eligible for refinancing via central banks; B3 eligible via tri-party repo.

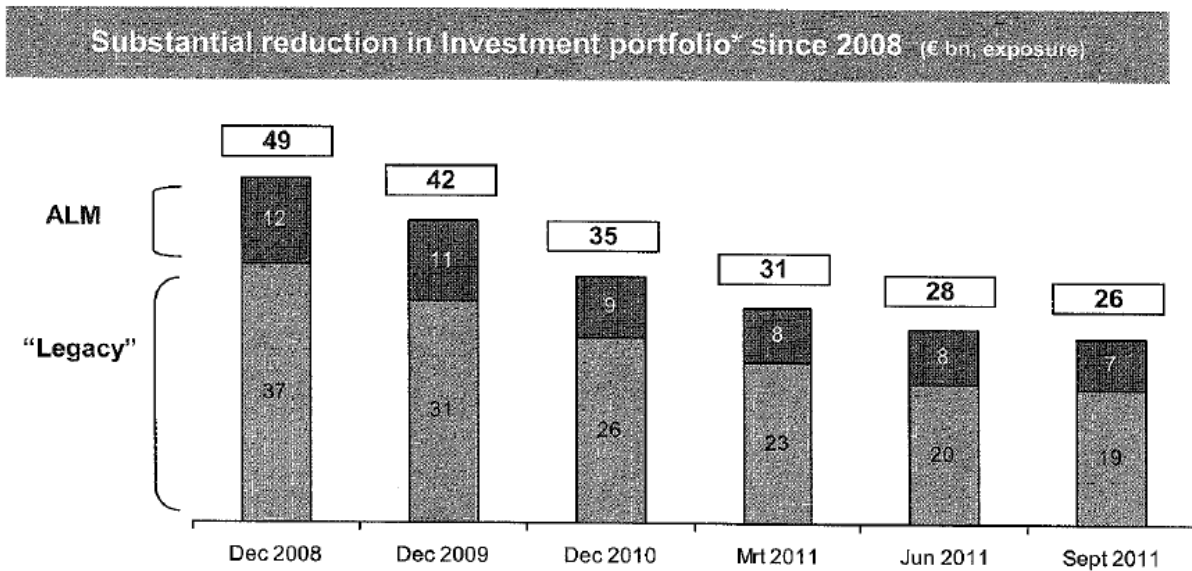
- credit risk rating classes of the received collateral: 3% AAA, 36% [AA-;AA+], 28% [A-;A+], 18 % [BBB+;-BBB-], the rest being rated lower, not rated or Dexia unsecured bonds.

The European Commission has temporarily authorised, under the EU state aid rules, a temporary guarantee on the

refinancing of Dexia SA and its subsidiary Dexia Crédit Local (DCL), for a maximum capital value of €45 billion. This temporary guarantee, extended by Belgium (60.5%), France (36.5%) and Luxembourg (3%), is joint and non-several. It covers the bank refinancing measures with a maturity of a maximum of three years, and was issued until 31 May 2012. The purpose of the guarantee is to enable the bank to draw up a restructuring plan, or – should Dexia SA prove not to be viable – a liquidation plan, which the three Member States undertake to submit to the Commission within three months from December 21, 2011. The Commission will take a final decision on the temporary guarantee as part of its assessment of the restructuring plan.

- The investment portfolio amounted to approximately EUR 26 billion. The portfolio consists of 96.7% investment grade and has an average maturity of 11.9 years. It has already been substantially reduced (-47% since the end of 2008). EUR 6.9 billion has been sold between the beginning of January and the end of September 2011.

Hereunder an overview of the evolution of the investment portfolio since 2008:



Hereunder an overview of the ratings and duration of the investment portfolio:

<b>Investment portfolio 30/09/2011</b>			<b>Duration</b>		
<b>Exposure (€ bn)</b>			<b>&lt;5 ans</b>	<b>5-10 ans</b>	<b>&gt;10 ans</b>
<b>AAA</b>	5.3	20.8%	1.7	1.5	2.2
<b>AA</b>	10.5	41.0%	2.2	2.6	5.7
<b>A</b>	5.8	22.5%	3.1	1.4	1.3
<b>BBB</b>	3.2	12.5%	1.3	0.9	1.0
<b>NIG</b>	0.8	3.3%	0.3	0.1	0.4
<b>D</b>	0.0	0.0%	0.0	0.0	0.0
<b>Total</b>	<b>25.6</b>		<b>8.6</b>	<b>6.4</b>	<b>10.6</b>

### **NIG = Non Investment Grade**

Investment Grade means an internal credit rating of level BBB- (for Fitch and Standard and Poor's rating scale reference) and Baa3 (for Moody's rating scale reference) or higher, as a consequence DEXIA BANK also carries out credit risk for exposures on the Investment Grade portfolio.

As of September 30, 2011 Dexia Bank had an exposure of EUR 8.4 billion on the PIIGS-countries of which EUR 2.4 billion at the level of Dexia Insurance Belgium.

Hereunder an overview of the outstanding exposure as of September 30, 2011 on sovereign PIGSI-countries after the formerly mentioned write-down of Greece (with DEXIA BANK on the left side of the graph and Dexia Insurance Belgium on the right side of the graph):

DBB € 26 bn Investment portfolio		Including € 1.5 bn PIGS countries and € 4.5 bn Italy	
	€ bn		€ bn
Portugal	0.1		0.3
Ireland	0		0.4
Greece	0.5		0.5
Spain	0.9		0
<b>Total PIGS</b>	<b>1.5</b>		<b>1.2</b>
Italy	4.5		1.2
<b>Total PIGSI</b>	<b>6.0</b>		<b>2.4</b>

The press releases in Annexes 2 and 3 to this Base Prospectus can be consulted for more information.

### 8.3.3. Further Developments

- Since the escalation of the sovereign crisis since Spring 2011, resulting in important uncertainties surrounding the Dexia Group, former owner of DEXIA BANK, there has been - mainly in October 2011 and due to that crisis - an outflow in commercial deposits at DEXIA BANK estimated at EUR 3 to 4 billion for the year 2011.
- The general (macro-)economic conditions have further deteriorated in the fourth quarter of 2011, which could have an impact on cost of (credit) risk for DEXIA BANK going forward and the banking sector as a whole.

## 1.4 Management and Supervision

### 1.4.1 BOARD OF DIRECTORS

In accordance with Belgian law governing Belgian *sociétés anonymes* and the articles of association of DEXIA BANK, DEXIA BANK is administered by its Board of Directors, which is entitled to take any action the right to which is not expressly reserved to the general meeting of shareholders of DEXIA BANK by law or the articles of association of DEXIA BANK. In accordance with Belgian banking law, the Board of Directors may delegate all or part of its powers, provided that such delegation does not affect either the determination of general policy or any actions which are reserved to the Board of Directors by law.

The Board of Directors of DEXIA BANK has delegated to the Management Board of DEXIA BANK all such powers to the maximum extent permitted under Belgian law.

Pursuant to the articles of association of DEXIA BANK, the Board of Directors of DEXIA BANK is composed of a maximum of 27 members appointed for maximum terms of four years, and includes a maximum of nine members with professional banking experience proposed by the Board of Directors of DEXIA BANK, each of whom must also be a member of the Management Board of DEXIA BANK, and a majority of members representing the local authorities. The table below sets forth the names, principal occupation or employment, dates of initial election as directors and the years of expiration of their current terms as members of the Board of Directors of DEXIA BANK.

The executive members of the Board of Directors shall withdraw on the date of the general shareholders' meeting held in the year in which they reach the age of 65.

The non-executive members of the Board of Directors shall withdraw on the date of the general shareholders' meeting held in the year in which they reach the age of 70.

The Board of Directors has the right to make an exception to the aforementioned principles on a case by case basis if it considers it to be in the company's best interest.

The business address for the members of the Board of Directors is Boulevard Pachéco 44, B-1000 Brussels, Belgium.

The table below sets forth the names and positions and dates of initial appointment and expiry of term of the members of the Board of Directors as of 29 November 2011.

Last Name	First Name	Mandate Board of Directors DBB	Principal occupation or employment	Start mandate	End mandate
Bouckaert	Alfred	Chairman of the Board of Directors	Various mandates in the Board of Directors of international companies	2011	2015
Clijsters	Jozef	Member of the Board of Directors Chairman of the Management Board	Chairman of the Management Board of Dexia Bank Belgium	2011	2015
De Roeck	Ann	Member of the Board of Directors Member of the Management Board	Member of the Management Board of Dexia Bank Belgium, Secretary General, Head of the Compliance, Legal and Tax Department, the Departments of Wealth Analysis and Planning, Secretariat General and Participations	2007	2013
Demeester	Wivina	Member of the Board of Directors Chairman of the Audit Committee	Consultant and Independent Director	2002	2013
Develtere	Patrick	Member of the Board of Directors	Chairman of ACW (the umbrella organisation of Christian workers' organisations)	2010	2014
Gyselincx	Dirk	Member of the Board of Directors Member of the Management Board	Member of the Management Board of Dexia Bank Belgium, Head of Public & Wholesale Banking	2007	2013
Jacques	Thierry	Member of the Board of Directors	Chairman of the Christian Workers Movement	2006	2013
Janssens	Patrick	Member of the Board of Directors	Mayor of Antwerp	2007	2013
Justaert	Marc	Member of the Board of Directors	Chairman of the National Alliance of Christian Mutual Societies	2002	2013
Lachaert	Patrick	Member of the Board of Directors	Lawyer, Municipal Councillor of Merelbeke	2007	2013
Lauwers	Marc	Member of the Board of Directors Vice-Chairman of the Management Board	Vice-Chairman of the Management Board of Dexia Bank Belgium, Head of Retail & Commercial Banking	2007	2013
Leyskens	Roger	Member of the Board of Directors Member of the Management Board	Member of the Management Board of Dexia Bank Belgium, Head of Human Resources Management	2007	2013
Martens	Luc	Member of the Board of Directors	Mayor of Roeselare	2010	2013
Martin	Jean-François	Member of the Board of Directors Member of the Management Board	Member of the Management Board of Dexia Bank Belgium, Chief Risk Officer	2007	2013
Rolin	Claude	Member of the Board of Directors	Secretary General of the Confederation of Belgian Christian Unions	2006	2013
Vankelecom	Johan	Member of the Board of Directors Member of the Management Board	Member of the Management Board of Dexia Bank Belgium, Chief Financial Officer	2011	2015
Van Parys	Tony	Member of the Board of Directors	Lawyer, Municipal Councillor of Ghent	2002	2013
Van Thielen	Luc	Member of the Board of Directors Member of the Management Board	Member of the Management Board of Dexia Bank Belgium, Chief Operations Officer, Head of IT, Operations, Facility Management and Organisation	2008	2012
Viseur	Jean-Jacques	Member of the Board of Directors	Mayor of Charleroi	2006	2013

Due to the change in shareholdership of DEXIA BANK on 20 October 2011 the governance of the bank will be reviewed and the composition of the board of directors and the advisory subcommittees will be adopted early 2012.

DEXIA BANK is managed by a Board of Directors comprising on 29 November 2011 nineteen members, eight of whom also serve on the Management Board.

The day-to-day management of DEXIA BANK is entrusted to the Management Board whose members are also members of the Board of Directors.

#### Audit Committee

The Audit Committee, set up on 18 December 2002, is an advisory subcommittee of the Board of Directors and is presided by Wivina Demeester.

#### Composition

##### **Chairman**

Wivina Demeester

##### **Members**



New members will be appointed early 2012.

Tasks and powers

The Audit Committee assists the Board of Directors in its task of carrying out prudential supervision and exercising general control.

### **Financial Reporting**

The Audit Committee monitors the integrity of the financial information provided by the company, in particular by evaluating the accounting standards used and the criteria governing the scope of the consolidation. It also oversees the follow-up of regular financial information before its submission to the bank's Board of Directors.

### **Internal audit and risk management**

At least once a year the Audit Committee examines the efficiency of the internal audit and risk management systems set up by the executive management to ensure that the main risks (including the risks linked to compliance with current legislation and regulations) are properly identified and managed. To that end the Management Board submits to the Audit Committee a report on the internal audit system and risk management.

During 2009 the Audit Committee received reports on the activities of the Legal Department and on outstanding legal disputes, on the activities of the Compliance Department and on those of Audit and Supervision, on the monitoring of credit, market (including liquidity) and operational risks, and on the effects of the banking crisis.

### **Internal Audit**

The Audit Committee assesses the operational efficiency and independence of the Internal Audit division. The Audit Committee also verifies the extent to which the management responds to the findings of the Audit Department and its recommendations. In 2009 the Audit Committee examined and approved the Annual Report for 2008, the 2009 Half-yearly Report and the 2009 Audit Plan.

### **Statutory auditing of the financial statements and the consolidated financial statements**

In 2009 the Audit Committee reported to the Board of Directors on the consolidated financial statements of Dexia Bank at 31 December 2008, 31 March 2009, 30 June 2009 and 30 September 2009. After considering the comments received from the management of the bank and the auditors, the Audit Committee delivered a favourable opinion on the financial results and on the facts that had influenced them.

### **External audit and monitoring of the independence of the auditor**

The Audit Committee verifies that the auditors carry out their external audits satisfactorily.

The Audit Committee issues opinions to the Board of Directors regarding the appointment or re-appointment of auditors by the Ordinary Shareholders' Meeting and regarding their independence and pay.

The Audit Committee monitors the independence of the auditors and their auditing programmes.

### **Monitoring of the financial reporting process, the internal audit and risk management systems, the financial statements and the independence of the auditor of Dexia Funding Netherlands**

Since the end of August 2009 the Audit Committee has, pursuant to the European Directive 2006/43/EC, assumed the role and responsibilities of Audit Committee for Dexia Funding Netherlands, a wholly-owned Dutch subsidiary and issuing vehicle for Dexia Bank.

Functioning of the Audit Committee

The Audit Committee can require to be provided with any useful information or supporting evidence and can carry out any inspection whatsoever. To that end it relies on the Internal Audit Department of Dexia Bank which reports to the Management Board.

In 2009 the Audit Committee met five times. At those meetings, which were held before the meetings of the Board of Directors, the Audit Committee examined in particular the quarterly, half-yearly and financial statements.

## Internal audit

Applying the vision and strategy of the Group, the Dexia financial group has established a uniform and integrated audit function with a support line of auditing departments in the different business units within a framework that meets the most exacting standards and which is consistent for all of Dexia's activities. The methodology and audit plan are integrated throughout the entire Group.

The remit of the audit function is to promote internal supervision and constantly ensure that existing auditing systems operate effectively and that they are efficiently applied.

The audit function helps maintain the good reputation of Dexia Bank and the effectiveness and integrity of its structures and values, which it considers of particular importance.

Internal Audit verifies that the risks that Dexia Bank takes in the framework of all its activities are duly identified, analysed and covered.

## Operations of the Board of Directors

The Board of Directors conducts the general policy. It decides the strategic direction for the bank, and approves the plans and budgets as well as any major structural modifications.

As defined in the protocol on the autonomy or the banking function, the management of the bank is entrusted to the Management Board, comprising members of the Board of Directors. The Management Board currently consists of eight members.

### 1.4.2 MANAGEMENT BOARD

The Management Board manages the bank in accordance with the general policy guidelines laid down by the bank's Board of Directors. The Management Board has the necessary decision-making powers for this purpose and powers of representation. The Management Board operates in accordance with the principle of joint and several liabilities.

The table below sets forth the names and positions of the members of the Management Board as of 29 November 2011.

• Name	• Position
<b>Jos Clijsters</b>	<b>Chairman</b>
<b>Marc Lauwers</b>	<b>Vice-Chairman responsible for Retail &amp; Commercial Banking</b>
<b>Johan Vankelecom</b>	<b>Chief Financial Officer</b>
<b>Dirk Gyselinck</b>	<b>Public &amp; Wholesale Banking and Corporate</b>
<b>Luc Van Thielen</b>	<b>Chief Operations Officer, responsible for IT, Operations, Facility Management and Organisation</b>
<b>Jean-François Martin</b>	<b>Chief Risk Officer</b>
<b>Roger Leyssens</b>	<b>Human Resources Management</b>
<b>Ann De Roeck</b>	<b>Secretary General, Legal and Fiscal Services and</b>

- Name

- Position

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**Wealth Analysis and Planning, Secretariat General and Participations**

There are no potential conflicts of interest between any duties to DEXIA BANK of the members of the Management Board and their private interests and other duties.

### **1.4.3 EXTERNAL DUTIES OF THE DIRECTORS**

Under the Banking, Finance and Insurance Commission Regulation, approved by the Royal Decree dated 19th July 2002 and concerning the performance of external duties by executive managers of credit institutions, DEXIA BANK is required to disclose the external duties performed by its directors and executive managers. DEXIA BANK chose to publish the posts mentioned in the bank's official annual report, which is lodged with the National Bank of Belgium.

### **1.4.4 SUPERVISION**

Since November 1962, DEXIA BANK (formerly Artesia Banking Corporation) has been under the supervision of the Financial Services and Markets Authority.

Since 1 April 2011, the new Belgian supervision model of the Twin Peaks Decree is entered into force, with as a consequence the sharing of the regulation powers between the National Bank of Belgium ("NBB") and the Financial Services and Markets Authority (FSMA). DEXIA BANK is under the supervision of both of these authorities.

DEXIA BANK is also considered as a systemically important financial institution by the NBB, the reinforced supervision of those institutions being under the responsibility of the NBB. This supervision includes among others the supervision of the strategic decisions and the right to impose additional specific measures in relation with liquidity, solvability and risks, to ensure the stability of the financial system.

## **1.5 Financial Information**

### **1.5.1 UNCONSOLIDATED ANNUAL AUDITED FINANCIAL STATEMENTS OF DEXIA BANK BELGIUM S.A.**

The non-consolidated financial statements are in application of the Belgian Royal Decree of 23 September 1992.

The notes to the non-consolidated annual audited financial statements, including a description of the accounting policies, are set out on pages 191 to 233 of DEXIA BANK's 2010 annual report, which is incorporated herein by reference.

The non-consolidated financial information below has been extracted without material adjustment from the audited non-consolidated financial statements of DEXIA BANK for the years ended 31 December 2009 and 31 December 2010.

**Audited Unconsolidated Balance Sheet of DEXIA BANK as of 31 December 2009 and 31 December 2010**

<b>Assets</b>			
(in thousands of EUR)		<b>31/12/09</b>	<b>31/12/10</b>
I.	Cash in hand, balances with central banks and Post Office banks	420,456	454,055
II.	Treasury bills eligible for refinancing with central banks	1,964,624	24,098
III.	Loans and advances to credit institutions	56,836,606	66,671,567
	A. Repayable on demand	9,343,663	2,009,512
	B. Other loans and advances (with agreed maturity dates)	47,492,943	64,662,055
IV.	Loans and advances to customers	85,323,882	77,609,157
V.	Debt securities and other fixed-income securities	42,702,023	34,781,689
	A. Issued by public bodies	789,250	702,636
	B. Issued by other borrowers	41,912,773	34,079,053
VI.	Shares and other variable-yield securities	75,553	55,212
VII.	Financial fixed assets	8,821,387	8,754,610
	A. Participating interests in affiliated enterprises	8,080,419	8,041,827
	B. Participating interests in other enterprises linked by participating interests	190,988	161,051
	C. Other shares held as financial fixed assets	26,140	27,155
	D. Subordinated loans to affiliated enterprises and to other enterprises linked by participating interests	523,840	524,577
VIII.	Formation expenses and intangible fixed assets	12,671	10,893
IX.	Tangible fixed assets	800,872	807,259
X.	Own shares	0	0
XI.	Other assets	1,309,193	1,895,546
XII.	Deferred charges and accrued income	18,740,456	21,360,135
<b>TOTAL ASSETS</b>		<b>217,007,722</b>	<b>212,424,221</b>

<b>Liabilities</b>			
(in thousands of EUR)		<b>31/12/09</b>	<b>31/12/10</b>
I.	Amounts owed to credit institutions	73,417,923	62,046,700
	A. Repayable on demand	10,815,398	11,349,231
	B. Amounts owed as a result of the rediscounting of trade bills	0	0
	C. Other debts with agreed maturity dates or periods of notice	62,602,526	50,697,469
II.	Amounts owed to customers	91,789,035	99,042,611
	A. Savings deposits	25,223,726	27,900,856
	B. Other debts	66,565,309	71,141,755
	1. Repayable on demand	22,201,304	18,721,405
	2. With agreed maturity dates or periods of notice	44,364,004	52,420,350
	3. As a result of the rediscounting of trade bills	0	0
III.	Debts evidenced by certificates	20,672,370	16,080,443
	A. Debt securities and other fixed-income securities in circulation	17,381,013	14,491,292
	B. Other	3,291,357	1,589,151
IV.	Other liabilities	1,386,210	2,081,539
V.	Accrued charges and deferred income	19,552,183	22,541,282
VI.	A. Provisions for liabilities and charges	257,956	227,385
	1. Pensions and similar obligations	58,247	67,136
	2. Taxation	19,000	1,607
	3. Other liabilities and charges	180,709	158,642
	B. Deferred taxes	78,169	81,214
VII.	Fund for General Banking Risks	988,737	988,737
VIII.	Subordinated liabilities	2,809,530	2,595,674
<b>CAPITAL AND RESERVES</b>		<b>6,055,609</b>	<b>6,738,636</b>
IX.	Capital	3,458,066	3,458,066
	A. Subscribed capital	3,458,066	3,458,066
	B. Uncalled capital (-)	0	0
X.	Share premium account	209,232	209,232
XI.	Revaluation surpluses	233	231
XII.	Reserves	2,384,423	3,069,948
	A. Legal reserve	260,659	295,264
	B. Reserves not available for distribution	2,344	2,344
	1. In respect of own shares held	0	0
	2. Other	2,344	2,344
	C. Untaxed reserves	177,974	183,892
	D. Reserves available for distribution	1,943,446	2,588,448
XIII.	Profits (losses (-)) brought forward	3,655	1,159
<b>TOTAL LIABILITIES</b>		<b>217,007,722</b>	<b>212,424,221</b>

**Audited Unconsolidated Statement of Income of DEXIA BANK as of 31 December 2009 and 31 December 2010**

(in thousands of EUR)	31/12/09	31/12/10
I. Interest receivable and similar income	4,885,631	3,680,124
<i>of which: from fixed-income securities</i>	<i>1,245,441</i>	<i>821,374</i>
II. Interest payable and similar charges (-)	(3,789,459)	(2,601,887)
III. Income from variable-yield securities	439,379	642,894
A. From shares and other variable-yield securities	9,660	2,036
B. From participating interests in affiliated enterprises	391,204	626,605
C. From participating interests in other enterprises linked by participating interests	33,564	11,777
D. From other shares held as financial fixed assets	4,950	2,476
IV. Commissions receivable	429,660	465,109
V. Commissions payable (-)	(453,735)	(452,118)
VI. Profit (Loss (-)) on financial transactions	(200,276)	(51,036)
A. On trading of securities and other financial instruments	(130,228)	(206,224)
B. On disposal of investment securities	(70,047)	155,188
VII. General administrative expenses (-)	(1,022,303)	(1,082,546)
A. Remuneration, social security costs and pensions	(619,401)	(618,967)
B. Other administrative expenses	(402,901)	(463,579)
VIII. Depreciation/Amortization of and other write-downs on (-) formation expenses, intangible and tangible fixed assets	(78,470)	(81,822)
IX. Decrease/(Increase (-)) in write-downs on receivables and in provisions for off-balance-sheet items "I. Contingent liabilities" and "II. Commitments which could give rise to a risk"	(50,767)	(38,717)
X. Decrease/(Increase (-)) in write-downs on the investment portfolio of debt securities, shares and other fixed-income or variable-yield securities	51,242	(9,603)
XI. Utilisation and write-backs of provisions for liabilities and charges other than those included in the off-balance-sheet items "I. Contingent liabilities" and "II. Commitments which could give rise to a risk"	69,544	54,261
XII. Provisions for liabilities and charges other than those included in the off-balance-sheet items "I. Contingent liabilities" and "II. Commitments which could give rise to a risk"	(51,553)	(40,457)
XIII. Transfer from (Transfer to) the Fund for General Banking Risks	0	0
XIV. Other operating income	170,079	204,015
XV. Other operating charges	(120,442)	(133,521)
XVI. Profits (Losses (-)) on ordinary activities before taxes	278,531	554,696
XVII. Extraordinary income	179,116	157,138
A. Adjustments to depreciation/amortization of and to other write-downs on intangible and tangible fixed assets	1,612	1,277
B. Adjustments to write-downs on financial fixed assets	2,049	1
C. Adjustments to provisions for extraordinary liabilities and charges	0	0
D. Gain on disposal of fixed assets	175,455	155,860
E. Other extraordinary income	0	0
XVIII. Extraordinary charges (-)	(38,967)	(5,390)
A. Extraordinary depreciation/amortization of and extraordinary write-downs on formation expenses and intangible and tangible fixed assets	(9,864)	(1,294)
B. Write-downs on financial fixed assets	(3,372)	(3,349)
C. Provisions for extraordinary liabilities and charges	0	0
D. Loss on disposal of fixed assets	(25,718)	(374)
E. Other extraordinary charges	(12)	(373)
XIX. Profits (Losses (-)) for the period before taxes	418,680	706,444
XIXbis. A. Transfer to deferred taxes (-)	(5,035)	(6,163)
B. Transfer from deferred taxes	2,331	3,118
XX. Income taxes	24,693	(5,381)
A. Income taxes (-)	(20,882)	(24,120)
B. Adjustment of income taxes and write-back of tax provisions	45,575	18,739
XXI. Profits (Losses (-)) for the period	440,669	698,018
XXII. Transfer to untaxed reserves (-)	(9,778)	(11,969)
Transfer from untaxed reserves	4,527	6,051
XXIII. Profits (Losses (-)) for the period available for approbation	435,418	692,100



## 1.5.2 UNCONSOLIDATED SEMI-ANNUAL FINANCIAL STATEMENTS OF DEXIA BANK BELGIUM S.A.

The unaudited interim non- consolidated financial information below has been extracted without material adjustment from the unaudited interim non-consolidated financial information of DEXIA BANK for the six months ended 30 June 2010 and 30 June 2011. Accordingly, the unaudited interim non-consolidated financial information below is in conformity with the Belgian Royal Decree on the Annual Accounts of Credit Institutions of 23 September 1992.

### **Unconsolidated Balance Sheet of DEXIA BANK as at 30 June 2010 and 30 June 2011**

Assets ( in thousands of EUR )	30/06/2010	30/06/2011
I. Cash in hand, balances with central banks and post office banks	330,916	435,243
II. Treasury bills eligible for refinancing with central banks	242,690	9,260
III. Loans and advances to credit institutions	64,840,765	58,865,750
A. Repayable on demand	3,821,731	19,927,184
B. Other loans and adv. (with agreed maturity dates)	61,019,034	38,938,566
IV. Loans and advances to customers	81,398,696	71,682,414
V. Debt securities and other fixed-income securities	37,620,241	29,213,878
A. Issued by public bodies	1,089,994	1,179,598
B. Issued by other borrowers	36,530,247	28,034,280
VI. Shares and other variable-yield securities	83,278	84,691
VII. Financial fixed assets	8,813,990	8,742,539
A. Participating interests in affiliated enterprises	8,080,953	8,043,039
B. Participating interests in other enterprises linked by participating interests	160,671	157,961
C. Other shares held as financial fixed assets	26,799	27,332
D. Subordinated loans to affiliated enterprises and to other enterprises linked by participating interests	545,567	514,207
VIII. Formation expenses and intangible fixed assets	10,994	9,500
IX. Tangible fixed assets	795,498	799,712
XI. Other assets	1,751,727	1,719,153
XII. Deferred charges and accrued income	22,772,927	17,628,289
<b>TOTAL ASSETS</b>	<b>218,661,722</b>	<b>189,190,429</b>

Liabilities ( in thousands of EUR )	30/06/2010	30/06/2011
<b>I. Amounts owed to credit institutions</b>	<b>66,738,474</b>	<b>43,621,854</b>
A. Repayable on demand	3,915,525	8,836,515
C. Other debts with agreed maturity dates or periods of notice	62,822,949	34,785,339
<b>II. Amounts owed to customers</b>	<b>94,959,972</b>	<b>101,086,344</b>
A. Savings deposits	26,642,504	28,212,029
B. Other debts	68,317,468	72,874,315
1) repayable on demand	21,945,480	18,369,163
2) with agreed maturity dates or periods of notice	46,371,988	54,505,152
<b>III. Debts evidenced by certificates</b>	<b>20,945,467</b>	<b>13,713,655</b>
A. Debt securities and other fixed-income securities in circul.	17,515,461	12,512,820
B. Other	3,430,006	1,200,835
<b>IV. Other liabilities</b>	<b>1,885,304</b>	<b>1,777,462</b>
<b>V. Accrued charges and deferred income</b>	<b>23,890,942</b>	<b>18,364,294</b>
<b>VI. Provisions for liabilities and charges</b>	<b>319,819</b>	<b>535,544</b>
A. 'Provisions for liabilities and charges	239,437	453,669
B. 'Deferred taxes	80,382	81,875
<b>VII. Fund for general banking risks</b>	<b>988,737</b>	<b>988,737</b>
<b>VIII. Subordinated liabilities</b>	<b>2,625,679</b>	<b>2,424,676</b>
<b>IX. CAPITAL</b>	<b>3,458,066</b>	<b>3,458,066</b>
X. Share premium account	209,232	209,232
XI. Revaluation surpluses	233	231
XII. Reserves	2,388,722	3,071,231
XIII. Profits (losses (-)) brought forward	3,655	1,159
XIV. Profit (Losses (-)) for the period available for approbation	247,420	-62,056
<b>TOTAL LIABILITIES</b>	<b>218,661,722</b>	<b>189,190,429</b>

**Unaudited Statement of Income of DEXIA BANK as at 30 June 2010 and 30 June 2011**

( in thousands of EUR )		30/06/2010	30/06/2011
I.	Interest receivable and similar income	1,791,149	1,941,615
II.	Interest payable and similar charges (-)	-1,313,918	-1,322,601
III.	Income from variable-yield securities	440,069	111,484
	A. From shares and other variable-yield securities	978	1,541
	B. From participating interests in affiliated enterprises	431,953	106,590
	C. From participating interests in other enterprises linked by participating interests	6,933	2,739
	D. From other shares held as financial fixed assets	205	614
IV.	Commissions receivable	242,579	239,918
V.	Commissions payable (-)	-235,103	-227,725
VI.	Profit (loss (-)) on financial transactions	-204,677	-213,032
	A. On trading of securities and other financial instruments	-278,231	53,148
	B. On disposal of investment securities	73,554	-266,180
VII.	VII. General administrative expenses (-)	-525,046	-532,935
	A. Remuneration, social security costs and pensions	-314,054	-311,037
	B. Other administrative expenses	-210,992	-221,898
VIII.	Depreciation/amortization of and other write-downs on (-) formation expenses, intangible and tangible fixed assets	-41,979	-41,723
IX.	IX. Decrease/increase (-) in write downs on receivables and in provisions for off balance sheet captions 'I. Contingent liabilities' and 'II. Commitments which could give rise to a risk'	-7,906	-23,802
X.	Decrease/Increase (-) in write-downs on the investment portfolio of debt securities, shares and other fixed-income or variable-yield securities	24,271	208,216
XI.	Utilization and write-backs of provisions for liabilities and charges other than those included in the off balance sheet captions 'I. Contingent liabilities' and 'II. Commitments which could give rise to a risk'	32,462	39,694
XII.	Provisions for liabilities and charges other than those included in the off balance sheet captions 'I. Contingent liabilities' and 'II. Commitments which could give rise to a risk	-9,889	-258,813
XIII.	Transfer from (Transfer to) the fund for general banking risks	0	0
XIV.	Other operating income	91,071	83,753
XV.	Other operating charges	-76,552	-64,863
XVI.	Profits (losses (-)) on ordinary activities before taxes	206,531	-60,814
XVII.	Extraordinary income	79,942	12,537
	A. Adjustments to depreciation/amortization of and to other write-downs on intangible and tangible fixed assets	740	1,397
	B. Adjustments to write-downs on financial fixed assets	0	4
	C. Adjustments to provisions for extraordinary liabilities and charges	0	0
	D. Gain on disposal of fixed assets	79,202	11,136
	E. Other extraordinary income	0	0
XVIII.	Extraordinary charges (-)	-4,598	-5,741
	A. Extraordinary depreciation/amortization of and extraordinary write-downs on formation expenses and intangible and tangible fixed assets	-960	-5,541
	B. Write-downs on financial fixed assets	-3,349	0
	C. Provisions for extraordinary liabilities and charges	0	0
	D. Loss on disposal of fixed assets	-266	-184
	E. Other extraordinary charges	-23	-16
XIX.	Profits (Losses (-)) for the period before taxes	281,875	-54,018
XIXbis.	A. Transfert to deferred taxes (-)	-3,319	-2,317
	B. Transfer from deferred taxes	1,106	1,656
XX.	Income taxes	-27,943	-6,094
	A. Income taxes (-)	-28,087	-34,309
	B. Adjustment of income taxes and write-back of tax provisions	144	28,215
XXI.	Profits (Losses (-)) for the period	251,719	-60,773
XXII.	Transfer to untaxed reserves (-)	-6,447	-4,499
	Transfer from untaxed reserves	2,148	3,216
XXIII.	Profit (Losses (-)) for the period available for approbation	247,420	-62,056

## **Comments on of the major evolutions in the non-consolidated balance sheet at June 30, 2011 of DEXIA BANK**

At the end of June 30, 2011, the balance sheet amounts to EUR 189 billion compared to EUR 219 billion at the end of June 2010.

### 1/ ASSET SIDE

The main balance sheet items on the asset side are the loans to credit institutions for EUR 59 billion, loans to clients for EUR 72 billion and the bond portfolio for EUR 29 billion.

The decrease of EUR 30 billion of the balance sheet can be explained on the asset side by the decrease of the loans to credit institutions (EUR -6 billion), loans to clients (EUR -9 billion) and the bond portfolio (EUR -9 billion).

More specifically, the loans to credit institutions (EUR 59 billion) encompass mainly the term deposits (22 billion), reverse repo transactions (EUR 14 billion), sight deposits (EUR 11 billion) and cash collateral given (EUR 10 billion).

The loans to clients are composed mainly of mortgage loans (EUR 12 billion), other loans to Retail and Commercial Bank clients (EUR 10 billion) and loans to Public and Wholesale Bank clients (EUR 34 billion).

The bond portfolio can be broken down as follows: trading portfolio of EUR 3 billion and investment portfolio of EUR 26 billion. Due to the deleverage program at DBB Dublin Branch, a significant decrease can be noted compared to June 2010 of EUR -9 billion.

### 2/ LIABILITY SIDE

The main balance sheet items on the liability side are the deposits from clients for EUR 101 billion and deposits from credit institutions for EUR 44 billion.

The decrease of EUR 30 billion of the balance sheet can be explained on the liability side by the decrease of the deposits from credit institutions (EUR -23 billion).

The deposits from credit institutions are composed mainly of repo transactions (EUR 14 billion) and deposits from the Central Bank (EUR 14 billion).

The deposits from clients (EUR 101 billion) encompass mainly saving accounts (EUR 28 billion), term deposits (EUR 20 billion) and repo transactions (EUR 25 billion).

## 1.6 Legal and Arbitration Proceedings

### *Lernout & Hauspie*

The involvement of DEXIA BANK in various proceedings relating to the Lernout & Hauspie Speech Products (LHSP) bankruptcy matter has been described in the Annual Reports 2005, 2006, 2007, 2008, 2009, and 2010.

On September 20, 2010, Dexia Bank Belgium NV/SA, as well as a former member of the management committee of Artesia Bank, has been cleared of all charges by the Ghent Court of Appeal.

Neither the Public Prosecutor nor any of the parties claiming damages in the criminal file (*“burgerlijke partijen”* / *parties civiles*) have brought the case before the Supreme Court.

The proceedings brought before the Supreme Court by 6 out of the 8 condemned persons, has no bearing on the acquittal of Dexia Bank Belgium, which is therefore final.

For any further details with respect to the LHSP file, please consult the 2010 Annual Report on [www.dexia.be](http://www.dexia.be).

## **INFORMATION RELATING TO THE OFFER**

### ***Terms and conditions of the Offer***

The Warrants will be offered for subscription as specified in the relevant Final Terms (the “Offering Period”) at the relevant Issue Price (Commission included). The Issuer has the right to anticipatively terminate the Offering Period if the maximum amount of the Warrants issue has been reached or if the market conditions adversely affect the interest of the Issuer, as the case may be.

The Warrants have not been offered or sold and will not be offered or sold directly or indirectly and the Base Prospectus and the relevant Final Terms has not been distributed and will not be distributed, except in such circumstances that will result in compliance with all applicable laws and regulations.

The Warrants are deposited in a Dexia Bank securities account and Dexia Bank will not charge any fees for this service, nor for the opening of such securities account.

The Warrants have not been and will not be registered under the U.S. Securities Act of 1933, as amended, and are subject to U.S. tax law requirements and, subject to certain exceptions, Warrants may not be offered, sold or delivered within the United States of America, including its territories and possessions, or to U.S. persons.

The Warrants will be offered at the relevant Issue Price (Commission included). This price comprises all costs.

The financial service will be performed by Dexia Bank.

The Offer is governed by the laws of Belgium. All disputes arising out of or in connection with the Offer shall be exclusively submitted to the jurisdiction of the competent courts in Brussels.

### ***Use of the proceeds***

The net proceeds of the issue of the Warrants will be used for covering the risks resulting of the issue of the Warrants by the Issuer. The Warrants issue will be subject to some out-of-pocket expenses and publicity fees estimated to be around EUR 25,000.

### ***Admission to the Exchange***

The Warrants offered will not be the object of an application for admission to trading on a stock Exchange or a regulated market. There are no securities of the same class as the Warrants to be offered that are already admitted to trading on an Exchange.

Dexia Bank will organise the secondary market from the day following the Issue Date, thereby providing liquidity through a single bid price per trading day. These bid prices are subject to a brokerage fee (excluding stock market tax of 0.22% with a maximum of EUR 650) of 1% maximum. In addition, the bid prices of the Warrants are subject to the market conditions (in practice, the conditions between 4.30 p.m. and 5.30 p.m. (Brussels time)) concerning, amongst other things, interest rates, the Underlying Value or volatility. The price of each previously executed transaction with the Warrants is available on demand in every agency of Dexia Bank Belgium or on [www.dexia.be](http://www.dexia.be) the day after the transaction occurred (Corporate Banking / Beleggingen / Warranten / Corporate Banking / Placements / Warrants).

### **Tax treatment**

**This section on the income tax treatment only contains general information which is not intended to deal with specific aspects of an investment in Warrants. Potential investors are recommended to consult their tax or others advisers and make any assessment regarding the purchase of the Warrants on the basis of their own particular situation.**

#### **Income tax regime applicable to individuals subject to the Belgian personal income tax regime**

The purchase of the Warrants by an individual subject to the Belgian personal income tax regime is in principle not subject to any income taxes. Any capital gains realised upon the transfer of the Warrants, the exercise of the

Warrants and/or upon the sale of the underlying assets are principally not taxable provided that the transaction concerned falls within the scope of the normal management of the individual's private estate. Any capital losses realised upon the transfer of the Warrants, the exercise of the Warrants and/or upon the sale of the underlying assets are principally not tax deductible.

If the individual would acquire the Warrants from his employer as compensation for professional services rendered, the individual will be deemed to have received a taxable benefit in kind. Such benefit in kind is taxable at the time of attribution of the Warrants which is the sixtieth day following the date of offer of the Warrants by the employer provided that the individual has accepted the offer at the latest on the sixtieth day following the date of offer of the Warrants. The amount of the benefit in kind will be determined on the basis of the value of the underlying assets on the day preceding the day of offer of the Warrants reduced with the price paid by the individual, if any. Any capital gains realised upon the transfer of the Warrants, the exercise of the Warrants and/or upon the sale of the underlying assets are not taxable provided that the transaction concerned falls within the scope of the normal management of the individual's private estate. Any capital losses realised are principally not tax deductible.

### **Income tax regime applicable to companies subject to the Belgian corporate income tax regime**

The purchase of the Warrants by a company subject to the Belgian corporate income tax regime is in principle not subject to any income taxes. Any capital gains realised upon the transfer of the Warrants or upon the sale of the underlying assets are taxable at the ordinary corporate income tax rate. Any capital losses realised upon the transfer of the Warrants are principally tax deductible. Any capital losses realised upon the sale of the underlying assets are not tax deductible.

If the company would grant the purchased Warrants (partly) for no consideration to its employees, the company should record the amount of the taxable benefit in kind on the salary slips of the individual concerned and on the summary year-end statements. The company should principally also levy salary taxes on the taxable amount. The non-compliance with such reporting and withholding obligations may trigger sanctions for the company.

### ***Additional information***

Except for the audited financial statements of the Issuer, there is no information in the Base Prospectus which has been audited or reviewed by statutory auditors and no auditor has produced a report with respect to this Base Prospectus.

There is no statement or report attributed to a person as an expert included in the Base Prospectus.

The Issuer does not intend to provide post-issuance information.



## **INFORMATION RELATING TO THE WARRANTS**

### *Terms and conditions of the Warrants*

#### **Form, denomination and title**

The Warrants shall be represented by a temporary global warrant (the “Global Warrant”) representing the Warrants in bearer. The Global Warrant will be deposited on the Issue Date with Dexia Bank and will not be exchangeable for definitive Warrants. Dexia Bank will not charge any fees for Warrants held in securities account with Dexia Bank or for the opening of such securities account.

These Warrants can be exercised during the Exercise Period. Consequently, the only means through which the Warrant Holder can realize value from the Warrant prior to the Exercise Date is to sell it through the secondary market.

The issue of the Warrants has been authorized by resolutions of the Issuer, as will be specified in the relevant Final Terms.

#### **Governing law and jurisdiction**

The Warrants are governed by the laws of Belgium. All disputes arising out of or in connection with the Warrants shall be exclusively submitted to the jurisdiction of the competent courts in Brussels.

#### **Currency**

The Warrants are issued in EUR and their value will always be expressed in EUR.

#### **Status**

The Warrants constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer and rank and will rank at all times *pari passu* without any preference among them. The payment obligations of the Issuer under the Warrants shall, subject to any exceptions as from time to time exist under applicable law, at all times rank equally with all its other present and future unsecured and unsubordinated obligations.

In particular, the Warrants will not be secured by the Underlying Value to which such Warrants relate.

#### **Exercise procedure**

##### Exercise notice

The day on which the Warrants are exercised is called the Exercise Date and falls within the Exercise Period. In order to exercise the Warrants the Warrant Holder shall fill out and file the attached exercise form at a Dexia Bank agency at the earliest at the start of the Exercise Period and at the latest on the Maturity Date. The exercise form (“avis d’exercice” / “uitoefeningsformulier”) is available in all Dexia Bank agencies.

In case of an Exercise the Warrant Holder will receive the Underlying Value on his securities account 3 business days after the Exercise Date.

There are no costs related to the Exercise other than the ordinary charges related to the acquisition of the Underlying Value, as may exist at such time. As of the date of this Base Prospectus, such costs do not exceed 2.5% of the amount so acquired, with a minimum of 100 EUR per transaction.

##### Settlement

Dexia Bank delivers or will deliver the Underlying Value to a securities account chosen by the investor or which must be opened by the investor for this purpose.

##### Consequence of the Exercise

The Exercise is irrevocable.

Exercise period

The Exercise Period is defined in the relevant Final Terms.

Exercise Notice

AVIS D'EXERCICE

Je, soussigné(e)

Nom : \_\_\_\_\_

Prénom : \_\_\_\_\_

Adresse : \_\_\_\_\_

titulaire de \_\_\_\_\_ (nombre) Very Long Term Warrants L EURO Series \_\_\_\_\_ sur l'action Dexia Equities L Euro 50 Capitalisation:

- déclare par la présente vouloir exercer \_\_\_\_\_ (nombre) Warrants et donc acheter le total des actions Dexia Equities L EURO 50 Capitalisation auxquelles j'ai droit au prix de < TO BE DETERMINED > EUR (le Prix d'Exercice mentionné dans les Final Terms relatif à l'émission des Very Long Term Warrants Series \_\_\_\_\_);

- m'engage à ce qu'à la Date d'Exercice mon compte \_\_\_\_ - \_\_\_\_\_ - \_\_\_\_ chez Dexia Banque soit suffisamment approvisionné pour satisfaire le montant total du Prix d'Exercice, à savoir \_\_\_\_\_ EUR, plus les frais liés à l'Exercice;

- autorise Dexia Banque à prélever le montant total du Prix d'Exercice plus les frais, sur ce compte;

- demande que les Valeurs Sous-Jacentes me soient livrées par inscription en mon dossier-titres numéro \_\_\_\_ - \_\_\_\_\_ - \_\_\_\_ chez Dexia Banque;

- déclare avoir pris entière connaissance des conditions mentionnées dans le Prospectus de Base et les Final Terms de Dexia Banque relatif à l'émission des Very Long Term Warrants Series \_\_\_\_\_.

Fait le \_\_\_\_\_ à \_\_\_\_\_

Signature :

UITOEFENINGSFORMULIER

Ik, ondergetekende

Naam : \_\_\_\_\_

Voornaam : \_\_\_\_\_

Adres : \_\_\_\_\_

houder van \_\_\_\_\_ (aantal) Very Long Term Warrants Series \_\_\_\_\_ op het aandeel Dexia Equities L Euro 50 Kapitalisatie:

\* verklaar hierbij \_\_\_\_\_ (aantal) Warrants te willen uitoefenen en aldus het overeenstemmende aantal aandelen Dexia Equities L EURO 50 Kapitalisatie waarop ik recht heb aan te kopen tegen < TO BE DETERMINED > EUR (de Uitoefenprijs vermeld in de Final Terms van de uitgifte van de Very Long Term Warrants Series \_\_\_\_\_);

\* verbind mij ertoe dat op datum van de Uitoefening mijn rekening \_\_\_\_\_ - \_\_\_\_\_ - \_\_\_\_\_ bij Dexia Bank over voldoende provisie zal beschikken om aan het totaal bedrag van de Uitoefenprijs, namelijk \_\_\_\_\_ EUR te voldoen vermeerderd met de kosten verbonden aan de Uitoefening;

\* geef Dexia Bank volmacht om het totaal bedrag van de Uitoefenprijs vermeerderd met de kosten, van deze rekening op te nemen;

\* vraag dat de Onderliggende Waarden mij worden geleverd via inschrijving op mijn effectendossier nr. \_\_\_\_\_ - \_\_\_\_\_ - \_\_\_\_\_ bij Dexia Bank;

verklaar volledig kennis te hebben van de voorwaarden die vermeld staan in het Prospectus en de Final Terms van Dexia Bank betreffende de uitgifte van Very Long Term Warrants Series \_\_\_\_\_.

Opgemaakt te \_\_\_\_\_ op \_\_\_\_\_

Handtekening :

## Notices

For the Warrants held in a Dexia Bank securities account, all notices to the Warrant Holders shall be validly given by a direct notification from the Issuer each time the Issuer shall deem it necessary to give fair and reasonable notice. The Warrant Holder will be notified of his or her existing position at least once a year.

Any such notice shall be deemed to have been given on the date immediately following the date of notification from the Issuer.

## *Further information relating to the Warrants*

### **Information relating to the pricing of the Warrants.**

The value of the Warrants is determined, as with options, by valuation models for options (for example, the 'Black & Scholes' model, trinomial model,...). This value is determined by different variables. The impact of some of these variables can be described as follows:

- The value of the Underlying Value: the value of the Warrant increases if the Underlying Value increases in respect to the Strike Price.
- The Strike Price: the value of the Warrant increases if the Underlying Value increases in respect to the Strike Price.
- The volatility: the value of the Warrant varies according to the expected volatility of the Underlying Value until Maturity Date. The volatility is the change in the value of the Underlying Value calculated over a fixed time interval. The probability of a Warrant being more in-the-money is higher if the Underlying Values is highly volatile (i.e. if it has a large number of substantial price movements), than when the Underlying Value is little volatile. Accordingly, the value of a Warrant will increase if the volatility of the Underlying Value increases.
- The remaining maturity: the longer the remaining maturity (until Maturity Date) of a Warrant, the greater the probability of the Warrant being in-the-money at a certain point in time during this remaining maturity. Therefore under normal circumstances, the value of the Warrant with a longer remaining maturity will be greater than the value of a Warrant with a shorter remaining maturity. In short, the value of the Warrant decreases if the remaining maturity diminishes.
- The interest rate for the remaining maturity: the value of the Warrant increases if the interest rate until Maturity Date increases.

Investors may find information about the historical returns of the Underlying Value on the website of the Issuer or, if such information cannot be consulted on the website, through a written request at the corporate seat of the Issuer

**Investors should take into consideration that all variables mentioned above may each influence the value of the Warrant independently. In practice, any of these variables can vary at the same time. Consequently, the change in the value of the Warrant can only be determined by taking into consideration the combined effect of the changes in value of each of these variables separately.**

### **Information relating to the behaviour of the Warrants.**

The Warrant has a leverage effect. This means that any variation in the price of the Underlying Value is in theory amplified.

A Warrant's leverage effect is determined by applying the following formula:

$$\text{(Leverage} = \partial P / \partial S \times S / P)$$

where:

S = the price of the Underlying Value  
P = the value of the Warrant

The ratio  $\partial P / \partial S$ , which is called the Delta of the Warrant, is the degree to which the Warrant changes value divided by the degree to which the Underlying Value changes value.  $\partial P / \partial S$  is not a constant, and the ratio changes throughout the term of the Warrant.

As and when the leverage effect approaches 1, a Warrant behaves more and more like the Underlying Value, and the risk associated with the Warrant is therefore almost the same as the risk associated with retaining that Underlying Value. The above formula reveals that the leverage tends towards 1 if the Delta of the Warrant,  $\partial P/\partial S$ , and S/P tend towards 1. Both ratios move towards 1 as and when, among other things, the Warrant's term gets longer and therefore the Warrant's initial time value rises.

The Warrants issued by Dexia Bank have a very long term. The unavoidable consequence of this is that the initial leverage effect of the Warrant is almost equal to 1 (between 1 and 1.2). That also remains so for a large part of the lifetime of the Warrant.

### **Description of market disruption event or settlement disruption that affects the underlying**

"Market Disruption Event" means in respect of the Share, the occurrence or existence of (i) a Trading Disruption, (ii) an Exchange Disruption, which in either case the Calculation Agent determines is material, at any time during the one hour period that ends at the relevant scheduled closing time or (iii) an Early Closure.

If any Valuation Date is a Disrupted Day, then the Valuation Date shall be the first succeeding scheduled trading day that is not a Disrupted Day, unless each of the eight scheduled trading days immediately following the original Valuation Date is a Disrupted Day. In that case, (i) that eighth scheduled trading day shall be deemed to be the Valuation Date, notwithstanding the fact that such day is a Disrupted Day and (ii) the Calculation Agent shall determine, its good faith estimate of the value of the Share as of the scheduled closing time on that eighth scheduled trading day.

For the avoidance of doubt, the Valuation Date for the Share not affected by the occurrence of a Disrupted Day shall be the original Valuation Date.

### **Adjustments to the Underlying Value**

#### Adjustments in case of the occurrence of a Potential Adjustment Event

Following the declaration by Dexia Bank of the terms of any Potential Adjustment Event, the Calculation Agent will, in its sole and absolute discretion, determine whether such Potential Adjustment Event has a diluting or concentrative effect on the theoretical value of the Shares and, if so, will (i) make the corresponding adjustment, if any, to any one or more of the Strike Price and/or any of the other terms of these terms and conditions and/or the applicable Final Terms as the Calculation Agent in its sole and absolute discretion determines appropriate to account for that diluting or concentrative effect and (ii) determine the effective date of that adjustment (provided that no adjustment will be made as a result of any payment of an ordinary dividend, whether or not in the form of cash). The Calculation Agent may, but need not, determine the appropriate adjustment by reference to the adjustment in respect of such Potential Adjustment Event made by the Related Exchange to options on the Shares traded on that Related Exchange.

Upon the making of any such adjustment by the Calculation Agent, the Calculation Agent shall give notice as soon as practicable to the Warrant Holders, stating the adjustment to the Strike Price and/or any of the other terms of these terms and conditions and/or the applicable Final Terms and giving brief details of the Potential Adjustment Event.

#### Adjustments in case of the occurrence of a De-listing, Insolvency, Merger Event or Nationalization

If a De-listing, Insolvency, Merger Event or Nationalization occurs in relation to the Share, the Issuer in its sole and absolute discretion may take the action described in (i), (ii) or (iii) below:

(i) require the Calculation Agent to determine in its sole and absolute discretion the appropriate adjustment, if any, to be made to any one or more of the Strike Price and/or any of the other terms of these terms and conditions and/or the applicable Final Terms to account for the Merger Event, De-listing, Nationalization or Insolvency, as the case may be, and determine the effective date of that adjustment. The Calculation Agent may (but need not) determine the appropriate adjustment by reference to the adjustment in respect of the Merger Event, De-listing, Nationalization or Insolvency made by the Related Exchange to options on the Shares traded on that Related Exchange; or

(ii) cancel the Warrants by giving notice. If the Warrants are so cancelled the Issuer will pay the Early Termination Amount. If the Early Termination Amount is zero or negative, no payment will be due. Payments will be made in such manner as shall be notified to the Warrant Holders; or

(iii) following such adjustment to the settlement terms of options on the Shares traded on the Related Exchange, require the Calculation Agent to make a corresponding adjustment to any one or more of the Strike Price and/or any of the other terms of these terms and conditions and/or the applicable Final Terms, which adjustment will be effective as of the date determined by the Calculation Agent to be the effective date of the corresponding adjustment made by the Related Exchange. If options on the Shares are not traded on the Related Exchange, the Calculation Agent will make such adjustment, if any, to any one or more of the Strike Price and/or any of the other terms of these terms and conditions and/or the applicable Final Terms as the Calculation Agent in its sole and absolute discretion determines appropriate, with reference to the rules and precedents (if any) set by the Related Exchange to account for the Merger Event, De-listing, Nationalization or Insolvency, as the case may be, that in the determination of the Calculation Agent would have given rise to an adjustment by the Related Exchange if such options were so traded.

Upon the occurrence of a Merger Event, De-listing, Nationalization or Insolvency, the Issuer shall give notice as soon as practicable to the Warrant Holders stating the occurrence of the Merger Event, De-listing, Nationalization or Insolvency, as the case may be, giving details thereof and the action proposed to be taken in relation thereto.

## FINAL TERMS

*Set out below is the form of Final Terms which will be completed for each series of Warrants issued under the Programme.*

[Date]

### **DEXIA BANK**

Limited liability Company of unlimited duration incorporated under Belgian law

**Issue of [...] (Aggregate Nominal Amount of Series of Warrants)**

**[Title of relevant Series of Warrants]**

**under the EUR 100,000,000**

**Very Long Term Warrant**

The issue of the Warrants has been authorized by resolutions of the Issuer dated [●].

Terms used herein shall be deemed to be defined as such in the Base Prospectus dated [●] which constitutes a base prospectus for the purposes of the Prospectus Directive. This document constitutes the Final Terms of the Warrants described herein for the purposes of Article 29, §2 of the Prospectus Law of 16 June 2006 and must be read in conjunction with the Base Prospectus, including, for the avoidance of any doubt, the Summary and any supplements to the Base Prospectus. Full information on the Issuer and the offer of the Warrants is only available on the basis of the combination of these Final Terms and the Base Prospectus. The Base Prospectus is available for viewing at [●] and copies may be obtained from the Issuer at that address.

These Final Terms relate to the securities and must be read in conjunction with, and are subject to, the provisions contained in the Base Prospectus as so supplemented. These Final Terms, and the relevant provisions constitute the conditions of each series of the Warrants described herein.

In case of any inconsistency between the Base Prospectus and the Final Terms, the Final Terms shall prevail.

<b>Commission:</b>	[●] EUR;
<b>Costs:</b>	There are no additional costs of subscription;
<b>Exercise Date:</b>	Date during the Exercise Period on which the Warrants are exercised;
<b>Exercise Period:</b>	Each business day on which commercial banks in Belgium are open for business from [●] until and including the Maturity Date;
<b>Exercise:</b>	Delivery of the Underlying Value against payment of the Strike Price. The request to Exercise needs to be submitted during the Exercise Period;
<b>Governing law and jurisdiction:</b>	The Warrants are governed by the laws of Belgium. All disputes arising out of or in connection with the Warrants shall be exclusively submitted to the jurisdiction of the competent courts in Brussels;
<b>ISIN Code:</b>	[●];
<b>Issue Date:</b>	[●];

<b>Issue Price (Commission included):</b>	10.00 EUR (being [●] EUR, increased with the Commission);
<b>Issuer:</b>	Dexia Bank, a limited liability company incorporated under the laws of Belgium (hereinafter “Dexia Bank”) (see the Base Prospectus for information about the Issuer);
<b>Listing:</b>	None;
<b>Maturity Date:</b>	[●];
<b>Notional Amount:</b>	Maximum [●] EUR;
<b>Offering Period:</b>	The Warrants will be offered for subscription from [●] until and including [●] (4 p.m. Brussels time);
<b>Parity:</b>	The Parity is the number of Warrants necessary to buy an Underlying Value at the payment of the Strike Price. The Parity equals [●]% of the net asset value of the Underlying Value at [●] (which will be posted on <a href="http://www.dexia.be">www.dexia.be</a> on [●]) divided by the Issue Price (Commission excluded);
<b>Payment Date:</b>	[●];
<b>Physical delivery:</b>	Not applicable;
<b>Responsibility:</b>	The Issuer accepts responsibility for the information contained in these Final Terms;
<b>Strike Price:</b>	[The Strike Price is equal to the net asset value of the Underlying Value on [●] which will be posted on <a href="http://www.dexia.be">www.dexia.be</a> (Sparen & Beleggen / Producten / Fondsen / Aandelenfondsen – Epargner & Investir / Produits / Fonds / Fonds d’actions) on [●] EUR)];
<b>Underlying Value:</b>	[The Underlying Value is a share of Dexia Equities L Euro 50 Capitalisation (ISIN code: LU0012091087 – Bloomberg Code: ELK3591 LX), a compartment of the Dexia Equities L, a UCITS incorporated under the laws of Luxembourg];
<b>Warrant type:</b>	The [●] Warrants can only be exercised during the Exercise Period.

#### **Information relating to the Underlying Value**

The information regarding the Underlying Value has been sourced from the prospectus of Dexia Equities L Euro 50 (that is available free of charge in all Dexia Bank agencies and can be consulted at [www.dexia.be](http://www.dexia.be) : Sparen & Beleggen / Producten / Fondsen / Aandelenfondsen – Epargner & Investir / Produits / Fonds / Fonds SICAV d’actions). The Issuer confirms that this information has been partly reproduced from the Bloomberg screens < ELK3591 LX >. The Issuer also confirms that as far as it is aware and able to ascertain from such information, no facts have been omitted which would render the reproduced information inaccurate or misleading.

#### **Description and historical evolution of the Underlying Value**

Dexia Equities L Euro 50 is a compartment of Dexia Equities L, a UCITS incorporated under the laws of Luxembourg. The assets of this compartment consist mainly of a portfolio of variable-yield securities, mainly shares, convertible bonds and warrants issued for the most part by European companies and traded on the stock exchanges of those countries. At least two thirds of the net assets of the portfolio of this compartment are invested in equity-



type transferable securities included in the Dow Jones EURO STOXX 50<sup>®</sup> index, although they are not themselves indexed. Two-thirds of the net assets will always be invested in euro-denominated securities on these markets.

The compartment may also hold, on an ancillary basis, cash or money market instruments whose residual maturity does not exceed 12 months.

#### Historical evolution of the Underlying Value



Source: Bloomberg

	<b>HIGH (in EUR)</b>	<b>LOW (in EUR)</b>
1 January 1999 – 31 March 1999	579.20	529.89
1 April 1999 – 30 June 1999	596.89	552.60
1 July 1999 - 30 September 1999	612.44	544.27
1 October 1999 – 31 December 1999	742.99	554.78
1 January 2000 – 31 March 2000	857.50	694.09
1 April 2000 – 30 June 2000	834.95	756.97
1 July 2000 - 30 September 2000	827.75	760.75
1 October 2000 – 31 December 2000	779.46	703.84
1 January 2001 – 31 March 2001	727.53	588.84
1 April 2001 – 30 June 2001	694.85	610.36
1 July 2001 - 30 September 2001	655.56	444.26
1 October 2001 – 31 December 2001	585.33	493.06
1 January 2002 – 31 March 2002	584.96	523.03
1 April 2002 – 30 June 2002	575.16	452.06
1 July 2002 - 30 September 2002	487.56	338.82
1 October 2002 – 31 December 2002	413.73	332.16

<i>January 2003</i>	390.71	333.57
<i>February 2003</i>	350.90	318.07
<i>March 2003</i>	347.33	285.44
<i>April 2003</i>	365.53	314.64
<i>May 2003</i>	369.59	346.39
<i>June 2003</i>	393.06	368.28
<i>July 2003</i>	392.43	369.09
<i>August 2003</i>	405.26	380.28
<i>September 2003</i>	412.33	372.95
<i>October 2003</i>	400.73	379.31
<i>November 2003</i>	413.75	399.95
<i>December 2003</i>	428.25	412.31
<i>January 2004</i>	449.95	432.12
<i>February 2004</i>	456.20	437.43
<i>March 2004</i>	460.52	420.30
<i>April 2004</i>	452.37	433.36
<i>May 2004</i>	439.77	413.77
<i>June 2004</i>	444.89	424.08
<i>July 2004</i>	440.21	413.80
<i>August 2004</i>	425.95	406.58
<i>September 2004</i>	439.84	423.65
<i>October 2004</i>	446.24	430.17
<i>November 2004</i>	458.97	448.58
<i>December 2004</i>	463.46	453.41
<i>January 2005</i>	468.06	458.59
<i>February 2005</i>	484.96	471.79
<i>March 2005</i>	489.21	475.56
<i>April 2005</i>	484.47	460.83
<i>May 2005</i>	490.91	464.48
<i>June 2005</i>	504.90	491.40
<i>July 2005</i>	529.78	503.63
<i>August 2005</i>	536.15	512.03
<i>September 2005</i>	543.50	519.58
<i>October 2005</i>	549.35	514.17
<i>November 2005</i>	550.36	526.62
<i>December 2005</i>	572.86	554.39
<i>January 2006</i>	583.46	559.68
<i>February 2006</i>	603.57	581.09
<i>March 2006</i>	610.51	584.94
<i>April 2006</i>	615.20	595.33
<i>May 2006</i>	613.87	557.64
<i>June 2006</i>	575.31	537.35
<i>July 2006</i>	583.10	550.69
<i>August 2006</i>	604.02	574.14
<i>September 2006</i>	611.35	587.85
<i>October 2006</i>	629.77	607.66
<i>November 2006</i>	642.54	621.04
<i>December 2006</i>	647.18	616.14
<i>January 2007</i>	663.23	642.05
<i>February 2007</i>	674.31	642.85
<i>March 2007</i>	655.70	611.50
<i>April 2007</i>	691.54	654.29
<i>May 2007</i>	717.84	692.26
<i>June 2007</i>	724.34	695.66
<i>July 2007</i>	726.19	673.99
<i>August 2007</i>	695.22	646.85

September 2007	699.94	658.49
October 2007	713.42	694.54
November 2007	703.37	669.97
December 2007	716.75	690.26
January 2008	696.89	578.67
February 2008	621.70	590.15
March 2008	591.67	549.72
April 2008	615.49	603.23
May 2008	630.28	607.68
June 2008	615.02	552.66
July 2008	558.33	519.76
August 2008	565.25	537.12
September 2008	563.28	483.90
October 2008	497.09	360.24
November 2008	442.30	350.78
December 2008	399.56	362.62
January 2009	471.42	401.48
February 2009	374.22	315.30
March 2009	346.62	321.48
April 2009	375.54	339.34
May 2009	396.18	378.64
June 2009	402.74	379.88
July 2009	420.50	367.26
August 2009	446.04	412.48
September 2009	463.12	428.23
October 2009	468.24	430.12
November 2009	461.33	424.59
December 2009	471.42	442.71
January 2010	477.84	432.54
February 2010	447.84	416.10
March 2010	467.95	437.42
April 2010	477.39	442.41
May 2010	447.83	397.96
June 2010	443.49	399.86
July 2010	442.64	399.98
August 2010	455.32	416.34
September 2010	449.06	434.50
October 2010	458.36	429.69
November 2010	461.01	420.07
December 2010	453.84	430.58
January 2011	481.61	441.82
February 2011	490.29	472.85
March 2011	476.68	436.72
April 2011	470.61	446.48
May 2011	471.01	444.63
June 2011	445.55	421.28
July 2011	446.90	402.83
August 2011	398.24	328.57
September 2011	355.07	302.12
October 2011	385.13	321.33
November 2011	367.13	325.66
December 2011	372.66	341.95

Net Asset Value in EUR (2/1/2012)

369.70

Source: Bloomberg

## Description and historical evolution of the Dow Jones Euro Stoxx 50<sup>®</sup> index

### General

The Dow Jones EURO STOXX 50<sup>®</sup> index represents the performance of 50 companies representing the market sector leaders in the Euro zone. The index is a free float market capitalisation weighted index which captures around 60% of the underlying market capitalisation of the Dow Jones EURO STOXX Total Market<sup>®</sup> Index. Components weightings are based on the number of free float shares, i.e. those shares that are available for trading.

The index was developed with a base value of 1000 as of 31 December 1991.

The index is continuously calculated and quoted.

### Calculation method and dissemination

The Dow Jones EURO STOXX 50<sup>®</sup> (Price EUR) index is calculated with the Laspeyres formula which measures price changes against a fixed base quantity weight.

The formula can be simplified as follows:

$$\text{Index}_t = M_t / D_t$$

$D_t$	= $B_t$ / Base Value = divisor at time (t)
$P_{i0}$	= the closing price of stock (i) at the base date (31 December 1991)
$q_{i0}$	= the number of shares of company (i) at the base date (31 December 1991)
$p_{it}$	= the price of stock (i) at time (t)
$q_{it}$	= the number of shares of company (i) at time (t)
$C_t$	= the adjustment factor for the base date market capitalisation
t	= the time the index is computed
$M_t$	= market capitalisation of the index at time (t)
$B_t$	= adjusted base date market capitalisation of the index at time (t)
$X_{it}^{\text{EURO}}$	= cross rate: domestic currency in euros of company (i) at time (t) {applies only for companies that are not traded in euros}
Base value	= 1,000 for the blue chip indexes and 100 for all other indexes on the base date; i.e. 31 December 1991

The closing value of the Dow Jones EURO STOXX 50<sup>®</sup> index is calculated at 20.00 CET (Central European Time) based on the closing/adjusted price of the shares in the Dow Jones EURO STOXX 50<sup>®</sup> index. If a stock did not trade all day then the previous day's closing/adjusted price is used. The same applies in case of a suspended quotation or stock exchange holiday.

More information is also available on the internet web site: <http://www.stoxx.com/>

### Revision of the index

#### *Annual review procedure:*

#### (1) Selection List

- For each of the 18 market sectors, the largest stocks in the Dow Jones EURO STOXX<sup>®</sup> index qualify for the selection list until the coverage is as close to, above or below, 60% of the relevant Dow Jones EURO STOXX<sup>®</sup> Total Market<sup>®</sup> Index (TMI) sector<sup>TM</sup>'s total free float market capitalisation at the end of August, with changes effective on the third Friday in September.
- All current components of the Dow Jones EURO STOXX 50<sup>®</sup> index.
- All stocks on the selection list are then ranked by free float market capitalisation.
- In exceptional cases the supervisory board could make additions or deletions to the selection list.

(2) 40-60 Rule

The 40-60<sup>TM</sup> rule is then applied to select the blue chip stocks from the selection list:

- The largest 40 stocks on the list are selected.
- The remaining 10 stocks are selected from the largest remaining current stocks ranked between 41 and 60.
- If the number of stocks selected is still below 50, the largest remaining stocks are selected to bring the total to 50.

In addition, a selection list is also published on the first trading day of every month to indicate possible changes to the blue chip index composition at the next annual review or in case of extraordinary corporate actions.

The free float factors are reviewed quarterly. If the free float weighting of a blue chip component is more than 10% of the total free float market capitalisation of the Dow Jones EURO STOXX 50<sup>®</sup> index at a quarterly review, then it is reduced to 10% by a weighting cap factor that is fixed until the next quarterly review.

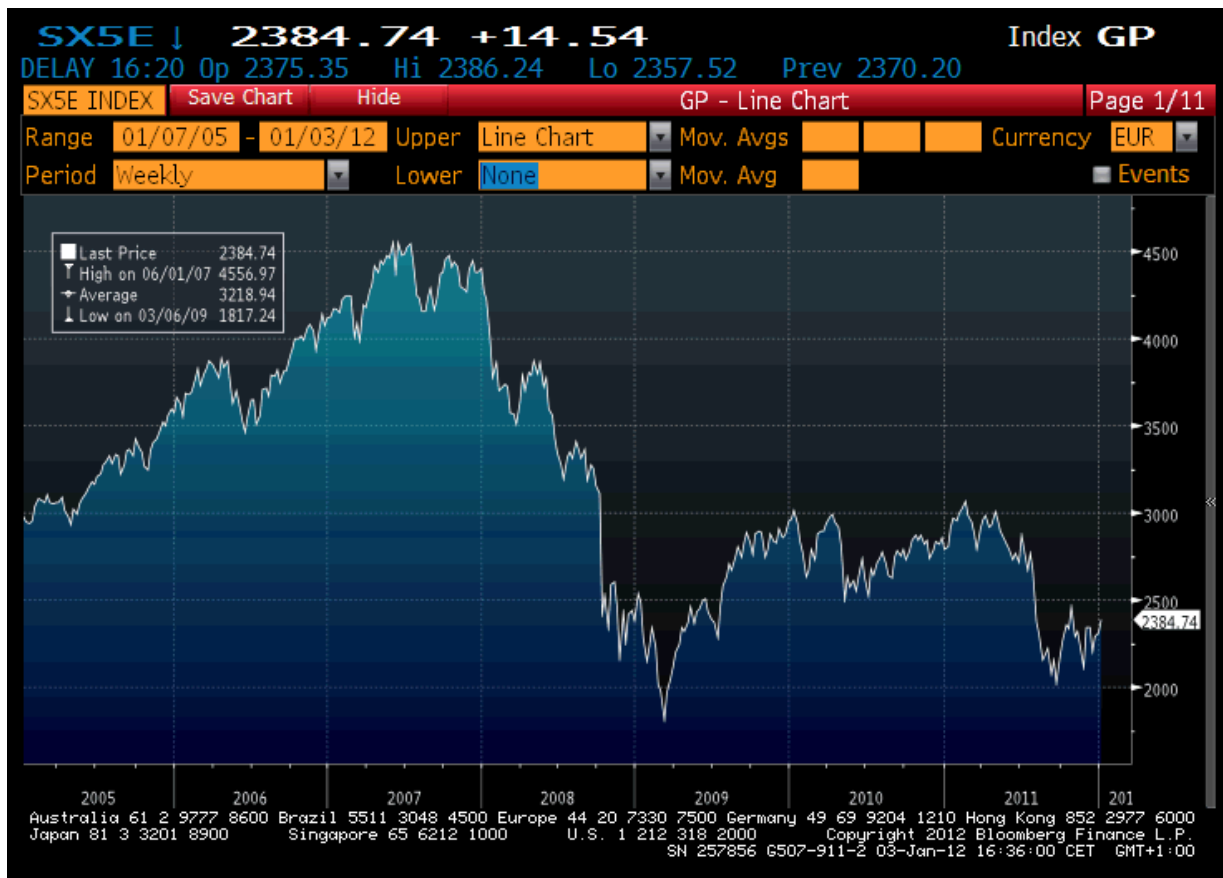
Composition of the index (as of 6 April 2011)

<b>Ticker</b>	<b>Name</b>
AI FP Equity	Air Liquide
ALV GY Equity	Allianz SE
ALO FP Equity	Alstom SA
ABI BB Equity	Anheuser-Busch InBev NV
MTP FP Equity	ArcelorMittal
G IM Equity	Assicurazioni Generali SpA
CS FP Equity	AXA SA
BBVA SQ Equity	Banco Bilbao Vizcaya Argentaria SA
SAN SQ Equity	Banco Santander Central Hispano SA
BAS GY Equity	BASF AG
BAY GY Equity	Bayer AG
BMW GY Equity	BMW AG
BNP FP Equity	BNP Paribas
CA FP Equity	Carrefour SA
SGO FP Equity	Cie de Saint-Gobain
ACA FP Equity	Credit Agricole SA
CRH ID Equity	CRH PLC
DAI GY Equity	Daimler AG
BN FP Equity	Danone
DBK GY Equity	Deutsche Bank AG
DB1 GY Equity	Deutsche Boerse AG
DTE GY Equity	Deutsche Telekom AG
EOA GY Equity	E.ON AG
ENEL IM Equity	Enel SpA
ENI IM Equity	ENI SpA
FTE FP Equity	France Telecom SA
GSZ FP Equity	GDF Suez
IBE SQ Equity	Iberdrola SA
INGA NA Equity	ING Groep NV
ISP IM Equity	Intesa Sanpaolo SpA
PHIA NA Equity	Koninklijke Philips Electronics NV

OR FP Equity	L'Oreal SA
MC FP Equity	LVMH Moet Hennessy Louis Vuitton SA
MUV2 GY Equity	Muenchener Rueckversicherungs AG
NOK1V FH Equity	Nokia OYJ
REP SQ Equity	Repsol YPF SA
RWE GY Equity	RWE AG
SAN FP Equity	Sanofi-Aventis AG
SAP GY Equity	SAP AG
SU FP Equity	Schneider Electric SA
SIE GY Equity	Siemens AG
GLE FP Equity	Societe Generale
TIT IM Equity	Telecom Italia SpA
TEF SQ Equity	Telefonica SA
FP FP Equity	Total SA
UL FP Equity	Unibail-Rodamco
UC IM Equity	UniCredito SpA
UNA NA Equity	Unilever NV
DG FP Equity	Vinci SA
VIV FP Equity	Vivendi

*Source: Bloomberg*

Historical evolution of the index



Source: Bloomberg

	<b>HIGH</b>	<b>LOW</b>
1 January 1999 – 31 March 1999	3685.36	3325.56
1 April 1999 – 30 June 1999	3867.89	3573.60
1 July 1999 – 30 September 1999	3971.84	3512.71
1 October 1999 – 31 December 1999	4904.46	3607.72
1 January 2000 – 31 March 2000	5464.43	4500.69
1 April 2000 – 30 June 2000	5434.81	4903.92
1 July 2000 – 30 September 2000	5392.63	4915.18
1 October 2000 – 31 December 2000	5101.40	4614.24
1 January 2001 – 31 March 2001	4787.45	3891.49
1 April 2001 – 30 June 2001	4582.07	4039.16
1 July 2001 – 30 September 2001	4304.44	2877.68
1 October 2001 – 31 December 2001	3828.76	3208.31
1 January 2002 – 31 March 2002	3833.09	3430.18
1 April 2002 – 30 June 2002	3748.44	2928.72
1 July 2002 – 30 September 2002	3165.47	2187.22
1 October 2002 – 31 December 2002	2669.89	2150.27
January 2003	2529.86	2154.53
February 2003	2280.82	2058.97
March 2003	2249.11	1849.64
April 2003	2365.97	2067.23
May 2003	2389.7	2229.43

<i>June 2003</i>	2527.44	2365.76
<i>July 2003</i>	2519.79	2366.86
<i>August 2003</i>	2593.55	2436.06
<i>September 2003</i>	2641.55	2395.87
<i>October 2003</i>	2542.52	2427.06
<i>November 2003</i>	2592.91	2517.38
<i>December 2003</i>	2660.37	2572.70
<i>January 2004</i>	2746.40	2687.39
<i>February 2004</i>	2775.08	2678.48
<i>March 2004</i>	2804.06	2608.38
<i>April 2004</i>	2795.53	2694.18
<i>May 2004</i>	2753.15	2626.96
<i>June 2004</i>	2840.04	2713.29
<i>July 2004</i>	2806.62	2640.61
<i>August 2004</i>	2712.45	2580.04
<i>September 2004</i>	2790.67	2691.67
<i>October 2004</i>	2834.62	2734.37
<i>November 2004</i>	2922.24	2834.03
<i>December 2004</i>	2955.11	2888.02
<i>January 2005</i>	2984.59	2924.01
<i>February 2005</i>	3085.95	3008.85
<i>March 2005</i>	3114.54	3032.13
<i>April 2005</i>	3090.72	2930.10
<i>May 2005</i>	3096.54	2949.09
<i>June 2005</i>	3190.80	3099.20
<i>July 2005</i>	3333.05	3170.06
<i>August 2005</i>	3370.84	3224.10
<i>September 2005</i>	3429.42	3274.42
<i>October 2005</i>	3464.23	3241.14
<i>November 2005</i>	3471.43	3312.45
<i>December 2005</i>	3616.33	3499.40
<i>January 2006</i>	3691.41	3532.68
<i>February 2006</i>	3840.56	3671.37
<i>March 2006</i>	3874.61	3727.96
<i>April 2006</i>	3888.46	3770.79
<i>May 2006</i>	3890.94	3539.77
<i>June 2006</i>	3648.92	3408.02
<i>July 2006</i>	3710.60	3492.11
<i>August 2006</i>	3817.86	3640.60
<i>September 2006</i>	3899.41	3739.70
<i>October 2006</i>	4027.29	3880.14
<i>November 2006</i>	4109.81	3974.62
<i>December 2006</i>	4140.66	3932.09
<i>January 2007</i>	4195.22	4090.88
<i>February 2007</i>	4272.32	4087.12
<i>March 2007</i>	4191.58	3906.15
<i>April 2007</i>	4416.79	4189.55
<i>May 2007</i>	4512.65	4391.87
<i>June 2007</i>	4556.97	4376.42
<i>July 2007</i>	4557.57	4239.18
<i>August 2007</i>	4364.22	4062.33
<i>September 2007</i>	4389.33	4136.45
<i>October 2007</i>	4489.79	4356.24
<i>November 2007</i>	4415.27	4195.58
<i>December 2007</i>	4469.47	4301.34
<i>January 2008</i>	4339.23	3577.99



February 2008	3867.47	3678.16
March 2008	3684.54	3431.82
April 2008	3828.46	3671.28
May 2008	3882.28	3711.03
June 2008	3737.34	3340.27
July 2008	3387.50	3142.73
August 2008	3445.66	3248.92
September 2008	3416.46	3000.83
October 2008	3113.82	2293.05
November 2008	2755.12	2165.91
December 2008	2495.58	2252.09
January 2009	2578.43	2147.87
February 2009	2348.95	1965.26
March 2009	2156.97	1809.98
April 2009	2375.34	2097.57
May 2009	2487.17	2353.53
June 2009	2537.35	2353.48
July 2009	2654.74	2281.47
August 2009	2803.65	2603.79
September 2009	2899.12	2699.22
October 2009	2950.82	2743.50
November 2009	2926.15	2712.30
December 2009	2992.08	2818.10
January 2010	3017.85	2737.33
February 2010	2631.64	2830.01
March 2010	2948.09	2772.70
April 2010	3012.65	2788.54
May 2010	2816.50	2488.50
Juni 2010	2768.27	2529.97
July 2010	2769.31	2507.83
August 2010	2827.27	2587.40
September 2010	2806.47	2715.19
October 2010	2882.29	2701.02
November 2010	2890.64	2650.99
December 2010	2876.99	2721.87
January 2011	2989.75	2760.88
February 2011	3068.00	2949.13
March 2011	2983.27	2721.24
April 2011	3011.25	2847.96
May 2011	3008.89	2794.26
June 2011	2848.53	2715.88
July 2011	2878.67	2622.36
August 2011	2593.34	2153.77
September 2011	2305.75	1995.01
October 2011	2476.92	2091.09
November 2011	2347.94	2090.25
December 2011	2369.39	2202.72
Closing level (2/1/2012)		2370.20

Source: Bloomberg



## ANNEXES

**Annex 1: Articles of Association (unofficial translation)**

**DEXIA BANK BELGIUM**

**Abbreviated: Dexia Bank**

Société anonyme  
Boulevard Pachéco 44  
1000 Brussels  
RPM Brussels  
VAT BE 403.201.185

**CO-ORDINATED ARTICLES OF ASSOCIATION**

**Article 1 - NAME, LEGAL FORM, DURATION**

The Company is a limited liability Company of unlimited duration.

The name of the Company is "Dexia Banque Belgique" in French, "Dexia Bank België" in Dutch, "Dexia Bank Belgien" in German and "Dexia Bank Belgium" in English, or in abbreviated form "Dexia Banque" and "Dexia Bank".

The Company may also carry on its business activities under the following commercial denominations "Artesia Banking Corporation", "Artesia BC", "Artesia Bank", "Banque Artesia", "Artesia", "BACOB", "BACOB Bank" and "BACOB Banque".

The Company publicly appeals to savings funds.

**Article 2 - REGISTERED OFFICE, OTHER OFFICES**

The registered office of the Company is situated at 1000 Brussels, boulevard Pachéco 44. The registered office may be transferred to another place, within the Region of Brussels-capital by decision of the Board of Directors.

The Company may establish offices and branches wherever the Board of Directors deems it useful.

**Article 3 - OBJECT**

The Company's object is to carry on the business of a credit institution and it has in furtherance of its object all the necessary powers, including the power to enter into transactions on financial derivatives. As such, the Company may - for its own account and for the account of third parties or in cooperation with third parties - even by intermediary of a natural person or a legal entity, both in Belgium and abroad, undertake any and all activities and carry out all banking transactions including inter alia:

- 1° transactions regarding deposits, credits within the broadest sense, brokerage, stock exchange related operations, launches of issues, guarantees and surety;
- 2° short, medium and long-term credit transactions, sustain investments by provinces, municipalities and organisations of a regional and local character, and likewise investments effected by all public establishments, companies, associations and organisations, which are constituted for regional and local purposes, and which provinces, municipalities and organisations of a regional and local character are authorised to support;
- 3° to further, by means of appropriate credit transactions, the day-to-day operation of the budgets of provinces, municipalities and organisations of a regional and local character, and of all other institutions referred to in 2° above, and likewise the day-to-day management of their concerns, public companies and enterprises.

Furthermore, the Company may distribute insurance products from third party insurance companies. The Company may acquire, own and sell shares and participations in one or more companies, within the limits provided for by the legal status of credit institutions.

The Company is entitled to carry out any transactions of whatever nature, inter alia financial, commercial, including goods and estate, relating directly or indirectly to the furtherance of its object or of such a nature as to facilitate the achievement thereof.

All the provisions of the present article must be interpreted in the broadest sense and within the context of the laws and regulations governing transactions of credit institutions.

#### **Article 4 - CAPITAL, SHARES**

The issued and fully paid-up capital amounts to three billion four hundred fifty eight million sixty six thousand two hundred twenty seven euros and forty one cent (EUR 3.458.066.227,41). It is divided into three hundred and fifty-nine million four hundred and twelve thousand six hundred sixteen registered shares (359.412.616) with no face value, each representing one / three hundred and fifty-nine million four hundred and twelve thousand six hundred sixteenth ( $1/359.412.616^{\text{th}}$ ) fraction of the share capital.

#### **Article 4bis – AUTHORIZED CAPITAL**

The board of directors is authorized to increase the authorized capital of the company in one or more instalments at such times and on such terms and conditions as it shall determine up to a maximum amount of three billion four hundred fifty eight million sixty six thousand two hundred twenty seven euros and forty one cent (EUR 3.458.066.227,41). Such authority shall be valid for a period of five years from the gazetting in the annexes to the Moniteur Belge [Official Gazette] of the alteration of the Articles resolved by the extraordinary general meeting of February 27<sup>th</sup> 2009. It shall be renewable.

The board of directors is authorized to issue in one or more instalments and on the conditions permitted by law, convertible bonds, equity notes, warrants or other financial instruments with share warrants attached up to a maximum amount fixed such that the capital resulting from the conversion or redemption of bonds or the exercise of the warrants or other financial instruments is not increased above the remaining maximum limit to which the board of directors is authorized to increase the capital pursuant to paragraph 1 hereof.

Increases of capital effected pursuant to these authorizations may be made by way of cash subscriptions, non-cash contributions within the permitted statutory limits, by capitalization of available or appropriated reserves, or share premiums, with or without an issue of new shares.

The board of directors shall act in observance of shareholders' statutory pre-emption rights. The board of directors may, in the interest of the company and in the conditions prescribed by statute, restrict or disapply existing shareholders' statutory pre-emption rights in respect of increases of capital subscribed in cash and for issues of convertible bonds, equity notes, warrants or other financial instruments with share warrants attached resolved by it, including in favour of one or more identified individuals other than employees of the company or its subsidiaries. Any share premium resulting from an increase of capital resolved by the board of directors shall be recorded in a reserve account not available for distribution, which shall afford the same third party guarantees as the capital, and may not, other than where capitalised by resolution of the general meeting or board of directors as provided above, be reduced or cancelled other than by resolution of the general meeting taken in the conditions prescribed by article 612 of the Companies Code.

#### **Article 5 - BENEFICIAL SHARES**

There are three hundred thousand (300,000) registered beneficial shares. These beneficial shares have no face value and do not represent the share capital.

The beneficial shares are neither negotiable nor transferable, either for consideration or free of charge, except with the prior approval of the Board of Directors. Moreover, they cannot be pledged and may not be subject to the right of usufruct or any other form of splitting up economic and legal ownership, except with the prior approval of the Board of Directors.

Unless there are legal provisions to the contrary, beneficial shares shall not entitle their holders to attend General Meetings of the Company or to exercise any voting right.

They may only be cancelled by observing the procedure as provided for in article 560 of the Belgian Companies Code.

In case of a share capital increase, the holders of beneficial shares shall not enjoy any right of preferential subscription. Neither shall they have any preferential right when beneficial shares are issued on a later date.

Beneficial shares shall give right to a preferential dividend to be determined in a separate agreement. The total amount of dividends attributable each financial year to the entirety of the beneficial shares may not be more than two point two eight per cent (2.28 %) of the available profits as defined in article 13 of the articles of association, specific legal limits included. Beneficial shares shall give no right to the normal dividends

distributed to the shareholders representing the share capital. A beneficial share shall no longer give right to a dividend when the beneficiary ceases to exist, after having received the dividend for the financial year preceding the financial year during the course of which the aforementioned occurs.

In the event of a winding up of the Company, if the beneficial shares still exist at that moment, and after all corporate debts being discharged or after allocation of the funds necessary to discharge those debts being made, the net proceeds of the winding up shall serve in the first place to pay the dividends to which the holders of beneficial shares are entitled until the date of winding up and which have not yet been paid. The holders of beneficial shares shall have no other right to participate in the distribution of the remaining portion of the net proceeds from the winding up of the Company.

#### **Article 6 - COMPOSITION OF THE BOARD OF DIRECTORS**

The Company is managed by a Board of Directors composed of maximum twenty-seven members, who are appointed and may be revoked by the General Meeting. The majority of Directors, other than those referred to in the second paragraph, must be public representatives of local authorities.

The Board is composed of nine members who have professional experience in banking and financial matters, who shall be appointed by proposal of the Board of Directors in their capacity as members of the Management Board. The mandates of the members of the Board of Directors are granted for a period of maximum four years. The members are eligible for re-election.

The General Meeting determines the remuneration of the members, with the exception of the members of the Board referred to in the second paragraph.

In the event of there being a vacancy on the Board, the Board of Directors provides for an interim appointment, in accordance with the nomination procedures referred to in this article. The following General Meeting shall make a permanent appointment. The mandate of the person so appointed shall be granted for a period of maximum four years.

The Chairman and Vice-Chairmen are appointed by the Board of Directors from among the members of the Board other than those referred to in the second paragraph.

The Board of Directors may set up one or more advisory committees from among its number and on its own responsibility. The Board shall determine their membership and describe their tasks.

The Board may appoint a Secretary, who is either a Director or not.

#### **Article 7 – POWERS OF THE BOARD OF DIRECTORS**

The Board of Directors shall have the powers to carry out all acts which are useful or necessary for the achievement of the object of the Company, except for the powers reserved to the General Meeting by law.

The Board of Directors may delegate special powers to its Chairman, its Vice-Chairmen or one or more of its members.

#### **Article 8 – MANAGEMENT COMMITTEE**

In accordance with the law, the Board of Directors may delegate all or part of the powers referred to in article 522, paragraph 1, 1 of the Belgian Companies Code to a Management Committee, for which only members of the Board of Directors can qualify. However, this delegation may not involve either the determination of general policy or acts reserved to the Board of Directors by other provisions of the said Company Code.

The Management Committee consists of maximum nine members who constitute a collegial body. The Chairman, Vice-Chairman and members are appointed by the Board of Directors from among the members referred to in article 6, second paragraph, by nomination of the Management Committee and with the approval of the Banking, Finance and Insurance Commission. The Chairman, Vice-Chairman and members may be removed from office by the Board of Directors, on the advice of the Management Committee and with the approval of the Banking, Finance and Insurance Commission. Termination of the mandate of a member of the Management Committee will result in the immediate termination of his mandate as a member of the Board of Directors. The remuneration of members of the Management Committee is determined by the Board of Directors in consultation with the Chairman of the Management Committee.

Every year, the Board of Directors will advise on the discharge to be given to the members of the Management Committee regarding the execution of their missions during the previous year.

The Management Board may appoint a Secretary, who is either a member of the Committee or not. The quorum with which the committee may validly transact its business is at least half the directors present in person or by proxy. Each member may give a proxy to a fellow committee member by ordinary letter, telefax, printed email or any other way in writing. Provided that no director may hold proxies for more than one other committee member.

Meetings may be held by telephone conference or by videoconference. In that case, the meeting of the management committee shall be deemed to be held at the company's registered office.

The Management Board may validly deliberate and decide only when at least half of its members are present or represented. Each member is allowed to give another member power of proxy by letter, telefax, printed e-mail or any other written document. Each member can be represented by only one of his colleagues.

The decisions of the Management Board shall be taken by the simple majority of votes of all members present or represented. In case of a tied vote, the vote of the chairman shall prevail.

Copies and extracts of the minutes of the Management Committee are signed by its Chairman, its Vice-Chairman, one of its members or the Secretary.

The Management Committee may delegate special powers to its Chairman, Vice-Chairman, one or more of its members, one or more members of the staff or any other person. The Committee may authorise sub-delegation thereof.

#### **Article 9 – MEETINGS OF THE BOARD OF DIRECTORS**

The Board meets when convened by the Chairman or, in the event of his absence, by one of the Vice-Chairmen or, in the event of the absence of the latter, two other members of the Board, whenever the interests of the Company so require. A meeting must be convened if three members of the Board so request.

Notices of meetings shall be validly made by letter, fax, email or any other means referred to in article 2281 of the Civil Code. Any director present or duly represented shall be assumed automatically to have been properly convened.

The meetings are chaired by the Chairman of the Board. In the absence of the Chairman, he shall be replaced by one of the Vice-Chairmen and, in the latter's absence, by a member designated by the other members of the Board from among members other than those referred to in article 6, second paragraph.

All deliberations require at least half of the members to be present or represented.

Decisions are taken by a majority of votes cast by the members present or represented, and in the event of a tied vote, the Chairman or the person representing him has the casting vote.

A member of the Board who is unable to be present may, by letter or any other means of communication in which the authority to vote on his behalf is recorded in a document, authorise another member to represent him and vote in his stead. However, no member of the Board may represent more than one other member.

In exceptional cases, duly justified by their urgency and in the interests of the Company, the decisions of the Board of Directors may be taken through the unanimous written consent of its members. The signatures of members of the Board may be placed either on one single document or on several copies of the same document. The decisions shall bear the date of the last signature placed on the said document or documents. However, recourse to this procedure shall not be possible for the closing of the annual accounts.

Meetings may be held by telephone conference or by videoconference. In that case, the meeting of the Board of Directors shall be deemed to be held at the company's registered office.

The minutes of the meetings are approved by the Board and signed by the Chairman or one of the Vice-Chairmen.

Copies and extracts of the minutes of the Board are signed either by the Chairman or one of the Vice-Chairmen of the Board, by the Chairman or the Vice Chairman or a member of the Committee, or by the Secretary of the Board

#### **Article 10 - REPRESENTATION OF THE COMPANY**

The Company is represented, both in legal proceedings and in relation to third parties, by two members of the Management Committee acting jointly.

The Company is also validly represented by one or more specially authorised agents within the limits of the powers conferred upon them.

#### **Article 11 – AUDITORS**

The auditing of the financial situation and the annual accounts of the Company is entrusted to one or more auditors approved by the Banking, Finance and Insurance Commission, who are appointed for a period of three years by the General Meeting, on the proposal of the Board of Directors and on the nomination of the Works Council.

If several auditors are appointed, they shall form a collegial body.

#### **Article 12 – FINANCIAL YEAR, INVENTORY, ANNUAL ACCOUNTS**

The financial year starts on the first of January and ends on the thirty-first of December.

On the thirty-first of December each year, the Board of Directors draws up an inventory of all assets, rights, receivables, debts and liabilities of whatever kind relating to the business activity of the Company and the Company's own funds allocated to this.

It reconciles the accounts with the inventory data and draws up the annual accounts.

#### **Article 13 – DISTRIBUTION OF PROFITS**

I. To the amount of the legal minimum, at least one twentieth of the net profits is taken each year to be allocated to the legal reserve.

Distributable profits are made up of the net profits for the financial year, minus prior losses and the allocation provided for in the preceding paragraph, increased by the amount of credit balances carried forward.

II. The General Meeting, on the proposal of the Board of Directors, determines the portion of the distributable profits to be allocated to shareholders in the form of dividends, taking into account the provisions of article 5 of the present articles of association. With regard to any surplus, if any, the General Meeting decides either to carry it forward or to enter it under one or more reserve items of which it regulates the use and application. Furthermore, the General Meeting may decide to distribute sums withdrawn from the reserves available to it; in this case, the decision shall expressly indicate the reserve items from which the withdrawals are made. However, dividends are in the first instance taken from the distributable profits of the respective financial year.

III. The terms of payment of dividends are determined by the Board of Directors.

Under the conditions provided for in the Belgian Company Code, the Board of Directors may pay interim dividends.

#### **Article 14 – ANNUAL MEETING**

The Annual Meeting of shareholders takes place on the last Wednesday of April at 2.30 p.m., at the registered office or any other place indicated in the attendance notice. If that day is a legal or bank holiday, the Meeting will take place on the following bank working day.

#### **Article 15 – FORMALITIES FOR ADMISSION TO THE GENERAL MEETING**

The holders of registered shares must give notice of their intention to attend the General Meeting.

Any shareholder may be represented at the General Meeting by a proxy holder, whether the latter is himself a shareholder or not.

Bondholders, holders of warrants and certificates, issued in collaboration with the Company, may only attend the General Meeting in an advisory capacity.



Registered bondholders, registered holders of warrants and certificates, issued in collaboration with the Company, must at least five days prior to the date of the General Meeting, give notice in writing of their intention to attend the General Meeting.

Bearer bondholders, holders of warrants and certificates, issued in collaboration with the Company, must at least five days prior to the date of the General Meeting, deposit their securities at the registered office of the Company or at another place mentioned in the attendance notice; the holders of dematerialised securities must in the same manner deposit a certificate which is drawn up by the certified account holder or clearing institution, confirming that the securities are unavailable until the date of the Meeting, inclusive. They shall be admitted to the General Meeting upon presentation of the certificate proving that their securities or the certificate were deposited in time.

Co-owners, beneficial owners and bare owners, secured creditors and secured debtors must be represented respectively by one and the same person.

With the exception of resolutions which have to be passed by notarial act, the shareholders may adopt all resolutions, unanimously and in writing, for which the General Meeting is empowered. For this purpose the Board of Directors shall send the shareholders a registered circular and send the directors and statutory auditors a circular by ordinary mail, fax, e-mail or any other medium stating the agenda and motions and requesting approval of the motions by the shareholders and return of the letter, duly signed, to the address stated in the circular, within a period of fifteen banking days of receipt. If the approval of all shareholders is not received within this period, the resolution shall be deemed not passed. The holders of bonds, warrants and certificates issued with the company's collaboration may take note of the resolutions.

#### **Article 16 – GENERAL MEETING**

The Chairman of the Board of Directors chairs the Meeting. He also acts as a member of the board of the Meeting. In the event of his absence, the Chairman is replaced by one of the Vice-Chairmen or, in the event of the latter's absence, by a member of the Board designated by the other members.

The minutes of the Meeting shall be signed by the members of the Board of the Meeting and by the shareholders who so request.

Copies and extracts of the minutes of the Meeting shall be signed by the Chairman or one of the Vice-Chairmen of the Board of Directors or by the Chairman, the Vice-Chairman or a member of the Management Committee.

#### **Article 17 – WINDING-UP, DISTRIBUTION OF AVAILABLE ASSETS**

In the event of the Company being wound up, the General Meeting appoints one or more liquidators, and determines their powers and fees and fixes the liquidation procedure.

The Board of Directors is as a matter of law responsible for the liquidation until the liquidators are appointed.

After clearance of the Company's debts and liabilities, the liquidation proceeds are distributed equally between the shareholders in one or more instalments.

#### **Article 18 – ELECTION OF DOMICILE**

The shareholders, members of the Board, auditors and liquidators are obliged to elect domicile in Belgium for all their dealings with the Company. If they do not comply with this obligation, they shall be deemed to have elected domicile at the registered office of the Company, where all writs, notices and summons will be served upon them and where all letters and communications may be sent to them.

#### **TRANSITIONAL PROVISION**

The new names and abbreviations are applicable as from the first of April two thousand and two. Any document emanating from the Company bearing the former names and abbreviations or the names or abbreviations of one of the Companies merged, even after the first of April two thousand and two, must, however, be read as emanating from the Company bearing the new names and abbreviations.

## **Ongoing restructuring of the Dexia Group**

The Board of Directors of Dexia met today and noted the evolution of the various aspects of the Group restructuring. The Board of Directors has:

- validated the sale agreement of Dexia Bank Belgium to the Belgian State;
- approved the terms of a negotiation protocol with Caisse des Dépôts and La Banque Postale in relation to the financing of French local authorities;
- empowered the Chief Executive Officer to commence the disposal process of certain of the Group's operating entities.

It was also informed of the progress made in discussions with the European Commission, which will have to approve the envisaged structural measures.

### **Closing of the sale of Dexia Bank Belgium to the Belgian State**

Dexia and the Belgian State have today finalised the sale agreement of Dexia Bank Belgium to the Société Fédérale de Participations et d'Investissement (SFPI), acting on behalf of the Belgian State, under the terms and conditions of the offer made to Dexia SA on 9 October last.

Dexia Bank Belgium's 49% holding in Dexia Asset Management will be transferred to the Dexia Group prior to the Closing of the transaction subject to the approval of the banking supervisory authorities. Therefore, the disposal relates to all assets and liabilities and all subsidiaries and holdings of Dexia Bank Belgium at the closing date to the exception of its stake in Dexia Asset Management.

As soon as the transaction is closed the SFPI will hold 100% of the shares of Dexia Bank Belgium.

The sale price is set at EUR 4 billion and Dexia SA will benefit from an earn-out mechanism, under certain conditions, in the event of a later sale of Dexia Bank Belgium (cf. offer attached to the Dexia press release dated 10 October 2011).

The proceeds of the sale will be principally allocated to the early repayment of loans granted by Dexia Bank Belgium to Dexia SA and Dexia Credit Local.

Intra-group financing granted by Dexia Bank Belgium to other Group entities will be maintained and gradually reduced according to the terms of the sale agreement.

On the basis of the figures as at 30 June 2011, this sale would have had for the Dexia Group the effect of reducing:

- the size of its balance sheet by EUR 144 billion, to EUR 374 billion,
- its weighted risks by EUR 45 billion, to EUR 82 billion,
- its short-term funding requirement by EUR 16 billion, to EUR 80 billion,
- the nominal amount of its bond portfolio in run-off by EUR 19 billion, to EUR 76 billion,
- the outstanding of government bonds from PIIGS countries, expressed in MCRE\*\*, by EUR 9 billion, to EUR 12 billion.

In accordance with the terms of the sale agreement, the Belgian State will indemnify the Dexia group against any risk of loss associated to the performance of or other responsibilities arising from outstanding loans granted to Arco, Ethias and Holding Communal.

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

*\*\* Maximum Credit Risk Exposure*

More detailed information on Dexia Group pro-forma figures after the sale of Dexia Bank Belgium is available in the appendices.

A transition committee, composed of representatives of the SFPI, the Dexia Group and Dexia Bank Belgium, will be set up to supervise the unwinding of the existing tight operational links between Dexia Bank Belgium and the rest of the Group. In particular, this committee will be in charge of maintaining operational continuity in key fields such as funding, human resources and Operations & IT.

### **Negotiation agreement between Caisse des Dépôts, Dexia and La Banque Postale**

Dexia, Caisse des Dépôts and La Banque Postale have finalised the terms of a negotiation agreement in the field of the financing of French local authorities. This agreement was approved today by the Board of Directors of the Dexia Group, after taking into consideration an independent fairness opinion. It will be submitted to the approval of the European Commission.

The negotiation agreement contains two main features:

- **The acquisition by Caisse des Dépôts and La Banque Postale of respectively 65% and 5% of the shares in Dexia Municipal Agency, the Société de Crédit Foncier of the Dexia Group dedicated to the refinancing of loans to local authorities**

Since its creation in 1999, Dexia Municipal Agency has had the sole object of refinancing loans to the public sector or guaranteed exposures to the public sector, by the issuance of covered bonds (*obligations foncières*). It is the only Société de Crédit Foncier dedicated exclusively to the public sector. As a 100% subsidiary of Dexia Crédit Local, Dexia Municipal Agency had a total balance sheet of EUR 89.9 billion as at 30 June 2011 and outstanding covered bonds of EUR 63.4 billion.

The backing by Caisse des Dépôts of Dexia Municipal Agency would reinforce the solidity of its AAA/AAA/Aaa rating.

The negotiation agreement would also provide for the acquisition by Caisse des Dépôts and La Banque Postale of certain tools and management systems necessary to perform the above-mentioned activity.

Operational management of Dexia Municipal Agency would not rely on a service agreement with Dexia Credit Local.

- **A new commercial tool serving local authorities in France**

A joint venture held by Caisse des Dépôts (for 65%) and La Banque Postale (for 35%) would be created. This joint venture would be dedicated to designing and originating loans to French local authorities, refinanced through Dexia Municipal Agency. This new tool would rely, through a service agreement, on the combined know-how of Dexia Crédit Local, Caisse des Dépôts and La Banque Postale.

### **Impact for Dexia**

As at 30 June 2011, this operation would have had the effect of reducing the Dexia Group balance sheet by about EUR 65 billion and its liquidity requirement by more than EUR 10 billion. It would have resulted in a capital loss on disposal of around EUR 680 million.

The agreement provides that Dexia would extend to Dexia Municipal Agency, on the one hand, a guarantee with respect to the performance and the legal risks associated to a portfolio of EUR 10 billion of structured loans to French local authorities and, on the other hand, an indemnity against losses in excess of 10 basis points on all outstanding loans, which represents 10 times more than the losses faced by Dexia Municipal Agency on an

historical basis. Dexia would moreover benefit from a counter-guarantee from the French State on this same portfolio of structured loans up to 70% of losses over and above EUR 500 million. This counter-guarantee is subject to the approval of the European Commission.

Beyond the mechanism described in the protocol, Dexia Crédit Local remains involved in local finance and will continue to offer a wide range of financial products and services to its public sector clients, particularly via the collection of deposits, the distribution of insurance contracts (via Sofaxis), the provision of real estate services (via Exterimmo) and automobile leasing (via Dexia LLD) as well as the provision of personal services (via Domiserve). Dexia Crédit Local would maintain a lender relationship with its clients not covered by the joint venture, under terms to be specified in a later agreement.

## **Timetable**

Dexia, Caisse des Dépôts and La Banque Postale will continue to discuss with a view to submitting a final draft agreement as soon as possible to their relevant staff representative bodies and the respective governance bodies. The implementation of this negotiation protocol will remain subject to the approval of the relevant supervisory and competition authorities.

## **Negotiations with a view to the possible disposal of the Group's operational entities**

The Board of Directors of the Dexia Group has empowered the Chief Executive Officer to examine the conditions under which its 50% participation in RBC Dexia Investor Services, held as joint venture, is likely to be disposed of and to start the disposal process.

The Board of Directors of the Dexia Group has moreover empowered the Chief Executive Officer to launch, in the framework of an open and competitive procedure, the disposal process of Dexia Asset Management and of its 99.84% stake in DenizBank.

The Board of Directors has also been informed of the progress of the discussions relating to the sale of Dexia Banque Internationale à Luxembourg.

All those disposals will be subject to prior approval by the European Commission.

## **Publication of the quarterly results of the Dexia Group**

Dexia does not plan to modify the timetable for publication of its quarterly results. In accordance with legal provisions, the communication of the results for the third quarter 2011, planned for 9 November 2011, will nonetheless be in the form of an "interim statement" and not that of a financial report, considering the in-depth restructuring throughout the Group.

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

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### **Annex 3: Press Release 30 November 2011**

Brussels, 30 november 2011

## **Dexia Bank Belgium: a bank of and for Belgian society: working on form and on content.**

*“A vision for the future based on three concrete undertakings, an adapted governance and new name are the key features of an independent Belgian bank and insurance group.”*

Those were the words of Jos Clijsters, Chairman of the management committee of Dexia Bank Belgium, on Wednesday 30 November 2011, at a press conference in Brussels. On this occasion, for the first time since the Federal Holding and Investment Company (FPIM) takeover and in the presence of the new Chairman of the Board of Directors Mr Alfred Bouckaert, details were also supplied of the 9-month results, in particular key elements from the balance sheet.

To prepare for the bank’s future, management has taken a number of clear governance-related decisions, including one not to award a bonus to any senior management member for the year 2011. Three further undertakings are aimed at restoring customer confidence, motivating staff and regaining operational independence, allowing the bank to focus on change, which will include a change of name in the course of 2012.

The 3 commitments are closely based on the wealth of expertise and experience that the bank has accumulated over the past 150 years in the public sector and over the past 50 years in private-individual banking.

- *Dexia Bank Belgium wishes to become a locally anchored relationship bank.*

As a locally anchored relationship bank, we wish, now more than ever, to prioritise the personal relationship with our clients through strong relationship management and specialised advice based on an extensive and high-quality range of products and services. Our “financial planning” investment offer for private banking clients, our “Green Energy Solutions”, our role as banker to municipalities and the regions, the “ageing populations” study for local authorities, our MAHA study for Belgian hospitals and our credit-advice programme for project financing are but a few examples of current initiatives that we intend to even further diversify and expand.

Additionally, it is our aim to be accessible 24/7. Dexia Bank Belgium has – with 824 branch offices, around 400 of which have already been converted in line with the “open branch concept” – a strong presence in Flanders, Brussels and Wallonia. As well as our mobile banking application “Dexia Direct Mobile”, launched in March, and with a DDM customer base that has, in the meantime, grown to 25,000 users, there is also our internet banking site, used by some 900,000 subscribers, and our customised e-network, “Publilink”, used by 97% of municipalities and 85% of OCMWs (the social services).

- *Dexia Bank Belgium seeks to be a bank offering added value to society.*

Dexia Bank Belgium shall, by dint of these undertakings, continue to guarantee the financing of the public and social sector. Savings certificates for local projects, to be launched on 5 December, is a perfect example of this and will provide the necessary funds for projects such as rest- and nursing homes, hospitals, swimming pools, nurseries and libraries. In addition, Dexia Bank Belgium seeks,

from a financial point of view, to meet major challenges to society such as the ageing population, sustainability and social integration.

- Dexia Bank Belgium seeks to communicate clearly and succinctly.

Trust, a vital part of any banking relationship, is shaped and consolidated by, among other things, clear and succinct communication with customers. Dexia Bank Belgium seeks to provide regular and transparent news about its strategy, results and corporate governance. A stronger corporate governance with a new, independent and professional Board of Directors acts as the basis of a simple and unequivocal strategy in the best interests of our Belgian economy.

## **RESULTS AFTER 9 MONTHS AND FOCUS ON SPECIFIC ITEMS ON THE BALANCE SHEET**

- Underlying commercial results remain, in spite of a difficult market environment, positive, with the generation, after 9 months, of net returns (for exceptional items) of EUR 361 million (after tax)
- The negative net result for the first nine months of 2011 (EUR -1,109 million after tax) can principally be put down to write-offs on Greek securities (EUR -979 million after tax), capital loss on the disposal of DAM (EUR -147 million after tax), capital loss following the reduction in the investment portfolio (EUR -309 million) and one-off provisions in support of our stand-alone position (EUR -35 million after tax).
- Among the various write-downs, the Tier 1 ratio remained at 13.3% and the Capital Adequacy Ratio (CAD) ratio at 15.1%.
- The commercial part of the balance sheet is well-balanced (EUR 77 billion credits and EUR 79 billion customer deposits)
- Global amount due from Dexia Group (EUR 56 billion) and especially the “unsecured” part (EUR 22.6 billion), are, as promised in the disposal agreement, being dismantled as quickly as possible.
- The investment portfolio (EUR 26 billion) is of good quality (96.7% investment grade) with limited exposure to PIGSI (EUR 6 billion or EUR 8.4 billion including DIB).

*Alfred Bouckaert, the new chairman of the Board of Directors, declares: “With the Belgian government via FPIM as 100% shareholder and mainly Belgian customers, Dexia Bank Belgium can confidently claim to be ‘the bank of and for Belgian society’. We are one of the engines driving the Belgian economy through our supply of credit to individuals, the self-employed, the liberal professions, social profit institutions and public authorities – a role we are determined to continue to fulfill”.*

More information : [www.dexia.be](http://www.dexia.be)

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