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KAMER VAN KOOPHANDEL EN FABRIEKEN
VOOR AMSTERDAM: GEDEPONEERD
54 DOSSIERNR: 1 OMVANG: k
BOEKJAAR: 2006 SOORT: 3
E.B. 12 AVA: 22-03-2007

DEXIA
Bank
Nederland

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Betreft: Deponering jaarverslag 2006 Dexia Bank Nederland N.V. dossiernummer 33 19 46 26

Amsterdam, 11 januari 2008

Geachte heer, mevrouw,

Ter deponering doen wij U hierbij de volgende bescheiden toekomen:

- het jaarverslag 2006 van Dexia Bank Nederland N.V. dossiernummer 33 19 46 26. Het jaarverslag 2006 is getekend door de Raad van Commissarissen en Bestuur alsmede goedgekeurd door de Algemene Vergadering van Aandeelhouders gehouden op 22 maart 2007;
- een opgave van deelnemingen van Dexia Bank Nederland welke niet met naam genoemd zijn in de jaarrekening 2006.

Gaarne zouden wij U willen verzoeken ons een bevestiging van ontvangst te doen toekomen.

Vertrouwend U hiermee voldoende te hebben geïnformeerd, tekenen wij,

Hoogachtend,

[redacted]

De handtekening is door de KvK onleesbaar gemaakt.

Bijlagen: 2

DBN001U02.07

Bank
Nederland

Bijlage bij
brief d.d. 11 januari 2008

BIJLAGE

Overzicht van de vennootschappen welke niet met name genoemd zijn in de jaarrekening 2006 van Dexia Bank Nederland N.V. te Amsterdam en waar Dexia Bank Nederland N.V. direct dan wel indirect in deelneemt.

Van de onderstaande vennootschappen is het vermogen en het resultaat over het boekjaar 2006 verwerkt in de geconsolideerde balans respectievelijk resultatenrekening, zoals deze zijn opgenomen in de jaarrekening 2006 van Dexia Bank Nederland N.V.

Naam van de vennootschap	Statutair gevestigd te	Belang in %
I-broker Europe Sarl	Luxemburg	100
N.V. Nederlandse Standaard Bank in liquidatie	Amsterdam	100

Van de onderstaande vennootschappen is het resultaat over het boekjaar 2006 tot liquidatie datum verwerkt in de geconsolideerde resultatenrekening, zoals deze zijn opgenomen in de jaarrekening 2006 van Dexia Bank Nederland N.V.

Naam van de vennootschap	Statutair gevestigd te	Belang in %
Lease Assets Backed Securities III B.V.	Amsterdam	100

Dexia Bank Nederland NV

Annual Report 2006

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Five year summary

In millions of euros, unless otherwise stated

	2006	2005	2004	2003	2002
Interest	**109**	164	217	252	222
Commission	**- 2**	- 3	- 2	6	117
Other income	**- 54**	- 94	- 99	- 23	- 40
Total income	**53**	67	116	235	299
Operating expenses	**57**	54	50	89	266
Result before tax	**- 33**	81	- 107	132	- 406
Net result	**- 23**	57	- 59	87	- 265
Shareholders' equity	**327**	350	293	355	335
Total assets	**1 564**	3 626	4 781	5 623	7 205
Cost/income ratio (%)	**108.0**	80.6	44.0	37.9	88.9
Return on shareholders' equity (%)	**- 6.8**	17.7	- 18.2	32.6	- 64.2
Average number of employees (FTE)	**216**	242	268	368	1 115
Income per employee (in thousands €)	**245**	277	433	638	268
Net result per employee (in thousands €)	**- 107**	236	- 220	237	- 238

Please note that 2002 include figures of Kempen & Co during the merger period.
The 2004 figures are adjusted for the change in calculation of the pension provision in accordance with the "projected unit credit method".

Annual Report

Profile Dexia Bank Nederland

Dexia Bank Nederland NV was formed at the end of 2001 through the merger of Kempen & Co and Labouchere. In 2003 Kempen & Co separated from Dexia Bank Nederland NV to continue in its own right.

Dexia Bank Nederland NV is part of the Dexia Group, a fast-growing international financial institution with core activities in France, the Benelux, other EU countries, Turkey and the United States.

Dexia Bank Nederland NV ('the Bank') no longer markets new products actively in The Netherlands. The Bank limits her current activities to all necessary administration and client service for the remaining share lease portfolio, answering legal suits and administrating its various settlements.

Message from the Supervisory Board

The Management Board of Dexia Bank Nederland NV hereby presents the Annual Accounts over the financial year 2006. Our auditors, PricewaterhouseCoopers Accountants NV have audited the accounts.

The Supervisory Board ratifies the result as stated in these Annual Accounts and as such, proposes the approval of the Annual Accounts for 2006 as presented here.

In 2006 a number of changes to the Management and Supervisory boards occurred.

On April 26th, 2006 D.G.M. Bruneel resigned as Chairman of the Management Board and was subsequently appointed Chairman of the Supervisory Board. Also on this day, B.F.M. Knüppe was appointed Chairman of the Management Board. As from February 2006, L.A.J. van Thielen has taken other responsibilities in the Dexia Group. We wish to extend our gratitude for his efforts and commitment. Further, on May 1st, 2006 S.M.A. Depaepe was appointed to the Management Board.

Also effective from April 26th, 2006, P.M. van der Laan, P.E. Klönhammer and F.J.A. Moes resigned as members of the Supervisory Board. This is in accordance with Dexia Group's policy. The current Supervisory Board extends its gratitude for the commitment shown throughout the period that Messrs. van der Laan, Klönhammer and Moes have been involved with Dexia Bank Nederland NV (and its predecessors).

Consequently, the boards of Dexia Bank Nederland NV are constituted as follows:
The Management Board: B.F.M. Knüppe (Chairman), J.S.E. Brumagne and S.M.A. Depaepe.
The Supervisory Board: D.G.M. Bruneel (Chairman), S.L.G. Decraene and O. van Herstraeten.

We would like to express our appreciation for the manner in which the Management Board and all members of staff have continued to give their best efforts. We would particularly like to emphasis the efficient and timely implementation of the Duisenberg Arrangement and the successful petition to grant binding force to it. In addition, we would like to thank all the staff for their professionalism, even in a period of simplifying and downsizing of activities.

Amsterdam, March 22nd, 2007

On behalf of the Supervisory Board

D.G.M. Bruneel, Chairman

Management Board Report

Summary 2006

In 2006, the Bank consolidated upon and continued to make progress in its core objectives: settling its legal disputes, and phasing out (operationally and financially) its business activities in a controlled and smooth manner.

The year began with the primary focus being the further implementation of the Duisenberg Arrangement into the Bank's operating (administrative and software) systems.

With regard to our legal activities, the Bank and its Duisenberg partners submitted in November 2005 a request to the Amsterdam Court of Appeal requesting to grant binding force to the Duisenberg Arrangement. This means that all relevant clients in respect of the Arrangement who will not opt-out within six months, will be bound automatically to the Arrangement. In Dutch legal history the Bank is only the second company to seek such a ruling. The Bank and its partners appeared in May 2006 at a subsequent week long large scale court hearings where arguments for and against were heard by the Court. As a result of the hearings, the Court of Appeal ordered an investigation into whether or not the Bank (and its predecessors) had actually purchased the shares upon which the share lease contracts were based. This investigation was performed by the AFM – The Netherlands Authority for Financial Markets. On January 25th 2007, the Amsterdam Court of Appeal ruled in favor of the Bank and as such bound its clients to the Duisenberg Arrangement. Further explanation can be found in the litigations note to the Annual Accounts.

Throughout the year the Bank continued to settle many legal suits out of court.

With a gradually decreasing income base the Bank has continued to take the necessary steps in adjusting its operating costs. As such, the Bank also continued to review its processes. The focus has been to simplify, outsource, automate or merge these processes, thus increasing efficiency and reducing operating costs. These improvements in efficiency coupled with a diminishing share lease portfolio inevitably lead to the redundancy of a certain number of employees.

Management has carefully prepared and communicated these necessary changes. Essential to the successful implementation of these changes was the open communication with the Works Council of the Bank. Accordingly the Social plan 2005-2008 which compares favorably to its peers in the sector, was fully adhered to.

In this environment of change, adequate internal and external controls are of utmost importance. Further, risk awareness and assessment in all activities increased.

To finish, we are proud to say that despite this changing environment, the motivation and professionalism of the Bank's employees remain at a high level.

Organisation and Personnel

As mentioned in the summary, the Bank was burdened throughout 2006 with preparing its systems for the implementation of the Duisenberg Arrangement. To this end the project Dexia-to-Be (D2B) was initiated. The primary goals of this project were to ensure the continuity of the Bank and to simplify operating processes.

The D2B project group reviewed each operating process in the light and suitability of three scenarios. The first was to analyse if the Bank could efficiently retain the process. The second scenario was to look at the possibility of reassigning the process to another organisation within the Dexia Group. Finally, an analysis was performed as to the suitability of outsourcing the process to a third party. As a result of this exercise, it was decided that the bulk of the main processes (core business activities) were to be retained by the Bank. However, to improve efficiency in these processes a reorganisation was needed. As such, several departments were merged or downsized and the legal organisation was restructured.

As a result of the reorganisation and operational changes 27 employees were made redundant and 30 temporary worker contracts were terminated. The staff headcount at year-end 2006 amounted to 198.7 FTE.

In the course of 2006, the Bank again conducted a staff survey examining such issues as working conditions, leadership and communication. The purpose of this survey was mainly to verify if the measures taken as a result of the 2004 survey had been effective, and if any new measures, which may lead to an increase in employee involvement were necessary. The results of the survey were again satisfying. One of the new measures taken was to clearly communicate to all employees the status of their employment with the Bank in 2007.

Further, the average absenteeism due to sickness in 2006 was almost 7%. This was unfortunately higher than in 2005, but mainly caused by a small number of employees with a long-term sick leave.

The remuneration of the Management Board and the Supervisory Board is based on Dexia Group policy. For the Management Board it consists of a fixed and a variable amount. The variable amount is determined at Dexia Group level on a yearly basis.

Financial Developments in 2006

Results general

Total income dropped by 20%, from € 67 million in 2005 to € 53 million in 2006, whereas operating expenses increased by € 3 million to € 57 million. Additional costs were recorded in the provision for settlements for an amount of € 14 million and in the provision for loan losses for an amount of € 15 million. On balance, the operating result before taxes and additions to provisions decreased by € 17 million to € 4 million negative (decrease of 134%). In 2006, the Bank recorded a loss after tax of € 23 million (2005: profit € 57 million).

The further implementation of the Duisenberg Arrangement and the downsizing of the activities of the Bank characterized the year 2006. As a result of this downsizing, all treasury activities have been stopped, as well as the derivatives activities. Total balance sheet decreased from EUR 3.6 billion in 2005 to EUR 1.6 billion at the end of 2006.

The provision for loan losses and settlements increased mainly as a result of the enlargement of the settlement strategy. This, despite the strong increase in the value of the underlying collateral with respect to the share lease contracts. The negative effect on the profit and loss account of the above mentioned is as follows:

In millions of euros	**2006**	2005
Provision for settlements	**14**	- 9
Of which:		
- additional costs of settlements	**14**	209
- contribution received from Aegon	**-**	- 218
Provision for loan losses	**15**	- 59
Income		
Result from interest	**109**	164
Result from commission	**- 2**	- 3
Result from financial transactions	**- 24**	- 54
Other income and expenses	**- 30**	- 40
Total income	**53**	67

The ratio interest expenses on interest income increased from 58.9% in 2005 to 60.9% in 2006. In amounts the interest margin decreased to € 109 million as result of the lower number of outstanding share lease contracts.

Result from financial transactions includes the negative result on the unwinding of the Interest Rate Swaps for an amount of € 21 million (2005: € 57 million). These Interest Rate Swaps were no longer needed for hedging the interest position of the Bank.

Other income and expenses includes items, which are closely related to the operating results of the share lease products, and consist mainly of the amortisation of capitalised expenses. As most of the contracts are past their minimum term the amortisation of these expenses decreased by € 15 million to € 34 million.

Operating expenses

In millions of euros	**2006**	2005
Personnel expenses	**30**	26
Other administrative expenses	**22**	26
Depreciation	**6**	2
Total operating expenses	**58**	54

Operating expenses increased by € 4 million to € 58 million in 2006. Positive effects of sub-renting the IJ-Oever building to a new tenant were offset by costs regarding the downsizing of the organisation and especially by external legal costs. The average number of employees decreased from 242 FTE in 2005 to 216 FTE in 2006.

The Bank remains focused on reducing and rationalising expenditures. However, due to a decrease in the outstanding loans, the result on the unwinding of the interest rate swaps and the effects of the reorganisation, the efficiency ratio, i.e. the operating expenses as a percentage of total income, increased to 108% in 2006, compared to 81% in 2005.

Capital and ratios

Qualifying capital

Qualifying capital at 2006 year-end amounted to € 527 million. Shareholders' equity included in this amount consisted of € 11 million share capital, € 400 million share premium reserve and € 84 million negative other reserves. In addition, € 200 million in subordinated loans were included.

Solvency

Based on the guidelines of De Nederlandsche Bank (The Dutch Central Bank), the capital of the Bank must be set off against assets and off balance sheet items, which are weighted by the risks attached (risk weighted assets). Capital must also be maintained for the market risk attached to the trading activities of the Bank. The standard for the total qualifying capital (the "BIS-ratio") amounts to 8%. For the Bank, the BIS-ratio at year-end 2006 amounted to 50.7%.

In millions of euros, unless otherwise stated	***2006***	*2005*
Qualifying Capital and BIS		
Share capital	**11**	11
Share premium reserve	**400**	400
Other reserves	**- 84**	- 61
Tier 1 Capital	**327**	350
Subordinated liabilities for purposes of qualifying capital:		
- Upper Tier 2	**125**	125
- Lower Tier 2	**75**	100
Tier 2 Capital	**200**	225
Total Qualifying Capital	**527**	575
Risk weighted assets	**1 039**	2 175
BIS-ratio	**50.7%**	26.5%

Risk Management

Risk Management and Compliance are key areas for the Bank. All risk areas are monitored according to Dexia Group guidelines, methodologies and models. Additionally, typical Dexia Bank Nederland risks are monitored by Risk Management of the Bank under the supervision of Risk Management Dexia Group. Furthermore the requirements of De Nederlandsche Bank in its Organisation and Control Regulation (ROB) and the rules and regulations set by the Autoriteit Financiële Markten (Nadere Regeling) serve as guidelines. In addition thereto, the relevant circulars of the Belgium supervisor CBFA have to be observed as well. Several Risk Committees report to the Management Board and each committee chairman is a member of the Management Board.

Daily Risk Management at the Bank is in the hands of Risk Management & Compliance. The main duties are:

- To manage market, credit and operational risks.
- To monitor compliance with supervisory rules and regulations.
- To monitor the limits set by the Risk Committees.
- To report on its monitoring activities to the responsible management and relevant Risk Committees.

Duisenberg Arrangement and market risks

The Duisenberg Arrangement has resulted in several changes in credit risk, market risk and financial risk. First, credit risk has become more directly linked to the legal situation between clients and the Bank. Secondly, a new market risk occurred for the Bank due to the acceptance of the Duisenberg Arrangement. This risk is the result of the fact that a significant portion of the share lease contracts are entitled to a refund under the Duisenberg Arrangement and that this refund is dependent upon on the lack of collateral (i.e. difference between market value of underlying investment and the loan) at a date in the future which is decided by the client. A newly designed risk management model quantifies this market risk and is reported to the management. Thirdly, the behaviour of clients is expected to change due to the Duisenberg Arrangement, the outcome of important court cases and the development of the underlying collateral. The (changes in) expected duration of the share lease portfolio based on the Banks behavioural model and the actual funding is closely monitored in the Asset & Liability Committee and the Management Team.

As the market risk resulting from the Duisenberg Arrangement is adversely related to the market risks embedded in the share lease contracts, most hedges in the OTC market have been closed. Since the last quarter of the year the remaining risk position reflects the market risk of both the "Duisenberg" exposure and the embedded derivatives in share lease products.

Asset & Liability Committee (ALCO)

The ALCO assesses the liquidity and solvency risks, which relate to current and future threats to capital and results of the Bank as a consequence of the possibility that it may not at any given time be able to meet its short and long term payment obligations without incurring unacceptable costs or losses. Focal areas are balance sheet structure, resource management, funding, interest rate mismatch and interest rate policy. Also included in the ALCO mandate is the monitoring of market risks, the current and future threats to capital and results of the institution as a consequence of market price volatility with a special focus on derivatives positions. All risk parameters are measured according to Dexia Group definitions. A comprehensive limit system is being respected.

Due to the financial restructuring in 2006 (the shortening of the balance sheet) the Bank no longer uses financial instruments to hedge interest risk.

Operational Risk Management Committee (ORMC)

The ORMC supervises, in a co-ordinating and policy-making capacity, all the operational risks the Bank should control and the compliance with all relevant supervisory rules and regulations.

The operational risk comprises current and future threats to capital, results and continuity of the Bank as a consequence of:

- Inadequate performance in the daily processing of transactions with clients or other interested parties, the settlement of such transactions as well as inadequate procedures and measures for the timely detection of failures,
- Quantitative and qualitative shortcomings or limitations in human capacity,
- Inadequate decision-making as a consequence of inadequate management information.

The ICT-risk, which is also monitored by the ORMC, comprises current and future threats to capital and results of the Bank as a consequence of an inadequate strategy and policy, shortcomings in the technology applied and the applications in regard to information processing and communication. This ICT-risk is translated into strategy, control, exclusivity, integrity, verifiability, continuity and user risks.

Management Team Legal

The Management Team Legal is responsible for day-to-day management of the legal situation and to monitor developments in the legal area. The legal situation at balance sheet date is summarised in the litigations note to the Annual Accounts.

Compliance and Codes of Conduct Dexia Group

Further to local rules and regulations, Dexia Group wishes its entities to comply with the Group Codes of Conduct. In this respect, Dexia Group has clearly described what conduct it expects of its subsidiaries. In 2003, the Bank implemented a Code of Conduct, a compliance charter and a new set of regulations on private investment transactions by the Bank's employees. Since 2004, numerous additional internal rules and regulations have been implemented and brought to the attention of the Bank's staff.

In line with Dexia Group principles a designated Compliance Officer continues to operate within the Bank. His main responsibilities are monitoring and managing "broad" compliance, with set rules and regulations, as well as monitoring compliance in a narrower sense: private investments by personnel, integrity and behaviour of staff according to the Code of Conduct.

Outlook

The Bank will continue to focus on the phasing out of the share lease activities. Management will endeavour to avoid capital destruction for the shareholder to the extent possible and will respect all contractual and legal obligations towards its clients.

The organisation of the Bank for 2007 and thereafter is dependent upon a number of developments within its legal environment. The most important of which is the volume of the so-called opt-outs. This will determine the number of legal suits in which the Bank will continue to be involved. Of further influence is the ability of the Bank to settle its current and future legal suits out of court. Given these factors, management is, at this stage, unable to give an accurate plan as to the staffing levels required for 2007 and thereafter.

Amsterdam, March 22nd, 2007

Management Board
Dexia Bank Nederland NV

B.F.M. Knüppe, chairman

J.S.E. Brumagne

S.M.A. Depaepe

Annual Accounts

Consolidated Balance Sheet

As at December 31st, 2006 after appropriation of result

In thousands of euros		*2006*		*2005*
Assets				
Cash 1		**10 493**		8 546
Short-dated government paper 2		**-**		90 000
Banks 3		**287 910**		928 080
Loans and advances to the public sector	**-**		*72 700*	
Loans and advances to the private sector	***808 650***		*1 537 444*	
Loans and advances 4		**808 650**		1 610 144
Interest-bearing securities 5		**50 000**		234 304
Shares 6		**341 251**		518 117
Participating interests 7		**-**		-
Equipment 8		**1 795**		6 639
Other assets, prepayments and accrued income 9		**64 346**		229 735
		1 564 445		3 625 565
Liabilities				
Banks 10		**273 500**		1 882 061
Funds entrusted 11		**102 956**		121 896
Debt securities 12		**226 586**		361 574
Other liabilities (including short positions) 13		**226 408**		266 398
Accruals and deferred income 14		**44 201**		234 688
Provisions 15		**113 840**		158 740
		987 491		3 025 357
Subordinated liabilities 16		**250 000**		250 000
Shareholders' equity 17		**326 954**		350 208
		1 564 445		3 625 565
Contingent liabilities				
Commitments arising from guarantees 18		**116 183**		117 331

Further details on contingent liabilities, including litigation risk, are set forth on page 35.

Numbers stated against items refer to the notes

Consolidated Profit and Loss Account

For 2006

In thousands of euros		*2006*		*2005*
Income				
Interest income	**178 562**		278 054	
Interest expenses	**- 69 771**		- 114 233	
Interest income and expenses 19		**108 791**		163 821
Income from securities and participating interests 20		**-**		-
Commission income	**13**		78	
Commission expenses	**-1 910**		-2 974	
Commission income and expenses 21		**- 1 897**		- 2 896
Result from financial transactions 22		**- 23 912**		- 54 412
Other income and expenses 23		**- 29 761**		- 39 805
Total income		**53 221**		66 708
Expenses				
Personnel expenses 24	**29 917**		26 161	
Other administrative expenses 25	**21 729**		25 821	
Depreciation 26	**5 850**		2 161	
Operating expenses		**57 496**		54 143
Provision for settlements 27	**13 982**		209 114	
Contribution received from Aegon 28	**-**		- 218 000	
		13 982		- 8 886
Provision for loan losses 29		**15 041**		- 59 069
Total expenses		**86 519**		- 13 812
Result before tax		**- 33 298**		80 520
Tax 30		**10 044**		- 23 650
Net result		**- 23 254**		56 870

Numbers stated against items refer to the notes

Consolidated Cash Flow Statement

For 2006

In thousands of euros		*2006*		*2005*
Net result	**- 23 254**		56 870	
Depreciation	**5 850**		2 161	
Revaluation investment portfolio	**6**		20	
Provisions (through the result)	**10 337**		- 10 911	
Provision for loan losses (through the result)	**15 041**		- 59 069	
Other assets, prepayments and accrued income	**165 389**		45 650	
Accruals and deferred income	**- 190 487**		- 8 615	
Net cash flow from net result		**-17 118**		26 106
Short-dated government paper	**90 000**		60 000	
Banks (assets)	**640 170**		256 865	
Banks (liabilities)	**- 1 608 561**		- 1 307 468	
Loans and advances	**712 045**		784 511	
Provision for loan losses (use)	**74 408**		- 75 011	
Funds entrusted	**- 18 940**		- 17 293	
Interest bearing securities -other-	**100 000**		150 000	
Interest bearing securities -trading portfolio-	**51 213**		- 27 623	
Hedge portfolio	**209 951**		23 467	
Provisions (use)	**-55 237**		55 635	
Other liabilities	**- 39 990**		114 131	
Debt securities	**- 134 988**		- 37 409	
Net cash flow from banking activities		**20 071**		- 20 195
Net cash flow from operating activities				5 911
Equipment	**-1 006**		- 372	
Investment portfolio	**-**		-	
Net cash flow from investment activities		**-1 006**		- 372
Equity	**-**		-	
Net cash flow from financing activities				-
Net cash flow		**1 947**		5 539
Cash balance at start of year		**8 546**		3 007
Cash balance at end of year		**10 493**		8 546

Notes

General
These notes refer to both the company and the consolidated balance sheet and profit and loss account, unless otherwise stated in the notes under the heading concerned.

The Bank has, as a registered credit institution, drawn up its annual accounts in accordance with the stipulations laid down on March 17, 1993 in Title 9, Book 2 of the Netherlands Civil Code (*Burgerlijk Wetboek*) and the recommendations and resolutions associated with it.

The issued and paid-up capital of the Bank is indirectly wholly owned by Dexia SA in Brussels, being the ultimate holding company of the group to which the Bank belongs for the year ended December 31, 2006. The immediate holding company is Dexia Nederland Holding NV.

Principles of consolidation
The Bank and its subsidiaries are hereinafter referred to as the Group.

Subsidiaries, which are those companies and other entities in which the Group, directly or indirectly, has power to govern the financial and operating policies, are consolidated. Subsidiaries are consolidated from the date control is transferred to the Group and are no longer consolidated from the date that control ceases. The 'purchase method of accounting' is used to account for the acquisition of subsidiaries. The cost of an acquisition is measured at the fair value of the assets given up, shares issued or liabilities undertaken at the date of acquisition, plus costs directly attributable to the acquisition. Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated; unrealised losses are also eliminated unless cost cannot be recovered. Where necessary, the accounting principles of subsidiaries have been changed to ensure consistency with the policies adopted by the Group.

Principles for valuation and determination of results

Assets and liabilities
Assets and liabilities are included at face value, unless otherwise indicated. Where necessary, downward valuations have been made, which are described in the note to the item involved.

Foreign currencies
Assets and liabilities in foreign currencies are stated at the exchange rates prevailing at the balance sheet date. Exchange rate differences are taken to the profit and loss account and are included in result from financial transactions.

Banks, loans and advances
Receivables are stated at face value net of provision for losses, if any.

Loans that are extended by the Bank at a zero interest rate or at concessional rates of interest are reported at their present value. The loan present value is determined by discounting the future expected cash flows on the loan at the average original effective interest rate on the Bank's share lease portfolio.

Investment, trading and hedge portfolios
The investment portfolio is comprised of interest-bearing securities as well as shares and other non interest-bearing securities that are held for investment purposes.

The trading portfolio is comprised of interest-bearing securities as well as shares and other non-interest-bearing securities that are held for trading purposes.

The hedge portfolio is comprised of shares and derivative financial instruments hedging derivative positions embedded within share lease products.

Interest-bearing securities
The interest-bearing securities included in the investment portfolio are stated at redemption value, net of any unamortized discount or premium arising on acquisition. This discount or premium, which has the character of interest, is recognised as interest income over the period to maturity. Profits arising on disposals are accounted for in the result in proportion to the weighted average term of the portfolio; losses on disposals are charged directly to the result. The interest-bearing securities included in the trading portfolio are stated at market value. Revaluation gains and losses are reported in the profit and loss account under 'Results from financial transactions'. Certificates of Deposit are valued at cost, or lower market value.

Shares
The shares included in the investment portfolio are stated at market value, which for listed companies is the stock exchange price at the balance sheet

date and for unlisted companies, the estimated net realisable value. Valuation adjustments, net of deferred taxation, are reflected in the revaluation reserve. To the extent that this reserve is insufficient to cover negative changes in value, such changes are reported in the profit and loss account.

The shares included in the trading portfolio and hedge portfolio are stated at market value, which for listed companies is the stock exchange price at the balance sheet date and for unlisted companies, the estimated net realisable value. Revaluation gains and losses are reported in the profit and loss account under 'Results from financial transactions'.

Derivative financial instruments
Derivative financial instruments include derivatives embedded in share lease products, share options, interest rate swaptions, interest rate swaps and interest rate options. Share lease embedded derivatives and derivatives that hedge the interest rate risk and market risk arising from these embedded derivatives are reported in the balance sheet at fair value, and associated gains and losses are reported in the profit and loss account, under 'Result from financial transactions'. Fair values are obtained from quoted market prices, discounted cash flow models and option pricing models as appropriate. Such derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Other derivatives entered into by the Bank for interest rate management purposes are accounted for using the accrual method. If instruments are no longer meant to hedge interest rate risks, these instruments are transferred to the trading portfolio.

Participating interests
The participating interests in which the Bank has significant influence are valued using the equity method. The income generated by these interests is included in the item 'Income from securities and participating interests'.

The participating interests, in which the Bank does not have a significant influence, are valued at net realisable value. Changes in value are reflected in shareholders' equity. To the extent that the reserve is insufficient to cover negative changes in value, such changes are charged to the result. Dividends received from these companies are included in the item 'Income from securities and participating interests'.

Equipment
Equipment is valued at cost less accumulated depreciation, calculated on a straight-line basis over its estimated useful life, taking into account any residual value.

Debt securities
Debt certificates arising from share lease contracts are valued at market value, which is based on the underlying baskets of shares. The market value of these underlying assets is the stock exchange price at the balance sheet date for listed companies and for unlisted companies, the estimated net realisable value.

Provisions

- Provision for deferred taxation

Deferred tax assets and liabilities are recognised for temporary differences between the carrying amounts of assets and liabilities used for financial reporting purposes and the corresponding fiscal valuation.

- Pensions and early-retirement liabilities

Provision for pension liabilities and early-retirement liabilities are calculated using the "projected unit credit method" of actuarial cost allocation. In accordance with this method, the discounted value of the pension liabilities and other early-retirement liabilities is determined on the basis of the active period of service up to the balance sheet date, the projected salary at the expected retirement date and the market yields at the balance sheet date on high quality corporate bonds.
In order to distribute expenses for pensions and other early-retirement expenses evenly over the years, these expenses are calculated using the projected rate of return on plan assets. Differences between this expected return and the actual return on these plan assets and actuarial changes on the pension liabilities are not recognised in the profit and loss account, unless the accumulated differences and changes exceed 10% of the greater of the defined benefit obligation and the fair value of the plan assets. The excess is amortised and charged to the profit and loss account over employees remaining working lives.

- Provisions for settlements

Provisions for settlements are considered whenever damages to be awarded to the plaintiff are probable or likely. No provisions are considered when damages to be awarded to the plaintiff are remote or possible. No provisions for settlements are booked whenever the amounts involved cannot be estimated with a reasonable degree of certainty. No provision for settlements is provided if a provision of another nature (like a credit risk provision) is covering the same risk.

- Other provisions

Provisions are recognised when the Bank has a present constructive obligation as a result of past events and if a reliable estimate of the amount can be made.

Results

Income and expenditure are recognised in the financial year to which they relate, regardless of whether they produce cash flows. As the consolidated profit and loss account includes the profit and loss account of the Bank, only an abridged parent entity profit and loss account is reported, in accordance with Article 402, Book 2 of the Netherlands Civil Code.

Interest income

Interest income is accrued based on the nominal interest rate of the loan. Interest income is not recognised on loans that are more than ninety days past due.

With respect to zero interest loans or loans extended by the Bank at concessionary rates of interest, interest income is recognised based on the discount rate used to determine the present value of the loan; see above under 'Banks, loans and advances'.

Amortisation of capitalised distribution expenses and option premiums

Distribution expenses and option premiums included under other assets, prepayments and accrued income are related to share lease contracts, and are reported at original cost net of impairment, if any. They are taken into the profit and loss account over the minimum term of these contracts.

Cash flow statement

The cash flow statement shows the origin of the cash that became available during the year, and the way funds were allocated. The cash flow statement conforms to the Directives of the Council for Annual Reporting, which require that the cash flows be split into operational, investment and financing activities. Cash includes bank notes and coins in foreign currencies, as well as demand deposits held with De Nederlandsche Bank NV.

The cash flow statement has been drawn up using the indirect method, whereby net profits are translated into cash flows after making adjustments to these profits. Changes in assets and liabilities arising from the acquisition of group companies for consolidation are excluded from the determination of cash flow.

Risk and uncertainties

The preparation of the annual accounts requires management to make estimates and assumptions that affect amounts reported in the annual accounts. Changes in such estimates and assumptions may affect the amounts reported in future periods, and such effects could be material.

Notes to the Consolidated Balance Sheet

In thousands of euros, unless otherwise stated

	2006	2005
Assets		
1 Cash	**10 493**	8 546

This covers cash, including bank notes and coins in foreign currencies as well as the demand deposits held with De Nederlandsche Bank NV. At year end 2006 an amount of € 2.5 million is restricted.

	2006	2005
2 Short-dated government paper	**-**	90 000

This item includes interest-bearing securities issued by public authorities, such as treasury paper with original terms of two years or less, provided they can be refinanced with the central bank.

The short-dated government paper in 2005 consists of Dutch Treasury Certificates bearing fixed short-term rates of between 2.3% and 2.5%.

	2006	2005
3 Banks	**287 910**	928 080

This relates to receivables from domestic and foreign credit institutions, including overnight loans, balances on demand and receivables arising from unsettled securities transactions not payable on demand.

	2006	2005
This item comprises:		
Current accounts	**287 910**	38 080
Receivables with a remaining term of:		
- three months or less	**-**	890 000
	287 910	928 080

The receivables, payable on demand, bear a floating rate of interest on a daily basis. In 2005 the receivables with a remaining term consisted of deposits bearing fixed short-term rates between 2.3% and 2.5%).

	2006	2005
Amounts receivable from the Bank's parent entities, subsidiaries of the parent and other related parties	**224 091**	570 619

	2006	2005
4 Loans and advances	**808 650**	1 610 144

This relates to receivables from domestic and foreign public and private sector clients, including overnight loans, balances on demand and receivables arising from share lease transactions.

In thousands of euros, unless otherwise stated	***2006***	*2005*
This item comprises:		
Current accounts	**196 028**	157 137
Receivables with a remaining term of:		
- three months or less	**36 466**	98 990
- three months to one year	**103 780**	239 810
- one year to five years	**451 555**	700 301
- more than five years	**277 771**	730 224
	1 065 600	1 926 462
Less: provision for loan losses	**- 256 950**	- 316 318
	808 650	1 610 144

Current accounts bear a floating rate of interest on a daily basis. At the end of 2006 the current accounts mainly consist of outstanding residual debts on terminated share lease contracts. Most of these are doubtful debts, which are provided for. No interest can be expected on these outstanding current amounts.

The receivables with a remaining term consist mainly of share lease contracts with a fixed interest rate of between 0% and 16.2% (2005: between 0% and 16.2%).

The Bank has determined a provision for loan losses on the basis of estimations of collateral shortfall, default rates, recovery rates and acceptance rates. These estimations have been made in the light of the level of acceptances under the offer to share leaseholders and the 'Duisenberg Arrangement' both as referred to below. Although these elements vary over time, the Bank's approach aims, on the basis of available historical experience, to determine a prudent estimate of loan losses. As described above under Risk and Uncertainties (under the paragraph 'general notes'), changes in these elements reflecting emerging experience may affect amounts reported in future periods.

The provision for loan losses includes the discounting adjustment described under 'Notes-Bank, Loans and advances'.

In December 2002, the Bank made an offer to share leasees ("the Dexia Offer") in cases where a residual debt to the Bank might arise upon maturity of the lease. Under the terms of the offer, if a residual debt arises upon maturity of a lease, the leaseholder can choose between: repaying the debt under a zero interest rate facility; extending the lease contract at a concessional rate of interest; or settling the amount due (in which case the leaseholder is eligible to receive a prescribed number of stock index options for a nil premium).

On June 23rd, 2005 the Bank signed an agreement with the foundations Leaseverlies and Eegalease, the Consumentenbond and the Vereniging van Effectenbezitters. This agreement, the 'Duisenberg Arrangement', offers the client a range of discounts on residual debt on terminated contracts and share lease contracts in force. As far as the client has an outstanding amount on terminated contracts or contracts in force, a settlement amount can be netted with these outstanding amounts. In that case, the related provision is shown as 'provision for loan losses'. Discounts can in certain cases also be netted with former profits on share lease contracts of the same client.

Loans and advances include zero interest rate loans and other concessional rate loans as follows:		
Zero interest rate loans arising under the Dexia Offer	**18 463**	44 933
Lease extensions at concessional rates under the Dexia Offer	**35 574**	188 349
Other concessional rate loans	**14 419**	82 341
	68 456	315 623
Less: discounting adjustment	**- 4 971**	-16 911
Present value reported under loans and advances	**63 485**	298 712

In thousands of euros, unless otherwise stated	***2006***	*2005*
Movements in the provision for loan losses:		
Balance at start of year	**316 318**	501 532
Through the profit and loss account	**15 041**	- 59 069
Use of the provision	**- 74 409**	- 126 145
Balance at end of year	**256 950**	316 318

Loans and advances have practically all been granted to private individuals resident in the Netherlands.

5 Interest-bearing securities	**50 000**	234 304
This item comprises:		
Bonds issued by public corporate bodies		
- listed	**50 000**	50 000
Other bonds and interest-bearing securities		
- listed	**-**	-
- unlisted	**-**	184 304
	50 000	234 304
Maturing within one year	**25 000**	100 000
The breakdown into portfolios is as follows:		
Investment portfolio	**50 000**	50 000
Trading portfolio	**-**	51 213
Hedge portfolio:		
- Hedge portfolio of derivatives acquired to hedge the embedded derivatives in share lease products	**-**	33 091
Other (Certificates of Deposit)	**-**	100 000
	50 000	234 304

The hedge portfolio included strips, paying out a fixed interest amount corresponding with the interest discount that clients receive based on the embedded derivatives in some share lease products.

Movements in the interest-bearing securities investment portfolio:		
Balance at start of year	**50 000**	50 000
Purchases	**-**	-
Disposals	**-**	-
Redemptions	**-**	-
Balance at end of year	**50 000**	50 000

The unamortised portion of discounts and premiums on the investment portfolio amounted to a premium of € 0,2 million as at December 31st, 2006 (2005: € 0.6 million premium).

In thousands of euros, unless otherwise stated	*2006*	*2005*
6 Shares	**341 251**	518 117

This item relates to shares and other variable-yield securities, such as derivatives.

This item comprises:		
Listed	**335 224**	475 508
Unlisted	**6 027**	42 609
	341 251	518 117

The breakdown into portfolios is as follows:		
Investment portfolio	**26**	32
Trading portfolio	**6 001**	-
Hedge portfolio:		
– Hedge portfolio of listed shares acquired to hedge the embedded derivatives in share lease products	**335 224**	475 508
– Hedge portfolio of derivatives acquired to hedge the embedded derivatives in share lease products	**-**	42 577
	341 251	518 117

The hedge portfolio of listed shares is acquired to hedge the embedded derivatives in share lease products.

Movements in the investment portfolio:		
Balance at start of year	**32**	52
Revaluation	**- 6**	- 20
Balance at end of year	**26**	32

7 Participating interests	**-**	-

This item concerns participating interests relating to unlisted non-credit institutions.

The item participating interests includes the following unlisted company, which is valued at nil:

Name of participating interest	Percentage of issued shares held by the Bank	Place of business
Independent Minds Ltd	16%	London

8 Equipment	**1 795**	6 639

This relates to office equipment and computer software.

Movements in equipment:		
Balance at start of year	**6 639**	8 428
Investments	**1 006**	372
Disposals	**-**	-
Depreciation	**- 5 850**	- 2 161
Balance at end of year	**1 795**	6 639

This item is specified as follows:

	Depreciation period	Purchase price	Cumulative depreciation year-end 2005	Depreciation 2006	Book value
Office equipment	2-10 years	19 573	- 13 533	- 5 295	**745**
Computer software	2- 3 years	22 288	- 20 683	- 555	**1 050**
		41 861	**- 34 216**	**- 5 850**	**1 795**

In thousands of euros, unless otherwise stated	*2006*	*2005*
9 Other assets, prepayments and accrued income	**64 346**	229 735
Includes interest receivable, unamortized premiums on the investment portfolio and capitalised distribution expenses, capitalised option premiums related to share lease products and other prepaid and accrued items.		
This item can be broken down as follows:		
Interest receivable	**3 064**	130 097
Capitalised distribution expenses	**8 706**	16 103
Capitalised option premiums	**41 626**	69 770
Other	**10 950**	13 765
	64 346	229 735
The maturity table for the amortisation of the capitalised distribution expenses and option premiums is as follows:		
- up to one year	**14 831**	25 421
- one year to five years	**34 276**	58 693
- more than five years	**1 225**	1 759
	50 332	85 873
All other amounts mature within one year.		
Amounts receivable from the Bank's parent entities, subsidiaries of the parent and other related parties	**792**	1 803

In thousands of euros, unless otherwise stated	*2006*	*2005*

Liabilities

10 Banks	**273 500**	1 882 061

This relates to obligations to domestic and foreign credit institutions, overnight loans, payables on demand, deposits and obligations not payable on demand, and amounts arising out of unsettled securities transactions.

This item comprises:		
Current accounts	**-**	4 761
Liabilities with a remaining term of:		
- three months or less	**223 500**	987 500
- three months to one year	**-**	809 800
- one to five years	**50 000**	55 000
- longer than five years	**-**	25 000
	273 500	1 882 061
Amounts payable to the Bank's parent entities, subsidiaries of the parent and other related parties	**193 500**	1 757 909

The liabilities payable on demand bear a floating rate of interest on a daily basis. The liabilities with a remaining term consist mainly of deposits from Dexia Group entities bearing fixed short-term rates of between 3.2% and 5.6% (2005: between 2.1% and 6.6%).

11 Funds entrusted	**102 956**	121 896

This relates to liabilities to domestic and foreign private-sector clients, including deposits (not savings accounts), current accounts, overnight loans and liabilities arising from unsettled securities transactions with a fixed term.

This item comprises:		
Current accounts	**97 026**	93 877
Liabilities with a remaining term of:		
- three months to one year	**91**	318
- one year to five years	**5 000**	13 475
- longer than five years	**839**	14 226
	102 956	121 896
Amounts payable to the Bank's parent entities, subsidiaries of the parent and other related parties	**95 876**	88 451

The current accounts bear a floating rate of interest on a daily basis. The liabilities with a remaining term consist mainly of deposits from municipalities bearing fixed short-term rates of between 5.0% and 6.6% (2005: between 5.0% and 6.6%).

In thousands of euros, unless otherwise stated

	2006	2005
12 Debt securities	**226 586**	361 574

This item includes liabilities arising from debt certificates issued in connection with share lease products.

This item comprises:
Debts with a remaining term of:

	2006	2005
- one year to five years	**76 177**	103 209
- longer than five years	**150 409**	258 365
	226 586	361 574

The debt certificates relating to share lease products are non-interest-bearing liabilities.

	2006	2005
13 Other liabilities (including short positions)	**226 408**	266 398

This relates to short positions in derivative financial instruments of € 189 million (2005: € 161 million).

The total tax and social security liabilities amount to € 38 million, of which € 26 million is directly receivable by the Bank and € 59 million is indirectly due to Dexia Nederland Holding NV related to the corporate income tax fiscal unity.

This item comprises:
Liabilities with a remaining term of:

	2006
- up to one year	**93 592**
- one year to five years	**132 816**
	226 408

The 2005 balance included the trading portfolio of interest rate swaps for an amount of € 58 million.

	2006	2005
14 Accruals and deferred income	**44 201**	234 688

This item includes discounts on bonds in the investment portfolio, interest payable and unearned interest, and other accrued and deferred items.

This item comprises:

	2006	2005
Interest payable	**7 490**	180 085
Unearned interest	**11 722**	33 590
Other accruals and deferred income	**24 989**	21 013
	44 201	234 688
Amounts payable to the Bank's parent entities, subsidiaries of the parent and other related parties	**5 047**	14 299

	2006	2005
15 Provisions	**113 840**	158 740

This item comprises:

	2006	2005
Provisions for deferred taxation	**1 159**	4 551
Provisions for pension and early-retirement liabilities	**3 545**	507
Provision for settlements	**105 546**	145 277
Other provisions	**3 590**	8 405
	113 840	158 740

Movements in the provisions:

	Deferred tax	Pensions	Settlements	Other	**Total**
Balance at start of year	4 551	507	145 277	8 405	**158 740**
Benefit costs	-	5 469	-	-	**5 469**
Employer's contribution	-	- 2 431	-	-	**- 2 431**
Use of provision	- 2 135	-	-53 713	- 2 427	**- 58 275**
Through the profit and loss account	- 1 257	-	13 982	- 2 388	**10 337**
Balance at end of year	**1 159**	**3 545**	**105 546**	**3 590**	**113 840**

The largest part of the provisions is expected to be due within one year. However, the actual duration depends on the behaviour of the clients and is therefore difficult to predict.

In thousands of euros, unless otherwise stated	*2006*	*2005*
Pension and early-retirement liabilities	**3 545**	507

At the Bank the pension plan can be characterised as a defined benefit plan. Annual pension contributions are paid to the pension fund at a rate necessary to adequately finance the accrued liabilities of the plan.

Summary of pension and early-retirement liabilities:

As at December 31st, 2006, the defined benefit obligation consisted of a funded pension plan amounting to € 94 million (2005: € 120 million) and unfunded early-retirement plan amounting to € 0.1 million (2005: € 0.1 million).

	2006	2005
Fair value plan assets	**91 919**	96 018
Defined benefit obligation	**- 94 045**	- 120 090
	- 2 126	- 24 072
Unrecognised past service costs	**-**	-
Unrecognised gains / - losses	**1 419**	- 23 565
	1 419	- 23 565
Provision at end of year	**3 545**	507

Weighted averages of basic actuarial assumptions in annual % as at end of year are:

	2006	2005
Discount rate	**4.5%**	4.0%
Expected rates of salary increase	**3.0%**	3.0%
Medical cost trend rate	**2.5%**	2.5%
Consumer price inflation	**2.5%**	2.5%

The expected rate of return for 2006 on plan assets was 5.8% (2005: 5.9%). The expected rate of return on plan assets was weighted by the fair value of these assets. All other assumptions were weighted by defined benefit obligations.

In thousands of euros, unless otherwise stated	*2006*	*2005*
16 Subordinated liabilities	**250 000**	250 000

These liabilities, from Dexia Group entities, are subordinated to all present and future liabilities. Of these liabilities, € 125 million redeems in 2010 and € 125 million has no redemption date. The average interest rate for the subordinated liabilities amounts to 4.8%. Total interest charge in 2006 amounts to € 11.2 million (2005 € 9.5 million). There were no movements in the subordinated liabilities

17 Shareholders' equity	**326 954**	350 208

Movements in the shareholders' equity are as follows:

	Share capital	Share premium reserve	Other reserves	Total
Balance at start of year	**11 320**	**399 697**	**- 60 809**	**350 208**
Appropriation of result	-	-	- 23 254	**- 23 254**
Balance at end of year	**11 320**	**399 697**	**- 84 063**	**326 954**

Under the Netherlands Civil Code, a revaluation reserve is required in the statutory financial statements if the fair value of assets is not based on frequent market quotations. Currently there is an industry wide discussion in the Netherlands on the interpretation of 'frequent market quotations' and as a result of that discussion the applicability of these capital protection rules. This is among others focused on the unrealised fair value changes of OTC derivatives held for trading and might affect the level of the distributable reserves of the company. Based on legal advice of The Dutch Banker's Association ("NVB") and the Confederation of Netherlands Industry and Employers ("VNO-NCW") the view of the Bank is that no such revaluation reserve is required. In addition, it can be mentioned that the Bank has negative other reserves and is therefore not able to distribute any reserves.

Share capital: issued paid-up	**11 320**	11 320

The authorised share capital of the Bank amounts to € 54 million, divided into 112.5 million shares with a nominal value of € 0.48 of which 23 584 466 shares were issued and fully paid up at year-end 2006.

In millions of euros, unless otherwise stated	***2006***	*2005*
Share capital	**11**	11
Share premium reserve	**400**	400
Other reserves	**- 84**	- 61
Tier 1 Capital	**327**	350
Subordinated liabilities for purposes of qualifying capital:		
- Upper Tier 2	**125**	125
- Lower Tier 2	**75**	100
Tier 2 Capital	**200**	225
Total Qualifying Capital	**527**	575
Risk weighted assets	**1 039**	2 175
BIS-ratio	**50.7%**	26.5%

Derivatives

Derivatives are financial instruments in the form of contracts, whose value depends on one or more underlying assets, reference prices or indices. The underlying value is based on the asset on which the contract is derived or the reference amount on the basis of which cash flows are exchanged or price differences settled.

The following information provides an indication of the volume of the transactions the Bank has entered into, as well as the related risks.

The first table shows the notional amount at balance sheet date for each type of contract, broken down according to the remaining term. The positive replacement value is the total of the market values of the contracts whose market value is positive. The second table shows the unweighted and weighted credit equivalents of the contracts with positive replacement value at balance sheet date. The unweighted credit equivalent provides an indication of the credit risk without taking the counterpart's creditworthiness into account. The unweighted credit equivalent is the aforementioned positive replacement value, plus a percentage of the underlying assets or reference prices of all the contracts. This percentage is dependent on the type of contract and the remaining term, and ranges from 0-15%. In determining the weighted credit equivalent, consideration is given to the counterpart's creditworthiness.

The above information is based on the norms that are employed by the regulatory body that supervises solvency testing for the Bank.

Other contracts compromised of derivatives embedded in share lease contracts, and derivatives entered into by the Bank to hedge these positions.

Derivatives summary
In millions of euros

	Notional amount < 1 year	Notional Amount 1 to 5 years	Notional amount > 5 year	Notional amount Total	Positive replacement value
Interest-rate contracts	-	-	-	-	-
OTC Swaps	-	-	-	-	-
OTC Options	-	-	-	-	-
Listed Futures	-	-	-	-	-
Currency contracts					
OTC Forwards	-	-	-	-	-
Other contracts					
OTC Forwards	-	-	-	-	-
OTC Options	175	283	197	655	9
Listed Futures	-	-	-	-	-
	175	**283**	**197**	**655**	**9**

Comparative figures 2005

	Notional amount < 1 year	Notional amount 1 to 5 years	Notional amount > 5 year	Notional amount Total	Positive replacement value
Interest-rate contracts					
OTC Swaps	4 590	8 281	1 225	14 096	76
OTC Options	-	165	-	165	33
Listed Futures	7	-	-	7	-
Currency contracts					
OTC Forwards	-	-	-	-	-
Other contracts					
OTC Forwards	-	13	1	14	-
OTC Options	287	776	396	1 459	46
Listed Futures	-	-	-	-	-
	4 884	9 235	1 622	15 741	155

Credit equivalent

In millions of euros	Unweighted year-end 2006	Weighted year-end 2006	Unweighted year-end 2005	Weighted year-end 2005
Interest-rate contracts	-	-	170	35
Currency contracts	-	-	-	-
Other contracts	12	2	87	18
	12	**2**	257	53

In thousands of euros, unless otherwise stated	***2006***	*2005*
Foreign currencies		
The euro equivalents of the foreign currency units, mainly USD, included in the balance sheet are:		
Assets	**2**	5 985
Liabilities	**-**	65
Securities borrowed and lent		
The securities borrowed and lent, not included in the balance sheet are:		
Borrowed	**-**	-
Lent	**16 971**	29 437

Market risk

Market risk is the risk that market variables will move and result in profit or loss on positions. Market risk is managed by risk limits for trading positions, position concentration and interest rate sensitivity. Risk limits are set-up within the risk committees of risk management in the light of external market developments. Line management is responsible for control of exposures against limits on a daily basis. Risk management monitors these limits on a daily basis.

Interest risk

Interest risk is the sensitivity of the Bank's funding to fluctuations in long and short term interest rates, which fluctuations can result in profit or loss on positions kept. The cash management department manages interest risk inherent in the term structure of the Bank's balance sheet, based on strict limits regarding interest rate sensitivity per basis point. These limits are set by the ALCO and are closely monitored.

Credit risk
The lending activity of the Bank principally consists of loans and share lease products (collateralised by securities) to private clients and institutions, established in the Netherlands. At year-end, the market value of collateral amounted to 105% (2005: 89%) of the corresponding carrying value of loans and advances.

Operational risk
Operational risk is the risk of loss resulting from inadequate or failed internal processes, human behaviour and system or from external events. Line management at all levels is responsible for directing and controlling operational risks. The risk manager for risk identification and risk mitigation supports line management.

Fair value
Fair value is the amount for which a financial instrument could be exchanged in transactions between two parties in the event objective and independent price making is possible. If it is traded on an exchange, then the stock exchange listing is a good indication of fair value. In many cases, such a market value is not available and so methods of approximation are applied in order to estimate fair value, using models that are generally used by the financial markets in which the Bank trades. This value reflects market conditions and the value of parameters at reporting date and may differ from the value at which assets and liabilities would be exchanged.

For balance sheet line items where there is a difference between book value and fair value, the differences are as follows:

	Book value year-end 2006	Fair value year-end 2006	Book value year-end 2005	Fair value year-end 2005
Assets				
Loans and advances	**808 650**	**889 968**	1 610 144	1 728 649
Interest-bearing securities and shares	**391 251**	**391 796**	752 421	754 211
Other assets, prepayments and accrued income	**64 346**	**10 320**	229 735	148 061
Liabilities				
Accruals and deferred income	**44 201**	**69 101**	234 688	275 177
Provisions	**113 840**	**111 098**	158 740	152 907

In thousands of euros, unless otherwise stated	***2006***	*2005*

Obligations not shown in the balance sheet

18 Contingent liabilities

Commitments arising from guarantees	**116 183**	117 331

All transactions where the Bank has guaranteed the obligations of a third party are included. They mostly concern secured Bank guarantees issued at the request of clients. Contingent liabilities include also future third party commitments of the Bank.

Guarantees have been provided for a number of group companies under Article 403, Book 2, of the Netherlands Civil Code.

The maturity table of the rental commitments is as follows:

- up to one year	**1 068**	
- one year to five years	**4 271**	
- more than five years	**3 915**	
	9 254	

Litigations

Background

The difficulties linked to the share leasing activities appeared at the time of the fast and severe fall of the Amsterdam stock market in late 2001. The value of the securities used as collateral against the loans granted by the Bank proved insufficient in a large number of contracts, thus potentially ending with a residual debt instead of the gain initially hoped for.

Reference is made to the detailed disclosures, as contained in the Dexia Group 'Accounts and Reports 2005' (especially pages 117 to 119) and in the Activity Reports published during the year 2006.

"Binding force" to the Duisenberg Arrangement

On April 29th, 2005, the announcement was made that the mediation undertaken by Mr Wim Duisenberg had been successful. The Bank entered into a general settlement with the Foundations Leaseverlies and Eegalease, the Consumentenbond (Dutch Consumer's Association) and the Vereniging van Effectenbezitters (Dutch Association of Security holders), hereinafter to be referred to as "the Interest Groups."

After a positive response by an overwhelming majority of the shareleasing contract holders who joined the Foundations Leaseverlies (82% of those replying) and Eegalease (78% of those replying), the settlement agreement between the Bank and the Interest Groups was signed on June 23rd, 2005. As a result of this Duisenberg Arrangement, the collective proceedings that had been filed by the Interest Groups against the Bank have been set aside.

The Bank has made it clear to all parties concerned that its willingness to enter into the Duisenberg Arrangement entails no admission of responsibility.

Dexia Bank Nederland's costs and provisions arising from the Duisenberg Arrangement have been recalculated each quarter on the basis of prevailing market data and client conduct.

The Duisenberg Arrangement has been effective since October 2005. Its conditions as well as other information regarding this Arrangement may be found at www.dexialease.nl.

On December 31st, 2006, more than 62,000 clients holding more than 105,000 contracts have accepted settlements based on the Duisenberg Arrangement. This figure does not include the approximately 200,000 contracts of clients which had already ended in another settlement, including a waiver, and of which some also potentially benefit from the Duisenberg Arrangement.

On November 18th, 2005, the Bank and the Interest Groups have filed their joint petition to the Amsterdam Court of Appeal to grant binding force to the Duisenberg Arrangement, based on the newly introduced "Law on Collective Settlement of Mass-Damage."

In May 2006, the Amsterdam Court of Appeal held four days of public hearing in respect of this joint petition of the Bank and the Interest Groups to grant binding force to the Duisenberg Arrangement. Over 60 other interest groups and individual clients had put up a defence. On June 20th, 2006 this court has rendered an intermediate decision, including an assignment to the Autoriteit Financiele Markten – the Dutch regulator of the financial markets (AFM) – to report on the issue whether the Bank has actually bought and held the shares necessary in respect of the share leasing contracts. On November 9th, 2006, AFM has issued the final report that was favourable for the position of the Bank. The Amsterdam Court of Appeal has rendered the definitive decision on January 25th, 2007, granting binding force to the Duisenberg Arrangement, which means that all relevant clients in respect of the Arrangement who will not "opt-out" within six months, will be bound automatically to the Arrangement. After mandatory advertisements were placed in national newspapers on January 31st, 2007, the opt-out period started on February 1st, 2007, until and including July 31st, 2007.

The court cases that have been suspended during this trial, will be resumed now, but only in case the plaintiffs will file an "opt-out."

Litigations in general

A number of disputes have arisen between the Bank and its clients with respect to share leasing products. Dexia Group has reported on this matter in its earlier annual reports and quarterly activity reports.

The Bank is still faced with claims which are mainly based on alleged: misleading information/error with respect to the share leasing products; failure to ascertain whether the share leasing product is suitable for a client in view of his investment experience and objectives and his financial situation ("duty of care"); failure to obtain the consent of the spouse of the client; false and misleading (oral) statements by intermediaries; cold calling; door-to-door sales; waivers related to the Dexia Offer not being binding; and violations of the Netherlands Consumer Credit Act.

The disputes are either with individual parties or collective foundations (Stichting Leaseleed). They are presented to different types of courts or arbitrators, mainly the sub-district and district courts, courts of appeal, the Dutch Securities Institute (DSI) and the Disputes Committee for the Banking Industry.

Over 100 clients have issued a complaint to the so-called Disputes Committee Duisenberg (Geschillen Commissie Duisenberg). However, until now only a insignificant number of those complaints have resulted in an adjudication.

In past reports and press releases, Dexia has informed the public about significant evolutions. This information is accessible on the Dexia website www.dexia.com.

On December 31st, 2006, the Bank has been summoned in civil courts by clients having 13,976 contracts representing 4% of the contracts with realized or potential losses, a large majority of those in collective proceedings. In 39 of those cases some 1,700 clients are represented by LeaseProces BV, a profit driven organization recruiting clients with a rather aggressive "no cure, no pay" offer. Approximately 22,000 clients summoned the Bank by means of LeaseProces BV without starting proceedings yet.

Dutch Securities Institute (DSI)

In total, approximately 2,500 clients filed complaints at the Grievance Committee DSI. According to the latest estimations of the Bank, the complaints of at least 2,100 clients will be not admitted because of the statue of limitation. The remaining number of, at maximum, 400 cases has been postponed. It is expected that these will not be heard before a number of months after the decision of the Amsterdam Court of Appeal of January 25th, 2007 to grant binding force to the Duisenberg Arrangement.

At the end of 2006, no Dexia Bank Nederland cases were under consideration of the Appeals Committee of DSI.

Depot Lease

The Duisenberg Arrangement is not applicable to a specific group of originally approximately 5.500 clients who have entered into share lease agreements in connection with securities deposit ("Depot Lease"). In April 2005, the Bank introduced a separate solution for the Depot Lease clients which has been accepted by more than 50% of the clients. However, nearly 700 clients with Depot Lease challenge the legality of this combination of products in court, among which some 390 clients united by the Stichting Leaseleed in a collective complaint.

Assessment

The purpose of the disclosure below is to give an update of the status of the portfolio, and to enable the readers to assess the risks linked to possible credit defaults, and outstanding and potential future litigations.

PORTFOLIO AS OF DECEMBER 31, 2006**

In millions of euro, unless otherwise stated	*Number of contracts*	*Loan amount*	*Collateral*	*Excess (+) or Lack (-) of collateral*
Total outstanding portfolio	**133 976**	**843**	**883**	**+ 39**
- Contracts with sufficient collateral	60 407	295	442	+ 146
- Contracts with insufficient collateral	73 569	548	441	- 107
of which :				
- Contracts with redemption	5 532	40	36	- 3
- Contracts without redemption	68 037	508	405	- 104
of which :				
- Accepted an agreement* (and signed the waiver)	41 697	306	244	- 62
- Not accepted an agreement	26 340	202	161	- 42

CONTRACTS THAT ENDED BEFORE DECEMBER 31, 2006**

In millions of euro, unless otherwise stated	*Number of contracts*	*Loan amount*	*Collateral*	*Excess (+) or Lack (-) of collateral*
Total portfolio	**581 334**	**5 576**	**5 843**	**+ 266**
- Contracts with sufficient collateral	302 141	2 400	3 826	+ 1 426
- Contracts with insufficient collateral	279 193	3 176	2 016	- 1 160
of which :				
- Contracts with redemption***	69 491	870	660	- 210
- Contracts without redemption	209 702	2 306	1 356	- 950
of which :				
- Accepted an agreement* (and signed the waiver)	148 451	1 615	927	- 688
- Not accepted an agreement	61 251	691	429	- 262

* Either the Dexia Offer, the Duisenberg Arrangement or another kind of settlement.
** All contracts qualifying for the share lease definition since the start of their origination, regardless of the way they were terminated.
*** Mainly early terminated contracts.

Related parties

Relationship with the Dexia Group includes funding arrangements and trading lines for securities and derivatives.

Commitment letter
Dexia SA, the Bank's ultimate parent entity, has extended a letter in 2004 to the Bank which stated:

"With reference to the commitment letter dated December 5, 2002, we hereby reconfirm to you our agreement with Dexia Bank Nederland NV, as its wholly owned subsidiary, that Dexia Bank Nederland NV shall at all times remain in a position to meet all of its obligations vis-à-vis third parties and that Dexia SA will enable Dexia Bank Nederland NV to continue its business, including maintaining its relation with account holders and other customers.

This commitment is for the benefit of Dexia Bank Nederland NV only and may not be invoked by other persons. You may render public that Dexia SA has reconfirmed its commitment to Dexia Bank Nederland NV. This commitment will not be changed or withdrawn unless the previous consent of the Dutch Central Bank ('De Nederlandsche Bank') has been obtained

As from the date hereof, this commitment is no longer taken for the benefit of Kempen & Co NV and/or any of its subsidiaries (jointly referred to as 'Kempen'). Pursuant to a separate commitment letter dated the date hereof, Kempen is indemnified by Dexia SA for damages resulting from its joint and several liability by virtue of section 334f of book 2 of the Dutch Civil Code for obligations of Dexia Bank Nederland NV.

This letter replaces the commitment letter dated December 5, 2002 only to the extent it relates to Kempen.

This commitment is governed by the laws of The Netherlands. Any and all disputes in connection herewith will be submitted to the exclusive jurisdiction of the competent courts in Amsterdam, the Netherlands.

November 15, 2004".

Fiscal unity
As from April 11th, 2003 Dexia Bank Nederland NV is part of a Corporate Income Tax ("CIT") fiscal unity with Dexia Nederland Holding NV, as the parent company. Consequently, tax assets and liabilities are transferred to the parent company Dexia Nederland Holding NV.

As from April 11th, 2003 Dexia Bank Nederland NV is also part of a Value Added Tax ("VAT") fiscal unity with Dexia Nederland Holding NV, as the parent company. In the year 2005, the fiscal unity for VAT was added to the fiscal unity of Banque Artesia Nederland NV, which acts as head of this new VAT fiscal unity.

The Bank can be held liable for the CIT and VAT obligations of all entities belonging to the fiscal unity.

Notes to the Consolidated Profit and Loss Account

In thousands of euros, unless otherwise stated	*2006*	*2005*
19 Interest income and expenses	**108 791**	163 821
Represents all interest income and expenses associated with the lending and borrowing of funds, as well as commissions that have the character of interest.		
The item interest income is comprised of:		
Interest from interest-bearing securities	**2 360**	2 352
Interest on zero interest and other concessionary interest rate loans	**18 527**	50 717
Other interest income	**157 675**	224 985
	178 562	278 054
Interest income related to the Bank's parent entities, subsidiaries of the parent and other related parties	**11 877**	15 850
Interest expenses related to the Bank's parent entities, subsidiaries of the parent and other related parties	**51 854**	78 688
20 Income from securities and participating interests	**-**	-
This item comprises of:		
Income from other participating interests	**-**	-
	-	-
21 Commission income and expenses	**- 1 897**	- 2 896
This includes revenues from fees for services supplied to third parties, and expenses or fees for services supplied by third parties. These primarily consist of commissions and margins from securities transactions, securities custodianship, and securities lending.		
Commission expenses related to the Bank's parent entities, subsidiaries of the parent and other related parties	**- 679**	- 1 223
22 Result from financial transactions	**- 23 912**	- 54 412
Includes the valuation differences on securities and foreign-currency transactions.		
This item comprises of results on trading portfolio	**- 23 912**	- 54 412
Results on trading portfolio include € 25 million regarding unwinding of Interest Rate Swaps (2005: € 57 million).		

In thousands of euros, unless otherwise stated	*2006*	*2005*
23 Other income and expenses	**- 29 761**	- 39 805
This item comprises of:		
Other income	**5 801**	9 349
Other expenses	**35 562**	49 154
	- 29 761	- 39 805
Other income is comprised of:		
Dividends waived by clients on share lease contracts	**3 475**	5 498
Other	**2 326**	3 851
	5 801	9 349

Other expenses comprise the amortisation of capitalised distribution expenses, capitalised option premiums and exchange gains or losses. Capitalised distribution expenses include the commission paid to intermediaries on concluding share lease contracts, and direct mailing costs.

Other expenses comprises of:		
Amortisation of capitalised selling expenses	**1 840**	2 606
Amortisation of capitalised commissions paid to intermediaries	**5 946**	19 695
Amortisation of capitalised option premiums	**27 755**	26 841
Other	**21**	12
	35 562	49 154

24 Personnel expenses	**29 917**	26 161
This item comprises of:		
Salaries including bonuses	**13 523**	15 358
Social security charges	**1 156**	1 306
Pension costs	**5 469**	2 184
Other personnel expenses	**9 769**	7 313
	29 917	26 161

In 2006, an average of 216 FTE were employed (2005: 242). In 2006 in the other personnel expenses is included an amount of € 4.0 million is included regarding reorganisation costs.

At year-end, the Management Board was composed of 3 members (2005: 4 members). During the year, two members left the Management Board. The total Management Board's remuneration amounts to € 2.2 million (2005: € 2.3 million).

The Supervisory Board consists of three members. During the year, three members left the Supervisory Board. The total Supervisory Board's remuneration amounts to € 100 thousands in 2006 (2005: € 81 thousands).

In thousands of euros, unless otherwise stated	*2006*	*2005*
Pension costs, benefit costs	5 469	2 184
Current service costs	1 924	2 701
Interest costs	5 375	4 404
Expected return on plan assets	- 5 562	- 5 124
Amortisation of net loss	3 732	203
	5 469	2 184

The assets of funded plans primarily consist of debt securities, equity and others. The actual return on plan assets amounted to € 3.5 million negative (2005: € 9.8 million positive).

	2006	2005
25 Other administrative expenses	21 729	25 821

This item covers accommodation expenses, IT costs, costs of data collection, and other general expenses.

Included in other administrative expenses are operating lease expenses amounting to € 4.4 million (2005: € 3.4 million) and income from subleases amounting to € 1.0 million (2005: € 1.0 million).

	2006	2005
26 Depreciation	5 850	2 161

Consists of depreciation office equipment and computer software.

	2006	2005
27 Provision for settlements	13 982	209 114

Comprise changes in the provision for settlements.

	2006	2005
28 Contribution received from Aegon	-	- 218 000

This amount relates to the agreement between Dexia and Aegon reached in 2005. To this end, Aegon has paid as full and final settlement an amount of € 218 million to Dexia in 2005, with a view to help resolving appropriately the cases of share lease clients of the Bank facing financial difficulties, and allocate more funds to indemnify clients, whether or not represented by a foundation.

	2006	2005
29 Provision for loan losses	15 041	- 59 069

Comprise value adjustments to and changes in provisions for loans and advances and for which collection is uncertain.

In thousands of euros, unless otherwise stated	*2006*	*2005*
30 Tax	**10 044**	- 23 650

Corporate income tax has been calculated on the basis of pre-tax financial results and the current rate of taxation (29.6%), taking into account existing tax facilities relating to corporate income tax.

In 2006 the reported effective tax rate amounts to 30.2%, which is mainly the result of a deferred taxation credit of € 1.4 million, which has been recognized as result of a change in the rate of taxation for the years 2007 (25.5%) and further.

In 2005 the reported effective tax rate amounts to 29.4%, which is mainly the result of a deferred taxation credit of € 1.6 million, which has been recognized as result of a change in the rate of taxation for the years 2006 (29.6%) and further.

Company Balance Sheet

As at December 31, 2006 after appropriation of result

In thousands of euros		*2006*		*2005*
Assets				
Cash		**10 493**		8 546
Short-dated government paper		**-**		90 000
Banks		**279 351**		922 461
Loans and advances 31		**841 546**		1 652 718
Interest-bearing securities		**-**		184 304
Shares		**341 251**		518 117
Participating interests 32		**134 099**		133 147
Equipment 33		**1 610**		1 395
Other assets, prepayments and accrued income		**62 218**		227 269
		1 670 568		3 737 957
Liabilities				
Banks		**273 500**		1 882 061
Funds entrusted 34		**208 981**		234 403
Debt securities		**226 586**		361 574
Other liabilities (including short positions)		**226 408**		266 478
Accruals and deferred income		**44 299**		234 493
Provisions		**113 840**		158 740
		1 093 614		3 137 749
Subordinated liabilities		**250 000**		250 000
Share capital: issued and paid-up	**11 320**		11 320	
Premium reserve	**399 697**		399 697	
Other reserves	**- 84 063**		- 60 809	
Shareholders' equity 35		**326 954**		350 208
		1 670 568		3 737 957
Contingent liabilities				
Commitments arising from guarantees		**116 183**		117 331

Company profit and loss account

For 2006

Result from participating interests after tax	**- 430**	2 899
Dexia Bank Nederland NV company result	**- 22 824**	53 971
Net result	**- 23 254**	56 870

Numbers stated against items refer to the notes

Notes to the Company Balance Sheet

In thousands of euros, unless otherwise stated	***2006***	*2005*

We refer to the notes to the consolidated balance sheet and consolidated profit and loss account, unless otherwise set below.

Assets

31 Loans and advances	**841 546**	1 652 718
Amounts receivable from the Bank's parent entities, subsidiaries of the parent and other related parties	**32 896**	42 573
32 Participating interests	**134 099**	133 147

Consists of entities, which are non-credit institutions.

Movements in participating interests (group companies):

Balance at start of year		133 147
Share of net result		- 430
Dissolution		1 382
Balance at end of year		134 099

The following unlisted group companies are included in the consolidation:

Name of group company	**Percentage of issued shares held by the Bank**	**Place of business**
Dexia Certificaten (Nederland) BV	100%	Amsterdam
Labouchere Beheer BV	100%	Amsterdam
IJ-Oever I BV	100%	Amsterdam
Labouchere Liquiditeitenfonds NV	100%	Curaçao

The Bank also participates directly or indirectly in a number of companies that have no business activities or activities of minor interest.

A list of the names and addresses of these companies is available for inspection at the offices of the Trade Register in Amsterdam.

33 Equipment	**1 610**	1 395

This relates to office equipment and computer software.

Movements in equipment:

Balance at start of year	**1 395**	2 426
Investments	**1 006**	372
Disposals	**-**	-
Depreciation	**- 791**	- 1 403
Balance at end of year	**1 610**	1 395

This item is specified as follows:

	Depreciation period	Purchase price	Cumulative depreciation year-end 2005	Depreciation 2006	Book value
Office equipment	2-10 years	11 991	- 11 195	- 236	**560**
Computer software	2- 3 years	22 288	- 20 683	- 555	**1 050**
		34 279	**- 31 878**	**- 791**	**1 610**

In thousands of euros, unless otherwise stated	***2006***	*2005*
34 Funds entrusted	**208 981**	243 403
Amounts payable to the Bank's parent entities, subsidiaries of the parent and other related parties	**201 901**	200 958
35 Shareholders' equity	**326 954**	350 208

An overview of the components and movements of shareholders' equity is included in the notes to the consolidated balance sheet.

Amsterdam, March 22nd, 2007

[redacted]

De handtekening is door de KvK onleesbaar gemaakt.

D.G.M. [redacted]

De handtekening is door de KvK onleesbaar gemaakt.

O. van Herstraeten

[redacted]

De handtekening is door de KvK onleesbaar gemaakt.

B. [redacted]

J. [redacted]

De handtekening is door de KvK onleesbaar gemaakt.

Signed by all the members of the Management Board and Supervisory Board.

Other Information

Post balance sheet events

"Binding force" to the Duisenberg Arrangement

As mentioned on page 36 ("Litigation") of these Annual Accounts 2006, the Amsterdam Court of Appeal rendered the final decision in respect of the "Law on Collective Settlement of Mass-Damage" on January 25th, 2007. This decision granted binding force to the Duisenberg Arrangement. As a result, all relevant clients who do not "opt-out" within six months, will be bound automatically to the Arrangement. After mandatory advertisements were placed in national newspapers on January 31st, 2007, the opt-out period started on February 1st, 2007 and will last until and including July 31st, 2007.

At this stage, it is too early to draw conclusions based on this decision.

Other court rulings

On March 1st, 2007, the Amsterdam Court of Appeal rendered two decisions in cases in which the Bank gave notice of appeal against decisions of courts of first instance.

In a "duty of care" decision, the Court of Appeal ruled that there were no grounds for the cancellation of the share-leasing contract on basis of error, as the client should have made an attempt to understand the contract properly. However, in line with the Duisenberg Arrangement, the Court of Appeal awards partial compensation to this client based upon general duty of care issues. The Bank considers this as an endorsement of the Duisenberg Arrangement.

In a decision concerning the alleged failure of the Bank to obtain the consent of the spouse of the client, the Court of Appeal ruled that such a consent is required indeed. The consequence of this decision is the cancellation of the contracts involved and the refund of all interest paid by the client. The Bank does not agree with this decision and will lodge an appeal to the Dutch Supreme Court.

PRICEWATERHOUSECOOPERS

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To the General Meeting of Shareholders of

Auditor's report

Report on the financial statements

We have audited the accompanying financial statements 2006 of Dexia Bank Nederland N.V., Amsterdam as set out on pages 16 to 46 which comprise the consolidated and company the balance sheet as at 31 December 2006, the consolidated and company profit and loss account for the year then ended and the notes.

The management's responsibility
The management of the company is responsible for the preparation and fair presentation of the financial statements and for the preparation of the Management Report, both in accordance with Part 9 of Book 2 of the Netherlands Civil Code. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility
Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with Dutch law. This law requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

PRICEWATERHOUSECOOPERS

Opinion
In our opinion, the financial statements give a true and fair view of the financial position of Dexia Bank Nederland N.V. as at 31 December 2006, and of its result for the year then ended in accordance with Part 9 of Book 2 of the Netherlands Civil Code.

Emphasis of matter
Without qualifying our opinion above, we draw your attention to pages 36 to 38 of the financial statements, which describes contingent liabilities arising from litigation claims against the Bank

Report on other legal and regulatory requirements

Pursuant to the legal requirement under 2:393 sub 5 part e of the Netherlands Civil Code, we report, to the extent of our competence, that the Management Report is consistent with the financial statements as required by 2:391 sub 4 of the Netherlands Civil Code.

Amsterdam, 22 March 2007
PricewaterhouseCoopers Accountants N.V.

J. M. de Jonge RA

Appropriation of result

In accordance with Article 28, sections 1 and 2 of the Articles of Association, the profit after addition to the reserves is at the disposal of the Annual General Meeting of Shareholders.

The negative result for the year 2006 amounting to € 23 254 thousand is deducted from the other reserves. Since the other reserves are negative after appropriation of the results 2006, no dividend can be proposed over 2006.

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