



short term has no future

DEXIA

Analysts' and Investors' Conference Call 1Q 2008 Results

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Agenda

Highlights

1Q 2008 Results

Focus on the Credit and Financial Crisis

Appendices

Highlights

- ❑ **Overall Dexia reported solid underlying earnings in 1Q08**
 - ❑ Underlying revenues were up 5.2% yoy on a constant exchange rate
 - ❑ Operating efficiency improved, with an underlying C/I ratio at 51.4% vs. 52.3% in 1Q07
 - ❑ Underlying cost of risk, excluding FSA, remained low at 5bp of banking commitments
- ❑ **Activity levels remained sound, notably within the Public/Project Finance & Credit enhancement division which continues to see strong new business inflows**
- ❑ **Underlying results in 1Q08 were however marked by losses far exceeding historic loss expectations on HELOCs and CES mortgages**
 - ❑ Declining house prices, increasing defaults rates and changes in loan originators' behaviour account for these losses
 - ❑ A EUR 128 m net provision was booked on HELOCs and CES mortgage bonds insured by FSA

Highlights (con't)

- ❑ **Reported earnings (EUR 289 m, -60%yoy) were affected by a number of accounting effects**
 - ❑ An after tax EUR 216 m negative MtM adjustment on FSA insured CDS which is not expected to result in realized losses
 - ❑ A EUR 36 m after tax risk charge on share leasing agreements (in 1Q07, total non-operating items had a positive EUR 92 m contribution)
- ❑ **Total Shareholders' equity decreased by EUR 5.0 bn to EUR 9.5 bn at end of March 08, due to fair-value adjustments of AFS assets under IFRS norms**
 - ❑ Due to the nature of its business model, Dexia has a large portfolio of high quality and long term bonds, classified as AFS securities
 - ❑ These adjustments do not reflect expected losses
- ❑ **FSA to Discontinue Some Activities And to Further Leverage its Unique Position in Public & Infrastructure Finance**
- ❑ **Financial solidity and liquidity remain strong: Cash & Liquidity Management booked record profits; active long term funding activity at a competitive cost; Tier 1 ratio of 11.2%**

- The tightening of credit spreads after March 31 would lead to a positive fair-value adjustment on insured CDS of about USD 300 m (around EUR 190 m before tax and EUR 130 m after tax) as of end of April. As communicated many times in the past, future widening or tightening of credit spreads will lead to additional negative or positive fair-value adjustments.
- Similarly, the tightening of credit spreads after March 31 would lead to an improvement of about EUR 0.7 bn of the AFS reserve as of end of April.

Agenda

/// Highlights

/// **1Q 2008 Results**

/// Focus on the Credit and Financial Crisis

/// Appendices

PPFCE marked by Strong Activity; Challenging Financial Markets had a Negative Impact on Customer Assets

Over 12 months

Public / Project
Finance and Credit
Enhancement

- LT banking commitments on a constant exchange rate + 20.4 %
- Net par outstanding FSA (USD) + 11.0 %

Personal Financial
Services

- Customer assets ⁽¹⁾ - 0.1 %
- Customer loans + 12.6 %

- Assets under management - 5.7 %
- Assets under administration (USD) + 12.0 %

(1) Including life insurance technical reserves

Resilient 1Q Underlying⁽¹⁾ Operating Performance

(Underlying M EUR)	1Q 2007	1Q 2008	Variation	
			on a current exchange rate	on a constant exchange rate
Income	1,760	1,833	+ 4.1 %	+ 5.2 %
Expenses	- 921	- 942	+ 2.3 %	+ 3.3 %
Gross operating income	839	891	+ 6.2 %	+ 7.2 %
Cost of risk	- 26	- 236	x 9.1	
Impairments on (in)tangible assets	0	1	n.s.	
Tax expense	- 159	- 87	- 45.5 %	
Net income	654	569	- 13.0 %	
Minority interests	24	29	+ 25.3%	
Net income – Group share	630	539	- 14.5 %	- 13.2 %

(1) Excluding non-operating items

- Overall operating performance during 1Q08 proved resilient with an increase of the underlying gross operating income of 7.2% (on a constant exchange rate).
- Underlying revenues went up 5.2% and underlying costs up 3.3%, the latter reflecting continued investment in several businesses (particularly Public/Project Finance international expansion and increased investments in Turkey). Operating efficiency improved with underlying cost-income ratio down from 52.3% in 1Q07 to 51.4% in 1Q08.
- The cost of risk increased substantially. A EUR 197 m risk charge, before tax, was booked on US second-lien mortgage bonds insured by FSA. This unexpected provision came as a result of the marked underperformance observed very recently. Transactions originated in 2006 and 2007 experienced default rates at unprecedented levels while prepayment rates were higher than expected and draw rates on Home Equity Lines Of Credit (HELOC) were particularly low. This created an adverse combination for FSA on its HELOCs and, to a lower extent, Closed-End Second lien (CES) ALT-A transactions.
- The underlying tax rate was 13.5% versus 20.1% in 1Q07. The decrease is mainly due to FSA.

Main MtM Effects on Underlying Revenues: Neutral Impact, at Group Level

(Underlying M EUR)	3Q 2007	4Q 2007	1Q 2008		PPFCE	TFM
TFM – Fixed income trading books	- 89	- 91	- 259	⇒	0	- 259
PPFCE – trading books	- 6	- 20	- 5	⇒	- 5	0
Securitisation – related CDS	+ 9	+ 35	+ 243	⇒	+ 119	+ 124
FSA liabilities	0	+ 32	+ 20	⇒	+ 20	0
Total	- 86	- 44	- 1	⇒	+ 134	- 135

- At the level of underlying revenues, the widening of Credit spreads had several accounting effects on trading and derivatives assets but with an overall limited impact.
- Within Treasury & Financial Markets (TFM), a EUR 259 m pre-tax negative mark was booked. This is explained by the effect of widening spreads on TFM trading portfolios, among which the trading portion of the Credit Spread Portfolio is by far the largest. Given the quality of assets of this portfolio (99.6% rated AAA), the negative marks booked during this quarter and the two previous ones are expected to reverse over time, once credit spreads stabilise.
- At group level, the above mentioned EUR - 259 m is offset by a EUR + 243 m mark-to-market impact on two securitization-related CDS. In this case, the underlying assets protected are not accounted in trading books. The negative fair-value adjustments on these assets, still held in the balance sheet, are therefore not reflected in the income statement but directly through the AFS reserve. By business line, the EUR + 243 m adjustments can be seen in Treasury & Financial Markets (EUR 124 m) and Public/Project Finance (EUR 119 m).

1Q Reported Net Income Affected by HELOCs and CES Losses, Insured CDS MtMs, And Lower Other Non-ops

(M EUR)	1Q 2007 reported	1Q 2008 reported	Variation
Income	1,785	1,499	- 16.0 %
Expenses	- 926	- 942	+ 1.7 %
Gross operating income	859	557	- 35.2 %
Cost of risk	- 23	- 288	x 12.5
Impairments on (in)tangible assets	0	1	n.s.
Tax expense	- 93	+ 47	n.s.
Net income	743	317	- 57.3 %
Minority interests	23	28	+ 21.7 %
Net income – Group share	720	289	- 59.9 %

EUR - 431 m *

* The EUR 431 m decrease comes from:

↳ Changes in scope	EUR	+ 3 m
↳ Non-operating items	EUR	- 342 m
↳ Underlying results	EUR	- 91 m

1Q 2008 Affected by Temporary Negative MtMs of FSA's Insured CDS

Non-Operating items: impact on P&L

(M EUR)	1Q 2007	1Q 2008
Income	+ 19	- 334
of which . capital gains	+ 28	+ 1
. MTM on FSA CDS	- 9	- 335
. interest DBNL	+ 1	0
Expenses	0	0
Cost of risk (DBNL)	+ 4	- 51
Tax expense	+ 69	+ 133
of which . liquidation of the holding company which owned DBNL	+ 67	
. MTM on FSA CDS	+ 3	+ 117
Net income – Group share	+ 92	- 250

1Q08 non-operating earnings had a negative EUR 250 m contribution.

- An additional after tax EUR 216 m (EUR -335 m, pre-tax) negative fair-value adjustment on insured CDS was booked following further market spread widening. At FSA, the mark-to-market principles apply to the CDS portfolio, which is classified as 'derivatives', notwithstanding the fact that FSA is committed to insure the transactions to maturity, as explained in earlier communications. The underlying of the CDS portfolio is not linked to US mortgages but to AAA bonds backed by corporate loans or bonds. Given the strong credit quality of the CDS portfolio concerned, and the fact that it will be held to maturity, the negative marks are not expected to result in final losses. In fact most adjustments made, whether positive or negative, are expected to add up to zero when the transactions mature. Up to 2007, when credit spreads were narrow, FSA repeated consistently that its positive marks-to-market should not be treated as real or continuing, and thus be regarded as 'non-operating'. Similarly, the negative marks this quarter (and the last quarters of 2007) should not be treated as real or continuing.
- A EUR 36 m after tax risk charge was booked on share leasing agreements, partly as a result of the end of March ruling from the Dutch Supreme Court already flagged by Dexia on the 28th of March. In 1Q07, total non-operating items had a positive EUR 92 m contribution, resulting from capital gains and a non-recurring tax effect.

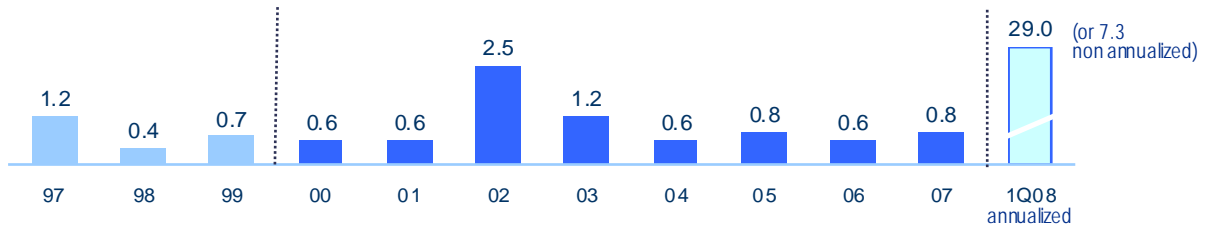
The tightening of credit spreads after March 31 would lead to a positive fair-value adjustment on insured CDS of about USD 300 m (around EUR 190 m before tax and EUR 130 m after tax; unaudited figures) as of end of April. As communicated many times in the past, future widening or tightening of credit spreads will lead to additional negative or positive fair-value adjustments.

FSA Takes a Hit

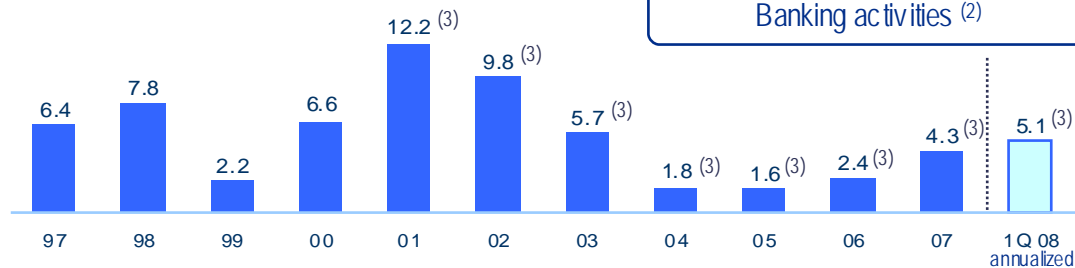
Cost of Risk on Bkg Activities Remained at a Low Level

in basis points

Credit enhancement (1)



Banking activities (2)



(1) Cost of risk relates to net par outstanding insured

(2) Cost of risk relates to total net outstanding commitments

(3) Excluding impact of charges for Legio Lease at Dexia Bank Nederland

- Excluding FSA, the underlying cost of risk was low in 1Q08, at only 5 basis points (annualized) of banking commitments. As it was already the case in previous quarters, the operations in Turkey are the biggest contributor to the risk charge and represented about half of the net new provisions.
- Sharp increase in Credit Enhancement related provisions are exclusively due to the HELOCs and CES mortgages related losses.

Underlying EPS Decreased by - 14.5%

	1Q 2007	1Q 2008	Variation
C/I ratio	51.9%	62.8%	
C/I ratio underlying	52.3%	51.4%	
ROE ⁽¹⁾	21.0%	7.8%	
EPS (EUR) reported ⁽²⁾	0.62	0.25	- 59.8 %
underlying ⁽²⁾	0.54	0.46	- 14.5 %

(1) The annualized ratio between the net income - Group share and the weighted average core shareholders' equity (estimated dividend for the period deducted)

(2) Undiluted

Continued Financial Strength

	31/12/07	31/03/08	Variation in 3 months
Tier 1 ratio *	9.1%	11.2%	-
Tier 1 capital * (M EUR)	14,549	13,483	-
Total weighted risks * (M EUR)	159,383	120,113	-
Core shareholders' equity (M EUR)	16,112	16,188	+ 0.5%
Total shareholders' equity (M EUR)	14,525	9,529	- 34.4%
Net assets per share ⁽¹⁾ :			
Core shareholders' equity ⁽²⁾ (EUR)	12.87	12.83	- 0.3%
Total shareholders' equity ⁽³⁾ (EUR)	11.51	7.07	- 38.6%

* Basel I applied as of dec. 2007 and Basel II applied as of 2008

(1) Estimated dividend for the period deducted

(2) Without AFS and CFH reserves, and cumulative translation adjustments (CTA)

(3) With AFS, CFH and CTA

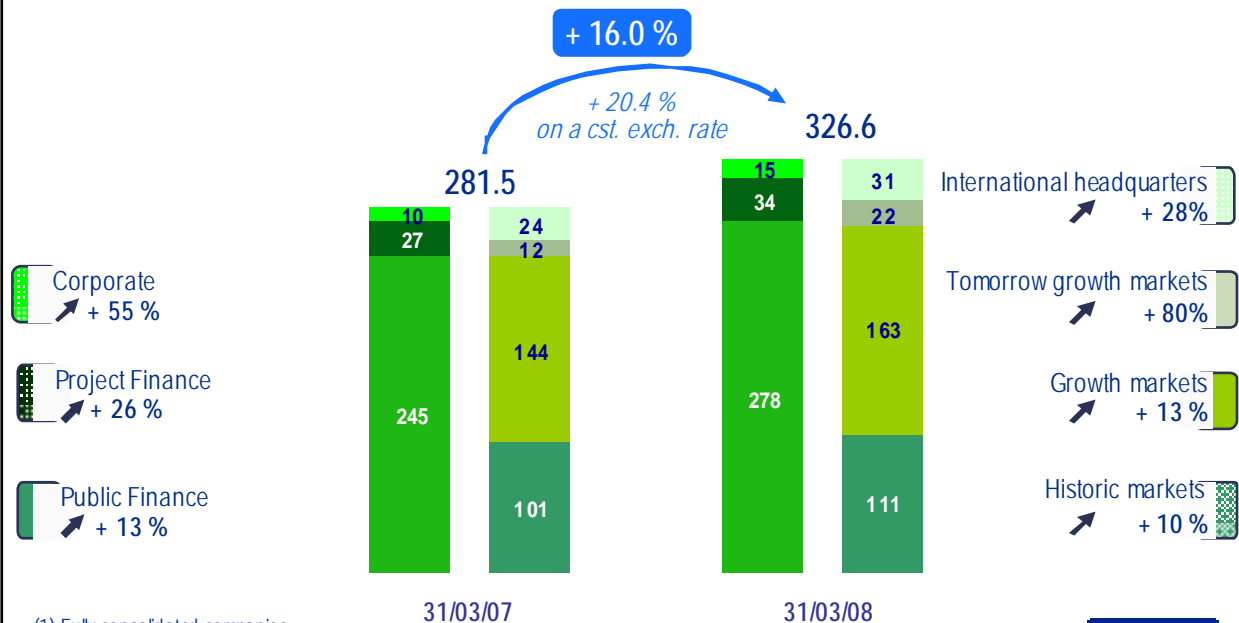
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- The Tier 1 ratio increased as a result of the switch to Basel II.
- Tier 1 capital and RWA between end of 2007 (Basel I) and March 2008 (Basel II) are not comparable.
- The Tier 1 capital decreased for the following reasons: the switch to Basel II had a EUR 0.7 bn negative impact mainly due to the required deduction of 50% of financial stakes (mainly Credit du Nord and Kommunalkredit Austria); 1Q08 had a EUR 0.4 bn negative impact mainly due to negative Forex effects (YTL and USD) and the continuation of the share buy back program. The effect of currency changes on T1 capital is more or less neutralized at the level of solvency ratios by a corresponding decrease in RWA.
- As already indicated on numerous occasions, RWA decreased substantially with Basel II. On a pro forma basis, Weighted Risks only grew by 1.3% on a constant exchange rate.
- Since the adoption of IFRS norms, Dexia has to report within shareholders' equity the fair value adjustments on its "Available For Sale (AFS)" assets. Because its business model is focused on Public Finance, Dexia has a large portfolio of high quality and long duration bonds booked as AFS assets, which therefore generates some volatility on its reported shareholder's equity.
- Exceptional market spread changes occurred during 1Q08. As a result, the IFRS total shareholders' equity was impacted by a 5.0 bn negative mark and decreased from EUR 14.5 bn at the end of 2007 to EUR 9.5 bn at end of March. Total Other Comprehensive Income (OCI) reserve, the largest part being the AFS reserve, amounted to EUR - 6.7 bn at end of March against EUR - 1.6 bn at end of 2007, i.e. a EUR 5.1 bn change during 1Q08. The tightening of credit spreads after March 31 would lead to an improvement of about EUR 0.7 bn (unaudited figure) of the AFS reserve as of end of April. As communicated many times in the past, future widening or tightening of credit spreads will lead to additional negative or positive fair-value adjustments.
- Core shareholder's equity, which excludes Accumulated Other Comprehensive Income, was EUR 16.2 bn at end of March 2008.

Long-Term Commitments⁽¹⁾ Continued to Increase Strongly

Public / Project Finance

Bn EUR



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- The favourable business trends observed in 2007 for Public/Project Finance extended into the first quarter of 2008. Most Group entities, and especially the US operations, contributed to this momentum.
- Long-term commitments climbed to EUR 326.6 bn, up a solid +20% on a constant exchange rate compared to the end of March 2007 (+16% including the negative impact of currencies especially the US dollar). Commitments in the public sector recorded a +18% rise on a constant exchange rate. In project finance, commitments rose to EUR 33.7 bn, representing a 31% increase on a constant exchange rate. The corporate segment recorded a +59% rise on a constant exchange rate, to EUR 14.9 bn.

- Legend

Historic markets: Belgium, France, Luxembourg

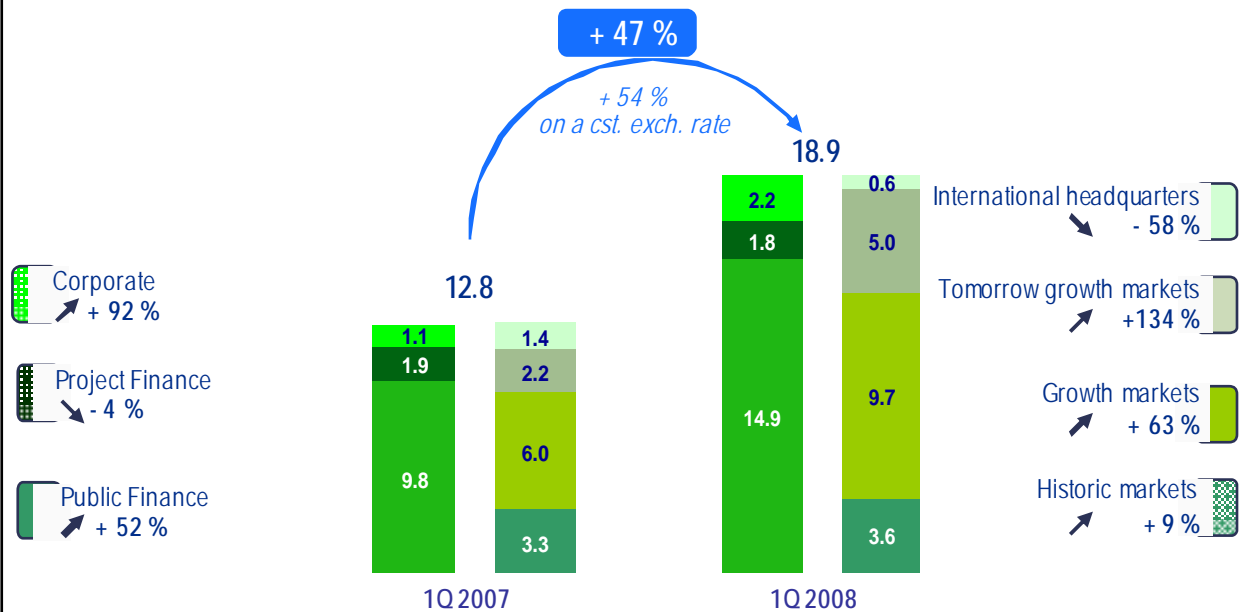
Growth markets: US, Canada, Germany, Italy, Spain, Portugal, UK, Sweden, Switzerland

Tomorrow's growth markets : Central and Eastern Europe, Japan, Mexico, Turkey, Australia, Israel

Robust 1Q Long-Term Originations⁽¹⁾

Public / Project Finance

Bn EUR

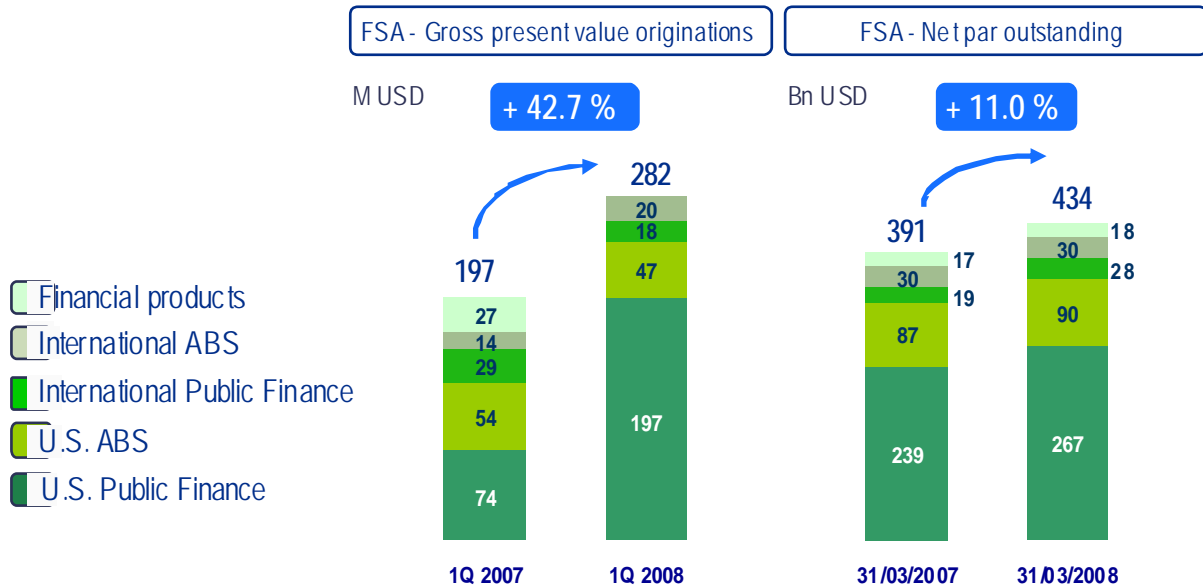


(1) Fully-consolidated companies

- Long-term originations in 1Q 2008 were EUR 18.9 bn, surging 47% versus the year-earlier period and +54% on a constant exchange rate. This marked increase is mainly attributable to originations in Belgium, the United States, Iberia and to the development of the Japanese branch and the Turkish subsidiary. By segment, public finance experienced a 52% growth (+60% on a cst exchange rate), whilst corporate almost doubled on a constant exchange rate (+91%, +93% on a cst exchange rate) and project finance remained flat compared to a strong 1Q 2007.

1Q 2008: Strong US Public Finance Originations at FSA

Credit Enhancement



- The first quarter of 2008 was a very strong quarter for FSA's activity, especially in the US municipal market. Within the context of the financial crisis and of the weakening of most financial guarantors, FSA was able to build a leading position on the market, and to drive strong production while maintaining a conservative credit approach. FSA originated USD 282 m gross present value (PV) originations, up 43% compared to the same period of 2007.

PPFCE's Earnings Performance Mitigated by US RMBS losses

Public / Project Finance & Credit Enhancement

(Underlying M EUR)	1Q 2007	1Q 2008	Variation	
			on a current exchange rate	on a constant exchange rate
Income	681	839	+ 23.2 %	+ 27.9 %
Expenses	- 225	- 236	+ 5.1 %	+ 7.8 %
Gross operating income	457	603	+ 32.1 %	+ 37.9 %
Cost of risk	- 9	- 212	x 24	
Tax expense	- 111	- 56	- 49.5 %	
Other items	- 11	- 13	n.s.	
Net income – Group share	326	322	- 1.2 %	+ 3.7 %
Cost-income ratio	33.0 %	28.1 %		
ROEE ⁽¹⁾	26.9 %	23.3 %		

1Q 2007 based on pro forma accounts

(1) Annualized return on economic equity (net income – Group share / allocated equity – Group share)

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- Net income – Group share reached EUR 322 m in the first quarter of 2008, slightly down (-1.2%) compared to 1Q 2007, and up 3.7% on a constant exchange rate. This is mainly attributable to the negative EUR 128 m net impact from FSA's losses related to US RMBS, only partially offset by (i) a positive EUR 104 m post tax (EUR 119 m pre-tax) mark-to-market impact on a securitization-related CDS (in this case, the underlying assets protected are not accounted in trading books. The negative fair-value adjustments on these assets, still held in the balance sheet, are therefore not reflected in the statement of income but directly through the AFS reserves) and (ii) a positive EUR 13 m post-tax (EUR 20 m pre-tax) coming from the fair value option applied to part of the GIC portfolio of FSA.
- Total income in Q1 2008 amounted to EUR 839 m, up 23.2% (+27.9% on a constant exchange rate). Revenue growth was supported by robust activity volumes and the above-mentioned positives. Without those two effects, total income shows a 6.6% increase on a constant exchange rate over a strong Q1 2007.
- Expenses remained under control and increased by 5.1%, to EUR 236 m in the first quarter of the year. The rise is mainly attributable to wage increases and to the investments necessary to support the growing activity (Turkey, Japan, US and Canada...).
- Cost of risks increased from EUR 9 m in 1Q 2007 to 212 m 1Q 2008. This is due to a EUR 197 m (EUR 128 m post-tax) risk charge related to US mortgage bonds insured by FSA. These unexpected provisions came as a result of the marked underperformance observed during the very recent months. Transactions originated in 2006 and 2007 experienced default rates at unprecedented levels while prepayment rates were higher than expected and draw rates on Home Equity Lines Of Credit (HELOC) particularly low and continuously decreasing. This created an adverse combination for FSA on its HELOCs and, to a lower extent, Closed-End Second lien (CES) ALTA transactions.

PPFCE, excluding FSA, Boosted by a Non Economic MtM Gain

Public / Project Finance & Credit Enhancement

PPFCE
excluding FSA

(Underlying M EUR)	1Q 2007	1Q 2008	Variation	
			on a current exchange rate	on a constant exchange rate
Income	553	708	+ 28.2 %	+ 29.9 %
Expenses	- 193	- 210	+ 8.8 %	+ 9.6 %
Gross operating income	360	499	+ 38.5 %	+ 40.9 %
Cost of risk	- 5	- 15	x 2.8	x 2.4
Net income – Group share	260	375	+ 44.4 %	+ 47.9 %

FSA's contribution
to PPFCE

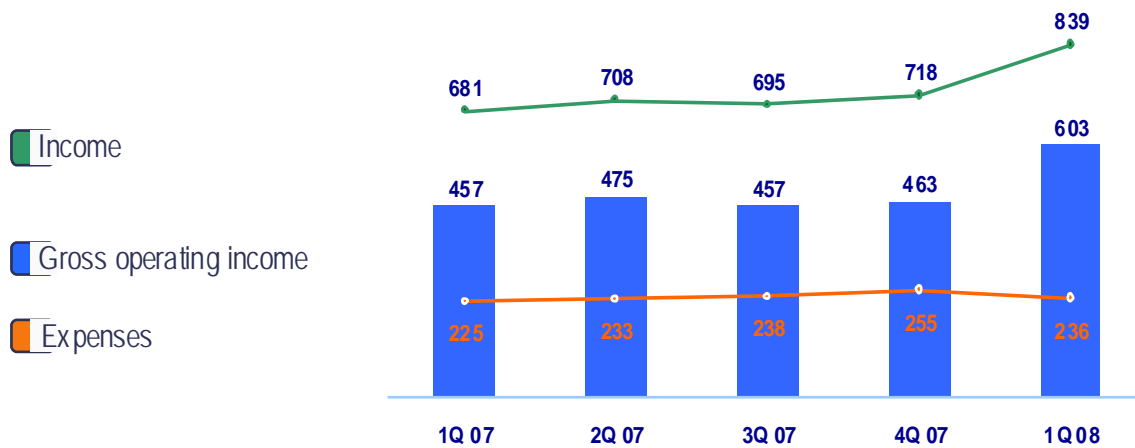
(Underlying M EUR)	1Q 2007	1Q 2008	Variation	
			on a current exchange rate	on a constant exchange rate
Income	129	131	+ 1.6 %	+ 17.9 %
Expenses	- 32	- 26	- 17.6 %	- 4.3 %
Gross operating income	97	104	+ 7.9 %	+ 25.2 %
Cost of risk	- 3	- 197	x 59	x 68
Net income – Group share	66	- 53	n.s.	n.s.

1Q 2007 based on pro forma accounts

Quarterly Variation of the Underlying Gross Operating Income

Public / Project Finance & Credit Enhancement

MEUR



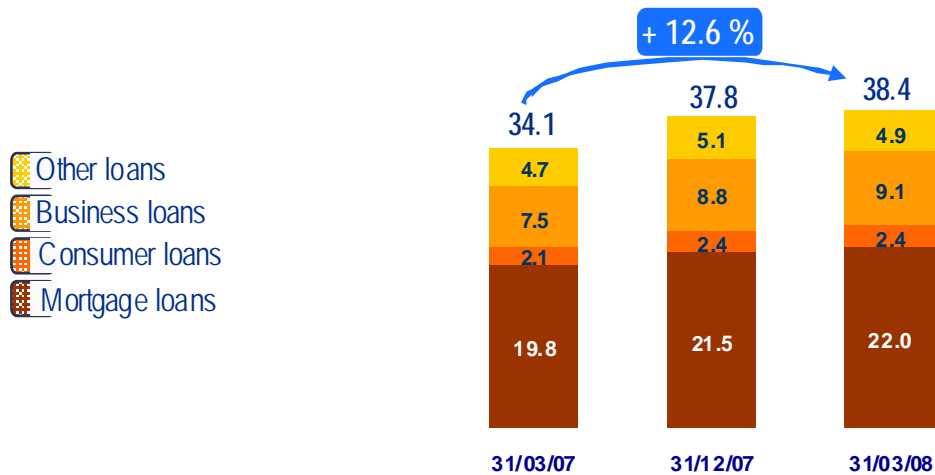
2007 based on pro forma accounts

Growth in All Loan Segments, Especially in Business Loans

Personal Financial Services

Bn EUR

Customer loans

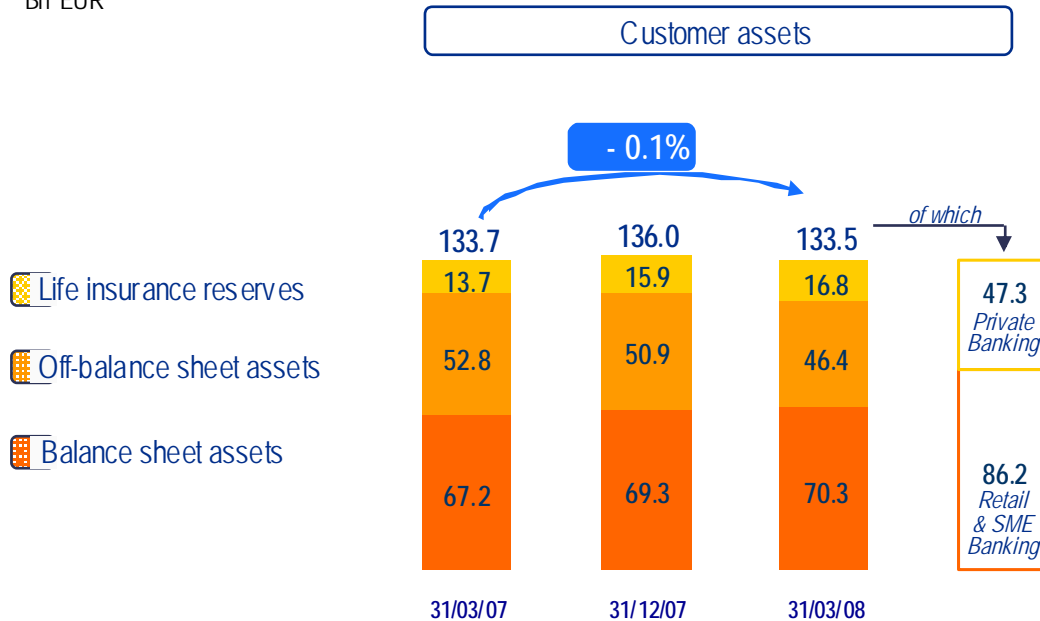


- Loans to customers totalled EUR 38.4 bn as of March 31, 2008, a 12.6% increase year-on-year, all segments delivering double-digit growth. Dexia continued its development in business banking as shown by particularly strong 20.8% growth in business loans. Very satisfactory increases were also recorded in mortgage loans (+11.1%) and in consumer loans (+12.2%). Total loans to customers were up 1.6% compared to December 31, 2007.
- Turkey kept on delivering strong growth in loans with outstandings up 58.5% year-on-year to TRY 6.4 bn (EUR 3.1 bn) and up 17.5% on a three-month basis.

Stable Customer Assets Volumes

Personal Financial Services

Bn EUR



- In the context of challenging financial markets, total customer assets came to EUR 133.5 bn at the end of March 2008 (-0.1% compared to March 2007 and -1.8% versus the end of 2007). Although overall figures show close to no change, underlying products had very different dynamics e.g. a 22.7% increase in life insurance reserves, a 4.7% growth in balance-sheet products and a decrease of 12.2% of off-balance-sheet assets.
- Current market environment with a negative interest yield curve puts pressure on the savings accounts which decreased nevertheless with only 5.4%. Customers typically moved towards term deposits and savings bonds (+22.0%) and life insurance. Life insurance products and more precisely guaranteed life insurance contracts recorded a tremendous growth: +38.4% in Branch 21 reserves year-on-year.
- Mutual funds showed a decrease of 16.7% linked to unfavourable market effect.
- In Turkey, total customer assets reached TRY 8.7 bn (EUR 4.2 bn) at the end of March 2008 (+31% year-on-year and +21% compared to the last quarter). After having expanded its network much faster than competitors in 2007, DenizBank continued its pace of branch openings during the 1Q08: 10 outlets were opened in 1Q 2008 (bringing the total to 330 branches at the end of March 2008).

1Q 2008 Double Digit Earnings Growth and C/I Ratio Down by 2.5 Point

Personal Financial Services

(Underlying M EUR)	1Q 2007	1Q 2008	Variation	
			on a current exchange rate	on a constant exchange rate
Income	656	720	+ 9.8 %	+ 10.0 %
Expenses	- 450	- 477	+ 5.9 %	+ 6.1 %
Gross operating income	206	244	+ 18.5 %	+ 18.7 %
Cost of risk	- 16	- 24	+ 47.0 %	
Tax expense	- 29	- 38	+ 30.8 %	
Other items	- 2	- 3	n.s.	
Net income – Group share	159	179	+ 12.7 %	+ 12.8 %
Cost-income ratio	68.7 %	66.2 %		
ROEE ⁽¹⁾	29.9 %	30.3 %		

1Q 2007 based on pro forma accounts

(1) Annualized return on economic equity (net income – Group share / allocated equity – Group share)

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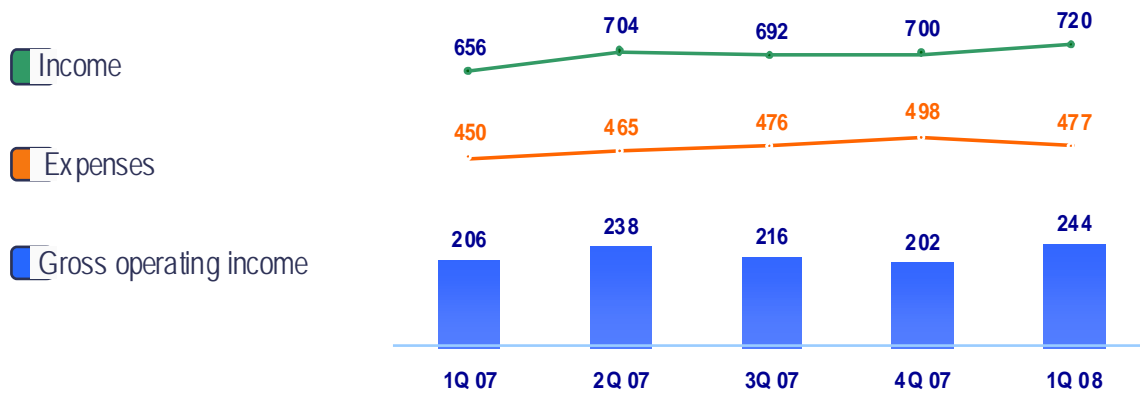


- Net income – Group share amounted to EUR 179 m in 1Q 2008, a 12.7% rise compared to 1Q 2007. Revenues improved in the retail & SME segment and rose strongly in Turkey (combined with a lower cost increase). The cost of risk was higher because of some changes in the methodology used at DenizBank. Year-on-year, the average exchange rate (TRY/EUR) impact is limited.
- Total income in 1Q 2008 came to EUR 720 m, up 9.8% year-on-year. In Belgium and Luxembourg, total income increased with 5.6% on the back of strong insurance results and higher income on investment products and payments. In Turkey, revenues rose by 39.1%. Both strong volumes and sustained margins were underlying factors of another successful quarter.
- Expenses were up 5.9% year-on-year (to EUR 477 m). This reflected a strict cost control in Belgium and Luxembourg on the one hand and continued investment in Turkey. In Belgium and Luxembourg costs increased by a modest 2.1% mainly linked to natural salary drift and development of Dexia Insurance Services. In Turkey, the 33% growth in costs was related to increasing overhead charges linked to branch expansion. During 1Q 2008, 10 new branches were opened. Part of the cost increase is also due to the development of the consumer finance activity in Russia.
- Taxes were up 30.8% to EUR 38 m in 1Q 2008. The contribution of tax-exempted income was lower compared to the same period in 2007.

Quarterly Variation of the Underlying Gross Operating Income

Personal Financial Services

MEUR



2007 based on pro forma accounts

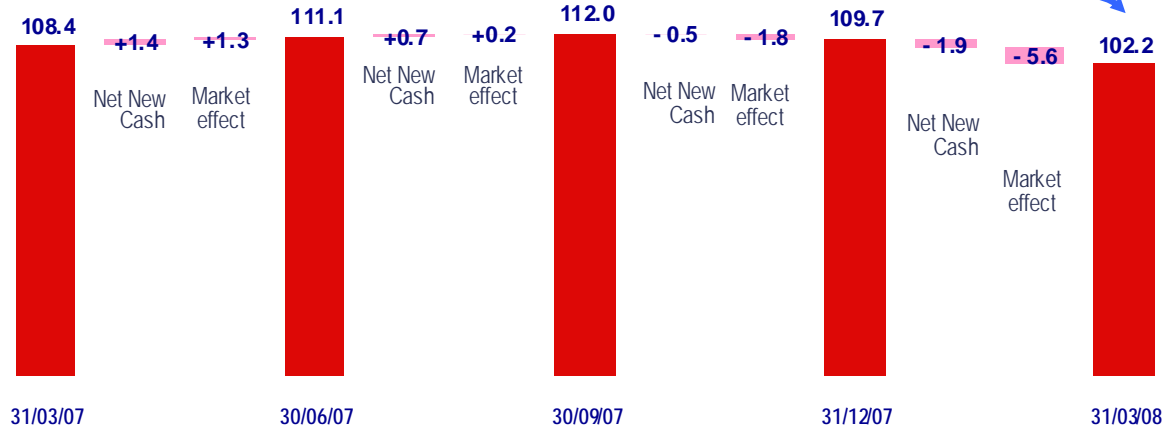
Moderate Outflows in Asset Management

Asset Management

Bn EUR

Organic growth : - 0.3 % in one year
Market effect : - 5.4 % in one year

- 5.7 %



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- Following a satisfactory year 2007 with growth in assets under management and in profitability in spite of the subprime and liquidity crisis, Dexia Asset Management (Dexia AM) managed challenging market conditions in the first quarter of 2008.
- In this context, assets under management came to EUR 102.2 bn as of March 31, 2008 down EUR 7.5 bn (or -6.9%) since the end of 2007. An unfavorable market effect explains three-quarters of the decrease (EUR -5.6 bn) and net outflows one quarter (EUR -1.9 bn). Year-on-year, assets under management are down EUR 6.2 bn (or -5.7%), of which EUR 5.9 bn due to a negative market effect.
- At the end of March 2008, assets in institutional mandates amounted to EUR 35.0 bn (-0.7% or EUR -0.2 bn versus the end of 2007) and assets in private mandates to EUR 5.1 bn (-7.2% or EUR -0.4 bn). During the first quarter, the net new cash collected in institutional and private mandates was positive (EUR 1.6 bn). However, this was more than offset by a negative market effect. Mutual funds amounted to EUR 62.1 bn (-10.0% or EUR -6.9 bn) and suffered from both net outflows (-5.0%) and an unfavorable market effect (-5.0%).
- Year-on-year, institutional mandates were up EUR 5.1 bn of which EUR 6.4 bn of net new cash while private mandates were down EUR -0.5 bn and mutual funds dropped with EUR 10.9 bn of which two thirds in 1Q 2008.
- Assets under management distributed by Dexia AM's institutional sales team amounted to EUR 51.9 bn at the end of March 2008 compared to EUR 53.2 bn at the end of December 2007 and EUR 48.5 bn at the end of March 2007.
- In this difficult market environment, Dexia AM managed to consolidate its activities and prepare the next due dates by improving fund performance and by expanding its leading franchise. Fund performances improved for all asset classes, and several awards were received in different countries in 2008.
- At the beginning of the year Dexia Asset Management carried on its commercial development towards its institutional clients: a branch was opened in Warsaw and a representative office in Toronto. A sales team has also been deployed in Dublin to cover the Irish and UK markets.

1Q 2008 Earnings Impacted by Financial Crisis

Asset Management

(Underlying M EUR)	1Q 2007	1Q 2008	Variation	
			on a current exchange rate	on a constant exchange rate
Income	69	58	- 14.9 %	- 14.9 %
Expenses	- 36	- 38	+ 4.2 %	+ 4.2 %
Gross operating income	33	21	- 35.9 %	- 35.9 %
Cost of risk	0	0	n.s.	
Tax expense	- 1	- 2	n.s.	
Other items	- 1	- 2	n.s.	
Net income – Group share	31	17	- 44.7 %	- 44.7 %
Cost-income ratio	52.5 %	64.2 %		
ROEE ⁽¹⁾	195.9 %	90.1 %		

1Q 2007 based on pro forma accounts

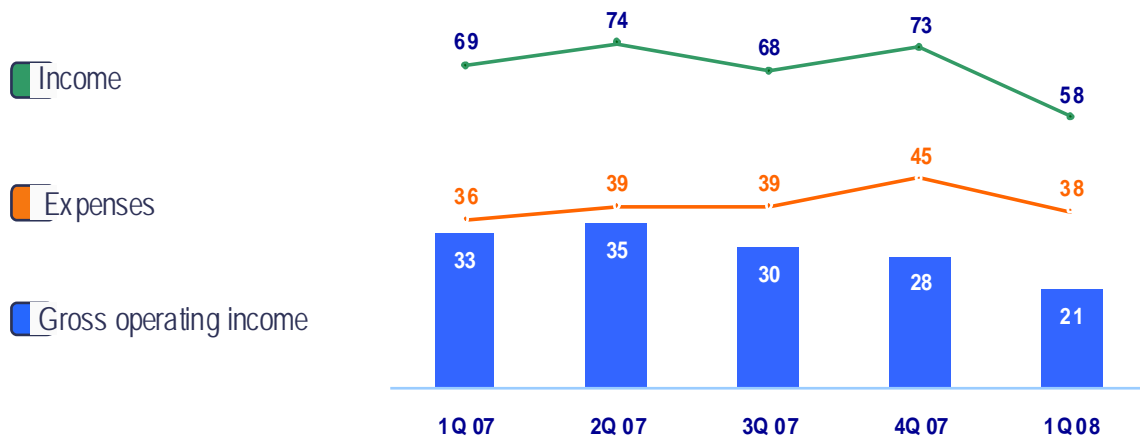
(1) Annualized return on economic equity (net income – Group share / allocated equity – Group share)

- Total income was EUR 58 m, down 14.9% versus the year earlier period. This EUR -10 m decrease stemmed from lower management (EUR -7 m) and performance fees compared to 1Q 2007 which recorded high management fees.
- Expenses were contained despite ongoing investments. They came to EUR 38 m, a 4.2% increase mainly due to increasing staff headcounts (22 more headcounts on average), pay raise and rental costs linked to the commercial expansion. Productivity remained at a good level compared to industry peers, with a low cost on assets under management ratio of 15 basis points. IT, marketing and other support costs are under strict control.

Quarterly Variation of the Underlying Gross Operating Income

Asset Management

MEUR

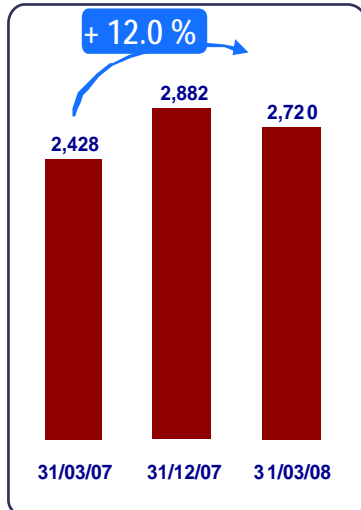


2007 based on pro forma accounts

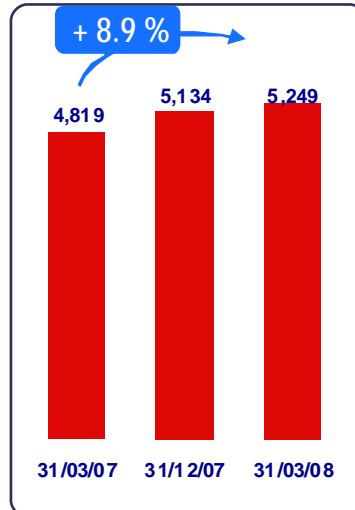
Growth in All Activities

Investor Services

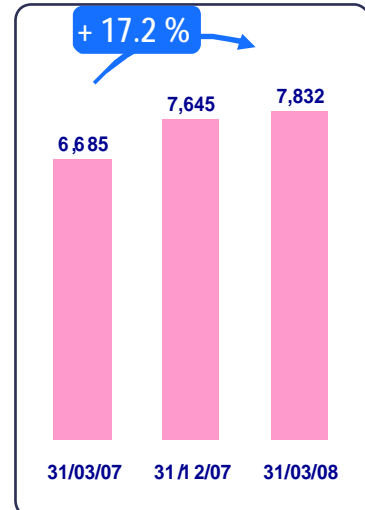
Assets under administration⁽¹⁾
(Bn USD)



Number of funds under administration



Number of shareholder accounts in transfer agent
(in thousands)



(1) i.e. assets under custody, administration and transfer agent

- RBC Dexia Investor Services had *assets under administration* of USD 2,720 bn as of March 31, 2008, up 12.0% year-on-year. The performance is the result of increases in the value of existing clients' assets and from the acquisition of new mandates. Compared to December 2007, a 5.6% decrease was experienced due to market value movements of underlying assets, net redemptions and the depreciation of the CAD relative to the USD (-4.7%).
- In the *central administration* activity, the number of funds under administration rose by 2.2% (+115 portfolios) compared to December. Year-on-year, growth was 8.9% (+430 portfolios) stemming from (i) additional funds from existing clients, (ii) new smaller scale clients and (iii) around 100 portfolios through the Goldman Sachs JB contract in Australia.
- The number of *transfer agent* accounts experienced a slight increase, from 7.6 to 7.8 m units between December 2007 and March 2008. Year-on-year, the number of accounts rose 17.2%, from 6.7 m, demonstrating steady, consistent growth.
- Among the new clients brought in during the quarter, Close Wealth Management Ltd chose RBC Dexia to provide global custody and foreign exchange services for its GBP 1.5 bn investment portfolios. Genus Capital Management also selected RBC Dexia to provide global custody, fund valuations, transfer agent services for its CAD 1.6 bn investment portfolio.
- For the fifth consecutive year, RBC Dexia occupied either the first or second rank in R&M Consultants' annual survey. In addition, the company was named number one provider of global custody services in the UK, Europe and Canada.

Resilient Performance and Investments to Support Commercial Development

Investor Services

(Underlying M EUR)	1Q 2007	1Q 2008	Variation	
			on a current exchange rate	on a constant exchange rate
Income	99	105	+ 6.9 %	+ 10.1 %
Expenses	- 66	- 73	+ 11.3 %	+ 13.1 %
Gross operating income	33	32	- 1.9 %	+ 4.0 %
Cost of risk	0	0	n.s.	
Tax expense	- 10	- 9	- 4.6 %	
Other items	0	0	n.s.	
Net income – Group share	23	23	+ 0.4 %	+ 6.8 %
Cost-income ratio	66.4 %	69.2 %		
ROEE ⁽¹⁾	51.7 %	51.6 %		

1Q 2007 based on pro forma accounts

(1) Annualized return on economic equity (net income – Group share / allocated equity – Group share)

29

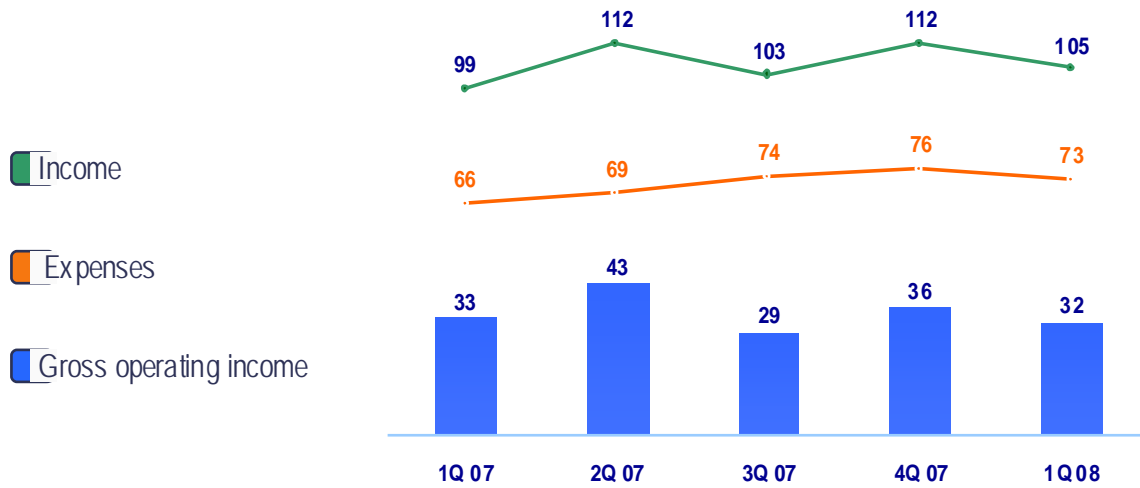
DEXIA

- Total income amounted to EUR 105 m in the first three months of the year, an increase of 6.9% (10.1% on a constant exchange rate) compared to the same period of 2007. This progression is due to activity increases and steady spreads.
- Expenses were up 11.3% , or EUR + 7 m, largely due to (i) an increase in staff costs, to manage the increase in client transaction volumes (comparison is biased by a variable compensation accrual reversal in 1Q 2007's staff costs, which increased the growth), (ii) IT expenditures due to various projects (Basel II, improved client reporting and data management) and increased transaction volumes and services.

Quarterly Variation of the Underlying Gross Operating Income

Investor Services

MEUR



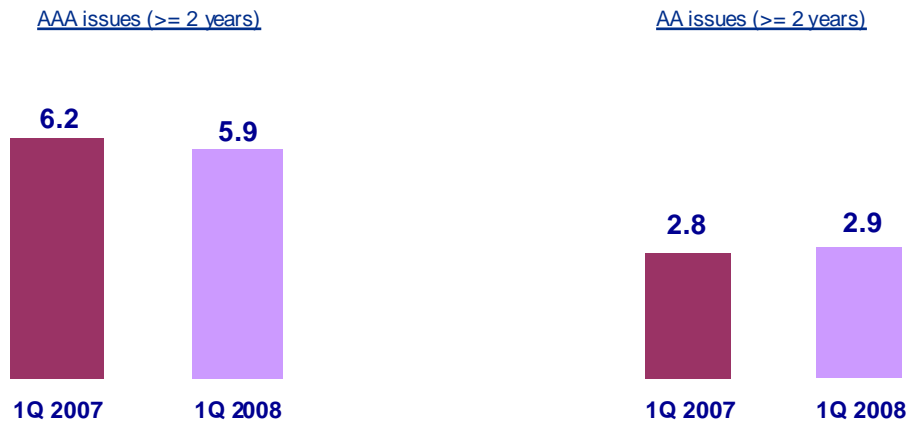
2007 based on pro forma accounts

Primary Market Almost as Dynamic as 1Q07

Treasury and Financial Markets

Bn EUR

LT debt issues



31

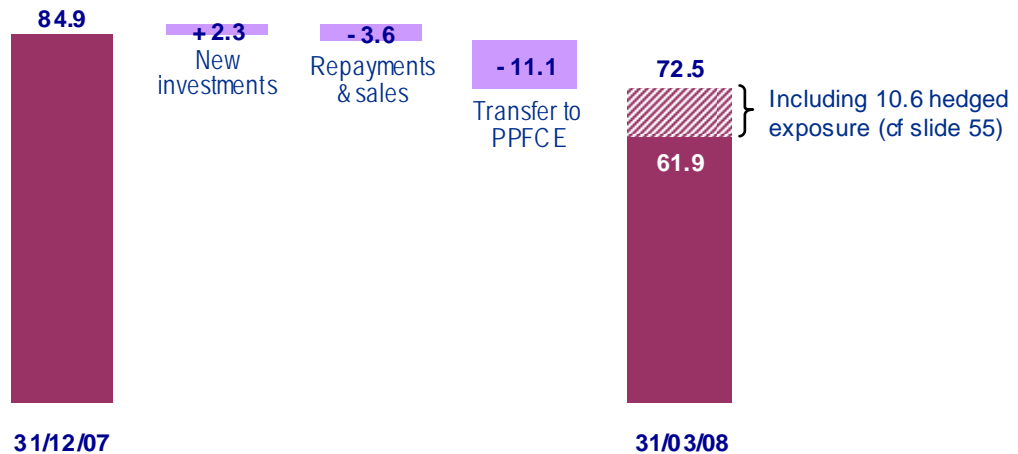
DEXIA

- The Group Treasury long-term funding segment was quite active in the first quarter of 2008 despite challenging market conditions. New long-term issues totalled EUR 8.8 bn, an amount similar to issues realized in 1Q 2007 when market conditions were favourable. Like in 1Q 2007, around two thirds of the funding was issued by the AAA public finance covered bonds group vehicles. The average funding cost against Euribor increased from -2.7 bp in 1Q 2007 to 4.5 bp in 1Q 2008, i.e. a modest change in comparison with market trends. Overall, the various issuers of the Group retained good access to debt capital markets.
- April 2008 experienced stronger volumes and Dexia issued an additional EUR 4.7 bn Long term debts, bringing the total year to date (end of April) issues at EUR 13.5 bn. In April, 2 benchmark transactions were launched (Dexia Kommunalbank Deutschland – Pfandbriefe; DMA - Obligations Foncières).

CSP Portfolio: Attractive Margins and Strong Quality of Risk

Treasury and Financial Markets

Bn EUR



- The Credit Spread Portfolio (CSP) totalled, as of March 31, 2008, EUR 72.5 bn (of which EUR 10.6 bn are fully hedged) after the EUR 11 bn asset transfer to the Public/Project Finance & Credit Enhancement business line which was announced earlier this year. Pro forma, the CSP size slightly declined as the level of new investments (EUR 2.3 bn) was limited. The quality of the portfolio remains very good: After hedging, more than 99% of the portfolio is rated investment grade and 77% is rated AA- or better.

Negative MtM Adjustments Partly Offset by Record Earnings from Management of Group's Liquidity

Treasury and Financial Markets

(Underlying M EUR)	1Q 2007	1Q 2008	Variation	
			on a current exchange rate	on a constant exchange rate
Income	217	122	- 43.8 %	- 42.2 %
Expenses	- 52	- 56	+ 6.8 %	+ 8.8 %
Gross operating income	164	66	- 60.0 %	- 58.7 %
Cost of risk	0	0	n.s.	
Tax expense	- 38	- 3	- 91.8 %	
Other items	- 1	- 3	n.s.	
Net income – Group share	125	60	- 52.1 %	- 50.4 %
Cost-income ratio	24.2 %	46.0 %		
ROEE ⁽¹⁾	29.5 %	12.3 %		

1Q 2007 based on pro forma accounts

(1) Annualized return on economic equity (net income – Group share / allocated equity – Group share)

DEXIA

33

- First quarter 2008 net income – Group share amounted to EUR 60 m compared to EUR 125 m in 1Q 2007. The effect of a poor performance of trading portfolios which resulted from credit spread market dislocation was partly offset by the strong contribution of the Treasury's Cash & Liquidity Management activity line, which took advantage of the current financial crisis.
- Income amounted to EUR 122 m in the first quarter of 2008, down 44% year-on-year and 16% compared to 4Q 2007. The Treasury segment had a record and exceptionally high quarter with revenues doubling up to EUR 172 m. This entirely came from Cash and Liquidity Management (CLM). As it was already the case in 4Q 2007, the bank's structural excess of short-term liquidity generated substantial revenues while the marketplace experienced a global liquidity shortage. CLM also benefited from substantial interest rate cuts from the Federal Reserve. This strong performance was contrasted with the Fixed Income segment which reported negative revenues during 1Q 2008 (EUR -55 m) versus EUR 96 m in 1Q 2007 due to a EUR 259 m (pre-tax) negative mark. This is explained by the effect of widening credit spreads on TFM's trading portfolios, among which the 6% trading portion of the Credit Spread Portfolio is by far the largest. Given the quality of the assets (99.6% rated AAA), the negative marks made during this quarter on the above portfolio – which are only related to spread widening and not to credit events, of which none are foreseen so far – will reverse over time. Overall these portfolios have a spread sensitivity of EUR 2 m per basis point and spreads widened by more than 100 bp during 1Q 2008.
- During 1Q 2008, the above-mentioned EUR -259 m was partly offset by a EUR +124 m mark-to-market impact on a securitization-related CDS. In this case, the underlying assets protected are not accounted in trading books. The negative fair-value adjustments on these assets, still held in the balance sheet, are therefore not reflected in the statement of income but directly through the AFS reserve.
- Finally, the MET segment experienced a EUR 33 m revenue decrease down to EUR 5 m during 1Q 2008 as a result of a poor trading performance on interest rate products and equities.
- Expenses increased by EUR 4 m or 6.8% in 1Q 2008 compared to 1Q 2007. A significant part of the increase came from the creation and development of the activity in Japan, the expansion of TFM in London where the business line develops its distribution capacity and IT expenses linked to TFM development projects.

Treasury: Record and Exceptionally High Quarter

Treasury and Financial Markets

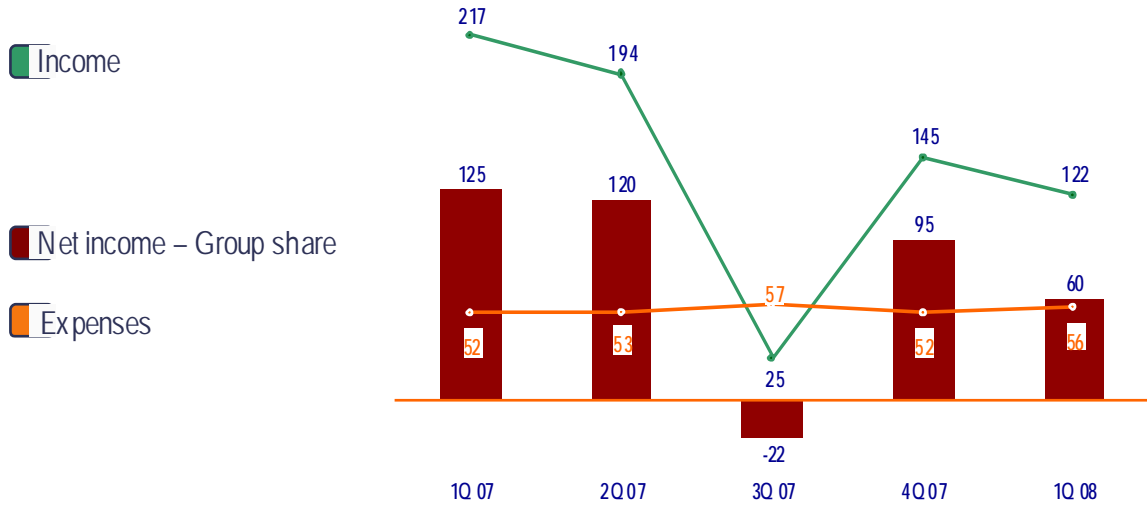
(M EUR)	Treasury		Fixed Income		Market Engineering and Trading	
	1Q 2007	1Q 2008	1Q 2007	1Q 2008	1Q 2007	1Q 2008
Income	83	172	96	- 55	38	5
Expenses	- 17	- 18	- 17	- 20	- 19	- 18
Gross operating income	66	154	79	- 75	19	- 14
Tax expense	- 18	- 41	- 19	30	- 1	8
Net income – Group share	47	112	59	- 46	18	- 6

2007 based on pro forma accounts

Quarterly Variation of the Underlying Net Income – Group Share

Treasury and Financial Markets

MEUR



2007 based on pro forma accounts

Underlying Contribution of Central Assets

(M EUR)	1Q 2007	1Q 2008
Income	+ 39	- 12
Expenses	- 92	- 63
Gross operating income	- 53	- 75
Cost of risk	- 1	0
Tax expense	+ 29	+ 22
Minority interests	+ 9	+ 10
Net income – Group share	- 34	- 62

1Q 2007 based on pro forma accounts

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/// Appendices

- ❑ **Credit risks: Excl. HELOCs and CES mortgages at FSA, little deterioration in asset quality**
 - ❑ Dexia applies a conservative risk underwriting policy
 - ❑ Dexia and FSA stayed out of the ABS CDO market
 - ❑ Projected losses on HELOCs and CES mortgages up materially following a sharp rise in default rates and a change in originators' behaviour
 - ❑ Group Exposure to subprime RMBS generally remains well protected with no material losses projected
 - ❑ Monolines: No material losses expected
 - ❑ No liquidity commitments to off-balance sheet SIVs or conduits

- ❑ **Spread widening impacted both Reserves and P&L**
 - ❑ Additional negative FV adjustment to AFS reserves. No impact on group solvency and cash flows
 - ❑ Negative P&L impact of FSA insured CDS and of certain trading portfolios.
 - ❑ As no credit events are expected, most negative MtMs are expected to reverse

- ❑ **Cost of funding remains competitive**

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/// Credit risk exposure

/// Accounting effects from the widening of credit spreads

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US First-Lien RMBS: FSA's Exposure is Generally Well Protected

Credit risk exposure

- FSA published a comprehensive review of its US RMBS exposure on May 14, 2008. The slide book ("First Quarter 2008 Results and Business Profile") is available on FSA website
- FSA's first-lien RMBS transactions remain well protected even in the current environment:
 - Subprime:
 - Insured: USD 5.1 bn, nearly all AAA. At underwriting, transactions are structured so that they can withstand, on average, a 27% final loss rate
 - Financial Products (FP) portfolio investments: USD 8.0 bn, 88% AAA and average life of 3.66 years
 - Option Adjustable Rate Mortgages (ARMs):
 - Insured: USD 2.8 bn, 87% A or higher per recent FSA review
 - FP portfolio investments: USD 0.9 bn, all AAA per rating agencies
 - Alt-A first lien:
 - Insured: USD 1.7 bn, 73% A or higher per recent FSA review. All were AAA at origination. No loss currently expected
 - FP portfolio investments: USD 2.8 bn, 99.5% AAA per rating agencies. No loss currently expected

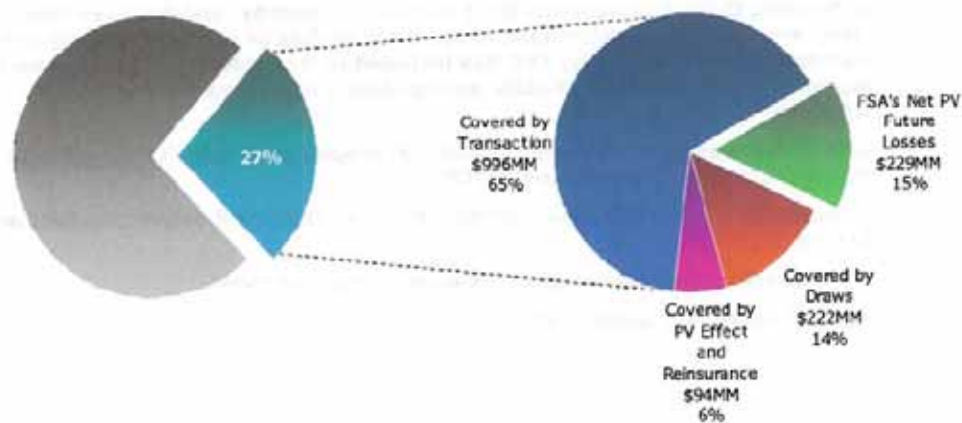
No Material Exposure to Highly Toxic CDOs of ABS Losses in HELOCs and CES Above Expectations

Credit risk exposure

- ❑ FSA is the only major incumbent financial guarantor which avoided the ABS CDO market
- ❑ FSA's second-lien RMBS transactions: projected losses up materially since last quarter
 - ❑ Default rates have increased significantly. Moreover Countrywide has systematically reduced the draws (new borrowings) it is funding, reducing a source of future protection
 - ❑ Assumption: continuation of the present adverse environment through 2008 and a slow recovery into 2009
 - ❑ Home Equity Line of Credit (HELOC):
 - ❑ Insured: USD 7.5 bn. FSA projected present value cumulative lifetime losses of USD 333 m across eight transactions (net par of USD 4.5 bn). These projections result in transactions' lifetime cumulative pool losses of 10% to 30% (or approximately ten times historical norms) and future pool losses of 18% to 40% of the current pool balance depending upon seasoning and current performance
 - ❑ FP portfolio investments: USD 0.3 bn, all AAA
 - ❑ Alt-A Closed-end second-lien mortgages (CES):
 - ❑ Insured: USD 1.5 bn, PV net loss of USD 87 m projected across four transactions (net par of USD 784 m), most of which not due for over 20 years. FSA is projecting losses on every CES it insured other than those previously wrapped. These projections assume lifetime pool losses of 52% to 57% of original pool balance
 - ❑ FP portfolio investments: USD 0.2 bn, 96% rated A or higher, all investment grade

Coverage of HELOC: Projected Weighted Average Future Pool Loss of 27%

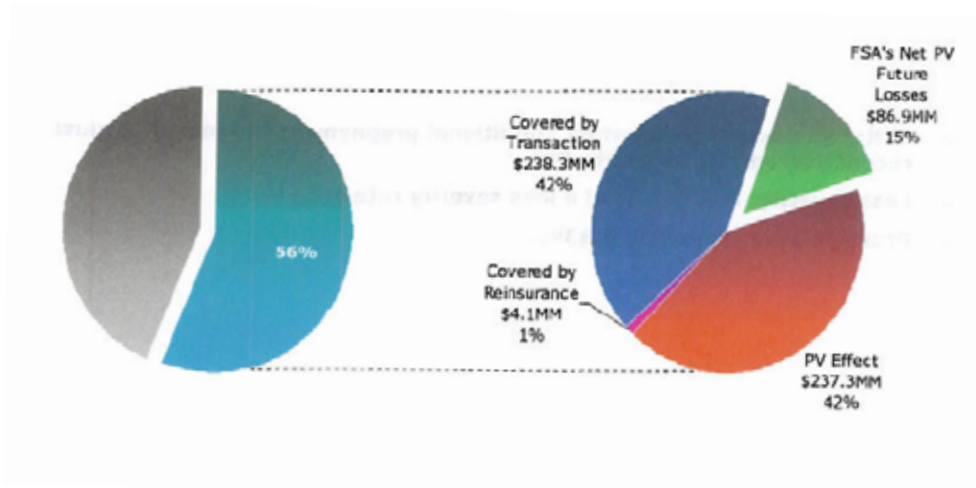
Credit risk exposure



- As insurer of a structured finance transaction, FSA is not required to fund all of the projected pool losses; the transaction structure provides much of the support.
- FSA projects weighted average future pool losses of 27% across the eight HELOCs with loss reserves.
- FSA projects paying 15% (net reserves of USD 229 m = projected PV losses of USD 333 m, after adjusting for claims already paid) of this amount, with the remainder coming from:
 - Transaction sources (65%), including future excess spread, a pool policy in one instance, and recoveries on representations and warranties
 - Draws funded by the originator (14%) – this is relevant only for Countrywide transactions
 - Reinsurance, net of the PV effect

Coverage of Alt-A CES: Projected Weighted Average Future Pool Loss of 56%

Credit risk exposure



- As insurer of a structured finance transaction, FSA is not required to fund all of the projected pool losses; the transaction structure provides much of the support.
- FSA projects weighted average future pool losses of 56% across the four Alt-A CES with loss reserves.
- FSA projects paying 15% of this amount, with the remainder coming from:
 - Transaction sources (42%), including current overcollateralization and future excess spread
 - The PV effect (42%) of not being required to pay until legal maturity
 - Reinsurance (1%)

HELOC and CES Related Losses Effect on Financial Statements

FSA

- FSA's total projected net PV losses for second-lien mortgage transactions is USD 420 m, USD 333 m for HELOCs and USD 87 m for Alt-A CES
- To cover projected loss, FSA allocated USD 120 m from its non-specific reserve (USD 65 m in 2007 and USD 55 m in 1Q08) and expensed USD 300 m (pre-tax) in 1Q08
- The net impact on Dexia results, in Euros and after tax is EUR 128 m

	Net Par Outstanding (USD Bn)	Net PV Loss Projection (USD m)	Draw from Non-Spec. Reserve (USD m)	1Q08 Loss Expense (USD m)
HELOCs	4.53	333	-	-
Alt-A CES	0.78	87	-	-
TOTAL	5.31	420	120*	300

* USD 65 m was allocated in 2007; the remaining USD 55 m was allocated in Q1 2008.

DEXIA

FSA to Discontinue Some Activities And to Further Leverage its Unique Position in Public & Infrastr. Finance

Credit risk exposure

- FSA's losses in HELOC and CES sectors are far out of scale to historic loss expectations. Management has already decided to eliminate these areas of business and any other form of unsecured consumer credit
- Over the next several months, management will engage into a thorough review of business lines and underwriting criteria in ABS and Structured Finance to make sure that all areas of continuing activity reflect low risk and predictability, consistent with the Group's risk appetite, and to size the business model accordingly
- This will produce a lower risk ABS and Structured Finance business line smaller than in the past that would maintain diversity and attractive earnings to FSA's business model. Given this and the current business environment, premiums associated with ABS activities are likely in 2008 to be less than 20% of FSA's overall activity, the remainder of which will be generated by municipal and Public Infrastructure Finance
- Nevertheless, FSA avoided the worst risks of the structured finance and mortgage bubble and now has a unique opportunity as the industry leader in public infrastructure finance. Dexia and FSA will continue to take full advantage of the current business environment to expand their Public and Infrastructure Finance operations

Excluding FSA, Dexia's Exposure And Risks to US RMBS Are Minimal

Credit risk exposure

- ❑ **Credit exposure at Dexia, excluding FSA, on US non prime RMBS** amounted to EUR 199 m, o/w EUR 164 m rated AAA, EUR 14 m rated AA and EUR 21 m rated BB
Exposure concentrated within Dexia's Credit Spread Portfolio
- ❑ **Dexia's (excluding FSA) unhedged credit exposure to CDO of RMBS = 0**
Existing such type of assets are fully hedged by the largest commercial and investment banks

Monolines: No Material Losses Expected

Credit risk exposure

- ❑ Dexia provides on its website a comprehensive review of assets which benefit from a guaranty or re-insurance provided by Monolines
- ❑ Unlike most banks, Dexia discloses notional amounts
- ❑ Unlike most banks, Dexia did not buy protection directly from the monolines on ABS CDOs
- ❑ Most of Dexia's assets benefiting from a guaranty from a monoline are Public or Project Finance assets where monoline penetration rates are naturally high
- ❑ As a matter of policy, Dexia and FSA only acquire or guarantee assets based on the credit analysis of the underlying risk generally without taking into consideration the existence of a financial guaranty provided by a monoline insurer
- ❑ FSA also takes benefit of monolines for the purpose of re-insuring its own insured transactions, so as to save capital. FSA reinsures to a diverse group of insurance companies and the downgrade of monolines would not lead to a significant increase in capital needs

No Commitments to Off-balance Sheet SIVs and Conduits

Credit risk exposure

- Dexia has no liquidity commitments to any off-balance sheet SIV or conduit
- Dexia has no net credit exposure to SIVs
- Group off-balance sheet commitments mainly refer to the financing of high quality US municipal bonds and do not raise material capital, liquidity or credit concerns

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The Widening of Credit Spreads Had Significant Impacts on Accounts but Little Economic Relevance

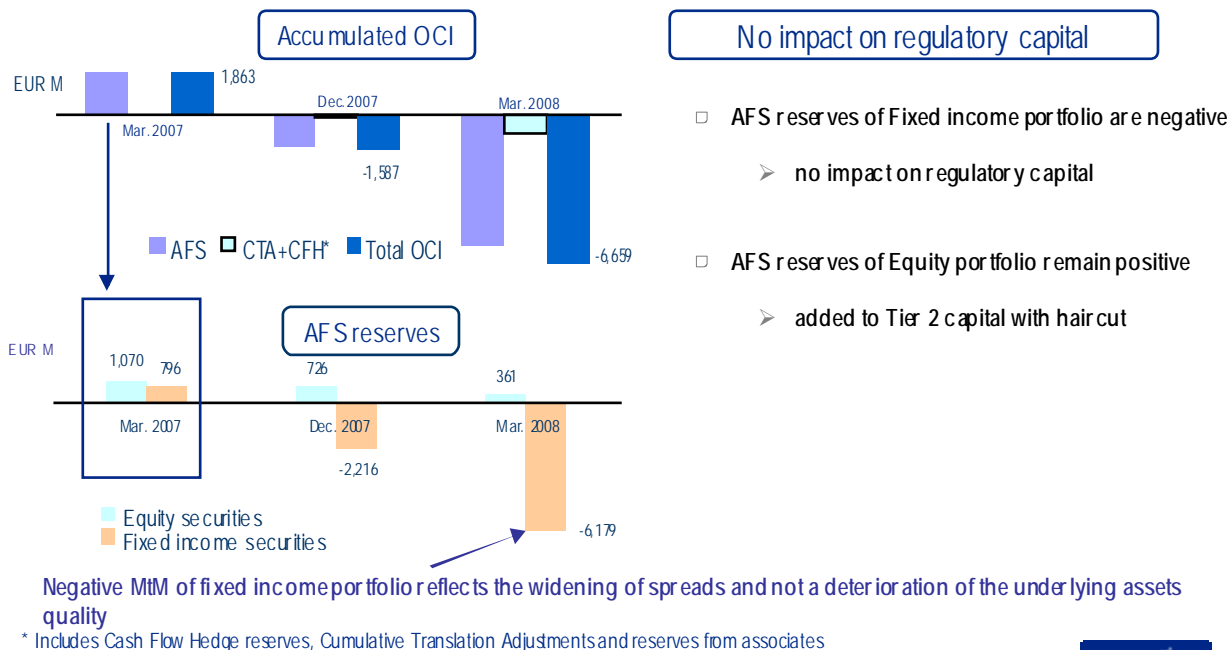
Accounting effects from credit spread widening

- Impact on IFRS total shareholders' equity: Accumulated OCI decreased by 5.1 bn..... slide 51
 - Impact (1): Financial Product Portfolio..... slide 52
 - Impact (2): Credit Spread Portfolio..... slide 55
 - Impact (3): Public Finance bond denominated exposure..... slide 57

- Impact on the P&L 1Q08: chiefly the EUR -216 m after tax from FSA Insured CDS
 - Impact (1): FSA Insured CDS..... slide 58
 - Impact (2): Trading Credit Spread Portfolio..... slide 62
 - Impact (3): MtM of Securitisation-related CDS
(Offsetting the EUR -259 m MtM adjustment from TFM Fixed Income trading portfolios) EUR + 243 m mark-to-market impact on two securitization-related CDS. In this case, the underlying assets protected are not accounted in trading books. The negative fair-value adjustments on these assets, still held in the balance sheet, are therefore not reflected in the income statement but directly through the AFS reserve)

Negative Fixed Income Accumulated OCI: No Impact on group solvency and cash flows

Accounting effects from credit spread widening – Impact on Equity



No impact on regulatory capital

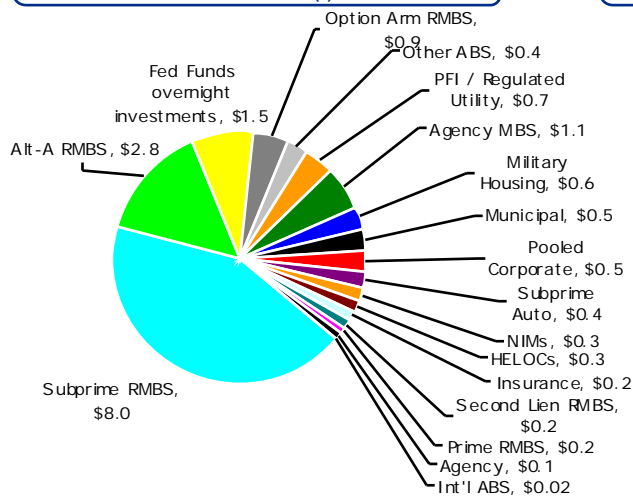
- AFS reserves of Fixed income portfolio are negative
 - no impact on regulatory capital
- AFS reserves of Equity portfolio remain positive
 - added to Tier 2 capital with hair cut

- Since the adoption of IFRS, Dexia has to report within shareholders' equity the fair value adjustments on its "Available For Sale (AFS)" assets.
- Accumulated "Other Comprehensive Income" (OCI) are part of total shareholders' equity (made of Available For Sale reserves, Cash Flow Hedge, Cumulative Translation Adjustments and reserves from associates).
- Because its business model is focused on Public Finance, Dexia has a large portfolio of high quality and long duration bonds booked as AFS assets, which therefore generates some volatility on its reported shareholder's equity.
- Negative Accumulated OCI / AFS on the Spread portfolios are not a concern:
 - "Buy and Hold" View
 - No forced selling (strong Group liquidity and solvency)
 - No credit issues
 - No impact on cash flows or solvency
- Negative Accumulated OCI / AFS on the Spread portfolios are not a herald of credit events: As of March 31st, about 62% of the negative reserve on FP, CSP and Public Finance bonds is concentrated on AAA assets and about 94% is on A to AAA assets.
- Market prices are low as they include a large discount for uncertainty and as a reflection of the global Liquidity shortage.
- The tightening of credit spreads after March 31 would lead to an improvement of about EUR 0.7 bn of the AFS reserve as of end of April. As communicated many times in the past, future widening or tightening of credit spreads will lead to additional negative or positive fair-value adjustments.

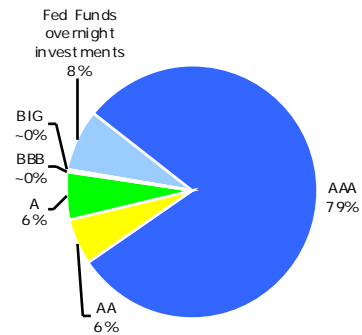
FSA's Financial Products Portfolio is Invested in Highly Rated RMBS

Accounting effects from credit spread widening – Impact on Equity (1)

FP - Invested Assets by Sector
USD 18.8 Bn (*)



FP - Invested Assets by rating
USD 18.8 Bn (*)



87% AAA/Fed funds overnight investments

(*) Investments at amortized cost. 4.5% of the portfolio is AAA by virtue of FSA insurance. As of 3/31/08; ratings are the lower of S&P and Moody's.

- FSA Financial Products ("FP") raises funds by providing guaranteed investment contracts (GICs) to
 - Issuers of municipal bonds seeking to invest the proceeds of tax-exempt bond issues;
 - and Special purpose vehicles seeking to invest the proceeds of credit linked notes.
- FP business is managed on a floating to floating basis (effectively a 30-day duration) with minimal interest rate, convexity, or credit risk.
- As a result, FP is a natural buyer of highly rated floating rate asset-backed securities.
- FP Assets are primarily driven by Available For Sale MBS positions and are recorded as a separate component of equity, in Accumulated Other Comprehensive Income (Accumulated OCI) on the balance sheet.

FSA's FP Portfolio Contributed to Group Accumulated OCI Erosion

Accounting effects from credit spread widening – Impact on Equity (1)

FP Portfolio Accumulated OCI (USD m) – after tax

Source of Negative Mark-to-Market

	Balance at 31/3/08	Mov em ent for 1Q 08	Balance at 31/12/07
RMBS - Subprime	-1,177	-621	-556
RMBS – Alt A	-657	-484	-173
Other Non-Agency RMBS	-330	-213	-117
Other ABS	-138	-93	-45
Other	-153	-122	-31
TOTAL	-2,455	-1,533	-922

Example of subprime MBS volatility (Scale= 0-450 bps)

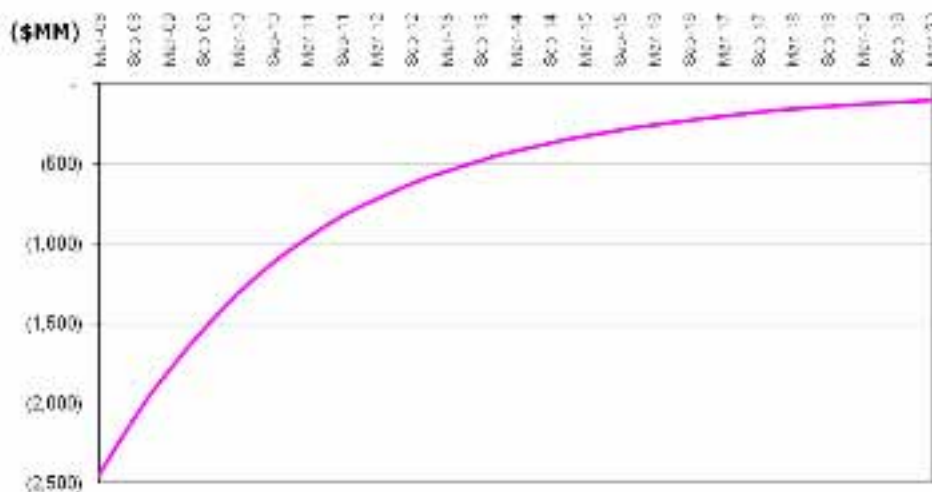


- FSA marks to market the value of all investments in the FP portfolio.
- Continuing credit-spread widening and subprime mortgage performance concerns have led to additional negative marks-to-market in 1Q 2008.
- Negative marks are not necessarily indicative of transaction-specific credit losses. Asset impairment, if it occurs, will be recognized in net income.
- 99.2% of FP's negative mark derives from securities currently rated A (6.9%), AA (8.3%) or AAA (84.0%). FSA currently does not anticipate economic losses from this portfolio. However, some transactions have less robust credit protection than others. For those with thinner protections, credit performance could deteriorate and/or progress beyond our current expectations, giving rise to impairment and potential economic loss.

FSA's FP Negative Marks Will Revert Over Time

Accounting effects from credit spread widening – Impact on Equity (1)

Financial Products MtM Reversal assuming no change in market spreads (USD M) (*)



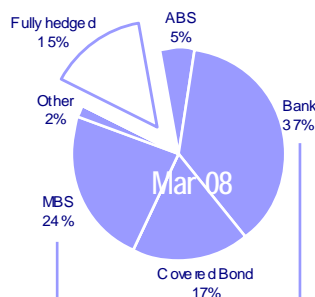
(*) After-tax loss of 2,455 m
As of 31/3/08 (US GAAP basis)

- Assuming no change in credit spreads and no realized losses, all negative OCI amounts will reverse and sum to zero as the assets pay down and mature.
- The relatively short average lives of FP assets are expected to result in a relatively fast reversal of the majority of MtM, even assuming spreads stay at these relatively wide levels. However, accounting requirements may require write-downs of assets deemed “other-than-temporarily impaired,” which would be reflected in the income statement.
- Since the third quarter of 2007, the Company has asserted that negative fair-value adjustments (or “unrealized losses”) to available-for-sale (AFS) securities in the FP Investment Portfolio recorded in Accumulated OCI will reverse and sum to zero as the assets pay down and mature, assuming no realized losses. The continued widening of credit spreads through the first quarter of 2008 related to market liquidity has resulted in further negative fair-value adjustments in Accumulated OCI to this portfolio.
- As the Company intends to hold the FP securities to their maturity, the “unrealized losses” of these securities could only become realized economically if actual credit losses occurred or if the securities were sold at a loss. However, for accounting purposes, losses may become “realized” if they are deemed to be “other-than-temporary” under U.S. GAAP rules.
- The longer the time period an investment remains marked with an unrealized loss, the larger the burden of proof becomes to demonstrate that a position is only temporarily impaired. Unless evidence exists to support a realizable value equal to or greater than the carrying value of the investment, a write-down to fair value through the income statement is required.
- The Company will continue to review its investments quarterly to determine whether any unrealized loss needs to be “realized” through the income statement. In periods subsequent to the recognition of a “realized” impairment loss, the non-economic write-down will reverse through earnings by the time the security matures.
- Only the estimate of economic loss will be reflected as an element of operating earnings.

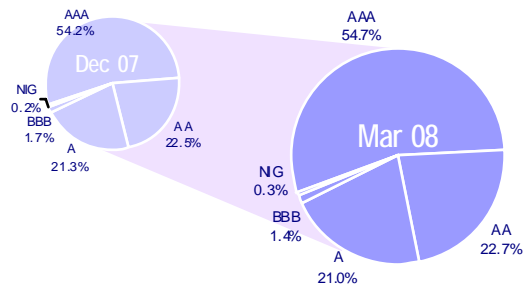
Credit Spread Portfolio: A Buy and Hold Model which Benefits from its High Quality Orientation

Accounting effects from credit spread widening – Impact on Equity (2)

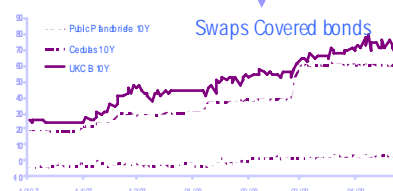
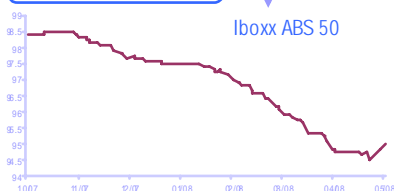
CSP – Asset class breakdown
EUR 61.9 Bn credit exposure and EUR 10.6 Bn hedged



CSP – Rating breakdown
EUR 61.9 Bn credit exposure



Market trend indicators



55

DEXIA

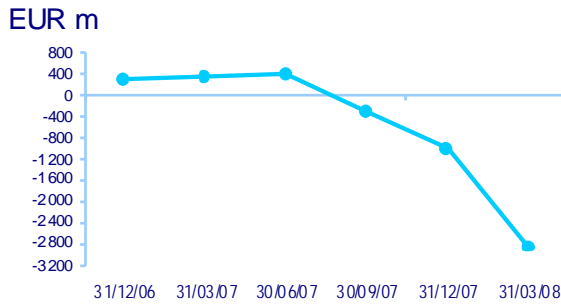
- High quality and highly liquid "Buy and Hold" portfolio.
- EUR 10.6 Bn hedged with CDS (counterparty: leading AA, A banks).
- Total credit exposure EUR 61.9 Bn, end of March 2007.
- Average margin on the portfolio higher than 25 bps (above 100 bp on 1Q new investments).
- Average maturity of the portfolio of 5.9 years.
- Average Rating : AA- (and 99.7% Inv Grade - 98% A-AA-AAA).
- 6% of the portfolio is accounted as a trading book (see slide 62); 94% is AFS accounted.
- High quality of assets: No CDO of RMBS.
 - Banks: almost only AA and A large banks. North America and Europe accounts for 93% .
 - Covered bonds: 95% European covered bonds; 96% is AAA; remaining being A or AA.
 - MBS: Portfolio is comprised of AAA rated (99.6%) Prime RMBS securities with a geographical focus outside of the US (10%); 0.4% non AAA are AA and A.
 - ABS: Largest sector exposures are consumer ABS and SME.
 - Other: Various AAA rated transactions and EUR 0.3 Bn exposure on various insurance and reinsurance cics with an average rating of A-.

CSP Accumulated OCI Became Negative With Widening Spreads – No Credit Deterioration

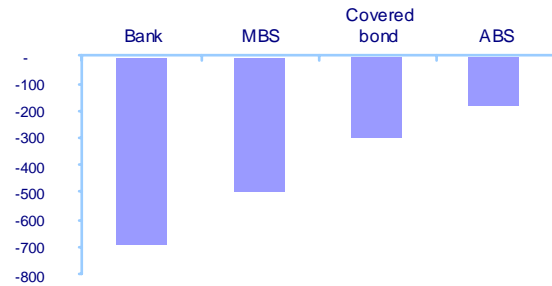
Accounting effects from credit spread widening – Impact on Equity (2)

- AFS Reserves declined but credit quality remains very strong

CSP – Accumulated OCI (pre-tax)



CSP – 1 Q08 Change in Acc. OCI (pre-tax)



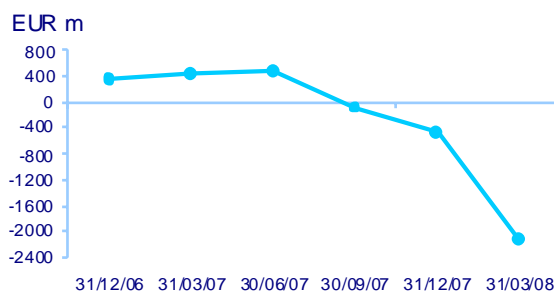
- Spread widening in 1Q.
 - All asset classes suffered from spread widening.
 - Banks, Covered bonds and MBS had a significant negative contribution to OCI in 1Q.
- Negative Accumulated OCI concentrated in 5 segments: Highly rated banks; AAA MBS; AAA covered bonds; US Investment Banks; ABS (including US government student loans ABS).
- With little change in asset quality, negative marks are expected to reverse.
 - Underlying credit quality remains unaffected. Only 3% of credit exposure was downgraded by 1 notch or more (no impact on the average rating and quality of the portfolio).
 - Negative marks expected to reverse to zero.
- Interest rate sensitivity is hedged.
- Credit spread sensitivity: an increase of a 1 basis point of market spreads would result in an estimated reduction of EUR 27 m (pre-tax) in the fair value of the above portfolio.

The Public Finance Bond Denominated Exposure also Contributed to OCI Changes – No Credit Deterioration

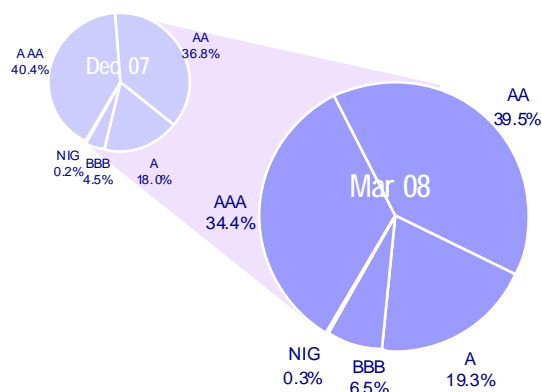
Accounting effects from credit spread widening – Impact on Equity (3)

- Part of the Public Finance Business is operated in Bond Format

Public Finance Bond denominated Exposure
Accumulated OCI (pre-tax)



Public Finance Bond denominated Exposure
Rating breakdown

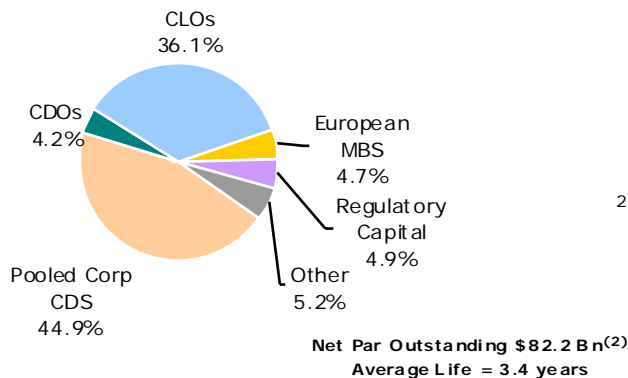


- The Public/Project Finance business is also operated in Bond Format, and not only via loans. This comes from the fact that some markets like the US are 100% bond denominated. Other very large markets (Japan, Italy, Spain) are also bond denominated to a quite large extent.
- The Public/Project Finance bond denominated exposure is classified in Available For Sale.
- Size: EUR 90.0 Bn at the end of March 2008.
- Average rating: Still AA- despite FGIC and XL being downgraded to BB and CIFG to A+. Underlying wrapped assets have a higher rating, in most cases.
- Average margin of around 30bps.
- Average maturity: 15 years.
- Main Asset classes: Local authorities, Public Sector Corp or Utilities.
- Negative marks expected to reverse to zero.
- Sensitivity: An increase of a 1 basis point of market spreads would result in an estimated reduction of EUR 76 M (pre-tax) in the fair value of the Public Finance bond denominated exposure.
- Negative Accumulated OCI concentrated in 5 segments: Regulated Utilities; US government student loans ABS; US Muni; Sovereigns; PPP/PFI.

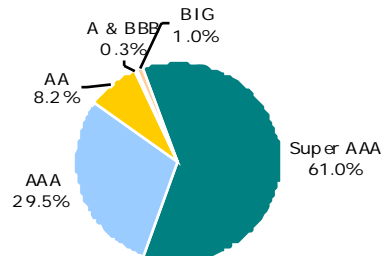
FSA's Insured CDS: Very High Quality Assets

Accounting effects from credit spread widening – Impact on P&L (1)

FSA's Insured Transactions Subject to MtM



Transactions Subject to MtM by Rating⁽¹⁾



- (1) Based on FSA internal ratings.
 (2) Excludes \$0.11 Bn net par outstanding of BBB- & BB rated NIM securities
 (3) Based on net par outstanding
 As of 31/3/08

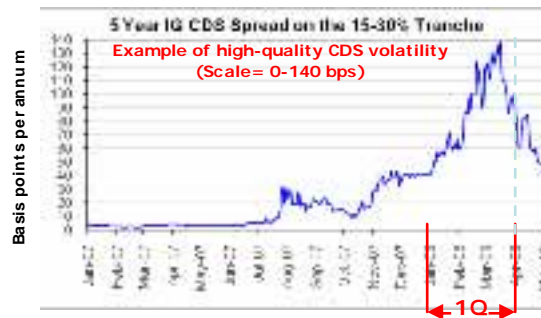
- FSA guarantees transactions either through issuing a financial guaranty insurance policy or executing a Credit Default Swap as the seller of the protection. Unlike most financial guarantees, many CDS must be marked-to-market.
- FSA's CDS portfolio covers several underwriting sectors and is of very high credit quality.
- FSA has not written CDS protection on CDO Squared transactions and insured only one ABS CDO transaction subject to MtM, (FSA provided excess of loss reinsurance for that transaction) USD 299 m net par originated in 2005, and attached at 4x the Triple-A attachment point, with a negative fair-value adjustment of USD 20.1 M at March 31, 2008.
- With few exceptions, payment terms are identical to financial guaranty insurance: pay-as-you-go claim payment terms (i.e., no forced acceleration) and no requirement to post collateral to secure FSA's obligation under the CDS.

FSA's Insured CDS MtM: MtM Pricing Principles for Insured Credit Default Swaps

Accounting effects from credit spread widening – Impact on P&L (1)

- Consistent with U.S. GAAP and IFRS accounting principles, FSA's mark-to-market pricing methodology for guaranteed CDS derives market premium rates that:
 - are based on observable market data to the maximum extent possible
 - result in similar prices for similar transactions, regardless of when originated or to whom the policy is provided
 - result in prices for existing exposures that are consistent with prices for new risks being underwritten by the Company

- One (among others) observable market data



FSA's Insured CDS MtM: USD 491 m Negative Marks in 1Q08

Accounting effects from credit spread widening – Impact on P&L (1)

□ Pricing categories and pre-tax impact on P&L

	Pooled Corporate CDS	CDOs and CLOs	European MBS	Regulatory Capital	Other	Total ⁽³⁾
Net Par O/S (\$ Bn)	36.9	33.2	3.8	4.0	4.3	82.2
Net PV Premium O/S (\$ M) Using Contract Rate ⁽¹⁾	278.0	115.5	1.3	0.6	37.1	432.5
Current Quarter's Change in FV Due to Market Movements (\$ M) ⁽²⁾	-315.5	-116.1	-2.6	-	-56.7	-491.0
Current Quarter's Change in FV Due to Adoption of FAS 157 (\$ M) ⁽⁴⁾	30.3	6.3	-	-	4.3	40.9
Fair Value at 31/3/08 (\$ M) ⁽⁵⁾	-539.3	-374.4	-3.5	-	-80.1	-997.3
Remaining Avg Life (Years)	3.5	5.2	0.5	0.3	5.4	3.4

(1) Reflects pre-tax present value of premiums actually due to be paid to FSA under existing contracts

(2) Reflects pre-tax fair-value adjustments required for U.S. GAAP accounting

(3) There are deemed derivatives (including NIMs) with \$ 0.11 Bn net par outstanding (BBB- & BB rated) that are marked-to-market under FAS 155 which contributed \$ 0.65 M MtM gain for 1Q08, but are not included in this presentation. Also excludes insured interest rate swap with MtM gain of \$ 1.2 M

(4) The balance at 1/1/08 was adjusted upon adoption of FAS 157 to reflect a day one profit and a valuation allowance based on reinsurers' credit standing

(5) Excludes certain current accruals on CDS contracts

As of 31/3/08

DEXIA

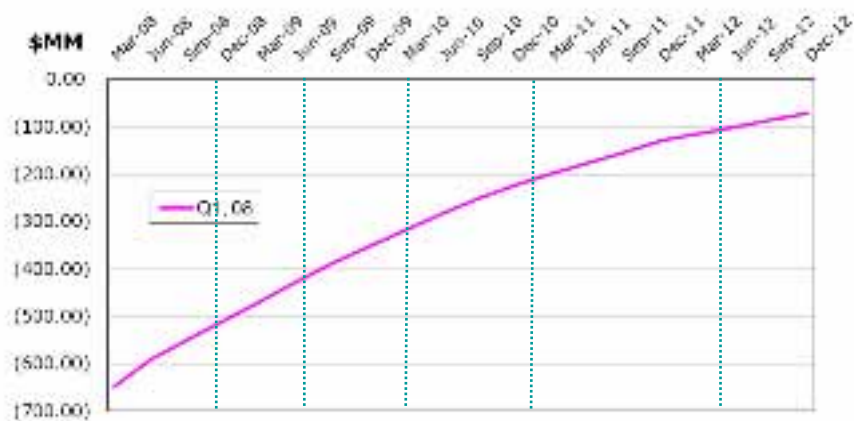
60

- **Pooled Corporate CDS:**
Primarily AAA and Super AAA attachment (> 1.3x AAA coverage). 5-year, 7-year and 10-year maturities at origination, mostly static pools of corporate CDS, IG and NIG ("high-yield") pools, fixed notional.
- **Funded CDOs and CLOs:**
Primarily AAA and Super AAA attachment points. Managed portfolios of U.S. and European corporate bonds or loans. No CDO of CDO, negligible ABS CDO exposure (\$ 0.3 Bn).
- **European MBS:**
AAA and Super AAA attachment, prime borrowers. Excellent performance.
- **Regulatory capital:**
Super AAA attachment, small and medium entity loans, managed pool. Excellent performance. Expect termination at adoption of Basel II.
- **Other:**
Wrapped by monolines (MBIA, Ambac, XL and Assured) with underlying exposures mostly to non-US airports, utilities and mortgage transactions; the remainder of other is a mixture of unrelated unwrapped asset types.
- The tightening of credit spreads after March 31 would lead to a positive fair-value adjustment on insured CDS of about USD 300 m (around EUR 190 m before tax and EUR 130 m after tax) as of end of April. As communicated many times in the past, future widening or tightening of credit spreads will lead to additional negative or positive fair-value adjustments.

FSA's Insured CDS Negative Marks to Reverse Over Time

Accounting effects from credit spread widening – Impact on P&L (1)

Insured CDS MtM Reversal USD M, at 31/3/08 credit spread (1)



(1) After tax negative mark of USD 648 M, as of 31/3/08

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DEXIA

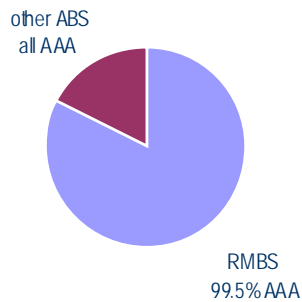
- Given the strong credit quality of FSA's risks and its intent and ability to hold them over time, the mark-to-market adjustments are not expected to result in realized losses, with the sum of these fluctuations reversing to zero when the contracts or transactions mature.
- Given the relatively short duration of the insured CDS portfolio, with no change in year end market spreads and no realized losses, a significant portion of MtM reversal should occur in next 3 years.

CSP "Trading" Portfolio – Negative Marks Expected to Be Recouped Over Time

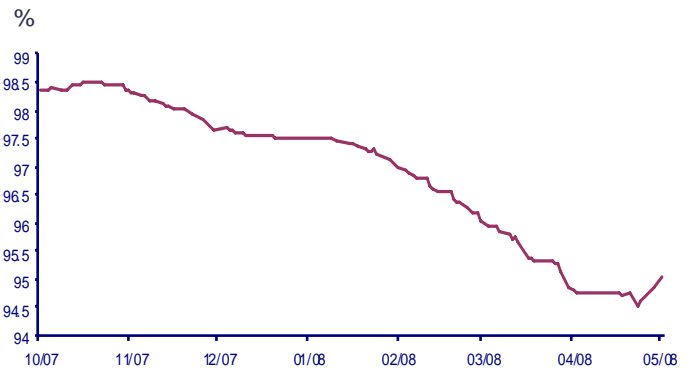
Accounting effects from credit spread widening – Impact on P&L (2)

- CSP "trading" portfolio (EUR 4.55 Bn or 6 % of CSP Portfolio)

CSP "Trading" Portfolio breakdown



Iboxx ABS 50



- 83% RMBS, 17% other ABS assets.
- Mostly European assets; 6% US assets.
- Sensitivity is EUR 1.5 M per basis point.
- Around 80 holdings all rated AAA (except one EUR 19 m investment rated BB) and largest single exposure of 2.2% .
- Responsible for the big part of the EUR 260 M pre-tax 4Q negative marks booked within TFM.
- Average life of 3.6 years.

Agenda

/// Highlights

/// 1Q 2008 Results

/// Focus on the Credit and Financial Crisis

/// Credit risk exposure

/// Accounting effects from credit spread widening

/// Funding

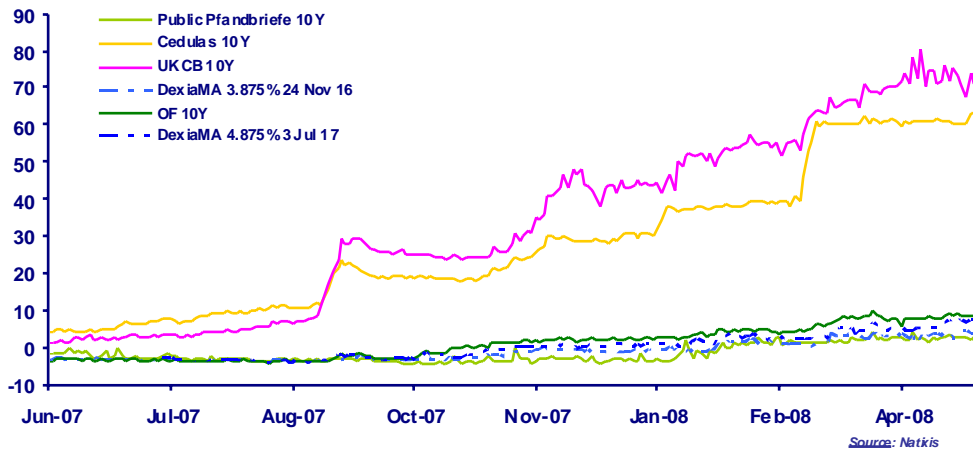
/// Appendices

Funding Capabilities Are Strong

Funding

- Strong short-term liquidity positions
- Long-term funding: a very modest increase in the cost of funding

Swaps Covered Bonds 5 years (spreads over Euribor)



Source: Natixis



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- Short term liquidity:
 - Constantly maintained an excess liquidity position; CSP portfolio acted as a liquidity provider; no change in cost of ST liquidity.
 - No liquidity off balance sheet commitments to SIVs and conduits.
- Long term funding: 2008 update
 - April 2008 experienced strong volumes and Dexia issued an additional EUR 4.7 bn Long term debts, bringing the total year to date (end of April) issues at EUR 13.5 bn. In April, 2 benchmark transactions were launched (Dexia Kommunalbank Deutschland – Pfandbriefe; DMA - Obligations Foncières).

Agenda

/// Highlights

/// 1Q 2008 Results

/// Focus on the Credit and Financial Crisis

/// Appendices

/// FSA

/// DenizBank

/// Insurance Activities

/// Dexia Bank Nederland

Operating Results



(M USD)	1Q 2007	1Q 2008
US GAAP – Net Income (as reported by FSA)	85	- 422
Fair value adjustments for insured CDS	+ 8.6	+ 318.0
Other fair value adjustments	0	+ 7.3
IFRS Adjustments	+ 1.2	- 2.7
IFRS – Operating Earnings	95	- 99
CDS MtM	- 8.0	- 332.6
Credit risk of liabilities MtM	0	+ 19.6
IFRS – net Income	87	- 412
Results Dexia Holdings Inc, Minority Interest FSA Holdings	+ 5.5	+ 7.3
IFRS – TOTAL REPORTED Net Income	93	- 405
Exchange rate	1.32	1.38
(M EUR)		
Net Income (as reported by Dexia)	70	- 265
Non operating items	- 6	- 216
Underlying Net Income (as reported by Dexia)	76	- 49
Of which: Public/Project Finance & CE	66	- 53
Central Assets	9	4

Negative Contribution to PPFCE Earnings Due to HELOCs and CES Mortgages Losses

FSA

Contribution of FSA to PPFCE

(Underlying M EUR)	1Q 2007	1Q 2008	Variation	
			on a current exchange rate	on a constant exchange rate
Income	129	131	+ 1.6 %	+ 17.9 %
Expenses	- 32	- 26	- 17.6 %	- 4.3 %
Gross operating income	97	104	+ 7.9 %	+ 25.2 %
Cost of risk	- 3	- 197	x 59	x 68
Net income – Group share	66	- 53	n.s.	n.s.

(Underlying M EUR)	1Q 07	2Q 07	3Q 07	4Q 07	1Q 08
Income	129	136	126	161	131
Expenses	- 32	- 35	- 32	- 35	- 26
Gross operating income	97	101	94	126	104
Cost of risk	- 3	- 3	- 7	- 9	- 197
Net income – Group share	66	73	61	82	- 53

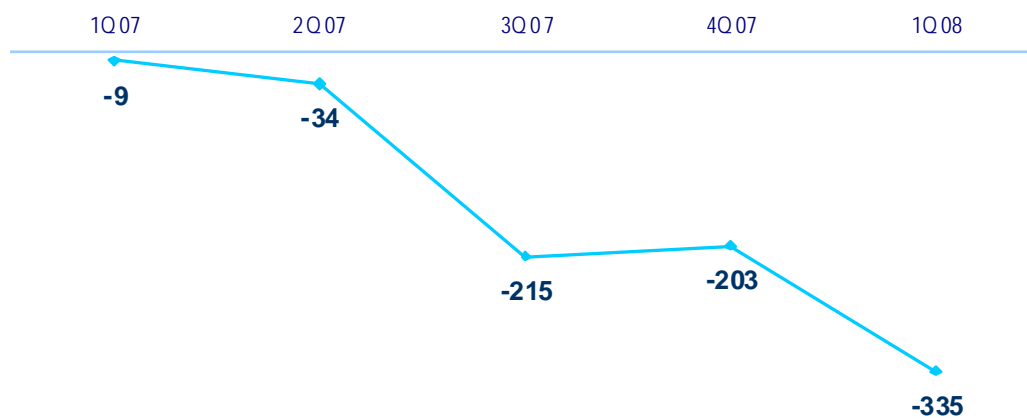
2007 based on pro forma accounts

Incidence of MTMs on the CDS Portfolio

FSA

M EUR

Quarterly incidence of the MTM / CDS portfolio (income)

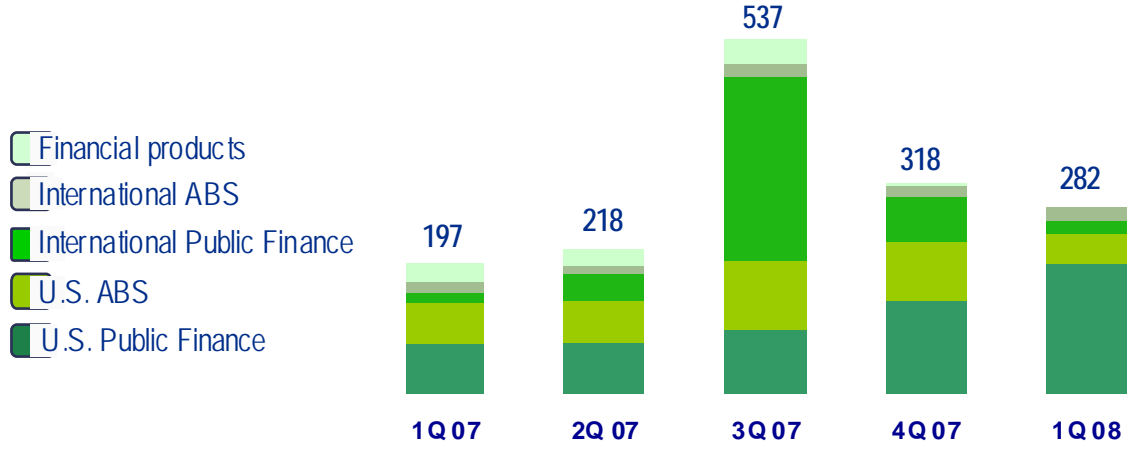


1Q 2008: Strong US Public Finance Originations at FSA

FSA

USD M

FSA – Gross present value originations



Another Good Set of Results

DenizBank

(M YTL)	1Q 2007	1Q 2008	Variation	
			on a current exchange rate	on a constant exchange rate
BRSAGAAP – Net Income (as reported by DenizBank)	81	85	+ 4.7 %	
IFRS (as reported by DenizBank)	81	87	+ 8.4 %	
Adjustments due to various factors	1	1		
Underlying IFRS (as reported by DenizBank)	80	88	+ 9.0 %	
Adjustments due to various factors ⁽¹⁾	- 8	- 7		
Underlying IFRS (as reported for Dexia)	73	81	+ 10.5 %	
Exchange rate	1.84	1.87		
(M EUR)				
Underlying IFRS (as reported by Dexia)	39	43	+ 9.2 %	+ 10.8 %
Of which: Public and Project Finance	21	28	+ 35.3 %	+ 37.2 %
Personal Financial Services	14	24	+ 65.6 %	+ 67.9 %
Treasury and Financial Markets	3	1	- 65.8 %	- 65.4 %
Central Assets	1	- 10	n.s.	n.s.

(1) . Change of 8 M in 1Q2007 due to amortization of allocated intangible assets and positive impacts on MTM on some credits
 . Change of 7 M in 1Q2008 due to amortization of allocated intangible assets and positive impacts on MTM on some credits

DEXIA

Contribution of DenizBank to Dexia

(Underlying M EUR)	1Q 2007	1Q 2008	Variation	
			on a current exchange rate	on a constant exchange rate
Income	137	170	+ 24.5 %	+ 26.2 %
Expenses	- 77	- 100	+ 29.1 %	+ 30.9 %
Gross operating income	59	70	+ 18.5 %	+ 20.1 %
Cost of risk	- 10	- 19	x 1.9	x 1.9
Net income – Group share	39	43	+ 9.2 %	+ 10.8 %

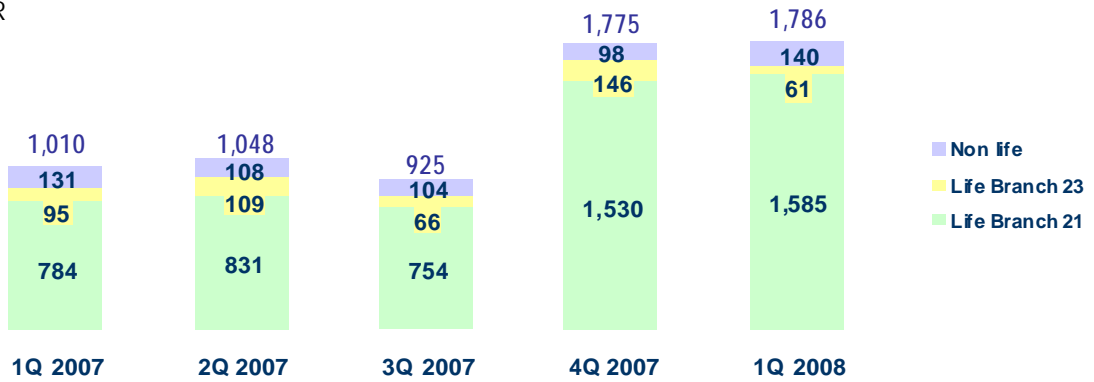
(Underlying M EUR)	1Q 07	2Q 07	3Q 07	4Q 07	1Q 08
Income	137	156	158	188	170
Expenses	- 77	- 95	- 96	- 117	- 100
Gross operating income	59	62	62	71	70
Cost of risk	- 10	- 10	- 14	- 12	- 19
Net income – Group share	39	44	43	49	43

2007 based on pro forma accounts

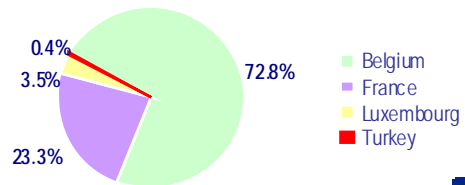
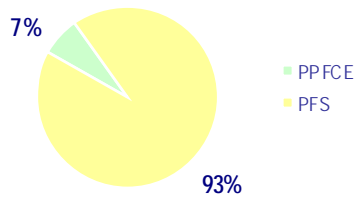
Very High Level of Commercial Activity

Insurance Activities

MEUR



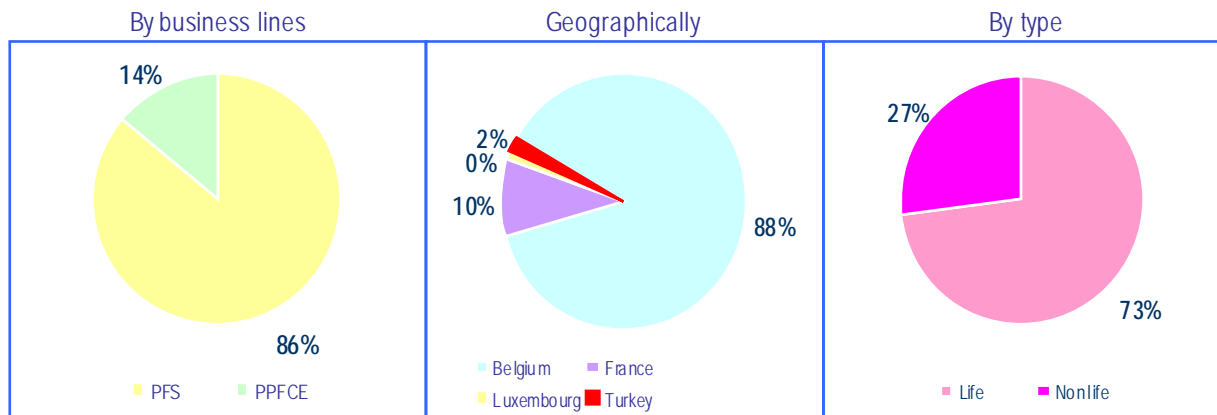
Gross written premiums 1Q 2008: EUR 1,786 m ▲ + 76.8 % on 1Q 2007



Net Income Flat Versus 1Q07...

Insurance Activities

1Q 2008 underlying net income - Group share: EUR 47 m - 1.8 % versus 1Q 2007



... Driven by Lower Life Results and Higher Non-life Results (better tech. results)

Insurance Activities

Underlying P&L (M EUR)	1Q 2007	1Q 2008	Variation
Revenues	103	111	+ 7.5 %
of which			
Financial revenues	170	170	- 0.1 %
Net interest & dividend income	110	142	+ 28.5 %
Net trading inc. & net inc. on investments	60	28	- 52.7 %
Other financial income	0	0	n.s.
Technical margin	- 79	- 68	- 13.3 %
Premiums & others	893	1,699	+ 90.4 %
Technical charges	- 971	- 1,768	+ 82.0 %
Expenses	- 57	- 61	+ 8.4 %
Gross operating income	47	50	+ 6.3 %
Taxes	1	- 3	n.s.
Net income – Group share	47	47	- 1.8 %

Insurance Activities

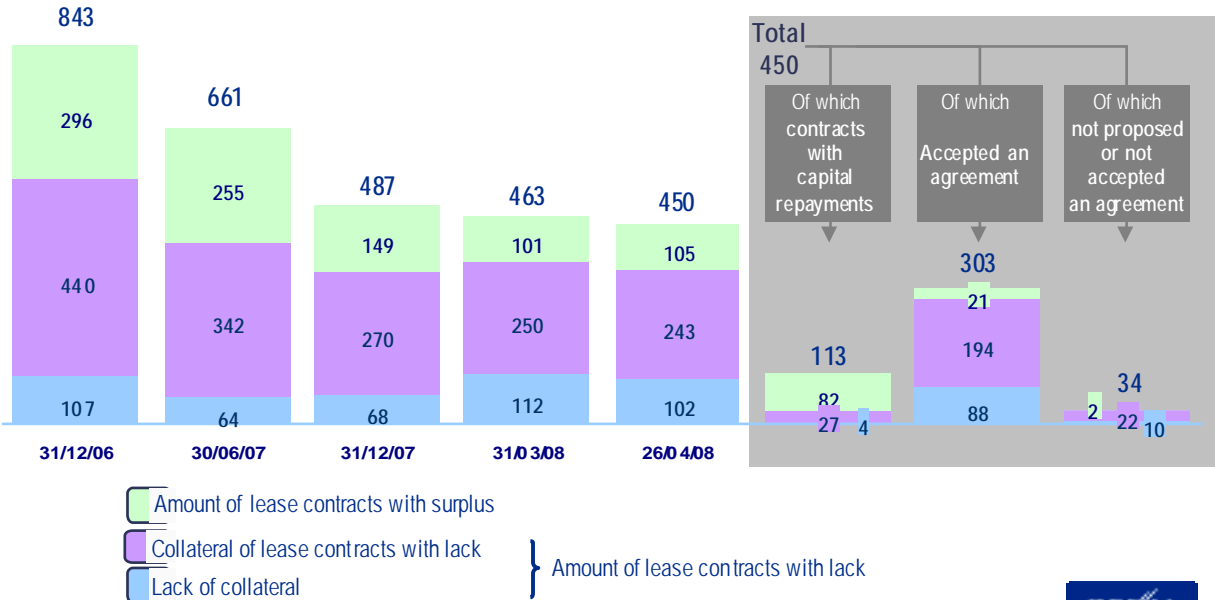
Underlying contribution of DIS to PPFCE (MEUR)	1Q 2007	1Q 2008	Variation
Revenues	14	13	- 2.0 %
Expenses	-7	-6	- 7.0 %
Gross operating income	7	7	+ 3.1 %
Taxes and other	-0	-0	n.s.
Net income – Group share	6	7	+ 2.7 %

Underlying contribution of DIS to PFS (MEUR)	1Q 2007	1Q 2008	Variation
Revenues	91	101	+ 10.8 %
Expenses	-50	-55	+ 10.5 %
Gross operating income	41	46	+ 11.0 %
Taxes and other	1	-3	n.s.
Net income – Group share	42	42	+ 0.4 %

Evolution of the Share Leasing Portfolio Outstanding

Dexia Bank Nederland

MEUR



Share Leasing – Evolution of the Stock of Provision

Dexia Bank Nederland

M EUR

