



short term has no future

DEXIA

Press Conference 2Q 2008 Results

Axel Miller, Chief Executive Officer

Brussels - August 29th, 2008

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 Summary and Highlights

 Business lines performances

 Recap of Group financial performance

 Conclusion

2Q 2008 Results – CEO's Comments

“During the second quarter of 2008, Dexia proved resilient in a particularly challenging market. Excluding FSA, underlying net income increased by 24% to EUR 760 million. Including the provisions made during 2Q08 for FSA, our solvency level of 11.4% improved and is well above our target.

As announced on August 6, we will proceed with a number of key decisions to realign FSA's activity on Dexia's core public finance franchise and reduce its risk profile. We will, of course, continue to monitor market developments and assess additional actions given market conditions and the current low visibility prevailing on the industry.

Axel Miller – Chief Executive Officer

Highlights (1)

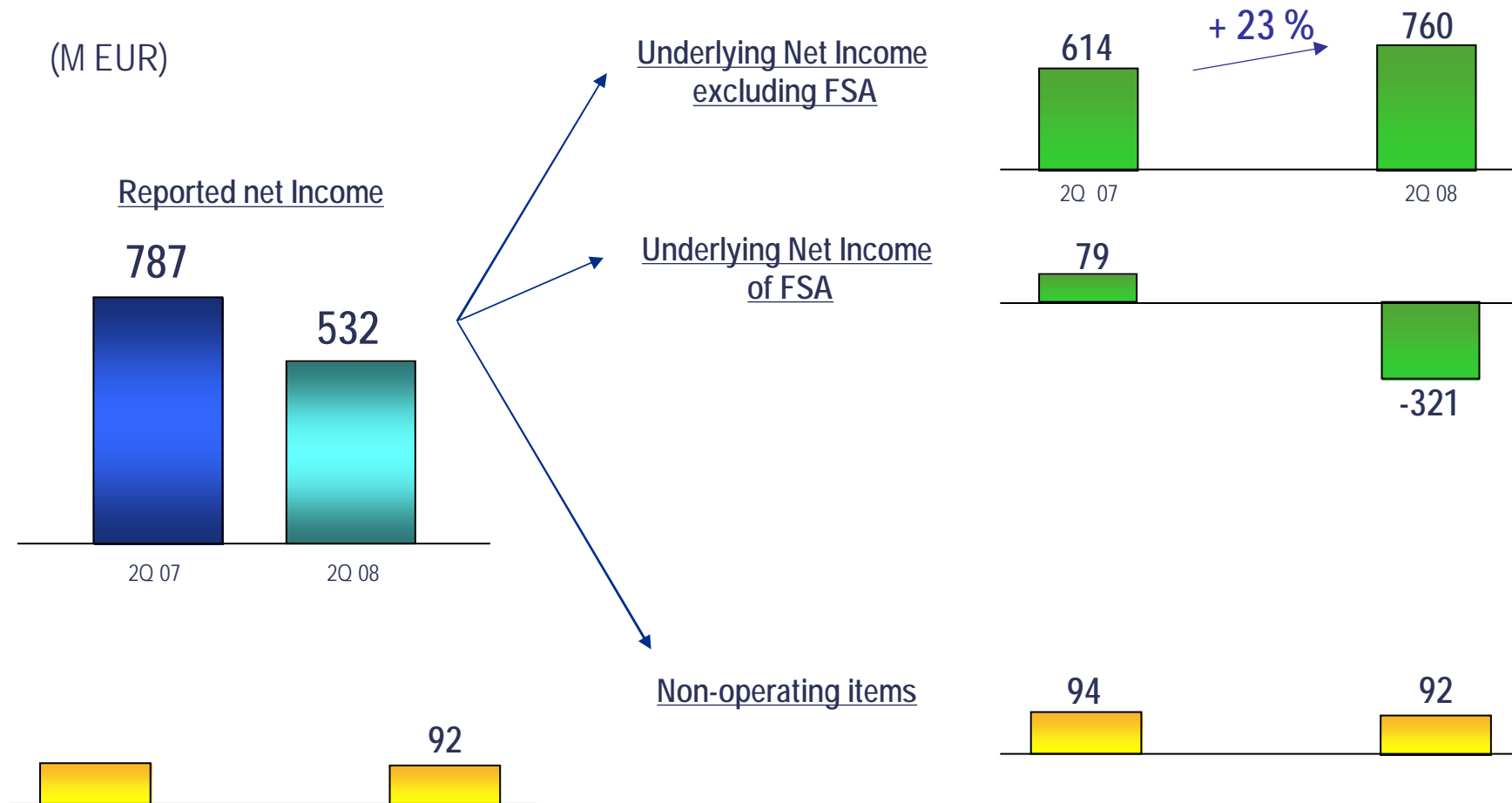
- ❑ **Reported Net Income : EUR 532 million**
 - ❑ Down 32.4% on 2Q07
 - ❑ Essentially because of provisions strengthening at FSA, causing its 2Q08 Reported Net Income to stand at EUR – 216 million (against EUR + 53 million in 2Q 07)
- ❑ **Excluding FSA, Group Underlying Results achieve a very good score:**
 - ❑ Revenues + 10.0% on 2Q07 on a constant rate of exchange
 - ❑ Costs + 5.5% on 2Q07 on a constant rate of exchange
 - ❑ Net Income + 22.9% on 2Q07 on a constant rate of exchange
- ❑ **Very strong results from operations in particular in Public/Project Finance (excl. FSA) and TFM**
 - ❑ Underlying Net Income at PPFCE (excl FSA): + 54% on 2Q07 on a constant rate of exchange
 - ❑ Underlying Net Income at TFM: + 44% on 2Q07 on a constant rate of exchange

Highlights (2)

- ❑ **Commercial Activity remains very high in Public Finance**
 - ❑ Originations in banking activities in H1 08/07: **+58%** (on a constant rate of exchange)
 - ❑ Originations in Credit enhancement of US Muni and International Public Finance in H1 08/07 : **x 2.3**
- ❑ **Activities where customers manage their assets with greater-than-usual prudence experience a moderate slowdown**
 - ❑ Customers assets at June 30th 08 down 3.9% over 12 months
 - ❑ Assets under Management at June 30th down 11.0% over 12 months (o.w. 7.8% stem from market valuations)
- ❑ **Group Financial solidity and liquidity remain good:**
 - ❑ Tier 1 ratio stands at 11.4% at June 30th 08, well above corporate objective of 10.5%
 - ❑ Long-term issues were launched to the extent of 60% of annual budget, at competitive cost for Dexia

Summary of 2Q 2008 Results

Group earnings down under the effect of FSA's results



Dexia excluding FSA Achieved a 23% Growth in Underlying Results

Dynamic Revenues, Good Cost Control, Low Risk Charge and Taxes

(Underlying M EUR)	2Q 2007	2Q 2008	Variation	
			on a current exchange rate	on a constant exchange rate
Income	1,718	1,888	+9.9%	+10.0%
Expenses	-897	-937	+4.5%	+5.5%
Gross operating income	821	951	+15.7%	+14.8%
Cost of risk	-26	-38	+45.9%	
Impairments on (in)tangible assets	0	0	n.s.	
Tax expense	-158	-100	-36.4%	
Net income	638	813	+27.4%	
Minority interests	24	52	x 2.2	
Net income – Group share	614	760	+23.8%	+22.9%

Underlying = Excluding non-operating items

FSA Reduced Dexia's Underlying Net Income By EUR 321 m

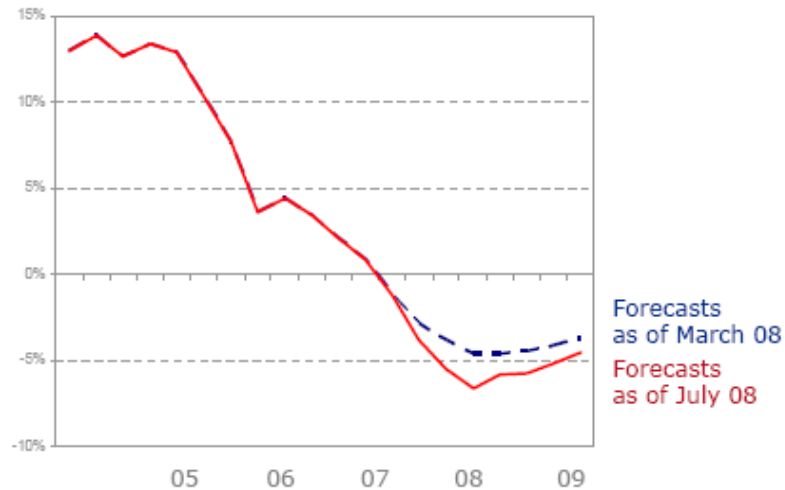
Significant Strengthening of Reserves at FSA in 2Q08

(Underlying M EUR)	3Q 2007	4Q 2007	1Q 2008	2Q 2008
Income	136	168	135	-71
Expenses	-35	-37	-27	-7
Gross operating income	101	131	108	-78
Cost of risk	-7	-9	-197	-432
Tax expense	-22	-34	39	188
Net income – Group share	72	87	-49	-321

Reasons and Overview of FSA losses

- *Continued Deterioration of Prospects on the US Housing Market in 2Q 08*

OFHEO home prices:
Fannie Mae forecasts
(% year on year)



- *Overview of FSA Economic P&L Losses (pre-tax USD million)*

	1Q 08	2Q 08	
Public Finance insured portfolio	0	52	Mainly Jefferson County
ABS insured portfolio	300	620	Mainly Helocs
Financial products portfolio	0	316	Mainly Alt-A first lien
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Total	300	987	

Overall Positive EUR 92m Impact From Non-Operating Items in 2Q08

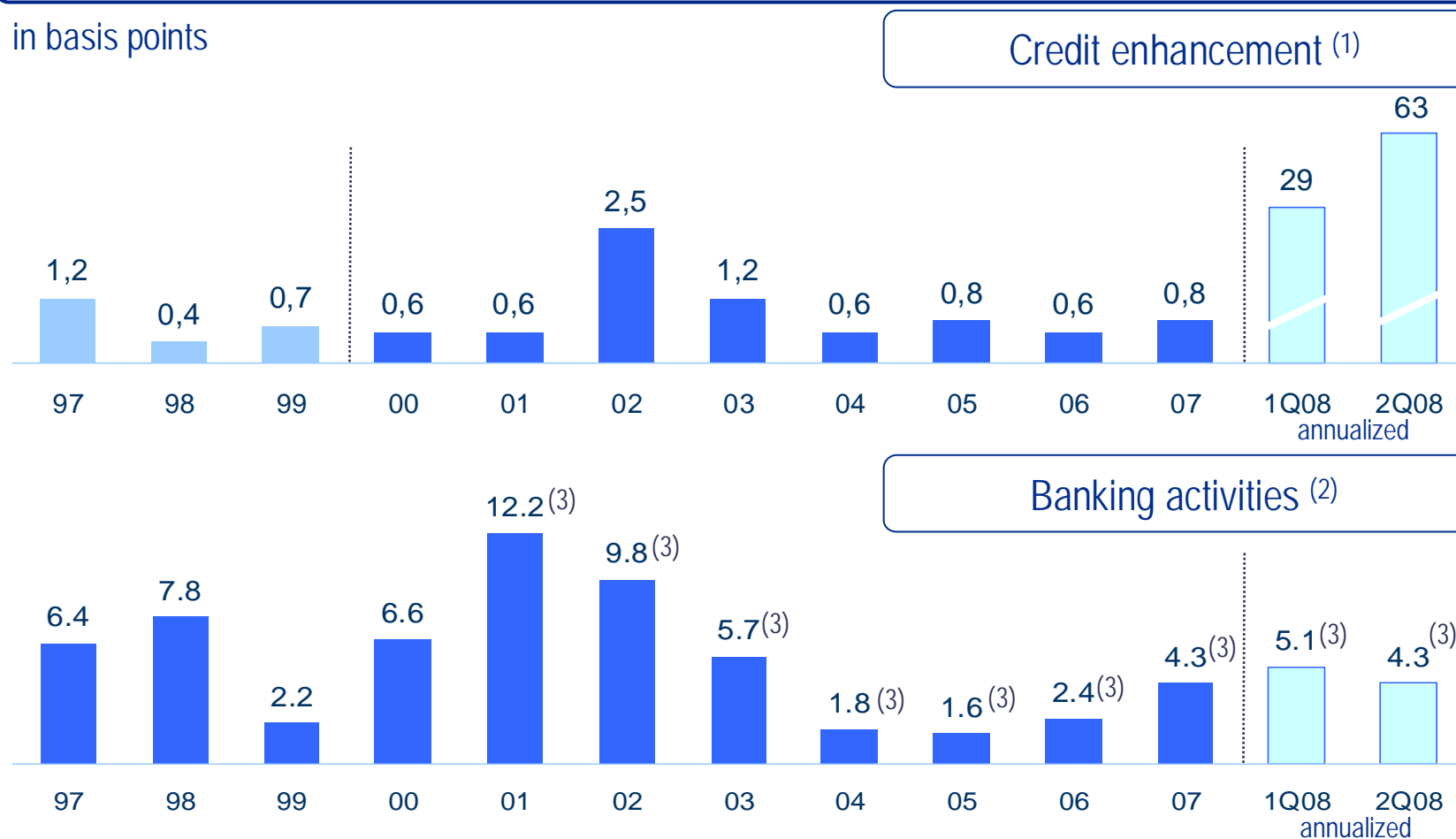
Non-Operating Items Mainly Coming From FSA

Non-Operating items: impact on P&L

(M EUR)	2Q 2007	2Q 2008
Income	93	174
of which . capital gains	126	10
. interest DBNL	-2	
. MTM on FSA CDS	-34	159
. Non-economic FP impairments FSA		-470
. Own credit risk FSA		474
Expenses	0	0
Cost of risk (DBNL)	1	-18
Tax expense	1	-55
of which . liquidation of the holding company which owned DBNL		
. MTM on FSA CDS	12	-56
Net income – Group share	94	92

Cost of Risk on Banking Activities Remained at a Low Level excluding FSA

in basis points



(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

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Buoyant Activity in PPFCE

Over 12 months

Public / Project Finance and Credit Enhancement

- LT banking commitments on a constant exchange rate **+ 21.3%**
- Net par outstanding FSA (USD) **+ 11.0%**

Personal Financial Services

- Customer assets ⁽¹⁾ **-3.9%**
- Customer loans **+ 12.9%**

Asset Management & Investor Services

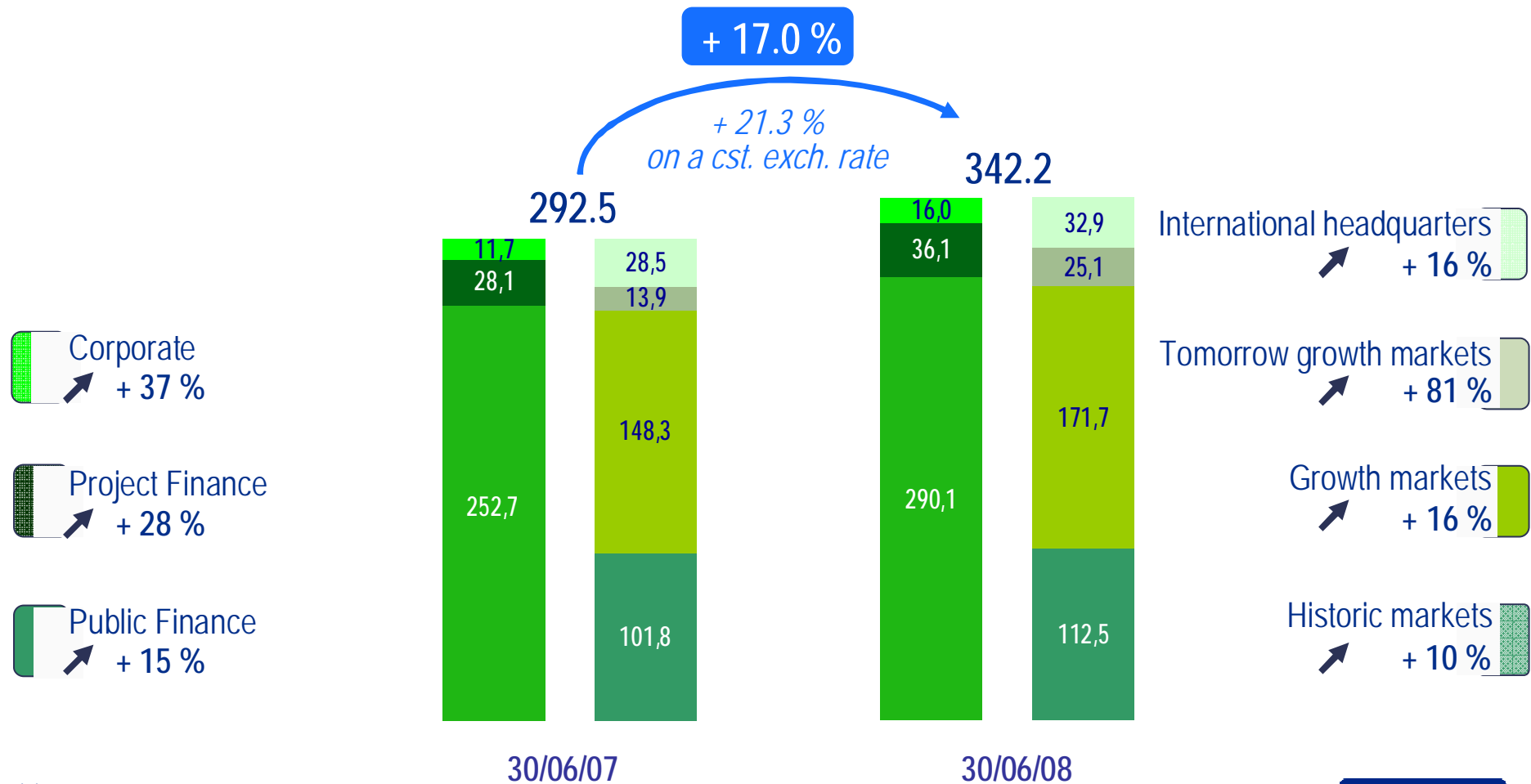
- Assets under management **- 11.0%**
- Assets under administration (USD) **+ 5.0%**

(1) Including life insurance technical reserves

Long-Term Commitments⁽¹⁾ Continued to Increase Strongly

Public / Project Finance

Bn EUR

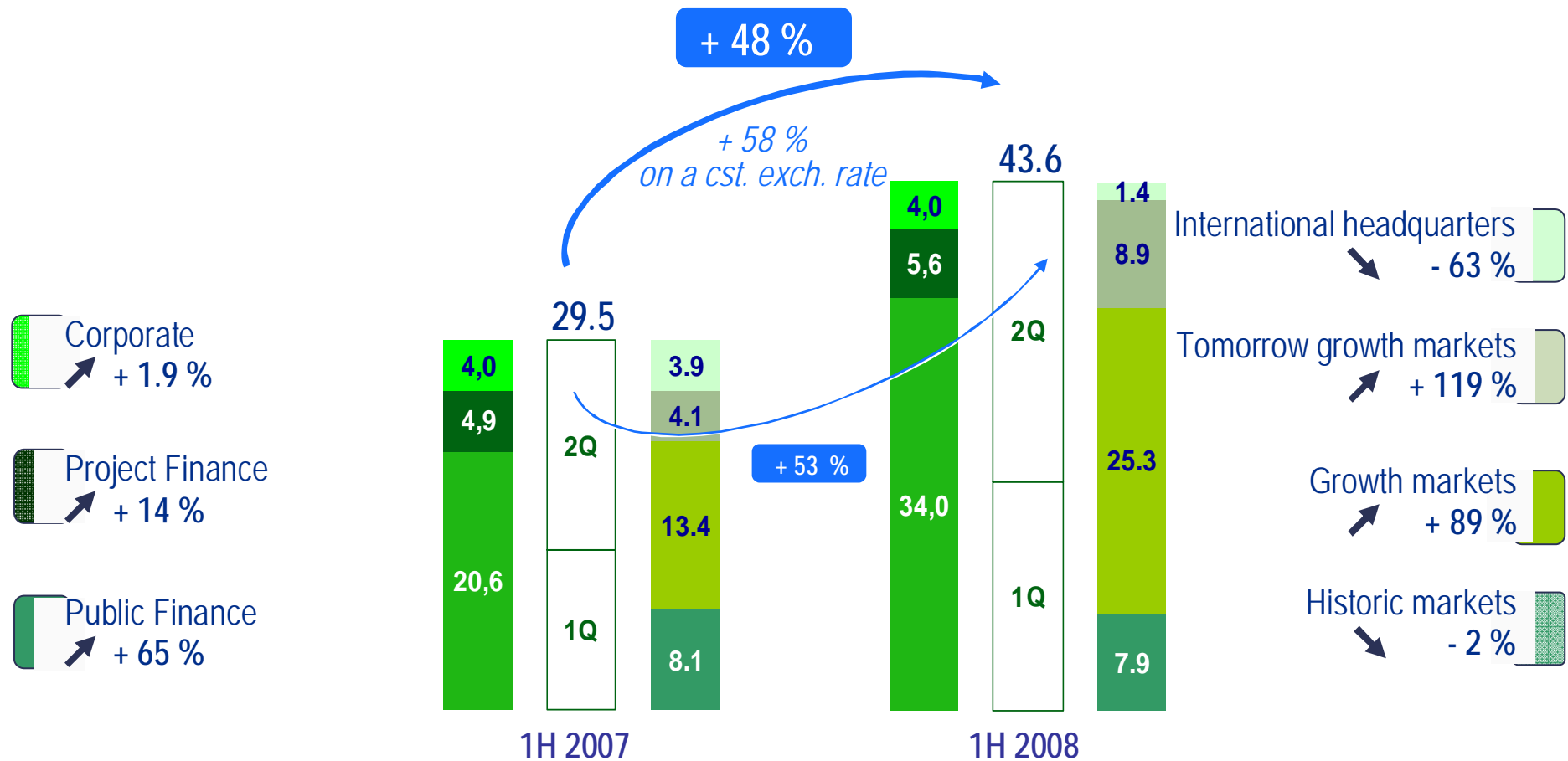


(1) Fully-consolidated companies

Robust 2Q Long-Term Originations⁽¹⁾

Public / Project Finance

Bn EUR



(1) Fully-consolidated companies

1H 2008: Strong US Public Finance Originations at FSA

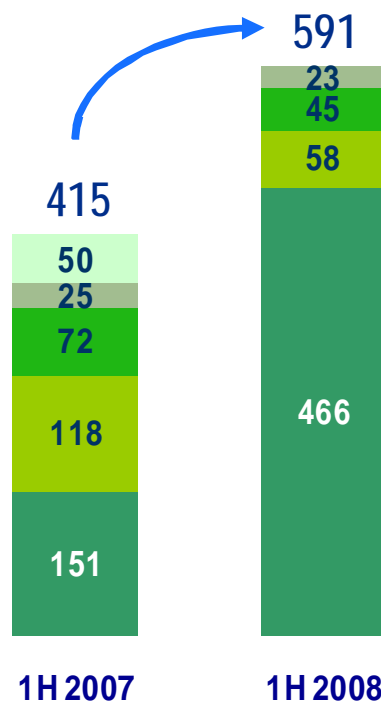
Credit Enhancement

FSA - Gross present value originations

FSA - Net par outstanding

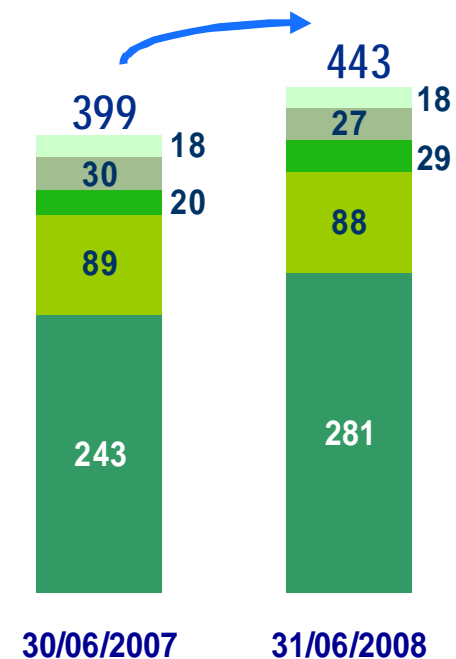
m USD

+ 42.3 %



bn USD

+ 11.0 %



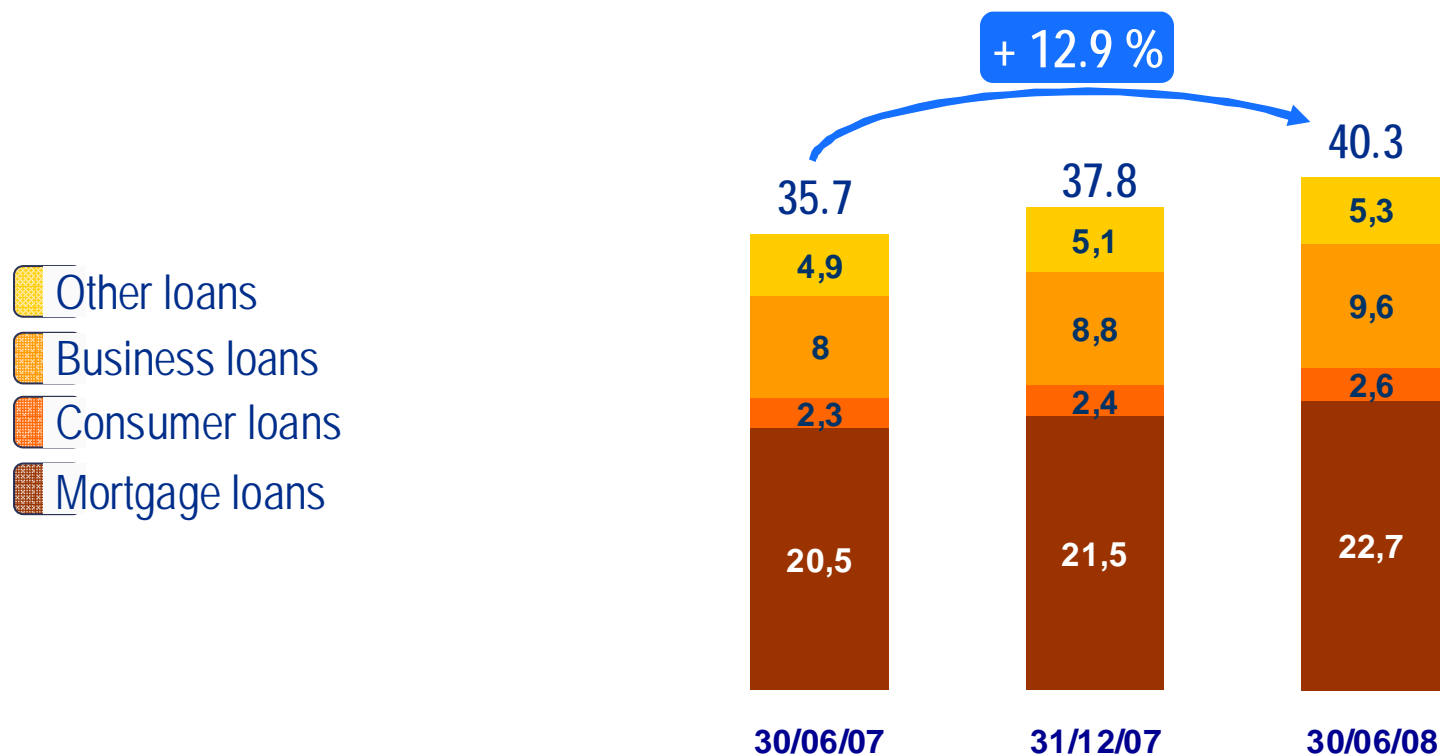
- Financial products
- International ABS
- International Public Finance
- U.S. ABS
- U.S. Public Finance

Growth in All Loan Segments

Personal Financial Services

bn EUR

Loans

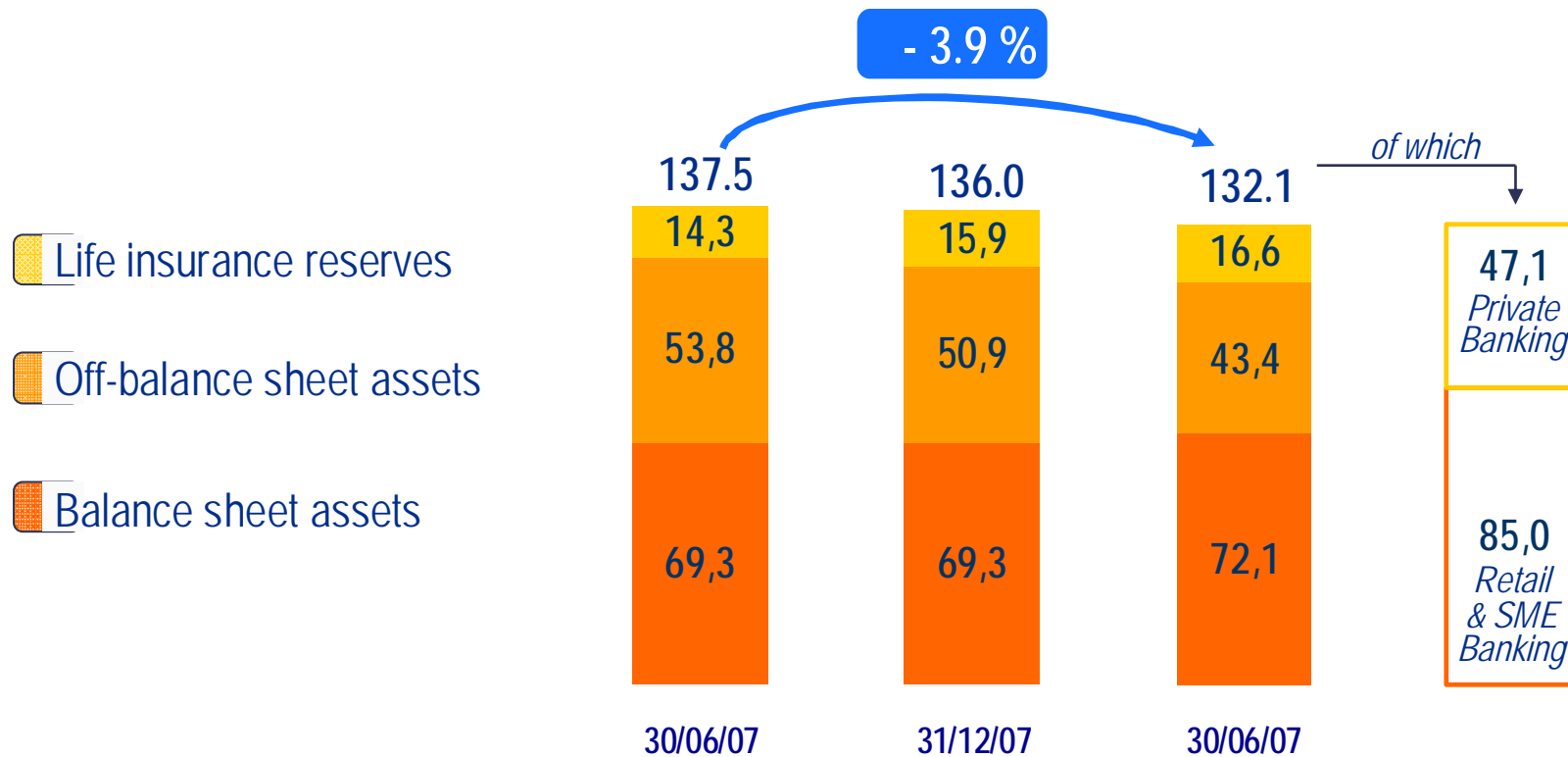


Decline in Customer Assets in the Context of Challenging Financial Markets

Personal Financial Services

bn EUR

Customer assets



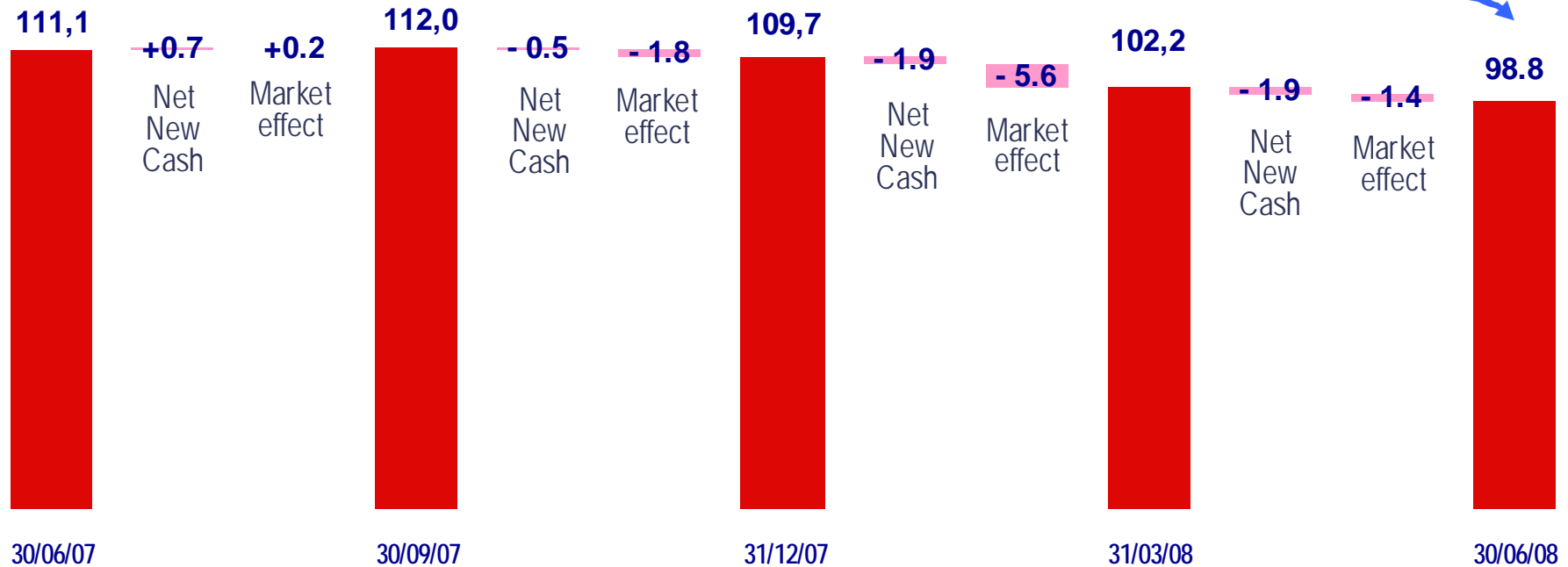
Significant Negative Market Effect on AUM

Asset Management

bn EUR

Organic growth : - 3.2 % in one year
 Market effect : - 7.8 % in one year

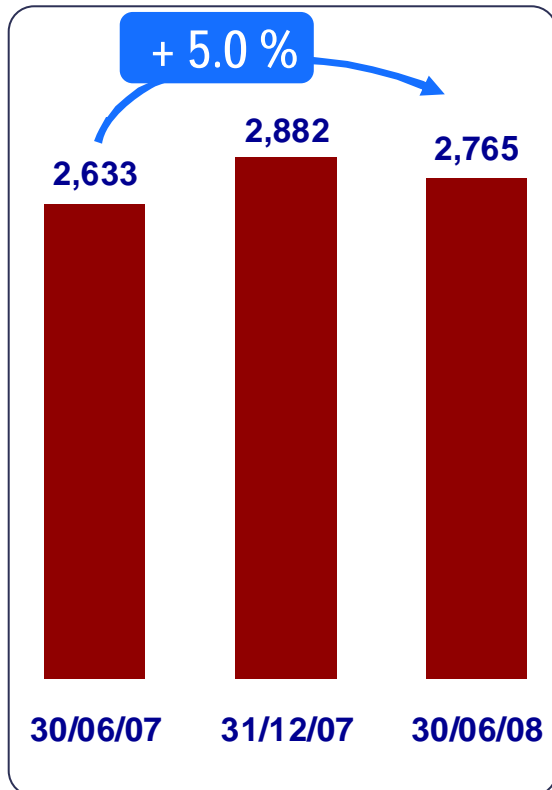
- 11.0 %



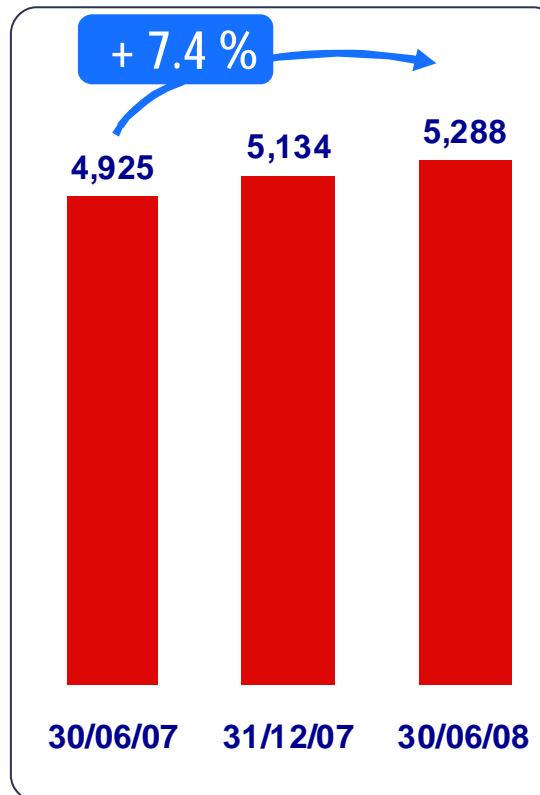
Growth in All Activities

Investor Services

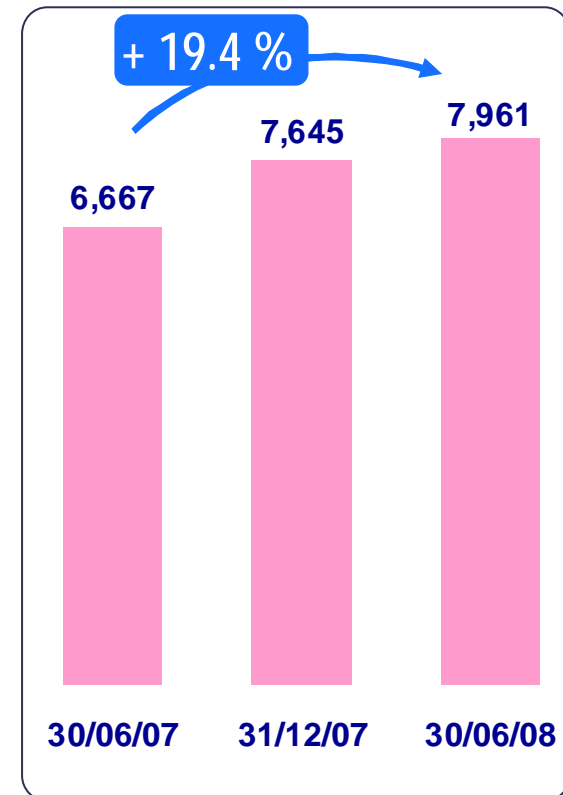
Assets under administration⁽¹⁾
(bn USD)



Number of funds under administration



Number of shareholder accounts in transfer agent
(in thousands)



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

Business Lines Underlying Performances (excluding FSA)

*Variation 2Q 08/2Q 07 **

	Variation 2Q 08/ 2Q 07		
	Revenues	Gross operating income	Net income
PPFCE without FSA	+25.7%	+33.1%	+54.4%
Personal Financial Services	+3.3%	-0.8%	-9.9%
Asset Management	-11.5%	-18.9%	-21.6%
Investor Services	+3.3%	-5.0%	-2.8%
Treasury and Financial Markets	+38.6%	+48.8%	+43.9%

* based on data on a constant exchange rate

Treasury: Record and Exceptionally High Quarter

Treasury and Financial Markets

(M EUR)	Treasury		Fixed Income		Market Engineering and Trading	
	2Q 2007	2Q 2008	2Q 2007	2Q 2008	2Q 2007	2Q 2008
Income	91	122	75	100	29	40
Net income – Group share	59	77	45	74	17	20

2007 based on pro forma accounts

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2Q Group Reported Results

Affected by FSA's Provisions Strengthening

(M EUR)	2Q 2007 reported	2Q 2008 reported	Variation
Income	1,964	1,991	+1.4%
Expenses	-937	-945	+0.9%
Gross operating income	1,027	1,046	+1.9%
Cost of risk	-30	-488	x 16.1
Impairments on (in)tangible assets	0	-8	n.s.
Tax expense	-185	33	n.s.
Net income	812	583	-28.2%
Minority interests	25	51	x 2.1
Net income – Group share	787	532	-32.5%

EUR -255 m *

* The EUR 255 m decrease comes from:

↳ Changes in scope n.s.

↳ Non-operating items EUR - 2 m

↳ Underlying results EUR - 253 m

- o/w Underlying FSA EUR -400 m

- o/w Underlying Dexia
excluding FSA EUR +147 m

Underlying EPS Decreased by - 25.1%

	2Q 2007	2Q 2008	Variation	1H 2007	1H 2008	Variation
C/I ratio	47.7%	47.5%		49.7%	54.1%	
C/I ratio underlying	50.0%	52.0%		51.1%	51.7%	
ROE ⁽¹⁾	22.1%	14.2%		21.5%	10.9%	
EPS (EUR) reported ⁽²⁾	0.68	0.46	-32.1%	1.30	0.71	-45.4%
underlying ⁽²⁾	0.60	0.38	-36.2%	1.12	0.84	-25.1%

(1) The annualized ratio between the net income– Group share and the weighted average core shareholders' equity

(2) Undiluted

Good Capital Position

Tier 1 Improved and Is Well Above 10.5% Target

	31/12/07	31/03/08	30/06/08	Variation in 3 months
Tier 1 ratio *	9.1%	11.2%	11.4%	+ 0.2 pts
Tier 1 capital * (M EUR)	14,549	13,483	13,843	+ 2.7%
Total weighted risks * (M EUR)	159,383	120,113	121,670	+ 1.3%
Core shareholders' equity (M EUR)	16,112	16,188	15,639	- 3.4%
Total shareholders' equity (M EUR)	14,525	9,529	8,604	- 9.7%
Net assets per share:				
Core shareholders' equity ⁽¹⁾ (EUR)	12.87	12.83	13.07	+ 1.9%
Total shareholders' equity ⁽²⁾ (EUR)	11.51	7.07	6.99	- 1.1%

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

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

(2) With AFS, CFH and CTA

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Outlook 2H 2008

“The second half of 2008 will obviously still be marked by a high level of volatility and economic uncertainties. We will continue to focus on the control of risks while still developing our franchises. Dexia is well prepared to face these challenges.”

Axel Miller – Chief Executive Officer