Half-yearly financial report

2Q and 1H 2009

DEXIA

CONTENTS

Consolidated statement of income – FSA Ins. deconsolidated in 2Q 2009

In millions of EUR	2Q08	1Q09	2Q09	Var. 2Q09/ 2Q08	Var. 2Q09/ 1Q09	1H08	1H09	Var. 1H09/ 1H08
Income*	**1,991**	**1,703**	**1,640**	**-17.6%**	**-3.5%**	**3,490**	**3,343**	**-4.2%**
Expenses	-945	-896	-875	-7.4%	-2.1%	-1,887	-1,771	-6.1%
Gross operating income	**1,046**	**807**	**765**	**-26.9%**	**-5.1%**	**1,603**	**1,572**	**-1.9%**
Cost of risk & impairments	-496	-409	-361	-27.2%	-11.7%	-783	-770	-1.7%
Pre-tax income	**550**	**398**	**404**	**-26.5%**	**+1.6%**	**820**	**802**	**-2.2%**
Tax expense	33	-110	-83	n.s.	-24.6%	80	-193	n.s.
Net income	583	288	321	-44.9%	+11.5%	900	609	-32.3%
Minority interests	51	37	38	-24.9%	+5.0%	79	75	-5.1%
Net income Group share	**532**	**251**	**283**	**-46.8%**	**+12.5%**	**821**	**534**	**-35.0%**
o/w Impact financial crisis	-235	-419	-193	-17.7%	-53.8%	-571	-612	+7.3%
o/w Net income excl. financial crisis	767	670	476	-37.9%	-29.0%	1,392	1,147	-17.6%
Earnings per share (in EUR) (1)	0.46	0.14	0.16			0.71	0.30	

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

(1) The ratio between the net income – Group share and the weighted average number of shares; undiluted.

Balance sheet key figures

In millions of EUR, except where indicated	30/06/2008	31/12/2008	30/06/2009	Variation 30/06/2009/ 31/12/2008	Variation 30/06/2009/ 30/06/2008
Total assets	**623,108**	**651,006**	**592,477**	**-9.0%**	**-4.9%**
of which					
Loans and advances to customers	260,018	368,845	357,374	-3.1%	+37.4%
Financial assets at fair value through profit or loss and financial investments	251,689	141,073	152,137	+7.8%	-39.6%
Total liabilities	**612,710**	**645,388**	**583,389**	**-9.6%**	**-4.8%**
of which					
Customers borrowings and deposits	129,573	114,728	121,537	+5.9%	-6.2%
Debt securities	211,334	204,013	215,053	+5.4%	+1.8%
Total equity	**10,398**	**5,618**	**9,088**	**+61.8%**	**-12.6%**
Core shareholders' equity (1)	15,639	17,488	18,033	+3.1%	+15.3%
Total shareholders' equity (2)	8,604	3,916	7,277	+85.8%	-15.4%
Net assets per share (in EUR) (3)					
- related to core shareholders' equity	13.07	9.92	10.23	+3.1%	-21.7%
- related to total shareholders' equity	6.99	2.22	4.13	+86.0%	-40.9%

(1) Without AFS, CFH reserve and cumulative translation adjustments
(2) With AFS, CFH reserve and cumulative translation adjustments
(3) The ratio between the shareholders' equity (estimated dividend for the period deducted) and the number of shares at the end of the period (after deduction of treasury shares)

Capital adequacy			
In millions of EUR, except where indicated	30/06/2008	31/12/2008	31/06/2009
Tier 1 ratio	11.4%	10.6%	11.3%
Capital adequacy ratio	12.3%	11.8%	13.0%
Weighted risks	121,670	152,837	148,630

Highlights

- EUR 283 million net profit in 2Q 2009, up by 13% vs. 1Q 2009. EUR 534 million net profit in 1H 2009
- All business lines are profitable in 2Q 2009
- Costs down by 7% vs. 2Q 2008
- Additional collective provisions of EUR 175 million in 2Q 2009 to face potential consequences of a future deterioration of the macro-economic environment
- Tier 1 ratio of 11.3% and core Tier 1 ratio of 10.4%
- Sale of FSA Insurance closed on July 1, 2009: significant decrease of the Group’s risk profile
- Further improvement of Group’s liquidity: 2Q 2009 marked by the re-opening of the covered bond market and renewed access to other sources of non-guaranteed funding
- Acceleration of balance sheet deleverage (EUR 5 billion bond sales in 2Q 2009 with limited P&L impact)
- Reduction of the negative AFS reserve by EUR 3.2 billion

Mr Jean-Luc Dehaene, Chairman of the Board of Directors, said: *“Dexia’s restructuring continues to be well on track. Progress has been achieved in the implementation of the Transformation Plan, notably on the Group’s risk profile through the completion of FSA’s disposal. The reshaping of the Group is moving ahead in the right direction, in line with the commitments to our shareholders and the restructuring plan presented to the European Commission .”*

Mr Pierre Mariani, Chief Executive Officer and Chairman of the Dexia Management Board, said: *“Dexia’s operating performance remains on a positive trend. All businesses are profitable. In the second quarter, we have cautiously increased the coverage of our sensitive exposures. In line with the guidelines of our Transformation Plan, we have maintained a strict cost discipline and focused on the strengthening of our core client franchises. We were able in recent months to benefit from more favourable market conditions in our efforts to improve Dexia’s liquidity situation and deleverage the Group’s balance sheet. In what remains a challenging environment, we will stand by our commitments to restructure Dexia and build new perspectives for the Group.”*

During its August 26, 2009 meeting, the Board of Directors examined the results of Dexia.

2Q 2009 Dexia Group reported results: net profit of EUR 283 million

During the second quarter of 2009, the economic and financial environment remained weak. Nevertheless signs of stabilization are already anticipated and financial markets improved, as evidenced by the tightening of spreads on fixed-income markets and the rebound of equity markets (Eurostoxx 50 rose by 16% in 2Q 2009).

In this context, Dexia confirmed its resilience and made good progress on all aspects of its Transformation Plan. All business lines were profitable in 2Q 2009. Net income Group share in 2Q 2009 was EUR 283 million, up by 13% compared to 1Q 2009.

For 1H 2009, reported pre-tax income was EUR 802 million, down by only 2% compared to 1H 2008. Net profit was EUR 534 million in 1H 2009, compared to EUR 821 million in 1H 2008, which included significant deferred tax assets related to FSA's losses incurred during this period and a positive tax adjustment at Dexia Crediop.

Consolidated statement of income – FSA Ins. deconsolidated in 2Q 2009

In millions of EUR	2Q08	1Q09	2Q09	Var. 2Q09/ 2Q08	Var. 2Q09/ 1Q09	1H08	1H09	Var. 1H09/ 1H08
Income*	**1,991**	**1,703**	**1,640**	**-17.6%**	**-3.5%**	**3,490**	**3,343**	**-4.2%**
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Gross operating income	**1,046**	**807**	**765**	**-26.9%**	**-5.1%**	**1,603**	**1,572**	**-1.9%**
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o/w Impact financial crisis	-235	-419	-193	-17.7%	-53.8%	-571	-612	+7.3%
o/w Net income excl. financial crisis	767	670	476	-37.9%	-29.0%	1,392	1,147	-17.6%
Earnings per share (in EUR)	0.46	0.14	0.16			0.71	0.30	

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

Following the completion of their disposal on July 1, 2009, FSA Insurance operations were deconsolidated from Dexia's 2Q 2009 accounts. As a reminder, the total consideration for the sale was USD 816.5 million, consisting of USD 546 million in cash and 21.85 million common shares of Assured (Assured closing share price as of June 30, 2009 was USD 12.38), representing 13.9% of Assured's capital. The 13.9% stake in Assured was accounted for as an Available For Sale asset according to IFRS rules.

For comparison purposes, pro-forma results for the sale of FSA Insurance are shown in the table below.

Statement of income excluding FSA Insurance in all periods								
In millions of EUR	2Q08	1Q09	2Q09	Var. 2Q09/ 2Q08	Var. 2Q09/ 1Q09	1H08	1H09	Var. 1H09/ 1H08
Income	**1,710**	**1,331**	**1,640**	**-4.0%**	**+23.3%**	**3,443**	**2,973**	**-13.7%**
Income excl. crisis	*1,837*	*1,839*	*1,684*	*-8.3%*	*-8.4%*	*3,580*	*3,525*	*-1.5%*
Expenses	**-940**	**-867**	**-875**	**-6.8%**	**+1.0%**	**-1,858**	**-1,744**	**-6.1%**
Expenses excl. crisis	*-940*	*-867*	*-875*	*-6.8%*	*+1.0%*	*-1,858*	*-1,744*	*-6.1%*
Gross operating income	**770**	**464**	**765**	**-0.6%**	**+65.1%**	**1,585**	**1,229**	**-22.5%**
GOI excl. crisis	*897*	*972*	*809*	*-9.8%*	*-16.8%*	*1,722*	*1,781*	*+3.4%*
Cost of risk & impairments	**-64**	**-136**	**-361**	**x 5.6**	**x 2.7**	**-154**	**-497**	**x 3.2**
Cost of risk & impairments excl. crisis	*-64*	*-98*	*-133*	*x 2.1*	*+36.0%*	*-154*	*-230*	*+49.1%*
Pre-tax income	**706**	**327**	**404**	**-42.7%**	**+23.5%**	**1,431**	**732**	**-48.8%**
Pre-tax income excl. crisis	*833*	*874*	*676*	*-18.9%*	*-22.7%*	*1,568*	*1,551*	*-1.1%*
Tax expense	**-32**	**-39**	**-83**	**x 2.6**	**x 2.1**	**-152**	**-122**	**-19.8%**
Tax expense excl. crisis	*-100*	*-167*	*-161*	*+61.4%*	*-3.5%*	*-237*	*-328*	*-38.4%*
Net income Group share	**623**	**251**	**283**	**-54.6%**	**+12.6%**	**1,199**	**534**	**-55.4%**
Net income excl. crisis	*681*	*670*	*476*	*-30.0%*	*-28.9%*	*1,251*	*1,147*	*-8.3%*

Excluding FSA Insurance, revenues were 4% lower than in 2Q 2008 and 23% higher than in 1Q 2009. Both trends are distorted by volatile financial crisis effects on revenues, amounting to EUR -127 million in 2Q 2008, EUR -508 million in 1Q 2009 and EUR -44 million in 2Q 2009. Excluding crisis impacts, revenues declined by 8% compared to 2Q 2008, due to a lower contribution from the Asset Management and Services division and higher funding costs for the Group. Compared to 1Q 2009, revenues fell similarly by 8%, with a lower contribution from the Public and Wholesale Banking division and Treasury activities.

In line with the priorities of the Transformation Plan, expenses excluding FSA Insurance were kept under strict control, decreasing by 7% annually and remaining stable vs. 1Q 2009.

Gross operating income excluding FSA Insurance was stable vs. 2Q 2008. Excluding crisis impacts, gross operating income fell by 10% vs. 2Q 2008.

Excluding FSA Insurance, the cost of risk and impairments in 2Q 2009 was EUR 361 million, above the 2Q 2008 and 1Q 2009 levels. This is mainly due to the booking of additional collective provisions (EUR 175 million) to face potential consequences of a future deterioration of the macro-economic environment. This amount includes EUR 92 million on ABS and European RMBS exposures and EUR 53 million on Turkey. Excluding crisis impacts (mainly reflecting the above-mentioned collective provisions), the cost of risk in 2Q 2009 was 15 bps on average customer loans, compared to 11 bps in 1Q 2009. In a still challenging quarter, Dexia's asset base proved resilient and highlighted the low risk profile of the Group's businesses, characterized by a limited exposure to corporate and SME businesses and reinforced by the booking of additional collective provisions.

Excluding FSA Insurance, tax expenses were EUR 83 million in 2Q 2009 and the effective tax rate was around 20%. By comparison, 2Q 2008 tax expense included a significant positive one-off item related to Dexia Crediop and 1Q 2009 was influenced by positive adjustments on deferred tax assets in the US and in Belgium.

Impact of the financial crisis & cost of the State guarantee

Impact of the financial crisis 2Q 2009			
In millions of EUR	**Revenues** (before tax)	**Cost of risk** (before tax)	**Net income**
FSA	**35**	**-35**	**40**
Financial Products	-66	-35	-101
Adj. on provisions sale of FSA Insurance	101	-	101
Adj. on taxes	-	-	40
Impairments and other	**-79**	**-193**	**-234**
Collective provisions	-	-175	-142
Impairments and losses – insurance activities	-33	-	-33
Monolines (CVA)	34	-	22
Other value adjustments	-88	-	-80
Own credit risk	-9	-	-7
Other	17	-18	6
Total financial crisis impact	**-44**	**-228**	**-193**

The impact of the financial crisis in 2Q 2009 is estimated at EUR -193 million, after tax, against EUR -419 million in 1Q 2009 and EUR -58 million in 2Q 2008 excluding FSA Insurance. Almost three quarters of this impact were collective provisions to face potential consequences of a future deterioration of the macro-economic environment.

- The impact of FSA's related operations in 2Q 2009 accounted for a total amount, after tax, of EUR 40 million of which :
  - The completion of the sale of FSA's insurance operations on July 1, 2009 led to a positive adjustment of the net loss on the sale booked in 4Q 2008, amounting to EUR 101 million. This adjustment is mainly explained by the increase in Assured's share price from USD 6.77 at the end of March 2009 to USD 12.38 at the closing of the deal.
  - The Financial Products' holding entity contribution was impacted for an amount of EUR -101 million, which includes an own credit risk reduction (EUR -66 million) and an additional impairment (EUR -35 million).
- Collective provisions of EUR 175 million were taken to face potential consequences of a future deterioration of the macro-economic environment. They were booked on ABS and European RMBS exposures for EUR 92 million (of which EUR 15 million within insurance portfolios), Turkey for EUR 53 million and project finance activities for the remainder.
- Within Insurance operations, Dexia booked a total after tax amount of EUR -33 million mainly related to the negative valuation of hedges on shares subsequent to the stock market recovery (P&L impact neutralized in equity by a corresponding positive effect in the Available For Sale reserve).
- Impacts related to Dexia's monoline exposure amounted to a positive EUR 22 million, after tax, due to the tightening of market indices used in the calculation of Credit Value Adjustments. At the end of June 2009, the stock of collective and specific impairments as well as Credit Value Adjustments on Dexia's exposure amounted to EUR 817 million (pre tax). This includes part of the EUR 300 million collective provision booked on US RMBS in 4Q 2008.

- "Other value adjustments" mainly reflect negative marks on Dexia's trading portfolios (EUR 80 million net of taxes).

In 1H 2009, the financial crisis impacts amounted to EUR -613 million. In addition to the above-mentioned items, they also included impairments and losses on insurance portfolios, which accounted for the bulk of the 1Q 2009 financial crisis impacts.

The cost of the State guarantee amounted to EUR 143 million (pre-tax) in 2Q 2009 vs. EUR 78 million (pre-tax) in 1Q 2009.

Liquidity

As of August 21, 2009, EUR 37.7 billion of medium and long-term funds were raised by the Group of which 41% are not covered by the State guarantee of Belgium, France and Luxembourg.

The progressive normalization of market conditions during 2Q 2009 and the re-opening of the covered bond markets led to a further improvement of the Group's liquidity situation, with, in particular:

- A lengthening of the maturity of its funding sources in particular via the execution of three new covered bond benchmarks with respective maturities of 5, 12 and 15 years. To be noted, Dexia Municipal Agency (the *Obligations Foncières* issuer of the Group) has been the first covered bond issuer to tap the market with a 15 year EUR 1 billion benchmark since June 2007, confirming the solidity of the issuer's franchise. In total, Dexia raised EUR 8.5 billion of covered bonds as of August 21, 2009.
  The launch in July of a EUR 1 billion 5-year senior unsecured non-guaranteed benchmark was also an important milestone for the Group. In August, the improvement in market conditions allowed Dexia to tap this issue at 160 bps, i.e. 110 bps under the initial reoffer of 270 bps.
- A better access to short-term non-guaranteed liquidity with EUR 4 billion funding raised as of August 21, 2009.
- An increase of RCB deposits of EUR 6 billion during 1H 2009.
- The tightening of spreads allowed for an acceleration of the bond sale program, with EUR 5 billion net sales realized in 2Q 2009 with a limited P&L impact (compared to EUR 7.2 billion net sales year-to-date).

The proportion of non-guaranteed debt within the Group funding should increase further in the coming months in line with Dexia's objective to progressively exit from the State guarantee scheme by the end of 2010.

Shareholders’ equity and solvency

Shareholders’ equity and solvency	Dec. 31, 2008	March 31, 2009	June 30, 2009	Variation June 30/ March 31
Core shareholders’ equity (EUR m)	17,488	17,736	18,033	+1.7%
Total shareholders’ equity (EUR m)	3,916	3,370	7,277	x 2.2
Tier 1 capital (EUR m)	16,126	16,427	16,831	+2.5%
Total weighted risks (EUR m)	152,837	153,314	148,630	-3.1%
Tier 1 ratio	10.6%	10.7%	11.3%	+0.6 pts
Net assets per share				
– Core shareholders’ equity (EUR)	9.92	10.06	10.23	+1.7%
– Total shareholders’ equity (EUR)	2.22	1.91	4.13	x 2.2

At the end of June 2009, Dexia’s core shareholders’ equity was EUR 18 billion, up by 2% quarter-on-quarter and by 3% year-to-date.

The Group’s IFRS total shareholders’ equity, including accumulated Other Comprehensive Income (OCI), increased by EUR 3.9 billion compared to March 2009 and reached EUR 7.3 billion. Thanks mostly to the tightening of credit spreads on bonds within Dexia’s portfolios in run-off, accumulated OCI reduced from EUR -14.4 billion at the end of March 2009 to EUR -10.8 billion at the end of June 2009. The negative AFS reserve decreased from EUR -12.7 billion at the end of March 2009 to EUR -9.5 billion at the end of June 2009.

Weighted risks amounted to EUR 148.6 billion at the end of June 2009, down by 3% both compared to the end of March 2009 and to the end of December 2008. The EUR 4.2 billion year-to-date decrease of weighted risks is explained by the reduction of market risks and the deleveraging efforts of the Group, which more than offset the negative rating migration of the portfolios.

In 2Q 2009, Dexia’s Tier 1 ratio further improved, reaching 11.3% at the end of June 2009. The core Tier 1 ratio was 10.4%. Thanks to the guarantee from the Belgian and French States on Financial Products assets, Dexia’s solvency ratios are protected against potential further Financial Products losses.

Group results per business line

Net income 2Q 2009 by business line – FSA Ins. deconsolidated in 2Q 2009

In millions of EUR	**Net income (excl. financial crisis)**	**Impact financial crisis**	**Reported net income**
Public and Wholesale Banking	133	-16	118
Retail and Commercial Banking	125	-42	82
Asset Management and Services	55	-46	9
Group Center	164	-90	74
Total	**476**	**-193**	**283**

Net income 1H 2009 by business line – FSA Ins. deconsolidated in 2Q 2009			
In millions of EUR	Net income (excl. financial crisis)	Impact financial crisis	Reported net income
Public and Wholesale Banking	331	-16	316
Retail and Commercial Banking	269	-30	239
Asset Management and Services	133	-253	-120
Group Center	413	-314	99
Total	**1,147**	**-612**	**534**

Public and Wholesale Banking

Statement of income								
In millions of EUR	2Q08	1Q09	2Q09	Var. 2Q09/ 2Q08	Var. 2Q09/ 1Q09	1H08	1H09	Var. 1H09/ 1H08
Income	**419**	**462**	**350**	**-16.3%**	**-24.3%**	**814**	**813**	**-0.2%**
Expenses	-161	-145	-146	-9.5%	+1.0%	-317	-291	-8.2%
Gross operating income	**257**	**318**	**204**	**-20.6%**	**-35.8%**	**497**	**522**	**+4.9%**
Cost of risk & impairments	-9	-21	-39	n.s.	n.s.	-19	-60	n.s.
Pre-tax income	**248**	**297**	**165**	**-33.3%**	**-44.4%**	**478**	**462**	**-3.3%**
Tax expense	-13	-89	-36	x2.8	+59.4%	-87	-125	+43.3%
Net income Group share	**203**	**198**	**118**	**-41.9%**	**-40.6%**	**348**	**316**	**-9.5%**
o/w Impact financial crisis	0	0	-16	n.s.	n.s.	0	-16	n.s.
o/w Net income excl. financial crisis	203	198	133	-34.2%	-32.7%	348	331	-5.0%

In 2Q 2009, revenues decreased compared to 2Q 2008 and 1Q 2009, mostly due to higher State guarantee costs and liquidity costs. Compared to 1Q 2009, the contribution of US high-margin liquidity lines was divided by two, as Dexia successfully reduced the amount of drawn liquidity lines.

The decision to focus on core markets in the context of the Transformation Plan and the contraction of the demand led to a reduction of the loan production in 2Q 2009, to EUR 3 billion compared to EUR 18 billion in 2Q 2008. 94% of the new loan production in 2Q 2009 was originated in core markets, vs. 42% in 2Q 2008. As in 1Q 2009, the new production in core markets was profitable, as spreads on new loans offset the higher cost of funding.

Costs remained strictly under control at EUR 146 million, stable vs 1Q 2009 and down 10% year-on-year.

Gross operating income declined by 21% on an annual basis to EUR 204 million.

Cost of risk was EUR 39 million in 2Q 2009, mainly because of collective provisions (EUR 17 million) on project finance activities, vs. EUR 9 million in 2Q 2008. Excluding these impairments – classified as financial crisis impacts – the cost of risk represented 3 bps on average long-term commitments.

PWB reported net income was EUR 118 million, down 42% year-on-year. Excluding crisis impacts, net income was EUR 133 million, down 34% year-on-year.

For the first six months of the year, net income of PWB was EUR 316 million (-10% yoy), or EUR 331 million excluding crisis impacts (-5% yoy).

Retail and Commercial Banking

Statement of income								
In millions of EUR	2Q08	1Q09	2Q09	Var. 2Q09/ 2Q08	Var. 2Q09/ 1Q09	1H08	1H09	Var. 1H09/ 1H08
Income	**717**	**722**	**718**	**+0.1%**	**-0.6%**	**1,407**	**1,440**	**+2.4%**
Expenses	-485	-461	-469	-3.5%	+1.6%	-957	-930	-2.8%
Gross operating income	**232**	**261**	**250**	**+7.7%**	-4.3%	**450**	**510**	**+13.5%**
Cost of risk & impairments	-27	-47	-132	x 4.8	x 2.8	-57	-179	x 3.1
Pre-tax income	**204**	**214**	**117**	**-42.6%**	**-45.2%**	**392**	**331**	**-15.6%**
Tax expense	-55	-57	-34	-37.9%	-40.2%	-105	-92	-12.5%
Net income Group share	**149**	**156**	**82**	**-44.5%**	**-47.3%**	**287**	**239**	**-16.8%**
o/w Impact financial crisis	0	12	-42	n.s.	n.s.	-1	-30	n.s.
o/w Net income excl. financial crisis	149	145	125	-16.2%	-13.9%	288	269	-6.5%

In 2Q 2009, revenues amounted to EUR 718 million, flat year-on-year and still highlighting diverging trends. In Belgium, revenues fell due to lower fees on mutual funds and insurance products linked to a market effect and shift in customer preferences. Margins on investments were stable compared to the levels of last year. In Turkey, for the second consecutive quarter, DenizBank recorded strong revenues thanks to the favourable impact of interest rate cuts on margins. Operations in Luxembourg also benefited from increasing margins, on both loans and deposits confirming the previous quarter's trend.

Deposits increased by EUR 2.6 billion since March 2009, of which EUR 2.4 billion in Belgium, mainly savings accounts, and EUR 0.3 billion in Turkey. In 1H 2009, customer deposits increased by EUR 6 billion. For the first time since mid 2008, a slight recovery was noticed in off-balance-sheet assets during 2Q 2009 (EUR 1 billion), of which EUR 0.7 billion in Luxembourg.

Total customer loans were stable compared to the end of March 2009 at EUR 50 billion, in a context of the economic slowdown. Year-on-year, loans were up by 4% coming from business loans (+5%) and mortgage loans (+6%).

Costs were down by 4% year-on-year at EUR 469 million bringing the cost-income ratio of RCB at 65% in 2Q 2009. Costs decreased by 2% year-on-year in Belgium and by 4% year-on-year in Luxembourg and in Turkey.

Gross operating income was up by 8% year-on-year at EUR 250 million, driven by Dexia's strong performance in Turkey. In total, DenizBank's consolidated gross operating income reached EUR 178 million in 2Q 2009, up by 95% year-on-year. This contribution was allocated, after adjustments at group level, to the RCB (EUR 113 million) and Group Center (EUR 65 million) business lines.

Cost of risk and impairments in 2Q 2009 amounted to EUR 132 million, including EUR 53 million of collective provisions related to Turkey. The cost of risk in Turkey excluding collective provisions stood at 268 bps on average customer loans in 2Q 2009, vs. 227 bps in 1Q 2009 and 111 bps in 2Q 2008. The cost of risk in Belgium and Luxembourg experienced a moderate growth to 23 bps in 2Q 2009, vs. 18 bps in 1Q 2009 and 7 bps in 2Q 2008.

Reported net income in 2Q 2009 was EUR 82 million, down by 45% year-on-year. Excluding the EUR 42 million negative financial crisis effect (collective provisions in Turkey), net income amounted to EUR 125 million.

In 1H 2009, RCB net income went down by 17% year-on-year to EUR 239 million, or by 7% to EUR 269 million excluding crisis impacts.

Asset Management & Services (AMS)

Statement of income

In millions of EUR	2Q08	1Q09	2Q09	Var. 2Q09/ 2Q08	Var. 2Q09/ 1Q09	1H08	1H09	Var. 1H09/ 1H08
Income	**295**	**21**	**198**	**-32.9%**	**x 9.3**	**572**	**219**	**-61.6%**
Expenses	-173	-165	-166	-4.2%	+0.4%	-346	-332	-4.1%
Gross operating income	**122**	**-144**	**32**	**-73.8%**	**n.s.**	**226**	**-112**	**n.s.**
Cost of risk & impairments	0	-6	-17	n.s.	x 2.8	0	-24	n.s.
Pre-tax income	**122**	**-150**	**15**	**-88.1%**	**n.s.**	**226**	**-136**	**n.s.**
Tax expense	-20	22	-4	-79.9%	n.s.	-33	18	n.s.
Net income Group share	**98**	**-128**	**9**	**-91.2%**	**n.s.**	**185**	**-120**	**n.s.**
o/w Impact financial crisis	0	-207	-46	n.s.	÷ 4.5	0	-253	n.s.
o/w Net income excl. financial crisis	98	78	55	-44.1%	-29.7%	185	133	-28.1%

Breakdown of AMS net income Group share

In millions of EUR	2Q08	1Q09	2Q09	Var. 2Q09/ 2Q08	Var. 2Q09/ 1Q09	1H08	1H09	Var. 1H09/ 1H08
Asset Management	24	2	6	-75.6%	x 3.0	41	8	-79.8%
Investor Services	27	0	5	-82.1%	n.s.	50	4	-91.0%
Insurance	47	-130	-2	n.s.	n.s.	95	-132	n.s.
Total AMS	**98**	**-128**	**9**	**-91.2%**	**n.s.**	**185**	**-120**	**n.s.**

2Q 2009 was marked by a return to profitability for the AMS business line. All three segments of AMS (Asset Management, Investor Services and Insurance) benefited from the improvement of financial markets and strict cost control.

Net income was EUR 9 million in 2Q 2009, versus EUR -128 million in 1Q 2009.

- Asset Management: revenues were down by 37% compared to 2Q 2008 but up 17% compared to 1Q 2009. Assets under management increased by EUR 4.0 billion, or 5% over the quarter, mainly thanks to a positive market effect. Net inflows were satisfactory in institutional funds but outflows continued in retail funds albeit at a slower pace. Costs were brought down by 15% compared to 2Q 2008 at EUR 32 million, and were flat compared to 1Q 2009. Asset management net income was EUR 6 million in 2Q 2009.

- Investor Services: revenues declined by 25% year-on-year but increased by 6% compared to 1Q 2009, due to seasonal securities lending commissions and higher forex turnover. Assets under administration experienced an increase of 13% over the quarter to USD 2,004 billion, driven by a turnaround in key equity markets. Expenses were stable, both compared to 2Q 2008 and to 1Q 2009. Net income amounted to EUR 5 million in 2Q 2009, compared to nil in 1Q 2009 and EUR 27 million in 2Q 2008.

- Insurance: the insurance segment's performance recovered significantly compared to 1Q 2009 (EUR -130 million net loss). The 2Q 2009 net result was EUR -2 million, despite a EUR -48 million negative crisis impact, which includes a EUR -15 million collective provision on ABS within the insurance investment portfolios. Gross written premiums were EUR 678 million in 2Q 2009, stable compared to the last two quarters.

In 1H 2009, AMS reported a net loss of EUR -120 million, mainly explained by impairments and losses on insurance investment portfolios booked in 1Q 2009. Excluding crisis impacts, net income for 1H 2009 was EUR 133 million, down by 28% compared to 1H 2008, mainly explained by an unfavourable financial market environment and a shift in asset mix.

Group Center

Statement of income – FSA Ins. deconsolidated in 2Q 2009

In millions of EUR	2Q08	1Q09	2Q09	Var. 2Q09/ 2Q08	Var. 2Q09/ 1Q09	1H08	1H09	Var. 1H09/ 1H08
Income	**560**	**496**	**375**	**-33.0%**	**-24.3%**	**697**	**871**	**+24.9%**
Expenses	-124	-124	-95	-23.1%	-22.8%	-267	-219	-17.8%
Gross operating income	**436**	**372**	**280**	**-35.8%**	**-24.8%**	**430**	**652**	**+51.4%**
Cost of risk & impairments	-459	-335	-172	-62.5%	-48.6%	-706	-507	-28.2%
Pre-tax income	**-24**	**37**	**107**	**n.s.**	**x 2.9**	**-276**	**144**	**n.s.**
Tax expense	121	15	-8	n.s.	n.s.	305	6	÷48.0
Net income Group share	**82**	**25**	**74**	**-9.8%**	**x 2.9**	**0**	**99**	**n.s.**
o/w Impact financial crisis	-235	-224	-90	-61.8%	-60.1%	-570	-314	-44.9%
o/w Net income excl. financial crisis	317	250	164	-48.4%	-34.5%	570	413	-27.5%

Breakdown of Group Center net income Group share

In millions of EUR	2Q08	1Q09	2Q09	Var. 2Q09/ 2Q08	Var. 2Q09/ 1Q09	1H08	1H09	Var. 1H09/ 1H08
Bond portfolios in run-off	48	-16	-199	n.s.	÷12.4	193	-215	n.s.
Treasury	106	178	117	+10.6%	-34.6%	203	295	+45.2%
Central assets	-72	-137	156	n.s.	n.s.	-396	19	n.s.
Total Group Center	**82**	**25**	**74**	**-9.8%**	**x 2.9**	**0**	**99**	**n.s.**

The Group Center business line reported a EUR 74 million net income in 2Q 2009. The Group Center gathers the contributions of Dexia's bond portfolios in run-off, Treasury and Central Assets sub-segments.

- Bond portfolios in run-off: in line with its Transformation Plan, Dexia placed a bond portfolio in run-off (currently representing EUR 149 billion). Revenues generated by this portfolio, which contributes to a large extent to Dexia's liquidity gap, were impacted by higher State guarantee fees and funding costs. No meaningful credit event, or significant capital loss on the sale of bonds within this portfolio occurred during the quarter. However, negative crisis impacts (reflecting mainly collective provisions (EUR 94 million – pre-tax) and negative marks on trading portfolios (EUR 88 million – pre-tax) lowered the net income contribution of the bond portfolio in run-off. In addition, the contribution of the USD 16.3 billion Financial Products portfolio (also placed in run-off) was lowered by a EUR -66 million own credit risk impact and a new EUR -35 million impairment. Altogether, the contribution of the portfolios in run-off to the Group Center's net result was EUR -199 million in 2Q 2009.

- Treasury: the contribution from Cash & Liquidity management activities was positive in 2Q 2009, and continued to decrease vs. the record 4Q 2008. The Treasury segment reported a net income of EUR 117 million in 2Q 2009.
- Central Assets: this sub-segment booked the positive adjustment on the loss on FSA Insurance sale and capital gains on the bond portfolio of DenizBank, thanks to significant rate cuts in Turkey. The Central Asset segment reported a net income of EUR 156 million in 2Q 2009.

In 1H 2009, Group Center's reported net income was EUR 99 million, compared to nil in 1H 2008. Excluding crisis impacts, net income for 1H 2009 was EUR 413 million, down by 28% compared to 1H 2008.

Introduction

The main risks Dexia has to manage within the context of its activities are described in detail in the Dexia Annual Report 2008. In particular, there are risks in relation to credit, markets, balance sheet management (ALM), liquidity and exchange rates as well as operational risk management.

Dexia wants its development to be vigorous and well-balanced, always respecting its founding values regarding risks and financial solidity. Indeed the Group observes the strictest standards in credit allocation, risk management, operational activities and product quality.

Credit Risk

Dexia Group exposure by geographical region (as of June 30, 2009)	
In millions of EUR	
Central governments	76,828
Local public sector	283,198
Corporates	52,018
Monolines	12,800
ABS/MBS	42,177
Project finance	17,577
Individuals, SMEs & self-employed	44,161
Financial institutions	89,288
Other	1,091
Total	**619,139**

Dexia Group exposure by category (as of June 30, 2009)	
In millions of EUR	
Belgium	115,219
France	107,493
Germany	41,175
Italy	59,654
Luxembourg	12,619
Other EU Countries	115,919
Rest of Europe	15,024
Turkey	15,121
United States and Canada	93,845
South and Central America	4,388
South-East Asia	4,330
Japan	17,306
Other	17,047
Total	**619,139**

Market Risk

2008																	
TFM's Value at risk(1)		IR (2) & FX (3) (Trading and Banking) (4)				EQT (5) Trading				Spread Trading				Other risk (6)			
VaR (10 d., 99 %) In millions of EUR		1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
	Avg	30.0	43.6	38.4	62.7	6.5	7.7	7.5	7.7	60.0	79.4	78.0	75.9	1.8	1.3	2.4	3.7
Individual	Max	37.1	52.1	48.0	90.6	14.4	12.2	11.3	11.9	78.4	91.1	116.0	112.7	3.5	2.4	3.0	5.9
Global	Avg Max Limit	126.6 179.1 3Q: 178, 4Q: 130															

2009																	
TFM's Value at risk(1)		IR (2) & FX (3) (Trading and Banking) (4)				EQT (5) Trading				Spread Trading				Other risk (6)			
VaR (10 d., 99 %) In millions of EUR		1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
	Avg	58.9	24.0			6.3	5.6			43.4	43.4			4.9	4.4		
Individual	Max	86.5	32.3			7.6	9.7			59.2	51.2			7.8	5.3		
Global	Avg Max Limit	1H: 95.4 2Q: 77.4 2Q end: 67.4 1H: 136.6 2Q: 86.4 100.0															

(1) DenizBank Included.
(2) IR: interest rate.
(3) FX: forex.
(4) IR and FX: without ALM long term (local and directional).
(5) EQT: equities
(6) Other risk: inflation, commodities and CO_2.

Asset and Liability Managament (ALM)

Listed shares sensitivity – Banking companies portfolio				
In millions of EUR	Market value	VaR	% VaR / MV (1)	EaR
June 30, 2008	822	96	11.7%	(94)
September 30, 2008	599	76	12.7%	(129)
December 31, 2008	396	66	16.7%	(69)
March 31, 2009	318	53	16.7%	(64)
June 30, 2009	281	45	16.0%	(29)

(1) % VaR/MV represents the percentage loss that can be experienced on the market value.

Listed shares sensitivity – Insurance companies portfolio				
In millions of EUR	Market value	VaR	% VaR / MV (1)	EaR
June 30, 2008	2,397	205	8.6%	(369)
September 30, 2008	1,985	190	9.6%	(440)
December 31, 2008	1,601	225	14.1%	(307)
March 31, 2009	1,101	85	7.8%	(286)
June 30, 2009	947	97	10.2%	(213)

(1) % VaR/MV represents the percentage loss that can be experienced on the market value.

Capital adequacy, Weighted risks, asset quality, ratings

Capital adequacy In millions of EUR, except where indicated	30/06/2008	30/09/2008	31/12/2008	31/03/2009	30/06/2009
Tier 1 capital	13,843	18,741	16,126	16,427	16,831
Total regulatory capital	14,997	19,747	18,077	18,383	19,383
Weighted risks	121,670	129,400	152,837	153,314	148,630
Tier 1 ratio	11.4%	14.5%	10.6%	10.7%	11.3%
Capital adequacy ratio	12.3%	15.3%	11.8%	12.0%	13.0%

Weighted risks In millions of EUR	30/06/2008	30/09/2008	31/12/2008	31/03/2009	30/06/2009
Credit risks	106,884	114,580	139,495	139,231	135,381
Market risks	5,690	5,724	3,073	3,814	2,980
Operational risks	9,096	9,096	10,269	10,269	10,269
Total	**121,670**	**129,400**	**152,837**	**153,314**	**148,630**

Quality of risks In millions of EUR, except where indicated	30/06/2008	30/09/2008	31/12/2008 (4)	31/03/2009	30/06/2009
Impaired loans to customers	1,227	1,317	3,535	3,652	3,624
Portfolio impairments(1)	810	843	2,083	2,318	2,324
Assets quality ratio(2)	0.47%	0.50%	0.99%	1.03%	1.04%
Coverage ratio(3)	66.0%	64.0%	58.9%	63.5%	64.1%

(1) Does not include the collective impairment set aside to cover potential risk on share-leasing products.
(2) The ratio between the impaired loans and the gross outstanding loans.
(3) The ratio between the portfolio impairments and the impaired loans.
(4) Increase largely due to IAS 39 related reclassification.

Ratings as of June 30, 2009	Long-term	Outlook	Short-term
Fitch			
Dexia Bank Belgium	A+	Stable outlook	F1+
Dexia Crédit Local	A+	Stable outlook	F1+
Dexia Banque Internationale à Luxembourg	A+	Stable outlook	F1+
Dexia Municipal Agency	AAA	-	
Moody's			
Dexia Bank Belgium	A1	Negative outlook	P-1
Dexia Crédit Local	A1	Negative outlook	P-1
Dexia Banque Internationale à Luxembourg	A1	Negative outlook	P-1
Dexia Municipal Agency	Aaa	-	
Standard & Poor's			
Dexia Bank Belgium	A	Stable outlook	A-1
Dexia Crédit Local	A	Stable outlook	A-1
Dexia Banque Internationale à Luxembourg	A	Stable outlook	A-1
Dexia Municipal Agency	AAA	-	

Shareholders’ base as of June 30, 2009	
Caisse des dépôts et consignations	17.6%
Holding Communal	14.5%
Arco Group	14.0%
French State	5.7%
Belgian federal state	5.7%
Three Belgian Regions	5.7%
Ethias Group	5.0%
CNP Assurances	3.0%
Employee shareholding	2.0%
Identified institutional investors	14.9%
Non-identified shareholders including individual shareholders	11.8%

Principal related party transactions

There have not been any significant transactions with related parties during 2Q 2009. For more details please refer the latest annual disclosure on related party transactions in the Dexia annual report on page 169.

Number of shares	30/06/2008	31/03/2009	30/06/2009
Number of shares	1,156,412,677	1,762,478,783	1,762,478,783
of which Treasury shares	*305,365*	*293,570*	*293,570*
Number of options	62,701,693	71,787,214	71,787,214
Total number of current/potential future shares (1)	**1,219,114,370**	**1,834,265,997**	**1,834,265,997**

(1) For more details refer to “Legal information” on www.dexia.com.

Data per share	30/06/2008	31/03/2009	30/06/2009
Average weighted number of shares (1)	1,159,274,909	1,762,185,213	1,762,185,213
Diluted average weighted number of shares (1)	1,164,681,686	1,762,185,213	1,762,185,213
Earnings per share – EPS (in EUR)			
- basic (2)	0.71	0.14	0.30
- diluted (3)	0.70	0.14	0.30
Net assets per share (in EUR) (4)	30/06/2008	31/03/2009	30/06/2009
- related to core shareholders’ equity (5)	13.07	10.06	10.23
- related to total shareholders’ equity (6)	6.99	1.91	4.13

(1) Excluding shares held in treasury stocks.
(2) The ratio between the net income – Group share and the average weighted number of shares.
(3) The ratio between the net income – Group share and the average weighted diluted number of shares.
(4) The ratio between the shareholders’ equity and the number of shares (after deduction of treasury shares) at end of period.
(5) Without AFS, CFH reserve and cumulative translation adjustments.
(6) With AFS, CFH reserve and cumulative translation adjustments.

CERTIFICATE FROM THE RESPONSIBLE PERSON

I the undersigned, Pierre Mariani, Chief Executive Officer and Chairman of the Management Board of Dexia SA, certify that to my knowledge:

a) the summary financial statements, established in accordance with applicable accounting standards, present an accurate picture of the assets, the financial situation and the earnings of the company and the businesses included in the consolidation;
b) the management report contains a true statement of the information which must appear therein in accordance with applicable regulations.

Brussels, August 26, 2009

For the Management Board

Pierre Mariani
Chief Executive Officer and Chairman of the Management Board
Dexia SA

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

DEXIA – CONSOLIDATED BALANCE SHEET

ASSETS *in millions of EUR*		June 30, 2008	Dec. 31, 2008	June 30, 2009
I.	Cash and balances with central banks	8,899	2,448	3,262
II.	Loans and advances due from banks	55,053	61,864	49,242
III.	Loans and advances to customers	260,018	368,845	357,374
IV.	Financial assets measured at fair value through profit or loss	34,532	16,044	14,996
V.	Financial investments	217,157	125,029	110,962
VI.	Derivatives	36,191	55,213	41,175
VII.	Fair value revaluation of portfolio hedge	(403)	3,938	3,440
VIII.	Investments in associates	853	682	684
IX.	Tangible fixed assets	2,269	2,353	2,406
X.	Intangible assets and goodwill	2,339	2,193	2,182
XI.	Tax assets	2,730 (1)	4,139	3,635
XII.	Other assets	3,416 (1)	1,998	3,083
XIII.	Non current assets held for sale	54	6,260	36
Total assets		**623,108**	**651,006**	**592,477**

(1) An amount of EUR 58 million representing operational taxes was transferred from "Tax assets" to "Other assets".

The notes on pages 29 to 38 are an integral part of these condensed consolidated financial statements.

DEXIA – CONSOLIDATED BALANCE SHEET

LIABILITIES *in millions of EUR*		June 30, 2008	Dec. 31, 2008	June 30, 2009
I.	Due to banks	184,887	213,192	142,637
II.	Customer borrowings and deposits	129,573	114,728	121,537
III.	Financial liabilities measured at fair value through profit or loss	17,086	18,952	18,809
IV.	Derivatives	38,833	75,834	55,396
V.	Fair value revaluation of portfolio hedge	(782)	1,543	1,833
VI.	Debt securities	211,334	188,120	215,053
VII.	Subordinated debts	4,343	4,407	4,226
VIII.	Technical provisions of insurance companies	17,468	16,739	16,946
IX.	Provisions and other obligations	1,370	1,487	1,514
X.	Tax liabilities	606 (1)	302	392
XI.	Other liabilities	7,981 (1)	4,393	5,046
XII.	Liabilities included in disposal groups held for sale	11	5,691	0
Total liabilities		**612,710**	**645,388**	**583,389**

EQUITY *in millions of EUR*		June 30, 2008	Dec. 31, 2008	June 30, 2009
XIV.	Subscribed capital	5,307	8,089	8,089
XV.	Additional paid-in capital	10,399	13,618	13,618
XVI.	Treasury shares	(3)	(23)	(22)
XVII.	Reserves and retained earnings	(885)	(870)	(4,186)
XVIII.	Net income for the period	821	(3,326)	534
Core shareholders' equity		**15,639**	**17,488**	**18,033**
XIX.	Gains and losses not recognized in the statement of income	(7,035)	(13,572)	(10,756)
	a) Available for sale reserve on securities	*(6,591)*	*(11,866)*	*(9,489)*
	b) Other reserves	*(444)*	*(1,706)*	*(1,267)*
Total shareholders' equity		**8,604**	**3,916**	**7,277**
XX.	Minority interest	1,794	1,702	1,811
XXI.	Discretionary participation features of insurance contracts	0	0	0
Total equity		**10,398**	**5,618**	**9,088**
Total liabilities and equity		**623,108**	**651,006**	**592,477**

(1) An amount of EUR 126 million representing operational taxes was transferred from "Tax liabilities" to "Other liabilities".

The notes on pages 29 to 38 are an integral part of these condensed consolidated financial statements.

DEXIA – CONSOLIDATED STATEMENT OF INCOME

		Quarter ended		Year-to-date	
in millions of EUR		June 30, 2008	June 30, 2009	June 30, 2008	June 30, 2009
I.	Interest income	27,304	16,114	54,002	36,515
II.	Interest expense	(25,907)	(14,837)	(51,241)	(33,631)
III.	Dividend income	118	60	129	77
IV.	Net income from associates	31	13	44	22
V.	Net income from financial instruments at fair value through profit or loss	754	(111)	398	206
VI.	Net income on investments	(642)	176	(563)	(298)
VII.	Fee and commission income	476	381	926	740
VIII.	Fee and commission expense	(101)	(74)	(182)	(147)
IX.	Premiums and technical income from insurance activities	1,201	572	3,166	1,434
X.	Technical expense from insurance activities	(1,257)	(653)	(3,217)	(1,576)
XI.	Other net income	14	(1)	28	1
Income		**1,991**	**1,640**	**3,490**	**3,343**
XII.	Staff expense	(483)	(443)	(958)	(894)
XIII.	General and administrative expense	(289)	(273)	(584)	(546)
XIV.	Network costs	(92)	(91)	(184)	(182)
XV.	Depreciation & amortization	(71)	(68)	(142)	(142)
XVI.	Deferred acquisition costs	(10)	0	(19)	(7)
Expenses		**(945)**	**(875)**	**(1,887)**	**(1,771)**
Gross operating income		**1,046**	**765**	**1,603**	**1,572**
XVII.	Impairment on loans and provisions for credit commitments	(488)	(328)	(776)	(737)
XVIII.	Impairment on tangible and intangible assets	0	(33)	1	(33)
XIX.	Impairment on goodwill	(8)	0	(8)	0
Net income before tax		**550**	**404**	**820**	**802**
XX.	Tax expense	33	(83)	80	(193)
Net income		**583**	**321**	**900**	**609**
	Attributable to minority interest	51	38	79	75
	Attributable to equity holders of the parent	532	283	821	534
in EUR					
	Earnings per share				
	- basic			0.71	0.30
	- diluted			0.70	0.30

The notes on pages 29 to 38 are an integral part of these condensed consolidated financial statements.

DEXIA – CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

CORE SHAREHOLDERS' EQUITY *in millions of EUR*	Subscribed capital	Additional paid-in capital	Treasury shares	Reserves and retained earnings	Net income for the period	Core shareholders' equity
As of Dec. 31, 2007	5,307	10,399	(176)	(1,951)	2,533	16,112
Movements of the period						
- Acquisition of treasury shares			(230)			(230)
- Trading activities on treasury shares			(5)			(5)
- Sale and cancellation of treasury shares			408	(407)		1
- Purchase and sale of derivatives on treasury shares				(12)		(12)
- Transfers to reserves				2,533	(2,533)	0
- Dividends				(1,052)		(1,052)
- Share based payments: value of employee services				9		9
- Variation of scope of consolidation				(2)		(2)
- Other movements				(3)		(3)
- Net income for the period					821	821
As of June 30, 2008	5,307	10,399	(3)	(885)	821	15,639

GAINS AND LOSSES NOT RECOGNIZED IN THE STATEMENT OF INCOME *in millions of EUR*	Gains and losses not recognized in the statement of income Securities (AFS)	Derivatives (CFH & FX Invt)	Associates (AFS, CFH)	Cumulative translation adjustments (CTA)	Total gains and losses Group share
As of Dec. 31, 2007	(1,490)	74	(24)	(147)	(1,587)
Movements of the period					
- Net change in fair value through equity – Available for sale investments	(5,551)		(58)		(5,609)
- Net change in fair value due to transfers to income – Available for sale investments	459				459
- Cancellation of FV following AFS disposals	(108)				(108)
- Net change in fair value through equity – Cash flow hedges		100			100
- Translation adjustments	100	12		(401)	(289)
- Variation of scope of consolidation	(1)				(1)
As of June 30, 2008	(6,591)	186	(82)	(548)	(7,035)

MINORITY INTEREST *in millions of EUR*	Core equity	Gains and losses not recognized in the statement of income	Minority interest	**DISCRETIONARY PARTICIPATION FEATURES OF INSURANCE CONTRACTS** *in millions of EUR*
As of Dec. 31, 2007	1,721	33	1,754	115
Movements of the period				
- Increase of capital	49		49	
- Dividends	(25)		(25)	
- Net income for the period	79		79	
- Net change in fair value through equity		(77)	(77)	(115)
- Cancellation of FV following AFS disposals		5	5	
- Net change in fair value due to transfers to income		3	3	
- Translation adjustments		7	7	
- Variation of scope of consolidation	(6)	2	(4)	
- Others	3		3	
As of June 30, 2008	1,821	(27)	1,794	0

Core shareholders' equity	15,639
Gains and losses not recognized in the statement of income attributable to equity holders of the parent	(7,035)
Minority interest	1,794
Discretionary participation features of insurance contracts	0
TOTAL EQUITY as of June 30, 2008	10,398

The notes on pages 29 to 38 are an integral part of these condensed consolidated financial statements.

DEXIA – CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

CORE SHAREHOLDERS' EQUITY *in millions of EUR*	Subscribed capital	Additional paid-in capital	Treasury shares	Reserves and retained earnings	Net income for the period	Core shareholders' equity
As of Dec. 31, 2008	8,089	13,618	(23)	(870)	(3,326)	17,488
Movements of the period						
- Issuance of subscribed capital				(1)		(1)
- Trading activities on treasury shares			1			1
- Transfers to reserves				(3,326)	3,326	0
- Share based payments: value of employee services				6		6
- Variation of scope of consolidation				5		5
- Net income for the period					534	534
As of June 30, 2009	8,089	13,618	(22)	(4,186)	534	18,033

GAINS AND LOSSES NOT RECOGNIZED IN THE STATEMENT OF INCOME *in millions of EUR*	Gains and losses not recognized in the statement of income Securities (AFS)	Derivatives (CFH & FX Invt)	Associates (AFS, CFH)	Cumulative translation adjustments (CTA)	Total gains and losses Group share
As of Dec. 31, 2008	(11,866)	(1,156)	(9)	(541)	(13,572)
Movements of the period					
- Net change in fair value through equity – Available for sale investments	1,805				1,805
- Net change in fair value due to transfers to income – Available for sale investments	51				51
- Cancellation of FV following AFS disposals	334				334
- Amortization of net fair value on reclassified portfolio in application of IAS 39 amended	218				218
- Net change in fair value through equity – Cash flow hedges		462			462
- Net change in fair value due to transfers to income – Cash flow hedges		(7)			(7)
- Net changes in fair value of associates			8		8
- Translation adjustments	(18)	(17)		(7)	(42)
- Variation of scope of consolidation	(13)				(13)
As of June 30, 2009	(9,489)	(718)	(1)	(548)	(10,756)

MINORITY INTEREST *in millions of EUR*	Core equity	Gains and losses not recognized in the statement of income	Minority interest	DISCRETIONARY PARTICIPATION FEATURES OF INSURANCE CONTRACTS *in millions of EUR*
As of Dec. 31, 2008	1,756	(54)	1,702	0
Movements of the period				
- Increase of capital	2		2	
- Dividends	(10)		(10)	
- Net income for the period	75		75	
- Net change in fair value through equity		19	19	
- Translation adjustments		(1)	(1)	
- Variation of scope of consolidation	5	13	18	
- Amortization of net fair value on reclassified portfolio in application of IAS 39 amended		6	6	
As of June 30, 2009	1,828	(17)	1,811	0

Core shareholders' equity	18,033
Gains and losses not recognized in the statement of income attributable to equity holders of the parent	(10,756)
Minority interest	1,811
Discretionary participation features of insurance contracts	0
TOTAL EQUITY as of June 30, 2009	9,088

The notes on pages 29 to 38 are an integral part of these condensed consolidated financial statements.

DEXIA – CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Quarter ended		Year-to-date	
in millions of EUR	June 30, 2008	June 30, 2009	June 30, 2008	June 30, 2009
Net result recognized in the statement of income	**583**	**321**	**900**	**609**
Unrealized gains (losses) on available-for-sale financial investments, before tax	(820)	4,185	(6,335)	3,035
Gains (losses) on cash flow hedges, before tax	275	486	105	480
Cumulative translation adjustments	184	33	(393)	(8)
Gains (losses) from hedges on net investments, before tax	0	(1)	0	0
Other comprehensive income from associates	(5)	12	(59)	9
Tax relating to components of other comprehensive income	(17)	(1,061)	1,174	(663)
Other comprehensive income, net of tax	**(383)**	**3,654**	**(5,508)**	**2,853**
Total comprehensive income, net of tax	**200**	**3,975**	**(4,608)**	**3,462**
Attributable to equity holders of the parent	156	3,892	(4,627)	3,349
Attributable to minority interest	44	83	19	113

The notes on pages 29 to 38 are an integral part of these condensed consolidated financial statements.

DEXIA – CONSOLIDATED CASH FLOW STATEMENT

in millions of EUR	June 30, 2008	June 30, 2009
Cash flow from operating activities		
Net income after income taxes	900	609
Adjustment for:		
- Depreciation, amortization and other impairment	161	191
- Impairment on bonds, equities, loans and other assets	770	(83)
- Net gains on investments	(115)	734
- Charges for provisions (mainly insurance provision)	2,537	530
- Unrealized gains or losses	(5)	50
- Income from associates	(43)	(22)
- Dividends from associates	45	33
- Deferred taxes	(210)	52
- Other adjustments	9	6
Changes in operating assets and liabilities	(3,496)	(10,681)
Net cash provided (used) by operating activities	**553**	**(8,581)**
Cash flow from investing activities		
Purchase of fixed assets	(247)	(325)
Sales of fixed assets	44	74
Acquisitions of unconsolidated equity shares	(2,043)	(115)
Sales of unconsolidated equity shares	1,597	928
Acquisitions of subsidiaries and of business units	(15)	(25)
Sales of subsidiaries and of business units	2	0
Net cash provided (used) by investing activities	**(662)**	**537**
Cash flow from financing activities		
Issuance of new shares	78	1
Issuance of subordinated debts	300	1
Reimbursement of subordinated debts	(422)	(100)
Purchase of treasury shares	(230)	0
Sale of treasury shares	1	0
Dividends paid	(1,077)	(10)
Net cash provided (used) by financing activities	**(1,350)**	**(108)**
Net cash provided	**(1,459)**	**(8,152)**
Cash and cash equivalents at the beginning of the period	**51,603**	**49,715**
Cash flow from operating activities	553	(8,581)
Cash flow from investing activities	(662)	537
Cash flow from financing activities	(1,350)	(108)
Effect of exchange rate changes and change in scope of consolidation on cash and cash equivalents	(361)	162
Cash and cash equivalents at the end of the period	**49,783**	**41,725**
Additional information		
Income tax paid	(180)	(177)
Dividends received	174	109
Interest received	54,205	37,947
Interest paid	(52,150)	(34,504)

The notes on pages 29 to 38 are an integral part of these condensed consolidated financial statements.

NOTE I. ACCOUNTING PRINCIPLES AND RULES OF THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

These condensed consolidated financial statements include the disclosures required by the European Accounting Regulation published up to June 30, 2009. Additional accounting policies and disclosures may be required in order to comply with local laws, accounting standards and stock exchange regulations.

GENERAL INFORMATION

Dexia provides financial services to the local public sector and is one of the world's largest players in Public and Wholesale Banking. In Europe, Dexia offers retail and private banking services but also asset management and insurance services.

The parent company of the Group is Dexia SA, which is a limited liability company and is incorporated and domiciled in Belgium. The address of its registered office is: Place Rogier 11 – 1210 Brussels (Belgium).

Dexia is listed on the NYSE Euronext Stock Exchange in Brussels and also on the Luxembourg Stock Exchange.

These financial statements have been approved for issue by the Board of Directors on August 26, 2009.

NOTES TO THE FINANCIAL STATEMENTS

The principal accounting policies adopted in the preparation of these condensed consolidated financial statements are set out below.

The common used abbreviations below are:

- ARC: Accounting Regulatory Committee
- EFRAG: European Financial Reporting Advisory Group
- EU GAAP: International Financial Reporting Standards as adopted by the European Union (EU)
- IASB: International Accounting Standards Board
- IFRIC: International Financial Reporting Interpretations Committee
- IFRS: International Financial Reporting Standard

ACCOUNTING POLICIES

1. Basis of accounting

The condensed consolidated financial statements of Dexia are prepared in accordance with all IFRSs as adopted by the EU.

The European Commission published Regulation EC 1606/2002 on July 19, 2002, requiring listed groups to apply IFRS as from January 1, 2005. This regulation has been updated several times since 2002. The European Commission issued Regulation EC 1126/2008 on November 3, 2008, which encompasses all standards and interpretations as adopted by the EU until October 15, 2008 in order to simplify Community legislation on accounting standards.

Dexia's financial statements have therefore been prepared "in accordance with all IFRSs as adopted by the EU" and endorsed by the EC up to June 30, 2009, including the conditions of application of interest rate portfolio hedging and the possibility to hedge core deposits.

The condensed consolidated financial statements are prepared on a going concern basis. They are stated in millions of euro (EUR) unless otherwise stated.

This interim report for the period ended June 30, 2009 is prepared in accordance with IAS 34 Interim Financial Reporting. The same accounting policies and methods of computation are followed in the interim financial statements as compared with the 2008 annual financial statements.

In preparing the condensed consolidated financial statements, management is required to make estimates and assumptions that affect amounts reported. While management believes they have considered all available information in developing these estimates, actual results may differ from such estimates and the differences could be material to the financial statements.

Judgments and estimates are principally made in the following areas:

- Estimation of the recoverable amount of impaired assets
- Determination of fair values of non-quoted financial instruments
- Determination of the useful life and the residual value of property, plant and equipment, investment property and intangible assets
- Measurement of liabilities for insurance contracts

- Actuarial assumptions related to the measurement of employee benefits obligations and plan assets
- Estimation of present obligations resulting from past events in the recognition of provisions.

2. Changes in accounting policies since the previous annual publication that may impact Dexia Group

2.1 New IFRS standards, IFRIC interpretations and amendments

The IASB issued three series of amendments to the existing standards.

- **Amendments to IFRS 7 – Improving disclosures about financial instruments,** applicable as from January 1, 2009.
  These amendments will enhance disclosures about fair value measurement (by introducing a 3-level hierarchy) and liquidity risk. These amendments do not have an impact on the income statement nor on the balance sheet of Dexia, but only on the disclosures.

- **Amendments to IFRIC 9 and IAS 39 Embedded derivatives,** applicable for annual periods ending on or after 30 June 2009.
  These amendments require a reassessment of the embedded derivatives at the moment of reclassification. These amendments do not have impact on Dexia's financial statements.

- **Amendments to IFRS 2 "Share-based Payment" "Group Cash-settled Share-based Payment Transactions",** applicable for annual periods beginning on or after 1 January 2010.
  These amendments aim to clarify the scope of IFRS 2. There is no impact for Dexia, as Dexia does not offer cash-settled share-based payments.

  The IASB also issued:

- **"Improvements to existing standards"**, which are a collection of amendments to existing International Financial Reporting Standards. Unless otherwise specified, the amendments are effective for the annual period beginning on or after January 1, 2010. No significant impact is expected for Dexia.

The **IFRIC** issued an **interpretation**, which will be effective for annual periods that begin on or after July 1, 2009:

- **IFRIC 18 "Transfers of assets from customers"**
  This interpretation does not have an impact on Dexia.

2.2 IASB and IFRIC texts endorsed by the European Commission

The following amendments to standards or interpretation have been endorsed by the European Commission:

- **"Improvements 2008 to IFRSs" issued by the IASB in May 2008.** Unless otherwise specified the amendments are effective for annual periods beginning on or after January 1, 2009.

The amendments issued are presented in two parts: those that involve accounting changes for presentation, recognition or measurement purposes, and those involving terminology or editorial changes with minimal effect on accounting.

The revision of these standards is mainly impacting Dexia in the following ways:

If Dexia is committed to a sale plan involving loss of control of a subsidiary, Dexia will classify all the assets and liabilities of that subsidiary as held for sale, regardless of whether Dexia will retain a non-controlling interest in its former subsidiary after the sale.

The IASB published an amendment to bring "property under construction and development" for future use as an investment property in the scope of IAS 40 and no longer in the scope of IAS 16. Impact is limited to presentation without any consequence on measurement.

- **Amendment to IAS 32 and IAS 1 – "Puttable financial instruments and obligations arising on liquidation".**
- **Amendment to IFRS 1 "First Time Adoption of IFRS" and to IAS 27 "Consolidated and separate financial statements", entitled "Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate".**

These amendments are applicable as from January 1, 2009, without any major impact for Dexia.

- **Revised IFRS 3 "Business combinations"**, which replaces the standard as issued in 2004, and will be effective for annual reporting periods that begin on or after July 1, 2009.

The revision of this standard impacts Dexia for several reasons:

For new acquisitions, Dexia can no longer capitalize acquisition-related costs as part of the cost of the business acquired.

In case of a step-acquisition, Dexia will first remeasure the existing associate to fair value with recognition of the fair value adjustments to previously recognized assets and liabilities in profit or loss.

For each new investment in a non-controlling interest in an acquired entity, Dexia has the possibility to make an option for the "full goodwill method".

For new acquisitions, an analysis will be required to determine whether or not a contingent liability of the acquiree is a present obligation.

- **Amendments to IAS 27 "Consolidated and separate financial statements"**, which will be effective for annual reporting periods that begin on or after July 1, 2009.

Changes in a parent's controlling ownership of a subsidiary will have no impact on profit or loss but will impact equity.

- **IFRIC 12 "Service concessions arrangements"**, which is effective for annual periods beginning on or after January 1, 2008.
- **IFRIC 16 "Hedges of a net investment in a foreign operation"**, which is effective for annual periods beginning on or after January 1, 2009.

Both interpretations do not have an impact on Dexia.

2.3 Changes in presentation

Reclassification of operational taxes

In the condensed consolidated financial statements as of June 30, 2008, operational taxes were reclassified:

- An amount of EUR 58 million from "Tax assets" (line XI) to "Other assets" (line XII) and,
- An amount of EUR 126 million from "Tax liabilities" (line X) to "Other liabilities" (line XI).

NOTE II. SIGNIFICANT CHANGES IN SCOPE OF CONSOLIDATION

AS OF JUNE 30, 2008

No major variation in the scope of consolidation occured during the first six-month period of 2008.

AS OF JUNE 30, 2009

As from April 1, 2009, Dexia no longer consolidates the activities of Financial Security Assurance Holdings Ltd (hereafter FSA Insurance) sold to Assured Guaranty Ltd (Assured).

FSA Insurance's result of the first quarter is consolidated on a line by line basis and the net result is offset in "Net Income on Investments".

For 4Q 2008 and 1Q 2009 publications, Dexia consolidated the activities of FSA Holdings to be sold (FSA Holdings – parent company activities and FSA Inc. – reinsurance activities) following the requirements of IFRS 5 (Disposal group held for sale) as the sale was not certain even if highly probable. Indeed, some regulatory requirements and comments of rating agencies were not yet received. This led to the recognition of the total assets and total liabilities of the sold activities on one single line in assets and liabilities and to the consolidation of the sold activities' result in the income statement line by line as the sold activities were not representing a segment of business.

As the sales price was fixed and did no longer depend from the result generated by the sold activities, the net impact of the income statement of the sold activities was zero in Dexia's financial statements, the net result of the sold activities being offset in "Net Income on Investments".

The suspensive conditions of the transaction have been removed in the beginning of the second quarter, the finalization of the closing conditions took place on June 10, 2009, when the definitive official documents were obtained. The sale was completed as of July 1, 2009.

Accordingly, as the sale is certain, the sold assets and liabilities are no longer disclosed as group held for sale; USD 816.5 million is recognized in "other assets" for the sales price i.e. USD 546 million receivable in cash from Assured and USD 270.5 million representing the 21.85 million Assured shares to be received. On July 1, 2009 (3Q 2009 Financial Report), this receivable will be replaced by the amount of cash and the shares of Assured received. The shares will be included in Available for Sale Portfolio as Dexia does not have a significant influence in Assured Guaranty Ltd.

NOTE III. BUSINESS REPORTING

IFRS 8 OPERATING SEGMENTS SUPERSEDED IAS 14 SEGMENT REPORTING AS FROM JANUARY 1, 2009

As of January 1, 2009, Dexia changed its business reporting in line with its new organization and applied IFRS 8 for the first time. To enable comparisons, figures as of June 30, 2008 and as of December 31, 2008 were restated accordingly.

DESCRIPTION OF DIFFERENCES WITH LAST ANNUAL FINANCIAL STATEMENTS

The business segmentation was adapted to Dexia's new profile and strategic directions. The Group is now divided in three divisions representing operational activities focused on homogeneous client franchises (Public and Wholesale Banking or PWB, Retail and Commercial Banking or RCB, Asset Management & Services or AMS). A fourth division, named Group Center (GC), includes treasury operations and activities in run-off as well as the former Central Asset segment.

Compared to the previous business segmentation, the main changes are:

- "Treasury and Financial Markets" (TFM) is no longer a business line but is now reallocated to Group Center and to operational business lines (structuring, sales and trading activities being allocated to corresponding subsegments);
- Insurance is no longer distributed between RCB and PWB, but is now part of the newly created AMS which also includes Asset Management and Investor Services;
- All bond portfolios in run-off (Public Bonds and Financial Products portfolios previously in PWB; Credit Spread Portfolios and Trading portfolios previously in TFM) are entirely reallocated to Group Center;
- FSA insurance is taken out of PWB and included in Group Center;
- The former PWB activities of Turkey, Luxembourg and Slovakia are now included in RCB.

The basis of measurement of segment profit or loss is not materially different in IFRS 8 from IAS 14.

BUSINESS REPORTING

in millions of EUR	As of Dec. 31, 2008 Assets (subtotal)(1)	As of June 30, 2009 Assets (subtotal)(1)
Public and Wholesale Banking	231,660	219,520
Retail and Commercial Banking	66,883	65,166
Asset Management and Services	25,039	24,852
Asset Management	*300*	*270*
Investor Services	*6,153*	*5,813*
Insurance	*18,586*	*18,769*
Group Center	241,901	217,413
Total	**565,483**	**526,951**

(1) Includes due from banks, loans and advances to customers, loans and securities held for trading, loans and securities available for sale, investments in associates, other assets specific to insurance companies.

BUSINESS REPORTING

in millions of EUR	Income	o/w net income from associates	Net income before tax	Net income – Group share	o/w impact of the financial crisis[1]	Net income – Group share excluding financial crisis impact
As of June 30, 2008						
Public and Wholesale Banking	814	11	478	348	0	348
Retail and Commercial Banking	1,407	21	392	287	0	287
Asset Management and Services	572	2	226	186	0	186
Asset Management	*124*	*1*	*49*	*41*	*0*	*41*
Investor Services	*219*	*0*	*72*	*50*	*0*	*50*
Insurance	*229*	*1*	*105*	*95*	*0*	*95*
Group Center	697	10	(276)	0	(570)	570
Treasury	*315*	*0*	*282*	*203*	*(22)*	*225*
Bond portfolios in run-off	*218*	*0*	*123*	*193*	*(24)*	*217*
Central assets	*164*	*10*	*(681)*	*(396)*	*(524)*	*128*
Total	**3,490**	**44**	**820**	**821**	**(570)**	**1,391**
As of June 30, 2009						
Public and Wholesale Banking	813	0	462	315	(16)	331
Retail and Commercial Banking	1,440	15	331	239	(30)	269
Asset Management and Services	220	0	(136)	(120)	(252)	132
Asset Management	*76*	*0*	*13*	*8*	*1*	*7*
Investor Services	*165*	*0*	*11*	*4*	*(4)*	*8*
Insurance	*(21)*	*0*	*(160)*	*(132)*	*(249)*	*117*
Group Center	870	7	145	100	(314)	414
Treasury	*500*	*0*	*455*	*296*	*(12)*	*308*
Bond portfolios in run-off	*(177)*	*0*	*(422)*	*(214)*	*(341)*	*127*
Central assets	*547*	*7*	*112*	*18*	*39*	*(21)*
Total	**3,343**	**22**	**802**	**534**	**(612)**	**1,146**

(1) Impact of the financial crisis is detailed on pages 8 to 9.

Relations between business lines, and especially between commercial business lines, financial markets and production and service centers are subject to retrocessions and/or analytical transfers, governed by service level agreements based on normal commercial terms and market conditions. The results of each business line also include:

- The earnings from commercial transformation, including the management costs of this transformation and the Group equity allocated to this activity on the basis of medium and long-term outstanding;
- Interest on economic capital: economic capital is allocated to the business lines for internal purposes and the return on economic capital is used to measure the performance of each business line;
- Funding cost.

Tangible and intangible assets are allocated to Group Center except when they are directly managed by a commercial or financial business line.

Geographic information is not disclosed because the only information available is based on booking centers, being the country of the company having recorded the transaction and not the country of the customers, and the cost to develop this latter information would be excessive considering its relevance.

NOTE IV. CONTRIBUTION BY ACTIVITY – INCOME

CONTRIBUTION BY ACTIVITY								
	June 30, 2008				June 30, 2009			
	Banking and other activities	FSA[1]	Other insurance activities[2]	Total	Banking and other activities	FSA[1]	Other insurance activities[2]	Total
Interest margin	2,379	97	285	2,761	2,512	49	323	2,884
Dividend income	40	1	88	129	38		39	77
Net income from associates	42		2	44	21		1	22
Net income from financial instruments at fair value through profit or loss	93	317	(12)	398	(193)	374	25	206
Net income on investments	64	(672)	45	(563)	174	(177)	(295)	(298)
Net fees and commissions	730	(2)	16	744	581	(2)	14	593
Premiums and technical income from insurance activities	3	226	2,937	3,166	4	28	1,402	1,434
Technical expense from insurance activities	(1)	(82)	(3,134)	(3,217)	(16)	(3)	(1,557)	(1,576)
Other net income	26	2		28	6	(5)		1
Income	**3,376**	**(113)**	**227**	**3,490**	**3,127**	**264**	**(48)**	**3,343**
Staff expense	(907)	1	(52)	(958)	(825)	(14)	(55)	(894)
General and administrative expense	(532)	(15)	(37)	(584)	(509)	(14)	(23)	(546)
Network costs	(154)		(30)	(184)	(152)		(30)	(182)
Depreciation & amortization	(136)	(1)	(5)	(142)	(130)	(1)	(11)	(142)
Deferred acquisition costs		(19)		(19)		(7)		(7)
Expenses	**(1,729)**	**(34)**	**(124)**	**(1,887)**	**(1,616)**	**(36)**	**(119)**	**(1,771)**
Gross operating income	**1,647**	**(147)**	**103**	**1,603**	**1,511**	**228**	**(167)**	**1,572**
Impairment on loans and provisions for credit commitments	(148)	(628)		(776)	(378)	(342)	(17)	(737)
Impairment on tangible and intangible assets	1			1	(33)			(33)
Impairment on goodwill	(8)			(8)				
Net income before tax	**1,492**	**(775)**	**103**	**820**	**1,100**	**(114)**	**(184)**	**802**
Tax expense	(203)	289	(6)	80	(199)	(11)	17	(193)
Net income	**1,289**	**(486)**	**97**	**900**	**901**	**(125)**	**(167)**	**609**
Attributable to minority interest	80	(3)	2	79	76	0	(1)	75
Attributable to equity holders of the parent	1,209	(483)	95	821	825	(125)	(166)	534

(1) As of June 30, 2008 the FSA column includes the full group FSA while as of June 30, 2009, the column includes 3-month results of the sold activities on a line by line basis, but offset in Net income on investments and 6-month results of Financial Products activities.
(2) Dexia Insurance Belgium Group and Deniz Hayat Sigorta.

NOTE V. EXCHANGE RATES

EXCHANGE RATES						
		Closing rate			Average rate	
		June 30, 2008	Dec. 31, 2008	June 30, 2009	June 30, 2008	June 30, 2009
Canadian dollar	CAD	1.5941	1.6943	1.6283	1.5535	1.6042
New Turkish lira	TRY	1.9248	2.1332	2.1523	1.9008	2.1443
US dollar	USD	1.5752	1.3971	1.4005	1.5453	1.3371

NOTE VI. SIGNIFICANT ITEMS INCLUDED IN THE STATEMENT OF INCOME

Reported amounts are significant and/or unusual transactions and not only large transactions. The amounts mentioned are year-to-date.

As explained in Note II. Significant changes in scope of consolidation, Dexia no longer consolidates the activities of Financial Security Assurance Holdings Ltd (hereafter FSA Insurance) sold to Assured Guaranty Ltd (Assured) as from April 1, 2009.

The contribution of FSA Insurance's first quarter 2009 result in Dexia's consolidated financial statements on a line by line basis impacts significantly some publication lines among which "Net income from financial instruments at fair value through profit or loss" for EUR 478 million, "Impairment on loans and provisions for credit commitments" for EUR -272 million and "Tax expenses" for EUR -71 million. The net result of EUR 163 million is offset in "Net income on investments" so that the net contribution of FSA Insurance in Dexia's financial statements is zero.

As the sales price of FSA Insurance to Assured Guaranty includes Assured Guaranty shares that were valued at USD 8.1 per share on December 31, 2008 (price at the moment of signing sale purchase agreement) and as the quotation of Assured Guaranty shares was USD 12.38 per share on June 30, 2009 a positive amount of EUR 71 million is included in the "Net income on investments" to come to the definitive result on the sale.

The impact of the US mortgage crisis on the Financial Products activity led to the recognition of an amount of EUR -53 million due to impairments on the FP portfolio.

A deferred tax asset previously not recognized was recorded for an amount of EUR 60 million.

Financial turmoil effects still generated the recognition of several amounts in net income:

- EUR -118 million for own credit risk adjustments
- EUR -235 million for capital losses and impairments on shares belonging to insurance portfolio
- EUR -121 million due to cost of risk on other portfolios
- EUR -48 million for credit value adjustments on derivatives concluded with monolines
- EUR -103 million for mark-to-market adjustments on CDS

In 2Q 2009, additional provisions in respect of duty of care and spouse consent were recognized for EUR 36 million in DBnl accounts (see also note IX. Litigations).

Significant items included in the statement of income as of June 30, 2008 have been reported in Dexia Financial Report 2Q 2008.

Significant items of the quarter are discussed in the management report.

NOTE VII. POST BALANCE SHEET EVENTS

Further to the approval of the restructuring plan on June 5, 2009, the claim on Kaupthing Bank Luxembourg SA has been converted into notes issued by Pillar Securitisation sarl on July 10, 2009. The claim on Kaupthing Bank Luxembourg SA has been impaired during 2008. The restructuration will have a positive impact in 2009.

A part of the contribution of EUR 31 million paid by Dexia Banque Internationale à Luxembourg in 2008 to the Association pour la Garantie des Dépôts Luxembourg (AGDL), the Luxembourg banking deposit guarantor, might also be refunded in the future.

NOTE VIII. SOLVENCY

COMPARISON TOTAL EQUITY (FINANCIAL STATEMENTS) AND TOTAL EQUITY AS CALCULATED FOR REGULATORY REQUIREMENTS

	Dec. 31, 2008		June 30, 2009	
	Financial statements	Regulatory purposes	Financial statements	Regulatory purposes
Total shareholders' equity	3,916	3,916	7,277	7,277
Minority interest	1,702	1,694	1,811	1,803
of which Core equity	*1,757*	*1,749*	*1,828*	*1,821*
of which Gains and Losses not recognized in the statement of income	*(55)*	*(55)*	*(17)*	*(18)*
Discretionary participation features of insurance contracts	0	0	0	0
Total equity	**5,618**	**5,610**	**9,088**	**9,080**

For regulatory purposes, insurance companies are accounted for by the equity method. Therefore, minority interest differs from that published in the financial statements. Discretionary participation features only relate to insurance companies.

REGULATORY CAPITAL, TOTAL WEIGHTED RISKS AND SOLVENCY RATIOS

	Dec. 31, 2008	June 30, 2009
Total regulatory capital (after profit appropriation)	**18,077**	**19,383**
Tier 1 capital	**16,126**	**16,831**
Core shareholders' equity	17,488	18,033
Cumulative translation adjustments – Group	(540)	(548)
Minority interest (eligible in Tier 1)(1)	557	628
Deductions and prudential filters	(2,800)	(2,703)
Hybrid regulatory Tier 1 capital(2)	1,421	1,421
Additional own funds	**1,951**	**2,552**
Perpetuals	815	759
Subordinated liabilities	2,795	2,657
Deductions and prudential filters	(1,659)	(864)

(1) On a regulatory approach, the amounts booked in minority interest and eligible as hybrid regulatory tier 1 capital are presented separately. As of December 31, 2008 and as of June 30, 2009 EUR 1,196 million eligible as hybrid regulatory tier 1 capital is included in minority interest's core equity.
(2) This amount is the result of three operations:
- undated deeply subordinated non-cumulative Notes for EUR 700 million, issued by Dexia Crédit Local and booked for EUR 698 million in Minority interest;
- undated subordinated non-cumulative Notes for EUR 500 million, issued by Dexia Funding Luxembourg and booked in Minority interest for EUR 498 million;
- hybrid capital issued by Dexia BIL for an amount of EUR 225 million bearing an interest of 6.821 % and booked in Subordinated debts in the financial statements.

Weighted risks	**152,837**	**148,630**
Credit risk	139,495	135,381
Market risk	3,073	2,980
Operational risk	10,269	10,269
Solvency ratios		
Tier 1 ratio	10.6%	11.3%
Capital Adequacy Ratio	11.8%	13.0%

NOTE IX. LITIGATIONS

1. DEXIA BANK NEDERLAND

Reference is made to the detailed disclosure in the Dexia Annual Report 2008 (especially pages 91-92), available on *www.dexia.com*.

The Dutch Supreme Court rendered on June 5, 2009 an important decision in respect of the share-leasing products of Dexia Bank Nederland N.V. (DBnl). Many allegations have been rejected, including error, misleading advertising, abuse of circumstances, and the applicability of the Netherlands Consumer Credit Act.

However, this decision also states that – generally speaking – DBnl had a special duty of care to inform and warn its clients "... in clear and in unmistakable terms..." about the risks involved in share-leasing contracts, including the possibility of a so-called residual debt. Additionally, this decision states that DBnl failed in respect of its obligation to check prior to entering the contract, the income and wealth of the client. Therefore, for clients with sufficient financial capacity at the date they entered the share-leasing contract, DBnl has to grant a discount of basically 60% of the total residual debt. Other clients who would not pass this financial check, are also – in addition to a discount of the residual debt – awarded a repayment of mostly 60% of the instalments they have made. The distinction between those two categories of clients needs further interpretation by judges, based on the factual – case-by-case – position.

In 2Q 2009, Dexia increased the provisions of DBnl to cover the estimated consequences this ruling on duty of care might have under specific circumstances in certain cases. Another additional provision was taken into account to cope with a number of possible negative decisions in respect of the so-called spouse consent cases in which the appeal of DBnl on the statue of limitations of three years might be denied. However, DBnl continues to argue that many of these cases have become void due to the passage of time. The total of these additional provisions in respect of duty of care and spouse consent amounts to EUR 36 million.

2. LERNOUT & HAUSPIE

Dexia is involved in various ways in the bankruptcy of Lernout & Hauspie Speech Products (LHSP) and the consequences thereof. The Dexia Annual Report 2008 (especially pages 92-95) describes in detail the various legal actions both in Belgium and abroad and gives a summary of the amounts claimed in the criminal proceedings and in the civil actions and which are known to the bank. The Annual Report 2008 can be consulted at *www.dexia.com*.

Dexia Bank stands by its position that it has substantive arguments to refute all the allegations that have been made against it and emphasizes once again its innocence in this matter.

During the second quarter of 2009 the only relevant developments occurred in the proceedings being conducted in Luxembourg and the Netherlands.

On May 14, 2009 the Luxembourg Supreme Court of Appeal rejected the appeal by GE-Banque Artesia Nederland ("GE-BAN") against the decision of July 12, 2006 by the Luxembourg Court of Appeal.

The decision of July 12, 2006 sentenced BNP Luxemburg to deliver to Crédit Agricole Indosuez Luxembourg ("CAIL") – before the end of June 2007 – the Parvest shares held in the Netherlands or, failing that, to pay to it the countervalue of these Parvest shares.

That same decision ordered GE-BAN to act as guarantor for BNP.

In execution of that decision, since it was not possible to obtain the Parvest shares in time, BNP Luxembourg proceeded in June 2007 to pay CAIL the countervalue of the Parvest shares.

GE-BAN paid BNP a sum of USD 30,039,336.54 on July 9, 2007. As a result of the rejection of GE-BAN's appeal before the Luxembourg Supreme Court of Appeal, this sum is now definitively lost.

In the Netherlands, the Court of Appeal in Amsterdam passed an order on July 21, 2009, refusing the appeal lodged by Messrs Hauspie and Willaert against the judgements of March 17, 2004 and February 15, 2006. These judgements ordered Hauspie and Willaert to pay Banque Artesia Nederland ("BAN") an amount of USD 24,999,000 in principal as their security for the loan of USD 25,000,000 granted by BAN to Mr Gaston Bastiaens on July 24, 2000.

The Court of Appeal in Amsterdam refused the appeal by the two guarantors and ratified the judgements of 2004 and 2006.

Messrs Willaert and Hauspie have a period of three months (until October 21, 2009) in which to lodge any further appeal.

No relevant developments have taken place either in the Belgian criminal case.

As already stated in the previous Financial report, on January 30, 2009 the Court of Appeal in Ghent deliberated on the criminal case and will deliver its decision at a later, unspecified date.

3. FINANCIAL SECURITY ASSURANCE (SUBPOENA)

On July 1, 2009, Dexia completed the sale of the insurance activities of FSA. As the Financial Products activity was not sold, Dexia remains exposed to the legal risks mentioned in the Dexia Annual Report 2008 (especially page 95), which is available on *www.dexia.com*.

No substantive changes have occurred since the Annual Report 2008.

4. INVESTIGATIONS ABOUT ALLEGED SHORTCOMINGS IN FINANCIAL COMMUNICATION

A shareholder, Mr Robert Casanovas, lodged a complaint with the Public Prosecutors in Brussels and Paris on March 11, 2009. These complaints gave rise to the opening of two preliminary investigations which are currently ongoing.

Mr Casanovas also served direct summonses on the company Dexia SA and several former and current executives of the Group to appear on October 29, 2009 before the Criminal Court in Paris.

Mr Casanovas alleges that he has been deceived by the presentation of Dexia's situation in several press releases which he considers inaccurate. He maintains that Dexia minimized the reality of risks and thus failed to fulfill its obligations regarding information and transparency.

He claims compensation for a loss assessed at EUR 665,850.

Dexia denies any shortcomings in its financial communication and maintains that the allegations made by Mr Robert Casanovas are unfounded. Dexia will provide all necessary explanations and proof within the context of the investigations which are currently under way.

5. DEXIA BANKA SLOVENSKO

In October 2008, some foreign currency trading transactions managed by the treasury of Dexia Banka Slovensko ("DBS") on behalf of some of its professional clients were closed by the bank. Actually the clients concerned, who had been required to, no longer fulfilled their contractual obligation to provide the bank with enough collateral to cover the bank for any potential loss. In the transaction with one of those clients, DBS has recorded a specific provision of EUR 92 million (the bank's full loss when closing the transactions concerned) and another one of EUR 0.2 million for litigation costs.

In June 2009, this client filed a legal action, for an amount of EUR 162 million, claiming unjustified enrichment on the part of the bank and recovery of the loss arising from the closing of the FX trades concerned. According to this client, the bank did not act in accordance with the laws and contracts. Dexia considers any claim made by this client to be unjustified and speculative and therefore did not make any provision.

LIMITED REVIEW REPORT ON THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2009

To the Board of Directors

We have performed a limited review of the accompanying condensed consolidated interim financial information, including the consolidated balance sheet, income statement, cash flow statement, statement of changes in equity and notes related thereto (jointly the "interim financial information") of Dexia SA ("the company") and its subsidiaries (jointly "the Group") for the six-month period ended June 30, 2009 as included on pages 22-38 of Dexia's Financial Report 2Q 2009. The Board of Directors of the company is responsible for the preparation and fair presentation of this interim financial information. Our responsibility is to express a conclusion on this interim financial information based on our review.

The interim financial information has been prepared in accordance with IAS 34, "Interim Financial Reporting" as adopted by the EU.

Our limited review of the interim financial information was conducted in accordance with the recommended auditing standards on limited reviews applicable in Belgium, as issued by the "Institut des Reviseurs d'Entreprises/Instituut der Bedrijfsrevisoren". A limited review consists of making inquiries of group management and applying analytical and other review procedures to the interim financial information and underlying financial data. A limited review is substantially less in scope than an audit performed in accordance with the auditing standards on consolidated annual accounts as issued by the "Institut des Reviseurs d'Entreprises/Instituut der Bedrijfsrevisoren". Accordingly, we do not express an audit opinion.

Based on our limited review nothing has come to our attention that causes us to believe that the interim financial information for the six-month period ended June 30, 2009 is not prepared, in all material respects, in accordance with IAS 34 "Interim Financial Reporting" as adopted by the EU.

Without modifying the conclusion in the preceding paragraph, we draw your attention to the comments included in the 2Q 2009 results presentation of management with regard to the financial crisis impacting the liquidity position of Dexia.

August 26, 2009

The statutory auditor

DELOITTE Bedrijfsrevisoren/Reviseurs d'Entreprises	**DELOITTE Bedrijfsrevisoren/Reviseurs d'Entreprises**
SC s.f.d. SCRL	SC s.f.d. SCRL
Represented by Frank Verhaegen	Represented by Bernard De Meulemeester
Partner	Partner

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FINANCIAL CALENDAR

DATES	EVENTS
November 13, 2009	Results publication – September 30, 2009
February 25, 2010	Results publication – December 31, 2009
May 12, 2010	Results publication – March 31, 2010
May 12, 2010	Annual Shareholders' Meeting for the year 2009