Financial report 2Q and 1H 2011

together to the essence

DEXIA

CONTENTS

Consolidated statement of income*

In millions of EUR	2Q10*	1Q11	2Q11	Var. 2Q11/ 2Q10	Var. 2Q11/ 1Q11	1H10*	1H11	Var. 1H11/ 1H10
Income**	**1,356**	**1,127**	**-3,004**	**n.s.**	**n.s.**	**2,832**	**-1,877**	**n.s.**
Expenses	-859	-847	-840	-2.2%	-0.8%	-1,728	-1,687	-2.4%
Gross operating income	**497**	**280**	**-3,844**	**n.s.**	**n.s.**	**1,104**	**-3,564**	**n.s.**
Cost of risk	-126	-98	-81	-35.7%	-17.3%	-391	-179	-54.2%
Other impairments & provisions for legal litigations	-135	-8	-154	n.s.	n.s.	-152	-162	6.6%
Pre-tax income	**236**	**174**	**-4,079**	**n.s.**	**n.s.**	**561**	**-3,905**	**n.s.**
Tax expense	30	-86	64	**n.s.**	**n.s.**	-60	-22	**n.s.**
Net income	**266**	**88**	**-4,015**	**n.s.**	**n.s.**	**501**	**-3,927**	**n.s.**
Minority interests	18	19	17	-5.6%	-10.5%	37	36	-2.7%
Net income Group share	**248**	**69**	**-4,032**	**n.s.**	**n.s.**	**464**	**-3,963**	**n.s.**
Return on Equity***	**5.3%**	**1.4%**	**n.s.**			**5.0%**	**n.s.**	
Earnings per share (in EUR) ****	0.13	0.04	-2.07			0.25	-2.03	

Notes:
- * *2010 figures have been restated. An amount of EUR -15 million (2Q 2010) and of EUR -30 million (1H 2010) of expenses (network costs) are now included in income (technical expense from insurance activities).*
- ** *Income (also mentioned as revenues) = interests, fees, commissions, trading and other income.*
- *** *The ratio between the net income Group share and the weighted average core shareholders' equity.*
- **** *The ratio between the net income Group share and the average weighted number of shares. Figures have been restated to consider the issuance of new ordinary shares free of charge (bonus shares) distributed to the shareholders.*

Balance sheet key figures

In millions of EUR, except where indicated	30/06/10	31/12/10	30/06/11	Variation 30/06/11/ 30/06/10	Variation 30/06/11/ 31/12/10
Total assets	**608,510**	**566,735**	**517,747**	**-14.9%**	**-8.6%**
of which					
Loans and advances to customers	363,949	352,307	316,432	**-13.1%**	**-10.2%**
Financial assets at fair value through profit or loss and financial investments	106,285	96,655	80,499	**-24.3%**	**-16.7%**
Total liabilities	**599,179**	**556,007**	**508,986**	**-15.1%**	**-8.5%**
of which					
Customers borrowings and deposits	126,733	127,060	125,279	**-1.1%**	**-1.4%**
Debt securities	228,745	210,473	185,638	**-18.8%**	**-11.8%**
Total equity	**9,331**	**10,728**	**8,761**	**-6.1%**	**-18.3%**
Core shareholders' equity (1)	18,965	19,214	15,250	**-19.6%**	**-20.6%**
Total shareholders' equity (2)	7,614	8,945	6,945	**-8.8%**	**-22.4%**
Net assets per share (in EUR) (3)					
- related to core shareholders' equity	9.73	9.86	7.83	**-19.5%**	**-20.6%**
- related to total shareholders' equity	3.91	4.59	3.56	**-8.9%**	**-22.4%**

(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). For 2010 net assets have been restated to take into account the issue of bonus shares distributed to the shareholders and to enable comparison.

Balance sheet Core and Legacy Divisions		
In billions of EUR	**31/03/2011**	**30/06/2011**
Assets – Core Division	**404.5**	**404.5**
Retail and Commercial Banking	54.6	55.6
Public and Wholesale Banking	209.1	208.6
Asset Management and Services	30.9	30.8
Asset Management	0.3	0.3
Investor Services	*10.6*	*10.3*
Insurance	*20.0*	*20.3*
Group Center	42.1	42.6
Derivatives	36.4	37.6
Other assets	31.4	29.3
Assets – Legacy Portfolio Management Division	**122.2**	**113.3**
Bond portfolio in run-off	102.1	95.3
Public and Wholesale Banking run-off loans	10.6	10.5
Financial Products portfolio	9.5	7.4
Liabilities – Core Division	**404.5**	**404.5**
Covered bonds	71.0	73.1
Commercial funding	114.0	112.8
Long-term unsecured funding	43.4	44.8
Short-term secured and unsecured funding	56.7	56.3
Equity	11.5	8.8
Derivatives	57.7	60.1
Other	50.2	48.5
Liabilities – Legacy Portfolio Management Division	**122.2**	**113.3**
Financial Products (GICs)	4.4	4.0
Covered bonds	27.1	26.2
Long-term State guaranteed funding	38.7	32.3
Long-term unsecured funding	6.2	10.4
Short-term State guaranteed funding	0	0
Short-term secured and unsecured funding	45.9	40.4

2Q 2011 net income Group share of EUR -4,032 million reflecting a strong commercial business performance and the impact of the accelerated deleveraging announced in May

Sale of USD 8.8 billion of guaranteed Financial Products assets to date

Highlights

2Q 2011 results reflecting strong commercial business performance

- Pre-tax income of commercial business lines* up 25% on 2Q 2010
- Fast expansion of the retail franchise in Turkey

Significant progress on the Group's financial restructuring

- 94% of the guaranteed Financial Products assets sold as at end of July 2011: full impact taken in 2Q 2011
- EUR 15 billion initial 2011 deleveraging programme almost fully completed to date
- In one year balance sheet down EUR 91 billion and short term liquidity gap down EUR 47 billion
- 2011 long term funding target reached to date

2Q 2011 results impacted by EUR -4,048 million one-off items after tax

- EUR -3,567 million losses and fair value adjustments related to the acceleration of the deleveraging programme announced in May 2011
- EUR -338 million impairments on Greek government bonds following Dexia's participation in the IIF** Greece assistance programme
- EUR -143 million impairment on goodwill

Net income Group share at EUR -4,032 million in 2Q 2011

Strong Tier 1 (11.4%) and Core Tier 1 (10.3%) ratios after one-off items booked in 2Q 2011

* Retail and Commercial Banking (RCB), Public and Wholesale Banking (PWB) and Asset Management and Services.

** Institute of International Finance.

Jean-Luc Dehaene, Chairman of the Board of Directors, said: *"The ongoing deterioration of the financial environment, reflected by increased market volatility, on the back of the European sovereign crisis, confirms the accuracy of the decision to increase the pace of implementation of the Group's financial restructuring. I praise the efficiency and the diligence with which the decision was implemented, thus substantially reducing the Group's risk profile and giving the commercial franchises increased visibility. As at the end of June 2011, the Group's commercial business lines again posted solid performances, which from quarter to quarter confirm the significance of Dexia's contribution to funding the real economy."*

Pierre Mariani, Chief Executive Officer and Chairman of the Management Board, said, *"Against an uncertain economic and financial background, Dexia posted substantially improved results for all of its commercial business lines in the second quarter 2011 and pursued the development of its franchises. At the same time, we have accelerated our financial restructuring, as announced in May and, despite a very difficult market context, managed to sale almost all the guaranteed assets of the Financial Products portfolio which is a substantial milestone of the plan presented in May. This quarter is also marked by the Group's decision to participate to the IIF Greece assistance programme. However, despite these one-off items, at the end of June the Group posted a Tier 1 ratio of 11.4%, which remains among the highest in the sector. I would like to thank all of our teams for their ongoing mobilisation and this quarter's major achievements and also our customers for the trust they have shown in us."*

During its meeting on 4 August 2011, the Board of Directors approved Dexia's results for 2Q and 1H 2011.

2Q and 1H 2011 reported statement of income and update on the financial restructuring

Preliminary notes

One-off items

Financial impact of one-off items								
	Impact before tax				Impact after tax			
In millions of EUR	**2Q10**	**2Q11**	**1H10**	**1H11**	**2Q10**	**2Q11**	**1H10**	**1H11**
Impact on income								
Capital gains	98		251		98		251	
Fair value adjustments and losses on sale FP assets		-1,928		-1,928		-1,946		-1,946
Provisions for other asset disposals		-1,745		-1,745		-1,621		-1,621
Impairment on Greek government bonds		-377		-377		-338		-338
Impact on other impairments								
Provisions for legal litigations	-138		-153		-138		-153	
Impairment on goodwill of Dexia Crediop and Dexia Israel		-143		-143		-143		-143
Total financial impact	**-40**	**-4,193**	**98**	**-4,193**	**-40**	**-4,048**	**98**	**-4,048**

Dexia's 2Q 2011 results were largely impacted by the Group's decision to accelerate its deleveraging, as announced in May as well as by its participation to the IIF Greece assistance programme, resulting in a exchange of Greek government bonds maturing before 31 December 2020. This exchange will result in a loss for the private holders of these bonds estimated to be 21% of the nominal. As at end of June 2011, Dexia holds EUR 1.8 billion of Greek government bonds that mature before 31 December 2020 and therefore booked an impairment of EUR 377 million pre-tax.

Over the quarter the total pre-tax income was impacted by EUR - 4,193 million of one-off items of which EUR - 3,673 million related to the accelerated deleveraging and booked in the Legacy Division and an impairment of EUR 377 million on Greek government bonds, which impacted Insurance (EUR 93 million), Group Center (EUR 92 million) and the Legacy Division (EUR 192 million). In addition, EUR 143 million impairment on the goodwill of Dexia Crediop and Dexia Israel was booked in Group Center. The 2Q 2011 impact after taxes of such items was EUR -4,048 million.

To recall, the 2Q & 1H 2010 results benefited from capital gains on the sale of Assured Guaranty (EUR 153 million booked in 1Q 2010 in Legacy), SPE (EUR 69 million booked in 2Q 2010 in PWB) and DEP (EUR 29 million booked in 2Q 2010 in Group Center). In 2Q & 1H 2010 the results were also marked by provisions related to the Ritro litigation in Slovakia (EUR 15 million in 1Q 2010 and EUR 138 million in 2Q 2010 booked in Group Center).

IFRS 5 reclassification

The Board of Directors of Dexia decided on 27 May 2011 to accelerate the financial restructuring of the Group, the guidelines for which were approved by the European Commission in February 2010.

Therefore, it has been decided to transfer assets to "non-current assets or disposal groups classified as held for sale" (IFRS 5) in view of future deleveraging, namely:

- Guaranteed assets in the Financial Products portfolio;
- Financial asset divestments for a nominal amount of EUR 17.6 billion set out in the restructuring plan of the Group. Since portfolios are involved, those divestments will give priority to long-term assets;

- Tangible and intangible assets linked with the reduction of activities and the closing of some entities.

Such assets were reclassified at fair value, all P/L impacts, except taxes, were accounted for in income (Net income on investment) and assets remained in their original analytical portfolio (Bonds in run-off / PWB loans in run-off).

Dexia Group results for 2Q 2011: net loss of EUR 4,032 million

Consolidated statement of income*

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Earnings per share (in EUR) ****	0.13	0.04	-2.07			0.25	-2.03	

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Analysis of pre-tax income

In millions of EUR	2Q10	1Q11	2Q11	Var. 2Q11/ 2Q10	Var. 2Q11/ 1Q11	1H10	1H11	Var. 1H11/ 1H10
Pre-tax income	**236**	**174**	**-4,079**	**n.s.**	**n.s.**	**561**	**-3,905**	**n.s.**
of which one-offs	-40	0	-4,193	n.s.	n.s.	98	-4,193	n.s.
Pre-tax income excl. one-offs	**276**	**174**	**114**	***-58.6%***	**n.s.**	**463**	**288**	***-37.7%***
Of which								
*Commercial business lines**	*322*	*427*	*404*	*25.5%*	*-5.4%*	*636*	*831*	*30.7%*
Group Center	*-7*	*-6*	*-35*	*n.s.*	*n.s.*	*-104*	*-41*	*n.s.*
Legacy Division	*-39*	*-247*	*-255*	*n.s.*	*n.s.*	*-69*	*-502*	*n.s.*

* Retail and Commercial Banking (RCB), Public and Wholesale Banking (PWB) and Asset Management and Services

In 2Q 2011, the Dexia Group reported a **net income Group share** of EUR -4,032 million, reflecting the decision announced on 27 May 2011 to accelerate its financial restructuring as well as an impairment on Greek government bonds in line with Dexia's participation to the IIF Greece assistance programme. Besides those one-off items the commercial business lines reported a steady performance.

In 2Q 2011, **pre-tax income** stood at EUR -4,079 million. Excluding one-off items, the pre-tax income amounted to EUR 114 million against EUR 276 million in 2Q 2010 following a decrease in Legacy revenues. The pre-tax income of the commercial business lines, excluding one-off items, rose 25% compared to 2Q 2010 supported by an increase in revenues of all business lines and an improvement of the Cost of Risk mainly driven by RCB in Turkey. Apart from one-offs, pre-tax income of the Legacy Division fell EUR 215 million compared to 2Q 2010 mainly as a consequence of higher costs of deleveraging (EUR 150 million compared to 2Q 2010) and EUR 48 million margin loss on assets sold or amortised as a result of the fast pace of asset sales, focus on longer maturities and a worsening of the market conditions.

In 2Q 2011, Group **income** stood at EUR -3,004 million against EUR 1,356 million in 2Q 2010, which included the EUR 98 million capital gain on the sales of SPE and DEP. Excluding the financial impact of the one-off items, 2Q 2011 revenues stood at EUR 1,046 million. The core businesses generated solid commercial earnings (+7%) on an underlying basis.

Costs stood at EUR 840 million, down 2% on 2Q 2010 supported by a 2% decrease of the Core Division and a 19% decrease of the Legacy Division.

In 2Q 2011, **gross operating income** stood at EUR -3,844 million, against EUR 497 million during the same period last year.

The **cost of risk** amounted to EUR 82 million, down 35% compared to 2Q 2010. The cost of risk for the Core Division (EUR 41 million) decreased by 25% compared to 2Q 2010, mainly stemming from an improvement of the credit risk in Turkey and from reversals in Public and Wholesale Banking. The cost of risk for the Legacy Division amounted to EUR 40 million in 2Q 2011 compared to EUR 71 million in 2Q 2010. While 2Q 2010 was marked by EUR 53 million of reversals of provisions in the bond portfolio in run-off and in the PWB run-off commitments, provisions were booked in 2Q 2011 for an amount of EUR 41 million. Furthermore additional impairments were booked in 2Q 2010 for an amount of EUR 125 million in the Financial Products portfolio. No new provision was taken in 2Q 2011 due to the accelerated sale of the guaranteed Financial Products portfolio.

Other impairments and provisions for legal litigations amounted to EUR 154 million in 2Q 2011 compared to EUR 135 million in 2Q 2010. While in 2Q 2010 EUR 138 million provisions were booked to cover the potential risk related to the Ritro litigation in Slovakia, 2Q 2011 included EUR 143 million of impairments on the goodwill of Dexia Crediop and Dexia Israel as the outlook for conditions of the sale of those companies has declined since 2010.

As a consequence, **pre-tax income** stood at EUR -4,079 million, against EUR 236 million in 2Q 2010.

Tax expenses included a EUR 144 million positive impact of deferred tax assets, relating to the acceleration of the deleveraging and to Greece-related impairment, which explains the EUR +64 million positive amount of taxes posted for the second quarter of 2011.

After taking EUR 17 million of **non-controlling interests** into account, **net income Group share** reached EUR -4,032 million in 2Q 2011, against EUR 248 million in 2Q 2010.

As a consequence, the net income Group share stood at EUR -4,032 million in 2Q 2011.

1H 2011 net income Group share amounted to EUR -3,963 million, compared to EUR 464 million in 1H 2010.

The Group has disposed of USD 8.8 billion of guaranteed assets in its Financial Products portfolio and its financial structure has been deeply reshaped

Against a still very challenging macro-economic environment, Dexia's Board of Directors decided, on 27 May 2011, to accelerate the Group's financial transformation by selling USD 9.5 billion of assets from its **Financial Products portfolio** (covered by the Belgian and French State guarantee) and accelerating the disposal of **other Legacy assets**.

In line with this decision, Dexia successfully disposed of 94% of the guaranteed assets of its Financial Products portfolio (USD 8.8 billion) as at 31 July 2011 (o/w USD 5.5 billion sold as at end of June 2011 including USD 2.5 billion settled in July 2011). A targeted investor base accounted for most of the sales, in order to ensure optimal pricing and execution. The total accounting impact of the sales and fair value adjustments on the Financial Products guaranteed assets amounted to EUR -1.9 billion (USD -2.8 billion), close to the EUR 1.8 billion announced in May 2011. It was booked in the 2Q 2011 financial statements and the full impact was taken at the level of Dexia SA.

The sale of this portfolio is an important milestone in reducing the Group's risk profile allowing for a EUR 11.7 billion reduction of weighted risks as at end of June 2011, i.e. about one quarter of the total Legacy weighted risks. Furthermore, it allows the amount of guarantee fees paid to the States to be reduced as from 2Q 2011.

Along with the sale of Financial Products assets, the Group pursued its deleveraging programme. As at 28 July 2011, the Group's EUR 15 billion initial 2011 deleveraging programme was almost fully completed with EUR 14.9 billion of assets disposed of. EUR 14.1 billion of assets were sold as at the end of June at a nominal loss rate of 1.4% (EUR 205 million of related losses) due to more challenging market conditions as well as a focus on longer dated assets.

As at 28 July 2011, assets sold included:

- EUR 13.1 billion of bonds booked in the Legacy and Core Divisions. These sales principally involved bank bonds, ABS and MBS. 48% of the assets sold were denominated in currencies other than the euro and the average maturity of the bonds sold was close to 5.6 years.
- EUR 1.8 billion of long-term loans, the major proportion of which came from Dexia's former activities in Switzerland and Central and Eastern Europe.

As announced in July, the disposal process of DenizEmeklilik, DenizBank's insurance subsidiary in Turkey, led in 1H 2011 to an agreement with MetLife including the sale of Dexia's 99.86% stake in DenizEmeklilik and a 15-year exclusive agreement for the distribution of MetLife's life, pension, personal accident and unemployment insurance products and solutions through DenizBank's branch network. The transaction is expected to be closed before the end of 2011 and is subject to standard regulatory approvals. This divestment is part of the agreement with the European Commission providing for the disposal of DenizEmeklilik by 31 October 2012 at the latest. It should lead to a capital gain of about EUR 119 million after tax booked at closing, expected in 2H 2011; such amount does not include future earn-outs and commissions.

A 15-year exclusive agreement was also concluded with Axa for the distribution of Axa non-life insurance products through DenizBank's branch network with a pre-tax P&L impact of about EUR 19 million after tax at closing, expected in 2H 2011, excluding future earn-outs and commissions.

The completion of both agreements will enable DenizBank to keep its clients supplied with a comprehensive range of insurance products from two reputable insurers.

Under the combined effects of the various disposals and of some exogeneous factors such as increasing interest rates, the Group's total balance sheet was reduced by EUR 8.9 billion between the end of March and the end of June 2011 and EUR 91 billion compared to June 2010, at EUR 518 billion (see liquidity and solvency).

19% of the total balance sheet was funded short term in June 2011 against 24% in June 2010 illustrating Dexia's ongoing efforts to reshape its financial structure.

Results by division

Core Division

Statement of income

In millions of EUR	2Q10*	1Q11	2Q11	Var. 2Q11/ 2Q10	Var. 2Q11/ 1Q11	1H10*	1H11	Var. 1H11/ 1H10
Income**	**1,296**	**1,252**	**1,051**	**-19.0%**	**-16.1%**	**2,460**	**2,303**	**-6.4%**
Expenses	-831	-821	-816	-1.8%	-0.5%	-1,671	-1,637	-2.0%
Gross operating income	**466**	**431**	**234**	**-49.7%**	**-45.7%**	**789**	**666**	**-15.6%**
Cost of risk	-55	-4	-41	-25.3%	x10.3	-161	-45	-72.0%
Other impairments & provisions for legal litigations	-135	-6	-153	13.0%	x25.5	-150	-159	5.9%
Pre-tax income	**275**	**421**	**40**	**-85.3%**	**-90.4%**	**477**	**461**	**-3.3%**
of which one-offs	*-40*	*0*	*-328*	*n.s.*	*n.s.*	*-55*	*-328*	*n.s.*

Pre-tax income excl. one-offs	315	421	369	17.1%	-12.3%	532	790	48.5%

* *2010 figures have been restated. A limited amount of network costs is now included in income (technical expense from insurance activities).*

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

Under the segment reporting adopted in 1Q 2010, the Core Division includes contributions from Retail and Commercial Banking, Public and Wholesale Banking, Asset Management and Services (AMS) and Group Center.

In 2Q 2011, **Core Division** pre-tax income amounted to EUR 40 million, down 85% on 2Q 2010 impacted by an impairment of EUR 185 million on Greek government bonds booked in the Insurance and Group Center segments, as well as by an impairment of EUR 143 million on the goodwill of Dexia Crediop and Dexia Israel recorded at Group Center level. Excluding one-off items, Core Division pre-tax income for 2Q 2011 increased by 17% to EUR 369 million. 1H 2011 pre-tax income amounted to EUR 461 million. Excluding one-off items the pre-tax income stood at EUR 790 million driven by a solid performance of the commercial business lines despite a challenging environment.

Retail and Commercial Banking

Statement of income

In millions of EUR	2Q10*	1Q11	2Q11	Var. 2Q11/ 2Q10	Var. 2Q11/ 1Q11	1H10*	1H11	Var. 1H11/ 1H10
Income**	**704**	**728**	**696**	**-1.1%**	**-4.3%**	**1,400**	**1,424**	**+1.7%**
Expenses	-461	-461	-468	+1.5%	+1.4%	-922	-929	+0.8%
Gross operating income	**243**	**266**	**229**	**-6.0%**	**-14.2%**	**478**	**495**	**+3.5%**
Cost of risk	-57	-10	-42	-26.0%	x4.2	-125	-52	-58.5%
Other impairments & provisions for legal litigations	-1	-5	-4	n.s.	n.s.	-1	-10	n.s.
Pre-tax income	**186**	**251**	**182**	**-1.8%**	**-27.4%**	**352**	**433**	**+23.1%**

* *2010 figures have been restated. The results of Dexia banka Slovensko previously recorded in RCB are now recorded in Group Center.*

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

At the end of June 2011 deposits stood at EUR 88 billion, a 3% growth since June of last year. Off-balance-sheet assets (excluding life insurance products) stood at EUR 37 billion. At EUR 12.5 billion, life insurance technical reserves were up 9% compared to the end of June 2010, driven by guaranteed-yield life insurance products (branch 21) in Belgium. Total customer loans rose by 7% year-on-year to EUR 55.6 billion supported by mortgage and business loan growth.

In **Belgium**, demand was strong for long-term savings investments, more particularly for guaranteed-yield life insurance contracts (branch 21) and bonds issued by the Group. Life insurance reserves rose by EUR 0.7 billion in 12 months (of which nearly the half in 2Q 2011) and investments in bonds issued by the Group increased by EUR 0.9 billion (of which more than the half in 2Q 2011). As a result, total customer assets grew by EUR 2.7 billion from June last year and reached a total of EUR 95 billion as at the end of June 2011, of which EUR 64 billion of deposits. The growth of loans was steady (+7% to a total of EUR 34.4 billion): EUR 1.5 billion of new mortgage loans and EUR 0.6 billion of new business loans were granted to the retail and commercial banking clients since June 2010.

Dexia launched the Dexia Direct Mobile service for smart phones and tablets, extending its range of direct distribution services. After 4 months, 13,000 clients were already actively using this service.

In **Luxembourg**, Dexia Private Banking promoted trust in the relationship between the client and his banker through a media campaign and the mandate penetration continued to improve to reach 26%, up one percentage point in 3 months Over the quarter, retail clients switched from low-yield money market funds and deposit accounts to capital guaranteed long-dated bonds issued by the Group (+17% compared to June 2010). In addition, the robust demand for mortgage loans led to a 12% increase in outstanding year-on-year. At the end of June 2011, total deposits were at EUR 13.6 billion and loans at EUR 9.1 billion sustained by good production of mortgage loans.

In **Turkey**, DenizBank opened another 28 branches in 2Q 2011, mainly in metropolitan cities. Since June of last year, a total of 89 branches have been opened bringing the total number of domestic branches to 540 at the end of June 2011. This contributed to the increase of DenizBank's share of doors from 4.8% to 5.4% on average year-on-year. 4.6 million clients are now served by DenizBank with 700,000 new clients acquired since June 2010.

At +41% on June 2010 (+12% on March 2011), the growth of deposits remained sustained, supported by both retail and corporate banking and performing three times better than the sector. Loans were up 36% on June 2010 (+10% on March 2011) in all segments. As at the end of May 2011, market share grew to 2.8% for deposits and 4.3% for loans. As a result, the loan-to-deposit ratio was down year-on-year and stable compared to March 2011 at 121% with deposits amounting to TRY 23.4 billion (or EUR 10 billion) and loans to TRY 28.3 billion (or EUR 12.1 billion).

Retail and Commercial Banking recorded a EUR 182 million **pre-tax income** in 2Q 2011 due to increased revenues in Belgium combined with a fall of the cost of risk. Compared to 2Q 2010, pre-tax income was up 4% excluding the negative impact of the TRY/EUR exchange rate.

At EUR 696 million in 2Q 2011, **income** was driven by good revenue generation in Belgium and Turkey excluding the exchange rate impact. A continued favourable product mix and high volumes supported income in Belgium after the peak recorded in 1Q 2011. In Turkey, fee income rose and interest margin grew despite the increased reserve ratios required on deposits by the Turkish Central Bank. Excluding the EUR 35 million negative exchange rate impact, RCB income was up 4% compared to 2Q 2010.

Costs were at EUR 468 million, up 2% or 6% at a constant exchange rate as a result of fast network expansion in Turkey: 89 new branches have been opened since June 2010, of which 28 in 2Q 2011 alone.

Cost of risk stood at EUR 42 million in 2Q 2011, driven by the improvement of credit risk in Turkey where the retail non-performing loan ratio decreased to 3.7% in June 2011 compared to 6.7% in June 2010. The fall in the cost of risk was 26% or 18% at a constant exchange rate compared to 2Q 2010.

In 1H 2011, pre-tax income stood at EUR 433 million, up 23% compared to 1H 2010 (or 27% at a constant exchange rate).

Public and Wholesale Banking (PWB)

Statement of income

In millions of EUR	2Q10	1Q11	2Q11	Var. 2Q11/ 2Q10	Var. 2Q11/ 1Q11	1H10	1H11	Var. 1H11/ 1H10
Income*	**285**	**234**	**252**	**-11.4%**	**+7.7%**	**518**	**487**	**-6.1%**
Expenses	-130	-131	-133	+1.7%	+1.3%	-262	-263	+0.5%
Gross operating income	**155**	**104**	**120**	**-22.5%**	**+15.7%**	**256**	**223**	**-12.8%**
Cost of risk	-7	-13	10	n.s.	n.s.	-31	-3	-90.4%
Other impairments & provisions for legal litigations	0	0	0	n.s.	n.s.	0	0	n.s.
Pre-tax income	**147**	**91**	**129**	**-12.1%**	**+42.5%**	**225**	**220**	**-2.1%**

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

In line with its selective lending policy combined with the development of added value side businesses, total long-term commitments of PWB were stable compared to the end of March 2011 and down 4% on December 2010 at EUR 218 billion.

In **public banking**, the new long-term commitments amounted to EUR 1,805 million, up EUR 690 million compared to 1Q 2011, but down EUR 301 million on 2Q 2010. In 2Q 2011, after several dull quarters, activity has resumed in France. Demand was again trending upwards and margin levels were very satisfactory as many competitors have adopted a less aggressive commercial approach. Activity was also sustained in Belgium. Activity in other geographical zones proved less dynamic, reflecting the Group's selective funding allocation policy.

Deposit collection remained a priority for the Group. In a highly competitive environment, deposits have been slightly up (+1%) since the beginning of the year (+3% in one year), especially driven by Italy, France and Germany. In this country, the widening of the target clientele towards health insurance organisations and their satellite companies has continued to pay off and deposits have almost tripled since December 2010.

Following a slow beginning of the year on the global **project financing** market, several major deals were concluded in 2Q 2011 on which Dexia acted as "lead arranger" and adviser. The Tours-Bordeaux high-speed (TGV) line and the relocation of various Ministry of Defence offices to a single base in Paris's 15th district are some examples. Other deals, in the UK and in Germany, are in the pipe for potential execution in 3Q 2011. By end of June 2011, new commitments amounted to EUR 651 million, compared to EUR 143 million for the first quarter of the year and commercial margins remained high.

Corporate Banking has expanded satisfactorily, driven in particular by the development of factoring and leasing products (car fleet increased by 23% in one year). Among various products and services, mention can be made of the launch of a business-to-government offer, targeting service providers to local authorities and social profit segments.

To recall, the business line benefited from EUR 69 million capital gain booked on the sale of SPE in 2Q 2010. Comparisons below exclude the positive impact of this one-off item.

In 2Q 2011, the business line's **pre-tax income** was EUR 129 million, up 65% on 2Q 2010. As in the first quarter of the year, the business line benefited from increasing commercial margins and a reduction of the cost of risk, which more than offset increasing funding costs.

2Q 2011 revenues amounted to EUR 252 million, up 17% on 2Q 2010 in particular by virtue of higher margins, market-associated revenues and commissions on project finance.

2Q 2011 costs remained under control up 2% on 2Q 2010.

At EUR +10 million, the cost of risk this quarter benefited from write-backs on sector and country provisions and therefore compared favourably to 2Q 2010, more in line with the standard provisioning level of the business line (- EUR 7 million).

Over 1H 2011, pre-tax income was EUR 220 million, up 41% on 1H 2010.

Asset Management and Services (AMS)

Statement of income

In millions of EUR	**2Q10***	**1Q11**	**2Q11**	**Var. 2Q11/ 2Q10**	**Var. 2Q11/ 1Q11**	**1H10***	**1H11**	**Var. 1H11/ 1H10**
Income**	**217**	**259**	**169**	**-22.0%**	**-34.5%**	**438**	**428**	**-2.4%**
Expenses	-161	-164	-162	+0.7%	-1.0%	-313	-326	+4.2%
Gross operating income	**56**	**95**	**7**	**-87.1%**	**-92.3%**	**125**	**102**	**-18.7%**
Cost of risk	2	-9	-8	n.s.	-17.3%	2	-17	n.s.
Other impairments & provisions for legal litigations	0	0	0	n.s.	n.s.	0	0	n.s.
Pre-tax income	**58**	**85**	**-1**	**n.s.**	**n.s.**	**128**	**84**	**-34.1%**
Of which								
Asset Management	*18*	*17*	*18*	*-0.3%*	*+5.3%*	*35*	*35*	*n.s.*
Investor Services	*17*	*23*	*27*	*+53.0%*	*+16.2%*	*28*	*50*	*+75.4%*
Insurance	*23*	*45*	*-45*	*n.s.*	*n.s.*	*65*	*0*	*n.s.*

* *2010 figures have been restated. A limited amount of network costs is now included in income (technical expense from insurance activities).*

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

Asset Management and Services includes Dexia's activities in the fields of Asset Management, Investor Services and Insurance.

In 2Q 2011 Asset Management and Services reported a **pre-tax loss** of EUR -1 million, as a result of the EUR 93 million impairment on Greek government bonds which was recorded at Insurance income level. Excluding that one-off item, 2Q 2011 pre-tax income amounted to EUR 92 million, up 58% on 2Q 2010.

As a consequence of the above-mentioned one-off item, 1H 2011 pre-tax income amounted to EUR 84 million.

- **Asset Management**: At the end of June 2011, the business line's assets under management amounted to EUR 84.6 billion. After a positive first quarter 2011 when EUR 0.4 billion in net new cash was collected, the second quarter of 2011 was impacted by EUR -1.7 billion outflows mainly from retail funds and institutional money market funds given increasing market uncertainty. Long-term institutional and private clients were globally net new cash providers over the first half of 2011 (EUR +1.2 billion), particularly in institutional alternative funds, advisory multi-management services and private mandates which improved the asset class mix overall. The first half of 2011 was also marked by a negative market effect of EUR 0.5 billion.

  In highly volatile markets, Dexia Asset Management continued to deliver above-average market performances with 74% of funds rated 3-4-5 stars compared with 68% for the market average, and with outstanding performances in particular for the global balanced asset allocation funds. As testimony of such performance, Dexia Asset Management was awarded "Best Investment Management Company in Belgium and in Luxembourg" by *World Finance* in the second quarter of 2011.

  In 2Q 2011, the **pre-tax income** was in line with 2Q 2010 at EUR 18 million and 5% up on 1Q 2011. Revenues were stable and costs well contained. The cost on average assets under management ratio improved from 15.5 basis points in 2010 to 14.9 basis points at the end of June 2011, reflecting the business line's high level of efficiency.

  In 1H 2011, Asset Management posted pre-tax income of EUR 35 million, in line with 1H 2010.

- **Insurance**: All insurance distribution channels outperformed the first half of 2010 except in Luxembourg where the collection of premiums was strong in 2010 ahead of the forthcoming European Savings Directive. In Belgium, premiums collected grew by 11% in the first half of 2011 compared with the first half of 2010, supported by commercial actions focused on guaranteed-yield contracts (branch 21). In total, EUR 1,772 million of gross written premiums were collected in the first half of 2011 of which EUR 1,483 million in life (+12% excluding Luxembourg) and EUR 289 million in non-life (+5%).

  In 2Q 2011, Dexia's participation to the IIF Greece assistance programme translated into an impairment of EUR 93 million on Greek government bonds, impacting the income. This led to a pre-tax loss of EUR 45 million. Excluding this impairment, 2Q 2011 **pre-tax income** was up 25 million on 2Q 2010 supported by steady growth of life outstanding and a better loss ratio.

  1H 2011 pre-tax income was hit by the impairment on Greek government bonds.

- **Investor Services**: At the end of June 2011, assets under administration were stable compared to the end of March 2011 (down by 2% at a constant exchange rate), at EUR 2,063 billion. Assets in custody followed a similar trend. The number of shareholder accounts in transfer activity was up 6% compared to the end of June 2010 (+ 553,000 accounts). The commercial franchise of RBC Dexia Investor Services was recognised by a first place in almost all the categories considered for the annual Global Investor/isf awards. This is the seventh time in eight years that RBC Dexia Investor Services has taken first place in this survey, realised on a broad sample of financial institutions.

  In 2Q 2011, the segment posted **pre-tax income** of EUR 27 million, up 53% on 2Q 2010. At EUR 114 million, 2Q 2011 revenues were marked by a negative currency effect (EUR -4 million) partly offsetting the positive effect of the growth of assets under administration and on deposits. Revenues from exchange and securities lending activities were stable compared to 2Q 2010. Costs rose by 3% (EUR +3 million), in view of the increased workforce associated with gaining new clients.

  1H 2011 pre-tax income stood at EUR 50 million, up 75% on 1H 2010.

Group Center

Statement of income								
In millions of EUR	**2Q10***	**1Q11**	**2Q11**	**Var. 2Q11/ 2Q10**	**Var. 2Q11/ 1Q11**	**1H10***	**1H11**	**Var. 1H11/ 1H10**
Income**	**90**	**31**	**-67**	**-158**	**-99**	**103**	**-36**	**-139**
Expenses	-79	-65	-54	+25	+11	-174	-119	+56
Gross operating income	**12**	**-33**	**-121**	**-133**	**-88**	**-71**	**-155**	**-84**
Cost of risk	7	28	-1	-8	-29	-8	27	+34
Other impairments & provisions for legal litigations	-134	-1	-148	-14	-147	-149	-149	0
Pre-tax income	**-116**	**-6**	**-270**	**-154**	**-264**	**-228**	**-277**	**-49**

* *2010 figures have been restated. The results of Dexia banka Slovensko previously recorded in RCB are now recorded in Group Center.*

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

In 2Q 2011, the Group Center posted a **pre-tax loss** of EUR 270 million, against a loss of EUR 116 million in 2Q 2010. Income was down EUR 158 million on 2Q 2010, mainly as a result of EUR 92 million impairment on ALM Greek government bonds and lower transformation results. Furthermore, to ensure full readiness for sale, the goodwill on Dexia Crediop (EUR 131 million) and Dexia Israel (EUR 12 million) were impaired in 2Q 2011. Consequently, other impairments and provisions for litigations are negative, at EUR -148 million.

1H 2011 pre-tax income amounted to EUR 277 million, down EUR 49 million on 1H 2010.

Legacy Portfolio Management Division

Statement of income*								
In millions of EUR	**2Q10**	**1Q11**	**2Q11**	**Var. 2Q11/ 2Q10**	**Var. 2Q11/ 1Q11**	**1H10**	**1H11**	**Var. 1H11/ 1H10**
Income*	**61**	**-125**	**-4,055**	**n.s.**	**n.s.**	**372**	**-4,180**	**n.s.**
Expenses	-29	-26	-23	-18.5%	-11.5%	-57	-50	-12.8%
Gross operating income	**32**	**-152**	**-4,078**	**n.s.**	**n.s.**	**315**	**-4,230**	**n.s.**
Cost of risk	-71	-94	-40	-43.3%	-57.2%	-230	-135	-41.5%
Other impairments & provisions for legal litigations	0	-1	-2	n.s.	n.s.	-1	-3	96.4%
Pre-tax income	**-39**	**-247**	**-4,120**	**n.s.**	**n.s.**	**84**	**-4,367**	**n.s.**
of which one-offs	*0*	*0*	*-3,865*	*n.s.*	*n.s.*	*153*	*-3,865*	*n.s.*
Pre-tax income excl. one-offs	**-39**	**-247**	**-255**	**n.s**	**n.s.**	**-69**	**-502**	**n.s.**

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

The **Legacy Portfolio Management Division** (Legacy Division) includes the contributions from the Group's bond portfolios in run-off (including the Financial Products portfolio) and PWB run-off commitments. The Division is also allocated part of the Treasury result.

At the end of June 2011, the Division's total commitments amounted to EUR 124.9 billion (including off-balance-sheet commitments). At EUR 113.5 billion, on-balance-sheet commitments were down EUR 39 billion (-26%) on June 2010, essentially as a consequence of the asset deleveraging programme (EUR 23.2 billion over the period concerned). The Legacy Division's funding profile has improved over the last year, with the short-term funding ratio falling from 48% to 36% between the end of June 2010 and the end of June 2011.

In line with the acceleration of disposals announced on 27 May 2011, the Legacy Division 2Q 2011 income was impacted by EUR 1,928 million of realised losses and fair value adjustments on Financial Products and EUR -1.745 billion of fair value adjustment on other assets reclassified as "non-current assets or disposal groups classified as held for sale" (IFRS 5). Furthermore, following Dexia's participation to the IIF Greece assistance programme, a EUR 192 million impairment on Greek government bonds was booked in the Legacy bond portfolio. As a result, in 2Q 2011, the Legacy Division posted a **pre-tax loss** of EUR -4,120 million. Apart from the measures announced on 27 May, Dexia continued its deleveraging at a sustained pace and almost completed, at the end of July, its EUR 15 billion programme, initially set for 2011. Consequently, excluding one-off items, the Legacy Division's pre-tax income was down EUR 215 million compared to 2Q 2010, principally due to higher losses on deleveraging (EUR +150 million over one year excluding the measures announced on 27 May 2011), and EUR 48 million of margin losses on assets sold and amortised. At EUR 23 million, costs were down slightly, by EUR 6 million year-on-year.

Over 1H 2011, Legacy revenues were negatively impacted by these non-recurring items leading to a pre-tax loss of EUR 4,367 million, against a pre-tax profit of EUR 84 million over the same period of 2010.

The fees paid on the liquidity and Financial Products government guarantees were down EUR 18 million on 1Q 2011, to EUR 95 million, given the natural amortization of the guaranteed outstanding. The disposal of the guaranteed Financial Products portfolio, combined with the natural amortization of the guaranteed outstanding, should result in a further decrease in fees paid over the next quarters.

Details of the evolution of the various segments of the Legacy Division are given below.

The **bond portfolio in run-off** amounted to EUR 95.3 billion at the end of June 2011, down EUR 6.8 billion since the end of March 2011 due to a EUR 5.3 billion sale of assets and EUR 1.4 billion of natural amortization of the portfolio. The asset credit quality remained satisfactory, with 92% of assets *investment grade*, in line with the previous quarter. Rating migrations are mainly due to disposals of bank bonds, Mortgage-Backed Securities and Asset-Backed Securities. The downgrade of European sovereign ratings impacts the Non Investment Grade category.

Over the quarter, the bond portfolio in run-off posted a **pre-tax loss** of EUR 1,307 million, against a profit of EUR 35 million in 2Q 2010, mainly due to the reclassification of assets to "non current assets or disposal groups" by EUR 900 million, as well as the EUR 192 million impairment on Greek government bonds. Apart from these two one-off items, revenues included EUR 183 million losses on disposals against EUR 31 million in 2Q 2010. Revenues were therefore down EUR 1,280 million over one year at EUR -1,275 million.

Over the first half-year 2011, the bond portfolio in run-off recorded a pre-tax loss of EUR 1,484 million, with revenues at EUR -1,432 million, impacted by the items described above.

As at 30 June 2011, **PWB run-off commitments** amounted to EUR 22.2 billion, including EUR 11.4 billion (USD 16.5 billion) of liquidity lines (SBPA) granted to Municipalities in the United States, drawn to a limited amount of EUR 0.6 billion (USD 0.9 billion). Over the quarter, commitments went down EUR 4.4 billion mainly due to a decrease in liquidity lines in USD. The outstanding of SBPA decreased by USD 8.6 billion between end of March 2011 and 3 August 2011, thus reducing the liquidity risk in US Dollar.

The reclassification of part of the loans to "non current assets or disposal groups" resulted in a fair value adjustment of EUR -845 million, leading to **pre-tax income** of EUR -868 million, against EUR -1 million in 2Q 2010. Excluding this one-off item, the result is principally explained by EUR 11 million of margin loss on assets sold and amortised compared to 2Q 2010, as well as a EUR 24 million cost of risk against EUR 6 million reversal in 2Q 2010.

All of these factors also weighed on 1H 2011 pre-tax income, at EUR -867 million.

In line with the acceleration of the deleveraging announced on 27 May 2011, the Group successfully launched the process of disposal of the **Financial Products** guaranteed assets. As at 31 July 2011, Dexia had disposed of 94% of the USD 9.5 billion of the portfolio (USD 8.8 billion) in line with its price expectation.

The Financial Products portfolio included USD 6,407 million of guaranteed assets at the end of June 2011, further reduced to USD 582 million as at 31 July 2011. By then, it also included USD 3,094 million of non-guaranteed assets and USD 4,487 million of other high quality assets (mainly T-bills) used as collateral for Guaranteed Investment Contracts (GIC) financing the portfolio. The portfolio is 87% investment grade (excluding T-bills used as collateral).

Over the second quarter 2011, the income of the Financial Products portfolio was marked by a EUR 1,928 million loss covering the capital loss on sales made up to 22 July 2011 and the fair value adjustment of assets reclassified under "non current assets or disposal groups. The portfolio posted a pre-tax loss of EUR 1,957 million, with revenues at EUR -1,950 million.

Over 1H 2011, the pre-tax loss was EUR 2,051 million, with EUR -1,947 million accounted in revenues.

As in previous quarters, the reduction of the Legacy Division's short-term funding ratio (cf. supra) resulted in a EUR 16 million loss of **transformation revenues** compared to the second quarter 2010.

Liquidity and solvency

Given highly volatile market conditions, in 2011, the Group focused on the prompt and cautious execution of its long-term funding programme. Consequently, EUR 17.7 billion of long-term resources had been issued as at 29 July 2011, completing entirely the programme for the year.

EUR 11.4 billion was gathered in wholesale medium and long-term funding by that date, essentially through the issue of covered bonds (EUR 9.4 billion), natural refinancing of the Dexia Group's public sector loan activity and unsecured senior debt for EUR 2 billion. EUR 6.3 billion in long-term secured funding other than covered bonds was also raised by the Group, enabling it to finance assets denominated in non-euro currencies.

The Group will continue to seize any opportunity between now and the end of the year in order to pre-fund 2012.

At EUR 96 billion, the short-term funding requirement was down EUR 47 billion compared to June 2010 (EUR -8 billion compared to March 2011), reflecting the Group's continuing efforts to rebalance its liquidity profile. In the second quarter of the 2011, market conditions became more challenging. Increasing concerns over the sovereign debt position of Greece and some other euro-zone countries led to some risk aversion of US banks and investors vis-à-vis European market players. Consequently and in anticipation of the finalization of the S&P and Moody's credit reviews, Dexia exercised cautious treasury management during that period and constituted an ECB liquidity buffer. This explains the increase in funding with central banks (EUR +8.8 billion on December 2010 and EUR +17.5 billion on March 2011). The Group's short-term ratings, confirmed as A-1 by S&P on 7 July and P-1 by Moody's on 8 July last.

As at the end of June 2011, the amount of central bank eligible securities reached EUR 88 billion, with EUR 20 billion unencumbered given the increase in central bank financing.

In accordance with its commitment to the European Commission, Dexia ended all DenizBank intra-Group financing as at the end of June 2011.

Total assets, shareholders' equity and solvency*

	30 June 2010	31 Dec. 2010	31 March 2011	30 June 2011	Var. June 2011/ June 2010	Var. June 2011/ March 2011
Total assets (EUR m)	608,510	566,735	526,628	517,747	-14.9%	-1.7%
Core shareholders' equity (EUR m)	18,965	19,214	19,282	15,250	-19.6%	-20.9%
Total shareholders' equity (EUR m)	7,614	8,945	9,638	6,945	-8.8%	-27.9%
Tier 1 capital (EUR m)	18,216	18,425	18,442	14,448	-20.7%	-21.7%
Total weighted risks (EUR m)	149,254	140,834	138,132	127,002	-14.9%	-8.1%
Tier 1 ratio	12.2%	13.1%	13.4%	11.4%	- 83 bp	-197 bp
Core Tier 1 ratio	11.3%	12.1%	12.3%	10.3%	- 99 bp	-207 bp
Net assets per share**						
– Core shareholders' equity (EUR)	9.73	9.86	9.89	7.83	-19.5%	-20.9%
– Total shareholders' equity (EUR)	3.91	4.59	4.95	3.56	-8.9%	-22.4%

* *Regulatory figures unaudited.*

** *Figures have been restated to consider the issuance of new ordinary shares free of charge (bonus shares) distributed to the shareholders.*

At EUR 518 billion, the Group's balance sheet was reduced by EUR 8.9 billion between the end of March and the end of June 2011, mainly due to the deleveraging activity (EUR -5.4 billion for the bond portfolio in run-off and EUR -1.9 billion for the Financial Products portfolio) and to a limited FX effect.

Compared to June 2010, total assets fell by EUR 91 billion. This is explained by a EUR 39 billion decrease of Legacy assets following disposals and by a EUR 52 billion reduction of Core assets mainly under the combined effect of the reduction in fair value of assets and derivatives (EUR -35 billion) and the decrease of collateral to be posted (EUR -10 billion) as a consequence of the rise of long-term interest rates.

As at end of June 2011, Dexia Group's core shareholders' equity stood at EUR 15.3 billion, down 21% compared to end of March 2011 and 20% compared to June of last year as a result of the loss booked in 2Q 2011.

The gains and losses not recognised in the statement of income (accumulated Other Comprehensive Income) improved by EUR 1.3 billion over the quarter mainly driven by the sale and fair value adjustments through the statement of income of assets reclassified in Loans and Receivables (mainly Financial Products assets).This reduced the "frozen AFS reserve" by EUR 1.6 billion whereas the AFS reserve remained stable over the quarter.

As a result, total shareholders' equity, which includes the accumulated OCI, decreased by 28% or EUR 2.7 billion on March 2011, to EUR 6.9 billion.

At the end of June 2011, the Group's Tier 1 ratio (11.4%) and Core Tier 1 ratio (10.3%) reflected the one-off items booked in the second quarter of 2011. Indeed, the Tier 1 Capital decreased by EUR 4 billion (-289 basis points) impacted by 2Q 2011 negative retained earnings. This was however partially offset by a EUR 11.1 billion decrease in weighted risks compared to March 2011 representing 92 basis points of Tier 1. By end of June 2011, weighted credit risks were down by EUR 15.3 billion compared to March 2011 following the sale and the reclassification of the guaranteed Financial Products assets. In contrast, weighted market risks increased by EUR 4.2 billion, of which EUR 3.4 billion was linked to the guaranteed Financial Products assets reclassified but not yet sold as at the end of June 2011. The sale of the guaranteed Financial Products assets completed in July will lead to a further decrease of the market risks in 3Q 2011.

Introduction

The main risks Dexia has to manage within the context of its activities are described in detail in the Dexia Annual Report 2010. 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 category (as at 30 June 2011)

In millions of EUR	
Central governments	60,606
Public sector entities	242,186
Corporate	49,678
Monolines	9,574
ABS/MBS	18,036
Project finance	17,598
Individuals, SME and self-employed	49,347
Financial institutions	64,320
Other	213
Total	**511,558**

Dexia Group exposure by geographical region (as at 30 June 2011)

In millions of EUR	
Belgium	113,555
France	97,085
Germany	33,365
Greece	4,810
Ireland	1,298
Italy	49,346
Japan	6,718
Luxembourg	12,758
Other EU countries	44,285
Others	18,529
Portugal	5,724
Rest of Europe	9,982
South and Central America	3,392
Southeast Asia	2,948
Spain	32,946
Turkey	14,946
United States and Canada	59,872
Total	**511,558**

Market Risk

		TFM value at risk									
		IR & FX (Trading and banking) [1]					EQT Trading				
VaR (10 days, 99%), in m EUR		2Q10	4Q10	2Q11	2Q11 Core	2Q11 Non core	2Q10	4Q10	2Q11	2Q11 Core	2Q11 Non core
By risk factor	Average	16.5	16.0	12.3	11.7	1.2	2.0	2.0	2.7	2.7	-
	Q end	19.1	19.0	10.8	10.3	1.0	1.6	1.0	2.0	2.0	-
	Maximum	28.0	19.5	18.6	17.8	1.6	3.8	4.3	5.6	5.6	-
	Limit	61.0	61.0	49.0	46.0	3.7	11.0	11.0	6.0	6.0	-
	Sensitivity	1.0	-5.5	24.9	24.1	0.9	-	-	-	-	-

		Spread trading [2]					Other risk [3]				
VaR (10 days, 99%), in m EUR		2Q10	4Q10	2Q11	2Q11 Core	2Q11 Non core	2Q10	4Q10	2Q11	2Q11 Core	2Q11 Non core
By risk factor	Average	23.9	18.2	13.3	5.5	11.1	3.6	3.7	2.0	2.0	-
	Q end	21.9	15.3	13.3	7.1	8.9	3.4	3.7	2.3	2.3	-
	Maximum	30.0	23.6	19.0	9.0	16.7	5.8	5.3	3.1	3.1	-
	Limit	43.0	43.0	35.0	18.0	23.3	7.0	7.0	7.0	7.0	-
	Sensitivity	-0.5	-0.2	-0.3	-0.3	0	-	-	-	-	-

Global 2Q	Average	30.4	Core 2Q	22.0	Non-core 2Q	12.0
	Q end	28.4		21.7		9.7
	Maximum	34.7		28.3		17.8
	Limit	82.0		75.0		27.0

(1) Sensitivity to 1% rise across the entire interest rate curve.
(2) Sensitivity to 1 bp of credit spread widening.
(3) Other risk: inflation and CO_2.

Asset quality, ratings

Quality of risks					
In millions of EUR, except where indicated	30/06/10	30/09/10	31/12/10	31/03/11	30/06/11
Impaired loans and advances to customers	6,016	5,470	5,554	5,277	3,228
Specific impairments on loans and advances to customers	3,288	3,147	3,214	3,056	1,844
Assets quality ratio (1)	1.7%	1.6%	1.6%	1.6%	1.1%
Coverage ratio (2)	54.7%	57.5%	57.9%	57.9%	57.1%

(1) The ratio between the impaired loans and advances to customers and the gross outstanding loans and advances to customers.
(2) The ratio between the specific impairments on loans and advances to customers and the impaired loans and advances to customers.

Ratings as at 31 July 2011			
	Long-term	**Outlook**	**Short-term**
Dexia Bank Belgium			
Fitch	A+	Stable outlook	F1+
Moody's	A3	Stable outlook	P-1
Standard & Poor's	A	Negative outlook	A-1
Dexia Crédit Local			
Fitch	A+	Stable outlook	F1+
Moody's	A3	Stable outlook	P-1
Standard & Poor's	A	Negative outlook	A-1
Dexia Banque Internationale à Luxembourg			
Fitch	A+	Stable outlook	F1+
Moody's	A3	Stable outlook	P-1
Standard & Poor's	A	Negative outlook	A-1
DenizBank			
Moody's (foreign currency)	Ba3	Positive outlook	-
Moody's (local currency)	Baa2	Stable outlook	P-2
Fitch (foreign currency)	BBB-	Positive outlook	F3
Fitch (local currency)	BBB	Positive outlook	F3
Dexia Municipal Agency (*obligations foncières*)			
Fitch	AAA	-	
Moody's	Aaa	-	
Standard & Poor's	AAA	Stable outlook	
Dexia Kommunalbank Deutschland (*Pfandbriefe*)			
Standard & Poor's	AAA	Stable outlook	
Dexia Municipal Agency (lettres de gage)			
Standard & Poor's	AAA	Stable outlook	

Comparison total equity (financial statements) and total equity as calculated for regulatory requirements				
In millions of EUR	31/12/10		30/06/11	
	Financial statements	Regulatory purposes	Financial statements	Regulatory purposes
Total shareholders' equity	8,945	8,945	6,945	6,945
Non-controlling interests	1,783	1,773	1,816	1,808
of which Core equity	*1,858*	*1,849*	*1,882*	*1,874*
of which Gains and losses not recognised in the statement of income	(75)	(76)	(66)	(66)
Discretionary participation features of insurance contracts	0	0	0	0
Total equity	**10,728**	**10,718**	**8,761**	**8,753**

For regulatory purposes, insurance companies are accounted for by the equity method. Therefore, non-controlling interests differ from those published in the financial statements. Discretionary participation features only relate to insurance companies.

Regulatory capital		
In millions of EUR	31/12/10	30/06/11
Total regulatory capital (after income appropriation)	**20,636**	**16,472**
Tier 1 capital	**18,425**	**14,448**
Core shareholders' equity	19,214	15,250
Cumulative translation adjustments (Group share)	(361)	(713)
Prudential filters	(104)	(72)
Non-controlling interests eligible in Tier 1	660	679
Dividend pay-out (non-controlling interests)	(6)	0
IRB provision shortfall 50% (-)	0	(39)
Items to be deducted	(2,401)	(2,080)
Intangible assets and goodwill	*(2,262)*	*(1,941)*
Holdings > 10% in other credit and financial institutions (50%)	*(54)*	*(54)*
Subordinated claims and other items in other credit and financial institutions in which holdings > 10% (50%)	*(85)*	*(85)*
Innovative Hybrid Tier 1 instruments	*1,423*	*1,423*
Tier 2 Capital	**2,211**	**2,024**
Perpetuals	839	802
Subordinated debts	2,541	2,426
Available-for-sale reserve on equities (+)	308	294
IRB provision excess (+); IRB provision shortfall 50% (-)	0	(39)
Items to be deducted	(1,478)	(1,460)
Holdings > 10% in other credit and financial institutions (50%)	*(186)*	*(183)*
Subordinated claims and other items in other credit and financial institutions in which holdings > 10% (50%)	*(85)*	*(85)*
Participations in insurance undertakings	*(1,206)*	*(1,191)*

Innovative hybrid Tier-1 instruments characteristics

The amount of EUR 1,423 million consists of three issuances:

- a perpetual hybrid capital instrument of EUR 225 million issued by Dexia Banque Internationale à Luxembourg;
- undated subordinated non-cumulative Notes for EUR 700 million, issued by Dexia Crédit Local;
- undated subordinated non-cumulative Notes for EUR 498 million, issued by Dexia Funding Luxembourg.

The characteristics of the three issuances are as follows:

Issuer	Booked amount (in millions of EUR)	Rate	Call date	Rate applicable after the call
Dexia Banque Internationale à Luxembourg SA	225	6.821%	06.07.11	Euribor 3 m + 230 bp
Dexia Crédit Local SA	700	4.30%	18.11.15	Euribor 3 ms + 173 bp
Dexia Funding Luxembourg SA	498	4.892%	02.11.16	Euribor 3 m + 178 bp

Weighted risks					
In millions of EUR	**30/06/10**	**30/09/10**	**31/12/10**	**31/03/11**	**30/06/11**
Credit risk	135,537	130,292	128,240	125,499	110,169
Market risk	3,298	3,251	2,945	2,983	7,183
Operational risk	10,419	10,419	9,650	9,650	9,650
Total	**149,254**	**143,962**	**140,834**	**138,132**	**127,002**

Solvency ratios					
	30/06/10	**30/09/10**	**31/12/10**	**31/03/11**	**30/06/11**
Tier 1 ratio	12.2%	12.8%	13.1%	13.4%	11.4%
Capital adequacy ratio	13.9%	14.4%	14.7%	14.8%	13.0%

Shareholders' base as at 30 June 2011	
Caisse des dépôts et consignations	17.6%
Holding Communal	14.3%
Arco Group	13.7%
French State	5.7%
Belgian federal State	5.7%
Three Belgian Regions	5.7%
Ethias Group	5.0%
CNP Assurances	3.0%
Employee shareholding	1.0%
Other institutional and individual shareholders	28.3%

Principal related-party transactions

There have not been any significant transactions with related parties during 1H 2011. For more details please consult the latest annual disclosure on related-party transactions in the Dexia Annual Report 2010 on page 183.

Number of shares

	30/06/10	31/12/10	30/06/11
Number of shares	1,846,406,344	1,846,406,344	1,948,984,474
of which Treasury shares	*307,548*	*307,548*	*324,633*
Number of options (1)	68,788,355	70,960,487 (1)	70,049,801
Total number current/potential future shares	**1,915,194,699**	**1,917,366,831**	**2,019,034,275**

(1) This amount does not take into account the two warrants issued by decision of the Extraordinary Shareholders' Meeting of 24 June 2009 in the framework of the State guarantee in relation to the sale of FSA.

Data per share (1)

	30/06/10	31/12/10	30/06/11
Earnings per share – EPS (in EUR)			
- basic (2)	0.25	0.39	-2.03
- diluted (3)	0.25	0.39	-2.03
Average weighted number of shares (4)	1,846,098,796	1,846,098,796	1,948,659,841
Diluted average weighted number of shares (4)	1,846,098,796	1,846,098,796	1,948,659,841
Net assets per share (in EUR) (5)			
- related to core shareholders' equity (6)	9.73	9.86	7.83
- related to total shareholders' equity (7)	3.91	4.59	3.56

(1) Figures for 2010 were restated to take into consideration the bonus shares distributed to the shareholders.
(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) Excluding shares held in treasury stocks.
(5) The ratio between the shareholders' equity and the number of shares (after deduction of Treasury shares) at end of period.
(6) Without AFS, CFH reserve and cumulative translation adjustments.
(7) 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, 4 August 2011

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*		30/06/10	31/12/10	30/06/11
I.	Cash and balances with central banks	2,595	3,266	4,345
II.	Loans and advances due from banks	60,527	53,379	48,498
III.	Loans and advances to customers	363,949	352,307	316,432
IV.	Financial assets measured at fair value through profit or loss	9,933	9,288	7,475
V.	Financial investments	96,352	87,367	73,024
VI.	Derivatives	58,298	47,077	37,611
VII.	Fair value revaluation of portfolio hedge	5,627	4,003	3,441
VIII.	Investments in associates	169	171	167
IX.	Tangible fixed assets	2,431	2,346	2,369
X.	Intangible assets and goodwill	2,367	2,276	1,953
XI.	Tax assets	3,507	2,847	2,549
XII.	Other assets	2,659	2,358	3,043
XIII.	Non-current assets and disposal groups held for sale	96	50	16,840
Total assets		**608,510**	**566,735**	**517,747**

The notes on pages 33 to 44 are an integral part of these condensed consolidated financial statements.

DEXIA – CONSOLIDATED BALANCE SHEET

LIABILITIES *in millions of EUR*		30/06/10	31/12/10	30/06/11
I.	Due to banks	109,222	98,490	89,719
II.	Customer borrowings and deposits	126,733	127,060	125,279
III.	Financial liabilities measured at fair value through profit or loss	20,587	20,154	19,758
IV.	Derivatives	84,574	72,347	60,134
V.	Fair value revaluation of portfolio hedge	2,978	1,979	1,427
VI.	Debt securities	228,745	210,473	185,638
VII.	Subordinated debts	3,947	3,904	3,505
VIII.	Technical provisions of insurance companies	14,935	15,646	16,700
IX.	Provisions and other obligations	1,724	1,498	1,402
X.	Tax liabilities	182	157	176
XI.	Other liabilities	5,535	4,299	5,181
XII.	Liabilities included in disposal groups held for sale	17	0	67
Total liabilities		**599,179**	**556,007**	**508,986**

EQUITY *in millions of EUR*				
XIV.	Subscribed capital	8,442	8,442	4,618
XV.	Additional paid-in capital	13,618	13,618	13,649
XVI.	Treasury shares	(20)	(21)	(20)
XVII.	Reserves and retained earnings	(3,539)	(3,548)	966
XVIII.	Net income for the period	464	723	(3,963)
Core shareholders' equity		**18,965**	**19,214**	**15,250**
XIX.	Gains and losses not recognised in the statement of income	(11,351)	(10,269)	(8,305)
	a) Available-for-sale reserve on securities	*(4,207)*	*(3,927)*	*(3,602)*
	b) "Frozen" fair value adjustment of financial assets reclassified to Loans and Receivables	*(6,149)*	*(5,320)*	*(3,263)*
	c) Other reserves	*(995)*	*(1,022)*	*(1,440)*
Total shareholders' equity		**7,614**	**8,945**	**6,945**
XX.	Non-controlling interests	1,717	1,783	1,816
XXI.	Discretionary participation features of insurance contracts	0	0	0
Total equity		**9,331**	**10,728**	**8,761**
Total liabilities and equity		**608,510**	**566,735**	**517,747**

The notes on pages 33 to 44 are an integral part of these condensed consolidated financial statements.

DEXIA – CONSOLIDATED STATEMENT OF INCOME

		Quarter ended		Year to date	
in millions of EUR		30/06/10	30/06/11	30/06/10	30/06/11
I.	Interest income	12,159	11,862	22,258	23,832
II.	Interest expense	(11,127)	(10,969)	(20,232)	(22,070)
III.	Dividend income	50	54	58	59
IV.	Net income from associates	0	2	0	5
V.	Net income from financial instruments at fair value through profit or loss	10	55	34	60
VI.	Net income on investments	28	(4,225)	247	(4,243)
VII.	Fee and commission income	441	430	839	846
VIII.	Fee and commission expense	(90)	(90)	(160)	(163)
IX.	Premiums and technical income from insurance activities	1,347	793	2,303	1,811
X.	Technical expense from insurance activities	(1,465)[1]	(916)	(2,526)[2]	(2,020)
XI.	Other net income	3	0	11	6
Income		**1,356**	**(3,004)**	**2,832**	**(1,877)**
XII.	Staff expense	(435)	(443)	(904)	(882)
XIII.	General and administrative expense	(273)	(251)	(524)	(512)
XIV.	Network costs	(77)[1]	(76)	(154)[2]	(152)
XV.	Depreciation & amortization	(74)	(70)	(146)	(141)
Expenses		**(859)**	**(840)**	**(1,728)**	**(1,687)**
Gross operating income		**497**	**(3,844)**	**1,104**	**(3,564)**
XVI.	Impairment on loans and provisions for credit commitments	(126)	(81)	(391)	(179)
XVII.	Impairment on tangible and intangible assets	1	(10)	1	(16)
XVIII.	Impairment on goodwill	0	(143)	0	(143)
XIX.	Provisions for legal litigations	(136)	(1)	(153)	(3)
Net income before tax		**236**	**(4,079)**	**561**	**(3,905)**
XX.	Tax expense	30	64	(60)	(22)
Net income		**266**	**(4,015)**	**501**	**(3,927)**
	Attributable to non-controlling interests	18	17	37	36
	Attributable to equity holders of the parent	248	(4,032)	464	(3,963)
in EUR					
	Earnings per share				
	- basic			0.24[3]	(2.03)
	- diluted			0.24[3]	(2.03)

(1) An amount of EUR -15 million of "Network costs" is now included in "Technical expense from insurance activities".
(2) An amount of EUR -30 million of "Network costs" is now included in "Technical expense from insurance activities".
(3) Figures as at 30 June 2010 were restated to consider the issuance of new ordinary shares, free of charge (bonus shares), distributed to shareholders.

The notes on pages 33 to 44 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 at 31 December 2009	8,089	13,618	(25)	(4,194)	1,010	18,498
Movements of the period						
- Issuance of subscribed capital	353			(355)		(2)
- Trading activities on treasury shares			5			5
- Transfers to reserves				1,010	(1,010)	0
- Share-based payments: value of employee services				2		2
- Variation of scope of consolidation				(3)		(3)
- Other movements				1		1
- Net income for the period					464	464
As at 30 June 2010	8,442	13,618	(20)	(3,539)	464	18,965

GAINS AND LOSSES NOT RECOGNISED IN THE STATEMENT OF INCOME *in millions of EUR*	Gains and losses not recognised in the statement of income: Available-for-sale reserve on securities (AFS)	"Frozen" fair value adjustment of financial assets reclassified to Loans and Receivables	Derivatives (CFH & FX Invt)	Cumulative translation adjustments (CTA)	Total gains and losses Group share
As at 31 December 2009	(1,510)	(5,574)	(702)	(531)	(8,317)
Movements of the period					
- Net change in fair value through equity – Available-for-sale investments	(2,204)				(2,204)
- Derecognition of deferred tax previously recorded	2	(409)	7		(400)
- Transfers to income of available-for-sale reserve amounts due to impairments	13	215			228
- Transfers to income of available-for-sale reserve amounts due to disposals	(399)	78			(321)
- Amortization of net fair value on reclassified portfolio in application of IAS 39 amended		276			276
- Net change in fair value through equity – Cash flow hedge reserve			(35)		(35)
- Net change in cash flow hedge reserve due to transfers to income			(4)		(4)
- Translation adjustments	(109)	(735)	(76)	346	(574)
As at 30 June 2010	(4,207)	(6,149)	(810)	(185)	(11,351)

NON-CONTROLLING INTERESTS *in millions of EUR*	Core equity	Gains and losses not recognised in the statement of income	Non-controlling interests	**DISCRETIONARY PARTICIPATION FEATURES OF INSURANCE CONTRACTS** *in millions of EUR*
As at 31 December 2009	1,813	(7)	1,806	1
Movements of the period				
- Increase of capital	2		2	
- Dividends	(15)		(15)	
- Net income for the period	37		37	
- Net change in fair value through equity		(125)	(125)	(1)
- Amortization of net fair value on reclassified portfolio in application of IAS 39 amended		3	3	
- Translation adjustments		6	6	
- Variation of scope of consolidation	4		4	
- Other movements	(1)		(1)	
As at 30 June 2010	1,840	(123)	1,717	0

Core shareholders' equity	18,965
Gains and losses not recognised in the statement of income attributable to equity holders of the parent	(11,351)
Non-controlling interests	1,717
Discretionary participation features of insurance contracts	0
TOTAL EQUITY as at 30 June 2010	9,331

The notes on pages 33 to 44 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 at 31 December 2010	8,442	13,618	(21)	(3,548)	723	19,214
Movements of the period						
- Trading activities on treasury shares			1	(1)		0
- Transfers to reserves	(3,824)	31		4,516	(723)	0
- Other movements				(1)		(1)
- Net income for the period					(3,963)	(3,963)
As at 30 June 2011	4,618	13,649	(20)	966	(3,963)	15,250

GAINS AND LOSSES NOT RECOGNISED IN THE STATEMENT OF INCOME *in millions of EUR*	Gains and losses not recognised in the statement of income						
	Related to non-current assets held for sale	Available-for-sale reserve on securities (AFS)	"Frozen" fair value adjustment of financial assets reclassified to Loans and Receivables	Derivatives (CFH & FX Invt)	Associates (AFS, CFH)	Cumulative translation adjustments (CTA)	Total gains and losses Group share
As at 31 December 2010	0	(3,927)	(5,320)	(661)	0	(361)	(10,269)
Movements of the period							
- Net change in fair value through equity	(21)	(8)					(29)
- Derecognition of deferred tax assets		(38)	(76)	3			(111)
- Transfers to income of available-for-sale reserve amounts due to impairments		237	27				264
- Transfers to income of available-for-sale reserve amounts due to disposals		(33)	159				126
- Amortization of net fair value on reclassified portfolio in application of IAS 39 amended			219				219
- Net change in fair value through equity – Cash flow hedge reserve				106			106
- Net change in cash flow hedge reserve due to transfers to income				4			4
- Transfers	(1,669)	182	1,484	3			0
- Transfers to income due to mark-to-market measurement	1,474						1,474
- Net changes in other comprehensive income of associates					(4)		(4)
- Translation adjustments	1	(23)	244	37		(335)	(76)
- Variation of scope of consolidation		8				(17)	(9)
As at 30 June 2011	(215)	(3,602)	(3,263)	(508)	(4)	(713)	(8,305)

NON-CONTROLLING INTERESTS *in millions of EUR*	Core equity	Gains and losses not recognised in the statement of income	Non-controlling interests	**DISCRETIONARY PARTICIPATION FEATURES OF INSURANCE CONTRACTS** *in millions of EUR*
As at 31 December 2010	1,858	(75)	1,783	0
Movements of the period				
- Increase of capital	7		7	
- Dividends	(8)		(8)	
- Net income for the period	36		36	
- Net change in fair value through equity		10	10	
- Translation adjustments		(3)	(3)	
- Variation of scope of consolidation	(11)	2	(9)	
As at 30 June 2011	1,882	(66)	1,816	0

Core shareholders' equity	15,250
Gains and losses not recognised in the statement of income attributable to equity holders of the parent	(8,305)
Non-controlling interests	1,816
Discretionary participation features of insurance contracts	0
TOTAL EQUITY as at 30 June 2011	8,761

The notes on pages 33 to 44 are an integral part of these condensed consolidated financial statements.

DEXIA – CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Year to date					
	30/06/10			30/06/11		
in millions of EUR	Before-tax amount	Tax (expense) benefit	Net-of-tax amount	Before-tax amount	Tax (expense) benefit	Net-of-tax amount
Result recognised in the statement of income	**561**	**(60)**	**501**	**(3,905)**	**(22)**	**(3,927)**
Unrealised gains (losses) on available-for-sale financial investments	(3,737)	918	(2,819)	465	(127)	338
Unrealised gains (losses) on "frozen" fair value adjustment of financial assets reclassified to Loans and Receivables	(119)	(451)	(570)	2,307	(248)	2,059
Gains (losses) on cash flow hedges	(166)	54	(112)	183	(30)	153
Cumulative translation adjustments	351		351	(358)		(358)
Other comprehensive income from associates				(4)		(4)
Other comprehensive income from assets held for sale				(243)	27	(216)
Other comprehensive income	**(3,671)**	**521**	**(3,150)**	**2,350**	**(378)**	**1,972**
Total comprehensive income	**(3,110)**	**461**	**(2,649)**	**(1,555)**	**(400)**	**(1,955)**
Attributable to equity holders of the parent			(2,570)			(2,000)
Attributable to non-controlling interests			(79)			45

	Quarter ended					
	30/06/10			30/06/11		
in millions of EUR	Before-tax amount	Tax (expense) benefit	Net-of-tax amount	Before-tax amount	Tax (expense) benefit	Net-of-tax amount
Result recognised in the statement of income	**236**	**30**	**266**	**(4,079)**	**64**	**(4,015)**
Unrealised gains (losses) on available-for-sale financial investments	(3,277)	752	(2,525)	31	(36)	(5)
Unrealised gains (losses) on "frozen" fair value adjustment of financial assets reclassified to Loans and Receivables	(306)	(381)	(687)	1,827	(173)	1,654
Gains (losses) on cash flow hedges	(196)	59	(137)	101	(20)	81
Cumulative translation adjustments	206		206	(189)		(189)
Other comprehensive income from associates				(1)		(1)
Other comprehensive income from assets held for sale	2		2	(243)	27	(216)
Other comprehensive income	**(3,571)**	**430**	**(3,141)**	**1,526**	**(202)**	**1,324**
Total comprehensive income	**(3,335)**	**460**	**(2,875)**	**(2,553)**	**(138)**	**(2,691)**
Attributable to equity holders of the parent			(2,777)			(2,693)
Attributable to non-controlling interests			(98)			2

The notes on pages 33 to 44 are an integral part of these condensed consolidated financial statements.

DEXIA – CONSOLIDATED CASH FLOW STATEMENT

in millions of EUR	30/06/10	30/06/11
Cash flow from operating activities		
Net income after income taxes	501	(3,927)
Adjustment for:		
- Depreciation, amortization and other impairment	169	324
- Impairment on bonds, equities, loans and other assets	313	52
- Net (gains) or losses on investments	(220)	(12)
- Charges for provisions (mainly insurance provision)	1,511	1,057
- Unrealised (gains) or losses	(25)	2,656 (1)
- Income from associates	0	(5)
- Dividends from associates	0	2
- Deferred taxes	(99)	(112)
- Other adjustments	2	0
Changes in operating assets and liabilities	2,310	1,039
Net cash provided (used) by operating activities	**4,462**	**1,074**
Cash flow from investing activities		
Purchase of fixed assets	(257)	(316)
Sale of fixed assets	93	63
Acquisitions of unconsolidated equity shares	(503)	(378)
Sales of unconsolidated equity shares	1,414	406
Acquisitions of subsidiaries and of business units	(47)	0
Sales of subsidiaries and of business units	(79)	(49)
Net cash provided (used) by investing activities	**621**	**(274)**
Cash flow from financing activities		
Issuance of new shares	0	5
Issuance of subordinated debts	1	0
Reimbursement of subordinated debts	(330)	(268)
Dividends paid	(15)	(8)
Net cash provided (used) by financing activities	**(344)**	**(271)**
Net cash provided	**4,739**	**529**
Cash and cash equivalents at the beginning of the period	**14,167**	**14,724**
Cash flow from operating activities	4,462	1,074
Cash flow from investing activities	621	(274)
Cash flow from financing activities	(344)	(271)
Effect of exchange rate changes and change in scope of consolidation on cash and cash equivalents	920	(381)
Cash and cash equivalents at the end of the period	**19,826**	**14,872**
Additional information		
Income tax paid	(159)	(96)
Dividends received	59	61
Interest received	22,352	25,540
Interest paid	(21,556)	(24,596)

(1) This amount includes EUR 2,639 million due to the transfer of certain assets to *"Non-current assets and disposal groups held for sale"* (IFRS 5) (See also note VI).

Definition of cash and cash equivalents has been reviewed as from 31 December 2010 (see Dexia's Annual Report 2010, note 7.1). As a consequence, some amounts of 2010 have been restated.

The notes on pages 33 to 44 are an integral part of these condensed consolidated financial statements.

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

GENERAL INFORMATION

The Dexia Group focuses on Retail and Commercial Banking in Europe (mainly in Belgium, Luxembourg and Turkey) and on Public and Wholesale Banking, providing local public-finance operators with comprehensive banking and financial solutions. Asset Management & Services provides asset management, investor and insurance services, in particular to the clients of the other two business lines. The different business lines interact constantly in order to serve clients better and to support the Group's commercial activity.

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

Dexia is listed on the NYSE Euronext Stock Exchange in Brussels and also on the Luxembourg Stock Exchange. The shares are also traded on NYSE Euronext Paris.

These condensed consolidated financial statements were authorised for issue by the Board of Directors on 4 August 2011.

ACCOUNTING POLICIES

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

- IASB: International Accounting Standards Board;
- IFRIC: International Financial Reporting Interpretations Committee;
- IFRS: International Financial Reporting Standards.

1. Basis of accounting

Dexia's condensed consolidated financial statements are prepared in accordance with the IFRS as adopted by the EU and endorsed by the European Commission up to 30 June 2011.

The condensed consolidated interim financial statements for the period ended 30 June 2011 are prepared in accordance with IAS 34 Interim Financial Reporting. They were prepared in accordance with the same accounting policies and methods of computation as those used in the preparation of the 2010 annual financial statements, except for changes in accounting standards listed under section 2.

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

In preparing the condensed consolidated financial statements, management is required to make estimates and assumptions that affect the amounts reported. To make these assumptions and estimates, management uses information available at the date of preparation of the condensed consolidated financial statements and exercises its judgement. While management believes that it has considered all available information in developing these estimates, actual results may differ from the estimates and the differences could be material to the financial statements.

Judgements are made principally in the following areas:

- Classification of financial instruments;
- Determination of whether there is an active market or not;
- Consolidation (control, including SPE);
- Identification of non-current assets and disposal groups held for sale and discontinued operations (IFRS 5);
- Hedge accounting;
- Existence of a present obligation with probable outflows in the context of litigations;
- Identification of impairment triggers.

Estimates are principally made in the following areas:

- Determination of the recoverable amount of impaired financial assets and fair value less costs to sell for non-current assets and disposal groups held for sale;
- 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;
- Estimate of future taxable profit for the recognition and measurement of deferred tax assets;
- Estimate of the recoverable amount of cash-generating units for goodwill impairment.

We draw the attention on the points included in note VI "Disposal groups held for sale: deleveraging" and on note VII. "Focus on some sovereign risks" which include judgments ans estimates having a material impact on the financial statements of 2Q 2011.

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

The overview of the texts below is made until the reporting date of 30 June 2011.

2.1. IASB and IFRIC texts endorsed by the European Commission and applied as from 1 January 2011

The following standards, interpretations or amendments have been endorsed by the European Commission and are applied as from 1 January 2011.

- "Improvements to IFRSs" (issued by IASB in May 2010), which are a collection of amendments to existing International Financial Reporting Standards. These amendments are effective as from 1 January 2011 and the impact mainly relates to disclosures.
- IAS 24 "Related Party Disclosures". This standard supersedes IAS 24 "Related Party Disclosures" (as revised in 2003) and this amendment does not significantly impact Dexia.
- Amendment to IFRIC 14 "Prepayments of a Minimum Funding Requirements". This amendment does not impact Dexia.
- Amendment to IFRS 1 "Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters". This amendment has no impact on Dexia, which is not a first-time adopter anymore.
- IFRIC 19 "Extinguishing Financial Liabilities with Equity Instruments" applicable as from 1 January 2011. This interpretation has no impact on Dexia.
- Amendment to IAS 32 "Financial instruments: presentation: classification of rights issue". This amendment does not impact Dexia.

2.2. IASB and IFRIC texts endorsed by the European Commission during the current year but not yet applicable as from 1 January 2011

None.

2.3. New IFRS standards, IFRIC interpretations and amendments issued during the current year but not yet endorsed by the European Commission

- Amendments to IAS 19 "Employee Benefits" principally changes the recognition and measurement of post-employment defined benefit plans (e.g. removal of corridor mechanism) and enhances the disclosure requirements for these plans. The amended IAS 19 will be applicable as from 1 January 2013 and will impact Dexia. Under this amendment, Dexia will report the net defined benefit liability or asset on its balance sheet. Dexia will no longer be allowed to apply the corridor approach because under the amended standard, the full amount of actuarial gains or losses is recognised directly in Other Comprehensive Income. The net interest on the net defined benefit liability will be calculated by using as a discount rate the interest rate on high quality corporate bonds. Finally, taxes payable by the plan on contributions relating to service before the reporting date or on benefits resulting from that service will be included in the measurement of defined benefit obligations.
- Amendments to IAS 1 "Presentation of Items of Other Comprehensive Income" clarifies the requirements on the presentation of the statement of comprehensive income and introduces a presentation of items in other comprehensive income (OCI) on the basis of recyclability. This amendment will be applicable as from 1 January 2013 and will impact Dexia's presentation of other comprehensive income.
- IFRS 13 "Fair Value Measurement" describes how to measure fair value under IFRS and introduces new and enhanced disclosure requirements. IFRS 13 will be applicable as from 1 January 2013 and will impact Dexia on how fair value is measured.
- A "package" of five new and revised standards on the accounting treatment and disclosure requirements of interests in other entities will be applicable as from 1 January 2013. This publication will impact Dexia's accounting for certain interests and the level of disclosures to be provided and comprises the following:

  - IFRS 10 "Consolidated Financial Statements" introduces one single consolidation model for all entities, based on control and regardless the nature of the investee. Dexia does not expect a material impact of this standard on its financial reporting.
  - IFRS 11 "Joint Arrangements" will no longer admit the proportionate consolidation method when accounting for jointly controlled entities. Only the equity method will be allowed for Dexia's joint ventures. The most important impact will be on the way Dexia has to account for its joint venture RBC Dexia. The new accounting treatment will lead to a reduction in total balance-sheet amount and the way revenue and expenses are reported.
  - IFRS 12 "Disclosures of Interests in Other Entities" will require enhanced disclosures about Dexia's interests in subsidiaries, joint

arrangements, associates and unconsolidated structured entities in which Dexia has an involvement.

- Revised IAS 27 "Separate Financial Statements" continues to be a standard dealing solely with separate financial statements: the existing guidance is unchanged.
- Revised IAS 28 "Investments in Associates and Joint Ventures" is amended for conforming changes based on the issuance of IFRS 10, IFRS 11 and IFRS 12.

3. Changes in presentation

Dexia has decided to report as from 31 December 2010 separately within its equity the "frozen" fair value adjustments of financial assets reclassified to Loans and Receivables from the fair value adjustments relating to the remaining "Available-for-sale" portfolio. In Dexia's previous interim reporting, all fair value adjustments of the "Available-for-sale" portfolio were classified in the line item "Gains and losses not recognised in the statement of income – a) Available-for-sale reserve on securities". Consequently, in the comparative figures as at 30 June 2010 and 31 December 2010 of the condensed consolidated financial statements as at 30 June 2011, the amounts of EUR -6.2 billion and EUR -5.3 billion have been transferred to "b) 'Frozen' fair value adjustment of financial assets reclassified to Loans and Receivables".

As DIB agents are not exclusive agents selling only Dexia Group products, Dexia has decided to report as from 1 January 2011 the network fees paid to DIB tied agents in the line "Technical expense from insurance contracts" instead of the line "Network costs". Consequently, in the comparative figures of the condensed consolidated financial statements as at 30 June 2011, an amount of EUR -30 million has been reclassified for the period ending 30 June 2010. However, Dexia Bank continues to report network costs relating to agents with an exclusive sales mandate in the line "Network Costs".

NOTE II. SIGNIFICANT CHANGES IN SCOPE OF CONSOLIDATION

AS AT 30 JUNE 2010

Following its sale in April 2010, Dexia Épargne Pension left the scope of consolidation. Its results of the first quarter have been consolidated.

AS AT 30 JUNE 2011

Following the closing of its sale to the Central European investment group Penta Investments, Dexia banka Slovensko (DBS) left the scope of consolidation as at 1 January 2011.

The impact of the sale of DBS was recorded in 4Q 2010, together with the reversal of provision regarding the litigation with Ritro Finance.

The final impact of the transaction on Dexia's financial statements will be assessed at the time of the final judgement regarding Ritro Finance.

Dexia and MetLife announced end June the signing of an agreement under which MetLife will buy Dexia's 99.86% stake in DenizEmeklilik, the life insurance and pension subsidiary of DenizBank in Turkey, for a consideration of EUR 162 million.

The closing of the transaction is subject to standard regulatory approvals and is expected to take place before the end of 2011. As a consequence, the assets and liabilities of DenizEmeklilik were transferred in *"Non-current assets and disposal groups held for sale"* and in *"Liabilities included in disposal groups held for sale"* for an amount of respectively EUR 100 million and EUR 67 million.

The transaction is expected to generate a capital gain of about EUR 119 million after taxes at closing.

The agreement also includes a 15-year exclusive agreement for the distribution of MetLife's life, pension, personal accident and unemployment insurance products and solutions through DenizBank's branch network. The agency agreement entails a profit-sharing mechanism whereby part of the future profits generated from the sales of DenizEmeklilik products through DenizBank branches over the next 15 years will be distributed to DenizBank.

NOTE III. BUSINESS REPORTING

A segment is a distinguishable component of Dexia, engaged in providing products or services (business segment), which is subject to risks and returns that are different from those of the other segments. Segments with a majority of revenue earned from sales to external customers and whose revenue, result or assets are 10 per cent or more of all the segments are reported separately.

In accordance with the European Commission decision, Dexia now classifies its portfolios in run-off in a Legacy Portfolio Management Division, along side the Core Division which is composed of the Retail and Commercial Banking (RCB), Public and Wholesale Banking (PWB), Asset Management and Services (AMS) and Group Center business lines.

- The group is split into two divisions:
  1. Core Division, composed of the following business lines
  (i) Retail and Commercial Banking (RCB);
  (ii) Public and Wholesale Banking (PWB);
  (iii) Asset Management and Services (AMS) of which Asset Management, Investor Services and Insurance;
  (iv) Group Center.
  2. Legacy Portfolio Management Division, which gathers the portfolios in run-off (non-core PWB loans, Bond and Financial Products portfolios in run-off).
- The Legacy Portfolio Management Division remains on the balance sheet in a separate unit which qualifies as non core, with a clearly identified and allocated funding. The State guaranteed funding is allocated to this division, meaning that the Core Division is no more impacted by the funding guaranteed by the States.
- Interests allocated from the Group Center to the other core business lines and to the Legacy Division are now related to the allocated equity which is:
  (i) the economic equity in the core business lines;
  (ii) the normative equity in the Legacy Portfolio Management Division. The normative equity is 12.5% of the weighted risks.
  Return on allocated equity measures the performance of each core business line.
- Participations sold are reported in Group Center; figures of the previous periods are restated, if necessary.

BUSINESS REPORTING

	Assets	
in millions of EUR	31/12/10	30/06/11
Core Division	**432,461**	**404,487**
Retail and Commercial Banking	54,162	55,629
Public and Wholesale Banking	214,250	208,558
Asset Management and Services	29,468	30,846
Asset Management	*332*	*270*
Investor Services	*9,700*	*10,298*
Insurance	*19,436*	*20,278*
Group Center	134,581	109,454
Legacy Portfolio Management Division	**134,274**	**113,260**
Total	**566,735**	**517,747**

Some amounts may not add up due to roundings off.
Figures as at 31 December 2010 have been restated following the sale of Dexia banka Slovensko.

BUSINESS REPORTING				
	30/06/10		30/06/11	
in millions of EUR	Income	Net income before tax	Income	Net income before tax
Core Division	**2,460**	**477**	**2,303**	**461**
Retail and Commercial Banking	1,400	352	1,424	433
Public and Wholesale Banking	518	225	487	220
Asset Management and Services	438	128	428	84
Asset Management	*98*	*35*	*98*	*35*
Investor Services	*190*	*28*	*224*	*50*
Insurance	*150*	*65*	*106*	*0*
Group Center	103	(228)	(36)	(277)
Legacy Portfolio Management Division	**371**	**84**	**(4,180)**	**(4,367)**
Total	**2,832**	**561**	**(1,877)**	**(3,905)**
Net income before tax		561		(3,905)
Taxes		(60)		(22)
Non-controlling interests		(37)		(36)
Net income – Group share		**464**		**(3,963)**

Some amounts may not add up due to roundings off.
Figures as at 30 June 2010 have been restated following the sale of Dexia banka Slovensko, Adinfo and Dexia Épargne Pension.

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.

NOTE IV. EXCHANGE RATES

EXCHANGE RATES						
		Closing rate			Average rate	
		30/06/10	31/12/10	30/06/11	30/06/10	30/06/11
Canadian dollar	CAD	1.2998	1.3346	1.3960	1.3708	1.3832
Turkish lira	TRY	1.9292	2.0551	2.3397	2.0027	2.2405
US dollar	USD	1.2267	1.3399	1.4492	1.3158	1.4237

NOTE V. 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 before tax and year-to-date.

On 27 May 2011, Dexia's Board of Directors decided unanimously to accelerate the financial restructuring of the Group, the guidelines for which were approved by the European Commission in February 2010. In this context, it has been decided to divest from the Financial Products portfolio and to anticipate asset disposals. Those divestments will give priority to long-term assets.

This decision negatively impacted the *"VI. Net income on investments"* with the recognition of negative amounts of EUR 1.9 billion for fair value adjustments and realised losses on the Financial Products portfolio and of EUR 1.7 billion for fair value adjustments on other bonds and loans held for sale. We also refer to the Note VI. "Disposal groups held for sale: Deleveraging".

Dexia also continued to deleverage its balance sheet. Assets were sold for an amount of EUR 13.9 billion. In this context, a capital loss net of provision has been recognised for EUR 206 million.

The participation of Dexia to the IIF (Institute of International Finance) voluntary plan on Greek sovereign debt translated into a 21% impairment of the bonds maturing within 10 years for a negative amount of EUR 377 million in *"VI. Net income on investments"*. We also refer to the Note VII. "Focus on some sovereign risks".

A charge of EUR 165 million was recognised in interest margin for the retribution of the Belgian, French and Luxembourg states for the guarantee they gave for Dexia's financing and another EUR 43 million interest charge was recognised for the guarantee received from the Belgian and French states for Financial Products portfolio and the related GIC's liabilities.

"Impairment on loans and provisions for credit commitments" includes EUR -91 million in relation with Financial Products portfolio and also a reversal of provisions for an amount of EUR 20 million due to the sale of three claims Lehman.

The goodwill on Dexia Crediop and the goodwill on Dexia Israel Bank were impaired for an amount of respectively EUR 131 million and EUR 12 million in *"XVIII. Impairment on goodwill"*.

An amount of EUR +144 million has been posted to item *"XX. Tax expense"*, relating to the acceleration of the deleveraging and to Greece-related impairment.

For the significant items included in the statement of income of 2Q 2010, we refer to Dexia's Financial Report 2Q and 1H 2010.

NOTE VI. DISPOSAL GROUPS HELD FOR SALE: DELEVERAGING

The Board of Directors of Dexia SA decided on 27 May 2011 to accelerate the financial restructuring of the Group, the guidelines for which were approved by the European Commission in February 2010. It has been decided to anticipate assets disposals, for which a financial impact of EUR 3.6 billion was expected.

That programme has the three-fold advantage of lightening the burden of the Legacy Division, improving liquidity and increasing the Group's ability to achieve recurring profits in a more challenging economic environment.

In this prospect, the following assets have been transferred to disposal groups held for sale under IFRS 5:

- Guaranteed assets in the Financial Products portfolio. Divestment of the whole Financial Products guaranteed put portfolio will reduce by one third the weighted risks of the Legacy Division.
- Financial asset divestments in the Legacy bond and PWB loan portfolios set out in the restructuring plan of the Group. Since portfolios are involved, those divestments will give priority to long-term assets.
- Tangible and intangible assets linked with the disposal of the activities and the closing of related desks

1. ACCELERATED DELEVERAGE IN LEGACY BOND AND PWB LOAN PORTFOLIOS

The criteria used to select the disposal groups were based, firstly on the improvement of the funding and the liquidity of the group, and secondly on the decrease of the credit risk and the concentration risk on some counterparties. Therefore, the disposal groups include assets in USD, bonds and loans having a maturity after 2014, assets having a favourable impact on the liquidity ratio and assets having an acceptable loss in comparison with the volume of assets sold. All assets selected were reviewed by the front office and commercial departments for loans, to ensure that there is a market and/or a demand for such groups of assets so that Dexia could sell them within the next 12 months. The realisation of the sales depends on the evolution of the markets and the economic conditions for the next coming 12 months.

The disposal groups held for sale consist mostly of financial assets. If the disposal group's fair value less costs to sell is lower than its carrying amount after impairing the non-current assets that are in the measurement scope of IFRS 5, the difference is allocated on the other assets of the disposal group, including financial assets, and is accounted for in result of the period. This difference will be adjusted at each reporting period until the sale. In order to recognise in the result of the period the total loss relating to the assets classified in loans, the frozen AFS reserve related to the loans that were reclassified from AFS in 2008 has been recycled.

If a non-current asset ceases to be classified as held for sale, due to change in market conditions, impossibility to sell it by lack of counterparties or other reasons, it will be restated in its original portfolio at the value at which it would have been recognised if it had never been classified as held for sale. In this case, the difference between the fair value less cost to sell and the value if no reclassification had taken place is reversed in result of the period. For AFS bonds reclassified in Loans, the frozen reserve will not be reconstituted.

The amounts involved are the following[1].

CARRYING AMOUNT			
in millions of EUR	Before tax	Tax	After tax
Loans and Receivables	6,070		
Reclassified Loans and Receivables	6,153		
Available-for-sale financial assets	3,862		
Financial assets held for trading	822		
Total[2]	**16,907**		
Fair value less cost to sell	15,558		
Difference	**(1,349)**		
"Frozen" fair value adjustment of financial assets reclassified to Loans and Receivables	(421)		
Impact recognised	**(1,770)**	**128**	**(1,642)**
- in result of the period	(1,745)	124	(1,621)
- in available-for-sale reserve	(25)	4	(21)

(1) Excluding tangible and intangible assets.
(2) The net amount of EUR 16,907 million is composed of a nominal amount of 17,606 million less Available-for-sale reserve of EUR 181 million, "frozen" fair value adjustment of EUR 421 million and collective impairments of EUR 97 million.

2. ACCELERATED DELEVERAGE DEXIA FP GUARANTEED PUT PORTFOLIO

As a consequence of the decision taken by the Board of Directors on 27 May 2011, the whole guaranteed portfolio and related tangible assets were reclassified to Group of assets held for sale for a notional amount of USD 9.3 billion. The guaranteed portfolio was composed of Loans, reclassified from AFS in 2008 and of USD 100 million of bonds in AFS.

In June 2011, assets were sold for a notional amount of USD 5.4 billion, so that the remaining notional amount as at 30 June 2011 was USD 3.9 billion. An additional amount of USD 3.3 billion was sold in July 2011, so that the notional amount as at 15 July 2011 is USD 639 million, for a net accounting amount of USD 355 million.

The cumulative loss impact of reclassification to Group of assets held for sale, including losses on sales before 30 June 2011, amounts to USD 2,794 million or EUR 1,928 million, before USD hedging impact (of which EUR 1,034 million are realised losses as at 30 June and EUR 894 million are losses recorded as a consequence of applying IFRS 5). The exchange rate used for the valuation is quite close to the closing rate, as most of the sales were done end June and the determination of the loss on the unsold portfolio was valued at closing rate.

NOTE VII. FOCUS ON SOME SOVEREIGN RISKS

1. CREDIT RISK EXPOSURE (MCRE) ON GOVERNMENT BONDS OF A SELECTION OF EUROPEAN COUNTRIES

The Maximum Credit Risk Exposure (MCRE) reported represents the accounting net carrying amount of exposures, being the notional amounts after deduction of specific impairments and available-for-sale reserve amounts, and taking into account accrued interests and impact of fair value hedge accounting.

BREAKDOWN BY PRUDENTIAL PORTFOLIO

in millions of EUR	Greece	Ireland	Italy	Portugal	Spain	Total
o/w Banking	3,437		12,354	1,927	1,373	19,091
o/w Insurance	828	326	1,143	235	314	2,846
o/w Trading	1		5		15	21
Total as at 31 December 2010	**4,266**	**326**	**13,502**	**2,162**	**1,702**	**21,958**

in millions of EUR	Greece	Ireland	Italy	Portugal	Spain	Total
o/w Banking	2,967		12,202	1,851	1,365	18,385
o/w Insurance	817	359	1,166	218	1	2,561
o/w Trading	1		18		6	25
Total as at 30 June 2011	**3,785**	**359**	**13,387**	**2,069**	**1,371**	**20,972**

BREAKDOWN BY ACCOUNTING PORTFOLIO

in millions of EUR	Greece	Ireland	Italy	Portugal	Spain	Total
Available-for-sale financial assets	4,076	326	10,588	2,117	1,449	18,555
Financial assets held for trading	1		5		15	22
Held-to-maturity investments	189		36			225
Loans, advances and claims			2,873	45	238	3,156
Total as at 31 December 2010	**4,266**	**326**	**13,502**	**2,162**	**1,702**	**21,958**
AFS reserve (before taxes)	**(1,341)**	**(113)**	**(1,197)**	**(416)**	**(237)**	**(3,304)**

in millions of EUR	Greece	Ireland	Italy	Portugal	Spain	Total
Available-for-sale financial assets	3,648	359	10,412	2,025	1,135	17,579
Financial assets held for trading	1		18		6	25
Held-to-maturity investments	136		29			165
Loans, advances and claims			2,928	44	231	3,203
Total as at 30 June 2011	**3,785**	**359**	**13,387**	**2,069**	**1,371**	**20,972**
AFS reserve (before taxes)	**(1,229)**	**(76)**	**(1,146)**	**(384)**	**(183)**	**(3,018)**

2. DEPRECIATION OF GREEK SOVEREIGN BONDS

The MCRE exposure on Greek sovereign debt may be analysed as follows as at 30 June 2011:

EXPOSURE ON GREEK SOVEREIGN DEBT

in millions of EUR	MCRE gross	Impairment	MCRE net
Available-for-sale bonds	1,624	(341)	1,283
Held-to-maturity bonds	172	(36)	136
Bonds held for trading	1		1
Total maturing until 31 December 2020	1,797	(377)	1,420
Total maturing after 31 December 2020	2,365		2,365
Total MCRE	4,162	(377)	3,785

Dexia decided to participate to the IIF[1] plan and to exchange its bonds for new bonds.

If the conditions of the plan are respected, Dexia judges that Greece will be able to meet its commitments for the future and therefore does not record any impairment on the bonds maturing after 31 december 2020.

The plan offers four instruments in exchange of the existing bonds. The exchange will result in a loss estimated to be 21% on the nominal value based on the documentation provided by the IIF and other documents at the date of approval of the financial statements by the Board of Directors. Depending on the instrument selected, the accounting consequences may differ for hedged bonds against the interest risk.

As Dexia participated in discussions at the IIF – and was therefore aware, before 30 June 2011, that an exchange would be proposed –, and is committed to participate to the IIF plan, the valuation of the Greek sovereign bonds maturing before 2021 has been adjusted to reflect a discount of 21% of the nominal value. The resulting available-for-sale reserve on these bonds has been transferred to profit and loss. Only the bonds maturing before 2021 are considered impaired.

Notwithstanding the restructuring plan for Greece, Dexia considered the Greek sovereign bonds market as illiquid and estimated their fair value by using a model (valuation technique) which incorporates market data still available. The negative AFS reserve – including the hedge accounting impact – of the Greek sovereign bonds maturing before 2021 based on this model was not materially different from the 21% discount on nominal value when taking into account fair value hedge accounting impacts on these bonds.

Futhermore, Portuguese and Irish sovereign bonds are also valued at fair value using a mix of market value and model value, as there is no more primary market and that the secondary market is nearly inexistant for those bonds, as for the Greek sovereign bonds.

(1) Institute of International Finance.

NOTE VIII. POST-BALANCE-SHEET EVENTS

Nil.

NOTE IX. LITIGATIONS

Like many financial institutions, Dexia is subject to a number of regulatory investigations and litigations, including class action lawsuits in the US and Israel. The status of the most significant litigations and investigations as per 30 June 2011, and based on the information available to Dexia at such date, is summarised below. On the basis of the information available to Dexia as per that date, other litigations and investigations are not expected to have a material impact on the Group's financial situation or it is too early properly to assess whether they may have such an impact.

The consequences, as assessed by Dexia based on the information available to it, of the most significant litigations and investigations liable to have a material impact on the Group's financial situation, its results or its business generally are provided for in the Group's financial statements. Subject to the terms and conditions of the professional liability insurance and Directors' liability insurance policies entered into by Dexia, the adverse financial consequences of all or certain litigations and investigations may be covered, in whole or in part, under such insurance policies entered into by Dexia, and, upon acceptance of such risks by the relevant insurers, be offset against any pay-out Dexia would receive pursuant thereto.

1. DEXIA NEDERLAND BV

Reference is made to the detailed disclosure in the Dexia Annual Report 2010 (pages 89-90), which is available on *www.dexia.com*.

On 29 April 2011, the Netherlands Supreme Court confirmed the earlier judgements of the Amsterdam Court of Appeal rendered on 1 December 2009 (and described in more detail in the Dexia Annual Report 2010, pages 89-90).

This decision did not have any impact on the provisioning model.

No other important developments than those mentioned in the Annual Report 2010 took place in 1H 2011.

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 2010 (pages 90-91) describes in detail the acquittal of the bank by the Court of Appeal of Ghent on 20 September 2010 and the consequences of this acquittal. The Annual Report 2010 can be consulted at *www.dexia.com*.

No other important developments than those mentioned in the Annual Report 2010 took place in 1H 2011.

As at 30 June 2011, in view of its acquittal in the criminal case on basis of the facts of the case, no provision was set up by Dexia Bank Belgium.

3. FINANCIAL SECURITY ASSURANCE

Reference is made to the detailed disclosure in the Dexia Annual Report 2010 (pages 91-92), which is available on *www.dexia.com*.

No other important developments than those mentioned in the Annual Report 2010 took place in 1H 2011.

Due to the nature of the investigations and civil actions relating to the same subject matter, any indication whether a provision has been constituted in relation to these investigations or litigations or their subject matter and, if so, the amount thereof, could seriously prejudice Dexia's legal position or its defence in the context of these legal actions or any related proceedings.

4. INVESTIGATIONS ABOUT ALLEGED SHORTCOMINGS IN FINANCIAL COMMUNICATION

Reference is made to the detailed disclosure in the Dexia Annual Report 2010 (page 92), which is available on *www.dexia.com*.

No other important developments than those mentioned in the Annual Report 2010 took place in 1H 2011 with respect to the civil claim filed against Dexia before the civil court of Perpignan.

As at 30 June 2011, no provision was set up.

5. DEXIA BANKA SLOVENSKO

Reference is made to the detailed disclosure in the Dexia Annual Report 2010 (page 92) and in the Financial Report 1Q 2011 (page 37), which are available on *www.dexia.com*.

No other important developments than those mentioned in the Annual Report 2010 and the Financial Report 1Q 2011 took place in 1H 2011.

6. DEXIA CREDIOP

Reference is made to the detailed disclosure in the Dexia Annual Report 2010 (page 92), which is available on *www.dexia.com*.

Dexia Crediop is awaiting a decision from the State Council in the dispute with the Province of Pisa.

No other important developments than those mentioned in the Annual Report 2010 took place in 1H 2011.

As at 30 June 2011, no provision was set up.

7. DEXIA BANQUE INTERNATIONALE À LUXEMBOURG AND DEXIA PRIVATE BANK (SWITZERLAND)

Reference is made to the detailed disclosure in the Dexia Annual Report 2010 (page 92-93), which is available on *www.dexia.com*.

No other important developments than those mentioned in the Annual Report 2010 took place in 1H 2011.

As at 30 June 2011, no provision has been set up with respect to the clawback claims.

8. DEXIA ASSET MANAGEMENT

Reference is made to the detailed disclosure in the Dexia Annual Report 2010 (page 93), which is available on *www.dexia.com*.

As at 30 June 2011, the amount of the damages claimed is still not specified in a definitive and precise way, and the claimant has not advanced any document allowing the determination of the aggregate amount of damages sought.

As at 30 June 2011, no provision was set up.

9. DEXIA CRÉDIT LOCAL

Claims have been filed against Dexia Crédit Local by six clients in relation to structured financings. At this stage, Dexia is not able reasonably to predict the duration and the outcome of these proceedings, or their potential financial repercussions.

10. DEXIA ISRAEL

Reference is made to the detailed disclosure in the Dexia Annual Report 2010 (page 93), which is available on *www.dexia.com*.

Dexia Israel received on 2 May 2011 a demand letter from the representative of one of its minority shareholders, requesting, among others, the bank to file an action against all controlling shareholders and/or interested parties and all officers of the bank from the date of publication of its 2000 annual report, inter alia, in connection with the bank's alleged failure to harmonise the rights attached to the various classes of the bank's shares and certain related matters. Dexia has reviewed the claims raised in the letter and has responded to claimant that it does not agree with any of the factual or, to the extent they can be inferred from it, legal statements made in the demand letter.

No other important developments took place in 1H 2011.

As at 30 June 2011, no provision was set up.

LIMITED REVIEW REPORT ON THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION FOR THE SIX-MONTH PERIOD ENDED ON 30 JUNE 2011

To the Board of Directors

We have performed a limited review of the accompanying condensed consolidated interim financial information, including the consolidated balance sheet, the consolidated statement of income, the consolidated statement of changes in equity, the consolidated statement of comprehensive income, the consolidated cash flow statement 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 30 June 2011 as included on pages 26-44 of Dexia's Financial Report 2Q 2011. 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 van de 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 financial statements as issued by the "Institut des Reviseurs d'Entreprises/Instituut van de 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 30 June 2011 is not prepared, in all material respects, in accordance with IAS 34 "Interim Financial Reporting" as adopted by the EU.

Without modifying the above limited review opinion, we draw your attention to:

- note VI. of the appendices of the condensed consolidated financial statements which, in view of the acceleration of the execution of the financial restructuring plan as decided by the Board of Directors, describes the terms of the reclassifications and the valuation principals for non-current assets or disposal groups held for sale and the main impacts on the accounts;
- note VII. of the appendices of the condensed consolidated financial statements which, in an environment characterised by a crisis of the public finances of certain countries of the eurozone and more particularly Greece, describes the valuation principals for Greek debt instruments as well as the recorded impairments on some of these debt instruments.

Diegem, 4 August 2011

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

(The original text of this report is in Dutch and French)

CONTACT

Dexia SA

Dexia Tower – Place Rogier 11 – 1210 Brussels – Belgium

Tour Dexia – 1, passerelle des Reflets – La Défense 2 – TSA 12203 – 92919 La Défense Cedex – France

IBAN BE61 0682 1136 2017 – BIC GKCC BE BB – RPM Brussels VAT BE 0458.548.296

Press department

E-mail: pressdexia@dexia.com

Phone Brussels: (32) 2 213 50 81

Phone Paris: (33) 1 58 58 59 05

Investor Relations

E-mail: Dexia.investor-relations@dexia.com

Phone Bruxelles: (32) 2 213 57 46

Phone Paris: (33) 1 58 58 85 97

Website

http://www.dexia.com/e/you-are/investor.php

FINANCIAL CALENDAR

DATES	EVENTS
9 November 2011	Results publication – 30 September 2011
23 February 2012	Results publication – 31 December 2011
9 May 2012	Results publication – 31 March 2012
9 May 2012	Ordinary Shareholders' Meeting for the year 2011