

Financial report 2Q and 1H 2010

CONTENTS

I. MANAGEMENT REPORT	3
I.1. FINANCIAL HIGHLIGHTS	3
I.2. FINANCIAL REPORTING	5
I.3. RISK MANAGEMENT	15
I.4. SOLVENCY	18
I.5. SHAREHOLDER INFORMATION	19
I.6. CERTIFICATE FROM THE RESPONSIBLE PERSON	20
II. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS	21

MANAGEMENT REPORT

FINANCIAL HIGHLIGHTS

Consolidated statement of income ⁽¹⁾

In millions of EUR	2Q09*	1Q10*	2Q10*	Var. 2Q10/ 2Q09	Var. 2Q10/ 1Q10	1H09*	1H10	Var. 1H10/ 1H09
Income ⁽²⁾	1,642	1,491	1,371	-16.5%	-8.0%	3,333	2,862	-14.1%
Expenses	(875)	(884)	(874)	-0.1%	-1.1%	(1,771)	(1,758)	-0.7%
Gross operating income	767	607	497	-35.2%	-18.1%	1,562	1,104	-29.3%
Cost of risk	(328)	(265)	(126)	-61.6%	-52.5%	(737)	(391)	-46.9%
Other impairments and provisions for legal litigations*	(35)	(17)	(135)	x3.9	x7.9	(23)	(152)	x6.6
Pre-tax income	404	325	236	-41.6%	-27.4%	802	561	-30.0%
Tax expense	(83)	(90)	30	n.s.	n.s.	(193)	(60)	-68.9%
Net income	321	235	266	-17.1%	+13.2%	609	501	-17.7%
Minority interests	38	19	18	-52.6%	-5.3%	75	37	-50.7%
Net income – Group share	283	216	248	-12.4%	+14.8%	534	464	-13.1%
Return on equity ⁽³⁾	6.3%	4.6%	5.3%			6.0%	5.0%	
Earnings per share (in EUR) ⁽⁴⁾	0.30	0.12	0.13			0.29	0.25	

* The provisions for legal litigations were previously included in income (other net income)

(1) FSA Insurance deconsolidated since 2Q 2009.

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

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

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

Balance sheet key figures

In millions of EUR, except where indicated	30/06/09	31/12/09	30/06/10	Variation 30/06/10/ 30/06/09	Variation 30/06/10/ 31/12/09
Total assets	592,477	577,630	608,510	+2.7%	+5.3%
of which					
Loans and advances to customers	357,374	353,987	363,949	+1.8%	+2.8%
Financial assets at fair value through profit or loss and financial investments	125,958	115,328	115,328	-15.6%	-7.8%
Total liabilities	583,389	565,642	599,179	+2.7%	+5.9%
of which					
Customers borrowings and deposits	121,537	120,950	126,733	+4.3%	+4.8%
Debt securities	215,053	213,065	228,745	+6.4%	+7.4%
Total equity	9,088	11,988	9,331	+2.7%	-22.2%
Core shareholders' equity ⁽¹⁾	18,033	18,498	18,965	+5.2%	+2.5%
Total shareholders' equity ⁽²⁾	7,277	10,181	7,614	+4.6%	-25.2%
Net assets per share (in EUR) ⁽³⁾					
- related to core shareholders' equity	9.77	10.50	10.27	+5.1%	-2.2%
- related to total shareholders' equity	3.94	5.78	4.12	+4.6%	-28.7%

(1) Without AFS, CFH reserve and cumulative translation adjustments.

(2) With AFS, CFH reserve and cumulative translation adjustments.

(3) The ratio between the shareholders' equity (estimated dividend for the period deducted) and the number of shares at the end of the period (after deduction of treasury shares).

Capital adequacy			
In millions of EUR, except where indicated	30/06/09	31/12/09	30/06/10
Tier 1 ratio	11.3%	12.3%	12.2%
Capital adequacy ratio	13.0%	14.1%	13.9%
Weighted risks	148,630	143,170	149,254

Net profit of EUR 248 million in 2Q 2010

Deleverage and liquidity: acceleration and notable progress

Highlights

Net profit of EUR 248 million in 2Q 2010

- Confirmed commercial dynamic of retail and commercial banking activities
- Further decrease in cost of risk supported by core businesses* (10 bps versus 13 bps in 1Q 2010) and Legacy Division (EUR -88 million)

Improved liquidity situation enabling full exit of the State guarantee by end of June 2010

- Deleverage remaining a high priority: EUR 20.3 billion asset sales as at 2 August 2010
- Execution of the wholesale long-term funding programme ahead of 2010 annual target: EUR 37.9 billion raised as at 23 July 2010
- Short-term funding need reduced by EUR 22 billion in 1H 2010

Strong solvency ratios

- Tier 1 ratio at 12.2% and Core Tier 1 ratio at 11.3%
- Resilience to adverse macro-economic scenarios highlighted by CEBS stress test

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

Mr. Jean Luc Dehaene, Chairman of the Board of Directors, said: "This quarter, the Group kept on implementing its transformation plan at a sustained pace. During the quarter, further progress was made on the execution of the divestment plan and the deleverage of non-core assets remained a high priority for the Group, reinforcing the commitment given to the European Commission to dispose of some assets. The sustained efforts made since end of 2008 allowed the Group to fully exit the state guarantee on 30 June 2010, four months earlier than the formal expiry date."

Mr. Pierre Mariani, Chief Executive Officer and Chairman of the Management Board, said: "Dexia reported another good set of results, characterised by a confirmed commercial dynamic of retail and commercial banking activities and a further decrease in the cost of risk, supported by both the core businesses and the Legacy Division. The profit generation capacity of our commercial franchises enabled us to accelerate the balance sheet deleveraging. The solvency of the Group remained high and the CEBS stress test results confirmed our view that the Group has the financial strength to weather even more adverse macro economic conditions".

During its 5 August 2010 meeting, the Board of Directors approved the 2Q and 1H 2010 results of Dexia.

2Q and 1H 2010 reported statement of income and update on the transformation plan

Consolidated statement of income*								
In millions of EUR	2Q09 (**)	1Q10 (**)	2Q10	Var. 2Q10/ 2Q09	Var. 2Q10/ 1Q10	1H09 (**)	1H10	Var. 1H10/ 1H09
Income***	1,642	1,491	1,371	-16.5%	-8.0%	3,333	2,862	-14.1%
Expenses	-875	-884	-874	-0.1%	-1.1%	-1,771	-1,758	-0.7%
Gross operating income	767	607	497	-35.2%	-18.1%	1,562	1,104	-29.3%
Cost of risk	-328	-265	-126	-61.6%	-52.5%	-737	-391	-46.9%
Other impairments & provisions for legal litigations**	-35	-17	-135	x3.9	x7.9	-23	-152	x6.6
Pre-tax income	404	325	236	-41.6%	-27.4%	802	561	-30.0%
Tax expense	-83	-90	30	n.s.	n.s.	-193	-60	-68.9%
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Net income Group share	283	216	248	-12.4%	+14.8%	534	464	-13.1%
Return on Equity****	6.3%	4.6%	5.3%			6.0%	5.0%	
Earnings per share (in EUR)	0.15	0.12	0.13			0.29	0.25	

* FSA Insurance deconsolidated since 2Q 2009.

** The provisions for legal litigations were previously included in income (other net income).

*** 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.

2Q 2010 Dexia Group reported results: net profit of EUR 248 million

In 2Q 2010, **income** stood at EUR 1,371 million, down 8.0% compared to 1Q 2010, that included higher capital gains (EUR 153 million vs. EUR 98 million in 2Q 2010). Aggregate "core business" revenues were up by 4% qoq (-1.4% excluding the capital gain on the sale of SPE booked in PWB). Group Center revenues were supported by a EUR 29 million capital gain on the sale of Dexia Epargne Pension (DEP) and EUR 25 million foreign exchange results in 2Q 2010. Revenues of the Legacy Portfolio Management Division (LPM Division) went down 80% compared to 1Q 2010 which included EUR 153 million capital gain on the sale of common shares of Assured Guaranty Ltd.

As a result of the ongoing cost control, **costs** were down 1.1% qoq and flat compared to 2Q 2009 at EUR 874 million despite unfavourable CAD and TRY exchange rates and development costs in Turkey.

The **cost of risk** amounted to EUR 126 million, down 52.5% compared to 1Q 2010. This significant decrease is mainly explained by a credit risk improvement in Turkey (down EUR 17 million on 1Q 2010), lower impairments on the Financial Products portfolio (down EUR 40 million on 1Q 2010) and a reversal of ABS provisions (EUR 40 million) as a result of sales and natural run-off.

At EUR 135 million, the **other impairments and provisions for legal litigations** included a EUR 138 million provision set up to cover potential risk related to the Ritro litigation in Slovakia. Dexia has appealed against the first instance judgement of the district court of Bratislava announced on 17 May 2010, condemning Dexia Group's subsidiary Dexia banka Slovensko (DBS) to pay EUR 138 million, regarding a claim introduced by a professional client in 2008. Dexia considers the claim as groundless, but has set up a provision to cover this potential risk.

In 2Q 2010, **pre-tax income** stood at EUR 236 million, down 27.4% against 1Q 2010.

The **tax expenses** included EUR 119 million positive impact of deferred tax assets on timing differences on the Financial Products Portfolio, which explains the EUR +30 million positive amount of taxes posted for the second quarter of 2010 (see explanation in paragraph related to LPM Division / Financial Products portfolio).

As a consequence of the above-mentioned evolution, **net income – Group share** amounted to EUR 248 million in 2Q 2010 compared to EUR 216 million in 1Q 2010 and EUR 283 million in 2Q 2009.

For 1H 2010, reported net income – Group share was EUR 464 million against EUR 534 million in 1H 2009.

Further progress on the transformation plan

Execution of the Group's restructuring plan is on track with the commitments given to the European Commission and further progress has been made during 2Q 2010.

As announced on 1 June 2010, the Group concluded an agreement with EDF on the sale of its 6.13% stake in SPE, a company operating in the energy sector in Belgium. The capital gain on this transaction amounted to EUR 69 million after taxes. The sale of DEP was also closed on 30 April 2010 with a capital gain of EUR 29 million after taxes and Dexia reached an agreement with Network Research Belgium on the sale of its 51% stake in Adinfo, a company active in IT services for Belgian local authorities. The capital gain on this transaction is estimated at EUR 13 million and is expected to be recorded in 3Q 2010 assuming approval by the Belgian Competition Authorities.

Those three transactions were part of the agreement with the European Commission reached in February 2010 providing for the disposal of Dexia Epargne Pension by 30 June 2010 and Dexia Group's holdings in SPE and Adinfo by 31 December 2010.

Deleveraging the balance-sheet remained a high priority for the Group. Despite market volatility and poor liquidity, EUR 16.8 billion of bonds and EUR 3.5 billion of PWB run-off loans were sold between the end of December 2009 and 2 August 2010 with a total P&L impact of EUR 122.4 million. The amount of assets deleveraged is already above the EUR 18.2 billion of bonds and loans sold for the entire year 2009. The bonds sold in 2010 had an average life of 5.6 years.

On 30 June 2010 the Group announced that given the improvement in its liquidity situation and in accordance with the commitments it made towards the European Commission, it would stop issuing new guaranteed debt four months earlier than the formal expiry date of 30 October 2010.

Thanks to the downsizing of financial market related activities effective since end of 2008 (stop of all proprietary trading and VAR divided by 2) the high volatility experienced during the last quarter had no significant impact on the results of the Group.

Results by division

Core Division

	Statement of income							
	2Q09*	1Q10*	2Q10	Var. 2Q10/ 2Q09	Var. 2Q10/ 1Q10	1H09*	1H10	Var. 1H10/ 1H09
In millions of EUR								
Income**	1,371	1,179	1,311	-4.4%	+11.2%	2,502	2,490	-0.5%
Expenses	-846	-855	-845	n.s.	-1.1%	-1,677	-1,700	+1.3%
Gross operating income	526	324	465	-11.5%	+43.4%	825	790	-4.3%
Cost of risk	-213	-106	-55	-74.0%	-47.9%	-296	-161	-45.5%
Other impairments & provisions for legal litigations*	-34	-16	-135	x4.0	x7.9	-23	-152	x6.6
Pre-tax income	279	202	275	-1.6%	+35.9%	507	477	-6.0%

*The provisions for legal litigations were previously included in income (other net income).

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

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

The capital gains related to the sale of SPE (EUR 69 million) and of DEP (EUR 29 million) closed in 2Q 2010 were recorded in the Core Division.

In 2Q 2010, the Core Division reported a pre-tax income of EUR 275 million against EUR 202 million in 1Q 2010 (+35.9%) and EUR 279 million in 2Q 2009 (-1.6%). Income went up 11.2% qoq and 2.9% excluding the capital gains on SPE and DEP. As a result of cost control, costs decreased by 1.1% qoq, despite the impact of foreign exchange rate and development costs in Turkey. The cost of risk decreased by 47.9% mainly by virtue of DenizBank. Other impairments and provisions for legal litigations were impacted by a provision of EUR 138 million set up to cover potential risk related to the Ritro litigation in Slovakia.

1H 2010 pre-tax income amounted to EUR 477 million compared to EUR 507 million in 1H 2009.

Retail and Commercial Banking (RCB)

Statement of income								
	2Q09	1Q10	2Q10	Var. 2Q10/ 2Q09	Var. 2Q10/ 1Q10	1H09	1H10	Var. 1H10/ 1H09
In millions of EUR								
Income	686	711	717	+4.4%	+0.8%	1,376	1,428	+3.8%
Expenses	-463	-473	-472	+2.0%	-0.1%	-919	-945	+2.9%
Gross operating income	223	239	244	+9.5%	+2.5%	458	483	+5.6%
Cost of risk	-100	-70	-59	-41.4%	-16.2%	-147	-129	-12.3%
Other impairments & provisions for legal litigations	-32	0	1	n.s	n.s	-33	1	n.s
Pre-tax income	91	169	187	x2.5	+10.4%	278	355	+27.7%

Retail and Commercial Banking posted another set of good results in 2Q 2010. The main drivers were a favourable deposit mix and volume growth combined with good cost control in Belgium and Luxembourg as well as a sustained commercial activity and an improvement in asset quality in Turkey (cost of risk more than halved since the peak in December 2009).

At the end of June 2010, total customer assets amounted to EUR 134 billion, up 7% yoy driven by deposits (+10%) and life insurance (+7%). EUR 8 billion of deposits have been collected since June 2009 (EUR 2.5 billion in 2Q 2010 only) leading to a total amount of EUR 87 billion. Off-balance-sheet outstanding was stable compared to June 2009, at EUR 47 billion, as the re-launch of the Branch 21 life insurance activity offset the outflow in mutual funds. Total customer loans amounted to EUR 54 billion at the end of June 2010, up 9% yoy and 4% compared to the end of March 2010 supported by investment and business credits.

- In **Belgium**, the deployment of the new distribution model is on track and a new investment approach was launched in June refining the investment advice approach. Dexia's customer satisfaction improved during the quarter that was, again, marked by a good commercial dynamic: deposits increased by EUR 1.2 billion at EUR 63.0 billion and life insurance reserves grew by EUR 0.4 billion supported by a Branch 21 campaign launched in March and ended mid-May. The deposit mix remained oriented towards saving accounts during the quarter, confirming the trend of 2009 (+14.4% yoy). Loans grew by 2% qoq at EUR 32.2 billion at the end of June 2010 driven by business and consumer loans.
- In **Luxembourg**, sustained commercial efforts led to an increase in retail and private banking franchises. New retail account openings were 10% higher in 1H 2010 compared to 1H 2009 and positive organic growth (tempered by market effects) was recorded in private banking and SME. As a result, deposits were at EUR 13.5 billion, up 3% qoq (and 6% yoy) and loans increased by 0.7% qoq and yoy.
- In **Turkey**, 2Q 2010 activity was boosted by the robust recovery of the Turkish economy and substantial improvement in consumer confidence. Deposits rose 5.7% qoq (+25% yoy i.e. higher than the sector average) to reach TRY 16.6 billion (EUR 8.6 billion) driven by both retail and PWB customers. At TRY 20.9 billion (EUR 10.8 billion), loans increased by 7% qoq (+18% yoy) in line with the Turkish market growth. The loan to deposit ratio amounted to 126% against 124% in 1Q 2010 and stable on December 2009. Increased roll out of ATMs (171 additional ATMs or +30% yoy) and the second "Robinson & Cuma" campaign launched in 2Q 2010 contributed to increase the brand visibility. 362,000 new retail and business customers have been acquired since June 2009.

In 2Q 2010, RCB pre-tax income amounted to EUR 187 million, up 10% qoq supported by a 19% increase in gross operating income excluding Turkey and a fall of the cost of risk at DenizBank. At EUR 355 million in 1H 2010, RCB pre-tax income was up by 28% on 1H 2009.

At EUR 717 million, income was stable compared to 1Q 2010, as revenue in Belgium and Luxembourg (+3%) was mitigated by pressure on income in Turkey (-3%). Year-on-year, revenues rose 4% at EUR 1,428 million supported by volume growth and a favourable deposit mix in Belgium and increased business fees in Turkey.

Costs (EUR 472 million in 2Q 2010) were flat qoq as cost reductions in Belgium and Luxembourg (EUR 7 million) were offset by inflation and a EUR 4 million TRY/EUR exchange rate impact. Compared to 1H 2009, costs rose 3% mainly due to development costs in Turkey (e.g. 50 branches opened since the end of June 2009).

The cost of risk improved further in 2Q 2010, down by 16% on 1Q 2010 at EUR 59 million driven by a 30% drop in Turkey (decreasing non-performing loans and better recoveries). Cost of risk increased slightly in Belgium and Luxembourg but remained below the 2009 average. Based on average customer loans, the cost of risk fell to 153 bps in 2Q 2010 from 245 bps three months earlier in Turkey. It amounted to 22 bps in Belgium and Luxembourg. In 1H 2010, total cost of risk amounted to EUR 129 million, down EUR 18 million compared to the same period of 2009.

Public and Wholesale Banking (PWB)

Statement of income								
In millions of EUR	2Q09	1Q10	2Q10	Var. 2Q10/ 2Q09	Var. 2Q10/ 1Q10	1H09	1H10	Var. 1H10/ 1H09
Income	340	242	294	-13.6%	+21.5%	726	536	-26.1%
Expenses	-140	-139	-138	-1.4%	-0.8%	-278	-278	n.s.
Gross operating income	200	103	156	-22.1%	+51.6%	448	258	-42.3%
Cost of risk	-51	-24	-7	-86.0%	-69.6%	-68	-31	-54.7%
Pre-tax income	149	79	149	n.s.	+88.0%	380	228	-40.1%

PWB total long-term commitments amounted to EUR 232 billion in June 2010, stable compared to March.

In **public banking**, long-term commitments were stable qoq and down 2% yoy as a result of the refocus of the business line on its core geographies. In the first half of the year, new loan production was up 3% yoy at EUR 4.9 billion. EUR 2.7 billion were originated in 2Q 2010, driven by France, Spain and Belgium. The new production was done on a selective basis at satisfactory level of margin. At EUR 25.3 billion, deposits were up 5% from the beginning of the year.

Leadership and sustained activity were confirmed in **project finance** in 1H 2010, with long-term production almost doubling at EUR 806 million. Most of the deals were closed in the sectors of infrastructure/transport or renewable energy, where Dexia benefits from a recognised know-how. The Birmingham Highway maintenance PFI, the Zelios-Gabardan solar plant in France or the financing of the acquisition of a transmission electricity network in Germany (Vattenfall) illustrate this dynamic deal flow.

In 2Q 2010, PWB posted a pre-tax income of EUR 149 million including the capital gain on the sale of SPE, against EUR 79 million in 1Q 2010. In the first half of the year, pre-tax income came at EUR 228 million.

Income amounted to EUR 294 million, up 21% qoq, benefiting from the EUR 69 million capital gain recorded on the sale of Dexia's stake in SPE. In 1H 2010 revenues were down by 26%, following lower financial market revenues and higher costs of liquidity subsequent to the introduction of the new segment reporting in 1Q 2010.

Costs remained stable in 2Q 2010 compared to 1Q 2010 and in 1H 2010 compared to 1H 2009.

At EUR 7 million, the cost of risk benefited from EUR 18 million provision write-back in 2Q 2010. Excluding the positive impact of this one-off item, the cost of risk was equivalent to an annualised 4 bps on the average

customer loans, in line with 1Q 2010 and reflecting the very low level of the business line's cost of risk. In 1H 2010, the cost of risk fell by 55% compared to 1H 2009, due to collective provisions set in 2Q 2009.

Asset Management and Services (AMS)

Statement of income								
In millions of EUR	2Q09*	1Q10*	2Q10	Var. 2Q10/ 2Q09	Var. 2Q10/ 1Q10	1H09*	1H10	Var. 1H10/ 1H09
Income	229	237	232	+1.3%	-2.0%	329	469	+42.4%
Expenses	-163	-167	-176	+8.1%	+5.3%	-325	-343	+5.4%
Gross operating income	66	70	56	-15.3%	-19.5%	4	126	x32.5
Cost of risk	-17	0	2	n.s.	n.s.	-23	2	n.s.
Pre-tax income	50	70	58	+17.0%	-16.7%	-19	128	n.s.
<i>Of which</i>								
<i>Asset Management</i>	13	17	18	+39.7%	+5.7%	3	35	x11.7
<i>Investor Services</i>	10	11	17	+68.2%	+60.7%	11	28	x2.5
<i>Insurance</i>	27	42	23	-13.9%	-45.6%	-32	65	n.s.

* The results of DEP previously recorded in AMS are now recorded in Group Center.

In 2Q 2010, pre-tax income from Asset Management and Services amounted to EUR 58 million against EUR 50 million in 2Q 2009 and EUR 70 million in 1Q 2010.

- **Asset Management:** Qoq, Assets under Management (AuM) decreased by 2.9% to reach EUR 82.7 billion, 7.1% above the June 2009 level and stable compared to December 2009. The decrease (EUR 2.3 billion) in AuM observed during the second quarter of 2010 is explained by a negative market effect. Inflows in institutional and private mandates (+EUR 2.1 billion) were offset by outflows in retail and institutional funds (-EUR 2.2 billion), mainly coming from money market funds.

During 2Q 2010, Dexia AM further developed client-oriented solutions based on its leading Sustainable and Responsible Investment expertise and a wide range of regulated and liquid alternative funds. An enhanced asset allocation approach was also developed.

In 2Q 2010, Asset Management posted pre-tax income of EUR 18 million against EUR 13 million in 2Q 2009 and EUR 17 million in 1Q 2010.

Revenues amounted to EUR 50 million, up by 13% compared to 2Q 2009 driven by higher management fees (+27%) and performance fees (+22%). Qoq revenues increased by 3%, as a result of higher securities lending fees and management fees due to an improvement of the product mix and decreasing performance fees due to a negative seasonal effect.

Costs remained stable compared to 2Q 2009 and to 1Q 2010. The total cost over average AuM decreased from 17 bps in 1H 2009 to 15 bps in 1H 2010 reflecting the high efficiency of the business line.

In 1H 2010, Asset Management posted pre-tax income of EUR 35 million against EUR 3 million in 1H 2009, which was impacted by impairments in Dexia AM's own portfolio in 1Q 2009.

- **Investor Services:** At the end of June 2010, Assets under Administration (AuA) expressed in USD were down 2.3% compared to March 2010, at USD 2,428 billion. This decrease was mainly due to an unfavourable exchange rate impact, as part of the outstanding is denominated in EUR. This more than offsets the combined contribution of the integration of the former UBI Banca's subsidiary, the positive organic growth, and a favourable market effect. Expressed in EUR, AuA were up 7.8% qoq, and 38.8% yoy, mainly driven by exchange rate and market effects. Assets under Custody (AuC) were flat qoq at USD 1,927 billion due to similar drivers as for AuA (+9.3% expressed in EUR). The number of transfer agents accounts further increased by 3% qoq, or +285,000 accounts, supported by the consolidation of the UBI Banca subsidiary acquired in 2009.

In 2Q 2010, Investor Services posted pre-tax income of EUR 17 million, up 61% qoq. 1H 2010 pre-tax profit came at EUR 28 million (x2.5 compared to 1H 2009). Income amounted to EUR 101 million, up 14% qoq driven by forex margin (volumes up, as clients were more active in cross-boarder trading) and a positive seasonal effect on securities lending. At EUR 190 million, 1H 2010 income, was up 15% on 1H 2009. Costs increased by 8% qoq and 9% in 1H 2010 compared to 1H 2009 partly due to exchange rate impact.

- **Insurance:** Total gross written premiums (EUR 1,116 million in 2Q 2010) grew by 90% yoy by virtue of the commercial focus on insurance in Luxembourg and in life and non-life distribution channels in Belgium. Premiums increased by 38% qoq with a 72% rise in Branch 21 life insurance products. Approximately EUR 600 million of new premiums were collected with the 2Q 2010 dedicated Branch 21 campaign in Dexia Bank Belgium's network. At EUR 122 million, non-life insurance premiums were still on a growing trend (+3% yoy except a seasonal effect in 1Q 2010).

In 2Q 2010, pre-tax income was at EUR 23 million. Revenues amounted to EUR 81 million in 2Q 2010, down 19% on 1Q 2010 as a better non-life loss ratio and positive revenues (mainly dividend inflows and higher income due to increasing investment portfolio outstanding) were offset by additional profit-sharing provisions (EUR 52 million) and impairments and losses on sales of assets.

Costs were at EUR 60 million, slightly increasing due to higher IT expenditures.

In 1H 2010, insurance activities posted pre-tax income of EUR 65 million whereas 1H 2009 showed a loss due to numerous negative crisis impacts.

Group Center

Statement of income								
In millions of EUR	2Q09*	1Q10*	2Q10	Var. 2Q10/ 2Q09	Var. 2Q10/ 1Q10	1H09*	1H10	Var. 1H10/ 1H09
Income	116	-11	68	-48	+79	72	57	-15
Expenses	-79	-76	-59	+21	+17	-156	-135	+21
Gross operating income	36	-86	9	-27	+95	-84	-78	-6
Cost of risk	-44	-13	9	+53	+21	-58	-4	+54
Other impairments & provisions for legal litigations	-1	-17	-136	-135	-119	10	-153	-163
Pre-tax income	-10	-116	-119	-109	-3	-132	-234	-102

* The provisions for legal litigations were previously included in income (other net income). The results of DEP previously recorded in AMS are now recorded in Group Center.

Following the implementation of the new segmentation in 1Q 2010, the Group Center combines the contributions of the Treasury and ALM and Central Assets sub-segments.

In 2Q 2010, the Group Center posted revenues up EUR 79 million mainly supported by a EUR 29 million capital gain on the sale of DEP and EUR 25 million foreign exchange results which more than compensated the EUR 14 million fall of the allocated Treasury revenues. Costs decreased by 22% qoq. At EUR 136 million, other impairments and provisions included a EUR 138 million provision set-up to cover potential risk related to the Ritro litigation in Slovakia (*see reported statement of income*).

Consequently, Group Center reported a pre-tax loss of EUR 119 million in 2Q 2010, against a loss of EUR 116 million in 1Q 2010.

In 1H 2010, the pre-tax income of Group Center amounted to EUR -234 million against EUR -132 million in 1H 2009. One of the main drivers of this evolution was the decreasing contribution of the Treasury result (EUR -99 million between 1H 2009 and 1H 2010) that benefited from very high spreads between Overnight and term rates during the first three quarters of 2009.

Legacy Portfolio Management Division

Statement of income*								
In millions of EUR	2Q09	1Q10	2Q10	Var. 2Q10/ 2Q09	Var. 2Q10/ 1Q10	1H09	1H10	Var. 1H10/ 1H09
Income**	272	311	61	-77.4%	-80.3%	460	372	-19.0%
Expenses	-31	-29	-29	-5.2%	+0.7%	-66	-58	-12.4%
Gross operating income	241	282	32	-86.7%	-88.6%	393	314	-20.1%
Cost of risk	-116	-159	-71	-38.6%	-55.2%	-169	-230	+36.4%
Pre-tax income	125	123	-39	n.s.	n.s.	225	84	-62.5%

* Excluding FSA Insurance.

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

Under the new segment reporting introduced in 1Q 2010, the LPM Division includes the contributions of Dexia's bond portfolios in run-off (including the Financial Products portfolio) and of the PWB run-off commitments.

The LPM division posted a pre-tax income of EUR -39 million in 2Q 2010 against a gain of EUR 123 million in 1Q 2010 which included the EUR 153 million capital gain on the sale of Assured Guaranty shares. 2Q 2010 deleverage costs were higher compared to the previous quarter (EUR 62.5 million in 2Q 2010 against EUR 46.4 million in 1Q 2010) although average loss rate remained moderate. Expenses were down 5.2% qoq and the cost of risk decreased by EUR 88 million on 1Q 2010 mainly owing to reduced impairments on the Financial Products portfolio (EUR -40 million qoq) and a reversal of the ABS provisions of EUR 40 million as a result of sales and natural run-off.

- At EUR 125.2 billion at the end of June 2010, the **bond portfolio in run-off** was down by EUR 2.9 billion on March 2010 as quarterly sales (EUR 5.6 billion) and amortization (EUR 2.3 billion) were partly offset by exchange rate effects (EUR 4.9 billion). In 2Q 2010, the Group maintained a sustained pace of deleveraging of both legacy and non legacy assets (*see chapter related to the transformation plan*).

The portfolio remained 95% investment grade. Nevertheless, qoq EUR 3.1 billion of bonds migrated from the A to the BBB rating category mainly due to the downgrade of the Greek Sovereign.

The stock of impairments on the portfolio went down by EUR 37 million on 1Q 2010 thanks to a reversal of EUR 40 million of the ABS provisions due to sales and natural run-off.

The pre-tax income of the bond portfolios in run-off amounted to EUR 36 million in 2Q 2010, against EUR 40 million in 1Q 2010.

- In 2Q 2010, the total size of the **Financial Products portfolio** decreased by USD 0.4 billion on 1Q 2010, at USD 14.6 billion and average life of the portfolio remained unchanged at 9.4 years.

The total cash shortfalls and realised losses on the portfolio went up by USD 128 million over the quarter to reach a cumulative total amount of USD 433 million.

Despite remaining uncertainty regarding the future direction of US real estate market, first signs of stabilisation were observed during the second quarter of 2010 leading to a reduction of the delinquent loans in the pool of mortgages of the FP portfolio. Consequently, total discounted expected cash shortfalls on the portfolio went down by USD 80 million on 1Q 2010 at USD 1.239 billion. Such estimation is done to the best of Dexia's knowledge and based on market conditions as at the end of June 2010.

Nevertheless, in application of IAS 39, specific impairments of USD 175 million were posted, partially compensated by a release of the collective provision of USD 12 million leading to a total amount of provisions of USD 2,020 million as at 30 June 2010. Such amount was in excess of USD 781 million compared to the discounted expected cash shortfalls.

As the own credit risk (OCR) on the portfolio was stable at USD 334 million, deferred taxes on those two timing differences were posted in 2Q 2010 for a total amount of USD 157 million impacting the "tax line" at Group level.

The Financial Products portfolio reporting segment posted a pre-tax income of EUR -101 million versus a gain of EUR 24 million in 1Q 2010 that included the capital gain on the sale of Assured shares Ltd.

- In 2Q 2010, **PWB run-off commitments** reported a pre-tax income of EUR -1 million against EUR +9 million in 1Q 2010. The main driver explaining this decrease was the loss related to the sale of long-dated loans. EUR 2.1 billion of loans were sold in 2Q 2010 for a total loss of EUR 12.6 million (against EUR 0.3 billion sale in 1Q 2010 for a loss of EUR 8 million). Additional EUR 1.1 billion of loans were sold as at end July leading to a total loss of EUR 21.2 million as at 2 August 2010.

Deleveraged loans were mainly booked within DCL Tokyo Branch.

- At EUR 27 million in 2Q 2010, the **Treasury** result allocated to the LPM Division decreased sharply yoy (-80%) as a consequence of the flattening of the short-term cash curve and the reduction of the Group's short-term liquidity gap. Qoq the allocated Treasury result decreased by 46% (EUR 23 million).

Balance-sheet, solvency and liquidity

Total assets, shareholders' equity and solvency					
	Dec. 31, 2009	March 31, 2010	June 30, 2010	Variation June 30, 10/ Dec.31, 09	Variation June 30, 10/ March. 31, 10
Total assets (EUR m)	577,630	588,054	608,510	+5.3%	+3.5%
Core shareholders' equity (EUR m)	18,498	18,715	18,965	+2.5%	+1.3%
Total shareholders' equity (EUR m)	10,181	10,389	7,614	-25.2%	-26.7%
Tier 1 capital (EUR m)	17,573	17,880	18,216	+3.7%	+1.9%
Total weighted risks (EUR m)	143,170	142,680	149,254	+4.2%	+4.6%
Tier 1 ratio	12.3%	12.5%	12.2%	-7 bps	-33 bps
Core Tier 1 ratio	11.3%	11.5%	11.3%	-3 bps	-28 bps
Net assets per share*					
– Core shareholders' equity (EUR)	10.02	10.14	10.27	+2.5%	+1.3%
– Total shareholders' equity (EUR)	5.52	5.63	4.12	-25.4%	-26.8%

* Figures for December 2009 and March 2010 were restated to take into consideration the bonus shares (free of charge) distributed to the shareholders.

The first half-year 2010 was marked by the high volatility of foreign exchange and credit spreads and the decrease in interest rates which resulted in important variations of the balance sheet and weighted risks.

Balance-sheet and solvency

At the end of June 2010, Dexia's total assets reached EUR 609 billion, up by 5.3% (EUR 31 billion) compared to the end of 2009. Over the period, the impact of deleveraging was more than offset by EUR 27.2 billion of positive fair value adjustments (o/w EUR 17.4 billion on derivatives) and EUR 10.3 billion of cash collateral variations.

In 2Q 2010, total assets increased by 3.5% (EUR 20.5 billion) driven by the same factors: EUR 18.3 billion fair value adjustments of assets (including EUR 11.7 billion on derivatives) and increase in cash collaterals by EUR 8.7 billion.

At the end of June 2010, weighted risks amounted to EUR 149.3 billion, up by EUR 6.6 billion from March 2010, out of which EUR 5.7 billion are due to foreign exchange effects. On a yearly basis, weighted risks increased slightly by 0.4%, as the impact of the Group's active deleveraging policy was more than offset by foreign exchange evolutions.

At EUR 19 billion, Dexia's core shareholders' equity increased by 1.3% qoq and 5.2% vs. June 2009, by virtue of the organic generation of capital.

The Group's total shareholders' equity amounted to EUR 7.6 billion, down 26.7% from the end of March 2010 but still up 4.6% compared to June 2009. This decline is due to an increase of the negative Other Comprehensive Income, and in particular the increase of the negative available-for-sale reserve on securities (AFS), from EUR 7.3 billion at the end of March to EUR 10.4 billion at the end of June 2010. Excluding assets reclassified in Loans and Receivables (L&R) from AFS, the AFS reserve decreased by EUR 2.4 billion on March 2010 mainly due to the impact of foreign exchange and to a spread widening on sovereign bonds (Greece, Portugal and Italy).

The AFS reserve related to assets reclassified in L&R decreased by EUR 0.7 billion at EUR -6.2 billion as a result of foreign exchange evolution and of a reversal of a Deferred Tax Asset (DTA) following a global assessment of outstanding DTA.

As a matter of information, as at end of July 2010, the AFS reserve (including L&R) improved by EUR 1.1 billion since the end of June 2010 owing to foreign exchange and a tightening of credit spreads.

In June 2010, Dexia's Tier 1 and core Tier 1 ratios reached respectively 12.2% and 11.3%, stable from December 2009. On a yearly basis, the Tier 1 ratio was up 88 bps, reflecting the active deleveraging policy and the organic generation of Tier 1 capital of the Group. Compared to 1Q 2010, Dexia's Tier 1 ratio decreased by 33 bps, as the organic Tier 1 generation (+23 bps) was more than offset by the increase in weighted risks (-56 bps).

In June 2010, the Committee of European Banking Regulation (CEBS), in cooperation with the European Central Bank and the national regulatory authorities conducted a stress test on major European banks, including Dexia, to assess their ability to withstand adverse macro-economic scenarios as well as a shock applied to sovereign debt. This stress test underlined Dexia's resilience capacity in depressed conditions. Indeed, the estimated Tier 1 ratio of the Group in 2011 was equal to 10.9% under the most adverse scenario with additional sovereign shock, corresponding to a buffer of EUR 7.4 billion of regulatory capital versus the 6% threshold of Tier 1 CAD ratio agreed for the purpose of the test.

Update on liquidity

The Group raised EUR 37.9 billion of medium and long-term wholesale funding by 23 July 2010, thus more than fully realising the budget set for the entire year 2010. Funds raised to this date involved over EUR 23.2 billion of state guaranteed debt and EUR 14.8 billion raised without the benefit of the guarantee of which EUR 9.9 billion of covered bonds, EUR 2.5 billion of long-term secured funding other than covered bonds and EUR 2.4 billion of senior unsecured format. This achievement reflects the cautious and timely execution approach that the Group chose to implement early 2010.

The short-term liquidity gap was reduced by an additional EUR 12 billion over the quarter (EUR 22 billion in 1H 2010) at EUR 144 billion by virtue of the sustained pace of the deleveraging programme and the swift execution of the long-term funding programme. By the end of June 2010, the total amount of repo and central bank eligible securities amounted to EUR 123 billion of which EUR 78 billion were used, keeping the Group's liquidity buffer stable.

MANAGEMENT REPORT

RISK MANAGEMENT

Introduction

The main risks Dexia has to manage within the context of its activities are described in detail in the Dexia Annual Report 2009. 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 2010)

In millions of EUR	
Central governments	71,474
Public sector entities	267,662
Corporate	53,292
Monolines	12,219
ABS/MBS	31,838
Project finance	20,109
Individuals, SME and self-employed	46,740
Financial institutions	84,439
Other	176
Total	587,949

Dexia Group exposure by geographical region (as at 30 June 2010)

In millions of EUR	
Belgium	112,666
France	104,625
Germany	38,195
Italy	54,879
Luxembourg	12,322
Other EU countries	108,303
Rest of Europe	11,854
Turkey	13,638
United States and Canada	89,026
South and Central America	4,442
Southeast Asia	2,954
Japan	14,115
Other	20,929
Total	587,949

Market Risk

		TFM value at risk									
		IR & FX (Trading and banking) ⁽¹⁾					EQT Trading				
VaR (10 days, 99%), in m EUR		2Q09	4Q09	2Q10	2Q10 core	2Q10 non core	2Q09	4Q09	2Q10	2Q10 core	2Q10 non core
	By risk factor	Average	24.0	20.3	16.5	18.0	2.6	5.6	2.4	2.0	2.0
	Q end	17.3	17.5	19.1	17.8	1.7	4.2	1.2	1.6	1.6	0.0
	Maximum	32.3	26.3	28.0	30.6	4.2	9.7	4.5	3.8	3.8	0.0
	Limit	63.0	63.0	61.0	56.0	5.0	11.0	11.0	11.0	11.0	0.0
	Sensi	114.1	-54.0	1.0	3.7	-2.7					

		Spread trading ⁽²⁾					Other risk ⁽³⁾				
VaR (10 days, 99%), in m EUR		2Q09	4Q09	2Q10	2Q10 core	2Q10 non core	2Q09	4Q09	2Q10	2Q10 core	2Q10 non core
	By risk factor	Average	43.4	28.6	23.9	8.0	22.5	4.4	4.4	3.6	3.6
	Q end	41.7	23.1	21.9	6.8	21.6	4.3	3.8	3.4	3.4	0.0
	Maximum	51.2	37.7	30.0	13.3	27.7	5.3	4.7	5.8	5.8	0.0
	Limit	43.0	43.0	43.0	20.0	31.0	7.0	7.0	7.0	7.0	0.0
	Sensi	0.4	-0.2	-0.5	-0.3	-0.2					

Global 2Q	Average	45.9	Core 2Q	31.6	Non-core 2Q	25.0
	Q end	45.9		29.5		23.3
	Maximum	55.5		44.1		30.8
	Limit	100.0		75.0		31.0

(1) Sensitivity to 1% raise across the entire interest rate curve.

(2) Sensitivity to 1 bp of credit spread widening.

(3) Other risk: inflation and CO₂.

Asset and Liability Management (ALM)

Listed shares sensitivity – Banking companies portfolio ⁽¹⁾				
In millions of EUR	Market value	VaR	% VaR / MV ⁽²⁾	EaR
30 June 2009	281	45	16.0%	(29)
30 September 2009	516 ⁽³⁾	37 ⁽⁴⁾	17.0%	(13)
31 December 2009	503 ⁽³⁾	16 ⁽⁴⁾	9.0%	0
31 March 2010	89	7	8.0%	0
30 June 2010	59	11	19.0%	0

(1) Excluding DenizBank.

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

(3) Assured Guaranty share included.

(4) Assured Guaranty share non-included.

Listed shares sensitivity – Insurance companies portfolio				
In millions of EUR	Market value	VaR	% VaR / MV ⁽²⁾	EaR
30 June 2009	947	97	10.2%	(213)
30 September 2009	1,167	151	12.9%	(144)
31 December 2009	1,435	149	10.4%	(52)
31 March 2010	1,388	102	6.5%	(46)
30 June 2010	1,063	99	9.3%	(85)

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

Asset quality, ratings

Quality of risks					
In millions of EUR, except where indicated	30/06/09	30/09/09	31/12/09	31/03/10	30/06/10
Impaired loans to customers	3,624	3,720	4,808	5,471	6,016
Portfolio impairments ⁽¹⁾	2,324	2,366	2,657	2,989	3,288
Assets quality ratio ⁽²⁾	1.0%	1.1%	1.4%	1.6%	1.7%
Coverage ratio ⁽³⁾	64.1%	63.6%	55.3%	54.6%	54.7%

(1) Does not include the collective impairment set aside to cover potential risk on share-leasing products.

(2) The ratio between the impaired loans and the gross outstanding loans.

(3) The ratio between the portfolio impairments and the impaired loans.

Ratings as at 30 June 2010			
	Long-term	Outlook	Short-term
Fitch			
Dexia Bank Belgium	A+	Stable outlook	F1+
Dexia Crédit Local	A+	Stable outlook	F1+
Dexia Banque Internationale à Luxembourg	A+	Stable outlook	F1+
Dexia Municipal Agency (Obligations foncières)	AAA	-	
Moody's			
Dexia Bank Belgium	A1	Stable outlook	P-1
Dexia Crédit Local	A1	Stable outlook	P-1
Dexia Banque Internationale à Luxembourg	A1	Stable outlook	P-1
Dexia Municipal Agency (Obligations foncières)	Aaa	-	
Standard & Poor's			
Dexia Bank Belgium	A	Negative outlook	A-1
Dexia Crédit Local	A	Negative outlook	A-1
Dexia Banque Internationale à Luxembourg	A	Negative outlook	A-1
Dexia Municipal Agency (Obligations foncières)	AAA	Stable outlook	
Dexia Kommunalbank Deutschland (Pfandbriefe)	AAA	Stable outlook	

MANAGEMENT REPORT

SOLVENCY

Comparison total equity (financial statements) and total equity as calculated for regulatory requirements

In millions of EUR	31/12/09		30/06/10	
	Financial Statements	Regulatory purposes	Financial Statements	Regulatory purposes
Total shareholders' equity	10,182	10,182	7,614	7,614
Minority interests	1,806	1,796	1,717	1,709
<i>of which Core equity</i>	1,813	1,805	1,840	1,833
<i>of which Gains and Losses not recognised in the statement of income</i>	(8)	(9)	(123)	(124)
Discretionary participation features of insurance contracts	1	0	0	0
Total equity	11,988	11,978	9,331	9,323

For regulatory purposes, insurance companies are accounted for by the equity method. Therefore, minority interests differ from those published in the Financial Statements. Discretionary Participation Features only relate to insurance companies.

Regulatory capital

In millions of EUR	31/12/09	30/06/10
Total regulatory capital (after income appropriation)	20,251	20,708
Tier 1 capital	17,573	18,216
Core shareholders' equity	18,498	18,965
Cumulative translation adjustments-Group	(531)	(185)
Minority interests (eligible in Tier 1) ⁽¹⁾	613	644
Deductions and prudential filters	(2,428)	(2,631)
Hybrid regulatory Tier 1 capital ⁽²⁾	1,421	1,423
Additional own funds	2,678	2,491
Perpetuals	755	850
Subordinated liabilities	2,630	2,597
Deductions and prudential filters	(707)	(955)

(1) On a regulatory approach, the amounts booked in minority interests and eligible as hybrid regulatory Tier 1 capital are presented separately. As of 31 December 2009 and as of 30 June 2010 EUR 1,196 million eligible and EUR 1,198 million eligible as hybrid regulatory Tier 1 capital is included in minority interests' core equity.

(2) This amount is the result of three operations:

- Undated deeply subordinated non-cumulative Notes for EUR 700 million, issued by Dexia Crédit Local and booked in Minority interests;
- Undated subordinated non-cumulative Notes for EUR 500 million, issued by Dexia Funding Luxembourg and booked in Minority interests for EUR 498 million;
- Hybrid capital issued by Dexia BIL on 6 July 2001 for an amount of EUR 225 million bearing an interest of 6.821% and booked in Subordinated debts in the financial statements.

Weighted risks

In millions of EUR	30/06/09	30/09/09	31/12/09	31/03/10	30/06/10
Credit risk	135,381	132,069	129,758	129,244	135,537
Market risk	2,980	2,503	2,993	3,017	3,298
Operational risk	10,269	10,269	10,419	10,419	10,419
Total	148,630	144,841	143,170	142,680	149,254

Solvency ratios

	30/06/09	30/09/09	31/12/09	31/03/10	30/06/10
Tier 1 ratio	11.3%	11.8%	12.3%	12.5%	12.2%
Capital adequacy ratio	13.0%	13.5%	14.1%	14.3%	13.9%

MANAGEMENT REPORT

SHAREHOLDER INFORMATION

Shareholders' base as of 30 June 2010

Caisse des dépôts et consignations	17.6%
Holding Communal	14.8%
Arco Group	13.7%
French State	5.7%
Belgian federal State	5.7%
Three Belgian Regions	5.7%
Ethias Group	5.2%
CNP Assurances	3.0%
Employee shareholding	1.4%
Other institutional and individual shareholders	27.1%

Principal related party transactions

There have not been any significant transactions with related parties during 2Q 2010. For more details please consult the latest annual disclosure on related party transactions in the Dexia annual report on page 166.

Number of shares

	30/06/09	31/12/09	30/06/10
Number of shares	1,762,478,783	1,762,478,783	1,846,406,344
<i>of which Treasury shares</i>	293,570	293,570	307,548
Number of options	71,787,214 ⁽¹⁾	71,242,716 ⁽¹⁾	68,788,355 ⁽¹⁾
Total number current/potential future shares ⁽²⁾	1,834,265,997	1,833,721,499	1,915,194,699

⁽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.

⁽²⁾ For more details we refer to "Legal information" on www.dexia.com.

Data per share*

	30/06/09	31/12/09	31/12/09
Average weighted number of shares ⁽¹⁾	1,846,098,796	1,846,098,796	1,846,098,796
Diluted average weighted number of shares ⁽¹⁾	1,846,098,796	1,846,098,796	1,846,098,796
Earnings per share – EPS (in EUR)			
- basic ⁽²⁾	0.29	0.55	0.25
- diluted ⁽³⁾	0.29	0.55	0.25
Net assets per share (in EUR) ⁽⁴⁾			
- related to core shareholders' equity ⁽⁵⁾	9.77	10.02	10.27
- related to total shareholders' equity ⁽⁶⁾	3.94	5.52	4.12

* Figures for June 2009 and December 2009 were restated to take into consideration the bonus shares (free of charge) distributed to the shareholders.

⁽¹⁾ Excluding shares held in treasury stocks.

⁽²⁾ The ratio between the net income – Group share and the average weighted number of shares.

⁽³⁾ The ratio between the net income – Group share and the average weighted diluted number of shares.

⁽⁴⁾ The ratio between the shareholders' equity and the number of shares (after deduction of treasury shares) at end of period.

⁽⁵⁾ Without AFS, CFH reserve and cumulative translation adjustments.

⁽⁶⁾ With AFS, CFH reserve and cumulative translation adjustments.

MANAGEMENT REPORT

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, 5 August 2010

For the Management Board

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

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

AS AT 30 JUNE 2010	21
CONSOLIDATED BALANCE SHEET	22
CONSOLIDATED STATEMENT OF INCOME	24
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	25
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	27
CONSOLIDATED CASH FLOW STATEMENT	28
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS	29
Note I. Accounting principles and rules of the condensed consolidated financial statements	29
Note II. Significant changes in scope of consolidation	31
Note III. Segment reporting	32
Note IV. Exchange rates	33
Note V. Significant items included in the statement of income	34
Note VI. Post-balance-sheet events	34
Note VII. Litigations	35
REVIEW REPORT OF AUDITORS	37

DEXIA – CONSOLIDATED BALANCE SHEET

ASSETS			
<i>in millions of EUR</i>	30/06/09	31/12/09	30/06/10
I. Cash and balances with central banks	3,262	2,673	2,595
II. Loans and advances due from banks	49,242	47,427	60,527
III. Loans and advances to customers	357,374	353,987	363,949
IV. Financial assets measured at fair value through profit or loss	14,996	10,077	9,933
V. Financial investments	110,962	105,251	96,352
VI. Derivatives	41,175	40,728	58,298
VII. Fair value revaluation of portfolio hedge	3,440	3,579	5,627
VIII. Investments in associates	684	171	169
IX. Tangible fixed assets	2,406	2,396	2,431
X. Intangible assets and goodwill	2,182	2,177	2,367
XI. Tax assets	3,635	2,919	3,507
XII. Other assets	3,083	1,895	2,659
XIII. Non-current assets held for sale	36	4,350	96
Total assets	592,477	577,630	608,510

The notes on pages 29 to 36 are an integral part of these condensed consolidated financial statements.

DEXIA – CONSOLIDATED BALANCE SHEET			
LIABILITIES			
<i>in millions of EUR</i>	30/06/09	31/12/09	30/06/10
I. Due to banks	142,637	123,724	109,222
II. Customer borrowings and deposits	121,537	120,950	126,733
III. Financial liabilities measured at fair value through profit or loss	18,809	19,345	20,587
IV. Derivatives	55,396	58,364	84,574
V. Fair value revaluation of portfolio hedge	1,833	1,939	2,978
VI. Debt securities	215,053	213,065	228,745
VII. Subordinated debts	4,226	4,111	3,947
VIII. Technical provisions of insurance companies	16,946	13,408	14,935
IX. Provisions and other obligations	1,514	1,581	1,724
X. Tax liabilities	392	238	182
XI. Other liabilities	5,046	4,585	5,535
XII. Liabilities included in disposal groups held for sale	0	4,332	17
Total liabilities	583,389	565,642	599,179
EQUITY			
<i>in millions of EUR</i>			
XIV. Subscribed capital	8,089	8,089	8,442
XV. Additional paid-in capital	13,618	13,618	13,618
XVI. Treasury shares	(22)	(25)	(20)
XVII. Reserves and retained earnings	(4,186)	(4,194)	(3,539)
XVIII. Net income for the period	534	1,010	464
Core shareholders' equity	18,033	18,498	18,965
XIX. Gains and losses not recognised in the statement of income	(10,756)	(8,317)	(11,351)
a) Available-for-sale reserve on securities	(9,489)	(7,084)	(10,356)
b) Other reserves	(1,267)	(1,233)	(995)
Total shareholders' equity	7,277	10,181	7,614
XX. Minority interest	1,811	1,806	1,717
XXI. Discretionary participation features of insurance contracts	0	1	0
Total equity	9,088	11,988	9,331
Total liabilities and equity	592,477	577,630	608,510

The notes on pages 29 to 36 are an integral part of these condensed consolidated financial statements.

DEXIA – CONSOLIDATED STATEMENT OF INCOME					
<i>in millions of EUR</i>		Quarter ended		Year-to-date	
		30/06/09	30/06/10	30/06/09	30/06/10
I.	Interest income	16,114	12,159	36,515	22,258
II.	Interest expense	(14,837)	(11,127)	(33,631)	(20,232)
III.	Dividend income	60	50	77	58
IV.	Net income from associates	13	0	22	0
V.	Net income from financial instruments at fair value through profit or loss	(111)	10	206	34
VI.	Net income on investments	176	28	(298)	247
VII.	Fee and commission income	381	441	740	839
VIII.	Fee and commission expense	(74)	(90)	(147)	(160)
IX.	Premiums and technical income from insurance activities	572	1,347	1,434	2,303
X.	Technical expense from insurance activities	(653)	(1,450)	(1,576)	(2,496)
XI.	Other net income	1 ⁽¹⁾	3	(9) ⁽²⁾	11
	Income	1,642	1,371	3,333	2,862
XII.	Staff expense	(443)	(435)	(894)	(904)
XIII.	General and administrative expense	(273)	(273)	(553) ⁽³⁾	(524)
XIV.	Network costs	(91)	(92)	(182)	(184)
XV.	Depreciation & amortization	(68)	(74)	(142)	(146)
	Expenses	(875)	(874)	(1,771)	(1,758)
	Gross operating income	767	497	1,562	1,104
XVI.	Impairment on loans and provisions for credit commitments	(328)	(126)	(737)	(391)
XVII.	Impairment on tangible and intangible assets	(33)	1	(33)	1
XVIII.	Impairment on goodwill	0	0	0	0
XIX.	Provisions for legal litigations	(2) ⁽¹⁾	(136)	10 ⁽²⁾	(153)
	Net income before tax	404	236	802	561
XX.	Tax expense	(83)	30	(193)	(60)
	Net income	321	266	609	501
	Attributable to minority interest	38	18	75	37
	Attributable to equity holders of the parent	283	248	534	464
<i>in EUR</i>					
	Earnings per share				
	- basic			0.29 ⁽⁴⁾	0.25
	- diluted			0.29 ⁽⁴⁾	0.25

(1) An amount of EUR -2 million was transferred from "Other net income" to "Provisions for legal litigations".

(2) An amount of EUR 10 million was transferred from "Other net income" to "Provisions for legal litigations".

(3) The amount of EUR -7 million of Deferred acquisition costs is now included in "General and administrative expense" and not displayed any longer in a specific line of the consolidated statement of income.

(4) Figures as at 30 June 2009 were restated to consider the issuance of new ordinary shares, free of charge (bonus shares), distributed to the shareholders.

The notes on pages 29 to 36 are an integral part of these condensed consolidated financial statements.

DEXIA – CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

CORE SHAREHOLDERS' EQUITY	Subscribed capital	Additional paid-in capital	Treasury shares	Reserves and retained earnings	Net income for the period	Core shareholders' equity
<i>in millions of EUR</i>						
As at 31 December 2008	8,089	13,618	(23)	(870)	(3,326)	17,488
<i>Movements of the period</i>						
- Issuance of subscribed capital				(1)		(1)
- Trading activities on treasury shares			1			1
- Transfers to reserves				(3,326)	3,326	0
- Share based payments: value of employee services				6		6
- Variation of scope of consolidation				5		5
- Net income for the period					534	534
As at 30 June 2009	8,089	13,618	(22)	(4,186)	534	18,033
GAINS AND LOSSES NOT RECOGNISED IN THE STATEMENT OF INCOME	Gains and losses not recognised in the statement of income					
	Securities (AFS)	Derivatives (CFH & FX Inv't)	Associates (AFS, CFH)	Cumulative translation adjustments (CTA)	Total gains and losses Group share	
<i>in millions of EUR</i>						
As at 31 December 2008	(11,866)	(1,156)	(9)	(541)	(13,572)	
<i>Movements of the period</i>						
- Net change in fair value through equity – Available-for-sale investments	1,805				1,805	
- Transfers to income of available-for-sale reserve amounts due to impairments	51				51	
- Transfers to income of available-for-sale reserve amounts due to disposals	334				334	
- Amortization of net fair value on reclassified portfolio in application of IAS 39 amended	218				218	
- Net change in fair value through equity – Cash flow hedges		462			462	
- Net change in cash-flow-hedge reserve due to transfers to income		(7)			(7)	
- Net changes in other comprehensive income of associates			8		8	
- Translation adjustments	(18)	(17)		(7)	(42)	
- Variation of scope of consolidation	(13)				(13)	
As at 30 June 2009	(9,489)	(718)	(1)	(548)	(10,756)	
MINORITY INTEREST	Core equity	Gains and losses not recognised in the statement of income	Minority interest	DISCRETIONARY PARTICIPATION FEATURES OF INSURANCE CONTRACTS		
<i>in millions of EUR</i>				<i>in millions of EUR</i>		
As at 31 December 2008	1,756	(54)	1,702	0		
<i>Movements of the period</i>						
- Increase of capital	2		2			
- Dividends	(10)		(10)			
- Net income for the period	75		75			
- Net change in fair value through equity		19	19			
- Translation adjustments		(1)	(1)			
- Variation of scope of consolidation	5	13	18			
- Amortization of net fair value on reclassified portfolio in application of IAS 39 amended		6	6			
As at 30 June 2009	1,828	(17)	1,811	0		
Core shareholders' equity						18,033
Gains and losses not recognised in the statement of income attributable to equity holders of the parent						(10,756)
Minority interest						1,811
Discretionary participation features of insurance contracts						0
TOTAL EQUITY as at 30 June 2009						9,088

The notes on pages 29 to 36 are an integral part of these condensed consolidated financial statements.

DEXIA – CONSOLIDATED STATEMENT OF CHANGES IN EQUITY						
CORE SHAREHOLDERS' EQUITY	Subscribed capital	Additional paid-in capital	Treasury shares	Reserves and retained earnings	Net income for the period	Core shareholders' equity
<i>in millions of EUR</i>						
As at 31 December 2009	8,089	13,618	(25)	(4,194)	1,010	18,498
<i>Movements of the period</i>						
- Issuance of subscribed capital	353			(355)		(2)
- Acquisition of 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						
			Gains and losses not recognised in the statement of income			
			Securities (AFS)	Derivatives (CFH & FX Invt)	Cumulative translation adjustments (CTA)	Total gains and losses Group share
<i>in millions of EUR</i>						
As at 31 December 2009			(7,084)	(702)	(531)	(8,317)
<i>Movements of the period</i>						
- Net change in fair value through equity – Available-for-sale investments			(2,204)			(2,204)
- Transfers to income of available-for-sale reserve amounts due to impairments			228			228
- Transfers to income of available-for-sale reserve amounts due to disposals			(321)			(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 hedges				(35)		(35)
- Net change in cash-flow-hedge reserve due to transfers to income				(4)		(4)
- Translation adjustments			(844)	(76)	346	(574)
- Derecognition of deferred taxes previously recorded ⁽¹⁾			(407)	7		(400)
As at 30 June 2010			(10,356)	(810)	(185)	(11,351)
MINORITY INTEREST						
	Core equity	Gains and losses not recognised in the statement of income	Minority interest	DISCRETIONARY PARTICIPATION FEATURES OF INSURANCE CONTRACTS		
<i>in millions of EUR</i>				<i>in millions of EUR</i>		
As at 31 December 2009	1,813	(7)	1,806	1		
<i>Movements of the period</i>						
- 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)		
- Translation adjustments		6	6			
- Variation of scope of consolidation	4		4			
- Amortization of net fair value on reclassified portfolio in application of IAS 39 amended		3	3			
- 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)
Minority interest						1,717
Discretionary participation features of insurance contracts						0
TOTAL EQUITY as at 30 June 2010						9,331

(1) Following the publication of July IFRIC decision on deferred taxes on Other Comprehensive Income (OCI), an amount of EUR 0.4 billion deferred taxes on OCI - mainly available-for-sale reserve - can no longer be recognised and has been reversed. In consequence, "Tax assets" and "Gains and losses not recognised in the statement of income" were reduced by this amount.

The notes on pages 29 to 36 are an integral part of these condensed consolidated financial statements.

DEXIA – CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

<i>in millions of EUR</i>	Quarter ended		Year-to-date	
	30/06/09	30/06/10	30/06/09	30/06/10
Net result recognised in the statement of income	321	266	609	501
Unrealised gains (losses) on available-for-sale financial investments, before tax	4,185	(3,583)	3,035	(3,856)
Gains (losses) on cash flow hedges, before tax	486	(196)	480	(166)
Cumulative translation adjustments	33	206	(8)	351
Gains (losses) from hedges on net investments, before tax	(1)	0	0	0
Other comprehensive income from associates	12	0	9	0
Other comprehensive income from assets held for sale	0	2	0	0
Tax relating to components of other comprehensive income ⁽¹⁾	(1,061)	430	(663)	521
Other comprehensive income, net of tax	3,654	(3,141)	2,853	(3,150)
Total comprehensive income, net of tax	3,975	(2,875)	3,462	(2,649)
Attributable to equity holders of the parent	3,892	(2,777)	3,349	(2,570)
Attributable to minority interest	83	(98)	113	(79)

(1) Following the publication of July IFRIC decision on deferred taxes on Other Comprehensive Income (OCI), an amount of EUR 0.4 billion deferred taxes on OCI - mainly available-for-sale reserve - can no longer be recognised and has been reversed. In consequence, "Tax assets" and "Gains and losses not recognised in the statement of income" were reduced by this amount.

The notes on pages 29 to 36 are an integral part of these condensed consolidated financial statements.

DEXIA – CONSOLIDATED CASH FLOW STATEMENT		
<i>in millions of EUR</i>	30/06/09	30/06/10
Cash flow from operating activities		
Net income after income taxes	609	501
<i>Adjustment for:</i>		
- Depreciation, amortization and other impairment	191	169
- Impairment on bonds, equities, loans and other assets	(83)	313
- Net gains or losses on investments	734	(220)
- Charges for provisions (mainly insurance provision)	530	1,511
- Unrealised gains or losses	50	(25)
- Income from associates	(22)	0
- Dividends from associates	33	0
- Deferred taxes	52	(99)
- Other adjustments	6	2
Changes in operating assets and liabilities	(10,681)	12,140
Net cash provided (used) by operating activities	(8,581)	14,292
Cash flow from investing activities		
Purchase of fixed assets	(325)	(257)
Sale of fixed assets	74	93
Acquisitions of unconsolidated equity shares	(115)	(503)
Sales of unconsolidated equity shares	928	1,414
Acquisitions of subsidiaries and of business units	(25)	(47)
Sales of subsidiaries and of business units	0	(79)
Net cash provided (used) by investing activities	537	621
Cash flow from financing activities		
Issuance of new shares	1	0
Issuance of subordinated debts	1	1
Reimbursement of subordinated debts	(100)	(330)
Dividends paid	(10)	(15)
Net cash provided (used) by financing activities	(108)	(344)
Net cash provided	(8,152)	14,569
Cash and cash equivalents at the beginning of the period	49,715	39,396
Cash flow from operating activities	(8,581)	14,292
Cash flow from investing activities	537	621
Cash flow from financing activities	(108)	(344)
Effect of exchange rate changes and change in scope of consolidation on cash and cash equivalents	162	920
Cash and cash equivalents at the end of the period	41,725	54,885
Additional information		
Income tax paid	(177)	(159)
Dividends received	109	59
Interest received	37,947	22,352
Interest paid	(34,504)	(21,556)

The notes on pages 29 to 36 are an integral part of these condensed consolidated financial statements.

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

GENERAL INFORMATION

The Dexia Group focuses on Retail and Commercial Banking in Europe, mainly Belgium, Luxembourg and Turkey and on Public and Wholesale Banking, providing local public finance operators with comprehensive banking and financial solutions. Asset Management and 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. The address of its registered office is: Place Rogier 11 – B-1210 Bruxelles (Belgium).

Dexia is listed on the NYSE Euronext Stock Exchange in Brussels and also on the Luxembourg Stock Exchange. Nevertheless, the shares continue to be traded on Euronext Paris.

These condensed financial statements have been authorised for issue by the Board of Directors on 5 August 2010.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

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

The commonly used abbreviations below are:

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

ACCOUNTING POLICIES

1. Basis of accounting

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

The condensed consolidated interim financial statements for the period ended 30 June 2010 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 2009 annual financial statements, except for changes in accounting standards listed under section 2.

Dexia's condensed financial statements have therefore been prepared "in accordance with IFRSs as adopted by the European Commission" and endorsed by the European Commission up to 30 June 2010, including the conditions of application of interest rate portfolio hedging and the possibility to hedge core deposits.

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

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

Judgements and estimates are principally made in the following areas:

- Estimation of the recoverable amount of impaired assets, including for collective impairment;
- Determination of fair values of non-quoted financial instruments;
- Determination of the useful life and the residual value of property, plant and equipment, investment property and intangible assets;
- Measurement of liabilities for insurance contracts;
- Actuarial assumptions related to the measurement of employee benefits obligations and plan assets;
- Estimation of present obligations resulting from past events in the recognition of provisions;
- Estimation of future taxable profit for the recognition and measurement of deferred tax assets;

- Judgement on impairment of financial assets;
- Estimation of the recoverable amount of cash-generating units for goodwill impairment.

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 2010.

2.1. IASB and IFRIC texts endorsed by the European Commission and applied as from 1 January 2010

The following standards, interpretations or amendments have been endorsed by the European Commission and are applied as from 1 January 2010.

- “Improvements to IFRSs” (issued by IASB in April 2009), which are a collection of amendments to existing International Financial Reporting Standards. Unless otherwise specified, the amendments are effective as from 1 January 2010. There is no impact for Dexia.
- Amendments to “IFRS 2 Group Cash Settled Share-based Payment Transactions”, applied as from 1 January 2010. These amendments aim to clarify the scope of IFRS 2. There is no impact for Dexia.
- Revised IFRS 1 “First-Time adoption of International Financial Reporting Standards”, which replaces the standard as issued in June 2003. This text is effective for entities that present IFRS financial statements for the first time for annual periods beginning on or after 1 January 2010. The revision of this standard has no impact on Dexia’s financial statements, which is not a first-time adopter anymore.
- Amendments to IFRS 1 “Additional Exemptions for First-time Adopters”, applied as from 1 January 2010. The revision of this standard has no impact on Dexia’s financial statements, as it is not a first-time adopter anymore.
- “Revised IFRS 3 Business Combinations”, which is applied prospectively to business combinations for which the acquisition date is on or after 1 January 2010. The main changes relate to acquisition-related costs, step-acquisitions, non-controlling interests in an acquired entity and treatment of contingent considerations. There is no impact for Dexia because there were no new business combinations as from 1 January 2010.
- Amendment to “IAS 39 Financial Instruments: Recognition and Measurement: Eligible Hedged Items”, which is applied as from 1 January 2010. There is no impact for Dexia.

- Amendments to “IAS 27 Consolidated and separate financial statements”, applied as from 1 January 2010. The main changes relate to the accounting of transactions or events that result in a change in the Group’s interests in its subsidiaries which will not impact profit or loss or goodwill but which will impact equity. In addition, losses incurred by a subsidiary will be allocated between controlling and non-controlling interests, even if they exceed the non-controlling interest’s share of equity in the subsidiary. There is no impact for Dexia for the period ending 30 June 2010, but these changes could have an impact on future transactions.
- Amendments to “IFRS 5 Non-current Assets held for Sale and Discontinued Operations” issued in May 2008 as part of the improvements to IFRSs. There is no impact for Dexia.
- IFRIC 12 “Service Concession Arrangements”, which is applied as from 1 January 2010. This interpretation has no impact on the financial statements of Dexia.
- IFRIC 15 “Agreement for the Construction of Real Estate”, applied as from 1 January 2010. This interpretation has no impact on Dexia.
- IFRIC 16 “Hedges of a Net Investment in a Foreign Operation”, which is applied as from 1 January 2010. This interpretation has no impact on Dexia’s financial statements.
- IFRIC 17 “Distributions of non-cash-assets to owners”, applied as from 1 January 2010. This interpretation has no impact on Dexia.
- IFRIC 18 “Transfers of assets from customers”, applied as from 1 January 2010. This interpretation has no impact on Dexia.

2.2. IASB and IFRIC texts endorsed by the European Commission during the current year but not yet applicable as from 1 January 2010

None.

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

- “Improvements to IFRSs” (issued by IASB in May 2010), which are a collection of amendments to existing International Financial Reporting Standards. The amendments are effective as from 1 January 2011. The impact of these amendments on Dexia is currently being assessed.
- “Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters (amendment to IFRS 1)”, which will be applied as from 1 January 2011. These amendments have no impact on Dexia, which is not a first-time adopter anymore.

3. Changes in presentation

Due to the selling of FSA insurance activities, the publication line “Deferred Acquisition Costs” became irrelevant and has been removed.

Consequently, an amount of EUR -7 million of deferred acquisition costs has been reclassified to “General and Administrative Expense” in the figures as at 30 June 2009.

Dexia has decided to report as a separate line in the statement of income all legal litigations in the line “Provisions for legal litigations” below Gross operating income together with “Impairment on goodwill” and “Impairment on tangible and intangible assets”. In Dexia’s previous reporting, such legal litigations were reported in “Other net income”.

NOTE II. SIGNIFICANT CHANGES IN SCOPE OF CONSOLIDATION

AS AT 30 JUNE 2009

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

FSA Insurance’s result of the first quarter was consolidated on a line-by-line basis and the net result is offset in “Net Income on Investments”.

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

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

Accordingly, as the sale was certain, the sold assets and liabilities were no longer disclosed as group held for sale; USD 816.5 million were recognised in “Other assets” for the sales price i.e. USD 546 million receivable in cash from Assured and USD 270.5 million representing the 21.85 million Assured shares to be received.

AS AT 30 JUNE 2010

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

NOTE III. SEGMENT REPORTING

In accordance with the European Commission decision, Dexia now classifies its portfolios in run-off in a Legacy Portfolio Management Division, alongside 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. As a result, the business reporting of Dexia was modified as from 1 January 2010 onwards. Figures for 2009 were restated accordingly in order to enable comparisons. With this change, the visibility on core businesses will significantly improve. Detailed explanations are available in the press release of Dexia dated 11 May 2010.

MAJOR CHANGES COMPARED TO PREVIOUS SEGMENTATION

- The Group is now split into 2 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.
- If the participations were sold in 2009 to meet the commitments concluded with the European Commission, figures are disclosed in Legacy Division; if not, figures are reported in Group Center.

SEGMENT REPORTING		
	Assets	Assets
<i>in millions of EUR</i>	30/06/09	30/06/10
Core Division	413,645	456,282
Retail and Commercial Banking	49,538	54,091
Public and Wholesale Banking	214,869	216,625
Asset Management and Services	30,088	30,218
Asset Management	300	287
Investor Services	9,653	11,169
Insurance	20,135	18,761
Group Center	119,149	155,348
Legacy Portfolio Management Division	178,832	152,228
Total	592,477	608,510

Some amounts may not add up due to roundings off.
Figures for 2009 were restated in order to enable comparisons.

SEGMENT REPORTING				
<i>in millions of EUR</i>	30/06/09		30/06/10	
	Income	Net income before tax	Income	Net income before tax
Core Division	2,502	507	2,490	477
Retail and Commercial Banking	1,376	278	1,428	355
Public and Wholesale Banking	726	380	536	228
Asset Management and Services	329	(19)	469	128
<i>Asset Management</i>	65	3	98	35
<i>Investor Services</i>	165	11	190	28
<i>Insurance</i>	99	(32)	180	65
Group Center	71	(133)	57	(234)
Legacy Portfolio Management Division	831	295	372	84
Total	3,333	802	2,862	561
Net income before tax		802		561
Taxes		(193)		(60)
Minority interest		(75)		(37)
Net income – Group share		534		464

Some amounts may not add up due to roundings off.
 Figures for 2009 were restated in order to enable comparisons.

NOTE IV. EXCHANGE RATES

EXCHANGE RATES						
		Closing rate			Average rate	
		30/06/09	31/12/09	30/06/10	30/06/09	30/06/10
Canadian dollar	CAD	1.6283	1.5104	1.2998	1.6042	1.3708
Turkish lira	TRY	2.1523	2.1427	1.9292	2.1443	2.0027
US dollar	USD	1.4005	1.4399	1.2267	1.3371	1.3158

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.

The sale of 21.8 million Assured Guaranty Ltd common shares acquired by Dexia as part of the sales price in connection with the FSA transaction generated a positive result of EUR 153 million.

A charge of EUR 183 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 57 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.

During the first half year 2010, Dexia continued to deleverage its balance sheet. Assets were sold for an amount of EUR 16.3 billion. In this context, a capital loss net of provision has been recognised for EUR 108.9 million.

Dexia sold its stake in SPE – a company operating in the energy sector in Belgium – and in Dexia Epargne Pension with a capital gain of respectively EUR 69 million and EUR 29 million.

Impairment on loans and provisions for credit commitments includes EUR -290 million in relation with Financial Products portfolio.

An amount of USD 157 million of deferred tax assets was recognised in 2Q 2010 following the review of the tax basis of assets and liabilities by Dexia Financial Products.

The CDS purchased within the framework of the synthetic securitisations Dublin Oak and Wise, together with the CDS intermediation activity, led to a positive mark-to-market before tax of EUR 70 million.

On 17 May 2010, the District Court of Bratislava announced a first-instance judgment condemning Dexia Group's subsidiary Dexia banka Slovensko (DBS) to pay EUR 138 million, regarding a claim introduced by a professional client in 2008.

Dexia has appealed against this judgement as it considers the claim as groundless, but has set up a provision to cover this potential risk.

For the significant items included in the statement of income of 2Q 2009, we refer to *Dexia Financial report 2Q and 1H 2009*.

NOTE VI. POST-BALANCE-SHEET EVENTS

Following the agreement Dexia has reached with Network Research Belgium on the sale of its 51% stake in Adinfo, Adinfo's assets and liabilities were transferred in Assets held for sale and in

Liabilities included in disposal group held for sale. The agreement is still subject to approval by the Belgian Competition Authorities. The capital gain on this transaction is estimated at EUR 13 million and is expected to be recorded in 3Q results after the closing of the sale.

NOTE VII. LITIGATIONS

1. DEXIA BANK NEDERLAND NV

Reference is made to the detailed disclosure in the Dexia Annual Report 2009 (pages 87-88), which is available on www.dexia.com.

No other important developments than those mentioned in the Annual Report 2009 took place in 2Q 2010. The decision of the Netherlands Supreme Court of 5 June 2009 and subsequently the four decisions of the Amsterdam Court of Appeal of 1 December 2009 in respect of duty of care have been pursued – generally speaking – by other judges. However, in two of four decisions of the Amsterdam Court of Appeal, appeals to the Supreme Court have been issued. The decisions of the Supreme Court are not expected before 2011.

Because of practical reasons, in March 2010 Dexia has decided to merge Dexia Bank Nederland NV with its parent company, Dexia Nederland Holding NV, into Dexia Nederland BV. The realisation of this proposal took place on 28 May 2010. This merger has no effect for the approximately 3,000 remaining court cases, nor for the position of other clients in the Netherlands.

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 2009 (pages 88-90) describes in detail the various legal actions both in Belgium and abroad and gives a summary of the amounts claimed in the criminal proceedings and in the civil actions and which are known to the bank. The Annual Report 2009 can be consulted at www.dexia.com.

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

In June 2010 the Ghent Court of Appeal informed that the judgement will be delivered on 20 September 2010. This judgement will exclusively address the guilt question of the accused, including Dexia Bank Belgium. It is possible that the reading of the judgement will take several days. If this is the case, Dexia Bank Belgium will not know on 20 September 2010 if it is cleared of charges or on the contrary considered guilty. The issue of the damages eventually due to the civil parties will be dealt with in a separate judgement which will not be delivered for several months, if not years.

Within the framework of these proceedings, the public prosecutor asked the Court to condemn Dexia Bank Belgium to a “substantial fine” without mentioning any actual amount and also requested the confiscation of about EUR 29,000,000 at the expense of Dexia Bank Belgium. Regarding the claims by the civil parties for damages also within these proceedings, Dexia Bank Belgium knows of the following claims (only the main ones are mentioned below):

- about 15,000 civil parties (including the investors represented by Deminor and Spaarverlies) who altogether are claiming about EUR 318 million in principal;
- the trustees of LHSP who are claiming about EUR 745 million in principal;
- Mercator & Noordstar who is claiming about EUR 18 million in principal;
- the trustees of The Learning Kernel who are claiming about EUR 7.3 million in principal;
- the trustee of L&H Holding who is claiming 1 provisional EUR for the loss of value of its share in LHSP. L&H Holding held more than twelve million shares in LHSP accounted for about EUR 51.7 million in the accounts of L&H Holding at 31 December 2000.

It should be noted that interests have to be added. One also has to take into account that a significant number of civil parties are claiming at this moment a provisional amount of EUR 1 and might raise their claim in the future, in some cases substantially. The reader will find more details on the interest and provisional claims issue in the 2009 Annual Report.

No other important developments took place in 1H 2010.

3. FINANCIAL SECURITY ASSURANCE

On 1 July 2009, Dexia completed the sale of the insurance activities of FSA. As the Financial Products activity was not sold, Dexia remains exposed to the legal risks mentioned in the Dexia Annual Report 2009 (page 90), which is available on www.dexia.com.

On 27 July 2010, the Department of Justice (DOJ) indicted former FSA employee Steven Goldberg, together with two former colleagues of Goldberg at his previous employer in the bid rigging matter. The DOJ did not indict FSA or any entity within the Dexia FP Group as part of the Goldberg indictment.

4. DEXIA BANKA SLOVENSKO

Reference is made to the detailed disclosure in the Dexia Annual Report 2009 (page 91), which is available on www.dexia.com.

On 17 May 2010 the court gave judgement in favour of the Dexia customer who had taken legal action against Dexia banka Slovensko for non-compliance with the legislation and the contracts. The bank was ordered in the first instance to pay the customer EUR 138,987,915 in principal, plus interest. Dexia banka Slovensko lodged an appeal against this judgement.

5. DEXIA CREDIOP

Reference is made to the detailed disclosure in the Dexia Annual Report 2009 (page 91), which is available on www.dexia.com.

No other important developments than those mentioned in the Annual Report 2009 took place in 1H 2010.

6. DEXIA ISRAEL

Reference is made to the detailed disclosure in the Dexia Annual Report 2009 (page 91), which is available on www.dexia.com.

No other important developments than those mentioned in the Annual Report 2009 took place in 1H 2010.

LIMITED REVIEW REPORT ON THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION FOR THE SIX-MONTH PERIOD ENDED ON JUNE 30, 2010

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 2010 as included on pages 21-36 of Dexia's Financial Report 2Q 2010. 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 annual accounts 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 2010 is not prepared, in all material respects, in accordance with IAS 34 "Interim Financial Reporting" as adopted by the EU.

Diegem, 5 August 2010

The statutory auditor

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

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

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

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FINANCIAL CALENDAR

DATES

10 November 2010

24 February 2011

10 May 2011

11 May 2011

4 August 2011

EVENTS

Results publication – 30 September 2010

Results publication – 31 December 2010

Results publication – 31 March 2011

Annual Shareholders' Meeting for the year 2010

Results publication – 30 June 2011