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Net profit of EUR 283 million, +13% vs. 1Q 2009

Significant progress achieved in the Group's Transformation Plan

Highlights

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

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

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

* Dexia is a listed company. This press release contains information subject to the transparency regulations for listed companies.

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

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

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

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

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

Consolidated statement of income – FSA Ins. deconsolidated in 2Q 2009								
In millions of EUR	2Q08	1Q09	2Q09	Var. 2Q09/ 2Q08	Var. 2Q09/ 1Q09	1H08	1H09	Var. 1H09/ 1H08
Income*	1,991	1,703	1,640	-17.6%	-3.5%	3,490	3,343	-4.2%
Expenses	-945	-896	-875	-7.4%	-2.1%	-1,887	-1,771	-6.1%
Gross operating income	1,046	807	765	-26.9%	-5.1%	1,603	1,572	-1.9%
Cost of risk & impairments	-496	-409	-361	-27.2%	-11.7%	-783	-770	-1.7%
Pre-tax income	550	398	404	-26.5%	+1.6%	820	802	-2.2%
Tax expense	33	-110	-83	n.s.	-24.6%	80	-193	n.s.
Net income	583	288	321	-44.9%	+11.5%	900	609	-32.3%
Minority interests	51	37	38	-24.9%	+5.0%	79	75	-5.1%
Net income Group share	532	251	283	-46.8%	+12.5%	821	534	-35.0%
o/w Impact financial crisis	-235	-419	-193	-17.7%	-53.8%	-571	-612	+7.3%
o/w Net income excl. financial crisis	767	670	476	-37.9%	-29.0%	1,392	1,147	-17.6%
Earnings per share (in EUR)	0.46	0.14	0.16			0.71	0.30	

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

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

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

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

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

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

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

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

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

Impact of the financial crisis & cost of the State guarantee

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

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

- The impact of FSA's related operations in 2Q 2009 accounted for a total amount, after tax, of EUR 40 million of which :
 - The completion of the sale of FSA's insurance operations on July 1, 2009 led to a positive adjustment of the net loss on the sale booked in 4Q 2008, amounting to EUR 101 million. This adjustment is mainly explained by the increase in Assured's share price from USD 6.77 at the end of March 2009 to USD 12.38 at the closing of the deal.
 - The Financial Products' holding entity contribution was impacted for an amount of EUR -101 million, which includes an own credit risk reduction (EUR -66 million) and an additional impairment (EUR -35 million).
- Collective provisions of EUR 175 million were taken to face potential consequences of a future deterioration of the macro-economic environment. They were booked on ABS and European RMBS exposures for EUR 92 million (of which EUR 15 million within insurance portfolios), Turkey for EUR 53 million and project finance activities for the remainder.
- Within Insurance operations, Dexia booked a total after tax amount of EUR -33 million mainly related to the negative valuation of hedges on shares subsequent to the stock market recovery (P&L impact neutralized in equity by a corresponding positive effect in the Available For Sale reserve).
- Impacts related to Dexia's monoline exposure amounted to a positive EUR 22 million, after tax, due to the tightening of market indices used in the calculation of Credit Value Adjustments. At the end of June 2009, the stock of collective and specific impairments as well as Credit Value Adjustments on Dexia's exposure amounted to EUR 817 million (pre tax). This includes part of the EUR 300 million collective provision booked on US RMBS in 4Q 2008.
- "Other value adjustments" mainly reflect negative marks on Dexia's trading portfolios (EUR 80 million net of taxes).

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

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

Liquidity

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

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

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

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

Shareholders' equity and solvency

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

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

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

Weighted risks amounted to EUR 148.6 billion at the end of June 2009, down by 3% both compared to the end of March 2009 and to the end of December 2008. The EUR 4.2 billion year-to-date decrease of

weighted risks is explained by the reduction of market risks and the deleveraging efforts of the Group, which more than offset the negative rating migration of the portfolios.

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

Group results per business line

Net income 2Q 2009 by business line – FSA Ins. deconsolidated in 2Q 2009			
In millions of EUR	Net income (excl. financial crisis)	Impact financial crisis	Reported net income
Public and Wholesale Banking	133	-16	118
Retail and Commercial Banking	125	-42	82
Asset Management and Services	55	-46	9
Group Center	164	-90	74
Total	476	-193	283

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

Public and Wholesale Banking

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

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

The decision to focus on core markets in the context of the Transformation Plan and the contraction of the demand led to a reduction of the loan production in 2Q 2009, to EUR 3 billion compared to EUR 18 billion in

2Q 2008. 94% of the new loan production in 2Q 2009 was originated in core markets, vs. 42% in 2Q 2008. As in 1Q 2009, the new production in core markets was profitable, as spreads on new loans offset the higher cost of funding.

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

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

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

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

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

Retail and Commercial Banking

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

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

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

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

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

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

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

Belgium and Luxembourg experienced a moderate growth to 23 bps in 2Q 2009, vs. 18 bps in 1Q 2009 and 7 bps in 2Q 2008.

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

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

Asset Management & Services (AMS)

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

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

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

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

- **Asset Management:** revenues were down by 37% compared to 2Q 2008 but up 17% compared to 1Q 2009. Assets under management increased by EUR 4.0 billion, or 5% over the quarter, mainly thanks to a positive market effect. Net inflows were satisfactory in institutional funds but outflows continued in retail funds albeit at a slower pace. Costs were brought down by 15% compared to 2Q 2008 at EUR 32 million, and were flat compared to 1Q 2009. Asset management net income was EUR 6 million in 2Q 2009.
- **Investor Services:** revenues declined by 25% year-on-year but increased by 6% compared to 1Q 2009, due to seasonal securities lending commissions and higher forex turnover. Assets under administration experienced an increase of 13% over the quarter to USD 2,004 billion, driven by a turnaround in key equity markets. Expenses were stable, both compared to 2Q 2008 and to 1Q 2009. Net income amounted to EUR 5 million in 2Q 2009, compared to nil in 1Q 2009 and EUR 27 million in 2Q 2008.

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

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

Group Center

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

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

Breakdown of Group Center net income Group share

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

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

- Bond portfolios in run-off: in line with its Transformation Plan, Dexia placed a bond portfolio in run-off (currently representing EUR 149 billion). Revenues generated by this portfolio, which contributes to a large extent to Dexia's liquidity gap, were impacted by higher State guarantee fees and funding costs. No meaningful credit event, or significant capital loss on the sale of bonds within this portfolio occurred during the quarter. However, negative crisis impacts (reflecting mainly collective provisions (EUR 94 million – pre-tax) and negative marks on trading portfolios (EUR 88 million – pre-tax) lowered the net income contribution of the bond portfolio in run-off. In addition, the contribution of the USD 16.3 billion Financial Products portfolio (also placed in run-off) was lowered by a EUR -66 million own credit risk impact and a new EUR -35 million impairment. Altogether, the contribution of the portfolios in run-off to the Group Center's net result was EUR -199 million in 2Q 2009.
- Treasury: the contribution from Cash & Liquidity management activities was positive in 2Q 2009, and continued to decrease vs. the record 4Q 2008. The Treasury segment reported a net income of EUR 117 million in 2Q 2009.

- Central Assets: this sub-segment booked the positive adjustment on the loss on FSA Insurance sale and capital gains on the bond portfolio of DenizBank, thanks to significant rate cuts in Turkey. The Central Asset segment reported a net income of EUR 156 million in 2Q 2009.

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

Detailed information on reported results and balance-sheet data are provided in the Half-Yearly Financial Report 2Q and 1H 2009, available on the website www.dexia.com.

About Dexia

Dexia is a European bank, with about 35,500 members of staff and a core shareholders' equity of EUR 18.0 billion as of June 30, 2009. Dexia Group focuses on Public and Wholesale Banking, providing local public finance actors with comprehensive banking and financial solutions, and on Retail and Commercial Banking in Europe (mainly Belgium, Luxembourg and Turkey). Main activities encompass retail, commercial and private banking, but also insurance, asset management and investor services activities.

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