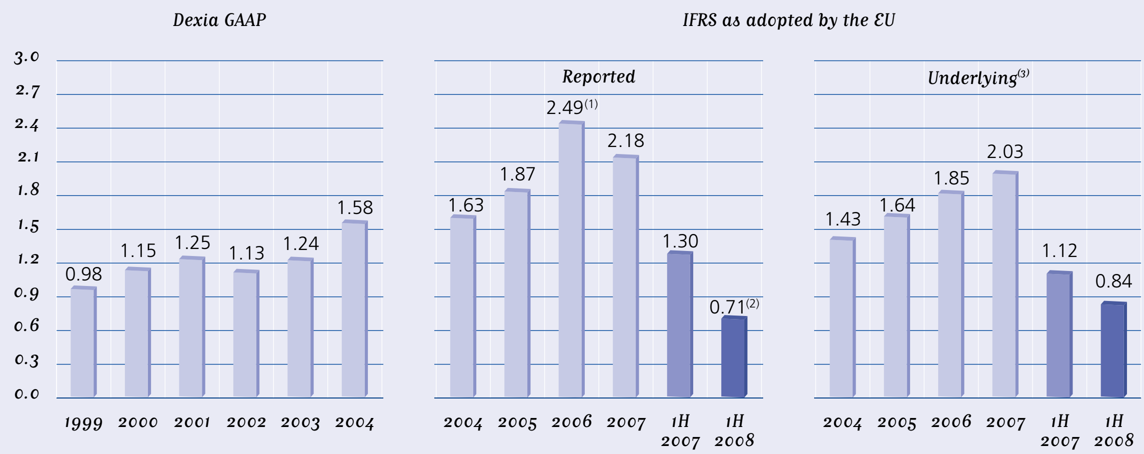
FINANCIAL REPORT 2Q 2008

short term has no future

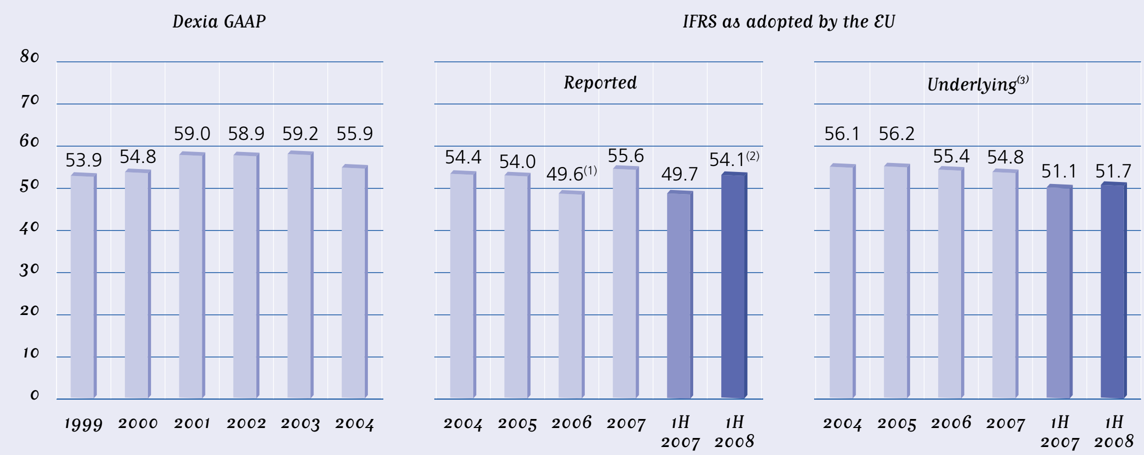
CONTENTS

FINANCIAL HIGHLIGHTS

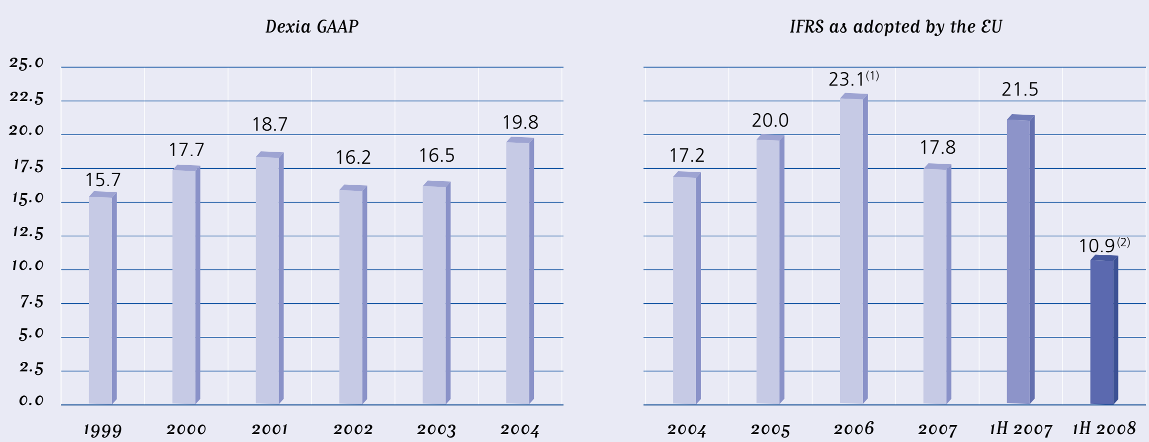
EARNINGS PER SHARE (IN EUR)



COST-INCOME RATIO (%)



RETURN ON EQUITY (%)[4]



(1) Including EUR 236 million result on Dexia's net asset contribution to the joint venture RBC Dexia Investor Services and EUR 280 million result on the sale of Banque Artesia Nederland.
(2) Including various impacts related to the worsening U.S. mortgage environment and financial crisis.
(3) Underlying i.e. excluding non-operating items.
(4) The ratio between the annualized net income – Group share and the weighted average core shareholders' equity.

REPORTED FIGURES

in millions of EUR, except where indicated	2Q 2007	2Q 2008	*Variation*	1H 2007	1H 2008	*Variation*
STATEMENT OF INCOME						
Income	1,964	1,991	+1.4%	3,749	3,490	-6.9%
Expenses	(937)	(945)	+0.9%	(1,863)	(1,887)	+1.3%
Gross operating income	**1,027**	**1,046**	**+1.9%**	**1,886**	**1,603**	**-15.0%**
Cost of risk	(30)	(488)	x16.3	(53)	(776)	x14.6
Net income – Group share	**787**	**532**	**-32.4%**	**1,507**	**821**	**-45.5%**
Earnings per share (basic; in EUR)(1)	0.68	0.46	-32.1%	1.30	0.71	-45.4%
KEY RATIOS						
Cost-income ratio(2)	47.7%	47.5%		49.7%	54.1%	
Annualized return on equity(3)	22.1%	14.2%		21.5%	10.9%	

UNDERLYING FIGURES

in millions of EUR, except where indicated	2Q 2007	2Q 2008	*Variation*	1H 2007	1H 2008	*Variation*
STATEMENT OF INCOME(4)						
Income	1,866	1,817	-2.6%	3,626	3,650	+0.7%
Expenses	(933)	(944)	+1.2%	(1,854)	(1,886)	+1.8%
Gross operating income	**933**	**873**	**-6.5%**	**1,772**	**1,763**	**-0.5%**
Cost of risk	(29)	(470)	x15.9	(56)	(706)	x12.7
Net income – Group share	**693**	**440**	**-36.6%**	**1,324**	**979**	**-26.1%**
KEY RATIOS						
Underlying cost-income ratio	50.0%	52.0%		51.1%	51.7%	
Annualized underlying cost of risk banking activities(5)	3.7 bp	4.3 bp		3.5 bp	4.4 bp	

BALANCE SHEET KEY FIGURES

in millions of EUR, except where indicated	June 30, 2007	Dec. 31, 2007	June 30, 2008	*Variation June 30, 2008/ Dec. 31, 2007*	*Variation June 30, 2008/ June 30, 2007*
Total assets	**577,349**	**604,564**	**623,108**	**+3.1%**	**+7.9%**
of which					
Loans and advances to customers	232,510	242,619	260,018	+7.2%	+11.8%
Financial assets at fair value through profit or loss and financial investments	236,628	257,855	251,689	-2.4%	+6.4%
Total liabilities	558,605	588,170	612,710	+4.2%	+9.7%
of which					
Customer borrowings and deposits	120,929	126,680	129,573	+2.3%	+7.1%
Debt securities	185,028	204,013	211,334	+3.6%	+14.2%
Total equity	**18,744**	**16,394**	**10,398**	**-36.6%**	**-44.5%**
Core shareholders' equity(6)	15,044	16,112	15,639	-2.9%	+4.0%
Total shareholders' equity(7)	16,774	14,525	8,604	-40.8%	-48.7%
Net assets per share (in EUR)(8)	June 30, 2007	Dec. 31, 2007	June 30, 2008		
- related to core shareholders' equity	12.47	12.87	13.07	+1.6%	+4.9%
- related to total shareholders' equity	13.95	11.51	6.99	-39.3%	-49.9%

CAPITAL ADEQUACY

in millions of EUR, except where indicated	Basel I		Basel II	
	June 30, 2007	Dec. 31, 2007	March 31, 2008	June 30, 2008
Tier 1 ratio	9.9%	9.1%	11.2%	11.4%
Capital adequacy ratio	10.5%	9.6%	12.1%	12.3%
Weighted risks	141,416	159,383	120,113	121,670

(1) The ratio between the net income – Group share and the weighted average number of shares; undiluted.
(2) The ratio between the expenses and the income.
(3) The ratio between the annualized net income – Group share and the weighted average shareholders' equity.
(4) Pro forma for 2007; excluding non-operating items as defined on page 6 and described on page 11.
(5) The ratio between the annualized underlying cost of risk for the banking activities (i.e. excl. credit enhancement) and the gross outstanding customer loans and off-balance sheet financing commitments.
(6) Without AFS, CFH reserve and cumulative translation adjustments.
(7) With AFS, CFH reserve and cumulative translation adjustments.
(8) The ratio between the shareholders' equity, and the number of shares at the end of the period (after deduction of treasury shares).

PRELIMINARY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Changes in scope of consolidation

As of June 30, 2007 Dexia Banque Privée France and Belstar Assurances SA left the scope of the Group following the closing of their sale. Deniz Hayat Sigorta AS, a Turkish insurance company, is consolidated as from April 1, 2007.

No major variation in the scope of consolidation occurred during the first half of 2008.

Pro forma financial statements

The changes in scope of consolidation were taken into account to establish pro forma financial statements for 2007 so as to enable comparisons. Based on today's scope of consolidation, net income – Group share (pro forma) in 1H 2007 would have been EUR 1,510 million instead of EUR 1,507 million. In absolute figures, the difference between the reported and pro forma 1H 2007 net income – Group share is thus very limited: EUR +3 million (income down by EUR 11 million; costs lower by EUR 9 million; cost of risk down by EUR 2 million; taxes lower by EUR 3 million).

The corresponding restated quarterly series are shown on page 40 of this report.

New analytical treatment

Dexia's segment reporting was modified as of January 1, 2008. The main changes are:

- Aiming at a better matching between the management methods and the result segmentation, the non-strategic equities are delegated to Treasury and Financial Markets. Their results, which were previously identified as non-operating items, are now considered as recurring. The strategic equity portfolio remains in Central Assets where the capital gains are identified as non-operating items.
- About EUR 11 billion of the Credit Spread Portfolio was identified as public sector related assets (supranational, sovereigns, Landesbanks and public banks). The related results have been recorded within Public Finance since January 1, 2008.
- Previously included in the commercial business lines, the long-term ALM, which falls under the direct decision and control authority of the Group ALM Committee and is managed upon the proposal of the TFM teams, is now allocated to Treasury and Financial Markets.
- Changes in segment reporting also include refinements in the allocation of central costs to the business lines, in the segment reporting of DenizBank (in Dexia's financial statements), in the allocation of the economic equity in the frame of Basel II, etc.

"Underlying" and "non-operating" items

"Underlying" results exclude the effects of the changes in scope of consolidation, and also exclude the non-operating factors. Those include:

- the nonrecurring elements of the period, described and quantified individually,
- the variations of the mark-to-market value of FSA's CDS portfolio,
- the mark-to-market adjustments on own credit risk of FSA, and
- the non-economic part of the depreciation on some bonds, also called "Other Than Temporary Impairments" which are classified in Available for Sale in the Financial Products portfolio (FSA).

The variations of the mark-to-market value of FSA's CDS portfolio being classified as derivatives, the variation of their market value during the reporting period is taken as a trading result; this treatment under IAS 39 does not allow a good understanding of the economic results, as this portfolio is mainly composed of AAA-rated instruments, which FSA is committed to insure until maturity. Therefore, the positive or negative mark-to-market variations on this book in any period are not considered as underlying results, as they will eventually add up to zero.

The mark-to-market adjustments on own credit risk at FSA are non-operating items as these are fair-value adjustments of liabilities for which the fair-value option was elected. They have been identified as non-operating items since 2Q 2008 as amounts became material. EUR 32 million and EUR 20 million were respectively in the underlying 4Q 2007 and 1Q 2008 results.

A part of the "Other Than Temporary Impairments" on certain assets held for sale in the Financial Products portfolio (FSA) are identified as non-economic or non-operating results because they are considered as fair value adjustments that management expects to reverse over the lives of the assets.

Non-operating items are detailed on page 11 of this report.

Impact of the credit and financial crisis

An in-depth review of the risks related to US non-prime credit exposure and of the impacts of the financial crisis is provided within the Dexia 2Q 2008 slides presentation for analysts and investors as well as in the FSA 2Q 2008 results and business profile presentation. Both presentations are available on Dexia's website: *www.dexia.com*.

Specific financial information based on Financial Stability Forum recommendations for financial transparency is also available on Dexias' website.

ANALYSIS OF THE CONSOLIDATED STATEMENT OF INCOME

Highlights

- **The strengthening of provisions at FSA had a significant impact on Group earnings** in the second quarter. Overall FSA lowered Dexia's 2Q 2008 reported net income by EUR 216 million to EUR 532 million (-32.4% compared to the second quarter of 2007). 2Q 2008 reported EPS decreased by 32.1% to EUR 0.46.
- **Excluding FSA and on an underlying basis, Dexia achieved a 23.8% growth in net income** to EUR 760 million, thanks to a 9.9% increase in revenues, the ongoing control of costs (+4.5%) and to a low cost of risk (4.3 bps annualized). A EUR 48 million tax benefit also contributed to the net income improvement for the quarter.
- **Dynamic Public/Project Finance activity**: on a constant exchange rate, originations rose by 48%, partly driven by US banking operations.
- **Record level results in Public/Project Finance (excluding FSA) and Treasury and Financial Markets business lines**. Underlying net income for these business lines increased by respectively 54.4% and 43.9% on a constant exchange rate to EUR 398 million and EUR 170 million.
- **Good solvency position** with a Tier 1 ratio at 11.4% at the end of June 2008. Total accounting shareholders' equity reached EUR 8.6 billion. Negative OCI of EUR -7.0 billion at the end of June 2008 remained at a similar level compared to the end of March 2008 (EUR -6.7 billion). Core shareholders' equity amounted to EUR 15.6 billion at the end of June 2008.
- **Healthy liquidity position**: the Cash & Liquidity Management activity line booked once again excellent profits during 2Q 2008; volumes of long-term bond issues were ahead of budget and funding cost was competitive.
- For the first half of 2008, reported net income amounted to EUR 821 million (-45.5% compared to the first half of 2007). Reported EPS was EUR 0.71 (-45.4%). Excluding FSA and on an underlying basis, net income increased by 15.4% to EUR 1,348 million.

NET INCOME – GROUP SHARE

Net income – Group share amounted to EUR 532 million in 2Q 2008, down EUR 255 million (-32.4%) versus the year-earlier period as 2Q 2008 was marked by the strengthening of provisions and a number of accounting adjustments, the majority of which related to FSA.

Overall, FSA reduced Dexia's reported net income by EUR 216 million. This comes as a consequence of FSA's second quarter loss of USD 331 million (US GAAP), as reported on August 6. Due to the deterioration of the economic environment in the US, FSA strengthened its provisions for potential future losses for a total pre-tax amount of USD 987 million (or EUR 638 million). The majority of the provisions related to the RMBS sector, and more specifically to transactions

STATEMENT OF INCOME (REPORTED)

in millions of EUR	1H 2007	1H 2008	*Variation*	2Q 2007	2Q 2008	*Variation*
Income	3,749	3,490	-6.9%	1,964	1,991	+1.4%
of which net commissions	*762*	*744*	*-2.3%*	*391*	*375*	*-3.7%*
Expenses	(1,863)	(1,887)	+1.3%	(937)	(945)	+0.9%
Gross operating income	1,886	1,603	-15.0%	1,027	1,046	+1.9%
Cost of risk	(53)	(776)	x14.6	(30)	(488)	x16.3
Impairments on (in)tangible assets	0	(7)	n.s.	0	(8)	n.s.
Tax expense	(278)	80	n.s.	(185)	33	n.s.
Net income	1,555	900	-42.1%	812	583	-28.2%
Minority interests	48	79	+64.6%	25	51	x2.1
Net income – Group share	1,507	821	-45.5%	787	532	-32.4%

STATEMENT OF INCOME (UNDERLYING (1) PRO FORMA) (2)

in millions of EUR	1H 2007	1H 2008	*Variation*	2Q 2007	2Q 2008	*Variation*
Income	3,626	3,650	+0.7%	1,866	1,817	-2.6%
of which net commissions	*760*	*744*	*-2.0%*	*389*	*375*	*-3.5%*
Expenses	(1,854)	(1,886)	+1.8%	(933)	(944)	+1.2%
Gross operating income	1,772	1,763	-0.5%	933	873	-6.5%
Cost of risk	(56)	(706)	x12.7	(29)	(470)	x15.9
Impairments on (in)tangible assets	0	1	n.s.	0	0	n.s.
Tax expense	(344)	1	n.s.	(185)	87	n.s.
Net income	1,372	1,059	-22.8%	718	490	-31.8%
Minority interests	48	80	+64.9%	25	50	x2.0
Net income – Group share	1,324	979	-26.1%	693	440	-36.6%

STATEMENT OF INCOME: FROM REPORTED TO UNDERLYING (1) PRO FORMA (2)

in millions of EUR	1H 2007	1H 2008	*Variation*	2Q 2007	2Q 2008	*Variation*
Income	3,749	3,490	-6.9%	1,964	1,991	+1.4%
Changes in scope of consolidation	*(11)*	*-*	*n.s.*	*(4)*	*-*	*n.s.*
Income pro forma	3,738	3,490	-6.6%	1,959	1,990	+1.6%
Non-operating items	*112*	*(160)*	*n.s.*	*93*	*174*	*+86.3%*
Underlying income	3,626	3,650	+0.7%	1,866	1,817	-2.6%
Expenses	(1,863)	(1,887)	+1.3%	(937)	(945)	+0.9%
Changes in scope of consolidation	*9*	*-*	*n.s.*	*3*	*-*	*n.s.*
Expenses pro forma	(1,854)	(1,886)	+1.8%	(933)	(944)	+1.2%
Non-operating items	*0*	*0*	*n.s.*	*0*	*0*	*n.s.*
Underlying expenses	(1,854)	(1,886)	+1.8%	(933)	(944)	+1.2%
Gross operating income pro forma	1,884	1,603	-14.9%	1,026	1,046	+2.0%
Non-operating items	*112*	*(160)*	*n.s.*	*93*	*174*	*+86.3%*
Underlying gross operating income	1,772	1,763	-0.5%	933	873	-6.5%
Cost of risk pro forma	(51)	(776)	x15.3	(29)	(488)	x16.9
Non-operating items	*5*	*(70)*	*n.s.*	*1*	*(18)*	*n.s.*
Underlying cost of risk	(56)	(706)	x12.7	(29)	(470)	x15.9
Net income – Group share	1,507	821	-45.5%	787	532	-32.4%
Changes in scope of consolidation	*3*	*-*	*n.s.*	*0*	*-*	*n.s.*
Net income – Group share pro forma	1,510	821	-45.6%	788	532	-32.5%
Non-operating items	*187*	*(158)*	*n.s.*	*94*	*92*	*-2.6%*
Underlying net income – Group share	1,324	979	-26.1%	693	440	-36.6%

(1) i.e. excluding the non-operating items (as defined on page 6 and described on page 11 of this report).
(2) Pro forma as defined on page 6.

backed by home equity lines of credit (HELOCs) and Alt-A closed-end second lien mortgages. FSA also established "Other Than Temporary Impairments" on certain assets which are held as available for sale in the Financial Products portfolio. This strengthening of provisions was partly offset by the positive effect of nonrecurring revenues at FSA, related to mark-to-market adjustments on own credit risk and insured CDS transactions.

Other non-operating items not related to FSA's 2Q 2008 results amounted to EUR -12 million in the second quarter, net of tax.

Excluding FSA, underlying net income – Group share increased by 23.8%, to EUR 760 million in 2Q 2008 largely thanks to record earnings in Public/Project Finance and Treasury and Financial Markets activities.

Public/Project Finance and Credit Enhancement reported an underlying net income of EUR 71 million in 2Q 2008, compared to EUR 338 million in 2Q 2007. Excluding FSA, underlying net income – Group share was up 50.0% to a record EUR 398 million in 2Q 2008 (up 54.4% on a constant exchange rate). Results benefited from strong commercial activity (partly driven by US banking operations), improved margins (despite higher funding costs), positive mark-to-market adjustments and a one-off tax effect. Subsequent to higher taxes in 2Q 2008 and to a record 2Q 2007 performance, underlying net income – Group share of Personal Financial Services amounted to EUR 171 million in 2Q 2008, a 10.3% decrease. Treasury and Financial Markets 2Q 2008 results were driven by buoyant Cash & Liquidity Management results and reached a record EUR 170 million in 2Q 2008, up 41.7% year-on-year. In the context of the challenging financial markets, underlying net income – Group share in 2Q 2008 amounted to EUR 24 million in the Asset Management business line and EUR 27 million in Investor Services.

For the first half of 2008, reported net income – Group share amounted to EUR 821 million, a 45.5% decrease compared to the first half of last year. Excluding FSA and on an underlying basis, net income increased by 15.4% (+14.9% on a constant exchange rate) to EUR 1,348 million.

INCOME

Total income amounted to EUR 1,991 million in 2Q 2008, up EUR 27 million (+1.4%) compared to the level of 2Q 2007. Revenue growth was affected by the (pre-tax) losses recorded on the Financial Products portfolio of FSA in 2Q 2008 (EUR 204 million) as mentioned above but benefited from higher non-operating items which increased from EUR 93 million in 2Q 2007 to EUR 174 million in 2Q 2008, of which EUR 163 million of non-operating adjustments related to FSA (see table of the main non-operating items on p. 11). Excluding FSA and the non-operating items, underlying income amounted to EUR 1,888 million, a EUR 170 million growth or +9.9%. Approximately half of this increase (EUR 82 million) was due to positive mark-to-market adjustments (EUR 46 million mark-to-market impact on two securitization-related CDS and EUR 32 million on fixed-income trading portfolios). Isolating mark-to-market adjustments, underlying revenues excluding FSA rose by 5.1% in 2Q 2008 versus 2Q 2007.

Public/Project Finance underlying income in 2Q 2008 was strong and supported by robust volumes as well as by good margins with the rise in commercial spreads exceeding the increase in funding costs. Excluding the credit enhancement activity (FSA), income growth was EUR 134 million (+ 23.5%) of which EUR 61 million of mark-to-market adjustments (EUR 45 million on a securitization-related CDS and EUR 16 million on public assets trading portfolios). The increase of the underlying income was EUR +18 million in (+2.6%) in Personal Financial Services which still benefited from DenizBank's rapid growth and EUR +1 million in Investor Services where the benefit of higher volumes was partly offset by a decrease in fees and foreign exchange income, and by the decreasing share of equities within customers' assets. In Asset Management, in the context of challenging financial markets, underlying revenues decreased by EUR 8 million versus 2Q 2007. For Treasury and Financial Markets, underlying income was up EUR 68 million (+ 35.2%), mainly coming from the Cash and Liquidity Management and Fixed Income activity lines (with a EUR 21 million positive impact of mark-to-market adjustments on TFM's fixed income trading porfolios).

In 1H 2008, reported income amounted to EUR 3,490 million i.e. a 6.9% decrease compared to the previous year-period. Excluding FSA and on an underlying basis, income increased by 7.4% to EUR 3,586 million.

COSTS

Expenses stood at EUR 945 million in 2Q 2008, up 0.9% versus 2Q 2007 on a reported basis. Excluding FSA and on an underlying basis, expenses reached EUR 937 million, a 4.5% or EUR +40 million increase due to continued investment in several businesses, particularly Public/Project Finance international operations and Turkey. In Personal Financial Services, excluding activities in Turkey, costs went slightly up (+2.3%). Excluding FSA, operating efficiency improved with an underlying cost-income ratio of 49.6% in 2Q 2008 versus 52.2% in 2Q 2007.

Year-to-date, the trend is similar (+1.3% to EUR 1,887 million in 1H 2008). The 1H 2008 cost-income ratio was 54.1% compared to

49.7% in the year-earlier period. Excluding FSA, underlying cost-income ratio was 51.6% in 1H 2008 versus 53.5% in 1H 2007.

GROSS OPERATING INCOME

Gross operating income totaled EUR 1,046 million in 2Q 2008 (+1.9%) versus EUR 1,027 million in the year-earlier period. Excluding FSA, overall operating performance during 2Q 2008 proved resilient with a 15.7% increase of the underlying gross operating income, to EUR 951 million.

COST OF RISK

As a result of the EUR 432 million (pre-tax) risk charge booked on FSA's insured portfolio in 2Q 2008 and a EUR 18 million (pre-tax) non-operating tax charge booked on share-leasing agreements at Dexia Bank Nederland (DBnl), the total **cost of risk** stood at an exceptionally high level of EUR 488 million in 2Q 2008, against EUR 30 million in the same period of 2007.

Year-to-date, the cost of risk amounted to EUR 776 million against EUR 53 million in 1H 2007. Excluding FSA's insured porfolio related losses and provisions at DBnl, the underlying cost of risk ratio for banking activities remained low in 1H 2008, at only 4.4 bps (annualized) of banking commitments.

TAXES

Taxes (comprising both current and deferred tax) went down from a tax charge of EUR 185 million in 2Q 2007 to a tax profit of EUR 33 million in 2Q 2008. Year-to-date, taxes were EUR -278 million in 2007 and EUR 80 million in 2008. 2Q 2008 tax profit came from a EUR 130 million positive impact related to FSA's losses and from a net EUR 68 million (EUR 48 million excluding minority interests) tax benefit following a one-off tax measure in Italy.

OVERALL FINANCIAL PERFORMANCE

Return on equity[(1)] (ROE annualized) in 2Q 2008 declined to 14.2% from 22.1% in the year-earlier period. It stood at 10.9% in 1H 2008 compared to 21.5% in 1H 2007. Excluding the non-operating items and on a pro forma basis, ROE would have been 13.0% in 1H 2008 against 18.9% in 1H 2007.

Earnings per share (EPS) reached EUR 0.46 in 2Q 2008 against EUR 0.68 in 2Q 2007 and EUR 0.71 in 1H 2008 against EUR 1.30 in 1H 2007. On an underlying basis, EPS stood at 0.84 EUR in 1H 2008 against EUR 1.12 in 1H 2007.

The Group's **Tier 1 ratio** remained solid, at 11.4% as of June 30, 2008. It was 11.2% as of March 31, 2008.

SHAREHOLDERS' EQUITY

After an important reduction due to market spread changes during 1Q 2008, the Group's IFRS total shareholders' equity stabilized at EUR 8.6 billion at the end of June 2008.

Accumulated Other Comprehensive Income amounted to EUR -7.0 billion at the end of June 2008 against EUR -6.7 billion at the end of March 2008.

Core shareholders' equity, which excludes accumulated Other Comprehensive Income, was EUR 15.6 billion at the end of June 2008.

RECENT DEVELOPMENTS ON FSA

Over the last months, Dexia conducted a broad and deep review of FSA's strategy and prospects. Whilst it is clear that there are many uncertainties in the monoline industry over the near to intermediate term, the Group has come to the conclusion that there is value to be made for its shareholders by focusing FSA on Dexia's core franchise of worldwide leader in Public Finance. As a result, Dexia released on August 6 a number of key decisions regarding FSA: discontinue the ABS and structured finance activity and downsize the Financial Products business line; support directly FSA's Financial Products business (details will be communicated in due time); strengthen FSA's provisions to anticipate a prolongation of the mortgage crisis well into mid-2009 with a return to a normalized situation not before the middle of 2010; the injection of an additional USD 300 million in FSA to add to its capital strength and support new business originations in Public and Infrastructure Finance.

Since August 6, Dexia and FSA have been working actively on implementing the above-mentioned strategic decisions. In the meantime, the Group also continues to monitor market developments and

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

assess additional actions given market conditions and the current low visibility prevailing in the industry.

On July 21 Moody's announced that it would review FSA's Aaa rating for possible downgrade, citing a number of systemic concerns. This was followed on August 6 by Standard & Poor's affirming FSA's AAA rating, but with a negative outlook. Fitch affirmed FSA's AAA. FSA will work closely with the three rating agencies to maintain its triple A ratings. As a result of the above-mentioned rating actions, Dexia expects 3Q 2008 level of new business at FSA to be down significantly compared to the previous quarters.

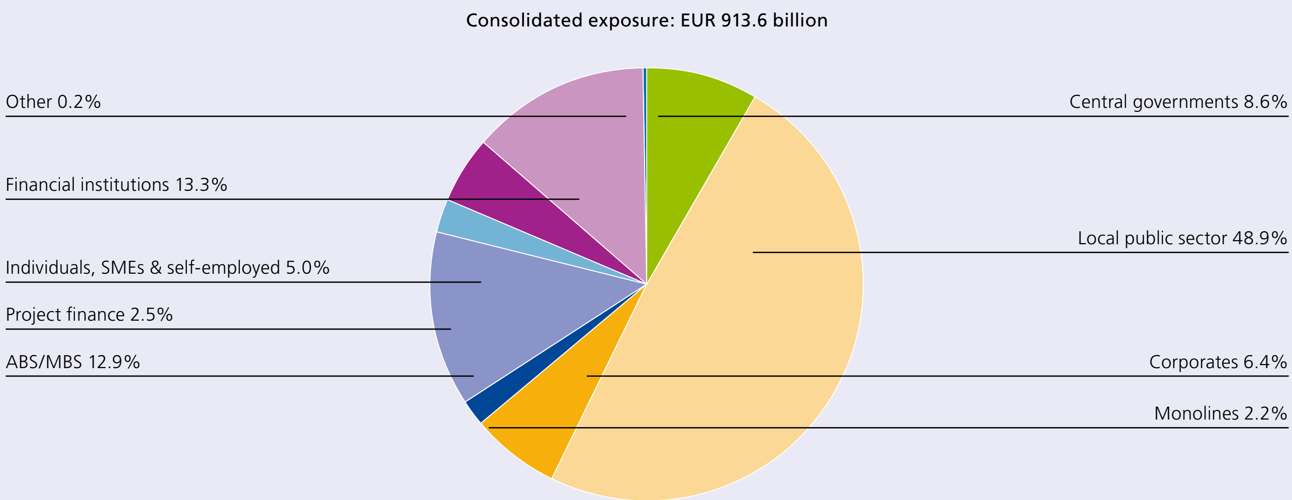
MAIN NON-OPERATING ITEMS

STATEMENT OF INCOME – QUARTERLY SERIES						
in millions of EUR	1Q 2007	2Q 2007	3Q 2007	4Q 2007	1Q 2008	2Q 2008
Income	**19**	**93**	**(176)**	**(106)**	**(334)**	**174**
of which						
Capital gains	28	126	34	94	1	10
Interest DBnl[1]	1	(2)	1	1		0
MTM, CDS of FSA	(9)	(34)	(215)	(203)	(335)	159
Non-economic FP impairments FSA						(470)
Own credit risk FSA						474
Expenses	**0**	**0**	**(1)**	**0**	**0**	**0**
Gross operating income	**19**	**93**	**(177)**	**(106)**	**(334)**	**174**
Cost of risk (net release/charge for share leasing at DBnl)	**4**	**1**	**(8)**	**(3)**	**(51)**	**(18)**
Impairments on (in)tangible assets	**0**	**0**	**0**	**(4)**	**0**	**(8)**
Tax expense	**69**	**1**	**135**	**74**	**133**	**(55)**
of which						
Tax settlement			58			
Liquidation of the holding company which owned DBnl	67					
MTM, CDS of FSA	3	12	75	71	117	(56)
Net income – Group share	**92**	**94**	**(48)**	**(38)**	**(250)**	**92**

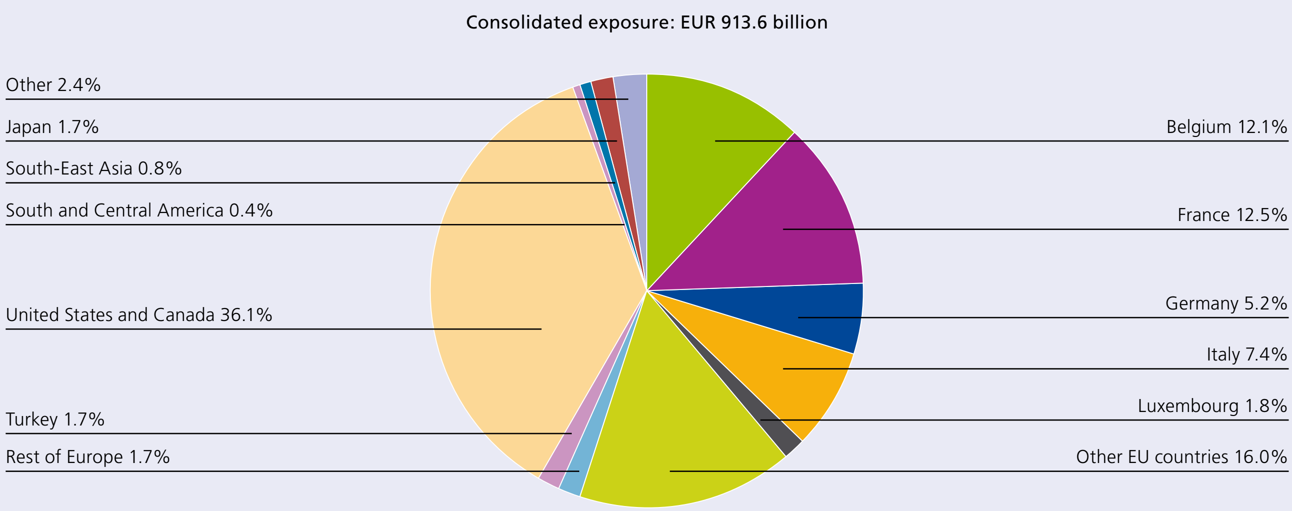
(1) Dexia Bank Nederland.

CREDIT RISK

BREAKDOWN OF DEXIA GROUP EXPOSURE BY CATEGORY OF COUNTERPART AS OF JUNE 30, 2008



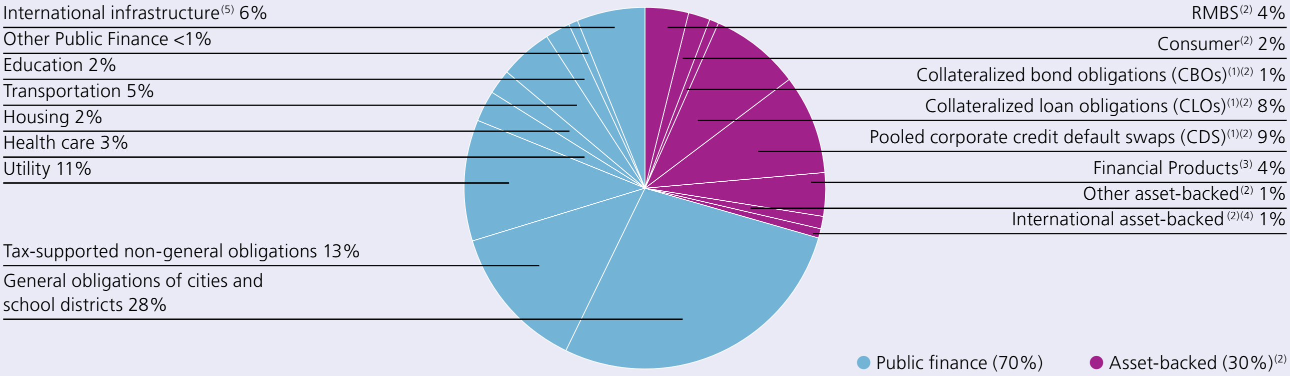
BREAKDOWN OF DEXIA GROUP EXPOSURE BY GEOGRAPHICAL REGION AS OF JUNE 30, 2008



FINANCIAL SECURITY ASSURANCE

FSA INSURED PORTFOLIO AS OF JUNE 30, 2008

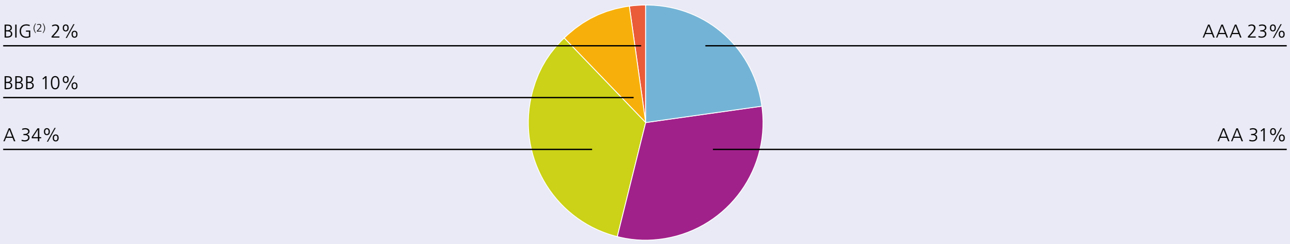
Total net par outstanding: USD 443.3 billion



(1) Includes US and international. CDS of CBOs and CDS of CLOs are included in CBOs and CLOs, respectively. CDS referencing obligations outside the pooled corporate sector are included in the appropriate asset-backed or public finance categories.
(2) Discontinued business in run off.
(3) Guaranteed investment contracts (GICs) issued by FSA's Financial Products (FP) affiliates. Dexia has taken responsibility for credit and liquidity risk of the FP business.
(4) Excludes CBOs, CLOs and pooled corporate CDS.
(5) Primarily PFI/PPP and utility.

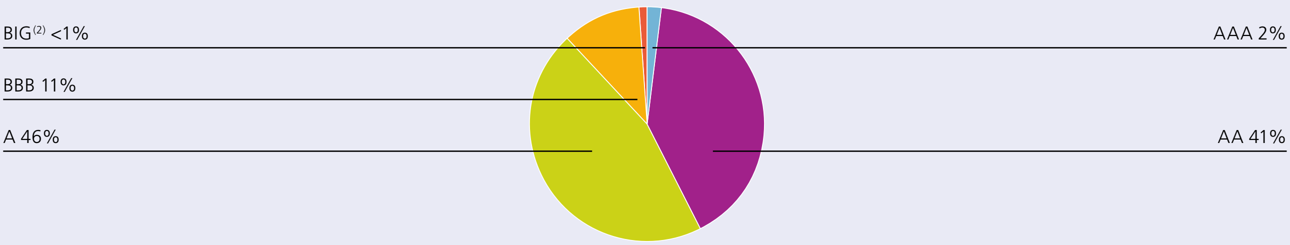
OVERALL (PUBLIC FINANCE + ASSET-BACKED)(1)

Total net par outstanding: USD 443.3 billion



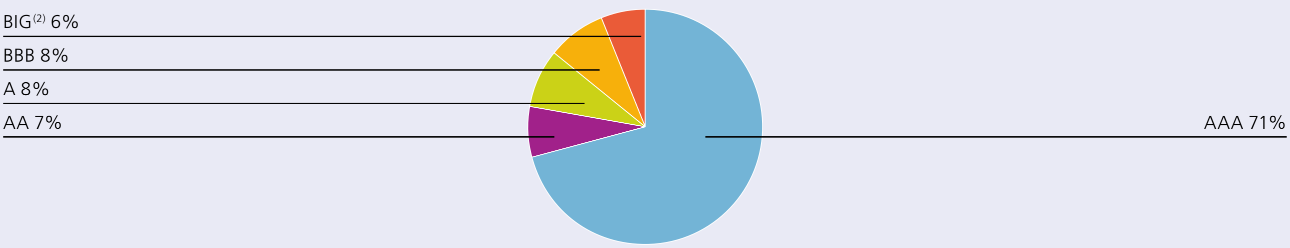
PUBLIC FINANCE(1)

Total net par outstanding: USD 309.5 billion



ASSET-BACKED(1)

Total net par outstanding: USD 133.8 billion



(1) Internal FSA ratings expressed in industry terms; reflects benefit of layered loss reinsurance.
(2) BIG: below investment grade.

MARKET RISK

TFM'S VALUE AT RISK(1)

in millions of EUR	VaR (10days, 99%)	2Q 2007 IR(2) & FX(3) (Trading and Banking)	2Q 2007 EQT(4) Trading	2Q 2007 Spread Trading	2Q 2008 IR(2) & FX(3) (Trading and Banking)	2Q 2008 EQT(4) Trading	2Q 2008 Spread Trading
Individual	Avg.	37.6	5.3	8.6	42.7	7.5	79.4
	Max.	58	10.4	9.6	52.1	11.2	91.1
Global	Avg.	51.6			129.7		
	Max.	71.6			147.4		
	Limit	142			175		

DENIZBANK'S(6) VALUE AT RISK

in millions of EUR	VaR (10days, 99%)	2Q 2008 IR(2) & FX(3) (Trading)(5)	2Q 2008 EQT(4) Trading
Individual	Avg.	0.9	0.17
	Max.	1.58	0.44
Global	Avg.	0.76	
	Max.	1.51	
	Limit	5	

(1) DenizBank excluded.
(2) IR: Interest rate.
(3) FX: Forex.
(4) EQT: Equities.
(5) DenizBank IR and FX VaR – not diversified.
(6) Applied to DenizBank Financial Services Group on a consolidated basis.

ASSET AND LIABILITY MANAGEMENT (ALM)

LISTED SHARES SENSITIVITY – BANKING COMPANIES PORTFOLIO

in millions of EUR	Market value	VaR	% VaR/MV(1)	EaR
June 30, 2007	1,490	92	6.2%	(1)
September 30, 2007	1,558	117	7.5%	(11)
December 31, 2007	1,105	97	8.7%	(11)
March 31, 2008	895	94	10.5%	(57)
June 30, 2008	822	96	11.6%	(94)

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

LISTED SHARES SENSITIVITY – INSURANCE COMPANIES PORTFOLIO

in millions of EUR	Market value	VaR	% VaR/MV(1)	EaR
June 30, 2007	2,030	106	5.2%	(3)
September 30, 2007	2,236	144	6.4%	(23)
December 31, 2007	2,451	170	6.9%	(36)
March 31, 2008	2,635	237	9.0%	(153)
June 30, 2008	2,397	205	8.6%	(369)

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

CAPITAL ADEQUACY – WEIGHTED RISKS – ASSET QUALITY – RATINGS

CAPITAL ADEQUACY

	Basel I			Basel II	
in millions of EUR, except where indicated	June 30, 2007	Sept. 30, 2007	Dec. 31, 2007	March 31, 2008	June 30, 2008
Tier 1 capital	14,045	14,098	14,549	13,483	13,843
Total regulatory capital	14,795	15,101	15,345	14,533	14,997
Weighted risks	**141,416**	**152,284**	**159,383**	**120,113**	**121,670**
Tier 1 ratio	9.9%	9.3%	9.1%	11.2%	11.4%
Capital adequacy ratio	10.5%	9.9%	9.6%	12.1%	12.3%

Nota Bene: for the calculation of the solvency ratios in 2007, the treatment of qualified participations in banking and insurance institutions remains the same as in 2006, being the deduction of the total regulatory capital.

WEIGHTED RISKS UNDER BASEL I

	Basel I		
in millions of EUR	June 30, 2007	Sept. 30, 2007	Dec. 31, 2007
20%-weighted counterparts	45,414	47,065	47,531
50%-weighted counterparts	15,886	17,343	19,161
100%-weighted counterparts	71,657	78,840	84,795
Trading portfolio	8,459	9,036	7,896
Total	**141,416**	**152,284**	**159,383**

WEIGHTED RISKS UNDER BASEL II

	Basel II	
in millions of EUR	March 31, 2008	June 30, 2008
Weighted credit risks	105,094	106,884
Weighted market risks	5,923	5,690
Weighted operational risks	9,096	9,096
Total	**120,113**	**121,670**

QUALITY OF RISKS

in millions of EUR, except where indicated	June 30, 2007	Sept. 30, 2007	Dec. 31, 2007	March 31, 2008	June 30, 2008
Impaired loans	1,274	1,251	1,218	1,170	1,227
Portfolio impairments(1)	871	865	818	789	810
Assets quality ratio(2)	0.55%	0.55%	0.50%	0.48%	0.47%
Coverage ratio(3)	68.3%	69.1%	67.2%	67.4%	66.0%

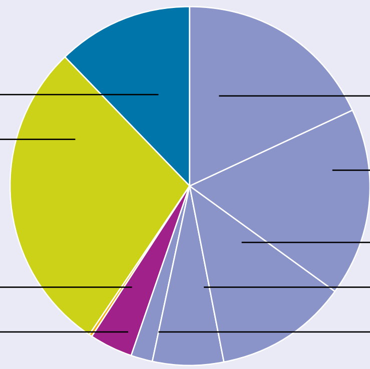
(1) Does not include the collective impairment set aside to cover potential risk on share-leasing products.
(2) The ratio between the impaired loans and the gross oustanding loans.
(3) The ratio between the portfolio impairments and the impaired loans.

RATINGS(1) (long term)

	DEXIA BANK	DEXIA CRÉDIT LOCAL	DEXIA BIL	FSA	DEXIA MUNICIPAL AGENCY
Moody's	Aa1	Aa1	Aa1	Aaa	Aaa
Standard & Poor's	AA	AA	AA	AAA	AAA
Fitch	AA+	AA+	AA+	AAA	AAA
DBRS	AA (high)	AA (high)	AA (high)		

(1) The ratings of Dexia Bank, Dexia Crédit Local and Dexia BIL were recently affirmed by the rating agencies but placed on Negative Outlook by Standard & Poor's on July 9, by Fitch on July 17 and by Moody's on August 14. Moody's placed the Aaa rating of FSA on review for possible downgrade on July 21. On August 6, the AAA rating of FSA was affirmed by Fitch and by Standard & Poor's, but placed on Negative Outlook by S & P.

SHAREHOLDERS' BASE AS OF JUNE 30, 2008



NUMBER OF SHARES

	June 30, 2007	Dec. 31, 2007	June 30, 2008
Number of shares	1,165,437,329	1,178,576,763	1,156,412,677
of which treasury shares	398,543	8,967,312	305,365
Number of options	56,354,618	62,817,843	62,701,693
Total number of current/potential future shares(1)	**1,221,791,947**	**1,241,394,606**	**1,219,114,370**

(1) For more details refer to "Legal Information" on *www.dexia.com*.

EVOLUTION OF THE NUMBER OF SHARES, REPURCHASE OF SHARES AND EMPLOYEE SHAREHOLDING

As of June 30, 2008, the number of shares was 1,156,412,677 and the total number of treasury shares held by Dexia SA and its direct subsidiaries was 305,365, representing a non-significant percentage of the share capital of Dexia SA.

The share buyback program started in 2003 had been suspended on the acquisition of DenizBank and restarted in September 2007 with the allocation of EUR 500 million until the Group's Ordinary Shareholders' Meeting of May 14, 2008. During the second quarter of 2008 a total of 1,505,714 shares (for an amount of EUR 27.2 million) were repurchased. In accordance with the decision of the Extraordinary Shareholders' Meeting of May 14, 2008, these shares and the shares previously acquired (i.e. 22,258,236 shares) have been cancelled.

DATA PER SHARE

		June 30, 2007	June 30, 2008
Average weighted number of shares[1]		1,162,719,468	1,159,274,909
Diluted average weighted number of shares[1]		1,180,455,650	1,164,681,686
Earnings per share – EPS (in EUR)			
- basic[2]		1.30	0.71
- diluted[3]		1.28	0.70
Net assets per share (in EUR)[4]	June 30, 2007	Dec. 31, 2007	June 30, 2008
- related to core shareholders' equity[5]	12.47	12.87	13.07
- related to total shareholders' equity[6]	13.95	11.51	6.99

(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 diluted average weighted 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.

STOCK EXCHANGE DATA

	Dec. 31, 2007	June 30, 2008
Share price (in EUR)[1]	17.22	10.16
Stock market capitalization (in millions of EUR)	20,295	11,743

Stock Exchange	Brussels	Paris
Share price as of Dec. 31, 2007 (in EUR)	17.23	17.21
Share price as of June 30, 2008 (in EUR)	10.16	10.15
Highest price / Lowest price during the first half 2008 (in EUR)	18.86/9.83	18.86/9.84
Average daily trading volume during the first half 2008 (in millions of EUR)	88.48	69.29
Average daily trading volume during the first half 2008 (in thousands of shares)	5,630	4,416

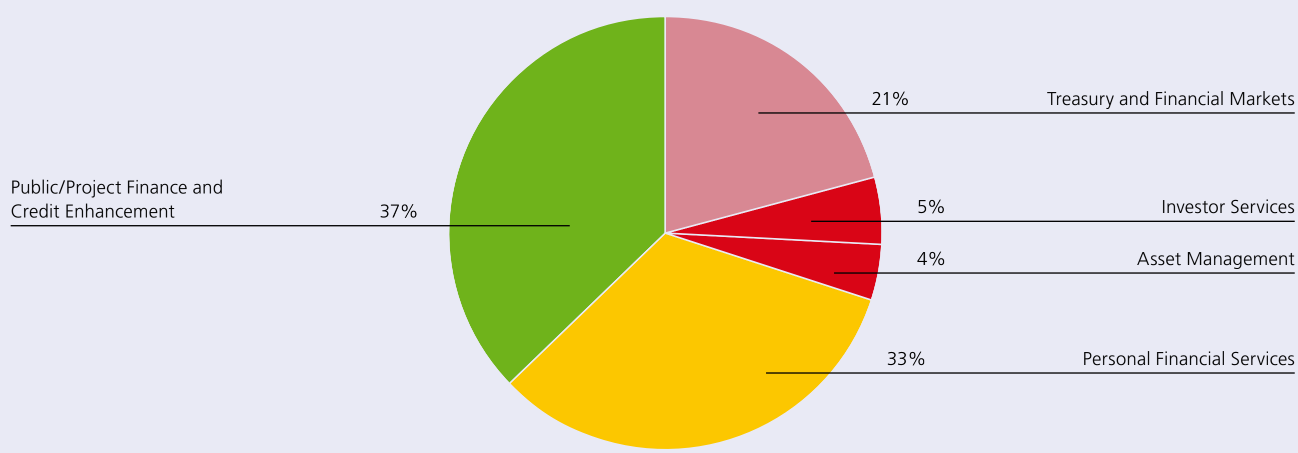
(1) Average closing prices on Euronext Brussels and Euronext Paris.

SEGMENT REPORTING

	Public/Project Finance and Credit Enhancement	Personal Financial Services	Asset Management	Investor Services	Treasury and Financial Markets	Central Assets	Dexia
STATEMENT OF INCOME INCLUDING NON-OPERATING ITEMS[1] 1H 2008							
in millions of EUR, except where indicated							
Income	**1,298**	**1,442**	**124**	**219**	**384**	**23**	**3,490**
of which net commissions	*121*	*386*	*122*	*139*	*7*	*(31)*	*744*
Expenses	**(462)**	**(964)**	**(75)**	**(147)**	**(114)**	**(126)**	**(1,887)**
Gross operating income	**835**	**479**	**49**	**72**	**270**	**(103)**	**1,603**
Cost of risk	(664)	(41)	0	0	(1)	(70)	(776)
Impairments on (in)tangible assets	(8)	0	0	0	0	1	(7)
Tax expense	157	(84)	(5)	(21)	(33)	66	80
Net income	**320**	**354**	**44**	**51**	**237**	**(106)**	**900**
Minority interests	45	3	3	1	7	20	79
Net income – Group share	**275**	**351**	**41**	**50**	**230**	**(126)**	**821**
Total allocated equity (average)	6,173	2,471	78	170	1,877	2,054	12,824
Weighted risks – Basel II	70,707	19,717	443	3,076	19,074	8,653	121,670
Underlying cost-income ratio[2]	31.4%	66.8%	60.3%	67.0%	29.6%	n.s.	51.7%
Underlying ROEE (annualized)[3]	13.3%	28.5%	104.5%	58.7%	24.9%	n.s.	n.s.

(1) As defined on page 6 and described on page 11.
(2) The ratio between the underlying expenses and the underlying income.
(3) Underlying return on economic equity (underlying net income – Group share / allocated equity – Group share).

CONTRIBUTION TO THE UNDERLYING NET INCOME – GROUP SHARE[1] 1H 2008



(1) i.e. excluding Central Assets and non-operating items as defined on page 6 and described on page 11.

ACTIVITY

The favorable business trends observed in 1Q 2008 for Public/Project Finance extended into the second quarter. Most Group entities, and especially the US operations, contributed to this momentum.

Long-term commitments climbed to EUR 342.2 billion, up a solid +21% on a constant exchange rate compared to the end of June 2007 (+17% including the negative impact of currencies, especially the US dollar). Commitments in the public sector recorded a +19% rise on a constant exchange rate. In project finance, commitments rose to EUR 36.1 billion, representing a 33% increase on a constant exchange rate. The corporate segment recorded a +38% rise on a constant exchange rate, to EUR 16.0 billion.

Long-term originations in 2Q 2008 were EUR 24.7 billion, surging 48% versus the year-earlier period and +54% on a constant exchange rate. This marked increase is mainly attributable to originations in the United States, Iberia, Eastern and Central Europe and to the development of the Japanese branch and the Turkish subsidiary, which more than offset a slowdown in several European countries (efforts undertaken to increase margins, local elections). By segment, and on a constant exchange rate, public finance experienced a 84% growth, whilst corporate decreased by 33% (due to a large transaction in Belgium in 2Q 2007) and project finance increased by 30%.

For the first half of the year, originations in the historic markets segment was flat, whilst production in all the areas of tomorrow's growth markets at least doubled and growth markets increased by +89%, especially due to record activity levels in North America and a very good trend in Iberia.

Regionally, the commercial performances were as follows:

Historical markets

- In **Belgium**, activity was contrasted in 1H 2008, (+3%), with a robust growth in originations in 1Q, and a sharp slowdown in the second quarter due to the existence of a very large-sized corporate deal: CNP (EUR 900 million) in 2Q 2007. Without the bias of this large transaction, production in 2Q 2008 would have increased by more than 30% year-on-year. Long-term commitments were EUR 36.3 billion at the end of June 2008, up 10% in one year.
- Long-term originations in **France** decreased slightly to EUR 2.3 billion (-5%) in 2Q 2008, a rather good performance despite a slowdown in the public finance segment, which was caused by a traditionally sluggish post local elections context. The activity in project finance was on the contrary very sustained (+170%), with record levels in the PPP debt market: six transactions were closed with a mandated lead arranger role for a final take of EUR 495 million, along with numerous deals in the infrastructure and renewable energy sectors.
  Long-term commitments at the end of June 2008 reached EUR 73.8 billion, up a strong 11% year-on-year.
- **Luxembourg** experienced a satisfactory progression of originations, from EUR 56 million in the second quarter of 2007 to EUR 136 million in the same period of 2008. Long-term commitments were EUR 2.4 billion at the end of June 2008.

Growth markets

- **United States and Canada**: The activity outburst observed in 1Q 2008 was still on the agenda in the second quarter: following the recent evolutions in the US market (financial guarantors downgraded, deleveraging of municipal bond investment structures, overall liquidity squeeze…), American municipalities experienced a dramatic change in funding conditions. Numerous local authorities (previously partly financed through Auction Rate Securities, a mechanism of financing whereby the rates are regularly put up for auction) found themselves in a dire need for funding solutions. Production in 2Q 2008 was notably bolstered by (i) the buoyant start of Dexia's US direct lending operations, (ii) the issuance of letters of credit, a market which proved to be an attractive alternative to downgraded financial guarantors, and (iii) the issuance of liquidity guarantees in the form of Standby Bond Purchase Agreements (SBPA). A strong demand for SBPA emerged as local authorities had to replace their failing Auction Rate Securities with Variable Rate Demand Obligations. Among a very large number of deals closed, it is worth mentioning the liquidity facility closed with the Long Island Power Authority for USD 594 million in order to cover the conversion of an Auction Rate Security into a Variable Rate Demand Obligation. As a result of these buoyant business conditions

ACTIVITY STATISTICS

All statistics hereunder relate to the final take underwriting, acceptance or purchase of public/project finance sector debt obligations, under the form of long-term loans, notes and bonds, liquidity guarantees, all forms of credit procurement as applicable in those countries where Dexia operates. The short-term facilities are not included.

	LONG-TERM COMMITMENTS[1]				LONG-TERM ORIGINATIONS[1]		
in millions of EUR	June 30, 2007	June 30, 2008	*Variation*	*Variation constant exchange rate*	1H 2007	1H 2008	*Variation*
Historical markets	**101,838**	**112,520**	**+10.0%**	-	**8,068**	**7,882**	**-2.3%**
Belgium	33,044	36,278	+9.8%	-	3,651	3,752	+2.8%
France	66,370	73,799	+11.2%	-	4,311	3,827	-11.2%
Luxembourg	2,424	2,443	+0.8%	-	106	303	x2.8
Growth markets	**148,314**	**171,683**	**+15.8%**	-	**13,442**	**25,347**	**+88.5%**
Germany	34,934	39,346	+12.6%	-	3,422	3,289	-3.9%
Iberia (Spain and Portugal)	9,467	13,750	+45.2%	-	1,303	3,299	x2.5
Italy	37,838	39,551	+4.5%	-	1,762	2,255	+27.9%
Sweden	3,839	4,023	+4.8%	+6.3%	398	642	+61.2%
Switzerland	3,899	5,036	+29.2%	+27.6%	538	253	-53.0%
United Kingdom	9,834	12,988	+32.1%	+53.9%	1,419	1,172	-17.4%
United States and Canada	48,503	56,988	+17.5%	+36.9%	4,599	14,438	x3.1
Tomorrow's growth markets	**13,883**	**25,112**	**+80.9%**	-	**4,081**	**8,920**	**x2.2**
Australia	582	1,447	x2.5	x2.5	194	436	x2.3
Central and Eastern Europe	5,707	7,691	+34.8%		605	1,346	x2.2
Israel	508	734	+44.4%	+38.0%	60	119	+96.4%
Japan	4,052	10,189	x2.5	x2.7	2,365	4,750	x2.0
Mexico	595	1,420	x2.4	x2.6	178	445	x2.5
Turkey	2,437	3,631	+49.0%	+56.0%	680	1,824	x2.7
International headquarters[2]	**28,463**	**32,900**	**+15.6%**	-	**3,874**	**1,440**	**-62.8%**
Fully-consolidated subsidiaries	**292,497**	**342,214**	**+17.0%**	**+21.3%**	**29,471**	**43,589**	**+47.9%**
of which public sector	*252,687*	*290,122*	*+14.8%*	*+19.2%*	*20,631*	*34,003*	*+64.8%*
of which project finance	*28,070*	*36,056*	*+28.4%*	*+33.1%*	*4,888*	*5,559*	*+13.7%*
of which corporate banking	*11,740*	*16,035*	*+36.6%*	*+38.0%*	*3,952*	*4,027*	*+1.9%*
Equity-accounted companies							
Austria (Kommunalkredit Austria)[3]	26,876	31,719	+18.0%		4,748	4,472	-5.8%
Total managed by the Dexia Group	**319,373**	**373,933**	**+17.1%**		**34,219**	**48,061**	**+40.5%**

(1) These amounts are stated on a current exchange rate.
(2) "International headquarters" refers to the transactions carried out by the head office in countries where the Group has no direct presence.
(3) Corresponding to 100% of originations/commitments of Kommunalkredit Austria, which is 49%-owned by Dexia.

DEPOSIT-TAKING SERVICES AND INVESTMENT PRODUCTS (including off-balance-sheet products)

in millions of EUR	June 30, 2007	June 30, 2008	*Variation*
Balance sheet	22,972	25,627	+11.6%
Off-balance sheet	12,930	15,972	+23.5%
Total	**35,902**	**41,599**	**+12.3%**

and Dexia's leading market position, long-term originations have been multiplied by nearly 4 in 2Q 2008, to EUR 9.7 billion and by 3 in the first half of the year, to EUR 14.4 billion. Activity was also dynamic in project finance in 2Q 2008 (+29% versus the same period of 2007, +48% on a constant exchange rate), whereas the comparison 1H 2008/1H 2007 suffers from very large deals closed at the beginning of 2007.

- In **Germany**, production, at EUR 1.5 billion, experienced a 15% decrease in 2Q 2008 compared to 2Q 2007. In public finance, production decreased by -8% due to two reasons: (i) higher municipal tax incomes reduced the local authorities funding needs, (ii) preservation of margins in a market where local competition proved tough. Long-term production in the first half of the year was EUR 3.3 billion, down 3.9% versus the same period of 2007. At the end of June, long-term commitments climbed EUR 39.3 billion, up 13%.
- The increase in long-term originations in **Italy** was sustained in 2Q 2008, +35% to EUR 1.7 billion, despite difficult conditions prevailing in public finance, with strict balance-sheet restrictions imposed by central government to local authorities. In this context, Dexia accelerated the broadening of its clients' base (local utilities, healthcare, social housing/public real estate, universities…) and was able to maintain its leading role in the Italian market. For example, Dexia was involved in the financing of the Campania Region for a total amount of EUR 889 million and, as an illustration of the above-mentioned diversification, in the EUR 50 million financing of a private satellite in charge of the water integrated system of the Turin province. Production in the first half of the year 2008 increased by 28%, to EUR 2.3 billion. Long-term commitments at the end of June were EUR 39.6 billion, up 4.5% year-on-year.
- The very good performances recorded by the activity in **Spain** and **Portugal (Iberia)** in 1Q 2008 were extended into the following three months, with long-term originations of EUR 1.6 billion, up 133% year-on-year. Long-term originations in project finance climbed by 60%. Dexia participated in major loan financing transactions such as the EUR 300 million loan to the Valencia Generalitat. Long-term commitments at the end of June 2008 were EUR 13.8 billion, up 45% versus mid-2007.
- After a dull 1Q 2008, long-term production in the **United Kingdom** for the second quarter of the year was more dynamic (+28%) in public finance, a good performance mainly reached via a proactive approach in presenting interest rate hedging and structured financing solutions to our new customers acquired through the purchase of the Bradford & Bingley loan portfolio. 70% of the new production during first half was realized in 2Q 2008. Project finance was less buoyant (-48%), compared to a 2Q 2007 which was very active in PFI operations. Among various transactions realized in 2Q 2008: Dexia underwrote half of the PFI financing of schools for Knowsley Metropolitan Borough Council, with a GBP 75 million final take. Total long-term originations in the United Kingdom amounted to EUR 637 million in 2Q 2008, bringing the commitments to EUR 13.0 billion at the end of June, up 54% year-on-year, on a constant exchange rate.

Tomorrow's growth markets

- In **Central and Eastern Europe**, long-term originations experienced a buoyant 2Q 2008, from EUR 338 million in 2Q 2007 to EUR 1.1 billion, partly due to transactions with sovereign entities. This sustained progression stemmed both from public finance segment (x2.3) and project finance (x19) where, for example, Dexia co-financed the main Croatian toll road company (final take of EUR 75 million). Long-term commitments at the end of June were EUR 7.7 billion, up 35%.
- **Japan** continued to build on its strong commercial momentum, and experienced a very strong 40% growth of production (EUR 1.4 billion) in the second quarter of the year, compared to the same period of 2007. As expected, this figure is largely below 1Q 2008 production which benefited from the usual seasonality impact. Long-term commitments reached EUR 10.2 billion at the end of June 2008. This amount was EUR 6.2 billion at the end of December 2007, and EUR 4.0 billion one year ago. This dynamic progression was sustained by the implementation by the Japanese government, since the beginning of the year, of a new program allowing local authorities to repay their high cost loans to the State and to refinance them at a lower rate with private banks. This program, which is expected to last for another two years, represented around 31% of the activity in the first half of the year. During this period, Dexia more than doubled its number of clients, especially targeting middle-sized cities.
- Long-term commitments in **Mexico**, were EUR 1.4 billion (x2.6 on a constant exchange rate), at the end of June 2008 compared to June 2007. Public finance originations were boosted by the refinancing of the biggest states, with for example, the financing of the state of Mexico for a final take of MXN 5,000 million. On the project finance side, Dexia confirmed the promising start observed in 1Q 2008, closing among others, the underwriting of a toll road PPP. Commitments in project finance were EUR 196 million at the end of June, compared with EUR 70 million at the end of March.
- In **Turkey**, were activity is mainly based on project and corporate segments, long-term commitments reached EUR 3.6 billion at the end of June 2008, up 56% on a constant exchange rate. Growth in outstandings is in line with sector trends. The close collaboration between Dexia's and DenizBank's commercial teams as well as expertise sharing, allowed Dexia to participate into some struc-

tured loans transactions. The average duration of commitments increased, partly thanks to project finance transactions in energy, telecom and infrastructure.

International headquarters

Long-term commitments in the international headquarters recorded a 16% progression between the end of June 2007 and June 2008. Originations during the second quarter of 2008 were partly penalized by a less buoyant project finance market environment.

Assets under management amounted to EUR 41.6 billion, up 12% compared to the end of June 2007. The bulk of the increase came from historical markets.

In **insurance services**, the brokerage company Dexia Sofaxis collected EUR 363 million in 1H 2008, up 2 %. Dexia Insurance Services (group insurance policies, insured pension schemes, investment products for legal entities) collected EUR 197 million of premiums in the first half of 2008 in PPFCE (7% of total collected within the Group), up 5% compared to the same period of 2007.

FSA

Following 1Q's strong start, the second quarter of 2008 was also quite dynamic for FSA's activity, especially in the US municipal market. Within the context of the financial crisis and of the weakening of most financial guarantors, FSA was able to consolidate a leading position on the market, and to drive strong production while maintaining a conservative credit approach. FSA originated USD 309 million gross present value (PV) originations, up 42% compared to the same period of 2007.

In **public finance**, FSA booked gross PV premiums of USD 296 million (x2.5) compared to the second quarter of 2007. In the *United States*, PV premiums (USD 270 million) were boosted by significantly wider margins and a positive volume effect. On the volume side, the fall in insurance penetration rate (24% in 1H 2008 compared with 49% in 1H 2007) was more than offset by FSA's much higher market share (62% versus an historic market share of 22%). More than 96% of municipal bonds insured by FSA during the first half of 2008 had underlying credit quality of single A or higher. Secondary market demand for FSA's guaranty was sizeable. In the *international* segment, where the liquidity crunch caused a general decline in activity and wider credit spreads, PV originated by FSA in 2Q 2008 amounted to USD 27 million, a 38% decrease year-on-year. Market volumes were impacted by a lack of liquidity.

In the **ABS** sector, activity was restrained in 2Q 2008 due to the absence of a market and the need to maintain a strict credit discipline. FSA generated USD 14 million of PV originations, compared to USD 75 million in 2Q 2007. Following the strategic review of FSA, conclusions of which were released on August 6, it was decided to put the ABS business in run-off.

FSA: ACTIVITY STATISTICS

in millions of USD	2Q 2007	2Q 2008	*Variation*	1H 2007	1H 2008	*Variation*
Gross present value originations(1)	**218**	**309**	**+41.9%**	**415**	**591**	**+42.3%**
Public finance originations	120	296	x2.5	223	511	x2.3
United States(2)	*77*	*270*	*x3.5*	*151*	*466*	*x3.1*
International(2)	*43*	*27*	*-37.8%*	*72*	*45*	*-37.7%*
Asset-backed originations	75	14	-82.0%	143	80	-43.7%
United States(2)	*64*	*11*	*-82.8%*	*118*	*58*	*-51.0%*
International(2)	*11*	*3*	*-77.5%*	*25*	*23*	*-9.5%*
Financial Products(3)	23	0	n.s.	50	0	n.s.

in millions of USD	June 2007	June 2008	*Variation*
Net par outstanding(4)	399,380	443,328	+11.0%
Public finance obligations	262,770	309,561	+17.8%
United States	*242,769*	*280,794*	*+15.7%*
International	*20,001*	*28,767*	*+43.8%*
Asset-backed obligations	118,891	115,408	-2.9%
United States	*88,961*	*88,405*	*-0.6%*
International	*29,930*	*27,003*	*-9.8%*
Financial Products	17,719	18,359	+3.6%

(1) Financial Security Assurance Holdings Ltd. Some of the amounts shown for 2007 differ from those originally reported for that period because they reflect subsequent reclassifications, primarily of transactions previously wrapped by other monolines, which the Company now classifies according to the underlying exposure.
(2) Present value of premiums originated and present value of credit derivative fees originated.
(3) Present value of future net interest margin from guaranteed investments contracts (GICs) issued to municipalities and other market participants.
(4) Financial Security Assurance Inc. Outstanding amounts for June 2008 reflect reclassifications of previously wrapped transactions. Amounts for June 2007 are as originally reported.

Within **Financial Products**, FSA reduced its activity and focused on strengthening its cash position. Gross present value originations in 2Q 2008 were USD -0.4 million, (versus USD 23 million a year ago). Following the strategic review, FSA will reduce the size of the Financial Products business line to rely on municipal funding only.

UNDERLYING[1] RESULTS

Net income – Group share reached EUR 71 million in the second quarter of 2008, compared to EUR 338 million in 2Q 2007. Excluding FSA which had a negative contribution of EUR -326 million, net income – Group share reached a record level at EUR 398 million, up 50.0% (54.4% on a constant exchange rate). For the first six months of 2008, it amounted to EUR 773 million, up 47.2% (51.4% on a constant exchange rate). Excluding FSA, the results benefited from strong commercial activity, improved margins despite higher funding costs, two positive mark-to-market atypical elements, and a one-off tax effect.

Due to the deterioration of the economic environment in the US, **FSA** significantly strengthened its provisions for potential future losses in the RMBS sector for a total amount of EUR 605 million (pre-tax) in 2Q 2008.

Assuming that the current stressed performance of insured transactions will continue well into 2009, and not return to normal until mid-2010, FSA increased provisions by EUR 401 million (pre-tax). This is primarily related to transactions backed by home equity lines of credit (HELOCs) and Alt-A (near-prime) closed-end second-lien (CES) mortgage loans.

FSA also established provisions for economic losses on certain assets which are held for sale in the Financial Products investment portfolio for an amount of EUR 204 million (pre-tax).

Total income in 2Q 2008 amounted to EUR 630 million, down 7.4% on a constant exchange rate. This decrease is mainly driven by FSA's Financial Products portfolio economic losses (- EUR 204 million). 2Q 2008 also recorded two additional atypical elements: (i) a EUR 45 million positive mark-to-market impact on credit protection bought on some assets (ii) a EUR 16 million positive mark-to-market adjustment on a public assets trading portfolio. Excluding FSA and these atypical items, growth in total income was +14.5% on a constant exchange rate, supported by robust activity volumes in most entities. The income growth also benefited from strong margins with commercial spreads increasing beyond the increase in funding costs. For the first half of the year, excluding FSA and atypical items, total income was up 10.1% on a constant exchange rate.

Expenses were down 3.0% all in all and were stable on a constant exchange rate. Excluding FSA, and on a constant exchange rate, cost growth was 11.8% as a result of continued investments to support

1 As defined on page 6 and described on page 11.

UNDERLYING STATEMENT OF INCOME
EXCLUDING NON-OPERATING ITEMS

in millions of EUR, except where indicated	2Q 2007(1)	2Q 2008	*Variation*	*Variation constant exchange rate*	1H 2007(1)	1H 2008	*Variation*	*Variation constant exchange rate*
Income	**708**	**630**	**-11.0%**	**-7.4%**	**1,389**	**1,469**	**+5.8%**	**+10.1%**
of which net commissions	*55*	*62*	*+13.0%*	*+14.9%*	*116*	*121*	*+4.2%*	*+5.7%*
Expenses	**(233)**	**(226)**	**-3.0%**	**-0.2%**	**(458)**	**(462)**	**+0.9%**	**+3.9%**
Gross operating income	**475**	**404**	**-14.9%**	**-11.0%**	**931**	**1,007**	**+8.1%**	**+13.2%**
Cost of risk	(18)	(452)	x26	x27	(26)	(664)	x25	x25
Impairments on (in)tangible assets	0	0	n.s.	n.s.	0	0	n.s.	n.s.
Tax expense	(107)	153	n.s.	n.s.	(218)	97	n.s.	n.s.
Net income	**350**	**104**	**-70.2%**	**-68.7%**	**687**	**440**	**-36.0%**	**-32.7%**
Minority interests	13	33	x2.6	x2.7	23	46	x2	x2
Net income – Group share	**338**	**71**	**-78.9%**	**-77.8%**	**664**	**394**	**-40.7%**	**-37.6%**
Cost-income ratio	32.9%	35.9%			33.0%	31.4%		
Annualized ROEE(2)					26.9%	13.3%		
Total allocated equity (average)					5,182	6,173		
Weighted risks – Basel I					78,260	-		
Weighted risks – Basel II					-	70,707		

(1) Pro forma.
(2) Return on economic equity (net income – Group share / allocated equity – Group share).

growing activities (Turkey, Japan, US and Canada...) and remained below income growth.

Gross operating income came in at EUR 404 million, down 11.0% on a constant exchange rate, and up 16.1%, excluding FSA and the atypical items described above. The business line's **cost-income ratio** increased from 32.9% in 2Q 2007 to 35.9% for the same period of 2008. Excluding FSA and atypical items, the cost-income ratio for 2Q 2008 was 33.9% compared to 34.6% in 2Q 2007.

Cost of risk increased from EUR 18 million in 1Q 2007 to 452 million in 2Q 2008. This is the result of the above-mentioned losses booked by FSA. Excluding FSA, cost of risk was EUR 20 million. The figure for the first half of the year excluding FSA was a low EUR 36 million.

Tax expense was a positive 153 million as a result of FSA's losses and a net EUR 68 million tax benefit (EUR 48 million excluding minority interests) following a one-off tax measure in Italy.

STATEMENT OF INCOME – QUARTERLY SERIES (1)

in millions of EUR	1Q 2007	2Q 2007	3Q 2007	4Q 2007	1Q 2008	2Q 2008
TOTAL						
Income	**672**	**677**	**486**	**515**	**504**	**793**
of which net commissions	*61*	*55*	*57*	*51*	*59*	*62*
Expenses	**(225)**	**(233)**	**(238)**	**(255)**	**(236)**	**(226)**
Gross operating income	**447**	**444**	**248**	**260**	**268**	**567**
Cost of risk	(9)	(18)	(19)	(36)	(212)	(452)
Impairments on (in)tangible assets	0	0	0	0	0	(8)
Tax expense	(108)	(103)	(30)	(4)	61	96
Net income	**330**	**323**	**199**	**220**	**118**	**203**
Minority interests	10	12	8	17	11	34
Net income – Group share	**320**	**310**	**191**	**203**	**107**	**169**
NON-OPERATING ITEMS (2)						
Income	**(9)**	**(31)**	**(209)**	**(203)**	**(335)**	**163**
of which net commissions						
Expenses						
Gross operating income	**(9)**	**(31)**	**(209)**	**(203)**	**(335)**	**163**
Cost of risk						
Impairments on (in)tangible assets						(8)
Tax expense	3	3	75	71	117	(57)
Net income	**(6)**	**(28)**	**(134)**	**(132)**	**(218)**	**99**
Minority interests			(1)	(1)	(2)	1
Net income – Group share	**(6)**	**(28)**	**(133)**	**(131)**	**(216)**	**97**
UNDERLYING						
Income	**681**	**708**	**695**	**718**	**839**	**630**
of which net commissions	*61*	*55*	*57*	*51*	*59*	*62*
Expenses	**(225)**	**(233)**	**(238)**	**(255)**	**(236)**	**(226)**
Gross operating income	**457**	**475**	**457**	**463**	**603**	**404**
Cost of risk	(9)	(18)	(19)	(36)	(212)	(452)
Impairments on (in)tangible assets	0	0	0	0	0	0
Tax expense	(111)	(107)	(105)	(76)	(56)	153
Net income	**337**	**350**	**333**	**352**	**335**	**104**
Minority interests	10	13	9	18	13	33
Net income – Group share	**326**	**338**	**324**	**334**	**322**	**71**

(1) Pro forma for 1Q 2007 to 4Q 2007 as defined on page 6.
(2) As defined on page 6 and described on page 11.

PERSONAL FINANCIAL SERVICES

ACTIVITY

In the context of challenging financial markets, **customer assets** came to EUR 132.1 billion at the end of June 2008 (-3.9% compared to June 2007 and -1.1% compared to March 2008). The retail and SME segment represents 64% of the total, the remainder belonging to the private banking segment.

The balance within the various components of customer assets changed materially, with a 16.2% growth in life insurance technical reserves, a 4.0% growth in balance-sheet assets and a -19.4% decrease in off-balance-sheet assets in June 2008 compared to June 2007.

The negative interest yield curve puts pressure on savings accounts, which declined by -9.1% compared to June 2007 and by -3.5% compared to March 2008. Due to unfavorable market conditions, mutual funds have also decreased by -23.7% year-on-year and -7.9% quarter-on-quarter. Customers switched their assets into term deposits and savings bonds (+22.0% year-on-year and +5.8% quarter-on-quarter). Life insurance technical reserves recorded a 16.2% growth year-on-year. This quarter also saw a noticeable increase in structured bonds issued by the Group (+3.1% year-on-year and +10.6% quarter-on-quarter).

On June 30, 2008, Dexia launched its new Internet Savings account, offering a remuneration of up to 4% for the base rate, increased by a 0.5% growth premium. To date, this Internet Savings account attracted more than 70,000 customers.

In Turkey, customer assets reached TRY 8.7 billion (EUR 4.5 billion) at the end of June 2008 (+23.3% year-on-year and flat quarter-on-quarter after a strong 1Q 2008). In an increasingly competitive market, DenizBank has been selective in terms of client acquisition and retention in order not to penalize margins. During the second quarter, DenizBank opened 29 branches, bringing the total to 359 branches at the end of June 2008.

Loans to customers have continued to expand at a rapid pace during the second quarter of 2008, showing an increase of 12.9% compared to June 2007. All segments reported double-digit growth rates: +20.3% for business loans, +15.9% for consumer loans and +10.5% for mortgages as of June 2008 compared to June 2007.

In Turkey, DenizBank continued to deliver high growth in its loan book (+55.4% year-on-year and +11.5% quarter-on-quarter), reaching TRY 7.2 billion in June 2008 (EUR 3.7 billion). All categories of loans (retail and SME) contributed to this excellent performance.

CUSTOMER ASSETS & LIABILITIES

in millions of EUR	2007 June 30	2007 Sept. 30	2007 Dec. 31	2008 March 31	2008 June 30	*Variation June 30, 2008/ Dec. 31, 2007*	*Variation June 30, 2008/ June 30, 2007*
Total customer assets & liabilities	173,125	173,478	173,793	171,879	172,353	+0.3%	-0.4%
Total customer assets	137,452	136,962	136,013	133,502	132,086	-1.1%	-3.9%
Balance-sheet assets	69,322	68,924	69,272	70,324	72,097	+2.5%	+4.0%
Sight accounts	*8,902*	*8,408*	*8,536*	*8,654*	*8,798*	*+1.7%*	*-1.2%*
Savings accounts	*27,310*	*26,155*	*25,701*	*25,714*	*24,813*	*-3.5%*	*-9.1%*
Savings bonds & term deposits	*23,042*	*24,436*	*25,257*	*26,573*	*28,105*	*+5.8%*	*+22.0%*
Bonds issued by the Group	*10,068*	*9,926*	*9,778*	*9,383*	*10,380*	*+10.6%*	*+3.1%*
Off-balance-sheet assets	53,815	53,255	50,853	46,399	43,354	-6.6%	-19.4%
Mutual funds	34,996	34,248	32,407	28,999	26,701	-7.9%	-23.7%
Direct securities	18,818	19,007	18,446	17,400	16,653	-4.3%	-11.5%
Life insurance technical reserves	14,315	14,783	15,887	16,780	16,635	-0.9%	+16.2%
Total customer liabilities	35,673	36,516	37,780	38,376	40,267	+4.9%	+12.9%
Mortgage loans	20,516	21,074	21,512	21,970	22,679	+3.2%	+10.5%
Consumer loans	2,269	2,324	2,422	2,385	2,630	+10.3%	+15.9%
Business loans	7,990	8,339	8,769	9,099	9,615	+5.7%	+20.3%
Other loans	4,898	4,779	5,078	4,923	5,343	+8.5%	+9.1%

RETAIL & SME BANKING – PRIVATE BANKING

in millions of EUR	2007 June 30	2007 Sept. 30	2007 Dec. 31	2008 March 31	2008 June 30	*Variation June 30, 2008/ Dec. 31, 2007*	*Variation June 30, 2008/ June 30, 2007*
Retail & SME customer assets & liabilities	120,523	120,729	120,645	120,239	120,514	+0.2%	n.s.
Assets	88,989	88,289	87,151	86,182	84,991	-1.4%	-4.5%
Liabilities	31,534	32,440	33,493	34,057	35,523	+4.3%	+12.6%
Private customer assets & liabilities	52,602	52,749	53,148	51,639	51,839	+0.4%	-1.4%
Assets	48,463	48,673	48,862	47,320	47,094	-0.5%	-2.8%
Liabilities	4,139	4,076	4,287	4,319	4,745	+9.8%	+14.6%

UNDERLYING[1] RESULTS

Net income – Group share amounted to EUR 171 million in 2Q 2008, a 10.3% decrease compared to a record 2Q 2007. This was mainly attributable to higher taxes (in Belgium, 2Q 2007 was marked by the combination of non taxable capital gains and positive deferred taxes while 2Q 2008 was marked by higher foreigner withholding taxes; one-off tax charges were recorded in 2Q 2008 in Turkey). Year-on-year, the TRY/EUR exchange rate impact on accounts is limited.

Total income rose by 2.6% year-on-year to EUR 722 million. In Belgium and Luxembourg, revenues were stable, with higher income on payments offsetting the pressure on mutual fund fees. In Turkey, revenues increased by 23.3% compared to 2Q 2007 thanks to a continued high growth in loan volumes.

Expenses were up 4.6% year-on-year. Turkey remained the main driver of cost growth (costs increased by 18.2% in 2Q 2008 compared to 2Q 2007) mainly due to increasing staff costs and the development of the Russian consumer finance activity. In Belgium and Luxembourg, Dexia continued to strictly monitor its cost base, limiting the increase at 2.3% year-on-year.

Gross operating income in the second quarter of 2008 amounted to EUR 235 million (-1.3% year-on-year). The **cost-income ratio** of the business line slightly deteriorated to 67.4% in 2Q 2008 compared to 66.1% in 2Q 2007.

The business line's annualized **return on economic equity** came to 28.5% at the end of June 2008.

1 As defined on page 6 and described on page 11.

UNDERLYING STATEMENT OF INCOME
EXCLUDING NON-OPERATING ITEMS

in millions of EUR, except where indicated	2Q 2007	2Q 2008	*Variation*	*Variation constant exchange rate*	1H 2007(1)	1H 2008	*Variation*	*Variation constant exchange rate*
Income	**704**	**722**	**+2.6%**	**+3.3%**	**1,359**	**1,442**	**+6.1%**	**+6.7%**
of which net commissions	*191*	*191*	*-0.1%*	*+0.8%*	*378*	*386*	*+2.1%*	*+2.9%*
Expenses	**(465)**	**(487)**	**+4.6%**	**+5.4%**	**(916)**	**(964)**	**+5.2%**	**+5.9%**
Gross operating income	**238**	**235**	**-1.3%**	**-0.8%**	**444**	**479**	**+7.8%**	**+8.4%**
Cost of risk	(12)	(16)	+42.3%	+47.7%	(28)	(41)	+45.1%	+48.9%
Impairments on (in)tangible assets	0	0	n.s.	n.s.	0	0	n.s.	+n.s.
Tax expense	(35)	(46)	+29.8%	+30.5%	(64)	(84)	+30.3%	+30.8%
Net income	**191**	**173**	**-9.7%**	**-9.4%**	**351**	**354**	**+0.7%**	**+1.1%**
Minority interests	0	1	x3.7	x3.7	1	3	x2.5	x2.5
Net income – Group share	**191**	**171**	**-10.3%**	**-9.9%**	**350**	**351**	**+0.2%**	**+0.5%**
Cost-income ratio	66.1%	67.4%			67.4%	66.8%		
Annualized ROEE(2)					32.2%	28.5%		
Total allocated equity (average)					2,177	2,471		
Weighted risks – Basel I					28,198	-		
Weighted risks – Basel II					-	19,717		

(1) Pro forma.
(2) Return on economic equity (net income – Group share / allocated equity – Group share).

STATEMENT OF INCOME – QUARTERLY SERIES [1]						
in millions of EUR	1Q 2007	2Q 2007	3Q 2007	4Q 2007	1Q 2008	2Q 2008
TOTAL						
Income	**656**	**752**	**695**	**717**	**720**	**722**
of which net commissions	*187*	*191*	*191*	*185*	*195*	*191*
Expenses	**(450)**	**(465)**	**(476)**	**(497)**	**(477)**	**(487)**
Gross operating income	**206**	**286**	**220**	**220**	**244**	**235**
Cost of risk	(16)	(12)	(19)	(15)	(24)	(16)
Impairments on (in)tangible assets	0	0	0	(4)	0	0
Tax expense	(29)	(44)	(24)	(35)	(38)	(46)
Net income	**160**	**231**	**177**	**166**	**181**	**173**
Minority interests	1	0	2	2	2	1
Net income – Group share	**159**	**230**	**175**	**164**	**179**	**171**
NON-OPERATING ITEMS [2]						
Income		**48**	**4**	**17**		
of which net commissions						
Expenses						
Gross operating income		**48**	**4**	**17**		
Cost of risk						
Impairments on (in)tangible assets				(4)		
Tax expense		(8)		1		
Net income		**39**	**4**	**15**		
Minority interests						
Net income – Group share		**39**	**4**	**15**		
UNDERLYING						
Income	**656**	**704**	**692**	**700**	**720**	**722**
of which net commissions	*187*	*191*	*191*	*185*	*195*	*191*
Expenses	**(450)**	**(465)**	**(476)**	**(498)**	**(477)**	**(487)**
Gross operating income	**206**	**238**	**216**	**202**	**244**	**235**
Cost of risk	(16)	(12)	(19)	(15)	(24)	(16)
Impairments on (in)tangible assets	0	0	0	0	0	0
Tax expense	(29)	(35)	(24)	(36)	(38)	(46)
Net income	**160**	**191**	**173**	**151**	**181**	**173**
Minority interests	1	0	2	2	2	1
Net income – Group share	**159**	**191**	**171**	**149**	**179**	**171**

(1) Pro forma for 1Q 2007 to 4Q 2007 as defined on page 6.
(2) As defined on page 6 and described on page 11.

ASSET MANAGEMENT

ACTIVITY

In the context of difficult market conditions, Dexia's asset management activities were resilient in 2Q 2008. Assets under management amounted to EUR 98.8 billion at the end of June 2008, down EUR 3.4 billion (or -3.3%) from March 2008. The negative market effect accounted for EUR 1.4 billion of the quarterly decrease, while net outflows were limited to EUR 1.9 billion. Since the beginning of the year, assets under management were down EUR 10.9 billion, mainly due to a market effect (EUR -7 billion).

At the end of June 2008, institutional and private mandates amounted to respectively EUR 34.3 billion (down 0.6% vs. March 2008) and EUR 5.0 billion (down 2.2% vs. March 2008). Since the beginning of the year, net new cash in private and institutional mandates reached a satisfactory EUR 1.9 billion (EUR 0.7 billion during the second quarter). Retail investment funds were particularly affected both during 2Q 2008 (EUR -2.8 billion) and 1H 2008 (EUR -4.7 billion). As investors switched to balance-sheet products, net outflows from retail funds were significant: EUR -2.0 billion during the second quarter and EUR -4.1 billion year to date.

The breakdown of assets under management by asset class remained well diversified: fixed income funds represent a majority of the assets (42%), followed by equity (21%), money market (16%), balanced (11%) and alternative (10%) funds.

In this challenging market environment, Dexia Asset Management managed to consolidate its activities and prepare the next due date by improving fund performance and by expanding its leading franchise. Fund performances improved for all asset classes, resulting in several awards in different countries in 2008.

ASSETS UNDER MANAGEMENT(1)

in billions of EUR	2007 June 30	2007 Sept. 30	2007 Dec. 31	2008 March 31	2008 June 30	*Variation June 30, 2008/ March 31, 2008*	*Variation June 30, 2008/ June 30, 2007*
Total	**111.1**	**112.0**	**109.7**	**102.2**	**98.8**	**-3.3%**	**-11.0%**
By type of management							
Mutual funds	74.1	72.3	69.5	62.6	59.6	-4.8%	-19.6%
Institutional funds	*28.1*	*26.8*	*25.7*	*23.6*	*23.4*	*-0.7%*	*-16.6%*
Retail funds	*46.0*	*45.5*	*43.7*	*39.0*	*36.2*	*-7.3%*	*-21.4%*
Private mandates	5.7	5.7	5.5	5.1	5.0	-2.2%	-13.2%
Institutional mandates	31.3	34.0	34.8	34.5	34.3	-0.6%	+9.5%
By type of mutual fund							
Equity funds	15.9	15.7	14.3	11.2	10.7	-4.7%	-32.8%
Bond funds	18.6	18.9	18.3	17.4	15.7	-9.9%	-15.7%
Money market funds	12.1	11.9	12.4	12.7	13.7	+8.1%	+13.4%
Alternative funds	10.4	9.1	7.8	6.5	6.1	-5.2%	-41.0%
Global balanced funds	13.4	13.2	12.9	11.6	10.9	-6.3%	-19.1%
Structured products	3.3	3.2	3.0	2.5	2.3	-7.7%	-30.1%
Other	0.4	0.3	0.8	0.8	0.2	+71.6%	-42.7%

(1) Assets under the management of Dexia Asset Management. Assets counted twice included.

UNDERLYING[1] RESULTS

Year-on-year total **income** was down 11.5% in 2Q 2008 as management fees were penalized by the negative market effect on funds as well as net outflows. Compared to the first quarter of 2008, income increased by 11%. During the quarter, the decline in management fees was modest; in addition, Dexia Asset Management benefited from higher performance fees and a positive seasonal effect. As a result, the ratio of fees/assets under management was resilient throughout the period, and stable compared to 2Q 2007.

Expenses fell to EUR 37 million (-4.8% year-on-year) thanks to the ongoing active cost management. IT and marketing costs were reduced, and staff costs were kept stable. Dexia Asset Management's productivity remained best in class with a cost on assets under management of 15 basis points.

Gross operating income amounted to EUR 28 million, a 18.9% decrease vs. 2Q 2007 and a significant 35% increase vs. 1Q 2008. The business line **cost-income ratio** was 56.7% in 2Q 2008.

Net income – Group share reached EUR 24 million in 2Q 2008 (-21.6% vs. 2Q 2007).

1 As defined on page 6 and described on page 11.

UNDERLYING STATEMENT OF INCOME
EXCLUDING NON-OPERATING ITEMS

in millions of EUR, except where indicated	2Q 2007(1)	2Q 2008	*Variation*	*Variation constant exchange rate*	1H 2007(1)	1H 2008	*Variation*	*Variation constant exchange rate*
Income	**74**	**65**	**-11.5%**	**-11.5%**	**142**	**124**	**-13.1%**	**-13.1%**
of which net commissions	*73*	*64*	*-11.8%*	*-11.8%*	*140*	*122*	*-13.4%*	*-13.4%*
Expenses	**(39)**	**(37)**	**-4.8%**	**-4.8%**	**(75)**	**(75)**	**-0.5%**	**-0.5%**
Gross operating income	**35**	**28**	**-18.9%**	**-18.9%**	**67**	**49**	**-27.1%**	**-27.1%**
Cost of risk	0	0	n.s.	n.s.	0	0	n.s.	n.s.
Impairments on (in)tangible assets	0	0	n.s.	n.s.	0	0	n.s.	n.s.
Tax expense	(3)	(3)	-18.1%	-18.1%	(4)	(5)	+31.2%	+31.2%
Net income	**31**	**25**	**-19.1%**	**-19.1%**	**63**	**44**	**-30.8%**	**-30.8%**
Minority interests	1	2	+44.6%	+44.6%	2	3	+45.5%	+45.5%
Net income – Group share	**30**	**24**	**-21.6%**	**-21.6%**	**61**	**41**	**-33.3%**	**-33.3%**
Cost-income ratio	52.8%	56.7%			52.6%	60.3%		
Annualized ROEE(2)					187.5%	104.5%		
Total allocated equity (average)					66	78		
Weighted risks – Basel I					26	-		
Weighted risks – Basel II					-	443		

(1) Pro forma.
(2) Return on economic equity (net income – Group share / allocated equity – Group share).

STATEMENT OF INCOME – QUARTERLY SERIES [1]						
in millions of EUR	1Q 2007	2Q 2007	3Q 2007	4Q 2007	1Q 2008	2Q 2008
TOTAL						
Income	**69**	**74**	**68**	**73**	**58**	**65**
of which net commissions	*68*	*73*	*67*	*73*	*58*	*64*
Expenses	**(36)**	**(39)**	**(39)**	**(45)**	**(38)**	**(37)**
Gross operating income	**33**	**35**	**30**	**28**	**21**	**28**
Cost of risk	0	0	0	0	0	0
Impairments on (in)tangible assets	0	0	0	0	0	0
Tax expense	(1)	(3)	(2)	(1)	(2)	(3)
Net income	**32**	**31**	**27**	**28**	**18**	**25**
Minority interests	1	1	1	1	1	2
Net income – Group share	**31**	**30**	**26**	**27**	**17**	**24**
NON-OPERATING ITEMS [2]						
Income						
of which net commissions						
Expenses						
Gross operating income						
Cost of risk						
Impairments on (in)tangible assets						
Tax expense						
Net income						
Minority interests						
Net income – Group share						
UNDERLYING						
Income	**69**	**74**	**68**	**73**	**58**	**65**
of which net commissions	*68*	*73*	*67*	*73*	*58*	*64*
Expenses	**(36)**	**(39)**	**(39)**	**(45)**	**(38)**	**(37)**
Gross operating income	**33**	**35**	**30**	**28**	**21**	**28**
Cost of risk	0	0	0	0	0	0
Impairments on (in)tangible assets	0	0	0	0	0	0
Tax expense	(1)	(3)	(2)	(1)	(2)	(3)
Net income	**32**	**31**	**27**	**28**	**18**	**25**
Minority interests	1	1	1	1	1	2
Net income – Group share	**31**	**30**	**26**	**26**	**17**	**24**

(1) Pro forma for 1Q 2007 to 4Q 2007 as defined on page 6.
(2) As defined on page 6 and described on page 11.

INVESTOR SERVICES

ACTIVITY

As of June 30, 2008, RBC Dexia Investor Services had *assets under administration* of USD 2,765 billion, reflecting a 5.0% year-on-year increase. The positive impact from new mandates was partly offset by negative market effects. On a quarter-on-quarter basis, assets under administration grew by USD 44 billion, or +1.6%. This slower increase is due to negative market value effect and net redemptions.

In *central administration* activity, the number of funds under administration increased by 0.7% (+39 portfolios) compared to March. This growth was driven by the addition of new clients and by existing clients adding new funds. Year-on-year growth was 7.4% (+363 portfolios) thanks to (i) additional funds from existing clients, (ii) new small-scale clients and (iii) an additional 100 portfolios through the Goldman Sachs JBWere contract in Australia.

The number of *transfer agent* accounts experienced a slight increase, from 7.8 to 8.0 million between March and June 2008. Year-on-year, the number of accounts rose 19.4%, from 6.7 million, demonstrating steady, consistent growth.

Among new mandates won during the second quarter, Swisscanto selected RBC Dexia Investor Services to provide a full range of investor services including global custody, fund administration, transfer agency and investment compliance for the company's EUR 16 billion portfolio of Luxembourg domiciled funds. Brickburn Fund Inc. also selected RBC Dexia to provide investor services, including global custody, fund valuations and unitholder recordkeeping.

For the fifth consecutive year, RBC Dexia was named #1 overall for quality of global custody services in *Global Investor* magazine's annual Global Custody Survey, and was also named #1 by European institutional fund managers.

INVESTOR SERVICES

	2007			2008		*Variation June 30, 2008/ March 31, 2008*	*Variation June 30, 2008/ June 30, 2007*
	June 30	Sept. 30	Dec. 31	March 31	June 30		
Assets under administration[1] (in billions of USD)	2,633	2,819	2,882	2,720	2,765	+1.6%	+5.0%
Number of funds under administration	4,925	5,083	5,134	5,249	5,288	+0.7%	+7.4%
Number of shareholder accounts in transfer agent (in thousands)	6,667	6,861	7,645	7,832	7,961	+1.6%	+19.4%

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

UNDERLYING[1] RESULTS

At EUR 27 million, 2Q 2008 **net income – Group share** was 5.1% lower compared to 2Q 2007, and 21.2% higher compared to 1Q 2008. On a constant exchange rate, the decrease was 2.8% year-on-year and up 22.7% quarter-on-quarter. For the first half of the year, the net income – Group share amounted to EUR 50 million, down 2.7% versus the first half of 2007 or up 1.7% on a constant exchange rate.

Total **income** amounted to EUR 114 million in the second quarter of the year, a breakeven compared to the same period in 2007 (+3.3% on a constant exchange rate). The effect on revenues due to increasing volumes was partly offset by a decrease in fees and foreign exchange income, as client assets were affected by the market value drop, and by client shifts from equities into cash in response to market uncertainties. For the first six months, total income was EUR 219 million (+3.8% or +6.9% on a constant exchange rate).

Expenses were up 6.1% to EUR 74 million (EUR +4 million), largely due to (i) an increase in staff costs to accommodate new large-scale mandates and manage increasing transaction volumes from existing clients, (ii) IT expenditures due to various projects (Basel II, improved client reporting and data management). The figure was EUR 147 million (+8.7%) in the first half of 2008.

The **cost-income ratio** increased by 3 percentage points, from 61.8% in 2Q 2007, to 64.9% in 2Q 2008.

1 As defined on page 6 and described on page 11.

UNDERLYING STATEMENT OF INCOME
EXCLUDING NON-OPERATING ITEMS

in millions of EUR, except where indicated	2Q 2007(1)	2Q 2008	*Variation*	*Variation constant exchange rate*	1H 2007(1)	1H 2008	*Variation*	*Variation constant exchange rate*
Income	**112**	**114**	**+1.0%**	**+3.3%**	**211**	**219**	**+3.8%**	**+6.9%**
of which net commissions	*76*	*74*	*-2.6%*	*-0.1%*	*138*	*139*	*+1.1%*	*+5.3%*
Expenses	**(69)**	**(74)**	**+6.1%**	**+8.5%**	**(135)**	**(147)**	**+8.7%**	**+11.2%**
Gross operating income	**43**	**40**	**-7.3%**	**-5.0%**	**76**	**72**	**-5.0%**	**-0.7%**
Cost of risk	(1)	0	n.s.	n.s.	(1)	0	n.s.	n.s.
Impairments on (in)tangible assets	0	0	n.s.	n.s.	0	0	n.s.	n.s.
Tax expense	(13)	(12)	-8.5%	-6.1%	(23)	(21)	-6.8%	-2.1%
Net income	**29**	**28**	**-4.9%**	**-2.6%**	**53**	**51**	**-3.0%**	**+1.3%**
Minority interests	1	1	+5.4%	+5.4%	1	1	-15.5%	-15.5%
Net income – Group share	**29**	**27**	**-5.1%**	**-2.8%**	**51**	**50**	**-2.7%**	**+1.7%**
Cost-income ratio	61.8%	64.9%			64.0%	67.0%		
Annualized ROEE(2)					58.8%	58.7%		
Total allocated equity (average)					175	170		
Weighted risks – Basel I					2,321	-		
Weighted risks – Basel II					-	3,076		

(1) Pro forma.
(2) Return on economic equity (net income – Group share / allocated equity – Group share).

STATEMENT OF INCOME – QUARTERLY SERIES (1)						
in millions of EUR	1Q 2007	2Q 2007	3Q 2007	4Q 2007	1Q 2008	2Q 2008
TOTAL						
Income	**99**	**113**	**103**	**112**	**105**	**114**
of which net commissions	*62*	*76*	*68*	*70*	*66*	*74*
Expenses	**(66)**	**(69)**	**(74)**	**(76)**	**(73)**	**(74)**
Gross operating income	**33**	**44**	**29**	**36**	**32**	**40**
Cost of risk	0	(1)	1	0	0	0
Impairments on (in)tangible assets	0	0	0	(1)	0	0
Tax expense	(10)	(8)	(9)	(12)	(9)	(12)
Net income	**23**	**35**	**21**	**23**	**23**	**28**
Minority interests	1	1	1	0	0	1
Net income – Group share	**23**	**35**	**20**	**22**	**23**	**27**
NON-OPERATING ITEMS (2)						
Income		**1**				
of which net commissions						
Expenses						
Gross operating income		**1**				
Cost of risk						
Impairments on (in)tangible assets						
Tax expense		5				
Net income		**6**				
Minority interests						
Net income – Group share		**6**				
UNDERLYING						
Income	**99**	**112**	**103**	**112**	**105**	**114**
of which net commissions	*62*	*76*	*68*	*70*	*66*	*74*
Expenses	**(66)**	**(69)**	**(74)**	**(76)**	**(73)**	**(74)**
Gross operating income	**33**	**43**	**29**	**36**	**32**	**40**
Cost of risk	0	(1)	1	0	0	0
Impairments on (in)tangible assets	0	0	0	(1)	0	0
Tax expense	(10)	(13)	(9)	(12)	(9)	(12)
Net income	**23**	**29**	**21**	**22**	**23**	**28**
Minority interests	1	1	1	0	0	1
Net income – Group share	**23**	**29**	**20**	**22**	**23**	**27**

(1) Pro forma for 1Q 2007 to 4Q 2007 as defined on page 6.
(2) As defined on page 6 and described on page 11.

ACTIVITY

During the second quarter of 2008, the Group's **Treasury Cash & Liquidity Management** business line continued to proactively manage the liquidity of the Group. Since the beginning of the crisis, Dexia enjoys a favorable liquidity situation which, again in 2Q 2008, enabled the Group to lend substantial amounts of cash to the market place. As a result, and having in mind strict constraints of cautiousness regarding the underlying collaterals, Dexia again featured among net beneficiaries of the overall liquidity shortage during the second quarter.

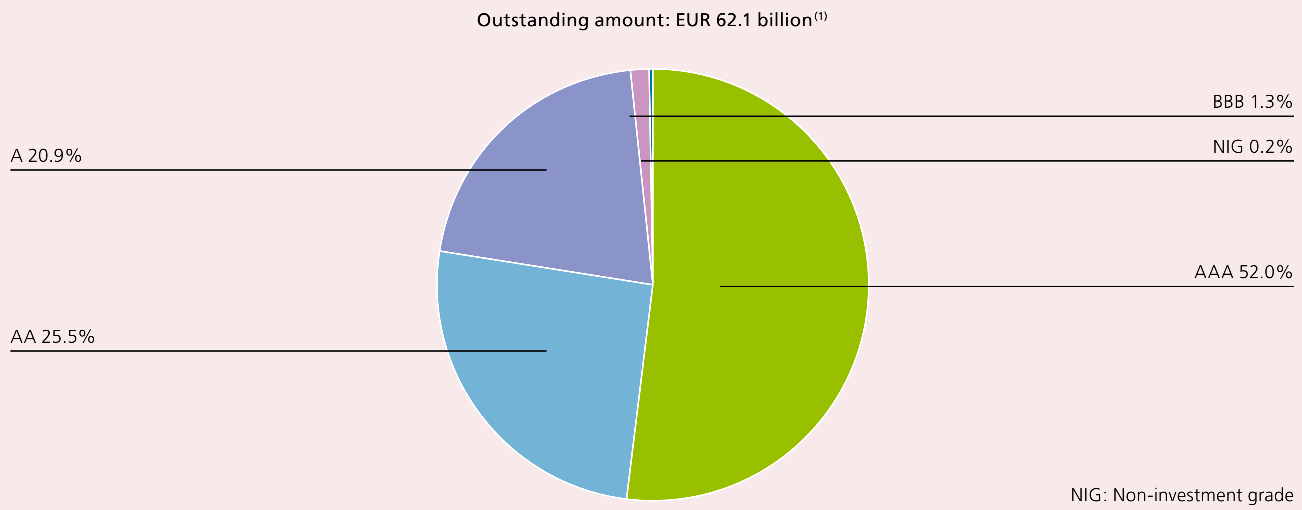
Despite challenging conditions, the Group's **Long-Term Funding** activities were active in the second quarter of 2008. As of end-June 2008, Dexia raised EUR 20.0 billion long-term resources, i.e. EUR 4 billion more than in the same period last year, when market conditions were favorable. In the first half of 2008, Dexia achieved almost 60% of its annual budget in terms of long-term issuance. Roughly two thirds of the new issues were done through the Group's two AAA covered bond issuers – Dexia Municipal Agency and Dexia KommunalBank Deutschland. The average funding cost against Euribor increased from -1.5 basis point in 2007 and 4.5 basis points in 1Q 2008 to 8.1 basis point in 2Q 2008. This rise is modest in comparison with market trends, and lower than the expansion of commercial margins within the public finance business line.

The **Fixed Income** segment manages the *Credit Spread Portfolio* (CSP) which totaled EUR 72.8 billion (of which EUR 10.6 billion are fully hedged) as of June 30, 2008. The size of the portfolio remained broadly stable during the quarter. New investments reached EUR 4.1 billion in 1H 2008 (EUR 1.8 billion in 2Q 2008). The average rating of the CSP portfolio stands at AA-. *Trading* activities, for which risk limits had already been downsized, coped with the ongoing significant volatility in the credit markets. In the *securitization* business line, where Dexia offers clients fully- integrated services (from arranging to underwriting), business opportunities remained limited, especially in the US. On the contrary in Europe, Dexia won several securitization mandates which will be closed from September onwards.

Market Engineering and Trading (MET) brings together the bank's competences in the supply of structured products to retail/ private banking clients and to public sector clients. It also manages interest rate, foreign exchange and equity activities. Within the *Personal Financial Services Engineering activities*, volumes were robust all along the first half of 2008, although in the second quarter customers favored plain vanilla products to higher margin structured products. Brokerage activities of equities and external funds for PFS clients suffered from adverse stock market conditions. On the contrary, the trading desk associated with the activities of *Public Finance Market Engineering* did well in the second quarter, recovering from previous ones.

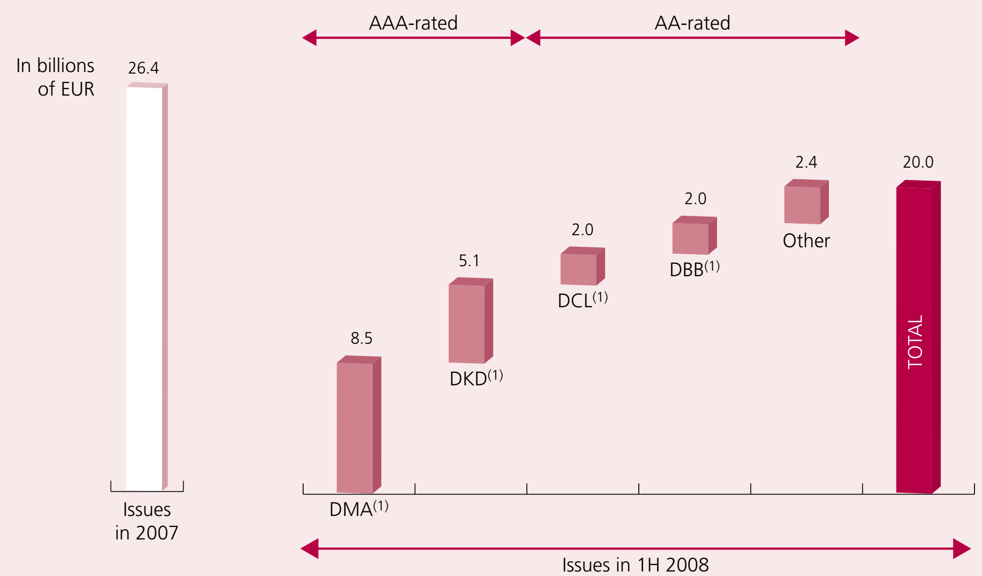
Finally, it should be kept in mind that Treasury and Financial Markets (TFM) is not only a revenue contributor on its own but also an important support unit for the rest of the Group with respect to balance-sheet management. The indirect revenues stemming from this close cooperation and which are booked in the other business lines, are estimated at EUR 313 million in 2Q 2008 (against EUR 268 million in the same period of 2007). This includes positive mark-to-market adjustments of EUR 45 million on a securitization-related CDS and to a lesser extent (EUR 13 million) on fixed-income trading portfolios.

CREDIT SPREAD PORTFOLIO QUALITY AS OF JUNE 30, 2008



(1) Excluding hedged outstandings.

LONG-TERM ISSUES



(1) DMA: Dexia Municipal Agency; DKD: Dexia Kommunalbank Deutschland; DCL: Dexia Crédit Local; DBB: Dexia Bank Belgium.

UNDERLYING[1] RESULTS

Second quarter 2008 **net income – Group share** amounted to a record EUR 170 million. This result compares with EUR 120 million in 2Q 2007 and EUR 60 million in 1Q 2008.

Income amounted to EUR 262 million, up 35.2% year-on-year. This includes a EUR 21 million positive impact from mark-to-market adjustments on TFM's fixed-income trading portfolios. As was the case in 1Q 2008, the Treasury segment recorded exceptionally high revenues of EUR 122 million (+34.5% compared to 2Q 2007). This was largely attributable to Cash and Liquidity Management (CLM) activities, which again took profit of very high spreads between overnight rates and three-month rates. The Fixed Income segment reported satisfying EUR 100 million of revenues in 2Q 2008, compared to EUR 75 million in the same period last year. In the second quarter of 2008, part of this performance was attributable to EUR 21 million positive marks on TFM's trading portfolios. Finally, the MET segment revenues increased from EUR 29 million in 2Q 2007 to EUR 40 million in 2Q 2008, partly thanks to a good performance of Public Finance Market Engineering activities.

Expenses increased by 9.2% in 2Q 2008 vs. 2Q 2007, due to a number of small development projects within the division.

As a result of the above-mentioned trends, **gross operating income** totaled EUR 205 million in 2Q 2008 representing a 44.9% increase year-on-year. **Cost-income ratio** reached a low 22.0% in the quarter.

1 As defined on page 6 and described on page 11.

UNDERLYING STATEMENT OF INCOME
EXCLUDING NON-OPERATING ITEMS

in millions of EUR, except where indicated	2Q 2007(1)	2Q 2008	*Variation*	*Variation constant exchange rate*	1H 2007(1)	1H 2008	*Variation*	*Variation constant exchange rate*
Income	**194**	**262**	**+35.2%**	**+38.6%**	**411**	**384**	**-6.5%**	**-3.9%**
of which net commissions	*6*	*(1)*	*n.s.*	*n.s.*	*12*	*7*	*-42.4%*	*-42.4%*
Expenses	**(53)**	**(58)**	**+9.2%**	**+11.5%**	**(105)**	**(114)**	**+8.0%**	**+10.2%**
Gross operating income	**141**	**205**	**+44.9%**	**+48.8%**	**306**	**270**	**-11.5%**	**-8.8%**
Cost of risk	0	(1)	n.s.	n.s.	0	(1)	n.s.	n.s.
Impairments on (in)tangible assets	0	0	n.s.	n.s.	0	0	n.s.	n.s.
Tax expense	(22)	(29)	+36.6%	+49.6%	(59)	(33)	-45.0%	-42.4%
Net income	**120**	**174**	**+45.6%**	**+47.8%**	**247**	**237**	**-3.9%**	**-1.3%**
Minority interests	0	4	n.s.	n.s.	2	7	x4.3	x4.3
Net income – Group share	120	170	+41.7%	+43.9%	245	230	-6.1%	-3.6%
Cost-income ratio	27.3%	22.0%			25.6%	29.6%		
Annualized ROEE(2)					28.3%	24.9%		
Total allocated equity (average)					1,757	1,877		
Weighted risks – Basel I					27,051	-		
Weighted risks – Basel II					-	19,074		

(1) Pro forma.
(2) Return on economic equity (net income – Group share / allocated equity – Group share).

STATEMENT OF INCOME – QUARTERLY SERIES[1]						
in millions of EUR	1Q 2007	2Q 2007	3Q 2007	4Q 2007	1Q 2008	2Q 2008
TOTAL						
Income	**217**	**194**	**25**	**145**	**122**	**262**
of which net commissions	*6*	*6*	*1*	*5*	*8*	*(1)*
Expenses	**(52)**	**(53)**	**(57)**	**(52)**	**(56)**	**(58)**
Gross operating income	**164**	**141**	**(33)**	**93**	**66**	**205**
Cost of risk	0	0	0	(9)	0	(1)
Impairments on (in)tangible assets	0	0	0	0	0	0
Tax expense	(38)	(22)	11	12	(3)	(29)
Net income	**127**	**120**	**(22)**	**96**	**63**	**174**
Minority interests	2	0	0	1	3	4
Net income – Group share	**125**	**120**	**(22)**	**95**	**60**	**170**
NON-OPERATING ITEMS[2]						
Income						
of which net commissions						
Expenses						
Gross operating income						
Cost of risk						
Impairments on (in)tangible assets						
Tax expense						
Net income						
Minority interests						
Net income – Group share						
UNDERLYING						
Income	**217**	**194**	**25**	**145**	**122**	**262**
of which net commissions	*6*	*6*	*1*	*5*	*8*	*(1)*
Expenses	**(52)**	**(53)**	**(57)**	**(52)**	**(56)**	**(58)**
Gross operating income	**164**	**141**	**(33)**	**93**	**66**	**205**
Cost of risk	0	0	0	(9)	0	(1)
Impairments on (in)tangible assets	0	0	0	0	0	0
Tax expense	(38)	(22)	11	12	(3)	(29)
Net income	**127**	**120**	**(22)**	**96**	**63**	**174**
Minority interests	2	0	0	1	3	4
Net income – Group share	**125**	**120**	**(22)**	**95**	**60**	**170**

(1) Pro forma for 1Q 2007 to 4Q 2007 as defined on page 6.
(2) As defined on page 6 and described on page 11.

CENTRAL ASSETS

As one of the analytical segments in the organization, Central Assets mainly records the revenues on excess capital, corporate holdings (dividends, capital gains/losses) and currency hedging contracts. Central Assets also allocates economic capital to the business lines which receive notional interest thereon, charged to Central Assets. On the cost side, the segment registers those costs that cannot be attributed to a specific business line. Moreover, technical adjustments are sometimes introduced in Central Assets, in the appropriate line of the segment's statement of income. The varied nature of the various ingredients makes this segment's contribution quite volatile period after period. Central Assets include also the results of the share-leasing activities at Dexia Bank Nederland.

In 2Q 2008, the underlying net income[1] – Group share of the segment was EUR -24 million, i.e. EUR 10 million less than in 2Q 2007.

Income amounted to EUR 24 million in 2Q 2008 compared to EUR 74 million in 2Q 2007. This EUR -50 million variance stems from a large number of individual factors, the main ones being:

i) EUR 25 million less net interest income due to larger amounts of economic equity allocated to the business lines;
ii) EUR -12 million variance on revenues from foreign exchange hedges;
iii) EUR 23 million less dividends compared to the quarter of last year.

Expenses decreased by EUR 10 million to EUR 63 million in 2Q 2008. The difference is explained by:

i) specific costs recorded in 2Q 2007 related to the move into the new Paris headquarter (EUR 3 million);
ii) less expenses related to the depreciation of some buildings and materials (a positive variance of EUR 6 million).

Taxes decreased by EUR 30 million to reach EUR 25 million in 2Q 2008, mainly due to positive deferred taxes in the French tax consolidation.

1 As defined on page 6 and described on page 11.

UNDERLYING STATEMENT OF INCOME
EXCLUDING NON-OPERATING ITEMS

in millions of EUR, except where indicated	2Q 2007(1)	2Q 2008	*Variation*	1H 2007(1)	1H 2008	*Variation*
Income	**74**	**24**	**-50**	**113**	**12**	**-101**
Expenses	**(73)**	**(63)**	**+10**	**(165)**	**(126)**	**+39**
Gross operating income	**1**	**(39)**	**-40**	**(53)**	**(114)**	**-62**
Cost of risk	0	0	n.s.	(1)	(1)	n.s.
Impairments on (in)tangible assets	0	0	n.s.	0	0	n.s.
Tax expense	(5)	25	+30	24	47	+23
Net income	**(4)**	**(15)**	**-11**	**(29)**	**(67)**	**-38**
Minority interests	10	9	-1	19	20	0
Net income – Group share	**(15)**	**(24)**	**-9**	**(48)**	**(86)**	**-38**

(1) Pro forma.

STATEMENT OF INCOME – QUARTERLY SERIES[1]						
in millions of EUR	1Q 2007	2Q 2007	3Q 2007	4Q 2007	1Q 2008	2Q 2008
TOTAL						
Income	**67**	**150**	**71**	**128**	**(11)**	**34**
of which net commissions	*(13)*	*(11)*	*(11)*	*(19)*	*(16)*	*(14)*
Expenses	**(92)**	**(73)**	**(81)**	**(76)**	**(63)**	**(63)**
Gross operating income	**(25)**	**77**	**(10)**	**53**	**(74)**	**(29)**
Cost of risk	4	1	(8)	(3)	(52)	(19)
Impairments on (in)tangible assets	0	0	0	(2)	1	0
Tax expense	95	(5)	78	39	39	27
Net income	**73**	**72**	**60**	**86**	**(86)**	**(20)**
Minority interests	9	10	11	10	10	9
Net income – Group share	**64**	**62**	**48**	**76**	**(96)**	**(30)**
NON-OPERATING ITEMS[2]						
Income	**28**	**76**	**29**	**80**	**1**	**10**
of which net commissions						
Expenses			**(1)**			
Gross operating income	**28**	**76**	**29**	**80**	**1**	**10**
Cost of risk	4	1	(8)	(3)	(51)	(18)
Impairments on (in)tangible assets						
Tax expense	65		60	1	16	3
Net income	**98**	**77**	**81**	**78**	**(34)**	**(5)**
Minority interests						
Net income – Group share	**98**	**77**	**81**	**78**	**(34)**	**(5)**
UNDERLYING						
Income	**39**	**74**	**41**	**48**	**(12)**	**24**
of which net commissions	*(13)*	*(11)*	*(11)*	*(19)*	*(16)*	*(14)*
Expenses	**(92)**	**(73)**	**(80)**	**(75)**	**(63)**	**(63)**
Gross operating income	**(53)**	**1**	**(39)**	**(27)**	**(75)**	**(39)**
Cost of risk	(1)	0	0	0	0	0
Impairments on (in)tangible assets	0	0	0	(2)	1	0
Tax expense	29	(5)	18	37	22	25
Net income	**(25)**	**(4)**	**(21)**	**9**	**(52)**	**(15)**
Minority interests	9	10	11	10	10	9
Net income – Group share	**(34)**	**(15)**	**(32)**	**(1)**	**(62)**	**(24)**

(1) Pro forma for 1Q 2007 to 4Q 2007 as defined on page 6.
(2) As defined on page 6 and described on page 11.

SEGMENT REPORTING

DEXIA

STATEMENT OF INCOME – QUARTERLY SERIES (1)						
in millions of EUR	1Q 2007	2Q 2007	3Q 2007	4Q 2007	1Q 2008	2Q 2008
TOTAL						
Income	**1,779**	**1,959**	**1,448**	**1,690**	**1,499**	**1,991**
of which net commissions	*371*	*389*	*374*	*366*	*369*	*375*
Expenses	**(921)**	**(933)**	**(964)**	**(1,001)**	**(942)**	**(945)**
Gross operating income	**858**	**1,026**	**484**	**690**	**557**	**1,046**
Cost of risk	(22)	(29)	(45)	(64)	(288)	(488)
Impairments on (in)tangible assets	0	0	0	(7)	1	(8)
Tax expense	(90)	(185)	23	(1)	47	33
Net income	**746**	**812**	**462**	**618**	**317**	**583**
Minority interests	23	25	23	31	28	51
Net income – Group share	**723**	**788**	**439**	**586**	**289**	**532**
NON-OPERATING ITEMS (2)						
Income	**19**	**93**	**(176)**	**(106)**	**(334)**	**174**
of which net commissions						
Expenses			**(1)**			
Gross operating income	**19**	**93**	**(177)**	**(106)**	**(334)**	**174**
Cost of risk	4	1	(8)	(3)	(51)	(18)
Impairments on (in)tangible assets				(4)		(8)
Tax expense	69	1	135	74	133	(55)
Net income	**92**	**94**	**(50)**	**(40)**	**(252)**	**93**
Minority interests			(1)	(1)	(2)	1
Net income – Group share	**92**	**94**	**(48)**	**(38)**	**(250)**	**92**
UNDERLYING						
Income	**1,760**	**1,866**	**1,624**	**1,797**	**1,833**	**1,817**
of which net commissions	*371*	*389*	*374*	*366*	*369*	*375*
Expenses	**(921)**	**(933)**	**(963)**	**(1,001)**	**(942)**	**(944)**
Gross operating income	**839**	**933**	**661**	**796**	**891**	**873**
Cost of risk	(26)	(29)	(37)	(60)	(236)	(470)
Impairments on (in)tangible assets	0	0	0	(3)	1	0
Tax expense	(159)	(185)	(112)	(75)	(87)	87
Net income	**654**	**718**	**511**	**657**	**569**	**490**
Minority interests	24	25	24	33	29	50
Net income – Group share	**630**	**693**	**487**	**625**	**539**	**440**

(1) Pro forma for 1Q 2007 to 4Q 2007 as defined on page 6.
(2) As defined on page 6 and described on page 11.

ADDITIONAL INFORMATION: INSURANCE ACTIVITIES

Dexia Insurance Services is the insurance pool of the Dexia Group operating in Belgium, France, Luxembourg, Turkey and Ireland. Life and nonlife insurance products are sold to Personal Financial Services customers (retail, SME and private) and to Public/Project Finance clients (public, social profit and corporate sectors) via a multi-channel approach including mainly bank insurance, exclusive consultants and direct writing.

ACTIVITY

Total gross written premiums at the end of June 2008 were significantly higher than last year: EUR 2,942 million were collected, a 43.0% increase compared to 1H 2007, mainly recorded in life insurance and more precisely in Branch 21.

Life insurance commercial activity amounted to EUR 2,687 million of written premiums at the end of June 2008, a climb of 47.7% compared to the same period of 2007. The rise was due to the strong growth in Branch 21 products (+57%) as guaranteed investment products continued to be very successful with customers in the financial crisis context. This sharp increase in production was recorded in Belgium but also in France via Dexia Epargne Pension and in Luxembourg.

Nonlife premiums collected rose 7% to EUR 255 million as of June 30, 2008 and was fuelled by the sales by the Dexia Bank Belgium network. This growth was experienced for all products.

In the frame of the Dexia business lines, 93% of the premiums are allocated to Personal Financial Services and 7% to Public/Project Finance. The premium increase was driven by Personal Financial Services (+47% or EUR 874 million of premiums) mainly as a result of investors' high appetite for guaranteed investment contracts (Branch 21). Public/Project Finance increase was 5%.

Geographically, 67% of the insurance premiums were collected in Belgium and the balance came essentially from France (26%) and Luxembourg (7%). Insurance has been developing in Turkey since the acquisition of Deniz Hayat Sigorta at the beginning of 2007.

TOTAL GROSS WRITTEN PREMIUMS

in millions of EUR	2Q 2007	2Q 2008	*Variation*	1H 2007	1H 2008	*Variation*
Total premiums (by type)	**1,048**	**1,156**	**+10.3%**	**2,058**	**2,942**	**+43.0%**
Nonlife	**108**	**115**	**+6.1%**	**239**	**255**	**+6.6%**
Life	**940**	**1,041**	**+10.8%**	**1,819**	**2,687**	**+47.7%**
Branch 21 (classical life included)	*791*	*898*	*+13.5%*	*1,563*	*2,454*	*+57.0%*
Branch 23 (unit-linked contracts)	*109*	*124*	*+13.7%*	*204*	*185*	*-9.6%*
Branch 26 (guaranteed/public sector)	*40*	*20*	*-51.1%*	*51*	*49*	*-4.9%*
Total premiums (by segment)	**1,048**	**1,156**	**+10.3%**	**2,058**	**2,942**	**+43.0%**
Public/Project Finance (PPF)	84	76	-9.2%	187	197	+5.3%
Personal Financial Services (PFS)	963	1,079	+12.0%	1,871	2,745	+46.7%

UNDERLYING RESULTS OF DEXIA INSURANCE SERVICES						
in millions of EUR	2Q 2007	2Q 2008	*Variation*	1H 2007	1H 2008	*Variation*
Income	112	115	+2.1%	216	226	+4.7%
Expenses	(59)	(62)	+5.5%	(115)	(123)	+7.0%
Gross operating income	**54**	**53**	**-1.8%**	**100**	**102**	**+2.0%**
Taxes and other	0	(6)	n.s.	1	(9)	n.s.
Net income – Group share	54	47	-13.5%	101	93	-8.0%

UNDERLYING[1] RESULTS

Net income – Group share of Insurance activities amounted to EUR 47 million in 2Q 2008, down 13.5% compared to 2Q 2007 because of the negative evolution of the tax expenses (2Q 2007 was marked by the combination of non taxable capital gains and positive deferred taxes while 2Q 2008 was marked by higher foreigner withholding taxes). Gross operating income was EUR 53 million in 2Q 2008, a breakeven compared to 2Q 2007 as the positive impact of the rise in outstandings was offset by the unfavorable financial markets.

By business line and based on year-to-date figures, 82% of the insurance net income is related to Personal Financial Services and 18% to Public/Project Finance. Geographically, 90% of the net income is realized in Belgium and the second contributor, France, represents about 7%.

Income amounted to EUR 115 million in 2Q 2008, up 2.1% compared to 2Q 2007. This is explained by: (i) a 14.8% increase (or EUR 9 million) in life insurance, as a result of the growth of outstandings (with the ad hoc technical charges) but this rise was negatively affected by the adverse financial markets in 2Q 2008, compared to 2Q 2007 where a significant gain was recorded on the sale of Belstar; (ii) a 10.9% decrease (or EUR -6 million) in nonlife insurance as loss ratio was higher in 2Q 2008 (impact of storms) than in 2Q 2007.

Expenses were EUR 62 million or +5.5% versus 2Q 2007 due to higher staff expenses (notably in France and Luxembourg) and IT expenses.

1 As defined on page 6 and described on page 11.

CONSOLIDATED FINANCIAL STATEMENTS

DEXIA – CONSOLIDATED BALANCE SHEET

ASSETS *in millions of EUR*		June 30, 2007	Dec. 31, 2007	June 30, 2008
I.	Cash and balances with central banks	3,276	8,835	8,899
II.	Loans and advances due from banks	63,974	54,776	55,053
III.	Loans and advances to customers	232,510	242,619	260,018
IV.	Financial assets measured at fair value through profit or loss	35,635	37,565	34,532
V.	Financial investments	200,993	220,290	217,157
VI.	Derivatives	29,547	29,218	36,191
VII.	Fair value revaluation of portfolio hedge	(516)	(185)	(403)
VIII.	Investments in associates	838	861	853
IX.	Tangible fixed assets	2,166	2,257	2,269
X.	Intangible assets and goodwill	2,464	2,524	2,339
XI.	Tax assets	1,009	1,445	2,788
XII.	Other assets	5,405	4,320	3,358
XIII.	Non current assets held for sale	48	39	54
Total assets		**577,349**	**604,564**	**623,108**

The notes on pages 52 to 59 are an integral part of these consolidated financial statements.

DEXIA – CONSOLIDATED BALANCE SHEET

LIABILITIES *in millions of EUR*		June 30, 2007	Dec. 31, 2007	June 30, 2008
I.	Due to banks	179,420	178,681	184,887
II.	Customer borrowings and deposits	120,929 (1)	126,680	129,573
III.	Financial liabilities measured at fair value through profit or loss	15,609 (1)	18,301	17,086
IV.	Derivatives	29,749	31,365	38,833
V.	Fair value revaluation of portfolio hedge	(481)	(206)	(782)
VI.	Debt securities	185,028	204,013	211,334
VII.	Subordinated debts	4,798	4,885	4,343
VIII.	Technical provisions of insurance companies	13,280	15,071	17,468
IX.	Provisions and other obligations	1,353	1,353	1,370
X.	Tax liabilities	1,353	778	732
XI.	Other liabilities	7,567	7,249	7,855
XII.	Liabilities included in disposal groups held for sale	0	0	11
Total liabilities		**558,605**	**588,170**	**612,710**
EQUITY *in millions of EUR*				
XIV.	Subscribed capital	5,248	5,307	5,307
XV.	Additional paid-in capital	10,251	10,399	10,399
XVI.	Treasury shares	9	(176)	(3)
XVII.	Reserves and retained earnings	(1,971)	(1,951)	(885)
XVIII.	Net income for the period	1,507	2,533	821
Core shareholders' equity		**15,044**	**16,112**	**15,639**
XIX.	Gains and losses not recognized in the statement of income	1,730	(1,587)	(7,035)
Total shareholders' equity		**16,774**	**14,525**	**8,604**
XX.	Minority interests	1,739	1,754	1,794
XXI.	Discretionary participation features of insurance contracts	231	115	0
Total equity		**18,744**	**16,394**	**10,398**
Total liabilities and equity		**577,349**	**604,564**	**623,108**

(1) As explained in Note I. 2.3 Changes in presentation, an amount of EUR 7,702 million as of June 30, 2007 has been reclassified from III. Financial liabilities measured at fair value through profit or loss to II. Customer borrowings and deposits. This has no impact on the result of the period.

The notes on pages 52 to 59 are an integral part of these consolidated financial statements.

DEXIA – CONSOLIDATED STATEMENT OF INCOME

		Quarter ended		Year to date	
in millions of EUR		June 30, 2007	June 30, 2008	June 30, 2007	June 30, 2008
I.	Interest income	24,177	27,304	47,051	54,002
II.	Interest expense	(23,077)	(25,907)	(44,915)	(51,241)
III.	Dividend income	99	118	113	129
IV.	Net income from associates	38	31	61	44
V.	Net income from financial instruments at fair value through profit or loss	99	754	264	398
VI.	Net income on investments	287	(642)	456	(563)
VII.	Fee and commission income	492	476	941	926
VIII.	Fee and commission expense	(101)	(101)	(179)	(182)
IX.	Premiums and technical income from insurance activities	1,115	1,201	2,291	3,166
X.	Technical expense from insurance activities	(1,173)	(1,257)	(2,356)	(3,217)
XI.	Other net income	8	14	22	28
Income		**1,964**	**1,991**	**3,749**	**3,490**
XII.	Staff expense	(456)	(483)	(924)	(958)
XIII.	General and administrative expense	(309)	(289)	(596)	(584)
XIV.	Network costs	(91)	(92)	(183)	(184)
XV.	Depreciation & amortization	(68)	(71)	(135)	(142)
XVI.	Deferred acquisition costs	(13)	(10)	(25)	(19)
Expenses		**(937)**	**(945)**	**(1,863)**	**(1,887)**
Gross operating income		**1,027**	**1,046**	**1,886**	**1,603**
XVII.	Impairment on loans and provisions for credit commitments	(30)	(488)	(53)	(776)
XVIII.	Impairment on tangible and intangible assets	0	0	0	1
XIX.	Impairment on goodwill	0	(8)	0	(8)
Net income before tax		**997**	**550**	**1,833**	**820**
XX.	Tax expense	(185)	33	(278)	80
Net income		**812**	**583**	**1,555**	**900**
	Attributable to minority interest	25	51	48	79
	Attributable to equity holders of the parent	787	532	1,507	821
in EUR					
	Earnings per share				
	- basic			1.30	0.71
	- diluted			1.28	0.70

The notes on pages 52 to 59 are an integral part of these consolidated financial statements.

DEXIA – CONSOLIDATED STATEMENT OF CHANGE IN EQUITY

CORE SHAREHOLDERS' EQUITY *in millions of EUR*	Subscribed capital	Additional paid-in capital	Treasury shares	Reserves and retained earnings	Net income for the period	Core shareholders' equity
As of Dec. 31, 2006	5,238	10,229	(1)	(3,783)	2,750	14,433
Movements of the period						
- Issuance of subscribed capital	10	22		(1)		31
- Trading activities on treasury shares			9			9
- Sale and cancellation of treasury shares			1			1
- Transfers to reserves				2,750	(2,750)	0
- Dividends				(942)		(942)
- Share-based payments: value of employee services				6		6
- Variation of scope of consolidation				(1)		(1)
- Net income for the period					1,507	1,507
As of June 30, 2007	5,248	10,251	9	(1,971)	1,507	15,044

GAINS AND LOSSES NOT RECOGNIZED IN THE STATEMENT OF INCOME *in millions of EUR*	Gains and losses not recognized in the statement of income Subsidiaries held for sale	Securities (AFS)	Derivatives (CFH)	Associates (AFS, CFH)	Cumulative translation adjustments (CTA)	Total gains and losses Group share
As of Dec. 31, 2006	1	1,958	10	15	(118)	1,866
Movements of the period						
- Net change in fair value through equity – Available for sale investments		(320)		(4)		(324)
- Net change in fair value through equity – Cash flow hedges			404			404
- Net change in fair value due to transfers to income – Cash flow hedges			(11)			(11)
- Translation adjustments		(10)	(1)		70	59
- Variation of scope of consolidation	(1)	11	3			13
- Cancellation of FV following AFS disposals		(269)		(8)		(277)
As of June 30, 2007	0	1,370	405	3	(48)	1,730

MINORITY INTERESTS *in millions of EUR*	Core equity	Gains and losses not recognized in the statement of income	Minority interests	**DISCRETIONARY PARTICIPATION FEATURES OF INSURANCE CONTRACTS** *in millions of EUR*
As of Dec. 31, 2006	1,664	46	1,710	426
Movements of the period				
- Dividends	(23)		(23)	
- Net income for the period	48		48	
- Net change in fair value through equity		6	6	(175)
- Cancellation of FV following AFS disposals				(5)
- Variation of scope of consolidation	(1)		(1)	(15)
- Other	(1)		(1)	
As of June 30, 2007	1,687	52	1,739	231

Core shareholders' equity	15,044
Gains and losses not recognized in the statement of income attributable to equity holders of the parent	1,730
Minority interests	1,739
Discretionary participation features of insurance contracts	231
TOTAL EQUITY as of June 30, 2007	18,744

The notes on pages 52 to 59 are an integral part of these consolidated financial statements.

DEXIA – CONSOLIDATED STATEMENT OF CHANGE IN EQUITY

CORE SHAREHOLDERS' EQUITY *in millions of EUR*	Subscribed capital	Additional paid-in capital	Treasury shares	Reserves and retained earnings	Net income for the period	Core shareholders' equity
As of Dec. 31, 2007	5,307	10,399	(176)	(1,951)	2,533	16,112
Movements of the period						
- Acquisition of treasury shares			(230)			(230)
- Trading activities on treasury shares			(5)			(5)
- Sale and cancellation of treasury shares			408	(407)		1
- Purchase and sale of derivatives on treasury shares					(12)	(12)
- Transfers to reserves				2,533	(2,533)	0
- Dividends				(1,052)		(1,052)
- Share-based payments: value of employee services				9		9
- Variation of scope of consolidation				(2)		(2)
- Other movements				(3)		(3)
- Net income for the period					821	821
As of June 30, 2008	5,307	10,399	(3)	(873)	809	15,639

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

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

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

The notes on pages 52 to 59 are an integral part of these consolidated financial statements.

DEXIA – CONSOLIDATED CASH FLOW STATEMENT

	June 30, 2007	June 30, 2008
Cash flow from operating activities		
Net income after income taxes	1,555	900
Adjustment for:		
- Depreciation, amortization and other impairment	146	161
- Impairment on bonds, equities, loans and other assets	(28)	770
- Net gains on investments	(402)[1]	(115)
- Charges for provisions (mainly insurance provision)	1,497	2,537
- Unrealized gains or losses	152	(5)
- Income from associates	(61)	(43)
- Dividends from associates	42	45
- Deferred taxes	(64)	(210)
- Other adjustments	6	9
Changes in operating assets and liabilities	3,763	(3,496)
Net cash provided (used) by operating activities	**6,606**	**553**
Cash flow from investing activities		
Purchase of fixed assets	(234)	(247)
Sales of fixed assets	132	44
Acquisitions of unconsolidated equity shares	(1,043)	(2,043)
Sales of unconsolidated equity shares	1,009	1,597
Acquisitions of subsidiaries and of business units	(6)	(15)
Sales of subsidiaries and of business units	170	2
Net cash provided (used) by investing activities	**28**	**(662)**
Cash flow from financing activities		
Issuance of new shares	31	78
Issuance of subordinated debts	783	300
Reimbursement of subordinated debts	(271)	(422)
Purchase of treasury shares	0	(230)
Sale of treasury shares	1	1
Dividends paid	(965)	(1,077)
Net cash provided (used) by financing activities	**(421)**	**(1,350)**
Net cash provided	**6,213**	**(1,459)**
Cash and cash equivalents at the beginning of the period	**57,941**	**51,603**
Cash flow from operating activities	6,606	553
Cash flow from investing activities	28	(662)
Cash flow from financing activities	(421)	(1,350)
Effect of exchange rate changes and change in scope of consolidation on cash and cash equivalents	70	(361)
Cash and cash equivalents at the end of the period	**64,224**	**49,783**
Additional information		
Income tax paid	(241)	(180)
Dividends received	155	174
Interest received	48,906	54,205
Interest paid	(47,483)	(52,150)

1 includes EUR 53 million due to the sale of Belstar Assurances SA and EUR 48 million due to the sale of Dexia Banque Privée France.

The notes on pages 52 to 59 are an integral part of these consolidated financial statements.

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

These financial statements include the disclosures required by the European Accounting Regulation published up to June 30, 2008. Additional accounting policies and disclosures may be required in order to comply with local laws, accounting standards and stock exchange regulations.

GENERAL INFORMATION

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

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

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

These financial statements have been approved for issue by the Board of Directors on August 28, 2008.

NOTES TO THE FINANCIAL STATEMENTS

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

The common used abbreviations below are:

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

ACCOUNTING POLICIES

1. Basis of accounting

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

The European Commission published Regulation EC 1606/2002 on July 19, 2002, requiring listed groups to apply IFRS as from January 1, 2005. This regulation has been updated several times since 2002, validating the various texts published by the IASB with the exception of certain rules included in IAS 39.

The European Commission carved out some paragraphs of IAS 39 with the objective of enabling European companies to reflect appropriately in their consolidated financial statements the economic hedges they make in the management of their interest rate risk exposure.

Dexia's financial statements have therefore been prepared "in accordance with all IFRSs as adopted by the EU" and endorsed by the EC up to June 30, 2008, including the conditions of application of interest rate portfolio hedging and the possibility to hedge core deposits.

The consolidated financial statements are stated in millions of euro (EUR) unless otherwise stated.

This interim report for the period ended June 30, 2008 is prepared in accordance with IAS 34 "Interim Financial Reporting".

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

Judgments and estimates are principally made in the following areas:

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

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

2.1 New IFRS standards, IFRIC interpretations and amendments

The IASB published two revised standards which will replace existing standards and will be both effective for annual reporting periods that begin on or after July 1, 2009.

- IFRS 3 "Business combinations", which replaces the standard as issued in 2004.

The revision of this standard impacts Dexia for several reasons:

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

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

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

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

- IAS 27 "Consolidated and separate financial statements".

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

The IASB also issued three amendments to the existing standards, which will be both applicable as from January 1, 2009:

- Amendment to IFRS 2 "Vesting conditions and cancellations"
- Amendment to IAS 32 and IAS 1 "Puttable financial instruments and obligations"
- Amendment to IFRS 1 "First-Time Adoption of IFRS" and to IAS 27 "Consolidated and separate financial statements", entitled "Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate".

These three amendments have no major impact for Dexia.

- Revised IAS 14 "Segment Reporting".

The IASB issued a revised IAS 14 "Segment Reporting" in January 2008 that has no major impact for Dexia. IFRS 8 will supersede IAS 14 for annual reporting periods that begin on or after January 1, 2009.

- Annual Improvements 2008 to IFRS.

The International Accounting Standards Board (IASB) issued on May 22, 2008 Improvements to IFRSs – a collection of amendments to International Financial Reporting Standards (IFRSs). These amendments are the result of conclusions the Board reached on proposals made in its annual improvement project.

The amendments issued are presented in two parts:

- those that involve accounting changes for presentation, recognition or measurement purposes, and
- those involving terminology or editorial changes with minimal effect on accounting.

Unless otherwise specified the amendments are effective for annual periods beginning on or after January 1, 2009, although entities are permitted to adopt them earlier.

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

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

The IASB published an amendment to bring "property under construction or development" for future use as an investment property in the scope of IAS 40 and no longer in the scope of IAS 16.

2.2 IASB and IFRIC texts endorsed by the European Commission

None

2.3 Changes in presentation

Reclassification of some liabilities designated at fair value through profit or loss

FSA raises funds by providing guaranteed investment contracts (GICs) to different issuers. Assets and liabilities either naturally indexed to Libor or converted to Libor via interest rate hedging instruments to minimize interest rate risk and create a stable net interest margin contribution to income. During its analysis of the impact of SFAS 157 on its financial statements as from January 1, 2008, FSA noted that a part of some liabilities hedged were classified under "Liabilities designated at fair value through profit or loss" whereas the management intention and the related documentation were to hedge only the interest risk.

In the consolidated financial statements as of June 30, 2007, an amount of EUR 7,702 million was reclassified from "III. Financial liabilities measured at fair value through profit or loss" to " II. Customers borrowings and deposits". This reclassification has no impact on the result of period, nor on the result of previous year.

NOTE II. SIGNIFICANT CHANGES IN SCOPE OF CONSOLIDATION

AS OF JUNE 30, 2007

As of June 30, 2007 Dexia Banque Privée France and Belstar Asssurances SA left the scope of the Group following the closing of their sale. Deniz Hayat Sigorta AS, Turkish insurance company is consolidated as from April 1, 2007.

AS OF JUNE 30, 2008

No major variation in the scope of consolidation occurred during the first half of 2008.

NOTE III. BUSINESS AND GEOGRAPHIC REPORTING

BUSINESS REPORTING

in millions of EUR	Public/Project Finance and Credit Enhancement	Personal Financial Services	Asset Management and Investor Services	Treasury and Financial Markets	Non allocated – Central Assets	Dexia
As of June 30, 2007						
Income	1,349	1,418	354	411	217	3,749
of which Net income from associates	*13*	*38*	*0*	*0*	*10*	*61*
Net income before tax	**865**	**463**	**143**	**306**	**56**	**1,833**
As of June 30, 2008						
Income	1,298	1,442	343	384	23	3,490
of which Net income from associates	*11*	*23*	*0*	*0*	*10*	*44*
Net income before tax	**164**	**438**	**121**	**270**	**(173)**	**820**

To enable comparisons, figures as of June 30, 2007 were restated following changes in the segment reporting as of January 1, 2008. The details about these modifications have been published on April 18, 2008 on *www.dexia.com*.

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

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

Tangible and intangible assets are allocated to "Non allocated – Central Assets" except when they are directly managed by a commercial or financial business line.

GEOGRAPHIC REPORTING

in millions of EUR	Euro zone (1)	Rest of Europe (2)	USA	Rest of the world	Dexia
As of June 30, 2007					
Net income before tax	**1,332**	**169**	**276**	**56**	**1,833**
As of June 30, 2008					
Net income before tax	**1,307**	**180**	**(646)**	**(21)**	**820**

(1) Countries using the euro currency.
(2) Including Turkey as from reporting 2Q 2008, figures as of June 2007 have therefore been restated.

Geographic reporting is done based on booking centers, being the country of the company having recorded the transaction, and not the country of the customers.

NOTE IV. CONTRIBUTION BY ACTIVITY – INCOME

CONTRIBUTION BY ACTIVITY	June 30, 2007				June 30, 2008			
	Banking and other activities	FSA	Other insurance[1]	Total	Banking and other activities	FSA	Other insurance[1]	Total
Interest margin	1,804	101	231	2,136	2,379	97	285	2,761
Dividend income	64	1	48	113	40	1	88	129
Net income from associates	59	0	2	61	42	0	2	44
Net income from financial instruments at fair value through profit or loss	293	(28)	(1)	264	93	317	(12)	398
Net income on investments	315	2	139	456	64	(672)	45	(563)
Net fees and commissions	741	(1)	22	762	730	(2)	16	744
Premiums and technical income from insurance activities	4	236	2,051	2,291	3	226	2,937	3,166
Technical expense from insurance activities	(2)	(81)	(2,273)	(2,356)	(1)	(82)	(3,134)	(3,217)
Other net income	21	1	0	22	26	2	0	28
Income	**3,299**	**231**	**219**	**3,749**	**3,376**	**(113)**	**227**	**3,490**
Staff expense	(843)	(29)	(52)	(924)	(907)	1	(52)	(958)
General and administrative expense	(550)	(13)	(33)	(596)	(532)	(15)	(37)	(584)
Network costs	(154)	0	(29)	(183)	(154)	0	(30)	(184)
Depreciation & amortization	(130)	(1)	(4)	(135)	(136)	(1)	(5)	(142)
Deferred acquisition costs	0	(25)	0	(25)	0	(19)	0	(19)
Expenses	**(1,677)**	**(68)**	**(118)**	**(1,863)**	**(1,729)**	**(34)**	**(124)**	**(1,887)**
Gross operating income	**1,622**	**163**	**101**	**1,886**	**1,647**	**(147)**	**103**	**1,603**
Impairment on loans and provisions for credit commitments	(46)	(7)	0	(53)	(148)	(628)	0	(776)
Impairment on tangible and intangible assets	0	0	0	0	1	0	0	1
Impairment on goodwill	0	0	0	0	(8)	0	0	(8)
Net income before tax	**1,576**	**156**	**101**	**1,833**	**1,492**	**(775)**	**103**	**820**
Tax expense	(241)	(36)	(1)	(278)	(203)	289	(6)	80
Net income	**1,335**	**120**	**100**	**1,555**	**1,289**	**(486)**	**97**	**900**
Attributable to minority interest	46	1	1	48	80	(3)	2	79
Attributable to equity holders of the parent	1,289	119	99	1,507	1,209	(483)	95	821

(1) Dexia Insurance Belgium Group and Deniz Hayat Sigorta.

NOTE V. EXCHANGE RATES

EXCHANGE RATES						
		Closing rate			Average rate	
		June 30, 2007	Dec. 31, 2007	June 30, 2008	June 30, 2007	June 30, 2008
Canadian dollar	CAD	1.4386	1.4439	1.5941	1.5012	1.5535
New Turkish lira	TRY	1.7585	1.7060	1.9248	1.8189	1.9008
US dollar	USD	1.3517	1.4718	1.5752	1.3354	1.5453

NOTE VI. SIGNIFICANT ITEMS INCLUDED IN THE NET INCOME

Reported amounts are significant and unusual transactions and not only large transactions. They therefore do not include results on sales of securities nor provisions thereon or on customers. All amounts are reported before tax.

The Dutch Supreme Court has ruled on March 28, 2008 that spouse consent is mandatory to enter into share-leasing agreements. The financial consequences of this final judgment for Dexia are expected to amount to about EUR 32 million which was provided for in 1Q 2008.

The financial crisis leads to an increase in credit spread resulting in a negative mark-to-market of the CDS of FSA for an amount of EUR 176 million while the CDS purchased within the framework of the synthetic securitizations Dublin Oak and Wise lead to a positive mark-to-market amount of EUR 289 million.

Due to the continuous deterioration of the mortgage environment in the US, FSA recognized EUR 675 million impairment on bonds and recorded a net provision of EUR 628 million. A positive amount of EUR 494 million was recorded on FSA's liabilities due to its own credit risk deterioration.

Dexia booked an impairment of EUR 8 million on FSA's goodwill.

Dexia Crediop booked a favorable tax impact thanks to a one-off tax credit of EUR 68 million.

All non-operating items are reported in the Financial Report on page 11.

NOTE VII. POST-BALANCE-SHEET EVENTS

Dexia provided about TRY 400 million (about EUR 200 million) additional capital to DenizBank. These resources will add capacity for DenizBank to finance its superior and profitable growth in the strongly developing Turkish banking market.

Supporting FSA, Dexia will contribute USD 300 million of additional capital (or any other form of capital contribution which would have the same capital effect) into FSA and will take responsibility for the liquidity and the credit risk of the Financial Products business line.

FSA will exit the Asset-Backed business and commit its resources to Global Public Finance.

NOTE VIII. SOLVENCY

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

	Dec. 31, 2007		June 30, 2008	
	Financial statements	Regulatory purposes	Financial statements	Regulatory purposes
Total shareholders' equity	14,525	14,525	8,604	8,604
Minority interests	1,754	1,749	1,794	1,797
of which Core equity	*1,721*	*1,711*	*1,821*	*1,813*
of which Gains and Losses not recognized in the statement of income	*33*	*38*	*(27)*	*(16)*
Discretionary participation features of insurance contracts	115	0	0	0
Total equity	**16,394**	**16,274**	**10,398**	**10,401**

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, TOTAL WEIGHTED RISKS AND SOLVENCY RATIOS

	Dec. 31, 2007 Basel I	June 30, 2008 Basel II
Total regulatory capital (after profit appropriation)	**15,345**	**14,997**
Tier 1 capital	**14,549**	**13,843**
Core shareholders' equity	16,112	15,639
Cumulative translation adjustments – Group	(147)	(548)
Minority interests (eligible in Tier 1)(1)	517	625
Deductions and prudential filters(2)	(3,356)	(3,296)
Hybrid regulatory Tier 1 capital(3)	1,423	1,423
Additional own funds	**796**	**1,154**
Perpetuals	767	713
Subordinated liabilities	3,053	2,967
Deductions and prudential filters	(3,024)	(2,526)

(1) On a regulatory approach, the amounts booked in minority interests and eligible as hybrid regulatory Tier 1 capital are presented separately. As of December 31, 2007 and as of June 30, 2008 EUR 1,198 million eligible as hybrid regulatory Tier 1 capital are included in minority interests' core equity.
(2) Including an assumed dividend payout to shareholders and minority interests (pro rata for the period).
(3) 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 July 6, 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	**159,383**	**121,670**
Credit risk	153,504	106,884
Market risk	5,879	5,690
Operational risk	n.a.	9,096
Solvency ratios		
Tier 1 ratio	9.1%	11.4%
Capital Adequacy Ratio	9.6%	12.3%

NOTE IX. LITIGATIONS

1. UPDATE OF THE DISCLOSURE CONCERNING SHARE LEASING

Reference is made to the detailed disclosure in the Dexia Annual Report 2007 (especially on pages 144 to 145), in the Activity Reports published during the year 2007 and in the Financial Report 1Q 2008, which are all available on *www.dexia.com*.

Dexia Bank Nederland NV (DBnl) is in the process of reimbursing all (net) sums paid by clients, which benefit from the judgment of the Dutch Supreme Court of March 28, 2008 in respect of the so-called spouse consent matter.

DBnl continues to oppose the April 27, 2007 "standard decisions" of the Amsterdam Sub-District Court in respect of especially duty of care, in particular since other Sub-District Courts tend to follow this Amsterdam "Model". In several judgments, the Amsterdam Court of Appeal and the Arnhem Court of Appeal have decided that interest paid by the client should not be considered to be part of the damage of the client, but especially the Amsterdam Sub-District Court sticks to a broader definition of relevant damage. Therefore, DBnl has issued and will continue to issue more appeals in this respect to the Dutch Courts of Appeal. Duty of care issues, including the correct definition of relevant damage, will be part of three judgments by the Dutch Supreme Court which are expected to be rendered in 4Q 2008 or 1Q 2009. The provisions of DBnl are based on the costs of the Duisenberg Arrangement and not on the "standard decisions" of Sub-District Courts.

In two of these expected Dutch Supreme Court judgments, the matter of the applicability of the Netherlands Consumer Credit Act will be at stake as well. Until now, the Dutch Courts of Appeal have always judged that this act is not applicable indeed. The provisions of DBnl are not based on a negative outcome of this issue.

On June 30, 2008, DBnl is involved in over 3,900 civil court cases, representing nearly 5,000 clients. However, the number of clients in proceedings will continue to decrease because of settlements and because of cancellations of court cases after DBnl paid sums due in respect of aforementioned spouse judgment of the Dutch Supreme Court.

2. UPDATE OF THE DISCLOSURE CONCERNING LERNOUT & HAUSPIE

Dexia is concerned in various ways with the bankruptcy of Lernout & Hauspie Speech Products (LHSP) and the consequences thereof. This was described in detail in Dexia's Annual Report 2007 (especially on pages 146-147), and in the Financial Report 1Q 2008 (page 56), which are available on *www.dexia.com*.

Dexia Bank still considers it has serious grounds for contesting all charges and once again underlines its innocence in this matter.

During the second quarter of 2008, no relevant events occurred neither in the criminal proceedings in Belgium, nor in the proceedings in the USA, the Netherlands and Luxembourg.

As described in the Financial Report 1Q 2008, the Belgian criminal proceedings are actually suspended until September 22, 2008.

LIMITED REVIEW REPORT ON THE CONSOLIDATED HALF-YEAR FINANCIAL INFORMATION FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2008

To the Board of Directors

We have performed a limited review of the accompanying condensed consolidated interim financial information, including the consolidated balance sheet, income statement, cash flow statement, statement of changes in equity and notes related thereto (jointly the "interim financial information") of Dexia SA ("the company") and its subsidiaries (jointly "the group") for the six-month period ended June 30, 2008 as included on pages 46 – 59 of Dexia's Financial Report 2Q 2008. The Board of Directors of the company is responsible for the preparation and fair presentation of this interim financial information. Our responsibility is to express a conclusion on this interim financial information based on our review.

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

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

Based on our limited review nothing has come to our attention that causes us to believe that the interim financial information for the six-month period ended June 30, 2008 is not prepared, in all material respects, in accordance with IAS 34 "Interim Financial Reporting" as adopted by the EU.

August 28, 2008

The Statutory Auditor

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

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

CONTACT

Patrick Leclerc, Head of Financial Communication

Peter De Baere, Deputy Head of Financial Communication
Tel.: (32) 2 213 57 46

Anne Garsoux, Investor Relations Officer
Tel.: (32) 2 213 57 49

Florence Francou, Investor Relations Officer
Tel.: (33) 1 58 58 85 97

Claire Langevin, Investor Relations Officer
Tel.: (33) 1 58 58 85 22

E-mail: Dexia.investor-relations@dexia.com
Website: http://www.dexia.com/e/you-are/investor.php

Dexia SA
Dexia Tower – Place Rogier 11 – 1210 Brussels – Belgium
Tour Dexia – 1, passerelle des Reflets – La Défense 2 – TSA 12203 – 92919 La Défense Cedex – France

IBAN BE61-0682-1136-2017 – BIC GKCCBEBB – RPM Brussels VAT BE 0458.548.296

FINANCIAL CALENDAR

DATES	EVENTS
November 14, 2008	Results publication – September 30, 2008
February 26, 2009	Results publication – December 31, 2008
May 13, 2009	Results publication – March 31, 2009
May 13, 2009	Annual Shareholders' Meeting
August 6, 2009	Results publication – June 30, 2009

DEXIA