Regulated information * – Brussels, Paris, 9 November 2011 – 07:00 am

Interim Statement

The worsening of the European sovereign debt crisis and the significant disruption to the financial markets since the summer of 2011 led to an increased refinancing risk for the Dexia Group, notwithstanding the substantial progress made with regard to its financial restructuring over the past three years. To stabilise its liquidity situation and to protect its commercial franchises, the Group was confronted with the need for immediate and resolute action and engaged in a series of structural measures significantly impacting the Group structure. These measures, announced on 10 and 20 October 2011, are detailed below.

Consequently and in compliance with the applicable regulations, Dexia decided not to publish a Financial Report for the period ended 30 September 2011 and published instead an Interim Statement, focusing on the most recent significant events and transactions and their impact on the Group's financial situation.

This Interim Statement is based on the unaudited pro forma figures as at 30 September 2011. These pro forma figures include the impact of the sale of Dexia Bank Belgium which was closed on 20 October 2011, but do not include any other change of scope as no other transaction had been closed by the publication date of this Statement. More details on the pro forma figures are given in Section 2.

1. Significant events and transactions

A – Update on liquidity

Increasing tensions on the Group's liquidity over the third quarter of 2011

Activity in the financial markets slowed down significantly during the summer of 2011 in a global context affected by the continuous weakness of the US economy and the growing European sovereign debt crisis. Investors grew increasingly risk averse, leading to important tensions on the interbank short-term market and to subdued volumes of new long-term debt issuance. In this context of global turmoil, Dexia's liquidity position was under an increasing strain from February 2011 on:

- first of all the rating agencies' decision to put Dexia's ratings under review for possible downgrade led to a EUR 22 billion decrease in Dexia's unsecured funding during the second quarter 2011. The short term rating confirmation from S&P and Moody's in July did not restore unsecured funding availability for Dexia, as the euro-zone crisis and the resulting aversion to European market players had, in the meantime, intensified;
- the worsening of this crisis during the summer caused a EUR 6 billion loss of short-term unsecured funding and EUR 15 billion of additional cash collateral to be posted** due to a sharp fall in the long-term interest rates. This severe market environment resulted in a EUR 9 billion increase in the Group's short-term liquidity gap (compared to the end of June 2011) to EUR 105 billion as at 30 September 2011;
- finally from 3 October 2011, Moody's decision to place the Group's long and short-term rating under review led to further pressure on the short-term liquidity as Dexia lost EUR 9 billion of additional unsecured short term funding and suffered EUR 7 billion losses of commercial deposits, the latter having stabilized since the announcement by Belgian, French and Luxemburg States of a guarantee scheme for Dexia's financing (see below).

Between the end of June and the end of October 2011, the secured funding raised by way of bilateral and tri-party repos enabled absorption of some of the shocks. The Group also increased its take of Central Bank liquidity. The Group managed to generate additional reserves through swaps of non-eligible versus eligible assets.

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

*** During its Investor Day held on 12 October 2010, Dexia communicated a sensitivity of the collateral to be posted to swap-market counterparties of circa EUR 13 billion to secure a 1% move in the long-term interest rates.*

The Group's medium and long-term funding activity sharply slowed down in 3Q 2011 after a very active first half-year, allowing the Group to meet its 2011 long-term funding target. The Group raised a total of just over EUR 2 billion during the third quarter, by way of senior unsecured transactions (EUR 0.4 billion) and long-term alternative secured funding (EUR 1.6 billion). There were no issueq in the form of covered bonds. As at 30 September 2011 (and since 1 January 2011), EUR 18.9 billion of long-term funding had been raised.

Following the acquisition of Dexia Bank Belgium by the Belgian State, the funding raised by this entity is no longer accounted for in Dexia's long-term funding activity. As at 21 October 2011 (and since 1 January 2011), the total Group medium and long-term funding amounted to EUR 19.2 billion with Dexia Bank Belgium and EUR 17.7 billion without.

To avoid further deterioration of its liquidity situation, the Group kept a high focus on deleverage despite difficult market conditions and optimised its collateral management. However, as the access to unsecured short-term liquidity remained highly constrained, the States of Belgium, France and Luxembourg decided to grant Dexia a new guarantee liquidity scheme.

State guarantee on the funding issued by Dexia SA and its subsidiary Dexia Crédit Local

In a context of increasing funding pressure, and to support the Dexia Group in the implementation of the next steps of its restructuring plan, the States of Belgium, France and Luxembourg have undertaken to guarantee the Group's new funding on a several but not joint basis in the following proportions: 60.5% by Belgium, 36.5% by France and 3% by Luxembourg. Accordingly and as announced on 10 October 2011, the States have agreed to guarantee debt issued by Dexia SA and its subsidiary Dexia Crédit Local for an amount of up to EUR 90 billion.

The principle of this direct and autonomous guarantee, payable on first demand, has been validated in Luxembourg by a Grand Ducal Regulation dated 14 October 2011, in Belgium by a Royal Decree dated 18 October 2011 and in France by a revised budgetary law dated 2 November 2011. The guarantee will be subject to remuneration in accordance with European requirements.

An agreement, whose final terms are subject to European Commission approval, is currently being finalised between Dexia SA and the three States. The details of this agreement, including the remuneration of the guarantee will be communicated to the market in due time.

The purpose of such guarantee is to allow Dexia SA and Dexia Crédit Local to regain access to the financing markets with the benefit of the State guarantee. The outline of the guarantee agreement covers new debt in the form of contracts such as deposits in foreign currencies as well as financial instruments and securities, the tenor of which does not exceed three years. The precise scope of the maturities of the short-term liabilities to be covered by the guarantee is still being discussed.

This new guarantee agreement aims at supporting Dexia's efforts to conduct the structural measures decided by the Board of Directors at its meetings held on 10 and 20 October 2011. It will be a separate agreement from the previous guarantee schemes in force from December 2008 to June 2010. The guaranteed debt currently outstanding under these previous schemes is not impacted by the new scheme under consideration.

B – Update on the Group's restructuring process

Sale of Dexia Bank Belgium to the Belgian State

Given the risks and the difficulties arising for Dexia Bank Belgium from the situation affecting the Dexia Group, and the systemic nature of Dexia Bank Belgium for the Belgian financial sector, the Belgian State offered to purchase Dexia's holding in Dexia Bank Belgium on 9 October 2011.

In view of the circumstances and with regard to the corporate interest of Dexia SA and its subsidiaries (including Dexia Bank Belgium), the Board of Directors of Dexia SA approved the offer. The sale was finalised on 20 October 2011 for a fixed consideration of EUR 4 billion and the proceeds have been used principally by Dexia SA for the early repayment of loans granted by Dexia Bank Belgium to Dexia SA and Dexia Crédit Local.

Dexia SA also benefits from an earn-out mechanism, under certain conditions, in the event of a later resale of Dexia Bank Belgium.

As from 20 October 2011, the Société Fédérale de Participations et d'Investissement (SFPI), acting on behalf of the Belgian State, holds 100% of the shares of Dexia Bank Belgium.

The sale agreement relates to all assets and liabilities and all subsidiaries and holdings of Dexia Bank Belgium with the exception of Dexia Bank Belgium's 49% stake in Dexia Asset Management, which was transferred to Dexia SA on 20 October 2011. The commercial and operational relationship between Dexia Bank Belgium and Dexia Asset Management remains nevertheless in place. Both companies will pursue their longstanding partnership in order to offer their clients tailor-made investment solutions. This partnership will be enshrined in a formal framework agreement.

The intra-group financing granted by Dexia Bank Belgium to other Group entities will be maintained and gradually reduced in accordance with the principles set out in the sale agreement. Funding will be part of the key matters that will be supervised by a transition committee in order to ensure the smooth unwinding of the existing tight operational links between Dexia Bank Belgium and the rest of the Group.

The financial impacts of the transaction are detailed in Section 2.

Closing of the sale of the insurance business in Turkey and finalisation of exclusive distribution agreements

On 3 October 2011 Dexia SA completed the sale of DenizEmeklilik, the life insurance and pension subsidiary of DenizBank in Turkey, to MetLife after obtaining all regulatory approvals. With this transaction, a 15-year exclusive agreement for the distribution of MetLife's life, pensions, personal accident and unemployment insurance products through the DenizBank branch network entered into force.

The closing of this transaction followed the agreement with MetLife which was announced on 27 June 2011. It meets the requirement of the European Commission providing for the disposal of DenizEmeklilik by 31 October 2012 at the latest.

In addition, another 15-year exclusive agreement reached with Axa and announced on 7 July 2011 for the distribution of Axa's non-life insurance products through the DenizBank branch network entered into force on 26 September 2011.

The financial impact of the sale of DenizEmeklilik has been accounted for in Dexia's 3Q 2011 results and is detailed in section 2.

Negotiation agreement between Dexia, Caisse des Dépôts and La Banque Postale

Dexia, Caisse des Dépôts and La Banque Postale have finalised the terms of a negotiation agreement with respect to the financing of French local authorities. This agreement was approved by the Board of Directors of Dexia SA on 19 October 2011, after taking into consideration an independent fairness opinion. It is subject to the approval of the European Commission.

The negotiation agreement contains two main features:

- The acquisition by Caisse des Dépôts and La Banque Postale of respectively 65% and 5% of the shares in Dexia Municipal Agency, the *société de crédit foncier* of the Dexia Group dedicated to the refinancing of loans to local authorities

  Dexia Municipal Agency is a 100% subsidiary of Dexia Crédit Local specialised in the refinancing of loans to the public sector or exposures guaranteed by the public sector through the issuance of covered bonds (*obligations foncières*). As at 30 September 2011, it had a total balance sheet of EUR 98 billion and outstanding covered bonds of EUR 67 billion.

  Caisse des Dépôts backing for Dexia Municipal Agency would reinforce the solidity of its AAA/AAA/Aaa rating.

  The negotiation agreement would also provide for the acquisition by Caisse des Dépôts and La Banque Postale of certain tools and management systems necessary to perform the above-mentioned activity. The operational management of Dexia Municipal Agency would be based notably on a service agreement with Dexia Crédit Local.

- A new commercial tool serving local authorities in France

  A joint venture held by Caisse des Dépôts (35%) and La Banque Postale (65%) would be created. This joint venture would be dedicated to designing and originating loans to French local authorities,

refinanced through Dexia Municipal Agency. The new tool would, through a service agreement, make use of the combined know-how of Dexia Crédit Local, Caisse des Dépôts and La Banque Postale.

The potential financial impact of the transaction was detailed in the Group's press release of 20 October 2011.

Dexia Crédit Local would maintain a non-lending relationship with its clients of the public sector. It would also maintain a lender relationship with those of its clients out of the scope of the joint venture, under the terms to be specified in the agreement with the joint venture.

The agreement provides for Dexia extending to Dexia Municipal Agency, on the one hand, a guarantee with respect to the performance and the legal risks associated with a portfolio of EUR 10 billion of structured loans to French local authorities and, on the other hand, an indemnity against losses in excess of 10 basis points on all outstanding loans, which represents 10 times more than the losses faced by Dexia Municipal Agency on an historical basis. Dexia would, moreover, benefit from a counter-guarantee from the French State on this same portfolio of structured loans covering up to 70% of losses over and above EUR 500 million. This counter-guarantee is subject to the approval of the European Commission.

The implementation of this negotiation agreement will remain subject to the approval of the relevant supervisory and competition authorities.

Negotiations with a view to the possible disposal of other operational entities of the Group

Dexia SA has started negotiations on an exclusive basis with a view to the sale of Dexia Banque Internationale à Luxembourg, excluding the 51% stake in Dexia Asset Management and the 50% participation in the joint venture RBC Dexia Investor Services, to a group of international investors with the participation of the Grand Duchy of Luxembourg. Discussions are still ongoing on an exclusive basis.

On 19 October 2011, the Board of Directors of Dexia SA empowered the Chief Executive Officer to determine the conditions under which Dexia Banque Internationale à Luxembourg's 50% participation in RBC Dexia Investor Services, held as joint venture with Royal Bank of Canada, could be disposed of and to start the disposal process.

It also empowered the Chief Executive Officer to launch, in the framework of an open and competitive procedure, the sale process of Dexia Asset Management and of the Group's 99.84% stake in DenizBank.

All these disposals will be subject to the prior approval of the banking supervisory authorities and of the European Commission.

Accounting consequences of the planned transactions

Planned disposals might generate additional losses that cannot be currently determined and would be accounted for at the time of the signing.

Potential losses on the sale of Dexia Municipal Agency and Dexia Banque Internationale à Luxembourg will be accounted for at the time of the signing.

Following the decision to accelerate its deleveraging programme announced in May 2011, Dexia transferred EUR 17.6 billion nominal amount of financial assets, excluding the guaranteed assets in the Financial Products portfolio, to "non-current assets or disposal groups classified as held for sale (IFRS 5)". This resulted in EUR 1,745 million fair value adjustments as of end of June 2011. As at 30 September 2011 and excluding Dexia Bank Belgium, these fair value adjustments amounted to EUR 1,137 million.

C – Validation process of Dexia's restructuring plan by the European Commission

According to the European Commission, all the above-described planned disposals as well as the new liquidity scheme are subject to its approval. The sale of Dexia Bank Belgium has already been approved as a temporary "emergency sale" in order to protect the commercial franchise of the bank and to avoid retail deposit outflows.

Any structural measures decided by Dexia SA 's latest Board of Directors meetings would lead to a substantial change in the restructuring plan approved by the European Commission in February 2010. However, until the European Commission approves the new State guarantee granted to the Group by Belgium, France and Luxembourg and the changes to the existing restructuring plan, the decision of February 2010 remains binding for the States and for Dexia. Discussions about a new European

Commission decision related to the State-guaranteed liquidity scheme to be granted are currently being held; the European Commission was recently notified of a number of documents relating to the planned disposals and the funding situation.

2. Financial situation – unaudited

A – Pro forma financial statements

Dexia SA's pro forma financial statements have been prepared on the basis of the Group's estimated consolidated financial statements as at 30 September 2011. The sale of Dexia Bank Belgium described in Section 1 has been taken into account. The sale agreement relates to all assets and liabilities and all subsidiaries and holdings of Dexia Bank Belgium, with the exception of Dexia Bank Belgium's 49% stake in Dexia Asset Management, which was transferred to Dexia SA prior to the closing of the transaction.

For the purposes of these pro forma financial statements, the following assumptions have been made:

- Although Dexia Bank Belgium was deconsolidated on 1 July 2011, the results of Dexia Bank Belgium for the first half of 2011 have been accounted for. The financial impact of the sale of Dexia Bank Belgium is further detailed below. The proceeds of the sale (EUR 4 billion) have been principally allocated to the early repayment of loans granted by Dexia Bank Belgium to the Dexia Group;
- Intra-group holdings of subordinated liabilities have been considered as early repaid or taken over by the new parent company. Other intra-group financing has been maintained and will be gradually reduced in accordance with the sale agreement;
- Additional impairments on goodwill were booked. They are detailed below.

All impacts included in the pro forma financial statements are estimated and subject to validation by the Transition Committee, particularly the one related to Dexia Bank Belgium. Impacts must, therefore, be considered as the best estimate made by management based on the information available at the time of preparation of the pro forma financial statements and cannot be considered IFRS-compliant. In any event, such pro forma financial statements reflect the situation only as at the date on which they are made, and Dexia does not make any undertaking to update or to revise them as a result of new information, future events or the like.

B – Impact of significant items on the Group's financial situation

Pre-tax impact of significant items			
In millions of EUR	**2Q 2011 (as published)**	**3Q 2011 (pro forma)**	**9M 2011 (pro forma)**
Loss on the sale of Dexia Bank Belgium		-4,065*	-4,065
Impairment on Greek sovereigns, assimilated and related hedges	-377	-2,317	-2,694
Fair-value adjustment and losses on sale FP assets	-1,928		-1,928
Fair-value adjustment on other asset disposals (IFRS 5)	-1,745	+30**	-1,715
Impairment on goodwill	-143	-103	-246
Capital gain on the sale of DenizEmeklilik		+135	+135
Total impact	**-4,193**	**-6,320**	**-10,513**

Unaudited figures

** The loss of around EUR 3.8 billion resulting from the sale of Dexia Bank Belgium published on 10 October 2011 was an estimated figure.*

*** The net amount of EUR 30 million sums the mark to market variation of assets reclassified in IFRS 5 and the reversals linked to the assets sold, excluding Dexia Bank Belgium.*

Impact of the sale of Dexia Bank Belgium

The sale of Dexia Bank Belgium was closed on 20 October 2011, for a fixed consideration of EUR 4 billion. This transaction translated into a loss of EUR 4.1 billion.

On the basis of the figures as at 30 September 2011, for the Dexia Group the sale has the effect of:

- reducing the size of its balance sheet by EUR 150 billion, to EUR 412 billion;
- improving the gains and losses not recognized in the statement of income (OCI) by EUR 3.1 billion, of which EUR 2 billion for the available-for-sale reserve on securities;
- reducing the weighted risks by EUR 45 billion, to EUR 79 billion;
- reducing the maximum credit risk exposure (MCRE) of government bonds on a selection of European countries and the bond portfolio in run-off by respectively EUR 8.8 billion and EUR 19.8 billion as compared to 30 June 2011.

Impairment on Greek exposure

In July 2011, Dexia decided to participate in the IIF (International Institute of Finance) Greece assistance programme which would result in an exchange of Greek government bonds maturing before 31 December 2020. The loss related to this exchange was estimated at a 21% nominal discount. A EUR 377 million pre-tax impairment (EUR 192 million excluding Dexia Bank Belgium) was therefore booked by Dexia SA in its 2Q 2011 results, related to EUR a 1.8 billion nominal exposure (EUR 0.9 billion excluding Dexia Bank Belgium) on Greek government bonds maturing before 31 December 2020. The negative AFS reserve calculated by the model was not materially different from the 21% discount on nominal when taking into account the fair value hedge accounting impacts on these bonds.

As the IIF plan was not implemented and due to the uncertainties surrounding the new assistance package formulated by the EU authorities on 27 October 2011, Dexia decided to book an additional impairment of 1.4 billion on its total Greek government bonds and assimilated exposure in its third-quarter results. This led to an impairment of EUR 1.6 billion, *i.e.* a 55% discount on the EUR 2.9 billion of nominal exposure held by the Group as at the end of September 2011 (excluding Dexia Bank Belgium).

In addition, Dexia SA also had to impair EUR 903 million of hedging derivatives* accounted for as fair-value and cash-flow hedge because of the uncertainties weighting on the expected bonds cash flows leading to inefficiency of the accounting hedge**. Consequently, the total impairments related to the Group's exposure on Greece amounted to EUR 2.3 billion in 3Q 2011.

The Maximum Credit Risk Exposure (MCRE) on the Greek government bonds amounted to EUR 3.8 billion, as at 30 June 2011. Excluding Dexia Bank Belgium it stood at EUR 1.3 billion as at 30 September 2011, after deduction of the impairments (EUR 1.6 billion) from the notional exposure (EUR 2.9 billion). Additional details on the Group's MCRE related to government bonds of a selection of European countries are as shown in appendix 2 (pro forma figures).

Impact of the deleveraging

Over the last quarter, Dexia pursued the deleveraging of its assets at a sustained pace, with EUR 0.28 billion of loans and EUR 2.2 billion of bonds sold in 3Q 2011 (on a pro forma basis), at respective loss rates of 3.6% (*i.e.* EUR 10 million) and 5.5% (*i.e.* EUR 120 million), excluding the sale of the Financial Products assets. Loss rates were slightly up compared to 2Q 2011, reflecting the focus on lower-quality assets and the worsening of market conditions. 60% of the bonds sold were non-euro denominated bonds and 48% non-eligible assets. The weighted average life of assets sold reached 4.8 years.

Moreover, Dexia pursued the sale of the guaranteed Financial Products portfolio initiated in May 2011 and sold EUR 2.5 billion*** of Financial Products assets over the quarter.

The execution of the contemplated disposals described in Section 1 would allow the Group to decrease the pace of divestment of Legacy assets in the future.

** There were no impairments in the 2Q 2011 results as the IIF plan included an option to exchange the bonds at maturity, meaning that the hedge relations were not broken.*

*** Depending on the final conditions of the new assistance package, Dexia may reassess the level of impairments related to the hedges*

**** EUR 2.3 billion of sales were completed in July and have already been announced during the publication of the 2Q 2011 results.*

Impairment on goodwill

Following the deterioration of the economic environment, the worsening of the sovereign debt crisis and the potential losses on the value of some subsidiaries, management decided to take additional impairments on goodwill in 3Q 2011 for a total amount of EUR 103 million. Impairments on goodwill amounted to EUR 246 million for the first nine months of 2011.

Capital gain on the sale of DenizEmeklilik

In Turkey, the sale to MetLife of DenizEmeklilik, the life insurance and pension subsidiary of DenizBank, resulted in a capital gain of EUR 135 million before taxes, booked in 3Q 2011 at the level of the Group Center.

The expected revenue linked to the 15-year exclusive agreement for the distribution of Axa's non-life insurance products through the DenizBank branch network will be accrued over 15 years.

C – Comments on segment reporting

Excluding Dexia Bank Belgium sold in October 2011, total customer assets in **Retail and Commercial Banking** amounted to EUR 41 billion as at 30 September 2011, of which EUR 24 billion of deposits and EUR 17 billion of off-balance sheet assets. Loans were at EUR 22 billion (pro forma).

In ***Luxembourg***, customer assets amounted to EUR 29.7 billion as at 30 September 2011, despite a negative market effect and some outflows. Loans outstanding increased slightly to EUR 9.2 billion. 3Q 2011 pre-tax income was resilient, supported by slightly higher revenues in 3Q 2011 on 2Q 2011.

In ***Turkey***, deposit-gathering recorded a 16% increase in 3Q 2011 compared to 2Q 2011 leading to a total outstanding of TRY 27 billion (EUR 11 billion). Loans were up 11% to TRY 32 billion (EUR 13 billion) mainly driven by business loans. The strong deposit growth resulted in a loan-to-deposit ratio down to 116% versus 121% in 2Q 2011. As at 30 September 2011, DenizBank was serving 4.9 million clients, including the 800,000 new clients acquired since September 2010, at 553 domestic branches. 3Q 2011 pre-tax income benefited from growing revenues at a constant exchange rate. The main drivers were a stable strong fee income and increasing interest income, despite the Turkish central bank raising its reserve ratio on deposits. It is worth noting that for the first nine months of 2011 pre-tax income grew by 10.3% to TRY 522 million (contribution of DenizBank to Retail and Commercial Banking results before adjustments at Group level).

In **Public and Wholesale Banking**, Dexia maintained a selective public-sector lending policy in all geographical areas, reflecting the still important pressure on the Group's long-term funding. Consequently and excluding Dexia Bank Belgium, new commitments remained limited: EUR 0.9 billion in 3Q 2011 (EUR 2.8 billion in 9M 2011), down 34% on 2Q 2011 (-32% yoy). In France, margins increased strongly but in low volumes. In project finance, new commitments followed the same trend after a strong second quarter, marked by the closing of a large number of transactions. Globally, the deposit collection – mainly driven by Germany – was up compared to 2Q 2011.

3Q 2011 pretax income was impacted by lower market-related revenues and a normalised cost of risk, after a second quarter marked by reversals. Costs remained under control.

As at 30 September 2011, **assets under management** amounted to EUR 80.5 billion following EUR -3.3 billion of negative market effect and EUR -0.8 billion of net outflows in the third quarter. Retail funds suffered from outflows while institutional products recorded net new cash.

3Q 2011 pre-tax income was impacted by lower revenues mainly due to decreasing management fees. Costs remained well under control with a cost on average assets under management ratio of 15.2 basis points as at 30 September 2011.

Investor Services experienced a slowdown in its activity in 3Q 2011, following dull financial markets, and assets under administration, at EUR 1,190 billion, were slightly down compared to 2Q 2011. Pre-tax income was strong in 3Q 2011, with a sustained increase yoy and a fall compared to 2Q 2011 as a consequence of a seasonal effect.

The **insurance** activities of the Group are part of the sale agreement relating to Dexia Bank Belgium.

As at 30 September 2011, total commitments of the **Legacy Portfolio Management Division** amounted to EUR 98.0 billion including off-balance-sheet commitments and on a pro-forma basis excluding Dexia Bank Belgium. On-balance-sheet commitments amounted to EUR 90.7 billion.

Since 2008, the Legacy Division has been reduced by EUR 122 billion, from EUR 220 billion (including off-balance sheet items) to EUR 98.0 billion (of which EUR 7.3 billion off-balance sheet), by virtue of an active deleveraging policy. EUR 56.6 billion of bonds, EUR 7.6 billion of loans and EUR 6.4 billion of Financial Products assets were sold between 2008 and September 2011. Moreover, the sale of Dexia Bank Belgium resulted in a EUR 18.7 billion decrease in the Legacy Division.

In 3Q 2011, the result of the Legacy Division was mainly driven by the negative impact of the additional impairment on Greek government bonds and assimilated exposure as detailed above.

Additional details on the evolution of the various segments of the Legacy Division are given below.

On a pro-forma basis excluding Dexia Bank Belgium, the ***bond portfolio in run-off*** amounted to EUR 75.5 billion as at 30 September 2011. The asset credit quality remained satisfactory, with 91% of assets being *investment grade*, in line with the previous quarter. The portfolio had an average life of 13.3 years.

PWB run-off commitments amounted to EUR 17.0 billion, including the EUR 7.3 billion (USD 9.6 billion) of liquidity lines (SBPA) granted to municipalities in the United States, drawn to a limited amount of EUR 0.1 billion (USD 0.1 billion). Over the quarter, commitments were reduced by EUR 5.2 billion mainly due to the rapid decrease in USD liquidity lines.

The ***Financial Products portfolio*** was composed of USD 7.7 billion of assets, including USD 6.0 billion of high quality assets (mainly T-bills) used specifically as collateral for the Guaranteed Investment Contracts (GIC) financing the portfolio. Excluding this USD 6.0 billion, the portfolio was 91% investment grade.The guaranteed part of the portfolio was reduced to USD 344 million from USD 6.4 billion at the end of June 2011 and USD 9.5 billion at the end of March 2011.

D – Balance sheet and solvency

The pro forma balance sheets as at 30 June and 30 September 2011 both take account of the impact of the sale of Dexia Bank Belgium, considering the net equity and the results of Dexia Bank Belgium as at 30 June. The pro forma is explained at the beginning of section 2.

Following the sale of Dexia Bank Belgium, the total pro forma consolidated balance sheet as at 30 June 2011 went down EUR 144 billion, to EUR 374 billion...

The total pro-forma consolidated balance sheet amounted to EUR 412 billion as at 30 September 2011. It was up by EUR 38 billion compared to 30 June 2011 on a pro forma basis. The strong increase of the balance sheet over the quarter is mainly due to the decrease of the long-term interest rates that has driven the cash collateral to be posted on the asset side up by EUR 11 billion and the fair-value adjustments of assets (including derivatives) up by EUR 27 billion.

Pro forma total shareholders' equity amounted to EUR 1.1 billion as at 30 September 2011 against EUR 5.4 billion as at 30 June 2011. It was impacted by:

- the reduction of core shareholders' equity by EUR 2.4 billion due to impairments on the Greek exposure and on goodwill. The impact of the loss on the sale of Dexia Bank Belgium was already taken in the reduction of the core shareholders' equity between the published and pro forma figures as at 30 June 20111.
- the decrease of Other Comprehensive Income by EUR 1.8 billion, mainly due to the deepening of the sovereign crisis that led to a spread widening of bonds reclassified in AFS.

On a pro-forma basis, the Tier 1 ratio stood at 9.9% as at 30 September 2011. At this date the Tier 1 capital amounted to EUR 7.8 billion and the weighted risks stood at EUR 78.8 billion.

Today, the Board of Directors of Dexia SA gave its approval to proceed to a capital increase of Dexia Crédit Local for a total amount of up to EUR 4.2 billion. Indeed, at French statutory level, Dexia Crédit Local has to respect regulatory constraints regarding its minimum capital level. Due to the recent developments of the Greek crisis and related impairments and given differences in methodology between the French GAAP and IFRS, it is necessary to increase the capital of Dexia Crédit Local in order to respect such a minimum capital level. This transaction will not have any impact on Dexia's consolidated financial statements. It will be executed via the conversion of EUR 2.5 billion of subordinated debt of Dexia SA to Dexia Crédit Local. Furthermore, EUR 1.7 billion proceeds from the sale of Dexia Bank Belgium will be allocated to this capital increase and therefore will be reducing the intra-group funding granted by Dexia Bank Belgium to Dexia Crédit Local.

3. Appendices

Appendix 1 – Balance sheets

In millions of EUR except where indicated		30/06/11 (as published)	30/06/11 (pro forma)	30/09/11 (pro forma)
I.	Cash and balances with central banks	4,345	3,776	3,113
II.	Loans and advances due from banks	48,498	45,315	60,024
III.	Loans and advances to customers	316,432	234,130	244,418
IV.	Financial assets measured at fair value through profit or loss	7,475	1,799	1,991
V.	Financial investments	73,024	42,713	43,400
VI.	Derivatives	37,611	23,643	38,074
VII.	Fair value revaluation of portfolio hedge	3,441	1,765	3,696
VIII.	Investments in associates	167	47	49
IX.	Tangible fixed assets	2,369	1,049	1,050
X.	Intangible assets and goodwill	1,953	1,722	1,544
XI.	Tax assets	2,549	1,570	2,235
XII.	Other assets	3,043	1,919	1,441
XIII.	Non-current assets and disposal groups held for sale	16,840	14,260	11,123
Total assets		**517,747**	**373,708**	**412,158**
I.	Due to banks	89,719	100,336	120,310
II.	Customer borrowings and deposits	125,279	40,980	44,268
III.	Financial liabilities measured at fair value through profit or loss	19,758	8,121	8,695
IV.	Derivatives	60,134	42,567	65,472
V.	Fair value revaluation of porfolio hedge	1,427	1,459	2,727
VI.	Debt securities	185,638	167,612	162,460
VII.	Subordinated debts	3,505	1,913	1,944
VIII.	Technical provisions of insurance companies	16,700	3	1
IX.	Provisions and other obligations	1,402	501	663
X.	Tax liabilities	176	115	131
XI.	Other liabilities	5,181	2,874	2,630
XII.	Liabilities included in disposal groups held for sale	67	67	0
	Core shareholders' equity	*15,250*	*11,418*	*8,968*
	Gains and losses not recognised in the statement of income	*(8,305)*	*(6,068)*	*(7,843)*
	Total shareholders' equity	*6,945*	*5,350*	*1,125*
	Non-controlling interests	*1,816*	*1,810*	*1,732*
	Total equity	8,761	7,160	2,857
Total liabilities and equity		**517,747**	**373,708**	**412,158**

Unaudited figures – pro forma figures calculated according to methodology described in Section 2 (page 5)

Appendix 2 – MCRE of government bonds on a selection of European countries

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

Government bonds on a selection of European countries			
In millions of EUR	**30 June 2011** **(as published)**	**30 June 2011*** **(pro forma)**	**30 September 2011*** **(pro forma)**
Greece **	3,785	2,296	1,292
Ireland	359	0	0
Italy***	15,587	10,033	10,003
Portugal	2,069	1,764	1,839
Spain	1,371	490	475
Total	**23,171**	**14,583**	**13,609**

Unaudited figures

** Banking book only. Exposure in the trading and insurance books was reduced to nil after the sale of Dexia Bank Belgium.*

*** Pro forma figures include EUR 148 million of assimilated exposure.*

**** Restated June published and pro forma figures due to the exchange of non eligible facilities into eligible government Italian bonds in 3Q11.*

Appendix 3 – Pro forma of the bond portfolio in run-off after the sale of Dexia Bank Belgium

Credit quality of the bond portfolio in run-off **(pro forma as at 30 September 2011)**

In billions of EUR	AAA	AA	A	BBB	NIG	Total
Public sector	1.3	12.3	5.8	3.5	1.4	24.4
Sovereigns	0.8	6.5	2.1	2.1	2.8	14.3
Banks	1.9	2.2	4.4	1.2	0.4	10.0
Covered bonds	3.3	2.0	1.6	1.4	0.1	8.2
ABS	4.6	0.3	0.2	0.1	0.1	5.3
MBS	1.8	0.6	0.5	0.2	0.4	3.4
Other	0.1	0.4	2.3	5.8	1.5	9.9
Total (nominal before protection)	**13.8**	**24.2**	**16.7**	**14.2**	**6.6**	**75.5**

Unaudited figures

Appendix 4 – Litigations

As many financial institutions, Dexia SA is subject to regulatory investigations and litigations, including class action lawsuits in the US and Israel. The main developments occurring in the third quarter of 2011 in respect of the most significant litigations and investigations involving entities of the Group are summarized below (on a pro forma basis, *i.e.* assuming the sale of Dexia Bank Belgium SA and its direct and indirect subsidiaries), based on the information available to Dexia as at 30 September 2011. The update below is made against the relevant summaries included in the Annual Report 2010 (pages 89-93), as updated by the Financial Report 2Q 2011 (pages 43-44), both available on www.dexia.com.

On the basis of the information available to Dexia as at 30 September 2011, other litigations and investigations or, in respect of the litigations or investigations mentioned in the Financial Report 2Q 2011 but not included in the summary update below, the developments that occurred in such cases during 3Q 2011 are not expected to have a material impact on the Group's financial situation or it is too early to assess properly whether they may have such an impact.

Dexia Crediop

On 7 September 2011, the Italian Council of State rendered a decision in the litigation between Dexia Crediop and the Province of Pisa.

In essence the Council confirmed the position of the Administrative Court in November 2010 according to which the self-redress act taken by the Province of Pisa meets the formal requirements for it to be valid and that, as to the calculation of the cost of the restructuring transaction, the cost of a hedging transaction must also be taken into account.

An independent expert will now need to calculate the total amount of alleged costs to be taken into account to determine whether there is any merit in the Province of Pisa's self-redress act in the case at hand.

The Council further ruled that Italian administrative courts have exclusive jurisdiction on the matter irrespective of the election of English courts made by the parties, a position which Dexia Crediop intends to challenge before the Italian Supreme Court ("Corte di Cassazione"). Dexia Crediop is also contemplating submitting to the European jurisdictions the question of the conflict of jurisdiction between Italian and English courts.

As at 30 September 2011, no provision was set up in respect of this litigation other than for the payment of fees to Dexia Crediop's external legal counsel.

Dexia Crédit Local

As at 30 September 2011, claims have been filed against Dexia Crédit Local by eight clients in relation to structured financing. At this stage, Dexia is not able reasonably to predict the duration and the outcome of these proceedings, or their potential financial repercussions.

For more information: www.dexia.com

Press Office	***Investor Relations***
Press Office – Brussels	*Investor Relations – Brussels*
+32 2 213 50 81	*+32 2 213 57 46/49*
Press Office – Paris	*Investor Relations – Paris*
+33 1 58 58 86 75	*+33 1 58 58 85 97/82 84*