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## Net profit of EUR 274 million in 3Q 2009

## Further significant progress of the Group's restructuring

### Highlights

- Confirmed profitability for the third consecutive quarter:
  - 3Q 2009 net profit of EUR 274 million vs. 3Q 2008 net loss of EUR -1,544 million
  - 9M 2009 net profit of EUR 808 million vs. 9M 2008 net loss of EUR -723 million
- Aggregate profitability of core businesses improves in 3Q 2009 to EUR 316 million vs. EUR -216 million in 3Q 2008
- Costs reduction on track: 3Q 2009 costs down by 10% yoy excluding FSA Insurance and restructuring charges
- Low cost of risk in 3Q 2009, at 13 bps of average customer loans, after significant provisions in previous quarters

- Further improvement of Group's liquidity:
  - 3Q 2009 marked by renewed access to unsecured unguaranteed funding
  - EUR 13 billion of bonds and loans sold in 9M 2009
  - Strong decrease of guaranteed short term funding

- Reduction of the negative AFS reserve by EUR 2.3 billion in 3Q 2009

- Tier 1 ratio of 11.8% and core Tier 1 ratio of 10.8%

Mr Jean-Luc Dehaene, Chairman of the Board of Directors, said: *"Thanks to a collective and sustained effort from all its stakeholders, the Group is successfully implementing its restructuring. Discussions with the European Commission regarding the restructuring of Dexia are continuing in an open and constructive climate. We will spare no efforts to fulfil our commitments for the benefit of all, employees, customers and shareholders."*

Mr Pierre Mariani, Chief Executive Officer and Chairman of the Management Board, said: *"The progress achieved in one year is sizeable: in 3Q 2009, Dexia confirmed its profitability with a third consecutive positive result, thanks to the good performance of its core activities and to the magnitude of its restructuring plan. The sale of FSA Insurance and the rapid improvement of the liquidity situation considerably reduced the risk profile of the Group. .Already the amount of Dexia's guaranteed debt is reducing sharply. Our businesses are refocused on core franchises and show a rising profitability. In what remains a challenging environment, we will not relax our efforts to complete the restructuring of Dexia while continuing to serve our customers."*

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

During its November 12, 2009 meeting, the Board of Directors examined the results of Dexia.

### 3Q 2009 Dexia Group reported results: net profit of EUR 274 million

In 3Q 2009, despite early signs of exit from the crisis, the macro-economic environment remained difficult. The rebound of equity markets continued with a further rise of 20% of the Eurostoxx 50 in 3Q 2009, and spreads on fixed income markets tightened significantly.

In this context, Dexia confirmed its profitability for the third consecutive quarter. This highlights a considerable improvement compared to the situation where the Group was at the end of 2008. While Dexia reported a net loss of EUR -1,544 million in 3Q 2008, the net profit for 3Q 2009 was EUR 274 million. This positive result reflects the reduction of the Group's risk profile, notably after the sale of FSA Insurance.

For 9M 2009, net income Group share amounted to EUR 808 million compared to a net loss of EUR -723 million for 9M 2008.

Consolidated statement of income*								
In millions of EUR	3Q08	2Q09	3Q09	Var. 3Q09/ 3Q08	Var. 3Q09/ 2Q09	9M08	9M09	Var. 9M09/ 9M08
<b>Income**</b>	<b>315</b>	<b>1,640</b>	<b>1,369</b>	<b>x4.3</b>	<b>-16.5%</b>	<b>3,805</b>	<b>4,712</b>	<b>+23.8%</b>
Expenses	-1,055	-875	-916	-13.2%	+4.7%	-2,942	-2,687	-8.7%
<b>Gross operating income</b>	<b>-740</b>	<b>765</b>	<b>453</b>	<b>n.s.</b>	<b>-40.8%</b>	<b>863</b>	<b>2,025</b>	<b>x2.3</b>
Cost of risk & impairments	-1,083	-361	-102	-90.6%	-71.7%	-1,866	-872	-53.3%
<b>Pre-tax income</b>	<b>-1,823</b>	<b>404</b>	<b>351</b>	<b>n.s.</b>	<b>-13.1%</b>	<b>-1,003</b>	<b>1,153</b>	<b>n.s.</b>
Tax expense	281	-83	-65	n.s.	-21.7%	361	-258	n.s.
<b>Net income</b>	<b>-1,542</b>	<b>321</b>	<b>286</b>	<b>n.s.</b>	<b>-10.9%</b>	<b>-642</b>	<b>895</b>	<b>n.s.</b>
Minority interests	2	38	12	x6.0	-70.1%	81	87	+7.6%
<b>Net income Group share</b>	<b>-1,544</b>	<b>283</b>	<b>274</b>	<b>n.s.</b>	<b>-3.2%</b>	<b>-723</b>	<b>808</b>	<b>n.s.</b>
Earnings per share (in EUR)	-1.34	0.16	0.16	-	-	-0.62	0.46	-

\* FSA Ins. deconsolidated since 2Q 2009.

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

For comparison purposes, pro-forma results for the sale of FSA insurance (deconsolidated in 2Q 2009) are shown in the table below.

Consolidated statement of income*								
In millions of EUR	3Q08	2Q09	3Q09	Var. 3Q09/ 3Q08	Var. 3Q09/ 2Q09	9M08	9M09	Var. 9M09/ 9M08
<b>Income</b>	<b>467</b>	<b>1,640</b>	<b>1,369</b>	<b>x3.0</b>	<b>-16.5%</b>	<b>3,909</b>	<b>4,342</b>	<b>+11.1%</b>
Expenses	-1,026	-875	-916	-10.7%	+4.7%	-2,884	-2,660	-7.8%
<b>Gross operating income</b>	<b>-559</b>	<b>765</b>	<b>453</b>	<b>n.s.</b>	<b>-40.8%</b>	<b>1,026</b>	<b>1,682</b>	<b>+63.9%</b>
Cost of risk & impairments	-822	-361	-102	-87.6%	-71.7%	-976	-600	-38.5%
<b>Pre-tax income</b>	<b>-1,381</b>	<b>404</b>	<b>351</b>	<b>n.s.</b>	<b>-13.1%</b>	<b>50</b>	<b>1,083</b>	<b>x21.7</b>
Tax expense	107	-83	-65	n.s.	-21.7%	-45	-188	x4.2
Minority interests	2	38	12	x6.0	-70.1%	81	87	+7.6%
<b>Net income Group share</b>	<b>-1,275</b>	<b>283</b>	<b>274</b>	<b>n.s.</b>	<b>-3.2%</b>	<b>-76</b>	<b>808</b>	<b>n.s.</b>

\* Excluding FSA Insurance in all periods.

Excluding FSA Insurance, revenues were 3.5 times higher than in 3Q 2008, which was significantly hit by financial crisis items for a total amount of EUR -1,277 million.

In 3Q 2009, the level of revenues reflected lower atypical items compared to previous quarters as well as the natural loss of revenues related to both the improvement of Dexia's liquidity situation and the financial market normalization. More specifically, 3Q 2009 revenues fell by 17% compared to 2Q 2009, largely owing to a decline in Group Center revenues of circa EUR 300 million. This decline can be explained as follows: firstly, 2Q 2009 was inflated by the EUR 101 million positive adjustment on FSA Insurance sale; secondly, treasury revenues decreased by EUR 102 million as a result of the flattening of the short term yield curve; thirdly, the cost of the Financial Products portfolio guarantee was incurred for the first time in 3Q 2009 (EUR 31 million impact); lastly, deleveraging costs were slightly higher in 3Q 2009 compared to the previous quarter.

Costs reduction plans throughout the Group are on track. Costs were EUR 916 million in 3Q 2009. They included a EUR 39 million restructuring charge related to the measures announced on September 25, 2009, including the reduction of 602 positions in the Group. Excluding restructuring charges and FSA insurance, costs came down by 10% compared to 3Q 2008.

Gross operating income was EUR 453 million in 3Q 2009 compared to EUR -559 million in 3Q 2008 (excluding FSA Insurance) and EUR 765 million in 2Q 2009.

In 3Q 2009, the cost of risk and impairments was EUR 102 million. This was well below 3Q 2008 and 2Q 2009 which were impacted by impairments and losses on the insurance portfolio and on the bond portfolios in run-off as well as by collective impairments. In 3Q 2009, EUR 59 million reversal of impairments, including on Icelandic banks and Lehman Brothers collaterals were booked. The cost of risk was 13 bps on average customer loans.

Tax expenses were EUR 65 million in 3Q 2009 and the effective tax rate was around 19% compared to 20% in 2Q 2009. As a reminder, in 3Q 2008, the Group recorded a tax credit of EUR 281 million representing 15% of the pretax loss.

Minorities were EUR 12 million in 3Q 2009 compared to an average EUR 37 million in the previous two quarters, due to the non-payment of coupon on the EUR 500 million DFL hybrid Tier 1 issue, as announced on October 9, 2009 (EUR 16 million impact).

Net income Group share reached EUR 274 million in 3Q 2009. This was the first quarter since the crisis with a limited influence of financial crisis impacts (EUR +6 million net impact in 3Q 2009).

## Group results by business line

Reported net income		
In millions of EUR	3Q 2009	9M 2009
Public and Wholesale Banking	95	421
Retail and Commercial Banking	125	364
Asset Management and Services	96	-24
Group Center	-42	47
<b>Total</b>	<b>274</b>	<b>808</b>

The overall profitability of the core businesses (Public and Wholesale Banking, Retail and Commercial Banking and Asset Management and Services) keeps improving and totaled EUR 316 million in 3Q 2009. This compares to a loss of EUR -216 million in 3Q 2008 and EUR 222 million in 2Q 2009. In 9M 2009, core businesses generated EUR 761 million, up by 26% vs. 9M 2008.

## Public and Wholesale Banking (PWB)

Statement of income								
In millions of EUR	3Q08	2Q09	3Q09	Var. 3Q09/ 3Q08	Var. 3Q09/ 2Q09	9M08	9M09	Var. 9M09/ 9M08
<b>Income</b>	<b>289</b>	<b>370</b>	<b>341</b>	<b>+18.2%</b>	<b>-7.9%</b>	<b>1,103</b>	<b>1,171</b>	<b>+6.3%</b>
Expenses	-163	-146	-147	-10.0%	+0.7%	-480	-437	-9.0%
<b>Gross operating income</b>	<b>126</b>	<b>224</b>	<b>194</b>	<b>+54.7%</b>	<b>-13.4%</b>	<b>623</b>	<b>735</b>	<b>+18.0%</b>
Cost of risk & impairments	-74	-39	-30	-59.5%	-23.5%	-93	-89	-3.6%
<b>Pre-tax income</b>	<b>52</b>	<b>185</b>	<b>165</b>	<b>x3.2</b>	<b>-11.3%</b>	<b>530</b>	<b>646</b>	<b>+21.7%</b>
Tax expense	-87	-43	-61	-29.7%	+42.7%	-174	-193	+11.1%
<b>Net income Group share</b>	<b>-38</b>	<b>131</b>	<b>95</b>	<b>n.s.</b>	<b>-27.1%</b>	<b>310</b>	<b>421</b>	<b>+35.6%</b>

At EUR 2.8 billion, the loan production of 3Q 2009 was in the same range than in 2Q 2009, and below 3Q 2008. This was a result of PWB's refocus on core markets and of a low demand in France as well as, to a lesser extent, in Belgium. In Italy, where the cap set by Italian authorities on margins to the public sector was relaxed in July, production started to rebound. The production in Spain was solid, benefiting from the current market growth.

Long-term commitments at the end of September were EUR 265 billion declining by -7% year-on-year.

Deposit collection was successful with a 24% year-on-year growth in outstandings at EUR 26 billion at the end of September 2009, which highlights the efforts of the Group to improve its funding situation. Off balance sheet products placed with PWB customers reached EUR 14 billion at the end of September, up by 10% year-on-year.

Revenues in 3Q 2009 increased by 18% compared to 3Q 2008, which was affected by the cost of the exit from Kommunkredit Austria AG. Compared to 2Q 2009, they were down by 8% to EUR 341 million, mainly due to a lower proportion of atypical revenues (revenues on drawn US liquidity lines were down by EUR 10 million vs. 2Q 2009; additionally, 2Q 2009 revenues were boosted by a positive CVA on swaps in Italy and in the US). Liquidity costs allocated to PWB increased in 3Q 2009, partly reflecting the cost related to the reduction of the Group's liquidity gap. Fees paid to the States for the guarantee on funding were nearly flat compared to 2Q 2009, at EUR 40 million.

Costs went down by 10% compared to 3Q 2008 and remained flat over 3Q 2009, at EUR 147 million.

Gross operating income was EUR 194 million in 3Q 2009, up by 55% year-on-year and down by 13% quarter-on-quarter.

The cost of risk remained low, at a low 5 bps of average commitments in 3Q 2009 or EUR 30 million. It included EUR 12 million collective provisions on project finance exposures.

PWB reported net income Group share came at EUR 95 million, compared to EUR -38 million in 3Q 2008 and EUR 131 million in 2Q 2009.

For the first 9 months of 2009, net income of PWB was EUR 421 million, up by 36% year-on-year.

## Retail and Commercial Banking (RCB)

Statement of income								
In millions of EUR	3Q08	2Q09	3Q09	Var. 3Q09/ 3Q08	Var. 3Q09/ 2Q09	9M08	9M09	Var. 9M09/ 9M08
<b>Income</b>	<b>629</b>	<b>718</b>	<b>733</b>	<b>+16.5%</b>	<b>+2.0%</b>	<b>2,036</b>	<b>2,173</b>	<b>+6.7%</b>
Expenses	-533	-469	-469	-12.1%	+0.1%	-1,490	-1,399	-6.1%
<b>Gross operating income</b>	<b>96</b>	<b>250</b>	<b>264</b>	<b>x2.8</b>	<b>+5.8%</b>	<b>545</b>	<b>774</b>	<b>+41.9%</b>
Cost of risk & impairments	-217	-132	-89	-59.0%	-32.6%	-274	-267	-2.6%
<b>Pre-tax income</b>	<b>-121</b>	<b>117</b>	<b>176</b>	<b>n.s.</b>	<b>+49.8%</b>	<b>272</b>	<b>507</b>	<b>+86.5%</b>
Tax expense	-13	-34	-51	x3.9	+48.3%	-118	-143	+21.0%
<b>Net income Group share</b>	<b>-126</b>	<b>82</b>	<b>125</b>	<b>n.s.</b>	<b>+52.0%</b>	<b>162</b>	<b>364</b>	<b>x2.2</b>

RCB deposits grew by EUR 1.5 billion over the quarter to reach EUR 80 billion. Since the beginning of the year, EUR 7.3 billion of deposits were collected, of which EUR 6.2 billion in Belgium and EUR 1.1 billion in Turkey. The customers' off balance sheet products benefited from a positive market effect and rose by EUR 1.3 billion in 3Q 2009 to reach EUR 48 billion at the end of September. The shift of customer assets from off balance sheet to on balance sheet slowed down in 3Q 2009. Savings accounts and certificates of deposits continue nevertheless to be the leading products in terms of asset collection.

At EUR 50 billion at the end of September 2009, customer loans were stable compared to the end of June 2009 and to the end of September 2008, in a context of economic slowdown. In Turkey, the loan-to-deposit ratio improved to 124% at the end of September, compared to 146% at the end of 2008 and the number of retail customers rose by 16% year-on-year.

Revenues were EUR 733 million in 3Q 2009, up by 17% compared to 3Q 2008, which was affected by a client related forex loss in Slovakia and by payments to the deposit guarantee fund set up in Luxembourg following the bankruptcy of Icelandic banks. Compared to 2Q 2009, revenues increased by 2%.

On a country by country basis, revenues trends can be explained as follows:

- In Belgium, revenues were up by 2% over the quarter thanks to the increase in volumes. Compared to 3Q 2008, revenues were stable as the positive volume effect was offset by lower fees on off balance sheet products.
- In Turkey, 3Q 2009 revenues matched the solid 2Q 2009 performance and rose by 16% year-on-year.
- In Luxembourg, a EUR 18 million recovery on the above mentioned payments for the deposit guarantee fund related to Icelandic banks boosted 3Q 2009 revenues.

Costs were nearly stable quarter-on-quarter and down by 6% year-on-year excluding restructuring charges mainly related to the Belgium branch network revamp.

Gross operating income was EUR 264 million in 3Q 2009.

The cost of risk and impairments on tangible assets in 3Q 2009 amounted to EUR 89 million, or 75 bps of average customer loans. In Belgium and Luxembourg, the cost of risk increased slightly to 26 bps in 3Q 2009 from 23 bps in 2Q 2009. In Turkey, the cost of risk was EUR 64 million (314 bps) in 3Q 2009, decreasing from EUR 108 million in 2Q 2009, which included EUR 53 million of collective impairments.

RCB reported net income Group share came at EUR 125 million, compared to a loss of EUR -126 million in 3Q 2008 and a net profit of EUR 82 million in 2Q 2009. The contribution of Turkey to RCB represented EUR 39 million in 3Q 2009, or about 30% of the business line's net income. When adding the contribution of Turkey to the Group Center, DenizBank's overall consolidated net income in 3Q 2009 was EUR 72 million, up by 61% year-on-year.

For the first 9 months of 2009, net income of RCB was EUR 364 million, 2.2 times higher than in 9M 2008.

## Asset Management & Services (AMS)

Statement of income								
In millions of EUR	3Q08	2Q09	3Q09	Var. 3Q09/ 3Q08	Var. 3Q09/ 2Q09	9M08	9M09	Var. 9M09/ 9M08
<b>Income</b>	<b>107</b>	<b>198</b>	<b>238</b>	<b>x2.2</b>	<b>+20.3%</b>	<b>679</b>	<b>458</b>	<b>-32.5%</b>
Expenses	-173	-166	-168	-2.6%	+1.2%	-519	-500	-3.6%
<b>Gross operating income</b>	<b>-66</b>	<b>32</b>	<b>70</b>	<b>n.s.</b>	<b>x2.2</b>	<b>160</b>	<b>-42</b>	<b>n.s.</b>
Cost of risk & impairments	0	-17	0	n.s.	n.s.	0	-23	n.s.
<b>Pre-tax income</b>	<b>-66</b>	<b>15</b>	<b>71</b>	<b>n.s.</b>	<b>x4.7</b>	<b>160</b>	<b>-65</b>	<b>n.s.</b>
Tax expense	10	-4	27	x2.7	n.s.	-23	45	n.s.
<b>Net income Group share</b>	<b>-52</b>	<b>9</b>	<b>96</b>	<b>n.s.</b>	<b>x10.7</b>	<b>133</b>	<b>-24</b>	<b>n.s.</b>

Breakdown of AMS net income Group share								
In millions of EUR	3Q08	2Q09	3Q09	Var. 3Q09/ 3Q08	Var. 3Q09/ 2Q09	9M08	9M09	Var. 9M09/ 9M08
Asset Management	4	6	16	x4.0	x2.7	45	24	-45.5%
Investor Services	18	5	6	-63.6%	+33.0%	68	11	-83.8%
Insurance	-73	-2	73	n.s.	n.s.	21	-59	n.s.
<b>Total AMS</b>	<b>-52</b>	<b>9</b>	<b>96</b>	<b>n.s.</b>	<b>x10.7</b>	<b>133</b>	<b>-24</b>	<b>n.s.</b>

3Q 2009 was marked by globally higher volumes and by a significant increase in net income contribution, from EUR 9 million in 2Q 2009 to EUR 96 million in 3Q 2009.

- **Asset Management:** assets under management increased by EUR 5.5 billion (or +7%) over the quarter, mainly thanks to a positive market effect. Inflows in institutional funds continued in 3Q 2009 (EUR 1.2 billion). Outflows were still recorded in retail funds albeit at a slower pace (EUR -1.2 billion in 3Q 2009 vs. EUR -2.1 billion in 2Q 2009). Revenues were up by 24% over the quarter, driven by higher management (+14%) and performance fees (x 5). Costs were nearly flat in 3Q 2009 compared to 2Q 2009. Asset Management net income was EUR 16 million in 3Q 2009.
- **Investor Services:** assets under administration improved by 14% since the end of June 2009, to USD 2,280 billion, due to favorable exchange rate and market effects. Absent the movement in USD, they would have increased by about 9% from 2Q 2009 to 3Q 2009. Revenues were slightly down compared to 2Q 2009 due to the seasonality of the business. Costs were under control, remaining flat over the quarter at EUR 74 million. Investor Services net income was EUR 6 million in 3Q 2009.
- **Insurance:** gross written premiums came down by 22% year-on-year to EUR 563 million in 3Q 2009. Sales of insurance investment products (branch 21 and 23) declined as the Group focused on the distribution of balance sheet products. Revenues jumped by EUR 34 million over the quarter to EUR 106 million, as 2Q 2009 included EUR -48 million negative marks on hedges that have now been unwound. Tax expenses were positively influenced by EUR 32 million one-off adjustment. Insurance net income was EUR 73 million in 3Q 2009.

In 9M 2009, AMS reported a net loss of EUR -24 million, mainly explained by impairments and losses on insurance investment portfolios booked in 1Q 2009.

## Group Center

Statement of income								
In millions of EUR	3Q08	2Q09	3Q09	Var. 3Q09/ 3Q08	Var. 3Q09/ 2Q09	9M08	9M09	Var. 9M09/ 9M08
<b>Income</b>	<b>-710</b>	<b>355</b>	<b>57</b>	<b>n.s.</b>	<b>-84.0%</b>	<b>-12</b>	<b>910</b>	<b>n.s.</b>
Expenses	-187	-96	-132	-29.4%	+37.8%	-454	-352	-22.4%
<b>Gross operating income</b>	<b>-897</b>	<b>259</b>	<b>-75</b>	<b>-91.6%</b>	<b>n.s.</b>	<b>-466</b>	<b>558</b>	<b>n.s.</b>
Cost of risk & impairments	-793	-172	15	n.s.	n.s.	-1,499	-492	-67.2%
<b>Pre-tax income</b>	<b>-1,689</b>	<b>87</b>	<b>-60</b>	<b>-96.5%</b>	<b>n.s.</b>	<b>-1,965</b>	<b>66</b>	<b>n.s.</b>
Tax expense	370	-2	20	-94.7%	n.s.	676	33	-95.1%
<b>Net income Group share</b>	<b>-1,329</b>	<b>61</b>	<b>-42</b>	<b>-96.8%</b>	<b>n.s.</b>	<b>-1,329</b>	<b>47</b>	<b>n.s.</b>

Breakdown of Group Center net income Group share								
In millions of EUR	3Q08	2Q09	3Q09	Var. 3Q09/ 3Q08	Var. 3Q09/ 2Q09	9M08	9M09	Var. 9M09/ 9M08
Bond portfolios in run-off	-1,061	-214	-129	-87.8%	-39.6%	-868	-355	-59.1%
Treasury	19	119	98	x5.2	-17.7%	223	395	+77.4%
Central assets	-287	156	-11	-96.1%	n.s.	-683	7	n.s.
<b>Total AMS</b>	<b>-1,329</b>	<b>61</b>	<b>-42</b>	<b>-96.8%</b>	<b>n.s.</b>	<b>-1,329</b>	<b>47</b>	<b>n.s.</b>

The Group Center business line (which gathers the contributions of Dexia's bond portfolios in run-off, Treasury and Central Assets sub-segments) reported a EUR -42 million net loss in 3Q 2009.

- **Bond portfolios in run-off:** as part of its restructuring plan, Dexia placed a portfolio of bonds in run-off (currently representing EUR 139 billion). Revenues generated by this portfolio, which contributes to a large extent to Dexia's liquidity gap, were impacted by higher funding costs in 3Q 2009 vs. 2Q 2009. The deleveraging process of the Group led to EUR 43 million pretax losses on sales of bonds within the portfolio in run-off. In addition, negative marks on trading assets as well as additional collective impairments lowered the contribution of the segment. Of notice, the fees paid to the States for the guarantee on funding and that are allocated to the bond portfolio in run off segment were nearly flat compared to 2Q 2009, at EUR 84 million. The contribution of the USD 15.8 billion Financial Products portfolio (also placed in run-off) was lowered by an own credit risk impact and an additional EUR 21 million impairment. Altogether, the contribution of the bond portfolios in run-off to the Group Center's net result was EUR -129 million in 3Q 2009. This compares to a EUR -1,061 million net loss in 3Q 2008.
- **Treasury:** the segment reported a net profit of EUR 98 million, down by 18% compared to 2Q 2009 and 5 times higher than 3Q 2008. Revenues declined by EUR 102 million compared to 2Q 2009 as the contribution from Cash & Liquidity Management activities were impacted by the flattening of the short term yield curve. The net effect of this quarterly decrease in revenues was mitigated by reversal of impairments on Icelandic Banks and Lehman Brothers collaterals, thanks to better recovery rates.
- **Central Assets:** this sub-segment booked further gains on the bond portfolio of DenizBank (EUR 40 million before tax) thanks to new rate cuts in Turkey. On the other hand, Central Assets' results were lowered by EUR 18 million of losses (before tax) on the sale of loans, which were completed as part of the deleveraging process of the Group. The EUR 39 million restructuring charge mentioned earlier was also recorded in Central Assets. All in all, the Central Assets segment reported a EUR 11 million net loss in 3Q 2009, compared to a loss of EUR 287 million in 3Q 2008 and a profit of EUR 156 million in 2Q 2009.

In 9M 2009, Group Center's net income was EUR 47 million compared to a loss of EUR -1,329 million in 9M 2008.

## Liquidity

Better market conditions, combined with an active deleveraging policy led to a further improvement of the Group's liquidity profile.

### *Medium and long term liquidity*

As of November 3, 2009, Dexia issued a total amount of EUR 44 billion of medium and long-term funds of which 49% are not covered by the State guarantee (vs. 35% in 2Q 2009). The important decrease of the guaranteed portion of the Group's long term liquidity can be explained as follows:

- No new State guaranteed benchmark was issued by Dexia since June 16, 2009.
- Dexia successfully carried on its covered bond funding program, with a total of EUR 12.4 billion issued as of November 3, 2009. Two new benchmarks were issued in 3Q 2009: EUR 1 bn 7 year *Obligations Foncières* issued at mid-swap + 43 bps in September and tapped at mid-swap + 38 bps in November and EUR 500 million 3 year *Lettres de Gage* issued at mid-swap + 40 bps.
- Medium and long term unsecured unguaranteed funding increased significantly during 3Q 2009, reaching EUR 9.1 billion at November 3, 2009. In October, Dexia issued a floating rate benchmark maturing in February 2012 of EUR 1 billion at Euribor 3M + 95 bps. This deal represents a key reference point, as its all-in cost came in below the theoretical all-in cost of a guaranteed bond issue with the same maturity (including the State guarantee fee).

### *Short term liquidity*

3Q 2009 was marked by a significant improvement of the short term liquidity profile of Dexia, with a gradual increase of funding raised via bilateral & triparty Repos (a natural source of funding for a large share of the run-off portfolio) and a better access to unguaranteed short term liquidity.

In addition, the overall funding need of the Group continued to decrease. Altogether, these elements helped to reduce the guaranteed short term funding of Dexia.

### *Deleveraging*

During 3Q 2009, Dexia continued to actively sell bonds within its portfolio in run-off, benefiting from the tightening of market spreads. Total net sales of bonds amounted to EUR 11.3 billion in 9M 2009. EUR 4.7 billion were sold during 3Q 2009 of which 50% were not eligible to repo or central bank refinancing, leading to an improvement of the liquidity profile of the Group.

Furthermore, in line with its strategy of focus on its core franchises, Dexia sold EUR 1.6 billion of loans in 9M 2009.

The total P&L impact of the bonds and loans sales was EUR 104 million before tax in 9M 2009, or 0.8% of the outstanding sold.

As a result of the above, the amount of guaranteed debt reduced significantly, reaching EUR 62 billion on November 3, 2009 compared to a peak of EUR 95 billion in May 2009.

### *Renewal of the State guarantee*

The States of Belgium, France and Luxembourg have mutually agreed with Dexia to renew the guarantee agreement relating to Dexia's funding, until October 31, 2010. The guarantee scheme was amended as follows:

- Given the improvement in the liquidity situation of Dexia, the cap on guaranteed outstanding was lowered from EUR 150 billion to EUR 100 billion;
- The maturity of new long term debts issued under the revised guarantee framework was extended to a maximum of four years.

In addition, Dexia waived, from October 16, 2009, the benefit of the guarantee for all new contracts with a maturity below one month, and all new contracts with no fixed maturity. The Group could easily replace guaranteed by unguaranteed funding thus reducing the total amount of guaranteed debt issued by the Group.

Such modifications are still subject to formal validation by the French and Luxembourg Parliaments and have been notified to the European Commission which authorized the extension of the guarantee until the end of February 2010, or until a definitive decision by the Commission on the aid granted to Dexia and its Transformation Plan, should that decision be taken before then.

With this revised guarantee framework, Dexia aims for an orderly exit from the States guarantee on its funding by October 31, 2010, which means that no new government guaranteed debt will be issued by the Group after this date.

## Shareholders' equity and solvency

Shareholders' equity and solvency				
	Dec. 31, 2008	June 30, 2009	Sept. 30, 2009	Variation Sept. 30/ June 30
Core shareholders' equity (EUR m)	17,488	18,033	18,309	+1.5%
Total shareholders' equity (EUR m)	3,916	7,277	9,864	+35.6%
Tier 1 capital (EUR m) *	16,126	16,831	17,089	+1.5%
Total weighted risks (EUR m)	152,837	148,630	144,841	-2.5%
Tier 1 ratio *	10.6%	11.3%	11.8%	50 bps
Net assets per share				
– Core shareholders' equity (EUR)	9.92	10.23	10.39	+1.6%
– Total shareholders' equity (EUR)	2.22	4.13	5.60	+35.6%

\* Calculation assuming no dividend payment.

At the end of September 2009, Dexia's core shareholders' equity was EUR 18.3 billion, up by 2% compared to end of June 2009 and by 5% as compared to December 2008.

The Group's IFRS total shareholders' equity, including Accumulated Other Comprehensive Income (OCI), improved by EUR 2.6 billion compared to June 2009 and reached EUR 9.9 billion. Total Accumulated OCI reduced from EUR -10.7 billion at the end of June 2009 to EUR -8.4 billion at the end of September 2009. As in 2Q 2009, this improvement is mainly explained by a tightening of secondary spreads which reduced the negative AFS reserve related to the *run-off* portfolio of the Group. The negative AFS reserve improved by EUR 2.3 billion during 3Q 2009 and reached EUR -7.2 billion at the end of September 2009. Year to date it improved by EUR 4.7 billion, or EUR 2.7 per share.

At the end of September 2009, total weighted risks amounted to EUR 144.8 billion, down by EUR 3.8 billion (-3%) as compared to end of June 2009 and EUR 8.0 billion (-5%) as compared to end of December 2008. The decrease of weighted risks during 3Q 2009 is mainly explained by the deleveraging efforts of the Group and by the depreciation of the US Dollar vs. the Euro.

In 3Q 2009, Dexia's Tier 1 ratio further improved, reaching 11.8% at the end of September 2009. The core Tier 1 ratio reached 10.8%, up by 40 bps compared to end of June 2009.

Detailed information on reported results and balance-sheet data are provided in the Financial Report 3Q 2009, available on the website [www.dexia.com](http://www.dexia.com).

### About Dexia

*Dexia is a European bank, with about 35,500 members of staff and a core shareholders' equity of EUR 18.3 billion as of September 30, 2009. Dexia Group focuses on Public and Wholesale Banking, providing local public finance actors with comprehensive banking and financial solutions, and on Retail and Commercial Banking in Europe (mainly Belgium, Luxembourg and Turkey). Main activities encompass retail, commercial and private banking, but also insurance, asset management and investor services activities.*

For more information: [www.dexia.com](http://www.dexia.com)

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