

**SECOND SUPPLEMENT  
DATED 5 JUNE 2012  
TO**



**DEXIA FUNDING NETHERLANDS N.V.**  
Issuer

**DEXIA BANK BELGIUM S.A.**  
Issuer, Guarantor, Paying Agent and Calculation Agent

**BANQUE INTERNATIONALE A LUXEMBOURG,  
SOCIETE ANONYME**  
Fiscal Agent and Principal Paying Agent

**NOTES ISSUANCE PROGRAMME**  
EUR 20,000,000,000

This supplement (the "**Second Supplement**") is supplemental to, and should be read in conjunction with, the Base Prospectus dated 11 January 2012 (the "**Base Prospectus**") and the First Supplement dated 7 February 2012 prepared in relation to the Notes Issuance Programme of Dexia Bank Belgium S.A. (also named Dexia Banque S.A./Dexia Bank N.V., or "DEXIA BANK") and Dexia Funding Netherlands N.V. ("DFN", together with DEXIA BANK the "Issuers" and each, individually, an "Issuer"), and in relation to notes issued by DFN guaranteed by DEXIA BANK (the "**Guarantor**") on a senior or senior subordinated basis. The Base Prospectus was approved on 11 January 2012 in accordance with article 23 of the Belgian Law of 16 June 2006 on the public offer of investment instruments and the admission to trading of investment instruments on a regulated market (the "Law") and the First Supplement was approved by the Financial Services and Markets Authority on 7 February 2012, the Second Supplement was approved by the Financial Services and Markets Authority on 5 June 2012 in accordance with article 34 of the Law.

The Issuers accept responsibility for the information contained in this Second Supplement. The Issuers declare that, having taken all reasonable care to ensure that such is the case, the information contained in this Second Supplement is, to the best of their knowledge, in accordance with the facts and does not omit anything likely to affect the import of such information.

Unless the context otherwise requires, terms defined in the Base Prospectus and the First Supplement shall have the same meaning when used in this Second Supplement.

In accordance with article 34§ 3 of the Law investors who have already accepted to buy or subscribe to the notes before the publication of this Second Supplement have the right to revoke their acceptance at least during 2 business days after the publication of this supplement, meaning on 7 June 2012 and 8 June 2012 (included).

This right of revocation relates to Dexia Funding Netherlands Index Linked Notes 25, Dexia Funding Netherlands Step Up 25, Dexia Funding Netherlands Step Up 26 Notes, Dexia Funding Netherlands Optimal Performance 2, Dexia Funding Netherlands 3.35% 2017-2019 and Dexia Funding Netherlands NOK 5% 2018.

## **Change of Legal Company Name**

As of 11 June 2012 the legal company name of Dexia Bank Belgium S.A./N.V. and Dexia Funding Netherlands N.V. will change into respectively Belfius Bank S.A./N.V. ("Belfius Bank") and Belfius Funding N.V. (see Annex: Notarial Deed dated 9 May 2012 published in the Annexes to the Belgian State Gazette of 29 May 2012)

## **Financial Information**

### **1. Conditions 7.3.1 and 7.3.3. will be deleted and replaced by the following:**

#### **7.3.1 ANNUAL AUDITED FINANCIAL STATEMENTS OF DEXIA FUNDING NETHERLANDS N.V.**

This financial information has been extracted without material adjustment from the annual audited financial statements of DFN for the years ended 31 December 2010 and 31 December 2011 and is prepared according to Dutch accounting standards for issuers from the European Community. DFN is not required to apply international financial reporting standards ("IFRS") when drawing up its financial statements. The most recent year's historical financial information is prepared in a form consistent with that which will be adopted in DFN's next published annual financial statements having regard to accounting standards and policies and legislation applicable to such annual financial statements.

The notes to the annual audited financial statements, including a description of the accounting policies, are set out in the DFN's 2011 annual report, which are incorporated herein by reference.

**Audited Consolidated Balance Sheet of Dexia Funding Netherlands N.V. as at 31 December 2010 and 31 December 2011**

**DEXIA FUNDING NETHERLANDS N.V.****BALANCE SHEET**

(before appropriation of result)

	<u>31 December 2011</u>	<u>31 December 2010</u>
	EUR '000	EUR '000
<b>ASSETS</b>		
<b>FIXED ASSETS</b>		
Subordinated loans to BELFIUS BANK	679,174	758,840
Non-subordinated loans to BELFIUS BANK	11,638,737	11,774,723
	<u>12,317,911</u>	<u>12,533,563</u>
<b>CURRENT ASSETS</b>		
Short-term portion of Non-subordinated loans	1,033,693	677,982
Other amounts receivable	257,621	237,577
Cash	3,640	3,999
	<u>1,294,954</u>	<u>919,558</u>
	<u>13,612,865</u>	<u>13,453,121</u>
<b>SHAREHOLDERS EQUITY</b>		
Share capital	113	113
Retained earnings	2,225	2,866
Result for the year	3,211	2,859
	<u>5,549</u>	<u>5,838</u>
<b>LIABILITIES</b>		
<b>LONG-TERM LIABILITIES</b>		
Issued subordinated notes	679,174	758,840
Issued non-subordinated notes	11,638,737	11,774,723
	<u>12,317,911</u>	<u>12,533,563</u>
<b>CURRENT LIABILITIES</b>		
Short-term portion long-term liabilities	1,033,693	677,982
Corporate income tax	228	208
Other liabilities and accrued expenses	255,484	235,530
	<u>1,289,405</u>	<u>913,720</u>
	<u>13,612,865</u>	<u>13,453,121</u>

**Audited Profit and Loss Account of Dexia Funding Netherlands N.V. as of 31 December 2010 and 31 December 2011**

**DEXIA FUNIDNG NETHERLANDS N.V.  
PROFIT AND LOSS ACCOUNT**

	<b>the year 2011</b>	<b>the year 2010</b>
	<b>EUR '000</b>	<b>EUR '000</b>
<b>FINANCIAL INCOME AND EXPENSES</b>		
Interest income and premium income group	510,462	468,334
Interest expense notes and discount expense	-505,971	-464,224
	<u>4,491</u>	<u>4,110</u>
Other income	40	52
	<u>4,531</u>	<u>4,162</u>
Realized/unrealized capital gains and losses	<u>0</u>	<u>0</u>
<b>CAPITAL GAINS AND LOSSES</b>	<u>0</u>	<u>0</u>
<b>OPERATING RESULT</b>	4,531	4,162
General expenses	-271	-339
<b>RESULT BEFORE TAXATION</b>	<u>4,260</u>	<u>3,823</u>
Taxation on result of ordinary activities	-1,049	-964
<b>RESULT AFTER TAXATION</b>	<u><u>3,211</u></u>	<u><u>2,859</u></u>

### 7.3.3. UNAUDITED CASH FLOW STATEMENT OF DEXIA FUNDING NETHERLANDS N.V.

#### Unaudited Cash Flow Statement of Dexia Funding Netherlands N.V. as at 31 December 2010 and 31 December 2011

The cash flow statements below have been drawn up solely and exclusively for the purpose of the compliance of this Base Prospectus with the requirements of Directive 2003/71/EC. As a consequence, these cash flow statements have been established after the date on which the audited financial statements for the financial years 2010 and 2011 have been published and therefore have not been audited by the statutory auditors of the Issuer. The cash flow statements for the financial years 2010 and 2011 are based on the audited financial statements of the said years and have been drawn up in accordance with Dutch GAAP.

In thousands of EUR

CASH FLOW FROM OPERATING ACTIVITIES		
Net income for the period	2,869	3,211
Net income attributable to minority interests		
ADJUSTMENT FOR:		
Depreciation, amortization and other impairment		
Impairment on bonds, equities, loans and other assets		
Net gains on investments		
Charges for provisions		
Unrealised fair value (gains) losses via P & L, i.e. for investment property, PPE, intangible assets,...		
Net unrealised gains from cash flow hedges		
Net unrealised gains from available-for-sale investments		
Income from associates (except dividends received)		
Dividends received from associates		
Deferred tax income		
Deferred taxes charges		
Other adjustments		
Changes in operating assets and liabilities	(67,306)	212,119
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>(64,437)</b>	<b>215,330</b>
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets		
Sale of fixed assets		
Acquisitions of unconsolidated equity shares		
Sales of unconsolidated equity shares		
Acquisitions of subsidiaries and of business units		
Sales of subsidiaries and of business units		
<b>NET CASH PROVIDED BY INVESTING ACTIVITIES</b>		
CASH FLOW FROM FINANCING ACTIVITIES		
Issuance of new shares		
Reimbursement of capital		
Issuance of subordinated debt		
Reimbursement of subordinated debt		(100,000)
Purchase of treasury shares		
Sales of treasury shares		
Dividend paid	(2,500)	(3,500)
<b>NET CASH PROVIDED BY FINANCING ACTIVITIES</b>	<b>(2,500)</b>	<b>(103,500)</b>
Effect of exchange rates changes and change in scope of consolidation on cash and cash equivalents		
<b>CASH &amp; CASH EQUIVALENT AT THE BEGINNING OF PERIOD</b>	<b>173,864</b>	<b>106,915</b>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>(64,437)</b>	<b>215,330</b>
<b>NET CASH PROVIDED BY INVESTING ACTIVITIES</b>		
<b>NET CASH PROVIDED BY FINANCING ACTIVITIES</b>	<b>(2,500)</b>	<b>(103,500)</b>
<b>EFFECT OF EXCHANGE RATES CHANGES ON CASH AND CASH EQUIV.</b>		
<b>CASH &amp; CASH EQUIVALENT AT THE END OF PERIOD</b>	<b>106,915</b>	<b>218,745</b>

**2. Condition 8.5.1 will be deleted and replaced by the following:**

**8.5.1. UNCONSOLIDATED ANNUAL AUDITED FINANCIAL STATEMENTS OF DEXIA BANK BELGIUM S.A.**

The non-consolidated financial statements are in application of the Belgian Royal Decree of 23 September 1992.

The notes to the non-consolidated annual audited financial statements, including a description of the accounting policies, are set out in the DEXIA BANK's 2011 annual report, which is incorporated herein by reference.

The non-consolidated financial information below has been extracted without material adjustment from the audited non-consolidated financial statements of DEXIA BANK for the years ended 31 December 2010 and 31 December 2011.

**Audited Unconsolidated Balance Sheet of Dexia Bank Belgium S.A. as of 31 December 2010 and 31 December 2011**



<b>Assets</b>		
(in thousands of EUR)	31/12/10	31/12/11
I. Cash in hand, balances with central banks and Post Office banks	454,055	499,809
II. Treasury bills eligible for refinancing with central banks	24,098	12,674
III. Loans and advances to credit institutions	66,671,567	44,567,346
A. Repayable on demand	2,009,512	21,089,942
B. Other loans and advances (with agreed maturity dates)	64,662,055	23,477,404
IV. Loans and advances to customers	77,609,157	68,747,904
V. Debt securities and other fixed-income securities	34,781,689	51,473,663
A. Issued by public bodies	702,636	7,566,946
B. Issued by other borrowers	34,079,053	43,906,917
VI. Shares and other variable-yield securities	55,212	53,381
VII. Financial fixed assets	8,754,610	2,358,791
A. Participating interests in affiliated enterprises	8,041,827	1,994,770
B. Participating interests in other enterprises linked by participating interests	161,051	154,006
C. Other shares held as financial fixed assets	27,155	26,935
D. Subordinated loans to affiliated enterprises and to other enterprises linked by participating interests	524,577	181,000
VIII. Formation expenses and intangible fixed assets	10,893	8,347
IX. Tangible fixed assets	807,259	770,923
X. Own shares	0	0
XI. Other assets	1,095,546	2,594,393
XII. Deferred charges and accrued income	21,360,135	26,304,548
<b>TOTAL ASSETS</b>	<b>212,424,221</b>	<b>197,391,979</b>

<b>Liabilities</b>		
(In thousands of EUR)	31/12/10	31/12/11
I. Amounts owed to credit institutions	62,046,700	59,134,468
A. Repayable on demand	11,349,231	29,029,207
B. Amounts owed as a result of the rediscounting of trade bills	0	0
C. Other debts with agreed maturity dates or periods of notice	50,697,469	30,105,261
II. Amounts owed to customers	99,042,611	85,926,035
A. Savings deposits	27,900,856	26,409,525
B. Other debts	71,141,755	59,516,510
1. Repayable on demand	18,721,405	17,592,360
2. With agreed maturity dates or periods of notice	52,420,350	41,924,150
3. As a result of the rediscounting of trade bills	0	0
III. Debts evidenced by certificates	16,060,443	12,201,296
A. Debt securities and other fixed-income securities in circulation	14,491,292	12,075,742
B. Other	1,569,151	205,554
IV. Other liabilities	2,081,539	2,826,910
V. Accrued charges and deferred income	22,541,282	27,997,907
VI. A. Provisions for liabilities and charges	227,385	268,411
1. Pensions and similar obligations	67,156	75,700
2. Taxation	1,607	7,765
3. Other liabilities and charges	158,622	184,946
B. Deferred taxes	81,214	6,132
VII. Fund for General Banking Risks	980,737	980,737
VIII. Subordinated liabilities	2,595,674	2,549,165
<b>CAPITAL AND RESERVES</b>	<b>6,738,636</b>	<b>5,412,910</b>
IX. Capital	3,458,066	3,458,066
A. Subscribed capital	3,458,066	3,458,066
B. Uncalled capital (-)	0	0
X. Share premium account	209,232	209,232
XI. Revaluation surpluses	231	228
XII. Reserves	3,069,948	1,745,304
A. Legal reserve	295,264	295,264
B. Reserves not available for distribution	2,344	2,344
1. In respect of own shares held	0	0
2. Other	2,344	2,344
C. Untaxed reserves	183,092	38,077
D. Reserves available for distribution	2,589,448	1,409,699
XIII. Profits (losses (-)) brought forward	1,159	0
<b>TOTAL LIABILITIES</b>	<b>212,424,221</b>	<b>197,391,979</b>

**Audited consolidated Statement of Income of Dexia Bank Belgium S.A. as of 31 December 2010 and 31 December 2011**

(in thousands of EUR)	31/12/10	31/12/11
I. Interest receivable and similar income	3,680,124	4,254,752
<i>of which: from fixed-income securities</i>	821,574	950,263
II. Interest payable and similar charges (-)	(2,601,007)	(2,937,194)
III. Income from variable-yield securities	642,894	132,711
A. From shares and other variable-yield securities	2,036	1,690
B. From participating interests in affiliated enterprises	626,605	120,890
C. From participating interests in other enterprises linked by participating interests	11,777	8,077
D. From other shares held as financial fixed assets	2,476	2,055
IV. Commissions receivable	465,109	467,909
V. Commissions payable (-)	(452,116)	(483,793)
VI. Profit (Loss (-)) on financial transactions	(51,036)	(454,960)
A. On trading of securities and other financial instruments	(206,224)	(160,196)
B. On disposal of investment securities	155,108	(286,765)
VII. General administrative expenses (-)	(1,082,546)	(1,088,339)
A. Remuneration, social security costs and pensions	(610,967)	(602,050)
B. Other administrative expenses	(463,579)	(486,290)
VIII. Depreciation/amortisation of and other write-downs on (-) formation expenses, intangible and tangible fixed assets	(61,022)	(63,001)
IX. Decrease/(increase (-)) in write-downs on receivables and in provisions for off-balance-sheet items "I. Contingent liabilities" and "II. Commitments which could give rise to a risk"	(38,717)	(438,479)
X. Decrease/(increase (-)) in write-downs on the investment portfolio of debt securities, shares and other fixed-income or variable-yield securities	(9,603)	(252,269)
XI. Utilisation and write-backs of provisions for liabilities and charges other than those included in the off-balance-sheet items "I. Contingent liabilities" and "II. Commitments which could give rise to a risk"	54,261	63,270
XII. Provisions for liabilities and charges other than those included in the off-balance-sheet items "I. Contingent liabilities" and "II. Commitments which could give rise to a risk"	(40,457)	(90,096)
XIII. Transfer from (transfer to) the Fund for General Banking Risks	0	0
XIV. Other operating income	204,015	152,669
XV. Other operating charges	(133,521)	(121,845)
XVI. Profits (Losses (-)) on ordinary activities before taxes	554,696	(878,665)
XVII. Extraordinary income	157,138	110,099
A. Adjustments to depreciation/amortisation of and to other write-downs on intangible and tangible fixed assets	1,277	3,902
B. Adjustments to write-downs on financial fixed assets	1	19,544
C. Adjustments to provisions for extraordinary liabilities and charges	0	0
D. Gain on disposal of fixed assets	155,060	86,653
E. Other extraordinary income	0	0
XVIII. Extraordinary charges (-)	(5,390)	(654,831)
A. Extraordinary depreciation/amortisation of and extraordinary write-downs on formation expenses and intangible and tangible fixed assets	(1,294)	(25,067)
B. Write-downs on financial fixed assets	(3,349)	(3,802)
C. Provisions for extraordinary liabilities and charges	0	0
D. Loss on disposal of fixed assets	(374)	(625,016)
E. Other extraordinary charges	(373)	(146)
XIX. Profits (Losses (-)) for the period before taxes	706,444	(1,423,397)
A. Transfer to deferred taxes (-)	(6,163)	0
B. Transfer from deferred taxes	3,110	75,082
XX. Income taxes	(5,381)	22,590
A. Income taxes (-)	(24,120)	(6,341)
B. Adjustment of income taxes and write-back of tax provisions	18,739	28,930
XXI. Profits (Losses (-)) for the period	698,018	(1,325,726)
XXII. Transfer to untaxed reserves (-)	(11,969)	0
Transfer from untaxed reserves	6,051	145,015
XXIII. Profits (Losses (-)) for the period available for approbation	686,049	(1,179,910)

## Rating

On 24 May 2012 Moody's downgraded by one notch the ratings of DEXIA BANK to Baa1 with a stable outlook for the long-term rating and Prime-2 for the short-term rating. Moody's forecasts that the restructuring process may take more time than initially expected, particularly in view of the current unfavourable macro-economic and financial environment.

Nevertheless, Moody's indicates clearly in its press release that:

- the disentangling operations from the Dexia Group are progressing;
- Belfius has managed to preserve its core franchise in Belgium with respect to its core businesses;
- Belfius is capable of returning to an overall risk profile consistent with those businesses.

Nonetheless, Moody's forecasts that the restructuring process may take more time than initially expected, particularly in view of the current unfavorable macro-economic and financial environment.

Finally, Moody's underlines that Belfius benefits from a high degree of systemic support.

Belfius Bank believes that this rating action should be viewed in the wider context of the overall actions currently being applied to European banks by Moody's. Belfius underlines that it has made significant progress in recent months in the following key fields:

**1. PROFITABILITY:** In the first quarter 2012, Belfius reported a net income Group share of EUR 397 million, partly due to some important one-off items. This result has strengthened the bank's core shareholders' equity and allows for a further improvement of the risk profile.

One-off items include a capital gain of about EUR 430 million after tax stemming from the buy-back of subordinated and hybrid capital (Tier 1 and Tier 2) issues of Belfius, partially offset by an impairment of about EUR 100 million as a result of de-risking actions within the investment portfolio, mainly the sale of Spanish, Portuguese or Greek government bonds (see table hereunder).

**2. EXPOSURE TO PIIGS:** Belfius has in recent months substantially reduced its concentration risk on certain PIIGS countries. Accordingly, outstanding Spanish government bonds have been reduced to nil, and outstanding Portuguese and Greek government bonds to EUR 99 million and EUR 78 million respectively. In total, EUR 2.4 billion of assets from the investment portfolio have been disposed of.

(EURmio)	31/12/2010	31/12/2011	31/03/2012	22/05/2011	△ 22/05/2012 31/12/2011
Portugal	336	253	138	99	-61%
Ireland	326	352	323	192	-45%
Greece	1,810	670	145	78	-88%
Spain	1,225	853	200	0	-100%
<b>Total PIIGS</b>	<b>3,697</b>	<b>2,128</b>	<b>806</b>	<b>369</b>	<b>-83%</b>
Italy	5,659	4,355	4,335	4,259	-2%
<b>Total FIGSI</b>	<b>9,356</b>	<b>6,483</b>	<b>5,141</b>	<b>4,628</b>	<b>-29%</b>

**3. LIQUIDITY POSITION:** An internal securitization of loans to small and medium-sized enterprises has recently enabled Belfius to improve its liquidity profile by EUR 2.2 billion. The bank, in addition, is continuing to reduce the financing granted to the Dexia Group: as at the end of March 2012, unsecured cash exposure was down to almost zero, which also helped enhance the liquidity position.

Finally, on 17 April last, Belfius submitted its file to the European Commission. This filing is a result of the decision of 17 October 2011, where the European Commission opened a formal investigation into the purchase of BELFIUS BANK by the Belgian Federal State which the latter had requested in order to ascertain whether or not the purchase constituted a state aid in favour of BELFIUS BANK. That investigation is still under way. Should the European Commission conclude that the purchase is a state aid in favour of BELFIUS BANK, it is probable that BELFIUS BANK would be subject to restrictive measures imposed by the European Commission in order to reduce any possible disruption of the market.

In the meantime, the European Commission has given temporary 'emergency' approval to the purchase of BELFIUS BANK by the Belgian Federal State on the grounds that the purchase was

necessary to preserve the commercial business of BELFIUS BANK and prevent personal customers from withdrawing their deposits.

The Commission is moreover aware that the purchase of BELFIUS BANK by the Belgian Federal State could help restore the bank's long-term viability.

BELFIUS BANK has therefore undertaken to prepare a business plan demonstrating such viability and to send it to the Belgian government for submission to the European Commission for examination and approval.

Herefore the ratings mentioned in the Base Prospectus dated 11 January 2012,

*The current ratings of DEXIA BANK are A3 (Moody's), A- (Standard & Poors) and A- (Fitch-Ibca). The outlook attributed to DEXIA BANK by the different rating agencies can be found on the website [www.dexia.be/Vous](http://www.dexia.be/Vous) et nous/Nos notations or [www.dexia.be/U](http://www.dexia.be/U) en wij/Onze ratings.*

will be replaced by the ratings below:

*The current ratings of DEXIA BANK are Baal (Moody's), A- (Standard & Poors) and A- (Fitch-Ibca). The outlook attributed to DEXIA BANK by the different rating agencies can be found on the website [www.dexia.be/Vous](http://www.dexia.be/Vous) et nous/Nos notations or [www.dexia.be/U](http://www.dexia.be/U) en wij/Onze ratings.*

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The Base Prospectus, the First Supplement and Second Supplement are available on the internet site [www.belfius.be](http://www.belfius.be) and a copy can be obtained free of charge in the offices of DEXIA BANK. A copy of the relevant annual and semi-annual results incorporated in the Base Prospectus can be obtained, on request, at the registered office of DEXIA BANK.