

SUPPLEMENT NO. 2

dated 8 September 2011

to the

BASE PROSPECTUS

of



DEXIA KOMMUNALBANK DEUTSCHLAND AG

dated 11 May 2011

Euro 20,000,000,000 Debt Issuance Programme

for the issue of Notes and Pfandbriefe

This Supplement No. 2 (the "**Supplement**") constitutes a supplement for the purposes of Article 16.1 of Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003 (the "**Prospectus Directive**") and Article 13 of the Luxembourg Law on Prospectuses for Securities dated 10 July 2005 (*loi relative aux prospectus pour valeurs mobilières*; the "**Prospectus Act**") to the base prospectus of Dexia Kommunalbank Deutschland AG dated 11 May 2011 (the "**Prospectus**"), which has been prepared in connection with the Euro 20,000,000,000 Debt Issuance Programme for the issue of Notes and Pfandbriefe established by Dexia Kommunalbank Deutschland AG (the "**Issuer**" or "**DKD**"). Terms defined in the Prospectus have the same meaning when used in this Supplement.

This Supplement is supplemental to, and should be read and construed in conjunction with, the Prospectus, supplement no. 1 to the Prospectus dated 20 June 2011 (the "**Supplement No. 1**") and all documents incorporated by reference in the Prospectus and this Supplement.

Copies of the Prospectus, Supplement No. 1 and this Supplement and all documents incorporated by reference in the Prospectus and this Supplement can be obtained free of charge from the registered office of Dexia Kommunalbank Deutschland AG (Charlottenstraße 82, 10969 Berlin, Germany). In addition, copies of the Prospectus, Supplement No. 1, this Supplement and all documents incorporated by reference in the Prospectus and this Supplement are obtainable from, and are viewable on, the website of the Luxembourg Stock Exchange (www.bourse.lu).

To the extent that there is any inconsistency between (a) any statement in this Supplement or any statement incorporated by reference in this Supplement and (b) any other statement in or incorporated by reference in the Prospectus or Supplement No.1, the statements in (a) above will prevail.

Save as disclosed in this Supplement, there has been no other significant new factor, material mistake or inaccuracy relating to information included in the Prospectus (as supplemented by Supplement No. 1) since the publication of the Prospectus (as supplemented by Supplement No. 1).

Dexia Kommunalbank Deutschland AG accepts sole responsibility for the information contained in this Supplement (including any information incorporated by reference in this Supplement). Having taken all reasonable care to ensure that such is the case, Dexia Kommunalbank Deutschland AG confirms that the

information contained in this Supplement (including any information incorporated by reference in this Supplement) is, to the best of its knowledge, in accordance with the facts and does not omit anything likely to affect the import of such information.

A. Amendments of the section on page 5 of the Prospectus entitled "Summary"

- 01. The subsection on page 11 of the Prospectus entitled "Summary of Risk Factors Regarding Dexia Kommunalbank Deutschland AG – Risks Related to Certain Cover Pool Eligible Countries" shall be replaced as follows:**

Risks Related to Certain Cover Pool Eligible Countries

DKD's principal geographical markets are eligible countries in accordance with the Pfandbrief Act. The financial stability of some of the European eligible countries DKD has exposure to including, but not limited to, Greece, Italy, Portugal and Spain is weak and the financial stability of these countries and other European eligible countries DKD has exposure to may deteriorate further as the financial crisis spreads throughout Europe.

Due to the weak financial stability of the aforementioned countries, any of DKD's investments in these countries could be subject to rating downgrades, revaluations/hair-cuts or payment defaults.

If the aforementioned measures are applied to DKD's investments or payment defaults in respect of these investments take place, DKD could, on the one hand, suffer losses. On the other hand, in case DKD's investments in these countries are contained in DKD's cover pool (as is the case with regard to certain assets DKD has purchased) the ratings of DKD's Public Sector Pfandbriefe could possibly be downgraded which could have a negative impact on DKD's funding costs.

- 02. The second paragraph of the subsection on page 14 of the Prospectus entitled "Summary Regarding Dexia Kommunalbank Deutschland AG – Principle Activities and Markets" shall be replaced as follows:**

In line with Dexia Group's Transformation Plan, highly rated eligible assets have been purchased by Dexia Kommunalbank Deutschland AG from Dexia Group since 2009 in order to diversify the assets contained in DKD's cover pool. The focus is predominantly on French and Belgian public loans. The purchase of such international cover pool-eligible assets and the related issue of Pfandbriefe against such assets solidifies the Issuer's position as a long-term financier of the Dexia Group.

Further, DKD intends to restart its German Public Finance business.

B. Amendments of the section on page 16 of the Prospectus entitled "German Translation of the Summary – Zusammenfassung"

- 01. The subsection on page 23 of the Prospectus entitled "Zusammenfassung der Risikofaktoren in Bezug auf die Dexia Kommunalbank Deutschland AG – Risiken in Bezug auf bestimmte deckungsstockfähige Länder" shall be replaced as follows:**

Risiken in Bezug auf bestimmte deckungsstockfähige Länder

Die geografischen Hauptmärkte der DKD sind die nach dem Pfandbriefgesetz deckungsstockfähigen Länder. Die finanzielle Stabilität von einigen europäischen deckungsstockfähigen Ländern, in denen die DKD Aktiva hält, zu denen unter anderem Griechenland, Italien, Portugal und Spanien gehören, ist schwach, und die finanzielle Stabilität dieser und anderer europäischer

deckungsstockfähiger Länder, in denen die DKD Aktiva hält, könnte sich im Zuge der Ausbreitung der Finanzkrise in Europa weiter verschlechtern.

Aufgrund der schwachen finanziellen Stabilität der zuvor genannten Länder könnten Anlagen, die die DKD in diesen Ländern getätigt hat, Gegenstand von Ratingherabstufungen, Neubewertungen/Hair-cuts oder Zahlungsausfällen sein.

Sollten die zuvor genannten Maßnahmen auf von der DKD getätigte Anlagen angewendet werden, oder sollte es im Zusammenhang mit diesen Anlagen zu Zahlungsausfällen kommen, könnte die DKD einerseits Verluste erleiden. Andererseits könnten, falls Anlagen der DKD in diesen Ländern in dem Deckungsstock der DKD enthalten sein sollten (wie es bei einigen von der DKD erworbenen Aktiva der Fall ist), die Ratings der Öffentlichen Pfandbriefe der DKD eventuell herabgestuft werden, was negative Auswirkungen auf die Finanzierungskosten der DKD haben könnte.

02. The second paragraph of the subsection on page 26 of the Prospectus entitled "Zusammenfassung der Informationen über die Dexia Kommunalbank Deutschland AG – Hauptgeschäftsaktivitäten und -märkte" shall be replaced as follows:

Im Einklang mit dem Transformationsplan der Dexia-Gruppe übernimmt die Dexia Kommunalbank Deutschland seit 2009 hochwertige, deckungsstockfähige Aktiva von anderen Mitgliedern der Dexia-Gruppe, um die in dem Deckungsstock der DKD vorhandenen Aktiva zu diversifizieren. Im Fokus stehen überwiegend Forderungen aus französischen und belgischen Kommunaldarlehen. Der Ankauf dieser internationalen deckungsstockfähigen Aktiva und die damit zusammenhängende Begebung von Pfandbriefen stärkt die Stellung der Emittentin als Langfristfinanziererin der Dexia-Gruppe.

Des Weiteren beabsichtigt die DKD, zukünftig wieder ihr Finanzierungsgeschäft mit deutschen Kommunen aufzunehmen.

C. Amendment of the section on page 28 of the Prospectus entitled "Risk Factors"

The subsection on page 29 of the Prospectus entitled "Risk Factors Regarding Dexia Kommunalbank Deutschland AG – Risks related to certain cover pool eligible countries" shall be replaced as follows:

Risks related to certain cover pool eligible countries

As described in the subsection "Description of Dexia Kommunalbank Deutschland AG – Business Overview – Principal Markets" DKD's principal geographical markets are eligible countries in accordance with the Pfandbrief Act. The financial stability of some of the European eligible countries DKD has exposure to including, but not limited to, Greece, Italy, Portugal and Spain is weak and the financial stability of these countries and other European eligible countries DKD has exposure to may deteriorate further as the financial crisis spreads throughout Europe.

Due to the weak financial stability of the aforementioned countries, any of DKD's investments in these countries could be subject to rating downgrades, revaluations/hair-cuts or payment defaults. In case those investments of DKD are contained in DKD's cover pool and are subject to rating downgrades, the average rating of all assets contained in DKD's cover pool could be affected negatively.

If the aforementioned measures are applied to DKD's investments or payment defaults in respect of these investments take place, DKD could, on the one hand, suffer losses (as described in the subsection "Risk Factors – Risk Factors Regarding Dexia Kommunalbank Deutschland AG – Counterparty risks" above) (DKD's investments in Greece are, however, guaranteed by DKD's sole shareholder, Dexia Crédit Local). On the other hand, in case DKD's investments in these countries are contained in DKD's cover pool (as is the case with regard to certain assets DKD has purchased) the ratings of DKD's Public Sector Pfandbriefe could possibly be downgraded which could have a negative impact on DKD's funding costs (as described in the

subsection "Risk Factors – Risk Factors Regarding the Notes – Risk of a Downgrading of the Rating of Public Sector Pfandbriefe" below).

D. Amendments of the section on page 128 of the Prospectus entitled "Description of Dexia Kommunalbank Deutschland AG"

01. The first four paragraphs of the subsection on page 129 of the Prospectus entitled "Business Overview – Principal activities" shall be replaced as follows:

DKD is a bank focused on the international cover pool-eligible Public Finance business and on the municipal secondary market business in Germany. DKD's core business is to provide long- and short-term financing to international and German public authorities.

Generally, the Issuer's business activities are divided into two activity lines:

- National and International Public Finance
- Treasury and Funding.

Within the scope of its activity line International Public Finance, DKD has expanded its activities of purchasing international assets generated by Dexia Group with a focus on French and Belgian public loans in order to diversify its cover pool. In 2010, a total of EUR 2.6 billion in cover pool-eligible assets were purchased from other members of the Dexia Group to DKD and funded long-term by DKD via the issue of Public Sector Pfandbriefe. The purchase of such international cover pool-eligible assets and the related issue of Pfandbriefe against such assets solidifies the Issuer's position as a long-term financier of the Dexia Group. Further, DKD intends to restart its German Public Finance business.

After the closing of its Project Finance business as well as its primary German Municipal Corporate Finance business in 2009, which led to a realignment of the Issuer's organisational structure, the remaining Project Finance / Municipal Corporate Finance portfolio will continue to be serviced but will not be expanded. Project Finance business will be conducted in cooperation with, and for account of, Dexia Group's centre of competence in Paris as new Project Finance / Municipal Corporate Finance business within the Dexia Group will mainly be booked within Dexia Crédit Local.

02. The subsection on page 130 of the Prospectus entitled "Business Overview – Principal markets" shall be replaced as follows:

Principal markets

The Issuer's principal geographical markets are eligible countries in accordance with the Pfandbrief Act, especially Germany. Dexia Kommunalbank Deutschland AG purchases assets from entities of Dexia Group with a focus predominantly on French and Belgian public loans. The purchased assets are firstly selected by DKD and secondly undergo the internal approval procedure, before they can be booked into DKD's Public Sector Pfandbrief cover pool (in accordance with the Pfandbrief Act).

03. In the table set out in the subsection on page 133 of the Prospectus entitled "Administrative, Management and Supervisory Bodies – Supervisory Board" the entry relating to "Marc Buckens" shall be deleted and the following entry shall be made after the entry relating to "François Laugier":

Stéphane Magnan (as of 2 August 2011)	Member of the Management Board of Dexia Crédit Local Head of Local Financial Markets Dexia Crédit Local
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E. Amendment of the section on page 146 of the Prospectus entitled "General Information"

The subsection on page 146 of the Prospectus entitled "Significant Change in the Financial Position of the Issuer" shall be replaced as follows:

No significant change has occurred in the financial position of DKD since 30 June 2011, the end of the last period for which financial statements were published by DKD.

F. Semi-Annual Report 2011 of Dexia Kommunalbank Deutschland AG

On 26 August 2011, the Semi-Annual Report 2011 of Dexia Kommunalbank Deutschland AG (the "**Semi-Annual Report 2011**") containing, *inter alia*, the non-consolidated interim financial statements of Dexia Kommunalbank Deutschland AG (neither audited nor reviewed) as of and for the six months period ended 30 June 2011, prepared pursuant to German Generally Accepted Accounting Principles, was published. A copy of the Semi-Annual Report 2011 has been filed with the Luxembourg *Commission de Surveillance du Secteur Financier* and, by virtue of this Supplement, the Semi-Annual Report 2011 is incorporated by reference in, and forms part of, this Supplement, to the extent set out in the "Table of Documents Incorporated by Reference" below, provided that any information not specifically set out in the "Table of Documents Incorporated by Reference" but included in the Semi-Annual Report 2011 incorporated by reference is given for information purposes only.

Table of Documents Incorporated by Reference

Document	Section Incorporated
Semi-Annual Report 2011 of Dexia Kommunalbank Deutschland AG (containing, <i>inter alia</i> , the non-consolidated interim financial statements of Dexia Kommunalbank Deutschland AG (neither audited nor reviewed) as of and for the six months period ended 30 June 2011, prepared pursuant to German Generally Accepted Accounting Principles), including:	
– Condensed Balance Sheet as of June 30, 2011 (<i>Verkürzte Bilanz zum 30. Juni 2011</i>)	Pages 26 – 27
– Condensed Income Statement for the period from January 1 to June 30, 2011 (<i>Verkürzte Gewinn- und Verlustrechnung für die Zeit vom 1. Januar bis 30. Juni 2011</i>)	Pages 30 – 31
– Condensed Notes to the interim financial statements (<i>Verkürzter Anhang</i>)	Page 32

The Semi-Annual Report 2011 of Dexia Kommunalbank Deutschland AG (and the information contained therein and incorporated by reference in this Supplement) is an English language translation of its binding German language counterpart.

G. Withdrawal Right

Any investor who may wish to exercise any withdrawal right arising pursuant to Article 16.2 of the Prospectus Directive or Article 13.2 of the Prospectus Act, respectively, as a result of the publication of this Supplement must exercise that right on or before 5.30 p.m. (Luxembourg time) on 12 September 2011. Such withdrawal, if any, is not required to contain any reasons for the withdrawal and is to be addressed in writing to Dexia Kommunalbank Deutschland AG, Charlottenstraße 82, 10969 Berlin, Germany. In order to comply with the time limit set out above, punctual dispatch of the withdrawal is sufficient.