Half - Yearly Financial Report

at 30 June 2010

DEXIA CREDIOP GROUP

HALF-YEARLY FINANCIAL REPORT
DEXIA CREDIOP GROUP
AT 30 JUNE 2010

Introduction

The six month financial report for the Dexia Crediop Group was drawn up using the norms issued by CONSOB on the subject, Bank of Italy's Circular 262/2005 "Banking Financial Statements: Guidelines for Compilation," and the IAS 34 international accounting standards which deal with drawing up infra-year financial statements.

It consists of the Directors' Report on Operations, the Balance Sheet and Income Statement documents, the Report on Changes in Shareholders' Equity, the Statement of Changes in Financial Position, and the Information Notes to the Statements for the banking group Dexia Crediop. The latter contains comments regarding the Group's results in terms of notable aspects based on the reclassified Balance Sheet and Income Statement. We note here that the figures in the present report are presented in millions of Euro where not otherwise specified.

In addition, the report includes the certification required by Italian Legislative Decree no. 58 of 24 February 1998 in article 154-ter, paragraph 5, pursuant to article 81-ter of CONSOB Regulation no. 11971 of 14 May 1999 and successive amendments, and the Balance Sheets and Income Statements for the parent company Dexia Crediop S.p.A.

1. Report on Operations

1.1 Profile of the Dexia Crediop Group

Dexia Crediop is a public and project finance bank with over 90 years of tradition and experience.

Established in 1919 as a Credit Consortium for Public Works, with the aim of targeting Italy's savings towards the financing of public works and infrastructure in order to support national growth, the "Crediop" has continued to expand and is now a leader in its sector.

Over time, the Bank has refined its approach with a view to providing its customers with effective support, in synergy with its shareholders which include not only the parent company Dexia Crédit Local, but also some of Italy's largest cooperative banks: Banca Popolare di Milano, Banco Popolare, Em. Ro. Popolare S.p.A. (Banca Popolare dell'Emilia Romagna).

Dexia Crediop is the partner of choice for local authorities, large public administrations and key public service institutions, to whom it offers a broad range of financial services: the financing of major works and infrastructures, the issuing of national and international bonds, structured finance, securitisation, project financing, debt management operations, advice and assistance connected to privatisation and restructuring processes, and cash management.

Dexia Crediop combines its financing skills with the most advanced services and consultancy especially designed for the needs of public bodies, first and foremost local public administrations, but also mountain communities, hospitals, local national health units, ex-municipal services, reclamation consortia, harbour authorities, universities.

The Bank is specialised in satisfying the demand for financing in respect of balance sheet limits and legal and institutional restrictions, typical of public institutions. For Dexia Crediop, respect for compliance is one of its strong marketing points.

The relationship with the customer is a fundamental aspect on which the positioning of Dexia Crediop is based: the Bank develops a relationship of long-term trust with its clientele, through continuous assistance and the pursuit of overall integrated solutions to specific problems.

With regard to financial markets, to guarantee quality and added value of the products and services provided, Dexia Crediop operates in various business lines, including Distribution, Long Term Funding, and Cash & Liquidity Management.

Dexia Crediop offers its clientele a wide range of products and services, especially in the sector of large infrastructure and sustainable development; this results in socially responsible action based on social, environmental and ethical criteria.

1.2 The companies in the Dexia Crediop Group

At 30 June 2010, the Dexia Crediop Group included not only the parent company Dexia Crediop S.p.A., but also the following subsidiaries:

Company name	Head-quarters	Investment relationship		% of votes held
		Investor company	Stake %	
Crediop Overseas Bank Limited	Cayman Islands	Dexia Crediop	100%	100%
DCC–Dexia Crediop per la Cartolarizzazione S.r.l.	Rome	Dexia Crediop	100%	100%
Dexia Crediop Ireland*	Dublin (Ireland)	Dexia Crediop	100%	100%

** Dexia Crediop Ireland is a company operating under Irish law with share capital of €700 million, represented by 700 million shares with a nominal value of €1 each, including:*

699,999,999 shares held by Dexia Crediop S.p.A.;

1 share held by Dexia Investments Ireland, in its capacity as Trustee for Dexia Crediop S.p.A.

Crediop Overseas Bank Limited

In the past, this company, held entirely by Dexia Crediop, has carried out funding operations on international financial markets with the guarantee of Dexia Crediop, the net proceeds being used to finance the parent company.

No further funding operations have been carried out through this subsidiary since mid-2004. Its activities are therefore limited to managing the stock of existing operations.

DCC–Dexia Crediop per la Cartolarizzazione S.r.l.

This company, owned entirely by Dexia Crediop, has been operational since 2004. Its exclusive purpose is the setting up of securitisation transactions pursuant to Italian Law no. 130/1999.

The company has carried out three bond-issue operations – in 2004, 2005 and 2008 – through the securitisation of portfolios composed exclusively of debt instruments issued by Italian public authorities.

Dexia Crediop Ireland

The company was established on 12 October 2007 with the aim of concentrating management activities for the Group’s debt securities investment portfolios. As planned, the subsidiary began operating in the fourth quarter of 2007.

1.3 Parent Company Shareholders

There have been no changes in the shareholder body since 31 December 2009.

Dexia Crediop's share capital is fully subscribed and paid up and amounts to €450,210,000 consisting of 174,500,000 ordinary shares, each with a nominal value of €2.58. On the date this report was approved, they were held as follows:

- Dexia Crédit Local: 122,150,000 ordinary shares, representing 70% of the share capital, totalling €315,147,000;
- *Banca Popolare di Milano*: 17,450,000 ordinary shares, representing 10% of the share capital, totalling €45,021,000;
- *Banco Popolare* (previously *Banco Popolare di Verona e Novara*): 17,450,000 ordinary shares, representing 10% of the share capital, totalling €45,021,000;
- Em. Ro. Popolare S.p.A.: 17,450,000 ordinary shares, representing 10% of the share capital, totalling €45,021,000;

Dexia Crediop does not own any of its own shares or shares in the parent company, nor has it owned any such shares during the year.

1.4 The Dexia Group

Dexia is a European banking group employing 35,234 people, with net assets of €18.5 billion at 31 December 2009. The Dexia Group concentrates on Public & Wholesale Banking, offering public sector operators complete banking and funding solutions, and on Retail & Commercial Banking in Europe (mainly Belgium, Luxembourg and Turkey). Through its Asset Management & Services business, it provides asset management and insurance services to investors, especially to the customers of the other two business lines. The various business lines constantly interact to give customers optimal service and to support the Group's marketing activity.

Business lines

Public & Wholesale Banking

Dexia plays a leading role in the funding of infrastructure and local public services, in the sectors of social housing, health and social economy. The Group assists public operators in carrying out their projects and takes part in the development of local services and infrastructure.

Dexia has always concentrated its business on its own traditional markets, France and Belgium, but it now operates also in Italy and Spain. The Group also has a platform in Germany for access to the *Pfandbriefe* market.

In assistance to and in total harmony with its clientele and their needs, Dexia is constantly engaged in developing and expanding its range of products and services. Its aim is to overcome the traditional limits of the specialist lender's role and exploit its own experience to offer public operators the most suitable solutions for their requirements.

Retail & Commercial Banking

Dexia offers over eight million customers a broad range of retail and private banking commercial services, as well as insurance products.

Dexia is one of the three most important banking institutes in Belgium and Luxemburg. In Belgium, it has 4 million customers served by a network of 900 branches. It also has a network covering Luxembourg, which is where the Group's international asset management activities are centred. Dexia also has a strong position in Turkey, through DenizBank. This highly qualified banking institute is at present the sixth largest private bank, with a national network of 450 branches. It has now also expanded into Slovakia.

In fact, the Group continually increases the potential of its traditional key customers in Belgium and Luxembourg, while at the same time it develops its business in Turkey.

Asset Management & Services

This business line includes all activities conducted by Dexia in the field of Asset Management, Investor Services and Insurance.

With total assets under management totalling €82.4 billion at 31 December 2009, Dexia Asset Management is the Group's asset management company. Its main production centres (located in Belgium, France, and Luxembourg) serve a wide European customer base.

Investment services are performed by RBC Dexia Investor Services, a joint venture with Royal Bank of Canada, offering its experience and skill in securities custody and pension and mutual fund management to institutions throughout the world and to its customers. At 31 December 2008, the volume under administration amounted to 2,456 billion US dollars.

Dexia's insurance business is mainly concentrated on the Belgian and Luxembourg markets. The Group offers a complete range of contracts for retail, commercial and private banking customers (for life and non-life insurance) and to Dexia's public clients, using a duplicate bank-insurance approach and a network of interconnected agents.

Rating

The Group's main operational enterprises - Dexia Bank Belgium, Dexia Crédit Local and Dexia Banque Internationale (Luxembourg) – were rated A+ by Fitch, A1 by Moody's and A by Standard & Poor's. The guaranteed bonds issued by three of Dexia's European subsidiaries (Dexia Municipal Agency, Dexia Kommunalbank Deutschland and Dexia Lettres de Gage Banque) have been awarded triple A ratings.

1.5 Company information

The Dexia Crediop Banking Group

Dexia Crediop S.p.A.

Via Venti Settembre, 30 - (00187) Rome
Tel. + 39 (0)6 4771.1 Fax + 39 (0)6.4771.5952
Web:www.dexia-crediop.it - E-mail: internet@dexia.com

Share capital €450,210,000 fully paid up
Rome Register of Companies n. 04945821009
Register of banks n. 5288
Parent company of the Dexia Crediop Banking Group
Listed on the Register of Banking Groups
Member of the Interbank Deposit Protection Fund
Company subject to management and coordination by Dexia Crédit Local

Branches:

Turin - Via S. Francesco d'Assisi, 22
Milan – Largo Richini, 6
Bologna - Galleria Ugo Bassi, 1
Naples - Centro Direzionale, Isola E/5

DCC–Dexia Crediop per la Cartolarizzazione S.r.l.

Rome – Via Venti Settembre, 30

Crediop Overseas Bank Limited

Grand Cayman – Cayman Islands

Dexia Crediop Ireland

Dublin – 6 George's Dock, IFSC, Dublin 1 (Ireland)

Auditing firm of Dexia Crediop SpA

Mazars S.p.A.

Other Dexia Group companies in Italy

RBC Dexia Investor Services Italia S.p.A.

Milan – Via Vittor Pisani, 26

RBC Dexia Investor Services Bank S.A. (Milan Branch)

Milan – Via Vittor Pisani, 26

Dexia Asset Management S.A. Italian Branch

Milan – Corso Italia, 1

Dexia DS Services (Secondary head office in Italy)

Rome – Via Venti Settembre, 30

Dexia Crediop

Honorary Chairman

Antonio **Pedone**

Board of Directors[1]

Mario **Sarcinelli**	**Chairman**
Pascal **Poupelle**	**Deputy Chairman**
Jean **Le Naour**	**Managing Director**
Benoit **Debroise**	Director
Alberto **Gasparri**	Director
François **Laugier**	Director
Luigi **Odorici**	Director
Marcello **Priori**	Director

Board of Auditors [2]

Ezio Maria **Simonelli**	**Chairman**
Vincenzo **Ciruzzi**	Standing auditor
Pierre Paul **Destefanis**	Standing auditor

Steering Committee

Jean **Le Naour** (President)
Riccardo **Massa**
Jean **Bourrelly**
Stefano **Catalano**

The Financial Reporting Manager, responsible for drafting the company's accounting documents

Jean **Bourrelly**

Organisation [3]

[1] Board of Directors appointed for the three-year term 2009-2011 by the General Meeting on 24 April 2009.

[2] Board of Auditors appointed for the three-year term 2010-2012 by the General Meeting on 29 April 2010.

[3] As at 30 June 2010

Managing Director
Jean LE NAOUR

- **General and Legal Office**
  Edoardo Baratella
- **Human Resources**
  Daniela Pozzali
- **Central Inspectorate**
  Giuseppe Nusiner
- **Communications**
  Daniela Condò
- **Compliance**
  Claudio Cola

Public and Project Finance Riccardo Massa (Deputy Director General)	**Finance** Stefano Catalano (Director)	**Administration** Jean Bourrelly (Director)
Public Banking Thomas Duvacher	**Distribution** Claudia Pieroni	**Accounting and Management Audit** Viviana Ascani
Corporate & Structured Finance Fabrizio Pagani	**Long Term Funding** Daniele Albarin (Vicario)	**Back Office** Pietro Contenti
	Market Engineering Samir Belarbi	**Information Technology and Logistics** Pasquale Tedesco
	Cash & Liquidity Management Marcello Satulli	**Risk Management** Vittorio Limauro

1.6 Internal risk management and control system, pursuant to art. 123-bis, clause 2, letter b) of the Consolidated Finance Act

The Dexia Crediop Group has an internal risk management and control system which is able to continuously supervise the typical business risks to which it is exposed. The system contemplates the active involvement of the Company boards, the Financial Reporting Manager and the internal audit departments, as established by the Corporate Governance Model introduced in June 2009, following the associated resolution of the Board of Directors.

Specifically regarding the process of financial information reporting, the administrative-accounting system introduced by the Financial Reporting Manager is based on the analysis framework contemplated by the Committee of Sponsoring Organisations (CoSO) report, which represents an internationally accepted standard of reference for internal auditing and financial reporting. The system can be divided into the following four components:

- Scoping: the definition of the companies and of the administrative-accounting processes that are relevant for financial reporting;
- Company Level Control: the macro-system of internal controls;
- Risk & Control Analysis and Test of Effectivity (ToE): verification of the adequacy of the processes for the effective execution of the controls which mitigate the risks linked to accounting and financial reporting, and the definition and monitoring of risk mitigation measures;
- Evaluation: evaluation of the adequacy and effectiveness of the administrative-accounting processes.

The administrative-accounting model is in line with the requirements called for by norm 262 of 2005 and successive amendments made due to European laws regarding Transparency (Italian legislative decree no. 195 of November 2007).

All analyses and evaluations have been carried out by the Financial Reporting Manager in accordance with said model and confirm the adequacy and effective application of the Dexia Crediop Group's administrative-accounting procedures.

1.7 Operations Performance

1.7.1 Introduction: our customers

As a bank specialised in financial services for the public sector, Dexia Crediop – in line with its traditions and the Dexia Group's mission in the world – includes among its customers State administrations, other central and local government authorities, territorial authorities, as well as companies operating in the infrastructure sector and public utilities. For its customers Dexia Crediop arranges access to the capital markets and carries out operations involving structured finance, financial engineering, project financing, and dynamic management of debt, liquidity and assets as well as offering advice and assistance for privatisation and restructuring.

The Dexia Crediop website (www.dexia-crediop.it) was created to inform customers about its operations and its products and themes regarding public and project finance, and now includes documentation relating to Domestic Bond Issues, for the benefit of investors. The site also provides a communication channel for research work produced by the Bank and has a number of sections which are exclusively aimed at customers, such as on-line financial services and information concerning existing loan transactions.

1.7.2 Loans and financial services for the public sector

The general macro-economic situation

The recession in the global economy which began in 2008 continued on in Europe over the course of 2009. On a worldwide level, the first half of 2010 showed the first positive signals, especially in terms of China's willingness to increase internal demand and to accept various exchange rates, as well as expectations for greater growth in the United States. In Europe, the situation remained characterized by notable elements of uncertainty.

At the moment, one of the most important of these is how sovereign risk may evolve in the future, due to the notable public financing obligations that the most important European countries took on in order to deal with the economic and financial crises.

In particular, the countries in the European Union had to deal with an unprecedented crisis in terms of the perception of sovereign risk, which originated in the Greek public financing issue, but quickly expanded to other countries, until the strength of the European Union monetary unit itself came under examination.

The operations undertaken to support strengthening of Greek public finance, while considered to be excessively delayed by many external observers, appear to have eliminated the possibility of even more serious situations for the moment, but only due to the simultaneous public financing "manoeuvres" on the part of the most important EU countries, which were essentially aimed at reducing public expenses and at a quick return to the management parameters that had been temporarily set aside due to the crisis.

In Italy, this financial “manoeuvre” was currently being discussed at the time this report was drawn up. The terms known at that time places a large part of the financial burdens upon the local government organizations, mainly through a decrease in funds transfers.

This reduction, in the hypothesis that the provisions are approved definitively, would decrease these local organizations’ ability to self-finance investments, making a increase in debt almost indispensable for those organizations that intend to ensure a measure of stability in terms of capital expenditures.

The use of expenditures for local public sector investments as a lever against cycles would seem to be prohibited by the laws regarding the respecting of local public finance objectives – in fact, there is no lack of demand for changes.

Public Finance and Local Utilities Activities

Loans

From 2007 on, the net reliance on loans for the Italian local public sector has generally been below average levels with respect to previous years, as a function of the objectives established for local authorities by the so-called “Internal Stability Pact.” In the first half of the year, many local authorities were focussed for a large portion of the time on the approval process for the forecasted financial statements, which constitutes a preliminary requirement for taking on new loans. As a consequence, the first half is generally a period with reduced access to the market. Nonetheless, in the first half of 2010, the use of loans on the part of local authorities still appeared to grow when compared to the first half of 2009, due to the need to obtain financial coverage for investments.

In January 2010, a new Decree was issued by the Ministry of Economy and Finance that redefined the maximum conditions that banks could institute. In addition, for fixed rate operations, it redefined the usable financial parameters by re-determining the IRS, hence facilitating the return to normal operations for the loan market for local authorities.

Local utilities investments saw a consolidated use of bank loans as a form of financing. In this area, the first half of 2010 showed an increase in demand with respect to the first half of the previous year.

Debt Management

At the end of June 2008, Italian Legislative Decree no. 112/2008 was issued. Article 62 prohibited local authorities, “*from the date in which the regulation takes effect,*” to issue from the MEF, “*and in any case for a period of a year to follow the date it (the Decree) takes effect,*” from stipulating derivatives operations, or from taking on debt through contracts that did not call for reimbursement models through amortised rates including capital and interest or that called for amortisation plans that exceeded thirty years.

In October 2009, a rough draft of the regulation underwent a public consultation process by MEF. A number of interested parties and institutions participated in the consultation by providing their observations. At the time the present document was completed, the Ministry regulation in question had not yet been approved.

On the part of our clients, we see a renewed interest in re-negotiating the financial conditions for loan operations that are primarily aimed at transforming existing loan structures into "vanilla" loans, additionally supported by the current conditions of the financial market.

Secured Financing Products

This area offers financial structures to public authorities aimed at optimizing payment terms for suppliers (whether or not they are private or public agencies) for short term operations.

This sector, which mainly but not exclusively deals with local health authorities, generated growing profits for the bank. The results obtained in the first half of 2010 exceeded those for the corresponding period in 2009.

Structured Finance

Over the course of the first half the market was still partially influenced by the financial crisis, despite the completion of various operations in both the energy and infrastructure sectors. Dexia Crediop, in accordance with the strategy it adopted in 2009, continued to concentrate on project finance operations, with a particular focus on the renewable energy, water, and infrastructure sectors.

Activities were focussed on organizing a small number of high quality operations, characterized by a contained risk profile and appropriate profit levels.

In particular, during the first half of 2010 Dexia Crediop completed two new project finance operations in the solar energy sector and continued activities aimed at organizing additional operations in the water and infrastructure sectors which are expected to be completed in the second half of the year.

Purely corporate activities continued to be limited and aimed at maintaining a few historic clients of the bank.

1.7.3 Funding and activities in financial markets

Funding activities

Transactions completed during the year (numbering five) raised a total nominal capital of €417 million. These were exclusively "Plain Vanilla" operations, including an operation with the European Investment Bank.

During the month of June, the update made to the Registration Document was officially deposited with CONSOB. We are currently awaiting the go ahead. This document contains information about Dexia Crediop regarding its function as an issuer of financial instruments on a case by case basis.

Dexia Crediop was the first Italian issuer to provide itself with said document, in conformance with the EU regulations regarding soliciting of public savings.

The "*Euro Medium Term Note Programme*" was updated on 1 July 2010. This document allows the bank to raise funds on the international markets.

Over the course of the first quarter the bank set up a securitisation transaction, using the vehicle Tevere Finance srl, in relation to a portfolio of €500 million of securities and loans issued by Italian public authorities.

Finally, at the end of the first half, a new method of issuing was activated which for Dexia Crediop represented access to a more autonomous distribution source for its financial obligations. This method calls for direct quoting of bonds through the MOT segment of the Italian Stock Market. Private or institutional investors hence can directly acquire said bonds through the stock market. Negotiations regarding the MOT segment were taking place at the time the present document was being prepared.

Business on the financial and monetary markets

Distribution

This business line, which is focused on Italian institutional clients, continued its activities creating investment opportunities for clients. In particular, it played an important part in deleveraging group portfolios, especially for the sales of Italian issued securities. Activities within this area also included distribution of the Dexia Group funds, placing them in Italy under the form of covered bonds and guaranteed issues.

In addition, this area also assisted with the bank's funding request, concentrating on the short-term segment through offerings of repurchase agreements and loan on securities.

***Cash and liquidity management*:**

This area was responsible for managing short term liquidity and covering interest rate risks for the banking book linked to the Euribor parameters. These risks were mainly managed using short-term interest rate derivatives (FRA and EONIA swaps).

With regards to liquidity requirements, a large decrease in short-term loans was seen during the period.

In terms of total short-term financing sources, we note the notable decrease in the weight of repurchase agreements with the Central European Bank and increased diversification, turning to the repo market and the Interbank Collateralized Market.

1.7.4 Changes in the Company

Human Resources

The Bank employed 213 persons as of 31 June 2010 (-14 compared to 31 December 2009).

The first half of 2010 was mainly characterized by management of the activities related to the process of adjusting the organization and the workforce which began in 2009. In particular, it dealt with the design and completion of specific training courses for personnel involved with the horizontal mobility plan, including the use of financing from Interprofessional Funds for training and from the Solidarity Fund, aimed at providing appropriate assistance in the face of changing roles and at additionally reinforcing the technical and specialist skills of employees.

In addition, examination of salary and incentivisation policies continued, due to the importance of this issue in the light of the ongoing changes in the applicable norms, and more generally regarding performance management systems which can be used as a strategic lever in human resources management.

Compliance

In the first half of 2010 the Professional Ethics Code was updated, based on the text coming from the Dexia Group. The document "Dexia Conformance Policy" was also updated.

Other important activities included: updating the text of the Company Organizational Model in regards to entities' responsibility for crimes carried out in the interest or advantage of the entity itself; updating of the Bank of Italy regulations regarding bank transparency; the MiFID and aspects regarding third level implementation for illiquid products; market abuse.

We also note that over the course of the first half, as the new Bank of Italy procedures regarding correct maintenance of the Anti-Money Laundering Single IT Archive went into effect, activities focussed on designing and completing Archive updates.

Control activities mainly dealt with completing said Single IT Archive, including constant verification of operations in order to evaluate client risk level and assisting the Supervisory Body in carrying out the checks called for in Italian Legislative Decree 231/2001.

In terms of training, with the assistance of Human Resources, a course regarding the new anti-money laundering rules was completed along with two courses regarding the Company Organizational Model, one of which dealt with crimes against the Public Administration and the other with IT crimes.

Finally, we note the Anti-Money Laundering Compliance Convention, regarding legal innovations and suspect operations, which included important contributions from Bank of Italy Supervisory Body, ABI, and Guardia di Finanza (Finance Police). This initiative was very successful and offered an excellent return on investment for the bank's reputation.

Communications

The first half of the year was notable for intensive communication activities aimed at reinforcing the Dexia brand at both a national and international level, taking advantage of the Bank and Group's history and innovative expertise.

Over the course of these six months the bank completed, either directly or in synergy with other important organizations, 10 events dealing with current themes related to local authorities and the economic/financial world, at which qualified speakers coming from the academic, institutional, and financial world participated, together with clients. Other notable events included participation at the Local Authorities and PA Forum with the Italian Banking Association, participation at the annual AIAF ASSIOM ATIC FOREX meeting for financial markets operators, the completion of a "Italy 150th" meeting in collaboration with the Piepoli Institute, two seminars carried out with the University of Roma Tor Vergata regarding "Public contracts and new jurisdictional remedies" and "Valorising the State's instrumental patrimony," and the organization of the annual Dexia Crediop concert at the offices in Sala Casella, performed by the Roman Philharmonic Academy for representatives from the political, institutional, banking, and economic-financial sectors.

External communication, events, and meetings were supported by daily internal communications activities directed at the bank's workers, using the intranet, the quarterly publication "due+parole," organization of an internal seminar focussing on company strategies aimed at management, and the annual evening dedicated to all Bank employees at the Gardens of the Roman Philharmonic Academy, as well as the involvement of employees at events and meetings with both economic/financial and cultural themes, all in line with the Dexia Group's communication policies and cultural patronage "*Culture pour tous*".

The first half of the year was characterized by constant contact with the press as well as financial communications, aimed at valorising Dexia's evolution, the Group's transformation plan, and Dexia Crediop's activities. These communications also took advantage of the website www.dexia-crediop.it.

Activities to promote the new Dexia Crediop bond issue "Serie" 3.60% were particularly intense, including a large publicity campaign in the most important daily newspapers and national and local websites, accompanied by interviews with top management.

Corporate Social Responsibility and sustainable growth

In the first half of 2010, Dexia Crediop reaffirmed its commitment towards sustainable growth and corporate social responsibility, formally included in Bank strategies since 2004, with the approval on the part of the Board of Directors of the Environmental and Sustainability Policy.

Its commitment in favour of the environment also led to the annual renewal of the ISO14001 certification, completion of activities supporting renewal of EMAS registration, and to the publication of Dexia Crediop's updated 2010 Environment Statement.

In this regard, particular attention is being paid to the issue of energy efficiency and the reduction of greenhouse gases responsible for climate change. In the first half of 2010, this target was pursued both by favouring investments and projects aimed at the production of energy from renewable sources, and by environmental management of the head office and of the professional mobility of employees.

Administration

Over the course of these six months, the *Accounting and Management Audit Department* focussed intensely on analyzing and implementing the new applications aimed at assisting with notification to supervisory bodies as well as analyzing and defining accounting guidelines relative to new funding products.

Controls regarding efficacy and appropriateness called for by the organizational model for the Financial Reporting Manager continued. Activities aimed at further understanding the new fiscal norms relative to IAS adopter parties and their specific application for credit and financial entities also continued.

In addition, new specific support functions were developed to assist with accounting control activities and the additional supervisory verification process was reorganized. Finally, analyses and documents were defined to assist bank management, aimed at the development of the strategic plan.

Supervised by the *Risk Management Structure,* in April the complete ICAAP Report was sent to the Bank of Italy with reference to the date of 31 December 2009.

In addition, this structure went on to determine the flat-rate adjustments on loans, including application of a specific statistical process to the Project Finance portfolio ("granularity calculation"). Finally, careful monitoring of liquidity, market, and interest rate risk continued. Automatic processes were reinforced, in particular those having to do with control systems.

Back Office activities mainly dealt with:

- new operations, including changes aimed at supporting the processes of the entire management area. One of the most important projects was the migration to the new Central Bank collateral management method which occurred towards the end of the period, and which now occurs through Pooling, regardless of the context of the sold assets;

- both organizational and IT projects – in the context of technological upgrades, the first migration phase for the new platform known as Orizzonte was successfully completed. (this is a back office platform which supports processes in the Finance area). Additionally, in concert with the Compliance function, the operations area was updated to meet the new Anti-money laundering guidelines.

The IT services area continued to optimize and automate processes aimed at assisting operations in various sectors of the Bank. In particular, a new better performing back office application was put into production for the derivatives and treasury departments, the Fermat Data Model was updated, and notable revisions were made to some batch processes in order to optimize usage of the technical resources involved.

On the Logistics side, special attention was paid, as always, to controlling and limiting the consumption of goods and services, in order to optimize internal usage and seize the best opportunities available on the markets in question (such as energy and telephony). Internal and external controls aimed at renewing EMAS certification were carried out successfully.

Other Equity Investments

ISTITUTO PER IL CREDITO SPORTIVO (ICS)

ICS was set up with Italian Law no. 1295 dated 24 December 1957 and is a public sector bank in accordance with art. 151 of It. Leg. Dec. no. 385/1993. Technically, it is a "public law entity with autonomous management". The Institute operates in the sport and cultural activity loans sector.

Drawing on 2009 profits which totalled €17.3 million circa, in May 2010 ICS paid out dividends of €11.7 million (of Dexia Crediop’s share was €2.5 million).

Dexia Crediop’s interest in this bank at the end of the first half was equal to 21.622%. The investment is not considered as one providing significant influence, since said investment does not provide an equivalent number of votes on the Board of Directors, which also performs the functions of the General Meeting.

EUROPEAN INVESTMENT FUND (EIF)

The European Investment Fund (EIF) is an EU institution that provides support for small and medium-sized enterprises in the form of risk capital and guarantees.

The shareholders of EIF include the EIB and the European Union, as well as other banks and financial institutions in EU member countries

Dexia Crediop’s equity interest in this bank at the end of the first half was equal to 0.17%.

1.7.5 Income Statement performance and consolidated half year profits

Dexia Crediop's intermediation margin equalled €75 million as of 30 June 2010, a 67% decrease with respect to 30 June 2009. Said decrease can be traced to the decline in contribution from net interest (-86 million) and decreased results from trading activities (-68 million). In fact, the first half of 2009 benefited from exceptional results which followed the low short-term interest rates and the consequent management of gains and losses, as well as profits from repurchase of own securities.

Total net impairment adjustments were determined using Dexia Group methodology and dealt with flat-rate adjustments totalling -0.8 million (-12 million in June 2009) which came equally from the company financial statements and the managed securities portfolio of the subsidiary Dexia Crediop Ireland.

Operating costs, including administrative expenses, provisions, and other operating expenses and income totalled €23 million, a decrease of 28% with respect to 30 June 2009. The large change with respect to the previous year is mainly due to the agreement made with the trade unions on staff regarding resignation incentives and access to the solidarity fund, for which extraordinary charges in the amount of €6 million were set aside in the first half of 2009.

Profit from continuing operations before tax rose totalled €49 million, a decrease of 73% with respect to the same period in the previous year.

Profit for the period net of €18 million in taxes (which takes into account the norms regarding non-deductibility of interest expenditures, the so-called Robin Hood Tax) totalled €31 million, which can be compared to the exceptional results seen at 30 June 2009, which totalled €119 million.

1.7.6 Income Statement performance and corporate half year profits

Dexia Crediop's intermediation margin equalled €57 million as of 30 June 2010, a 72% decrease with respect to 30 June 2009. Said decrease can be traced to the decline in contribution from net interest (-82 million) and decreased results from trading activities (-65 million). In fact, as already noted, the first half of 2009 benefited from exceptional results which followed the low short-term interest rates and the consequent management of gains and losses, as well as profits from repurchase of own securities.

At 30 June 2010, net adjustments for impairment of amounts due from customers were made in the amount of -€0.4 million (with respect to a total of +€1 million at June 2009).

Operating costs, including administrative expenses, provisions, and other operating expenses and income totalled €23 million, a decrease of 26% with respect to 30 June 2009. The large change with respect to the previous year is mainly due to the agreement made with the trade unions on staff regarding resignation incentives and access to the solidarity fund, for which extraordinary charges in the amount of €6 million were set aside in the first half of 2009.

Profit from continuing operations before tax equalled €34 million. Taxation totalled €16 million, taking into account the legislation on the non-deductibility of interest expenditure (the so-called Robin Hood Tax). Net of said taxes, profits for the period totalled €18 million, which can be compared with the exceptional results of €111 million seen in June 2009.

1.8 Outlook for future trends

1.8.1 Future operational prospects

In order to assess the operational prospects of Dexia Crediop, reference should be made to the future prospects outlined by the larger Dexia Group to which Dexia Crediop belongs via Dexia Crédit Local, the majority shareholder.

In 2009, the Dexia Group returned to making a profit, with net profits for the year totalling €1,010 million. In a context that remained difficult, the Dexia Group's transformation plan continued to move forward, having been launched in February 2010 in agreement with the European Commission.

In particular, the restructuring plan is concentrated on developing *Retail & Commercial Banking* clientele in Belgium, Turkey, and Luxembourg, on reinforcing the *Public & Wholesale Banking* line in France and Belgium, and calls for the sale of certain entities over the next three years, including Dexia Crediop, which is expected to occur by 31 October 2012. In fact, the Dexia Group believes that the structures which have been placed on the market in order to rapidly reduce the liquidity gap are solid and attractive franchises that will be better valorised in the hands of other shareholders.

Before transferring control, the Dexia Group will guarantee that Dexia Crediop will continue to develop its own activities and ensure the offer of a first class service to its customers.

In conformance with the above mentioned agreement with the European Commission, improvements to the Dexia Group's risk profile will continue to be made and will lead to a resizing of the financial statements for 2010. In fact, the production of *Public & Wholesale Banking* will be in line with long-term financing capacities. At the same time, the program aimed at prolonging the Group's refinancing profile will continue. The costs reduction plan, which is currently ahead of the pre-set objectives, will also have a large impact on the Dexia Group's profits for the entirety of 2010 and 2011.

At the end of June 2010, in the light of the improvements seen in the liquidity position due to the transformation plan, Dexia Group was able to exit from the guarantee mechanism for the States ahead of time, hence recovering complete autonomy over financing.

In this context, the Dexia Crediop Group's liquidity position is positive, with limited recourse made to the Dexia Group. Forecast indicators calculated at 30 June 2010 over a 12 month prospective demonstrated a situation that is essentially balanced, with an excess of available reserves in respect to the measured liquidity gap.

In addition, initiatives have been established to permanently improve the Dexia Crediop Group's capacity for autonomous refinancing. To that end, the bank has:

- moved forward with its program of domestic issuing of bonds aimed at institutional and retail clients;

- begun a project aimed at launching Bank Bonds Guaranteed by profits from local authorities in the portfolio. The launch is expected to occur in the last quarter of the current year;
- completed two bond issues, known as "Dexia Crediop Series," through direct quoting on the MOT with access for private and/or institutional investors, which was a new operational method for the bank;
- scheduled significant sales of non-core assets, including bank bonds held by the subsidiary Dexia Crediop Ireland.

In addition, in the context of the deleveraging measures being taken to improve the liquidity situation in line with the sales process that will involve the Dexia Crediop Group, sales of assets to group companies will take place along with transfers and early repayments of financial assets held with regards to the parent company, beyond those already concluded starting at the end of 2009, leading to improvements in the medium-term liquidity position. The motivation is prioritizing increasing equilibrium between assets and liabilities in the financial statement with respect to short term income.

Another key factor in the transformation plan begun by Dexia is a re-examination of resources. Due to this, in 2009, Dexia signed an agreement with the unions on staff to incentive resignations and to provide access to the Solidarity Fund at INPS for personnel. Thanks to this agreement, when the process is completed in January 2012, staff will have been reduced by a total of 34 employees.

With reference to the predictable trends in Dexia Crediop's reference market, it can be stated that again in 2010 local authority investments and consequent resort to debt is expected to be reduced because of the rules of the so-called Internal Stability Pact, but with a slight increase in respect to the first half of 2009.

Local utilities investments showed the possibility of consolidated use of bank loans as a form of financing. In this area, the first half of 2010 showed an increase in demand with respect to the first half of the previous year.

In this context, the third pillar of the Dexia Crediop Group's operations development was inserted. Together with management of the liquidity position and cost containment, it calls for a commercial strategy aimed at diversifying client and product types, and had already begun before the onset of the financial crisis. The diversification does not change Dexia Crediop's counterparty risk, which remains prevalently of the public type.

With the same forecast, operations in the *Corporate and Structured Finance* sector will continue to focus on financing operations in the renewable energy, water, and infrastructure sectors that have a contained risk profile and appropriate profits.

In conclusion, performance during the first half and the results of the actions undertaken, including in terms of liquidity management and the excess of available reserves, confirm Dexia Crediop's continuing business operations and its status as an ongoing concern. In fact, Dexia Crediop has put in place actions to support its level of operational, funding, and franchise autonomy in respect to the Dexia Group in the light of its expected autonomous development. In the second semester, the deleveraging strategy, aimed at reinforcing the liquidity position, will be reinforced with the objective, as stated above, of prioritizing improvements in the equilibrium between assets and liabilities over short term income.

1.8.2. Significant events after the end of the first half

In accordance with the liquidity management strategy described in the previous section, on 5 July 2010, receivables totalling €1 billion due to the parent company Dexia Crédit Local were paid off early, with a consequent early payment charge totalling €17.8 million.

Other extraordinary operations are planned for the second half of the year, always in line with the strategy of liquidity management and in line with the strategies established by the parent company Dexia Crèdit Local.

1.9 Reclassification criteria for financial statement reports

To provide a better understanding of the results of the period, abbreviated versions of the balance sheet and income statement have been prepared, making the necessary reclassifications to the models provided in Bank of Italy Memorandum 262/2005.

Said reclassifications are as follows:

- Balance sheet schedule
  - the item “Cash and cash equivalents" has been included under other assets;
  - the item “Hedging derivatives" has been included under other assets/liabilities;
  - the item “Fair value adjustment of financial assets in hedged portfolios” has been included among other assets;
  - tangible and intangible assets have been aggregated into a single item;
  - the provisions for severance indemnities and risks and charges have been aggregated into a single item;
  - the item “Fair value adjustment of financial liabilities in hedged portfolios” has been included among other liabilities;
  - the profit and valuation reserves have been aggregated into a single item.

- Income statement schedule
  - the item “Net hedging gains (losses)" has been included under net interest, in relation to the close correlation between hedging derivatives and the instruments covered;
  - “net trading gains (losses)" and “Gains (losses) on disposal or repurchase” has been aggregated into a single item;
  - net adjustments on tangible and intangible assets have been aggregated into a single item.

1.10 Reclassified schedules and reconciliation reports

Below we provide the reclassified consolidated schedules for the Income Statement and Balance Sheet, and the relative reconciliations for the items called for in the above-cited Memorandum 262/2005 as requested by CONSOB Communication no. 6064293 of 28 July 2006.

For the Balance Sheet Schedule, data at 30 June was compared with that from the most recent annual financial statements, while in the Income Statement, comparison was made with the corresponding period from the previous financial year (as called for in IAS 34 § 20 – "Infra-year Financial Statements").

The items in the financial statements registered at a value of zero are those that at the date in question showed a balance which expressed in millions of Euro was less than the unit.

Consolidated balance sheet

in millions of euro

Re-classified Balance Sheet	Assets	30/06/2010	31/12/2009	Change
Financial assets held for trading	20. Financial assets held for trading	4.857	3.477	40%
Financial assets available for sale	40. Financial assets available for sale	2.329	2.844	-18%
Financial assets held to maturity	50. Financial assets held to maturity	386	405	-5%
Due from banks	60. Due from banks	13.406	16.260	-18%
Due from customers	70. Due from customers	31.956	31.349	2%
Tangible and intangible assets		*46*	*48*	-4%
	120. Tangible assets	44	45	-2%
	130. Intangible assets	2	3	-33%
Tax assets	140. Tax assets	66	56	18%
Other asset items		*1.297*	*1.333*	-3%
	10 Cash and cash equivalents	0	0	na
	80. Hedging derivatives	1.087	1.078	1%
	90. Fair value adjustment of financial assets in hedged portfolios (+/-)	136	96	42%
	160. Other assets	74	159	-53%
	Total assets	**54.343**	**55.772**	**-3%**

in millions of euro

Re-classified Balance Sheet	Liabilities and shareholders' equity	30/06/2010	31/12/2009	Change
Due to banks	10. Due to banks	24.951	25.250	-1%
Due to customers	20. Due to customers	2.532	2.658	-5%
Securities in issue	30. Securities in issue	17.615	21.057	-16%
Financial liabilities held for trading	40. Financial liabilities for trading	4.884	3.480	40%
Tax liabilities	80. Tax liabilities	3	27	-89%
Other liability items		*3.157*	*2.065*	53%
	60. Hedging derivatives	3.067	1.954	57%
	70. Fair value adjustment of financial liabilities in hedged portfolios (+/-)	0	0	na
	100 Other liabilities	90	111	-19%
Provisions		*14*	*13*	8%
	110. Provision for severance indemnities	3	4	-25%
	120. Provisions for risks and charges	11	9	22%
Reserves		*706*	*688*	3%
	140. Valuation reserves	(87)	(21)	314%
	170. Reserves	793	709	12%
Share capital	190. Share capital	450	450	0%
Shareholders' equity of minority interests	210. Shareholders' equity of minority interests	0	0	na
Profit (Loss) for the period	220. Profit (Loss) for the period (+/-)	31	84	-63%
	Total liabilities and shareholders' equity	**54.343**	**55.772**	**-3%**

Consolidated Income Statement

in millions of euro

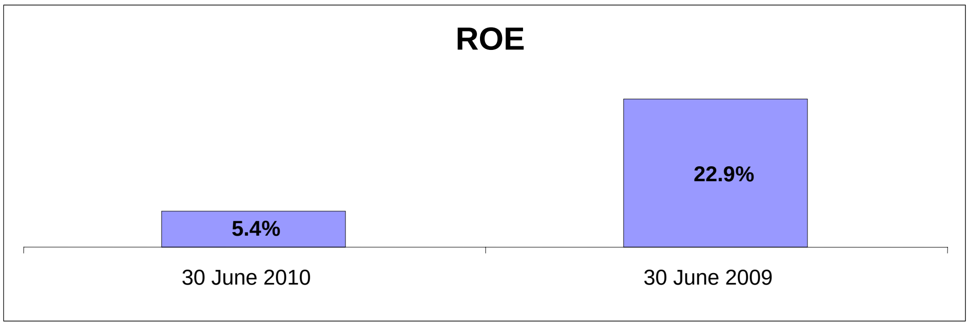
Re-classified Income Statement	Income Statement	30/06/2010	30/06/2009	Change
Net interest income		*82*	*168*	*-51%*
	10 Interest and similar income	578	955	-39%
	20 Interest and similar expenses	(495)	(786)	-37%
	90. Net hedging gains (losses)	(1)	(1)	0%
Net fee and commission income		*6*	*3*	*100%*
	40. Fee income	7	5	40%
	50. Fee expense	(1)	(2)	-50%
Dividend	70. Dividend and similar income	3	3	0%
Net trading gains (losses)		*(18)*	*50*	*-136%*
	80. Net trading gains (losses)	(18)	23	-178%
	100. Gains (losses) on disposal or repurchase	0	27	-100%
	Net interest and other banking income	**73**	**224**	**-67%**
Net adjustments (+/-) for impairment	130. Net adjustments (+/-) for impairment	(1)	(12)	-92%
	Net income from financial activities	**72**	**212**	**-66%**
Administrative expenses	180. Administrative expenses	(20)	(25)	-20%
Net provisions for risks and charges	190. Net provisions for risks and charges	(2)	(6)	-67%
Amortization on assets		*(1)*	*(1)*	*0%*
	200. Net adjustments on tangible assets	0	0	0%
	210. Net adjustments on intangible assets	(1)	(1)	0%
Other operating expenses/income	220. Other operating expenses/income	0	0	0%
	Operating costs	**(23)**	**(32)**	**-28%**
	Profit (loss) from continuing operations before tax	**49**	**180**	**-73%**
Income tax	290. Income tax for the period on continuing operations	(18)	(61)	-70%
	Profit (Loss) for the period	**31**	**119**	**-74%**

The Group's results at 30 June 2010 are commented on in regards to notable aspects in the "Notes to the Statements," based on the reclassification schedules referenced above.

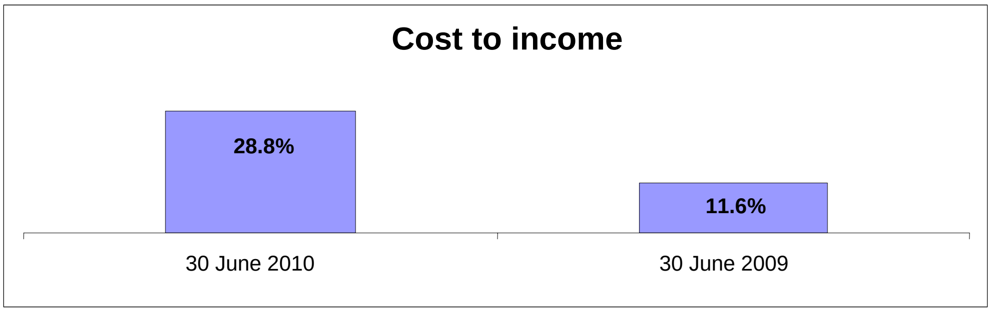
1.11 Alternative performance indicators

Below we provide some economic/financial position indicators, which serve as alternatives to the conventional information that can be deduced from financial statement schedules, relative to the Dexia Crediop Group at 30 June 2010.

ROE[4] at 30 June 2010 was equal to 5.4%, with respect to 22.9% at 30 June 2009. The decrease is due to the decrease in annualized net profits.



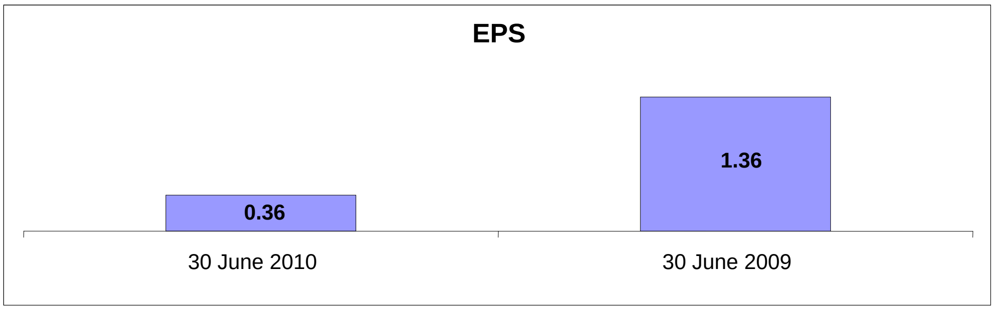
Cost to Income Ratio[5] at 30 June 2010 was 28.8%, in respect to 11.6% at 30 June 2009. This change is due to the decrease in the intermediation margin, despite a decrease in administrative expenses.



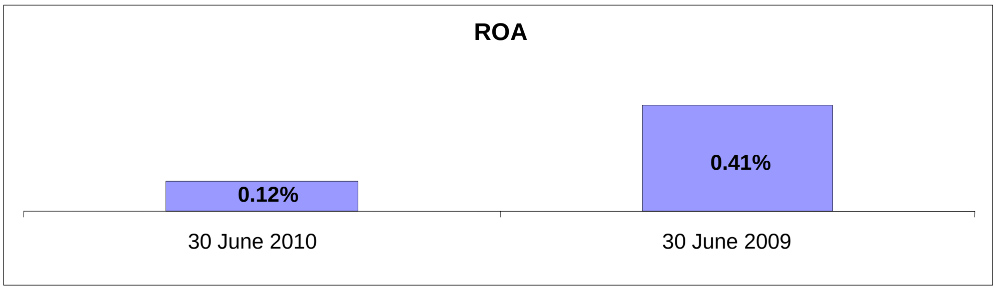
[4] Return on Equity is calculated as the ratio between net profit for the annualized six month period and net equity at year-end, excluding profit under formation. This indicator expresses the profitability of own capital.

[5] Cost to income is the ratio between operating costs (administrative expenses and depreciation) and net interest and other banking income. This indicator is a measure of productivity expressed as a percentage of profit absorbed by operating costs.

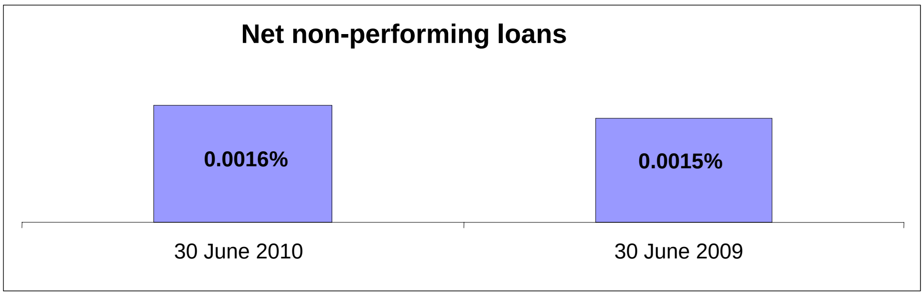
EpS[6] at 30 June 2010 equalled €0.36 per share, in respect to €1.36 at 30 June 2009, following a decrease in net annualized profit.



ROA[7] at 30 June 2010 was equal to 0.12 %, with respect to 0.41% at 30 June 2009. The decrease is due to the decrease in annualized net profits.



The degree of risk in the loan portfolio is quite contained. The effect of non-performing loans net of adjustments is close to zero[8].



6 The EpS figure is the ratio between annualized net profit and the number of shares in the share capital.

7 The Return on Assets figure is calculated as the ratio between annualized net profit and the total balance sheet assets. This indicator expresses the profitability of total invested capital.

8 The effect of non-performing loans is calculated as the ratio between net non-performing loans and net total loans (financial assets available for sale, financial assets held to maturity, loans to banks, and loans to clients). This indicator expresses the risk level of the loans portfolio.

Rating

The medium-long term creditworthiness of Dexia Crediop has been rated by the three main rating agencies[9] Standard & Poor's, Fitchratings and Moody's Investors Service, which awarded A, A and A2 respectively.

Standard & Poor's defined the outlook as developing, although Moody's and Fitchratings gave a negative outlook.

Standard & Poor's - med-long term	A
Standard & Poor's - short term	A-1

Fitchratings – med-long term	A
Fitchratings – short term	F1
Fitchratings - individual	C
Fitchratings – support	1

Moody's - med-long term	A2
Moody's – short term	P-1
Moody's Financial Strength	C -

(1) [9] Situation in June 2010.

1.12 Reconciliation between consolidated profit and equity report

As called for in CONSOB Communication no. 6064293 of 28 July 2006, below we provide a report on reconciliation between results for the period and the Group's shareholders' equity using analogous values from the Parent Company:

	30/06/2010		
			in millions of euro
Parent Bank Dexia Crediop S.p.A.	**Shareholders' equity**	**Profit for the period**	**Total**
Share capital	450		
Valuation reserves	19		
Reserves	666		
Profit (Loss) for the period		18	
TOTAL	**1.135**	**18**	**1.153**
Subsidiary companies	**Shareholders' equity**	**Profit for the period**	**Total**
Share capital	750		
Valuation reserves	(91)		
Reserves	97		
Profit (Loss) for the period		21	
TOTAL	**756**	**21**	**777**
Elimination of equity interests in subsidiaries	(750)		
Elimination of dividends of subsidiaries	2	(2)	
Consolidation accounting on valuation reserves	(15)		
Elimination of intercompany capital loss	37		
Other intercompany eliminations	(9)	(6)	
TOTAL	**(735)**	**(8)**	**(743)**
Dexia Crediop Group	**Shareholders' equity**	**Profit for the period**	**Total**
Share capital	450		
Valuation reserves	(87)		
Reserves	793		
Profit (Loss) for the period		31	
Pertaining to minority interests	0	0	
TOTAL CONSOLIDATED CAPITAL as at 30.06.10	**1.156**	**31**	**1.187**

2. Accounting policies

2.1 Principles and methods used in preparations

The accounting principles adopted when drawing up the six month financial report were essentially unchanged from those used for the 2009 annual financial report, hence we refer readers to those for additional information.

With reference to the Financial Statements schedules, data at 30 June was compared with that from the most recent annual financial statements, while in the Income Statement, comparison was made with the corresponding period from the previous financial year, as called for in IAS 34.

2.2 Declaration of conformity to international accounting standards

The Six Month Financial Statements of the Dexia Crediop Group at 30 June 2010 were prepared in accordance with the International Financial Reporting Standards and the International Accounting Standards (hereafter “IFRS”, “IAS”, or international accounting standards) issued by the International Accounting Standards Board (IASB) and adopted by the European Commission according to procedures referred to in article 6 of Regulation (EC) no. 1606/2002 of the European Parliament and Council dated 19 July 2002, which were approved on that date.

This six month report was drawn up in accordance with the provisions of IAS 34 regarding infra-year financial statements. In particular, the Dexia Crediop group took advantage of the faculty to provide the six month information in a summarized version, in place of the more complete information called for in the annual financial statements.

2.3 Consolidation area and methods

The consolidated financial statements of the Dexia Crediop Group consist of the individual financial statements of the Parent Bank Dexia Crediop S.p.A., which have been supplemented to absorb the full consolidation of the subsidiary companies.

The consolidation principles adopted for the six month financial statements as at 30 June 2010 are shown below:

- in drawing up the consolidated financial statements, the financial statements of the parent bank and the subsidiaries were aggregated together on a line-by-line basis, adding together the respective asset and liability amounts, the shareholders' equity and the revenues and costs. In order for the consolidated financial statements to show the information about the Group as a single economic entity, the following procedures were adopted:

    a. the book value of the parent bank's equity investments in each subsidiary was eliminated together with the corresponding part in each subsidiary's shareholders' equity;
    b. the asset and liability balance sheet relations, off-balance-sheet operations, revenues and charges, as well as profits and losses relating to transactions between companies included in the area of consolidation were removed.

- with regard to the financial statements of DCC (Dexia Crediop per la Cartolarizzazione srl) and Tevere Finance S.r.l. only the "above-the-line" financial statement balances were included in consolidation, whereas those relating to "Separate Equity", which includes the assets and liabilities and the economic components of the two securitization operations, were already included in the individual financial statement in accordance with IAS 39, IAS 27 and SIC 12.

Company name	Head-quarters	Relation-ship	Investment relationship		% of votes held
			Investor company	Stake %	
A. Companies:					
A.1 Consolidated line-by-line					
Crediop Overseas Bank Limited	Cayman Isl.	1	Dexia Crediop	100%	100%
DCC–Dexia Crediop per la Cartolarizzazione S.r.l.	Rome	1	Dexia Crediop	100%	100%
D.C.I. – Dexia Crediop Ireland	Dublin	1	Dexia Crediop	100%	100%
Tevere Finance S.r.l.	Rome	4			

Key
1 = majority of votes at the General Meeting
4 = other type of control

3. Consolidated accounting reports

3.1 Consolidated financial statement schedules

CONSOLIDATED BALANCE SHEET

in millions of euro

	Assets	30/06/2010	31/12/2009
10	Cash and cash equivalents	0	0
20	Financial assets held for trading	4,857	3,477
40	Financial assets available for sale	2,329	2,844
50	Financial assets held to maturity	386	405
60	Due from banks	13,406	16,260
70	Due from customers	31,956	31,349
80	Hedging derivatives	1,087	1,078
90	Fair value adjustment of financial assets in hedged portfolios (+/-)	136	96
120	Tangible assets	44	45
130	Intangible assets	2	3
	of which:		
	- goodwill	0	0
140	Tax assets	66	56
	a) current	*7*	*18*
	b) advance	*59*	38
160	Other assets	74	159
	Total assets	**54,343**	**55,772**

in millions of euro

	Liabilities and shareholders' equity	30/06/2010	31/12/2009
10	Due to banks	24,951	25,250
20	Due to customers	2,532	2,658
30	Securities in issue	17,615	21,057
40	Financial liabilities held for trading	4,884	3,480
60	Hedging derivatives	3,067	1,954
70	Fair value adjustment of financial liabilities in hedged portfolios	0	0
80	Tax liabilities	3	27
	a) current	3	27
	b) deferred	0	0
100	Other liabilities	90	111
110	Provision for severance indemnities	3	4
120	Provisions for risks and charges	11	9
	a) pension funds and similar benefits	*1*	*1*
	b) other provisions	*10*	*8*
140	Valuation reserves	(87)	(21)
170	Reserves	793	709
190	Share capital	450	450
210	Shareholders' equity of minority interests (+/-)	0	0
220	Profit (Loss) for the period (+/-)	31	84
	Total liabilities and shareholders' equity	**54,343**	**55,772**

CONSOLIDATED INCOME STATEMENT

in millions of euro

Income Statement items		30/06/2010	30/06/2009
10.	Interest and similar income	578	955
20.	Interest and similar expenses	(495)	(786)
30.	**Net interest income**	**83**	**169**
40.	Commission income	7	5
50.	Commission expense	(1)	(2)
60.	**Net fee and commission income**	**6**	**3**
70.	Dividend and similar income	3	3
80.	Net trading gains (losses)	(18)	23
90.	Net hedging gains (losses)	(1)	(1)
100.	Gains (losses) on disposal or repurchase of:	0	27
	a) loans	*2*	*0*
	b) financial assets available for sale	*(2)*	*0*
	d) financial liabilities	*0*	*27*
120.	**Net interest and other banking income**	**73**	**224**
130.	Net adjustments for impairment of:	(1)	(12)
	a) loans	*(1)*	*(12)*
140.	**Net income from financial activities**	**72**	**212**
170.	**Net income from financial and insurance activities**	**72**	**212**
180.	Administrative expenses:	(20)	(25)
	a) personnel expenses	*(13)*	*(17)*
	b) other administrative expenses	*(7)*	*(8)*
190.	Net provisions for risks and charges	(2)	(6)
200.	Net adjustments on tangible assets	0	0
210.	Net adjustments on intangible assets	(1)	(1)
220.	Other operating expenses/income	0	0
230.	**Operating costs**	**(23)**	**(32)**
280.	**Profit (loss) from continuing operations before tax**	**49**	**180**
290.	Income taxes from continuing operations	(18)	(61)
300.	**Profit (Loss) from continuing operations after tax**	**31**	**119**
320.	**Profit (Loss) for the period**	**31**	**119**

STATEMENT OF CONSOLIDATED COMPREHENSIVE INCOME

in millions of euro

Items		30/06/2010	31/12/2009
10.	**Profit (Loss) for the period**	**31**	**84**
	Other income components net of tax		
20.	Financial assets available for sale	(60)	165
60.	Cash flow hedging	(6)	19
110.	**Total other income components net of tax**	(66)	184
120.	**Comprehensive income (items 10 + 110)**	**(35)**	**268**
130.	Consolidated comprehensive income pertinent to minority interests	0	0
140.	**Consolidated comprehensive income pertinent to parent**	**(35)**	**268**

3.2 Report on changes in consolidated shareholders’ equity

Below we provide the report on changes to shareholders’ equity at 30 June 2010:

STATEMENT OF CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY AS AT 30.06.2009

	Balances at 31.12.09	Changes to initial balances	Balances at 01.01.10	Allocation of profit of the previous period		Comprehensive income	Shareholders' equity at 30.06.10	
				Reserves	Dividend and other uses			
	of the group		of the group	of the group			of the group	of third parties
Share capital:	**450**		**450**				**450**	
a) ordinary shares	450		450				450	
b) other shares								
Share premiums								
Profit reserves:	**709**		**709**	**84**			**793**	**0**
Valuation reserves:	**(21)**		**(21)**			**(66)**	**(87)**	
Equity instruments								
Treasury shares								
Profit (Loss) for the period	84		84	(84)		31	**31**	**0**
Shareholders' equity	**1,222**		**1,222**	**0**	**0**	**(35)**	**1,187**	**0**

Shareholders’ equity of minority interests at 30.06.10 amounts to Euro 10 thousand.

STATEMENT OF CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY AS AT 30.06.2009

in millions of euro

	Balances at 31.12.08	Changes to initial balances	Balances at 01.01.09	Allocation of profit of the previous period		Changes during the period		Shareholders' equity at 30.06.09	
				Reserves	Dividend and other uses	Changes in reserves	Profit/(Loss) at 30.06.09		
	of the group		of the group	of the group		of the group	of the group	of the group	of third parties
Share capital:	**450**		**450**					**450**	
a) ordinary shares	450		450					450	
b) other shares									
Share premiums									
Profit reserves:	**518**		**518**	**191**				**709**	**0**
Valuation reserves:	**(205)**		**(205)**			**86**		**(119)**	**0**
b) available for sale	(196)		(196)			71		(125)	
b) cash flow hedging	(9)		(9)			15		6	
Equity instruments									
Treasury shares									
Profit (Loss) for the period	191		191	(191)			119	**119**	**0**
Shareholders' equity	**954**		**954**	**0**	**0**	**86**	**119**	**1,159**	**0**

Shareholders' equity of minority interests at 30.06.09 amounts to Euro 10 thousand.

3.3 Report on changes in consolidated financial position

Indirect method

A. OPERATING ACTIVITIES	*in millions of euro*	
	30/06/2010	**30/06/2009**
1. Management	**66**	**177**
- result for the period (+/-)	31	119
- gains/losses on financial assets held for trading and on assets/liabilities carried at fair value (-/+)	12	(23)
- capital gains/losses on hedging assets (+/-)	1	1
- net adjustments for impairment (+/-)	1	12
- net adjustments of tangible and intangible fixed assets (+/-)	1	1
- net provisions for risks and charges and other costs/revenues (+/-)	2	6
- unpaid taxes and dues (+)	18	61
2. Liquidity generated/absorbed by financial assets	**1,413**	**3,905**
- financial assets held for trading	(1,392)	1,012
- financial assets available for sale	516	174
- due from banks: on demand	48	548
- due from banks: other receivables	2,806	1,884
- due from customers	(608)	580
- other assets	43	(293)
3. Liquidity generated/absorbed by financial liabilities	**(1,481)**	**(4,084)**
- due to banks: on demand	24	(143)
- due to banks: other deposits	(323)	(2,529)
- due to customers	(126)	518
- securities in issue	(3,443)	(781)
- financial liabilities for trading	1,405	(986)
- other liabilities	982	(163)
Net liquidity generated/absorbed by operations	**(2)**	**(2)**
B. INVESTMENT ACTIVITIES		
1. Liquidity generated by	**3**	**3**
- sales of equity investments		
- dividend collected from equity investments	3	3
- sales of tangible assets		
2. Liquidity absorbed by	**(1)**	**(1)**
- purchases of intangible assets	(1)	(1)
Liquidity generated/absorbed by investment activities	**2**	**2**
C. FUNDING ACTIVITIES		
- distribution of dividend and other uses	0	0
Net liquidity generated/absorbed by funding activities	**0**	**0**
NET LIQUIDITY GENERATED/ABSORBED IN THE PERIOD	**0**	**0**

KEY

(+) generated

(-) absorbed

4. Certification of the abbreviated six month financial statements

Certification of the six month abbreviated financial statements pursuant to art. 81-ter of CONSOB Regulation no. 11971 of 14th May 1999 and successive amendments and additions.

1. The undersigned Jean Le Naour, as Managing Director, and Jean Bourrelly, as the Manager responsible for preparing the financial statements of Dexia Crediop S.p.A., hereby testify, also taking into account the provisions of art. 154-bis, clauses 3 and 4, of legislative decree no. 58 of 24th February 1998, to:
   - the adequacy in respect of the features of the company, and
   - the effective application, during the first half of the year 2010, of the administrative and accounting procedures on which the abbreviated six month financial statements are based,

2. it is also declared that:

2.1 the abbreviated six month financial statements:

a) have been drawn up according to the international accounting standards applicable and recognised in the European Community pursuant to the regulation (EC) no. 1606/2002 of the European Parliament and Council of 19th July 2002;

b) correspond to the balances in the accounting records;

c) give a true and correct representation of the issuer's equity and economic and financial situation and of all the companies included in the consolidation.

2.2 The infra-year operations report includes reliable analysis with reference to the important events occurring during the first six months of the year and their impact on the abbreviated six month financial statements, together with a description of the main risks and uncertainties for the remaining six months of the year.
In addition, the infra-year report on operations includes reliable analysis of the information regarding important operations with related parties.

Date: 29 July 2010

Jean Le Naour — *Jean Bourrelly*

Managing Director

Manager responsible for
preparing the
company's accounting documents

5. Notes to the Statements

5.1 Equity Situation

The section in question provides the equity figures for the Group at 30 June 2010, compared with the balances in the 2009 financial statements. Relative changes, when significant, are accompanied by illustrative notes for changes in the Group's equity situation.

5.1.1 Receivables

The item includes non-derivative financial assets with fixed or determinable payments, which are not quoted in an active market, and which are not designated as "Financial assets available for sale" on the date of initial recognition.
Normally, this includes loans to clients and banks including debt securities with characteristics similar to loans.

The book value of the loans is periodically subjected to checks for the existence of any losses in value. To that end, for classification of impaired debts in the various risk categories (non-performing loans, problem loans, restructured and expired exposures), reference is made to the regulations issued on the subject by the Bank of Italy together with the internal provisions which establish rules for classification and transfers within the scope of the various expected risk categories.

Writedowns to be booked to loans and recognised in the income statement, net of any previous provisions, are equal to the difference between the book value at the time of assessment (the amortised cost) and the current value of expected future cash flows, calculated by applying the original effective interest rate. The estimate of future cash flows takes account of expected recovery times, the presumable realization value of any existing guarantees and costs considered necessary for recovery of the loan exposure (for a detailed numeric explanation, please refer to section 5.3 "Comments on risks and hedging policies.").

The composition of the item in question at 30 June 2010, net of relative value adjustments, was as follows:

in millions of euro

IAS category	30/06/2010	31/12/2009	% change
Due from banks	**13.406**	**16.260**	**-18%**
Loans	1.791	2.700	-34%
Debt securities	3.677	3.860	-5%
Other transactions	7.938	9.700	-18%
Due from customers	**31.956**	**31.349**	**2%**
Loans	16.406	15.816	4%
Debt securities	15.289	14.944	2%
Other transactions	261	589	-56%
Total loans	**45.362**	**47.609**	**-5%**

Loans

Total loans at 30 June 2010 totalled €18,107 million, of which €16,406 to ordinary clients and €1,791 million to credit institutions.

In the first half of the year, loans for €0.9 billion were paid off early by the parent company Dexia Credit Local.

Debt securities

The items Due from Banks and Due from Customers include debt securities classified in the functional portfolio Loans and Receivables, which at 30 June 2010 totalled €18,966 million.

In the course of the half year, debt securities were granted by the subsidiary Dexia Crediop Ireland for €0.5 billion.

Other transactions

"Other Transactions" includes loans deriving from repurchase agreements in the amount of €3,288 million and interbank deposits totalling €4,866 million.

The decrease in this item with respect to 31 December 2009 can mainly be traced to the €1 billion decrease in interbank deposits and the €0.7 billion decrease in repurchase operations.

5.1.2 Financial assets

The composition of financial assets other than those found in Loans and Receivables is as follows:

in millions of euro

IAS category	30/06/2010	31/12/2009	% change
Financial assets held for trading (HFT)	4.857	3.477	40%
Financial assets available for sale (AFS)	2.329	2.844	-18%
Financial assets held to maturity (HTM)	386	405	-5%
Total	**7.572**	**6.726**	**13%**

Financial assets held for trading

This item, which equalled €4,857 million, includes only derivatives not designed as hedging instruments, valued at fair value as booked to the income statement. These contracts are considered financial assets if their fair value is positive and liabilities if their fair value is negative. Hence, this item should be read together with the value found in "Financial liabilities for trading", which totals €4,884 million.

Financial assets available for sale

Financial assets available for sale are initially booked at fair value, including any costs or income coming from the transaction that can be directly attributed to the asset in question. After the initial booking, variations in fair value are booked to a specific reserve of shareholders' equity until the financial asset is either cancelled or no longer shows a loss of value.

Determination of fair value for financial assets available for sale is based on the prices indicated by the appropriate Risk Management function in active markets, by prices provided by operators, or through the use of internal evaluation models which are generally used for financial practices.

Financial assets available for sale include debt securities not held for sale totalling €2,170 million, equity securities which cannot be qualified as subsidiaries, associated companies, or joint subsidiaries in the amount of €157 million, and mutual fund shares totalling €2 million.

With reference to the last group, below we provide the main funds at 30 June 2010:

in millions of euro

Equity securities and mutual fund shares	**Book value at 30.06.10**	**AFS reserve at 30.06.10 including deferred tax**	**AFS reserve at 30.06.10 net of deferred tax**
Istituto per il Credito Sportivo (*)	155	130	122
European Investment Fund	2	1	1
Equity securities	**157**	**131**	**123**
Dimensione Network Fund (Mutual fund shares)	1	1	0
Mid Capital Mezzanine Fund (Mutual fund shares)	1	0	0
Securities (Mutual fund shares)	**2**	**1**	**0**
Total	**159**	**132**	**123**

The Istituto del Credito Sportivo (ICS) was set up under Italian Law n. 1295 of 24 December 1957 and is a public sector bank in accordance with art. 151 of It. Leg. Decree n. 385/1993. Technically, it is a "public law entity with autonomous management".

Dexia Crediop’s interest in this bank was equal to 21.622%. Hence, the investment is not considered as one providing significant influence, since the Bank does not have an equivalent number of votes on the Board of Directors, which also performs the functions of the General Meeting, nor is it possible as currently set up, to identify elements that would allow the demonstration that notable influence exists.

For debt securities, which were valued in the balance sheet at €2,170 million, the fair value valuation led to a negative reserve of €212 million net of associated deferred taxes (please refer to section 5.1.9 for further information).

During the course of the first half of 2010, no new debt securities classifiable as Available for Sale were acquired.

(*) Taxes on the evaluation reserves for the Istituto per il Credito Sportivo were determined pursuant to article 87 of T.U.I.R., which calls for a 95% exemption of taxable income for IRES purposes for the surpluses on so-called “qualified” equity investments.

Financial assets held to maturity

The financial assets in question are booked to the balance sheet at the amortized cost and periodically subjected to verifications regarding any loss of value that may have occurred.

To that end, if any objective evidence regarding a loss of value exists, the amount of such is measured as the difference between the book value of the asset and the current value of future financial flows and is shown on the income statement.

At 30 June 2010, said assets did not demonstrated loss of value.

This item, totalling €386 million, includes only debt securities that the Bank has the effective intention and capacity to hold until maturity. Over the course of the period, there were no transfers or purchases of securities classified in the HTM portfolio and hence changes during the period can be attributed entirely to reimbursements.

5.1.3 Tangible and intangible assets

Tangible assets totalled €44 million and consisted of the following:

in millions of euro

Breakdown	30/06/2010	31/12/2009	% change
A. Assets for business purposes			
- land	29	29	0%
- buildings	13	13	0%
- movables	2	2	0%
- others	0	1	-100%
Total A	**44**	**45**	**-3%**
B. Assets held as investments			
- buildings	0	0	0%
Total B	**0**	**0**	**0%**
Total (A+B)	**44**	**45**	**-3%**

Intangible assets totalled €2 million and consist of software purchased from third parties in the process of amortization.

5.1.4 Tax assets

Tax assets in the form of current taxes mainly refer to the excess in the paid taxes accounts (IRES, IRAP, and withholding on interest, premiums and other income from deposits and current bank accounts) compared to the balance actually due.

Prepaid taxes mainly refers to the negative fair value of the reserves relative to financial assets available for sale (AFS) and the derivatives of the Cash Flow Hedge (CFH) which are booked net of the relative prepaid taxes.

5.1.5 Debt instruments and securities in issue

At 30 June 1010, total financial liabilities in question were as follows:

in millions of euro

IAS category	30/06/2010	31/12/2009	% change
Due to banks	24.951	25.250	-1%
Due to customers	2.532	658	285%
Securities in issue	17.615	21.057	-16%
Total	**45.098**	**46.965**	**-4%**

These items include the various types of interbank funds and with clients, as well as funding operations carried out through bonds, net of any repurchased items.

5.1.6 Financial liabilities held for trading

This item, totalling €4,884 million includes only derivatives with a negative fair value, not designed to serve as hedging instruments.

5.1.7 Provisions for risks and charges and severance indemnities

The composition of the funds at 30 June 2010 was as follows:

in millions of euro

IAS category	30/06/2010	31/12/2009	% change
Provision for severance indemnities	3	4	-25%
Provisions for risks and charges	11	9	22%
Total	**14**	**13**	**8%**

Provisions for severance indemnities (TFR)

The liability relative to severance indemnity is posted on the financial statement on the basis of the actuarial value (€3.3 million), calculated by an independent actuary according to expected future developments of the work relationship (numeric development of the workforce and salary modifications) and other financial and actuarial hypotheses, while taking into account any actuarial gains or loss not booked to the income statement in application of the corridor option. The valuation also takes into account the effects of the agreement regarding incentivisation of resignation and access to the Solidarity Fund which was signed by the Company and the Unions on 24 June 2009.

Provisions for risks and charges

The item "Pension funds and similar benefits," totalling €1.4 million, includes provisions recognized on the basis of IAS principle 19 "Employee benefits" against various forms of complementary retirement schemes with defined benefits. These commitments can be traced entirely to the Parent Company and were based on calculations carried out by independent Actuaries using the projected units credit method. In particular, the provisions are the same as the current value of the obligation with defined benefits net of the fair value of the fund's assets and having taken into consideration the actuarial profits and losses not recognised in the balance sheet by applying the so-called corridor option.

This income statement item also includes "Other provisions" in the amount of €7.5 million, which is mainly associated with other costs for length of service bonuses, life insurance benefits, and the above mentioned agreement regarding incentivisation for resignation and access to the Solidarity Fund which was signed by the Company with some Unions on 24 June 2009 (€6.1 million).

The provisions for legal disputes totalled €2.1 million, for cases in course with the Provincial Administration of Pisa (provisions for the six month period totalling €0.8 million) and the Region of Puglia (provisions for the six month period totalling €0.9 million). Please refer to section 5.3.1 for additional information.

5.1.8 Tax liabilities

Current fiscal liabilities refer to debt for withholdings to be paid as a substitute tax.

5.1.9 Shareholders' equity

Shareholders' equity for the group at 30 June 2010, including profits for the period, totalled €1,187 million and consisted of the following:

in millions of euro

Items/Amounts	30/6/2010	31/12/2009	Changes of the period
Share capital	450	450	0%
Reserves	793	709	12%
Valuation reserves	(87)	(21)	314%
Profit (Loss) for the period	31	84	-63%
Total	**1,187**	**1,222**	**-3%**

Changes to net shareholders' equity with respect to figures in the last financial statement are due to the negative changes in valuation reserves and the decreased contribution of profits for the period, which were partially mitigated by the lack of distribution of 2009 profit dividends.

Capital and Reserves

The share capital is fully subscribed and paid up and amounts to €450 million, consisting of 174,500,000 ordinary shares with a nominal unit value of Euro 2.58.

Reserves at 30 June 2010 totalled €793 million and the changes seen over the course of the six month period can be entirely attributed to the allocation of profits from financial year 2009**.**

Valuation reserves

Valuation reserves at 30 June 2010 totalled -€87 million of which +€3 million deriving from fair value valuation of Cash Flow Hedge operations and -€90 million deriving from fair value valuation of financial assets available for sale (AFS).

Changes in valuation reserves (net of relative deferred taxes) over the course of the six month period were as follows:

in millions of euro

	Reserve for cash flow hedging	**Reserve for financial assets available for sale**
A. Opening balances	**10**	**(31)**
B. Increases	20	23
C. Decreases	27	82
D. Closing balances	**3**	**(90)**

For valuation reserves relative to financial assets available for sale, we add the contribution of various categories of financial instruments booked to the portfolio in question.

Reserves from valuation of financial assets available for sale *in millions of euro*

	Debt securities	Equity securities	UCITS units	Total
1. Opening balances at 31.12.09	**(153)**	**122**	**0**	**(31)**
2. Increases	23	0	0	23
3. Decreases	82	0	0	82
4. Closing balances at 30.06.10	**(212)**	**122**	**0**	**(90)**

The report below shows, relative to debt securities, the reconciliation between the Parent Company AFS reserves and those found in the consolidated balance sheet:

in millions of euro

AFS reserve DEBT SECURITIES	Parent Bank Dexia Crediop S.p.A.	Subsidiary companies post-consolidation	Total
balance at 31.12.09	**(63)**	**(90)**	**(153)**
increases	1	21	22
decreases	14	67	81
balance at 30.06.10	**(76)**	**(136)**	**(212)**

5.1.10 Regulatory capital

Regulatory capital was calculated based on capital figures and profits for the year, which were determined in accordance with the international IAS/IFRS accounting standards and taking into account the provisions established by the Bank of Italy in accordance with the new Basel 2 norms.

In particular, Tier I capital includes as positive elements: fully paid up share capital, profit reserves, and profits for the period, while negative elements include: intangible assets and valuation reserves. The elements to be deducted are 50% of equity shareholdings in credit institutions.

Tier II capital consists of subordinated liabilities, which can be calculated entirely as such from valuation reserves and from surpluses from adjustments with respect to expected losses. The elements to be deducted are 50% of equity shareholdings in credit institutions.

In reference to valuation reserves for debt securities issued by the central administration of countries in the European Union included in the “Financial Assets Available for Sale” portfolio, the Group applied complete neutralization of the associated gains and losses, in accordance with the provision sub a) called for by the Bank of Italy with its procedure of 18 May 2010 regarding Regulatory Capital/Prudential Filters effective as of 30 June 2010.

in millions of euro

	Total at 30.06.10	Total at 31.12.09
A. Tier 1 capital before application of prudential filters	**1,272**	**1,241**
B.Tier 1 capital prudential filters:	(136)	(142)
B.1 - positive IAS/IFRS prudential filters (+)		
B.2 - negative IAS/IFRS prudential filters (-)	(136)	(142)
C. Tier 1 capital inclusive of elements to be deducted (A+B)	**1,136**	**1,099**
D. Elements to be deducted from tier 1 capital	12	12
E. Total Tier 1 capital (C-D)	**1,124**	**1,087**
F. Tier 2 capital before application of prudential filters	**421**	**424**
G. Tier 2 capital prudential filters:	0	0
G.1 - positive IAS/IFRS prudential filters (+)		
G.2 - negative IAS/IFRS prudential filters (-)		
H. Tier 2 capital inclusive of elements to be deducted (F+G)	**421**	**424**
I. Elements to be deducted from tier 2 capital	12	12
L. Total Tier 2 capital (H-I)	**409**	**412**
M. Elements to be deducted from total tier 1 and tier 2 capital		
N. Regulatory capital (E+L-M)	1,533	1,499
O. Tier 3 capital		
P. Regulatory capital including Tier 3 (N+O)	**1,533**	**1,499**

5.1.11 Other items in assets and liabilities

The “Hedging derivatives” items among the assets (item 80) and liabilities (item 60) on the balance sheet at 30 June 2010, respectively €1,087 million and €3,067 million, include the positive and negative value of derivatives which are part of effective hedging operations.

The types of hedging transactions used are the following:

- *Fair value hedges*, performed with the aim of hedging the exposure to variations in the fair value of assets/liabilities recognised in the balance sheet;
- *Cash flow hedges*, performed with the aim of hedging the exposure to variations in cash flows of assets/liabilities recognised in the balance sheet or relating to highly probable future transactions;

In the case of fair value hedging, any changes in the value of the hedging instruments and the hedged instruments (as regards the part attributable to the hedged risk and when the hedge is effective) are booked to the income statement. The differences between value changes represent the partial ineffectiveness of the hedging and the net impact is posted to the income statement under item 90.

In the case of generic hedging, changes in the fair value of the element hedged are booked to the specific item of the assets (item 90 Fair Value Adjustment of Financial Assets in Hedged Portfolios) and liabilities in the balance sheet (item 70 Fair Value Adjustment of Financial Liabilities in Hedged Portfolios) in accordance with the instructions in IAS 39, section 89A. At 30 June, said value adjustments only involved financial assets and totalled €136 million.

This procedure is also applied in the case in which hedged financial assets are booked in the "Available for Sale" portfolio.

General fair value interest rate hedges associated with financial assets and liabilities portfolios are mainly concentrated in the Irish subsidiary.

For cash flow hedges, fair value is booked with a matching entry in the specific Shareholders' Equity reserve (at 30 June 2010 equal to €3 million net of deferred taxes), while the assets or liabilities that are covered by the hedge are not subjected to similar value adjustments.

5.2 Economic performance

Below we provide a description of the economic progress of the Dexia Crediop Group in the first half of 2010 on the basis of the reclassified income statement schedule. For an analysis of the results by sector please refer to section 5.4.5.

5.2.1 Net interest income

Net interest income for the Dexia Crediop Group in the first half of 2010 totalled €82 million, a 51% decrease with respect to 30 June 2009 (-€86 million). This reduction is due to the fact that the first half of 2009 benefitted from the exceptional results of the changes in interest rates and the consequent management of gains and losses.

This item also includes the net income (loss) for hedging activities which totalled -€6 million, with respect to -€0.7 million in the first half of 2009. This result is due to the difference in fair value valuation of the instruments hedged and the hedges relative to the covered risk component.

74% of interest income comes from Dexia Crediop SpA, 25% from Dexia Crediop Ireland, and 1% from Crediop Overseas Bank Limited.

5.2.2 Net fee and commission income

Net fees and commission income at 30 June 2010 totalled €6 million, an increase of €3 million with respect to the same period in the previous year. Commissions derived almost entirely from Dexia Crediop SpA operations and mainly come from Structured and Public Finance activities.

5.2.3 Dividends and similar income

Dividends received in the first half of 2010 totalled €2.5 million (similar to the figures at 30 June 2009) and mainly derived from Dexia Crediop SpA's interest in the Istituto per il Credito Sportivo.

5.2.4 Net trading gains (losses)

Total results from trading activities at 30 June 2010 totalled -€18 million, a decrease of €68 million with respect to the corresponding period of the previous year. This consists of two items, "Net Trading Gains (Losses)" and "Gains (Losses) on Disposal or Repurchase".

In particular, net trading gains (losses) totalled -€18 million in the first half of 2010, in comparison to an exceptional result during the first half of 2009 due to positive fair value figures totalling €23 million. In fact, this item includes fair value valuation of the trading portfolio, which for the Group consists entirely of derivatives. From a management point of view this portfolio is not exposed to interest rate risk due to broking at par value with the main counterparts, vice versa, these positions suffer negative effects due to estimated adjustments due to credit risk. This item also includes, when existing, so-called Day One Profit, or the difference between the fair value at the time of initial booking and the amount determined using valuation models whose variables exclusively include market observable data.

Over the course of the six month period, transfers of debt securities totalling -€0.5 billion with a loss of €3.1 million were carried out by the subsidiary Dexia Crediop Ireland, which were essentially balanced out by profits seen on other financial activities of said subsidiary (loans for €0.9 billion were paid off early). As a consequence, gains (losses) due to transfer or repurchase are equal to zero, with respect to the exceptional gains of €27 million at 30 June 2009 which were generated by the repurchase of own securities.

82% of the total results for trading activities came from Parent Company Dexia Crediop SpA activities and 18% from Dexia Crediop Ireland.

5.2.5 Net interest and other banking income

Following the large operations described above and the progress of such, the Dexia Crediop Group's net interest income at 30 June 2010 totalled €73 million, with respect to the €224 million booked at 30 June 2009 (-€151 million) which, as explained above, was exceptional.

5.2.6 Net adjustments (+/-) for impairment

Total net impairment adjustments were determined using Dexia Group methodology and dealt with flat-rate adjustments totalling -€0.8 million (-12 million at June 2009). -€0.4 million came from Dexia Crediop SpA and -€0.4 million from Dexia Crediop Ireland.

5.2.7 Net income from financial activities

The Dexia Crediop Group's net income from financial activities at 30 June 2010 totalled €72 million, with respect to €212 million at 30 June 2009.

5.2.8 Operating costs

Operating costs totalled €20 million in the first half of 2010, a 20% decrease with respect to 30 June 2009. In particular, personnel expenses totalled €13 million (€17 million at 30 June 2009) and other operating costs totalled €7 million (€8 million at 30 June 2009).

The decreases with respect to the previous year are particularly important because they are mainly linked to the agreement made with unions to incentivize resignation and provide access to solidarity funds, for which €2.1 million was set aside.

Net provisions for risks and charges for the first half of 2010 totalled -€2 million, with respect to -€6 million in the first half of 2009, which was almost entirely due to the above mentioned agreement to incentivize resignation and provide access to the solidarity fund. Said provisions for the six month period had to do with legal expenses for legal disputes in course (please refer to section 5.3.1) and for future employee benefits.

Amortizations (net adjustments on tangible and intangible assets) totalled €1 million, in line with the figures at June 2009.

Other administrative expenses and income for the first half of 2010 totalled €0.5 million, with respect to €0.3 million in the first half of 2009 and were mainly due to rents collected and other various income.

Hence, total operating costs totalled €23 million, a 28% reduction with respect to 30 June 2009.

5.2.9 Profit (loss) from continuing operations before tax

Due to that described above, Dexia Crediop Group profits from continuing operations before taxes at 30 June 2010 totalled €49 million, with respect to €180 million in the first half of 2009.

5.2.10 Income taxes for the period on continuing operations

Taxes for the first half of 2010 totalled -€18 million, with respect to -€61 million in the corresponding period of the previous year.

This item consists of -€16 million in current taxes and -€2 million in deferred taxes.

To that regard, we note that the non-deductibility of 4% of tax liabilities indicated in Italian Legislative Decree no. 112 of 25 June 2008 led to an estimated €6 million increase in taxation at 30 June 2010, taking into account the figure of €16 million for current taxes.

5.2.11 Profit for the period

Net profits for the Dexia Crediop Group at 30 June 2010 totalled €31 million, with respect to the exceptional results of €119 million seen at 30 June 2009.

5.3 Comments on risks and hedging policies

5.3.1 Credit risks

General aspects

The Dexia Crediop Group's area of operations concentrates on financing investments in the public sector and large infrastructure schemes. The remaining part of the credit portfolio refers to assets acquired according to an investment logic based on requisites of high market liquidity and loans available from the European Central Bank.

In line with this basic strategy, changes in the loan portfolio follow the trends in the reference market which over the last few years have demonstrated a tendency towards bonds rather than loans.

Credit risk management policies

Credit risk is the risk of loss linked to the counterparts' incapacity to honour their financial obligations.

The factors which influence the level of this risk are:

- the counterpart's creditworthiness, measured by an internal rating (determined on the basis of specific models) or a scoring system.
- the customer segment concerned (public sector, corporate sector, project finance, banking and financial sector, etc.);
- the economic, legal and financial context in which the counterpart operates;
- the type of operation carried out;
- the duration of the operations;
- any guarantees (tangible, personal, financial) which back the operation.

Almost all the existing exposure regards customers in the public sector, with a low risk level and also subject to particular controls linked to their public nature.

Credit risks (as also operating, market and liquidity risks) are monitored by the Risk Management Structure divided into two departments – Credit and Operational Risk and Market and ALM Risks - which ensure control of the respective risk categories.

Risk Management has no hierarchical relationship with the Bank's operating units. The department therefore operates absolutely independently from the Front Office structures.

Specific Committees form an integral part of the internal auditing systems, helping to ensure that the system works correctly.

The Credit Committee's task is to examine loan proposals of any technical type. The Committee takes decisions relating to risks and financial conditions on the basis of proposals made by the competent operational Department and an opinion regarding the level of risk provided by the Risk Management Department.

The Default/Watchlist Coordination Committee examines situations falling within the criteria of defaults as established by the Supervisory Authorities and by Dexia Group policies.

Management, measuring and audit systems

As regards the methods of management, measuring and auditing, certain guidelines have been fixed at Group level.

The Group has developed specific internal rating systems (IRS) for the following counterparties: Corporate, Project Finance, Western Europe Local Public Sector, Public "Satellites" (public companies that provide public services), Private "Satellites" (in contrast to the previous category, these are counterparts operating under private laws, and are hence subject to bankruptcy), banks, and central governments. For counterparties not yet covered by a specific IRS, ratings are calculated on the basis of so-called "expert methods" or using scoring.

The internal rating system (IRS) defined on the basis of the most advanced methods (Advanced IRBA) involves:

- the adoption of internal procedures which allow for the calculations by and historical documentation of the IRSs;
- the progressive development of an information system (FERMAT) aimed at consolidating - in a common standardised form - the information relating to all counterparties (Client Database) and all exposures (Exposure Database) of the Group;
- the adoption of a system for measuring the Bank's entire risks on the basis of an approach based on its own economic resources (ECAP model).

Credit risk mitigation techniques

As regards derivative transactions, the ISDA Master Agreement includes the "Credit Support Annex" (CSA) for the majority of banking counterparties. This collateralization agreement minimises credit risk through the periodic (weekly or monthly) exchange of margins guaranteeing the net value of the bilateral exposure. The latter will be adopted for all new derivatives operations established and will be progressively applied to all existing operations already in the portfolio.

The forms of real guarantees used are essentially pledges (mainly on securities) and much less frequently mortgages on properties. The management of these guarantees is the task of the administrative and legal offices.

In almost all the guarantees backing our loan exposure, the guarantees are personal guarantees. Most of these are provided by banks, while occasionally they are provided by Local or Regional Authorities. The credit risk of these counterparties is assessed on the basis of the external and internal ratings attributed to them.

Since financing activities are mainly aimed at the domestic public sector, the majority of guarantees backing loans consist of the issue of payment notes or guarantees provided by the Italian State (of a contractual nature or arising from legislation), or even a commitment by the latter to directly honour repayment of the various involved counterparties.

Impaired financial assets

The Group has issued specific rules governing the treatment of non-performing loans and actions to be taken in order to manage such loans so as to ensure that the procedures aimed at a positive outcome are implemented correctly.

These rules define the general guidelines within which the individual organisational units treat this subject within the scope of their own responsibilities.

The various conditions of each non-performing loan have been classified within the scope of an internal watchlist consisting of four categories with an ascending scale of seriousness:

- monitored loans;
- pre-problem loans;
- problem loans;
- non-performing loans.

The Default/Watchlist Coordinating Committee is responsible for examining the non-performing positions and proposes:

- their classification in one of the four categories;
- the adoption of specific writedowns on the loans;
- the adoption of statistical or flat-rate adjustments which reflect the Expected Loss.

Transactions which previously included in the default/watchlist categories are re-classified as "performing" when the counterparty emerges from a situation of economic/financial difficulty and returns to making all payments regularly as before.

Credit quality

Impaired assets include exposure to individual debtors that encounter difficulties in fully fulfilling their contractual obligations and correspond to the total of non-performing loans, problem loans, restructured loans, and expired exposures.

At 30 June 2010, financial assets divided into impaired assets and performing assets was as follows:

in millions of euro

	Impaired assets				Other assets			Total (net exposure)
	Gross exposure	Specific write-downs	Portfolio write-downs	Net exposure	Gross exposure	Portfolio write-downs	Net exposure	
30/06/2010	**7**	**6**	**0**	**1**	**54,060**	**40**	**54,020**	**54,021**
31/12/2009	**10**	**6**	**0**	**4**	**55,448**	**39**	**55,409**	**55,413**

The table makes it possible to note the high quality of the Group's assets, in line with the results of the previous year's financial statements. In fact, gross impaired assets represent only 0.015% of total due from customers, due from banks, financial assets available for sale, and financial assets held to maturity. Said assets, adjusted at 86%, include exclusively a limited number of positions classified as impaired, as they are exposures regarding subjects that are paying from a state of insolvency or a situation that is substantially equivalent to insolvency. With reference to said loans, which objectively show evidence of a durable loss of value, an analytical valuation is carried out by the appropriate company function. Loans which do not show any objective evidence of impairment or for which no impairment is forecast are assessed collectively, by grouping them together in homogeneous categories with similar characteristics in terms of credit risk, such as the technical form of the loan, the economic sector the counterparties belong to, their geographical location and the type of existing guarantees.

At the date in question, there were no problem, restructured, or expired exposures.

Below are the changes in impaired assets which occurred during the six month period in question:

Trend of gross impaired positions

in millions of euro

Reasons/Categories	Non-performing loans	Problem loans	Restructured loans	Expired exposures	Country risk
Opening gross exposure	**7**	**3**			
Increases	0	0			
Decreases	0	3			
Closing gross exposure	**7**	**0**			

Trend of total adjustments

in millions of euro

Reasons/Categories	Non-performing loans	Problem loans	Restructured loans	Expired exposures	Country risk
A. Total initial adjustments	**6.0**				
Increases	0.0				
Decreases	0.0				
Total closing adjustments	**6.0**				

Administrative, judicial, and arbitration procedures

Below we provide information about the most important administrative, judicial, or arbitration procedures in course which could have, or recently have had, repercussions for the Dexia Crediop Banking Group's financial situation and/or profits.

On 3 February 2010, in relation to inquiries into certain operations with the Region of Puglia, carried out by Merrill Lynch International, and in one of which Dexia Crediop took part, the bank was served a notice of investigation for administrative offences contemplated by art. 5, clause 1, letter a), art. 21 and art. 24, clauses 1 and 2, of Lgs. Decree 231/01, in relationship to art. 640, paragraph 2, no.s 1 and 61, and no. 7. of the criminal code. At the date of the publication of this report, pursuant to the judicial attachment order of the Judge for the preliminary inquiries of Bari, bonds and/or government securities belonging to Merrill Lynch International's assets are now subject to attachment up to the value of approximately €64.4 million, and restrictions have been placed on about €8.6 million which Dexia Crediop made available to the judicial authorities in question. Regarding the above, Dexia Crediop has taken the necessary steps to protect itself before the appropriate authorities.

On 29 June 2009, the Province of Pisa dissolved, through a self-protection procedure, its deliberations regarding an Interest Rate Swap signed on 4 July 2007 with Dexia Crediop in regards to variable interest rate bonds partially underwritten by Dexia Crediop. As a consequence, the Province of Pisa has interrupted its payments to Dexia Crediop owed through the signed Interest Rate Swap. At present, the Province of Pisa has not proceeded with the payment of approximately €1.7 million. Hence, Dexia Crediop has begun legal action in England, aimed at obtaining fulfilment of the obligations of the Province of Pisa. Dexia Crediop has also begun legal action with the TAR in Tuscany, aimed at obtaining the annulment of the above-cited self-protection procedure.

5.3.2 Interest rate risk

Management and measurement of interest rate risk

The activities for measuring and controlling the interest rate risk, as well as market risks in general, are the responsibility of the Market Risk and Balance Sheet Management sector of the Risks Management department.

According to the market risk management policy followed by the Dexia Group, risk profiles are aggregated according to Business Line (BL). This is also the case when banking and trading items are included in the same BL.

In general, for each BL that can generate an interest rate risk which is more than marginal, operating limits on one or more risk indicators are imposed and the situation is monitored daily. Periodic scenario analyses are also carried out periodically to measure the impact on the value of the portfolios monitored, by a series of non-parallel instantaneous shocks in the market interest rates.

The interest rate risk indicators measures and monitored are the following:

- Shift Sensitivity of fair value;
- Value at Risk (VaR).

The shift sensitivity of fair value quantifies the variation in the portfolio value consequent to parallel and instantaneous increases of the market rates curve.

The VaR, which is measure in reference to the "Cash and Liquidity Management BL" assets, is defined as the maximum potential loss caused by possible adverse movement in market rates, with reference to a confidence level of 99% and a holding period of 10 working days.

The internal model is not used to calculate the equity requirements for market risks.

Regulatory trading book

The portfolio is composed exclusively of derivative products, which can be divided on the basis of their remaining duration into short-term (within the year) and medium-long term (after the year).

The first group is composed of forward rate agreements and overnight indexed swaps. These instruments are used by the Cash & Liquidity Management (CLM) Business Line (BL) to hedge the short term interest rate risk linked to the Euribor parameter, including through combinations of the two instruments.

For these operations, the risk indicators described in the section above are measured on a daily basis. Nonetheless, since the interest rate risk is measured within the limits assigned to the CLM business line responsible for the management of the short-term interests rate risk generated by the entire core business of the bank, please see the section dedicated to the banking portfolio to obtain a more comprehensive vision of said risk.

The second group is composed almost entirely of derivatives for matched broking (mainly interest rate swaps). The underlying operations regard the management of the medium/long term debt, represented by mortgages or securities, of the public clientele, and the sale of derivative products to financial and Corporate customers. In both cases, the market risk is precisely covered by derivatives of the opposite sign traded on the market. Operations in derivatives are also carried out to mitigate the sensitivity of the Credit Value Adjustment (CVA) to the interest rate trend of the most important positions.

With regards to par value intermediation activities in medium and long-term derivatives carried out by the Public Banking Structuring BL, at 30 June 2010 a shift sensitivity equal to €1.158 per 1 b.p. was recorded. The same BL also manages the above cited shift sensitivity management for CVA interest rates, which it carries out by negotiating derivatives (plain vanilla interest rate swaps) and which at 30 June recorded sensitivity of -€19.671 per 1 b.p. (originated from a notional derivative of €38.7 million) in the face of estimated CVA sensitivity of +€97.434.

Banking portfolio

Short term interest rate exposure in the banking portfolio, generated in particular by re-fixing of variable rates, is managed as above by the Cash and Liquidity Management BL. (CLM) Operating proposals for opening or closing the interest rate risk are discussed and approved by the Finance Committee, which evaluates expected impacts on operating limits and fixed risks.

Medium and long-term interest rate risk (ALM Rate department) since the beginning of 2010 has been based on the principle of instant and integral coverage of new production. Decisions regarding management of any residual risks fall within the responsibilities of the Finance Committee.

For the interest rate risk, derivatives to hedge the fair value or the cash flows are used. The first category, fair value hedge derivatives, also includes certain derivatives of the CLM classified in the trading portfolio (see the section above). The most commonly used instruments are Overnight Indexed Swaps, Forward Rate Agreements and Interest Rate Swaps. Initial tests are performed on each hedge regarding the applicability of hedge accounting as well as regular tests on their effectiveness in accordance with the IAS/IFRS principles.

For CLM activities, we note the following values in relation to the first half of 2010:

	VAR 10 days (Euro)	*Shift Sensitivity 100 bps* (absolute values in Euros)
30 June 2010	1,053,384	20,971,891
minimum	64,679	10,421
average	231,827	4,625,699
maximum	1,087,079	22,858,872

We note that at 30 June 2010 the sensitivity of -€21.0 million includes a sensitivity of -€3.2 million generated by CLM derivatives booked to the trading portfolio.

For the "ALM Rate" department, interest rate risk is monitored using sensitivity measurements of the portfolio value assuming an instant increase in interest rates of 100 bps. We note the following values over the course of the first half of 2010:

	Shift Sensitivity 100 bps (absolute values in Euros)
30 June 2010	7,351,833
minimum	6,265,317
average	8,417,576
maximum	11,015,670

5.3.3 Price risk

This risk refers to equity securities classified among financial assets available for sale. Due to the nature of these securities in which the equity in the Istituto del Credito Sportivo is relevant, no price risk hedges have been established.

5.3.4 Exchange rate risk

The Group holds financial assets and issues bonds in non-Euro currencies.

Said financial assets and liabilities are systematically hedged at the origin against exchange rate risks using derivative products (currency and interest rate swaps). The activities of measurement and risk control are the same as those described for interest rate risk.

5.3.5 Liquidity risk

The Group's lending operations are financed through bond issues on the home and international markets, collecting funds on the interbank market and with refinancing transactions with the European Central Bank.

The *Market Risk & Balance Sheet Management* function measures and controls liquidity risk analyzing future performance of the balance between:

a) liquidity gap (difference between assets and liabilities);

b) liquidity reserves (value of ready cashable instruments).

This analysis is carried out using inertial and dynamic operating scenarios with an eye to ensuring proper balance in the Group's liquidity situation.

5.3.6 Operational risks

Operational risk is *"the risk of loss resulting from inadequate or failed internal processes, people and systems, or from external events"*. This definition includes legal risk, but not strategic risk (i.e. the risk of not achieving the desired performance owing to assessment errors by the management) or reputational risk (i.e. the risk of losing revenues owing to a loss of public confidence in the broker).

The method used by the Group for measuring operational risk is the Traditional Standardized Approach (TSA).

As regards the qualitative method of assessing operational risks, an Operational Risks & Security Unit has been created within the Risk Management Office, and has responsibility for:

- laying down rules for the management and monitoring of operational risks;
- defining and adopting methods for measuring risks;
- defining, adopting and producing the reporting system on risk trends;
- managing profiles and passwords for IT applications, including the National Interbank Network and SWIFT.

As regards management performance assessments, a number of Operational Risk Correspondents (ORC) have been chosen within each of the Parent Bank's structures, with the task of noting every operational risk event and subsequently filing the information in the Group's loss-database.

The Group has no significant lawsuits pending.

The main causes of operational risk events are shown below in percentage terms:

CATEGORY OF EVENT	%
Internal fraud	0%
External fraud	0%
Relationships with staff and safety in the workplace	0%
Customers, products and business practice	0%
Damage to or loss of tangible assets	6%
System failure or breakdown	0%
Process execution, delivery and management	94%

5.3.7 *Other information regarding risks*

This section provides information regarding the bank's involvement with vehicle companies and about risks linked to special financial instruments, as requested by the Bank of Italy and in conformance with that included in the Financial Stability Forum Report of 7 April 2008.

Special Purpose Entities (SPE)

The Parent Company Dexia Crediop S.p.A. has complete control over the vehicle company DCC, Dexia Crediop per la Cartolarizzazione S.r.l., through which transfers of performing bonds from Italian Local and Regional Authorities have been carried out.

The class A ABS securities (senior) issued by the vehicle company have the benefit of an unconditional first-demand guarantee granted by Dexia Crediop S.p.A.; pursuant to this guarantee and the consequent obligation to buy back the securities and repay the entire ABS in the case of any credit or fiscal event, in accordance with the indications of IAS 39, the securities in question are posted on the Italian Parent Bank's financial statement as well as the corresponding liabilities for the ABSs issued by the vehicle company.

In addition, Dexia Crediop S.p.A. originated three securitisation operations for loans using bonds issued by Italian local and regional authorities and loans using the vehicle company Tevere Finance S.r.l. The *Special Purpose Entity* has capital held by a Foundation operating under Dutch law and Dexia Crediop has acquired all of the bonds issued by this vehicle company, both in the Senior and Junior (subordinate) classes. The Senior ABS securities can be used for fund raising repurchasing operations with the Central European Bank. Transfer of these assets to the vehicle company with the contextual total repurchase of senior and junior ABS bonds is seen a substantial maintenance of all the risks and benefits of ownership of the financial assets, and hence, requires the entity to continue to book said assets (IAS 39, § 17 as amended) to the financial statements of Dexia Crediop under "assets sold but not derecognized."

At 30 June 2010, the value in the financial statements of the financial assets of the vehicle company booked in the financial statements of the Parent Company, as well as in the consolidated financial statements, was as follows:

	millions of euro
Description	**Loans and Receivables Securities**
Securitisation in 2004	822
Securitisation in 2005	756
Securitisation in 2008	2,436
Securitisation in 2009	770
Total	**4,784**

	millions of euro
Description	**Loans and Receivables Mortgages**
Securitisation in 2009	243
Securitisation in 2010	446
Total	**248**

Securitisation for 2010 was originated through the vehicle company Tevere Finance and involves a portfolio of €500 million of mortgage loans issued by Italian public regional entities.

Asset - backed Securities (ABS)

At 30 June 2010 the nominal value of the securities portfolio in question, entirely booked to the "Loans and Receivables" category, totalled €1,294 million, of which 93% was relative to non-segmented operations and the remaining 7% regarded senior securities.

The exposure of this portfolio was guaranteed by the State and the Regions in the amount of 63%.

Residential Mortgage–Backed Securities (RMBS)

At 30 June 2010 the nominal value of the securities portfolio in question, entirely booked to the "Loans and Receivables" category, totalled €686 million and was entirely attributable to senior securities.

Collateralised Debt Obligations (CDO)

At 30 June 2010 the nominal value of the securities portfolio in question, entirely booked to the "Loans and Receivables" category, totalled €21 million and was entirely attributable to senior securities with an AAA rating.

Valuation criteria

The ABS/RMBS/CDO are valuated through the appropriate Dexia Group Competence Centre using a methodology, shared with the Dexia Crediop Risk Management unit, that uses market spread curves on these products, divided by ratings provided by external providers with excellent standing.

Market prices for individual securities, received from brokers using the main informational circuits, are compared with the above-cited curves in order to arrive at a final valuation which takes into account other factors such as liquidity and the last time the price was updated.

5.4 Other information

5.4.1 Dividends paid

In the meeting to approve the financial statements for 2009, the Shareholders' Assembly decided to not distribute dividends and to use all profits for the year to reinforce the company's equity.

5.4.2 Transactions with related parties

As requested by IAS 24 and CONSOB Communication no. 6064293 of 28 July 2006, below we provide information relative to transactions with related parties.

In addition, we note again that the company Dexia Crediop S.p.A. is the parent company of the Dexia Crediop Banking Group which includes the following subsidiaries:

1. Crediop Overseas Bank ltd, with a 100% shareholding;
2. DCC - Dexia Crediop per la Cartolarizzazione S.r.l., with a 100% shareholding;
3. D.C.I. - Dexia Crediop Ireland Unlimited with a 100% shareholding.

Additionally, the company is controlled and subject to management and coordination (70% of share capital) on the part of Dexia Crédit Local SA.

Transactions with other companies in the DCL Group

The operations in question mainly refer to those carried out with the Parent Company Dexia Crédit Local SA.

Assets and Liabilities	*in millions of euro*
Assets	
- Receivables for loans granted	1,400
- Treasury securities	3,003
- Hedging derivatives	8
- Financial assets held for trading	518
- Other assets	1
Total	**4,930**
Liabilities	
- Repurchase agreements	1,452
- Hedging derivatives	343
- Financial liabilities held for trading	14
- Loans received	990
- Subordinated debts	400
- Securities in issue	3,937
Total	**7,136**

Other transactions	*in millions of euro*
Guarantees given	3,773
Guarantees received	5,080

Income and charges	*in millions of euro*
Income	
- Interest and similar income	33
- Trading differential derivatives	73
- Commission income	2
Total	**108**
Charges	
- Interest paid and similar charges	87
- Trading differential derivatives	36
- Profits (Losses) on sales	3
Total	**126**

Transactions with other companies in the DBB Group

Assets and Liabilities	*in millions of euro*
Assets	
- Deposits	2,640
- Hedging derivatives	191
- Financial assets held for trading	72
Total	**2,903**
Liabilities	
- Deposits	1,002
- Repurchase agreements	3,567
- Hedging derivatives	1,245
- Financial liabilities held for trading	1,434
- Securities in issue	48
Total	**7,296**

Income and charges	*in millions of euro*
Income	
- Interest and similar income	98
- Trading differential derivatives	99
Total	**197**
Charges	
- Interest paid and similar charges	223
- Trading differential derivatives	282
Total	**505**

Transactions with other companies in the BIL Group

Assets and Liabilities	*in millions of euro*
Assets	
- Deposits	7
- Financial assets held for trading	5
Total	**12**
Liabilities	
- Deposits	7
- Financial liabilities held for trading	1
- Securities in issue	47
Total	**55**

Income and charges	*in millions of euro*
Income	
- Trading differential derivatives	1
Total	**1**
Charges	
- Trading differential derivatives	1
Total	**1**

Transactions with subsidiaries

Operations with subsidiaries existing at 30 June 2010 are as follows:

COBL

Assets and Liabilities	*in millions of euro*
Liabilities	
- Loans received	503
- Deposits paid	1
Total	**504**
Income and charges	
Charges	
- Interest paid and similar charges	11
Total	**11**
Other transactions	
Guarantees given	449

D.C.I.

Assets and Liabilities	*in millions of euro*
Assets	
- Financial assets held for trading	148
Total	**148**
Liabilities	
- Financial liabilities held for trading	38
Total	**38**

Income and charges	*in millions of euro*
Income	
- Trading differential derivatives	29
Total	**29**
Charges	
- Trading differential derivatives	18
Total	**18**

Operations with related parties as above were carried out using conditions equivalent to prevailing conditions for transactions made on the free market.

5.4.3 Significant non-recurring operations and events

No important non-recurring events or transactions occurred.

5.4.4 Atypical and/or unusual transactions.

No atypical and/or unusual transactions occurred.

5.4.5 Information on sectors

Criteria for sector reporting

As of 1 January 2009, information on sectors must be drawn up in accordance with the IFRS8 Operating Sectors principle and in conformance with section 16 of IAS Principle 34 in reference to the minimum content to be provided in the six month financial statements.

The two above principles replace those previously called for by IAS Principle 14.

The adoption of IFRS8 confirms the logic according to which the sectors of activity subject to disclosure are chosen, the Bank having long had a so-called management approach, i.e. the adoption of using the same structure for the financial statement as that used for the preparation of internal reporting.

Consistently with this system, also pursuant to the reorganisation plan adopted by the Dexia Group (please refer to the information in the Report on Operations.), internal reporting has been reorganised to focus more on the Bank’s core business.

The new approach, which more closely adheres to the new business model, contemplates the aggregation of business lines with similar features as regards the products and services offered to the clientele, and the use of the following two sectors:

- Public and Wholesale Banking (PwB);
- Group Centre.

The Public and Wholesale Banking (PWB) sector includes loans and financial services offered by the Group to customers of the public sector and the corporate clientele, which represent the two target segments. The Group Centre sector includes all the activity carried out by the Dexia Crediop Group on financial and monetary markets, as well as the management of the free capital, equity investments and other assets not otherwise allocated.

With regard to the primary schedule “Information on sectors”, the information given in the 2009 six month financial report has been reclassified according to the new arrangement to allow for opportune comparison of the results.

Profits by business sectors

The table below provides the economic results of the Dexia Crediop Group at 30 June 2010, subdivided by business sector. For a general description of the Dexia Crediop Group’s business results, please refer to section 5.2.

The income statement for each sector is constructed by aggregating the income statements of the Dexia Crediop Group companies after having eliminated infra-group transactions and consolidation entries.

in millions of euro

Income Statement items at 30.06.10	Public and Wholesale Banking	Group Centre	**DEXIA CREDIOP GROUP**
Net interest income (item 30)	44	39	83
Net interest and other banking income (item 120)	38	35	73
Net adjustments (+/-) for impairment (item 130)	-0,4	-0,4	-0,8
Net adjustments of tangible and intangible assets (items 200 and 210)	-0,6	-0,3	-0,9
Profit (loss) from continuing operations before tax (item 280)	23	27	49

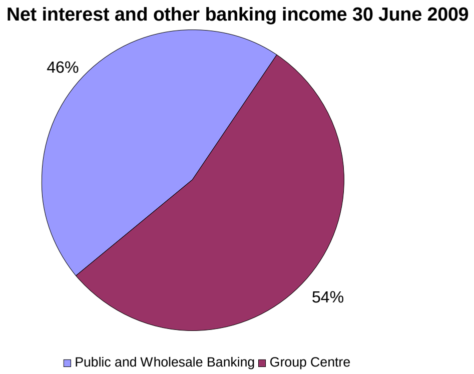
Income Statement items at 30.06.09	Public and Wholesale Banking	Group Centre	**DEXIA CREDIOP GROUP**
Net interest income (item 30)	54	115	169
Net interest and other banking income (item 120)	102	122	224
Net adjustments (+/-) for impairment (item 130)	1	-13	-12
Net adjustments of tangible and intangible assets (items 200 and 210)	-0,8	-0,2	-1
Profit (loss) from continuing operations before tax (item 280)	86	94	180

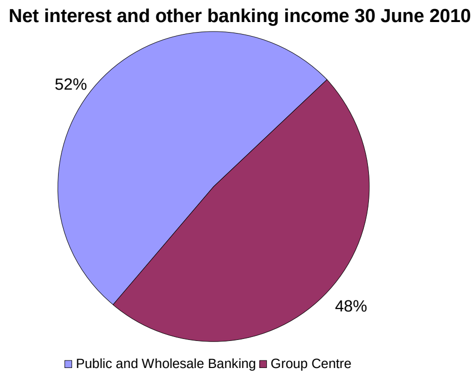
Consolidate interest income at 30 June 2010 totalled €83 million.

With respect to the first half of 2009, this item saw an overall decrease of €86 million.

Of the total intermediation margin of the Dexia Crediop Group amounting to €73 million at 30 June 2010, €38 million is from Public and Wholesale Banking and €35 million from Group Centre activities. With respect to the first half of 2009, which saw exceptional results as already indicated in the Notes to the Statements for the present document, a total decrease of -€150 million was seen for intermediation margins, which involved both sectors.

The contribution in percentages of the various sectors for the total intermediation margin at 30 June 2010 and 30 June 2009 is shown in the graph below.



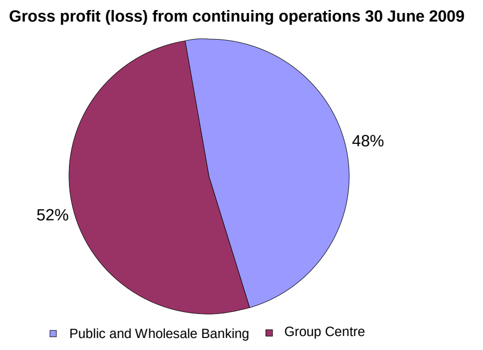


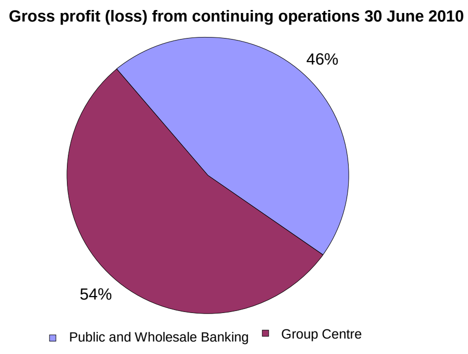
With respect to the first half of 2009, the percentage contributed by the Public and Wholesale Banking sector increased from 46% to 52%, while the percentage attributable to the Group Centre decrease from 54% to 48%.

Total net impairment adjustments were determined using Dexia Group methodology and dealt with flat-rate adjustments totalling -€0.8 million (-€12 million in June 2009) which came equally from the Parent Company and the managed securities portfolio of the subsidiary Dexia Crediop Ireland which fell within the Group Centre sector.

Of the total continuing operations profits for the Dexia Crediop Group, totalling €49 million at 30 June 2010, €23 million came from Public and Wholesale Banking activities, and €27 million from Group Centre business. With respect to the first half of 2009, both sectors saw a combined decrease totalling -€131 million, mainly linked to the decrease in intermediation margins explained above.

The contribution in percentages of the various sectors for profits on continuing operations before taxes at 30 June 2010 and 30 June 2009 is shown in the graph below.





With respect to the first half of 2009, the percentage contributed by the Group Centre slightly increased from 52% to 54%, while the Public and Wholesale Banking sector decreased slightly from 48% to 46%.

6. Parent Company accounting reports

As required by CONSOB Regulation 11971 article 81, paragraph 3, enacted by Italian Legislative Decree no. 58 of 24 February 1998, we provide the accounting reports for the Parent Company, drawn up in accordance with the criteria used for the financial year financial statements.

6.1 Financial statement schedules

BALANCE SHEET

in millions of euro

	Assets	**30/06/2010**	**31/12/2009**
10	Cash and cash equivalents	0	0
20	Financial assets held for trading	5,044	3,640
40	Financial assets available for sale	670	673
50	Financial assets held to maturity	385	405
60	Due from banks	9,547	11,778
70	Due from customers	31,163	30,382
80	Hedging derivatives	1,048	1,029
90	Fair value adjustment of assets in hedged portfolios	19	18
100	Equity investments	750	750
110	Tangible assets	44	45
120	Intangible assets	3	3
	of which:		
	- goodwill	*0*	*0*
130	Tax assets	54	50
	a) current	*7*	*18*
	b) advance	*47*	*32*
150	Other assets	74	157
	Total assets	**48,801**	**48,930**

in millions of euro

Liabilities and shareholders' equity		30/06/2010	31/12/2009
10	Due to banks	19,956	19,134
20	Due to customers	6,298	6,475
30	Securities in issue	13,304	16,522
40	Financial liabilities held for trading	5,071	3,643
60	Hedging derivatives	2,918	1,840
70	Fair value adjustment of financial liabilities in hedged portfolios (+/-)	0	0
80	Tax liabilities	0	26
	a) current	*0*	*26*
	b) deferred	*0*	*0*
100	Other liabilities	86	111
110	Provision for severance indemnities	3	4
120	Provisions for risks and charges	11	9
	a) pension funds and similar benefits	*1*	*1*
	b) other provisions	*10*	*8*
130	Valuation reserves	20	50
160	Reserves	666	619
180	Share capital	450	450
200	Profit (Loss) for the period (+/-)	18	47
	Total liabilities and shareholders' equity	**48,801**	**48,930**

in millions of euro

Income Statement items		30/06/2010	30/06/2009
10.	Interest and similar income	535	888
20.	Interest and similar expenses	(474)	(745)
30.	**Net interest income**	**61**	**143**
40.	Commission income	7	4
50.	Commission expense	(1)	(2)
60.	**Net fee and commission income**	**6**	**2**
70.	Dividend and similar income	5	5
80.	Net trading gains (losses)	(18)	23
90.	Net hedging gains (losses)	0	0
100.	Gains (losses) on disposal or repurchase of:	3	27
	a) loans	*3*	*0*
	b) financial assets available for sale	*0*	*0*
	d) financial liabilities	*0*	*27*
120.	**Net interest and other banking income**	**57**	**200**
130.	Net adjustments for impairment of:	0	1
	a) loans	*0*	*1*
140.	**Net income from financial activities**	**57**	**201**
150.	Administrative expenses:	(20)	(24)
	a) personnel expenses	*(13)*	*(16)*
	b) other administrative expenses	*(7)*	*(8)*
160.	Net provisions for risks and charges	(2)	(6)
170.	Net adjustments on tangible assets	0	0
180.	Net adjustments on intangible assets	(1)	(1)
190.	Other operating expenses/income	0	0
200.	**Operating costs**	**(23)**	**(31)**
250.	**Profit (loss) from continuing operations before tax**	**34**	**170**
260.	Income taxes from continuing operations	(16)	(59)
270.	**Profit (Loss) from continuing operations after tax**	**18**	**111**
290.	**Profit (Loss) for the period**	**18**	**111**

6.2 Parent Company Equity Investments

In the parent company financial statements, the item “Equity Investments” includes equity investments in subsidiaries totalling €750,015 thousand.

At 30 June 2010, this item consisted of the following:

in thousands of euro

Description	% stake	Opening balances at 31.12.09	Purchases/Sales	Write-downs/Write-backs	Closing balances at 30.06.10
Crediop Overseas Bank Limited	100%	50.000	0	0	50.000
DCC -Dexia Crediop per la Cartolarizzazione srl	100%	15	0	0	15
Dexia Crediop Ireland *	100%	700.000	0	0	700.000
Total		**750.015**	**0**	**0**	**750.015**

** Dexia Crediop Ireland is a company operating under Irish law with share capital of €700 million, represented by 700 million shares with a nominal value of €1 each, including:*

699,999,999 shares held by Dexia Crediop S.p.A.;

1 share held by Dexia Investments Ireland, in its capacity as Trustee for Dexia Crediop S.p.A.