Half - Yearly Financial Report at 30th June 2011

Dexia Crediop Group

DEXIA

HALF-YEARLY FINANCIAL REPORT
DEXIA CREDIOP GROUP
AT 30 JUNE 2011

Introduction

The half-yearly 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 "Banks' Financial Statements: Layouts and preparation" and the IAS 34 international accounting standards which deal with drawing up interim financial reports.

It consists of the Directors' Report on Operations, the Balance Sheet and Income Statement documents, the Statement of Comprehensive Income, 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 consolidated experience. The Company was founded in 1919 as a Credit Consortium for Public Works. It stands alongside the Public Administration to help realise development projects in our country.

Over time, the bank has refined its approach with a view to providing its customers with effective support, in synergy with its shareholders. These 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).

The Dexia Crediop Group is today the partner of choice for local authorities, large public administrations and key public service institutions for funding works and infrastructure projects, issuing national bonds, structured finance transactions, project financing, debt management operations, advice and assistance connected to privatisation and restructuring processes and cash management.

Additionally, with regard to finance, to guarantee quality and added value of the products and services provided, the group operates on the financial markets within the sphere of several business lines: Cash and Liquidity Management, Long Term Funding, Debt Capital Markets and Sales and Structuring.

The Group is specialised in meeting the demand for bank services in compliance with regulatory and institutional reporting constraints as pertaining to the public world. It combines its infrastructural 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 and universities.

The trusting relationship enjoyed with its customers over the long-term, the capacity to provide continuous assistance and the attention paid to compliance are the strengths on which Dexia Crediop hinges its commercial action.

The Dexia Crediop Group therefore offers its clientele a wide range of products and services, especially in the sector of public works, 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 2011, 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	Share %	
Other companies of the Dexia Crediop Group				
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	Dexia Crediop	100%	100%
Crediop per le Obbligazioni Bancarie Garantite S.r.l.	Rome	Dexia Crediop	90%	90%

** Dexia Crediop Ireland has equity of €100 million, represented by 100 million shares with a nominal value of €1 each, including:*

- *99,999,999 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.

At the end of June 2011, all the company's debt was assumed by the parent company and once all technical requirements have been met, the company, now without operations, will be voluntarily liquidated. The final general meeting is expected to be held by the end of this year.

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 scheduled, the subsidiary began operating in the fourth quarter of 2007. By virtue of the deleveraging policy resolved by the Group, in 2010 major disposals of non-core business were made and, consequently, equity has been reduced from €700 million to €100 million, reimbursing the shareholder Dexia Crediop at par value.

Crediop per le Obbligazioni Bancarie Garantite S.r.l.

The company, whose equity is €10,000 is held 90% by Dexia Crediop, was acquired in 2010. Its registered office are in Rome and it is registered with the general list of financial intermediaries in accordance with art. 106 of the Consolidated Law on Banking. It belongs to the Dexia Crediop banking group.

The company's purpose is exclusively the issue of covered bonds in accordance with art. 7-*bis* of Italian Law no. 130 of 30 April 1999 and subsequent implementation provisions. As of the date on which this report was prepared, the company had not carried out any transactions.

1.3 Parent Company Shareholders

There have been no changes in the shareholder body since 31 December 2010.

Dexia Crediop's equity 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 equity, totalling €315,147,000;
- *Banca Popolare di Milano*: 17,450,000 ordinary shares, representing 10% of the equity, totalling €45,021,000;
- *Banco Popolare* (previously *Banco Popolare di Verona e Novara*): 17,450,000 ordinary shares, representing 10% of the equity, totalling €45,021,000;
- Em. Ro. Popolare S.p.A.: 17,450,000 ordinary shares, representing 10% of the equity, 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 approximately 35,200 people with shareholders' equity of €19.3 billion at 31 March 2011. The Dexia Group mainly operates in Belgium, Luxembourg, France and Turkey. The Dexia share security, listed on Euronext (Brussels and Paris) and on the Luxembourg stock exchange, is part of the BEL20, the reference index of the Brussels Stock Exchange and the Dow Jones EuroStoxx Banks index.

The Dexia Group has clear strategic ambitions and intends to achieve the following objectives within the next three years:

- to complete the financial restructuring, favouring sources of income linked to its core business;
- to consolidate and develop its commercial franchises, focusing its offer around retail and commercial banking.

This strategic repositioning is based on an operating model optimised through synergies and increased efficiency and translates into the Dexia values, which bring all Group collaborators towards shared objectives: respect, excellence and operating flexibility.

Dexia Group activities

Retail and 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 four million customers served by a network of approximately 850 branches. It also has a network covering Luxembourg, which is where the Group’s international asset management activities are centred.

Dexia has a strong position in Turkey, through DenizBank. This highly qualified banking institute is at present the sixth largest Turkish private bank, with a national network of 500 branches. In addition to retail and commercial banking, DenizBank also operates with corporate customers and offers asset management services and insurance products.

Public & Wholesale Banking

Dexia plays a leading role in the funding of infrastructure and local public services, in the sectors of health, social housing and - in general - the social economy, particularly in Belgium and France but currently also in Italy and on the Iberian peninsula.

The Dexia Group also operates:

- in project financing with a selective approach and specific attention to sectors such as infrastructure and renewable energy in Europe and North America;
- in "Corporate Banking" in Belgium, with a main, but not exclusive, focus on medium-sized enterprises.

The Group is also present in Germany with a platform granting access to long-term re-financing instruments (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, exceeding the traditional limits of the role of specialised lender. Dexia offers public operators the most suitable solutions for their financial needs.

Asset Management and Services

This business line includes the activities conducted by Dexia in the field of Asset Management, Investor Services and insurance, marked by interesting growth prospects based on diversified customers and a strong integration with the other Group commercial franchises.

With total assets under management totally €86.3 billion at 31 March 2011, Dexia Asset Management is the Group's asset management company. Its four production centres (Belgium, France, Luxembourg and Australia) serve a wide customer base. Investor services are performed by RBC Dexia Investor Services, a joint venture with Royal Bank of Canada, which provides investors worldwide with its know-how in terms of global deposit bank activities, the administrative management of investment and pension funds and services to shareholders. Net assets administered at 31 March 2011 total €2,064 billion.

Dexia's insurance business is mainly concentrated on the Belgian and Luxembourg markets. The Group offers a complete range of life and non-life insurance products to customers of the other sectors of the bank (retail, commercial and public customers or private banking customers) with a bank-insurance approach and a dedicated network of agents.

Rating

The Group's main operational enterprises - Dexia Bank Belgium, Dexia Crédit Local and Dexia Banque Internationale (Luxembourg) – were long-term rated A+ by Fitch, A3 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: mailto:internet@dexia.com

Equity €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 and the National Guarantee 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)

Crediop per le Obbligazioni Bancarie Garantite S.r.L.

Rome – Via Eleonora Duse, 53

Auditing company 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

Dexia Asset Management Luxembourg Ltd - Italian Branch

Milan – Corso Italia, 1

Dexia Crediop

Honorary Chairman

Antonio **Pedone**

Board of Directors[1]

Mario **Sarcinelli**	**Chairman**
Alain **Clot**[2]	**Deputy Chairman**
Jean **Le Naour**	**Chief Executive Officer**
Benoit **Debroise**	Director
Alberto **Gasparri**	Director
François **Laugier**	Director
Luigi **Odorici**	Director
Marcello **Priori**	Director

Board of Auditors [3]

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

Steering Committee[4]

Jean **Le Naour** (President)
Jean **Bourrelly**
Stefano **Catalano**
Thomas **Duvacher**[5]
Fabrizio **Pagani**[6]

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

[2] Alain Clot, appointed as from 4 February 2011 in lieu of Pascal Poupelle, Deputy Chairman standing down with effect from 31 December 2010.

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

[4] Riccardo Massa, Deputy General Manager, was a standing member of the Steering Committee until 30 June 2011, on which date he retired.

[5] Appointed member of the Steering Committee by the Board of Directors meeting held on 28 July 2011.

[6] Appointed member of the Steering Committee by the Board of Directors meeting held on 28 July 2011.

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

Jean **Bourrelly**

Organisation [7]

CHIEF EXECUTIVE OFFICER

Jean LE NAOUR

GENERAL AND LEGAL OFFICE
Edoardo BARATELLA

HUMAN RESOURCES
Daniela POZZALI

INTERNAL AUDIT
Giuseppe NUSINER

COMMUNICATIONS
Daniela CONDO'

COMPLIANCE
Claudio COLA

PUBLIC & WHOLESALE BANKING **Jean Le Naour** ***(ad interim)***	**FINANCE** **Stefano CATALANO** ***(DIrector)***	**ADMINISTRATION** **Jean BOURRELLY** ***(DIrector)***
GLOBAL FINANCE Fabrizio PAGANI *(Deputy)*	SALES & STRUCTURING Claudia PIERONI	ACCOUNTING AND MANAGEMENT CONTROL Viviana ASCANI
GLOBAL MARKETS Thomas DUVACHER *(Deputy)*	LONG TERM FUNDING Daniele ALBARIN *(Deputy)*	BACK OFFICE Pietro CONTENTI
	DEBT CAPITAL MARKETS Stefano CATALANO *(ad interim)*	ICT & FACILITY SERVICES Pasquale TEDESCO
	CASH & LIQUIDITY MANAGEMENT Marcello SATULLI	RISK MANAGEMENT Stefano VICARI

[7] As of 1 July 2011

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 Effectiveness (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

1.7.1.1 Loans and financial services for the public sector

The general macro-economic situation

At the end of 2010, the world economy - particularly with regards to western countries - continued to find itself in the grip of great uncertainty and difficulty, which in 2010 included not only the all too well-known aspects linked to insufficient growth and the related employment effects, but also the new issue that has arisen of a deterioration of the sovereign risk level for a great many, mainly European countries.

This deterioration, whose main, but not only, cause lies in the major public finance commitments made by the main western countries in order to combat the economic and financial crisis in summer 2010, has seen a worsening of the situation particularly in Europe (and in Greece first and foremost). In the first 6 months of 2011, a new stage was entered that is still underway as this document is being prepared.

The worsening of the ratings prospects of several European countries led to significant turbulence on the markets in June 2011, which also affected Italy and its banking sector. Consequently, the ratings prospects also worsened for a great many Italian local authorities although - as recognised by the agencies - the Italian entities have not suffered the economic financial crisis to the same extent as other European countries.

The countries affected by this turbulence are having to implement various different strategies to solve the problem and these also affect the sector of local authorities, which will be called upon to make some financial effort, presumably through a reduction of transfers of current parts.

This reduction, in the hypothesis that provisions are approved definitively, would decrease these local organizations' ability to self-finance investments.

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.

Recourse to new debt by the Italian local authorities has, on an annual basis, been relatively stable for a few years, at a level that is close to the debt that has been repaid in the meantime. As a result, the total stock of debt of Regions, Provinces and Municipalities has been stable at around €100 billion since 2007.

Public Finance and Local Utilities Activities

Loans

As already mentioned, 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." Generally speaking, 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 forecast annual report, 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. For 2011, the terms for the approval of the forecast annual report were extended to 31 August, with the foreseeable effects on the trend of credit applications made during the first half of the year by the authorities, namely a sharp drop on the same period of last year. It is therefore estimated that the new debt required to meet the financial demands for investment forecast for 2011 will mainly be assumed by the authorities during the second half of the year.

In the Utilities and Corporate sector, the needs for financing or re-financing remain high and took concrete form in the first half of the year in the form of applications for loans and other credit facilities, whilst in the second half the expectations, particularly of some higher standing issuers, is that the equity market shall make a recovery through the issue of bonds, some of which for significant amounts.

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 equity 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.

Considering this, the activity therefore currently relates to operations with Corporate customers and mainly with parties implementing transactions under project financing regimes.

Credit Structuring

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.

Mainly, but not exclusively relating to the entities responsible for managing health expenditure, the sector has generated a new type of operation for the bank in recent years, that is perfectly in line with Dexia Crediop's risk profile and scope of activities. The results achieved in the first half of 2011 are satisfactory.

Structured Finance

Over the course of the first half the market was still influenced by the great volatility of the financial markets, despite the completion of various operations in both the energy 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 2011, Dexia Crediop completed two new project finance operations in the solar energy sector and one in the infrastructure sector for a total of €100 million.

Additionally, during the half-year, both the appointments as Agent Bank in relation to new stipulation operations and deposit contracts with the project companies financed, specifically dedicated to managing liquidity reserves were completed.

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

1.7.2 Funding and activities in financial markets

Funding activities

Transactions completed during the year (numbering 11) raised total nominal equity of €579 million. These were exclusively "Plain Vanilla" operations, including an operation with the European Investment Bank.

In May, CONSOB authorised the update of the Registration Document. 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 21 June 2011. This document allows the bank to raise funds on the international markets.

During the half-year, deposits continued through MOT, which for Dexia Crediop represents access to a more independent source of distribution of its bonds. This method - which began at the end of the 1st half of 2010 - 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.

Business on the financial and monetary markets

Distribution

This business line, which is focused on distributing financial products to Italian institutional customers, continued its activities creating investment opportunities for customers.

Additionally, the line also contributes to the deleveraging of Group portfolios and distributes the funds of the Dexia Group and the issues arising from the Group.

In addition, this area also assists 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 through short-term funding 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.

1.7.3 Changes in the Company

Human Resources

The Bank employed 204 persons as of 30 June 2011 (-4 compared to 31 December 2010).

The first half of 2011 was marked by the implementation of the organisational updates of the front office areas in line with the commercial and operating strategy defined by the bank, as well as the technical and transversal competences of internal resources, including through recourse to loans of Interprofessional Funds to form the Solidarity Fund.

Considering the evolution of the regulatory context on policies and practices of remuneration and incentives in banks - and, in particular, of the Supervisory Provisions of the Bank of Italy issued in March in implementation of Directive 2010/78/EU (CRD 3) - particular attention was reserved to the definition of the bank's 2011 remuneration policy, in line with the principles and provisions contained in the document on the "Remuneration policy" adopted by the Dexia Group. Social dialogue continued with trade union organizations, with frequent meetings on both general and specific matters and with the adoption of shared solutions on various matters.

In relation to operating function aspects, the implementation of administrative procedures and instruments in application of new regulatory provisions concerning employment management was significant.

Compliance

In the first half of 2011, the organizational changes on money laundering and the fight against the funding of terrorism were defined. In particular, we note the following: the constitution of an Anti-money laundering Department, through the attribution to the Compliance structure and the appointment as Money Laundering Manager[8] of the Compliance structure manager.

These changes will take effect as from 1 September 2011 and arise from the Bank of Italy's supervisory provisions of March 2011 on organization, procedures and internal controls to prevent the risks of money laundering and financing terrorism.

Further activities to be pointed out include updating the procedure on the transparency of bank and financial services carried out on the basis of the observations highlighted by the Supervisory Body, established by Italian Legislative Decree no. 231/2001.

Control activities mainly concerned, on money laundering, the completion of the Single IT Archive and the verification of operations to evaluate client risk. For MiFID, we would point out the controls carried out as part of the regular schedule of the Dexia group.

In terms of training, in collaboration with Human Resources, on-line training on money laundering matters began as did that relating to the fight against financing terrorism.

Lastly, we would point out the Compliance Congress on transparency with regards to customers, carried out with the sponsorship of AICOM, the Italian Compliance Association and with the participation of the Bank of Italy, Consob, ISVAP, AGCM and ABI as leading speakers. The initiative was highly 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, taking advantage of the Bank and Group’s history and innovative expertise.

[8] Appointed by the Board of Directors on 28 July 2011.

Over the course of these six months the bank completed, either directly or in synergy with other important organizations, numerous 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. In particular, we should recall the participation at the Forum of Banks and PA organized by ABI - the Italian Banking Association; the participation in the annual AIAF ASSIOM ATIC FOREX event for operators of financial markets and the meeting on the theme "Operating impacts on the decisions of ADR systems[9] in the banking and financial sector" in collaboration with the Financial Bank Conciliator. Additionally, Dexia Crediop hosted the "Goria Lesson", a first appointment of the Goria Foundation devoted to "Governing contingencies" and two seminars organized with "Tor Vergata" University of Rome on "Open Government in Europe. Modernization and Innovation of the Public Tender System" and "The ten years of Law 231: where now?".

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" and 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 new Bank website www.dexia-crediop.it.

Activities to promote the new Dexia Crediop bond issues “Serie” 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 2011, Dexia Crediop reaffirmed its commitment towards sustainable growth and corporate social responsibility.

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 2011, this target was pursued both by favouring investments and projects aimed at the production of energy from renewable sources.

Administration

Over the course of these six months, the *Accounting and Management Audit Department* was busy producing the accounts and involved in notifications to

[9] Alternative Dispute Resolution

supervisory bodies. Under this scope, project activities were carried out relating to the update of applications in support of notifications to supervisory bodies, and the accounting structures relating to new funding products were defined. Specific tax analyses were carried out to verify the correct application of tax regulations, also in view of the derivation principle applicable to IAS adopters.

Controls regarding efficacy and appropriateness called for by the organizational model for the Financial Reporting Manager continued.

The analyses and documents defined to assist bank management and aimed at verifying the extent to which the strategic plan is developed, were particularly important.

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 2010.

The structure also went on to determine the flat-rate adjustments on loans and pursued the careful monitoring of liquidity, market and interest rate risk. Automatic processes were reinforced, in particular those having to do with control systems.

Back Office work mainly involved implementing the new "Orizzonte" platform in support of the processes of the Finance area and the settlement platform of securities deposited with Monte Titoli named X-TRM on-line. Additionally, an IT tool was developed to manage and balance stock and flows of guarantees available and allocated at the central bank.

The IT Services area pursued the program for the evolution of automation systems, intervening on core processes in support of the operations of the various bank sectors. Important work included the publication of the new institutional internet website with modernized layout and navigation as well as content management, and the consolidation of the Data Centre infrastructure, updated with the latest technology.

Logistics included the development of the project to replace the generator with an extremely reliable plant with less impact on consumption and the environment.

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 2010 profits which totalled €16.1 million circa, in May 2011 ICS paid out dividends of approximately €10.9 million (of which Dexia Crediop’s share was €2.35 million).

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

It should be noted that on 17 June 2011, by appointment decree signed by the Chairman of the Council of Ministries by agreement with the Ministry for Cultural Heritage and Assets and the Ministry for the Economy and Finance, the resigning Chairman of the Institute, Andrea Cardinaletti, was appointed Extraordinary Commissioner. The decree attributed the Extraordinary Commissioner the tasks, duties and powers of the Institute's organizations, other than the Board of Auditors, established by the current Articles of Association, whilst those of the Board of Auditors were attributed to the Supervisory Committee, numbering three members. These appointments shall stand for three months.

1.7.4 Income Statement performance and consolidated half year profits

Net interest and other banking income of the Dexia Crediop Group as of 30 June 2011 came to €80 million, up 10% on 30 June 2010. This increase is due to the better results from trading activities (+26 million), partially reduced by the lesser contribution made by net interest (-22 million) and the increase in net commission (+4 million).

Total net impairment adjustments were positive for €14 million and mainly refer to flat-rate adjustments determined in accordance with the Dexia Group methodology.

Operating costs, including administrative expenses, amortization and depreciation, provisions and other operating expenses and income totalled €22 million (down 4% on 30 June 2010) mainly following a reduction in personnel expenses linked to the drop in the number of employees and a decrease in allocations made to provisions for risks and charges.

Profit from continuing operations before tax rose totalled €72 million, an increase of 47% with respect to the same period in the previous year.

Net of tax for €30 million, which takes into account the norms regarding non-deductibility of interest expenditures (the so-called "Robin Hood Tax") and the increase in the IRAP rate established by Italian Law Decree no. 98 of 6 July 2011 on "Urgent provisions for financial stability", profit for the half-year came to €42 million, up 35% on the €31 million recorded at 30 June 2010.

1.7.5 Income Statement performance and corporate half year profits

Net interest and other banking income of Dexia Crediop as of 30 June 2011 came to €73 million, up 28% on 30 June 2010. The increase is due to the improvement in net commission (+4 million) and, above all, in trading (+23 million), partially balanced out by net interest (-10 million).

Total net impairment adjustments were positive for €14 million and mainly refer to flat-rate adjustments determined in accordance with the Dexia Group methodology.

Operating costs, including administrative expenses, amortization and depreciation, provisions and other operating expenses and income totalled €22 million, down 4% on 30 June 2010 mainly following a reduction in personnel expenses linked to the drop in the number of employees and a decrease in allocations made to provisions for risks and charges.

Profit from continuing operations before tax equalled €65 million. Taxation totalled €27 million, taking into account the legislation on the non-deductibility of interest expenditure (the so-called "Robin Hood Tax") as well as the increase in the IRAP rate established by Italian Law Decree no. 98 of 6 July 2011 on "Urgent provisions for financial stability". Net of said taxes, profits for the period totalled €38 million, an increase of €20 million with respect to the €18 million seen at 30 June 2010.

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 Dexia Group to which Dexia Crediop belongs via Dexia Crédit Local, the majority shareholder.

In line with the strategy defined in 2010, the Dexia Group continues to implement the transformation plan with particular reference to the concentration of the core business linked to Public & Wholesale Banking, Retail & Commercial Banking and Asset Management and Services and to the reduction of the size of the Group's budget and consequently the liquidity gap.

The Retail & Commercial Banking business lines recorded good performance, declaring solid growth in loans and deposits in Belgium, Turkey and Luxembourg. The Public & Wholesale Banking business plan in France and Belgium continues to focus on its high added value products looking to meet the demands of its customers.

In compliance with the agreement defined with the European Commission, the reduction in the budget continues through the sale of assets and entities and the alignment of the new production of Public & Wholesale Banking with the long-term deposits. During this period, the group therefore carried out significant deleveraging through the sale of non-core or run off assets, such as, mainly, bank bonds and mortgage backed securities. On the strength of the results achieved, the Group has also accelerated the transformation plan, announcing the constitution of asset adjustments for €3.6 billion in 2011, with a view to divestment.

In 2011, Dexia participated in the stress testing performed by the European Banking Authority (EBA) on the main European banks. The test aims to assess the capacity to cope with a worsening of the economic situation and - in particular - also major shocks and their impact on equity and solvency. The test results confirmed the capacity of Dexia to cope with shocks, at the same time confirming the Group's solvency. Dexia came twelfth out of the 91 banks subjected to the test.

The cost reduction plan, which constitutes an integral part of the transformation plan, is in line with the pre-set objectives and will have a positive impact on the Dexia Group's profits for the whole of 2011 and 2012.

Operational prospects for the Dexia Crediop Group come about from the above-specified transformation plan and the trend of financial markets in terms of availability and the cost of funding, developing through the evolution of the Public Finance market and project market in Italy.

With reference to the predictable trend of the Public Finance market, it can be stated that throughout 2011 local authority investments and consequential resort to debt is expected to be reduced because of the so-called Internal Stability Pact which in fact induces local authorities to penalise investment expenditure.

It is in this context that the process of extending customer type and the products and services offered continues, as had been initiated prior to the financial crisis.

The bank is concentrating on sectors that have always been linked to Public Finance and which at present appear to be the harbingers of greater dynamics, such as utilities, infrastructure, public transport networks, sustainable energy, social housing, education and health structures. Management prospects look to be particularly favourable under the scope of Project finance.

In a diversification logic, the commercial strategy will continue to take its drive from the tendency of its customers to seek a broader, more complete offer, which includes not only medium and long-term financing, but also related services (advisory, arranging, hedging, agency, cash management, etc.).

In 2010, the bank became party to some administrative and legal proceedings in relation to derivative products stipulated with local and territorial entities that are still underway. As of the date of this report, for these proceedings, it has not been deemed necessary to adjust the value, but merely to make allocations to the provisions for risks and charges for legal costs. Additionally, it was not considered that the proceedings underway should significantly affect the management outlook, given the substantial correctness and transparency applied by the bank in drawing up the contracts.

In terms of administrative management, Dexia Crediop continues, in line with the Dexia Group, along the path of reducing costs and rationalising resources. By virtue of the three-year agreement to encourage voluntary redundancy and access to the solidarity Fund for personnel of the loan signed in 2009, at the end of 2011, the workforce will be reduced by a further 6 people (20 in 2009 and 4 in 2010), whilst upon completion of the exits, the workforce will have been reduced by a total of 34 people.

On the deposits side, further bonds are to be issued, including the Dexia Crediop "Serie" intended for private or institutional investors, using domestic and international programmes.

Medium and long-term deposits will be carried out, as usual, also in the form of loans with banking counterparties, including the European Investment Bank. With regards to short-term deposits, the funding channels forecast consist of the inter-banking market and the open market transactions of the Central Bank, with a progressive reduction of recourse to the latter. On the financial plan of the bank, there is the option of using the newly-incorporated vehicle "Crediop per le Obbligazioni Bancarie Garantite S.r.l.” for the issue of bonds backed by the assets held in the portfolio.

With reference to the cash position of Dexia Crediop, the plan of action implemented by the bank allowed for a clear reduction in the absolute gap and an improvement to the structural liquidity profile.

Considering the achievement of the annual budget objectives, over a prospective horizon of 12 months an excess of available reserves that can be allocated has been recorded with respect to the need for liquid funds.

This improvement allows for a focus on the objective of further consolidating the cash position, also in view of the introduction of the new indicators established under Basel III and the mentioned progressive reduction in the recourse to re-financing with the Central Bank.

Over the coming half-year, the strategy implemented by the bank with a view to improving the liquidity profile of the assets and liabilities on the annual report will continue, also through some disposals of assets at market conditions.

In conclusion, the management of the commercial franchise and action taken in terms of cash management and a rationalization of resources, as well as the support of the Dexia Group and the independent capacity to assess the equity market, confirm the presence of favourable management prospects and business continuity of the Dexia Crediop Group.

1.8.2. Significant events after the end of the first half

With regulation date of the first of July, loans were restructured for €2.3 billion. This restructuring consisted of the transformation of a series of loans, not able to be financed, to a fixed-rate security listed on the Luxembourg stock exchange and able to be financed at the Central Bank. The operations helped significantly improve the net structural cash position of the bank and had no significant effect on the income statement.

1.9 Reclassification criteria for annual 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 Circular 262/2005.

These 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 stated Circular 262/2005.

For the Balance Sheet Schedule, data at 30 June was compared with that from the most recent annual report, while in the Income Statement, comparison was made with the corresponding period from the previous financial year (as called for in IAS 34 § 20 – “Interim financial reporting”).

The items in the annual report 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.

Reclassified balance sheet

million euro

Reclassified balance sheet	Assets	30.06.11	31.12.10	Change
Financial assets held for trading	20. Financial assets held for trading	3.053	3.847	-21%
Financial assets available for sale	40. Financial assets available for sale	858	856	0%
Financial assets held to maturity	50. Financial assets held to maturity	345	366	-6%
Due from banks	60. Due from banks	8.899	8.900	0%
Due from customers	70. Due from customers	27.975	29.026	-4%
Tangible and intangible assets		*47*	*47*	0%
	120. Property plant and equipment	44	44	0%
	130. Intangible assets	3	3	0%
Tax assets	140. Tax assets	59	66	-11%
Other asset items		*1.026*	*1.101*	-7%
	10. Cash and cash equivalents	0	0	ns
	80. Hedging derivatives	838	928	-10%
	90. Fair value adjustment of financial assets in hedged portfolios (+/-)	57	80	-29%
	160. Other assets	131	93	41%
	Total assets	**42.262**	**44.209**	**-4%**

million euro

Reclassified balance sheet	Liabilities and shareholders' equity	30.06.11	31.12.10	Change
Due to banks	10. Due to banks	18.968	18.401	3%
Due to customers	20. Due to customers	1.524	1.963	-22%
Securities issued	30. Securities issued	15.540	16.544	-6%
Financial liabilities held for trading	40. Financial liabilities held for trading	3.075	3.870	-21%
Tax liabilities	80. Tax liabilities	19	0	ns
Other liability items		*1.887*	*2.233*	-15%
	60. Hedging derivatives	1.848	2.191	-16%
	70. Fair value adjustment of financial liabilities in hedged portfolios (+/-)	0	0	ns
	100. Other liabilities	39	42	-7%
Provisions		*18*	*19*	-5%
	110. Provision for severance indemnities	3	3	0%
	120. Provisions for risks and charges	15	16	-6%
Reserves		*739*	*763*	-3%
	140. Valuation reserves	(20)	(30)	ns
	170. Reserves	759	793	-4%
Equity	190. Equity	450	450	0%
Shareholders’ equity of minority interests	210. Shareholders’ equity of minority interests	0	0	ns
Profit (Loss) for the period	220. Profit (Loss) for the period (+/-)	42	(34)	-224%
	Total liabilities and shareholders' equity	**42.262**	**44.209**	**-4%**

Reclassified income statement

million euro

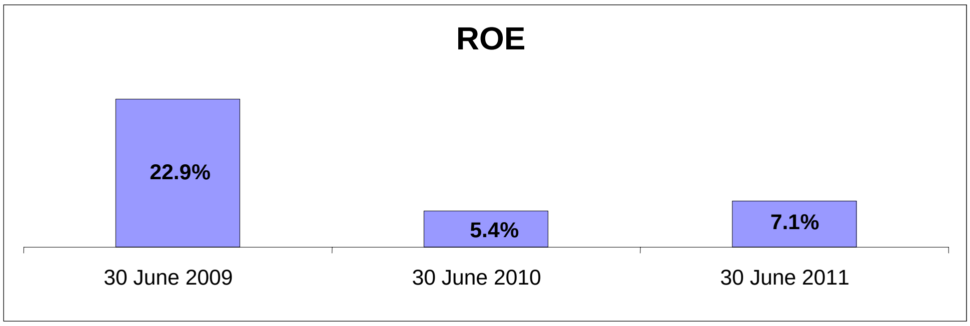
Reclassified income statement	Income statement	30.06.11	30.06.10	Change
Net interest income		*60*	*82*	*-27%*
	10. Interest and similar income	577	578	0%
	20. Interest and similar expenses	(517)	(495)	4%
	90. Net hedging gains (losses)	0	(1)	-100%
Net fee and commission income		*10*	*6*	*67%*
	40. Fee and commission income	12	7	71%
	50. Fee and commission expense	(2)	(1)	100%
Dividend	70. Dividend and similar income	2	3	-33%
Net trading gains (losses)		*8*	*(18)*	*ns*
	80. Net trading gains (losses)	6	(18)	ns
	100. Gains (losses) on disposal or repurchase	2	0	ns
	Net interest and other banking income	**80**	**73**	**10%**
Net adjustments for impairment	130. Net adjustments for impairment	14	(1)	ns
	Net income from financial activities	**94**	**72**	**31%**
Administrative expenses	180. Administrative expenses	(20)	(20)	0%
Net provisions	190. Net provisions for risks and charges	(1)	(2)	-50%
Amortization on assets		*(1)*	*(1)*	*0%*
	200. Net adjustments on property plant and equipment	0	0	ns
	210. Net adjustments on intangible assets	(1)	(1)	0%
Other operating expenses/income	220. Other operating expenses/income	0	0	ns
	Operating costs	**(22)**	**(23)**	**-4%**
	Profit (loss) from continuing operations before tax	**72**	**49**	**47%**
Income tax	290. Income tax for the period on continuing operations	(30)	(18)	67%
	Profit (Loss) for the period	**42**	**31**	**35%**

The Group’s results at 30 June 2011 are commented on in regards to notable aspects in the “Notes to the Statements,” based on the reclassification schedules referenced above.

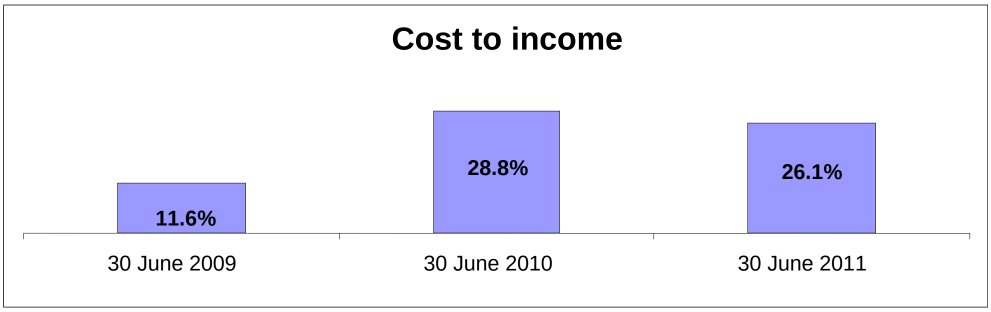
1.11 Alternative performance indicators

Below we provide some economic/financial position indicators, which serve as alternatives to the conventional information that can be deduced from annual report schedules, relative to the Dexia Crediop Group at 30 June 2011.

ROE[10] at 30 June 2011 was equal to 7.1% with respect to the 5.4% recorded at 30 June 2010. The decrease is due to the decrease in annualized net profits.

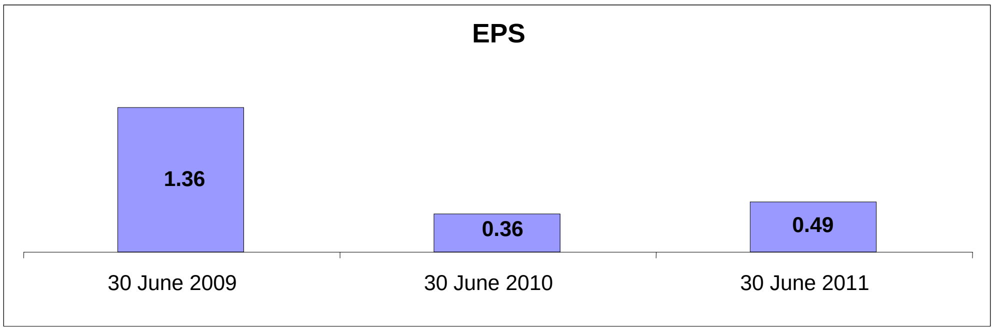


The Cost to Income ratio[11] at 30 June 2011 was 26.1% as compared with 28.8% at 30 June 2010. The change is due to the increase in net interest and other banking income.

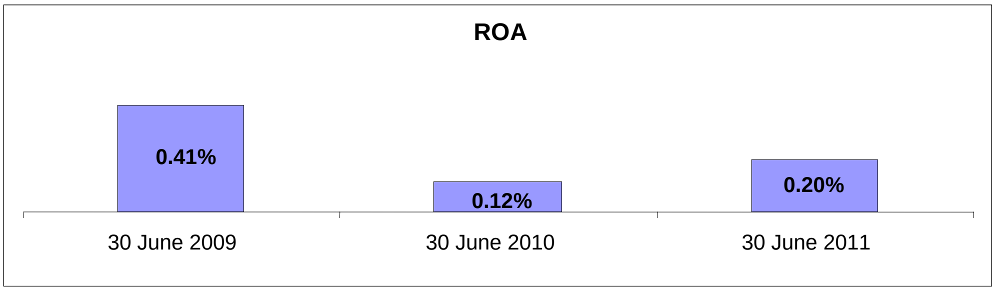


[10] Return on Equity is calculated as the ratio between net profit for the annualized six month period and net equity at year-end, excluding profit under formation. This indicator expresses the profitability of own equity.
[11] Cost to income is the ratio between operating costs (administrative expenses 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.

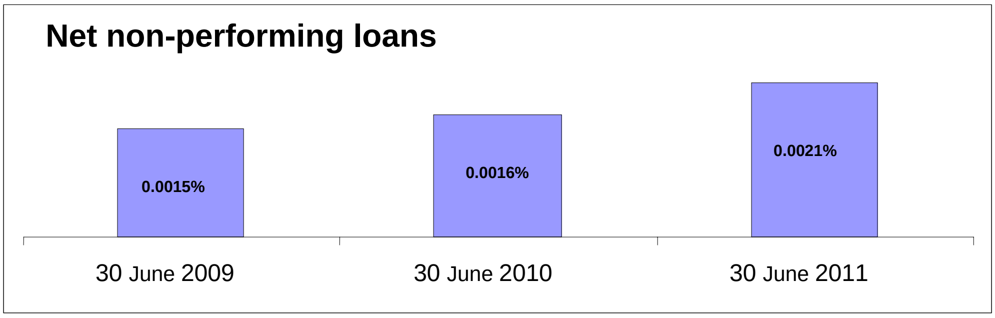
EpS[12] at 30 June 2011 equalled €0.49 per share, in respect to €0.36 at 30 June 2010, following an increase in net annualized profit.



ROA[13] at 30 June 2011 was equal to 0.20% as compared with 0.12% at 30 June 2010. The increase is due to both the positive trend of net annualized profits and the reduction in total assets.



The degree of risk in the loan portfolio is quite contained. The effect of non-performing loans net of adjustments is close to zero[14].



[12] The EpS figure is the ratio between annualized net profit and the number of shares in the equity.

[13] 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 equity.

[14] 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[15] Standard & Poor's, Fitchratings and Moody's Investors Service, which awarded A-, A and Baa2 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-2

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

Moody's - med-long term	Baa2
Moody's – short term	P-2
Moody's Financial Strength	D+

[15] Situation in June 2011.

1.12 Reconciliation between consolidated profit and equity report

Below is the report on reconciliation between results for the period and the Group's shareholders' equity using analogous values from the Parent Company:

	30.06.11		
			million euro
Parent company Dexia Crediop S.p.A.	**Shareholders' equity**	**Profit for the period**	**Total**
Equity	450		
Valuation reserves	19		
Reserves	668		
Profit (Loss) for the period		38	
TOTAL	**1,137**	**38**	**1,175**
Subsidiary companies	**Shareholders' equity**	**Profit for the period**	**Total**
Equity	150		
Valuation reserves	(65)		
Reserves	114		
Profit (Loss) for the period		2	
TOTAL	**199**	**2**	**201**
Elimination of equity interests in subsidiaries	(150)		
Elimination of dividends of subsidiaries	2	(2)	
Consolidation accounting on valuation reserves	26	4	
Consolidation accounting on profit reserves	(25)		
TOTAL	**(147)**	**2**	**(145)**
Dexia Crediop Group	**Shareholders' equity**	**Profit for the period**	**Total**
Equity	450		
Valuation reserves	(20)		
Reserves	759		
Profit (Loss) for the period		42	
Pertaining to minority interests	0	0	
TOTAL CONSOLIDATED CAPITAL as at 30.06.2011	**1,189**	**42**	**1,231**

2. Accounting policies

2.1 Principles and methods used in preparations

The accounting principles adopted when drawing up the half-yearly financial report were essentially unchanged from those used for the 2010 annual report, hence we refer readers to those for additional information.

With reference to the annual report schedules, data at 30 June was compared with that from the most recent annual report, 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 half-yearly Financial Report of the Dexia Crediop Group at 30 June 2011 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 half-yearly financial report was drawn up in accordance with the provisions of IAS 34 regarding interim financial reporting. 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 report.

2.3 Consolidation area and methods

The consolidated annual report of the Dexia Crediop Group consist of the individual annual report of the Parent Bank Dexia Crediop S.p.A. and the individual annual report of the subsidiaries, which have been fully consolidated.

The consolidation principles adopted for the half-yearly financial report as at 30 June 2011 are shown below:

- the consolidated annual report have been prepared in compliance with the provisions of IAS 27 and SIC 12 through the aggregation of the individual annual report of the Parent Company and subsidiaries, adding the figures for each item of the assets, liabilities, shareholders' equity, income and costs. In order for the consolidated annual report 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.

- The company Tevere Finance S.r.l. is consolidated fully as Dexia Crediop exercises *de facto* control.

- with regard to the annual report of DCC (Dexia Crediop per la Cartolarizzazione srl) and Tevere Finance S.r.l. only the "above-the-line" balance sheet items 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 annual report in accordance with IAS 39.

Company name	Head-quarters	Relationship	Investment relationship		% of votes held
			Investor company	Share %	
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%
Crediop per le Obbligazioni Bancarie Garantite S.r.l.	Rome	1	Dexia Crediop	90%	90%
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

million euro

	Assets	**30.06.11**	**31.12.10**
10.	Cash and cash equivalents	0	0
20.	Financial assets held for trading	3.053	3.847
40.	Financial assets available for sale	858	856
50.	Financial assets held to maturity	345	366
60.	Due from banks	8.899	8.900
70.	Due from customers	27.975	29.026
80.	Hedging derivatives	838	928
90.	Fair value adjustment of financial assets in hedged portfolios (+/-)	57	80
120.	Property plant and equipment	44	44
130.	Intangible assets	3	3
	of which:		
	- goodwill	0	0
140.	Tax assets	59	66
	a) current	*4*	*6*
	b) advance	*55*	60
160.	Other assets	131	93
	Total assets	**42.262**	**44.209**

million euro

	Liabilities and shareholders' equity	**30.06.11**	**30.12.10**
10.	Due to banks	18.968	18.401
20.	Due to customers	1.524	1.963
30.	Securities issued	15.540	16.544
40.	Financial liabilities held for trading	3.075	3.870
60.	Hedging derivatives	1.848	2.191
70.	Fair value adjustment of financial liabilities in hedged portfolios	0	0
80.	Tax liabilities	19	0
	a) current	19	0
	b) deferred	0	0
100.	Other liabilities	39	42
110.	Provision for severance indemnities	3	3
120.	Provisions for risks and charges	15	16
	a) pension funds and similar benefits	*1*	*1*
	b) other provisions	*14*	*15*
140.	Valuation reserves	(20)	(30)
170.	Reserves	759	793
190.	Equity	450	450
210.	Shareholders’ equity of minority interests (+/-)	0	0
220.	Profit (Loss) for the period (+/-)	42	(34)
	Total liabilities and shareholders' equity	**42.262**	**44.209**

CONSOLIDATED INCOME STATEMENT

million euro

	Items	30.06.11	30.06.10
10.	Interest and similar income	577	578
20.	Interest and similar expenses	(517)	(495)
30.	**Net interest income**	**60**	**83**
40.	Commission income	12	7
50.	Commission expense	(2)	(1)
60.	**Net fee and commission income**	**10**	**6**
70.	Dividend and similar income	2	3
80.	Net trading gains (losses)	6	(18)
90.	Net hedging gains (losses)	0	(1)
100.	Gains (losses) on disposal or repurchase of:	2	0
	a) loans	*0*	*2*
	b) financial assets available for sale	*0*	*(2)*
	d) financial liabilities	*2*	*0*
120.	**Net interest and other banking income**	**80**	**73**
130.	Net adjustments for impairment of:	14	(1)
	a) loans	*16*	*(1)*
	d) other financial transactions	*(2)*	*0*
140.	**Net income from financial activities**	**94**	**72**
170.	**Net income from financial and insurance activities**	**94**	**72**
180.	Administrative expenses:	(20)	(20)
	a) personnel expenses	*(12)*	*(13)*
	b) other administrative expenses	*(8)*	*(7)*
190.	Net provisions for risks and charges	(1)	(2)
200.	Net adjustments on property plant and equipment	0	0
210.	Net adjustments on intangible assets	(1)	(1)
220.	Other operating expenses/income	0	0
230.	**Operating costs**	**(22)**	**(23)**
280.	**Profit (loss) from continuing operations before tax**	**72**	**49**
290.	Income taxes from continuing operations	(30)	(18)
300.	**Profit (Loss) from continuing operations after tax**	**42**	**31**

STATEMENT OF CONSOLIDATED COMPREHENSIVE INCOME

million euro

	Items	30.06.11	31.12.10
10.	**Profit (Loss) for the period**	**42**	**(34)**
	Other income components net of tax		
20.	Financial assets available for sale	11	9
60.	Cash flow hedging	(1)	(18)
110.	**Total other income components net of tax**	10	(9)
120.	**Comprehensive income (items 10 + 110)**	**52**	**(43)**
130.	Consolidated comprehensive income pertinent to minority interests	0	0
140.	**Consolidated comprehensive income pertinent to parent bank**	**52**	**(43)**

3.2 Report on changes in consolidated shareholders' equity

Below we provide the report on changes to shareholders' equity at 30 June 2011:

STATEMENT OF CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY AS AT 30.06.11

million euro

	Balances at 31.12.10	Changes to initial balances	Balances at 1.1.11	Allocation of profit of the previous period		Comprehensive income	Shareholders' equity at 30.06.11	
				Reserves	Dividend and other uses			
	of the group		of the group	of the group			of the group	of third parties
Equity:	**450**		**450**				**450**	
a) ordinary shares	450		450				450	
b) other shares								
Share premiums								
Profit reserves	**793**		**793**	**(34)**			**759**	
Valuation reserves	**(30)**		**(30)**			**10**	**(20)**	
Equity instruments								
Treasury shares								
Profit (Loss) for the period	(34)		(34)	34		42	42	
Shareholders' equity	**1,179**		**1,179**	**-**		**52**	**1,231**	

Shareholders' equity of minority interests at 30.06.11 amounts to Euro 11 thousand.

STATEMENT OF CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY AS AT 30.06.10

million euro

	Balances at 31.12.09	Changes to initial balances	Balances at 1.1.10	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 èarties
Equity:	**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.

3.3 Report on changes in consolidated financial position

Indirect method

A. OPERATING ACTIVITIES	*million euro*	
	30.06.11	**30.06.10**
1. Management	**55**	**66**
- result for the period (+/-)	42	31
-gains/losses on financial assets held for trading and on assets/liabilities carried at fair value (-/+)	(6)	12
- capital gains/losses on hedging assets (-/+)	0	1
- net adjustments for impairment (+/-)	(13)	1
- net adjustments of tangible and intangible fixed assets (+/-)	1	1
- net provisions for risks and charges and other costs/revenues (+/-)	1	2
- unpaid taxes and dues (+)	30	18
2. Liquidity generated/absorbed by financial assets	**1,962**	**1,413**
- financial assets held for trading	800	(1,392)
- financial assets available for sale	(2)	516
- due from banks: on demand	12	48
- due from banks: other receivables	(11)	2,806
- due from customers	1,065	(608)
- other assets	98	43
3. Liquidity generated/absorbed by financial liabilities	**(2,019)**	**(1,481)**
- due to banks: on demand		24
- due to banks: other payables	566	(323)
- due to customers	(439)	(126)
- securities issued	(1,004)	(3,443)
- financial liabilities held for trading	(794)	1,405
- other liabilities	(348)	982
Net liquidity generated/absorbed by operations	**(2)**	**(2)**
B. INVESTMENT ACTIVITIES		
1. Liquidity generated by	**2**	**3**
- sales of equity investments		
- dividend collected from equity investments	2	3
- sales of property plant and equipment		
2. Liquidity absorbed by	**0**	**(1)**
- purchases of intangible assets	0	(1)
Net 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 half-yearly report

Certification of the abbreviated half-yearly report 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 Chief Executive Officer, and Jean Bourrelly, as the Manager responsible for preparing the annual report 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 2011, of the administrative and accounting procedures on which the abbreviated half-yearly report are based,

2. it is also declared that:

2.1 the abbreviated half-yearly report:

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.

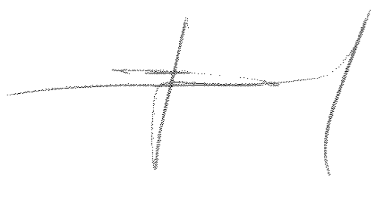
2.2 The infra-year operations report includes reliable analysis with reference to the important events occurring during the first six months of the year and their impact on the abbreviated half-yearly report, together with a description of the main risks and uncertainties for the remaining six months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

Date: 28 July 2011

Jean Le Naour

Chief Executive Officer

Jean Bourrelly



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 2011, compared with the balances in the 2010 annual report. 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 2011, net of relative value adjustments, was as follows:

million euro

IAS category	30.06.11	31.12.10	% change
Due from banks	**8,899**	**8,900**	**0%**
Loans	689	740	-7%
Debt securities	3,007	3,035	-1%
Other transactions	5,203	5,125	2%
Due from customers	**27,975**	**29,026**	**-4%**
Loans	14,866	15,052	-1%
Debt securities	12,882	13,367	-4%
Other transactions	227	607	-63%
Total loans	**36,874**	**37,926**	**-3%**

Loans

Total loans at 30 June 2011 totalled €15,555 million, of which €14,866 to ordinary clients and €689 million to credit institutions.

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 2011 totalled €15,889 million.

Other transactions

"Other Transactions" includes loans deriving from repurchase agreements in the amount of €1,369 million and interbank deposits totalling €4,051 million.

5.1.2 Financial assets

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

million euro

IAS category	30.06.11	31.12.10	% change
Financial assets held for trading (HFT)	3,053	3,847	-21%
Financial assets available for sale (AFS)	858	856	0%
Financial assets held to maturity (HTM)	345	366	-6%
Total	**4,256**	**5,069**	**-16%**

Financial assets held for trading

This item, which equalled €3,053 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 €3,075 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 €702 million, equity securities which cannot be qualified as subsidiaries, associated companies, or joint subsidiaries in the amount of €154 million, and mutual fund shares totalling €2 million.

With reference to the last group, below we provide the funds at 30 June 2011:

million euro

Equity securities and mutual fund shares	Book value at 30.06.11	AFS reserve at 30.06.11 including deferred tax	AFS reserve at 30.06.11 net of deferred tax
Istituto per il Credito Sportivo (*)	154	129	120
Equity securities	**154**	**129**	**120**
Dimensione Network Fund (Mutual fund shares) (**)	0	0	0
Mid Capital Mezzanine Fund (Mutual fund shares)	2	0	0
Securities (Mutual fund shares)	**2**	**0**	**0**
Total	**156**	**129**	**120**

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% of the equity. 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, with a book value of €702 million, the fair value valuation led to a negative reserve of €131 million net of associated deferred taxes (please refer to section 5.1.9 for further information).

During the course of the first half of 2011, 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 Consolidated Law on Income Tax (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, whilst no exemption is envisaged for IRAP purposes.
(**) The amount in the Dimensione Network Fund is booked at the symbolic value of €1.

Financial assets held to maturity

The financial assets in question are booked in the annual report 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 2011, said assets did not demonstrated loss of value.

This item, totalling €345 million, includes only debt securities of the parent company 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:

million euro

Breakdown	30.06.11	31.12.10	% change
A. Assets for business purposes			
- land	29	29	0%
- buildings	12	12	0%
- furniture	2	2	0%
- others	1	1	0%
Total A	**44**	**44**	**0%**
B. Assets held as investments			
- buildings	0	0	0%
Total B	**0**	**0**	**0%**
Total (A+B)	**44**	**44**	**0%**

Intangible assets totalled €3 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, for €4 million, mainly refer to the excess in the paid taxes accounts (withholding on interest, premiums and other income from deposits and current bank accounts) compared to the balance actually booked.

Prepaid taxes, for €55 million, mainly refer to the negative fair value of the reserves relative to financial assets available for sale (AFS) and derivatives of the Cash Flow Hedge (CFH), which are booked net of the relative prepaid taxes and costs for which deductibility has been postponed on the basis of current tax law.

5.1.5 Debt instruments and securities issued

At 30 June 2011, total financial liabilities in question were as follows:

million euro

IAS category	30.06.11	31.12.10	% change
Due to banks	18,968	18,401	3%
Due to customers	1,524	1,963	-22%
Securities issued	15,540	16,544	-6%
Total	**36,032**	**36,908**	**-2%**

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 €3,075 million includes only derivatives with a negative fair value, not designed to serve as hedging instruments. The change with respect to the end of 2010 is mainly due to the effect of the period assessment.

5.1.7 Provisions for risks and charges and severance indemnities

The composition of the funds at 30 June 2011 was as follows:

million euro

IAS category	30.06.11	31.12.10	% change
Provision for severance indemnities	3	3	0%
Provisions for risks and charges	15	16	-6%
Total	**18**	**19**	**-5%**

Provisions for severance indemnities (TFR)

The liability relative to severance indemnity is posted in the annual report on the basis of the actuarial value (€2.7 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 annual report 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 €1.2 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 annual report by applying the so-called corridor option.

"Other provisions" include €6.2 million 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. The item "Other provisions" also includes the provision for legal disputes that totals €7 million for cases underway with local administrations. Please refer to section 5.3.1 for additional information on these disputes.

Additionally, "other provisions" also includes tax expense for €1.1 million, allocated in the first half of 2011.

5.1.8 Tax liabilities

Current tax liabilities mainly refer to the amount due for direct taxes (IRES and IRAP) allocated net of advances paid.

5.1.9 Shareholders' equity

Shareholders' equity for the group at 30 June 2011, including profits for the period, totalled €1,231 million and consisted of the following:

million euro

Items/Amounts	30.06.11	31.12.10	Changes of the period
Equity	450	450	0%
Reserves	759	793	-4%
Valuation reserves	(20)	(30)	ns
Profit (Loss) for the period	42	(34)	ns
Total	**1.231**	**1.179**	**4%**

Changes in shareholders' equity with respect to figures in the last annual report are due to the positive changes in the valuation reserves and profits for the period.

Equity and Reserves

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

Reserves at 30 June 2011 totalled €759 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 2010.

Valuation reserves

Valuation reserves at 30 June 2011 totalled - €20 million of which - €9 million deriving from fair value valuation of Cash Flow Hedge operations and - €11 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:

million euro

	Reserve for cash flow hedging	Reserve for financial assets available for sale
A. Opening balances	**(8)**	**(22)**
B. Increases	11	15
C. Decreases	12	4
D. Closing balances	**(9)**	**(11)**

For valuation reserves relative to financial assets available for sale (net of deferred taxation), 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 — *million euro*

	Debt securities	Equity securities	UCITS units	Total
1. Opening balances at 31.12.10	**(146)**	**123**	**-**	**(23)**
2. Increases	15	-	-	15
3. Decreases	-	3	-	3
4. Closing balances at 30.06.11	**(131)**	**120**	**-**	**(11)**

The report below shows, relative to debt securities, the reconciliation between the Parent Company AFS reserves and those found in the consolidated annual report (net of deferred taxation):

million euro

AFS reserve DEBT SECURITIES	Parent Bank Dexia Crediop S.p.A.	Subsidiary companies post-consolidation	Total
balance at 31.12.10	**(77)**	**(69)**	**(146)**
increases	6	9	15
decreases	-	-	-
balance at 30.06.11	**(71)**	**(60)**	**(131)**

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 equity, 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.

		million euro
	Total at 30.06.11	**Total 31.12.10**
A. Tier 1 capital before application of prudential filters	**1.249**	**1.206**
B.Tier 1 capital prudential filters:	(88)	(90)
B.1 - positive IAS/IFRS prudential filters (+)		
B.2 - negative IAS/IFRS prudential filters (-)	(88)	(90)
C. Tier 1 capital inclusive of elements to be deducted (A+B)	**1.161**	**1.116**
D. Elements to be deducted from tier 1 capital	12	12
E. Total Tier 1 capital (C-D)	**1.149**	**1.104**
F. Tier 2 capital before application of prudential filters	**413**	**415**
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)	**413**	**415**
I. Elements to be deducted from tier 2 capital	12	12
L. Total Tier 2 capital (H-I)	**401**	**403**
M. Elements to be deducted from total tier 1 and tier 2 capital		
N. Regulatory capital (E+L-M)	1.550	1.506
O. Tier 3 capital		
P. Regulatory capital including Tier 3 (N+O)	**1.550**	**1.506**

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 2011, respectively €838 million and €1,848 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 annual report;
- *Cash flow hedges*, performed with the aim of hedging the exposure to variations in cash flows of assets/liabilities recognised in the annual report 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 annual report (item 70 Fair Value Adjustment of Financial Assets in Hedged Portfolios) in accordance with the instructions in IAS 39, paragraph 89A.

At 30 June, said value adjustments only involved financial assets and totalled €57 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 2011 equal to - €9 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 2011 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 2011 totalled €60 million, a 27% decrease with respect to 30 June 2010 (- €23 million). This decrease is linked to the trend in interest rates, notably the greater cost of funding and the reduction of average balances.

The reclassified statement sees the item also include the net income (loss) for hedging activities, which in any case came to zero, with respect to - €1 million in the first half of 2010. This result is due to the difference in fair value valuation of the instruments hedged and the hedges relative to the covered risk component.

96% of net interest comes from Dexia Crediop SpA and the remainder comes from the subsidiaries Dexia Crediop Ireland, Crediop Overseas Bank Limited.

5.2.2 Net fee and commission income

Net fees and commission income at 30 June 2011 totalled €10 million, an increase of €4 million (+67%) with respect to the same period in the previous year. Commissions derived mainly from Dexia Crediop SpA operations and mainly come from Public & Wholesale Banking activities.

5.2.3 Dividends and similar income

Dividends received in the first half of 2011 totalled €2 million (down on the figures at 30 June 2010) and mainly derived from Dexia Crediop SpA's interest in the Istituto per il Credito Sportivo.

5.2.4 Net trading gains (losses)

The total result from trading activities as of 30 June 2011, came to €8 million, up €26 million on the first half of 2010. This consists of two items, "Net Trading Gains (Losses)" and "Gains (Losses) on Disposal or Repurchase".

In particular, net trading gains (losses) totalled €6 million in the first half of 2011, in comparison to a result of - €18 million at 30 June 2010. This item includes fair value valuation, including the estimated correction for credit risk, of the trading portfolio consisting 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 effects due to estimated adjustments due to credit risk, positive this year and negative last year.. This item also includes so-called Day One Profit (€1 million in the first half of 2011 and €0.4 million in the first half of 2010), 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.

Gains (losses) on disposal or re-purchase came to €2 million during the first half of 2011 (as compared with zero during the same period of last year) and are linked to the management of own securities.

The total result of trading relates almost entirely to the business of the Parent Company Dexia Crediop SpA.

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 and other banking income at 30 June 2011 totalled €80 million, up 10% on the €73 million booked at 30 June 2010.

5.2.6 Net adjustments (+/-) for impairment

Total net impairment adjustments were positive for €14 million and mainly refer to flat-rate adjustments determined in accordance with the Dexia Group methodology, relating to Dexia Crediop SpA.

5.2.7 Net income from financial activities

The Dexia Crediop Group’s net income from financial activities at 30 June 2011 totalled €94 million, up 31% with respect to the €72 million at 30 June 2010.

5.2.8 Operating costs

Operating totalled €20 million in the first half of 2011, in line with the same period of last year. In particular, personnel expenses totalled €12 million (€13 million at 30 June 2010) and other operating costs totalled €8 million (€7 million at 30 June 2010). The decreases in personnel costs with respect to last year are mainly linked to the agreement made with the unions to incentivize resignation and provide access to the solidarity fund.

Net provisions for risks and charges in the first half of 2011 were -1 million, as compared with the -2 million in the first half of 2010. They refer to provisions for tax expenses and future benefits for employees.

Amortizations (net adjustments on tangible and intangible assets) totalled €1 million, as compared with the €1 million at 30 June 2010.

Other administrative expenses and income for the first half of 2011 came to €0.1 million as compared with the €0.5 million for the first half of 2010.

Hence, total operating costs totalled €22 million (down 4% on 30 June 2010).

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 2011 totalled €72 million, up 47% with respect to €49 million in the first half of 2010.

5.2.10 Income taxes for the period on continuing operations

Taxes for the first half of 2011 totalled - €30 million, with respect to - €18 million in the corresponding period of the previous year.

This item consists of - €27 million in current taxes and - €3 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 2011, included in current taxes. Additionally, in calculating the taxes, the increase in the IRAP rate was considered, established by Italian Legislative Decree no. 98 of 6 July 2011 on "Urgent provisions for financial stability", with a greater tax expense therefore estimated at around €0.5 million for the first half of 2011.

5.2.11 Profit for the period

Net profits for the Dexia Crediop Group at 30 June 2011 totalled €42 million, up 34% on the profit of €31 million recorded for 30 June 2010.

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 almost exclusively to assets acquired according to an investment logic based on requisites of high market liquidity and loans available from the European Central Bank.

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.

The vast majority of 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 three departments – Credit Risk; Operational Risk & Security; and Market Risk and Balance Sheet Management - 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 of the deal 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.

Measuring and audit systems

As regards the methods of 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, etc..

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 (daily, 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 - in most cases - 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 application of the "default extension" principle.

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 2011, financial assets divided into impaired assets and performing assets was as follows:

million 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	
30.06.11	**8**	**7**	**0**	**1**	**41,830**	**19**	**41,811**	**41,812**
31.12.10	**10**	**6**	**0**	**4**	**43,795**	**35**	**43,760**	**43,764**

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 annual report. In fact, gross impaired assets represent only 0.021% of total due from customers, due from banks, financial assets available for sale, and financial assets held to maturity. Said assets, adjusted at 87%, include exclusively a limited number of positions classified as impaired and problem, as they are exposures regarding subjects that are paying from a state of insolvency or temporary difficult (or a situation that is substantially equivalent). 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 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

million euro

Reasons/Categories	Non-performing loans	Problem loans	Restructured loans	Expired exposures	Country risk
Opening gross exposure	**7**	**3**			
Increases					
Decreases		2			
Closing gross exposure	**7**	**1**			

Trend of total adjustments

million euro

Reasons/Categories	Non-performing loans	Problem loans	Restructured loans	Expired exposures	Country risk
A. Total initial adjustments	**6**	**1**			
Increases					
Decreases					
Total closing adjustments	**6**	**1**			

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, some of them carried out by Dexia Crediop, Dexia Crediop 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 nos. 1 and 61 and no. 7 of the Italian Criminal

Code. At the date of this document, pursuant to the judicial attachment order of the Judge for the preliminary inquiries of Bari, restrictions have been placed on the amount of approximately €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 €3 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, currently pending before the Council of State, aimed at obtaining the annulment of the above-cited self-protection procedure.

On 21 December 2010, Dexia Crediop was served a preventative seizure decree of furniture and equipment, property and receivables up to the value of the amount of approximately €635,000, under the scope of an investigation carried out by the Court of Florence concerning derivative financial instruments stipulated in 2004 by Dexia Crediop with the Regional Authorities of Tuscany, in which it is hypothesised that Dexia Crediop had committed an unlawful administrative act pursuant to arts. 5, paragraph 1, letter a) and 24, paragraph 2 Italian Legislative Decree no. 231/01 in relation to arts. 110, 81, section 640, paragraph 2, nos. 1 and 61 and no. 7 of the Italian Criminal Code. The seizure decree has not been enforced, as Dexia Crediop deposited security for the same amount, and was revoked on 30 March 2011.

On 31 December 2010, the Municipality of Prato dissolved, through a self-protection procedure, its deliberation regarding an Interest Rate Swap signed on 29 June 2006 with Dexia Crediop in regards to two variable interest rate bonds underwritten by Dexia Crediop. At present, the Municipality has not proceeded with the payment of approximately €2 million. Dexia Crediop has begun legal action in England aimed at obtaining compliance by the Municipality with its obligations and has also begun legal action in Italy, now pending before the Regional Administrative Court of Tuscany, aimed at obtaining the annulment of the above-cited self-protection procedure.

On 23 December 2010, the Regional Authorities of Lazio served Dexia Crediop with a writ of summons before the Civil Court of Rome. The deed concerned transactions in derivatives concluded with the Regional Authorities of Lazio. In addition to Dexia Crediop, a further 14 banks are involved. The Regional Authorities of Lazio demand that Dexia Crediop pay compensation for damages it alleges having suffered, for an amount of approximately €8.5 million. The first hearing is scheduled for 8 November 2011.

On 30 March 2011, the Municipality of Florence dissolved, through a self-protection procedure, its deliberations regarding two interest rate swaps signed on 26 June 2006 with Dexia Crediop. At present, the Municipality of Florence has not proceeded with the payment of approximately €3 million. Dexia Crediop has begun legal action in England aimed at obtaining compliance by the Municipality with its obligations and has also begun legal action in Italy, now pending before the Regional Administrative Court of Tuscany, aimed at obtaining the annulment of the above-cited self-protection procedure.

On 14 April 2011, the Municipality of Messina served Dexia Crediop with a writ of summons before the Court of Messina. The deed concerns two transactions in derivatives stipulated by the Municipality of Messina on 28 June 2007 to which Dexia Crediop, along with another bank, is party. The Municipality of Messina is requesting a declaration of nullity or annulment of the transactions currently in place in derivatives, with the consequent return of the amounts paid thus far by the Municipality in addition to compensation for damages to be quantified. The first hearing is scheduled for 13 October 2011.

As of the date of this report, for these proceedings, it has not been deemed necessary to adjust the value, but merely to make allocations to the provisions for risks and charges for legal costs.

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 verified 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 measured and controlled 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 measured 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 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 2011 a shift sensitivity equal to €2,462 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 - €67,559 per 1 b.p. (originated from two notional derivatives totalling €77.4 million) in the face of estimated CVA sensitivity of + €55,902.

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 2011:

	VAR 10 days (Euro)	*Shift Sensitivity 100 bps* (absolute values in Euros)
30 June 2011	172,604	3,005,806
minimum	37,793	126,249
average	329,262	7,632,045
maximum	916,011	24,921,798

We note that at 30 June 2011 the sensitivity of - €3.0 million includes a sensitivity of - €4.7 million generated by CLM derivatives booked to the trading portfolio.

For the "ALM Rate" sector activities, we note the following values in relation to the first half of 2011:

	Shift Sensitivity 100 bps (absolute values in Euros)
30 June 2011	4,962,657
minimum	1,799,040
average	3,068,813
maximum	4,962,657

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.

These 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 the short and medium-long term 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).

With regards to the short-term horizon, the department processes a summary sheet of the cash situation every day for the next six months, also on the basis of systemic, idiosyncratic stress scenarios, verifying respect of operating limits defined in terms of the ratio of gap and reserves. The result of these audits is presented once a week to the Steering Committee and at each meeting of the Finance Committee. The short-term position is also reported on regularly to the Bank of Italy.

The analysis of the structural liquidity position is carried out by the department both on the inertial (static) position and with reference to alternative scenarios developed by the Financial Plan (dynamic) and presented generally once a month to the Finance Committee. The dynamic analysis allows for the monitoring of progress of the operating hypotheses of the Financial Plan and the assessment of their impact on the needs for cash forecast and covering these.

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 was created some time ago 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.

With regards to the aspects linked to legal risks, we would point out that also in view of the disputes with some local administrations, described in paragraph 5.3.1, the Legal Department has taken on a key role in its management and the related risk.

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	27%
Damage to or loss of tangible assets	0%
System failure or breakdown	41%
Process execution, delivery and management	32%

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.

<u>Special Purpose Entities (SPE)</u>

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 annual report 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 credits represented by loans through the vehicle company Tevere Finance S.r.l.. The *Special Purpose Entity* has equity 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 as 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 et seq.) to the annual report of Dexia Crediop.

At 30 June 2011, the book value of the financial assets of the vehicle company booked in the annual report of the Parent Company, as well as in the consolidated annual report, was as follows:

	millions of euro
Description	**Loans and Receivables Securities**
Securitisation in 2004	770
Securitisation in 2005	696
Securitisation in 2008	2,272
Total	**3,738**

	millions of euro
Description	**Loans and Receivables Mortgages**
Securitisation in 2009	220
Securitisation in 2010	381
Total	**601**

<u>Asset - backed Securities (ABS)</u>

At 30 June 2011 the nominal value of the securities portfolio in question, entirely booked to the "Loans and Receivables" category, totalled €1,241 million, of which 94% was relative to non-segmented operations and the remaining 6% regarded senior securities.

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

<u>Residential Mortgage–Backed Securities (RMBS)</u>

At 30 June 2011 the nominal value of the securities portfolio in question, entirely booked to the “Loans and Receivables” category, totalled €100 million and was entirely attributable to senior securities.

Collateralised Debt Obligations (CDO)

At 30 June 2011, the nominal value of the securities portfolio in question was zero.

Valuation criteria

The ABS/RMBS 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 annual report for 2010, 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. DCI. - Dexia Crediop Ireland Unlimited with a 100% shareholding;
4. Crediop per le Obbligazioni Bancarie Garantite S.r.l. with a 90% shareholding;
5. Tevere Finance S.r.l., over which it exercises *de facto* control.

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

Transactions with the holding company Dexia SA

Income and charges	*million euro*
- Administrative expenses	(1)
Total	**(1)**

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	*million euro*
Assets	
- Financial assets held for trading	274
- Deposits	885
- Receivables for loans granted	400
- Treasury securities	3,006
- Hedging derivatives	5
- Other assets	4
Total	**4,574**
Liabilities	
- Deposits	37
- Loans received	942
- Financial liabilities held for trading	5
- Repurchase agreements	1,368
- Hedging derivatives	223
- Subordinated debts	400
- Securities issued	3,726
Total	**6,701**

Other transactions	*million euro*
Guarantees given	44
Guarantees received	839

Income and charges	*million euro*
- Interest and similar income	33
- Interest paid and similar charges	(100)
of which	
differentials on hedging transactions	*(22)*
- Commission income	4
- Commission expense	(1)
- Net trading gains (losses)	(55)
Total	**(119)**

Transactions with other companies in the DBB Group

Assets and Liabilities	*million euro*
Assets	
- Financial assets held for trading	23
- Deposits	1,932
- Hedging derivatives	150
- Receivables for security loan transactions	270
Total	**2,375**
Liabilities	
- Deposits	75
- Loans received	751
- Financial liabilities held for trading	924
- Repurchase agreements	1,579
- Hedging derivatives	738
- Securities issued	50
- Payables for security loan transactions	270
Total	**4,387**

Income and charges	*million euro*
- Interest and similar income	152
- Interest paid and similar charges	(258)
of which	
differentials on hedging transactions	*(100)*
- Net trading gains (losses):	3
Total	**(103)**

Transactions with other companies in the BIL Group

Assets and Liabilities	*million euro*
Assets	
- Deposits	10
Total	**10**
Liabilities	
- Deposits	10
- Securities issued	50
Total	**60**

Income and charges	*million euro*
- Interest paid and similar charges	(4)
of which	
differentials on hedging transactions	-
Total	**(4)**

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 Segment reporting

Criteria for segment reporting

As of 1 January 2009, segment reporting must be drawn up in accordance with IFRS8 Operating Sectors principle and no longer drafted according to IAS 14, as required in the past.

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 annual report as that used for the preparation of internal reporting.

The approach, in line with that adopted in 2010, 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 & Wholesale Banking (PWB);
- Group Centre.

The Public & 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.

Profits by business sectors

The table below provides the economic results of the Dexia Crediop Group at 30 June 2011 and 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.

million euro

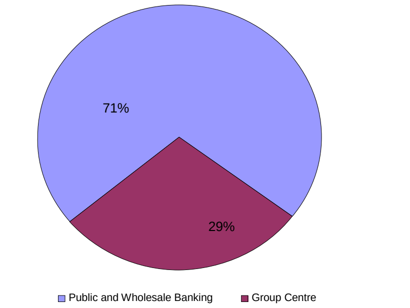
Income Statement items at 30.06.11	Public and Wholesale Banking	Group Centre	DEXIA CREDIOP GROUP
Net interest income (item 30)	40	19	59
Net interest and other banking income (item 120)	57	23	80
Net adjustments for impairment (item 130)	14	0	14
Net adjustments of tangible and intangible assets (items 200 and 210)	-1	0	-1
Profit (loss) from continuing operations before tax (item 280)	58	14	72

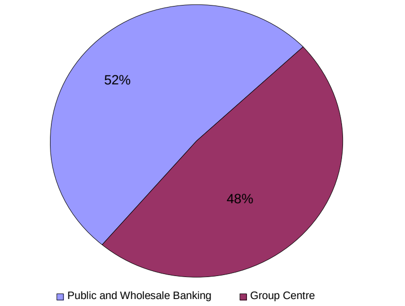
million euro

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	0	0
Net adjustments of tangible and intangible assets (items 200 and 210)	-1	0	-1
Profit (loss) from continuing operations before tax (item 280)	23	26	49

Of the total net interest and other banking income of the Dexia Crediop Group amounting to €80 million at 30 June 2011, €57 million is from Public and Wholesale Banking and €23 million from Group Centre activities. With respect to the first half of 2010, an increase in net interest and other banking income (+ €7 million) was recorded, in particular due to an increase in Public & Wholesale Banking and a decrease of Group Centre.

The contribution in percentages of the various sectors for the total net interest and other banking income at 30 June 2011 and 30 June 2010 is shown in the graph below.



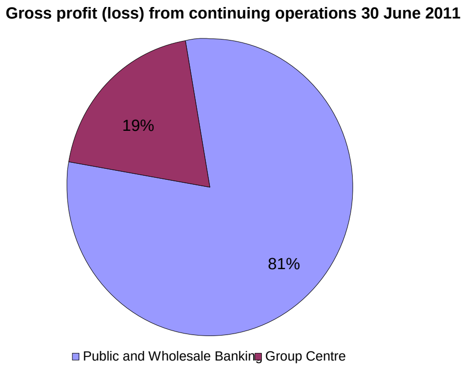


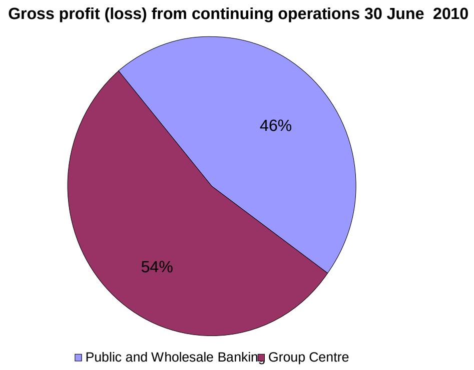
With respect to the first half of 2010, the percentage contributed by the Public & Wholesale Banking sector increased from 52% to 71%, while the percentage attributable to the Group Centre decreased from 48% to 29%.

Total net impairment adjustments were determined using Dexia Group methodology and are positive for €14 million (-€1 million in June 2010). They refer almost entirely to the Public & Wholesale Banking sector.

Of the total continuing operations profits for the Dexia Crediop Group, totalling €72 million at 30 June 2011, €58 million came from Public and Wholesale Banking activities, and €14 million from Group Centre business. With respect to the first half of 2010, an increase in net interest and other banking income (+€23 million) was recorded, in particular due to an increase in Public & Wholesale Banking, against a decrease of Group Centre.

The contribution in percentages of the various sectors for profits on continuing operations before taxes at 30 June 2011 and 30 June 2010 is shown in the graph below.





With respect to the first half of 2010, the percentage contributed by the Public & Wholesale Banking sector increased from 46% to 81%, while the percentage attributable to the Group Centre decreased from 54% to 19%.

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 annual report.

6.1 Financial Statement schedules

BALANCE SHEET

million euro

	Assets	30.06.11	31.12.10
10.	Cash and cash equivalents		0
20.	Financial assets held for trading	3,104	3,917
40.	Financial assets available for sale	648	656
50.	Financial assets held to maturity	345	366
60.	Due from banks	8,613	8,455
70.	Due from customers	27,975	29,026
80.	Hedging derivatives	838	928
90.	Fair value adjustment of assets in hedged portfolios	11	15
100.	Equity investment	150	150
110.	Property plant and equipment	44	44
120.	Intangible assets	3	3
	of which:		
	- goodwill	*0*	*0*
130.	Tax assets	51	57
	a) current	*4*	*6*
	b) advance	*47*	*51*
150.	Other assets	131	92
	Total assets	**41,913**	**43,709**

million euro

	Liabilities and shareholders' equity	30.06.11	31.12.10
10.	Due to banks	18,676	18,387
20.	Due to customers	5,142	5,654
30.	Securities issued	11,921	12,416
40.	Financial liabilities held for trading	3,126	3,940
60.	Hedging derivatives	1,797	2,121
70.	Fair value adjustment of financial liabilities in hedged portfolios (+/-)	0	0
80.	Tax liabilities	19	0
	a) current	*19*	*0*
	b) deferred	*0*	*0*
100.	Other liabilities	39	41
110.	Provision for severance indemnities	3	3
120.	Provisions for risks and charges	15	15
	a) pension funds and similar benefits	*1*	*1*
	b) other provisions	*14*	*14*
130.	Valuation reserves	19	14
160.	Reserves	668	666
180.	Equity	450	450
200.	Profit (Loss) for the period (+/-)	38	2
	Total liabilities and shareholders' equity	**41,913**	**43,709**

Income Statement *million euro*

	Income Statement items	30.06.11	30.06.10
10.	Interest and similar income	527	535
20.	Interest and similar expenses	(476)	(474)
30.	**Net interest income**	**51**	**61**
40.	Commission income	12	7
50.	Commission expense	(2)	(1)
60.	**Net fee and commission income**	**10**	**6**
70.	Dividend and similar income	4	5
80.	Net trading gains (losses)	6	(18)
90.	Net hedging gains (losses)	0	0
100.	Gains (losses) on disposal or repurchase of:	2	3
	a) loans	*0*	*3*
	b) financial assets available for sale	*0*	*0*
	d) financial liabilities	*2*	*0*
120.	**Net interest and other banking income**	**73**	**57**
130.	Net adjustments for impairment of:	14	0
	a) loans	*16*	*0*
	d) other financial transactions	*(2)*	*0*
140.	**Net income from financial activities**	**87**	**57**
150.	Administrative expenses:	(19)	(20)
	a) personnel expenses	*(12)*	*(13)*
	b) other administrative expenses	*(7)*	*(7)*
160.	Net provisions for risks and charges	(1)	(2)
170.	Net adjustments on property plant and equipment	(1)	0
180.	Net adjustments on intangible assets	(1)	(1)
190.	Other operating expenses/income	0	0
200.	**Operating costs**	**(22)**	**(23)**
250.	**Profit (loss) from continuing operations before tax**	**65**	**34**
260.	Income taxes from continuing operations	(27)	(16)
270.	**Profit (Loss) from continuing operations after tax**	**38**	**18**
290.	**Profit (Loss) for the period**	**38**	**18**

6.2 Parent Company Equity Investments

In the parent company annual report, the item "Equity Investments" includes equity investments in subsidiaries totalling €150,024 thousand.

At 30 June 2011, this item consisted of the following:

thousand euro

Description	% share	Opening balances at 31.12.10	Purchases/ Sales	Write-downs/ Write-backs	Closing balances at 30.06.11
Crediop Overseas Bank Limited	100%	50,000	-	-	50,000
DCC–Dexia Crediop per la Cartolarizzazione S.r.l.	100%	15	-	-	15
Dexia Crediop Ireland*	100%	100,000	-	-	100,000
Crediop per le Obbligazioni Bancarie Garantite S.r.l.	90%	9	-	-	9
Total		150,024	-	-	150,024

** Dexia Crediop Ireland has equity of €100 million, represented by 100 million shares with a nominal value of €1 each, including:*

- *99,999,999 shares held by Dexia Crediop S.p.A.;*
- *1 share held by Dexia Investments Ireland, in its capacity as Trustee di Dexia Crediop S.p.A.*