2015

Half - Yearly Financial Report at 30th June 2015

DEXIA CREDIOP GROUP

Dexia Crediop

HALF-YEARLY FINANCIAL REPORT
DEXIA CREDIOP GROUP
AT 30 JUNE 2015

Introduction

The half-yearly financial report of the Dexia Crediop Group was drawn up using the rules issued by CONSOB on the subject, Bank of Italy Circular 262/2005 “Banks' Financial Statements: Layouts and preparation,” and the international accounting standard IAS 34 which governs the preparation of interim financial reports.

It consists of the Directors’ Report on Operations, the Balance Sheet and Income Statement, the Statement of Comprehensive Income, the Statement of Changes in Shareholders’ Equity, the Statement of Cash Flows, and the Notes to the Statements for the Dexia Crediop Banking Group. 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 this report are presented in millions of Euro where not otherwise specified.

The interim financial report also includes the certification required by Art. 154-*bis*, paragraph 5, of Italian Legislative Decree No. 58 of 24 February 1998 pursuant to Art. 81-*ter* of Consob Regulation no. 11971 of 14 May 1999 and subsequent amendments, the report on the limited auditing issued by the independent auditors, and the Balance Sheet and Income Statement of the parent company Dexia Crediop S.p.A.

1. Report on Operations

1.1 Profile of the Dexia Crediop Group

Dexia Crediop is a Bank specialising in the infrastructure and public-works sectors.

Dexia Crediop is currently 70% controlled by Dexia Crédit Local, which is an entity of Dexia Group, and the minority shareholders are Banca Popolare di Milano, Banco Popolare and Banca Popolare dell'Emilia Romagna, with a 10% stock-holding each.

* * *

On 28 December 2012, the European Commission approved the Dexia Group orderly resolution plan, submitted by the Belgian, French and Luxembourg states. The plan essentially contemplated, in addition to the disposals already carried out and the sale of the entities considered disposable in the short term, the management in run-off, i.e. without new assets, of all Dexia Group entities except Dexia Crédit Local and Dexia Crediop, subject to specific rules. In particular, Dexia Crediop was authorised until 28 June 2014 to produce new assets for an amount up to € 200 million destined for existing customers in order to facilitate the process of the possible sale. On 15 July 2014, there not having appeared a binding purchase offer from third parties, the European Commission confirmed management in run-off of Dexia Crediop, with no new production.

Given what has been said, Dexia Crediop remains within the scope of consolidation of the Dexia Group and continues to be an integral part of the orderly resolution plan, in line with Dexia's mandate and objectives, and to benefit from the financial support of the parent company.

The Bank has therefore initiated an organisational restructuring process in accordance with the altered company mission. The organisational restructuring action pursued the objectives of simplification, identification of synergies, development of flexibility and versatility of personnel, adapting the size of operating units to their appointed tasks and providing for the closure of four national offices.

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1.2 Companies in the Dexia Crediop Group and shareholders of the parent company

At 30 June 2015, the Dexia Crediop Group included not only the parent company Dexia Crediop S.p.A., but also the following subsidiaries:

Company name	Headquarters	Investment relationship		% of votes held
Other companies of the Dexia Crediop Group		Investor company	Share %	
Dexia Crediop Ireland*	Dublin	Dexia Crediop	99.99%	99.99%
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 face value of € 1 each, including:*

- *99,999,999 shares held by Dexia Crediop S.p.A.;*
- *1 share held by Dexia Crédit Local.*

Dexia Crediop Ireland

The company was established in 2007 with the aim of concentrating management activities for the Group's debt securities investment portfolios. By virtue of the deleveraging policy resolved by the Group, in 2010 major disposals of non-core assets were made and, consequently, the share capital was reduced from € 700 million to € 100 million, reimbursing the shareholder Dexia Crediop at par value.

Compared to the previous period, there have been no special events.

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

The company, whose share capital of € 10,000 is 90% held by Dexia Crediop, was acquired in 2010. Its registered office is in Rome and it is registered in the 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 sole purpose is the issuing of covered bank bonds in accordance with Article 7-*bis* of Law 130 of 30 April 1999, and subsequent implementation provisions. As of the date on which the present document was prepared, the company had not carried out any transactions.

The board of directors of Dexia Crediop, at its meeting on 24 June 2015, resolved the voluntary liquidation of the company. The activity plan envisages that the liquidation procedure will be completed by the end of 2015.

The Parent Company's Shareholders

There have been no changes in the shareholder body since 31 December 2014.

Dexia Crediop's share capital is fully subscribed and paid up and amounts to €450,210,000 consisting of 174,500,000 ordinary shares, each with a nominal value of €2.58. On the date the present document 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 S.c.a.r.l.: 17,450,000 ordinary shares, representing 10% of the equity, totalling € 45,021,000;
- Banco Popolare società cooperativa: 17,450,000 ordinary shares, representing 10% of the equity, totalling € 45,021,000;
- Banca Popolare dell'Emilia Romagna società cooperativa: 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.

1.3 Equity investments

ISTITUTO PER IL CREDITO SPORTIVO (ICS) in receivership

The Istituto per il Credito Sportivo (ICS) was set up under Italian Law No. 1295 of 24 December 1957 and is a public sector bank in accordance with Art. 151 of Italian Legislative Decree No. 385/1993. Technically, it is a "public law entity with autonomous management". On 17 June 2011, ICS was made subject to receivership ordered with a Prime Ministerial decree, in agreement with the Ministry for Cultural Heritage and Assets and with the Ministry of the Economy and Finance, and subsequently, with effect from 1 January 2012, to the receivership procedure under the terms of Article 70, paragraph 1, lett. a) of the Consolidated Law on Banking, on the proposal of the Bank of Italy.

For information on the existing administrative and civil proceedings concerning ICS, see the paragraph "Administrative, judicial, and arbitration procedures" below.

Since the start of the receivership, at the end of 2011, the company has not been able to pay dividends to shareholders.

1.4 The Dexia Group

Dexia is a European banking group, managed under an orderly resolution plan since 2011. The Group has been 94.4% owned by the Belgian and French states since the end of 2012, subsequent to a capital increase reserved for the same. Taking into account its significance[1], as of 4 November 2014 Dexia passed under the direct supervision of the European Central Bank under the framework of the Single Supervisory Mechanism.

Dexia SA, the Group's holding company, a limited liability company operating under Belgian law, has its shares listed on the Brussels and Paris Euronext and on the Luxembourg stock exchange.

The European Commission's December 2012 orderly resolution plan for Dexia has the purpose of avoiding the Group going bankrupt and being liquidated which, given the amount of its assets, could have destabilising effects for the entire European banking sector.

Following the resolution plan, Dexia no longer has any commercial business and its remaining assets are managed in run-off. Its assets amounted to € 268 billion at 31 March 2015. The resolution of the Group will require long-term management given the time profile of its assets. In addition, as the portfolio is hedged by interest rate risk instruments, the sale of assets could require unwinding of the hedging operations, which could be difficult. Therefore, the orderly resolution plan foresees a gradual reduction of assets to around € 91 billion by 2020 and € 15 billion by 2038.

Dexia Crédit Local is the main operating company of the Group and benefits from a guarantee on its loans issued by the Belgian, French and Luxembourgian governments, up to a maximum amount of € 85 billion to allow the orderly resolution plan to be carried out. Dexia Crédit Local has its registered offices in France, where it holds a banking license, with branches in Ireland and the United States, and subsidiaries in Germany, Spain, Italy, the United Kingdom and Israel. Dexia Sabadell, the Spanish subsidiary of Dexia Crédit Local, also has a branch in Portugal. These organisations also have banking licenses.

The governance of Dexia SA and Dexia Crédit Local has been simplified and integrated: the members of the Steering Committee and of the Board of Directors of Dexia SA are also members of the Steering Committee and of the Board of Directors of Dexia Crédit Local.

At 31 March 2015, the Group's portfolio of assets is 87% "investment grade". This composition reflects Dexia Crédit Local's previous position as a leader in funding local authorities and project financing, with an important concentration in the local public sector in Europe and the United States, and more marginally in European sovereign bodies and for project finance.

(1) Regulation EU No. 468/2014 of the European Central Bank of 16 April 2014.

After having sold all the commercial franchises foreseen in the Group's orderly resolution plan at the start of 2014, Dexia is now exclusively focussed on the management of its residual assets, in order to preserve the interests of the shareholder and guarantor governments. To achieve this objective, the Group has established three main objectives which constitute the core of the Group's Business Plan:

- to maintain the capacity to refinance its assets for the entirety of the resolution plan;
- to preserve its Tier 1 capital, so as to comply with the capital ratios;
- to guarantee operational continuity, maintaining the necessary skills and resources and developing appropriate IT tools.

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 06.4771.5952
Web: www.dexia-crediop.it - E-mail: internet@dexia.com
Certified e-mail: dexia-crediop@pec.dexia-crediop.it

Equity € 450,210,000 fully paid up
Rome Register of Companies No. 04945821009
Register of banks No. 5288
Parent Company of the Dexia Crediop Banking Group
Listed in 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:
Rome - Via Venti Settembre, 30
Turin - Via S. Francesco d'Assisi, 22
Bologna - Galleria Ugo Bassi, 1
Naples - Centro Direzionale, Isola E/5

We can note that, on 24 June 2015, the Board of Directors resolved to close all Branches and the related communication to the Bank of Italy was made on 30 June 2015.

Dexia Crediop Ireland

Dublin – 2nd Floor, La Touche House, IFSC, Dublin 1 (Ireland)

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

Rome – Via Eleonora Duse, 53

Auditing company of Dexia Crediop SpA

BDO Italia S.p.A.

Dexia Crediop

Board of Directors (1)	
Karel De Boeck (2)	Chairman
Claude Piret (2)	Deputy Chairman
Jean Le Naour (2)	Chief Executive Officer
Alberto Ludovico Maria Basadonna (2)	Director
Fabrizio Caputi (3)	Director
Edouard Daryabegui Guilani (2)	Director
Marie Eglantine Dessallien Delmas (2)	Director
Roberto Ferrari (2)	Director

Board of Auditors (4)	
Pierre Paul Destefanis	Chairman
Nicola Fiameni (5)	Standing auditor
Nadia Bonelli (6)	Standing auditor
Jean Paul Baroni (7)	Alternate auditor
Lucia Foti Belligambi (7)	Alternate auditor

(1) Board of Directors appointed for the three-year term 2015-2017 by the General Meeting on 29 April 2015.
(2) Members of the Board of Directors confirmed in office by the Ordinary Shareholders' Meeting of 29 April 2015.
(3) Fabrizio Caputi was appointed director by the Ordinary Shareholders' Meeting of 29 April 2015.
(4) Board of Auditors appointed for the three-year term 2013-2015 by the Ordinary Shareholders' Meeting on 29 April 2013.
(5) On 31 July 2013, the alternate auditor Nicola Fiameni became standing auditor in place of the resigning member Flavia Daunia Minutillo.
(6) On 3 March 2014, the alternate auditor Nadia Bonelli took over as standing auditor in place of the resigning member, Vincenzo Ciruzzi.
(7) The alternate auditors Jean Paul Baroni and Lucia Foti Belligambi were appointed by the Ordinary Shareholders' Meeting of 29 April 2014.
The mandate of the director Enrico Corali came to an end on the occasion of the Shareholders' Meeting of 29 April 2015.
The mandate of the Honorary Chairman Antonio Pedone came to an end on the occasion of the Shareholders' Meeting of 29 April 2015.

Steering Committee[1]

Jean **Le Naour** (Chairman)
Jean **Bourrelly**
Stefano **Catalano**
Fabrizio **Pagani**

Financial Reporting Manager

Jean **Bourrelly**

Steering Committee[2]

Jean **Le Naour** (Chairman)
Edoardo **Baratella**
Stefano **Catalano**
Fabrizio **Pagani**
Daniela **Pozzali**
Pasquale **Tedesco**
Stefano **Vicari**

Financial Reporting Manager

Jean **Le Naour**

1 Up to 30 June 2015.
2 As of 1 July 2015.

Organisation[1]

Chief Executive Officer	Jean LE NAOUR

Management:

Administration	Jean BOURRELLY
Finance	Stefano CATALANO
Project & Public Finance	Fabrizio PAGANI

Staff Units of the Board of Directors*:*

Internal Audit	Giuseppe NUSINER

Chief Executive Officer's Staff Units*:*

General and Legal Secretariat	Edoardo BARATELLA
Compliance	Claudio COLA
Human Resources	Daniela POZZALI

As of 1 July 2015

Chief Executive Officer	Jean LE NAOUR

Organisational units reporting to the Chief Executive Officer:

Assets	Fabrizio PAGANI
Funding & Markets	Stefano CATALANO
Finance & Operations	Jean LE NAOUR (ad interim)
Risk	Stefano VICARI
IT & Facility	Pasquale TEDESCO

[1] Up to 30 June 2015

Human Resources	Daniela POZZALI
General and Legal Secretariat	Edoardo BARATELLA

***Staff Units of the Board of Directors**:*

Internal Audit	Giuseppe NUSINER

***Chief Executive Officer's Staff Units**:*

Compliance	Claudio COLA

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. This system involves the Financial Reporting Manager, the Company Boards, the independent auditing firm and the internal audit departments as established by the Corporate Governance Model, introduced in June 2009, following a specific resolution of the Board of Directors.

With regard to financial reporting in particular, the administrative-accounting control system introduced by the Financial Reporting Manager is based on the control framework prepared by the Committee of Sponsoring Organizations (the CoSO Report), which is the most widespread international standard of reference for internal auditing and financial reporting. The system can be divided into the following four components:

- definition of the corporate perimeter and of the administrative-accounting processes relevant for financial reporting (known as Scoping);
- oversight of the macro-system of internal controls at the corporate level (known as Company Level Control);
- verification of the adequacy of the processes for the effective execution of the controls which mitigate risks linked to accounting and financial reporting, and definition and monitoring of risk mitigation measures (Risk & Control Analysis and Test of Effectiveness - ToE);
- evaluation of the adequacy and effectiveness of the administrative-accounting processes (Evaluation).

The administrative-accounting model is in line with the provisions of Italian Law 262/2005 and its subsequent amendments and additions made due to the European Transparency Directive (Italian Legislative Decree No. 195 of November 2007).

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

1.7 Business Performance

1.7.1 Public Finance, Corporate and Project Finance activities

In the first half of 2015, in line with the new objectives consequent to the management in run-off of the Bank's assets, the commercial activity of the Project & Public Finance Department was essentially aimed at maintaining regular contacts with existing both public and private customers, above all with a view to monitoring and active management of the portfolio.

The main activities of an operational nature divided by segment are described below.

In the project finance area, constant monitoring of the portfolio was carried out, with particular reference to the Bank's positions in the renewable energy sector, some of which, following important regulatory changes that had occurred in the last financial year, are involved in debt restructuring operations that should be completed in the current year. Losses are not provided for, but only partial remodulations of the repayment profile.

In the period 24 waiver requests[1] were processed and two refinancing processes were managed involving operations from which Dexia Crediop has pulled out achieving early repayments of approximately € 42 million.

The Agent Bank activity continued on 10 active mandates.

As regards the corporate area, the activity is concentrated on managing a number of restructuring operations from the last financial year (in particular SGP and ACAM), the pre-dispute proceedings with ASAM and on the enquiry stages of 5 waiver requests.
In the period early repayments of two operations with *private satellites*[2] were made for a total of € 100 million.

As regards public finance, requests of various kinds from customers were dealt with. In particular, those in line with the bank's current operating methods and in accordance with the contractual provisions were agreed to. These were 21 requests for early repayments (for a total of € 0.5 million) and devolutions. Instead those relating to renegotiations (mostly from Provinces) were declined, as they were not in line with the Bank's new strategy.

We also continued to provide technical and commercial support in relation to managing disputes with local authorities on derivatives (discussed in more detail below).

1.7.2 Funding and activities in financial markets

Funding activities

Operations with the European Central Bank are an important source of funding. At the end of June the existing stock was € 9.6 billion, of which € 7.7 billion on a 3-month duration and the rest on a weekly duration.

[1] Request for waivers or modification of contractual provisions.
[2] Companies in corporate form, with majority public ownership, primarily assigned tasks of providing primary public utility services.

Participation in the Central Bank's financing operations is also due to the investment in certificates of deposit of the holding company Dexia Crédit Local guaranteed by the French, Belgium and Luxembourg states. These operations are in line with the more general strategy for financing the Dexia Group's liquidity gap. The subscribed securities were placed with the Central Bank. The amount in the portfolio at 30 June was a nominal € 2.0 billion.

During the first half of 2015 it is worth noting as significant the financing activity carried out on the electronic platforms (MID, MTS repo, New MIC). This financing activity declined at the end of June owing to the intention to avoid the volatility at the end of the half-year period. During this period we preferred to increase, temporarily, the stock of loans received from the European Central Bank. Starting from the second half of July operations on the electronic markets came back to ordinary levels for Dexia Crediop.

During the year, no medium/long-term unsecured funding operations were carried out.

As regards secured operations, long term repo operations were carried out on securities not eligible for European Central Bank refinancing operations.

Finally, to cover financial requirements not met by reserves which can be allocated by the ECB, the Bank was able to count on support from the parent company Dexia Crédit Local.

Activity on the financial markets

Activity on the financial markets was focused on managing existing stock, with the objective of simplifying accounting items and rationalising the Bank's operating methods.

Activities to hedge financial risks were limited owing to the Bank's run-off situation, which does not provide for any new lending operations. On the other hand, actions were taken with the derivatives portfolio to reduce risk and the number of existing derivatives.

The plan to rationalise counterparties for derivative operations was completed. Following the implementation of this plan 38 ISDA Master Agreements remain in being.

As regards application of the EMIR (European Market Infrastructure Regulation) procedures are being implemented for application of the clearing obligation (which will come into force for Dexia Crediop during 2016), through the appointment of a clearing broker and association with an affirmation platform and a clearing house.

As regards the secondary market of bonds issued by Dexia Crediop, no operations were carried out in the period.

1.7.3 Other activities

Human Resources

At 30 June 2015, the Bank employed a workforce of 134 people (41 fewer than at 31 December 2014).

At the end of the mobility procedure launched in December 2014, on 18 March 2015 the company and all the trade unions signed two agreements, which provided for recourse as a priority to consensual termination instruments to achieve an overall reduction in the workforce, when fully implemented, of 46 employees (of which 7 executives). This was followed in the second quarter by the operational stage of the agreement, with termination of the employment relationship of almost all the employees who had accepted the various forms of consensual termination provided for. This stage will be completed in the second half of the year with the last terminations of the employment relationship.

During the first half of 2015, in keeping with the training initiatives carried out in 2014, technical and specialised training activities continued in the Compliance, Risk Management, Back Office and Fiscal areas. The bank's new organisational structure was also defined; this is in keeping with the changed corporate mission, operational starting from the second half of the year.

Compliance

During the first half of 2015 on inputs of the Compliance Unit implementations began of the procedures following the update of the Organisational Model (Italian Legislative Decree 231/2001) carried out in December 2014.

Jointly with the bank's other units the project continued to ensure compliance with the US FATCA (Foreign Account Tax Compliance Act) legislation and the related formalities.

In the same way anti-money-laundering activity also continued with particular attention to the controls related to the Centralised Computer Archive and to adequate customer verification, as required by the legislation on the subject.

Together with the Internal Audit Unit a number of control and verification actions were carried out, as required by the Oversight Committee pursuant to Italian Legislative Decree 231/2001.

Administration Department

During the first half of 2015 **Accounting and Operational Control** was engaged in its usual activities, overseeing preparation of the financial report, fiscal compliance and operational control.

The supervisory reports required by Basel III regulations were also produced, including the new FINREP statistical reporting on a consolidated basis and the new liquidity and leverage indicators.

ICT & Facility Services began a programme of actions aimed at gradually decommissioning the application services supported by the mainframe platform with the aim of arriving at deactivation of the associated Facility Management services connected with consequent advantages of both an economic and an operational nature.

The processes of IT Governance were strengthened and made compliant with the Bank of Italy rules on Prudential Supervision for Banks (Circular 263, 15th update of 2 July 2013) and with the adoption on an ever-more-widespread scale of ITIL[1] and COBIT[2] as organisational frameworks of reference. In addition, in accordance with the aforementioned Bank of Italy rules, the Data Governance Standards document was published. This is aimed at defining risk analysis responsibilities and methodology relating to treatment and use of information related to the Bank's operations.

The preparatory activities for sale of the property and the art collection were also carried out.

In the context of the design activities **Back Office** took part in the tests required by the launch of the new platforms such as X-Com (the triparty collateral management platform provided by Monte Titoli) in production from the first quarter of this year and Target 2 Securities (being launched at the end of August 2015 for the Italian market) with particular reference to collateral management.

Finally, again in the design field the database procedures were updated to make the implementations required by the application of the FATCA legislation, while the upgrade of the loan management system (GIS) is in progress.

With the supervision of **Risk Management**, in June the ICAAP Document[3] was sent to the Bank of Italy with reference to the date of 31 December 2014.

Starting from this year and unlike what happened up to 2014, a single ICAAP report was prepared at the centralised level of the Dexia Group. This will also cover the needs of the various Regulators of the main subsidiaries of the latter, including, naturally, the Bank of Italy.

The specific parts related to the information requirements of the Italian Supervisory legislation, applicable to Dexia Crediop and contained in the aforementioned "ICAAP Document", as also the similar ones concerning the other companies controlled by the Dexia Group, were made available as annexes to the above report.

1 Information Technology Infrastructure Library
2 Control Objectives for Information and related Technology.
3 Internal Capital Adequacy Assessment Process.

The controls of the Financial Reporting Manager as provided for by the organisational model continued.

The structure also continued the activity of carefully monitoring liquidity, market and interest rate risks. Automated processes were reinforced, in particular those having to do with control systems.

1.7.4 Income Statement performance and the consolidated half year result

Net interest and other banking income of the Dexia Crediop Group at 30 June 2015 came to € 49 million, compared with € 61 million at 30 June 2014.

The reduction is due to the decrease in net interest income (€ -10 million), resulting from the depreciation and amortisation of assets and increased financial needs related to the increased amounts of cash collateral and to the drop in results from trading, hedging and sale/repurchase activities (€ -3 million) following the valuation of derivatives.

Net writedowns for impairment amounted to € -1 million (compared with € +1 million in the first half of 2014).

Operating costs, including administrative expenses, amortisation and depreciation, provisions and other operating expenses and income, totalled € -17 million, (compared with € -22 million at 30 June 2014).

We can observe in particular substantial stability of administrative expenses, deriving from a reduction of expenses for personnel consequent to the reduction of the workforce and from an increase in other administrative expenses due to the new contribution to the European Single Resolution Fund. Provisions for risks and charges, mainly relating to legal fees for administrative and judicial proceedings in progress on derivative contracts entered into with local authorities, were a positive € 1 million (compared with € -4 million in the first half of 2014), deriving from recoveries of expenses set aside in previous financial years.

Consequently, the profit from current operations before tax amounted to € 31 million compared to a profit of 40 million in the first half of 2014.

After taxes of € -4 million, net profit for the half-year period was therefore € 27 million compared to € 25 million in the first half of 2014.

For more details see Section 4.2.

1.7.5 Income Statement performance and the corporate interim result

Net interest and other banking income of Dexia Crediop at 30 June 2015 came to € 46 million, compared with € 56 million at 30 June 2014.

The reduction was due to the decrease of the net interest income (€ -8 million), resulting from depreciation and amortisation of assets and increased financial needs related to the increased amounts of cash collateral and to the drop in results from trading, hedging and sale/repurchase activities (€ -5 million) following the valuation of derivatives.

Net writedowns for impairment amounted to € -1 million (compared with € +1 million in the first half of 2014).

Operating costs, including administrative expenses, amortisation and depreciation, provisions and other operating expenses and income, totalled € -17 million, (compared with € -22 million at 30 June 2014).

We can observe in particular substantial stability of administrative expenses, deriving from a reduction of expenses for personnel consequent to the reduction of the workforce and from an increase in other administrative expenses owing to the new contribution to the European Single Resolution Fund. Provisions for risks and charges, mainly relating to legal fees for administrative and judicial proceedings in progress on derivative contracts entered into with local authorities, were a positive € 1 million (compared with € -4 million in the first half of 2014), deriving from recoveries of expenses set aside in previous financial years.

Consequently, the profit from current operations before tax amounted to € 28 million compared with 35 million in the first half of 2014.

After taxes of € -4 million, net profit for the half-year period was therefore € 24 million compared to € 21 million in the first half of 2014.

1.8 Business outlook

1.8.1 Future operational prospects

In order to assess Dexia Crediop's operating prospects it is necessary to make reference to the situation of the Dexia Group. Until 2011 the Group pursued a restructuring plan aimed at repositioning on his historic *franchise* and finally adopted an orderly resolution plan approved by the European Commission on December 28, 2012.

Continued implementation of the Group's orderly resolution plan

In this context the support on the part of the Belgian, French and Luxembourgian governments was also authorised. This took the form of a € 5.5 billion capital increase carried out on 31 December 2012 and the granting of a loan guarantee, which makes it possible for the Dexia Group to sustain its assets over time. Under the orderly resolution plan, Dexia received a financing guarantee from the three States – Belgium, France and Luxembourg – which came into force on 24 January 2013 and is valid until 31 December 2021. The sum covered by the guarantee scheme amounts to € 85 billion; the maximum maturity of the securities issued under the guarantee is ten years and the remuneration was fixed at 5 basis points per year, which allows the Group a significant reduction in the cost of guaranteed loans.

Implementing the resolution plan the Group disposed of most of its operating entities reducing its balance sheet progressively with the forecast to come down to approximately € 95 billion at the end of 2020.

Following this, the current scope of the Group corresponds to Dexia SA and its branch Dexia Crédit Local which holds most of the assets and maintains an international presence through its branches in Ireland and the United States and its investee companies in Germany, Spain, Italy and Israel.

The convergence of the Dexia Group's scope towards that defined in the orderly resolution plan enables Dexia to devote itself fully to its mission of managing the residual long-term assets with no new production preserving the interests of the shareholder and guarantor States.

<u>The Dexia Group as a going concern</u>

The consolidated financial report of Dexia SA at 30 June 2015 was prepared in accordance with the accounting standards applicable in going concern situations, which require a series of assumptions already explained in the context of the previous annual reports.

These going concern assumptions are based on an industrial plan which in turn was used to prepare the group's resolution plan. The industrial plan is based on the possibility for Dexia to recover financing capacity on particular markets through the aforementioned liquidity guarantee granted by the Belgian, French and Luxembourgian governments, which came into effect on 24 January 2013. This presupposes the operational character of the guarantee and the restoration of confidence in the capital markets.

The industrial plan, approved on 14 November 2012 and periodically reviewed by the Board of Directors of Dexia SA to take account of the most recent conditions observable in the market, as well as the regulatory changes that have taken place, has not shown significant changes compared to the initially approved plan. At the same time some uncertainties remain as regards it implementation. In fact, this plan is particularly sensitive to changes in interest rates and creditworthiness, whose negative developments could have an effect on Dexia's performance.

In any case, some uncertainties remain in relation to the execution of the business plan during the resolution period, due to the potential impacts of regulatory and accounting changes. In addition, the Group's assets still demonstrate structural imbalances and it has limited resources available to it, as has been the case since the start of its resolution, to remedy this situation. This means that the Group cannot guarantee compliance with certain capital ratios during the resolution process. For example, the orderly resolution of the Group has blocked in place a financing structure heavily dependent on the market and financing from the Central Bank, given that Dexia no longer has any commercial franchises and cannot increase its deposit base. This will be reflected in the future in the Liquidity Coverage Ratio (LCR).

In the first half of 2015 the low level of interest rates and the weakening of the euro in relation to the major currencies led to high growth in the volumes of cash collaterals paid by the Dexia Group to counterparties in derivative operations. This trend led to an increase in the Dexia Group's liquidity needs.

At the same time, the structure of funding evolved significantly, in particular as a consequence of the repayment, which occurred this past 27 February, of a first tranche of € 13 billion issued in the own-use mechanism framework. The last tranche of € 6 billion will be repaid during the last quarter of 2015 and will mark the exit from this exceptional mechanism guaranteed by the European Central Bank to the Dexia Group from the moment in which it entered the resolution phase. The group also repaid the last part of the guaranteed debt subscribed by Belfius, for an amount of € 10 billion.

Funding activity was extremely dynamic, and distinguished by an increase in secured funding and a continuation of guaranteed issues.

In favourable market conditions, Dexia Credit Local issued various long-term benchmark operations in euro, US dollars and British pounds, making it possible to collect almost € 6 billion and a further € 2.2 billion in private placements were completed. The average duration of this funding is 6.1 years entailing a significant increase in the average duration of the new long-term funding collected. Guaranteed short-term funding activity was also supported. The stock of guaranteed debt was € 72 billion at 31 March 2015.

The development of secured funding also continued in the quarter, with a stock up by € 4 billion and based particularly on the use of assets not eligible for Central Bank refinancing.

At 31 March 2015 guaranteed and secured funding represented 73% of total funding of the Dexia Group compared with 69% at the end of 2014.

The Dexia Group has repaid an amount of € 33.5 billion subscribed by the Central Bank in the form of VLTROs[1], partially replaced by recourse to MROs[2] for an amount of € 28.2 billion.

At the end of March 2015 the Dexia Group had a temporary surplus of liquidity placed with the Central Bank of € 9 billion, and also € 5.2 billion in assets eligible for refinancing at the Central Bank.

1 Very Long Term Refinancing Operations.
2 Main Refinancing Operations.

On the other hand the Group remains exposed to liquidity risk and implementation of the orderly resolution plan presupposes that Dexia will maintain a good financing capacity based in particular on investors' propensity for guaranteed debt and guaranteed loans.

Situation of Dexia Crediop in the context of the orderly resolution plan

On 15 July 2014 the European Commission confirmed also for Dexia Crediop the management in run-off of the residual assets with no new production.

As a consequence, management in run-off continues for Dexia Crediop, in the context of the orderly resolution plan for the Dexia Group.

Dexia Crediop's dynamic liquidity position presents in the next twelve months negative expected net balances on the entire time horizon, due mostly to the margins paid to counterparties of cash collateral contracts on derivative products. In this regard, an increase of 10 basis points in 10-year interest rates is estimated to generate a reduction in the requirements for cash collateral deposits of around € 140 million, in line with the estimates made at the end of 2014.

In the context of the run-off scenario of the Dexia Group, Dexia Crediop will concentrate its funding activities on secured instruments and the domestic deposits market. The framework of the various technical forms of funding to cover the needs include: the inter-bank market, with domestic loan platforms on which Dexia Crediop already operates, the monetary policy operations of the Central Bank and support from the shareholders, in particular in the case of Dexia Crédit Local, as contemplated by the European Commission. In addition, Dexia Crediop plans to participate in X-Com once the platform is active. The Dexia Group's funding strategy does not foresee access to the capital market for Dexia Crediop. This in virtue of the higher cost that Dexia Crediop's unsecured issues would have compared with the funding collected by Dexia Credit Local backed by guarantees provided by States.

With a view to the company being a going concern, therefore, Dexia Crediop's dynamic liquidity position looks to be sustainable, on the assumption that the conditions which already characterised the first half of the year will persist, with particular reference to the possibility of gaining access to funding from shareholders, in particular from Dexia Crédit Local.

Within the scope of the Public Finance sector, over the last few years the bank has become party to some administrative and legal proceedings in relation to derivative contracts signed with local and territorial entities, some of which are still in progress. As of today, among the most significant developments in relation to these proceedings we can note: (i) the acceptance by the Council of State of an appeal lodged by Dexia Crediop which became final following the ruling of the Court of Cassation of 16 January 2014 with cancellation of the self-protection actions adopted by the local authority; (ii) the result of another of the bank's disputes which, with the judgement of the Council of State of 5 May 2014, confirmed that the administrative court had no jurisdiction (later further confirmed by the ruling of the Court of Cassation of 23

October 2014 made as part of a further dispute); (iii) the recent judgement issued by the High Court/Commercial Court of London on 25 June 2015 which declared, in relation to a number of derivative contracts signed by a local authority with Dexia Crediop, the substantial compliance of the same with the specific legislation applicable to local and territorial authorities, but which nevertheless declared them null and void owing to the lack of the provision in the same of the counterparty's right of withdrawal pursuant to Art 30, paragraph 6 of the Consolidated Finance Act. Against this erroneous interpretation of the Italian law by the English court, Dexia Crediop intends to lodge an appeal. In the light of the above, it was not considered necessary to carry out write-downs or provisions, other than those to provisions for risks and charges to cover legal costs, in view of the substantial correctness and transparency adopted by the bank in concluding the contracts in question.

In terms of administrative management, Dexia Crediop will continue along the path of reducing costs already taken in previous years and in the reorganisation process just begun to take account of the Bank's changed mission.

In conclusion, given what has been illustrated and taking into account the orderly resolution plan approved by the European Commission, the interim financial report of the Dexia Crediop Group was prepared on the assumption that the company is a going concern. The company's prospects could be affected by the same factors as described above for the Dexia Group, in particular by the capacity to provide subsidiaries with support, even in a deteriorated market situation.

1.8.2. Significant events after the end of the first half

On 10 July 2015 a preliminary contract of sale was signed for the property located at Via Venti Settembre No. 30, the current registered office of Dexia Crediop S.p.A. The final contract is expected to be signed by the end of 2015.

On 24 July 2015, the Board of Directors at Dexia Crediop S.p.A. approved the sale of securities to be carried out over the second half of 2015, for reasons of maintaining exposure to risk groups below the regulatory limits dictated by the Bank of Italy supervisory provisions regarding significant risks, and reducing financial needs.

These sales will be carried out at the market conditions applicable at the time the sale takes place and, on the basis of the estimates made, may have a negative impact on the income statement to the value of approximately € 45 million.

1.9 Reclassification criteria for financial statements

To provide a better understanding of the results of the period, condensed 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
- 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 provisions for 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
- the item “Net hedging gains (losses)" has been included under net interest, in relation to the close correlation between hedging derivatives and the instruments hedged;
- “net trading gains (losses)” and “Gains (losses) on disposal or repurchase” have been aggregated into a single item;
- net adjustments on tangible and intangible assets have been aggregated into a single item.

1.10 Reclassified and reconciliation statements

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, 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 of the previous financial year (as called for in IAS 34 § 20 – “Interim financial reporting”).

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

Consolidated balance sheet

€ millions

Reclassified Balance Sheet	Assets	30/06/2015	31/12/2014	Change
Financial assets held for trading	20. Financial assets held for trading	2,424	2,894	-16%
Financial assets available for sale	40. Financial assets available for sale	413	887	-53%
Financial assets held to maturity	50. Financial assets held to maturity	163	188	-13%
Due from banks	60. Due from banks	6,619	12,430	-47%
Due from customers	70. Due from customers	19,560	20,662	-5%
Tangible and intangible assets		*45*	*46*	-2%
	120. Property, plant and equipment	1	43	-98%
	130. Intangible assets	3	3	0%
	150. Assets held for sale	41	0	n/a
Tax assets	140. Tax assets	18	30	-40%
Other asset items		*406*	*464*	-13%
	10. Cash and cash equivalents	0	0	0%
	80. Hedging derivatives	342	393	-13%
	90. Fair value adjustment of financial assets in hedged portfolios (+/-)	7	10	-30%
	160. Other activities	57	61	-7%
	Total assets	**29,648**	**37,601**	**-21%**

€ millions

Reclassified Balance Sheet	Liabilities and shareholders' equity	30/06/2014	31/12/2014	Change
Due to banks	10. Due to banks	20,154	26,624	-24%
Due to customers	20. Due to customers	835	616	36%
Securities issued	30. Securities issued	1,715	2,62	-35%
Financial liabilities held for trading	40. Financial liabilities held for trading	2,479	2,888	-14%
Tax liabilities	80. Tax liabilities	2	0	n/a
Other liability items		*3,456*	*3,875*	-11%
	60. Hedging derivatives	3,401	3,852	-12%
	70. Fair value adjustment of financial liabilities in hedged portfolios (+/-)	0	0	0%
	100. Other liabilities	55	23	139%
Provisions		*23*	*26*	-12%
	110. Provision for severance indemnities	2	2	0%
	120. Provisions for risks and charges	21	24	-13%
Reserves		*507*	*565*	-10%
	140. Valuation reserves	(150)	(155)	3%
	170. Reserves	657	720	-9%
Equity	190. Equity	450	450	0%
Shareholders' equity of minority inte	210. Shareholders' equity pertaining to minority interests	0	0	0%
Profit (Loss) for the period	220. Profit/(Loss) for the period (+/-)	27	(63)	-143%
	Total liabilities and shareholders' equity	**29,648**	**37,601**	**-21%**

Consolidated Income Statement

€ millions

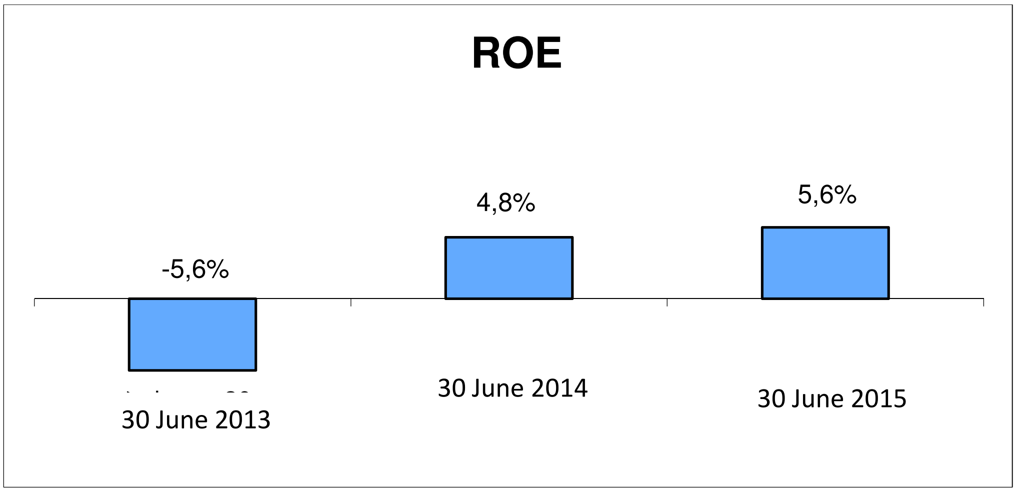
Reclassified Income Statement	Income Statement	1st half 2015	1st half 2014	Change
Net interest income		*54*	*34*	*59%*
	10. Interest and similar income	264	314	-16%
	20. Interest and similar expenses	(231)	(271)	-15%
	90. Net hedging gains (losses)	21	(9)	na
Net fee and commission income		*(1)*	*(2)*	*-50%*
	40. Fee and commission income	4	5	-20%
	50. Fee and commission expenses	(5)	(7)	-29%
Dividends	70. Dividends and similar income	0	0	0%
Net trading gains (losses)		*(4)*	*29*	-114%
	80. Net trading gains (losses)	(6)	28	-121%
	100. Gains (losses) on disposal or repurchase	2	1	100%
	Net interest and other banking income	**49**	**61**	**-20%**
Net adjustments for impairment	130. Net adjustments for impairment	(1)	1	-200%
	Net income from financial activities	**48**	**62**	**-23%**
Administrative expenses	180. Administrative expenses	(17)	(17)	0%
Net provisions	190. Net provisions for risks and charges	1	(4)	na
Amortization and depreciation of fixed assets		*(1)*	*(1)*	*0%*
	200. Net adjustments on property, plant and equipment	0	0	na
	210. Net adjustments on intangible assets	(1)	(1)	0%
Other operating expenses/income	220. Other operating expenses/income	0	0	na
	Operating expenses	**(17)**	**(22)**	**-23%**
	Profit (loss) from continuing operations before tax	**31**	**40**	**-23%**
Income tax	290. Income tax for the period on continuing operations	(4)	(15)	-73%
	Profit (Loss) for the period	**27**	**25**	**8%**
	Profit (Loss) pertaining to the Parent Company	**27**	**25**	**8%**

The Group’s results at 30 June 2015 are commented on with regard to notable aspects in the “Notes to the Statements,” based on the reclassification schedules referenced above.

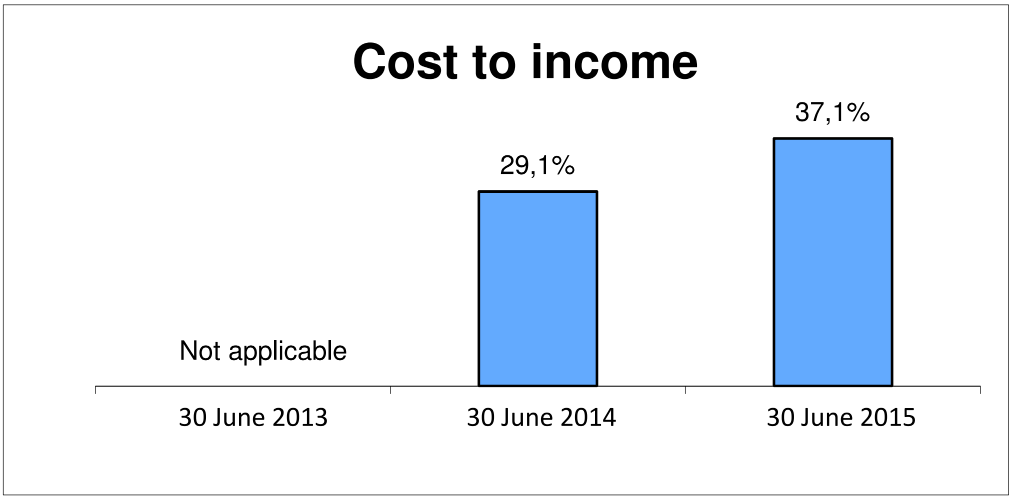
1.11 Alternative performance indicators

Below we provide some economic/financial indicators, which serve as alternatives to the conventional information deducible from the financial statements, related to the Dexia Crediop Group at 30 June 2015.

The ROE[1] at 30 June 2015 was 5.6% compared with 4.8% at 30 June 2014, as a consequence of a slight increase in the annualised net profit, against a reduction in shareholders' equity.



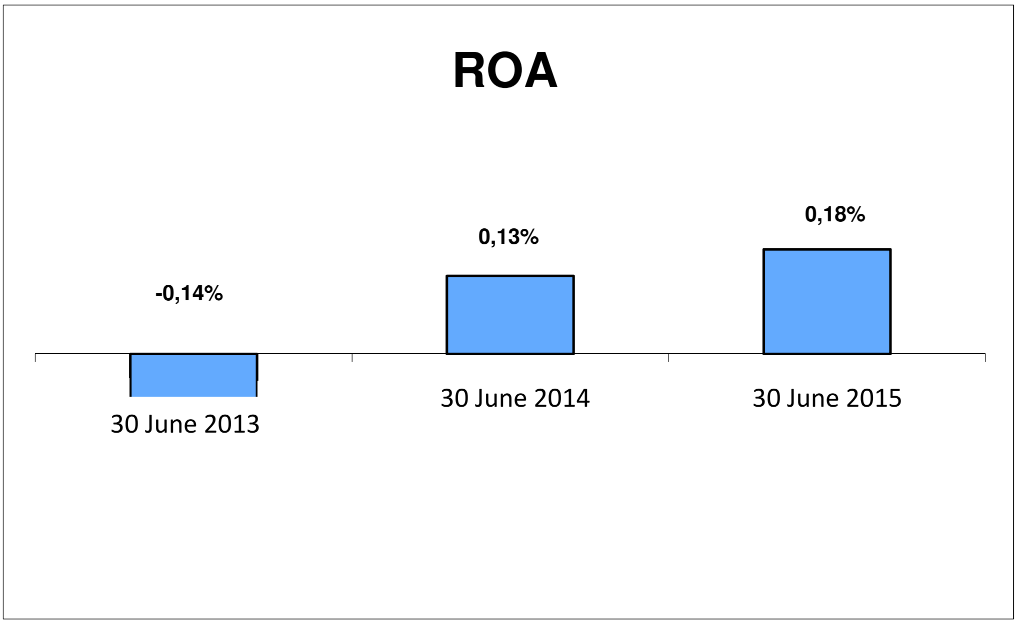
The Cost to Income ratio[2] at 30 June 2015 was 37.1%, compared with 29.1% at 30 June 2014, following substantial stability of expenses against a reduction in net interest and other banking income.



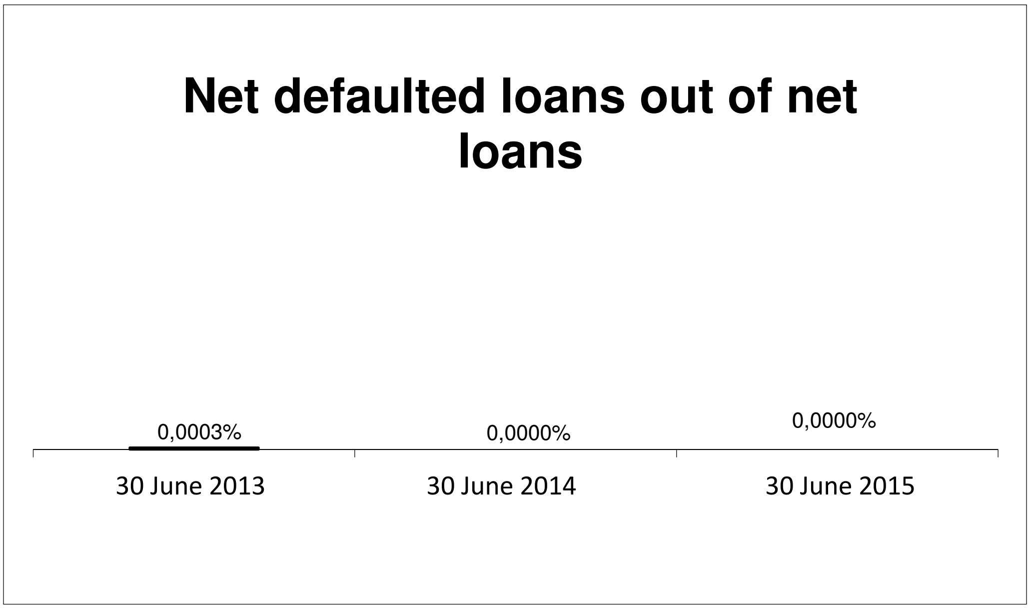
[1] ROE (Return on Equity) is calculated as the ratio between annualised net profit for the six month period and net equity at the end of the period, excluding the result under formation. This indicator expresses the profitability of own equity.

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

The ROA[1] at 30 June 2015 was 0.18% compared with 0.13% at 30 June 2014, as a consequence of a slight increase in the annualised net profit, against a reduction in total assets.



The degree of riskiness of the loan portfolio remained stable, with a proportion of defaulted loans net of adjustments thus at zero[2].



(1) ROA (Return on Assets) is calculated as the ratio between annualised net profit and total balance sheet assets. This indicator expresses the profitability of total invested equity.

(2) The proportion 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 customers). This indicator expresses the risk level of the loan portfolio.

1.12 *The rating*

The rating on medium/long-term debt assigned to Dexia Crediop by the Agencies Fitchratings and Standard & Poor's is for both BBB-.

On 19 May 2015 Fitchratings lowered the m/l term rating of Dexia Crediop from BBB to BBB-.

The Outlook went from Negative to Stable.

Fitchratings - m/l term	BBB-
Fitch Ratings - short term	F3
Fitchratings – support	2

Standard & Poor’s - m/l term	BBB-
Standard & Poor’s - short term	A-3

1.13 Statement of reconciliation between consolidated result and equity

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

	30/06/2015		
			€ millions
Parent company Dexia Crediop S.p.A.	**Shareholders' equity**	**Profit for the period**	**Total**
Equity	450		
Valuation reserves	(57)		
Reserves	531		
Profit (Loss) for the period		24	
TOTAL	**924**	**24**	**948**
Subsidiaries	**Shareholders' equity**	**Profit for the period**	**Total**
Equity	100		
Valuation reserves	(94)		
Reserves	128		
Profit (Loss) for the period		2	
TOTAL	**134**	**2**	**136**
Elimination of equity interests in subsidiaries	(100)		
Elisione dei dividendi delle società controllate	-	-	
Consolidation accounting on valuation reserves	1		
Consolidation accounting on profit reserves	(2)	1	
TOTAL	**(101)**	**1**	**(100)**
Dexia Crediop Group	**Shareholders' equity**	**Profit for the period**	**Total**
Equity	450		
Valuation reserves	(150)		
Reserves	657		
Profit (Loss) for the period		27	
Pertaining to minority interests			
TOTAL CONSOLIDATED CAPITAL as at 30.06.2015	**957**	**27**	**984**

2. Accounting policies

2.1 Standards and methods used in preparation

The accounting standards adopted when drawing up the interim financial report were essentially unchanged from those used for the 2014 annual report, to which we therefore refer readers for additional information. With respect to the latter we can note that assets for which a disposal process has begun and the sale of which is considered highly probable were classified under the asset item "Non-current assets and disposal groups held for sale" . These assets are carried at the lower between book value and their fair value net of cost to sell.

With reference to the financial statements, it should be noted that as regards the Balance Sheet the data at 30 June was compared with that from the most recent annual report, whereas for the Income Statement, comparison was made with the corresponding period of the previous financial year, in compliance with the provisions of IAS 34.

2.2 – Declaration of conformity to international accounting standards

The Half-Yearly Financial Report of the Dexia Crediop Group at 30 June 2015 was prepared in accordance with the International Financial Reporting Standards and the International Accounting Standards (hereafter "IFRSs", "IASs", or international accounting standards) issued by the International Accounting Standards Board (IASB) and adopted by the European Commission according to the procedure referred to in Art. 6 of Regulation (EC) No. 1606/2002 of the European Parliament and the Council dated 19 July 2002, which had been approved at that date.

This interim 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 option to provide the interim information in a condensed version, in place of the more complete information called for in the annual report.

2.3 – Consolidation scope and methods

The consolidated financial statements of the Dexia Crediop Group consist of the separate financial statements of the Parent Bank Dexia Crediop S.p.A. and the separate financial statements of the subsidiaries, which have been consolidated line-by-line.

The consolidation principles adopted for the half-yearly financial report at 30 June 2015 are shown below:

- the consolidated report has been prepared in compliance with the provisions of IFRS 10 through the aggregation of the individual financial reports of the Parent Company and subsidiaries, adding the figures for each item of the assets, liabilities, shareholders' equity, revenues and costs. In order for the consolidated financial statements to show the information about the Group as a single economic entity, the following procedures were adopted:

   a. the book value of the parent bank's equity investments in each subsidiary was eliminated together with the corresponding part in each subsidiary's shareholders' equity;
   b. the financial asset and liability 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 eliminated.

– The company Tevere Finance S.r.l. is consolidated line-by-line as Dexia Crediop exercises de facto control.

– as regards the financial statements of the company Tevere Finance S.r.l. only "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 securitisation operations, were already included in the separate financial statements in accordance with IAS 39.

Company name	Headquarters	Relationship	Investment relationship		% of votes held
			Investor company	Share %	
A. Companies: A.1 Consolidated line-by-line					
D.C.I. – Dexia Crediop Ireland*	Dublin	1	Dexia Crediop	99.9%	99.9%
Crediop per le Obbligazioni Bancarie Garantite S.r.L.	Rome	1	Dexia Crediop	90%	90%
Tevere Finance S.r.l.	Rome	4			

** Dexia Crediop Ireland has equity of € 100 million, represented by 100 million shares with a face value of € 1 each, including:*
- *99,999,999 shares held by Dexia Crediop S.p.A.;*
- *1 share held by Dexia Crédit Local.*

Key: 1 = majority of votes at the Ordinary Shareholders' Meeting.
4 = other types of control.

2.4 Events after the reporting date

For events after closure of the first half, please see paragraph 1.8.2. of the Report on Operations.

3. Consolidated accounting statements

3.1 Consolidated financial statements

€ millions

	Assets	30/06/2015	31/12/2014
10.	Cash and cash equivalents	0	0
20.	Financial assets held for trading	2,424	2,894
40.	Financial assets available for sale	413	887
50.	Financial assets held to maturity	163	188
60.	Due from banks	6,619	12,430
70.	Due from customers	19,560	20,662
80.	Hedging derivatives	342	393
90.	Fair value adjustment of financial assets in hedged portfolios (+/-)	7	10
120.	Property, plant and equipment	1	43
130.	Intangible assets	3	3
	of which:		
	- goodwill	0	0
140.	Tax assets	18	30
	a) current	*13*	*16*
	b) deferred	*5*	*14*
	of which pursuant to Law 214/2011	*0*	*0*
150.	Non-current assets and disposal groups held for sale	41	0
160.	Other activities	57	61
	Total assets	**29,648**	**37,601**

€ millions

	Liabilities and shareholders' equity	30/06/2015	31/12/2014
10.	Due to banks	20,154	26,624
20.	Due to customers	835	616
30.	Securities issued	1,715	2,620
40.	Financial liabilities held for trading	2,479	2,888
60.	Hedging derivatives	3,401	3,852
70.	Fair value adjustment of financial liabilities in hedged portfolios	0	0
80.	Tax liabilities	2	0
	a) current	*2*	*0*
	b) deferred	0	0
100.	Other liabilities	55	23
110.	Provision for severance indemnities	2	2
120.	Provisions for risks and charges	21	24
	a) pension funds and similar benefits	*7*	*7*
	b) other provisions	*14*	*17*
140.	Valuation reserves	-150	-155
170.	Reserves	657	720
190.	Equity	450	450
210.	Minority interests (+/-)	0	0
220.	Profit/(Loss) for the period (+/-)	27	-63
	Total liabilities and shareholders' equity	**29,648**	**37,601**

€ millions

	Income Statement items	1st half 2015	1st half 2014
10.	Interest and similar income	264	314
20.	Interest and similar expenses	(231)	(271)
30.	**Net Interest income**	**33**	**43**
40.	Fee and commission income	4	5
50.	Fee and commission expenses	(5)	(7)
60.	**Net fee and commission income**	**(1)**	**(2)**
70.	Dividends and similar income	0	0
80.	Net trading gains (losses)	(6)	28
90.	Net hedging gains (losses)	21	(9)
100.	Gains (losses) on disposal or repurchase of:	2	1
	a) loans	*0*	*1*
	b) financial assets available for sale	*0*	*0*
	d) financial liabilities	*2*	*0*
120.	**Net interest and other banking income**	**49**	**61**
130.	Net adjustments for impairment of:	(1)	1
	a) loans	*(1)*	*1*
	d) other financial transactions	*0*	*0*
140.	**Net income from financial activities**	**48**	**62**
170.	**Net income from financial and insurance activities**	**48**	**62**
180.	Administrative expenses:	(17)	(17)
	a) personnel expenses	*(9)*	*(10)*
	b) other administrative expenses	*(8)*	*(7)*
190.	Net provisions for risks and charges	1	(4)
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 expenses**	**(17)**	**(22)**
280.	**Profit (loss) from continuing operations before tax**	**31**	**40**
290.	Income tax for the period on continuing operations	(4)	(15)
300.	**Profit (Loss) from continuing operations after tax**	**27**	**25**
320.	**Profit (Loss) for the period**	**27**	**25**

STATEMENT OF CONSOLIDATED COMPREHENSIVE INCOME

€ millions

	Items	1st half 2015	1st half 2014
10.	**Profit (Loss) for the period**	**27**	**25**
	Other income components net of tax without reversal to income statement		
20.	Actuarial gains (losses) on defined benefits schemes	0	0
	Other income components net of tax with reversal to income statement		
90.	Cash flow hedging	(3)	9
100.	Financial assets available for sale	8	(119)
130.	**Total other income components net of tax**	**5**	**(110)**
140.	**Comprehensive income (items 10 + +130)**	**32**	**(85)**
150.	Consolidated comprehensive income pertinent to minority interests	0	0
160.	**Consolidated comprehensive income pertinent to Parent Company**	**32**	**(85)**

3.2 Report on changes in consolidated shareholders' equity

Below we provide the statement of changes in shareholders' equity at 30 June 2015.

STATEMENT OF CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY AS AT 30 June 2015

€ millions

	Balances at 31.12.2014	Changes to initial balances	Balances at 1.1.2015	Allocation of profit of the previous period		Comprehensive income	Shareholders' equity as at 30.06.2015	
				Reserves				
	of the group		of the group	of the group	Dividends and other uses		of the group	of non-controlling interests
Equity:	**450**		**450**				**450**	
a) ordinary shares	450		450				450	
b) other shares								
Share premiums								
Profit reserves	**720**		**720**	**(63)**			**657**	
a) of profits								
b) others								
Valuation reserves	**(155)**		**(155)**			**5**	**(150)**	
Equity instruments								
Treasury shares								
Profit (Loss) for the period	**(63)**		**(63)**	**63**		**27**	**27**	
Shareholders' equity	**952**		**952**	**0**		**32**	**984**	

Shareholders' equity of non-controlling interests at 30 June 2015 amounted to Euro 11 thousand.

STATEMENT OF CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY AS AT 30 June 2014

€ millions

	Balances at 31.12.2013	Changes to initial balances	Balances at 1.1.2014	Allocation of profit of the previous period		Comprehensive income	Shareholders' equity as at 30.06.2014	
				Reserves				
	of the group		of the group	of the group	Dividends and other uses		of the group	of non-controlling interests
Equity:	**450**		**450**				**450**	
a) ordinary shares	450		450				450	
b) other shares								
Share premiums								
Profit reserves	**744**		**744**	**(24)**			**720**	
a) of profits								
b) others								
Valuation reserves	**(16)**		**(16)**			**(110)**	**(126)**	
Equity instruments								
Treasury shares								
Profit (Loss) for the period	**(24)**		**(24)**	**24**		**25**	**25**	
Shareholders' equity	**1.154**		**1.154**	**0**		**(85)**	**1.069**	

Shareholders' equity of non-controlling interests at 30 June 2014 amounted to Euro 11 thousand.

3.3 Statement of changes in consolidated cash flows

A. OPERATING ACTIVITIES	*€ millions*	
	30/06/2015	30/06/2014
1. Operations	**14**	**26**
- result for the period (+/-)	27	25
- gains/losses on financial assets held for trading and on assets/liabilities carried at fair value (-/+)	6	(27)
- capital gains/losses on hedging assets (+/-)	(21)	9
- net adjustments for impairment (+/-)	(2)	(1)
- net adjustments of tangible and intangible fixed assets (+/-)	1	1
- net provisions for risks and charges and other costs/revenues (+/-)	(1)	4
- unpaid taxes and duties (+)	4	15
- other adjustments (-/+)		
2. Liquidity provided/used by financial assets	**7.970**	**(1.069)**
- financial assets held for trading	463	(380)
- financial assets available for sale	474	95
- due from banks: on demand	(31)	(88)
- due from banks: other receivables	5.842	(615)
- due from customers	1.104	(104)
- other activities	118	23
3. Liquidity provided/used by financial liabilities	**(7.983)**	**1.044**
- due to banks: on demand	8	
- due to banks: other payables	(6.479)	1.181
- due to customers	220	85
- securities issued	(905)	(1.094)
- financial liabilities held for trading	(409)	377
- other liabilities	(418)	495
Net liquidity provided/used by operations	**1**	**1**
B. INVESTING ACTIVITIES		
1. Liquidity provided by	**0**	**0**
- sales of equity investments	0	0
- dividends collected from equity investments	0	0
- sales of property, plant and equipment	0	0
2. Liquidity used by	**(1)**	**(1)**
- purchases of intangible assets	(1)	(1)
Net liquidity provided/used by investment activities	**(1)**	**(1)**
C. FUNDING ACTIVITIES		
- distribution of dividend and other uses	0	0
Net liquidity provided/used by funding activities	**0**	**0**
NET LIQUIDITY PROVIDED/USED IN THE PERIOD	**0**	**0**

RECONCILIATION

Balance Sheet Items

Cash and cash equivalents at start of period	**0**	**0**
Total net liquidity provided/used in period	**0**	**0**
Cash and cash equivalents: effect of variations in exchange rates	**0**	**0**
Cash and cash equivalents at end of period	**0**	**0**

KEY: (+) provided (-) used

4. Notes to the Statements

4.1 Statement of Financial Position

The section in question provides the equity figures for the Group at 30 June 2015, compared with the balances in the 2014 annual report. Relative changes, when significant, are accompanied by illustrative notes for changes in the Group's equity situation.

4.1.1 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 loans is periodically subjected to checks for the existence of any impairment losses. To this end, for classification of impaired exposures in the various risk categories (non-performing loans, probable defaults, impaired past-due and/or over-the-limit 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 estimated realisable value of any existing guarantees and of any costs considered necessary for recovery of the loan exposure (for a detailed numeric explanation, please refer to section 4.3 "Comments on risks and hedging policies").

The composition of the item in question at 30 June 2015, net of the related value adjustments, was as follows:

€millions

	30/06/2015	31/12/2014	% change
Due from banks	**6,619**	**12,430**	**-47%**
Loans	179	191	-6%
Debt securities	2,001	7,155	-72%
Other transactions	4,439	5,084	-13%
Due from customers	**19,560**	**20,662**	**-5%**
Loans	7,556	8,276	-9%
Debt securities	11,728	12,060	-3%
Other transactions	276	326	-15%
Total loans	**26,179**	**33,092**	**-21%**

Loans

Total loans at 30 June 2015 amounted to € 7,735 million, of which € 7,556 million to ordinary customers and € 179 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" (L&R), which at 30 June 2015 totalled € 13,729 million.

Other transactions

The item "Other transactions" includes credit items arising from interbank deposits of € 4,383 million.

4.1.2 Financial assets

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

€ millions

IAS category	30/06/2015	31/12/2014	% change
Financial assets held for trading (HFT)	2,424	2,894	-16%
Financial assets available for sale (AFS)	413	887	-53%
Financial assets held to maturity (HTM)	163	188	-13%
Total	**3,000**	**3,969**	**-24%**

Financial assets held for trading

This item, which amounted to € 2,424 million, includes only derivatives not designated as hedging instruments, carried at fair value as recognised in 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 held for trading", which amounted to € 2,479 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 shareholders' equity reserve until the financial asset is either derecognised 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 trading of € 386 million, equity securities which cannot be classified as subsidiaries, associated companies, or joint ventures of € 26 million, and UCITS units of € 1 million.

With reference to these latter, below we provide the amounts at 30 June 2015.

€ millions

Equity securities and mutual fund shares	**Book value at 30/06/2015**	**AFS reserve at 30/06/2015 including deferred tax**	**AFS reserve at 30/06/2015 net of deferred tax**
Istituto per il Credito Sportivo	26	1	1
Equity securities	**26**	**1**	**1**
Mid Capital Mezzanine Fund (Mutual fund shares)	1	0	0
Securities (Mutual fund shares)	**1**	**0**	**0**
Total	**27**	**1**	**1**

As far as the Istituto del Credito Sportivo (ICS) is concerned, see the explanation in paragraph 1.3.

For debt securities, with a book value of € 386 million, measurement at fair value led to a negative reserve emerging - in relation to assets currently classified as AFS - of € 102 million net of associated deferred taxes (please also see section 4.1.9).

During the first half of 2015, no new debt securities classifiable as Available for Sale were purchased.

The reduction in financial assets available for sale was mainly due to maturity of a debt security of the Ministry of the Economy and Finance with a nominal value of € 450 million.

Financial assets held to maturity

The financial assets in question are booked in the annual report at the amortized cost and periodically subjected to tests regarding any impairment losses that may have occurred.

To this end, if there is any objective evidence of impairment, the amount of the same is measured as the difference between the book value of the asset and the present value of future cash flows and is recognised in the income statement.

At 30 June 2015, these assets did not show any loss of value.

This item, totalling €163 million, includes only debt securities of the parent company that the bank has the effective intention and ability to hold until maturity. During the period there were no sales or purchases of securities classified in the HTM portfolio.

4.1.3 Property, plant and equipment and intangible assets

Property, plant and equipment totalled € 1 million and consisted of the following:

€ millions

Breakdown	30/06/2015	31/12/2014	% change
A. Assets for business purposes			
- land	0	29	-100%
- buildings	0	12	-100%
- furniture	1	2	-50%
Total A	**1**	**43**	**-98%**
B. Assets held as investments			
- buildings	0	0	0%
Total B	**0**	**0**	**0%**
Total (A+B)	**1**	**43**	**-98%**

The reduction of € 42 million of the property, plant and equipment item was due to classification of the property located at Via Venti Settembre No. 30, the current registered office of Dexia Crediop S.p.A., and of works of art in the item non-current assets and disposal groups held for sale, following the start of a process for their sale the completion of which is considered highly probable.

Intangible assets totalled €3 million and consist of software purchased from third parties in the process of amortisation.

4.1.4 Tax assets

Tax assets for current taxes, of € 13 million, mainly refer to credits for IRES and IRAP relating to previous years and to withholdings on interest, premiums and other income from deposits and current bank accounts.

Deferred tax assets, of € 5 million, refer mainly to the negative fair value of the reserve relating to financial assets available for sale (AFS) of the subsidiary Dexia Crediop Ireland limited to the amount estimated to be recoverable. In keeping with what was done at 31 December 2014 only deferred tax assets for which the probability test provided for in IAS 12 is considered fulfilled remained recognised in the accounts.

4.1.5 Non-current assets and disposal groups held for sale

These assets amounted to € 42 million and refer to works of art and to the property located in Rome, Via Venti Settembre No. 30; assets for which a sale process has started the completion of which is considered highly probable.

€ millions

Breakdown	30/06/2015	31/12/2014	% change
A. Single Assets			
A.3 property plant and equipment	42	0	n/a
Total A	**42**	**0**	**n/a**
of which valued at cost	*42*	*0*	

4.1.6 Debt instruments and securities issued

At 30 June 2015, total financial liabilities in question were as follows:

€ millions

IAS category	30/06/2015	31/12/2014	% change
Due to banks	20,154	26,624	-24%
Due to customers	835	616	36%
Securities issued	1,715	2,62	-35%
Total	**22,704**	**29,860**	**-24%**

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.

4.1.7 Financial liabilities held for trading

This item, totalling €2,479 million includes only derivatives with a negative fair value, not designated as hedging instruments. The change with respect to the end of 2014 is mainly due to the effect of measurement in the period.

4.1.8 Provisions for risks and charges and severance indemnities

The breakdown of provisions at 30 June 2015 was as follows:

€ millions *€ millions*

IAS category	30/06/2014	31/12/2014	% change
Provisions for severance indemnities	2	2	0%
Provisions for risks and charges	21	24	-13%
Total	**23**	**26**	**-12%**

Provisions for severance indemnities (TFR)

The liability relating to severance indemnities is recognised on the balance sheet on the basis of the actuarial value of the same (€ 2.2 million), determined by an independent actuary, on the basis of financial and actuarial assumptions, also taking into account the actuarial gains or losses. These are recognized in the accounts under other comprehensive income components reclassified in a specific shareholders' equity valuation reserve, as provided for in the accounting standard IAS 19, as updated from 1 January 2013. The valuation also takes into account the effects of the agreement on voluntary redundancy and access to the Solidarity Fund which was signed by the Company and the Unions on 24 June 2009.

Provisions for risks and charges

Provisions for risks and charges consist of "pension funds and similar benefits" and "other provisions".

"Pension funds and similar benefits," amounted to € 7.4 million and relate to provisions - recognised on the basis of the accounting standard IAS 19 as "Employee benefits" - against various forms of complementary defined-benefit pension schemes. These commitments can be traced entirely to the Parent Company and are based on calculations carried out by independent actuaries using the “projected unit 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 recognised in the accounts among other comprehensive income components reclassified to a specific shareholders' equity valuation reserve, following the aforesaid update of IAS 19.

"Other provisions" consist of the following: € 2.1 million for costs of employee seniority bonuses, for life assurance benefits and for the aforementioned agreement on voluntary redundancy incentives and access to the solidarity fund signed by the company with certain Trade Unions on 24 June 2009; € 4.6 million for legal costs for current litigation with local authorities (see section 4.3.1 for more details on these disputes); € 0.7 million for tax expenses set aside during the first half of 2011; € 6.2 million connected with the staff reduction plan signed with the Trade Unions during 2015 on 18 March 2015.

4.1.9 Tax liabilities

Tax liabilities for current taxes refer mainly to taxes withheld as tax substitute and to the VAT payable.

4.1.10 Shareholders' equity

Shareholders' equity for the group at 30 June 2015, including profits for the period, totalled €984 million and consisted of the following:

€ millions

Items/Amounts	30/06/2015	31/12/2014	Changes of the period
Equity	450	450	0%
Reserves	657	720	-9%
Valuation reserves	(150)	(155)	na
Profit (Loss) for the period	27	(63)	na
Total	**984**	**952**	**3%**

Capital and Reserves

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

Reserves at 30 June 2015 totalled € 657 million and the changes seen over the course of the six-month period can be entirely attributed to the allocation for the loss in the 2014 financial year.

Valuation reserves

Valuation reserves at 30 June 2015 totalled € -150.3 million of which € +16.2 million deriving from measurement at fair value of Cash Flow Hedging (CFH) operations, € -154.2 million deriving from measurement at fair value of financial assets available for sale (AFS) and € -12.3 million deriving from actuarial valuation of defined-benefit schemes.

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

€ millions

	Reserve for cash flow hedging	Reserve for financial assets available for sale	Reserve for defined-benefit schemes
A. Opening balances	**19**	**(162)**	**(12)**
B. Increases		8	
C. Decreases	3		
D. Closing balances	**16**	**(154)**	**(12)**

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

Reserves from valuation of financial assets available for sale *€ millions*

	Debt securities	Equity securities	UCITS units	Total
1. Opening balances at 31/12/2014	**(163)**	**1**	**0**	**(162)**
2. Increases	8			8
3. Decreases				0
4. Closing balances at 30/06/2015	**(155)**	**1**	**0**	**(154)**

The table below shows, in relation to debt securities, the reconciliation between the Parent Company's AFS reserve and that found in the consolidated financial statements (net of deferred taxation).

€ millions

AFS DEBT SECURITIES reserve	**Parent company Dexia Crediop S.p.A.**	**Subsidiary companies post-consolidation**	**Total**
balance at 31/12/2014	**(62)**	**(101)**	**(163)**
increases	2	6	8
decreases			
balance at 30/06/2015	**(60)**	**(95)**	**(155)**

4.1.11 Own funds

Common Equity Tier 1 (CET1) was calculated on the basis of the balance sheet and income statement figures, determined in accordance with the IAS/IFRS international accounting standards and taking into account the rules laid down by the Bank of Italy in accordance with the new Basel 3 regulations. In particular, CET1 includes, as positive elements: paid-up equity and profit reserves; negative elements include: intangible assets and valuation reserves. There are no additional Tier1 funds.

Tier II capital consists of subordinated liabilities, which can be calculated entirely as such, from valuation reserves and from surpluses from value adjustments with respect to expected losses.

In reference to valuation reserves for debt securities issued by the central administrations of countries in the European Union included in the "Financial Assets Available for Sale" portfolio, the Group applied complete neutralization of the associated capital gains and losses, in accordance with the provision sub a) laid down by the Bank of Italy with its measure dated 18 May 2010 regarding "Regulatory Capital/Prudential Filters" and confirmed by the national provisions implementing the Basel 3 regulations.

€ millions

	Total at 30/06/2015	**Total at 31/12/2014**
A. Common Equity Tier 1 - CET1 before prudential filters are applied	**1,107**	**1,107**
of which CET1 instruments subject to transitional provisions		
B. CET1 prudential filters (+/-)	**(166)**	**(174)**
C. CET1 gross of elements to be deducted and effects of the transitional regime (A+/-B)	**941**	**933**
D. Elements to be deducted from CET1	**(3)**	**(3)**
E. Transitional regime - Impact on CET1 (+/-), including minority shareholdings subject to transitional provisions	**82**	**77**
F. Total Common Equity Tier 1 (TIER1 -CET1) (C-D +/-E)	**1,020**	**1,007**
G. Additional Tier 1 (AT1) gross of elements to be deducted and effects of the transitional regime		
of which AT1 instruments subject to transitional provisions		
H. Elements to be deducted from AT1		
I. Transitional regime - Impact on AT1 (+/-), including instruments issued by subsidiaries and included in AT1 Due to transitional provisions		
L. Total Additional TIER 1 (AT1) (G-H+/-I)		
M. Tier 2 (T2) gross of elements to be deducted and effects of the transitional regime	**176**	**217**
of which T2 instruments subject to transitional provisions		1
N. Elements to be deducted from T2		
O. Transitional regime - Impact on T2 (+/-), including instruments issued by subsidiaries and included in T2 due to transitional provisions		
P. Total Tier 2 (T2) (M - N +/- O)	**176**	**217**
Q. Total shareholders' equity (F + L + P)	**1,196**	**1,224**

4.1.12 Other asset and liability items

The "Hedging derivatives" items among the assets (item 80) and liabilities (item 60) on the Balance Sheet at 30 June 2015, respectively €342 million and €3,400 million, include the positive and negative value of derivatives which are part of effective hedging operations.

The types of hedging 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 accounts;
- cash flow hedges, performed with the aim of hedging the exposure to changes in cash flows of assets/liabilities recognised in the accounts or of 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 the changes in value constitute the partial ineffectiveness of the hedge and lead to a net impact in the income statement, recognised 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, the said value adjustment involved only financial assets and totalled € 7 million.

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

For cash flow hedges, fair value is recognised with a matching entry in the specific Shareholders' Equity reserve (at 30 June 2015 equal to € 16 million), while the assets or liabilities covered by the hedge are not subjected to a similar change in value.

4.2 Economic performance

Below we provide a description of the economic progress of the Dexia Crediop Group in the first half of 2015 on the basis of the reclassified income statement. For an analysis of the results by sector please refer to section 4.4.4.

4.2.1 Net interest income

Net interest of the Dexia Crediop Group in the first half of 2015 amounted to € 54 million, compared with + 34 million at 30 June 2014. This item is made up of net interest income (interest income and expenses) and the net result of hedging activities.

Net interest income amounted to € 33 million at 30 June 2015, down by € -10 million compared with the first half of 2014, following amortisation of the stock of assets and an increase in financial needs associated with an increase in the volumes of cash collaterals.

The net result of hedging activities amounted to € +21 million at the end of June 2015, compared with € -9 million in the first half of 2014. This result relates to the difference in the change in fair value of hedged instruments and hedging instruments in relation to the risk component hedged. In particular, this result is affected by the valuation of hedging derivatives collateralised using the OIS curve, compared to the valuation of the hedged instruments on the basis of Euribor, the criterion adopted from 2013, in application of IFRS 13. In addition for the above type of derivative the Credit Value Adjustment (CVA) is also taken into account and specularly also the risk associated with our own creditworthiness, the so-called Debit Value Adjustment (DVA).

The net interest of the Dexia Crediop Group derives for € 52 million from Dexia Crediop S.p.A. and for the remainder from the subsidiary Dexia Crediop Ireland and from the consolidation accounts.

4.2.2 Net fee and commission income

Net fee and commission income at 30 June 2015 amounted to € -1 million, an improvement compared to € -2 million in the corresponding period of the previous year.

4.2.3 Dividends and similar income

In the first half of 2015 no dividends were received (compared with € 0.003 million to 30 June 2014).

4.2.4 Net trading gains (losses)

Total losses from trading activities at 30 June 2015 totalled € -4 million, compared to gains of € +29 million in the first half of 2014. This consists of two items, “Net Trading Gains (Losses)” and “Gains (Losses) on Disposal or Repurchase”.

More specifically, the net loss from trading was -6 million euro in the first half of 2015, with respect to a gain of +28 million as of 30 June 2014. This item expresses the fair value measurement, inclusive of the correction estimated for the credit risk, of the trading portfolio comprising exclusively derivatives.

From an operational point of view this portfolio is not exposed to interest rate risk due to balanced broking with the main counterparties; but the related positions are affected by the estimated correction for credit risk.

Collateralised trading derivatives are valued using the OIS curve, according to the value enhancement criteria adopted from 2013, in application of IFRS 13. In addition for the above type of derivative the Credit Value Adjustment (CVA) is also taken into account and specularly also the risk associated with our own creditworthiness, the so-called Debit Value Adjustment (DVA). In addition, starting from the first half of 2015, on non-collateralised derivatives the so-called FVA (Funding Value Adjustment) is taken into account. This reflects the cost of funding connected with non-collateralised trading derivatives.

Gains (losses) on disposal or repurchase amounted to € +2 million in the first half of 2015, as a consequence of repayments of own securities, compared with a result of € 1 million in the corresponding period of the previous year.

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

4.2.5 Net interest and other banking income

Net interest and other banking income of the Dexia Crediop Group at 30 June 2015 came to € 49 million, compared with € 61 million at 30 June 2014 as a result of the above trends.

4.2.6 Net adjustments (+/-) for impairment

Total net value adjustments for impairment were € -1 million (compared with +1 million at 30 June 2014) and mainly relate to flat-rate adjustments.

4.2.7 Net income from financial activities

Following the large operations described above and their progress, the Dexia Crediop Group's net income from financial activities at 30 June 2015 totalled € 48 million compared with € 62 million at 30 June 2014.

4.2.8 Operating costs

Administrative expenses in the first half of 2015 totalled € -17 million, substantially in line with the corresponding period of the previous year. In particular, personnel expenses were € 9 million, down compared with € 10 million at 30 June 2014, following the reduction in the workforce. Other administrative expenses came to € 8 million, up from € 7 million at 30 June 2014, owing to the contribution to the European Single Resolution Fund, the portion of which charged to Dexia Crediop is € 2.8 million compared with the total amount estimated at the level of the Dexia Group of approximately € 20 million.

Net provisions for risks and charges in the first half of 2015 were € +1 million, compared with € -4 million in the first half of 2014. They mainly relate to the recovery of legal expenses set aside in previous years for administrative and judicial proceedings in relation to derivative contracts signed with local authorities.

Depreciation and amortisation (net value adjustments on tangible and intangible assets) amounted to € -1 million, with no substantial changes compared with the same period of the previous year.

Other operating expenses and income in the first half of 2015 amounted to € 0.1 million, substantially in line with the same period of 2014.

Hence, total operating costs amounted to € -17 million, compared with € -22 million at 30 June 2014.

4.2.9 Profit (loss) from continuing operations before tax

Owing to all of the above, Dexia Crediop Group's profit from continuing operations before taxes at 30 June 2015 came out at € 31 million, compared with € 40 million in the first half of 2014.

4.2.10 Income taxes for the period on continuing operations

Taxes for the first half of 2015 totalled € -4 million, compared with € -15 million in the corresponding period of the previous year. Taxes were made up of € 1.8 million of IRES (an amount including the effect of using the tax loss of the previous year for which no deferred tax assets were accounted for), € 1.9 million of IRAP and € 0.3 million related to the subsidiary DCI.

4.2.11 Profit (loss) for the period

The Dexia Crediop Group's net profit at 30 June 2015 amounted to € 27 million, compared with € 25 million at 30 June 2014.

4.3 Comments on risks and hedging policies

4.3.1 Credit risk

General aspects

The Dexia Crediop Group's area of operations has historically concentrated on financing investments in the public sector and large infrastructures. The remaining part of the loan portfolio refers almost exclusively to assets acquired according to an investment logic based on requisites of high market liquidity and eligibility at the European Central Bank.

Credit risk management policies

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

In particular, by credit risk is meant the possibility that an unexpected change in the creditworthiness of a counterparty in relation to which there is an exposure, will generate a corresponding unexpected change in the market value of the loan position.

The factors which influence the level of this risk are:

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

The vast majority of existing exposures regard customers in the public sector, generally with a low risk level and also subject to particular controls linked to their nature as public entities.

Credit risks are measured and controlled by the Credit Risk department of the Risk Management structure.

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 each operation provided by the Risk Management Department.

The Default/Watchlist Coordination Committee examines situations falling within the reference criteria 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 various types of counterparties: Corporate, Project Finance, Western Europe Local Public Sector (LPS), Public “Satellites” (public companies providing public services), Private “Satellites” (unlike the previous category, these are private-law counterparties, 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 overall risks for the bank on the basis of an approach based on the bank's own economic means, the so-called Risk & Capital Adequacy (RCA) model.

Credit risk mitigation techniques

As regards operations in derivatives, the ISDA Master Agreement is accompanied by the Credit Support Annex (CSA) for the majority of the banking counterparties: this collateralisation agreement minimises credit risk through the regular (daily, weekly or monthly) exchange of cash margins or, in one case, collateral security margins of the net value of the bilateral exposure. The CSA will be adopted for all new derivatives operations established and will be progressively applied to all existing operations already in the portfolio.

In the same way, for repo/reverse repos - in specific situations - Global Master Repurchase Agreements (GMRA) are adopted.

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 guarantees backing the bank's loan exposure, the guarantees are personal guarantees. Most of these are provided by banks, while occasionally they are provided by Local or Territorial 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, in the majority of cases, by a commitment by the latter to directly honour repayment of the debt of the various counterparties involved.

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:

- watch-list exposures;
- impaired past-due and/or over-the-limit exposures;
- probable defaults;
- 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 exposures to single debtors that fall within the category of “non-performing” as defined in Execution Regulation (EU) No. 680/2014 of the Commission and subsequent amendments and additions (Implementing Technical Standards). Impaired financial assets are divided into the categories of non-performing, probable defaults, impaired past-due and/or over-the-limit exposures.

At 30 June 2015, financial assets are divided into impaired assets and performing assets as follows:

€ millions

	Non-performing assets				Other activities			Total (net exposure)
	Gross exposure	Specific write-downs	Portfolio write-downs	Net exposure	Gross exposure	Portfolio write-downs	Net exposure	
30/06/2015	72	1	0	71	**26,684**	27	**26,657**	**26,728**
31/12/2014	47	1	0	46	**34,120**	26	**34,094**	**34,140**

The table makes it possible to note the high quality of the Group’s assets. In fact, gross impaired assets represent only 0.262% of the total loans due from customers, loans due from banks, of financial assets available for sale, and financial assets held to maturity. These assets include exclusively a limited number of positions, since they are exposures regarding parties that are in a state of insolvency or temporary difficult (or in substantially equivalent situations). With reference to these 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.

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

Trend of non-performing assets *€ millions*

Reasons/Categories	Defaulted loans	Unlikely to pay	Past-due and/or over-the-limit exposures
Opening gross exposure	**1**	**27**	**19**
Increases		27	0
Decreases		2	
Closing gross exposure	**1**	**52**	**19**

Trend of total impairment *€ millions*

Reasons/Categories	Defaulted loans	Unlikely to pay	Past-due and/or over-the-limit exposures
A. Total initial adjustments	**1**	**0**	**0**
Increases			
Decreases			
Total closing adjustments	**1**	**0**	**0**

Administrative, judicial, and arbitration procedures

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

On 29 June 2009, the Province of Pisa, through a self-protection measure, cancelled the resolutions it had passed regarding an Interest Rate Swap signed on 4 July 2007 with Dexia Crediop relating to a variable interest rate bonded loan partially underwritten by Dexia Crediop. As a consequence, the Province of Pisa interrupted the payments it owed to Dexia Crediop pursuant to the signed interest rate swap. Dexia Crediop therefore initiated a legal action in England to obtain a ruling on the validity and effectiveness of the contract and the fulfilment by the Province of Pisa. Dexia Crediop also initiated a legal action before the Italian Administrative Court, aimed at obtaining the cancellation of the above-cited self-protection order. Within the scope of these proceedings, on 7 September 2011 the Council of State issued the non-definitive judgement No. 5032/2011, which, among other things, ascertained the exclusive jurisdiction of the administrative courts in ruling on the validity of the self-protection measure and requested an Expert Technical Opinion ("**ETO**"). The ETO was filed on 14 May 2012. On 27 November 2012, the Council of State filed its ruling No. 5962/2012 which accepted Dexia Crediop's appeal, cancelling the self-protection measures adopted by the Province of Pisa and confirming the validity and effectiveness of the swap contracts entered into by the Province, which were judged to comply with economic expediency under the terms of art. 41 of Italian Law No. 448/2001.

On 15 February 2013, the Province of Pisa served a writ to Dexia Crediop for an appeal before the Court of Cassation against the ruling No. 5962/2012 of the Council of

State. On 16 January 2014, the Court of Cassation with decision No. 773/2014, declared the appeal of the Province of Pisa inadmissible, confirming the ruling by the Council of State and ordering the Province of Pisa to pay the legal and judicial expenses. The Province of Pisa therefore proceeded to pay all the past-due differential amounts (nettings).

On 20 October 2014 a settlement agreement was signed by Dexia Crediop and the Province of Pisa. This agreement, *inter alia*, provides for: (i) recognition by the Province of Pisa that, on the basis of its own autonomous assessments, and on the basis of the judgements issued in the context of the aforementioned legal proceedings, the swap contract is valid *ab origine* and binding for the parties; (ii) payment to Dexia Crediop, by the Province of Pisa, of the refund of legal expenses related to the English dispute, as well as payment of the nettings and default interest; (iii) renunciation by the parties of the legal actions in progress and of taking legal actions in the future.

Following the signing of the settlement agreement, the parties filed a joint plea to the English court to close the case. With a Consent Order dated 28 October 2014, the English court, accepting the parties' plea, declared the proceeding before the London High Court/Commercial Court concluded.

On 23 January 2012, the Piedmont Region, through a self-protection measure, cancelled its resolutions in relation to a capital-amortisation and interest-rate-risk-hedging swap contract signed on 16 November 2006 with Dexia Crediop. As a result, the Piedmont Region interrupted payment of the nettings. Dexia Crediop initiated proceedings before the civil court in England, aimed at ascertaining the validity and effectiveness of the aforesaid contract. With a judgement on 24 September 2012, the English court ascertained the validity and effectiveness of the contract and ordered the Piedmont Region to pay the legal costs. Dexia Crediop therefore initiated further proceedings before the civil court in England, aimed at obtaining an order for the Piedmont Region to pay the nettings due and still unpaid. With a ruling dated 30 July 2013, the English Court ordered the Piedmont Region to pay the amounts requested by Dexia Crediop, as well as the payment of legal costs. The Piedmont Region submitted an application to be authorised to appeal before the Court of Appeal in London. This application was rejected by the Court of Appeal with an Order dated 7 October 2013. The Piedmont Region presented a petition for review against this Order. The hearing was held on 21 and 22 May 2014. On 9 October 2014, the Court of Appeal filed Judgement No. [2014] EWCA Civ 1298 rejecting the plea of the Piedmont Region for a review of the refusal to admit an appeal.

Dexia Crediop also initiated proceedings before the administrative court in Italy aimed at obtaining cancellation of the aforementioned self-protection measure, which concluded with the ruling filed on 21 December 2012 with which the Reg. Admin. Court of Piedmont ascertained that the self-protection measure was adopted by the Piedmont Region in the absence of all legal prerequisites, in order to mask a unilateral juristic act of a private-law nature, aimed at dissolving unilaterally the contractual constraint and that, therefore, the court competent to pronounce on this dispute was the civil court (in the case in question, the English court, where the case brought by Dexia Crediop is pending). The Piedmont Region lodged an appeal against this judgement to the Council of State. The Council of State, with decision No. 13 filed on 5 May 2014, dismissed the appeal of the Piedmont Region and ascertained, amongst other things, that the subject-matter of the dispute is not concerned with looking into the legality of an act of *imperium* (of an administrative nature), but with judging on the merits of the defects alleged by the Piedmont Region against the contracts and, therefore, that the subject-matter of the dispute is beyond the jurisdiction of the administrative court and falls under the jurisdiction of the civil courts.

In the light of the judgement of the Court of Appeal of London No. [2014] EWCA Civ 1298, and of the judgement of the Council of State No. 13/2014, on 28 April 2015 Dexia Crediop and the Piedmont Region signed a settlement agreement which provides, among other things, for: (i) full recognition by the Piedmont Region of the validity and effectiveness *ab origine* of the swap contract and (ii) payment by the Piedmont Region of all the nettings past due and not yet paid, plus default interest and a refund of legal expenses incurred by Dexia Crediop.

On 3 February 2010, Dexia Crediop was notified that it was under investigation for administrative offences referred to in Art. 5, paragraph 1, lett. a), Art. 21 and Art 24, paragraphs 1 and 2, of Italian Legislative Decree No. 231/01, in conjunction with Art. 640, paragraph 2, no. 1, and Art. 61, no. 7, of the Italian Criminal Code. This was in relation to investigations into an operation for the extinction of mortgages and refinancing through the reopening of a bonded loan issued by the Apulia Region (of which Dexia Crediop purchased securities for a nominal amount of approximately € 240 million) with a simultaneous completion of an amortising swap between the Apulia Region and another bank. On 1 April the hearing was held in the Criminal Court of Bari before the Judge of the Preliminary Hearing ("GUP"), and then continued on 22 May 2014. A further hearing was set for 30 September 2014. On 14 October 2014, the GUP issued a decision "not to prosecute" Dexia Crediop for not having committed the offence.

On 21 December 2010, Dexia Crediop was served a preventative seizure decree covering furniture and equipment, property and receivables, up to the value of the amount of approximately € 635,000, under the scope of an investigation by the Criminal Court of Florence concerning derivative financial instruments stipulated in 2004 by Dexia Crediop with the Regional Authorities of Tuscany, in which it was alleged that Dexia Crediop had committed an unlawful administrative act pursuant to Arts. 5, paragraph 1, letter a) and 24, paragraph 2 of Italian Legislative Decree No. 231/01 in relation to Arts. 110, section 81, 640 paragraph 2, No. 1 and 61, section 7, c.p. The seizure order was not enforced, as Dexia Crediop deposited a guarantee for the same amount, and it was revoked on 30 March 2011. On 14 January 2013 the order to dismiss the case was issued by the Judge for Preliminary Investigations of the Court of Florence accepting the Public Prosecutor's request. Dexia Crediop, therefore, proceeded to extinguish the surety it had provided.

The Tuscany Region initiated two self-protection proceedings. The first, of 26 October 2011, concerns a loan agreed with Dexia Crediop in 2004 and the second, on 3 January 2012, an existing swap with Dexia Crediop entered into in 2006. The two cases are still open but, although a significant amount of time has passed, they have still not resulted in any decision by the Region.

On 21 June 2012, following the petition presented by the Province of Crotone, Dexia Crediop took part in the civil mediation procedure regarding three swap contracts signed by Dexia Crediop and the Province in December 2007. This procedure ended on 25 October 2012 and was unsuccessful. On 5 July 2012, Dexia Crediop initiated legal action in England, aimed at ascertaining the validity and effectiveness of the above swap contracts. On 9 February 2015, Dexia Crediop presented to the High Court/Commercial Court a request for Default Judgement. This request was accepted by the English court which, on 11 May 2015, filed the Default Judgement containing, among other things: (i) a declaration that the swap contracts are valid, effective and binding *ab origine*, and (ii) an order for the Province of Crotone to repay the legal expenses incurred by Dexia Crediop in the proceeding in question.

On 22 November 2012, following a letter sent by the Municipality of Forlì in which the Municipality announced that it had found critical issues in the derivatives contracts concluded with Dexia Crediop, the latter initiated a legal action in England, aimed at ascertaining the validity and efficacy of the swap contracts. Despite the complaints raised by the Municipality and the consequent civil action launched by Dexia Crediop in England, the Municipality is paying the nettings payable under the terms of the Interest Rate Swap contract. With an Order issued on 25 June 2014, the English Court upheld the request filed by Dexia Crediop and suspended the proceedings indefinitely.

On 14 April 2011, the Municipality of Messina served Dexia Crediop with a writ of summons before the Civil Court of Messina. The writ concerns two derivative transactions entered into by the Municipality of Messina on 28 June 2007 to which Dexia Crediop is party, along with another bank. The Municipality of Messina is demanding the nullity of the contracts with regards to Dexia Crediop or alternatively that they should be declared cancelled and that the bank should be ordered to pay compensation for damages. The next hearing will be held on 13 October 2015.

On 18 October 2011, the Municipality of Messina reversed, through a self-protection measure, its resolutions in relation to these operations in derivatives. By virtue of this, the Municipality of Messina has not, as of today, made the payment of approximately € 3.8 million. Dexia Crediop has begun legal action pending with the TAR of Sicily aimed at obtaining cancellation of the aforementioned self-protection measure. The Reg. Admin. Court of Sicily, with a measure dated 18 February 2013, ordered the case to be suspended as a consequence of the decision by another bank (which has an analogous dispute with the Municipality) to request a prior judgement on jurisdiction before the Court of Cassation, with the aim of obtaining a pronouncement of the latter on the subject of the administrative or civil court's competence to decide the dispute. On 18 March 2013, Dexia Crediop in turn filed a similar appeal with the Court of Cassation. With an order of 23 October 2014 the Joint Divisions of the Court of Cassation declared that the Italian court (both administrative and civil) had no jurisdiction affirming instead that the English courts had jurisdiction. Following this order, with Judgement No. 1909 filed on 10 July 2015, the Regional Administrative Court of Sicily declared that it had no jurisdiction.

On 31 December 2010, the Municipality of Prato, through a self-protection measure, reversed its own resolution regarding an interest rate swap signed on 29 June 2006 with Dexia Crediop in relation to two floating-rate bonded loan contracts entered into with Dexia Crediop. By virtue of this, the Municipality did not proceed with the payment of approximately € 9.3 million. Dexia Crediop launched legal action in Italy before the Regional Administrative Court of Tuscany, in order to obtain the cancellation of the above-mentioned self-protection measure, which ended in favour of Dexia Crediop, with a ruling dated 24 November 2011.

The Municipality of Prato also initiated a second self-protection proceeding notified on 31 January 2011 and aimed at verifying the validity of the tender called by the Municipality to select its advisor (Dexia Crediop) in 2002 and the restructuring operations of swaps prior to the one in 2006 (this latter the subject of the first self-protection proceedings). On 19 April 2012, the Municipality of Prato passed a resolution cancelling the tender on grounds of self-protection. On 19 May 2012, Dexia Crediop lodged an appeal against that resolution, with the Regional Administrative Court of Tuscany in order to obtain the cancellation of that self-protection measure. The litigation ended in favour of Dexia Crediop, with a ruling handed down on 21 February 2013. The Reg. Admin. Court of Tuscany, reaffirmed amongst other things the points it made in its ruling dated 24 November 2011: the jurisdiction of the civil courts (in this case, the English courts) when the dispute concerns a contract entered into by the Public Administration *iure privatorum*. On 21 May 2013, the Municipality of Prato served a writ on Dexia Crediop for its appeal to the Council of State against the above ruling. On 20 June 2013, Dexia Crediop filed its cross appeal against this appeal. We are still waiting for a date to be set for the hearing before the Council of State.

On 23 December 2013, Dexia Crediop was served with a writ of summons by the Municipality of Prato, with which the Municipality summoned the bank to appear before the Civil Court of Prato requesting the cancellation – and a declaration of ineffectiveness between the parties – of the ISDA framework agreement and the related Schedule signed by the Municipality of Prato with Dexia Crediop. On 17 April 2014 a hearing was held on the preliminary issues. Dexia Crediop appeared in court arguing, amongst other things, the lack of jurisdiction of the Italian civil court. The court, accepting Dexia Crediop's objections, with Judgement No. 771/2015 filed on 30 June 2015, declared that the Italian court had no jurisdiction and that instead the English courts had jurisdiction, ordering the Municipality of Prato to repay Dexia Crediop the legal expenses.

Dexia Crediop initiated an action before the civil courts in England to obtain a ruling on the validity and effectiveness of the contract and the fulfilment by the municipality of its own obligations. The first level proceeding before the High Court/Commercial Court ended with the judgement published on 25 June 2015. According to this judgement the swap operations do not constitute debt and were concluded in full compliance with Art. 119 of the Italian Constitution; of Art. 41, Italian Law No. 48/2001, and of Art. 3, Ministerial Decree No. 389/2003. However, the High Court/Commercial Court, considering that the contracts should have provided for the Municipality of Prato's right of withdrawal (under the terms of Art. 30, Consolidated Finance Act), declared the contracts null and void. Dexia Crediop will file a request for appeal with the Court of Appeal of London as regards the judgement related to not providing for the right of withdrawal in the contracts.

Following a criminal investigation aimed at verifying any fraud in relation to the swap operations of the Municipality of Prato completed from 2002 to 2006, on 18 June 2012 the Public Prosecutor issued a notice of conclusion of the preliminary investigations, in which the notice of investigation was formalised to an employee of Dexia Crediop for the crime of aggravated fraud to the detriment of the Municipality of Prato and to Dexia Crediop for the administrative crime pursuant to Italian Legislative Decree No. 231/2001 in relation to failure to adopt/ineffective implementation of the Organisational Model.

On 21 February 2013 the hearing before the Judge of the Preliminary Hearing at the Court of Prato. The Municipality joined the proceedings as a civil claimant and summoned Dexia Crediop for civil liability. On 27 June 2013, the GUP decided to order the indictment. The next hearing before the Court of Prato is set for 21 September 2015.

On 23 December 2010, the Lazio Region served Dexia Crediop with a writ of summons before the Civil Court of Rome. The deed concerned transactions in derivatives entered into with the Lazio Region; in addition to Dexia Crediop, other banks were summoned to appear. 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 case was adjourned to the hearing of 9 December 2015 for admission of the measures of inquiry.

On 30 May 2012, the Municipality of Ferrara initiated self-protection proceedings concerning a derivative entered into with Dexia Crediop in 2005. On 23 July 2012, the Municipality of Ferrara, with a self-protection measure, cancelled all the acts which had led to the approval of the swap contracts. By virtue of this, the Municipality did not proceed with the payment of approximately € 3.8 million. On 8 October 2012, Dexia Crediop lodged an appeal with the Reg. Admin. Court of Emilia Romagna. The hearing at the Regional Administrative Court of the Emilia Romagna Region has been set for 15 October 2015. Dexia Crediop also initiated legal action in England, aimed at ascertaining the validity and effectiveness of this swap contract.

With Executive Decree No. 5 of 1 March 2013, the Campania Region called for tenders for the selection of contractual and financial technical/legal analysis and assessment services in relation to the *swap* contracts put in place by the Campania Region in the period 2003-2006 with several banks, among which Dexia Crediop, with the aim of checking for the presence of any anomalies. Dexia Crediop therefore initiated proceedings before the civil court in England, aimed at ascertaining the validity and effectiveness of the *interest rate swap contract* signed with the Campania Region on 10 October 2003.

With Decree of the Italian Ministry for the Economy and Finance of 28 December 2011, issued on the proposal of the Bank of Italy in accordance with Art. 70 (1) of the Consolidated Law on Banking, the Istituto per il Credito Sportivo ("ICS"), was subjected to a receivership procedure which, with subsequent extensions, was still in progress on the date this document was prepared. As regards commissioner activities, the receivers have sought to reopen the case of the legal nature of an ICS fund created by the State, asking for a review of the distribution of profits to investors and of the regulations implemented in 2005 on the subject. At the request of the receivers, the Prime Minister's Office launched in November 2012 a self-protection proceeding aimed at annulment of the ICS's Articles of Association in force at the time (approved with ministerial decree on 2 August 2005). This proceeding came to an end on 6 March 2013 with the issuance of an interministerial decree annulling the deeds establishing the Articles of Association of the ICS. That Decree gave rise to a complex sequence of legal actions involving, on the one side, Dexia Crediop and the other private partners of ICS and, on the other side, the supervising Ministries and the Special Commissioners of ICS.

The legal actions of an administrative nature referred to the cancellation of the 2005 Articles of Association of ICS, the cancellation and re-calculation of the dividends distributed by ICS under the financial statements from 2005 to 2010, the inter-ministerial directive adopted on 8 August 2013 with the guidelines for the new Articles of Association of ICS and the new Articles of Association enacted through the Inter-ministerial Decree of 24 January 2014. Under these new Articles of Association, the funds provided by the state and by CONI – with a retroactive calculation from the establishment of ICS in 1957 – were charged in full to the ICS Capital/Endowment Fund and so the Ministry of Economy and Finance was indicated as a new capital stakeholder and the capital reserves established over the years were attributed to the Capital/Endowment Fund and divided among the new capital stakeholders. The stake in the capital, including the previous capital reserves, that the new Articles of Association assigned to Dexia Crediop amounted to 3.110% (previously 21.622%) with an equivalent value of about € 26 million. Together with the other private shareholders of the ICS, Dexia Crediop lodged an appeal to the Regional Administrative Court of Lazio against the new ICS Articles of Association.

At the date of preparation of this report, several administrative rulings had already been filed, against which the losing parties have lodged an appeal with the Council of State. In particular, it is worth noting the decision of the Regional Administrative Court of Lazio filed on 16 May 2014, which dismissed the appeal by Dexia Crediop and the other private shareholders of ICS against the decree cancelling the acts implementing the 2005 Articles of Association of ICS. As a consequence of the first-instance ruling of the Regional Administrative Court of Lazio, which was appealed against with the Council of State, and the adoption of the new ICS Articles of Association, Dexia Crediop decided to adjust the value of its equity investment in the ICS, recording it among the available-for-sale equities, to the portion of capital corresponding to the percentage allocated to it under the new Articles of Association, amounting to approximately € 26 million. However, while awaiting the definition of the case in progress, this accounting entry does not in any way constitute recognition or acquiescence with respect to the "forced" reduction of the equity investment made by the new Articles of Association which are asserted to be illegitimate, as declared in the various appeals pending. At the end the hearing held on 9 June 2015 the Council of State remitted its decision on the various appeals and we are awaiting the judgement.

The legal actions taken in the civil courts refer to the request made by the Receivers of ICS in the second half of 2013, for the restitution of the dividends received in the period 2005-2010 in excess of the minimum dividend established under the former Articles of Association enacted in 2002 (amount requested: € 16.9 million). At the date of preparation of this document, no further significant event occurred such as to be reported regarding the civil cases. The hearing for clarification of the conclusions has been set for 23 February 2016. In this regard, Dexia Crediop believes at the moment that it is only exposed to a "possible" risk and, therefore, does not need to make an allocation to the provisions for risks and charges, but only to provide for legal costs.

On 22 May 2012 and 5 June 2012 Dexia Crediop purchased from the "Italian Province of the Congregation of the Children of the Immaculate Conception" certified healthcare receivables in respect of various hospitals of Lazio, including the Roma E Health Trust. The receivables referred-to above from the Roma E Health Trust were found to be partially subject to previous seizures. Despite the certification, the Rome E Health Trust has not made the payment of the transferred receivables amounting to approximately € 3.9 million. Dexia Crediop, therefore, with an appeal pursuant to Art. 702 of the Code of Civil Procedure summoned before the Civil Court of Rome the Roma E Health Trust, and the Lazio Region in order to obtain, among other things, an order to pay the receivables not yet received. The hearing was held on 9 July 2013. With an order filed with the clerk of the court on 4 February 2014, the Civil Court of Rome rejected Dexia Crediop's pleas. With an appeal lodged on 5 March 2014, Dexia Crediop challenged the said order before the Rome Court of Appeal. The first hearing was held on 27 June 2014. The next hearing is set for 29 September 2017.

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

Tax proceedings

In relation to the dispute about direct taxes relating to the 2008 tax period a provision of € 0.7 million was set aside.

4.3.2 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.

In accordance with the policy for the management of market risks followed by the Dexia Group, the risks are aggregated as a rule according to Business Line (BL) of the Finance Department. This also happens when a BL manages the risk arising from entries in the trading portfolio and in the banking portfolio.

In general, operating limits on one or more risk indicators are imposed on each BL that manages an interest rate risk which is more than marginal and the situation is verified on a daily basis. 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 with 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 capital requirements for market risks.

Regulatory trading book

The portfolio consists exclusively of derivative products.

Short-term derivatives, mainly Forward Rate Agreements and Overnight Indexed Swaps, are used by the Cash & Liquidity Management (CLM) BL to hedge the interest-rate risk linked to the Euribor parameter and generated by the bank’s core business. At 30 June 2015 there are no short-term trading derivatives.

Medium-to-long-term derivatives, mainly Interest Rate Swaps, are almost all in balanced brokering. The underlying operations refer to the management of the debt in the medium/long term, in the form of loans or securities of public customers, sales of derivative products to financial and corporate customers and buy-back activities on issued securities. It should also be noted that there are limited operations in derivatives, which are classified in the trading portfolio management but with hedging purposes in order to compensate for variations in the Credit Value Adjustment (CVA) due to trends in interest rates (the so-called “CVA risk”).

Adoption of the OIS discount curve for enhancing the derivatives hedged by cash-collateral contracts (See. Explanatory Notes to the Financial Statements 2014 Dexia Crediop S.p.A. – page 70) highlighted - for all the pairs of balanced intermediation derivatives typically composed of a derivative with customers (not “collateralised” and therefore assessed with discount curve based on the Euribor parameter) and of a derivative with an opposite sign with a primary market counterparty (“collateralised”) - basis risk. Since this risk factor contributes significantly to the volatility of the income statement, the ensuing results derived from it, for valuation purposes, are classified in the “Accounting Volatility” segment pursuant to the segment reporting (see Explanatory Notes to the Financial Statements 2014 Corporate Dexia Crediop S.p.A. – page 320).

The interest rate risk on the trading portfolio in the medium and long term, mainly caused by the basis risk mentioned above, is managed by the Structuring & Execution BL of the Finance Department and is monitored on a daily basis by the Market Risk and Balance Sheet Management unit. In particular, at 30 June 2015, there was a shift sensitivity amounting to € 32,945 for 1 basis point (b.p.), compared to an operating limit set at € 45,000. During the half-year period, only one marginal overflow (101.3%) occurred, and this was promptly remedied.

As regards the above-mentioned management of the “CVA risk” - equally assigned to the “Structuring & Execution” BL within the scope of specific operating risk limits that are monitored by the Market Risk and Balance Sheet Management unit - derivatives made for the purpose of hedging the sensitivity of CVA to interest rates at 30 June 2015 generated a shift-sensitivity equal to € -60,622 for 1 b.p. (originated by three plain vanilla interest rate swaps) against a sensitivity CVA estimated at € +98,915. The overall sensitivity of the perimeter being managed in terms of the “CVA risk” at 30 June 2015 is therefore equal to € +38,293 for 1 b.p. compared to an operating limit of € ± 50,000, and remained consistently below this limit during the half-year period, and the operational limits were complied with, which were set on the “gamma” indicators (€ -223 at 30/06 compared to a limit of € ± 7,500 for 1 b.p.) and the “vega” indicators (€ -81,088 at 30/06 against a limit equal to € ± 150,000 for a shock of 1% on the volatility surface).

Banking book

The exposure to interest-rate risk in the short term (usually below one year) of the banking book, generated in particular by the re-fixing of the Euribor parameter to which the financial assets and liabilities are typically indexed or synthetically transformed at the bank's floating rate, is managed as mentioned above by the Cash and Liquidity Management (CLM) BL. Operating proposals for opening or closing the interest rate risk are discussed and approved by the Finance Committee, which evaluates expected impacts on the use of the fixed operating and risk limits.

The management of interest rate risk in the medium to long term (“Rate ALM” sector, consisting of financial assets/liabilities at fixed rates with original maturity exceeding one year and the related hedging derivatives), is based on the principle of complete and instantaneous hedging of the new production. Therefore, the exposure is of a residual type and any operational decisions, such as actions to reduce the risk profile through derivatives, are the responsibility of the Finance Committee.

For interest rate risk, fair value or cash flow hedging derivatives are used. The first category also includes, as an economic purpose, certain CLM derivatives classified in the trading book (see the section above). The most commonly used instruments are Overnight Indexed Swaps, Forward Rate Agreements and Interest Rate Swaps.

For the CLM activities, we note the following values in relation to the first half of 2015:

	VAR 10 days (€)	*Shift Sensitivity 100 bps* (absolute values in €)
30 June 2015	211,410	2,274,000
minimum	197,891	2,274,000
average	408,338	11,538,652
maximum	690,376	16,221,700
operating limit	3,500,000	20,000,000

We should note that, in the context of reallocation of the risk limits within the Dexia Group which had already led in 2014 to a reduction in the VaR limit from € 4 to 3.5 mln, starting from this past 15 April the sensitivity limit indicated above was reduced from € 25 to 20 mln. A new sensitivity sub-limit, of € 15 mln was also introduced; this is to be observed on each time-bucket (4 quarterly buckets and a last bucket for risk positions at more than l year).

The operating limits set on the two risk indicators presented above and on the aforementioned sub-limit per time-bucket were constantly observed during the period.

For the “ALM Rate” segment, the following values were recorded in the first half of 2015:

	Sensitivity Shift * (absolute values in €)
30 June 2015	4,040,272
minimum	3,342,748
average	3,756,891
maximum	4,089,001
operating limit	15,000,000

** Directional at 100 bps and rotation with differentiated shifts.*

It is worth noting that the sensitivity recognised for operational purposes includes the sensitivity attributable to the “conventional fixed-rate liability” represented by the Dexia Crediop Group's Own Funds. The limit on the sensitivity indicator was consistently complied with during the half-year period.

Finally, it should be noted that, similar to the description given for the trading book, the banking book is also exposed to basis risk with reference to hedging derivatives that are the subject of collateral contracts (typically “CSA”), which are enhanced by the use of an “OIS” discount curve, different from the one based on the Euribor parameter used for the underlying items of hedging relationships. This component contributes to the volatility of the income statement and the results derived from it, for valuation purposes, are also classified in the “Accounting Volatility” segment pursuant to the segment reporting (see Explanatory Notes to the Financial Statements 2013 Corporate Dexia Crediop S.p.A. – page 320).

4.3.3 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 investment in the Istituto del Credito Sportivo is significant, no price risk hedges have been established.

4.3.4 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 risk measurement and control are the same as those described for interest rate risk.

4.3.5 Liquidity risk

Management and measurement of the liquidity risk

The bank is structurally exposed to liquidity risk as the lending activity is mainly concentrated on a long-term horizon against deposits that are characterised by a shorter average duration. We should note also the risk of greater liquidity needs associated with a reduction in the market interest rate curve or an increase in loan spreads on Italian issuers, which would translate respectively into higher margins to be paid to counterparties of cash collateral contracts on derivative products or to counterparties of collateralised funding operations.

The management of short-term liquidity risk lies with the Cash & Liquidity Management Business Line. The sustainability of the liquidity profile in the long-term is first and foremost verified during approval of the long-term Financial Plan in relation to the objectives established in terms of volumes and time frames of loans and deposits.

Liquidity risk control is entrusted, within the Risk Management department, to the Market Risk & Balance Sheet Management unit, which operates within the framework of the internal provision on liquidity risk governance, management and control, updated by the Board of Directors resolution of 6 November 2014. In particular, the aforementioned function measures two basic measurements on a daily basis, over a time period of one day to six months:

a) liquidity gap (accumulated balance of forecast cash flows according to maturity);
b) available reserves (value of eligible assets according to maturity),

analysing the developments through daily communications to senior management, the corresponding Dexia Group department and the regulatory authority (three-month maturity ladder). In addition, following the schedule established by the regulatory authority, the function calculates the value of the Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR) indicators. The trends of these are similarly analysed and the information is sent to the recipients cited above in a timely manner. From the beginning of 2015, the first recognition statements on the subject of Asset Encumbrance have also been sent to the regulatory authority. The liquidity risk control system includes stress tests and a Contingency Funding Plan drawn up by the Dexia Group.

It should be remembered that, from June 2012, the bank's condition of autonomy was removed: in fact, the residual liquidity needs of Dexia Crediop are covered by Dexia Crédit Local, which obtained in December of the same year, the activation of a system of guarantees by France, Belgium and Luxembourg, aimed at meeting the expected liquidity requirements of the whole Dexia Group. Therefore, to date, Dexia Crediop is totally dependent on Dexia Crédit Local to cover its residual liquidity needs.

With regard to maturities beyond six months, the department carries out regular analysis on monthly buckets (up to three years) and annual buckets (more than three years) of the evolution of the liquidity gap and available reserves, according to methods corresponding to the regulatory provisions of the supervisory authorities (“regulatory position”) and of normal operations (“operational position”). The outcome of the above analyses and audits are discussed by the Finance Committee usually once a fortnight.

4.3.6 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, the Operational Risk & Security function is active within the sphere of the Risk Management Unit, and has responsibility for:

- setting up the regulatory system 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 Bank's units, 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 authorities, described in section 4.3.1, the Legal Department has taken on a key role in managing these disputes and the related risk.

The following are, in percentage terms, the main causes of the occurrence of operational risk events recorded in the first half of 2015:

CATEGORY OF EVENT	%
Internal fraud	0%
External fraud	0%
Relationships with staff and safety in the workplace	0%
Customers, products and business practice	12%
Damage to or loss of tangible assets	0%
System failure or breakdown	50%
Process execution, delivery and management	38%

4.3.7 Other information regarding risks

This section provides information regarding the bank's involvement with special purpose entities and about risks linked to special financial instruments, as requested by the Bank of Italy and in compliance with the contents of the Financial Stability Forum Report of 7 April 2008.

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

The Parent Company Dexia Crediop S.p.A. originated securitisation operations for assets represented by loans through the special purpose entity called Tevere Finance

S.r.l. The *Special Purpose Entity* has share capital held by a Foundation operating under Dutch law and Dexia Crediop has acquired all of the bonds issued by this SPE, both in the Senior and Junior (subordinated) classes. The Senior ABS securities can be used for funding operations involving repurchase agreements. The sale of assets to the vehicle company with total repurchase at the same time of senior and junior ABSs represents substantial maintenance of all the risks and benefits of ownership of the financial assets, and therefore, requires the entity to continue to recognise these assets (IAS 39, § 17 as amended) in the financial statements of Dexia Crediop.

At 30 June 2015, the book value of the financial assets of the SPE recognised in the financial statements of the Parent Company, as well as in the consolidated financial statements, was made up as follows:

	€ millions
Description	**L&R**
Securitisation in 2009	154
Securitisation in 2010	62
Total	**216**

Asset-Backed Securities (ABSs)

At 30 June 2015 the value of the securities portfolio in question, entirely booked to the "Loans and Receivables" category, totalled € 900 million, of which 87% referred to single tranche (non-segmented) transactions and the remaining 13% referred to senior securities.

The exposure of this portfolio is fully at a risk compared to that of the State and the Regions.

Residential Mortgage – Backed Securities (RMBS)

At 30 June 2015, there are no securities of this type in the portfolio.

Collateralised Debt Obligations (CDO)

At 30 June 2015, there are no securities of this type in the portfolio.

Measurement criteria

ABS/RMBS are measured by the specific 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 aforementioned 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.

4.4 Other information

4.4.1 Transactions with related parties

As required by IAS 24 and CONSOB Communication No. 6064293 of 28 July 2006, below we provide information on 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. DCI - Dexia Crediop Ireland Unlimited, with a 100% stake;
2. Crediop per le Obbligazioni Bancarie Garantite S.r.L. with a 90% stake;
3. 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) by Dexia Crédit Local SA.

Transactions with other companies in the DCL Group

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

€ millions

Assets and Liabilities	
Assets	
- Financial assets held for trading	64
- Deposits	28
- Treasury securities	2,001
Total	**2,093**
Liabilities	
- Deposits	4,701
- Loans received	626
- Financial liabilities held for trading	19
- Repurchase agreements	3,020
- Hedging derivatives	484
- Subordinated debts	400
- Other liabilities	1
- Securities issued	54
Total	**9,305**

Other transactions	*€ millions*
Guarantees received	384

Income and charges	*€ millions*
- Interest and similar income	3
- Interest and similar expenses	(40)
of which	
differentials on hedging transactions	*(21)*
- Net trading gains (losses)	(2)
Total	**(39)**

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

4.4.2 Significant non-recurring operations and events

No important non-recurring events or transactions occurred.

4.4.3 Atypical and/or unusual transactions

No atypical and/or unusual transactions occurred.

4.4.4 Segment reporting

Criteria for segment reporting

Segment reporting must be drawn up in accordance with the "IFRS 8 – Operating Segments" standard and no longer drafted according to IAS 14, as required in the past.

The adoption of IFRS 8 confirms the logic according to which the business sectors subject to disclosure were chosen, since the Bank has long adopted the "management approach", i.e. choosing to use the same structure for the financial statements as that used for preparing internal reporting.

- Primary format: "Segment Reporting"

According to the segmentation, for the purposes of segment reporting the results of the Group's recurrent transactions, classified in the "run rate" segment, are separated from the valuation results, classified in the "Accounting Volatility" segment.

The "run rate" segment includes the following lines of business with similar features in terms of products and services offered to customers:

- *Public & Project Finance:* this includes lending and financial services offered by the Group to its customers and the short and medium-to-long-term financing of such activity;

- *Other income:* this includes managing free capital, equity investments and other assets not allocated elsewhere.

For more information on the contents of each segment, please refer to paragraph 1 "Report on Operations".

Results by business segments

The tables below provide the financial results of the Dexia Crediop Group as at 30 June 2015 and 30 June 2014, subdivided by business segments as described above. The income statement for each segment is constructed by aggregating the income statements of the Dexia Group companies after having eliminated infra-group transactions and consolidation entries.

Distribution according to business sector: economic data 30 June 2015

Millions of euro

Income Statement items June 2015	Project & Public Finance	Other Income	**Total Run Rate**	Accounting Volatility	**Dexia Crediop Group**
Net interest income (item 30)	15	18	**33**	0	**33**
Net interest and other banking income (item 120)	15	19	**34**	15	**49**
Net adjustments (+/-) for impairment (item 130)	-1	0	**-1**	0	**-1**
Net adjustments on property plant and equipment and intangible assets (items 200 and 210)	0	-1	**-1**	0	**-1**
Profit (loss) from continuing operations before tax (item 280)	-3	19	**16**	15	**31**

Distribution according to business sector: economic data 30 June 2014

Millions of euro

Income Statement items June 2014	Project & Public Finance	Other Income	**Total Run Rate**	Accounting Volatility	**Dexia Crediop Group**
Net interest income (item 30)	26	17	**43**	0	**43**
Net interest and other banking income (item 120)	25	17	**42**	19	**61**
Net adjustments (+/-) for impairment (item 130)	1	0	**1**	0	**1**
Net adjustments on property plant and equipment and intangible assets (items 200 and 210)	0	-1	**-1**	0	**-1**
Profit (loss) from continuing operations before tax (item 280)	10	12	**22**	19	**40**

Total net interest and other banking income of the Dexia Crediop Group amounted to € 49 million at 30 June 2015, compared to € 61 million in the first half of 2014. The reduction was substantially due to the decrease in net interest income (€ -10 million), resulting from the depreciation and amortisation of assets and from the evolution of interest rates on short-term funding (Project & Public Finance), and to the drop in results from trading, hedging and sale/repurchase activities (€ -3 million) following the valuation of derivatives (Accounting Volatility). For more details on the evolution of the Dexia Crediop Group's results in the half-year period, please refer to section 4.2.5.

Of the net interest and other banking income of the Dexia Crediop Group € 34 million derives from recurrent activities ("run rate") of which € 15 million is from "Project & Public Finance" activities and € 19 million is from "Other Income", while € 15 million is from valuation components (accounting volatility).

At 30 June 2015 some write-downs for impairment of receivables were booked for € -1 million, relating to the Project & Public Finance segment associated with flat-rate adjustments.

The profit from continuing operations before tax of the Dexia Crediop Group at 30 June 2015 amounted to € 31 million (€ 40 million at 30 June 2014). Of this sum € 16 million comes from recurrent activities (run rate) and € 15 million from valuation components classified as "accounting volatility".

5. The Parent Company's financial statements

As required by Consob Regulation 11971 Article 81, Section 3, enacting Italian Legislative Decree No. 58 of 24 February 1998, we provide the financial statements of the Parent Company, drawn up in accordance with the accounting policies used for the annual financial statements.

5.1 Financial statements

BALANCE SHEET

€ millions

	Assets	30/06/2015	31/12/2014
10.	Cash and cash equivalents	0	0
20.	Financial assets held for trading	2,609	3,107
40.	Financial assets available for sale	61	523
50.	Financial assets held to maturity	163	188
60.	Due from banks	6,619	12,429
70.	Due from customers	19,597	20,702
80.	Hedging derivatives	342	393
90.	Fair value adjustment of assets in hedged portfolios	7	10
100.	Equity investments	100	100
110.	Property, plant and equipment	1	43
120.	Intangible assets	3	3
	of which:		
	- goodwill	*0*	*0*
130.	Tax assets	13	16
	a) current	*13*	*16*
	b) deferred	*0*	*0*
140.	Non-current assets and disposal groups held for sale	41	0
150.	Other activities	56	61
	Total assets	**29,612**	**37,575**

€ millions

Liabilities and shareholders' equity		30/06/2015	31/12/2014
10.	Due to banks	20,153	26,624
20.	Due to customers	835	616
30.	Securities issued	1,715	2,620
40.	Financial liabilities held for trading	2,664	3,102
60.	Hedging derivatives	3,216	3,638
70.	Fair value adjustment of financial liabilities in hedged portfolios (+/-)	0	0
80.	Tax liabilities	2	0
	a) current	*2*	*0*
	b) deferred	*0*	*0*
100.	Other liabilities	56	24
110.	Provision for severance indemnities	2	2
120.	Provisions for risks and charges	21	24
	a) pension funds and similar benefits	*7*	*7*
	b) other provisions	*14*	*17*
130.	Valuation reserves	(57)	(57)
160.	Reserves	531	600
180.	Equity	450	450
200.	Profit/(Loss) for the period (+/-)	24	(68)
	Total liabilities and shareholders' equity	**29,612**	**37,575**

INCOME STATEMENT			*€ millions*
	Income Statement items	**1st half 2015**	**1st half 2014**
10.	Interest and similar income	257	308
20.	Interest and similar expenses	(225)	(268)
30.	**Net interest income**	**32**	**40**
40.	Fee and commission income	4	5
50.	Fee and commission expenses	(6)	(9)
60.	**Net fee and commission income**	**(2)**	**(4)**
70.	Dividends and similar income	0	0
80.	Net trading gains (losses)	(6)	28
90.	Net hedging gains (losses)	20	(9)
100.	Gains (losses) on disposal or repurchase of:	2	1
	a) loans	*0*	*1*
	b) financial assets available for sale	*0*	*0*
	d) financial liabilities	*2*	*0*
120.	**Net interest and other banking income**	**46**	**56**
130.	Net adjustments for impairment of:	(1)	1
	a) loans	*(1)*	*1*
	d) other financial transactions	*0*	*0*
140.	**Net income from financial activities**	**45**	**57**
150.	Administrative expenses:	(17)	(17)
	a) personnel expenses	*(9)*	*(10)*
	b) other administrative expenses	*(8)*	*(7)*
160.	Net provisions for risks and charges	1	(4)
170.	Net adjustments on property, plant and equipment	0	0
180.	Net adjustments on intangible assets	(1)	(1)
190.	Other operating expenses/income	0	0
200.	**Operating expenses**	**(17)**	**(22)**
250.	**Profit (loss) from continuing operations before tax**	**28**	**35**
260.	Income tax for the period on continuing operations	(4)	(14)
270.	**Profit (Loss) from continuing operations after tax**	**24**	**21**
290.	**Profit (Loss) for the period**	**24**	**21**

5.2 The Parent Company's equity investments

In the parent company's financial statements, the item “Equity Investments” comprises equity investments in subsidiaries totalling € 100,009 thousand.

At 30 June 2015, this item consisted of the following:

thousands of euro

Description	% share	Opening balances at 31/12/2014	Purchases/Sales	Write-downs/Write-backs	Closing balances at 30/06/2015
DCC–Dexia Crediop per la Cartolarizzazione S.r.l. in liquidation	100%	15			15
Dexia Crediop Ireland*	99,99%	100.000			100.000
Crediop per le Obbligazioni Bancarie Garantite S.r.L.	90%	9			9
Total		100.024			100.024

** Dexia Crediop Ireland has equity of € 100 million, represented by 100 million shares with a face value of*

- *99,999,999 shares held by Dexia Crediop S.p.A.;*
- *1 share held by Dexia Crédit Local.*

6. Certification of the condensed interim financial report

Certification of the condensed interim financial statements pursuant to Art. 154-bis of Italian Legislative Decree 58/98 and art. 81-ter of Consob Regulation no. 11971 of 14 May 1999 and successive amendments and additions

1. The undersigned Jean Le Naour, as Chief Executive Officer and Financial Reporting Manager of Dexia Crediop S.p.A., hereby certifies, also taking into account the provisions of Art. 154-bis, clauses 3 and 4, of Italian Legislative Decree No. 58 of 24 February 1998:
   - the adequacy in respect of the features of the company, and
   - the effective application, during the first half of the year 2015, of the administrative and accounting procedures on which the condensed interim financial report is based.

2. He also certifies that:

2.1 the condensed interim financial report:

   a) has been drawn up according to the international accounting standards applicable and recognised in the European Community pursuant to Regulation (EC) No. 1606/2002 of the European Parliament and Council of 19 July 2002;
   b) corresponds to the balances in the accounting records;
   c) gives a true and correct picture of the equity and economic and financial situation of the issuer and of all the companies included in the consolidation.

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

23 July 2015

Jean Le Naour	*Jean Le Naour*
Chief Executive Officer	Financial Reporting Manager

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(Translation from the original Italian document)

Auditors' Limited Review Report on the half-year condensed financial statements

To the Shareholders of
Dexia Crediop S.p.A.

Introduction

We have reviewed the accompanying half-year condensed consolidated financial statements, consisting of statement of financial position, the income statement, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows and the related explanatory notes of Dexia Crediop S.p.A. and its subsidiaries ("Dexia Crediop Group") as of June 30, 2015. Directors are responsible for the preparation of these half-year condensed consolidated financial statements in accordance with the International Financial Accounting Standards applicable to interim financial reporting (IAS 34) as adopted by the European Union. Our responsibility is to express a conclusion on these half-year condensed consolidated financial statements based on our limited review.

Scope of limited review

We conducted our limited review in accordance with standards recommended by Consob (the Italian Stock Exchange Regulatory Agency) in its Resolution no. 10867 of July, 31, 1997. The limited review on the half-year condensed consolidated financial statements consist of making inquiries, primarily of management responsible for financial and accounting matters, and applying analytical and other limited review procedures. A limited review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (ISA Italia) and, consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the half-year condensed consolidated financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying half-year condensed consolidated financial statements of Dexia Crediop Group as of June 30, 2015, are not prepared, in all material respects, in accordance with the International Financial Accounting Standards applicable to interim financial reporting (IAS 34) as adopted by the European Union.

Emphasis of matter

As an emphasis of matter, we draw your attention to what is described by the directors in the half-year financial report, in the paragraph ”Future operational prospects", regarding the information related to the maintenance of the going concern basis of Dexia Crediop Group. In particular, the directors report that the half-year financial report as of June 30, 2015 of the Dexia Crediop Group was prepared in accordance with the going concern assumption, in consideration of the orderly resolution plan of Dexia Group approved by the European Commission and what it establishes specifically for Dexia Crediop: on July 15, 2014 the European Commission confirmed the management in run-off of the residual assets with no new production of Dexia Crediop, in the context of the orderly resolution plan for the Dexia Group. Dexia Crediop's prospects could be affected by the same factors as described for the Dexia Group, and in particular by the capacity to provide subsidiaries with support, even in a deteriorated market situation. The dynamic liquidity position of Dexia Crediop presents in next twelve months negative expected net balances on the entire time horizon; coverage of the funding needs will be realized by interbank market, operations with Central Bank and financial support from the shareholders, in particular from Dexia Crédit Local, as contemplated by the European Commission. Regarding the going concern, therefore, Dexia Crediop's dynamic liquidity position appears sustainable, on the assumption that the conditions which already characterized the first half of the year will persist, with particular reference to the possibility of gaining access to the funding of Dexia Crédit Local.

Rome, July 31, 2015

BDO Italia S.p.A.

(Signed on the original by)

Emmanuele Berselli
Partner

This report has been translated into the English language solely for the convenience of international readers.

Dexia Crediop