Financial report
1H 2013

DEXIA CRÉDIT LOCAL DCL

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I. MANAGEMENT REPORT

Introduction

During the first half-year 2013, the macroeconomic situation in the Eurozone continued to deteriorate, with a sixth consecutive quarterly decline of activity at the end of March.

The European sovereign debt crisis continued. A plan to rescue the Cypriot financial sector and sovereign was implemented during the half-year with joint support from the European Union and the International Monetary Fund. Despite this uncertain economic environment, financial markets nonetheless remained well oriented, sustained by the easing of monetary policy by the European Central Bank.

Against that background, Dexia Crédit Local continued to implement the Dexia Group's revised orderly resolution plan ratified by the European Commission at the end of 2012. Key milestones of the plan were passed in particular with the signature of the 2013 liquidity guarantee granted by the Belgian, French and Luxembourg States and the disposal of the Société de Financement Local (SFIL), the proprietary holding of the Caisse Française de Financement Local (CAFFIL)[1].

I.1. Significant facts during 1H 2013 and events occurring after close

1. Update on the resolution process

a - Signature of a tripartite liquidity guarantee agreement and publication of an amending law in Belgium

The liquidity guarantee granted to Dexia by the three Belgian, French and Luxembourg States came into force on 24 January 2013, immediately replacing the temporary guarantee mechanism of December 2011 with regard to new securities issued under the guarantee. This 2013 guarantee will enable Dexia Crédit Local, the authorised borrower under the guarantee, to borrow up to EUR 85 billion in principal over the short and long term from eligible investors[2]. The maximum maturity of the securities issued under the guarantee has been raised to ten years with a view to carrying Group assets to their term. The remuneration for the 2013 guarantee was fixed at 5 basis points per annum compared with an average of 85 basis points paid in 2012 under the temporary guarantee, and this will result in a significant reduction of guaranteed funding costs for the Dexia Group.

The short and long-term guaranteed debt programmes of Dexia Crédit Local are rated A-1+ and AA respectively by Standard & Poor's, F1+ and AA by Fitch Ratings and P1 and (P) Aa3 with negative outlook by Moody's, reflecting the outlook of Belgium, the main guarantor.

On 28 June 2013, an amending law was published in Belgium, containing measures for the legislative ratification of Royal Decrees authorising the grant of State guarantees to Dexia.

Dexia launched its inaugural long-term issue in euros on 2 July 2013 and launched its programme of certificates of deposit in the United States (cf. Section I.2. – 4.b "Evolution of the Group's liquidity situation").

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[1] Caisse Française de Financement Local (CAFFIL) formerly called Dexia Municipal Agency (DMA), the French covered bond issuer (Société de Crédit Foncier) of Dexia Group

[2] The ceiling of EUR 85 billion in principal includes funding raised under the 2011 guarantee scheme amounting to EUR 7.9 billion as at 28 June 2013

b - Progress made on the plan to dispose of operating entities and the reorganisation of the Group

1H 2013 saw significant progress in execution of the plan to dispose of Dexia Crédit Local commercial franchises.

- On 31 January 2013, Dexia finalised the sale of the Société de Financement Local (SFIL), proprietary holding of CAFFIL (formerly DMA) to the French State as majority shareholder, and the Caisse des Dépôts and La Banque Postale for an amount of 1 euro3. This sale generated a total loss of EUR -1,849 million for Dexia Crédit Local, booked over the financial years 2011, 2012 and 2013 and represented the passing of a decisive milestone in implementing Dexia Crédit Local's orderly resolution plan as it was the bank's flagship franchise for the public sector financing. Beside this, a EUR 133 million adjustment was booked in the equity in 1H 2013 following the application of IAS 8.
- Two other smaller disposals were also finalised during the first half-year: on 28 March 2013, Dexia sold Dexia Kommunalkreditbank Polska, the Polish subsidiary of Dexia Kommunalkredit Bank, to Getin Noble, and on 2 April 2013 Dexia finalised the sale of Dexia Bail, a 100% subsidiary of Dexia Crédit Local, to Sofimar.
- Following the opening of exclusive negotiations on 4 June 2013, Dexia Crédit Local signed a share purchase agreement related to the sale of Sofaxis with a consortium led by the Société Hospitalière d'Assurances Mutuelles (SHAM) on 28 June 2013. Finalisation of this sale, which is still subject to the approval of the regulatory authorities, is expected during the third quarter of 20134.

On 12 July 2013, the Austrian banking subsidiary of Dexia Crédit Local, Dexia Kommunalkredit Bank (DKB) was dissolved without liquidation by a cross-border merger by 100% absorption by its parent company, which in this way acquires all of the assets and liabilities of DKB. This merger also falls within the framework of the orderly resolution plan, aiming for a simplification of the legal organisation of the Dexia Group, and a rationalisation of the management of the Group's assets.

2. Other significant events

a - New method for calculating the market value of collateralised derivatives

In order to align itself with market practice, Dexia Crédit Local is now using a discount curve based on the daily (OIS) rate for calculating the market value of collateralised derivatives. On the other hand, Dexia has adjusted its methodology for recognising the Credit Value Adjustment (CVA) and booking a Debit Value Adjustment (DVA). These changes to the mode of calculation are effective as from 30 June 2013 and Dexia Crédit Local has therefore integrated their impacts in its consolidated financial statements for 1H 2013 (cf. Section 3.a."Results 1H 2013").

As explained in the Dexia SA press release dated 1 July 2013, this impact does not correspond to a cash outflow but will be gradually written back in the Dexia SA and Dexia Crédit Local results depending on the decrease in derivatives' outstanding. It is nonetheless a potentially significant element of volatility, quarter on quarter, depending on market conditions.

b - Judgement on proceedings brought by the Département de la Seine-Saint-Denis and evolution of the legal framework in relation to structured credits

On 8 February 2013 the Superior Court of Nanterre passed its judgements in relation to proceedings brought by the Département de la Seine-Saint-Denis concerning three credits granted by Dexia Crédit Local. On 4 April 2013, Dexia Crédit Local lodged an appeal on the point of form retained by the Superior Court, which held that the absence of a Effective Annual Percentage Rate (EAPR) on faxes preceding

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[3] Cf. Press releases dated 31 January 2013 and 8 May 2013, available on the Dexia SA website (www.dexia.com)
[4] Cf. Press releases dated 5 June 2013 and 28 June 2013, available on the Dexia SA website (www.dexia.com)

signature of the definitive agreements results in application of the legal interest rate[5]. The loans referred to in the Court's decision falling within the scope of the disposal of SFIL, the judgements would have no impact for Dexia Crédit Local. However, should the District Court's decision be confirmed and become an established case law, its extension to other financings would be likely to introduce significant risks for Dexia Crédit Local.

On 18 June 2013 the French Government on the other hand announced the submission to Parliament of a legislative provision guaranteeing the legal securitisation of loan agreements omitting the formal indication of a EAPR as well as the establishment of a multi-annual support fund to facilitate the conclusion of transactions between local authorities and banks. The terms of establishing this fund are still to be defined.

As at 30 June 2013, Dexia has an outstanding of so-called "sensitive" loans[6] of EUR 1.7 billion, down by 8% on the end of 2012. Dexia Crédit Local is continuing its extremely proactive dialogue with all of its clients with such assets aimed at reaching a desensitisation solution. In this respect, Dexia Crédit Local had granted EUR 116 million in new flows at the end of June 2013.

[5] Cf. Detailed information published in the 2012 Annual Report of Dexia SA (page 78) and press releases dated 9 February 2013 and 4 April 2013, available on the Dexia SA web site (www.dexia.com)
[6] Credits classified 3E, 4E and 5E in the Gissler Charter, outside the Gissler Charter or with an internal score (Cepcor).

I.2. 1H 2013 results and balance sheet

1. Information in relation to presentation of the 1H 2013 condensed consolidated financial statements of Dexia Crédit Local

a - Going concern

The condensed consolidated financial statements of Dexia Crédit Local as at 30 June 2012 were drawn up on a going concern basis, which relies on a certain number of assumptions, strictly identical to those applied in drawing up the previous financial statements.

These going concern hypotheses rely on the business plan serving as the basis for establishing the Dexia Group resolution plan, which was ratified by the European Commission on 28 December 2012 and in which all stakeholders (European Commission, States, Central Banks and regulatory authorities) in the evolution of the Dexia Group were involved.

The business plan contains a liquidity guarantee granted by the Belgian, French and Luxembourg States in an amount of EUR 85 billion in principal, without collateral. This guarantee came into force on 24 January 2013.

It relies, moreover, on the hypothesis of a restoration of confidence on the capital markets likely to impact the Group's funding capacity. From that point of view, in 1H 2013 the Group's funding structure evolved favourably, with the success of its inaugural 3-year guaranteed issue, the launch of a programme of certificates of deposit in the United States and the execution of new secured funding.

The macroeconomic hypotheses underlying the business plan, ratified by the Group's Board of Directors on 14 November 2012, were revised within the context of a half-year overall review of the plan. This update also integrated lower interest rates, a longer exit from crisis but a less severe shift of credit margins. It also took account of a revision of the funding plan on the basis of the latest observable market conditions as well as the regulatory developments to date, including the definitive text of the CRD IV, the implementation of IFRS 13 and the impact of using a discount curve based on the daily (OIS) rate for calculating the market value of OTC derivatives (Cf. section 3.b "Impact of significant elements on the consolidated financial situation of DCL").

The business plan thus revised and ratified by the Group's Board of Directors on 6 August 2013 leads to no significant deviation in relation to the resolution plan as validated, for the duration of this plan from 2013 until 2022. Some uncertainties still remain with regard to its implementation. The plan is sensitive to the evolution of interest rates and of the credit environment in which an unfavourable evolution would harm the performance achieved by Dexia Crédit Local. The plan is also sensitive to regulatory changes, in particular the implementation of IFRS 9. Finally, Dexia Crédit Local remains exposed to a liquidity risk and implementation of the orderly resolution plan assumes that Dexia Crédit Local retains a good funding capacity which relies in particular on investor appetite for guaranteed debt.

b - Change of analytical segmentation

Following approval of its orderly resolution plan by the European Commission in December 2012, and considering the progress made in implementing the resolution process, Dexia Crédit Local has altered its analysis by business line within the context of presenting its consolidated financial statements as at 30 June 2013. This presentation is in line with the new profile of Dexia Crédit Local and its strategic orientation, of which one of the main objectives is to minimise the risk represented by Dexia Crédit Local for the guarantor States.

From this perspective, Dexia Crédit Local's performance is now understood at a consolidated level on the basis of a single "**Management of activities in run-off**" division, without specific allocation of funding and operating expenditure.

This change of analytical presentation of performance is explained by the fact that Dexia Crédit Local's structure no longer consists of homogenous operating units with their own decision-making powers in

terms of allocation of resources (funding and operating expenditure). The management information consists of two reports:

- Reports linked to activities in run off, which are globally consolidated and assessed through the income statement, on the basis of future results and associated expenses.
- Reports linked to activities held for sale, which are not assessed through their intrinsic profitability but are assessed within the context of the best negotiation of the proceed from the sale within 12 months.

Moreover :

- The classification of the income statement and the balance sheet between "Core division " and "Legacy Division" is no more appropriate as now the definition of non strategic assets in run off is now extended to all assets;
- The treasury operations are no longer a business division/profit center as their sole role is to optimize the funding cost of the Group and to fund its assets;
- The performance's evaluation is no more realised through the allocation of liabilities and operating expenses to business lines. Operating expenses have to be managed globally and by entity for a better monitoring;
- The results of the discontinued activities and the activities held for sale have to be considered in the analysis of the performance of the Group. Indeed, one of the objectives of the Group is to sell the operational entities at the best price in order to maximize the release of capital.

c - Application of the IFRS 5 accounting standard in relation to “non-current assets and groups held for sale”

The structural measures undertaken by the Group in October 2011 have also been reflected, from the close of the Group’s 2011 annual financial statements, by application of the IFRS 5 accounting standard in relation to “**non-current assets held for sale and discontinued operations**”.

The IFRS 5 accounting standard is still applicable in presenting the financial statements as at 30 June 2013. The assets and debts of Sofaxis are classified as non-current assets held for sale and associated debts. In application of this standard, the assets and liabilities of entities reclassified under the IFRS 5 accounting standard are presented in a single balance sheet line. Sofaxis, not having a significant impact on Dexia Crédit Local’s results, it’s result are not recorded as “net result from discontinued operations” but included in the consolidated Dexia Crédit Local Group result.

2. Evolutions of the scope and of the accounting rules

The evolutions with a significant impact on the condensed consolidated financial statements for 1H 2013 are the following:

- The companies Dexia Municipal Agency, Dexia Kommunalkredit Bank Polska, and Dexia Bail were deconsolidated as at 1 January 2013, following their sale outside Dexia Crédit Local. The consolidated result for 1H 2013 shows losses of EUR 142 million on Dexia Municipal Agency and EUR 6 million on Dexia Bail;
- An agreement relating to the sale of Sofaxis was signed on 28 June 2013. In accordance with the IFRS 5 accounting standard, Dexia Crédit Local presents the assets and liabilities of that company in a separate item in its consolidated balance sheet;
- The condensed consolidated half-year financial statements of Dexia Crédit Local were drawn up in line with IFRS accounting standards abiding by all of the standards and interpretations published or adopted by the European Commission on closing the financial statements, as explained in Point 1 “General framework for presentation and valuation of the condensed consolidated half-year financial statements” in the appendix to the condensed consolidated half-year financial statements.

3. Consolidated results 2013

a - Presentation of the condensed half-year financial statements 1H 2013

The **net income** of Dexia Crédit Local for 1H 2013 was EUR -857 million, of which EUR -707 million can be attributed to continuing operations, EUR -142 million to discontinued operations and EUR -8 million to minority interests. The loss of EUR 142 million on discontinued operations corresponds to negative fair value reserves of securities available for sale held by Dexia Municipal Agency, passed into result on the date of disposal of that entity, in accordance with IFRS 5 accounting standard.

The **net banking income from continuing operations** was EUR -395 million, up EUR 85 million on1H 2012. The net interest margin is slightly positive, at EUR 17 million. In particular, the fall of the European Central Bank reference rate in May 2013 enabled the Group's funding cost to be reduced, whilst the introduction of the 2013 guarantee mechanism resulted in a reduction of EUR 193 million in the cost of the guarantees granted by the Belgian, French and Luxembourg States. Furthermore, in 1H 2013, Dexia Crédit Local did not call on the central bank emergency liquidity line (ELA), which is a particularly costly source of funding. The first application of the IFRS 13 accounting standard and use of the OIS curve resulted in a EUR -278 million adjustment, linked to the methodological changes of valuation of collateralised derivatives, the adjustment of CVA and the booking of a DVA. In addition, Dexia Crédit Local booked a charge of EUR 62 million, in view of various legal litigations.

Operating charges, which include general costs and amortisation charges, rose by EUR 31 million to EUR -197 million, against EUR -166 million in 1H 2012, in view of the continuation in 2013 of the implementation of the Group's orderly resolution plan.

The **gross operating result** was EUR -592 million as at 30 June 2013 against EUR -646 million as at 30 June 2012.

The **cost of risk** was EUR -88 million as at 30 June 2013 against EUR -194 million as at 30 June 2012. In 1H 2013, the cost of risk includes a charge on the city of Detroit, which filed for Chapter 9 insolvency protection.

The **income before taxes** was EUR - 683 million as at 30 June 2013 against EUR -840 million as at 30 June 2012.

The **consolidated net income Group share** was EUR -849 million as at 30 June 2013 against EUR -819 millions at the end of June 2012.

b - Impact of significant elements on the consolidated financial situation of Dexia Crédit Local

First application of the IFRS 13 accounting standard and use of the OIS curve

Application of the IFRS 13 accounting standard resulted in methodological changes in the valuation of derivatives. In order to comply with the valuation principles most used on the market, Dexia Crédit Local now uses a discount curve based on a daily (OIS) rate to determine the market value of collateralised derivatives. Dexia Crédit Local Group previously used a discount curve linked to the "BOR" benchmark rate.

This methodological change had an impact on the income statement of EUR -299 million in 1H 2013. Every quarter this value will be subject to a revaluation through P&L depending on market conditions.At the same time, Dexia Crédit Local adjusted its methodology for recognising the Credit Value Adjustment (CVA) on collateralised derivatives, corresponding to the adjustment of the value of derivatives linked with the counterpart risk. Moreover, Dexia Crédit Local books a Debit Value Adjustment (DVA) reflecting the impact on the derivative price of the credit risk taken by the counterpart. These two elements have a net impact in the income statement of EUR +21 million.

The difference between the initial estimates communicated by the Group on 1 July 2013 and the amount effectively booked over the half-year is explained by the evolution of market conditions between 28 February, the date of making the estimates communicated on 1 July, and the date of closing the half year financial statements.

Adjustments linked to entity disposals

The disposal of SFIL on 31 January 2013, resulted in a capital loss on the sale of EUR -142 million in the consolidated financial statements of Dexia Crédit Local for 1H 2013 corresponding to other comprehensive income. The booking of this loss brings the total loss recorded on the disposal of SFIL to EUR -1,849 million, booked over the 2011, 2012 and 2013 financial years . Beside this an adjustment of EUR 133 million has been booked in the equity at the end of June 2013.

Finalisation of the sale of Dexia Bail resulted in booking an additional loss of EUR -6 million in 1H 2013, bringing the total loss posted on the sale of the entity to EUR -20 million.

The disposal of DKB Polska had no financial impact on the consolidated result for 1H 2013.

4. Evolution of the balance sheet, solvency and liquidity situation

a - Balance sheet and solvency

Quarterly evolution of the balance sheet

At the end of June 2013, the Dexia Crédit Local consolidated balance sheet stands at EUR 245.8 billion, down EUR 110.2 billion over 1H 2013. Such decrease in the size of the balance sheet is principally explained by the finalisation of the sale of SFIL on 31 January 2013, the impact of which on the Dexia Crédit Local consolidated balance sheet is EUR -84 billion.

The balance sheet items which posted the largest variations during the past half-year are:

- In assets, a reduction of the loan and security portfolio by EUR 15.8 billion, resulting from the natural amortization of loans and securities not offset by new commercial production flows, in line with the undertakings made by the Group with regard to its orderly resolution. The fair value of derivatives is down EUR 1.8 billion principally associated with the increase of long-term rates resulting in a EUR 6.5 billion reduction of collateral posted to counterparts of Group derivatives;
- In liabilities, a reduction of capital market funding outstanding (EUR 12 billion) on the end of 2012. The fair value of derivatives is down EUR 12 billion, resulting in a EUR 2.6 billion increase of collateral since the end of 2012.

Solvency ratios strengthened by the sale of SFIL

As at 30 June 2013, the Tier 1 amounted to EUR 7.98 billion decreasing of EUR 684 million compared to December 2012 while the regulatory capital amounted to EUR 8.475 billion (EUR -741 million compared to year-end 2012). This trend is mainly due to the net loss of EUR 849 million during the first half of 2013 and by the restatement of Own Credit Risk amounting to EUR 115 million. These losses are offset partly by the restatement of EUR 133 million related to the release of SFIL and impacting directly the own funds.

Weighted risks are EUR 44.8 billion, down EUR 6.1 billion on the end of December 2012 in view of the fall of credit risks arising from the sale of SFIL (EUR -4 billion) and the amortisation of the balance sheet.

Over the past half-year, the reduction of weighted risks had a positive impact of 216 basis points on the Group's CAD ratio, partially erased by the decrease of capital, the impact of which is -134 basis points. The Dexia Crédit Local solvency ratios were therefore strengthened to 18.9% at the end of June 2013 (against 18.1% at the end of December 2012) for the CAD ratio and 17.8% (against 17.0%) for the Tier 1 ratio.

Other comprehensive income amounts to EUR -6 billion, down EUR 1 billion over the past half-year. This improvement is essentially linked to the disposal of SFIL (EUR + 0.2 billion) as well as a EUR 0.8 billion improvement of the AFS reserve (assets available for sale) explained by a tightening of credit margins on sovereigns.

Dexia put a plan in place to adapt its approach to its new scope and its new activities, to allow for the simultaneous valuation of the economic and regulatory capital requirement for different simulations of risk scenarios. This approach will be implemented during the year 2013.

Within the framework of the requirements of Pillar 2 under Basel II, Dexia presented to the regulators the principles and orientations of the Risk and Capital Adequacy approach to be deployed in 2013. To date, the process is in line with the action plan presented to the regulators at the end of 2012.

b - Evolution of the Dexia Group liquidity situation

During 1H 2013, the Dexia Crédit Local liquidity situation saw positive evolutions marked by:

- A EUR 4.6 billion reduction of the short-term funding requirement to EUR 40.3 billion mainly linked to the divestment of SFIL (EUR 11.2 billionfall in the net funding requirement) and the increase of long-term rates which resulted in a reduction of the collateral to be paid of EUR 6.5 billion over the half-year.
- The growth of debt placements on the market. Arising from the autumn 2012, this trend continued in the first half of 2013. The execution of new secured funding, including Repos concluded via Eurex, for EUR 5.1 billion, and the market placement of EUR 12 billion of guaranteed debt in part offset the amortisation over the half-year of 2008 guaranteed debt (EUR 15.5 billion) and secured debts (EUR 3.6 billion). In particular, the Group successfully launched an inaugural 3-year guaranteed issue of EUR 1.5 billion. This transaction benefited from a very granular placement with 80 end investors from extremely diversified geographic regions.
- Outstanding deposits on the balance sheet were EUR 8.3 billion at the end of June 2013, up 11% on the end of December 2012. This performance is broadly related to Germany which achieved a net collection of deposits close to EUR 1.2 billion over 1H 2013.

The liquidity gain resulting from the sale of SFIL in particular enabled the unwinding of funding transactions concluded with Belfius Bank SA in an amount of EUR -5.8 billion. The residual stock of loans not guaranteed by the States held by Belfius Bank SA amounts to EUR 896 million at the end of June 2013[7].

These developments contributed to reducing the recourse to the guarantee granted by the Belgian, French and Luxembourg States, as well as the central bank funding. The guaranteed debt outstanding therefore passed from EUR 73.7 billion at the end of 2012, including EUR 19.6 billion under the 2008 mechanism, to EUR 69.2 billion at the end of June 2013, including EUR 10.0 billion under the 2008 mechanism. Central bank funding was reduced by EUR 9.3 billion over the half-year, outstanding amounting to EUR 40.8 billion at the end of June 2013.

On that date, recourse to guaranteed funding and central bank funding represented approximately 50% of the Group's funding structure, down 3.6% over the half-year.

The Group did not call on the emergency liquidity line (ELA) during 1H 2013.

[7] This residual stock is secured by assets held by Belfius Bank SA.

I.3. Risk management

1. Evolution of the economic and financial environment

During 1H 2013, the macroeconomic situation in the Eurozone continued to deteriorate. Activity declined for the sixth consecutive quarter and the unemployment rate continued to rise, exceeding 12% on average over the Eurozone, with large disparities between countries in the south of the zone and those in the north of Europe. At the same time, first estimates by the European Commission reveal a less favourable evolution of public finances than expected, the budget deficit for the Eurozone reaching 3.7% of GDP at the end of 2012.

This twofold observation results in a questioning of tight budget policies in several European countries with a background of political crisis in some states. This situation led the European Commission to ease its tight budget policy and to grant several countries, including France, additional time to return their public finances to balance.

Outside the Eurozone, the environment remains fragile, despite a more favourable economic climate. Political tensions in the Middle East are still disturbing and could weigh on the global economic climate in the event of regional destabilisation. The United States are seeing a gradual improvement of their economy, despite anxieties as to the federal budget. Finally, Japan remained a matter of attention throughout the half-year. The central bank is seeking to curb deflation with non-conventional monetary policies. This policy is being monitored carefully by many economists and its initial results could feed the debate in Europe on the continuation or easing of tight budget policies.

2. Focus on the public sector

France

The State confirmed maintenance of the freeze on grants allocated to local authorities in 2013. These represented EUR 52 billion in 2012 out of total operating revenues of EUR 208 billion. The level of those grants will fall by EUR 1.5 billion per annum in 2014 and 2015. At the same time, local authorities have less room for fiscal manoeuvre since the reform of the professional tax. The decision-making power of the regions only relates now to less than 10% of the receipts and departments less than 20% (against almost 40% before the reform). Although municipalities and groups of municipalities retain their decision-making power, it is very concentrated on single households and is met by political sanction, above all in a pre-election period. In 2012, growth of tax receipts remained contained (+2.5%). At 58%, taxation continued nonetheless to represent the main source of income.

The deterioration of the economy is being felt by local authorities. In particular, social expenditure will continue to weigh heavily on the financial statements of departments, representing almost one third of their management expenditure in 2012. 2013 budgets provide for maintenance of the level of investments compared to 2012. Funding requirements remain stable in comparison with 2012, with recourse to borrowing at EUR 18.4 billion. Against this background, the very low level of interest rates is a favourable factor for local authorities.

Germany

Although presenting a deficit of EUR 5.6 billion, the financial situation of the Länder improved in 2012, and the trend continued in 1H 2013: the deficit of the Länder fell to EUR -3.1 billion but with a strong disparity between Länder of the East and the West.

Given the increase of social expenditure, various German cities face tense budget situations. In view of the situation, several Länder have introduced plans to assist municipalities and to encourage them to take measures to stabilise their finances. The German Parliament also voted on the European Fiscal

Compact which aims to consolidate federal debt and that of federated states as well as that of municipalities, and will come into force in 2014. The federal state announced that it will take back responsibility for the portion of social expenditure borne by municipalities, thus enabling the latter to reduce their debt. Dexia internal ratings for Dexia Crédit Local outstanding on the German local public sector remain at a very good level, from AAA to AA, and stable over the various Länder.

Italy

At the end of 2012 and the beginning of 2013, the Italian state observed a deterioration of the financial health of certain local authorities and undertook changes to the multi-annual procedure for financial rebalancing of local authorities, the so-called “pre-dissesto”. The main objective is to enable certain authorities to avoid management under supervision of the “dissesto”. Within this context, the Court of Auditors is called on to strengthen internal and external controls in order to ensure better budget execution by local administrations. To assist local authorities presenting structural imbalances, the State may grant credits for up to ten years. To date, 40 communes and 3 provinces have called for state aid. Dexia has exposure to five of them with total outstandings of EUR 460 million: Naples, Catania, Messina, Foggia and the Province of Chieti.

Spain and Portugal

In Spain, local authorities introduced a plan to stabilise their finances from 2012, launching programmes for public sector rationalisation, reductions of subsidies and investments. This policy is reflected in particular over 1H 2013 by the upgrade of the Valencia region by Fitch to BBB-.

In Portugal, the central power strengthened its supervision of the regions and introduced programmes of assistance to municipalities in exchange for the adoption of drastic savings measures. In this regard, the Autonomous regions receive financial aid from the State, which has undertaken in particular to look after debt servicing for the Region of Madeira until the end of 2015.

Central and Eastern Europe

In Hungary, a programme for partial assumption of the municipal debt by the state announced at the end of 2012, was introduced: the transfer was made on 28 June 2013 for a portion running from 40% to 70% of the municipal debt. At the same time, the government will assume various municipal competences.

United States and Great Britain

In the United States, the federated states are subject, with constitutional variations from one state to another, to budget rules protecting creditors and with repercussions on local authorities.

Since the beginning of the global crisis, some local authorities have nonetheless found themselves in difficult financial situations. These instances are not very numerous but often stand out for the severity of the difficulties encountered. At the beginning of 2013, these were principally the county of Jefferson, where Dexia has no exposure and the city of Detroit for which financial pressures have constantly increased during several years leading the city to file on 18 July 2013 for Chapter 9 insolvency protection. Careful monitoring of the situation of the city of Detroit has been in the hands of the Dexia Special Mention and Watchlist Committee since 3Q 2009. This monitoring has enabled a provision to be taken on the risk incurred by the exposure to the city as from 2H 2012 and an additional provision was booked on 1H 2013, taking into account the attached guarantees.

In Great Britain, the less strict budget framework of local authorities enables us to consider that the financial risk is close to sovereign risk and limits the extent of evolutions overall, both for local authorities and for housing associations.

3. Credit risk

Dexia Crédit Local presents three main types of exposures: a loan portfolio, for the most part to the local public sector, a bond portfolio, and a project and corporate finance portfolio.

a - Loans to the local public sector

Three geographical zones saw noteworthy events during the past half-year.

In **France**, the beginning of 2013 was marked by two major events in terms of credit risk. On the one hand, the disposal of SFIL resulted in a significant reduction of Dexia Crédit Local exposure to the French local public sector. On the other hand, Dexia undertook desensitisation operations within the framework of the envelope granted by the European Commission of EUR 600 million. In terms of credit quality, unpaid amounts have fallen, particularly those recorded on credit lines to the hospital sector, in view of the active support of Regional Health Agencies.

In **Spain,** payment arrears could be observed on a limited number of counterparts (particularly in association with debt repurchase transactions mostly concentrated in the Regions of Valencia, Catalunya and the Baleares).

Finally, in the **United States**, as announced in the Dexia SA press release dated 22 July 2013, Dexia had an outstanding of EUR 305 million which fell underthe debt restructuring measures for the city of Detroit. The situation is being carefully monitored and some of the outstanding is covered by a specific provision. The Group has no exposure to the County of Jefferson.

b - Bond portfolio

As at 30 June 2013, the Dexia Crédit Local bond portfolio amounted to EUR 83.8 billion. It now contains all the bonds held by Dexia Crédit Local and no longer solely those classified as Legacy Division. This portfolio is still of good quality with 86.5% of assets rated Investment Grade.

The policy followed by Dexia Crédit Local is to retain assets until maturity, in line with its orderly resolution plan. Assets presenting a specific risk may be subject to disposals, in order to strengthen Dexia Crédit Local'srisk profile. Residual sovereign exposure to Cyprus and banking securities were therefore sold in 1H 2013.

c - Project and corporate finance

The project and corporate finance portfolio, in an amount of EUR 21.5 billion as at 30 June 2013, is of good average credit quality, with 72% rated Investment Grade.

The half-year saw ongoing restructurings on certain transactions as well as a deterioration of projects in Spain, particularly Public Private Partnerships.

The portfolio was reduced by 11.5% from the end of 2012, due to (i) the natural amortisation of the portfolio, (ii) early reimbursements related to the refinancing of borrowers' debt, in which Dexia does not take part and (iii) foreign exchange variations over the period, particularly on the pound sterling and the Australian dollar.

d - Breakdown of exposure by type of counterpart, in MCRE[8]

(in EUR million)	31/12/2012	30/06/2013
Central governments	30 408	27 747
Local public sector	103 542	98 677
Corporates *	8 407	6 545
Monolines	5 652	4 104
ABS/MBS	7 899	7 223
Project finances	15 939	14 946
Financial institutions *	38 207	29 351
Total exposure	**210 055**	**188 594**

(*) of which activities held for sale as at 30 June 2013 (Sofaxis): EUR 48 million of corporates and EUR 190 million of financial institutions

At the end of June 2013, exposure remains for the most part concentrated on the local public sector (52.3%), with a decrease principally explained by the natural amortisation of the portfolio. The proportion of the counterpart 'financial institutions' represent 15.6% of the total after a decrease of EUR 8.9 millions,mainly as a result of the reduction in refinancing transactions between Dexia Crédit Local and Belfius Bank SA, which was deconsolidated in October 2011.

[8] The maximum credit risk exposure (MCRE) represents the accounting net carrying amount of exposures, being the notional amounts after deduction of specific impairments and available for sale reserve amounts, and taking into account accrued interests and impact of fair-value hedge accounting.

e - Breakdown of exposure by geographical zone, in MCRE

(in EUR million)	31/12/2012	30/06/2013
Italy	33 460	32 237
France *	33 475	30 091
Germany	24 448	23 222
Spain	22 975	21 226
United Kingdom	18 145	16 920
Belgium	11 044	6 055
Central - Eastern Europe (except Austria and Hungary)	4 201	3 854
Portugal	3 809	3 730
Austria	1 948	1 797
Scandinavian countries	1 574	1 332
Hungary	1 390	1 287
Netherlands	701	642
Switzerland	176	481
Supra-European	832	475
Ireland	1 592	272
Greece	227	219
Luxemburg	477	159
United States and Canada	31 513	28 507
Japan	7 296	6 070
South-East Asia	1 220	1 142
South and Central America	1 110	1 137
Turkey	676	584
Others	7767	7156
Total	**210 055**	**188 594**

(*) of which EUR 238 million in activities available for sale as at 30 June 2013 (Sofaxis)

As at 30 June 2013, the majority of exposures remains concentrated in the European Union.

The fall of EUR 3.4 billion in French exposure is principally explained by the natural amortisation of the local public sector exposures.

The fall of the exposure to the United States is due to the natural amortisation of the portfolio, the disposal of assets and refinancing transactions in which Dexia has not taken part.

The amount of refinancing transactions between Dexia Crédit Local and Belfius Bank SA continued to reduce, and this contributed to a reduction of the Belgian exposure. This exposure represents at 30 June 2013 only 3.2% of the total exposure on continuing operations , against 5.3% at the end of 2012.

f - Breakdown of exposure by rating

(In %)	31/12/2012	30/06/2013
AAA	12.62%	12.32%
AA	22.17%	23.44%
A *	29.59%	28.70%
BBB	21.88%	21.34%
NIG	12.34%	12.54%
D	0.6%	0.65%
NR *	0.75%	0.97%
Total	**100%**	**100%**

(*) *of which activities held for sale (EUR 238 million): 79.82% rated A and 20.18% not rated*

At the end of June 2013, 85.5% of exposure is rated Investment Grade and 12.9% Non-Investment Grade (NIG).

g - Breakdown of the government bond portfolio on certain European countries

(in EUR million)	MCRE 31/12/2012*	MCRE 30/06/2013	Notional amount at 30/06/2013
Italy	11 001	11 036	10 208
Portugal	1 307	1 298	1 822
Hungary	1 169	1 086	1 073
Spain	450	451	455
Total	13 927	13 871	13 558

(*) *maximum exposure to credit risk for the banking portfolio*

The Dexia Crédit Local government bond portfolio on Italy, Portugal, Hungary and Spain is relatively stable compared to 31 December 2012 at EUR 13.9 billion. Furthermore, Dexia Crédit Local no longer has government bond exposure to Greece and Ireland.

h - Impairments on counterparty risk

Loans and debts incl. bonds reclassified in loans and debts* (in EUR million)	31/12/2012	30/06/2013	Variation	Variation in %
Non performing and disputed	1 313	1 354	41	3.1%
Assigned provisions	389	496	107	27.5%

Bonds and derivatives* (in EUR million)	31/12/2012	30/06/2013	Variation	Variation in %
Non performing and disputed	160	150	-10	-6.3%
Assigned provisions	119	111	-8	-6.7%

(*) continuing operations excluding CAFFIL

Over 1H 2013, impaired loans and advances to customers increased on a constant perimeter by 3% to EUR 1,354 million. This increase was accompanied by a 28% increase of specific provisions on loans and advances to customers, to reach EUR 496 million. Several evolutions contributed to this increase:

- The qualification as doubtful and litigious claims of new claims principally including the city of Detroit which filed for Chapter 9 insolvency protection on 18 July 2013. Dexia Crédit Local exposure related to debt restructuring measures amounting to USD 305 million of which USD 75 million was insured via a first-class reinsurer, and the rest insured by a reinsurer under restrucutring proceedings was impaired. Considering the expected recovery rates, the amount of provision reached 48% of total outstanding as at the end of June 2013;
- The improvement of the financial situation of counterparts justifying a reclassification as sound claims, particular in the case of a project financing in Italy and two French public sector operators;
- The reduction of Dexia Crédit Local exposure to certain counterparts classified as doubtful and litigious claims as at 31 December 2012 could be explained by a disposal, particularly in the case of a security on the US public sector, or reimbursements over the half-year as it was the case on CMBS

4. Market risks

a - Value at Risk (VaR)

Average VaR was EUR 9.6 million during 1H 2013 (against EUR 9.5 million over the entire year 2012).

Following the sale of SFIL on 31 January 2013, some of Dexia Crédit Local derivatives previously covering elements of the balance sheet of Dexia Municipal Agency came into an isolated open position and were therefore reclassified as “trading” from an accounting perspective. A “trading” portfolio was also re-opened in Paris to manage these positions. To that end, a market risk framework was established with the appropriate guidelines.

Value at Risk by activity (10 days - 99%)					
(in EUR millions)	IR [1] & FX [2] [3]	Spread Trading	Other risks [4]	Total 1H 2013	Limit
Average	1.4	7.8	0.4	9.6	22
End period	1.3	7.3	0.4	9.0	
Maximum	2.5	8.4	0.6	11.1	
Minimum	0.7	7.0	0.4	8.4	

(1) IR: interest rate

(2) FX: foreign exchange

(3) IR & Forex: excluding asset & liability management

(4) Other risks: inflation, commodities, CO2

b - Bond portfolio

The sensitivity in economic value of the bond portfolios to interest rate variations is extremely limited, as the interest rate risk is hedged. A significant part of the bond portfolio is classified as Loans & Receivables. The AFS reserve of these securities is insensitive to variations of market spreads. As for other bond portfolios classified as AFS, the fair value sensitivity (and the AFS reserve) to a spread increase of one basis point is EUR -25.7 millions.

Considering the low market liquidity and the weaker visibility on prices/spreads in the valuation process, valuations by model were applied to the “illiquid” perimeter of assets available for sale (AFS).

5. Balance sheet exposure to interest rate risk

For continuing operations, ALM long-term sensitivity was EUR -11 million as at 30 June 2013 (for a rate rise of 1%) for the entire Dexia Crédit Local Group, with the limit set at EUR 240 million. The level observed during 1H 2013 corresponds to the rate risk policy now followed by Dexia in the management in run-off of the majority of Dexia Crédit Local Group activities. It complies with ALM strategy, which aims at minimising the volatility of the income statement.

6. Operational risks

During 1H 2013, Dexia Crédit Local concentrated on updating the inventory of operational risks of thebranches and the head office activities.

In the Group’s transition period, marked by the disposal of operating entities, Dexia Crédit Local paid particular attention to certain dimensions of operational risks, such as the departure of key personnel, modification of the processes when operational applications have to be replaced. An inventory of the critical tasks and actions plans were systematically defined. The spin off between Dexia and SFIL was specifically monitored, particularly from the point of view of the continuity of critical tasks.

7. Legal risks

Like many financial institutions, Dexia Crédit Local is subject to a number of regulatory investigations and litigations, including class action lawsuits in the United States and Israel. Except as otherwise indicated, the status of the most significant litigations and investigations summarised below is as at 30 June 2013, and is based on the information available to Dexia on that date. On the basis of the information available to Dexia Crédit Local on that date, other litigations and investigations are not expected to have a material impact on the Group’s financial situation or it is too early properly to assess whether they may or may not have such an impact.

The consequences, as assessed by Dexia Crédit Local based on the information available to it on the aforementioned date, of the most significant litigations and investigations that are liable to have a material impact on the Group's or the company's financial situation, its results or its business generally are provided in the Group's or the company's consolidated financial statements. Subject to the terms and conditions of the professional liability insurance and Directors' liability insurance policies entered into by Dexia, the adverse financial consequences of all or certain litigations and investigations may be covered, in whole or in part, under one or other of such insurance policies, and, upon acceptance of such risks by the relevant insurers, be offset against any pay-out Dexia might receive pursuant thereto.

The main legal risks are described in the 2012 reference document of Dexia Crédit Local (pages 35to 37). The updated data below should be read in conjunction with the corresponding summaries included or mentioned in the Chapter entitled "Legal risks" in the 2012 Annual Report.

a - Financial Security Assurance

During 1H 2013, no material development occurred in this matter, and reference is made to the detailed disclosure in the Dexia Crédit Local Annual Report 2012 (page 35), available on www.dexia-creditlocal.fr.

b - Dexia banka Slovensko

During 1H 2013, no material development occurred in this matter, and reference is made to the detailed disclosure in the Dexia Crédit Local Annual Report 2012 (pages 35 and 36), available on www.dexia-creditlocal.fr.

c - Dexia Crediop

Reference is made to the detailed disclosure in the Dexia Crédit Local Annual Report 2012 (page 36), available on www.dexia-creditlocal.fr.

In a recent decision, the High Court of Justice in London confirmed its position concerning the validity and enforceability of interest rate swap contracts concluded in this case by the region of Piedmont. Although this must be the object of a separate decision, it may be that the Court orders the region of Piedmont to pay the amounts due under the swap contracts concerned, which at the end of June amounted to approximately EUR 27.5 million in principal.

d - Dexia Israel

Reference is made to the detailed disclosure in the Dexia Crédit Local Annual Report 2012 (pages 36 and 37), available on www.dexia-creditlocal.fr.

On 27 May 2013, at a hearing before the District Court of Tel Aviv, the Judge asked the parties to examine the possibility of reaching an agreement by mediation. The first mediation meeting took place on 21 July 2013. At the present time, Dexia is not in a position to make a reasonable estimate of the time or outcome of the mediation process.

e - Dexia Crédit Local

Dexia Crédit Local is involved in a certain number of litigations against local authorities to which structured credits were granted. As at 30 June 2013, the total number of clients to have issued proceedings against Dexia Crédit Local is 194.

For more details we refer to Point b) of the Section entitled "Other significant events" above, and the detailed disclosure in the Dexia Crédit Local Annual Report 2012 (page 36), available on www.dexia-creditlocal.fr.

f - Kommunalkredit Austria AG/KA Finanz AG

Reference is made to the detailed disclosure in the Dexia Crédit Half-year Report 2012 (page 20), available on www.dexia-creditlocal.fr.

Following an annulment action commenced by Dexia Crédit Local on 24 May 2012 against the decision of the General Meeting of KA Finanz AG on 25 April 2012, the Commercial Court in Vienna (Austria) gave its ruling on 9 March 2013 in which it recognised that the participating capital held by Dexia Crédit Local remains valid under its terms and conditions with a nominal value of EUR 151.66 million. Nevertheless, as Dexia Crédit Local was non-suited on some of its applications, an appeal was lodged against the decision in April 2013 (it is to be noted that KA Finanz AG also appealed the decision).

At the present time, Dexia is not in a position to make a reasonable estimate of the time or outcome of this case, or its possible financial consequences.

g - Dexia SA and Dexia Crédit Local: applications for annulment of the Belgian Royal Decrees granting the State guarantee

Applications for annulment were lodged againstthe Belgian Royal Decrees authorising the Belgian State to grant a guarantee to Dexia Crédit Local. We refer to the Dexia Crédit Local Annual Report (page 37) for more detailed information on this subject (available on www.dexia-creditlocal.fr). Dexia intervened voluntarily in the proceedings before the Belgian Council of State in order to put forward its arguments. The main objection in relation to these Royal Decrees is that the guarantee granted to Dexia should have been authorised by legislation rather than by Royal Decree. A Law of 17 June 2013 ratifies these Royal Decrees and thus to confer a legislative value upon them from the very outset.

8. Principal risks and uncertainties for the next six months

The economic environment in which the Dexia Crédit Local Group carries on its activity will continue to be marked, in the second half-year 2013, by uncertainties associated in particular with the evolution of the Eurozone.

The sectors which must continue to be monitored specifically in terms of credit risks are the following: the local public sector in Spain, Italy and Portugal, Public Private Partnership projects, particularly in Spain and American local authorities and their satellites.

Particular attention must continue to be paid to the management of operational risk during the transition period which will follow the effective separation of activities between Dexia Crédit Local and the Société de Financement Local, particularly in terms of the continuity of critical tasks.

Finally, Dexia remains sensitive to the evolution of the economic environment and the perception of sovereign risk within the Eurozone. A deterioration of investor perception would in fact be liable to harm Dexia Crédit Local's ability to raised guaranteed funding on the market.

I.4. Evolution of the organisation and social responsibility

1. New organisation and social consequences

1H 2013 was marked by:

- Establishment of the Economic and Social Unit for Dexia Crédit Local - CLF Banque within the context of the Group Dexia restructuring and the introduction of a new regime for French public sector financing.

  On 25 April 2012, Dexia presented a plan to close the “Project Finance” activity. On 28 September, Dexia presented a project to reorganize the “Economic and Social Unit” Dexia Crédit Local - CLF Banque, in the framework of the restructuring of the Group Dexia and the introduction of a new scheme for the financing of the French public sector. On 11 January 2013, the Works Council and the Health, Safety and Working Conditions Committee (CHSCT) expressed a specific opinion on the planned reorganisation and the Employee Protection Plan.

  The first half-year was therefore focused on implementing this new organisation. In this respect, the management and the social partners negotiated an agreement enabling the implementation of early measures (Cf. the Social Management Agreement referred to below), a period of voluntary departure from October 2012 until 28 February 2013 so that staff members whose position was directly closed or who belonged to a professional category affected by such closure could leave the company voluntarily, provided they submit a professional development project (new hire, vocational training, business start up…)

  As at 2 August 2013, out of 323 positions closed (including 26 positions in Project Finance):

  - 75 staff members were reclassified internally;
  - 100 employees accepted voluntary departure plans;
  - 70 staff members were subject to compulsory redundancy;
  - 44 joined a partner company (LBP);
  - 34 employees are on missions at present or on maternity leave and, if there can be no legal reclassification, their redundancy will be notified at the end of their mission or maternity leave during the year 2013.

- Transfer of staff members from Dexia Crédit Local to SFIL

  Within the framework of a new regime for the financing of French local public sector, SFIL started its activities on 1 February 2013. The launch of SFIL and CAFFIL relied on the tools and competences of Dexia Crédit Local teams. Indeed, between 1 February and 30 June 2013, 254 staff members of Dexia Crédit Local joined SFIL. Approximately 75 other staff members from the IT support line will join SFIL during the fourth quarter 2014 at the lastest, once the duplication of IT systems has been fully completed.

- Transfer of staff members from Dexia Crédit Local to La Banque Postale (LBP)

  To recall, a partnership was established with LBP for the launch by the latter of a short-term credit offer to local authorities. Indeed, jobs created by LBP in connection with this new activity were offered to staff members of Dexia Crédit Local, enabling 44 of them, at the end of June 2013, to join LBP principally in marketing posts.

- Presentation of a second plan to adapt the organisation of Dexia

  A second plan to adjust the number of employees was presented by management on 13 June 2013 to the Works Council of the Economic and Social Unit for Dexia Crédit Local - CLF Banque. It consisted in marginally adapting the organisation of Dexia within the context of implementing the Group’s orderly resolution plan.

  The project related to the management of:

  - Positions which are no longer justified in view of the management in run-off of the

activity of Dexia CLF Banque, disposal processes or the reduction of activities of French and international subsidiaries and the transfer of the project portfolio from the Dexia Foundation;
- Positions not compatible with the target organisation.

This project results in:

- The closure of 18 occupied positions linked to the activity of Dexia CLF Banque and the creation of 12 posts within the current organization of Dexia Crédit Local to continue the management in run-off of that activity;
- The closure, on other grounds, of 13 occupied posts.

Staff members whose posts are closed will have the benefit of social support measures previously negotiated between Dexia and union organisations within the framework of the social agreement signed on 27 June 2013 (Cf. "Social Management Agreement below). This project will allow the target organisation of Dexia to be achieved under the reorganisation plan of the Economic and Social Unit for Dexia Crédit Local - CLF Banque dated 28 September 2012.

On 25 July 2013, the Works Council and the Health, Safety and Working Committee (CHSCT) expressed their opinion on this reorganisation plan and the Employee Protection Plan.

2. Social Dialogue

Several joint negotiations took place during the first half-year 2013 and various agreements were signed with the social partners.

- Within the framework of the second organisation project, a Social Management Agreement was signed on 27 June 2013 in particular providing a process for supporting staff members and if necessary the possibility of applying for early voluntary departure.
- An Agreement relating to the organisation of working time was signed on 13 May 2013 and completed by a rider on 25 June 2013. This agreement and its rider, applicable from 1 July 2013, had the objective of adapting the company's mechanisms within the current legislative framework and in line with market practices, implementing measures providing for a balance between private and professional life and placing team leaders at the centre of managing the working time of their staff members.
- A Participation Agreement was concluded on 24 June 2013 for the 2013 financial year based on the legal formula for participation.
- Finally, a second rider to the Profit-Sharing Agreement of 28 June 2011 was signed on 25 June 2013. The new calculation perimeter is based on the surplus of regulatory capital of the Dexia Group in relation to the plan submitted to the European Commission in November 2012. The distributable pool thus calculated is divided prorata to the effective time of presence of each beneficiary.

3. Monitoring psycho-social risks

Since 2010, management has undertaken actions to protect against illness and stress at work aimed at preventing psycho-social risks in particular through the provision of a psychological telephone hotline, the organisation of seminars aimed at making all staff members aware of burn-out and its detection or the establishment of a steering group on wellbeing at work (DRH, staff representative and the work doctor).

During 1H 2013, this process relied on the weekly attendance of a work psychologist and a social assistant, a professional listening and reflection unit provided by a firm specialised in professional support, a medical service composed of a work doctor and two nurses as well as proximity support by a team from Human Resources particularly through training actions.

II. CONDENSED CONSOLIDATED HALF-YEAR FINANCIAL STATEMENTS

II.1. Consolidated balance sheet

1. Assets

Consolidated balance sheet				
Assets (in EUR millions)		**June 30, 2012**	**December 31, 2012**	**June 30, 2013**
I.	Cash, central banks	777	1 048	639
II.	Financial assets at fair value through profit or loss	23 225	23 379	24 421
III.	Hedging derivatives	8 541	9 371	6 450
IV.	Financial assets available for sale	30 168	36 060	32 179
V.	Interbank loans and advances	15 090	10 806	9 461
VI.	Customer loans and advances	152 426	149 109	138 639
VII.	Fair value revaluation of portfolio hedge	3 360	3 526	1 336
VIII.	Financial assets held to maturity	457	453	440
IX.	Current tax assets	42	33	20
X.	Deferred tax assets	33	18	19
XI.	Accruals and other assets	41 027	37 473	31 277
XII.	Non current assets held for sale	86 509	84 095	367
XIII.	Investments in associates	0	0	0
XV.	Tangible fixed assets	503	499	493
XVI.	Intangible assets	43	43	34
XVII.	Goodwill	59	59	0
Total Assets		**362 260**	**355 972**	**245 775**

2. Liabilities

Consolidated balance sheet				
Liabilities (in EUR millions)		**June 30, 2012**	**December 31, 2012**	**June 30, 2013**
I.	Central banks	45 869	50 590	41 163
II.	Financial liabilities at fair value through profit or loss	26 307	27 831	25 549
III.	Hedging derivatives	34 414	35 760	25 620
IV.	Interbank borrowings and deposits	56 257	34 971	34 734
V.	Customer borrowings and deposits	8 558	10 727	10 891
VI.	Debt securities	103 645	109 825	97 718
VII.	Fair value revaluation of portfolio hedge	368	372	261
VIII.	Current tax liabilities	5	17	20
IX.	Deferred tax liabilities	32	45	35
X.	Accruals and other liabilities	3 932	3 941	6 526
XI.	Liabilities included in disposal groups held for sale	81 416	79 169	294
XIII.	Provisions	76	121	156
XIV.	Subordinated debt	1 435	707	689
XV.	Equity	(54)	1 896	2 119
XVI.	Equity, Group share	(486)	1 499	1 725
XVII.	Capital stock and additional paid-in capital	1 227	3 227	3 227
XVIII.	Reserves and retained earnings	6 844	7 314	5 407
XIX.	Unrealised or deferred gains and losses	(7 738)	(7 002)	(6 060)
XX.	Net income for the period	(819)	(2 040)	(849)
XXI.	Minority interests	432	397	394
Total Liabilities		**362 260**	**355 972**	**245 775**

II.2. Consolidated income statement

Consolidated income statement				
(in EUR millions)		**1H 2012**	**Year 2012**	**1H 2013**
I.	Interest income	9 058	16 890	7 760
II.	Interest expense	(9 398)	(17 861)	(7 743)
III.	Fee and commission income	55	113	45
IV.	Fee and commission expense	(19)	(47)	(26)
V.	Net gains (losses) on financial instruments at fair value though profit or loss	(71)	(250)	(345)
VI.	Net gains (losses) on financial assets available for sale	(112)	390	(28)
VII.	Other income	29	55	30
VIII.	Other expenses	(22)	(42)	(88)
IX.	**Net banking income**	**(480)**	**(752)**	**(395)**
X.	Operating expenses	(149)	(346)	(182)
XI.	Depreciation, amortisation and impairment of tangible fixed assets and intangible assets	(17)	(34)	(15)
XII.	**Gross operating income**	**(646)**	**(1 132)**	**(592)**
XIII.	Cost of risk	(194)	(365)	(88)
XIV.	**Operating expenses**	**(840)**	**(1 497)**	**(680)**
XV.	Income (losses) from associates	0	0	0
XVI.	Net gains (losses) on other assets	0	(22)	(3)
XVII.	Impairment on goodwill	0	0	0
XVIII.	**Income before taxes**	**(840)**	**(1 519)**	**(683)**
XIX.	Income tax	(29)	(4)	(32)
XX.	Income from discontinued operations, net of tax	30	(541)	(142)
XXI.	**Net income**	**(839)**	**(2 064)**	**(857)**
XXII.	Minority interests	(20)	(24)	(8)
XXIII.	**Net income group share**	**(819)**	**(2 040)**	**(849)**
	Earnings per share group share			
	Basic (in EUR)	-9,41	-9,12	-3,80
	- of which, related to ongoing activities	-9,75	-6,70	-3,16
	- of which, related to discontinued activities	0,34	-2,42	-0,64
	Diluted (in EUR)	-9,41	-9,12	-3,80
	- of which, related to ongoing activities	-9,75	-6,70	-3,16
	- of which, related to discontinued activities	0,34	-2,42	-0,64

II.3. Net income and unrealised or deferred gains or losses through equity

Net income and unrealised or deferred gains and losses through equity				
(in EUR millions)		**1H 2012**	**Year 2012**	**1H 2013**
I.	**Net income**	**(839)**	**(2 064)**	**(857)**
II.	Translation adjustments	13	6	13
III.	Unrealised or deferred gains and losses of financial assets available for sale	431	1 229	1 046
IV.	Unrealised or deferred gains and losses of cash flow hedges	29	165	(36)
VI.	Actuarial gains en losses on defined benefit plans	0	0	(7)
VIII.	Taxes	(701)	(755)	(69)
IX.	**Total of unrealised or deferred gains and losses through equity (1)**	**(228)**	**645**	**947**
X.	**Net income and unrealised or deferred gains and losses through equity**	**(1 067)**	**(1 419)**	**90**
XI.	Of which, group share	(1 016)	(1 501)	92
XII.	Of which, minority interests	(51)	82	(2)
(1) Of which part related to non current assets held for sale		*49*	*110*	*142*

II.4. Consolidated statement of changes in equity

Dexia Credit Local - Consolidated statement of changes in equity (1/2)

(in EUR millions)	Core equity			Unrealised or deferred gains and losses				Equity, Group share	Minority interests			Equity
	Capital stock, Additional paid-in capital	Reserves, retained earnings and net income for the period	Total	Change in fair value of financial assets available for sale , net of taxes	Change in fair value of cash flow hedges, net of taxes	Other unrealised or deferred gains and losses (Cumulative translation differences and Actuarial gains and losses on defined benefit plans)	Total		Core equity	Unrealised or deferred gains and losses	Total	
At December 31, 2011	**6 071**	**2 158**	**8 229**	**(6 684)**	**(868)**	**11**	**(7 541)**	**688**	**605**	**(122)**	**483**	**1 171**
Movements during the period												
- Changes in capital	0	0	0				0	**0**	0		0	**0**
- Changes in additional paid-in capital	(4 200)	4 200	0				0	**0**	0		0	**0**
- Dividends		0	0				0	**0**	0		0	**0**
- Translation adjustments			0	(8)	(11)	13	(6)	**(6)**		0	0	**(6)**
- Changes in actuarial gains and losses on defined benefit plans						0	0	**0**		0	0	**0**
- Changes in fair value of financial assets available for sale through equity			0	(293)			(293)	**(293)**		3	3	**(290)**
- Changes in fair value of derivatives through equity			0		(12)		(12)	**(12)**		(35)	(35)	**(47)**
- Changes in fair value of financial assets available for sale through profit or loss			0	113			113	**113**		0	0	**113**
- Changes in fair value of derivatives through profit or loss			0		1		1	**1**		1	1	**2**
- Net income for the period		(819)	(819)				0	**(819)**	(20)		(20)	**(839)**
- Other movements	(644)	486	(158)	0	0	0	0	**(158)**	0	0	0	**(158)**
At June 30, 2012	**1 227**	**6 025**	**7 252**	**(6 872)**	**(890)**	**24**	**(7 738)**	**(486)**	**585**	**(153)**	**432**	**(54)**
Movements during the period												
- Changes in capital	785	0	785				0	**785**	0		0	**785**
- Changes in additional paid-in capital	1 215	0	1 215				0	**1 215**	0		0	**1 215**
- Dividends		0	0				0	**0**	0		0	**0**
- Translation adjustments			0	15	13	(7)	21	**21**		0	0	**21**
- Changes in actuarial gains and losses on defined benefit plans						0	0	**0**		0	0	**0**
- Changes in fair value of financial assets available for sale through equity			0	564			564	**564**		(3)	(3)	**561**
- Changes in fair value of derivatives through equity			0		2		2	**2**		39	39	**41**
- Changes in fair value of financial assets available for sale through profit or loss			0	152			152	**152**		103	103	**255**
- Changes in fair value of derivatives through profit or loss			0		(3)		(3)	**(3)**		-1	(1)	**(4)**
- Net income for the period		(1 221)	(1 221)				0	**(1 221)**	(4)		(4)	**(1 225)**
- Other movements	0	470	470	0	0	0	0	**470**	-169	0	(169)	**301**
At December 31, 2012	**3 227**	**5 274**	**8 501**	**(6 141)**	**(878)**	**17**	**(7 002)**	**1 499**	**412**	**(15)**	**397**	**1 896**
Movements during the period												
- Changes in capital	0	0	0				0	**0**	0		0	**0**
- Changes in additional paid-in capital	0	0	0				0	**0**	0		0	**0**
- Dividends		0	0				0	**0**	0		0	**0**
- Translation adjustments			0	(53)	1	11	(41)	**(41)**		2	2	**(39)**
- Changes in actuarial gains and losses on defined benefit plans						(1)	(1)	**(1)**		(2)	(2)	**(3)**
- Changes in fair value of financial assets available for sale through equity			0	898			898	**898**		8	8	**906**
- Changes in fair value of derivatives through equity			0		(41)		(41)	**(41)**		(3)	(3)	**(44)**
- Changes in fair value of financial assets available for sale through profit or loss			0	127			127	**127**		0	0	**127**
- Changes in fair value of derivatives through profit or loss			0		0		0	**0**		0	0	**0**
- Net income for the period		(849)	(849)				0	**(849)**	(8)		(8)	**(857)**
- Other movements [(1)]	0	133	133	0	0	0	0	**133**	0	0	0	**133**
At June 30, 2013	**3 227**	**4 558**	**7 785**	**(5 169)**	**(918)**	**27**	**(6 060)**	**1 725**	**404**	**(10)**	**394**	**2 119**

(1) The difference of EUR 133 million between the estimated impact in 2012 and the realised impact in 2013 due to the settlement of derivatives between Dexia Crédit Local and Dexia Municipal Agency was shown in

Dexia Credit Local has a capital of EUR 1 286 032 212 divided into 223 057 776 shares, of which the par value is EUR 5.75. There is no other share giving access to Dexia Credit Local's capital.

II.5. Consolidated cash flow statement

Dexia Credit Local - Consolidated cash flow statement			
(EUR Millions)	At June 30, 2012	At December 31, 2012	At June 30, 2013
Cash flow from operating activities			
Net income	(839)	(2 064)	(857)
Adjustments for :			
- Depreciation, amortization and other impairment	33	64	28
- Impairment on bonds, equities, loans and other assets	2	77	77
- Net (gains) or losses on investments	47	76	1
- Changes in provisions	23	183	8
- Unrealized gains and losses	(5)	(38)	225
- Income (losses) from associates	0	0	0
- Dividends from associates	0	0	0
- Deferred taxes	10	(12)	(7)
- Other adjustments	0	0	0
Changes in operating assets and liabilities (2)	(894)	(2 974)	(1 027)
Net cash provided (used) by operating activities	**(1 623)**	**(4 688)**	**(1 552)**
Cash flow from investing activities			
Purchases of fixed assets	(43)	(83)	(50)
Sales of fixed assets	17	33	27
Acquisitions of unconsolidated equity shares	(12)	(14)	(1)
Sales of unconsolidated equity shares	14	52	32
Acquisitions of subsidiaries	0	10	0
Sales of subsidiaries	0	0	(2 562)
Net cash provided (used) by investing activities	**(24)**	**(2)**	**(2 554)**
Cash flow from financing activities			
Issuance of new shares	0	2 000	0
Redemption of capital (1)	(158)	(158)	0
Issuance of subordinated debt	4	4	0
Redemption of subordinated debt	(314)	(1 059)	(11)
Purchases of treasury stock	0	0	0
Sales of treasury stock	0	0	0
Dividends paid	0	0	0
Net cash provided (used) by financing activities	**(468)**	**787**	**(11)**
Net cash provided	**(2 115)**	**(3 903)**	**(4 117)**
Cash and cash equivalents at the beginning of the period (1)	**10 377**	**10 377**	**6 468**
Cash flow provided (used) by operating activities	(1 623)	(4 688)	(1 552)
Cash flow provided (used) by investing activities	(24)	(2)	(2 554)
Cash flow provided (used) by financing activities	(468)	787	(11)
Effect of exchange rate changes and changes in scope of consolidation on cash and cash equivalents (3)	12	(6)	10
Cash and cash equivalents at the end of the period (1)	**8 274**	**6 468**	**2 361**
Additional information			
Income tax paid	(43)	(26)	(24)
Dividends received	0	7	0
Interest received	11 514	21 132	8 122
Interest paid	(11 578)	(21 456)	(7 988)

(1) The definition of cash and cash equivalents has been revised as of 30 June 2013 in order to exclude the financial assets available for sale with current maturities of less than 90 days: the amounts of cash and cash equivalents have beenr restated consequently by EUR -356 million as at 31 December 2011, EUR -1 366 million as at 30 June 2012, and EUR -2 158 million as at 31 December 2012.

(2) By analogy, the line "changes in operating assets and liabilities" has been revised by EUR -1 010 million as at 30 June 2012 and by EUR -1 802 million as at 31 December 2012.

(3) "The effect of exchange rate changes and changes in scope of consolidation on cash and cash equivalents" has been revised at EUR - 1 million as at 30 June 2012 (non significant impact as at 31 December 2012).

II.6. Notes to the condensed consolidated half-year financial statements

1. General basis for the presentation of the condensed consolidated half-year financial statements

The half-year condensed consolidated financial statements of Dexia Crédit Local as at 30 June 2012 were drawn up on a going concern basis, which makes a certain number of assumptions, strictly identical to those applied in drawing up the previous annual financial statements.

These going concern hypotheses rely on the business plan serving as the basis for establishing the Dexia Group resolution plan, which was ratified by the European Commission on 28 December 2012 and in which all stakeholders (States, European Commission, Central Banks and regulators) in the evolution of the Dexia Group were involved.

The business plan contains a liquidity guarantee granted by the Belgian, French and Luxembourg States in an amount of EUR 85 billion in principal, without collateral. This guarantee came into force on 24 January 2013.

It relies, moreover, on the hypothesis of a restoration of confidence on the capital markets. From that point of view, in 1H 2013 the Group's funding structure evolved favourably, with the success of its inaugural 3-year guaranteed issue, the launch of a programme of certificates of deposit in the United States and the execution of new secured funding.

The macroeconomic hypotheses underlying the business plan, ratified by the Group's Board of Directors on 14 November 2012, were revised within the context of a half-year overall review of the plan. This update in particular integrated lower interest rates, a longer exit from crisis but a less severe shift of credit margins. It also took account of a revision of the funding plan on the basis of the latest observable market conditions as well as the regulatory developments to date, including the definitive text of the CRD IV, and the OIS impact of IFRS 13.

The business plan thus revised and ratified by the Group's Board of Directors on 6 August 2013 leads to no significant deviation on the duration of the resolution plan from 2013 till 2022, and leads to the viability of the Dexia Group. Some uncertainties remain however in relation to its implementation: in particular, the plan is sensitive to the evolution of interest rates and the credit environment in which an unfavourable evolution would be liable to harm the performance achieved by Dexia Crédit Local. Finally, the Group remains exposed to a liquidity risk and implementation of the orderly resolution plan assumes that Dexia retains a good funding capacity which relies in particular on investor appetite for guaranteed debt.

Dexia Crédit Local's condensed half-year consolidated financial statements have been prepared in accordance with all IFRS endorsed by the European Commission up to the closing.

For the preparation and presentation of the condensed consolidated half-year financial statements, Dexia Crédit Local in particular applies the IAS 34 Interim Financial Reporting, which provides for the publication of condensed financial statements and measurements for interim reporting purposes made on a year-to-date basis.

All the accounting policies and methods used for presentation and valuation purposes are set out in Point 9 – "Accounting policies and valuation methods for the condensed half-year consolidated financial statements".

In preparing the condensed half-year consolidated financial statements, management is required to make estimates and assumptions that affect the amounts reported. In order to make these assumptions and estimates, management uses the information available at the date of preparation of the financial statements and exercises its judgment. While management believes it has considered all available information when making these assumptions, actual results may differ from estimated figures and these differences may have a significant effect on the condensed consolidated half-year financial statements.

Judgments are principally made in the following areas:

- Classification of financial instruments in the categories “Loans and advances”, “Held until maturity”, “Available for sale”, “Held for transaction purposes” and “Indicated as fair value through profits or losses result on option” according to the characteristics of the instrument and the management intention of Dexia Crédit Local;
- Determination of whether or not there is an active market for financial instruments measured at fair value;
- Determination of whether or not there is a check on an entity acquired by Dexia Crédit Local, including an ad hoc entity;
- Identification of non-current assets and disposal groups held for sale and discontinued operations;
- Indication of a derivative as a hedge instrument;
- Existence of a present obligation with probable outflows in the event of litigation;
- Identification of impairment triggers.

These judgments are set out in the corresponding sections of the accounting policies. Estimates are principally made in the following areas:

- Determination of fair value for financial instruments measured at fair value;
- Determination of the recoverable amount of impaired financial assets;
- Determination of fair value less sale costs for non-current assets and disposal groups held for sale;
- Determination of the useful life and the residual value of property, plant and equipment, investment property and intangible assets;
- Estimate of future taxable profit for the measurement of deferred tax assets;
- Estimate of the recoverable amount of cash-generating units for goodwill impairment.

Application of the IFRS 13 accounting standard as at 1 January 2013, adaptation of the valuation of derivatives to the parameters used by the market and recognition of DVA led Dexia Crédit Local to recognise a significant amount in results in its financial statements as at 30 June 2013. As the terms and tools for valuing derivatives under OIS and CVA/DVA are still being put in place, the data integrated into the financial statements as at 30 June 2013 are a best estimate of the impact of those elements on that date.

The condensed half-year consolidated financial statements are prepared in millions of euros (EUR), unless there is an indication to the contrary. They are prepared in accordance with recommendation 2009 R04 from the CNC published in 2 July 2009.

2. Changes in the consolidation scope

Changes in the consolidation scope with a significant impact on the condensed half-year consolidated financial statements for 1H 2013 are as follows:

- The companies Dexia Municipal Agency, Dexia Kommunalkredit Bank Polska and Dexia Bail were deconsolidated on 1 January 2013, following their sale outside the Group. The consolidated result for 1H 2013 shows losses of EUR 142 million on Dexia Municipal Agency and EUR 6 million on Dexia Bail;
- An agreement relating to the sale of Sofaxis was signed on 28 June 2013. In accordance with the IFRS 5 accounting standard, Dexia Crédit Local presents the assets and liabilities of that company in a separate item in its consolidated balance sheet;

The list of companies in the consolidation scope as at 31 December 2012 is presented in the 2012 Annual Report (paragraph 1.2, pages 107 to 110).

3. Significant facts for the half-year

Major operations with an impact on the condensed half-year consolidated financial statements for the period ended 30 June 2013 are set out below.

- Following approval by the European Commission at the end of 2012 of the 2013 tripartite liquidity guarantee scheme granted to Dexia by the three States, the latter signed an agreement in favour of Dexia Crédit Local which will be the Group's issuing entity under the guaranteed format. This joint and non-several guarantee came into force on 24 January 2013, immediately replacing the temporary guarantee mechanism of December 2011 with regard to new securities issued under the guarantee. It enables Dexia Crédit Local to borrow up to EUR 85 billion in principal from eligible investors. This amount includes funding already covered by the guarantee schemes put in place in 2011 (outstanding of EUR 8 billion as at 30 June 2013).
- The 2013 guarantee covers the funding raised in the form of securities and financial instruments, deposits and borrowing until 31 December 2021 with a maximum maturity of ten years. The distribution key for this 2013 guarantee is 51.41% for Belgium (or a maximum of EUR 43.7 billion), 45.59% for France (or a maximum of EUR 38.7 billion) and 3% for Luxembourg (or a maximum of EUR 2.55 billion).

  The State remuneration for the 2013 guarantee was set at 5 basis points per annum (against an average of 85 basis points paid by Dexia in 2012 as remuneration for the temporary guarantee). The total charge paid by Dexia Crédit Local and its branches as remuneration for these guarantees was EUR 95 million as at 30 June 2013 (against 289 million as at 30 June 2012).

  After examining the terms of the guarantee, the three main rating agencies attributed a rating to the issues concerned. The guaranteed programmes of Dexia Crédit Local for Certificates of Deposit, Medium Term Negotiable Notes and Euro Medium Term Notes are rated A-1+ and AA respectively by Standard & Poor's, F1+ and AA by Fitch Ratings and P1 and (P) Aa3 with negative outlook by Moody's, reflecting the outlook for the main guarantor.

- On 31 January 2013, Dexia Crédit Local finalised the sale of the Société de Financement Local, proprietary holding of Dexia Municipal Agency to the French State as majority shareholder, and the Caisse des Dépôts and La Banque Postale. Within this context, Dexia Municipal Agency, formerly the real estate credit company of the Dexia Crédit Local Group, was renamed Caisse Française de Financement Local. The price of the transaction was set at 1 euro, and the loss, estimated at the end of 2012 at EUR -1,707 millions, was EUR -1,849 millions as at 30 June 2013. An additional loss of EUR 142 million corresponding to the negative fair value reserves of securities available for sale held by Dexia Municipal Agency was in fact booked in the 2013 result, in accordance IFRS 5 accounting standard. The sale of the Société de Financement Local resulted in a significant reduction of the Dexia Crédit Local Group's consolidated balance sheet of EUR 84 billion compared to the end of 2012.

- In order to align with market practice, from the closing of its financial statements as at 30 June 2013 the Dexia Crédit Local Group is now using a discount curve based on the daily (OIS) rate for calculating the market value of collateralised derivatives. Within the context of the first application of the IFRS 13 accounting standard, the Dexia Crédit Local Group has adjusted its methodology for recognising the Credit Value Adjustment (CVA) and booking a Debit Value Adjustment (DVA).

  These changes in the mode of calculation are effective as from 30 June 2013 and the Group has therefore booked a EUR 278 million loss in its consolidated income statement for 1H 2013.

4. Party-related transactions

Analysis by nature	Directors and Key management		Parent company (Dexia)		Entities with joint control or significant influence over the entity [2]	
	June 2012	June 2013	June 2012	June 2013	June 2012	June 2013
Loans [1]	1	0	4 159	415	0	0
Interest income on loans	0	0	36	2	0	0
Asset disposals			0	72	0	0
Losses on asset disposals			0	(9)	0	0
Deposits	0	0	71	802	4 676	0
Interest expense on deposits	0	0	(2)	(3)	(74)	0
Net commissions	0	0	0	0	16	0
Guarantees issued by the Group	0	0	0	0	2 125	0
Guarantees received by the Group	0	0	2 268	0	0	0

Analysis by nature	Subsidiaries [3]		Associates [3]		Joint venture in which the entity is a venturer [3]		Other related parties [4]	
	June 2012	June 2013	June 2012	June 2013	June 2012	June 2013	June 2012	June 2013
Loans [1]	0	0	0	0	0	0	3 814	0
Interest income on loans	0	0	0	0	0	0	41	0
Asset disposals	0	0	0	0	0	0	0	0
Losses on asset disposals	0	0	0	0	0	0	0	0
Deposits	0	0	0	0	0	0	1 949	0
Interest expense on deposits	0	0	0	0	0	0	(19)	0
Net commissions	0	0	0	0	0	0	0	0
Guarantees issued by the Group	0	0	0	0	0	0	10 642	0
Guarantees received by the Group	0	0	0	0	0	0	5 072	0

(1) Loans to key management personnel were granted at general market conditions.

(2) Reference is made here to the main shareholders of Dexia, i.e. in 2012: Group Arco, Holding Communal, Caisse des depots Group, CNP, and in June 2013: the Belgian Federal State, via the Société Fédérale de Participations et d'Investissement, and the French State, via the Société de prise de participation de l'Etat. The Dexia Crédit Local Group applies the IAS24 and IAS25 accounting standards: as a consequence, the transactions with the Belgian and French States are not presented in the above table. There were no significant transaction in 1H 2013, other than the 2013 Guarantee Agreement, described in detail in the Dexia Crédit Local Annual Report 2012 (cf. page 144).

(3) This includes the non-consolidated investments listed in notes 1.2.b "Non-consolidated subsidiaries", 1.2.d "Joint companies not consolidated by the proportionate method", and 1.2. f "Associated companies not accounted for by the equity method" of the 2012 Annual Report.

(4) In June 2012 this item included loans with entities in Belgian and Luxembourg sub-groups consolidated by Dexia, the parent company of Dexia Crédit Local.

5. Notes on the income statement

a - Net gains or losses on financial instruments at fair value through profit or loss (item V. of the income statement)

(in EUR millions)	Half-Year 2012	Half-Year 2013
Net trading income [1]	(9)	(38)
Net result of hedge accounting [1]	5	(226)
Net result of financial instruments designated at fair value through profit or loss [*]	1	4
Change in own credit risk	(65)	(73)
Net result of foreign exchange transactions	(3)	(12)
Total	**(71)**	**(345)**

(*) among which trading derivatives included in a fair value option strategy

(1) As from June 30, 2013 the Dexia Crédit Local Group is using a discount curve based on the daily (OIS) rate for calculating the market value of collateralised derivatives. As a consequence, a EUR 76 million negative impact was booked in the net trading income in 2013, as well as a EUR 223 million negative impact in the net result of hedge accounting.

Of which analysis of the net result of hedge accounting

(in EUR millions)	Half-Year 2012	Half-Year 2013
Fair value hedges	**9**	**(226)**
Fair value changes of the hedged item attributable to the hedged risk	1 206	(3 645)
Fair value changes of the hedging derivatives	(1 197)	3 419
Cash flow hedges	**0**	**0**
Fair value changes of the hedging derivatives – ineffective portion	0	0
Discontinuation of cash flow hedge accounting (Cash flows no longer expected to occur)	0	0
Hedges of net investments in a foreign operation	**0**	**0**
Fair value changes of the hedging derivatives – ineffective portion	0	0
Portfolio hedge	**(4)**	**0**
Fair value changes of the hedged item	346	(246)
Fair value changes of the hedging derivatives	(350)	246
Total	**5**	**(226)**
Amount transfered into net interest income from the fair value reserve on cash-flow hedges (due to derivatives for which the hedging relationship was interrupted)	**1**	**0**

b - Net gains or losses on financial assets available for sale

(item VI. of the income statement)

(in EUR millions)	Half-Year 2012	Half-Year 2013
Dividends on securities available for sale	0	0
Net gains (losses) on disposals of loans and securities available for sale	(158)	(6)
Impairment of variable-income securities available for sale	(1)	0
Net gains (losses) on disposals of securities held to maturity	0	0
Net gains (losses) on disposals of debt securities	47	(22)
Total	**(112)**	**(28)**

c - Other expenses

(item VIII. of the income statement)

The other expenses amount to EUR 88 million in 2013 (EUR 22 million in 2012) : the Dexia Credit Local Group booked, in 2013, a EUR 62 million provision due to different legal litigations.

d - Operating charges

(item X. of the income statement)

The variation of the "General and administrative expenses" is notably due to the pursuit of the implementation of the Group's orderly resolution plan.

(in EUR millions)	Half-Year 2012	Half-Year 2013
Payroll costs	(107)	(93)
General and administrative expenses	(83)	(96)
Income from the recharging of general expenses to Dexia Municipal Agency	41	7
Total	**(149)**	**(182)**

e - Cost of risk

(item XIII. of the income statement)

In 2013, the Dexia Crédit Local Group’s cost of risk in particular included:

- A charge of EUR 90 million for the outstanding on the city of Detroit, which filed for Chapter 9 insolvency protection;
- A gain of EUR 12 million on the disposal of doubtful debts with the counterpart Lehman.

	Half-Year 2012			Half-Year 2013		
(in EUR millions)	Collective Impairment	Specific impairment and losses	TOTAL	Collective Impairment	Specific impairment and losses	TOTAL
Credit (loans, commitments and securities held to maturity)	(26)	142	**116**	29	(117)	**(88)**
Fixed-income securities available for sale	0	(310)	**(310)**	0	0	**0**
Total	**(26)**	**(168)**	**(194)**	**29**	**(117)**	**(88)**

f - Result net of tax on activities ceased or being sold

(item XX. of the income statement)

The income from discontinued operations, net of tax includes in 2013 includes a EUR 142 million loss, corresponding to the negative reserves of available for sale securities held by Dexia Municipal Agency, which have to be booked in income statement according to IFRS 5 standard. It amounted to EUR 30 million in 2012.

6. Analysis by line of business

Following the agreement by European Commission on December 2012 of its orderly resolution plan and given the progress of its application, the Dexia Credit Local Group changed its business reporting starting from the presentation of its consolidated financial statements of June 30, 2013. This new presentation is in line with the new profile of the Group as well as its new strategic direction which one of its main objective is to minimize the burden on States and optimize its value for its shareholders.

From this point of view, it is now appropriate to assess the performance of the Group on the basis of a single division "Management of run off activities" without any allocation of liabilities and operating expenses. The management information consists of reports :

- Reports linked to activities in run off, which are globally consolidated and assessed through the income statement, on the basis of future results and associated expenses. These activities are regarded as a single division,
- Reports linked to activities held for sale, which are not assessed through their intrinsic profitability but are assessed within the context of the best negotiation of the proceed from sale within 12 months.

Moreover :

- The classification of the income statement and the balance sheet between "Core division " and "Legacy Division" is no more appropriate as now the definition of assets in run off is now extended to all assets;
- The treasury operations are no longer a business division/profit center as their sole role is to optimize the funding cost of the Group and to fund its assets;
- The performance's evaluation is no more realised through the allocation of liabilities and operating expenses to business lines. Operating expenses have to be managed globally and by entity for a better monitoring;
- The results of the discontinued activities and the activities held for sale have to be considered in the analysis of the performance of the Group. Indeed, one of the objectives of the Group is to sell the operational entities at the best price in order to maximize the release of capital.

7. Fair value

a - Fair value measurement and hierarchy

Valuation principles

IFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Quoted market prices in an active market for identical instruments are to be used as fair value, as they are the best evidence of the fair value of a financial instrument. If a financial instrument is not traded on an active market, recourse is provided by valuation models. The objective of a valuation model is to determine the value that is most representative of fair value under current market conditions. The Dexia Credit Local Group valuation techniques maximise the use of relevant observable inputs and minimise unobservable inputs.

The valuation model should take into account all factors that market participants would consider when pricing the asset. Measuring the fair value of a financial instrument requires consideration of current market conditions. To the extent that observable inputs are available, they should be incorporated into the model.

Financial assets and liabilities are categorized into one of three fair value hierarchy levels. The following definitions used by the Dexia Credit Local Group for the hierarchy levels are in line with IFRS 13 texts :

- Level 1 : quoted prices (unadjusted) in active markets for identical assets and liabilities;
- Level 2 : valuation techniques for which all significant inputs are, or are based on observable market data;
- Level 3 : valuation techniques for which significant inputs are not based on observable market data.

All fair values should be approved by Dexia validation team. This is an independent team that is part of Risk Management Department.

Valuation techniques

The Dexia Credit Local Group 's approach to the valuation of its financial instruments (instruments at fair value through profit or loss, assets available for sale and valuations for disclosures) can be summarized as follows :

A. Financial instruments measured at fair value (held for trading, measured at fair value through profit or loss, available for sales, derivatives)

- Financial instruments measured at fair value for which reliable quoted market prices are available

  If the market is active, market prices are the most reliable evidence of fair value and therefore shall be used for valuation purposes. The use of market prices quoted in an active market for identical instruments with no adjustments qualifies for inclusion in level 1 within IFRS 13 fair value hierarchy, contrary to the use of quoted prices in inactive markets or the use of quoted spreads.

- Financial instruments measured at fair value for which no reliable quoted market prices are available and for which valuations are obtained by means of valuation techniques

  Financial instruments for which no quoted market prices are available in an active market are valued by means of valuation techniques. The models that the Dexia Credit Local Group uses range from standard market models (discount models) to in-house developed valuation models.

  In order for a fair value to qualify for level 2 inclusion, observable market data should be used. The market data that the Group incorporates in its valuation models are either directly observable data (prices), indirectly observable data (spreads) or own assumptions about unobservable market data. Fair value measurements that rely significantly on own assumptions qualify for level 3 disclosure.

  For bonds for which no active market exists, the Dexia Credit Local Group uses a Mark to Model approach. The valuation price is composed of a market price component and a model price component. The weight granted to the model price component reflects an assessment of the activity level of the market.

  For its Mark to Model price, the Dexia Credit Local Group uses a discount cash-flow model, based on a discounted spread that incorporates both CDS/credit spread and cash/CDS basis. The credit spread is estimated from the security specific characteristics (sector, rating, Loss Given Default, …) and from the level of some liquid CDS indices. A cash/CDS component is added to the credit component to obtain the bond's spread.

  The Dexia Credit Local Group performs regular back testings which show that Mark-to-Model is representative of fair value under current market condition.

B. Financial instruments measured at amortised cost (valuations in IFRS disclosures on fair value)

As a response to the financial crisis, the IASB issued on October 13th, 2008 an amendment to IAS 39 permitting the reclassification of certain illiquid financial assets. The Group Dexia Credit Local decided to benefit from this opportunity to reclassify assets for which an active market, as well as reliable quoted prices, was no longer available. These assets are valued using the Group's Mark to Model approach described above for the bonds for which no active market exists.

C. Financial instruments classified in held to maturity or loans and advances since inception and liabilities

General principles

- The carrying amount of loans maturing within 12 months is assumed to reflect their fair value;
- For bonds classified in "Financial assets held to maturity" and "Loans and advances" since inception and for liabilities, the valuation is done as for bonds classified in "Financial assets available for sale".

Interest rate part

- The fair value of fixed-rate loans or liabilities and mortgages reflect interest rate movements since inception;
- Embedded derivatives, like caps, floors and prepayment options are included in determining the fair value of loans and advances or liabilities;
- The fair value of variable-rate loans or liabilities is assumed to be approximated by their carrying amounts.

Credit risk part

- Credit spreads changes since inception are reflected in the fair value.

b - Fair value

	December 31, 2012			June 30, 2013		
Ongoing activities (EUR million)	Carrying amount	Fair value	Unrecognised fair value adjustment	Carrying amount	Fair value	Unrecognised fair value adjustment
Cash, central banks	1 048	1 048	0	639	639	0
Prêts et titres à la juste valeur par résultat (voir note 2.1) (1)						
Instruments dérivés (voir note 4.1.a) (1)						
Actifs financiers disponibles à la vente (1)						
Interbank loans and advances	10 806	10 574	(232)	9 461	9 587	126
Customer loans and advances	149 109	145 249	(3 860)	138 639	136 237	(2 402)
Ecart de réévaluation des portefeuilles couverts en taux (1) (2)						
Financial assets held to maturity	453	508	55	440	484	44
Participations dans des entreprises mises en équivalence	0	0	0	0		0
Autres actifs	39 554	253	39 554	253	0	0
Actifs non courants destinés à être cédés	19	(795)	19	(795)	0	0
Total	**200 989**	**(542)**	**39 573**	**148 637**	**146 947**	**(2 232)**

(1) Pour ces postes, la juste valeur est la valeur comptable.

(2) La ligne "Ecart de réévaluation des portefeuilles couverts en taux" correspond à la réévaluation du risque de taux d'intérêt des actifs qui font l'objet d'une couverture de portefeuille. Ces actifs figurent dans les lignes "Prêts et créances sur la clientèle", "Prêts et créances sur établissements de crédit" et "Actifs financiers disponibles à la vente".

c - Methods used to determine the fair value of financial instruments

The following tables provide the analysis of the fair value of assets and liabilities that are measured subsequent to initial recognition at fair value, grouped into levels 1 to 3 based on the degree to which fair value is observable.The fair value measurement is recurring, The non-recurring fair value measurement is not significant.

Fair value of financial assets

	June 30, 2013			
Ongoing activities (EUR million)	Level 1	Level 2	Level 3	**Total**
Loans and securities at fair value through profit or loss	0	0	2 150	**2 150**
Derivatives *	0	26 270	2 451	**28 721**
Financial assets available for sale	6 858	11 048	14 273	**32 179**
Total	**6 858**	**37 318**	**18 874**	**63 050**

** of which derivatives at fair value through profit or loss which are presented on the assets side of the balance sheet under the line II. " Financial assets at fair value throug profit or loss".*

Fair value of financial liabilities

	June 30, 2013			
Ongoing activities (EUR million)	Level 1	Level 2	Level 3	**Total**
Financial liabilities at fair value through profit and loss	0	859	2 652	**3 511**
Derivatives *	0	44 847	2 811	**47 658**
Total	**0**	**45 706**	**5 463**	**51 169**

** of which derivatives at fair value through profit or loss which are presented on the liabilites side of the balance sheet under the line II. " Financial laibilities at fair value throug profit or loss".*

Transfer between levels 1 and 2

Nil.

Level 3 reconciliation

Ongoing activities (EUR million)	At December 31, 2012	Total gains losses through profit and loss	Total unrealised or deferred gains and losses	Purchase	Sale	Direct origination	Settlement	Transfer in activities held for sale	Transfer in level 3	Transfer out level 3	Other variations (1)	At June 30, 2013
Loans and securities at fair value through profit or loss	2 224	99		0	(13)		(74)	0	0	0	(86)	2 150
Derivatives	2 018	(835)	0	601	0		0	0	2	(1)	666	2 451
Financial assets available for sale	15 239	(438)	13	511	(176)		(844)	0	0	(39)	7	14 273
Total financial assets	**19 481**	**(1 174)**	**13**	**1 112**	**(189)**	**0**	**(918)**	**0**	**2**	**(40)**	**587**	**18 874**
Financial liabilities at fair value through profit and loss	1 154	0	0	0	0	0	(19)	0	1 489	0	28	2 652
Derivatives	3 213	(871)	0	472	0	0	0	0	24	0	(27)	2 811
Total financial liabilities	**4 367**	**(871)**	**0**	**472**	**0**	**0**	**(19)**	**0**	**1 513**	**0**	**1**	**5 463**

(1) Other adjustments include notably the impact of changes in exchange rates during the year.

Sensitivity of level 3 valuations to alternative assumptions

The Dexia Credit Local Group measures the fair value of certain instruments (bonds and CDS) partly by using mark-to-model pricing. The sensitivity analysis described below measures the impact on fair value of alternative assumptions used for unobservable model parameters.

Concerning the valuation of bonds and CDS, when using its models, the Group considered alternative assumptions for the following unobservable parameters :

- Credit spreads, by considering credit spreads available for the same counterparty, or, failing that, for similar counterparties, or belonging to similar sectors or by using credit spreads indexed to liquid CDS indices;
- Cash-CDS bases, which from can be inferred the spreads for CDS spread securities;
- Liquidity of the financial instrument, according to the level of market activity for the instrument.

Tests have been performed on bonds and CDS classified in level 3. The main impacts are as follows :

- For level 3 bonds classified as available for sale, the sensitivity of the available for sale reserve to alternative assumptions is estimated to range from a negative impact of EUR 184 million to a positive impact of EUR 266 million in 2013 (negative EUR 284 million to positive EUR 253 million in 2012);
- Dexia's tailor-made negative basis trades (NBT) are considered as a single product. Therefore, the bond and the related CDS are tested together. The main assumption affecting their fair value is the impact of early unwinding of the NBT (bid/ask spread). In 2013, based on the significant number of early unwinds of NBT realised between 2009 and 2012, and taking into account all NBT transactions remaining in the portfolio, the positive impact (average unwind costs in 2009) is EUR 6.8 million whereas the negative impact (average unwind costs in 2011) comes to EUR 37.2 million. In 2012, the positive impact was EUR 7.3 million and the negative impact was EUR 39.7 million.

The effect of the alternative assumptions on CDS credit spreads was estimated at positive EUR 3 million (positive scenario) and negative EUR 3 million (negative scenario), before tax. In 2012, the respective estimates were positive EUR 3,3 million and negative EUR 3,4 million.

c - Disclosure of difference between transaction prices and modeled values (day one profit or loss)

No material deferred day one profit was recognized in 2012 and 2013. Transactions generating a profit on the first day (essentially perfect matches) are measured using observable market parameters.

8. Exposure to counterpart risk of sovereign debits on a selection of European countries

Exposure (EUR million)	As at 30 June 2013							
	Italy		Hungary		Portugal		Spain	
	Securities available for sale	Loans	Securities available for sale	Loans	Securities available for sale	Loans	Securities available for sale	Loans
Carrying amount before fair value adjustments	4 065	9 453	1 089	67	1 770	45	444	24
Fair value adjustment due to interest rate hedged	1 629	1 095	100	0	572	18	74	10
Fair value adjustment not hedged	(1 322)	0	(103)	0	(1 088)	0	(86)	0
Total	**4 372**	**10 548**	**1 086**	**67**	**1 254**	**63**	**432**	**34**

Available-for-sale reserve (Eur million)								
Available-for-sale reserve (gross)	(1 322)	(65)	(103)	0	(1 088)	0	(86)	0
Deferred taxes	24	20	0	0	0	0	0	0
Available-for-sale reserve (net)	**(1 298)**	**(45)**	**(103)**	**0**	**(1 088)**	**0**	**(86)**	**0**

The Dexia Credit Local Group has granted credit lines to certain Italian local authorities for a total of EUR 154 million.

The Dexia Crédit Local Group has a nil position on credit default swaps on Italian sovereign assets: this position consists of EUR 803 million of credit default swaps sold, offset by purchases for the same nominal amount. The Group has no other exposure on credit default swaps.

9. Accounting plicies and valuation methods of the half-year condensed consolidated financial statements

The accounting policies and valuation methods adopted by Dexia Crédit Local for these condensed half-year consolidated financial statements are consistent with those described in the 2012 annual report (section 1.3, pages 111 to 121), except for the elements stated below.

a - Changes in accounting policies and valuation methods since the previous annual publication that may impact the Dexia Credit Local Group

IASB texts and IFRS IC interpretations endorsed by the European Commission and applied as from 1 January 2013

- IFRS 13 “Fair Value Measurement”.

  This standard describes how to measure fair value under IFRS and introduces new and enhanced disclosure requirements. The change in fair value arising from initial application of IFRS 13 is treated as a change in accounting estimate and recognised in profit and loss. This standard has an impact on the determination of the fair value of Dexia Crédit Local’s financial assets and liabilities and has no impact on the measurement of its non-financial assets as they are measured at cost. In order to comply with IFRS 13, applicable as from 1 January 2013, and to be in line with market practices, Dexia Crédit Local uses an OIS curve to determine the value of its collateralized derivatives. Dexia Crédit Local has also adjusted

its methodology of calculating the CVA - Credit Value Adjustment and has recognised a DVA - Debit Value Adjustment. The changes were recognised in profit and loss.

- Amendment to IFRS 7 “Financial instruments: Disclosures” on offsetting financial assets and financial liabilities.

  This amendment will impact the notes to Dexia Crédit Local’s annual financial statements.

- Amendment to IAS 19 “Employee Benefits”.

  This amendment principally changes the recognition and measurement of post employment defined benefit plans (including removal of the corridor mechanism) and enhances the disclosure requirements for these plans. This amendment does not have a material impact on Dexia Crédit Local’s financial statements. Following the removal of the corridor method, Dexia Crédit Local recognises actuarial gains and losses in the SoRIE.

- Amendment to IAS 1 “Presentation of Items of Other Comprehensive Income”.

  This amendment clarifies the requirements on the presentation of the statement of comprehensive income and introduces a presentation of items in other comprehensive income (OCI) on the basis of recyclability.

- IFRIC 20 “Stripping Costs in the Production Phase of a Surface Mine”.

  This interpretation will not impact the financial statements of Dexia Crédit Local.

- Amendment to IAS 12 “Deferred Tax: Recovery of Underlying Assets”.

  This amendment does not impact the financial statements of Dexia Crédit Local as Dexia Crédit Local measures these assets at amortised cost.

- Amendment to IFRS 1 “Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters”.

  This amendment does not impact the financial statements of Dexia Crédit Local, which is no longer a first-time adopter.

- “Annual Improvements 2009-2011 cycle”, which are a collection of minor amendments to some IFRS standards.

  These amendments have no impact on Dexia Crédit Local.

- Amendment to IFRS 1 “Government Loans”.

  This amendment does not impact the financial statements of Dexia Crédit Local, which is no longer a first-time adopter.

IASB texts and IFRS IC interpretations endorsed by the European Commission during the current year but not yet applicable as from 1 January 2013

- Amendments to IFRS 10, IFRS 11 and IFRS 12 “Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance”.

  These amendments are effective as from 1 January 2014 and the impact on Dexia Crédit Local’s financial statements is currently being assessed.

New standards (IFRS), IFRS IC interpretations and amendments issued during the current year but not yet endorsed by the European Commission

- IFRIC 21 " Levies" (issued by IASB in May 2013).

  This interpretation is effective as from 1 January 2014 and Dexia Crédit Local does not expect this interpretation to have a material impact on its financial statements.

- Amendment to IAS 36 "Impairment of Assets : Recoverable Amount Disclosures for Non-Financial Assets" (issued by IASB in May 2013).

  This amendment is effective as from 1 January 2014 and Dexia Crédit Local does not expect this amendment to have a material impact on its financial statements.

- Amendment to IAS 39 "Novation of Derivatives and Continuation of Hedge Accounting" (issued by IASB in June 2013).

  This amendment is effective as from 1 January 2014 and Dexia Crédit Local does not expect this amendment to have a material impact on its financial statements.

- The IFRS Interpretations Committee published a text in May 2013 which states that the classification as "cash equivalents" should be made on the basis of a 3-month period from the date of acquisition rather than on the basis of the remaining 3-month period to maturity. Although Dexia Crédit Local manages its liquidity on the basis of the remaining term and not on the basis of initial term, it was decided to comply with this interpretation.

The condensed half-year consolidated financial statements are prepared using the same accounting principles and valuation methods as those used for the consolidated financial statements for the financial year closed on 31 December 2012 as described in the 2012 Annual Report (paragraph 1.3, pages 111 to 121), with the exception of the elements presented below.

II.7. Statutory auditor's review report on first half-year information for 2013

This is a free translation into English of the statutory auditors' review report issued in French and is provided solely for the convenience of English speaking readers. This report includes information relating to the specific verification of information presented in the Group's interim management report. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

Period from January 1st, 2013 to June 30th, 2013

To the Shareholders,

In compliance with the assignment entrusted to us by the Annual General Meeting and in accordance with the requirements of article L. 451-1-2 of the French Monetary and Financial Code (*"Code monétaire et financier"*), we hereby report to you on:

- The review of the accompanying condensed half-year consolidated financial statements of Dexia Credit Local, for the period from January 1st, 2013 to June 30th, 2013;
- The verification of the information contained in the interim management report.

These condensed half-year consolidated financial statements are the responsibility of the Board of Directors. Our role is to express a conclusion on these financial statements based on our review.

1. Conclusion on the financial statements

We conducted our review in accordance with professional standards applicable in France. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with professional standards applicable in France 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.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed half-year consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34 - standard of the IFRSs as adopted by the European Union applicable to interim financial information.

Without qualifying our conclusion, we draw your attention to the matter set out in:

- Note 1 to the half-year condensed consolidated financial statements which stipulate that the consolidated financial statements of Dexia Credit Local have been prepared on a going concern basis, in accordance with IAS1.
- Notes 1 and 9 to the condensed half-year consolidated financial statements which set out i) changes in accounting policies and valuation rules, following the application of IFRS 13 and use of OIS curve for collateralized derivatives valuation and ii) the application of IAS19 revised for employee benefits.

2. Specific verification

We have also verified the information presented in the interim management report commenting the condensed half-year consolidated financial statements subject to our review.
We have no matters to report as to its fair presentation its and consistency with the condensed half-year consolidated financial statements.

Neuilly-Sur-Seine and Courbevoie, August, 13th 2013

The Statutory Auditors
French original signed by

MAZARS	DELOITTE & ASSOCIÉS
Franck BOYER Virginie CHAUVIN	Charlotte VANDEPUTTE Pascal COLIN

III. Statement of the person responsible

I the undersigned, Karel De Boeck, Executive Chief Officer of Dexia Crédit Local,

hereby declare that, to the best of my knowledge, the condensed consolidated financial statements for the past half year have been prepared in accordance with all applicable accounting standards and provide a true and fair view of the assets, financial position and earnings of all the companies included in the consolidation, and that the interim business report presents an accurate account of all significant events that have taken place during the first six months of the year and their impact on the financial statements, and of all the main risks and uncertainties concerning the remaining six months of the financial year.

The half-year financial information presented in this report is covered by an audit report prepared by the statutory auditors, which contains observations relating notably to application of the going concern concept (see page 29).

La Défense, 13 August 2013

Karel De Boeck
Executive Chief Officer