Annual report 2010

Dexia Municipal Agency
Public sector assets – *Obligations foncières*
Rated AAA / Aaa / AAA

DEXIA
Municipal Agency

ANNUAL REPORT 2010
Dexia Municipal Agency

Contents

This free translation of the annual report published in French is provided solely for the convenience of English-speaking readers.

Dexia Group Profile

Dexia is a European banking group, with about 35,200 members of staff and core shareholders' equity of EUR 19.2 billion as of December 31, 2010. The Group carries out its activities principally in Belgium, Luxembourg, France and Turkey.
The Dexia share is listed on Euronext Brussels and Paris and the Luxembourg Stock Exchange, and is included in the BEL20, reference index of the Brussels Stock Exchange, and the Dow Jones EuroStoxx Banks.

Dexia 2014: a retail bank serving 10 million customers

The Dexia Group has posted clear strategic ambitions for 2014 and fixed as objectives:
- to complete its financial restructuring, giving precedence to income from its commercial franchises;
- to consolidate and to develop its strong commercial franchises, rebalancing its business line portfolio around retail banking, and tapping growth opportunities offered by the market in Turkey;
- to adopt an optimised operational model, supported by the search for synergies and efficiency gains.

This return to the essence resulting from the Group's strategic repositioning is reflected in Dexia's values, whereby members of staff share three aims: respect, excellence and agility.

Business lines

RETAIL AND COMMERCIAL BANKING

Dexia offers a wide range of retail, commercial and private banking services to over 8 million customers.
Dexia ranks among the three largest banks in Belgium and Luxembourg. In Belgium, Dexia serves its 4 million customers through a network of approximately 850 branches. The Luxembourg operation is the international wealth management centre within the Group; it also covers the country with a nationwide network of branches. Dexia also holds a strong position in Turkey, through Denizbank, which currently stands in sixth position among privately-held banks and serves its customers through a nationwide network of some 500 branches. Besides the retail and commercial banking activities, Denizbank is a fully-fledged bank, with a significant corporate activity and offering its clients asset management services and insurance products.
The Group aims to continue developing its commercial franchises in Belgium and Luxembourg and to capture the significant growth potential of Turkey. The objective is to increase the proportion of income from its retail and commercial banking activities (approximately 60% of the Group's total income, including 30% from Turkey) and to achieve a client base of 10 million (4 million in Belgium and Luxembourg, 6 million in Turkey) by 2014.

PUBLIC AND WHOLESALE BANKING

Dexia plays a major role in the financing of local facilities and infrastructures, the health and social housing sectors and the social economy, principally in Belgium and France.
Dexia is also active:
- in the field of project finance, adopting a selective approach and in sectors such as infrastructures and renewable energies, both in Europe and North America;
- in the field of corporate banking in Belgium, where Dexia focuses on medium-sized corporates, whilst maintaining an opportunist presence with large corporates.

In addition, the Group is established in Germany, with an access to the *Pfandbriefe* market.
Close to its clients and fully in tune with their requirements, Dexia is constantly developing and widening its range of products and services. The aim is to go well beyond the role of specialist lender, offering clients of the business line integrated solutions (treasury management, budget optimisation, IT solutions and so on) most suited to their needs.

ASSET MANAGEMENT AND SERVICES

This business line consists of three activities (asset management, investor services and insurance), characterised by attractive growth outlook based on a diversified clientele and strong collaboration with the Group's other commercial franchises.
With EUR 86.4 billion of assets under management as of December 31, 2010, Dexia Asset Management is the Group's asset management centre. Its four management centres (in Belgium, France, Luxembourg and Australia) serve a broad client base.
The investor services business is conducted by RBC Dexia Investor Services, a joint venture with Royal Bank of Canada, which offers its expertise in global custody, fund and pension administration and shareholder services to institutions all around the world. Total assets under administration amounted to EUR 2,101 billion as of December 31, 2010.
Dexia's insurance activities are mainly concentrated on the Belgian and Luxembourg markets. The Group offers a complete range of life and non-life insurance products to retail, commercial and private banking clients as well as to Dexia's public and semi-public clients, through a banking-insurance approach and through a network of tied agents.

Ratings

The Group's main operating entities operating on the long-term capital markets, Dexia Bank Belgium, Dexia Credit Local and Dexia Banque Internationale à Luxembourg, are rated A+ by Fitch, A1 by Moody's and A by Standard & Poor's. Three of Dexia's European subsidiaries (Dexia Municipal Agency, Dexia Kommunalbank Deutschland and Dexia LdG Banque) issue triple A rated covered bonds.

Management Report
Dexia Municipal Agency 2010

1. General introduction on the nature of the company and the general framework of activities

1.1 - THE NATURE OF THE COMPANY

Dexia Municipal Agency (Dexia MA) is a French credit institution that is authorized to operate as a *société financière-société de crédit foncier*. As a credit institution, it conducts banking transactions in its ordinary course of business. As a *société financière-société de crédit foncier*, these transactions are specialized and have an exclusive purpose, as defined in articles L.513-13 and following of the Monetary and Financial Code. In the case of Dexia MA, this specialization is reinforced by its own by-laws and by the July 23, 1999, authorization of the CECEI (*Comité des établissements de crédit et des enterprises d'investissement*), which limits its activity to transactions with public sector entities or entities they guarantee.

Sociétés de crédit foncier, created by a French law passed in June 1999, are well known to bond issuers and investors. They issue covered debt instruments called *obligations foncières* or contract other covered debt, which may or may not be traded on regulated markets. All these instruments are characterized by a legal privilege that in priority allocates the sums from the Company's assets to serve bond interest and reimbursement. *Sociétés de crédit foncier* may also issue or contract non-covered debt.
O*bligations foncières* have become one of the significant components of the international covered bond market.

1.2 - CHANGES IN THE LEGAL FRAMEWORK IN 2010

The legal framework of *obligations foncières* was modified in 2010 by the law of October 22, 2010, referred to in France as the banking and financial regulation law.

This legislation created a new type of financial firm, *société de financement de l'habitat*, which may issue *obligations à l'habitat* (covered bonds) in order to finance residential mortgage loans. The purpose of this legislation is to enable programs of covered bonds financing residential mortgage loans and which up to now operated within a contractual framework, to become *sociétés de financement de l'habitat* (SFH). This new type of firm is organized by the same general articles of the Monetary and Financial Code as a *société de crédit foncier*, except for the articles that deal with their specific types of assets and the ways such assets are transferred to the SFH's balance sheet.

The law and its decree of application also involved the following changes, which apply to both *sociétés de crédit foncier* and the newly created *sociétés de financement de l'habitat*:

- Coverage of liquidity needs. *Sociétés de crédit foncier* must ensure at any time the coverage of their needs in cash over a period covering the next 180 days, while taking into account forecast flows of the principal and interest on its assets and the amounts related to derivatives as mentioned in article L.515-18. Cash requirements must be covered by cash, liquid assets or assets eligible for operations with the Banque de France or by refinancing agreements signed with credit institutions benefiting from step 1 short-term credit quality according to a rating agency or guaranteed by other firms benefiting from the same level of credit quality.
- Over-collateralization ratio. *Sociétés de crédit foncier* are obliged to respect, at any time, a ratio ensuring coverage of privileged resources by assets, including replacement assets, under the conditions set by the *arrêté* of the Minister in charge of the economy, at least equal to 102%.
- Acquisition of its own *obligations foncières*. *Sociétés de crédit foncier* may acquire their own *obligations foncières* with the sole aim of pledging them to guarantee credit operations with the Banque de France in the event the *sociétés de crédit foncier* would be unable to cover their liquidity requirements by other means at their disposal. These *obligations foncières* may not represent more than 10% of the total outstanding resources benefiting from the privilege at the date of the acquisition. They may not be acquired by third parties and must be cancelled within eight days if they are not or are no longer pledged as guarantees with the Banque de France. The specific controller verifies that these conditions are met and he reports to the prudential control authority (ACP).

The decree of application of this legislation was published in the first quarter of 2011.

1.3 - GENERAL FRAMEWORK OF ACTIVITIES

The assets held by Dexia Municipal Agency are exclusively comprised of commitments on public sector entities. These assets are financed through the issue of debt that is covered by a legal privilege that guarantees them a priority right on the flow of assets. The surplus of assets not financed by covered bonds, the "over-collateral", is financed by the Company's equity and by a debt contracted with Dexia Credit Local, its sole shareholder. This debt carries no privilege and is thus subordinated to the covered bonds.

a. Assets

The assets held by Dexia Municipal Agency are solely comprised of commitments on public sector entities that are eligible by the terms of articles L.515-15 and following of the Monetary and Financial Code, i.e. States, local governments or groups of such, public sector entities in the European Economic Area, Switzerland, the United States of America, Canada and Japan. Exposures on public sector entities in other countries may be included in Dexia MA's assets, under the condition that they benefit from a high credit rating from a rating agency

recognized by the prudential control authority (ACP), but this option is not part of the current strategy of Dexia MA.
These commitments take the form of loans or bonds representing a commitment on or guaranteed by such public sector entities. Debt issued by mutual funds or similar structures (asset-backed securities - ABS) are also eligible for booking on Dexia MA's balance sheet if at least 90% of their assets are directly eligible, and if, upon acquisition, the debt issued has a minimum rating of AA-, Aa3, AA- from a rating agency recognized by the prudential control authority (ACP). In practice, the securitization shares acquired by Dexia MA from Dexia Group subsidiairies were issued by funds entirely made up of eligible assets.
Assets considered by current legislation to be replacement assets correspond to exposures *vis-à-vis* credit institutions benefiting from a step 1 rating or a step 2 rating (when maturity does not exceed 100 days) for a total amount limited to 15% of all privileged debt (*obligations foncières* and registered covered bonds for Dexia MA). In this category, Dexia MA includes covered bonds issued by other Dexia Group entities with a cover pool comprised of commitments on public sector entities. These covered bonds ensure a synthetic transfer of eligible assets from certain Group entities to Dexia MA, as was the case for Dexia Sabadell and Dexia LdG Banque as of December 31, 2010. Dexia MA also acquires commitments, which can be secured or not, issued by Dexia Credit Local, with a maximum maturity of 3 months.
Dexia MA operates a branch in Dublin. The role of this entity is to facilitate financing for the assets generated by the Dexia Group in its international activities. Since the branch's balance sheet is completely integrated into the balance sheet of Dexia MA in Paris, all the assets in Paris and Dublin represent a single volume of collateral to cover *obligations foncières* and other debt benefiting from the legal privilege. *Obligations foncières* and other debt benefiting from the same privilege are issued and funds collected solely from Paris. Financing for the branch is organized for the short term by Dexia Credit Local and for the medium and long term by internal financing from Dexia MA's headquarters in Paris to its branch in Dublin. An extension of the management contract signed by Dexia Credit Local and Dexia MA entrusts management of the Dexia MA branch in Dublin to the Dublin branch of Dexia Credit Local, since *sociétés de crédit foncier* have no direct employees (Monetary and Financial Code, article L.515-22). The existence of a branch in Dublin does not affect the characteristics of the privilege of *sociétés de crédit foncier* under French law.

The Dexia Group, especially through Dexia Credit Local, Dexia MA's shareholder, is a major player in public finance in Europe. Thus, the majority of the assets on Dexia MA's balance sheet are naturally generated by the Group's commercial activities.

b. Liabilities

In addition to equity, Dexia MA uses two categories of debt to finance its assets:
- debt that benefits from the legal privilege, defined by law as *obligations foncières* or other resources that benefit from the legal privilege by reason of their contract. Dexia MA thus issues registered covered bonds that benefit from the legal privilege by reason of their contract on the same basis as *obligations foncières*. Designed for German institutional investors, these private placements are governed by German law and benefit from the French legal privilege specific to issues by *sociétés de crédit foncier*;
- debt that does not benefit from the legal privilege, i.e. debt that is not covered by the assets and, therefore, would be considered as subordinated debt with regard to debt benefiting from the legal privilege (see below, chapter 5). With equity, such debt finances over-collateralization. There are two types:
  - funds borrowed from Dexia Credit Local. This debt is contracted through a financing agreement with the parent company;
  - refinancing obtained from the Banque de France. As a credit institution, Dexia MA may benefit, in its own name, from access to refinancing by the Banque de France. Dexia MA has introduced the internal and computer procedures required to participate in the refinancing operations of the Banque de France. The financing obtained does not benefit from the privilege specified by the law on *sociétés de crédit foncier*, but is guaranteed by assets pledged to the Central Bank. These pledged assets are temporarily excluded from the cover pool and the calculation of the over-collateralization ratio. Dexia MA was able to test its access to such funding by making use of these operations to fund its commercial production of assets from September 2008 to July 2009 when the covered bond market was closed.

In addition, in 1999, Dexia Credit Local signed a declaration of support ensuring that it "will ensure that Dexia Municipal Agency… has the financial resources it needs to meet its obligations." This declaration of support is reproduced in issuance documents and Dexia MA's annual report.

c. Legal privilege

The legal privilege is governed by article L.515-19 of the Monetary and Financial Code and has the following characteristics:
- when a *société de crédit foncier* is subject to bankruptcy or liquidation procedures, cash flows generated by the assets, after any financial instrument hedges if such be the case, are allocated in priority to serve the *obligations foncières* and other resources benefiting from the privilege, also after any financial instrument hedges if such be the case;
- the liquidation of a *société de crédit foncier* does not accelerate the reimbursement of *obligations foncières* and other debt benefiting from the privilege, which continue to be paid at their contractual due dates with priority over all other commitments. These other commitments can only be settled after all debt benefiting from the privilege has been discharged.

In addition, the law stipulates that:
- in order to maintain the privilege granted to investors who have acquired *obligations foncières* and other covered bonds, a *société de crédit foncier* would not have any direct employees (who, under French law, would benefit from a

priority). A *société de crédit foncier* must, therefore, entrust the management of its operations to another credit institution with which it has signed an agreement (Monetary and Financial Code, article L.515-22). The management agreement itself benefits from the privilege of article L.515-19, to the same degree as holders of privileged debt;
- the bankruptcy or liquidation of the shareholder of a *société de crédit foncier* cannot be extended to the *société de crédit foncier* (Monetary and Financial Code, article L.515-27).

d. Various prudential provisions concerning management

A *société de crédit foncier* is not legally allowed to have a subsidiary or hold an equity interest in another company.
The over-collateralization ratio, i.e. the ratio between the assets hedging the privileged debt and the debt benefiting from the privilege, as well as interest rate and liquidity risk management are discussed below in specific chapters.
As mentioned above, Dexia MA has contractually entrusted its parent company, Dexia Credit Local, with operational management. Specific management agreements have also been signed with other entities that transfer assets to Dexia MA and continue to handle the administration of these assets *vis-à-vis* their national clients.
At the end of 2010, the following agreements were operative: Kommunalkredit Austria (Austria), Dexia Crediop (Italy), a subsidiary of Dexia Credit Local, and Dexia Bank Belgium, a Dexia SA subsidiary. All these management agreements already existed in previous years.
Lastly, as a reminder, since Dexia MA has no subsidiary or equity holding, the Company does not produce consolidated accounts, and is not required to publish its financial statements in IFRS format. Nevertheless, wishing to ensure comparability and transparency, Dexia MA publishes its quarterly and annual financial statements in IFRS format.

2. Highlights of 2010

2.1 - SITUATION OF THE COVERED BOND MARKET

The primary covered bond market was extremely active in 2010, with a record volume of jumbo issues totaling EUR 163 billion versus EUR 120 billion in 2009, representing growth of 35% in 2010, after an increase of 27% in 2009. The market was sustained by the very large volume of reimbursements of covered bonds scheduled to mature during the year and by the continued covered bond purchase programme of European Central Banks (EUR 60 billion in a year; of which roughly a quarter was negotiated in the primary market; this programme came to an end in June 2010). French issuers (*sociétés de crédit foncier* and contractual programmes) accounted for 30% of these issues. The number of issuers rose sharply, demonstrating the growing importance of covered bonds as a source of financing for banks.
The trend in 2010 was a decrease in the average size of benchmark issues and a decline in the number of taps. The average maturity of issues remained slightly greater than six years, as was the case in the previous year, but very few issuers ventured beyond maturities of seven years (23% of all issues). The year 2010 also saw a decrease in issue spreads in most countries and a more marked differentiation by country and by issuer.
Two new trends also made their appearance – the introduction of offers to exchange previously existing covered bonds for new covered bonds with a longer maturity (DMA launched the first operation), and the rapid development of a covered bond market denominated in U.S. dollars issued by non-U.S. issuers for qualified American investors. This market represented a volume of benchmark issues of USD 27 billion, mainly by issuers in Canada, France and northern Europe. None of these issues had a maturity of more than five years.
In 2010, Dexia MA issued three benchmarks in the first half (12 years, 8 years and 5 years), each for one billion euros, and two bonds (5 years and 10 years) in the amount of EUR 1.25 billion and EUR 0.75 billion within the framework of the September public exchange offer.

2.2 - FINANCIAL SITUATION OF THE DEXIA GROUP

For the Dexia Group, the year 2010 was marked by accelerated transformation, and the Group's strengthened financial base, resulting from a major reduction in liquidity requirements, its continued active efforts to reduce the balance sheet and a significant decrease in the cost of risk. It should also be noted that Dexia fully exited the States' guarantee mechanism for its financing in June 2010, four months prior to the formal deadline.
These accomplishments are an integral part of the restructuring plan the Group introduced in the fourth quarter of 2008 and which was approved by the European Commission in February 2010. The respect of yearly objectives until 2014 will be assessed on the basis of a report submitted by an independent expert commissioned by Dexia and the European Commission.
Since 2008, the Public & Wholesale Banking (PWB) business line, which originates eligible public sector assets for Dexia MA, radically refocused its activity, returning to its traditional markets and its core franchises, which consist, on the one hand, in offering credit and financial services to the public and social sectors in Belgium, France, Spain and Italy, as well as to corporate clients in Belgium, and on the other hand, in promoting its expertise in PFI, PPP and energy/environment project financing on a broader geographical scale.

3. Changes in main balance sheet items

EUR billions		12/31/2008	12/31/2009	12/31/2010	Change Dec 2010 / Dec 2009
Cover pool		**68.8**	**77.9**	**79.6**	**2.3%**
Loans		56.7	55.8	56.1	0.6%
Securities		19.9	22.1	23.5	6.3%
Assets assigned in guarantee to the Banque de France		(7.8)	-	-	N.A.
Privileged debt	*Swapped value***	**64.1**	**66.2**	**64.9**	**(2.0)%**
*Obligations foncières & RCB**	*Balance sheet value*	62.0	63.9	64.3	0.6%
Cash collateral received		0.5	1.4	1.3	(7.9)%
Non-privileged debt		**11.9**	**10.4**	**12.5**	**20.7%**
Dexia Credit Local		4.4	10.4	12.5	20.7%
Banque de France		7.5	-	-	N.A.
Equity (IFRS, excluding unrealized gains and losses)		**1.1**	**1.2**	**1.3**	**7.7%**

** RCB = Registered covered bonds*
*** Including cash collateral received*

As of December 31, 2010, Dexia Municipal Agency's cover pool, composed of loans and debt securities, totaled EUR 79.6 billion, excluding accrued interest not yet due. As of December 31, 2009, the total was EUR 77.9 billion; the increase was therefore EUR 1.7 billion (+2.3%).

As was the case at the end of 2009, the cover pool corresponded to all the assets on the balance sheet.

Outstanding debt benefiting from the legal privilege, translated if required at the currency swap rate (swapped value), was EUR 64.9 billion, including cash collateral received, up 2% from December 2009.

The decrease in privileged debt (EUR -1.3 billion) and the growth in the cover pool (EUR +1.8 billion) resulted in a rise in over-collateralization (see 6. Changes in the over-collateralization ratio in 2010) financed by the current account with Dexia Credit Local. In the final quarter of 2010, this increase in over-collateralization made it possible to dispose of a reserve of assets sufficient to carry out the issue programme for the first half of 2011.

Debt *vis-à-vis* Dexia Credit Local, which does not benefit from the legal privilege, totaled EUR 12.5 billion. This amount corresponds to the financing of over-collateralization both structurally (commitment of Dexia MA and requirements of the rating agencies) and on a temporary basis (assets waiting to be refinanced by *obligations foncières*).

Equity, according to IFRS, but excluding reserves for unrealized gains and losses, totaled EUR 1.3 billion at the end of December 2010.

4. Change in assets in 2010

4.1 - ASSET PRODUCTION

The net change in assets since the beginning of the year was an increase of EUR 1.7 billion. The change can be analyzed as follows.

EUR billions	2009			2010		
	Loans	**Debt securities**	**Total**	**Loans**	**Debt securities**	**Total**
France	4.9	1.4	6.3	5.8	0.6	6.4
Other countries	0.1	4.2	4.3	0.0	7.1	7.1
Total new assets	**5.0**	**5.6**	**10.6**	**5.8**	**7.7**	**13.5**
Amortization	(3.8)	(3.4)	(7.2)	(6.1)	(6.5)	(12.6)
Early reimbursements	(2.1)	-	(2.1)	(0.3)	-	(0.3)
Sales	(0.1)	-	(0.1)	(0.0)	-	(0.0)
Changes in provisions	-	(0.0)	(0.0)	(0.0)	0.1	-
Net change (excl. FX adjustments)	**(1.0)**	**2.3**	**1.2**	**(0.6)**	**1.3**	**0.7**
Foreign exchange adjustments*	0.1	0.0	0.1	0.9	0.1	1.0
Net change	**(0.9)**	**2.3**	**1.3**	**0.3**	**1.4**	**1.7**

** All the assets included in the cover pool are perfectly hedged against foreign exchange adjustments; the changes mentioned above are fully compensated by equivalent changes in the value of the hedging derivative.*

Gross asset production and purchase in the period represented EUR 13.5 billion.

These long-term assets included the following items:
- EUR 3.9 billion in public sector loans originated by Dexia Credit Local within the framework of its commercial activity in France;
- EUR 4.2 billion in debt securities issued by Dexia Secured Funding Belgium (DSFB 4); this securitization vehicle was created by Dexia Bank Belgium to enable Dexia MA to refinance loans to the Belgian public sector;
- EUR 1.7 billion in *cedulas territoriales* issued by Dexia Sabadell, of which EUR 1.1 billion correspond to the replacement of *cedulas territoriales* held by Dexia MA that had matured, and EUR 0.6 billion to a new investment;
- EUR 0.2 billion in *lettres de gage* issued by Dexia LdG Banque corresponding to an equivalent amount of *lettres de gage* held by Dexia MA and subject to early reimbursement;
- EUR 0.6 billion in certificates of deposit (CD) issued by Dexia Credit Local, renewed quarterly, considered as replacement assets in the cover pool;
- EUR 0.3 billion in loans guaranteed by public sector securities with Dexia Credit Local and considered as replacement assets in the cover pool.

Shorter-term placements were also decided. They corresponded to temporary needs and were reimbursed during the period:
- EUR 1.6 billion deposited with the Banque de France;
- EUR 0.9 billion in Belgian sovereign issues, with maturity of less than one year, reimbursed during the year 2010.

EUR billions	2009		2010	
Loans:		**5.0**		**5.8**
France	4.9		5.8	
Switzerland	0.1		0.0	
Bonds:		**5.6**		**7.7**
Belgium - DSFB 4 securitization	0.3		4.2	
Belgium - other bonds	2.1		0.9	
Italy	0.7		0.1	
Spain - *cedulas territoriales*	0.5		1.7	
Luxembourg - *lettres de gage publiques*	-		0.2	
France	1.4		0.6	
Ireland	0.2		-	
Netherlands	0.4		-	
TOTAL		**10.6**		**13.5**

Among the amortizations of securities during the period, note should be taken of the maturing of the EUR 1.4 billion certificate of deposit (CD) issued by Dexia Credit Local and benefiting from the guarantee of the French, Belgian and Luxembourg governments. This CD corresponded in amount and maturity to the investment of the cash collateral received from swap counterparties. At the end of December 2010, the sums received from swap transactions were invested in eligible assets and replacement assets. The other main amortizations concerned Belgian short-term debt securities for EUR 1.1 billion, *cedulas territoriales* issued by Dexia Sabadell for EUR 1.9 billion, and *lettres de gage* for EUR 0.7 billion.

4.2 - OUTSTANDING ASSETS AT THE END OF 2010

a. Geographic breakdown of assets

The breakdown of assets by country varied significantly following the purchase of DSFB 4 issues for EUR 4.2 billion, which resulted in an increase in the proportion of Belgian assets from 5.8% to 9.9% and the dilution of the share of the other countries, including France, which continued to represent the greatest volume of assets with 64.3% of the total. The five other main countries accounted for a total of 31.9% of outstanding assets versus 29.0% as of December 31, 2009. Geographic diversification remained significant.

The trend in the relative proportion of assets by country can be analyzed as follows.

%	12/31/2009	12/31/2010
France	65.9	64.3
Belgium	5.8	9.9
Italy	10.0	9.6
Switzerland	5.7	5.8
Spain	4.4	4.1
Luxembourg	3.1	2.5
Sub-total	**94.9**	**96.2**
Other countries	5.1	3.8
TOTAL	**100.0**	**100.0**

The decrease in "Other countries" corresponds to the maturity of exposures on Greek (EUR -0.3 billion) and Irish (EUR -0.2 billion) sovereign issues. As of December 31, 2010, exposures on "Other countries" could be broken down as follows.

Other countries (%)	12/31/2010
Germany	0.9
United Kingdom	0.8
Sweden/Finland	0.5
Greece	0.5
Austria	0.4
United States	0.3
Portugal	0.2
Iceland	0.2
Japan	0.0
Canada	0.0
TOTAL	**3.8**

b. Replacement assets

As of December 31, 2010, replacement assets represented a total of EUR 5.8 billion, mainly comprised of covered bonds issued by Dexia Group entities and exposures with a maturity of less than 100 days on Dexia Credit Local (these exposures take the form of certificates of deposit or loans guaranteed by public sector securities). Replacement assets represented 9.1% of outstanding *obligations foncières* and registered covered bonds, which totaled EUR 63.6 billion in swapped value. Their amount is limited by law to 15%. These assets are analyzed on the following table.

Replacement assets	Country	Issuer	EUR millions 12/31/2009	12/31/2010
Cedulas territoriales	Spain	Dexia Sabadell	3,200	3,000
Lettres de gage	Luxembourg	Dexia LdG Banque	2,350	1,850
Certificates of deposit	France	Dexia Credit Local	-	600
Secured loans	France	Dexia Credit Local	-	350
TOTAL			**5,550**	**5,800**

c. Concentration by borrower

As of December 31, 2010, the 20 largest exposures (except covered bonds held as replacement assets) amounted to 16.4% of the cover pool. The largest was 1.95% and the twentieth was 0.49%.

4.3 - ASSET QUALITY

Dexia Municipal Agency's pool of assets is exclusively composed of exposures on public sector entities or issues guaranteed by the same. In 2010, the current financial crisis had no significant impact on the Company's portfolio.

a. Quality of the assets in the portfolio

Dexia MA's portfolio of assets is composed of loans and debt securities.

Loans and advances. Loans and most of the bonds held by Dexia MA are classified in the "Loans and advances" portfolio according to IFRS, corresponding to an intention to hold them until maturity. They are valued at their historical cost and, if necessary, are covered by provisions for impairment when there is a risk of non-payment.

In addition, collective provisions are calculated to cover the risk of loss in value on the different "Loans and advances" portfolios. They are estimated on the basis of each portfolio's past performance and trends, and on the borrower's economic environment. Their calculation combines probabilities of default (PD) and loss given default (LGD) based on credit risk models designed by Dexia within the framework of Basel II (on this point, see note 5.6 to the IFRS financial statements).
These collective provisions are, however, much greater than the real risk, for the method applied does not take into account the guarantees received.

EUR millions	12/31/2009	12/31/2010
Specific impairment	0.9	1.5
Collective impairment	14.4	18.2

Non-performing loans amounted to EUR 10.6 million at the end of December 2010, representing less than 0.02% of the total cover pool (EUR 79.6 billion). The minor amounts of impairment and non-performing loans that the Company reported testify to the very low level of risk and the overall high quality of the portfolio.

AFS securities. In particular because of their liquidity, certain securities remain classified as available for sale (AFS), and are valued for accounting purposes on the basis of their fair value. The difference between this valuation and their accounting value gives rise to an AFS reserve that can be positive or negative. These reserves would only represent gains or losses if Dexia MA were to sell these securities, but Dexia MA acquired these assets with the intention of holding them to maturity.

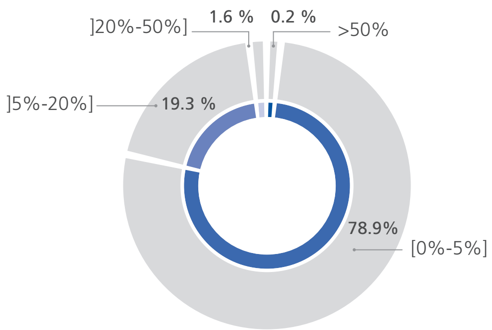
The AFS reserve for Greek and Italian sovereign issues was down significantly in 2010, reflecting the lack of confidence in these countries that impacted the market value of these debt securities. The AFS reserve variation is EUR -30 million for Greece and EUR -37 million for Italy.

The overall AFS reserve at the end of December 2010 was EUR -322 million (see below note 4.4 to the IFRS financial statements).

b. Breakdown of exposure according to Basel II risk weighting

The quality of Dexia Municipal Agency's portfolio can also be seen in the weighting of its assets within the framework of the calculation of the Group's solvency ratio. The Dexia Group chose the advanced method within the framework of the reform of the solvency ratio and capital adequacy according to Basel II criteria. Banking supervisors (the ACP in France and the CBFA in Belgium) authorized the Group to use advanced internal models for the calculation and reporting of equity requirements for credit risk as of January 1, 2008.
This enables Dexia MA to present in the following table an analysis of its exposures, broken down by risk weighting, such as used for the calculation of equity requirements for credit risk.

Risk weighting (Basel II)
of Dexia MA's portfolio
as of December 31, 2010



These weightings are primarily calculated on the basis of the probability of default (PD) and loss given default (LGD). This analysis confirms the excellent quality of the assets in DMA's portfolio, since 79% of the portfolio assets have a weighting that is equal to or less than 5%, and more than 98% of the portfolio assets have a weighting that is less than or equal to 20%.

c. Exposure to subprimes, monolines, ABS and banks

Exposure to subprimes and other mortgage loans

Dexia MA has no exposure to mortgage loans, whether subprime or prime. The authorization granted to Dexia MA by the Banque de France (CECEI) only allows the Company to finance exposures on public sector entities (central governments, local governments, public organizations, etc.) or entities that are entirely and unconditionally guaranteed by public sector entities (excluding replacement assets).

Exposure to monoline insurers

In its public sector bond portfolio, Dexia MA holds four issues of large French and Spanish local governments with credit enhancement by a monoline insurer. The breakdown of these exposures is presented in the following table.

Issuer	Country	ISIN Code	Amount EUR millions	Monoline insurer
Communauté urbaine de Lille	France	US203403AB67	9.8	AMBAC
Ville de Tours	France	FR0000495517	1.0	MBIA
Ville de Tours	France	FR0000495632	8.5	MBIA
Feria internacional de Valencia	Spain	ES0236395036	50.0	FSA
TOTAL			69.3	

They represent less than 0.1% of the assets of Dexia MA. The credit enhancement was not a factor in the decision to invest in these bonds, given the quality of the issuers.

Exposure in the form of asset-backed securities (ABS)

At the end of December 2010, Dexia MA had a limited number of exposures in the form of ABS.

Issuer	ISIN Code	Amount EUR millions
DSFB - Dexia Secured Funding Belgium SIC (DSFB 1)	BE0933050073	1,457.8
DSFB - Dexia Secured Funding Belgium SIC (DSFB 2)	BE0934330268	1,447.0
DSFB - Dexia Secured Funding Belgium SIC (DSFB 4)	BE6000495752	4,330.8
DCC - Dexia Crediop per la Cartolarizzazione SRL (DCC 1)	IT0003674691	787.1
DCC - Dexia Crediop per la Cartolarizzazione SRL (DCC 2)	IT0003941124	728.8
DCC - Dexia Crediop per la Cartolarizzazione SRL (DCC 3)	IT0004349665	2,165.2
Sub-total		**10,916.7**
Blue Danube Loan Funding GmbH	XS0140097873	81.0
Colombo SRL	IT0003156939	7.9
Societa veicolo Astrea SRL	IT0003331292	1.3
Sub-total		**90.1**
TOTAL		**11,006.8**

Most of these exposures are asset-backed securities especially designed by Dexia to transfer to Dexia MA exposures on Italian and Belgian local governments originated by Dexia's commercial network.
Dexia MA thus holds almost all of the debt issued by DCC and DSFB, with the remainder held by the Dexia Group entity that originated the assets (Dexia Crediop and Dexia Bank Belgium). The composition of the DCC and DSFB portfolios is presented at the end of this report.

The other ABS have the following characteristics:

- Blue Danube Loan Funding GmbH is governed by Austrian law, rated AA+ by Standard & Poor's, and its debt is unconditionally and irrevocably guaranteed by the Land of Lower Austria;
- Colombo SRL (rated A+ by S&P and Aa2 by Moody's) and Societa veicolo Astrea SRL (rated AA- by Fitch and Aa2 by Moody's) are both Italian companies with assets that are exclusively loans to the Italian public sector (regions, municipalities, etc.).

Exposure to banks

Dexia MA holds two types of exposure to banks:

- its replacement assets, made up of covered bonds issued by Dexia Group entities (*cedulas territoriales* of Dexia Sabadell and *lettres de gage* issued by Dexia LdG Banque), certificates of deposit issued by Dexia Credit Local and loans to Dexia Credit Local guaranteed by public sector securities (see above 4.2.b);

• the value of its derivative contracts, entered into within the framework of its management of interest rate and foreign exchange risks.

All of Dexia MA's derivative operations are conducted within the framework of standard ISDA or AFB contracts with major international banks (37 counterparties, excluding the Dexia Group). These contracts have particular characteristics, since they must meet the standards set by rating agencies for *sociétés de crédit foncier* (and other issuers of covered bonds). These interest rate and currency swaps all benefit from the same legal privilege as *obligations foncières*. For this reason, Dexia MA does not pay its derivative counterparties any collateral, whereas they have to pay Dexia MA unless they benefit from the agencies' highest short-term rating.

As of December 31, 2010, Dexia MA was exposed (positive fair value of the swaps) on 11 banking counterparties. Seven of these paid collateral, which offset the exposure, and four paid none because of their very high rating. These four counterparties represented an exposure of EUR 469 million.

Long-term derivatives signed with the five largest external counterparties represented a total of 34.5% of the notional amounts and those signed with the Dexia Group 22.9%.

5. Change in debt benefiting from the legal privilege in 2010

Dexia Municipal Agency issued the equivalent of EUR 7.6 billion in 2010, versus EUR 8.0 billion in 2009.

The pace of issues in recent quarters was as follows.

EUR millions	2009	2010
1st Quarter	305	3,134
2nd Quarter	4,258	2,227
3rd Quarter	2,310	2,244
4th Quarter	1,087	43
TOTAL	**7,960**	**7,648**

In the first half of 2010, three benchmark issues were launched, with the following characteristics:
• EUR 1.0 billion, maturity January 2022 (12 years),
• EUR 1.0 billion, maturity February 2018 (8 years),
• EUR 1.0 billion, maturity July 2015 (5 years).

In the third quarter of 2010, two new benchmarks were issued in a public exchange offer, with the following characteristics:
• EUR 1.25 billion, maturity January 2016 (5 years),
• EUR 0.75 billion, maturity September 2020 (10 years).

This public exchange offer was launched by Dexia MA in order to extend the duration of its outstanding *obligations foncières* to bring it into line with that of its long-term public sector assets. The advantage for investors was that they could exchange their shortest securities, which had become less liquid, for new securities that were longer and more liquid. The *obligations foncières* exchanged (EUR 0.9 billion), combined with new subscriptions, led to the issue of the two new benchmarks mentioned above.

The year's other public issues represented a tap of the Swiss franc issue with maturity in May 2018 (CHF 160 million) and taps of euro benchmarks with maturity in September 2016 (EUR 250 million), June 2021 (EUR 150 million), July 2015 (EUR 200 million), and January 2022 (EUR 500 million), bringing the respective totals to EUR 2.0 billion, EUR 1.65 billion, EUR 1.2 billion and EUR 1.5 billion.

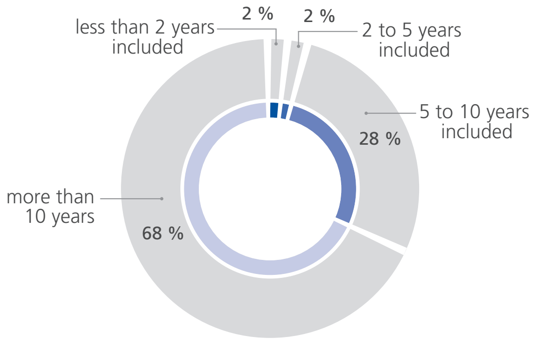
The year's private placements partially took the form of registered covered bonds, a private placement format designed for German investors These issues make it possible to meet the specific needs of certain investors with speed and flexibility.

The breakdown of new production between public sector issues and private placements can be analyzed as follows.

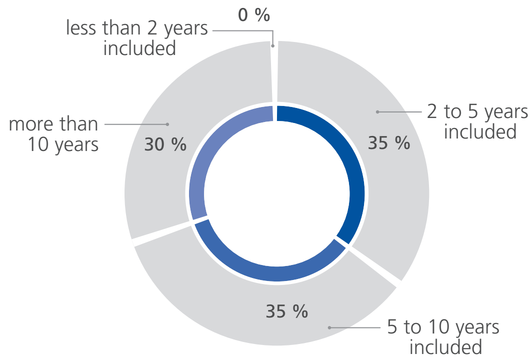
EUR millions	2009	2010
Public issues	5,719	6,209
Private placements	2,241	1,439
including: RCB	*1,838*	*487*
Less than 2 years	*150*	*-*
TOTAL	**7,960**	**7,648**

As in 2009, the average maturity of new issues was long in order to maintain at a low level the average gap in maturity between commercial assets, which are traditionally long in the public sector, and issues of *obligations foncières*. The average maturity of new issues was thus 9.0 years in 2010 and 12.4 years in 2009, whereas it had been only 5.7 years in 2008, as a result of the financial crisis.

Breakdown of amount issued in 2009 by maturity



Breakdown of amount issued in 2010 by maturity

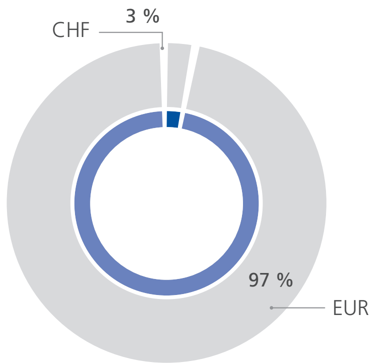


Dexia MA's issues in 2010 were primarily in euros.

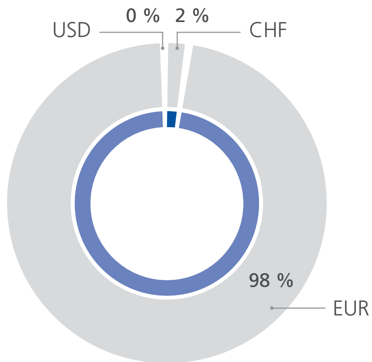
EUR millions	2009	2010
EUR	7,696	7,447
CHF	264	179
USD	–	22
TOTAL	**7,960**	**7,648**

Dexia MA's issuance policy involves a strong presence in the main euro markets and, to a lesser degree, the Eurodollar market, building a consistent curve and monitoring the performance of its benchmarks in the secondary market, as well as active diversification in certain selected markets.

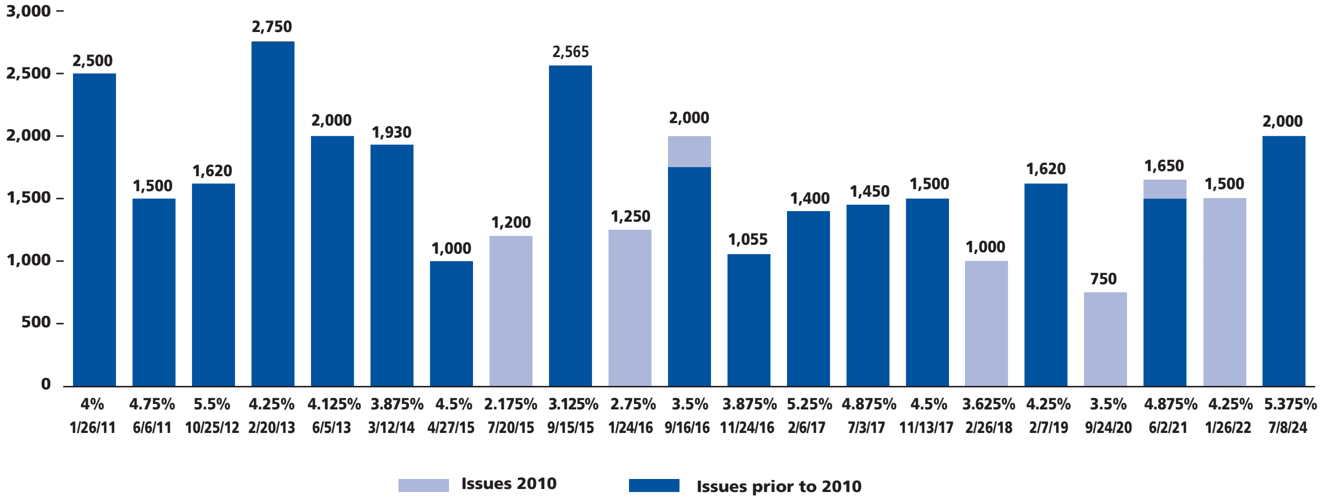
Breakdown of amount issued in 2009 by currency



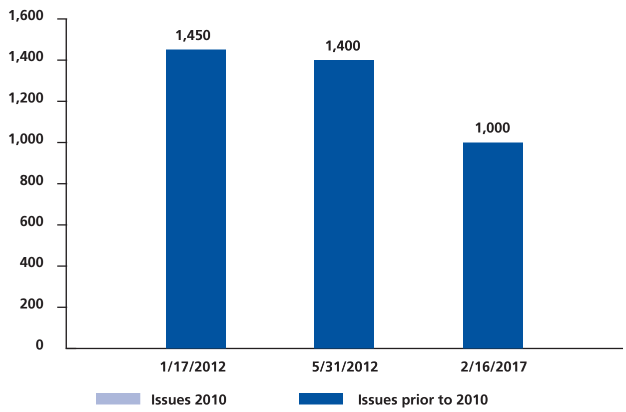
Breakdown of amount issued in 2010 by currency



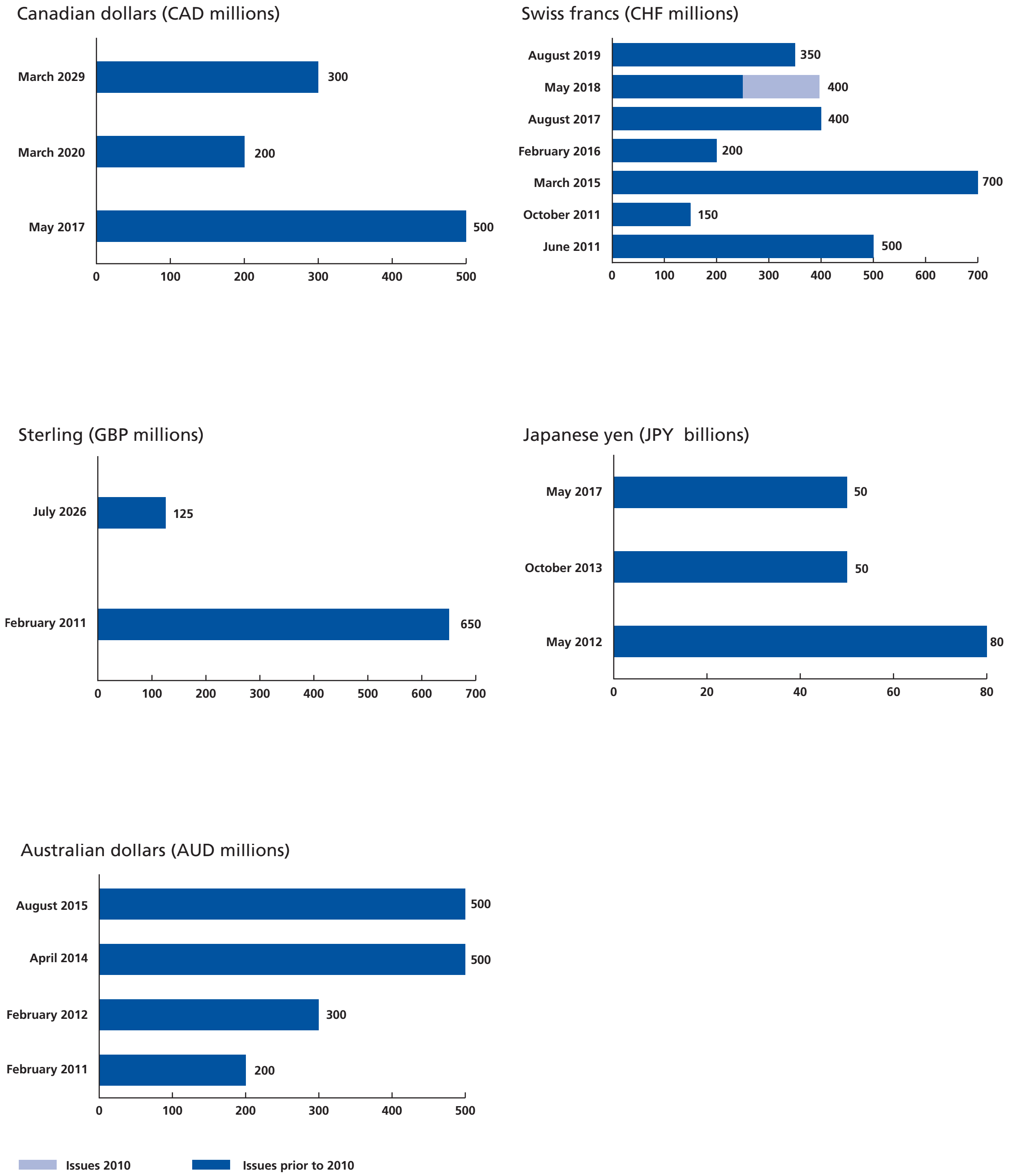
Analysis of benchmarks in EUR



Analysis of benchmarks in USD



Main curves in non-euro currencies (excluding USD)



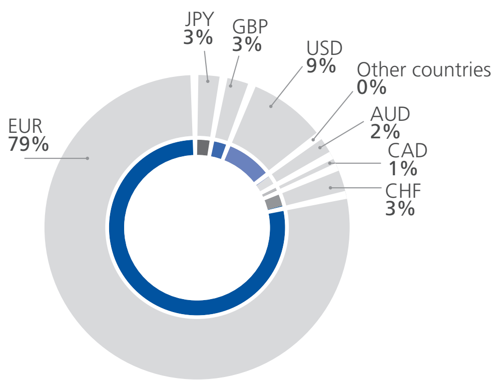
After reimbursement of EUR 8.9 billion, outstanding *obligations foncières* and registered covered bonds at the end of December 2010 totaled EUR 63.6 billion in swapped value.

EUR millions	2009	2010
Beginning of the year	63,591	64,785
Issues	7,960	7,648
Reimbursements	(6,766)	(8,868)
END OF THE YEAR	**64,785**	**63,565**

(swapped value)

The breakdown of outstanding debt by currency at the end of December 2010, can be analyzed as follows.

Outstanding debt by currency



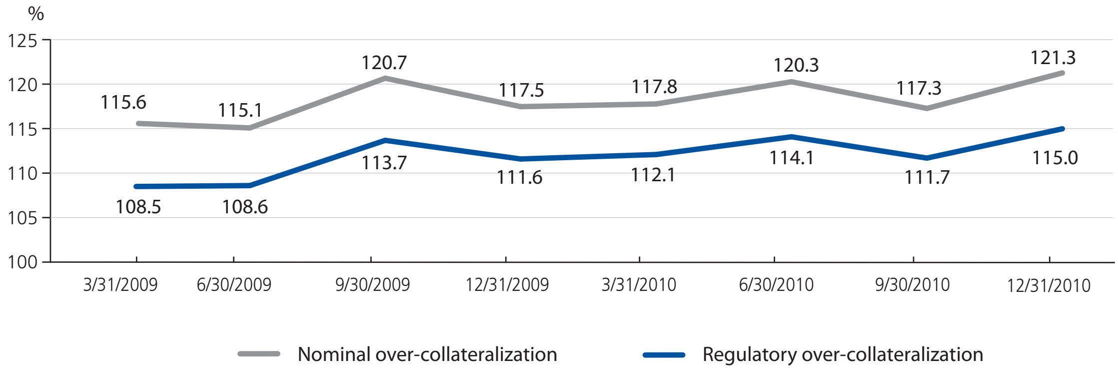
6. Changes in the over-collateralization ratio

The over-collateralization ratio, which is calculated on the basis of regulatory standards governing *sociétés de crédit foncier*, is the ratio between the assets and the resources benefiting from the legal privilege.

Dexia Municipal Agency decided to maintain a minimum regulatory over-collateralization ratio of 105%, which is considered a safe margin. In practice, given the rate of asset turnover from the Group's commercial activity and asset transfers, the over-collateralization ratio is regularly higher than 105%, as can be seen at the end of each month, when over-collateralization makes it possible to launch issues in the following month. The rating agencies may require a level of over-collateralization of more than 5%. This requirement depends on the methodology applied and on the new assets and liabilities on Dexia MA's balance sheet, and it may vary over time. Dexia MA takes these particular requirements into account in the management of its activity, in order to make sure they are always respected.

The following graph analyzes the trend in over-collateralization at the end of each quarter.

Quarterly over-collateralization

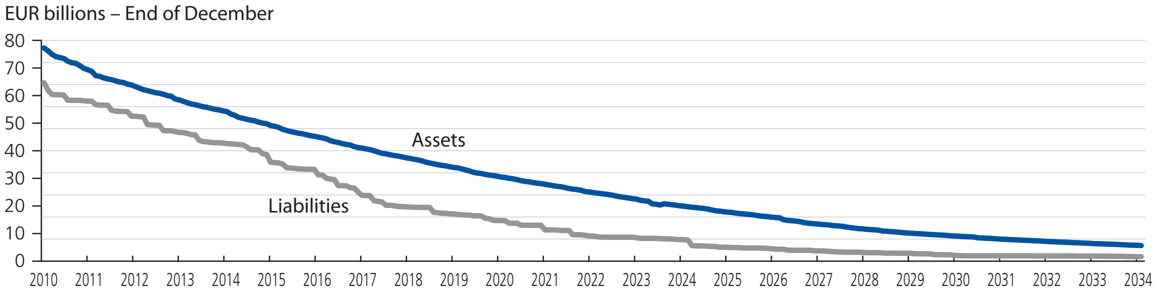


Regulatory over-collateralization is less than nominal over-collateralization because it is calculated on the basis of the rules determined by the prudential control authority (ACP). In particular, these rules require different weighting levels according to the assets. The assets in Dexia MA's cover pool are generally weighted at 100%, except for certain notes of internal securitizations (issued by Dexia subsidiaries), rated in category single A, which are weighted at 50% for the calculation of the regulatory ratio. This particular weighting is the reason for most of the gap between regulatory over-collateralization and nominal over-collateralization.

If any, the assets Dexia MA may have given in guarantee to obtain financing from the Banque de France are excluded from the calculation of over-collateralization.

The following graph on over-collateralization presents amortization curves of the assets and of issues benefiting from the legal privilege as of December 31, 2010.

Amortization of assets and liabilities as of December 31, 2010



7. Changes in debt that does not benefit from the legal privilege

The asset surplus (assets exceeding *obligations foncières*, registered covered bonds) and miscellaneous needs are financed by equity and debt that does not benefit from the privilege of the law on *sociétés de crédit foncier*.

This financing is borrowed from Dexia Credit Local within the framework of a current account agreement. The agreement distinguishes several sub-accounts that make it possible to analyze this financing by category:

- to finance structural over-collateralization of 5% in the long term;
- to finance temporary over-collateralization in the short term, using the current account itself.

In addition, Dexia MA holds at any time written commitments from Dexia Credit Local for irrevocable and on first demand financing covering the reimbursements of o*bligations foncières* in the next 12 months. In the event of use, such financing will have a maturity of two years. As of December 31, 2010, the commitments received by Dexia Credit Local were EUR 6.6 billion.

Temporary financing may also be obtained from the Banque de France. These funds do not benefit from the privilege stipulated in the law on *sociétés de crédit foncier*, but they are guaranteed by loans and securities deposited in guarantee in the account of Dexia MA at the Central Bank.

Dexia MA participated in the tenders launched by the Banque de France in the final quarter of 2008 and the first six months of 2009, in order to finance its new commercial production when the primary market was for all practical purposes closed. As of December 31, 2010, Dexia MA had no debt *vis-à-vis* the Banque de France, and its debt *vis-à-vis* Dexia Credit Local totaled EUR 12.5 billion, excluding accrued interest not yet due.

The latter debt could be analyzed according to the above-mentioned categories as follows:

- to finance structural over-collateralization of 5%: EUR 3.5 billion*;
- to finance surplus over-collateralization, using the current account: EUR 9 billion.

** The amortization profile of this long-term loan was designed to finance, at any time, an amount equal to 5% of outstanding* obligations foncières *as well as the haircut that the Banque de France would administer to assets temporarily given in guarantee to meet future funding needs (in a stress scenario in which these needs could not be covered by the covered bond market or by advances granted by Dexia Credit Local).*

Changes in financing that does not benefit from the legal privilege, excluding accrued interest not yet due, can be presented as follows.

EUR billions	**Dexia Credit Local**	**Banque de France**	**Total**
12/31/2007	10.4	-	10.4
12/31/2008	4.4	7.5	11.9
12/31/2009	10.4	-	10.4
12/31/2010	12.5	-	12.5

8. Management of balance sheet risks

The strategies implemented to hedge interest rate and foreign exchange risks are reflected in the notional outstanding swaps analyzed in the table below between external and Dexia Group counterparties, as of December 31, 2010.

Breakdown of outstanding swaps	**Notional*** EUR billions	**Dexia Group (%)**	**Other counterparties (%)**
Euribor against Eonia			
Macro-hedges	136.5	100.0%	0.0%
TOTAL SHORT-TERM SWAPS	**136.5**	**100.0%**	**0.0%**
Fixed rate swaps against Euribor			
Micro-hedges on *obligations foncières*	49.1	3.7%	96.3%
Micro-hedges on loans and debt securities	28.4	23.2%	76.8%
Macro-hedges on loans	21.5	60.3%	39.7%
Sub-total	**99.0**	**21.6%**	**78.4%**
Currency swaps			
Micro-hedges on *obligations foncières*	12.5	15.6%	84.4%
Micro-hedges on loans	5.0	57.3%	42.7%
Micro-hedges on debt securities	1.3	59.2%	40.8%
Sub-total	**18.8**	**29.7%**	**70.3%**
TOTAL LONG-TERM SWAPS	**117.8**	**22.9%**	**77.1%**

** absolute value*

8.1 - MANAGEMENT OF THE INTEREST RATE RISK

The management of the interest rate risk involves two steps.

- In the first stage, all the assets and the liabilities benefiting from the privilege which do not naturally have a floating rate are swapped against Euribor until maturity as soon as they are recorded on the balance sheet. A residual fixed rate gap remains on certain fixed rate assets that are hedged by macro-swaps (in particular, small loans to clients). This gap is monitored within very strict limits.
- In the second step, Euribor lending and borrowing flows are swapped against Eonia over a sliding period of two years in order to eliminate the interest rate risk generated by differences in fixing dates. A residual gap remains after the first and second levels of hedging and is also monitored within strict limits.

In addition, any debt contracted with Dexia Credit Local to finance over-collateralization is directly borrowed with a monetary index and does not have to be swapped. If such is the case, debt *vis-à-vis* the Banque de France, which is short-term and at a fixed rate, is not hedged, but finances assets that also have a fixed rate.

The objective targeted by this interest rate risk management is to convert the assets and liabilities on the balance sheet into floating rates, so that they move together in a parallel manner following the trend in interest rates, while maintaining the margin unchanged.

The sensitivity limits for the fixed rate gap and the monetary gap mentioned above are defined as the change in the gaps' net present value (NPV) under the impact of a parallel 1% (100 basis points) shift in the yield curve. The aggregate of these two limits for the fixed rate gap and the monetary gap is set at 3% of shareholders' equity, and this figure is reviewed every year at the end of the first quarter. The total sensitivity level was EUR 30.5 million until the first quarter of 2010 and was adjusted to EUR 35.0 million as of the second quarter of 2010, including EUR 9.0 million for the monetary gap and EUR 26.0 million for the fixed rate gap. In practice, the real sensitivity is maintained significantly below this limit, as can be seen in the following table.

Sensitivity of the interest rate gap (EUR millions)

		Average	Maximum	Minimum	Limit
Fixed rate	1Q 2010	13.8	18.3	11.0	26.0
	2Q 2010	18.1	22.6	15.6	26.0
	3Q 2010	19.4	29.9	12.2	26.0
	4Q 2010	17.9	22.2	13.9	26.0
Monetary	1Q 2010	2.0	4.4	(3.1)	4.5
	2Q 2010	0.6	4.6	(1.1)	9.0
	3Q 2010	1.0	2.8	0.1	9.0
	4Q 2010	(0.0)	3.0	(2.5)	9.0
Total	1Q 2010	15.5	20.0	10.1	30.5
	2Q 2010	18.9	23.1	14.6	35.0
	3Q 2010	20.3	31.7	12.6	35.0
	4Q 2010	18.1	22.8	14.0	35.0

The maximum fixed rate sensitivity limit was exceeded at the beginning of August 2010. This incident was linked to the purchase by Dexia MA of EUR 1 billion in French loans originated by Dexia Credit Local, which briefly disrupted the calculation of the sensitivity of Dexia MA. It should be noted that this event did not cause the overall sensitivity limit to be exceeded, since it reached a maximum of EUR 31.7 million in this period, i.e. under the overall limit of EUR 35 million.

8.2 - MANAGEMENT OF THE FOREIGN EXCHANGE RISK

Dexia Municipal Agency takes no foreign exchange risks. Assets and liabilities originally in currencies other than the euro are swapped against euros when they are recognized on Dexia MA's balance sheet and until their complete extinguishment.

8.3 - MANAGEMENT OF THE TRANSFORMATION RISK

With the interest rate risk under control, as explained above, Dexia Municipal Agency manages the congruence of maturities between the assets and the liabilities by maintaining the gap in the duration between the assets and the liabilities within a maximum limit of three years.

From the point of view of the method, since both the assets and the resources benefiting from the privilege have a floating rate after having been swapped. Dexia MA's balance sheet looks as if there were only a single loan *vis-à-vis* a single borrowing. Duration (D) is calculated as follows: "sum of the periods weighted by the cash flows and discounted at the interest rate of the zero coupon curve for period (t)/sum of the cash flows discounted at the interest rate of the zero coupon curve for period (t)".

$$D = \sum_{t=1}^{T} [(t \times CFt) / (1 + st)^t] \,/\, \sum_{t=1}^{T} [CFt / (1 + st)^t]$$

The difference in maturity between the assets and the liabilities may create a liquidity risk. Dexia MA's management rule involves a commitment not to allow a duration gap of more than three years between the assets and the resources benefiting from the legal privilege. The actual duration gap remains under this limit, as can be seen in the table below.

Duration in years	12/31 2009	3/31 2010	6/30 2010	9/30 2010	12/31 2010
Assets	6.88	6.81	6.95	7.25	6.98
Privileged liabilities	4.95	5.23	5.35	5.29	5.23
Gap in asset-liability duration	**1.93**	**1.58**	**1.60**	**1.96**	**1.75**
Duration gap limit	*3*	*3*	*3*	*3*	*3*

The duration gap between the assets and the liabilities is closely monitored since it is sensitive to fluctuations in interest rates (net present value) and to significant changes in assets and liabilities. The new issues, which are longer, help reduce this gap and keep it under two years on a regular basis.

8.4 - MANAGEMENT OF THE LIQUIDITY RISK

The liquidity risk can be defined as the risk that Dexia MA may not be able to settle its privileged debt commitments at the due date owing to the fact that there is too great a gap between the reimbursement of the assets and the redemption of its privileged resources.

To manage this risk, Dexia MA has put a ceiling on its transformation capacity by limiting to three years the maximum duration gap between the assets and the resources benefiting from the privilege. This rule enables it to limit the volume of its liquidity requirements.

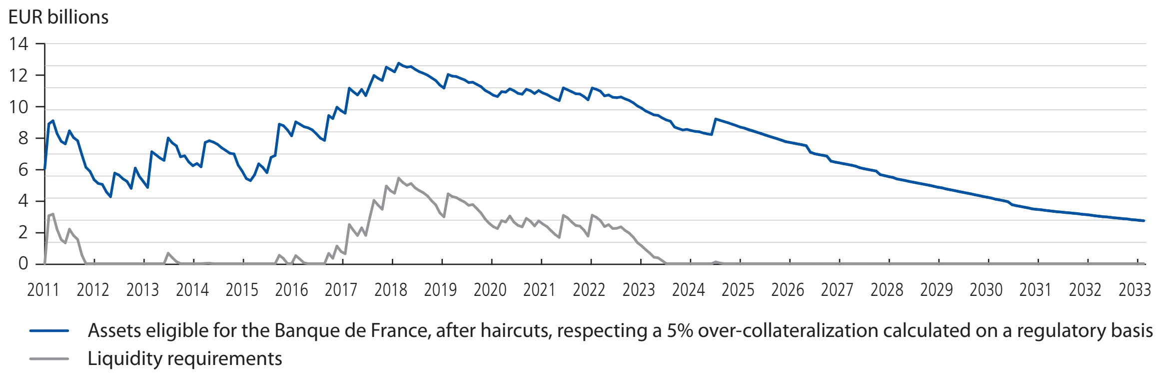
To meet its liquidity requirements, Dexia MA will issue new *obligations foncières* to replace those that mature and the reimbursement of which creates the need for liquidity.

If the situation in the covered bond market does not make it possible to launch new issues, Dexia MA may first make use of the backing of its parent company Dexia Credit Local, which has committed in its "declaration of support" (the full text is incorporated into the EMTN programme and Dexia MA's annual report) so that Dexia MA "has the financial resources it needs to meet its obligations."
This support takes the following forms:
- an unlimited current account facility, with Dexia Credit Local;
- a firm and irrevocable commitment by Dexia Credit Local to make available to Dexia MA the funds it requires to reimburse *obligations foncières* that reach maturity in the coming 12 months on a sliding scale.

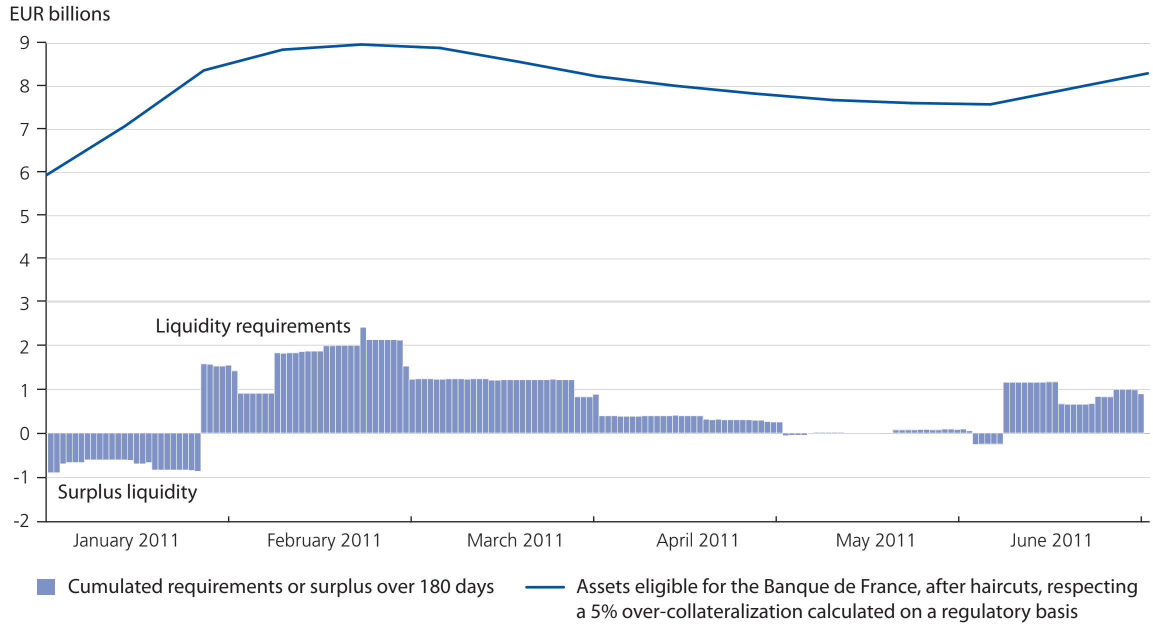
In addition, Dexia MA has its own solid resources that enable it to cover its temporary liquidity requirements, even in the event of the default of its parent company, since any legal proceedings engaged for the bankruptcy or liquidation of its parent company cannot be extended to Dexia MA (article L.515-21 of the Monetary and Financial Code).

Because of the nature of the assets that make up its cover pool, Dexia MA has a large number of assets that are directly eligible for refinancing by the Central Bank, so that its cash requirements are easily covered.
Since it is a credit institution, Dexia MA can post these eligible assets:
- either by using, in its own name, the refinancing possibilities offered by the European Central Bank *via* the Banque de France;
- or by using interbank financing in the form of repurchase agreements.

In practice, Dexia MA first uses new issues of *obligations foncières* and financing made available by Dexia Credit Local, but it has also demonstrated its real capacity to obtain financing from the Banque de France when the primary covered bond market remained closed from September 2008 to June 2009. During this period, the funds borrowed by Dexia MA from the Central Bank totaled a maximum of EUR 7.5 billion at the end of 2008. This amount was much greater than the maximum cumulated liquidity requirements that Dexia MA might have to face in the future in a run-off situation. The future liquidity requirements are presented below.



In addition, Dexia MA manages its liquidity risk by means of the three following indicators:
- the liquidity ratio for one month (regulatory reporting to prudential control authority - ACP);
- the duration gap between the assets and the resources benefiting from the legal privilege (limited to three years), which is published quarterly;
- cash requirements over the next 180 days: Dexia MA's management enables it to provide structural coverage for its liquidity requirements up to the extinguishment of the privileged liabilities by assets eligible for refinancing by the Banque de France. Moreover, Dexia MA ensures that at any time, its cash requirements over a period of 180 days are covered by replacement assets, assets eligible for credit operations with the Banque de France, or by refinancing agreements signed with credit institutions with the best short-term credit quality.



9. Commitments granted - commitments received

Commitments granted as of December 31, 2010, were mainly loans granted to local governments and not yet paid out in the amount of EUR 0.9 billion.

Commitments received were principally:

- EUR 6.6 billion in refinancing agreements signed with Dexia Credit Local, covering the reimbursement of *obligations foncières* that mature in the coming year;
- EUR 5.5 billion in guarantees received on loans granted to customers;
- EUR 6.6 billion in guarantees received from Dexia Crediop and Dexia Bank Belgium for the guarantee granted respectively to the securitization vehicles Dexia Crediop per la Cartolarizzazione and Dexia Secured Funding Belgium.

10. Payment deadlines

In application of articles L.441-6-1 and D.441-4 of the Code of Commerce, Dexia MA must publish every year a breakdown of the balance of the monies it owes to suppliers by due date.

Dexia MA has a very limited number of direct suppliers, since its management is contractually entrusted to Dexia Credit Local, in conformity with article L.515-22 of the Monetary and Financial Code. Dexia MA usually settles its bills as soon as they are recorded, and the balance of monies owed to suppliers is theoretically always zero.

As of December 31, 2010, all supplier accounts were settled. The only supplier debt recorded corresponded to invoices not yet received.

11. Income for the period in IFRS

Dexia MA publishes its financial statements according to IFRS in order to ensure a better understanding and greater comparability of its accounts internationally.

The rules applied by Dexia MA are the same as those applied by the Dexia Group and are in compliance with IFRS, as adopted by the European Commission.

The income statement is presented synthetically in the following table.

EUR millions - IFRS	**2008**	**2009**	**2010**	**Change 2010/2009**
Interest margin	255	299	256	
Net commissions	(4)	(5)	(5)	
Net result of hedge accounting	-	-	-	
Net result of financial assets available for sale	3	28	12	
Other income and expense	-	-	-	
Net banking income	**254**	**322**	**263**	**-18%**
General operating expenses	(83)	(87)	(88)	
Taxes	(9)	(5)	(8)	
Operating income before cost of risk	**162**	**230**	**167**	**-27%**
Cost of risk	(3)	(5)	(4)	
Pre-tax income	**159**	**225**	**163**	**-28%**
Income tax	(46)	(79)	(54)	
NET INCOME	**113**	**146**	**109**	**-25%**

In the first half of 2010, an anomaly was detected in the information system that generated an excess of interest charges in 2009 and at the beginning of 2010. In accordance with IAS 8-49, the Company restated its published financial statements and the notes to its financial statements for the periods prior to June 30, 2010.
The restatements are specified in the notes to the financial statements, which set down the rules of presentation and evaluation. They had a positive impact on the interest margin for the year 2009 of EUR 18 million, i.e. a positive impact on net income (after taxes) of EUR 12 million.

Net banking income was down 18%, i.e. EUR 59 million, from the same period in 2009, declining from EUR 322 million to EUR 263 million. It should nevertheless be noted that net banking income for the second quarter of 2009 was particularly high and atypical (some EUR 60 million more than usual quarterly income).

The decrease was principally due to the interest margin, down EUR 43 million, while the net result on financial assets available for sale decreased by EUR 16 million.

The interest margin corresponds to the difference between income from the assets and the expense of the liabilities (hedged against interest rate and foreign exchange risks). It basically increases in function of changes in the volume and margins of new operations.

The decrease in this margin, observed between 2009 and 2010, corresponded:
- to an exceptionally high margin in the second quarter of 2009, under the favorable impact of changes in the cash/swap spread on the structure of Dexia MA's balance sheet (over-collateralization assets in Euribor financed by resources naturally in Eonia through the Dexia Credit Local current account);
- to the worsening of funding conditions on issues launched since the second half of 2009.

The item "Net result on financial assets available for sale" included penalties received for early reimbursement and debt management on customer loans (EUR 2.4 million), the disposal of assets (EUR 2.4 million) and net gains reported on early reimbursement of debt (EUR 7 million).

Operating expenses are mainly comprised of commissions paid to Dexia Credit Local for the operational management of the Company within the framework of the contract described in article L.515-22 of the Monetary and Financial Code. They increased in comparison with the previous year. In fact, the amount of operating expenses is closely linked to the volume of loans managed, which grew in the last 12 months.

The cost of risk was at an extremely low level, reflecting the excellent quality of the assets. It primarily corresponds to allowances for collective impairment calculated according to criteria based on the probability of default and of loss given default applied within the framework of Basel II.

The average income tax rate (including deferred taxes) varied slightly. It corresponded to a mix of French and Irish tax rates.

Net income for the period was down 25%, i.e. EUR 37 million, declining from EUR 146 million to EUR 109 million, a level close to the one reported in 2008.

12. Income for the period in French GAAP

The income statement is presented synthetically in the following table.

EUR millions - French GAAP	**2008**	**2009**	**2010**	**Change 2010/2009**
Interest margin (1)	302	296	291	
Net commissions	(4)	(6)	(5)	
Provisions and income on *placement* securities	(54)	(38)	4	
Other income and expense	-	-	-	
Net banking income	**244**	**252**	**290**	**15%**
General operating expenses	(83)	(87)	(88)	
Taxes	(9)	(5)	(8)	
Operating income before cost of risk	**152**	**160**	**194**	**21%**
Cost of risk	-	-	-	
Operating income	**152**	**160**	**194**	**21%**
Income tax	(53)	(54)	(66)	
Regulated provision on long- and medium-term loans	(8)	(8)	(8)	
NET INCOME	**91**	**98**	**120**	**22%**

(1) The amount in 2010 reflects the impact of the correction of the excess of charges on customer loans in 2009 in the amount of EUR 23 million.

Net banking income rose 15% compared with the previous year. This increase can be attributed to:
- a decline in the interest margin of EUR 5 million (-1.7%);
- a reversal of provisions on the *placement* portfolio after swaps in the amount of EUR 5 million versus an allocation in 2009 of EUR 38 million, representing a net increase of EUR 43 million.

The change in the interest margin is analyzed above in the presentation of the IFRS financial statements. This interest margin varies differently when it is presented in IFRS (economic presentation) or in French GAAP (tax presentation). The way debt management is accounted for is, in certain cases, asymmetrical in French GAAP (see below), a fact that can make it difficult to interpret the changes, especially the years in which local government debt management is very active.

Readers are reminded that Dexia MA applies an accounting treatment to early loan reimbursement penalties and swap unwinding payments that is in compliance with the tax treatment specified by government authorities.
This accounting method introduces accelerated recognition of income compared with systematic amortization. These penalties and payments are generated by early reimbursements, but also by renegotiations, which generally accompany active debt management by borrowers.

The methods employed, which have not changed in the last three years, are described in the rules of presentation and evaluation of the financial statements in the notes to the financial statements in the sections entitled "Customer loans", "Micro-hedge transactions" and "Macro-hedge transactions".

Provisions and income on the portfolio of *placement* securities included a capital loss on disposals for EUR 1 million in addition to provisions and reversals on the *placement* portfolio after swaps for EUR 5 million, which can be analyzed as follows:

EUR millions

Country of issuer	2009	2010
Spain	(1.7)	-
Italy	(2.7)	(2.0)
Germany	(8.5)	2.0
United States	3.1	-
United Kingdom	(28.5)	5.0
TOTAL	**(38.3)**	**5.0**

Operating expenses were identical to this item in the financial statements in accordance with IFRS.

The cost of risk was close to zero, reflecting the excellent quality of the assets (EUR 0.1 million).

Net income increased by 22% to EUR 120 million.

13. Proposed allocation of net income

In previous years, Dexia Municipal Agency distributed the following dividends.

Year of distribution	Distributed from the year's income	Amount distributed in euros	Amount per share in euros	Number of shares
2000	1999	3,600,000	1.2	3,000,000
2001	2000	-		4,000,000
2002	2001	-		4,500,000
2003	2002	-		4,500,000
2004	2003 + from retained earnings	120,000,000	24.0	5,000,000
2005	2004	62,000,000	10.0	6,200,000
2006	2005	84,320,000	12.4	6,800,000
2007	2006	116,280,000	15.3	7,600,000
2008	2007	70,080,000	8.0	8,760,000
2009	2008	113,520,000	12.0	9,460,000
2010	2009 + from retained earnings	133,560,000	12.6	10,600,000

The Ordinary and Extraordinary Shareholders' Meeting will be asked, in its ordinary capacity, to vote a resolution to allocate net income and to distribute a dividend as follows (sums in euros).

Net income for the year 2010	120,057,088.21
Allocated to the legal reserve (5%)	(6,002,854.41)
Income available	**114,054,233.80**
Prior retained earnings	9,133,152.36
Amount available for distribution	**123,187,386.16**
Proposed distribution, EUR 9.25 per share	(110,075,000.00)
Retained earnings after distribution	**13,112,386.16**

14. Capital increase

The Ordinary and Extraordinary Shareholders' Meeting of May 26, 2011, will be asked, in its extraordinary capacity, to increase the capital by EUR 110 million, raising the capital from EUR 1,190 million to EUR 1,300 million.

15. Outlook for 2011

The total volume of issues that Dexia MA plans to launch in 2011 is expected to be in line with the amounts issued in 2010. It will be mainly comprised of public issues in euros, making it possible to complement Dexia MA's euro benchmark curve. It should include greater currency diversification than in the last few years. Dexia MA will remain active in private placements in order to satisfy the needs of specific investors.

The volume of issues in 2011 is adapted to the Group's commercial production and the future transfer of assets from other Dexia Group entities, in order to respect the requirements of over-collateralization that apply to Dexia MA.

After these asset transfers, Belgian and French assets will still account for three-quarters of the cover pool.

Loans to local governments and bonds as of December 31, 2010

EUR millions	12/31/2010			12/31/2009		
	Loans to local governments	Bonds	Total	Loans to local governments	Bonds	Total
France						
State	208.5	-	208.5	228.1	-	228.1
Regions	1,963.9	152.3	2,116.2	2,005.6	161.8	2,167.4
Departments	6,438.3	-	6,438.3	6,504.4	-	6,504.4
Municipalities	18,730.9	110.0	18,840.9	18,899.7	117.9	19,017.6
Groups of municipalities	10,524.9	123.3	10,648.2	10,358.3	128.1	10,486.4
Public sector entities	10,176.3	-	10,176.3	9,868.2	-	9,868.2
Loans guaranteed by the State or by local governments	2,144.3	-	2,144.3	1,664.5	-	1,664.5
Credit institution (certificates of deposit)	-	599.8	599.8	-	1,400.0	1,400.0
TOTAL	**50,187.1**	**985.4**	**51,172.5**	**49,528.8**	**1,807.8**	**51,336.6**
Austria						
Länder	206.2	-	206.2	210.0	-	210.0
ABS	-	81.0	81.0	-	83.8	83.8
TOTAL	**206.2**	**81.0**	**287.2**	**210.0**	**83.8**	**293.8**
Portugal						
Municipalities	90.0	-	90.0	105.1	-	105.1
Public sector entities	10.7	-	10.7	11.6	-	11.6
Securities guaranteed by the State or by local governments	-	47.5	47.5	-	47.5	47.5
TOTAL	**100.7**	**47.5**	**148.2**	**116.7**	**47.5**	**164.2**
Iceland						
Securities guaranteed by the State or by local governments	-	180.4	180.4	-	180.4	180.4
TOTAL	**-**	**180.4**	**180.4**	**-**	**180.4**	**180.4**
Finland						
Municipalities	32.4	-	32.4	41.0	-	41.0
Public sector entities	53.1	-	53.1	58.0	-	58.0
TOTAL	**85.5**	**-**	**85.5**	**99.0**	**-**	**99.0**
Greece						
State	-	321.2	321.2	300.0	321.2	621.2
Securities guaranteed by the State or by local governments	-	100.0	100.0	-	100.0	100.0
TOTAL	**-**	**421.2**	**421.2**	**300.0**	**421.2**	**721.2**
Italy						
State	-	506.3	506.3	-	506.3	506.3
Regions	-	1,512.1	1,512.1	-	1,533.2	1,533.2
Provinces	-	246.2	246.2	-	203.6	203.6
Municipalities	14.7	1,567.3	1,582.0	15.0	1,609.6	1,624.6
ABS	-	9.1	9.1	-	12.8	12.8
Securities issued by DCC (see note 1 below)	-	3,681.1	3,681.1	-	3,835.8	3,835.8
Securities guaranteed by the State or by local governments	-	103.9	103.9	-	106.0	106.0
TOTAL	**14.7**	**7,626.0**	**7,640.7**	**15.0**	**7,807.3**	**7,822.3**

EUR millions	12/31/2010			12/31/2009		
	Loans to local governments	Bonds	Total	Loans to local governments	Bonds	Total
Spain						
Cedulas territoriales	-	3,000.0	3,000.0	-	3,200.0	3,200.0
Regions	-	178.8	178.8	-	178.9	178.9
Securities guaranteed by the State or by local governments	-	50.0	50.0	-	49.4	49.4
TOTAL	**-**	**3,228.8**	**3,228.8**	**-**	**3,428.3**	**3,428.3**
Switzerland						
Cantons	1,656.3	-	1,656.3	1,391.4	-	1,391.4
Municipalities	1,321.9	-	1,321.9	1,134.3	-	1,134.3
Public sector entities	120.1	-	120.1	101.1	-	101.1
Loans guaranteed by local governments	1,507.8	-	1,507.8	1,837.8	-	1,837.8
TOTAL	**4,606.1**	**-**	**4,606.1**	**4,464.6**	**-**	**4,464.6**
Belgium						
Regions	316.0	65.8	381.8	382.2	93.3	475.5
Communities	74.4	-	74.4	74.4	125.0	199.4
Public sector entities	86.9	-	86.9	91.6	-	91.6
State	-	-	-	-	374.0	374.0
Securities guaranteed by the State or by local governments	-	-	-	-	15.0	15.0
Securities issued by DSFB (see note 2 below)	-	7,235.5	7,235.5	-	3,271.7	3,271.7
Loans guaranteed by the State or by local governments	94.9	-	94.9	112.5	-	112.5
TOTAL	**572.2**	**7,301.3**	**7,873.5**	**660.7**	**3,879.0**	**4,539.7**
Germany						
Länder	-	503.7	503.7	-	503.1	503.1
Securities guaranteed by the State or by local governments	-	211.9	211.9	-	302.9	302.9
TOTAL	**-**	**715.6**	**715.6**	**-**	**806.0**	**806.0**
United States						
Federated states	-	252.9	252.9	-	252.9	252.9
TOTAL	**-**	**252.9**	**252.9**	**-**	**252.9**	**252.9**
Sweden						
Municipalities	128.3	-	128.3	137.8	-	137.8
Loans guaranteed by the State or by local governments	219.2	-	219.2	262.7	-	262.7
TOTAL	**347.5**	**-**	**347.5**	**400.5**	**-**	**400.5**
Canada						
Provinces	-	22.4	22.4	-	22.4	22.4
TOTAL	**-**	**22.4**	**22.4**	**-**	**22.4**	**22.4**

EUR millions	12/31/2010			12/31/2009		
	Loans to local governments	Bonds	Total	Loans to local governments	Bonds	Total
United Kingdom						
Securities guaranteed by the State or by local governments	-	664.6	664.6	-	725.3	725.3
TOTAL	**-**	**664.6**	**664.6**	**-**	**725.3**	**725.3**
Luxembourg						
Lettres de gage	-	1,850.0	1,850.0	-	2,350.0	2,350.0
Securities guaranteed by the State or by local governments	-	64.9	64.9	-	93.8	93.8
TOTAL	**-**	**1,914.9**	**1,914.9**	**-**	**2,443.8**	**2,443.8**
Japan						
Municipalities	-	25.0	25.0	-	25.0	25.0
TOTAL	**-**	**25.0**	**25.0**	**-**	**25.0**	**25.0**
Ireland						
Securities guaranteed by the State	-	-	-	-	170.0	170.0
TOTAL	**-**	**-**	**-**	**-**	**170.0**	**170.0**
GLOBAL*	**56,120.0**	**23,467.0**	**79,587.0**	**55,795.3**	**22,100.7**	**77,896.0**

** Excluding premiums and discounts*

	12/31/2010	12/31/2009
Premiums and discounts on securities	(22,0)	(17,3)
Foreign exchange adjustments on securities	(122,8)	(217,2)
Value of securities on the balance sheet (French GAAP)	**23,322,2**	**21, 866,2**

NOTE 1:
The DCC securities, in the amount of EUR 3,733.4 million as of December 31, 2010, were suscribed by Dexia MA for EUR 3,681.1 million. The purpose of this securitization vehicle created by Dexia Crediop is to allow refinancing by Dexia MA of Italian public sector assets transferred by Dexia Crediop to DCC.
The securities held by Dexia MA benefit from the guarantee of Dexia Crediop and are rated A by Fitch, A– by Standard & Poor's and A2 by Moody's. As of December 31, 2010, the assets held by DCC (series 1-2-3) could be broken down as follows.

Italian assets	EUR millions
State	-
Regions	1,958.1
Provinces	658.4
Municipalities	1,053.1
DCC bank account with Dexia Bank Belgium	63.8
TOTAL	**3,733.4**

NOTE 2:
The DSFB securities, in the amount of EUR 7,515.6 million as of December 31, 2010, were suscribed by Dexia MA for EUR 7,235.5 million. The purpose of this securitization vehicle created by Dexia Bank Belgium is to allow refinancing by other Dexia Group entities of assets generated by Dexia Bank Belgium. The securities issued by DSFB 1 and 2 held by Dexia MA benefit from the guarantee of Dexia Bank Belgium, and are rated A+ by Fitch, A by Standard & Poor's and A1 by Moody's. The securities issued by DSFB 4 are not guaranted by Dexia Bank Belgium and are rated AA by Fitch. As of December 31, 2010, the assets held by DSFB (compartments 1, 2 and 4) could be broken down as follows.

Belgian assets	EUR millions
State	-
Regions	590.5
Provinces	3,623.9
Public sector entities	2,442.1
Group of public sector entities	80.6
Loans guaranteed by local governments	778.5
TOTAL	**7,515.6**

Supervisory Board and Executive Board

Supervisory Board (March 2011)

Chairman
Philippe Rucheton

Vice Chairman
Benoît Debroise

Dexia Bank Belgium represented by
Michel Luttgens

Dexia Crediop represented by
Jean Le Naour

Dexia Credit Local represented by
Alain Clot

Dexia Sabadell represented by
José Luis Castillo

Édouard Daryabegui-Guilani

Jean-Luc Guitard

Johan Vankelecom

Stéphane Vermeire

Executive Board (March 2011)

Chairman
François Laugier

Chief Executive Officer
Gilles Gallerne

Chief Executive Officer
Cécile Van de Moosdyk

Christophe Piatte

Caroline Gruson

Directorships of members of management bodies

In application of article L.225-102-1 of the Code of Commerce, the following list presents the directorships and functions exercised in 2010 by each corporate officer of Dexia Municipal Agency who served during the year.

Supervisory Board

CHAIRMAN

Philippe Rucheton
62 years old
Member of the Management Board, Dexia SA
Dexia SA – Place Rogier 11 - B-1210 Brussels
- Member of the Board of Directors, Dexia Credit Local
- Member of the Board of Directors, Dexia Asset Management Luxembourg
- Member of the Board of Directors, Denizbank as
- Member of the Board of Directors, Dexia Holdings, Inc.
- Member of the Board of Directors, Dexia FP Holdings Inc.
- Member of the Board of Directors, Dexia Financial Products Services LLC (formerly HF Services LLC)
- Member of the Board of Directors, FSA Asset Management LLC
- Member of the Board of Directors, FSA Capital Markets Services LLC
- Member of the Board of Directors, FSA Capital Management Services LLC
- Member of the Board of Directors, Dexia Insurance Belgium
- Member of the Board of Directors, Dexia BIL (since June 2010)

VICE CHAIRMAN

Benoît Debroise
50 years old
Member of the Executive Committee, Dexia SA
Dexia SA – Place Rogier 11 – B-1210 Brussels
- Member of the Board of Directors and member of the Management Board, Dexia Bank Belgium
- Member of the Board of Directors, Dexia Crediop
- Chairman of the Board of Directors, Dexia Real Estate Capital Markets (until July 2010)
- Member of the Board of Directors, Dexia Capital Ireland
- Member of the Board of Directors, Dexia Investments Ireland
- Member of the Board of Directors, Dexia Microcredit Fund
- Chairman of the Board of Directors, Dexia Securities France SA
- Chairman of the Board of Directors, Dexia Securities France Holding
- Member of the Board of Directors, Dexia Holdings, Inc.
- Member of the Board of Directors, Dexia FP Holdings Inc.
- Member of the Board of Directors, Dexia Financial Products Services LLC (formerly HF Services LLC)
- Member of the Board of Directors, FSA Asset Management LLC
- Member of the Board of Directors, FSA Capital Markets Services LLC
- Member of the Board of Directors, FSA Capital Management Services LLC
- Member of the Board of Directors, FSA PAL

MEMBERS

Didier Casas (until December 15, 2010)
40 years old
4, impasse Eveillard - 75020 Paris
- Member and Chairman of the Board of Directors, Dexia CLF Immo (until December 2010)
- Permanent representative of Dexia CLF Immo, member of the Board of Directors, Compagnie pour le Foncier et l'Habitat (CFH)

Dexia Bank Belgium represented by Michel Luttgens
42 years old
Dexia Bank Belgium – Boulevard Pacheco 44, B-1000 Brussels
- Member of the Board of Directors, ADINFO Belgium SA (until September 2010)
- Chairman and Member of the Board of Directors, Cevi VZW (formerly Cevi NV)
- Chairman and Member of the Board of Directors, Logins N.V. (until September 2010)

Dexia Crediop represented by Jean Le Naour
45 years old
Dexia Crediop – Via Venti Settembre, 30 - I-00187 Rome
- Chief Executive Officer, Dexia Crediop

Dexia Credit Local represented by Pascal Poupelle (until January 3, 2011)
56 years old
32, boulevard de l'Hôpital – 75005 Paris
- Member of the Management Board, Dexia SA (until December 2010)
- Chief Executive Officer and member of the Board of Directors, Dexia Credit Local (until December 2010)
- Vice Chairman of the Board of Directors, Dexia Crediop (until December 2010)
- Chairman of the Board of Directors, Dexia Sabadell (until December 2010)
- Permanent representative of Dexia Credit Local, member of SOFCA-GIE (until January 2011)
- Chairman of the Board of Directors, LCL Obligations Euro (until June 2010)
- Chairman of the Board of Directors, Dexia Sofaxis (until December 2010)

- Permanent representative of Dexia Credit Local, member of the Supervisory Board, Dexia CLF Banque (until January 2011)
- Member of the Board of Directors, Dexia Holdings, Inc. (until December 2010)
- Member of the Board of Directors, Dexia FP Holdings Inc. (until December 2010)
- Member of the Board of Directors, Dexia Financial Products Services LLC (formerly HF Services LLC) (until December 2010)
- Member of the Board of Directors, FSA Asset Management LLC (until December 2010)
- Member of the Board of Directors, FSA Capital Markets Services LLC (until December 2010)
- Member of the Board of Directors, FSA Capital Management Services LLC (until December 2010)

Dexia Sabadell represented by José-Luis Castillo

56 years old

Dexia Sabadell - Paseo de las Doce Estrellas, n°4 - Campo de las Naciones 28042 Madrid

- Chief Executive Officer, Dexia Sabadell
- Member of the Board of Directors, Popular Banca Privada

Edouard Daryabegui-Guilani

43 years old

Dexia Credit Local - Tour Dexia La Défense 2 - 1, Passerelle des Reflets - 92913 La Défense

- Member of the Management Board, Dexia Kommunalkredit Bank AG
- Member of the Supervisory Board, Dexia Kommunalkredit Bank Polska
- Member of the Board of Directors, Dexia LdG Banque SA (since April 2010)

Jean-Luc Guitard

45 years old

Dexia Credit Local - Tour Dexia La Défense 2 - 1, Passerelle des Reflets - 92913 La Défense

- Chairman of the Board of Directors, Dexia CLF Banque
- Chairman of the Board of Directors and Chief Executive Officer, Floral
- Member of the Board of Directors, Dexia Sofaxis
- Member of the Board of Directors, Domiserve
- Member of the Board of Directors, Dexia LdG Banque SA (until April 2010)
- Permanent representative of Dexia Credit Local, member of the Board of Directors, Dexia Flobail (until April 2010)
- Permanent representative of Dexia Credit Local, member of the Board of Directors, Dexia CLF Régions Bail (until April 2010)
- Permanent representative of Dexia Credit Local, member of the Board of Directors, Domiserve +
- Permanent representative of Dexia Credit Local, member of the Board of Directors, Dexia CLF Immo (until March 2010)
- Permanent representative of Dexia Credit Local, member of the Board of Directors, Publiservices
- Member of the collegial committee, Exterimmo
- Member of the Board of Directors, Fédération des entreprises publiques locales

Claude Schon (until October 7, 2010)

54 years old

Dexia BIL – 69 route d'Esch - L 2953 Luxembourg

- Member of the Management Board, Dexia BIL
- Vice Chairman of the Supervisory Board, Dexia Kommunalbank Deutschland AG (until October 2010)
- Chairman of the Board of Directors, Dexia Funding Luxembourg
- Member of the Board of Directors, Dexia Investment Company (until October 2010)
- Member of the Board of Directors, Dexia LdG Banque SA
- Member of the Board of Directors, Parfipar SA
- Member of the Board of Directors, Société de la Bourse de Luxembourg SA
- Member of the Board of Directors, Dexia Overseas SA (since October 2010)
- Member of the Board of Directors, Dexia Securities France Holding (since October 2010)
- Member of the Board of Directors, Dexia Securities France SA (since October 2010)

Johan Vankelecom

39 years old

Dexia SA – Place Rogier 11 - B-1210 Brussels

Stéphane Vermeire

39 ans

Dexia Credit Local – Tour Dexia La Défense 2 - 1, Passerelle des Reflets - 92913 La Défense

- Chairman of the Supervisory Board, Dexia Kommunalbank Deutschland AG
- Chairman of the Supervisory Board, Dexia Kommunalkredit Bank AG
- Chairman of the Supervisory Board, Dexia Israel Banque Ltd
- Chairman of the Supervisory Board, Dexia Credit Local Asia Pacific Pty Ltd
- Member of the Board of Directors, Dexia Sabadell SA
- Member of the Board of Directors, Fonds de pension complémentaire Dexia
- Chairman of the Board of Directors, Vermeire Transmissions SA
- Chairman of the Board of Directors, Vermeire Aandrijvingen, NV
- Chairman of the Board of Directors, Produits pour le Commerce pour l'Industrie
- Chairman of the Board of Directors, Dexia Real Estate Capital Markets (DRECM) (since July 2010)

Executive Board

CHAIRMAN

François Laugier
46 years old
Dexia Credit Local - Tour Dexia La Défense 2 - 1, Passerelle des Reflets - 92913 La Défense
- Member of the Supervisory Board and Vice Chairman of the Supervisory Board (since April 2010), Dexia Kommunalkredit Bank AG
- Member of the Board of Directors, SISL
- Member of the Board of Directors, Dexia LdG Banque SA
- Member of the Supervisory Board, Dexia Kommunalbank Deutschland AG
- Member of the Board of Directors, Dexia Crediop

MEMBERS

Gilles Gallerne – Chief Executive Officer
47 years old
Dexia Credit Local - Tour Dexia La Défense 2 - 1, Passerelle des Reflets - 92913 La Défense
- Member of the Board of Directors, CBX.GEST

Cécile Van de Moosdyk – Chief Executive Officer
40 years old
Dexia Bank Belgium – Avenue Galilée 5 - B-1210 Brussels
- Member of the Board of Directors, Dexia LdG Banque SA

Hervé Foyan Djoudom (until July 22, 2010)
37 years old
Dexia Credit Local – Tour Dexia La Défense 2 - 1, Passerelle des Reflets - 92913 La Défense
- Managing Director, Dexia Credit Local Dublin Branch (until June 2010)
- Managing Director, Dexia Municipal Agency Dublin Branch (until June 2010)

Christophe Piatte
37 years old
Dexia Credit Local - Tour Dexia La Défense 2 - 1, Passerelle des Reflets - 92913 La Défense
- Managing Director, Dexia Municipal Agency Dublin Branch
- Member of the Board of Directors, SISL
- Member of the Board of Directors, SISL UK Co

Catherine Mazars (from August 26, 2010, to January 4, 2011)
40 years old
Dexia Credit Local – Tour Dexia La Défense 2 - 1, Passerelle des Reflets - 92913 La Défense

Compensation of members of management bodies

Dexia Municipal Agency pays no compensation to the members of its management bodies, all of whom are employees within the Dexia Group and who exercise their mandates with no specific compensation.

Readers are reminded that Dexia Municipal Agency has no compensation committee and that reference is made to the compensation committee that exists at the level of Dexia SA.

Statutory’s Auditors

The Statutory Auditors of Dexia Municipal Agency and their alternates are:

Mazars
Exaltis - 61, rue Henri Regnault - 92075 La Défense Cedex
represented by Hervé Hélias, Partner, and Virginie Chauvin, Partner
Alternate: Pierre Masieri
Re-appointed by the Ordinary and Extraordinary Shareholders’ Meeting of March 24, 2005, until after the Shareholders’ Meeting called to approve the financial statements for the year ending December 31, 2010.

Deloitte & Associés
185, avenue Charles de Gaulle - 92524 Neuilly-sur-Seine Cedex
represented by José-Luis Garcia, Partner
Alternate: BEAS, represented by Mireille Berthelot, Partner
Appointed by the Ordinary and Extraordinary Shareholders’ Meeting of May 26, 2008, until after the Shareholders’ Meeting called to approve the financial statements for the year ending December 31, 2010.

Specific Controller

Fidus
12, rue de Ponthieu - 75008 Paris
represented by Jean-Michel Thierry (as of March 23, 2011, to replace Christian Comerman).
This appointment was renewed by the Supervisory Board on March 23, 2011, for a term of four years.

Alternate:
Groupement d’expertise de France
10, rue de la Grange Batelière - 75009 Paris
represented by François Dumenil

IFRS Financial Statements

Assets as of December 31, 2010

EUR millions	Note	12/31/2008	12/31/2009	12/31/2010
Central banks	2.1	-	4	2
Financial assets at fair value through profit or loss		-	-	-
Hedging derivatives	4.1	4,026	2,814	5,906
Financial assets available for sale	2.2	1,325	3,304	1,865
Loans and advances due from banks	2.3	10,174	7,810	7,171
Loans and advances to customers*	2.4	70,287	71,078	78,025
Fair value revaluation of portfolio hedge		801	692	1,114
Financial assets held to maturity		-	-	-
Current tax assets	2.5	11	4	7
Deferred tax assets	2.5	223	132	131
Accruals and other assets	2.6	-	10	9
TOTAL ASSETS		**86,847**	**85,848**	**94,230**

* Figures as of December 31, 2009, have been modified. Cf. Notes to the financial statements - "Significant events".

Liabilities as of December 31, 2010

EUR millions	Note	12/31/2008	12/31/2009	12/31/2010
Central banks	3.1	7,473	-	-
Financial liabilities at fair value through profit or loss		-	-	-
Hedging derivatives	4.1	8,463	5,806	10,887
Due to banks	3.2	4,410	10,352	12,541
Customer borrowings and deposits		-	-	-
Debt securities	3.3	64,266	65,933	66,819
Fair value revaluation of portfolio hedge		990	1,256	1,557
Current tax liabilities	3.4	6	3	9
Deferred tax liabilities*	3.4	-	15	4
Accruals and other liabilities	3.5	525	1,481	1,344
Provisions		-	-	-
Subordinated debt		-	-	-
Equity	3.6	**714**	**1,002**	**1,069**
Share capital and additional paid-in capital		946	1,060	1,190
Reserves and retained earnings*		12	12	24
Unrealised or deferred gains and losses	4.4	(357)	(216)	(254)
Net income*		113	146	109
TOTAL LIABILITIES		**86,847**	**85,848**	**94,230**

* Figures as of December 31, 2009, have been modified. Cf. Notes to the financial statements - "Significant events".

Income statement

EUR millions	Note	2008	2009	2010
Interest income*	5.1	12,394	7,325	6,486
Interest expense	5.1	(12,139)	(7,026)	(6,230)
Fee and commission income	5.2	-	-	-
Fee and commission expense	5.2	(4)	(5)	(5)
Net gains (losses) on financial instruments at fair value though profit or loss	5.3	-	-	-
Net gains (losses) on financial assets available for sale	5.4	3	28	12
Net result of hedge accounting and fair value option		-	-	-
Other income		-	-	-
Other expense		-	-	-
Net banking income		**254**	**322**	**263**
Operating expense	5.5	(92)	(92)	(96)
Cost of risk	5.6	(3)	(5)	(4)
Operating income		**159**	**225**	**163**
Net gains (losses) on other assets		-	-	-
Income before tax		**159**	**225**	**163**
Income tax*	5.7	(46)	(79)	(54)
NET INCOME		**113**	**146**	**109**
Earnings per share (EUR)*				
- Basic		12	14	9
- Diluted		12	14	9

* Figures as of December 31, 2009, have been modified. Cf. Notes to the financial statements - "Significant events".

Net income and unrealised or deferred gains and losses through equity

EUR millions	2009	2010
Net income*	**146**	**109**
Translation adjustments	-	-
Unrealised or deferred gains and losses of financial assets available for sale	91	(56)
Unrealised or deferred gains and losses of cash flow hedges	125	6
Taxes	(75)	12
Total of unrealised or deferred gains and losses through equity	**141**	**(38)**
NET INCOME AND UNREALISED OR DEFERRED GAINS AND LOSSES THROUGH EQUITY	**287**	**71**

* Figures as of December 31, 2009, have been modified. Cf. Notes to the financial statements - "Significant events".

Equity

EUR millions	Core equity			Unrealised or deferred gains and losses			
	Share capital, Additional paid-in capital	Retained earnings and net income for the period*	Total	Net change in fair value of available for sale financial assets, after tax	Net change in fair value of hedging derivatives, after tax	Total	Equity
AS OF DECEMBER 31, 2009, IFRS	**1,060**	**158**	**1,218**	**(190)**	**(26)**	**(216)**	**1,002**
Movements during the period							
Share capital	130	-	130	-	-	-	130
Dividends	-	(134)	(134)	-	-	-	(134)
Changes in fair value of available for sale financial assets through equity	-	-	-	(42)	-	(42)	(42)
Changes in fair value of hedging derivatives through equity	-	-	-	-	4	4	4
Changes in fair value of available for sale financial assets through profit and loss	-	-	-	-	-	-	-
Changes in fair value of hedging derivatives through profit and loss	-	-	-	-	-	-	-
Net income for the period	-	109	109	-	-	-	109
Other movements	-	-	-	-	-	-	-
AS OF DECEMBER 31, 2010, IFRS	**1,190**	**133**	**1,323**	**(232)**	**(22)**	**(254)**	**1,069**

** Figures as of December 31, 2009, have been modified. Cf. Notes to the financial statements - "Significant events".*

Dexia MA has share capital of EUR 1,190 million that is made up of 11,900,000 shares with a par value of EUR 100.

Cash flow statement

EUR millions	2008	2009	2010
NET INCOME BEFORE TAXES*	159	146	109
+/- Depreciation and write-downs	3	4	5
+/- Expense/income from operating activities	(269)	116	125
+/- Expense/income from financing activities	240	32	(84)
+/- Other non-cash items	(59)	21	(372)
= Non-monetary items included in net income before tax and other adjustments	**(85)**	**173**	**(326)**
+/- Cash from interbank operations (Dexia Credit Local and Banque de France)	7,726	(7,126)	-
+/- Cash from interbank operations (customer loans)	(987)	1,995	28
+/- Cash from customer operations (loans)	(2,949)	(1,003)	414
+/- Cash from financing assets	(2,888)	(2,217)	(1,344)
+/- Cash from hedging financial instruments	247	1,143	159
- Income tax paid	(75)	(45)	(44)
= Decrease/(increase) in cash from operating activities	**1,074**	**(7,252)**	**(787)**
CASH FLOW FROM OPERATING ACTIVITIES (A)	1,148	(6,933)	(1,004)
CASH FLOW FROM INVESTING ACTIVITIES (B)	-	-	-
+/- Cash from or for shareholders	-	-	(4)
+/- Other cash from financing activities	5,174	1,278	(1,205)
CASH FLOW FROM FINANCING ACTIVITIES (C)	5,174	1,278	(1,209)
EFFECT OF CHANGES IN EXCHANGE RATES ON CASH (D)	-	-	-
Increase/(decrease) in cash equivalents (A + B + C + D)	**6,322**	**(5,655)**	**(2,213)**
Cash flow from operating activities (A)	1,148	(6,933)	(1,004)
Cash flow from investing activities (B)	-	-	-
Cash flow from financing activities (C)	5,174	1,278	(1,209)
Effect of changes in exchange rates on cash (D)	-	-	-
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	(7,484)	(1,162)	(6,817)
Central banks (assets & liabilities)	15	(334)	4
Interbank accounts (assets & liabilities) and loans/deposits at sight	(7,499)	(828)	(6,821)
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	(1,162)	(6,817)	(9,030)
Central banks (assets & liabilities)	(334)	4	2
Interbank accounts (assets & liabilities) and loans/deposits at sight	(828)	(6,821)	(9,032)
NET CASH	6,322	(5,655)	(2,213)

* *Figures as of December 31, 2009, have been modified. Cf. Notes to the financial statements - "Significant events".*

Notes to the IFRS Financial Statements as of December 31, 2010

1. APPLICABLE ACCOUNTING PRINCIPLES

1.1 - CONTEXT OF PUBLICATION

Dexia Municipal Agency decided to publish a set of individual financial statements according to IFRS.
This publication is voluntary and the reference for the preparation of the financial statements is consistently, in compliance with legislation applicable in France, French generally accepted accounting principles (French GAAP).
Dexia Municipal Agency presented its first annual financial statements prepared according to IFRS to report the fiscal year 2008.
The financial statements as of December 31, 2010, were examined by the Executive Board on March 21, 2011.

1.2 - YEAR'S HIGHLIGHTS

Dexia Municipal Agency detected an anomaly in the information system that in 2009 over-amortized expenses on Loans and advances to customers. In accordance with IAS 8-49, the Company restated its published financial statements and the notes to its financial statements for the periods prior to December 31, 2010.

The impact of the restatements was as follows:

Assets EUR millions	**Note**	**12/31/2009 published version**	**Correction**	**12/31/2009 corrected version**
Loans and advances to customers	2.4	71,060	18	71,078
TOTAL ASSETS		**85,830**	**18**	**85,848**

Liabilities EUR millions	**Note**	**12/31/2009 published version**	**Correction**	**12/31/2009 corrected version**
Deferred tax liabilities	3.4	9	6	15
Equity	3.6	990	12	1,002
Net income		134	12	146
TOTAL LIABILITIES		**85,830**	**18**	**85,848**

Income Statement EUR millions	**Note**	**12/31/2009 published version**	**Correction**	**12/31/2009 corrected version**
Interest income	5.1	7,308	18	7,325
Net banking income		**305**	**18**	**322**
Income before tax		**207**	**18**	**225**
Income tax	5.7	(73)	(6)	(79)
NET INCOME		**134**	**12**	**146**
Earnings per share (EUR)				
- Basic		12.66	1.12	13.78
- Diluted		12.66	1.12	13.78

1.3 - APPLICABLE ACCOUNTING PRINCIPLES

a. Application of IFRS adopted by the European Commission (IFRS EU)

On July 19, 2002, the European Commission published regulation EC 1606/2002, which obliged listed groups to apply IFRS as of January 1, 2005. Dexia has thus applied these standards since that date.

Dexia Municipal Agency decided to apply as of January 1, 2007, all the IAS, IFRS, SIC and IFRIC adopted by the European Commission. Consequently, Dexia Municipal Agency restated its previously reported 2007 financial statements according to the same rules.

Since its publication in 2002, regulation EC 1606/2002 has been updated several times. Dexia Municipal Agency's financial statements have therefore been prepared in accordance with IFRS regulations and interpretations published and endorsed by the European Commission up to the accounting closing on December 31, 2010, including the conditions for the application of a interest rate portfolio hedging and the possibility of hedging deposits.

The financial statements are prepared on a going concern basis. They are stated in millions of euros (EUR) unless otherwise noted. They are compliant with CNC recommendation 2009 R04 published on July 2, 2009.

In preparing the consolidated financial statements, management is required to make estimates and assumptions that affect the amounts reported. In order to make assumptions and estimates, management uses information available at the date of preparation of the financial statements and exercices its judgment. While management believes it has considered all available information in developing these estimates, actual results could differ from such estimates and the differences could be material to the financial statements.

Judgments were principally made in the following areas:
- classification of financial instruments,
- determination of whether or not the market is active,
- hedge accounting procedures,
- existence of a present obligation with probable outflows in the event of litigation,
- identification of impairment triggers.

These judgments are developed in the corresponding sections of these applicable accounting principles.

Estimates were principally made in the following areas:
- determination of the recoverable amount of impaired financial assets,
- estimate of future taxable profit for the recognition and measurement of deferred tax assets.

b. Changes in accounting policies since the previous annual report that may impact Dexia Municipal Agency

The following review of changes in accounting policies is based on the situation at closing on December 31, 2010.

1. New IFRS, interpretations, IFRIC and amendments adopted by the European Commission and applied since January 1, 2010

Since January 1, 2010, the European Commission has adopted the following standards, interpretations and amendments.
- Improvements made in 2009 to IFRS and IAS, a series of amendments to IFRS, applied as of January 1, 2010. The revision of these standards has no material impact on the financial statements of Dexia Municipal Agency.
- Amendments to IFRS 2 "Share-based payment", "Group cash-settled share-based payment transactions", applied since January 1, 2010. These amendments are designed to clarify the field of application of IFRS 2 and have no impact on Dexia Municipal Agency, which does not conduct cash-settled share-based payment.
- Revised IFRS 1 "First-Time adoption of International Financial Reporting Standards" replaces the standard issued in June 2003. This text is applied as of January 1, 2010. The revision of this standard has no impact on Dexia Municipal Agency, which is no longer a first-time adopter.
- Amendments to IFRS 1 "First-Time adoption of International Financial Reporting Standards". "Additional exemptions for first-time adopters", applied as of January 1, 2010. These amendments have no impact on Dexia Municipal Agency, which is no longer a first-time adopter.
- Revised IFRS 3 "Business combinations" replaces the standard issued in 2004 and is applied as of January 1, 2010. The revision of this standard has no impact on Dexia Municipal Agency.
- Revised IAS 27 "Consolidated and separate financial statements" is applied as of January 1, 2010. This amendment should be seen in relation with the revised IFRS 3 "Business combinations". The revision of this standard has no impact on Dexia Municipal Agency.
- Amendment to IAS 39 Financial Instruments: Recognition and Measurement, "Eligible hedging items", applied as of January 1, 2010. This amendment has no impact on Dexia Municipal Agency.
- Amendments to IFRS 5 "Non-current assets held for sale and discontinued operations", which were part of the improvements made to IFRS and applied as of January 1, 2010. These amendments have no impact on Dexia Municipal Agency.
- IFRIC 12 "Service Concession Agreements", applied as of January 1, 2010. This interpretation has no impact on Dexia Municipal Agency.
- IFRIC 15 "Agreements for the construction of real estate", applied as of January 1, 2010. This interpretation has no impact on Dexia Municipal Agency.

- IFRIC 16 "Hedges of a net investment in a foreign operation", applied as of January 1, 2010. This interpretation has no impact on Dexia Municipal Agency.
- IFRIC 17 "Distributions of non-cash assets to owners", applied as of January 1, 2010. This interpretation has no impact on Dexia Municipal Agency.
- IFRIC 18 "Transfers of assets from customers" applied as of January 1, 2010. This interpretation has no impact on Dexia Municipal Agency.

2. IASB and IFRIC adopted by the European Commission during the year but not applicable as of January 1, 2010

- Amendment to IAS 1 "Limited exemption from IFRS comparative disclosure for first-time adopters", which will be applicable for the first time in fiscal years beginning as of January 1, 2011. This amendment has no impact on Dexia Municipal Agency, which is no longer a first-time adopter.
- Amendment to IFRIC 14 "Prepayments of a minimum funding requirement", applicable as of January 1, 2011. This amendment has no impact on Dexia Municipal Agency, which is no longer a first-time adopter.
- IAS 24 "Related party disclosures", applicable as of January 1, 2011. This standard replaces "Related party disclosures" (in its revised 2003 version). This amendment has no impact on Dexia Municipal Agency.
- IFRIC 19 "Extinguishing financial liabilities with equity instruments", applicable as of January 1, 2011. This amendment has no impact on Dexia Municipal Agency.

3. New IFRS, interpretations, IFRIC and amendments issued during the year but not yet adopted by the European Commission

- Improvements made to IFRS (issued by IASB in May 2010), a series of amendments to IFRS, applicable as of January 1, 2011. The impact of the revision of these standards on the financial statements of Dexia Municipal Agency is currently being analyzed.
- Amendment to IFRS 7 "Disclosures – Transfers of financial assets" (issued by IASB in October 2010) introducing new disclosure requirements for the transfer of financial assets. This amendment will be applicable as of January 1, 2012, and its impact on Dexia Municipal Agency is currently being analyzed.
- Amendment to IAS 12 "Deferred tax: recovery of underlying assets" (issued by IASB in December 2010). This amendment will be applicable as of January 1, 2012, and has no impact on Dexia Municipal Agency.

1.4 - ACCOUNTING PRINCIPLES APPLIED TO THE FINANCIAL STATEMENTS

a. Offsetting financial assets and financial liabilities

In certain circumstances, financial assets and financial liabilities are offset and the net amount reported in the balance sheet. This could happen when there is a legally enforceable right to set off the recognized amounts and it is the intention of both parties that expected future cash flows will be settled on a net basis, or that the asset will be realized and the liability settled simultaneously.

b. Foreign currency translation and transactions

Foreign currency transactions are accounted for using the exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are recognized at closing rates. Non-monetary assets and liabilities recognized at fair value and denominated in foreign currencies existing at the closing date are recognized at closing rates, whereas non-monetary assets and liabilities recognized at discounted cost are recorded at their historical rates. The resulting exchange differences from monetary assets and liabilities are recognized in income, except for the foreign exchange impact of fair value adjustments to bonds available for sale. The exchange differences from non-monetary assets and liabilities recognized at fair value are recognized as fair value adjustments.

c. Trade date and settlement date accounting

All purchases and sales of financial assets and financial liabilities are recognized on the settlement date, which is the date that a financial asset or a financial liability is received or delivered by Dexia Municipal Agency.
Dexia Municipal Agency's hedges are recognized at fair value at the date of trade. Unrealized gains and losses are recognized in income unless the transactions have been assigned to cash flow hedges.

d. Financial assets

Management determines the appropriate classification of its investments at the time of the purchase. However, under certain conditions, the financial asset may be restated at a later date.

1. Loans and advances to banks and customers

The relevant IFRS defines loans as non-derivative financial assets with determined or determinable payments, which are not quoted on an active market, except for:
- those that the entity intends to sell immediately or in the near future, which should be classified as held for trading

and those that the entity, at the time of initial recognition, designates as being at their fair value through profit or loss;
- those that the entity, at the time of initial recognition, designates as available for sale;
- those for which the bearer may not be able to recover almost all of his initial investment for reasons other than the deterioration of credit, which should be classified as available for sale.

At initial recognition, Dexia Municipal Agency records the loans and advances at fair value, to which transaction costs are added. Later estimates are made at amortized cost, less any allowance for impairment. Interest, which is calculated by the effective interest rate method, is recognized within the interest margin.
The effective interest rate is the rate that updates with precision future expected cash flows over the expected life of the financial instrument, or when more appropriate, over a shorter period so as to obtain the financial asset's net carrying amount.

2. Financial assets available for sale and held to maturity

Financial assets held to maturity

Quoted securities with fixed maturity are classified as "Financial assets held to maturity" (HTM) when management has both the intent and the ability to hold the assets to maturity. Assets held to maturity are initially recognized at fair value (including transaction costs) and they are subsequently carried at amortized cost, less any allowance for impairment. Interest is recognized based on the effective interest rate method initially determined and is recognized within the interest margin.

Financial assets available for sale

Assets held for an indefinite period of time, which may be sold in response to a need for liquidity or changes in interest rates, foreign exchange rates or equity prices, are classified as "Financial assets available for sale" (AFS). Assets recognized by Dexia Municipal Agency as "Financial assets available for sale" are, except for certain cases, intended to be held to maturity.
Assets available for sale are initially recognized at fair value (including transaction costs). Interest is recognized based on the effective interest rate method and is recognized within the interest margin. Unrealized gains and losses arising from changes in the fair value of financial assets available for sale are recognized in equity. When these assets are sold, the fair value accumulated in equity is recycled in the income statement as "Net income from financial instruments available for sale".

When financial assets available for sale are restated as loans and advances at a later date on the basis of the October 2008 amendment to IAS 39, the reserve representative of changes in the fair value of financial assets available for sale as presented in the financial statements as of December 31, 2010, corresponds to the part of this reserve still to be amortized with regard to the securities restated as of October 1, 2008.

3. Financial assets held for trading

Dexia Municipal Agency holds no assets for trading.

4. Financial assets measured at fair value through profit or loss

Dexia Municipal Agency does not make use of the option to designate its financial assets at fair value through profit or loss.

5. Realized gains and losses on sales of financial assets

For financial assets not revalued through profit or loss, realized gains or losses on disposals are the differences between the proceeds received (net of transaction costs) and the costs or amortized costs of the assets. The cost is systematically determined (FIFO) on a portfolio basis.
When a financial asset available for sale is sold, the total of gains or losses previously recognized in equity is reclassified in income.

6. Accounting for early reimbursement penalties

Dexia Municipal Agency has determined the accounting principles applicable to the restructuring of loans in accordance with AG 62 of IAS 39 concerning the restructuring of debt on financial assets.
Regarding the method of accounting for early reimbursement penalties, there are several possibilities depending on whether the early reimbursement is recognized as being an early reimbursement with refinancing or an extinguishment without refinancing.

Early reimbursement with refinancing

The method of accounting for early reimbursement penalties differs depending on whether the restructuring conditions are substantially different from those set initially.
In line with the principles of AG 62, Dexia MA considers that the conditions are substantially different when the net present value of the cash flows under the new conditions, including any fees paid net of any fees received, is more than 10% different from the discounted net present value of the cash flows remaining from the original loan.
Early reimbursement penalties are recognized immediately in income or else amortized over the life of the new loan depending on the results of the eligibility test. If the eligibility test is passed (i.e. the difference in net present value is less than 10%), any early reimbursement penalties are amortized over the term of the new loan. If not (i.e. the difference exceeds 10%), early reimbursement penalties are recognized immediately in income.

Early reimbursement without refinancing
When a loan has been extinguished, Dexia Municipal Agency recognizes the early reimbursement penalty and any gains or losses of unamortized premium or discount, as income for the period, as required by IFRS.

7. Impairment of financial assets
Dexia Municipal Agency records allowances for impairment losses when there is objective evidence that a financial asset or group of financial assets is impaired as a result of one or several events occurring after initial recognition of the financial asset and that this loss-generating event, has an impact on the estimated future cash flows of the financial asset or group of financial assets, which may be reliably estimated, in accordance with IAS 39 (§58-70). The impairment represents the management's best estimates of losses at each balance-sheet date.

Financial assets at amortized cost
Dexia Municipal Agency first tries to determine whether there is objective evidence of impairment for a financial asset individually. If no proof exists, the financial asset is included in a group of financial assets presenting similar credit-risk characteristics, submitted collectively to an impairment test.

- Determination of impairment
- Specific loss allowance. If there is objective evidence that a loan or advance or a financial asset held until maturity is impaired, the amount of the loss allowance is the difference between the carrying amount and the recoverable value. The recoverable value of a financial asset is the present value of expected cash flows, net of guarantees and collateral, discounted using the interest rate in effect at origination of the financial asset (except for reclassified assets, see below). When an asset is impaired, it is excluded from the portfolio, on which a collective loss allowance is calculated.
- Collective allowance. Collective loss impairments cover incurred losses not covered by specific impairment where there is objective evidence that probable losses are present in segments of the portfolio or other lending commitments at the balance-sheet date. These have been estimated on the basis of past performance and historical patterns of losses in each segment, the credit ratings allocated to the borrowers, and the current economic environment in which the borrowers operate. For that purpose, Dexia Municipal Agency uses the credit risk model developed by Dexia Credit Local, which is based on an approach that combines appropriate default probabilities and losses in the event of default that are subject to regular back testing and are based on Basel II data and risk models, consistently with the incurred loss model.

- Accounting for impairment
Changes in the amount of the impairment are recognized in income under "Cost of risk". Once the asset is impaired, if the amount of the impairment decreases subsequent to an event that occurs after recognition of impairment, the reversal of impairment is credited with "Impairment of loans and provisions for loan commitments".
When a financial asset is determined by management to be uncollectible, the residual specific loss allowance is reversed in income as "Cost of risk", and the net loss is likewise so recognized. Subsequent recoveries are recognized in income as well, under "Cost of risk".

Reclassified financial assets
Impairment of reclassified financial assets follows the same rules as for financial assets at amortized cost with regard to its calculation. If there is objective evidence that a reclassified financial assets is impaired, the amount of the impairment of the reclassified asset is calculated as the difference between the asset's net carrying amount (excluding fair value revaluations linked to the previous classification in AFS) and the present value of expected cash flows at the interest rate in effect at the date of reclassification. Any frozen unamortized AFS reserve is recycled in income and presented under the heading "Provisions on loans and provision for loan commitments".
If there is a positive update of expected cash flows, the amount of impairment is reversed in the interest margin according to the new schedule for expected cash flows, and not by a reversal of impairment.

Assets available for sale
Impairment of an asset available for sale is recognized on an individual basis when there is objective evidence of loss, as a result of one or more events that occurred after the asset's initial recognition. Assets available for sale (AFS) are only subject to specific loss allowances.

- Determination of impairment
Interest-bearing financial assets are impaired according to the same criteria as the financial assets valued at amortized cost (see above).

- Accounting for impairment
When financial assets available for sale are impaired, Dexia Municipal Agency recycles the AFT reserve and presents impairment in the income statement under "Cost of risk" (when the financial asset available for sale has again become fixed) or under "Net income from financial instruments".
If there is an increase in the fair value of an interest-bearing financial instrument linked objectively to an event after the date impairment was recognized, Dexia Municipal Agency records a reversal of impairment in income under "Net income from investments".

Off-balance sheet commitments

Off-balance sheet commitments such as credit substitutes (e.g. guarantees and stand-by letters of credit) and loan commitments are converted into balance-sheet items when they are called. Nevertheless, under certain circumstances (in particular, uncertainty about a counterparty's solvency), the off-balance sheet commitment should be considered as impaired. Loan commitments are subject to impairment if a client's solvency deteriorates to the point that it induces a doubt about whether the loan's capital and related interest will be repaid

8. Sale and repurchase agreements and lending of securities

Securities sold subject to a repurchase agreement (repos) remain recognized in the financial statements in their original categories. The corresponding liability is included in "Due to banks" or "Customer borrowings and deposits" as appropriate. The asset is reported as pledged in the notes to the financial statements.
Securities purchased under agreements to resell (reverse repos) are recorded off-balance sheet and the corresponding loans are recognized as "Loans and advances due from banks" or "Loans and advances to customers", as appropriate.
The difference between the sale and repurchase price is treated as interest income or expense and is accrued over the life of the agreements using the effective interest rate method.
Securities lent to counterparties are retained in the financial statements. Securities borrowed are not recognized in the financial statements. If the borrowed securities are sold to third parties, the obligation to return them is recorded at fair value in "Financial liabilities measured at fair value though profit or loss", and the gain or loss is included in "Net income from financial instruments at fair value through profit or loss". Currently, Dexia Municipal Agency does not engage in this type of transaction.

e. Financial liabilities

1. Liabilities measured at fair value through profit or loss

Dexia Municipal Agency does not use this option.

2. Borrowings

Borrowings are recognized initially at fair value, i.e. their issue proceeds net of transaction costs incurred. Subsequently, borrowings are stated at amortized cost and any difference between the initial carrying amouunt and the redemption value is recognized in income over the period of the borrowings using the effective interest rate method.
This chapter includes *obligations foncières* and other resources benefiting from the privilege defined in article L.515-19 of the Monetary and Financial Code, as of December 31, 2010. It is sub-divided into two parts.

Obligations foncières

Obligations foncières are recorded at nominal value.
Reimbursement premiums and issue premiums are amortized according to the straight line method over the life of the securities concerned, as of the first year, *prorata temporis*. They are recorded on the balance sheet in items corresponding to the type of debt concerned. The amortization of these premiums is recorded in the income statement as interest income and charge on bonds and fixed income securities. In the case of bonds issued above par, the spread of issue premiums is deducted from related interest income and charge on bonds and fixed income securities.
Interest related to bonds is accounted for as banking operating charges for accrued amounts, due and not yet due, calculated *prorata temporis* on the basis of contractual rates.
Fees and commissions on bond issues are spread in equal fractions over the life of the loans to which they are attached.
Bonds denominated in other currencies are treated in the same way as foreign exchange transactions (see below).

Registered covered bonds

These private placements are recorded at nominal value. Issue premiums are dealt with in the same way as *obligations foncières* (see above).
Pursuant to article L.515-20 of the Monetary and Financial Code and article 6 of CRBF standard 99-10 of July 27, 1999, total assets must at all times be greater than total liabilities benefiting from the privilege mentioned in article L.515-19 of the above-mentioned Monetary and Financial Code.

f. Derivatives

1. Derivatives not used for hedging

Dexia Municipal Agency is not authorized to conduct derivative transactions that would not be classified as hedging relations.

2. Hedging derivatives

Hedging derivatives may be classified in one of following two categories:
- a hedge of the fair value of a recognized asset or liability or a firm commitment (fair value hedge);
- a hedge of a future cash flow attributable to a recognized asset or liability or a future transaction (cash flow hedge).

Hedge accounting may be used for derivatives designated in this way, provided certain criteria are met:
- formal documentation of the hedging instrument, hedged item, hedging objective, strategy and relationship between the hedging instrument and the hedged item must be prepared before hedge accounting is applied;
- the hedge is documented showing that it is expected to be effective in offsetting changes in fair value or cash flows attributable to the hedged risk in the hedged item throughout the reporting period;
- the hedge is effective at inception and on a going concern basis.

Changes in the fair value of derivatives that are measured and qualify as fair value hedges and that respect the above-mentioned criteria are recorded in income, along with the corresponding change in fair value of the hedged assets or liabilities that is attributable to that specific hedged risk.
If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged interest-bearing financial instrument is amortized to income over the period to maturity through an adjustment of the yield of the hedged item.
Changes in the fair value of derivatives that are measured and qualify as cash flow hedges, that respect the above-mentioned criteria, and that prove to be effective in relation to the hedged risk, are recognized in the hedging reserve in equity as "Unrealized or deferred gains and losses".
The non-effective portion of the changes in the fair value of the derivatives is recognized in income. Amounts deferred in equity are transferred to income and classified as revenue or expense in the periods during which the hedged firm commitment or forecast transaction has an impact on income.

3. Hedging of the interest rate risk of a portfolio

Dexia Municipal Agency decided to apply IAS 39 as adopted by the European Commission ("IAS 39 carve-out"), since the version adopted better reflects the way Dexia Municipal Agency manages its activities.
The objective of hedge accounting is to reduce the interest rate risk exposure stemming from certain categories of assets or liabilities designated as the qualifying hedged items.
The entity performs a comprehensive analysis of its interest rate risk exposure. This consists of assessing fixed rate exposure taking into account all the exposures on the balance sheet.

Dexia Municipal Agency selects financial assets and liabilities to be part of the hedge of the portfolio's interest rate risk exposure. The entity applies the same method to select the financial assets and liabilities in the portfolio. Assets and liabilities are included on a cumulative basis and all portfolio maturities are represented. Hence, when they are removed from the portfolio, they must be removed from all the maturities on which they had an impact.
The Company chose to put together homogeneous portfolios of loans and portfolios of bond issues.
Using this differential analysis, conducted on a net basis, Dexia Municipal Agency defines at inception the risk exposure to be hedged, the length of the contract, the method and the frequency with which it will perform tests.
Hedging is conducted using portfolios of derivatives, which may have offsetting positions. The hedging items are recognized at their fair value (including accrued interest expense or income) with adjustments recorded in income.
On the balance sheet, relative revaluations of the hedged risk are recognized (as assets or liabilities depending on whether the revaluation is positive or negative) as "Fair-value revaluation of interest-rate hedged portfolios".

g. Fair value of financial instruments

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.
Market prices are used to determine fair value, where an active market (such as a recognized stock exchange) exists, as it is the best evidence of the fair value of a financial instrument. Active market prices are not, however, available for a significant number of the financial assets and liabilities held or issued by Dexia Municipal Agency.
If the market for a financial instrument is not active, valuation techniques are used. A valuation technique reflects what the transaction price would be at the date of the valuation under conditions of normal competition and motivated by usual business conditions, i.e. the price that the holder of the financial asset would receive in a usual transaction that is not a liquidation or a forced transaction.
The valuation model should take into account all the factors that the market players would take into consideration to value the asset. Within this framework, Dexia Municipal Agency relies on its own valuation models, as well as its market assumptions, i.e. an amount discounted through a treasury flow or any other method based on the market conditions existing at the closing date.

1. Fair value of financial instruments (available for sale, derivatives)

Financial investments classified as available for sale and derivatives are recognized at fair value by reference to quoted market prices when available. If quoted market prices are not available, then fair values are estimated on the basis of pricing models or discounted cash flows, including observable and non-observable market data.
When there are no quoted prices for the financial instruments classified as available for sale, the valuation model strives to take into account as much as possible the market conditions at the date of the valuation as well as any changes in the quality of the credit risk of these financial instruments and the liquidity of the market.

2. Amortized cost of financial instruments (evaluation for IFRS notes on fair value)

The following remarks could be made regarding the fair value of the loans and advances presented in the notes to the financial statements:

- the fair value of fixed rate loans and mortgages are estimated by comparing market interest rates when the loans were granted with current market rates offered on similar loans;
- caps, floors and early reimbursement options are included in determining the fair value of loans and advances.

h. Interest income and expense

Interest income and expense are in the income statement for all interest-bearing instruments on an accrual basis using the effective interest rate method based on the purchase price (including transaction costs).
Transaction costs are incremental costs that are directly attributable to the acquisition of a financial asset or liability and are used for the calculation of the effective interest rate.
Accrued interest is reported on the balance sheet in the same item as the related financial asset or liability. Once a financial asset has been written down to its estimated recoverable amount, interest income is thereafter recognized based on the interest rate used to discount the future cash flows in order to measure the recoverable amount.

i. Commission income and expense

Commissions are recognized in accordance with IAS 18. Pursuant to this standard, most of the commissions arising from Dexia Municipal Agency's activities are recognized on an accrual basis over the life of the underlying transaction.

Loan commitment fees are recognized as part of the effective interest rate if the line of credit is used, and recorded as commission income if the line of credit is not used.

j. Deferred taxes

Deferred taxes are recognized using the liability method to account for temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.
The rates enacted or substantively enacted at the balance-sheet date are used to determine deferred taxes. Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.
Deferred taxes are recognized to account for temporary differences arising from investments in subsidiaries, jointly controlled companies and associates, except where the timing of the reversal of the temporary difference can be controlled and it is probable that the difference will not reverse in the foreseeable future.
Deferred taxes related to fair value re-measurement of assets available for sale and cash flow hedges, which are charged or credited directly to equity, are also credited or charged directly to equity and are subsequently recognized in income together with the deferred gain or loss.

k. Provisions for risks and charges

Provisions for risks and charges mainly include provisions for litigation, restructuring and off-balance sheet commitments.
Provisions are valued based on the discounted value of the expenditure that would cover the anticipated expense. The interest rate applied is the pre-tax rate that reflects current market assessments of the time value of money.

Provisions are recognized when:
- Dexia Municipal Agency has a present legal or constructive obligation as a result of past events;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation;
- a reliable estimate of the amount of the obligation can be made.

Provisions on loan commitments are recognized according to the same method as the financial assets valued at their amortized cost.

l. Dividends on ordinary shares

Dividends on ordinary shares are recognized in equity in the period in which they are declared (they must be authorized). Dividends for the year that are declared after the balance sheet date are disclosed in the note on subsequent events.

m. Earnings per share

Basic earnings per share before dilution are calculated by dividing net income available to shareholders by the weighted average number of ordinary shares in issue during the year.

n. Related party transactions

Two parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operating decisions. The parent company of Dexia Municipal Agency is Dexia Credit Local, a *société anonyme* incorporated in France, itself a subsidiary of Dexia SA, incorporated in Belgium. Within this framework, related party transactions are those with companies accounted for by the equity method and with members of the Company's management bodies.

o. Segment reporting

Dexia Municipal Agency's sole activity is the financing or refinancing of commitments on public sector entities originated by Dexia's commercial network. These assets are primarily financed by the issue of *obligations foncières*. This single-focus business is conducted in the Dexia Group's Public & Wholesale Banking operational business line.
Dexia Municipal Agency conducts its business from Paris or its branch in Dublin. The Company has no direct activity in other countries and is unable to present a relevant breakdown of its results by geographic region. Geographic breakdown of assets by country of residence of the counterparty is presented quarterly at the end of the Management Report.

p. Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise balances with central banks and deposits at sight.

2. NOTES TO THE ASSETS

2.1 - CENTRAL BANKS

EUR millions	12/31/2008	12/31/2009	12/31/2010
Mandatory reserve deposits with central banks	0	4	2
Other deposits	-	-	-
TOTAL	0	4	2

2.2 - FINANCIAL ASSETS AVAILABLE FOR SALE

a. Analysis by nature

EUR millions	12/31/2008	12/31//2009	12/31/2010
Loans	-	-	-
Bonds	1,325	3,304	1,865
TOTAL	1,325	3,304	1,865

b. Analysis by counterparty

EUR millions	12/31/2008	12/31/2009	12/31/2010
Public sector	1,036	1,437	1,064
Credit institutions guaranteed by the public sector	289	1,867	201
Total public sector	**1,325**	**3,304**	**1,265**
Replacement assets	-	-	600
TOTAL	1,325	3,304	1,865
of which eligible for Central Bank refinancing	*1,038*	*3,026*	*1,355*

c. Impairment

EUR millions	12/31/2008	12/31/2009	12/31/2010
Public sector	1,325	3,304	1,265
Replacement assets	-	-	600
Total performing assets	**1,325**	**3,304**	**1,865**
Public sector	-	-	-
Replacement assets	-	-	-
Total impaired assets	**-**	**-**	**-**
Specific impairment	-	-	-
TOTAL ASSETS AFTER IMPAIRMENT	1,325	3,304	1,865

d. Transfers between portfolios

EUR millions	12/31/2008	12/31/2009	12/31/2010
Accounting value as of December 31, 2008, of available for sale securities transferred to loans and advances as of October 1, 2008: see note 2.7	18,162	-	-

e. Analysis by residual maturity

See note 7.3

f. Unrealised gains and losses breakdown by country

See note 4.4

2.3 - LOANS AND ADVANCES DUE FROM BANKS

a. Analysis by nature

EUR millions	12/31/2008	12/31/2009	12/31/2010
Sight accounts	59	0	0
Other loans and advances due from banks	10,115	7,810	7,171
Performing assets	**10,174**	**7,810**	**7,171**
Impaired loans and advances	-	-	-
Impaired assets	**-**	**-**	**-**
Total assets before impairment	**10,174**	**7,810**	**7,171**
Specific impairment	-	-	-
Collective impairment	-	-	-
TOTAL	**10,174**	**7,810**	**7,171**

b. Breakdown by counterparty

EUR millions	12/31/2008	12/31/2009	12/31/2010
Central Bank	-	-	-
Swiss cantonal banks benefiting from their canton's legal guarantee	2,189	1,899	1,593
Banks guaranteed by a local government, *Crédits municipaux*	145	170	180
Credit institutions belonging to the Dexia Group: loans benefiting from the assignment in guarantee of refinanced public debt	1,965	186	181
Credit institutions guaranteed by the State	8	10	13
Replacement assets	5,867	5,545	5,204
TOTAL	**10,174**	**7,810**	**7,171**
of which eligible for Central Bank refinancing	*5,808*	*5,545*	*4,850*

c. Replacement assets

EUR millions	Notation	12/31/2008	12/31/2009	12/31/2010
Dexia Sabadell - *Cedulas territoriales*	Aa2 Moody's	3,202	3,195	3,004
Dexia LdG Banque - *Lettres de gage*	AAA S&P	2,606	2,350	1,850
Dexia Credit Local - Loans secured by public sector assets		-	-	350
Dexia Credit Local - Dublin branch sight account		59	-	-
TOTAL		**5,867**	**5,545**	**5,204**

d. Analysis by residual maturity

See note 7.3

e. Unrealised gains and losses breakdown by country

See note 4.4

2.4 - LOANS AND ADVANCES TO CUSTOMERS

a. Analysis by counterparty

EUR millions	12/31/2008	12/31/2009	12/31/2010
Public sector**	58,130	59,755	62,578
Other - guaranteed by a State or local government	4,808	4,125	4,423
Other - ABS made up solely of public commitments	7,351	7,208	11,033
Performing assets	**70,289**	**71,088**	**78,034**
Impaired loans and advances	8	5	10
Impaired assets	**8**	**5**	**10**
Total assets before impairment	**70,297**	**71,093**	**78,044**
Specific impairment	-	(1)	(1)
Collective impairment	(10)	(14)	(18)
TOTAL	**70,287**	**71,078**	**78,025**
of which eligible for Central Bank refinancing	*	*45,057*	*41,518*

** Data not avalaible*
*** Figures as of December 31, 2009, have been modified. Cf. Notes to the financial statements - "Significant events".*

b. Public sector ABS

EUR millions	Rating	12/31/2008	12/31/2009	12/31/2010
Colombo	Aa2 Moody's, A+ S&P	13	10	8
Astrea	AA- Fitch, Aa2 Moody's	4	2	1
Blue Danube	AA+ S&P	80	77	81
DCC - Dexia Crediop per la Cartolarizzazione	A Fitch, A2 Moody's, A- S&P	4,058	3,843	3,691
DSFB - Dexia Secured Funding Belgium 1 and 2	A+ Fitch, A1 Moody's, A S&P	3,196	3,026	2,908
DSFB - Dexia Secured Funding Belgium 4	AA Fitch	-	250	4,344
TOTAL		**7,351**	**7,208**	**11,033**

c. Analysis by residual maturity

See note 7.3

d. Unrealised gains and losses breakdown by country

See note 4.4

2.5 - TAX ASSETS

EUR millions	12/31/2008	12/31/2009	12/31/2010
Current income tax	11	4	7
Other taxes	0	0	0
Current tax assets	**11**	**4**	**7**
Deferred tax assets (see note 4.2)	**223**	**132**	**131**
TOTAL TAX ASSETS	**234**	**136**	**138**

2.6 - ACCRUALS AND OTHER ASSETS

EUR millions	12/31/2008	12/31/2009	12/31/2010
Cash collateral paid	-	-	-
Other accounts receivable	-	-	-
Prepaid charges	-	-	-
Other assets	-	10	9
TOTAL ACCRUALS AND OTHER ASSETS	**-**	**10**	**9**

2.7 - RESTATEMENT OF FINANCIAL ASSETS (IAS 39 AMENDED)

EUR millions	From "Financial assets held for trading" to "Loans and advances" (1)	From "Financial assets held for trading" to "Financial assets available for sale" (2)	From "Financial assets available for sale" to "Loans and advances" (3)
Carrying amount of assets reclassified as of October 1, 2008	-	-	17,855
Carrying amount of assets reclassified as of December 31, 2010	-	-	14,733
Fair value of assets reclassified as of December 31, 2010	-	-	13,659
AMOUNT NOT RECOGNIZED THROUGH PROFIT AND LOSS (1) AND (2) DUE TO RECLASSIFICATION	-	-	**-**
AMOUNT NOT RECOGNIZED THROUGH AFS RESERVE (3) DUE TO RECLASSIFICATION	-	-	**(1,074)**
Premium/discount amortization through income	-	-	-
Premium/discount amortization through AFS reserve	-	-	18

3. NOTES TO THE LIABILITIES

3.1 - CENTRAL BANKS

This item includes refinancing obtained through Banque de France tenders. The use of such financing organized by tenders involved the pledging of eligible assets within the framework of a general guarantee management agreement (3G). This source of financing does not benefit from the privilege defined in article L.515-19 of the Monetary and Financial Code.
Dexia Municipal Agency has not used Banque de France financing since July 2009.

EUR millions	12/31/2008	12/31/2009	12/31/2010
Overnight borrowing	334	-	-
Time borrowing	7,126	-	-
Accrued interest	13	-	-
TOTAL FUNDING FROM BANQUE DE FRANCE	**7,473**	**-**	**-**

3.2 - DUE TO BANKS

a. Analysis by nature

EUR millions	12/31/2008	12/31/2009	12/31/2010
Demand deposits	882	6,823	9,034
Time deposits	3,528	3,529	3,507
TOTAL	**4,410**	**10,352**	**12,541**

This item includes the balance of the account opened with Dexia Credit Local. This account is intended to finance the needs of Dexia Municipal Agency related to its activity, in particular, to finance structural over-collateralization and loans prior to the issue of *obligations foncières*.
The master-account totaled EUR 12,529 million (excluding accrued interest).
Sub-accounts make it possible to distinguish within the master-account among types of financing (over-collateralization, stock of assets prior to issue and other).

- the current account, indexed on Eonia, with no defined maturity, financing assets not yet included in the issue program and miscellaneous needs with a balance of EUR 9,029 million;
- sub-account comprised of various long-term borrowings earmarked to finance the structural over-collateralization of 5%. Dexia MA's policy is to maintain minimum structural over-collateralization of 5%, of outstanding *obligations foncières* and registered covered bonds. These borrowings totaled EUR 3,500 million as of December 31, 2010; they are indexed on the annual money market rate (TAM).

The current account agreement between Dexia Credit Local and Dexia MA will exist as long as Dexia MA is authorized to operate as a *société de crédit foncier* and acquires or grants loans to public sector entities.

EUR millions	12/31/2008	12/31/2009	12/31/2010
Sub-account - pre-financing of assets	880	6,820	9,029
Interest accrued not yet due	2	3	5
Sub-account - financing of over-collateralization	3,500	3,500	3,500
Interest accrued not yet due (over-collateralization)	28	29	7
TOTAL DEXIA CREDIT LOCAL	**4,410**	**10,352**	**12,541**

b. Analysis by residual maturity

See note 7.3

3.3 - DEBT SECURITIES

a. Analysis by nature

EUR millions	12/31/2008	12/31/2009	12/31/2010
Obligations foncières	62,411	62,218	62,431
Registered covered bonds	1,855	3,715	4,388
TOTAL	**64,266**	**65,933**	**66,819**

b. Analysis by residual maturity

See note 7.3

3.4 - TAX LIABILITIES

EUR millions	12/31/2008	12/31/2009	12/31/2010
Current income tax	-	-	5
Other taxes	6	3	4
Current tax liabilities	**6**	**3**	**9**
Deferred tax liabilities (see note 4.2)*	**-**	**15**	**4**
TOTAL TAX LIABILITIES	**6**	**18**	**13**

**Figures as of December 31, 2009, have been modified. Cf. Notes to the financial statements - "Significant events"*

3.5 - ACCRUALS AND OTHER LIABILITIES

EUR millions	12/31/2008	12/31/2009	12/31/2010
Cash collateral received	462	1,427	1,314
Other accrued charges	57	50	27
Deferred income	-	-	-
Other accounts payable and other liabilities	6	4	3
TOTAL	**525**	**1,481**	**1,344**

3.6 - EQUITY

	Core equity			Unrealised or deferred gains and losses			
EUR millions	Share capital, Additional paid-in capital	Retained earnings and net income for the period*	Total	Net change in fair value of available for sale financial assets, after tax	Net change in fair value of hedging derivatives, after tax	Total	Equity
AS OF DECEMBER 31, 2009, IFRS	**1,060**	**158**	**1,218**	**(190)**	**(26)**	**(216)**	**1,002**
Movements during the period							
Share capital	130	-	130	-	-	-	130
Dividends	-	(134)	(134)	-	-	-	(134)
Changes in fair value of available for sale financial assets through equity	-	-	-	(42)	-	(42)	(42)
Changes in fair value of hedging derivatives through equity	-	-	-	-	4	4	4
Changes in fair value of available for sale financial assets through profit and loss	-	-	-	-	-	-	-
Changes in fair value of hedging derivatives through profit and loss	-	-	-	-	-	-	-
Net income for the period	-	109	109	-	-	-	109
Other movements	-	-	-	-	-	-	-
AS OF DECEMBER 31, 2010, IFRS	**1,190**	**133**	**1,323**	**(232)**	**(22)**	**(254)**	**1,069**

** Figures as of December 31, 2009, have been modified. Cf. Notes to the financial statements - "Significant events".*

Dexia MA has share capital of EUR 1,190 million and is made up of 11,900,000 shares with a par value of EUR 100.

4. OTHER NOTES ON THE BALANCE SHEET

4.1 - HEDGING DERIVATIVES

a. Analysis by nature

EUR millions	12/31/2008		12/31/2009		12/31/2010	
	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
Derivatives at fair value through profit or loss	**0**	**0**	**0**	**0**	**0**	**0**
Derivatives designated as fair value hedges	1,809	6,362	1,015	4,703	3,033	8,604
Derivatives designated as cash flow hedges	8	250	1	125	159	141
Derivatives designated as portfolio hedges	2,209	1,851	1,798	978	2,714	2,142
Hedging derivatives	**4,026**	**8,463**	**2,814**	**5,806**	**5,906**	**10,887**
TOTAL DERIVATIVES	**4,026**	**8,463**	**2,814**	**5,806**	**5,906**	**10,887**

b. Detail of derivatives designated as fair value hedges

EUR millions	12/31/2008			
	Notional amount		Assets	Liabilities
	To receive	To deliver		
Foreign exchange derivatives	19,789	21,001	1,146	1,501
Interest rate derivatives	41,211	41,211	663	4,861
TOTAL	**61,000**	**62,212**	**1,809**	**6,362**

EUR millions	12/31/2009			
	Notional amount		Assets	Liabilities
	To receive	To deliver		
Foreign exchange derivatives	17,675	18,351	589	839
Interest rate derivatives	43,820	43,820	427	3,864
TOTAL	**61,495**	**62,171**	**1,015**	**4,703**

EUR millions	12/31/2010			
	Notional amount		Assets	Liabilities
	To receive	To deliver		
Foreign exchange derivatives	17,285	17,222	1,698	1,394
Interest rate derivatives	48,060	48,060	1,335	7,210
TOTAL	**65,345**	**65,282**	**3,033**	**8,604**

c. Detail of derivatives designated as cash flow hedges

EUR millions	12/31/2008			
	Notional amount		Assets	Liabilities
	To receive	To deliver		
Foreign exchange derivatives	2,472	2,551	8	250
Interest rate derivatives	-	-	-	-
TOTAL	**2,472**	**2,551**	**8**	**250**

EUR millions	12/31/2009			
	Notional amount		Assets	Liabilities
	To receive	To deliver		
Foreign exchange derivatives	2,223	2,307	1	125
Interest rate derivatives	-	-	-	-
TOTAL	**2,223**	**2,307**	**1**	**125**

EUR millions	12/31/2010			
	Notional amount		Assets	Liabilities
	To receive	To deliver		
Foreign exchange derivatives	1,878	1,925	159	141
Interest rate derivatives	-	-	-	-
TOTAL	**1,878**	**1,925**	**159**	**141**

EUR millions	12/31/2008	12/31/2009	12/31/2010
Amount removed from equity and included in the carrying amount of a non-financial instrument (hedging of cash flows of a highly favorable transaction)	-	-	-

d. Detail of derivatives designated as portfolio hedges

EUR millions	12/31/2008			
	Notional amount		Assets	Liabilities
	To receive	To deliver		
Foreign exchange derivatives	-	-	-	-
Interest rate derivatives	174,562	174,562	2,209	1,851
TOTAL	**174,562**	**174,562**	**2,209**	**1,851**

EUR millions	12/31/2009			
	Notional amount		Assets	Liabilities
	To receive	To deliver		
Foreign exchange derivatives	-	-	-	-
Interest rate derivatives	167,734	167,729	1,798	978
TOTAL	**167,734**	**167,729**	**1,798**	**978**

EUR millions	12/31/2010			
	Notional amount		Assets	Liabilities
	To receive	To deliver		
Foreign exchange derivatives	-	-	-	-
Interest rate derivatives	186,898	186,893	2,714	2,142
TOTAL	**186,898**	**186,893**	**2,714**	**2,142**

4.2 - DEFERRED TAXES

a. Analysis by nature

EUR millions	12/31/2008	12/31/2009	12/31/2010
Deferred tax assets before impairment	223	132	131
Impairment on deferred tax assets	-	-	-
Deferred tax assets [(1)]	223	132	131
Deferred tax liabilities [(1)]*	-	(15)	(4)
TOTAL	**223**	**117**	**127**

(1) Deferred tax assets and liabilities are netted out when they concern the same tax entity.
** Figures as of December 31, 2009, have been modified. Cf. Notes to the financial statements - "Significant events".*

b. Movements

EUR millions	12/31/2008	12/31/2009	12/31/2010
As of January 1	**55**	**223**	**117**
Charge/credit recognized in the income statement*	7	(31)	(3)
Effect of change in tax rates - impact on the income statement	-	-	-
Movements directly recognized in equity	161	(75)	13
Effect of change in tax rates - impact on equity	-	-	-
Translation adjustment	-	-	-
Other movements	-	-	-
As of December 31	**223**	**117**	**127**

** Figures as of December 31, 2009, have been modified. Cf. Notes to the financial statements - "Significant events"*

c. Deferred taxes coming from assets on the balance sheet

EUR millions	12/31/2008	12/31/2009	12/31/2010
Loans (and loan loss provisions)*	62	45	35
Securities	104	67	82
Derivatives	57	12	9
Accruals and other assets	18	14	14
TOTAL	**241**	**138**	**140**

** Figures as of December 31, 2009, have been modified. Cf. Notes to the financial statements - "Significant events"*

d. Deferred taxes coming from liabilities on the balance sheet

EUR millions	12/31/2008	12/31/2009	12/31/2010
Derivatives	-	-	-
Borrowings, deposits and issues of debt securities	-	-	10
Provisions	-	-	-
Regulatory provisions	(18)	(21)	(23)
Accruals and other liabilities	-	-	-
TOTAL	**(18)**	**(21)**	**(13)**

4.3 - RELATED-PARTY TRANSACTIONS

Analysis by nature

EUR millions	Parent company and entities consolidated by Dexia Credit Local			Other related parties (1)		
	12/31/2008	12/31/2009	12/31/2010	12/31/2008	12/31/2009	12/31/2010
ASSETS						
Loans and advances	9,283	7,224	5,096	5,802	5,376	9,087
Bonds	-	1,401	600	-	-	-
LIABILITIES						
Due to banks - sight accounts	882	6,823	9,034	-	-	-
Due to banks - term loans	3,528	3,529	3,507	-	-	-
INCOME STATEMENT						
Interest income on loans and advances	270	163	74	73	95	90
Interest income on bonds	215	6	2	188	-	-
Interest expense on borrowings	(144)	(39)	(124)	-	-	-
Fees and commissions	(3)	-	(3)	-	-	-
OFF-BALANCE SHEET						
Foreign exchange derivatives	*	5,514	5,221	*	573	559
Interest rate derivatives	140,857	128,588	151,740	3,972	6,472	6,077
Guarantees issued by the Group	4,010	11,434	10,318	3,194	3,274	2,908

** Data not avalaible*
(1) This item includes transactions with entities of Belgian and Luxembourg sub-groups consolidated by Dexia, the parent company of Dexia Credit Local.

4.4 - UNREALIZED GAINS AND LOSSES BREAKDOWN BY COUNTRY

EUR millions	12/31/2008	12/31/2009	12/31/2010
Unrealized gains and losses on available for sale securities	**(164)**	**(96)**	**(168)**
Belgium	0	0	0
Canada	(2)	1	2
Germany	(7)	(4)	(2)
France	0	0	0
Greece	(52)	(52)	(82)
Ireland	0	0	0
Italy	(76)	(43)	(85)
United States	(27)	2	(1)
Unrealized gains and losses on loans and receivable securities	**(193)**	**(170)**	**(154)**
Austria	(7)	(7)	(6)
Belgium	2	1	1
Germany	(2)	(1)	(1)
Spain	(24)	(12)	(4)
France	8	7	7
United Kingdom	0	0	0
Greece	(1)	(1)	(1)
Iceland	(12)	(10)	(9)
Italy	(143)	(135)	(130)
Luxembourg	(2)	(1)	(1)
Portugal	(7)	(6)	(5)
United States	(5)	(5)	(5)
Unrealized gains and losses on derivatives designated as cash-flow hedges	**(162)**	**(37)**	**(32)**
TOTAL	**(519)**	**(303)**	**(354)**
Deferred taxes on gains and losses-available for sale securities	106	22	42
Deferred taxes on gains and losses-loans and receivable securities	0	54	49
Deferred taxes on gains and losses-derivatives designated as cash-flow hedges	56	11	9
TOTAL	**(357)**	**(216)**	**(254)**

5. NOTES TO THE INCOME STATEMENT

5.1 - INTEREST INCOME - INTEREST EXPENSE

EUR millions	2009	2010
INTEREST INCOME	**7,325**	**6,486**
Central banks	0	0
Loans and advances due from banks	176	111
Loans and advances to customers*	2,164	2,168
Financial assets available for sale	69	60
Financial assets held to maturity	-	-
Derivatives used for hedging	4,916	4,147
Impaired assets	-	-
Other	-	-
INTEREST EXPENSE	**(7,026)**	**(6,230)**
Accounts with central banks	(40)	-
Due to banks	(77)	(82)
Customer borrowings and deposits	-	-
Debt securities	(2,632)	(2,622)
Subordinated debt	-	-
Derivatives used for hedging	(4,277)	(3,526)
Other	-	-
INTEREST MARGIN	**299**	**256**

** Figures as of December 31, 2009, have been modified. Cf. Notes to the financial statements - "Significant events".*

5.2 - FEES AND COMMISSIONS

EUR millions	2009			2010		
	Income	Expense	Net	Income	Expense	Net
Lending activity	0	-	0	0	-	0
Purchase and sale of securities	-	-	-	-	-	-
Financial engineering	-	-	-	-	-	-
Services on securities other than custodian services	-	(5)	(5)	-	(5)	(5)
Custodial services	-	-	-	-	-	-
Issuance and underwriters of securities	-	-	-	-	-	-
Other	-	-	-	-	-	-
TOTAL	**0**	**(5)**	**(5)**	**0**	**(5)**	**(5)**

5.3 - NET GAINS (LOSSES) ON FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

EUR millions	2009	2010
Net result of hedge accounting	-	-
Net result of foreign exchange transactions	0	(0)
TOTAL	**0**	**(0)**

All interest received and paid on assets, liabilities and derivatives is recorded in net interest income, as required by IFRS.
Thus, net gains (losses) on trading transactions and net gains (losses) on hedging transactions include only the change in the clean value of derivatives, the revaluation of assets and liabilities qualified as hedges and the revaluation of the portfolio held for trading.

Analysis of net result of hedge accounting

EUR millions	2009	2010
Fair value hedges	**0**	**0**
Fair value changes in the hedged item attributable to the hedged risk	(335)	(3,099)
Fair value changes in the hedging derivatives	335	3,099
Cash flow hedges	**-**	**-**
Fair value changes in the hedging derivatives – ineffective portion	-	-
Discontinuation of cash flow hedge accounting (Cash flows no longer expected to occur)	-	-
Portfolio hedge	**0**	**0**
Fair value changes in the hedged item	(374)	(121)
Fair value changes in the hedging derivatives	374	121
TOTAL	**-**	**-**

5.4 - NET GAINS (LOSSES) ON FINANCIAL ASSETS AVAILABLE FOR SALE

EUR millions	2009	2010
Net gain (loss) on disposals of loans and securities available for sale	-	-
Net gain (loss) on disposals of debt securities	7	6
Net gain (loss) on the sale or cancellation of loans and advances	21	6
TOTAL	**28**	**12**

5.5 - OPERATING EXPENSE

EUR millions	2009	2010
Payroll costs	-	-
Other general and administrative expense	(87)	(88)
Taxes	(5)	(8)
TOTAL	**(92)**	**(96)**

Dexia Municipal Agency has no salaried employees in accordance with article L.515-22 of the Monetary and Financial Code. Within the framework of its management contract, Credit Local conducts all operations, transactions and functions of all types on behalf of Dexia MA.

In addition, specific management contracts grant different entities the management of loans and securities in their respective countries (Kommunalkredit Austria, Dexia Crediop and Dexia Bank Belgium).

5.6 - COST OF RISK

EUR millions	2009			2010		
	Collective impairment	**Specific impairment and losses**	**Total**	**Collective impairment**	**Specific impairment and losses**	**Total**
Credit (loans, commitments and securities held to maturity)	(5)	-	(5)	(4)	-	(4)
Fixed income securities available for sale	-	-	-	-	-	-
TOTAL	**(5)**	**-**	**(5)**	**(4)**	**-**	**(4)**

Detail of collective and specific impairments

Collective impairment EUR millions	2009 Charges	 Recoveries and uses	 Total	2010 Charges	 Recoveries and uses	 Total
Loans and borrowings	(5)	0	(5)	(4)	-	(4)
Off-balance sheet commitments	-	-	-	-	-	-
TOTAL	**(5)**	**0**	**(5)**	**(4)**	**-**	**(4)**

The methodology used to calculate collective impairment, for the different portfolios that make up Dexia MA's cover pool, does not take into account the guarantees received. This very conservative method may result in significant changes in provisions, depending on whether the assets recorded on the balance sheet during the year are totally guaranteed by public sector entities or direct exposures on these entities.

Specific impairment EUR millions	2009 Allocations	 Reversals	 Losses	 Recoveries	 Total
Loans and advances due from banks	-	-	-	-	-
Loans and advances to customers	-	-	-	-	-
Financial assets held to maturity	-	-	-	-	-
Off-balance sheet commitments	-	-	-	-	-
Total credit	-	-	-	-	-
Fixed income securities	-	-	-	-	-
TOTAL	**-**	**-**	**-**	**-**	**-**

Specific impairment EUR millions	2010 Allocations	 Reversals	 Losses	 Recoveries	 Total
Loans and advances due from banks	-	-	-	-	-
Loans and advances to customers	-	-	-	-	-
Financial assets held to maturity	-	-	-	-	-
Off-balance sheet commitments	-	-	-	-	-
Total credit	-	-	-	-	-
Fixed income securities	-	-	-	-	-
TOTAL	**-**	**-**	**-**	**-**	**-**

5.7 - CORPORATE INCOME TAX

a. Detail of tax expense

EUR millions	2009	2010
Current taxes	(54)	(51)
Deferred taxes*	(25)	(3)
Tax on prior years' income	-	-
Deferred taxes on prior years	-	-
Provisions for tax litigation	-	-
TOTAL	**(79)**	**(54)**

** Figures as of December 31, 2009, have been modified. Cf. Notes to the financial statements - "Significant events".*

b. Effective tax expense as of December 31, 2010

The standard corporate tax rate applicable in France is 34.43%. The tax rate applied on the contributions of foreign subsidiaries is the rate applied locally in accordance individual national tax system.
The effective tax rate observed as of December 31, 2010, amounted to 32.8%.

The difference between these two rates can be analysed as follows.

EUR millions	2009	2010
INCOME BEFORE INCOME TAXES*	**225**	**163**
Net income from associates	-	-
TAX BASE	**225**	**163**
Applicable tax rate at end of the period	34.43%	34.43%
THEORETICAL CORPORATE INCOME TAX AT THE STANDARD RATE	**77**	**56**
Impact of differences between foreign tax rates and the standard French tax rate	2	(2)
Tax effect of non-deductible expenses	-	-
Tax effect of non-taxable income	-	-
Impact of items taxed at a reduced rate	-	-
Other additional taxes or tax savings	-	-
Liability method	-	-
Provisions for tax litigation	-	-
CORPORATE INCOME TAX RECORDED IN THE INCOME STATEMENT	**79**	**54**
EFFECTIVE TAX RATE	**35.3%**	**32.8%**

** Figures as of December 31, 2009, have been modified. Cf. Notes to the financial statements - "Significant events".*

c. Tax consolidation

Dexia Municipal Agency applies the tax consolidation system.
Dexia Municipal Agency and its parent company Dexia Credit Local are lodged in a tax consolidation structure. As of January 1, 2002, the consolidating company is Dexia SA's permanent establishment in France.
This entity pays the total tax owed by the companies in the tax group and the minimum income tax payment for the group. Dexia MA records in its accounts the amount of tax for which it would be liable if it were not a member of the tax group.
Tax savings realized by the tax group are recorded in the accounts of Dexia SA's permanent establishment in France.

6. NOTE ON OFF-BALANCE SHEET ITEMS

6.1 - REGULAR WAY TRADE

EUR millions	12/31/2008	12/31/2009	12/31/2010
Assets to be delivered	212	216	205
Liabilities to be received	137	151	146

Currency swaps with a deferred start that perfectly hedge loans or bond issues.

6.2 - GUARANTEES

EUR millions	12/31/2008	12/31/2009	12/31/2010
Guarantees received from credit institutions (1)	7,204	7,110	6,599
Guarantees received from customers (2)	5,518	5,812	5,508

(1) The guarantees received from credit institutions corresponded to the guarantees provided by Dexia Crediop on securities issued by Crediop per la Cartolarizzazione for EUR 3,691 million and the guarantee provided by Dexia Bank Belgium on DSFB 1 and DSFB 2 securities in the amount of EUR 2,908 million.
(2) Guarantees received from customers are generally granted by local governments.

6.3 - FINANCING COMMITMENTS

EUR millions	12/31/2008	12/31/2009	12/31/2010
Loan commitments granted to credit institutions	11	6	1
Loan commitments granted to customers [(1)]	3,177	1,630	899
Loan commitments received from credit institutions [(2)]	5,432	7,412	6,626
Loan commitments received from customers	-	-	-

(1) The financing commitments on loans and lines of credit corresponded to contracts issued but not paid out as of December 31.
(2) This item concerned a firm and irrevocable commitment by Dexia Credit Local to make avalaible to Dexia MA the funds required to reimburse the obligations foncières *that will mature in the next 12 months.*

6.4 - OTHER COMMITMENTS

EUR millions	12/31/2008	12/31/2009	12/31/2010
Commitments granted [(1)]	7,811	-	-
Commitments received	1,936	421	786

(1) Accounting value of the financial assets pledged to the Banque de France.

7. NOTES ON RISK EXPOSURE

7.1 - FAIR VALUE

a. Composition of the fair value of the assets

EUR millions	12/31/2008		
	Book value	Fair Value	Unrecognized fair value adjustment
Central banks	-	-	-
Hedging derivatives (see note 4.1.a) [(1)]	4,026	4,026	-
Financial assets available for sale [(1)]	1,325	1,325	-
Loans and advances due from banks	10,174	10,025	(149)
Loans and advances to customers	70,287	71,736	1,449
Fair value revaluation of portfolio hedge [(1) (2)]	801	801	-
Other assets	234	234	-
TOTAL	**86,847**	**88,147**	**1,300**

(1) For these items, fair value is the book value.
(2) The item "Fair value revaluation of portfolio hedge" corresponds to the revaluation of the interest rate risk of assets that are covered by a portfolio hedge.
These assets are recorded under "Loans and advances to customers", "Loans and advances due from banks", and "Financial assets available for sale".

EUR millions	12/31/2009		
	Book value	Fair Value	Unrecognized fair value adjustment
Central banks	4	4	-
Hedging derivatives (see note 4.1.a) (1)	2,814	2,814	-
Financial assets available for sale (1)	3,304	3,304	-
Loans and advances due from banks	7,810	7,795	(15)
Loans and advances to customers	71,060	67,845	(3,215)
Fair value revaluation of portfolio hedge (1) (2)	692	692	-
Other assets	146	146	-
TOTAL	**85,830**	**82,600**	**(3,230)**

1) For these items, fair value is the book value.
(2) The item "Fair value revaluation of portfolio hedge" corresponds to the revaluation of the interest rate risk of assets that are covered by a portfolio hedge.
These assets are recorded under "Loans and advances to customers", "Loans and advances due from banks", and "Financial assets available for sale".

EUR millions	12/31/2010		
	Book value	Fair Value	Unrecognized fair value adjustment
Central banks	2	2	-
Hedging derivatives (see note 4.1.a) (1)	5,906	5,906	-
Financial assets available for sale (1)	1 865	1,865	-
Loans and advances due from banks	7,171	7,110	(61)
Loans and advances to customers	78,025	73,301	(4,724)
Fair value revaluation of portfolio hedge (1) (2)	1,114	1,114	-
Other assets	147	147	-
TOTAL	**94,230**	**89,445**	**(4,785)**

1) For these items, fair value is the book value.
(2) The item "Fair value revaluation of portfolio hedge" corresponds to the revaluation of the interest rate risk of assets that are covered by a portfolio hedge.
These assets are recorded under "Loans and advances to customers", "Loans and advances due from banks", and "Financial assets available for sale".

b. Composition of the fair value of the liabilities, excluding equity

EUR millions	12/31/2008		
	Book value	Fair Value	Unrecognized fair value adjustment
Central banks	7,473	7,473	-
Hedging derivatives (see note 4.1.a) (1)	8,463	8,463	-
Interbank loans and deposits (1)	4,410	4,429	19
Due to banks	-	-	-
Debt securities	64,266	63,555	(711)
Fair value revaluation of portfolio hedge (1) (2)	990	990	-
Other liabilities	531	531	-
TOTAL	**86,133**	**85,441**	**(692)**

(1) For these items, fair value is the book value.
(2) The item "Fair value revaluation of portfolio hedge" corresponds to the revaluation of the interest rate risk of liabilities that are covered by a portfolio hedge.
These liabilities are recorded under "Due to banks", "Customer borrowings and deposits", and "Debt securities".
The above-mentioned fair value only includes the effects linked to interest rates, except for "Liabilities held for trading" and "Liabilities at fair value through profit and loss".

EUR millions	12/31/2009		
	Book value	Fair Value	Unrecognized fair value adjustment
Central banks	-	-	-
Hedging derivatives (see note 4.1.a) (1)	5,806	5,806	-
Interbank loans and deposits (1)	10,352	10,399	47
Due to banks	-	-	-
Debt securities	65,933	65,211	(722)
Fair value revaluation of portfolio hedge (1) (2)	1,256	1,256	-
Other liabilities	1,493	1,493	-
TOTAL	**84,840**	**84,165**	**(675)**

(1) For these items, fair value is the book value.
(2) The item "Fair value revaluation of portfolio hedge" corresponds to the revaluation of the interest rate risk of liabilities that are covered by a portfolio hedge.

These liabilities are recorded under "Due to banks", "Customer borrowings and deposits", and "Debt securities".

The above-mentioned fair value only includes the effects linked to interest rates, except for "Liabilities held for trading" and "Liabilities at fair value through profit or loss".

EUR millions	12/31/2010		
	Book value	Fair Value	Unrecognized fair value adjustment
Central banks	-	-	-
Hedging derivatives (see note 4.1.a) (1)	10,887	10,887	-
Interbank loans and deposits (1)	12,541	12,554	13
Due to banks	-	-	-
Debt securities	66,819	66,473	(346)
Fair value revaluation of portfolio hedge (1) (2)	1,557	1,557	-
Other liabilities	1,357	1,357	-
TOTAL	**93,161**	**92,828**	**(333)**

(1) For these items, fair value is the book value.
(2) The item "Fair value revaluation of portfolio hedge" corresponds to the revaluation of the interest rate risk of liabilities that are covered by a portfolio hedge.

These liabilities are recorded under "Due to banks", "Customer borrowings and deposits", and "Debt securities".

The above-mentioned fair value only includes the effects linked to interest rates, except for "Liabilities held for trading" and "Liabilities at fair value through profit or loss".

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

Fair value of financial assets	12/31/2010			
EUR millions	Level 1 (1)	Level 2 (2)	Level 3 (3)	Total
Hedging derivatives (see note 4.1.a)	-	4,544	1,362	5,906
Financial assets available for sale	587	95	1,183	1,865
Loans and advances due from banks	-	1,950	5,160	7,110
Loans and advances to customers	-	57,953	15,348	73,301
Fair value revaluation of portfolio hedge	-	1,114	-	1,114
TOTAL	**587**	**65,656**	**23,053**	**89,296**

(1) Price quoted on an active market for the same type of instrument.
(2) Price quoted on an active market for a similar (but not exactly the same) instrument or use of a valuation technique.
(3) Use of a valuation technique in which all the significant parameters are not observable.

Fair value of financial liabilities EUR millions	12/31/2010			
	Level 1 [(1)]	Level 2 [(2)]	Level 3 [(3)]	Total
Hedging derivatives (see note 4.1.a)	-	5,567	5,320	10,887
Due to banks	-	3,530	9,024	12,554
Customer borrowings and deposits	-	-	-	-
Debt securities	-	66,473	-	66,473
Fair value revaluation of portfolio hedge	-	1,557	-	1,557
TOTAL	-	77,127	14,344	91,471

(1) Price quoted on an active market for the same type of instrument.
(2) Price quoted on an active market for a similar (but not exactly the same) instrument or use of a valuation technique.
(3) Use of a valuation technique in which all the significant parameters are not observables.

d. Level 3: Reconciliation

EUR millions	Dec.31, 2009	Total gains and losses through profit and loss	Total unrealized or deferred gains and losses	Purchase	Sale	Direct Origination	Settle-ment	Transfert in Level 3	Transfert out level 3	Others varia-tions	Dec.31, 2010
Financial assets available for sale	2,063	23	(9)	1,400	-	-	(2,309)	-	-	15	1,183
Hedging derivatives	24	503	-	-	-	-	595	251	(9)	(2)	1,362
TOTAL FINANCIAL ASSETS	**2,087**	**526**	**(9)**	**1,400**	**-**	**-**	**(1,714)**	**251**	**(9)**	**13**	**2,545**
Hedging derivatives	395	2,601	-	-	-	-	(1,168)	3,604	(17)	1	5,416
TOTAL FINANCIAL LIABILITIES	**395**	**2,601**	**-**	**-**	**-**	**-**	**(1,168)**	**3,604**	**(17)**	**1**	**5,416**

7.2 - EXPOSURE TO CREDIT RISK

Exposure to credit risks, as presented to management, includes the following:
- for assets other than derivatives: the amount on the balance sheet (i.e. after deduction of specific provisions);
- for derivatives: the market value on the balance sheet plus an add-on representing a margin for future potential credit risks;
- for off-balance sheet commitments: the amount is stated in the notes to the financial statements; the amount is intact of financing commitment drawdowns.

Exposure to credit risk is broken down by region and by counterparty, taking into account the guarantees received. This signifies that when the credit risk is guaranteed by a third party whose weighted risk (in the sense of Basel regulations) is less than that of the direct borrower, exposure is included in the guarantor's region and business sector.

a. Breakdown of exposure to credit risks

Analysis of exposure by geographic region

EUR millions	12/31/2010
France	54,127
Belgium	7,988
Italy	7,718
Rest of Europe	4,900
Spain	3,240
Other European Union countries	1,869
Luxembourg	1,850
Germany	848
United States and Canada	324
Japan	25
Other countries	10
TOTAL EXPOSURE	82,899

Analysis of exposure by category of counterparty

EUR millions	12/31/2010
States	2,658
Local public sector	71,671
ABS	84
Financial institutions	8,486
TOTAL EXPOSURE	82,899

The exposures on financial institutions are primarily comprised of counterparties in hedging derivatives and the covered bonds classified as replacement assets.
Exposures on ABS correspond to the three ABS that are 100% guaranteed by a public sector entity or have a pool of 100% public sector assets: Blue Danube Loan GmbH, Colombo SrL, Societa veicolo Astrea SrL.

Analysis of exposure by category of instrument

EUR millions	12/31/2010
Debt securities	1,864
Loans and advances	79,480
Financing commitments on loans	907
Hedging derivatives	648
TOTAL EXPOSURE	82,899

b. Evaluation of asset credit quality

The Dexia Group decided to use the advanced method recommended by the regulators in relation to the Basel II reforms on the capital adequacy ratio and capital requirements. This system is of paramount importance for Dexia and is under the exclusive responsibility of the Risk Management division, which has rating models covering the main client segments. Banking supervisors (the ACP in France and the CBFA in Belgium) have internal models to calculate and report equity requirements for credit risk as of January 1, 2008.
This enables Dexia Municipal Agency to present below an analysis of its exposures, broken down by risk weighting, as used to calculate equity requirements. Credit weighting is mainly calculated on the basis of the probability of default of the counterparty and of the loss incurred in the event of default.
This analysis confirms the excellent quality of the assets in Dexia MA's portfolio. Seventy-nine percent of the portfolio has a weighting of equal to or less than 5% and more than 98% of the portfolio has a weighting that is less than or equal to 20%.

EUR millions	Risk weighting (Basel II)				
	from 0 to 5%	from 5% to 20%	from 20% to 50%	more than 50%	Total
Debt securities	956	600	308	-	1,864
Loans and advances	63,668	15,301	392	119	79,480
Financing commitments on loans	807	99	-	1	907
Hedging derivatives	-	30	591	27	648
TOTAL EXPOSURE	**65,431**	**16,030**	**1,291**	**147**	**82,899**
SHARE	**78.9%**	**19.3%**	**1.6%**	**0.2%**	**100.0%**

Certain exposures do not yet benefit from an internal evaluation system validated by banking supervisors; in this case, their weighting is that of the standard method, which is, for example, 20% for local governments.

7.3 - LIQUIDITY RISK: ANALYSIS BY TERM TO MATURITY

a. Analysis of assets

EUR millions	12/31/2010						
	Sight	Less than 3 months	3 months to 1 year	1 to 5 years	More than 5 years	No fixed maturity	Total broken down
Central banks	2	-	-	-	-	-	2
Derivatives	-	-	-	-	-	-	-
Financial assets available for sale	-	400	200	232	943	-	1,775
Loans and advances due from banks	-	1,543	1,894	3,159	469	-	7,065
Loans and advances to customers	-	2,471	3,467	18,441	46,962	-	71,341
Fair value revaluation of portfolio hedge	-	-	-	-	-	-	-
Financial assets held to maturity	-	-	-	-	-	-	-
Tax assets	-	-	-	-	-	138	138
Accruals and other assets	-	9	-	-	-	-	9
TOTAL	**2**	**4,423**	**5,561**	**21,832**	**48,374**	**138**	**80,330**

EUR millions	12/31/2010				
	Total broken down	Accrued interest	Fair value adjustment	Impairment	Total
Central banks	2	-	-	-	2
Derivatives	-	1,216	4,690	-	5,906
Financial assets available for sale	1,775	12	78	-	1,865
Loans and advances due from banks	7,065	32	74	-	7,171
Loans and advances to customers	71,341	945	5,759	(20)	78,025
Fair value revaluation of portfolio hedge	-	-	1,114	-	1,114
Financial assets held to maturity	-	-	-	-	-
Tax assets	138	-	-	-	138
Accruals and other assets	9	-	-	-	9
TOTAL	**80,330**	**2,205**	**11,715**	**(20)**	**94,230**

b. Analysis of liabilities, excluding equity

EUR millions	12/31/2010						
	Sight	Less than 3 months	3 months to 1 year	1 to 5 years	More than 5 years	No fixed maturity	Total broken down
Central banks	-	-	-	-	-	-	-
Hedging derivatives	-	-	-	-	-	-	-
Due to banks	9,029	-	400	1,800	1,300	-	12,529
Customer borrowings and deposits	-	-	-	-	-	-	-
Debt securities	-	3,995	2,422	22,985	34,597	-	63,999
Fair value revaluation of portfolio hedge	-	-	-	-	-	-	-
Tax liabilities	-	-	-	-	-	13	13
Accruals and other liabilities	-	1,344	-	-	-	-	1,344
Provisions	-	-	-	-	-	-	-
Subordinated debt	-	-	-	-	-	-	-
TOTAL	**9,029**	**5,339**	**2,822**	**24,785**	**35,897**	**13**	**77,885**

EUR millions	12/31/2010			
	Total broken down	Accrued interest	Fair value adjustment	Total
Central banks	-	-	-	-
Hedging derivatives	-	933	9,954	10,887
Due to banks	12,529	12	-	12,541
Customer borrowings and deposits	-	-	-	-
Debt securities	63,999	1,335	1,485	66,819
Fair value revaluation of portfolio hedge	-	-	1,557	1,557
Tax liabilities	13	-	-	13
Accruals and other liabilities	1,344	-	-	1,344
Provisions	-	-	-	-
Subordinated debt	-	-	-	-
TOTAL	**77,885**	**2,280**	**12,996**	**93,161**

c. Net liquidity gap

EUR millions	12/31/2010							
	Sight	Less than 3 months	3 months to 1 year	1 to 5 years	More than 5 years	No fixed maturity	Total broken down	Total
AMOUNT	**(9,027)**	**(916)**	**2,739**	**(2,953)**	**12,477**	**125**	**(1,376)**	**1,069**

This table presents the balance sheet at the closing date; it does not take into account the management decisions that will make it possible to manage differences in maturity or the future production of assets and liabilities. Dexia MA's liquidity is provided by its refinancing agreement with Dexia Credit Local. In addition, the Company may obtain funding from the Banque de France, by giving certain of these assets in guarantee (this process was tested in 2008, and the great majority of Dexia MA's assets are eligible for refinancing by the Central Bank). Dexia MA can thus obtain funding from the Banque de France enabling it to reimburse *obligations foncières* when they arrive at maturity; the assets given in guarantee are therefore excluded (as well as the matured bonds) from the calculation of the solvency ratio, which remains practically unchanged. The sight debt of EUR 9,029 million corresponds to the current account with Dexia Credit Local; this debt does not benefit from privilege of the law on *sociétés de crédit foncier*.

7.4 - RISK ON RESETTING OF INTEREST RATES: ANALYSIS BY TIME UNTIL NEXT INTEREST RATE RESET DATE

a. Analysis of assets

EUR millions	12/31/2010						
	Sight	Less than 3 months	3 months to 1 year	1 to 5 years	More than 5 years	No fixed maturity	Total broken down
Central banks	2	-	-	-	-	-	2
Derivatives	-	-	-	-	-	-	-
Financial assets available for sale	-	808	200	30	737	-	1,775
Loans and advances due from banks	-	5,629	265	774	397	-	7,065
Loans and advances to customers	-	16,982	10,608	11,768	31,983	-	71,341
Fair value revaluation of portfolio hedge	-	-	-	-	-	-	-
Financial assets held to maturity	-	-	-	-	-	-	-
Tax assets	-	-	-	-	-	138	138
Accruals and other assets	-	9	-	-	-	-	9
TOTAL	**2**	**23,428**	**11,073**	**12,572**	**33,117**	**138**	**80,330**

EUR millions	12/31/2010				
	Total broken down	Accrued interest	Fair value adjustment	Depreciation	Total
Central banks	2	-	-	-	2
Derivatives	-	1,216	4,690	-	5,906
Financial assets available for sale	1,775	12	78	-	1,865
Loans and advances due from banks	7,065	32	74	-	7,171
Loans and advances to customers	71,341	945	5,759	(20)	78,025
Fair value revaluation of portfolio hedge	-	-	1,114	-	1,114
Financial assets held to maturity	-	-	-	-	-
Tax assets	138	-	-	-	138
Accruals and other assets	9	-	-	-	9
TOTAL	**80,330**	**2,205**	**11,715**	**(20)**	**94,230**

b. Analysis of liabilities, excluding equity

EUR millions	12/31/2010						
	Sight	Less than 3 months	3 months to 1 year	1 to 5 years	More than 5 years	No fixed maturity	Total broken down
Central banks	-	-	-	-	-	-	-
Hedging derivatives	-	-	-	-	-	-	-
Due to banks	9,029	3,500	-	-	-	-	12,529
Customer borrowings and deposits	-	-	-	-	-	-	-
Debt securities	-	6,759	4,833	20,801	31,606	-	63,999
Fair value revaluation of portfolio hedge	-	-	-	-	-	-	-
Tax liabilities	-	-	-	-	-	13	13
Accruals and other liabilities	-	1,344	-	-	-	-	1,344
Provisions	-	-	-	-	-	-	-
Subordinated debt	-	-	-	-	-	-	-
TOTAL	**9,029**	**11,603**	**4,833**	**20,801**	**31,606**	**13**	**77,885**

EUR millions	12/31/2010			
	Total broken down	Accrued interest	Fair value adjustment	Total
Central banks	-	12	-	12
Hedging derivatives	-	933	9,954	10,887
Due to banks	12,529	-	-	12,529
Customer borrowings and deposits	-	-	-	-
Debt securities	63,999	1,335	1,485	66,819
Fair value revaluation of portfolio hedge	-	-	1,557	1,557
Tax liabilities	13	-	-	13
Accruals and other liabilities	1,344	-	-	1,344
Provisions	-	-	-	-
Subordinated debts	-	-	-	-
TOTAL	**77,885**	**2,280**	**12,996**	**93,161**

c. Balance-sheet sensitivity gap

EUR millions	12/31/2010							
	Sight	Less than 3 months	3 months to 1 year	1 to 5 years	More than 5 years	No fixed maturity	Total broken down	Total ventilé
AMOUNT	**(9,027)**	**11,825**	**6,240**	**(8,229)**	**1,511**	**125**	**(1,376)**	**1,069**

7.5 - CURRENCY RISK

Classification by original currency EUR millions	12/31/2008				
	EUR	Other EU currencies	U.S. dollars	Other currencies	Total
Total assets	70,443	3,991	8,504	3,909	86,847
Total liabilities and equity	70,443	3,991	8,504	3,909	86,847
NET BALANCE SHEET POSITION	**0**	**0**	**0**	**0**	**0**

Classification by original currency EUR millions	12/31/2009				
	EUR	Other EU currencies	U.S. dollars	Other currencies	Total
Total assets*	71,713	4,284	6,292	3,559	85,848
Total liabilities and equity*	71,713	4,284	6,292	3,559	85,848
NET BALANCE SHEET POSITION	**0**	**0**	**0**	**0**	**0**

Classification by original currency EUR millions	12/31/2010				
	EUR	Other EU currencies	U.S. dollars	Other currencies	Total
Total assets	79,551	4,847	5,692	4,381	94,471
Total liabilities and equity	79,551	4,847	5,692	4,381	94,471
NET BALANCE SHEET POSITION	**0**	**0**	**0**	**0**	**0**

** Figures as of December 31, 2009, have been modified. Cf. Notes to the financial statements - "Significant events".*

Dexia MA takes no foreign exchange risk. Assets and liabilities originally in non-euro currencies are swapped against Euribor as soon as they are recognized on the balance sheet.

7.6 - SENSITIVITY TO INTEREST RATE RISK

Dexia Municipal Agency is subject to particular management with the goal of neutralizing exposure to interest rate risk to the extent possible. The method used follows simple principles and consists in converting the assets and liabilities on the balance sheet to floating rates so that they will move in a parallel manner under the impact of changes in the yield curve, while maintaining the margin unchanged.

All the derivative financial instruments used by Dexia Municipal Agency are part of a hedging system, whether micro or macro. The Company may not conduct trading operations, nor hold derivatives in an isolated open position.

Dexia Municipal Agency uses interest rate micro-hedges on a part of the assets and on the liabilities benefiting from the legal privilege, and interest rate macro-hedges on other assets and on off-balance sheet items to manage the overall interest rate risk. The micro-hedges cover the interest rate risk on the securities portfolio, on certain loans, on *obligations foncières* (and registered covered bonds). The macro-hedges are mainly used to manage the interest rate risk on fixed rate loans not hedged by micro-hedges (principally because the unit amount is too low) and to manage differences in Euribor fixing dates by Eonia hedges.

The residual interest rate risk from macro-hedges has been contained within a limit set since 2005, with the approval of the rating agencies, at 3% of equity. This limit is reviewed yearly and is currently set at EUR 35 million, of which EUR 9 million for the monetary gap and EUR 26.0 million for the fixed rate gap. Real sensitivity is maintained well under this limit.

The sensitivity thus measured corresponds to the change in the gap's net present value under the impact of a change in the yield curve of 100 basis points.

The results of this management in the last four quarters are presented in the following table.

Sensitivity of the gap		Average	Maximum	Minimum	Limit
Fixed rate	1Q 2010	13.8	18.3	11.0	26.0
	2Q 2010	18.1	22.6	15.6	26.0
	3Q 2010	19.4	29.9	12.2	26.0
	4Q 2010	17.9	22.2	13.9	26.0
Monetary	1Q 2010	2.0	4.4	(3.1)	4.5
	2Q 2010	0.6	4.6	(1.1)	9.0
	3Q 2010	1.0	2.8	0.1	9.0
	4Q 2010	0.0	3.0	2.5	9.0
Total	1Q 2010	15.5	20.0	10.1	30.5
	2Q 2010	18.9	23.1	14.6	35.0
	3Q 2010	20.3	31.7	12.6	35.0
	4Q 2010	18.1	22.8	14.0	35.0

The maximum fixed rate sensitivity limit was exceeded at the beginning of August 2010. This incident was linked to the August 1, 2010, recognition by Dexia MA of EUR 1 billion in French loans originated by Dexia Credit Local, which disrupted the calculation of the sensitivity of Dexia MA. It should be noted that this event did not cause the overall sensitivity limit to be exceeded, since it reached a maximum of EUR 31.7 million in this period, i.e. under the overall limit of EUR 35 million.

Statutory Auditors' report on the IFRS financial statements

Year ended December 31, 2010

This is a free translation into English of the Statutory Auditors' report on the financial statements issued in the French language and is provided solely for the convenience of English-speaking users.
This report should be read in conjuction with, and is construed in accordance with French law and professional auditing standards applicable in France.

To the President,

In our capacity as Statutory Auditors of Dexia Municipal Agency (the "Company") and pursuant to your request, in the context of the wish of your Company to provide more extensive financial information to investors, we have audited the accompanying financial statements of Dexia Municipal Agency for the year ended December 31, 2010, prepared in accordance with IFRS standards, as adopted by the European Union. The financial statements have been approved by the Executive Board in a context of economic and financial crisis which is still characterized by a high market volatility and a certain difficulty to apprehend the economic outlook. Our responsibility is to express an opinion on these financial statements, based on our audit.

We conducted our audit in accordance with professional standards applicable in France. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, using sample testing techniques or other selection methods, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made, as well as evaluating the overall financial statement presentation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

In our opinion, the financial statements give a true and fair view in all material respects of the assets and liabilities and of the financial position of Dexia Municipal Agency as of December 31, 2010, and of the results of its operations for the year then ended in accordance with IFRS as adopted by the European Union.

Without qualifying our opinion, we draw your attention to the matter set out in Note 1.2 "Significant Events" to the annual financial statements regarding the correction of error relative to costs of loans and advances to customers.

This report does not constitute a report on the statutory audit of the financial statements prepared in accordance with French general accounting rules and principles pursuant to article L.823-9 of the French Code of Commerce (*Code de commerce*). In addition to the information relating to the specific verification required by law, covering, in particular, the management report, this auditors' report includes, in accordance with article L.823-9 of the French Code of Commerce, a justification of our assessments.

This report is made for your exclusive attention in the context described above and should not be used or transmitted for other uses.

We disclaim any liability in the use of this report by any third party receiving it.

This report is governed by French law. French courts shall have exclusive jurisdiction for hearing any litigation, claim or dispute arising from our engagement letter, this report or any question relating thereto. Each party hereby irrevocably waives its right to contest any legal action that may be brought before French courts or allege that any legal action has been brought before a French court not having proper jurisdiction or that French courts do not have jurisdiction.

Neuilly-sur-Seine and Courbevoie, March 28, 2011

The Statutory Auditors

MAZARS

Virginie Chauvin
Partner

Hervé Helias
Partner

DELOITTE & ASSOCIÉS

José-Luis Garcia
Partner

French GAAP Financial Statements

Assets as of December 31, 2010

EUR millions	Notes	12/31/2008	12/31/2009	12/31/2010
Central banks	2.1	-	4	2
Government and public securities, eligible for central bank financing	2.2	3,740	4,593	4,222
Loans and advances due from banks	2.3	4,310	2,229	2,236
Loans and advances to customers	2.4	53,367	54,386	54,731
Bonds and other fixed income securities	2.5	16,141	17,425	19,264
Equities and other variable income securities		-	-	-
Investments in non-consolidated companies and other long-term investments		-	-	-
Investments in consolidated companies		-	-	-
Intangible assets		-	-	-
Property and equipment		-	-	-
Unpaid capital		-	-	-
Treasury stock		-	-	-
Other assets	2.6	13	4	7
Accruals and other assets	2.7	3,797	2,831	4,179
TOTAL ASSETS	**2.8**	**81,368**	**81,472**	**84,641**

Liabilities as of December 31, 2010

EUR millions	Notes	12/31/2008	12/31/2009	12/31/2010
Central banks	3.1	7,473	-	-
Due to banks	3.2	4,416	10,352	12,544
Customer borrowings and deposits		-	-	-
Debt securities	3.3	63,351	65,298	65,669
Other liabilities	3.4	497	1,433	1,323
Accruals and other liabilities	3.5	4,436	3,073	3,643
Provisions for risks and charges	3.6	2	16	19
Deferred tax liabilities	3.6	-	-	18
Regulated provisions	3.6	52	60	68
General banking risks reserve		-	-	-
Subordinated debt		-	-	-
Equity		**1,141**	**1,240**	**1,357**
Share capital	3.7	946	1,060	1,190
Additional paid-in capital	3.7	-	-	-
Reserves and retained earnings	3.7	104	82	47
Net income	3.7	91	98	120
TOTAL LIABILITIES	**3.8**	**81,368**	**81,472**	**84,641**

Off-balance sheet items as of December 31, 2010

EUR millions	Notes	12/31/2008	12/31/2009	12/31/2010
COMMITMENTS GRANTED	**4.1**	**10,999**	**1,636**	**900**
Financing commitments		3,188	1,636	900
Guarantees granted		-	-	-
Other commitments granted		7,811	-	-
COMMITMENTS RECEIVED	**4.2**	**12,887**	**20,771**	**19,170**
Financing commitments		5,432	7,412	6,626
Guarantees received		5,970	13,359	12,544
Other commitments received		1,485	-	-
Foreign currency transactions	4.3	45,813	40,556	38,295
Interest rate derivatives	4.4	216,370	212,111	235,461
Commitments related to securities transactions	4.5	-	-	-

Income statement

EUR millions	Notes	2008	2009	2010
Interest income [(1)]	5.0	8,542	3,728	3,705
Interest expense	5.0	(8,240)	(3,432)	(3,414)
Income from variable income securities		-	-	-
Commission income	5.2	-	-	-
Commission expense	5.2	(4)	(6)	(5)
Net gains (losses) on held for trading portfolio	5.3	-	-	-
Net gains (losses) on *placement* portfolio transactions	5.3	(54)	(38)	4
Other banking income		-	-	-
Other banking expense		-	-	-
NET BANKING INCOME		**244**	**252**	**290**
General operating expense	5.1	(92)	(92)	(96)
Depreciation and amortization		-	-	-
OPERATING INCOME BEFORE COST OF RISK		**152**	**160**	**194**
Cost of risk		-	-	-
INCOME FROM OPERATIONS		**152**	**160**	**194**
Income (loss) on fixed assets		-	-	-
INCOME BEFORE NON-RECURRING ITEMS AND TAXES		**152**	**160**	**194**
Non-recurring items		-	-	-
Income tax	5.4	(53)	(54)	(66)
Net allocation to general banking risks reserve and regulated provisions		(8)	(8)	(8)
NET INCOME		**91**	**98**	**120**
Basic earnings per share		9.62	9.25	10.09
Diluted earnings per share		9.62	9.25	10.09

(1) The amount for 2010 includes the impact of the correction of the excess of interest charges in 2009 for EUR 22.9 million (cf. notes to the financial statements 1.1).

Equity

EUR millions	Amount
AS OF 12/31/2009	
Share capital	1,060
Additional paid-in capital (APIC)	-
Commitments to increase share capital and APIC	-
Reserves and retained earnings	82
Net income for the year	98
Interim dividends	-
EQUITY AS OF 12/31/2009	**1,240**
MOVEMENTS FOR THE PERIOD	
Changes in share capital	130
Changes in APIC	-
Changes in commitments to increase share capital and APIC	-
Changes in reserves and retained earnings*	1
Dividends paid (-)	(134)
Net income for the period	120
Other movements	-
AS OF 12/31/2010	
Share capital	1,190
Additional paid-in capital (APIC)	-
Commitments to increase share capital and APIC	-
Reserves and retained earnings	47
Net income for the period	120
EQUITY AS OF 12/31/2010	**1,357**

** Rounded off*

Cash flow statement

EUR millions	2008	2009	2010
NET INCOME BEFORE TAXES	152	160	194
+/- Depreciation and write-downs	-	-	1
+/- Expense/income from operating activities	(252)	149	92
+/- Expense/income from financing activities	240	32	(84)
+/- Other non-cash items	(66)	(21)	(420)
= Non-monetary elements included in net income before tax and other adjustments	**(78)**	**160**	**(411)**
+/- Cash from interbank operations (Dexia Credit Local and Banque de France)	7,726	(7,126)	-
+/- Cash from interbank operations (customer loans)	(987)	1,995	28
+/- Cash from customer operations (loans)	(2,949)	(1,003)	414
+/- Cash from customer financing assets	(2,888)	(2,217)	(1,344)
+/- Cash from hedging financial instruments	247	1,143	159
- Income tax paid	(75)	(45)	(44)
= Decrease/(increase) in cash from operating activities	**1,074**	**(7,252)**	**(787)**
CASH FLOW FROM OPERATING ACTIVITIES (A)	1,148	(6,933)	(1,004)
CASH FLOW FROM INVESTING ACTIVITIES (B)	-	-	-
+/- Cash from or for shareholders	-	-	(4)
+/- Other cash from financing activities	5,174	1,278	(1,205)
CASH FLOW FROM FINANCING ACTIVITIES (C)	5,174	1,278	(1,209)
EFFECT OF EXCHANGE RATE CHANGES ON CASH (D)	-	-	-
Increase/(decrease) in cash equivalents (A + B+ C + D)	**6,322**	**(5,655)**	**(2,213)**
Cash flow from operating activities (A)	1,148	(6,933)	(1,004)
Cash flow from investing activities (B)	-	-	-
Cash flow from financing activities (C)	5,174	1,278	(1,209)
Effect of exchange rates on cash (D)	-	-	-
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	(7,484)	(1,162)	(6,817)
Central banks (assets & liabilities)	15	(334)	4
Interbank accounts (assets & liabilities) and loans/deposits at sight	(7,499)	(828)	(6,821)
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	(1,163)	(6,818)	(9,030)
Central banks (assets & liabilities)	(334)	4	2
Interbank accounts (assets & liabilities) and loans/deposits at sight	(828)	(6,821)	(9,032)
NET CASH	6,322	(5,655)	(2,213)

Notes to the French GAAP financial statements

1. SIGNIFICANT ACCOUNTING POLICIES

1.1 - SIGNIFICANT EVENTS

Dexia Municipal Agency detected an anomaly in the information system that generated an excess of interest charges on "Loans and advances to customers" in 2009 in the amount of EUR 22.9 million. The impact of the correction of this anomaly was recognized in the financial statements as of December 31, 2010.

1.2 - APPLICABLE ACCOUNTING POLICIES: RULES ADOPTED BY THE FRENCH ACCOUNTING STANDARDS BOARD (AUTORITÉ DES NORMES COMPTABLES - ANC)

Dexia Municipal Agency prepares its annual and semiannual financial statements in compliance with CRC standards 99-04 and 00-03 as modified.
The financial statements as of December 31, 2010, were drawn up using the same accounting principles as those used in the financial statements as of December 31, 2009.
The financial statements have been prepared in accordance with French generally accepted accounting principles, respecting the principle of prudence, on the basis of the following assumptions:
- going concern principle,
- segregation of accounting periods,
- consistency of methods.

The accounts are in accordance with the indications of directive 86/635/EEC of the Council of European Communities and standard 91-02 of the Financial and Banking Regulation Committee (CRBF).

1.3 - ACCOUNTING PRINCIPLES

a. Customer loans

Customer loans are stated in the balance sheet net of depreciation for possible losses. The undrawn portion of signed loan agreements is recorded as an off-balance sheet item.
Interest on loans is recorded as banking income *prorata temporis* for accrued amounts due, as is interest on unpaid installments. Interest on doubtful loans recorded in net banking result is neutralized with a depreciation of an equivalent amount.
Dexia Municipal Agency applies CRC standard 2002-03, modified by CRC standard 2005-03. This standard stipulates that a loan is considered as non-performing when it presents one of the following characteristics:
- a probable or certain risk that it will not be repaid (unpaid for more than nine months for local government borrowers, and for more than three months for the others);
- a factual bad risk (worsening of the financial situation, alert procedures);
- the existence of litigation.

In addition, this standard introduces a new category of bad debt – compromised non-performing loans. Loans unpaid for more than one year are recorded in this category. Interest on these loans no longer contributes to the interest margin once they have been transferred to the category of compromised non-performing loans. This standard also requires the identification of outstanding loans that have been restructured under non-market conditions. Dexia MA has no outstanding recorded in this category as of December 31, 2010.
Article 13 of this standard recommends recognizing in discounted value the provisions covering the losses expected on the non-performing and compromised non-performing loans. The rate of depreciation applied to bad debt is proportional to the risk involved. The amount of interest is depreciated for 100% in compliance with current banking practice. Because of the low risk of loss in the local government sector, the depreciation allotted covers 3% of the capital.
Commissions received and transaction costs related to the granting or the acquisition of a loan, if they are significant, are spread over the life of the loan. Other commission income is recorded in the income statement on a cash basis.
Early loan reimbursement penalties recorded up to December 31, 2004, continue to be amortized, on a tax and accounting basis, over the residual life of the repaid loans, in function of the amount of interest that would have been paid on these loans. The remaining penalties to be spread over time are recorded in accruals and other liabilities.
Since January 1, 2005, early loan reimbursement penalties have been recorded in the income statement at the date they occur.

b. Securities transactions

The securities held by Dexia Municipal Agency are recorded in the assets as:
- government and public entity securities eligible for Central Bank refinancing;
- bonds and other fixed income securities.

The item «Government and public entity securities eligible for Central Bank refinancing» includes debt securities issued by public sector entities that may be refinanced through the European system of central banks.

The item «Bonds and other fixed income securities» includes the following categories of securities:
- debt securities issued by public sector entities that are not eligible for refinancing by central banks;
- debt securities guaranteed by public sector entities;
- debt securities issued by securitization structures;
- debt securities issued by subsidiaries of the Dexia Credit Local Group and by other Dexia Group entities for Dexia

Municipal Agency, in order to facilitate asset transfers and refinancing.

They are recognized for accounting purposes as:
- investment securities (held to maturity);
- securities available for sale.

Investment securities (held to maturity)

Securities considered as investment securities are recorded on the date of purchase at acquisition clean price excluding fees. Interest accrued at the date of acquisition is recorded in a separate account. The positive or negative difference between the redemption value and the market clean price (discount or premium) is amortized according to a quasi-actuarial method over the residual life of the security.
At the end of the accounting period, unrealized gains are not recorded and no depreciation is recorded except in the following cases:
- a doubt about the issuer's ability to meet his obligations;
- the probability that the company will not hold these securities until maturity owing to new circumstances.

It should be noted that the accounting classification as securities as available for sale previously implied the necessity to recognize any security so classified as a «replacement asset». The new formulation of articles L.515-15 and following of the Monetary and Financial Code (May 2007) enables the company to choose the accounting classification (investment or available for sale) it prefers for eligible debt securities.
The sole debt securities to be considered as «replacement assets» are now debt securities the debtors of which are credit institutions or investment firms benefiting from the highest level of credit quality determined by a rating agency recognized by prudential authorities (corresponding to a minimum rating of AA-/Aa3 /AA- by Fitch, Moody's and Standard and Poor's). The percentage of these replacement assets may not exceed 15% of the nominal amount of the *obligations foncières* and other resources benefiting from the privilege mentioned in §2 of part I of article L.515-13 of the Monetary and Financial Code.

Placement securities

Placement securities are recorded on the date of purchase at acquisition clean cost excluding fees. Interest accrued at the date of acquisition is recorded in a separate account. The positive or negative difference between the redemption value and the acquisition clean cost (discount or premium) is amortized according to a quasi-actuarial method over the residual life of the security.
At closing, in application of the principle of prudence, *placement* securities are recorded on the balance sheet at their acquisition cost or selling price at closing, whichever is lower, after accounting, when relevant, for the value of the micro-hedge swap.

If the market for a financial instrument is not active, valuation techniques are used to calculate the selling price (or market value as defined in the notes to the financial statements). The valuation model should take into account all the factors that market players would consider to valuate the asset. Within this framework, Dexia Municipal Agency relies on its own valuation models, making every effort to take into account the market conditions at the date of the valuation as well as any changes in the credit risk quality of these financial instruments and market liquidity.

When the decrease in the value of the security exceeds the unrealized gain on the micro-hedge, the decrease in net value is recorded as asset impairment.

Placement securities transferred to investment securities are recorded at their acquisition cost and previously recognized impairment is reversed over the residual life of the securities concerned (in conformity with article 8 of CRC standard 2005-01).

c. Debt securities

This chapter includes *obligations foncières* and other resources benefiting from the privilege defined in article L.515-19 of the Monetary and Financial Code. It is subdivided into two categories.

Debt securities, for *obligations foncières*

These debt securities are recorded at face value.
From the first year, redemption and issue premiums are amortized on a straight-line basis over the life of the securities *prorata temporis*. They are recorded on the balance sheet under the same headings as the corresponding outstanding debt.
Amortization of these premiums is recorded in the income statement as «Interest expense on bonds and other fixed income securities». In the event bonds are issued above par, amortization of issue premiums is deducted from interest expense on bonds and other fixed income securities.
Interest on bonds is recorded as a banking expense for accrued amounts paid and not yet due calculated *prorata temporis* on the basis of contractual rates.
Bond issuance costs and commissions are amortized in equal parts on a straight-line basis over the life of the related loans.
Bonds denominated in foreign currencies are accounted for by the same method as foreign currency transactions (see below).

Other debt securities, for registered covered bonds

These private placements are recorded at their face value. Issue premiums are treated the same way as *obligations foncières* (see above).

Pursuant to article L.515-20 of the Monetary and Financial Code and article 6 of CRBF standard 99-10 of July 27, 1999, total assets must always exceed liabilities benefiting from the privilege referred to in article L.515-19 of the Monetary and Financial Code.

d. Provisions for risks and charges

Provisions are recognized based on their discounted value when the three following conditions are met:

- Dexia Municipal Agency has a present legal or constructive obligation as a result of past events;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation;
- a reliable estimate of the amount of the obligation can be made.

e. Derivative transactions

Dexia Municipal Agency engages in derivative transactions to hedge the interest rate and foreign exchange risks to which it is exposed in its activity.
Depending on their purpose, these transactions are assigned to micro-hedge or macro-hedge portfolios as defined by CRBF standards 90-15 and 92-04. Evaluation and accounting principles are determined according to the portfolio to which they are assigned.
Pursuant to article L.515-18 of the Monetary and Financial Code, these transactions benefit from the privilege defined in article L.515-19 of the Monetary and Financial Code provided that their purpose is to hedge the assets or debt benefiting from the privilege and the overall risk on the assets, liabilities and off-balance sheet items.
The law stipulates that derivative transactions do not benefit from the privilege when related to sources of financing that do not themselves benefit from the privilege. For Dexia Municipal Agency, the only resources that do not benefit from the privilege comprise the debt with Dexia Credit Local, which is not hedged.
The notional amount of these hedging transactions is recorded as an off-balance sheet item over the life of the contract, i.e. from the date the contract is signed (including forward contracts) up to maturity. The amount recorded is adjusted to reflect any changes in notional amounts so as to represent the maximum current or future commitment.
Equalization payments at the inception of hedging derivatives are spread over their maturity for the time remaining according to a quasi-actuarial method.

Micro-hedge transactions

Transactions are booked as micro-hedges when they are designed to hedge against the interest rate risk related to an item or set of homogeneous items identified from the start. They involve swaps used to hedge issues of debt securities and certain customer assets.
Expense and income on these transactions are recorded in the income statement in the same way income and expense on the hedged item or set of homogeneous items are recorded.
In the event of early repayment, the sale of the hedged item, or early repayment within the framework of the renegotiation of the hedged item, the cancellation equalization payment received or paid because of the early interruption of the hedging instrument is recorded in the following manner, if the hedging instrument has been cancelled.

- prior to January 1, 2005, the equalization payment is extended over the length of time remaining of the cancelled transaction;
- since January 1, 2005, the equalization payment is recorded in the income statement over the period of cancellation; however, the equalization payment paid by Dexia Municipal Agency is charged against income only for the portion that exceeds gains not yet recorded in income in the symmetric position.

In both cases, equalization payments remaining to be extended are recorded as accruals in the assets and/or liabilities.

Macro-hedge transactions

This category includes transactions designed to hedge and manage the Company's overall exposure to interest rate risk on assets, liabilities and off-balance sheet items, excluding micro-hedge transactions. They were authorized by a specific decision of the Executive Board of Dexia Municipal Agency on December 1, 1999, pursuant to article 14 of CRBF standard 99-10.
Expense and income on these transactions are recorded in the income statement *prorata temporis* respectively as "Interest expense on macro-hedge transactions" and "Interest income from macro-hedge transactions". The contra entry is recorded in accruals until the date of payment of the funds.
If an early repayment transaction leads to the cancellation of macro-hedge swaps, the swap cancellation equalization payment is treated in the following way if the cancellation has taken place:

- prior to January 1, 2005, the equalization payment is extended over the length of time remaining of the cancelled transaction. Equalization payments remaining to be extended are recorded in accruals in the assets and/or liabilities;
- since January 1, 2005, the equalization payment is recorded in the income statement at cancellation.

Micro-hedges and macro-hedges correspond to the use of derivative instruments that benefit from the privilege defined in article L.515-19 of the Monetary and Financial Code, pursuant to article L.515-18 of the Monetary and Financial Code.

Monitoring market risks

Market risks refer to the risk of loss linked to fluctuations in market prices and interest rates, their interactions and levels of volatility.
Market risks linked to trading portfolios are not compatible with the activity of Dexia Municipal Agency. The Company cannot have a derivative instrument in an isolated open position. All derivatives used by Dexia Municipal Agency are part of a hedging strategy, either micro- or macro-hedges.
The policy of Dexia Municipal Agency is to avoid any foreign exchange risk. Market risks related to foreign exchange

transactions are eliminated from the start by currency swaps when an asset or liability that is not denominated in euros is recorded on the balance sheet.
General accounting verifies that at each closing there is no foreign exchange risk.
The market back office and market accounting units regularly control the symmetry of micro-hedge swaps.

f. Foreign currency transactions

Pursuant to CRBF standard 89-01, amended by standard 90-01 of February 23, 1990, Dexia Municipal Agency records foreign currency transactions in accounts opened and denominated in each of the currencies used.
Specific foreign exchange position accounts and foreign exchange position equivalent accounts are opened in each currency.
At the end of each accounting period, the differences between the amounts resulting from a market price valuation of the foreign exchange position accounts at the date of closing and the amounts recorded in the foreign exchange position equivalent accounts are recorded in the income statement.

g. Foreign exchange transactions

In the course of systematic hedging of its foreign exchange risk, Dexia Municipal Agency enters into currency swaps. These currency swaps are initiated to eliminate the risk of foreign exchange rate fluctuations that might affect an asset or liability as soon as such a risk is recognized. They are mainly used to hedge certain bond issues and, in the assets, certain debt securities and customer loans.
Results of foreign exchange hedging transactions are accounted for by recording the difference between the hedging rate and the spot rate – contango or backwardation – *prorata temporis* in the income statement.

h. Non-recurring income and expense

Non-recurring income and expense result from events or transactions that do not relate to ordinary business operations or routine management of the Company's assets and liabilities.
Furthermore, the income or expense involved does not depend on decisions taken within the framework of usual management of the Company's activities or assets, but results from external events of a completely exceptional nature. Only items of this nature that have a significant impact on the period's net income are recorded as non-recurring income and expense.

i. Tax consolidation

Dexia Municipal Agency applies the tax consolidation system. Dexia Municipal Agency and its parent company Dexia Credit Local are lodged in a tax consolidation structure. Since January 1, 2002, the consolidating company has been Dexia SA's permanent establishment in France.
This entity pays the total tax owed by the companies in the tax group and the minimum corporate income tax payment for the group. Dexia Municipal Agency records in its accounts the amount of tax for which it would be liable if it were not a member of the tax group.
Tax savings realized by the tax group are recorded in the accounts of Dexia SA's permanent establishment in France.

j. Offices and activities in uncooperative states and territories

In application of article L.511-45 of the Monetary and Financial Code, it should be noted that Dexia Municipal Agency has no offices in States that have not signed with France an administrative assistance agreement (subsidiaries, branches, including *ad hoc* entities, and equity interest in other entities over which the Company has exclusive or joint (or *de facto*) control).

Identity of the parent company consolidating the accounts of Dexia Municipal Agency

Dexia Credit Local
Tour Dexia La Défense 2
1, passerelle des Reflets
92913 La Défense Cedex
France

2. NOTES TO THE ASSETS (EUR millions)

2.1 - CENTRAL BANKS

	12/31/2008	12/31/2009	12/31/2010
Mandatory reserves	0	4	2
TOTAL	0	4	2

2.2 - GOVERNMENT AND PUBLIC ENTITY SECURITIES ELIGIBLE FOR CENTRAL BANK REFINANCING

a. Accrued interest included in this item: 74

b. Analysis by residual maturity excluding accrued interest

Less than 3 months	3 months to 1 year	1 year to 5 years	More than 5 years	Total
4	100	532	3,512	4,148

c. Analysis by listed securities and other securities excluding accrued interest

	Amount as of 12/31/2008	Amount as of 12/31/2009	Amount as of 12/31/2010	Unrealised capital loss as of 12/31/2010
Listed securities (1)	3,113	2,946	3,568	(5)
Other securities	546	1,566	580	0
TOTAL	3,659	4,512	4,148	(5)

(1) Listed securities are registered for trading on a stock exchange.

d. Analysis by type of portfolio excluding accrued interest and changes during the year

Portfolio	Gross amount as of 12/31/2008	Gross amount as of 12/31/2009	Increases	Decreases	Other changes	Impair-ment as of 12/31/2010	Net amount as of 12/31/2010
Trading	-	-	-	-	-	-	-
Placement	737	1,108	890	(1,259)	-	(5)	734
Investment (1)	2,926	3,409	305	(305)	5	-	3,414
	3,663	4,517	1,195	(1,564)	5	(5)	4,148

(1) Increases included EUR 205 million representing a security eligible for European Central Bank refinancing previously classified as bonds or other fixed income securities. No investment securities were sold.

e. Impairment breakdown by country

See note 2.9

2.3 - LOANS AND ADVANCES DUE FROM BANKS

a. Sight loans and advances due from banks

	12/31/2008	12/31/2009	12/31/2010
Current account Dexia Credit Local	58	-	-
Accrued interest not yet due on the current account	-	-	-
Unallocated sums	-	-	3
TOTAL	**58**	**-**	**3**

b. Time loans and advances due from banks

This item is composed of loans to Swiss cantonal banks, which benefit from a legal guarantee of their cantons for an amount of 1,474 millions (excluding accrued interest).
The balance concerns loans guaranteed (i) by local governments (loans to *crédits municipaux*) or (ii) by the assignment in guarantee of refinanced public debt.

a. Accrued interest included in this item: 26

b. Analysis by residual maturity excluding accrued interest

Less than 3 months	3 months to 1 year	1 year to 5 years	More than 5 years	Total
745	194	796	472	2,207

c. Analysis by initial maturity excluding accrued interest

	Net amount as of 12/31/2008	Net amount as of 12/31/2009	Gross amount as of 12/31/2010	Decrease in value as of 12/31/2010	Net amount as of 12/31/2010
Loans of less than 1 year [(1)]	-	-	350	-	350
Loans of more than 1 year	4,196	2,201	1,857	-	1,857
TOTAL	**4,196**	**2,201**	**2,207**	**-**	**2,207**

(1) It is mainly a question of a repurchase transaction for a period of three months.

d. Breakdown by counterparty

	12/31/2008	12/31/2009	12/31/2010
Swiss cantonal banks benefiting from their canton's legal guarantee	2,112	1,809	1,474
Banks guaranteed by a local government, *crédits municipaux*	144	206	203
Credit institutions in the Dexia Group: loans benefiting from the assignment in guarantee of refinanced public debt	1,940	186	180
Credit institutions in the Dexia Group: loans secured by public sector assets	-	-	350
TOTAL	**4,196**	**2,201**	**2,207**
- of which replacement assets	-	-	*350*

2.4 - CUSTOMER LOANS AND ADVANCES

a. Accrued interest included in this item: 818

b. Analysis by residual maturity excluding accrued interest

Less than 3 months	3 months to 1 year	1 year to 5 years	More than 5 years	Total
1,242	2,853	14,738	35,080	53,913

c. Analysis of commitments by the counterparty's economic sector excluding accrued interest

ECONOMIC SECTOR	12/31/2008	12/31/2009	12/31/2010
Public sector	49,182	49,637	49,626
Other sectors (1)	3,348	3,957	4,287
TOTAL	52,530	53,594	53,913

(1) Social housing: OPHLM and S.A. d'HLM and other loans guaranteed by local governments.

d. Analysis by initial maturity excluding accrued interest

	Net amount as of 12/31/2008	Net amount as of 12/31/2009	Gross amount as of 12/31/2010	Impairment as of 12/31/2010	Net amount as of 12/31/2010
Loans of less than 1 year	-	-	-	-	-
Loans of more than 1 year	52,529	53,594	53,914	(1)	53,913
TOTAL	52,529	53,594	53,914	(1)	53,913

e. Analysis of loans by category of outstanding commitments excluding accrued interest

	Net amount as of 12/31/2008	Net amount as of 12/31/2009	Gross amount as of 12/31/2010	Impairment as of 12/31/2010	Net amount as of 12/31/2010
Performing commitments	52,521	53,589	53,904	-	53,904
Restructured commitments	-	-	-	-	-
Non-performing loans	4	4	9	(1)	8
Compromised non-performing loans	4	-	1	-	1
TOTAL	52,529	53,593	53,914	(1)	53,913

f. Depreciation for non-performing loans - changes during the year

	12/31/2008	12/31/2009	Allocations	Reversals	Transfers	12/31/2010
For non-performing loans						
On loans	0	-	0	(0)	-	0
On interest	(1)	-	(1)	-	-	(1)
For compromised non-performing loans						
On loans	-	-	0	-	-	0
On interest	-	(1)	-	-	-	(1)
TOTAL	(1)	(1)	(1)	(0)	-	(2)

- Provisions on interest are recorded in Net banking income.
- Provisions on outstanding are recorded in Cost of risk.

g. Impairment breakdown by country

See note 2.9

2.5 - BONDS AND OTHER FIXED INCOME SECURITIES

a. Accrued interest included in this item: 71

b. Analysis by residual maturity excluding accrued interest

Less than 3 months	3 months to 1 year	1 year to 5 years	More than 5 years	Total
1,587	2,414	5,767	9,425	19,193

c. Analysis by the issuer's economic sector excluding accrued interest

	12/31/2008	12/31/2009	12/31/2010
Public sector	1,464	1,591	1,416
Other sectors (guaranteed by a State or by a local government)	1,444	3,025	1,321
Other sectors (ABS) (1)	104	97	90
DCC – Dexia Crediop per la Cartolarizzazione	4,010	3,836	3,681
DSFB – Dexia Secured Funding Belgium (2)	3,180	3,272	7,235
Cedulas territoriales issued by Dexia Sabadell	3,200	3,200	3,000
Lettres de gage issued by Dexia LdG Banque	2,599	2,350	1,850
Dexia Credit Local - certificates of deposit	-	-	600
TOTAL	**16,001**	**17,370**	**19,193**
- of which eligible for Central Bank refinancing	*6,598*	*7,979*	*5,861*
- of which replacement assets	*5,799*	*5,550*	*5,450*

(1) Asset-backed securities (ABS):
- Colombo: 7.85 (rated Aa2 Moody's, A+ S&P)
- Astrea: 1.26 (rated AA- Fitch, Aa2 Moody's)
The ABS Colombo and Astrea are entirely composed of Italian public sector commitments.
- Blue Danube Loan Funding: 80.95 (rated AA+ S&P – guaranteed by the Land of Lower Austria)
(2) The change is essentially due to the acquisition of DSFB 4 securities for EUR 4,081 million.

d. Replacement assets

	Rating	12/31/2008	12/31/2009	12/31/2010
Dexia Sabadell	AA2 Moody's	3,200	3,200	3,000
Dexia LdG Banque	AAA S&P	2,599	2,350	1,850
Dexia Credit Local - certificates of deposit		-	-	600
TOTAL		**5,799**	**5,550**	**5,450**

e. Analysis by listed securities and other securities excluding accrued interest

	12/31/2008	12/31/2009	12/31/2010	Unrealized capital loss as of 12/31/2010
Listed securities	7,605	7,710	6,490	-
Other securities	8,396	9,660	12,703	(28)
TOTAL	**16,001**	**17,370**	**19,193**	**(28)**

f. Analysis by type of portfolio excluding accrued interest and changes during the year

Portfolio	Net amount as of 12/31/2008	Net amount as of 12/31/2009	Gross amount as of 12/31/2009	Increases	Decreases or sales	Other changes	Impair-ment as of 12/31/2010	Net amount as of 12/31/2010
Trading	-	-	-	-	-	-	-	-
Placement	1,170	2,751	2,788	652	(1,718)	32	(28)	1,726
Investment	14,831	14,619	14,618	5,957	(3,156)	48	-	17,467
	16,001	**17,370**	**17,406**	**6,609**	**(4,874)**	**80**	**(28)**	**19,193**

g. Impairment breakdown by country

See note 2.9

2.6 - OTHER ASSETS

	12/31/2008	12/31/2009	12/31/2010
Other receivables	13	4	7
TOTAL	**13**	**4**	**7**

This item includes a EUR 7 million tax credit that Irish tax authorities owe the Dublin branch.

2.7 - ACCRUALS AND OTHER ASSETS

	12/31/2008	12/31/2009	12/31/2010
Deferred losses on hedging transactions	397	382	1,024
Deferred charges on bond issues	378	358	369
Deferred charges on hedging transactions	322	240	238
Premiums on acquisition of loans from Dexia Credit Local	125	140	155
Premiums on acquisition of loans other than from Dexia Credit Local	17	11	8
Other prepaid charges	-	-	-
Accrued interest not yet due on hedging transactions	2,558	1,690	1,719
Translation adjustments	-	-	653
Other deferred income	-	-	-
Other accruals	-	10	13
TOTAL	**3,797**	**2,831**	**4,179**

2.8 - TOTAL ASSETS

Analysis by original currency	Amount in original currency as of 12/31/2008	Amount in euros as of 12/31/2008	Amount in original currency as of 12/31/2009	Amount in euros as of 12/31/2009	Amount in original currency as of 12/31/2010	Amount in euros as of 12/31/2010
EUR	65,330	65,330	67,399	67,399	70,536	70,536
AUD	2,088	1,028	1,626	1,015	1,626	1,240
CAD	1,012	597	1,012	670	1,012	758
CHF	3,220	2,167	3,617	2,439	3,150	2,523
DKK	255	34	262	35	262	35
GBP	1,447	1,518	1,344	1,514	1,344	1,568
HKD	702	65	201	18	201	19
JPY	245,897	1,941	240,738	1,804	239,598	2,203
NOK	235	24	244	29	244	31
NZD	157	65	-	-	-	-
PLN	59	14	59	14	59	15
SEK	1,427	131	1,378	134	1,368	152
SKK	614	20	-	-	-	-
TRY	55	26	-	-	-	-
USD	11,718	8,387	9,179	6,375	7,411	5,531
ZAR	271	21	270	26	269	30
TOTAL		**81,368**		**81,472**		**84,641**

2.9 - IMPAIRMENT BREAKDOWN BY COUNTRY

	12/31/2008	12/31/2009	12/31/2010
Government and public entity securities eligible for Central Bank refinancing - *placement* securities	**(4)**	**(5)**	**(5)**
Spain	(1)	-	-
Italy	(3)	(5)	(5)
Bonds and other fixed income securities - *placement* securities	**(13)**	**(36)**	**(28)**
Spain	-	(2)	(2)
France	0	0	0
Germany	(7)	(4)	(2)
Italy	(3)	(2)	-
United Kingdom	-	(28)	(24)
United States	(3)	-	-
Loans and advances to customers	**(1)**	**(1)**	**(1)**
France	(1)	(1)	(1)

3. NOTES TO THE LIABILITIES (EUR millions)

3.1 - CENTRAL BANKS

This item includes refinancing obtained through Banque de France tenders. The use of such financing organized by tenders involved the pledging of eligible assets within the framework of a general guarantee management agreement (3G). This source of financing does not benefit from the privilege defined in article L.515-19 of the Monetary and Financial Code.
Dexia Municipal Agency has not used Banque de France financing since July 2009.

	12/31/2008	12/31/2009	12/31/2010
Overnight borrowing	334	-	-
Time borrowing	7,126	-	-
Accrued interest	13	-	-
TOTAL BANQUE DE FRANCE	**7,473**	**-**	**-**

3.2 - DUE FROM BANKS

This item includes the balance of the account opened with Dexia Credit Local. This account is intended to finance the needs of Dexia Municipal Agency related to its activity, in particular, to finance loans prior to the issue of *obligations foncières* as well as the structural over-collateralization of the assets.
Sub-accounts make it possible to distinguish between the financing of over-collateralization and the financing of assets prior to issue. The whole account totaled EUR 12,529 million (excluding accrued interest):

- a sub-account indexed on Eonia, with no defined maturity, financing assets not yet included in the issue programme and miscellaneous needs with a balance of EUR 9,029 million;
- a sub-account comprised of a long-term borrowing earmarked to finance the structural over-collateralization of 5%. Dexia MA's policy is to maintain minimum structural over-collateralization of 5% of outstanding *obligations foncières* and registered covered bonds. This borrowing totaled EUR 3,500 million as of December 31, 2010; it is indexed on the annual money market rate (TAM).

The current account agreement between Dexia Credit Local and Dexia Municipal Agency will exist as long as Dexia Municipal Agency is authorized to operate as a *société de crédit foncier* and acquires or grants loans to public sector entities.

	12/31/2008	12/31/2009	12/31/2010
Sub-account - prefinancing of assets	880	6,820	9,029
- Interest accrued not yet due	2	3	5
Sub-account - financing of over-collateralization	3,500	3,500	3,500
- Interest accrued not yet due	28	29	7
Unallocated sums	6	-	3
TOTAL	**4,416**	**10,352**	**12,544**

Analysis by residual maturity excluding accrued interest

	Less than 3 months	3 months to 1 year	1 year to 5 years	More than 5 years	Total
Sight	9,032	-	-	-	9,032
Time	-	400	1,800	1,300	3,500
TOTAL	**9,032**	**400**	**1,800**	**1,300**	**12,532**

3.3 - DEBT SECURITIES

a. Debt securities (*obligations foncières*)

a. Accrued interest included in this item: 1 233

b. Analysis by residual maturity excluding accrued interest

Type of securities	Less than 3 months	3 months to 1 year	1 year to 5 years	More than 5 years	Total
Obligations foncières	4,011	2,424	22,994	30,873	60,302
of which issue premiums (1)	-	-	(77)	(2)	(79)

(1) The gross amount, before amortization, of issue premiums totaled EUR 108.9 million.

c. Changes during the year excluding accrued interest

Amount as of 12/31/2009	Increases	Decreases	Translation adjustments	Amount as of 12/31/2010
60,362	7,216	(8,956)	1,680	60,302

b. Other bonds (registered covered bonds)

a. Accrued interest included in this item: 103

b. Analysis by residual maturity excluding accrued interest

Type of securities	Less than 3 months	3 months to 1 year	1 year to 5 years	More than 5 years	Total
Registered covered bonds	-	-	-	4,031	4,031
of which issue premiums (1)	-	-	-	(6)	(6)

(1) The gross amount, before amortization, of issue premiums totaled EUR 6.7 million.

c. Analysis by residual maturity excluding accrued interest

Amount as of 12/31/2009	Increases	Decreases	Translation adjustments	Amount as of 12/31/2010
3,547	484	-	-	4,031

3.4 - OTHER LIABILITIES

	12/31/2008	12/31/2009	12/31/2010
Cash collateral received	462	1,427	1,314
Accrued interest not yet due on cash collateral received	-	-	-
Taxes	6	6	9
Balances to pay on unwound hedging contracts	29	0	-
TOTAL	**497**	**1,433**	**1,323**

3.5 - ACCRUALS AND OTHER LIABILITIES

	12/31/2008	12/31/2009	12/31/2010
Deferred gains on hedging transactions	52	-	-
Deferred income on hedging transactions	805	808	1,383
Deferred income on loans	40	31	197
Discounts on acquisition of loans from Dexia Credit Local	74	96	-
Discounts on acquisition of loans from other Group entities	82	76	-
Accrued interest not yet due on hedging transactions	2,064	1,252	1,396
Other accrued charges	27	50	27
Translation adjustments	1,291	760	637
Other accruals	1	-	3
TOTAL	**4,436**	**3,073**	**3,643**

3.6 - PROVISIONS FOR RISKS AND CHARGES, DEFERRED TAX LIABILITIES AND REGULATED PROVISIONS

a. Provision for risks on financial instruments

Amount as of 12/31/2008	Amount as of 12/31/2009	Increases	Decreases	Translation adjustments	Amount as of 12/31/2010
2	16	3	-	-	19

b. Deferred tax liabilities

This item principally concerns the deferred tax on the Dublin branch.

c. Regulated provision for risks on medium- and long-term loans

Amount as of 12/31/2008	Amount as of 12/31/2009	Increases	Decreases	Translation adjustments	Amount as of 12/31/2010
52	60	8	-	-	68

3.7 - EQUITY

	12/31/2008	12/31/2009	12/31/2010
Share capital	946	1,060	1,190
Legal reserve	28	33	38
Retained earnings (+/-)	76	50	9
Net income (+/-)	91	98	120
TOTAL	**1,141**	**1,240**	**1,357**

On May 26, 2010, the Ordinary and Extraordinary Shareholders' Meeting decided:
(i) to allocate the 2009 net income of EUR 98 million to retained earnings, constituing income for distribution of EUR 142.7 million, after allocation to the legal reserve;
(ii) to distribute a dividend of EUR 133.6 million;
(iii) to increase the capital in cash by EUR 130 million. This capital increase was subscribed by Dexia Credit Local and enacted on May 28, 2010.
Dexia MA's share capital totaled EUR 1,190 million, comprising 11,900,000 shares with a face value of EUR 100.

3.8 - TOTAL LIABILITIES

Analysis by original currency	Amount in original currency as of 12/31/2008	Amount in euros as of 12/31/2008	Amount in original currency as of 12/31/2009	Amount in euros as of 12/31/2009	Amount in original currency as of 12/31/2010	Amount in euros as of 12/31/2010
EUR	65,330	65,330	67,399	67,399	70,536	70,536
AUD	2,088	1,028	1,626	1,015	1,626	1,240
CAD	1,012	597	1,012	670	1,012	758
CHF	3,220	2,167	3,617	2,439	3,150	2,523
DKK	255	34	262	35	262	35
GBP	1,447	1,518	1,344	1,514	1,344	1,568
HKD	702	65	201	18	201	19
JPY	245,897	1,941	240,738	1,804	239,598	2,203
NOK	235	24	244	29	244	31
NZD	157	65	-	-	-	-
PLN	59	14	59	14	59	15
SEK	1,427	131	1,378	134	1,368	152
SKK	614	20	-	-	-	-
TRY	55	26	-	-	-	-
USD	11,718	8,387	9,179	6,375	7,411	5,531
ZAR	271	21	270	26	269	30
TOTAL		**81,368**		**81,472**		**84,641**

3.9 - TRANSACTIONS WITH RELATED PARTIES

Analysis by nature	Parent company and entities consolidated by Dexia Credit Local			Other related parties[1]		
	12/31/2008	12/31/2009	12/31/2010	12/31/2008	12/31/2009	12/31/2010
ASSETS						
Loans and advances due from banks - sight	58	-	-	-	-	-
Loans and advances due from banks - time	1,965	186	530	-	-	-
Bonds and other fixed income securities	7,237	7,048	7,297	5,801	5,375	9,102
LIABILITIES						
Due to banks - sight	882	6,823	9,034	-	-	-
Due to banks - time	3,528	3,529	3,506	-	-	-
INCOME STATEMENT						
Interest income on loans and advances	85	13	6	-	-	-
Interest income on debt securities	400	132	70	261	94	90
Interest expense on borrowings	(144)	(39)	(76)	-	-	-
Net commissions	(3)	-	(3)	-	-	-
OFF-BALANCE SHEET						
Interest rate derivatives	140,945	128,588	151,740	3,972	6,472	6,078

(1) This item includes transactions with companies of the Belgian and Luxembourg sub-groups consolidated by Dexia SA, the parent company of Dexia Credit Local.

4. NOTES TO THE OFF-BALANCE SHEET ITEMS (EUR millions)

4.1 - COMMITMENTS GRANTED

	12/31/2008	12/31/2009	12/31/2010
Financing commitments granted to credit institutions	11	6	1
Financing commitments granted to customers (1)	3,177	1,630	899
Other commitments granted, securities assigned in guarantee	7,811	-	-
TOTAL	**10,999**	**1,636**	**900**

(1) Financing commitments on loans and advances correspond to contracts signed for loans not yet paid out to customers as of December 31.

4.2 - COMMITMENTS RECEIVED

	12/31/2008	12/31/2009	12/31/2010
Financing commitments received from credit institutions (1)	5,432	7,412	6,626
Currencies borrowed	-	-	-
Guarantees received from credit institutions	(2)	7,110	6,599
Guarantees received from local governments and asset transfers as guarantees of commitments on local governments	7,455	6,249	5,944
TOTAL	**12,887**	**20,771**	**19,169**

(1) This concerns the refinancing agreement within the framework of the current account agreement between Dexia Credit Local and Dexia Municipal Agency.
(2) As of December 31, 2008, the commitment totaled EUR 7,204 million.

4.3 - FOREIGN CURRENCY TRANSACTIONS

Cash and forward foreign exchange transactions are recorded at their value in foreign currencies translated at the exchange rate at the end of the period.
The items "Currencies to receive" and "Currencies to deliver" are composed of long currency swaps with intermediate payment flows corresponding to hedging transactions.

	Amount as of 12/31/2008	Amount as of 12/31/2009	Amount as of 12/31/2010	Fair value as of 12/31/2010
Currencies to receive	22,261	19,898	19,463	642
Currencies to deliver	23,552	20,658	19,147	(527)
TOTAL	**45,813**	**40,556**	**38,610**	**115**

4.4 - COMMITMENTS ON INTEREST RATE DERIVATIVES

Commitments on interest rate derivatives are recorded in accordance with CRBF standards 88-02 and 90-15: amounts related to unconditional operations are recorded at the contractual notional value.

a. Analysis of over-the-counter interest rate transactions by residual maturity

Type of transaction	Amount as of 12/31/2009	Less than 1 year(1)	1 year to 5 years(2)	More than 5 years(3)	Total as of 31/12/2010
Unconditional transactions	212,111	143,105	22,188	70,164	235,457
(1) of which deferred start	*1,789*				
(2) of which deferred start	*609*				
(3) of which deferred start	*2,504*				
Total	*4,902*				

These hedging transactions include micro-hedge and macro-hedge transactions.

b. Analysis of interest rate transactions by product type

	12/31/2008	12/31/2009	12/31/2010
Interest rate swaps	216,370	212,111	235,457
Term contracts	-	-	-
Interest rate options	-	-	-
TOTAL	216,370	212,111	235,457

c. Analysis of interest rate swap transactions

	Amount as of 12/31/2008	Amount as of 12/31/2009	Amount as of 12/31/2010	Fair value as of 12/31/2010
Micro-hedge	75,770	79,359	77,485	(2,806)
Macro-hedge	140,600	132,752	157,972	(1,497)
TOTAL	216,370	212,111	235,457	(4,303)

d. Analysis of interest rate transactions by counterparty

	12/31/2008	12/31/2009	12/31/2010
Parent and other Dexia Group companies	144,917	127,366	157,818
Counterparties with equity interests	-	-	-
Other counterparties	71,453	84,745	77,639
TOTAL	216,370	212,111	235,457

4.5 COMMITMENTS RELATED TO SECURITIES TRANSACTIONS

	12/31/2008	12/31/2009	12/31/2010
Securities purchased:			
Spot	-	-	-
Forward	-	-	-
TOTAL	-	-	-

5. NOTES TO THE STATEMENT OF INCOME (EUR millions)

5.0.a - INTEREST AND RELATED INCOME

In particular, this item comprises:
- EUR 63 million in interest due and interest accrued and not yet due on operations with credit institutions;
- EUR 2,306 million in interest due and interest accrued and not yet due on loans and advances to customers, payments for early reimbursement of loans and the result of micro-hedge operations; this amount included the impact of the correction of the system calculation anomaly which over-amortized charges on loans and advances to customers in 2009 for EUR 22.9 million (cf. notes to the financial statements 1.1);
- EUR 255 million in interest due and interest accrued and not yet due on bonds and other fixed-income securities, income and expense from the spreading of discounts and premiums on investment and *placement* securities, and the result of micro-hedging operations on these securities;
- EUR 1,081 million in income from macro-hedging operations.

5.0.b - INTEREST AND RELATED EXPENSE

In particular, this item comprises:
- EUR 89 million in interest due and interest accrued and not yet due on refinancing operations;
- EUR 998 million in expense on loans and advances to customers;
- EUR 619 million in interest due, interest accrued and not yet due, income and expense from the spreading of debit and credit issue premiums for *obligations foncières* and registered covered bonds, and the result of micro-hedging operations;
- EUR 1,708 million in expense on macro-hedging operations.

5.1 - GENERAL EXPENSES

Dexia Municipal Agency has no salaried employees in accordance with article L.515-22 of the Monetary and Financial Code. Within the framework of its management contract, Dexia Credit Local conducts all operations, transactions and functions of all types on behalf of Dexia MA.
In addition, specific management contracts grant different entities the management of loans and securities in their respective countries (Kommunalkredit Austria, Dexia Crediop and Dexia Bank Belgium).
General operating expense can be broken down as follows.

	2009	2010
Taxes	(5)	(8)
Other general operating expense*	(87)	(88)
TOTAL	**(92)**	**(96)**

**This item mainly includes the management commissions billed by Dexia Credit Local and other Group companies to Dexia Municipal Agency under the management contracts they have signed, i.e. EUR 86 million.*

5.2 - ANALYSIS OF COMMISSIONS PAID

	2009	2010
Commission for business brokerage and securities portfolio management billed by Dexia Crediop	(4)	(3)
Commission paid on securities transactions	(2)	(2)
TOTAL	**(6)**	**(5)**

5.3 - ANALYSIS OF INCOME FROM FINANCIAL TRANSACTIONS

	2009	2010
Transactions on *placement* securities [(1)]	(38)	4
Transactions on investment securities	-	-
Transactions on interest rate derivatives	-	-
Foreign exchange transactions	-	-
TOTAL	**(38)**	**4**

(1) This item regroups capital gains and losses on sales and provisions and reversals on this portfolio. Amount after swaps.

5.4 - INCOME TAX

	2009	2010
Income tax for the year	(54)	(51)
Deferred tax	-	(15)
TOTAL	**(54)**	**(66)**

The tax rate used for 2010 is 34.43% for France.
The tax rate used for the Dublin branch is 12.50%

Statutory Auditors' report on the financial statements

Year ended December 31, 2010

This is a free translation into English of the Statutory Auditors' report in French, and is provided solely for the convenience of English-speaking readers. This report includes information specifically required by French law and this is presented after the Opinion on the financial statements. This information includes an explanatory paragraph discussing the auditors' assessment of certain significant accounting matters. These assessments were made for the purpose of issuing an opinion on the financial statements taken as a whole and not to provide separate assurance on individual account captions or on information taken outside of the financial statements. The report also includes information relating to the specific verification of information in the management report. This report should be read in conjunction with French law and professional auditing standards applicable in France.

To the Shareholders,

In compliance with the assignment entrusted to us by your Annual General Shareholders' Meeting, we hereby report to you, for the year ended December 31, 2010, on:
- the audit of the accompanying financial statements of Dexia Municipal Agency;
- the justification of our assessments;
- the specific verifications and disclosures required by law.

These financial statements have been approved by the Executive Board. Our role is to express an opinion on these financial statements based on our audit.

I. Opinion on the financial statements

We conducted our audit in accordance with professional standards applicable in France. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.
An audit includes examining, using sample testing techniques or other selection methods, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made, as well as evaluating the overall financial statement presentation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.
In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of Dexia Municipal Agency as of December 31, 2010, and of the results of its operations for the year then ended, in accordance with accounting rules and principles applicable in France.
Without qualifying our opinion, we draw your attention to note 1.1 to the financial statements regarding the correction of error relative to costs of loans and advances to customers.

II. Justification of assessments

The accounting assessments used for the financial statements prepared as of December 31, 2010, have been made in a context of economic and financial crisis which is still characterized by high market volatility and a certain difficulty to apprehend the economic outlook. In this context and in accordance with the requirements of article L.823-9 of the French Code of Commerce (*Code de commerce*) relating to the justification of our assessments, we bring to your attention the following matters.

Credit risks provision

As described in note "1.3.a – Customer loans" of the notes to the financial statements, your company records provisions to cover credit risks inherent in any banking activity. As part of our assessment of these accounting estimates, we examined the credit risk review process, the assessment of the irrecoverability risk and the adequacy of specific allowances for loan losses.

Valuation of financial instruments

As described in note "1.3.b – Securities transactions" of the notes to the financial statements, your company uses internal models and methods to value financial instruments that are not listed on liquid markets, as well as for the recording of certain provisions. Our procedures consisted in reviewing the control procedures related to the illiquidity assessment of the market, the verification of the models and the determination of the data and assumptions used.
These assessments were made in the context of our audit of the financial statements, taken as a whole, and therefore contributed to the opinion we formed and which is expressed in the first part of this report.

III. Specific verifications and disclosures

We also performed the specific verifications required by law, in accordance with professional standards applicable in France.
We have no matters to report regarding the fair presentation and the consistency with the financial statements of the information given in the Management Report of the Executive Board, and in the documents addressed to the shareholders with respect to the financial position and the financial statements.
In application of the law, we indicate that the information required by article L.225-102-1 of the French Code of Commerce does not include the compensation paid and personal benefits granted by the controlling company to the members of your Company's management bodies for their duties in the controlling company, for the reasons presented in the paragraph on the compensation of members of management bodies in the above-mentioned report.
As a consequence, we can not attest their fair presentation and accuracy.

Neuilly-sur-Seine and Courbevoie, March 28, 2011

The Statutory Auditors

MAZARS

Virginie Chauvin
Partner

Hervé Helias
Partner

DELOITTE & ASSOCIÉS

José-Luis Garcia
Partner

Supplemental Disclosures

Dexia Municipal Agency was authorized to operate as a *société de crédit foncier* on July 23, 1999, by the *Comité des établissements de crédit et des entreprises d'investissement* (CECEI). It is therefore subject to the regulations governing credit institutions and investment firms.

In addition, *sociétés de crédit foncier* are governed by articles L.515-13 to L.515-33 and R.515-2 to R.515-14 of Book V, Title I, Chapter V, Section 4 of the Monetary and Financial Code.

The regulatory documents for the following ratios are prepared on a consolidated basis by Dexia Credit Local, which owns 99.99% of the capital of Dexia MA:
• capital adequacy ratio;
• control of major risks.

On the other hand, the liquidity ratio is calculated on the basis of data presented in the financial statements of Dexia MA, in 2010, Dexia MA had a monthly liquidity ratio of more than 100%; as of December 31, 2010, it was 283.4%.

Pursuant to the article L.515-20 of the Monetary and Financial Code and article 6 of CRBF standard 99-10, modified by the *arrêté* of May 7, 2007, Dexia MA's total assets must always exceed liabilities benefiting from the privilege referred to in article L.515-19 of the Monetary and Financial Code. As of December 31, 2010, the over-collateralization ratio was 115.0%.

Income for the last five years

	2006	2007	2008	2009	2010
FINANCIAL POSITION					
Share capital (EUR thousands)	760,000	876,000	946,000	1,060,000	1,190,000
Number of shares	7,600,000	8,760,000	9,460,000	10,600,000	11,900,000
RESULTS OF OPERATIONS (EUR thousands)					
Revenues (1)	1,810,050	2,840,096	3,741,424	1,562,281	1,996,511
Income before income tax, amortization, depreciation and contingencies net of reversals	197,057	247,582	205,439	195,766	189,425
Income tax	64,585	81,417	53,123	53,797	65,754
Income after income tax, amortization, depreciation and contingencies net of reversals	122,512	153,475	91,265	98,051	120,057
Exceptional distribution	-	-	-	-	-
Dividend (2)	116,280	70,080	113,520	133,560	110,075
PER SHARE DATA (EUR)					
Revenues	238.16	324.21	395.50	147.39	167.77
Income after income tax, before amortization, depreciation and contingencies net of reversals	17.43	18.97	16.10	13.39	10.39
Income tax	8.50	9.29	5.62	5.08	5.53
Income after income tax, amortization, depreciation and contingencies net of reversals	16.12	17.52	9.65	9.25	10.09
Exceptional distribution	-	-	-	-	-
Dividend per share (2)	15.30	8.00	12.00	12.60	9.25

(1) Revenues are comprised of the macro-hedging items:
- interest and related income, netted of macro-hedging expense;
- commission income;
- net income on foreign exchange transactions;
- other operating income.
(2) Proposed distribution for 2010.

Over-collateralization ratio

Pursuant to article L.515-20 of the Monetary and Financial Code and article 6 of CRBF regulation 99-10 of July 27, 1999, the total of the assets of *sociétés de crédit foncier* must always exceed liabilities benefiting from the privilege referred to in article L.515-19 of the Monetary and Financial Code.

Assets covering sources of funds benefiting from the privilege (weighted amounts in EUR millions)	**12/31/2010**
Exposures on public sector entities	63,635.5
Shares in funds or similar entities that meet the conditions of article L.515-16	7,729.7
Securities and secure and liquid deposits	5,805.9
Other assets	2,334.1
TOTAL ASSETS	**79,505.2**

Sources of funds benefiting from the privilege defined in article L.515-19 of the Monetary and Financial Code (weighted amounts in EUR millions)	**12/31/2010**
Obligations foncières	60,380.8
Other debt benefiting from the privilege	4,037.3
Liabilities related to these securities	1,335.2
Amounts owed under the contact provided for in article L.515-22 of the Monetary and Financial Code	26.0
Amounts owed for derivatives benefiting from the privilege defined in article L.515-19 of the Monetary and Financial Code	3,350.3
TOTAL LIABILITIES	**69,129.6**

OVER-COLLATERALIZATION RATIO	**115.0%**

Statutory Auditors' fees in 2010

	Mazars				**Deloitte & Associés**			
EUR thousands	**Amount (excl. VAT)**		**%**		**Amount (excl. VAT)**		**%**	
	2009	**2010**	**2009**	**2010**	**2009**	**2010**	**2009**	**2010**
Audit services rendered								
Audit, certification, examination of company financial statements	125	128	89%	60%	125	128	89%	60%
Other audit tasks	15	84	11%	40%	15	84	11%	40%
Sub-total	140	212	100%	100%	140	212	100%	100%
Other services								
Legal, tax, labor issues	-	-	-	-	-	-	-	-
Internal audit	-	-	-	-	-	-	-	-
Other (to specify if >10% of audit fees)	-	-	-	-	-	-	-	-
Sub-total	-	-	-	-	-	-	-	-
TOTAL	**140**	**212**	**100%**	**100%**	**140**	**212**	**100%**	**100%**

List of bonds issued by Dexia Municipal Agency

(*obligations foncières*, registered covered bonds)

Obligations foncières ISIN code	Currency	Nominal amount in foreign currency	Balance	Redemption value *	Final due date	First call option date	Stock exchange
			(EUR millions)				
AU0000DXAH15	AUD	200,000,000	152	125	15-Feb-11		Sydney
AU0000DXAHB0	AUD	20,000,000	15	11	16-Jan-26		Sydney
AU0000DXAHD6	AUD	150,000,000	114	90	2-Apr-14		Sydney
AU0000DXAHD6	AUD	200,000,000	152	121	2-Apr-14		Sydney
AU0000DXAHD6	AUD	150,000,000	114	90	2-Apr-14		Sydney
AU0000DXAHE4	AUD	100,000,000	76	59	7-Feb-12		Sydney
AU0000DXAHE4	AUD	200,000,000	152	117	7-Feb-12		Sydney
AU0000DXAHH7	AUD	200,000,000	152	124	24-Aug-15		Sydney
AU0000DXAHH7	AUD	200,000,000	153	123	24-Aug-15		Sydney
AU0000DXAHH7	AUD	100,000,000	75	58	24-Aug-15		Sydney
FR0010340091	AUD	25,870,000	27	22	1-July-11		Unlisted
FR0010397828	AUD	11,600,000	9	7	20-March-14		Unlisted
FR0010503011	AUD	29,400,000	22	19	19-June-14		Luxembourg
TOTAL	**AUD**	**1,586,870,000**	**1,213**	**967**			
FR0010172098	CAD	200,000,000	150	122	9-March-20		Luxembourg
FR0010443630	CAD	200,000,000	150	131	9-March-29		Luxembourg
FR0010443630	CAD	100,000,000	70	69	9-March-29		Luxembourg
FR0010477083	CAD	500,000,000	374	335	30-May-17		Luxembourg
TOTAL	**CAD**	**1,000,000,000**	**743**	**658**			
CH0019454054	CHF	150,000,000	120	98	12-Oct-11		Zurich
CH0020643760	CHF	200,000,000	161	128	11-March-15		Zurich
CH0020643760	CHF	150,000,000	122	97	11-March-15		Zurich
CH0020643760	CHF	50,000,000	40	31	11-March-15		Zurich
CH0020643760	CHF	100,000,000	79	64	11-March-15		Zurich
CH0020643760	CHF	100,000,000	81	65	11-March-15		Zurich
CH0020643760	CHF	100,000,000	80	64	11-March-15		Zurich
CH0021644452	CHF	250,000,000	200	162	24-June-11		Zurich
CH0023984815	CHF	200,000,000	161	129	9-Feb-16		Zurich
CH0032508563	CHF	135,000,000	110	81	9-Aug-17		Zurich
CH0032508563	CHF	100,000,000	79	62	9-Aug-17		Zurich
CH0032508563	CHF	165,000,000	132	100	9-Aug-17		Zurich
CH0033023216	CHF	200,000,000	161	121	28-Aug-19		Zurich
CH0043323317	CHF	250,000,000	200	155	21-June-11		Zurich
CH0105994203	CHF	160,000,000	132	109	2-May-18		Zurich
CH0105994203	CHF	250,000,000	201	165	2-May-18		Zurich
CH0106680777	CHF	150,000,000	121	99	12-Aug-19		Zurich
CH0111862063	CHF	100,000,000	82	70	23-Apr-30		Zurich
FR0010526376	CHF	20,000,000	16	12	15-Oct-27		Unlisted
FR0010535658	CHF	80,000,000	64	48	30-May-13		Unlisted
FR0010555748	CHF	50,000,000	40	30	20-Dec-17		Unlisted
TOTAL	**CHF**	**2,960,000,000**	**2,382**	**1,889**			
FR0010653568	DKK	250,000,000	34	34	7-Jan-11		Unlisted
TOTAL	**DKK**	**250,000,000**	**34**	**34**			
FR0000470148	EUR	10,000,000	10	10	6-Sep-12		Luxembourg
FR0000470221	EUR	20,000,000	20	20	3-Oct-14		Luxembourg
FR0000470361	EUR	33,000,000	33	33	30-Sep-14		Luxembourg
FR0000470494	EUR	20,000,000	20	20	22-Oct-14		Luxembourg
FR0000472417	EUR	817,974,000	817	818	20-Feb-13		Luxembourg - Paris
FR0000472417	EUR	45,000,000	44	45	20-Feb-13		Luxembourg - Paris
FR0000472417	EUR	150,000,000	149	150	20-Feb-13		Luxembourg - Paris

* *Value determined by the interest rate and currency swaps contracted to hedge the issue of* obligations foncières *and registered covered bonds.*

Obligations foncières ISIN code	Currency	Nominal amount in foreign currency	Balance	Redemption value *	Final due date	First call option date	Stock exchange
			(EUR millions)				
FR0000472417	EUR	250,000,000	250	250	20-Feb-13		Luxembourg - Paris
FR0000472417	EUR	55,000,000	55	55	20-Feb-13		Luxembourg - Paris
FR0000472417	EUR	250,000,000	251	250	20-Feb-13		Luxembourg - Paris
FR0000472417	EUR	500,000,000	500	500	20-Feb-13		Luxembourg - Paris
FR0000472417	EUR	500,000,000	499	500	20-Feb-13		Luxembourg - Paris
FR0000472474	EUR	53,000,000	53	53	7-Dec-15		Luxembourg
FR0000473357	EUR	74,820,000	75	75	2-Apr-18		Luxembourg
FR0000473522	EUR	140,000,000	140	140	30-Dec-13		Luxembourg
FR0000473589	EUR	25,000,000	25	25	8-Apr-13		Luxembourg
FR0000474256	EUR	25,350,000	25	25	30-Dec-13		Luxembourg
FR0000480055	EUR	30,000,000	30	30	16-July-12		Luxembourg
FR0000480071	EUR	15,000,000	15	15	5-July-12		Luxembourg
FR0000480329	EUR	77,800,000	77	78	9-Aug-17		Luxembourg
FR0000480329	EUR	100,000,000	100	100	9-Aug-17		Luxembourg
FR0000480329	EUR	168,000,000	168	168	9-Aug-17		Luxembourg
FR0000480329	EUR	50,000,000	50	50	9-Aug-17		Luxembourg
FR0000480329	EUR	20,000,000	20	20	9-Aug-17		Luxembourg
FR0000480329	EUR	131,000,000	133	131	9-Aug-17		Luxembourg
FR0000480329	EUR	300,000,000	300	300	9-Aug-17		Luxembourg
FR0000480329	EUR	40,000,000	40	40	9-Aug-17		Luxembourg
FR0000480329	EUR	50,000,000	50	50	9-Aug-17		Luxembourg
FR0000480329	EUR	30,000,000	30	30	9-Aug-17		Luxembourg
FR0000480675	EUR	200,000,000	200	200	17-May-12		Paris
FR0000488132	EUR	150,000,000	155	150	6-Feb-17		Luxembourg - Paris
FR0000488132	EUR	150,000,000	155	150	6-Feb-17		Luxembourg - Paris
FR0000488132	EUR	100,000,000	101	100	6-Feb-17		Luxembourg - Paris
FR0000488132	EUR	750,000,000	743	750	6-Feb-17		Luxembourg - Paris
FR0000488132	EUR	250,000,000	273	250	6-Feb-17		Luxembourg - Paris
FR0000488835	EUR	30,000,000	30	30	12-Apr-12		Luxembourg
FR0000488884	EUR	15,000,000	15	15	7-May-12		Luxembourg
FR0000489296	EUR	250,000,000	252	250	25-Oct-12		Luxembourg - Paris
FR0000489296	EUR	902,780,000	902	903	25-Oct-12		Luxembourg - Paris
FR0000489296	EUR	20,000,000	20	20	25-Oct-12		Luxembourg - Paris
FR0000489296	EUR	250,000,000	252	250	25-Oct-12		Luxembourg - Paris
FR0000489296	EUR	100,000,000	102	100	25-Oct-12		Luxembourg - Paris
FR0000489395	EUR	30,000,000	30	30	29-May-14		Luxembourg
FR0000489411	EUR	30,000,000	30	30	30-May-14		Luxembourg
FR0000489890	EUR	13,000,000	13	13	30-June-14		Luxembourg
FR0000499030	EUR	30,000,000	30	30	23-Feb-15		Luxembourg
FR0010007565	EUR	25,000,000	25	25	2-Sep-13		Luxembourg
FR0010014902	EUR	50,000,000	50	50	24-Sep-13		Luxembourg
FR0010018028	EUR	62,000,000	62	62	9-Oct-15		Luxembourg
FR0010018044	EUR	30,000,000	30	30	26-Sep-13		Luxembourg
FR0010019406	EUR	95,000,000	95	95	1-Oct-13		Luxembourg
FR0010019406	EUR	25,000,000	25	25	1-Oct-13		Luxembourg
FR0010019471	EUR	50,000,000	50	50	9-Aug-17		Luxembourg
FR0010032813	EUR	15,000,000	15	15	28-March-11		Luxembourg
FR0010033357	EUR	50,000,000	50	50	20-Nov-18		Luxembourg
FR0010034371	EUR	75,000,000	75	75	15-Dec-19		Luxembourg
FR0010039032	EUR	200,000,000	200	200	26-Jan-11		Luxembourg - Paris

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Obligations foncières ISIN code	Currency	Nominal amount in foreign currency	Balance	Redemption value *	Final due date	First call option date	Stock exchange
			(EUR millions)				
FR0010039032	EUR	150,000,000	150	150	26-Jan-11		Luxembourg - Paris
FR0010039032	EUR	150,000,000	150	150	26-Jan-11		Luxembourg - Paris
FR0010039032	EUR	928,770,000	929	929	26-Jan-11		Luxembourg - Paris
FR0010039032	EUR	200,000,000	200	200	26-Jan-11		Luxembourg - Paris
FR0010039032	EUR	150,000,000	150	150	26-Jan-11		Luxembourg - Paris
FR0010039032	EUR	200,000,000	200	200	26-Jan-11		Luxembourg - Paris
FR0010039032	EUR	150,000,000	150	150	26-Jan-11		Luxembourg - Paris
FR0010039032	EUR	300,000,000	300	300	26-Jan-11		Luxembourg - Paris
FR0010039164	EUR	40,000,000	40	40	19-Feb-18		Luxembourg
FR0010039172	EUR	13,000,000	13	13	2-Feb-14		Luxembourg
FR0010051698	EUR	111,500,000	112	112	20-Feb-19		Luxembourg
FR0010053769	EUR	20,000,000	20	20	26-Feb-16		Luxembourg
FR0010054049	EUR	20,000,000	20	20	3-March-14		Luxembourg
FR0010060350	EUR	50,000,000	50	50	17-March-14		Luxembourg
FR0010060384	EUR	30,000,000	30	30	5-March-20		Luxembourg
FR0010061978	EUR	50,000,000	50	50	15-March-16		Luxembourg
FR0010061986	EUR	65,000,000	65	65	15-March-19		Luxembourg
FR0010063727	EUR	40,000,000	40	40	15-March-21		Luxembourg
FR0010063768	EUR	10,600,000	11	11	10-March-14		Luxembourg
FR0010068361	EUR	100,000,000	100	100	15-Apr-19		Luxembourg
FR0010068437	EUR	51,500,000	52	52	15-Apr-19		Luxembourg
FR0010070888	EUR	27,000,000	27	27	15-Apr-19		Luxembourg
FR0010071852	EUR	35,000,000	35	35	26-Apr-19		Luxembourg
FR0010081869	EUR	23,000,000	23	23	21-May-14		Luxembourg
FR0010081885	EUR	10,000,000	10	10	21-May-16		Luxembourg
FR0010089839	EUR	90,200,000	90	90	24-June-24		Luxembourg
FR0010092908	EUR	10,000,000	10	10	7-June-19		Luxembourg
FR0010093336	EUR	50,000,000	50	50	22-June-24		Luxembourg
FR0010096131	EUR	63,000,000	63	63	2-July-14		Luxembourg
FR0010096818	EUR	37,000,000	37	37	15-July-19	15-July-14	Luxembourg
FR0010108811	EUR	80,000,000	80	80	1-Sep-19		Luxembourg
FR0010114371	EUR	20,082,322	20	15	24-Sep-24		Luxembourg
FR0010115741	EUR	28,500,000	29	29	30-Sep-14		Luxembourg
FR0010120519	EUR	65,000,000	65	65	21-Oct-19	21-Oct-14	Luxembourg
FR0010125732	EUR	100,000,000	100	100	11-Oct-19		Luxembourg
FR0010130435	EUR	200,000,000	200	200	2-Dec-19		Luxembourg
FR0010133645	EUR	75,000,000	75	75	14-Jan-15		Luxembourg
FR0010133645	EUR	100,000,000	100	100	14-Jan-15		Luxembourg
FR0010134577	EUR	120,000,000	120	120	3-Dec-24		Luxembourg
FR0010134601	EUR	75,000,000	75	75	26-Nov-11		Luxembourg
FR0010134601	EUR	75,000,000	75	75	26-Nov-11		Luxembourg
FR0010137489	EUR	50,000,000	50	50	6-Dec-14		Luxembourg
FR0010160911	EUR	20,000,000	20	20	28-Jan-25		Luxembourg
FR0010163394	EUR	230,000,000	221	230	10-Feb-25		Luxembourg
FR0010165696	EUR	60,000,000	60	60	17-Feb-20		Luxembourg
FR0010167304	EUR	50,000,000	50	50	7-March-20		Luxembourg
FR0010167312	EUR	50,000,000	50	50	2-March-20		Unlisted
FR0010170589	EUR	31,000,000	31	31	10-March-20		Unlisted
FR0010170597	EUR	30,000,000	30	30	15-March-20		Luxembourg
FR0010170696	EUR	20,000,000	20	20	4-March-20		Luxembourg

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Obligations foncières ISIN code	Currency	Nominal amount in foreign currency	Balance	Redemption value *	Final due date	First call option date	Stock exchange
			(EUR millions)				
FR0010170712	EUR	6,000,000	6	6	15-March-20		Luxembourg
FR0010172031	EUR	50,000,000	50	50	11-March-20		Luxembourg
FR0010172106	EUR	30,000,000	30	30	14-March-17		Luxembourg
FR0010173716	EUR	100,000,000	100	100	23-March-15		Luxembourg
FR0010173765	EUR	75,000,000	75	75	15-July-15		Luxembourg
FR0010175844	EUR	140,000,000	140	140	24-March-20		Unlisted
FR0010175869	EUR	76,000,000	76	76	30-March-20		Unlisted
FR0010178467	EUR	35,000,000	35	35	22-Apr-15		Luxembourg
FR0010185892	EUR	100,000,000	100	100	29-Apr-22		Luxembourg
FR0010186163	EUR	155,000,000	155	155	6-May-20		Luxembourg
FR0010190066	EUR	100,000,000	100	100	6-May-22		Luxembourg
FR0010190181	EUR	25,000,000	25	25	20-May-20		Luxembourg
FR0010190199	EUR	150,000,000	150	150	27-Apr-20		Luxembourg
FR0010190207	EUR	12,500,000	13	13	20-June-12		Luxembourg
FR0010190207	EUR	41,520,000	42	42	20-June-12		Luxembourg
FR0010190231	EUR	100,000,000	100	100	13-May-22		Luxembourg
FR0010190264	EUR	25,000,000	25	25	20-May-20		Luxembourg
FR0010194506	EUR	100,000,000	100	100	20-May-22		Luxembourg
FR0010194522	EUR	60,000,000	60	60	19-May-20	19-May-08	Luxembourg
FR0010199877	EUR	12,500,000	13	13	27-May-20	27-May-11	Luxembourg
FR0010199935	EUR	10,000,000	10	10	6-June-30	6-June-12	Luxembourg
FR0010199984	EUR	10,000,000	10	10	8-June-20		Luxembourg
FR0010208587	EUR	10,000,000	10	10	24-June-20		Luxembourg
FR0010209940	EUR	15,000,000	15	15	29-June-20		Luxembourg
FR0010210005	EUR	10,000,000	10	10	6-July-20		Luxembourg
FR0010212977	EUR	22,000,000	22	22	8-Aug-25		Luxembourg
FR0010224402	EUR	50,000,000	50	50	8-Sep-20		Luxembourg
FR0010224410	EUR	50,000,000	50	50	8-Sep-20		Luxembourg
FR0010224477	EUR	30,000,000	30	30	24-Aug-12		Unlisted
FR0010231324	EUR	16,000,000	16	16	15-Sep-17	15-Sep-12	Luxembourg
FR0010231357	EUR	500,000,000	478	500	15-Sep-15		Luxembourg
FR0010231357	EUR	1,000,000,000	996	1,000	15-Sep-15		Luxembourg
FR0010231357	EUR	500,000,000	490	500	15-Sep-15		Luxembourg
FR0010231357	EUR	65,000,000	60	65	15-Sep-15		Luxembourg
FR0010231357	EUR	500,000,000	481	500	15-Sep-15		Luxembourg
FR0010231365	EUR	30,000,000	30	30	14-Sep-12		Unlisted
FR0010235366	EUR	30,000,000	30	30	17-Oct-15	17-Oct-06	Luxembourg
FR0010235416	EUR	30,000,000	30	30	28-Sep-12		Unlisted
FR0010237032	EUR	50,000,000	50	50	27-Sep-13		Unlisted
FR0010237081	EUR	55,000,000	55	55	3-Oct-20		Luxembourg
FR0010237149	EUR	50,000,000	50	62	15-July-30	17-Jan-11	Luxembourg
FR0010237172	EUR	80,000,000	80	105	15-July-30	17-Jan-11	Luxembourg
FR0010245738	EUR	30,000,000	30	30	26-Oct-22	21-Oct-08	Unlisted
FR0010248609	EUR	100,000,000	100	100	16-Nov-15		Luxembourg
FR0010248658	EUR	100,000,000	100	100	21-Dec-15		Luxembourg
FR0010249565	EUR	10,000,000	10	10	14-Nov-25	16-Nov-15	Luxembourg
FR0010261412	EUR	277,500,000	278	278	15-Dec-20		Luxembourg
FR0010261412	EUR	155,500,000	156	156	15-Dec-20		Luxembourg
FR0010261412	EUR	100,000,000	100	100	15-Dec-20		Luxembourg
FR0010261412	EUR	98,500,000	99	99	15-Dec-20		Luxembourg

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Obligations foncières ISIN code	Currency	Nominal amount in foreign currency	Balance	Redemption value *	Final due date	First call option date	Stock exchange
			(EUR millions)				
FR0010261412	EUR	35,000,000	35	35	15-Dec-20		Luxembourg
FR0010261412	EUR	20,000,000	19	20	15-Dec-20		Luxembourg
FR0010261412	EUR	30,000,000	29	30	15-Dec-20		Luxembourg
FR0010261529	EUR	50,000,000	50	50	4-Jan-26		Luxembourg
FR0010264093	EUR	50,000,000	50	50	12-March-13		Unlisted
FR0010265306	EUR	11,000,000	11	11	28-Jan-13		Unlisted
FR0010265488	EUR	100,000,000	100	100	5-Jan-26	5-Jan-16	Luxembourg
FR0010279109	EUR	30,000,000	85	85	24-Jan-34		Luxembourg
FR0010289322	EUR	21,500,000	22	22	16-Feb-26		Unlisted
FR0010289397	EUR	15,000,000	15	15	16-Feb-26		Luxembourg
FR0010297242	EUR	100,000,000	100	100	20-March-26		Luxembourg
FR0010301796	EUR	15,000,000	15	15	23-March-16		Luxembourg
FR0010306068	EUR	50,000,000	50	50	16-Jan-13		Unlisted
FR0010306373	EUR	34,000,000	34	34	31-March-16		Luxembourg
FR0010306373	EUR	29,000,000	29	29	31-March-16		Luxembourg
FR0010306456	EUR	10,000,000	10	10	7-Apr-25		Unlisted
FR0010306472	EUR	10,000,000	10	10	6-Apr-20		Unlisted
FR0010306480	EUR	20,000,000	20	20	6-Apr-20		Unlisted
FR0010306498	EUR	10,000,000	10	10	7-Apr-25		Unlisted
FR0010306506	EUR	5,000,000	5	5	7-Apr-26		Unlisted
FR0010306514	EUR	5,000,000	5	5	6-Apr-27		Unlisted
FR0010306522	EUR	5,000,000	5	5	5-Apr-30		Unlisted
FR0010306605	EUR	50,000,000	50	50	19-Apr-18		Luxembourg
FR0010318410	EUR	50,000,000	50	50	24-Apr-26		Unlisted
FR0010322792	EUR	65,000,000	65	65	5-May-36	5-May-11	Luxembourg
FR0010333534	EUR	60,000,000	60	60	9-June-16		Luxembourg
FR0010342378	EUR	10,000,000	10	10	21-June-21		Luxembourg
FR0010342519	EUR	10,000,000	10	10	12-July-18		Luxembourg
FR0010345066	EUR	27,000,000	27	27	19-June-16	20-June-11	Unlisted
FR0010347625	EUR	50,000,000	50	50	26-Apr-13		Unlisted
FR0010347815	EUR	50,000,000	50	50	7-Oct-15		Unlisted
FR0010348029	EUR	153,410,000	153	153	10-Jan-12		Unlisted
FR0010359729	EUR	50,000,000	50	50	27-Feb-13		Unlisted
FR0010359943	EUR	100,000,000	100	100	16-Aug-18		Luxembourg
FR0010363325	EUR	200,000,000	200	200	22-Aug-22		Luxembourg
FR0010363325	EUR	31,000,000	31	31	22-Aug-22		Luxembourg
FR0010363382	EUR	50,000,000	50	50	23-Nov-11		Unlisted
FR0010363457	EUR	20,000,000	20	20	25-Aug-16		Luxembourg
FR0010363473	EUR	50,000,000	50	50	23-Sep-15		Unlisted
FR0010369231	EUR	50,000,000	50	50	11-May-16		Unlisted
FR0010369306	EUR	891,473,000	891	891	12-March-14		Luxembourg
FR0010369306	EUR	200,000,000	199	200	12-March-14		Luxembourg
FR0010369306	EUR	250,000,000	245	250	12-March-14		Luxembourg
FR0010369306	EUR	150,000,000	149	150	12-March-14		Luxembourg
FR0010369306	EUR	30,000,000	30	30	12-March-14		Luxembourg
FR0010369306	EUR	150,000,000	149	150	12-March-14		Luxembourg
FR0010369306	EUR	150,000,000	149	150	12-March-14		Luxembourg
FR0010369330	EUR	50,000,000	50	50	27-Sep-18		Luxembourg
FR0010369546	EUR	50,000,000	50	50	3-Oct-21		Luxembourg
FR0010369645	EUR	30,000,000	30	30	20-Sep-18		Unlisted

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Obligations foncières ISIN code	Currency	Nominal amount in foreign currency	Balance	Redemption value *	Final due date	First call option date	Stock exchange
			(EUR millions)				
FR0010379073	EUR	50,000,000	50	50	10-Oct-21		Luxembourg
FR0010379081	EUR	50,000,000	50	50	27-Feb-15		Unlisted
FR0010385930	EUR	50,000,000	50	50	27-Oct-21		Unlisted
FR0010386078	EUR	55,000,000	55	55	7-Nov-16		Luxembourg
FR0010386086	EUR	55,000,000	55	55	7-Nov-16	7-Nov-07	Luxembourg
FR0010391078	EUR	50,000,000	50	50	27-July-12		Unlisted
FR0010391110	EUR	12,000,000	12	12	21-Nov-18		Luxembourg
FR0010391334	EUR	51,300,000	51	51	6-Nov-13	6-Nov-07	Luxembourg
FR0010394502	EUR	5,000,000	5	5	8-Nov-11		Unlisted
FR0010398115	EUR	1,000,000,000	998	1,000	24-Nov-16		Luxembourg
FR0010398115	EUR	30,000,000	28	30	24-Nov-16		Luxembourg
FR0010398115	EUR	25,000,000	23	25	24-Nov-16		Luxembourg
FR0010412577	EUR	10,000,000	10	10	29-Dec-21		Luxembourg
FR0010412684	EUR	100,000,000	100	100	9-Jan-17		Luxembourg
FR0010422972	EUR	50,000,000	50	50	30-Jan-13		Unlisted
FR0010428003	EUR	20,500,000	21	21	15-Feb-22		Luxembourg
FR0010428185	EUR	150,000,000	146	150	7-Feb-19		Luxembourg
FR0010428185	EUR	1,000,000,000	997	1,000	7-Feb-19		Luxembourg
FR0010428185	EUR	150,000,000	146	150	7-Feb-19		Luxembourg
FR0010428185	EUR	20,000,000	19	20	7-Feb-19		Luxembourg
FR0010428185	EUR	125,000,000	119	125	7-Feb-19		Luxembourg
FR0010428185	EUR	25,000,000	24	25	7-Feb-19		Luxembourg
FR0010428185	EUR	150,000,000	147	150	7-Feb-19		Luxembourg
FR0010451948	EUR	100,000,000	100	100	26-July-13		Unlisted
FR0010455147	EUR	20,000,000	20	20	20-March-14		Unlisted
FR0010459230	EUR	44,400,000	44	44	20-June-14		Luxembourg
FR0010469809	EUR	19,300,000	19	19	20-June-14		Luxembourg
FR0010470914	EUR	20,000,000	20	20	20-March-14		Unlisted
FR0010492025	EUR	1,250,000,000	1,247	1,250	3-July-17		Luxembourg
FR0010492025	EUR	20,000,000	20	20	3-July-17		Luxembourg
FR0010492025	EUR	150,000,000	148	150	3-July-17		Luxembourg
FR0010492025	EUR	30,000,000	31	30	3-July-17		Luxembourg
FR0010500413	EUR	50,000,000	50	50	17-Jan-17		Unlisted
FR0010501825	EUR	200,000,000	200	200	20-July-22		Luxembourg
FR0010504761	EUR	45,000,000	45	45	2-Aug-32		Luxembourg
FR0010505008	EUR	50,000,000	50	50	27-Apr-16		Unlisted
FR0010524488	EUR	50,000,000	50	50	27-Feb-17		Unlisted
FR0010526962	EUR	50,000,000	50	50	13-Feb-15		Unlisted
FR0010537696	EUR	50,000,000	50	50	30-Oct-12		Unlisted
FR0010539734	EUR	1,500,000,000	1,493	1,500	13-Nov-17		Luxembourg
FR0010557686	EUR	50,000,000	50	50	18-Oct-12		Unlisted
FR0010581520	EUR	1,827,734,000	1,827	1,828	5-June-13		Luxembourg
FR0010584581	EUR	10,000,000	10	10	21-Feb-18		Luxembourg
FR0010594374	EUR	47,500,000	48	48	8-Aug-25		Luxembourg
FR0010611491	EUR	1,000,000,000	999	1,000	27-Apr-15		Luxembourg
FR0010617217	EUR	50,000,000	50	50	16-May-23		Luxembourg
FR0010626960	EUR	1,125,397,000	1,125	1,125	6-June-11		Luxembourg
FR0010626960	EUR	250,000,000	250	250	6-June-11		Luxembourg
FR0010631762	EUR	153,000,000	153	153	26-June-23		Luxembourg
FR0010634527	EUR	300,000,000	300	300	13-Jan-14		Luxembourg

** Value determined by the interest rate and currency swaps contracted to hedge the issue of* obligations foncières *and registered covered bonds.*

Obligations foncières ISIN code	Currency	Nominal amount in foreign currency	Balance	Redemption value *	Final due date	First call option date	Stock exchange
			(EUR millions)				
FR0010646216	EUR	10,000,000	10	10	22-July-13		Luxembourg
FR0010653204	EUR	36,000,000	36	36	11-Aug-11		Luxembourg
FR0010753814	EUR	32,000,000	32	32	10-Sep-14		Luxembourg
FR0010760769	EUR	10,500,000	11	11	22-May-29	22-May-19	Luxembourg
FR0010762039	EUR	150,000,000	160	150	2-June-21		Luxembourg
FR0010762039	EUR	1,500,000,000	1,499	1,500	2-June-21		Luxembourg
FR0010766923	EUR	10,000,000	10	10	7-March-26		Luxembourg
FR0010775486	EUR	2,000,000,000	1,998	2,000	8-July-24		Luxembourg
FR0010781591	EUR	15,000,000	15	15	16-Feb-26		Unlisted
FR0010801068	EUR	750,000,000	750	750	16-Sep-16		Luxembourg
FR0010801068	EUR	1,000,000,000	999	1,000	16-Sep-16		Luxembourg
FR0010801068	EUR	250,000,000	254	250	16-Sep-16		Luxembourg
FR0010806752	EUR	25,000,000	25	25	29-March-19		Luxembourg
FR0010810408	EUR	100,000,000	100	100	7-Oct-14		Luxembourg
FR0010810424	EUR	50,000,000	50	50	7-Oct-19		Luxembourg
FR0010821074	EUR	10,000,000	10	10	12-Nov-18		Luxembourg
FR0010840108	EUR	150,000,000	150	150	23-Dec-24		Luxembourg
FR0010850982	EUR	1,000,000,000	999	1,000	26-Jan-22		Luxembourg
FR0010850982	EUR	500,000,000	522	500	26-Jan-22		Luxembourg
FR0010857797	EUR	100,000,000	100	100	16-Feb-18		Luxembourg
FR0010859777	EUR	1,000,000,000	996	1,000	26-Feb-18		Luxembourg
FR0010878264	EUR	15,000,000	15	15	26-March-19		Luxembourg
FR0010888420	EUR	200,000,000	201	200	20-July-15		Luxembourg
FR0010888420	EUR	1,000,000,000	995	1,000	20-July-15		Luxembourg
FR0010898338	EUR	300,000,000	300	300	21-May-20		Luxembourg
FR0010912824	EUR	200,000,000	200	200	21-June-20		Luxembourg
FR0010921601	EUR	50,000,000	50	50	20-July-15		Luxembourg
FR0010923920	EUR	24,000,000	24	24	27-July-29		Luxembourg
FR0010925073	EUR	10,000,000	10	10	23-July-25		Luxembourg
FR0010945956	EUR	1,250,000,000	1,250	1,250	25-Jan-16		Luxembourg
FR0010945964	EUR	750,000,000	743	750	24-Sep-20		Luxembourg
FR0010946525	EUR	150,000,000	150	150	28-Sep-15		Luxembourg
FR0010963859	EUR	11,000,000	11	11	2-Dec-25		Luxembourg
XS0122951899	EUR	240,000,000	240	240	21-Feb-11		Luxembourg
XS0122951899	EUR	250,000,000	250	250	21-Feb-11		Luxembourg
XS0179341473	EUR	75,000,000	75	75	31-March-11		Luxembourg
XS0195411698	EUR	75,000,000	75	75	28-Dec-12		Luxembourg
TOTAL	**EUR**	**46,639,910,322**	**46,618**	**46,727**			
FR0000470775	GBP	189,000,000	220	300	22-Nov-17		Unlisted
FR0000486581	GBP	125,000,000	145	205	16-July-26		Luxembourg
FR0000487738	GBP	215,000,000	251	345	14-Dec-16		Unlisted
FR0010286971	GBP	50,000,000	58	74	7-Feb-11		Luxembourg
FR0010286971	GBP	100,000,000	117	126	7-Feb-11		Luxembourg
FR0010286971	GBP	200,000,000	233	291	7-Feb-11		Luxembourg
FR0010286971	GBP	100,000,000	117	133	7-Feb-11		Luxembourg
FR0010286971	GBP	100,000,000	116	147	7-Feb-11		Luxembourg
FR0010286971	GBP	100,000,000	117	152	7-Feb-11		Luxembourg
FR0010306803	GBP	100,000,000	117	143	19-Apr-16		Luxembourg
FR0010556506	GBP	31,000,000	36	44	7-Dec-12		Unlisted
TOTAL	**GBP**	**1,310,000,000**	**1,526**	**1,960**			

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Obligations foncières ISIN code	Currency	Nominal amount in foreign currency	Balance	Redemption value *	Final due date	First call option date	Stock exchange
			(EUR millions)				
FR0000471195	HKD	200,000,000	19	26	5-Dec-17		Luxembourg
TOTAL	**HKD**	**200,000,000**	**19**	**26**			
FR0000486821	JPY	3,000,000,000	28	28	8-Aug-16		Luxembourg
FR0010161075	JPY	1,000,000,000	9	7	17-Feb-20	17-Aug-05	Unlisted
FR0010197822	JPY	60,000,000,000	551	442	21-May-12		Luxembourg
FR0010197822	JPY	20,000,000,000	184	152	21-May-12		Luxembourg
FR0010199802	JPY	10,000,000,000	92	74	14-June-17		Unlisted
FR0010225433	JPY	10,000,000,000	92	74	1-Sep-20		Unlisted
FR0010239335	JPY	1,000,000,000	9	7	27-Oct-20	27-Oct-06	Unlisted
FR0010279240	JPY	1,000,000,000	9	7	30-Jan-26		Unlisted
FR0010333526	JPY	600,000,000	6	4	1-June-21	1-June-07	Unlisted
FR0010347930	JPY	5,000,000,000	46	34	20-July-21		Unlisted
FR0010386128	JPY	50,000,000,000	459	336	31-Oct-13		Luxembourg
FR0010412742	JPY	5,000,000,000	46	32	18-Jan-17		Unlisted
FR0010437343	JPY	2,000,000,000	18	13	26-March-14		Unlisted
FR0010466086	JPY	1,100,000,000	10	7	26-March-14		Unlisted
FR0010468652	JPY	50,000,000,000	460	308	9-May-17		Luxembourg
FR0010469817	JPY	7,600,000,000	70	47	20-June-14		Luxembourg
FR0010526475	JPY	5,000,000,000	46	31	18-Oct-17		Unlisted
FR0010629592	JPY	5,000,000,000	46	31	25-June-18		Unlisted
TOTAL	**JPY**	**237,300,000,000**	**2,181**	**1,634**			
FR0010655183	NOK	230,000,000	29	29	7-Jan-11		Unlisted
TOTAL	**NOK**	**230,000,000**	**29**	**29**			
FR0010306548	PLN	25,000,000	15	15	12-Apr-25		Unlisted
TOTAL	**PLN**	**25,000,000**	**15**	**15**			
FR0010636423	SEK	1,000,000,000	111	106	29-June-15		Luxembourg
FR0010640557	SEK	333,000,000	37	35	8-July-15		Luxembourg
TOTAL	**SEK**	**1,333,000,000**	**148**	**142**			
FR0000470239	USD	20,000,000	15	20	12-Sep-17		Luxembourg
FR0010096982	USD	139,200,000	104	115	1-July-19		Luxembourg
FR0010130476	USD	127,920,000	95	100	17-Nov-14		Unlisted
FR0010261511	USD	100,000,000	75	85	9-Dec-13		Unlisted
FR0010289488	USD	300,000,000	224	249	30-Jan-14		Unlisted
FR0010306563	USD	200,000,000	149	167	25-Apr-14		Unlisted
FR0010322826	USD	61,800,000	46	50	10-June-13		Luxembourg
FR0010345215	USD	300,000,000	224	238	21-June-12		Unlisted
FR0010363507	USD	100,000,000	75	79	25-March-15		Unlisted
FR0010386045	USD	1,210,000,000	903	965	17-Jan-12		Luxembourg
FR0010386045	USD	200,000,000	150	129	17-Jan-12		Luxembourg
FR0010422980	USD	24,020,000	18	19	24-March-14		Unlisted
FR0010422980	USD	10,000,000	7	7	24-March-14		Unlisted
FR0010437368	USD	895,000,000	667	687	16-Feb-17		Luxembourg
FR0010452805	USD	100,000,000	75	75	27-March-13		Unlisted
FR0010479964	USD	150,000,000	113	97	31-May-12		Luxembourg
FR0010479964	USD	1,210,000,000	902	899	31-May-12		Luxembourg
FR0010487108	USD	30,000,000	22	22	24-June-14		Unlisted
FR0010487538	USD	100,000,000	75	75	19-May-11		Unlisted
FR0010491597	USD	40,000,000	30	30	20-June-14		Luxembourg
FR0010568758	USD	300,000,000	224	204	31-Dec-15		Unlisted
FR0010571109	USD	200,000,000	149	135	18-Dec-17		Unlisted

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Obligations foncières ISIN code	Currency	Nominal amount in foreign currency	Balance	Redemption value *	Final due date	First call option date	Stock exchange
			(EUR millions)				
FR0010572552	USD	250,000,000	186	168	22-Jan-18		Luxembourg
FR0010584805	USD	200,000,000	149	138	15-Feb-13		Unlisted
FR0010605725	USD	200,000,000	149	127	1-July-11		Unlisted
FR0010611400	USD	40,000,000	194	189	30-Apr-38	30-Apr-13	Luxembourg
FR0010617464	USD	40,000,000	141	137	16-May-33	16-May-12	Luxembourg
FR0010641464	USD	50,000,000	37	32	11-July-11		Luxembourg
FR0010953836	USD	30,000,000	22	22	26-Oct-40	26-Oct-15	Luxembourg
XS0193749636	USD	70,000,000	52	58	12-Dec-12		Luxembourg
XS0211544746	USD	75,000,000	56	58	4-March-15		Luxembourg
XS0211544746	USD	50,000,000	37	42	4-March-15		Luxembourg
TOTAL	**USD**	**6,822,940,000**	**5,365**	**5,415**			
FR0010237198	ZAR	250,000,000	28	32	18-Jan-11		Luxembourg
TOTAL	**ZAR**	**250,000,000**	**28**	**32**			
TOTAL *OBLIGATIONS FONCIÈRES*			**60,302**	**59,527**			

Registered covered bonds	Currency	Nominal amount in foreign currency	Balance	Redemption value *	Final due date	First call option date	Stock exchange
			(EUR millions)				
	EUR	37,735,849	38	38	15-Aug-24		Unlisted
	EUR	26,829,268	27	27	15-Aug-33		Unlisted
	EUR	26,190,476	26	26	15-Nov-33		Unlisted
	EUR	21,951,220	22	22	15-Aug-33		Unlisted
	EUR	21,428,571	21	21	15-Nov-33		Unlisted
	EUR	37,735,849	38	38	15-Feb-24		Unlisted
	EUR	15,000,000	15	15	15-May-25		Unlisted
	EUR	28,947,368	29	29	15-Feb-33		Unlisted
	EUR	27,500,000	27	28	16-May-33		Unlisted
	EUR	23,684,211	24	24	15-Feb-33		Unlisted
	EUR	22,500,000	22	23	16-May-33		Unlisted
	EUR	37,735,849	38	38	15-May-24		Unlisted
	EUR	37,735,849	38	38	15-Nov-24		Unlisted
	EUR	15,000,000	15	15	17-Feb-25		Unlisted
	EUR	15,000,000	15	15	15-Aug-25		Unlisted
	EUR	15,000,000	15	15	17-Nov-25		Unlisted
	EUR	21,000,000	21	21	21-Oct-41	21-Oct-16	Unlisted
	EUR	10,000,000	10	10	24-Oct-16		Unlisted
	EUR	100,000,000	100	100	6-Nov-23		Unlisted
	EUR	30,000,000	30	30	6-Nov-24		Unlisted
	EUR	15,000,000	15	15	26-Nov-29		Unlisted
	EUR	15,000,000	15	15	26-Nov-29		Unlisted
	EUR	15,000,000	15	15	22-Nov-21		Unlisted
	EUR	10,000,000	10	10	17-Jan-24		Unlisted
	EUR	50,000,000	50	50	17-Jan-24		Unlisted
	EUR	15,000,000	15	15	22-Jan-27		Unlisted
	EUR	50,000,000	50	50	15-Feb-27		Unlisted
	EUR	50,000,000	50	50	15-Feb-27		Unlisted

** Value determined by the interest rate and currency swaps contracted to hedge the issue of* obligations foncières *and registered covered bonds.*

Registered covered bonds	Currency	Nominal amount in foreign currency	Balance	Redemption value *	Final due date	First call option date	Stock exchange
			(EUR millions)				
	EUR	50,000,000	50	50	26-Feb-27		Unlisted
	EUR	50,000,000	50	50	26-Feb-27		Unlisted
	EUR	20,000,000	20	20	28-Feb-17		Unlisted
	EUR	10,000,000	10	10	17-March-42	17-March-17	Unlisted
	EUR	10,000,000	10	10	17-March-42	17-March-17	Unlisted
	EUR	20,000,000	20	20	16-Apr-17		Unlisted
	EUR	10,000,000	10	10	23-Apr-27		Unlisted
	EUR	20,000,000	20	20	24-Apr-17		Unlisted
	EUR	15,000,000	15	15	9-May-42	9-May-17	Unlisted
	EUR	15,000,000	15	15	9-May-42	9-May-17	Unlisted
	EUR	20,000,000	20	20	25-May-27		Unlisted
	EUR	15,000,000	15	15	4-June-27		Unlisted
	EUR	10,000,000	10	10	12-June-17		Unlisted
	EUR	10,000,000	10	10	12-June-17		Unlisted
	EUR	2,000,000	2	2	12-June-17		Unlisted
	EUR	50,000,000	50	50	11-June-27		Unlisted
	EUR	50,000,000	50	50	11-June-27		Unlisted
	EUR	20,000,000	20	20	28-Nov-17		Unlisted
	EUR	10,000,000	10	10	28-Nov-17		Unlisted
	EUR	10,000,000	10	10	26-June-17		Unlisted
	EUR	10,000,000	10	10	26-June-17		Unlisted
	EUR	10,000,000	10	10	9-July-27		Unlisted
	EUR	75,000,000	75	75	14-Aug-26		Unlisted
	EUR	10,000,000	10	10	23-Oct-47	23-Oct-17	Unlisted
	EUR	1,000,000	1	1	23-Oct-47	23-Oct-17	Unlisted
	EUR	1,500,000	2	2	23-Oct-47	23-Oct-17	Unlisted
	EUR	1,500,000	2	2	23-Oct-47	23-Oct-17	Unlisted
	EUR	1,000,000	1	1	23-Oct-47	23-Oct-17	Unlisted
	EUR	20,000,000	20	20	19-Nov-47	16-Nov-17	Unlisted
	EUR	10,000,000	10	10	19-Nov-47	16-Nov-17	Unlisted
	EUR	1,000,000	1	1	19-Nov-47	16-Nov-17	Unlisted
	EUR	25,000,000	25	25	7-Dec-47	7-Dec-17	Unlisted
	EUR	25,000,000	25	25	7-Dec-47	7-Dec-17	Unlisted
	EUR	11,000,000	11	11	14-Jan-48	14-Jan-18	Unlisted
	EUR	5,000,000	5	5	14-Jan-48	14-Jan-18	Unlisted
	EUR	2,000,000	2	2	14-Jan-48	14-Jan-18	Unlisted
	EUR	2,000,000	2	2	14-Jan-48	14-Jan-18	Unlisted
	EUR	15,000,000	15	15	24-Jan-48	24-Jan-18	Unlisted
	EUR	5,000,000	5	5	24-Jan-48	24-Jan-18	Unlisted
	EUR	10,000,000	10	10	24-Jan-48		Unlisted
	EUR	10,000,000	10	10	7-Feb-48	7-Feb-18	Unlisted
	EUR	13,090,718	13	13	15-May-28		Unlisted
	EUR	10,000,000	10	10	20-May-48	20-May-18	Unlisted
	EUR	10,000,000	10	10	20-May-48	20-May-18	Unlisted
	EUR	10,000,000	10	10	16-June-23		Unlisted
	EUR	50,000,000	50	50	23-June-20		Unlisted
	EUR	20,000,000	20	20	19-June-48	19-June-18	Unlisted
	EUR	50,000,000	50	50	30-July-18		Unlisted
	EUR	25,000,000	25	25	6-Aug-25		Unlisted
	EUR	20,000,000	20	20	16-Dec-23	16-Dec-14	Unlisted

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Registered covered bonds	Currency	Nominal amount in foreign currency	Balance	Redemption value *	Final due date	First call option date	Stock exchange
			(EUR millions)				
	EUR	10,000,000	10	10	11-Dec-23		Unlisted
	EUR	20,000,000	20	20	11-Dec-23		Unlisted
	EUR	15,000,000	15	15	20-Dec-24		Unlisted
	EUR	5,000,000	5	5	25-Feb-29	25-Feb-19	Unlisted
	EUR	1,000,000	1	1	25-Feb-29	25-Feb-19	Unlisted
	EUR	14,000,000	14	14	25-Feb-29	25-Feb-19	Unlisted
	EUR	2,000,000	2	2	5-March-27	5-March-18	Unlisted
	EUR	10,000,000	10	10	5-March-27	5-March-18	Unlisted
	EUR	8,000,000	8	8	5-March-27	5-March-18	Unlisted
	EUR	20,000,000	20	20	5-March-19		Unlisted
	EUR	10,000,000	10	10	5-March-19		Unlisted
	EUR	20,000,000	20	20	17-March-26	17-March-19	Unlisted
	EUR	65,200,000	65	65	1-Apr-24		Unlisted
	EUR	5,000,000	5	5	8-Apr-22		Unlisted
	EUR	5,000,000	5	5	8-Apr-22		Unlisted
	EUR	5,000,000	5	5	8-Apr-22		Unlisted
	EUR	5,000,000	5	5	8-Apr-22		Unlisted
	EUR	5,000,000	5	5	8-Apr-22		Unlisted
	EUR	5,000,000	5	5	8-Apr-22		Unlisted
	EUR	50,000,000	50	50	22-Apr-26		Unlisted
	EUR	10,000,000	10	10	22-Apr-26		Unlisted
	EUR	50,000,000	50	50	6-May-22		Unlisted
	EUR	50,000,000	50	50	5-May-23		Unlisted
	EUR	25,000,000	25	25	5-May-23		Unlisted
	EUR	10,000,000	10	10	5-May-23		Unlisted
	EUR	50,000,000	50	50	19-May-26		Unlisted
	EUR	50,000,000	50	50	19-May-25		Unlisted
	EUR	20,000,000	20	20	19-May-26		Unlisted
	EUR	20,000,000	20	20	19-May-25		Unlisted
	EUR	10,000,000	10	10	19-May-26		Unlisted
	EUR	50,000,000	50	50	28-May-27		Unlisted
	EUR	25,000,000	25	25	28-May-27		Unlisted
	EUR	50,000,000	50	50	26-May-28		Unlisted
	EUR	50,000,000	50	50	9-June-23		Unlisted
	EUR	25,000,000	25	25	9-June-23		Unlisted
	EUR	15,000,000	15	15	9-June-23		Unlisted
	EUR	50,000,000	50	50	24-June-19		Unlisted
	EUR	10,000,000	10	10	24-June-19		Unlisted
	EUR	50,000,000	50	50	8-July-26		Unlisted
	EUR	25,000,000	25	25	8-July-26		Unlisted
	EUR	10,000,000	10	10	8-July-26		Unlisted
	EUR	50,000,000	50	50	10-July-28		Unlisted
	EUR	25,000,000	25	25	10-July-28		Unlisted
	EUR	10,000,000	10	10	10-July-28		Unlisted
	EUR	20,000,000	20	20	10-July-28		Unlisted
	EUR	10,000,000	10	10	21-July-25		Unlisted
	EUR	15,000,000	15	15	21-July-25		Unlisted
	EUR	50,000,000	50	50	22-July-27		Unlisted
	EUR	10,000,000	10	10	22-July-27		Unlisted
	EUR	20,000,000	20	20	20-July-29		Unlisted

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Registered covered bonds	Currency	Nominal amount in foreign currency	Balance	Redemption value *	Final due date	First call option date	Stock exchange
			(EUR millions)				
	EUR	15,000,000	15	15	29-July-27		Unlisted
	EUR	10,000,000	10	10	29-July-27		Unlisted
	EUR	10,000,000	10	10	31-July-23		Unlisted
	EUR	15,000,000	15	15	30-July-26		Unlisted
	EUR	10,000,000	10	10	30-July-27		Unlisted
	EUR	10,000,000	10	10	12-Aug-24		Unlisted
	EUR	50,000,000	50	50	12-Aug-27		Unlisted
	EUR	50,000,000	50	50	14-Aug-28		Unlisted
	EUR	25,000,000	25	25	14-Aug-28		Unlisted
	EUR	15,000,000	15	15	14-Aug-28		Unlisted
	EUR	10,000,000	10	10	14-Aug-28		Unlisted
	EUR	15,000,000	15	15	14-Aug-24		Unlisted
	EUR	10,000,000	10	10	23-Sep-26		Unlisted
	EUR	50,000,000	50	50	27-Aug-29		Unlisted
	EUR	25,000,000	25	25	27-Aug-29		Unlisted
	EUR	50,000,000	50	50	31-Aug-29		Unlisted
	EUR	50,000,000	50	50	31-Aug-29		Unlisted
	EUR	50,000,000	50	50	31-Aug-29		Unlisted
	EUR	5,500,000	6	6	30-Aug-24		Unlisted
	EUR	14,500,000	15	15	7-Sep-29		Unlisted
	EUR	15,000,000	15	15	14-Sep-21		Unlisted
	EUR	50,000,000	50	50	14-Sep-27		Unlisted
	EUR	15,000,000	15	15	14-Sep-27		Unlisted
	EUR	10,000,000	10	10	14-Sep-27		Unlisted
	EUR	5,000,000	5	5	14-Sep-27		Unlisted
	EUR	20,000,000	20	20	16-Sep-24		Unlisted
	EUR	10,000,000	10	10	17-Sep-29		Unlisted
	EUR	5,000,000	5	5	17-Sep-29		Unlisted
	EUR	20,000,000	20	20	24-Sep-31		Unlisted
	EUR	20,000,000	20	20	26-Sep-33		Unlisted
	EUR	10,000,000	10	10	9-Oct-24		Unlisted
	EUR	5,000,000	5	5	9-Oct-24		Unlisted
	EUR	10,000,000	10	10	22-Oct-24		Unlisted
	EUR	20,000,000	20	20	25-Oct-21		Unlisted
	EUR	8,000,000	8	8	26-Oct-29		Unlisted
	EUR	15,000,000	15	15	21-Dec-28		Unlisted
	EUR	10,000,000	10	10	24-May-17		Unlisted
	EUR	30,000,000	30	30	21-Jan-30		Unlisted
	EUR	100,000,000	100	100	28-Jan-30		Unlisted
	EUR	15,000,000	15	15	28-Jan-30		Unlisted
	EUR	50,000,000	50	50	28-Jan-30		Unlisted
	EUR	25,000,000	25	25	28-Jan-30		Unlisted
	EUR	110,000,000	107	110	18-Feb-28		Unlisted
	EUR	10,000,000	10	10	27-Dec-33	27-Dec-23	Unlisted
	EUR	10,000,000	10	10	26-Feb-30		Unlisted
	EUR	5,000,000	5	5	26-Feb-30		Unlisted
	EUR	30,000,000	30	30	26-Feb-30		Unlisted
	EUR	15,000,000	15	15	26-Feb-30		Unlisted
	EUR	20,000,000	20	20	1-Apr-30		Unlisted
	EUR	20,000,000	20	20	1-Apr-30		Unlisted

* *Value determined by the interest rate and currency swaps contracted to hedge the issue of* obligations foncières *and registered covered bonds.*

Registered covered bonds	Currency	Nominal amount in foreign currency	Balance	Redemption value *	Final due date	First call option date	Stock exchange
			(EUR millions)				
	EUR	7,000,000	7	7	3-May-29		Unlisted
	EUR	3,000,000	3	3	3-May-29		Unlisted
	EUR	5,000,000	5	5	4-June-40	4-June-20	Unlisted
	EUR	10,000,000	10	10	11-June-25		Unlisted
	EUR	1,000,000	1	1	11-June-25		Unlisted
	EUR	1,000,000	1	1	11-June-25		Unlisted
	EUR	10,000,000	10	10	16-Sep-32		Unlisted
	EUR	10,000,000	10	10	20-March-29		Unlisted
TOTAL	**EUR**	**4,037,265,228**	**4,031**	**4,037**			
TOTAL REGISTERED COVERED BONDS			**4,031**	**4,037**			
BALANCE SHEET TOTAL			**64,334**	**63,565**			

* *Value determined by the interest rate and currency swaps contracted to hedge the issue of* obligations foncières *and registered covered bonds.*

Report of the Chairman of the Supervisory Board

prepared in accordance with article L.225-68 of the Code of Commerce

This report describes the principles and procedures applied during the year 2010.

As a credit institution, Dexia Municipal Agency refers, in order to draw up this report, to the provisions of the Banking and Financial Regulation Committee Standards Committee (CRBF standard 97-02, as modified by the *arrêtés of* March 31, 2005, June 17, 2005, February 20, 2007, July 2, 2007, September 11, 2008, January 14, 2009, May 5, 2009, October 29, 2009 (two *arrêtés*), November 3, 2009, January 19, 2010, August 25, 2010, and December 13, 2010, which defines the roles, principles and organization of internal control, as well as to the reference framework published by the French Financial Markets Authority (AMF).

This report, drawn up by the Chairman of the Supervisory Board of Dexia Municipal Agency, was prepared by the Executive Board, which gathered the necessary information from all the operating departments and support functions concerned, in particular the risk management and permanent control division and the finance division.

1. Conditions of preparation and organization of the Supervisory Board's governance

The purpose of Dexia Municipal Agency is to finance public sector commitments generated by the Dexia Group by issuing *obligations foncières* and raising other funds benefiting from the same privilege, all rated triple A. This role is strategic for the Dexia Group's public finance activity.

The Supervisory Board exercises permanent control of the Company's management by the Executive Board. Since the last Annual Shareholders' Meeting, two changes were made in the Board's composition. Claude Schon and Didier Casas resigned and were not replaced. As of December 31, 2010, the Supervisory Board had 10 members, whose term of office is six years and who are appointed by the Annual Shareholders' Meeting by reason of their expertise and the contribution they can make to the Company. The Supervisory Board meets at least every three months; the two auditors and the specific controller of the *société de crédit foncier* also attend the meetings. In advance of the meeting, the Chairman of the Supervisory Board and the Chairman of the Executive Board send the Board members an agenda and a file with reports or documents relating to the subjects to be discussed. The Board met four times in 2010. The rate of assiduity was 72.3%.

Dexia Municipal Agency has been informed of law 2011-103 of January 27, 2011, related to the balanced representation of women and men on Boards of Directors and Supervisory Boards and to equal professional opportunity. At the date of this report, the Company's Supervisory Board has no female members. The Company and its shareholders will study the implications of this law and will ensure that Dexia MA conforms to the requirements stipulated in this law.

The agenda respects a regular format: minutes, business review of the previous quarter and of current trends including issuance conditions, the presentation of the financial statements, and the development of projects for asset acquisition from Dexia Credit Local and foreign entities. Specific topics are added at different times of the year: the report on internal control and the report on risk assessment and surveillance in application of articles 42 and 43 of CRBF standard 97-02 as modified; information to be published relating to the quality of assets as well as the level and sensitivity of the interest rate position in application of article 13 of CRBF standard 99-10.

The information and documents forwarded to the members enable the Board to have a full, clear and accurate view of the Company's position, profitability and development.

During Supervisory Board meetings, the Executive Board develops the points on the agenda by comments and synthetic presentations. The Board advises on strategic choices, makes recommendations and, if necessary, requests specific analyses, which are examined in subsequent meetings. The Board pays special attention to transfers of public sector assets to Dexia MA.

It is informed of the performance of Dexia MA's *obligations foncières* in the primary and secondary markets. The Supervisory Board considers that the optimization of Dexia MA's issuance conditions is linked (independently of market conditions) to investors' perception of the excellent quality of the Company's assets (beyond the triple A ratings by Moody's, Fitch and Standard and Poor's) and its very low risk profile with regard to client and market counterparties, interest rates and liquidity. The Supervisory Board pays particular attention to the reports submitted by the Executive Board on these subjects, and to the transparency of communication to investors.

Information concerning compensation and other advantages granted to members of the management bodies is presented in the section of the management report entitled "Compensation of members of management bodies". None of the managers of Dexia Municipal Agency receives compensation for the work they do for Dexia MA. The recent change in CRBF standard 97-02 authorizes an entity to refer to the parent company's compensation committee for the definition of its compensation policy. On December 3, 2009, the Supervisory Board of Dexia Municipal Agency decided not to create a specific committee a the level of Dexia Municipal Agency since there is a compensation committee at the level of Dexia SA, which is responsible for Dexia Credit Local and Dexia Municipal Agency

2. Dexia Municipal Agency's particular operating structure

Dexia Municipal Agency is a legally independent company with its own Supervisory Board and Executive Board. However, in order to preserve the privilege enjoyed by holders of *obligations foncières* and other privileged debt securities, the law stipulates that a *société de crédit foncier* is not allowed to employ staff directly and must entrust the management of all its operations to a credit institution with which it signs an agreement (article L.515-22 of the Monetary and Financial Code). This is because employees would have a priority that would supersede any other claim in the event of bankruptcy or liquidation, whereas the management agreement, which benefits from the privilege granted by the law on *sociétés de crédit foncier*, is *pari passu* with the holders of *obligations foncières* and other privileged debt securities. Thus, there are divisions, departments and units at Dexia Credit Local that handle transactions conducted in the name of Dexia MA. The management of Dexia MA is, therefore, subject to the procedures and controls usually applicable to Dexia Credit Local, in addition to the procedures and controls specific to the legal standards and rules that govern the management of Dexia MA.
In terms of governance, and in areas that concern it, Dexia MA applies the practices of its parent company.

3. Internal control

3.1 - ORGANIZATION OF INTERNAL CONTROL

a. Responsibilities of internal control and the general architecture of internal control

Responsibilities of internal control

Like all credit institutions, Dexia Municipal Agency and Dexia Credit Local, which manages Dexia MA's operations, are subject to the oversight of the prudential control authority (ACP). The objectives and organization of their internal control are defined within the framework set by the Monetary and Financial Code, and CRBF standard 97-02 as modified, the correct application of which is periodically checked by the internal audit division.
The internal control system, according to CRBF standard 97-02 as modified, ensures that different control procedures are applied to provide:
- the compliance of internal operations and procedures;
- reliable and quality financial and accounting data;
- security in processing information;
- systems to measure and monitor risks and results;
- the control of essential or important externalized activities.

More specifically, the responsibilities assigned to internal control in effect at Dexia Credit Local and applicable to Dexia MA are designed:
- to verify the efficiency of the risk control system.
  The internal control system aims to guarantee the Executive Board that the risks taken by the Company are in line with the policy defined by the Supervisory Board and the Executive Board;
- to ensure that the financial and accounting data produced is reliable and relevant.
  The main objective of the financial information is to give a true and fair view of the position of Dexia Municipal Agency in a regular, complete and transparent manner. The internal control system is focused on the achievement of this objective.

Dexia MA has set up a number of procedures and controls within the framework of the organization of Dexia Credit Local's internal control system, which aim to ensure the proper operation of Dexia MA in compliance with standards and prudential principles, while exercising efficient management of available resources. Internal control is a process that provides reasonable assurance that the above-mentioned objectives will be achieved at the desired level.
It should, nevertheless, be mentioned that, like any control system, this organization may not be considered as an absolute guarantee of the proper achievement of the Company's objectives.

General architecture of the internal control system

The system's general architecture is based on general principles that apply to all lines of business and all support functions. Dexia Credit Local's internal control system relies on activities integrated into all operating, support, management, accounting, etc. processes, the oversight of which is a permanent responsibility of management with successive levels of control.
Moreover, there is a transparent separation of functions designed to maintain and ensure a clear distinction between the operators who conduct operations and transactions, and those in charge of validation, control and settlement.
Following this logic, the general architecture of the internal control system of Dexia Credit Local and Dexia Municipal Agency is grounded on an organization with three levels.
- The first level of control is exercised by each employee and the corresponding chain of command in function of the responsibilities that have been explicitly delegated, the procedures that apply to the activities conducted, and the instructions given.
- The second level of control involves specialized functions that are independent of the activities controlled and report directly to the Management Board of Dexia Credit Local. This second level may also be the responsibility of specialized committees, made up of staff from operating, support and control functions, and chaired by a member of the Management Board, like the compliance and risk management committees.
- The third level of control is represented by the Dexia Group's audit division, which exercises permanent oversight of the efficient application of the fist two levels of control in the parent company and in all of its subsidiaries and branches.

Functions of internal control

Relying on the internal control architecture described above, Dexia Credit Local has defined separate functions designed to meet the specific needs of each of its entities (including Dexia MA).

• Permanent control excluding compliance

This control verifies that the risk control system applied is solid and efficient, ensures the quality of financial and accounting data as well as of the information systems. The organization of permanent control excluding compliance is developed below in paragraph 3.1.f.

• Compliance control

This control verifies that all the standards and procedures are applied on a permanent basis and do not expose the Company, by reason of their absence or non-application, to any risk of administrative or disciplinary sanctions, financial risk, or damage to its reputation. The organization of this function is developed below in paragraph 3.1.g.

• Periodic control or internal audit

This control, exercised by the internal audit division of Dexia Credit Local, in close coordination with the Dexia Group's internal audit teams, is responsible for monitoring the efficiency and effective application of the controls, in the parent company and all the subsidiaries and branches. The organization of this function is developed below in paragraph 3.1.h.

• Internal references

In order to ensure that the appropriate information and instructions are available to all the players in internal control, the Dexia Credit Local Group has progressively developed a common set of references. These reference documents may be regrouped in four broad categories.

- Charters define, for each business line or activity, the reference objectives and policies that the Group has set for itself, and develop a conceptual framework governing organization and operation. This is, for example, the case of the internal audit charter and the compliance charter defined by the Dexia Group.
- Codes regroup, for a given activity, rules of conduct or best practices that apply to all the employees concerned, independently of their hierarchical or functional reporting lines. The code of compliance and business ethics is distributed to all employees, both at headquarters and in the subsidiaries and branches. It can be easily accessed by all employees *via* the Company's intranet system, under the heading "Compliance".
- Rules of conduct, also called directives, are the first level of operational application of these charters and codes. They set practical standards of quality, define effective limits and organize the delegation system. The rules of conduct drawn up by the Dexia Group's risk management team thus make it possible to determine all the counterparty limits set for the Dexia Credit Local Group.
- Finally, in application of the charters, codes and directives, the procedures define the organization, the measures to be taken and the control to be exercised to perform a given activity. All employees in their units or divisions should have a manual of procedures applicable to the position they occupy. For the same reasons, service contracts are signed to formalize the relations between two divisions or two Dexia Group entities in a customer-supplier relationship by specifying the level of service that is expected.

In addition, the definition of processes, within the framework of Dexia Credit Local's ISO 9001 quality certification (although it mainly targets customer satisfaction) guided the Company in an approach that ensures the overall control of its activities.

b. Executive Board

The Executive Board of Dexia MA is the front-ranking guarantor of the efficient operation of the Company's internal control procedures. Given the structure of Dexia MA and the management agreement that binds it to Dexia Credit Local, the Executive Board relies on the organization of internal control in effect at Dexia Credit Local.

The Chief Executive Officer of Dexia Credit Local, who chairs the Management Board, defines and coordinates the policy of the Dexia Credit Local Group in terms of internal control. He allocates resources and sets deadlines for measures taken within the framework of this policy. He verifies that the objectives are achieved and that the internal control system is adapted to needs. Lastly, he adjusts these needs in function of internal and external developments.

To carry out this assignment, the Chief Executive Officer relies on the Management Board, whose members are permanently involved in the internal control system through their operating responsibilities, their participation in the different monitoring committees, and the reports, especially audits, that are systematically submitted to them.

Those responsible for compliance, periodic control, permanent control and the head of the risk management division report directly to the Chief Executive Officer.

c. Operating divisions

The managers of the operating divisions guarantee the adaptation and efficiency of internal control in their field of activity. In particular, they are in charge of analyzing the risks involved in all the transactions they have initiated and verifying that internal control procedures in their division are adapted to such risks. If there is a change in the internal or external environment that may have an impact on the system, they should propose or make, in function of their level of responsibility, the adaptations required to maintain proper control of any risks incurred.

d. Risk management division

The risk management division monitors and manages risks in conformity with the recommendations of the Management Board.

The year 2010 was marked by the effective introduction of the reorganization of risk management based on an approach that follows the Group's new organization. This division is now organized by cross-division business lines – Public & Wholesale

Banking – PWB (credit risks), Treasury & Financial Markets – TFM (credit and market risks), Retail & Commercial Banking – RCB (credit risks), blended with a geographic organization by legal entity. Centers with specialized expertise were created at the level of the Group, covering different types of counterparties (project, corporate and real estate, banks, ABS, international public sector, countries).

The head of risk management of Dexia Municipal Agency is the head of risk management of Dexia Credit Local. He is a member of the Management Board of Dexia Credit Local. Since the reorganization of the Dexia Group's risk management activities, he reports to Dexia's risk manager for management issues and functionally to the Chief Executive Officer of Dexia Credit Local. He has no hierarchical link with the other units. He exercises his role in full independence of the operating divisions and lines.

The risk management division is competent to monitor all the risks generated by banking activities, including credit, market, liquidity and operational risks as defined by CRBF standard 97-02 as modified.

Risk management strictly follows the instructions of the Dexia Group with regard to risk assessment methods, limits and reporting procedures, which are defined by the Group's risk management division. It also ensures that the Dexia MA's specific rules in this area are respected.

e. Committees

All operations conducted by Dexia Municipal Agency are subject to control by different committees set up by Dexia Credit Local or the Dexia Group. This control takes into account the particular rules and limits applicable to Dexia MA (cf. 3.4). A description of the committees follows.

Management of credit risk

Several cross-company committees are organized by Dexia SA:

- the Risk Policy Committee, which meets quarterly to approve the rules for the attribution of credit risks, detailed in credit risk policies;
- the Risk Executive Committee, which meets weekly to decide on the risk management strategy and the organization of the support line;
- the Management Credit Committee takes decisions concerning credit proposals with a high risk profile or major commitments.

The head of risk management of Dexia Credit Local is a member of the Risk Executive Committee.

Decisions and monitoring of these commitments are the responsibility of several committees.

- Dexia Credit Local's Credit Committee meets weekly to take decisions concerning new commitments proposed by Dexia Credit Local and its international network;
- for Treasury & Financial Markets (TFM) activities, since December 2010, a single committee oversees new commitments, the determination and monitoring of limits. This committee is organized at the level of Dexia SA for transactions delegated by the Management Credit Committee.

Every proposal presented to a committee is accompanied by an independent analysis drawn up by the risk management division of Dexia Credit Local or the Dexia Group.

The following committees meet quarterly.

- The PWB and TFM Special Mention and Watchlist Committees monitor sensitive assets under surveillance.
- The PWB and TFM Default Committees qualify and monitor default counterparties in accordance with Basel II, applying the rules in effect at Dexia.
- The Impairment Committees determine the amount of provisions and monitor the cost of risk on a quarterly basis.
- The Rating Committees verify the proper application of internal rating systems and the appropriateness of rating processes.

In 2010, the Credit Line Committee was merged with the TFM Credit Committee to create a single committee in charge of new commitments as well as of the determination and monitoring of limits.

The PWB Special Mention and Watchlist Committee, the PWB Default Committee and the Impairment Committee are organized at the level of the different subsidiaries and branches (local committees), at the Dexia Credit Local level and at the Dexia Group level for proposals that are not delegated. Rating Committees are organized at the level of the Dexia Group. The risk management division of Dexia Credit Local chairs the committees of Dexia Credit Local. It systematically participates in Group committees to which it presents proposals that concern Dexia Credit Local and its different subsidiaries and branches. It approves the proposals to be booked by Dexia Credit Local and its different subsidiaries and branches. It has a right of *veto* for these proposals.

The risk management division of Dexia Credit Local also systematically participates in TFM committees, approves the proposals to be booked by Dexia Credit Local and its different subsidiaries and branches, and also has a right of *veto* for these proposals.

Delegations are granted to the commercial network in France. Italian and Spanish subsidiaries have delegation, which is limited solely to public sector clients.

Market risk management

The following committees are organized.

- The ALM Committee (ALCO) meets on a monthly basis at the level of the Dexia Group and Dexia Credit Local within the framework of the competence and limits defined for each committee. It decides on the strategy to apply for interest rate, foreign exchange and liquidity risks for all Group entities and for Dexia Credit Local and its different subsidiaries and branches with significant activity in this field.
- The Market Committee (MRGC) meets on a monthly basis to define risk management policies in the financial markets, monitor respect for the limits on market risks set at the level of the Dexia Group or Dexia Credit Local, analyze business and define operational choices.

Diversification of business

The following committees are organized.
- The new products committee meets on a monthly basis, chaired by the head of risk management, to verify upstream of the launch of any new activity or product that any related risks have been correctly analyzed, assessed and controlled, and that the appropriate management systems are in place. Equivalent committees are also set up in the subsidiaries.
- The committee to evaluate commercial risks (CERC) meets quarterly to monitor commercial activity and analyze the commercial risks linked to lending activity and structured financing. On this basis, it directs marketing policy.

Major projects (information systems, standards, organization)

The following committees are organized.
- Project steering committees monitor projects that have been launched, determine the required resources, take final decisions and organize communication to the Management Board of the Dexia Credit Local Group.
- The responsibilities of the IT Security committee are described below in section 3.4.d – Operational risks.

Most of these committees report to the Management Board on a quarterly basis.

f. Permanent control excluding compliance

At Dexia Municipal Agency, this area is the responsibility of the General Secretary of Dexia Credit Local, who is a member of the Management Board(1). He monitors and manages risks in conformity with the recommendations of the Executive Board and oversees the Company's permanent control. He has no hierarchical link with the other units. He exercises his role in full independence of the operating divisions.

To ensure consolidated oversight, permanent control relies on teams that measure and monitor risks, on decentralized resources in corporate divisions, subsidiaries and branches, and on exchanges of information within the framework of permanent control committees.

Permanent control at the second level is also conducted in the General Secretary's office by the unit in charge of reviewing and reporting audits. This team works closely with the division of operational risks and the security of information systems in order to muster all possible synergies among the different levels of control.

The architecture of such control is organized on the first two levels of the architecture presented in 3.1.a of this report.

It should be noted that within the framework of the extension and development of this function to the whole Dexia Group, this unit is to report to the head of permanent control for the Group.

Permanent control is based on a control plan, the results of which are reported quarterly to the Management Board of Dexia Credit Local. These controls cover the main business processes in the bank and were selected together with the operating divisions. The relevance of this choice is reviewed every year when the control plan is subjected to a challenging process based both on the mapping of the operating processes developed within the framework of the ISO 9001 Quality project and on the mapping of risks and controls developed within the framework of the management of operational risks. In directive support lines, permanent control officers were named and coordinate activities under their responsability.

The General Secretary monitors the execution of the permanent control plan. He verifies that control is consistent and independent by introducing functional links with decentralized resources in the different divisions. This team produces a comprehensive report and may request justification for any anomalies identified.

(1) Within the framework of the organization of the Group and the development of synergies, permanent control excluding compliance was transferred to Dexia Credit Local's operational risks division as of February 1, 2011.

g. Compliance control

The head of compliance at Dexia Credit Local is in charge of compliance at Dexia MA. Compliance at Dexia Credit Local oversees the consistency and efficiency of control procedures for the risk of non-compliance. Compliance is organized in a network that encompasses the whole Dexia Group, from the holding company to the French and foreign subsidiaries and affiliates of Dexia Credit Local. This unit is independent and functionaly operates under the authority of Dexia's General Secretary. The head of compliance at Dexia Credit Local is responsible for the cross-company monitoring of all compliance issues for the Public & Wholesale Banking (PWB) business line, an area that particularly concerns all the assets of Dexia Municipal Agency.

At Dexia Credit Local, the head of compliance reports to the General Secretary, who has been designated as the compliance contact for the prudential control authority (ACP). The head of compliance has a functional link with the head of compliance of the Dexia Group. He also acts as the TRACFIN correspondent within the framework of the obligations of banks in the fight against money laundering and the financing of terrorist activities. The head of compliance has professional identification (an RCSI card) from the AMF for Dexia Credit Local and Dexia CLF Banque, both of which provide investment services.

Compliance contributes to the respect for all legal and regulatory requirements. Likewise, it acts in conformity with the practices of the Dexia Group, comprised in particular of charters, codes, directives and procedures. The main changes in the rules of compliance concerned the system to prevent market abuses, especially targeting Dexia's financial instruments, a procedure for the fight against money laundering and the financing of terrorist activities, and a procedure to monitor the processing of personal data.

In 2010, responding to the policy defined at the level of the Dexia Group, the compliance action plan was continued and completed. The completion of compliance risk mapping made it possible to define 2011 action plans for all the entities in the Dexia Credit Local Group, in function of the assessment of the non-compliance risks identified. These action plans, as well as the description of the risks that prompted them, were approved by management in the entities of the Dexia Credit Local Group.

The training sessions organized on compliance issues introduced in 2009 continued in 2010 with a new focus on professional certification. In addition, specific sessions were organized for those who work in the financial markets.

More specifically, with regard to anti-money laundering and the financing of terrorist activities, the Dexia Group complies with French and European rules and with local rules at each of its international entities. Beyond these basics, the Group has introduced stricter standardized criteria in terms of client acceptability and respectability. The objective is to work only with counterparties whose identity is perfectly established and who share its criteria of integrity and responsibility.

The general anti-money laundering and anti-terrorist procedure was updated after the transposition into French law of the provisions of the third directive. It is accessible to all employees, and was also made available in the European branches of Dexia Credit Local. Within the framework of anti-money laundering procedures, management conducts periodic verifications to check the existence of proof of client identification when it examines the requests presented in the credit committee and those that have been delegated. "USA Patriot Act" certification for all the Group entities concerned is available on Dexia's Internet site.

A priori, Dexia MA is not generally exposed to the risk of money laundering with regard to its assets, for which its counterparties are public sector entities. Concerning investors in the liabilities, precautions are taken with bank counterparties who act as dealers in the placement of Dexia MA issues. As intermediaries between Dexia MA and investors, they commit, in the documentation of the EMTN program or other programs, if such are launched, and issue-by-issue in private placements or in stand-alone issues, to obtain and record reliable information on the identity of subscribers, in compliance with the requirements of the anti-money laundering directive, or in compliance with equally strict requirements for those not governed by the European directive. These counterparties commit to alert their respective oversight authorities if they learn or suspect that subscribers are engaged in money laundering or the financing of terrorist activities.

The integration in the report of procedures to monitor MIF in all the European entities to which such applies is also a key issue for Compliance.

Compliance keeps a watch on the development of regulations updating applicable texts on a permanent basis. Construing the definition of the scope of compliance to include confidentiality and the protection of personal data, the compliance division updated its CNIL declarations of identified instances of the processing of personal data.

The Compliance division, which is associated in the definition of new rules for the marketing of structured loans, steers the introduction of a system to monitor these rules. The head of Compliance chairs the Commercial Risks Evaluation Committee (CERC) of Dexia Credit Local and the CEPCoR (Committee of evaluation and prevention of commercial risks) at the level of the Dexia Group. He is consulted on the marketing of new products and on significant changes to existing products.

h. Periodic control

Dexia Credit Local ensures the periodic control of Dexia MA, including internal audit and inspection.

As of December 31, 2010, the functions of internal audit and inspection counted 36 auditors and inspectors, for 39 approved positions. It should be noted that of the three vacancies, two were filled at the beginning of 2011.

Organization and governance of internal audit

Role of internal audit

Internal audit is an independent and objective activity that assures management of the degree of control of its operations, proffers advice on how to improve them and contributes to the creation of value added.

To this end, internal audit apprehends all the organization's objectives, analyzes the risks linked to its objectives and periodically evaluates the soundness of the audits conducted to manage these risks. Internal audit then submits to management an evaluation of residual risks so that management may validate how they dovetail with the overall risk profile that is appropriate for the Dexia Credit Local Group, and if required, internal audit suggests how management can strengthen the efficiency of these audits.

In addition, through the audit committees, internal audit assists the Boards of Directors throughout the Group in their supervisory role.

In keeping with international standards, a common audit charter indicates the fundamental principles that govern internal audit in the Dexia Group by describing its objectives, its role, its responsibilities and its operating procedures.

Subsequent to the transformation plan of the Dexia Group, the audit charter was adapted so that it would reflect the changes introduced in internal audit services. The audit charter was presented and approved by the Management Board of Dexia Credit Local on July 27, 2010, and by the audit committee on August 4, 2010.

In order that all Dexia Group employees may understand the importance of the audit function in internal control and assistance to the Dexia Group's management, the audit charter will be published on Dexia's internet site (www.dexia.com) as well as on the intranet site of Dexia Credit Local in the first quarter of 2011.

Fundamental principles

The strategy, degree of thoroughness and operating rules of internal audit services in the Dexia Credit Local Group are determined by the Management Board of Dexia SA and the Management Board of Dexia Credit Local, within a framework approved by the Board of Directors of Dexia SA and the

Board of Directors of Dexia Credit Local through their audit committee. This framework includes the requirements of local legislation and regulations, and instructions from prudential authorities.

In accordance with professional and ethical standards, the following general principles provide the underpinning of internal audit activities and are mandatory for all auditors.

- Objectivity. Audit objectivity is guaranteed by several factors: the assignment of auditors, the objectification of audit conclusions through a documented methodic approach, audit supervision and the incorporation of the point of view of those audited by means of contradictory reports.
- Independence. Independence is ensured by the fact that each audit division reports to the highest management level in the entity audited.
- Impartiality. Internal audit is not concerned by the operational organization of Group entities The Group's management boards may, however, ask for an opinion, advice or assistance. This type of service should remain exceptional, in particular with regard to the formulation and implementation of internal control procedures.
- Access to information. Within the framework of its role, internal audit has access to all information, documents, offices, systems and individuals in the entity under audit, including information concerning the management, minutes and files of advisory and decision-making bodies. Within the framework of their role, audit divisions have access to all information in all Group entities.
- Confidentiality. Each auditor must respect his/her obligation of reserve and discretion. Particular respect is paid to regulatory obligations of professional confidentiality.
- Competence. Each auditor must demonstrate the utmost professionalism and benefit from ongoing training to ensure the mastery of rapid changes in audit technology, banking, financial and IT technologies, as well as new techniques to fight fraud. Training needs are evaluated within the framework of annual performance reviews.
- Common methodology. The auditors use the same methodology and document their audits in the same manner to ensure homogeneity and traceability in their internal audit investigations in the Group and contribute to a consolidated view of risks and their management.

Internal audit receives from the management boards in the Dexia Credit Local Group the resources it requires to carry out its assignment so as to be always ready to respond to changes in the Group's structures and environment.

Field of investigation

Internal audit investigates all the activities, processes, systems and entities of the Dexia Credit Local Group with no reserves or exceptions. Its field of investigation includes all processes, whether they be operational, support or managerial as well as related to corporate governance, risk management and control procedures.

In principal, its investigations do not concern the activities of companies in which the Dexia Credit Local Group has only a minority interest, notwithstanding certain exceptions, in particular those related to requests from prudential authorities.

More specifically, the general auditor of Dexia Credit Local exercises a particular function concerning Dexia MA, as spelled out in article 9 of the management agreement between Dexia MA and Dexia Credit Local: "Dexia Credit Local's internal audit division audits all of the transactions and procedures of Dexia MA, as it does those of Dexia Credit Local and that company's other subsidiaries within the framework of the criteria generally applicable to the Dexia Group. In addition, it acts as Dexia MA's own internal control unit for all that concerns CRBF standard 97-02 modified (control of Dexia MA's transactions and internal procedures, audit tracks, measurement of risks and results, etc.)." The general auditor has direct access to the Chairman of the Supervisory Board of Dexia MA.

Organization of the function

The first half of 2010 was marked by the continuation of the transformation plan and by the effective implementation of the changes decided in the audit transformation plan, in particular in terms of organization and methodological developments.

1. Principles

In the Dexia Group, internal audit is organized as an integrated function, which is composed, on the one hand, of Dexia SA's audit division, and on the other, the audit divisions of Dexia Credit Local and its subsidiaries and branches.

Dexia Credit Local's internal audit division is under the responsibility of a general auditor, who reports hierarchically to both the Chief Executive Officer of Dexia Credit Local, and the general auditor of Dexia SA.

The general auditor has direct access to the Chairman of the Board, to the members of the audit committee and to the Statutory Auditors of the entity being audited.

2. Role of the audit division

The audit division is responsible for overseeing the appropriateness of the organization of internal audit applied throughout the Dexia Credit Local Group and the quality of its services.

The audit division is responsible for:

- audit strategy and its appropriate implementation;
- definition and application of a common methodology for risk analysis;
- definition and application of a common audit methodology;
- definition and application of a common methodology in following up on recommendations;
- optimal allocation of skills within the function;
- determination of the level of training required for the auditors;
- coordination and evaluation of training programs;
- circulation of necessary information within the function;
- implementation of quality control;

- management of central projects and ensuring the availability of audit tools;
- attribution and monitoring of operating budgets in each local audit unit.

3. Governance

The general auditor of Dexia Credit Local ensures that there is adequate coverage of risks for all Dexia Credit Local entities, including headquarters, the network in France, subsidiaries, branches and representation offices in France and other countries. It also plays a role as the intermediary between management and local regulators and is associated with steering audit activities in the Dexia Group.

Since internal audit is an integrated function, its management and steering rely on two structures: the AMC (Audit Management Committee) and the IAEC (Internal Audit Executive Committee), in addition to a support team.

The AMC is composed of the general auditor of Dexia SA, who chairs the committee, the general auditors of the major subsidiaries (Dexia Credit Local, Dexia Bank Belgium and Dexia Banque Internationale à Luxembourg), the general auditor of Denizbank and the audit officer for the IT segment and other support functions. The AMC manages audit strategy as well as financial and human resources.

The IAEC is composed of the AMC members, in addition to audit segment officers and the head of the Audit, Process, Management & Organization unit (APMO) who chairs the meeting. The committee defines the audit universe and updates it regularly, validates the risk mapping prepared by each of the segment officers, proposes a general audit plan for the Group, works out the best audit plan, proposes any changes that are necessary in terms of resources, methodology and tools, defines the training policy for the audit teams, analyzes the results of performance monitoring activities, and validates internal and external reporting procedures.

The Audit, Process, Management & Organization unit (APMO) provides support for audit activities.

Audits

Internal audits are based on proven methods modeled on international best audit practices. Audits and risk analysis in all Dexia entities rely on common methodologies, which are regularly adapted in order to reflect developments in standards, feedback and structural changes

In 2010, the methodology applied to risks and the formulation of the audit plan, which had been revised in 2009, was improved and simplified (in particular for subsidiaries) and the main stages were computerized.

The methodology first identifies the objectives of the business lines and support processes and then quantifies the impact of major risks that may adversely affect the achievement of these objectives. In the next step, audits target the most critical subjects from the point of view of impact and probability of occurrence. The methods used structure the audit activity as a support for corporate governance in terms of risk control.

A comprehensive approach to the universe of risks, a common audit methodology, the organization of cross-company audits (if not local) and shared audits according to the needs, and modalities of reporting and monitoring at the highest level in the Group help to appreciate whether Dexia's internal control system is integrated and efficient, and if such is appropriate to request improvements.

1. Risk analysis procedures and planning of audits and resources

Internal audit at Dexia Credit Local is organized on the basis of a single audit plan common to the Group and defined by the IAEC, approved by the Management Board and then by the audit committee and/or the Board of Directors.

The plan is based on an annual risk analysis conducted independently by audit services in keeping with best practices as presented by the Institute of Internal Auditors. The main stages in the development of an audit plan are as follows.

- identification of critical potential risks that would prevent the achievement of corporate objectives by business line and/or support process;
- evaluation of the degree of Dexia Credit Local's vulnerability to these critical risks, *via* an assessment of the impact and the probability of occurrence, thus making it possible to identify the greatest risks;
- identification of the audit units that are either at the origin of risks or in charge of preventing them, engendering a risk score for each audit unit, from which an audit review frequency is deduced;
- back testing of audit in the previous three years;
- selection of controls on audit units at risk taking into account past audits and any regulatory requirements in terms of frequency.

To ensure efficiency, the audits target the audit units running the greatest risks, those which in all the business lines and the support processes, imply the greatest number of key risks with regard to the achievement of the Group's objectives. Audit units that do not imply major risks are subject to a simplified approach that responds to regulatory requirements for audit universe coverage.

This multi-year plan makes it possible to determine any possible needs with regard to human resources on both a quantitative and qualitative basis, as well as needs in training.

The audit plan makes a distinction between several types of audits:

- cross-company audits, which are conducted in one field simultaneously in several entities at the same time and mainly concern processes with a relatively high degree of integration;
- shared audits, which are conducted together in an entity by local audit teams (when such exist) with the participation of one or more auditors from a shared services center;
- local audits, which concern only a single entity.

2. Audit methodology

The way audits are carried out is common to all Dexia Group entities. The different stages to follow to conduct an internal audit (preparation, conduct, audit report, follow-up on recommendations, etc.), as well as the formats of the documents required at every stage, are described in a procedure that also determines the roles, responsibilities and modalities of review, approval and document storage.

3. Monitoring

Twice a year, the general auditor of Dexia Credit Local presents to the audit committee a report on internal audit activities. This report contains a summary of the main observations made during the audits, an annotated recap of the audit plan schedule, especially if there is a major divergence from the initial schedule, as well as an appreciation of the adequacy of resources (from a qualitative and quantitative point of view).

To improve recommendation follow-up, a six-month review of audit plans linked to recommendations is presented to the Management Boards of the Group's different entities, and any delays in the accomplishment of action plans devised in response to recommendations are treated.

A new recommendation follow-up tool (OSCAR) was launched at the end of January 2010. It is designed to enable auditors and those audited to exchange information on a regular basis with regard to action plans devised in response to audit recommendations. In addition, the recommendations of the reports issued by prudential authorities were also integrated into OSCAR.

Training

In addition to training organized by Human Resources, a specific audit training plan was introduced. It involves different training curricula according to the auditor's role and seniority. Likewise, on the level of the management of human risks, the organization of internal audit as a shared services center results in greater coverage for Group activities by attenuating the risk of limited resources (qualitative and quantitative), while guaranteeing the responsiveness required in the event of an emergency.

Relations with oversight authorities and Statutory Auditors

The audit divisions of the subsidiaries and branches of the Dexia Credit Local Group informs Dexia Credit Local's audit division of the meetings planned on the organization of the audit, of the audits conducted by prudential authorities in their entities (throughout the assignment) and subjects judged important, which came up in their regular meetings with the Statutory Auditors and control authorities, and by communicating minutes. The audit division of Dexia Credit Local follows the same line as the general auditor of Dexia SA. The audit division of Dexia SA may participate in meetings with the Company's Statutory Auditors and control authorities whenever it wishes to do so.

Internal audit activities in 2010

A great part of the Dexia Group's audit plan was conducted in the form of cross-company audits, i.e. audits simultaneously carried out at Dexia SA and in the Group's operating entities, of which Dexia Credit Local and certain of its subsidiaries and branches, including Dexia MA according to the subjects treated. In 2010, these audits, in particular, concerned risk management, finance, balance sheet management, operations and IT systems, and market activities. The other support functions are also subject to regular verification.

The audits carried out in 2010 covered both the specific activities of Dexia MA and the operations conducted by Dexia Credit Local or the Dexia Group for Dexia MA. They generated plans to correct weaknesses detected in the internal control system. Each action plan was approved by the Management Board of the entity concerned and reported, according to its importance, to the Management Board of Dexia Credit Local and is monitored on a regular basis in order to ensure that the recommendations formulated are in fact implemented.

In terms of the accomplishment of the audit plan (number of audits) for 2010, the rate of accomplishment of local and shared audits is considered to be good and is slightly higher than the rate for cross-company audits.

The year 2010 was marked by reinforced follow-up of contacts with regulators. Contacts with the different regulators of the Dexia Credit Local Group tended to develop as a result of participation in the same inspections and meetings, thus mobilizing a growing part of the time of internal audit staff during the year 2010. In its assignments, the role of audit consists in monitoring their development while ensuring that the items requested are correctly communicated to inspectors at the end of the project, in coordinating the formulation of action plans in response to the recommendations proffered by regulators (in application of the principle of strengthening the role of audit in these areas), and then in ensuring follow-up to the same extent as those who respond to their own recommendations.

i. The Dexia Group

Dexia's main management body is the Management Board of Dexia SA.

The role of Dexia SA's Management Board consists in steering the Dexia Group and coordinating its various businesses and specialized activities that support them.

Within the framework of the transformation plan, implemented in 2009-2010, the Dexia Group defined the general principles governing the organization and operation of its activities. The objective is to improve their operation in order to strengthen risk control, encourage greater responsibility in operating entities and increase the efficiency of Group management, while respecting the corporate interest of the entities under its responsibility.

The members of Dexia SA's Management Board have particular skills at the Group level, which they share in the Group, i.e. as of December 31, 2010, the activities of Public & Wholesale Banking and Retail & Commercial Banking in addition to Finance and Risk Management.
The Group's Management Board may also meet in its extended form, and be called the Group's executive committee, which deals with cross-company subjects and matters of a certain importance. In addition to the members of the Management Board, the executive committee includes the other Group control and support functions, i.e. the heads of Treasury & Financial Markets, Operations & IT, Strategy, M&A and Transversal Projects, Human Resources, and Conformity, Legal and Tax.
As of January 1, 2011, Dexia SA's Management Board was expanded to ten members, in order to bring together the basic skills that would allow the Dexia Group to attain the objectives set in its strategy plan. The heads of Human Resources, Operations & IT, Strategy, M&A and Transversal Projects, and Conformity, Legal and Tax are now on the Group's Management Board.
The teams more specifically concerned by internal control are the following:
- internal audit, which reports directly to the Chief Executive Officer, chairman of the Management Board. It defines the methodology used in the Dexia Group, coordinates and participates in cross-company audits involving several entities, audits Group functions and the audit functions of the various entities;
- the risk management team under the responsibility of the risk management officer, member of the Management Board, which supervises risk management policy. It articulates rules of conduct for limits and delegations, controls and assesses cumulated risks at the level of the Group and applies methods that have been harmonized among the different entities;
- the Group Chief Compliance Officer, who reports to the General Secretary, and has direct access to the Chairman of the Management Board of Dexia SA and to the chairman of the committee responsible for internal control, risks and compliance at Dexia SA in order to be able to report any significant incident directly. The Group Chief Compliance Officer coordinates the network of compliance officers in the different entities and ensures the respect of the integrity policy and the development of an ethics-based corporate culture, which is a strong point in Dexia's reputation since its creation (cf. paragraph 3.1.g);
- the permanent control monitoring team, which reports to the Group Chief Compliance Officer and is responsible for (i) defining methodology, guidelines and reporting, (ii) drawing up the Group's permanent control plan, (iii) challenging the control plans of activities and entities, and (iv) consolidating the results at the Group level.

3.2 - CONTROLS BY THE SPECIFIC CONTROLLER

The Specific Controller of Dexia Municipal Agency is a French professionally certified auditor named by the Company's executive management upon approval of the prudential control authority (ACP).

The Specific Controller conducts controls pursuant to articles L.515-30 and L.515-31 of the Monetary and Financial Code as well as its decrees of application and CRBF standard 99-10. He is responsible for ensuring that the Company respects its exclusive corporate purpose and prudential standards. He carries out appropriate audits in cooperation with the Statutory Auditors and is completely independent *vis-à-vis* the Company's other officers. He is also liable for the negative consequences of any error or negligence committed in the exercise of his functions.
The Specific Controller has access to all information, from management, internal control and internal audit. In addition, operating services and internal control units have been instructed to provide specified information in order to allow the Specific Controller to monitor the over-collateralization ratio, the nature of new assets, interest rate risk management, and the asset/liability duration gap on a regular basis. For every Dexia MA issue contract, he affirms compliance with legal and regulatory standards concerning the over-collateralization ratio of the privileged liabilities by the assets, once the issue has been paid. The Specific Controller certifies the documents that the Company sends to the ACP to meet legal and regulatory requirements for *sociétés de crédit foncier*. He submits an annual report on his activity to the Supervisory Board of Dexia MA, and a copy is forwarded to the ACP.

3.3 - PREPARATION OF ACCOUNTING AND FINANCIAL INFORMATION

a. Financial statements

A company's annual financial statements should give a true and fair view of its assets, financial position and results. For credit institutions, CRBF standard 97-02 modified, on internal control, highlights in its accounting title that the organization adopted should guarantee the existence of procedures called audit tracks. They make it possible to establish a link between any accounting data and the original justification, and *vice-versa*. This principle grounds the organization of accounting practices in the Dexia Credit Local Group and also applies to Dexia MA.

Organization of the accounting services

The organization of accounting at Dexia Municipal Agency is the responsibility of the general accounting unit of Dexia Credit Local, within the framework of the management agreement between the two companies. Accounting plays a central role in the organization of Dexia Credit Local. It reports to the Company's Chief Financial Officer (CFO), who is a member of the Management Board.

Accounting produces basic accounting data and the annual financial statements of Dexia Credit Local and Dexia Municipal Agency. It is also responsible for producing the consolidated financial statements of the Dexia Credit Local Group. A dedicated team ensures that regulatory and prudential standards are respected.

Accounting also plays a role in the analysis and control of the accounting data of French and foreign subsidiaries and branches within the framework of the consolidation process. In particular, it verifies that the information supplied is homogeneous and in compliance with Group practices.

More generally, accounting has varied sources of information to ensure its role in monitoring accounting operations in the broad sense. It contributes to committees that may be of interest in its assignments or receive its reports. Its teams regularly visit foreign subsidiaries and branches. It participates in the development of information systems, in order to make sure that its specific needs are taken into account.

Within the framework of the Dexia Group's transformation plan, the Finance line introduced three centers of competence at Dexia SA, which are linked to the activity of the accounting division. The consolidation, standards, and control teams now report directly to Dexia SA. Dexia Credit Local signed service agreements with its parent company so that these functions might be exercised by central teams under the shared responsibility of the entity's Chief Accounting Officer and CFO. The teams remain close to the local teams and in addition to their work for Dexia Credit Local and Dexia Municipal Agency, they take on a cross-company role at the level of the Dexia Group.

Accounting reserves a team that is responsible for the accounting information system, which allows it to participate actively in the launch of transformation projects and also in the improvement of existing systems that parallel other tools in the Finance line.

Accounting relies on the work of Dexia SA's accounting control team in order to introduce independent control. In a similar manner, within the framework of the ISO 9001 certification of Dexia Credit Local, the accounting division has a quality correspondent who assists the head of Accounting in his role as a reference in the quality process related to the production of financial information.

This organization makes it possible to improve the quality and efficiency of processes on a constant basis and increase the reliability of the consolidated accounting information produced, in particular in a context of uniform use of IFRS within the Dexia Credit Local Group. The independent control team contributes to permanent control activities. It is responsible for verifying the materiality and relevance of the control undertaken upon the publication of quarterly reports for Dexia Credit Local and Dexia MA. It conducts regular investigations in international entities, according to a timetable that is adapted to their size and financial importance, in particular to ensure the proper application of accounting principles.

Within this general framework, the annual financial statements of Dexia MA are prepared by a general accounting unit that is specific to the Company, as well as by employees that work only in this capacity in other accounting units. The same manager supervises the general accounting team that prepares the financial statements in French GAAP and IFRS for Dexia MA and Dexia Credit Local.

Preparation of the annual financial statements

In the preparation of the annual financial statements, the accounting system of Dexia Credit Local and Dexia Municipal Agency is in large measure automatically supplied by upstream management systems that manage transactions with customers and market counterparties as well as operating expenses. When data is entered into one of the management systems, it is automatically recorded in accounting according to a pre-defined plan. These entries help constitute the financial statements in a single accounting system based on a double set of references (French GAAP and EU IFRS), which produces the three sets of data required (financial statements in French GAAP, in IFRS and the contribution to the consolidation of the Group in IFRS).

The internal control system guarantees the completeness and accuracy of accounting entries. The team in charge of compliance with standards validates the automated accounting procedures on the basis of the double set of references, as well as complex or unusual operations, which are sometimes accounted for manually, although they are processed using specific internal control procedures.

A first level of control is conducted by accounting teams that are specialized by business line, in particular by analyzing bank reconciliation and technical suspense accounts. Every month, operations recorded in the accounts are compared with management balances, and symmetry controls are conducted on micro-hedges. Interest expense and income are compared with average outstanding balances, and average rates are compared between periods. These teams also produce a synthesis of their own audits and of points requiring special attention or improved procedures when the next financial statements are produced.

Other accounting teams conduct additional controls at monthly, quarterly and annual closing periods. The work already accomplished in accounting for operations in the business lines is periodically reviewed to ensure that the controls on a formalized checklist have been properly carried out. The memorandum the teams draw up is also reviewed. End-of-quarter accounting results are compared with management results, and their consistency from one period to the next is verified using analytical controls. Major discrepancies are to be explained.

Accounting entries generated by these processes are then regrouped and aggregated according to an automated and standardized process to serve as the basis for the annual financial statements of Dexia MA in French GAAP, IFRS and the Company's contribution to the consolidated IFRS financial statements of Dexia Credit Local. The same is true for subsidiaries whose accounts are processed at the head office. Using these statements, and in certain cases data supplied by the management systems, accounting then carries out cross-referenced controls between the syntheses and the notes to the financial statements. During the process, reviews and controls are conducted on the consistency and application of procedures according to hierarchically established delegations. All of the data and analyses are collected in a report, a copy of which is forwarded to a member of Dexia MA's Executive Board.

The same task is done in each of the entities in the Dexia Credit Local Group with a complexity that is in function of the size and business of these entities.

Finalization of the financial statements

The financial statements, balance sheet, income statement and notes are subject to particular scrutiny during the preparatory phase and in their final form by a delegated member of Dexia MA's Executive Board. Dexia MA's Executive Board meets to approve the quarterly financial statements. The Company's two Statutory Auditors attend the meeting and the specific controller is also invited. The period's management report is also examined at this meeting.

The annual report is prepared by Dexia MA's Executive Board in liaison with units of Dexia Credit Local, in particular, general accounting, back offices, risk control and the General Secretariat. The Company's auditors verify the information it contains. All these documents are presented to Dexia MA's Supervisory Board, and then to the annual general meeting of shareholders.

The Supervisory Board is also informed of its Chairman's report on internal control, which is presented at the annual shareholders' meeting.

Publication of the financial statements of Dexia Municipal Agency

This accounting and financial information is made public in several ways.

In addition to the regulatory publication in the BALO, the quarterly, half-year and annual financial statements, together with the corresponding management reports, are posted on the Internet site www.dexia-ma.com. Half year and annual financial statements are posted on the site of a financial information wire (HUGIN) registered with the French Financial Markets Authority (AMF) as concerns regulatory information.

Some of this information is also available, with differences in presentation, in the report on the quality of the assets and the management of interest rate risk that is submitted to the prudential authority and published in the BALO, in compliance with CRBF instruction 2000-04.

Role of the Statutory Auditors

Dexia Municipal Agency is audited by two specialized auditing firms, which crosscheck their findings. The Statutory Auditors are associated throughout the process used to control financial and accounting data in order to ensure efficiency and transparency. In due diligence, they analyze accounting procedures and evaluate current internal control systems solely to determine the nature, period and extent of their controls. Their audit makes no judgment on the efficiency and reliability of internal control systems. Nevertheless, on this occasion, they may make recommendations on internal control procedures and systems that could influence the quality of financial and accounting information produced.

Their assessment of the Company's internal control is based on substantive procedures, such as obtaining confirmation of a selection of external counterparties.

The Statutory Auditors organize meetings to synthesize the results of their review, and when required, appreciate the interpretation given of legal and regulatory texts by the standards unit. They also review the accounting manuals, as well as instructions issued by Accounting division. They consult internal audit reports, to which they have ready access. Finally, they check the consistency of the management report and the financial statements with all the items they have reviewed and audited.

They employ due diligence to obtain reasonable assurance that the financial statements are free of any material misstatement.

b. Management and segment reporting

The financial statements (balance sheet, off-balance sheet, income statement, cash flow statement and notes) are not the only quantified items of analysis that Dexia MA makes public. They are complemented by the activity reports, prospects and risk assessments, which are presented in the annual report.

Some of these items are directly supplied by the operating divisions or the Risk Management division. Their accuracy is therefore guaranteed by the internal control system of the divisions concerned.

Dexia Municipal Agency's sole business is the financing or refinancing of public sector debt originated by Dexia's commercial network. Assets are primarily financed by the issue of *obligations foncières*. This special business is part of the Dexia Group's Public & Wholesale Banking activity.

Dexia MA works from Paris (and through its Dublin branch). The Company has no direct activity in any other countries and is unable to present a relevant breakdown of its results by geographic region. The geographic breakdown of assets according to the counterparty's country of residence is presented quarterly at the end of the management report. This information is prepared by accounting on the basis of management data reconciled with accounting.

3.4 - IDENTIFICATION OF MAIN RISKS AND SPECIFIC INTERNAL CONTROL PROCEDURES

Banking activity generates four principal types of risk: credit risk, market risk, structural risk (interest rate, foreign exchange and liquidity), and operational risk.
Monitoring all these types of risk is the joint responsibility of dedicated committees and the risk management division, with the help of tools it has developed, in compliance with regulatory and prudential constraints and within the framework of the limits set by the Dexia Group.
Because the Company is an issuer of *obligations foncières*, the risks authorized for Dexia MA are strictly selected and limited. When the Company was created, a distinction was made between risks that are compatible and risks that are not compatible with the legal and regulatory framework of *sociétés de crédit foncier* and with the specific nature of Dexia MA's by-laws and its license granted by the *Comité des établissements de crédit et des entreprises d'investissement* - CECEI, now merged into the prudential control authority (ACP).
The rating agencies imposed restrictions or validated limits for risks compatible with the Company's activity. Subsequently, a policy paper was drafted to make a synthesis of these compatible risks, entitled Principles and Rules for Risk Management at Dexia Municipal Agency. This document received the approval of the rating agencies. These principles have not been modified since that time.
The general approach decided by the Executive Board of Dexia MA and applied in every unit of Dexia Credit Local in charge of the operations concerned involves monitoring:

- that risks not compatible with the activity of Dexia MA are not taken by the Company or are eliminated from the start;
- that risks compatible with the activity are maintained exactly within authorized limits;
- that controls are realized at the level of the front and middle offices of Dexia Credit Local, that they are reported to the Executive Board of Dexia MA, that the results of such controls are presented to the Supervisory Board and, finally, that these results are reported to the specific controller and that the data is made available for his investigations.

Risks compatible with the activity of Dexia MA are subject to the supervision and management of limits. Such oversight and the resources made available by Dexia Credit Local to manage these risks in practice, on a daily basis as well as in exceptional circumstances, are developed below.

a. Credit risk

Credit risk represents the potential loss (loss in the value of the asset or default of payment) that may affect Dexia MA by reason of a decrease in a counterparty's financial position. Risk management principles are presented in the management report and the figures on exposure by geographic region and by category of counterparty are presented in the notes to the financial statements according to IFRS.

Approval process

Any commitment that may generate a credit risk must be approved following a decision-making process organized in function of the volume and the type of counterparty. The process used by the credit committee is described in paragraph 3.1.e. The approval process also includes a system of delegations for customers in the French public sector and very limited delegations for the Italian and Spanish subsidiaries, again solely for public sector customers.

Determination of limits

Limits on credit risks are defined altogether for Dexia in order to manage the general risk profile and limit the concentration of risks. A limit is set for each counterparty in keeping with credit risk policies. This limit represents the maximum exposure to a credit risk that Dexia is willing to accept for a given counterparty. For a given counterparty, the exposures held by Dexia Credit Local and its subsidiaries combined with the exposures held by the other Group entities must thus be under this limit. Limits by economic sector and by product may also be imposed. To take into account the most recent events, specific limits may be frozen at any moment by the risk management division.
These limits are controlled *a priori* operation by operation before the lending decision and *a posteriori* in regulatory reports on exposure submitted to the bank's decision-making bodies.

Control of eligibility at Dexia MA

Almost all of the assets come directly from the commercial activities of Dexia Group entities in the Public & Wholesale Banking business. When an asset is transferred or assigned to Dexia MA's balance sheet, eligibility is verified at two successive levels for French assets, as well as for non-French assets. These controls are governed by standardized procedures.
For the new production of French loans, these controls are conducted successively:

- by management and middle-office centers of the back office;
- by daily processing at headquarters' back office.

For assets from foreign countries, the control is conducted:

- by the entity that originated and still manages the assets;
- by a specialized unit of the risk management division dedicated to local public sectors and if required, by the legal unit;
- lastly, a final control is also conducted by a member of Dexia MA's Executive Board.

In addition, the specific controller thoroughly and regularly verifies, *a posteriori*, the eligibility of the assets.

Surveillance system and information

The architecture of the surveillance system is based on two levels:

- the first level, which is the responsibility of the sales teams at headquarters, branches and subsidiaries within the framework of the permanent monitoring of their counterparties' financial base;
- the second level, which is the responsibility of the risk management division, which quarterly receives and consolidates exposures, unpaid invoices and non-performing loans, and participates in the determination of the impairment level.

Every quarter, the Management Board of Dexia Credit Local reviews risks, noting development in the different risks. For subsidiaries and branches, the consolidated monitoring of risks relies on the risk management practices described above.

Internal rating system

In order to assess its credit risk, Dexia Credit Local uses internal rating systems set up within the framework of Basel II at the level of the Dexia Group. Credit risk analysts are responsible for rating all counterparties. Every rating corresponds to an assessment of the counterparty's level of risk expressed on an internal scale, which, excluding justified exceptions, takes into account any potential risk linked to the country in which it operates. When determined, the internal rating is a key factor in the decision of the credit committee. The review of ratings on an annual basis makes it possible to identify proactively the counterparties requiring more regular monitoring, who will then be put on a list to be watched. The list is reviewed quarterly, in cooperation with the credit risk and marketing divisions through a Special Mention & Watchlist Committee.

The proper use of the rating system is controlled by the Quality Control team at the Dexia Group level, which regularly conducts quality reviews of data and results.

Impairment policy

The risk of default, which is a component of credit risk, is very low on the assets of Dexia MA, which are comprised of commitments on public sector entities or entities they have guaranteed, as defined in articles L.515-15 and following of the Monetary and Financial Code. The credit quality of the assets and strict controls of commitments is reflected in the low level of non-performing commitments and impairments.

An impairment committee is chaired by the risk management division. Every quarter, this committee determines the amount of impairment allocated and determines the cost of risk. Portfolio-based impairment makes it possible to create reserves that can protect the bank in the event of possible mishaps, in compliance with IFRS. These provisions are controlled, in particular through a reconciliation process using accounting data. As of December 31, 2010, non-performing loans and compromised non-performing loans amounted to EUR 10.3 million for a loan total on the balance sheet of EUR 56.1 billion (there are no non-performing commitments in debt securities). Provisions on non-performing commitments were stable and totaled EUR 1.5 million at the end of 2010.

Credit risk on bank counterparties

For Dexia MA, bank counterparty risk concerns:

- on the one hand, securities issued by banks recorded as replacement assets (mainly covered bonds, a category of assets that presents a very low risk, or securities or bank loans with a maturity of less than 100 days);
- on the other hand, counterparties in hedging operations with which the company has signed ISDA or AFB (French banking association) master agreements that meet rating agencies' standards for *sociétés de crédit foncier*. Only counterparties with a minimum rating are admitted. The market risk management division monitors these ratings and any changes; the information is forwarded to a member of Dexia MA's Executive Board. At the end of December 2010, all external counterparties had a good or very good short-term rating: F1+ or F1 / P1 / A-1+ or A-1, from Fitch, Moody's and Standard and Poor's respectively, except for a German *Landesbank*, whose S&P rating went down to A-2, but which kept a good short-term rating by the other two agencies. The Executive Board initiates specific action whenever a counterparty ceases to be eligible because of a downgrade in rating. Collateral management is initiated by a competence center that regularly reports on the potential irregularity observed in the payment of collateral. In addition, Dexia Credit Local, which benefits from a short-term rating of F1+/P1/A-1 is the largest swap, accounting for approximately 22.9% of notional outstanding counterparty long-term derivatives, and it was the only counterparty for monetary swaps from Euribor to Eonia as of December 31, 2010.

It should be noted that all currency swaps and interest rate swaps benefit from the legal privilege to the same extent as the *obligations foncières*.

b. Market risks

Scope

Market risks refer to the risk of loss linked to fluctuations in market prices and interest rates, their interactions and levels of volatility.

Dexia Municipal Agency has a bond portfolio composed of bonds of very high quality. It is a portfolio similar to commercial public sector financing activities. This portfolio is managed without exposure to interest rate risk by using appropriate hedges. The only risk run in addition to the risk of the issuer's default is the risk of credit spread, whose movement impacts the AFS reserve for bonds classed in AFS in the IFRS financial statements and the income statement for the bonds classed as *placement* securities according to French GAAP. The changes in spread for the bonds classed as Loans and advances in IFRS or as Investment securities in French GAAP have no influence on income or the reserves.

Bonds in the assets are recorded in investment or *placement* portfolios in French GAAP, and in portfolios of loans or securities available for sale in IFRS. Market risks linked to trading portfolios are not compatible with Dexia MA's activities.

A part of Dexia MA's bond portfolio corresponds to replacement assets, defined by article L.515-17 of the Monetary and Financial Code, which may be issued by credit institutions with the best credit quality rating (minimum AA-, Aa3, AA-) from an external credit assessment organization recognized by the ACP. They may also be issued by banks with a step 2 credit rating (A-, A3, A-) when their maturity does not exceed 100 days. The total amount of these secure and liquid assets which can be mobilized at the Central Bank, should not exceed 15% of the amount of *obligations foncières* and other debt benefiting from the privilege. Replacement assets as of December 31, 2010, totaled EUR 5.8 billion, representing 9.1% of outstanding privileged debt. They are composed of covered bonds rated triple A, which were issued by credit institutions in the Dexia Group, and exposures maturing in the next 100 days.

The Company cannot have a derivative instrument in an isolated open position. All derivatives used by Dexia MA are part of a hedging strategy, either micro- or macro-hedges. The market back office and market accounting units regularly control the symmetry of micro-hedge swaps.

Management of these risks is described in the chapter "Management of balance sheet risks" in the management report, and the figures on exposures to interest rate risks are presented in the notes to the IFRS financial statements "Risk on resetting of interest rates: analysis by time until next interest rate reset date".

Monitoring risks

The monitoring of risks linked to the financial markets is organized around two committees.

- The Market Risk Group Committee (MRGC) meets every month at the level of the Dexia Group. Dexia Credit Local is represented by the head of market risks or by the head of financial markets, who receive a specific mandate that specifies decision-making authority. The committee is responsible for the definition of risk policy guidelines that set market risk limits and monitoring procedures. This committee prepares guidelines for the development of all new market activities. Specific committees meet quarterly to monitor risks and results in the business lines.
- The Weekly Operational Committee (WOC) of Dexia Credit Local makes it possible to monitor locally the implementation of the standards and decisions of Dexia's Market Risk Group Committee and sees to the proper communication of information to Dexia Credit Local's management. Dexia MA is represented on this committee by one of the members of its Executive Board.

Risk assessment is carried out regularly by Market Risk Management, which reports to risk management. Dexia MA's Executive Board is regularly informed of developments in risks at the Company (exposure, limits, occasions on which limits are exceeded), which are presented in detail in the management report and, if required, of changes in monitoring procedures (modifications of assessment methods or guidelines).

c. Structural risks: interest rate, foreign exchange and liquidity

Scope

These risks are qualified as Balance Sheet Management (BSM) risks. The objective of BSM is to provide partial or full coverage for the risks linked to the structure of the balance sheet. The management principles for these risks are presented in the chapter "Management of balance sheet risks" in the management report, and the figures on exposure to interest rate, foreign exchange and liquidity risks are presented in the notes to the financial statements according to IFRS ("Liquidity risk" and "Foreign exchange risk").

Monitoring risks

The monitoring of risks linked to BSM is organized around four committees.

- Dexia ALM (ALCO) committee
  This committee meets monthly to define risk control procedures on a Group basis. The orientations determined by Dexia's ALM committee lead to individual hedging decisions, but may also be subject to management delegations granted to Dexia's BSM managers. The committee ensures the consistent use of its limits in function of its own view of the trend in interest rates. Dexia Credit Local is represented by either its CEO or the head of Risk Management.
- Funding & Liquidity committee (FLC)
  This committee meets weekly. Under delegation of the Group ALCO, this committee centralizes and coordinates the decision-making process with regard to liquidity. The FLC is responsible for monitoring changes in financing needs in the short and long term, and to define Dexia's general financing strategy. It also studies and updates stress scenarios concerning liquidity, implements emergency plans and proposes corrective measures to improve the liquidity profile, and coordinates general liquidity reporting for company boards, rating agencies, regulators, central banks and governments. Acting as a liquidity competence center, Dexia Bank Belgium centralizes information from all Group entities (development of stress scenarios, integration of specific characteristics of entities in the Dexia Credit Local Group, inventory of reserves, etc.), targeting the best refinancing conditions possible and the mobilization of reserves.
- ALM committee (ALCO Dexia Credit Local)
  This committee meets monthly. Group ALCO delegates to ALCO Dexia Credit Local the monitoring and operational management of balance sheet risks (interest rate, foreign exchange, liquidity, etc.) at the level of Dexia Credit Local and its subsidiaries, including Dexia Municipal Agency.

This committee, which is made up of the CEO and/or the head of risk management, the CFO, and the head of financial markets, also serves to coordinate relations between Group ALCO and the local ALM management committees (implementation of decisions, communication of information, etc.).

The decisions of ALCO DCL are implemented at the local level through ALM committees for entities with a BSM team or a finance committee for the others. With regard to Dexia Credit Local Paris and Dexia Municipal Agency, the Interest rate and Liquidity committees meet twice a month. These committees are composed of the CFO of Dexia Credit Local Paris or his/her representative, as well as representatives of the risk management and financial markets divisions. The main purpose of this committee is to monitor the balance sheet of Dexia Credit Local and Dexia MA, including the monitoring of the sensitivity limits of Dexia MA.

Dexia MA's specific management rules

General interest rate risk

Dexia MA is subject to specific management, since the goal is to neutralize interest rate exposure as much as possible. Dexia MA uses micro interest rate hedges on a part of the assets and liabilities benefiting from the legal privilege, and macro interest rate hedges on another part of the assets and off balance sheet in order to manage the general interest rate risk. Micro-hedges cover the interest rate risk on a part of debt securities, on certain loans, on *obligations foncières* and on registered covered bonds.

Macro-hedges are basically used to manage interest rate risk on fixed rate loans not covered by micro-hedges and to manage differences in Euribor fixing dates by Eonia hedges.

The method used is based on simple principles and consists in converting assets and liabilities into two masses on a variable index so that they move in a parallel manner under the impact of yield curve movements. Interest rate risk has, in this way, been contained within a set limit of 3% of equity since 2005, with the approval of the rating agencies. For 2010, the limit was EUR 35 million, with the monetary gap limit set at EUR 9 million, and the remainder for the fixed rate gap. Sensitivity was defined as a variation in the gap's net present value under the impact of a parallel 1% (100 basis points) shift in the yield curve.

Management control and the respect of limits are monitored by Dexia Credit Local's BSM team. The latter entity produces a weekly report. In addition, the back office monitors hedging operations. The market back office, market accounting, customer accounting and general accounting verify the symmetry of the micro-hedges.

The Specific Controller receives the report issued by the BSM team and can judge whether the congruence of interest rates between the assets and the liabilities is sufficient.

Foreign exchange risk

Dexia MA's policy is to have no foreign exchange risk. Market risks related to foreign exchange transactions are eliminated from the start by currency swaps when an asset or liability that is not denominated in euros is recorded on the balance sheet. For each closing date, general accounting verifies that there is no foreign exchange risk.

Liquidity risk, risk of non-compliance with the over-collateralization ratio, risk of insufficient congruence of maturities

The liquidity risk can be defined as the risk that Dexia MA may not settle its privileged debt commitments at the due date owing to the fact that there is too great a gap between the reimbursement of the assets and that of the privileged resources.

To manage this risk, Dexia MA has put a ceiling on its transformation capacity by limiting to three years the maximum duration gap between the assets and the resources benefiting from the privilege. This rule enables it to limit the volume of its liquidity needs. From a structural point of view, Dexia MA therefore has little exposure to the liquidity risk.

In order to meet its liquidity needs, Dexia MA may first of all make use of the backing of its parent company Dexia Credit Local, which has committed in its "declaration of support" (the full text is incorporated into the issue programmes and Dexia MA's annual report) so that Dexia "has the financial resources it needs to meet its obligations."

This support takes the following forms:

- a current account, in an unlimited amount, with Dexia Credit Local;
- a firm and irrevocable commitment by Dexia Credit Local to make available to Dexia MA the funds it requires to reimburse *obligations foncières* that reach maturity in the coming 12 months on a sliding scale.

In addition, Dexia MA has its own solid resources that enable it to cover its temporary liquidity needs. Because of the nature of the assets that make up its cover pool, Dexia MA has a large number of assets that are directly eligible for refinancing by the Central Bank, so that its cash needs are easily covered, even in the event of the default of its parent company, since any legal proceedings engaged for the bankruptcy or liquidation of its parent company cannot be extended to Dexia MA (article L.515-21 of the Monetary and Financial Code). Thus, since it is a credit institution, Dexia MA can mobilize these eligible assets:

- either by using, in its own name, the refinancing possibilities offered by the European Central Bank *via* the Banque de France;
- or by using interbank financing in the form of repurchase agreements.

In practice, Dexia MA first uses the financing made available by Dexia Credit Local, but has also managed to demonstrate its real capacity to obtain financing from the Banque de France when the primary covered bond market remained closed from September 2008 to June 2009. During this period, the funds borrowed by Dexia MA from the Central Bank totaled a maximum of EUR 7.5 billion at the end of 2008. This amount was much greater than the maximum cumulated liquidity needs that Dexia MA might have to face in the future.

The coverage of long-term liquidity needs is tested by stress scenarios conducted by Dexia MA under the control of rating agencies. They serve to define the level of over-collateralization that matches a triple A rating. Stress scenarios are practiced on the basis of the extinguishment of assets, i.e. without adding new assets and on outstanding privileged debt. Dexia MA has committed to maintain a minimum safe level of over-collateralization of 5%, but in practice actual over-collateralization is much higher. Several controls are conducted to ensure that this level of security is still respected. All planned issue programs give rise to stress scenario tests to check whether the planned program, without increasing the assets, will satisfy collateral requirements and the rating agencies' objectives of stressed cash flows. Two of the rating agencies systematically give their approval of these planned programs on a monthly basis, thereby enabling the Company to lock in its triple A rating *a priori*.

In addition, Dexia MA manages its liquidity risk through the three following indicators:

- the liquidity ratio for one month (regulatory statement to prudential authorities);
- the duration gap between the assets and the resources benefiting from the legal privilege (limited to three years), which is published quarterly;
- liquidity requirements over the next 180 days: Dexia MA's management enables it to provide structural coverage for its liquidity needs up to the extinguishment of the privileged liabilities by assets eligible for refinancing by the Banque de France. In addition, Dexia MA ensures that at any time, its liquidity needs over a period of 180 days are covered by replacement assets, assets eligible for Banque de France financing or by refinancing agreements signed with credit institutions with the best short-term credit quality, in accordance with the law on *sociétés de crédit foncier*.

Lastly, the specific controller receives the information he needs to assess whether the congruence of maturities of the assets and the liabilities is sufficient and to certify for each issue that the company respects the over-collateralization ratio on a permanent basis.

d. Operational risks

Scope

Operational risks are risks of loss resulting from the lack of adaptation or failure on the part of procedures, individuals, systems and also external events. It includes the risks linked to the security of information systems, as well as legal risks. Dexia chose to include the risk of reputation in its management of operational risks.

Organization and monitoring

Operational risk management system

The Dexia Group introduced procedures and a management tool that incorporates risk mapping corresponding to the criteria of the Basel II standard method, in compliance with "the sound practices for the management and supervision of operational risks" published by the Basel committee.
Dexia Credit Local has an operational risks team in the Risk Management division, relayed by a network of correspondents named in every division and entity. The involvement of the heads of the business lines ensures the effectiveness of the system. All the operational functions exercised by Dexia Credit Local on behalf of Dexia MA respect the same requirement.
Management of the operational risk is coordinated at the level of the Dexia Group in the Operational Risk Management (ORMC) Committee, which meets monthly.

Identification, analysis and treatment of incidents

A process to identify incidents and operational losses was defined for the Group in keeping with Basel II recommendations. The incidents are classified and analyzed by the operational risks correspondents with the help of the central team. In function of the results of the analysis, corrective or preventive actions are taken in order to reduce exposure to operational risks.
Dexia has a common operational risk management tool, and in particular a module available in different Group entities to identify incidents.
A quarterly report on significant incidents is submitted, on the one hand, to the Management Board, and on the other hand, to the heads of the business units (headquarters, subsidiaries and branches).
Each business line representative or correspondent is required to vouch for the fact that these are the sole incidents under his/her responsibility.

Risk mapping

In addition to the incidents observed, it is necessary to evaluate the main areas of risk by taking into account existing controls in order to be able to define the Dexia Group's risk profile. Mapping (self-evaluation) is carried out by the divisions or entities using a method that is common to the whole Dexia Group. In function of the results, action plans may be introduced to control the level of risk.
Reports result in an analysis of the bank's risk profile by entity, activity, process or type of event such as defined in Basel II recommendations. They are presented to the Management Board every year.

IT security

Here it is a question of all the measures taken to protect information systems from any threat that could affect their confidentiality, integrity or availability.
The security of Dexia MA's IT systems is managed like that of Dexia Credit Local.

All these measures are included in Dexia Credit Local's policy on IT security. This defines the principles applicable by security issue, as well as the roles and responsibilities of the different players in security. It is based on a number of directives, specific security policies, guidelines and operating procedures, as well as on the recommendations of ISO standard 27000/17799.
A contingency plan was drawn up with all operating services under the supervision of a specific steering committee. Within this framework, the consequences of an incident affecting the offices or information systems, or a loss of service are analyzed from a business point of view in order to identify critical activities. The results of this analysis were used to determine how long it would take to reboot activities in light of operating deadlines. The implementation of this strategy is based on formalized technical systems, procedures and organization. This plan and these procedures are updated yearly and tested according to a schedule drawn up by the Management Board. Tests are reported to the steering committee.
In addition, critical IT production systems are installed at a single location with a service provider in a highly secured environment with a broadband connection to Dexia Credit Local (and thus to Dexia MA), doubled by point-to-point liaison between the IT production site and headquarters. For additional security, a mirror site was installed with duplicate connections to take over in the event of a failure at the primary installation. Data is periodically saved and this site may, if needed, take over for the master site very rapidly. The backup system was successfully tested in 2010.

Responsibility for this area is shared among three players.
- The IT security committee proposes security policy guidelines to the Management Board, assigns directives in every activity, and ensures their implementation. It brings together the different business stakeholders concerned: risks, compliance, IT, logistics. It is chaired by the member of the Management Board in charge of risks and permanent control and meets every two months.
- The head of IT security makes proposals to the security committee for the security policy and the corresponding directives. He pilots the practical application of the rules that make up the security policy, heightens employee awareness and advises the various divisions. He reports to the operational risks division, thereby guaranteeing his independence *vis-à-vis* operating services.
- IT services are in charge of designing and installing security hardware and software. They also introduce related operating rules and procedures. They conduct inspections at the first and second levels to make sure security guidelines are respected. An IT security officer in the IT division coordinates these measures.

In addition, a yearly review of contingency plans for subsidiaries and branches is organized to assess the adequacy of the plans proposed by the entities and to define action plans, if necessary.

Legal risk

Dexia MA's control of legal risks, concerning agreements related to assets or liabilities, is under the responsibility of the General Secretary of Dexia Credit Local. Dexia MA's contractual commitments originate in or are approved by Dexia Credit Local's legal and tax division, in compliance with the Group's general practice.

Insurance of operational risks

Dexia Credit Local insures against traditional risks for its offices and IT systems, vehicles and liability. These policies cover French subsidiaries, including Dexia Municipal Agency.
Dexia Credit Local has also subscribed insurance policies to cover the liability of the members of its management bodies, professional liability, the loss of banking operations and general banking risks, including fraud and the monetary consequences of damage to valuables and/or documents. These guarantees also apply for the French and foreign entities controlled by Dexia Credit Local, including Dexia Municipal Agency.

3.5 - STEERING AND OVERSIGHT OF THE INTERNAL CONTROL SYSTEM

The Executive Board of Dexia Municipal Agency checks with the management of Dexia Credit Local that the internal control system set up for its own operations and those of Dexia MA is efficient, and that it also covers the legal standards and management guidelines of Dexia MA by appropriate procedures and controls.

a. The Chief Executive Officer and the Management Board of Dexia Credit Local

The CEO, assisted by the Management Board he chairs, plays an essential role in the appreciation of internal control. He has multiple sources of information that allow him to fulfill his responsibilities in this field. There is no potential conflict of interest between the CEO's responsibilities with regard to Dexia Credit Local and his private interests and/or other obligations.
The members of the Management Board are all personally entrusted with operating responsibilities by business or by support function. They are thus well aware of the limits and opportunities that exist in their branch and can define and then evaluate the efficiency of internal control procedures.
The most significant cross-company committees are chaired by a member of the Management Board, who may then present the main lines to the other members.
The Management Board has also introduced a system of delegation and reporting that require the operating divisions to present and approve key indicators that enable it to appreciate the quality and efficiency of the internal control system.

Internal audit is also a privileged source of information for the CEO and the Management Board. They receive all the audit reports, which are discussed and commented on at meetings. They approve the recommendations and action plans. The general auditor presents his recommendations to the Management Board. As well, the CEO may also ask internal audit to carry out investigations that were not in the year's audit plan, on subjects he believes require immediate attention.

b. External controllers

The Statutory Auditors, within the framework of their assignment, and the regulators (for France, primarily the ACP and the Financial Markets Authority), within the framework of their inspections, are also led in their reviews to formulate recommendations for the improvement of specific areas identified by internal control. The Management Board launches measures that will result in the rapid implementation of these recommendations.

c. The Dexia Group

The Dexia Group plays a major role in monitoring internal control procedures at Dexia Municipal Agency. Several members of the supervisory Board of Dexia MA sit on the Management Boards of Dexia or Dexia Credit Local, including the CEO of Dexia Credit Local. They therefore have access to the cross-company audit reports, which generally concern Dexia Credit Local and Dexia Municipal Agency, and which are presented at Board meetings.

Philippe Rucheton
Chairman of the Supervisory Board

Statutory Auditors' report

prepared in accordance with article L.225-235 of the French Code of Commerce and dealing with the report of the Chairman of the Supervisory Board of Dexia Municipal Agency Year ended December 31, 2010

This is a free translation into English of a report issued in French and is provided solely for the convenience of English-speaking readers. This report should be read in conjunction with, and is construed in accordance with, French law and professional auditing standards applicable in France.

To the Shareholders,

In our capacity as Statutory Auditors of Dexia Municipal Agency, and in accordance with article L.225-235 of the French Code of Commerce, we hereby present our report dealing with the report prepared by the Chairman of your company in accordance with article L.225-68 of the French Code of Commerce for the year ended December 31, 2010.

The Chairman is responsible for preparing and submitting for the approval of the Supervisory Board a report describing the internal control and risk management procedures implemented by the Company and disclosing other information as required by article L.225-68 of the French Code of Commerce, dealing in particular with corporate governance.

Our responsibility is to:

- communicate to you any observations we may have as to the information contained in the Chairman's report and relating to the company's internal control and risk management procedures in the area of the preparation and processing of financial and accounting information; and
- attest that the report includes the other disclosures required by article L.225-68 of the French Code of Commerce. It should be noted that we are not responsible for verifying the fair presentation of those other disclosures.

We have performed our work in accordance with the professional standards applicable in France.

Information relating to the Company's internal control and risk management procedures in the area of the preparation and processing of financial and accounting information

Our professional standards require the application of procedures designed to assess the fair presentation of the information contained in the Chairman's report and relating to the Company's internal control and risk management procedures in the area of the preparation and processing of financial and accounting information.

Those procedures involve in particular:

- obtaining an understanding of the underlying internal control and risk management procedures in the area of the preparation and processing of financial and accounting information presented in the Chairman's report, and of the related documentation;
- obtaining an understanding of the work performed as a basis for preparing that information and the existing documentation;
- determining if any major internal control weaknesses in the area of the preparation and processing of financial and accounting information identified by us during the course of our engagement have been appropriately disclosed in the Chairman's report.

On the basis of the procedures performed, we have nothing to report on the information relating to the company's internal control and risk management procedures in the area of the preparation and processing of financial and accounting information contained in the report of the Chairman of the Supervisory Board prepared in accordance with article L.225-68 of the French Code of Commerce.

Other disclosures

We hereby attest that the report of the Chairman of the Supervisory Board includes the other disclosures required by L.225-68 of the French Code of Commerce.

Neuilly-sur-Seine and Courbevoie, March 28, 2011

The Statutory Auditors

DELOITTE & ASSOCIÉS	MAZARS	
José-Luis Garcia	Hervé Helias	Virginie Chauvin
Partner	Partner	Partner

Specific Controller's annual report on the accomplishment of his assignment

This is a free translation of the French language original.

To the members of the Supervisory Board

As Specific Controller of Dexia MA and in fulfilment of the responsibility defined in article L.515-30 of the Monetary and Financial Code, we hereby present our annual report on the accomplishment of our assignment during the fiscal year ended December 31, 2010.

The objectives of this assignment are as follows:

- to ensure that the Company respects articles L.515-13 to L.515-20 of the Monetary and Financial Code;
- to obtain assurance that the documents submitted to the prudential control authority (ACP) are prepared in accordance with current regulations.

Within the framework of this assignment, we employed due diligence in order to obtain reasonable assurance that the Company conducted its activities in accordance with the specific legislative and regulatory texts that apply to *sociétés de crédit foncier.*

1. Eligibility of assets

As of December 31, 2010, the Company's assets were composed of the following:

- loans and advances to customers and due from banks with a nominal value of EUR 56,120 million (compared with EUR 55,795 million as of December 31, 2009);
- government and public sector securities as well as bonds and other fixed income securities with a nominal value of EUR 23,342 million (compared with EUR 21,882 million as of December 31, 2009).

On the basis of our verifications, we conclude that in accordance with articles L.515-15 and L.515-16 of the Monetary and Financial Code, these loans and securities are eligible by reason of either the type of borrower or the type of guarantor.

We remind you that the loans in the Company's assets come from credit operations conducted directly by the Company or from transfer operations from Group companies. The securities may be issued by different foreign subsidiaries in the Group or be acquired or originated by them.

In addition, we obtained assurance that the percentage of replacement assets did not exceed 15% of the nominal amount of *obligations foncières*, in accordance with article R.515-7 of the Monetary and Financial Code.

Lastly, our verifications enabled us to observe that the Company:

- possesses no tangible or intangible assets;
- and, pursuant to article L.515-17 of the Monetary and Financial Code, has no equity interests.

2. Financing of the assets

As of December 31, 2010, *obligations foncières* and other resources benefiting from the privilege recognized as liabilities on the Company's balance sheet totalled a counter-value of EUR 64,418 million at the end of the year.

We obtained assurance that the issues launched during the year, i.e. EUR 7,648 million in swapped value, of which EUR 487 million in registered covered bonds, were within the framework of article L.515-13 of the Monetary and Financial Code and made it possible to respect the rule laid down in article L.515-20 of the Monetary and Financial Code, which stipulates that the total amount of assets must be greater than the liabilities benefiting from the privilege mentioned in article L.515-19 of the Monetary and Financial Code.

During the year, the Company did not use Banque de France refinancing, nor did it assign certain of its assets in guarantee. All of its assets are consequently included in the calculation of the over-collateralization ratio (subject to the weighting of mutual funds).

During the year, the Company contracted and reimbursed debt in operations with its parent company. Such debt is differentiated depending on whether it is related to the long term financing of the structural over-collateralization that the Company is committed to maintain (5%) or to the short-term financing of the additional over-collateralization that includes the assets waiting to be funded by new *obligations foncières*. These amounts, which respectively totalled EUR 3,500 million and EUR 9,029 million at the end of the year are not included in privileged debt.

3. Sums owed for derivatives

Article L.515-18 of the Monetary and Financial Code stipulates that *sociétés de crédit foncier* may use derivatives and that the sums owed for these derivatives benefit from the privilege mentioned in article L.515-19 of the Code.

Among these sums is the cash collateral paid to the Company by its swap counterparties. This amount remained stable during the year since it went from EUR 1,432 million at the end of December 2009 to EUR 1,314 million as of December 31, 2010.

We obtained assurance that the amounts on the balance sheet corresponding to hedging operations were taken into account in the calculation of the over-collateralization ratio.

4. Congruence of interest rates and maturities

We verified the congruence of maturities after each issue of more than EUR 500 million and every other month, on the occasion of the reporting, by the Company of any changes in its assets.

During the year ended December 31, 2010, the level of congruence of maturities between the assets and the liabilities was considered to be satisfactory.

With regard to the congruence of interest rates, we obtained assurance that the sensitivity limits set by the Company and modified as of the second quarter of 2010, i.e.

- EUR 26 million on the fixed rate gap, and,
- EUR 9 million for the monetary gap were generally respected.

5. Over-collateralization

Pursuant to article L.515-20 of the Monetary and Financial Code, the amount of assets must be greater than the amount of liabilities benefiting from the privilege defined in article L.515-19 of the Code.

Pursuant to article L.515-30 of the Monetary and Financial Code, we must provide six-month certification of the over-collateralization ratio within three months following the approval of the Company's semiannual and annual financial statements.

In 2010, we affirmed that the calculation of the over-collateralization ratio was carried out in accordance with regulation 99-10 of the *Comité de la Réglementation Bancaire et Financière*.

Paris, March 21, 2011

FIDUS
Christian Comerman
Partner

Ordinary and Extraordinary Shareholders´ Meeting of May 26, 2011

Statutory Auditors' special report on regulated agreements and commitments

This is a free translation into English of the Statutory Auditors' report issued in the French language and is provided solely for English-speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Shareholders,

In our capacity as Statutory Auditors of your company, we hereby present to you our report on regulated agreements and commitments.

The terms of our engagement require us to communicate to you such agreements and commitments based on information provided to us, the principal terms and conditions of those agreements and commitments brought to our attention, without expressing an opinion on their usefulness and appropriateness. It is your responsibility, pursuant to article R.225-58 of the French Code of Commerce (*Code de Commerce*), to assess the interest involved in respect of the conclusion of these agreements and commitments for the purpose of approving them.

In addition, it is our responsibility to communicate to you the information pursuant to article R.225-58 of the French Code of Commerce concerning the execution of the authorized agreements and commitments during the year just ended.

We conducted our procedures in accordance with the professional guidelines of the French National Institute of Statutory Auditors (Compagnie Nationale des Commissaires aux Comptes) relating to this engagement. Those procedures consisted in verifying the information provided to us with the relevant source documents.

Absence of agreements and commitments

We hereby inform you that no agreement or commitment entered into during the year to which article L.225-86 of the French Code of Commerce would be applicable has been brought to our attention.

Continuing agreements and commitments entered into in prior years

In addition, we have been advised that the following agreements and commitments authorized in previous years has had no effect during 2010.

Declaration of financial support on behalf of Dexia Municipal Agency

The "declaration of financial support" agreement of September 16, 1999, between Dexia Credit Local and Dexia Municipal Agency benefits the holders of bonds issued by Dexia Municipal Agency. This agreement stipulates that Dexia Credit Local will hold over 95% of the share capital of Dexia Municipal Agency on a long-term basis. In addition, Dexia Credit Local will ensure that Dexia Municipal Agency develops its activity in compliance with the provisions of articles L.515-13 through L.515-33 of the French Monetary and Financial Code (*Code monétaire et financier*) concerning *sociétés de crédit foncier* and has the financial resources it needs to meet its obligations.

Neuilly-sur-Seine and Courbevoie, March 28, 2011

The Statutory Auditors

MAZARS

Virginie Chauvin
Partner

Hervé Helias
Partner

DELOITTE & ASSOCIÉS

José-Luis Garcia
Partner

Observations of the Supervisory Board

Pursuant to the provisions of article L.225-68 of the Code of Commerce, we hereby state that we have no comment to make on the management report of the Executive Board or on the financial statements for the year ended December 31, 2010.

The Supervisory Board wishes to thank the Executive Board for the initiatives taken and the results achieved during the year ended December 31, 2010.

The Supervisory Board

Resolutions proposed to the Ordinary and Extraordinary Shareholders' Meeting

of May 26, 2011

To the Ordinary Shareholders' Meeting

First resolution
Approval of the financial statements

The Ordinary Shareholders' Meeting, after hearing the reports of the Executive Board, the Chairman of the Supervisory Board and the Statutory Auditors, as well as the observations of the Supervisory Board, approves the financial statements for the year ended December 31, 2010, as presented, with all the transactions that generated these financial statements or are mentioned in the above reports, showing net income of EUR 120,057,088.21.

Second resolution
Approval of regulated agreements and commitments

After hearing the Statutory Auditors' special report on regulated agreements and commitments, governed by article L.225-86 of the Code of Commerce, the Ordinary Shareholders' Meeting approves this report.

Third resolution
Discharge to members of the management bodies

By virtue of the adoption of the first two resolutions, the Ordinary Shareholders' Meeting gives full discharge to the members of the management bodies for the performance of their duties during the year ended December 31, 2010.

Fourth resolution
Allocation of net income

The Ordinary Shareholders' Meeting resolves to allocate net income for the year as follows:

ALLOCATION OF NET INCOME	EUROS
Net income for the year	120,057,088.21
Legal reserve (5%)	(6,002,854.41)
Retained earnings	9,133,152.36
2010 income available for distribution	123,187,386.16
Dividends distributed	(110,075,000.00)
Retained earnings after allocation	13,112,386.16

Each share will receive a dividend of EUR 9.25 eligible for a rebate of 40% according to article 158.3-2 of the French General Tax Code (Code Général des Impôts).

The dividend will be paid as of May 30, 2011.

The Ordinary Shareholders' Meeting recalls, pursuant to article 243 bis of the French General Tax Code, that the following dividends were paid in the previous three years.

EUR	2007	2008	2009
Net dividend per share	8	12	12,60
Amount per share eligible for rebate (article 58.3-2 of the French General Tax Code)	8[(1)]	12[(1)]	12,60[(1)]
Total amount eligible for rebate (article 58.3-2 of the French General Tax Code)	70,080,000[(1)]	113,520,000[(1)]	133,560,000[(1)]

(1) Rate 40%

Fifth resolution
Certification of the financial statements

In application of article L.822-14 of the Code of Commerce, the Ordinary Shareholders' Meeting takes note that the financial statements for the year ended December 31, 2010, were certified by the Statutory Auditors:

- Hervé Helias, Partner, and Virginie Chauvin, Partner, representing the firm Mazars on the one hand,
- José-Luis Garcia, Partner, representing the firm Deloitte & Associés on the other hand.

Sixth resolution
Renewal of appointment

The Ordinary Shareholders' Meeting, noting that the term of Philippe Rucheton as a member of the Supervisory Board comes to an end on this day, renews his mandate for a period of six years, which will end after the Ordinary Shareholders' Meeting called in 2017 to approve the financial statements for the year ending December 31, 2016.

Seventh resolution
Renewal of appointment

The Ordinary Shareholders' Meeting, noting that the term of Benoît Debroise as a member of the Supervisory Board comes to an end on this day, renews his mandate for a period of six years, which will end after the Ordinary Shareholders' Meeting called in 2017 to approve the financial statements for the year ending December 31, 2016.

Eighth resolution
Renewal of appointment

The Ordinary Shareholders' Meeting, noting that the term of Edouard Daryabegui-Guilani as a member of the Supervisory Board comes to an end on this day, renews his mandate for a period of six years, which will end after the Ordinary Shareholders' Meeting called in 2017 to approve the financial statements for the year ending December 31, 2016.

Ninth resolution
Renewal of appointment

The Ordinary Shareholders' Meeting, noting that the term of Dexia Credit Local as a member of the Supervisory Board comes to an end on this day, renews the company's mandate for a period of six years, which will end after the Ordinary Shareholders' Meeting called in 2017 to approve the financial statements for the year ending December 31, 2016.

Tenth resolution
Renewal of appointment

The Ordinary Shareholders' Meeting, noting that the term of Dexia Bank Belgium as a member of the Supervisory Board comes to an end on this day, renews the company's mandate for a period of six years, which will end after the Ordinary Shareholders' Meeting called in 2017 to approve the financial statements for the year ending December 31, 2016.

Eleventh resolution
Renewal of appointment

The Ordinary Shareholders' Meeting, noting that the term of Johan Vankelecom as a member of the Supervisory Board comes to an end on this day, renews his mandate for a period of six years, which will end after the Ordinary Shareholders' Meeting called in 2017 to approve the financial statements for the year ending December 31, 2016.

Twelfth resolution
Renewal of appointment

The Ordinary Shareholders' Meeting, noting that the term of Stéphane Vermeire as a member of the Supervisory Board comes to an end on this day, renews his mandate for a period of six years, which will end after the Ordinary Shareholders' Meeting called in 2017 to approve the financial statements for the year ending December 31, 2016.

Thirteenth resolution
Renewal of appointment of Statutory Auditors

The Ordinary Shareholders' Meeting, noting that the term of Mazars as a Statutory Auditor comes to an end on this day, renews the firm's mandate for a period of six years, which will end after the Ordinary Shareholders' Meeting called in 2017 to approve the financial statements for the year ending December 31, 2016.

Fourteenth resolution
Renewal of appointment of Statutory Auditors

The Ordinary Shareholders' Meeting, noting that the term of Deloitte & Associés as a Statutory Auditor comes to an end on this day, renews the firm's mandate for a period of six years, which will end after the Ordinary Shareholders' Meeting called in 2017 to approve the financial statements for the year ending December 31, 2016.

Fifteenth resolution
Renewal of appointment of Alternate Auditors

The Ordinary Shareholders' Meeting, noting that the term of Pierre Masieri as an Alternate Auditor comes to an end on this day, renews his mandate for a period of six years, which will end after the Ordinary Shareholders' Meeting called in 2017 to approve the financial statements for the year ending December 31, 2016.

Sixteenth resolution
Renewal of appointment of Alternate Auditors

The Ordinary Shareholders' Meeting, noting that the term of BEAS as an Alternate Auditor comes to an end on this day, renews the firm's mandate for a period of six years, which will end after the Ordinary Shareholders' Meeting called in 2017 to approve the financial statements for the year ending December 31, 2016.

To the Extraordinary Shareholders' Meeting

Seventeenth resolution
Capital increase in the amount of EUR 110 million via the creation of new shares in cash

The Extraordinary Shareholders' Meeting, after hearing the Executive Board's report and noting that the share capital is entirely paid up, decides to increase share capital by EUR 110 million from EUR 1,190 million to EUR 1,300 million *via* the creation of 1,100,000 new shares in cash with a par value of EUR 100 each.

The new shares are issued at par and will be fully paid up at subscription in cash. They will be created with effect as of January 1, 2011, whatever the date of the capital increase, and will be completely assimilated to existing shares and subject to all the provisions of the by-laws and decisions of the Shareholders' Meetings from their creation.

Subscriptions will be received at the Company's registered office between May 26 and June 10, 2011, included. The funds paid to back the subscriptions will be deposited with Dexia CLF Banque.

Eighteenth resolution
Subsequent amendment of article 6 of the by-laws

The Extraordinary Shareholders' Meeting, with the suspensive condition that there is, in fact, a capital increase, decides to amend article 6 of the Company's by-laws as follows:

Article 6: Share capital
"Share capital is set at the sum of EUR 1,300,000,000. It is divided into 13,000,000 shares."
The accomplishment of the capital increase will be sufficiently evidenced by the certificate of deposit of funds drawn up by Dexia CLF Banque.

Nineteenth resolution
Powers

The Extraordinary Shareholders' Meeting gives full powers to the bearer of an original, a copy or an excerpt of the minutes of this meeting to carry out all legal formalities, in particular to notify the Tribunal de Commerce de Nanterre of any changes in registration.

General Information

Legal and administrative information

Corporate name
The name Dexia Municipal Agency was adopted at the Extra-Ordinary Shareholders' Meeting of August 31, 1999.

Registered office
The Company's registered office is located at:
1, passerelle des Reflets - Tour Dexia
La Défense 2 - 92913 La Défense cedex

Legal structure
Société Anonyme à Directoire et Conseil de Surveillance, a joint-stock corporation with an Executive Board and a Supervisory Board.

Official CECEI approval
The Company was approved by the Comité *des Établissements de Crédit et des Entreprises d'Investissement* (CECEI) on July 23, 1999, as a *société financière - société de crédit foncier*. This approval became definitive on October 1, 1999.

Applicable legislation
A corporation under the provisions of articles L.210-1 and following of the Code of Commerce, articles L.511-1 and following of the Monetary and Financial Code and articles L.515-13 and following of the Monetary and Financial Code.

Incorporation date
The Company was created on December 29, 1998, for a period of 99 years.

Corporate purpose (article 2 of the by-laws)
The Company's exclusive purpose is:
- to grant or acquire loans to public sector entities as defined in article L.515-15 of the Monetary and Financial Code as well as assets considered as loans as defined in article L.515-16 of the same code;
- to hold assets defined by decree as replacement assets;
- in order to finance the above-mentioned loans, to issue *obligations foncières* benefiting from the privilege defined in article L.515-19 of the Monetary and Financial Code and to raise other funds, under issue or subscription contract referring to the privilege.

The Company may also fund the above-mentioned activities by issuing bonds or other sources of financing that do not benefit from the privilege defined in article L.515-19 of the Monetary and Financial Code.
Pursuant to the law of January 2, 1981, facilitating corporate borrowing, the Company may assign all the assets it owns, whatever their nature (whether professional or not).

Company registration and APE business identification code
Dexia Municipal Agency is registered as a corporate entity under the designation Nanterre 421 318 064 (*Registre du Commerce et des Sociétés*). Its APE code is 6492Z.

Availability of information
Legal documents on Dexia Municipal Agency may be consulted at the Company's registered office:
1, passerelle des Reflets - Tour Dexia
La Défense 2 - 92913 La Défense cedex

Fiscal year (article 39 of the by-laws)
The Company's fiscal year begins on January 1 and ends on December 31.

Exceptional events and legal proceedings
There is no exceptional event or legal proceeding pending or in process that could have a material impact on the assets and liabilities, financial position or results of the Company and its subsidiaries.

Allocation of income (article 40 of the by-laws)
Income available for distribution comprises net income for the year minus any prior year losses and any allocations to reserves pursuant to current legislation, plus any retained earnings carried forward from previous years.
From the available surplus, the Ordinary Shareholders' Meeting, voting on a recommendation of the Executive Board, may allocate all or a part of the remaining income to retained earnings.
There are no priority shares or dividends.

Annual Shareholders' Meetings
Calling of meetings (article 28 of the by-laws)
Annual Shareholders' Meetings are called as required by current legislation. They are held at the Company's registered office or any other location specified in the notice of meeting.
All shareholders have the right to obtain copies of the documents required to make an informed decision concerning the overall management and control of the Company.
The types of documents concerned and the terms of their availability and dispatch are determined by the applicable legislation and regulations.

Right to attend Annual Shareholders' Meetings (article 29 of the by-laws)

All shareholders are entitled to attend the meetings upon presentation of proof of identity, provided that their shares have been paid up to the extent called and are registered in their name at least five days prior to the date of the meeting.
Shareholders may give proxy to another shareholder.
Proxies must be deposited at the Company's headquarters at least five days prior to the date of the meeting.

Voting rights (article 32 of the by-laws)

The voting rights attached to the shares are proportional to the percentage of capital the shares represent. Each share conveys one voting right. At Annual Shareholders' Meetings, the number of votes that may be cast by each shareholder corresponds to the number of shares held plus the number of shares for which the shareholder holds proxy.

Capital

Share capital currently stands at EUR 1,190 million represented by 11,900,000 nominative shares with no stated par value.
There are no other securities that grant rights to shares in the capital of Dexia Municipal Agency.

Date of the Shareholders' Meeting	Date of the capital increase	Amount of the capital increase (EUR)	Cumulated capital (EUR)
5/16/06	5/24/06	80,000,000	760,000,000
5/15/07	5/18/07	116,000,000	876,000,000
5/26/08	5/28/08	70,000,000	946,000,000
5/26/09	6/9/09	114,000,000	1,060,000,000
5/26/10	5/28/10	130,000,000	1,190,000,000

Shareholding structure in the last five years

Breakdown of capital	2006	2007	2008	2009	2010
Dexia Credit Local	99.99%	99.99%	99.99%	99.99%	99.99%
French and/or Belgian private, institutional and corporate investors	0.01%	0.01%	0.01%	0.01%	0.01%

At the Ordinary and Extraordinary Shareholders' Meeting of May 26, 2010, there were 10,060,000 voting rights in existence.

Declaration of financial support

On September 16, 1999, Dexia Credit Local formalized a declaration of financial support for its subsidiary Dexia Municipal Agency.
"Within the scope of its financing policies, Credit Local de France has created a société de crédit foncier, *governed by section 4 of the law 99-532 of June 25, 1999, and named Dexia Municipal Agency.*
"Credit Local de France will hold more than 95% of the capital of Dexia Municipal Agency on a long-term basis.
"Credit Local de France will ensure that Dexia Municipal Agency develops its activity in compliance with the requirements of the above-mentioned law and has the financial resources it needs to meet its obligations."

Statement by the person responsible

This is a free translation of the French language original.

I, the undersigned, Gilles Gallerne, Chief Executive Officer of Dexia Municipal Agency,

hereby, affirm that to the best of my knowledge, the financial statements have been prepared in conformity with applicable accounting standards and present fairly, in all material aspects, the assets and liabilities, financial position and results of Dexia Municipal Agency, and that the management report presents a fair image of trends in the Company's business, results and financial position, as well as a description of the main risks and uncertainties it must face.

La Défense, March 28, 2011

Gilles Gallerne
Chief Executive Officer

List of information published or disclosed

in the last 12 months (in application of article L.451-1-1 of the Monetary and Financial Code and of article 222-7 of the general regulations of the French Financial Markets Authority - AMF)

Nature of the information	Publication or announcement
I - ACTIVITY AND RESULTS	
Quarterly financial report as of December 31, 2010	BALO 3/9/2011
Quarterly financial report as of September 30, 2010	BALO 11/17/2010
Semi annual financial report as of June 30, 2010	BALO 10/29/2010
Quarterly financial report as of June 30, 2010	BALO 9/1/2010
Banking commission memorandum on the quality of assets as of December 31, 2009	BALO 6/25/2010
Approval of 2009 annual financial statements	BALO 6/18/2010
Quarterly financial report as of March 31, 2010	BALO 6/2/2010
2009 annual financial statements	BALO 4/21/2010
II - CORPORATE ORGANIZATION	
Modified registration - Change in composition of the Executive Board and change in composition of the Supervisory Board	Les Petites Affiches 1/21/11
Modified registration - Change in composition of the Executive Board	Les Petites Affiches 9/8/10
Modified registration - Capital increase	Les Petites Affiches 6/10/2010
Shareholder notification of the Annual Shareholders' Meeting of May 26, 2010	BALO 4/16/2010
III – OTHER INFORMATION	
Dexia Municipal Agency - Rapport Financier Semestriel 2010	(1) HUGIN 8/30/2010
Dexia Municipal Agency - Financial Report as of June 30, 2010	HUGIN 8/30/2010
Dexia Municipal Agency - Rapport Annuel 2009	HUGIN 3/30/10
Dexia Municipal Agency - Annual Report 2009	HUGIN 3/30/10
Bond issues	
Dexia Municipal Agency - EMTN 421 TR1 USD 100,000,000 maturity March 21, 2014	HUGIN 3/17/2011
Dexia Municipal Agency - EMTN 413 TR3 EUR 200,000,000 maturity September 24, 2020	HUGIN 3/15/2011
Dexia Municipal Agency - EMTN 420 TR1 EUR 12,000,000 maturity March 29, 2021	HUGIN 3/4/2011
Dexia Municipal Agency - EMTN 402 TR3 EUR 200,000,000 maturity January 26, 2022	HUGIN 3/1/2011
Dexia Municipal Agency - EMTN 413 TR2 EUR 300,000,000 maturity September 24, 2020	HUGIN 2/18/2011
Dexia Municipal Agency - EMTN 2 TR1 Partial buyback of *obligations foncières*	HUGIN 2/17/2011
Dexia Municipal Agency - EMTN 418 TR1 NOK 500,000,000 maturity February 18, 2021	HUGIN 2/16/2011
Dexia Municipal Agency - EMTN 419 TR1 EUR 67,000,000 maturity February 15, 2023	HUGIN 2/11/2011
Dexia Municipal Agency - EMTN 417 TR2 EUR 300,000,000 maturity January 26, 2021	HUGIN 2/2/2011
Dexia Municipal Agency - EMTN 417 TR1 EUR 1,000,000,000 maturity January 26, 2021	HUGIN 1/24/2011
Dexia Municipal Agency - EMTN 416 TR1 EUR 11,000,000 maturity December 2, 2025	HUGIN 11/30/2010
Dexia Municipal Agency - EMTN 415 TR1 USD 30,000,000 maturity October 26, 2040	HUGIN 10/22/2010
Dexia Municipal Agency - EMTN 414 TR1 EUR 150,000,000 maturity September 27, 2015	HUGIN 9/24/2010
Dexia Municipal Agency - EMTN 413 TR1 EUR 750,000,000 maturity September 24, 2020	HUGIN 9/22/2010
Dexia Municipal Agency - EMTN 412 TR1 EUR 1,250,000,000 maturity January 25, 2016	HUGIN 9/22/2010
Dexia Municipal Agency - *Obligations foncières* - Exchange Results	HUGIN 9/17/2010
Dexia Municipal Agency - *Obligations foncières* - Exchange Offer	HUGIN 9/8/2010
Dexia Municipal Agency - EMTN 411 TR1 EUR 24,000,000 maturity July 27, 2029	HUGIN 7/23/2010
Dexia Municipal Agency - EMTN 410 TR1 EUR 10,000,000 maturity July 23, 2025	HUGIN 7/21/2010
Dexia Municipal Agency - EMTN 409 TR1 EUR 50,000,000 maturity July 20, 2015	HUGIN 7/16/2010
Dexia Municipal Agency - EMTN 408 TR1 EUR 200,000,000 maturity June 21, 2020	HUGIN 6/17/2010
Dexia Municipal Agency - EMTN 402 TR2 EUR 500,000,000 maturity January 26, 2022	HUGIN 6/16/2010
Dexia Municipal Agency - EMTN 406 TR2 EUR 200,000,000 maturity July 20, 2015	HUGIN 6/14/2010
Dexia Municipal Agency - EMTN 407 TR1 EUR 300,000,000 maturity May 21, 2020	HUGIN 5/19/2010
Dexia Municipal Agency - EMTN 406 TR1 EUR 1,000,000,000 maturity July 20, 2015	HUGIN 4/22/2010
Dexia Municipal Agency - EMTN 392 TR2 EUR 150,000,000 maturity June 2, 2021	HUGIN 3/25/2010
Dexia Municipal Agency - EMTN 405 TR1 EUR 15,000,000 maturity March 26, 2019	HUGIN 3/25/2010
Dexia Municipal Agency - EMTN 396 TR3 EUR 250,000,000 maturity September 16, 2016	HUGIN 3/24/2010
Dexia Municipal Agency - EMTN 404 TR1 EUR 1,000,000,000 maturity February 26, 2018	HUGIN 2/24/2010
Certificates of approval	
CSSF certificate of approval dated February 24, 2011 concerning the USMTN 2011 base prospectus	AMF 2/24/2010
CSSF certificate of approval dated September 2, 2010 concerning the second supplement to the 2010 base prospectus	AMF 9/2/2010
CSSF certificate of approval dated July 9, 2010 concerning the first supplement to the 2010 base prospectus	AMF 7/9/2010
CSSF certificate of approval dated June 3, 2010 concerning the 2010 base prospectus	AMF 6/3/2010
CSSF certificate of approval dated April 8, 2010 concerning the sixth supplement to the 2009 base prospectus	AMF 4/8/2010
CSSF certificate of approval dated March 7, 2010 concerning the fifth supplement to the 2009 base prospectus	AMF 4/7/2010

(1) Professional wire for regulatory information, AMF registered

DEXIA MUNICIPAL AGENCY
Société anonyme à directoire et conseil de surveillance
A French credit institution with an Executive Board and a Supervisory Board
Capital of EUR 1,190,000,000
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www.dexia-ma.com

Production: Nord Compo
English translation: Thomas Michael Gunther - Paris

Printed by Bergame Print on paper from sustainable forest management with vegetable ink

Municipal Agency