

**DEXIA MUNICIPAL AGENCY Euro 75,000,000,000****Euro Medium Term Note Programme****for the issue of *Obligations Foncières*****Due from one month from the date of original issue**

Under the Euro Medium Term Note Programme described in this Base Prospectus (the "**Programme**"), Dexia Municipal Agency (the "**Issuer**" or "**Dexia MA**"), subject to compliance with all relevant laws, regulations and directives, may from time to time issue *obligations foncières* (the "**Obligations Foncières**"). The aggregate nominal amount of *Obligations Foncières* (issued under the Programme) outstanding will not at any time exceed Euro 75,000,000,000 (or the equivalent in other currencies). This Base Prospectus replaces and supersedes the Base Prospectus dated 18 August 2005.

This Base Prospectus constitutes a prospectus as defined in Article 5.4 of Directive 2003/71/EC (the "Prospectus Directive").

Application has been made to the *Commission de surveillance du secteur financier* (the "**CSSF**") in Luxembourg for approval of this Base Prospectus and application may be made for the notification of a certificate of approval to be released to the competent authorities of other Member States of the EEA, both approval and notification being made in its capacity as competent authority under the *loi relative aux prospectus pour valeurs mobilières* dated 10 July 2005 which implements Directive 2003/71/EC of 4 November 2003 on the prospectus to be published when securities are offered to the public or admitted to trading.

Application has been made to the Luxembourg Stock Exchange for *Obligations Foncières* issued under the Programme during a period of 12 months from the date of this Base Prospectus to be listed on the Official List of the Luxembourg Stock Exchange and admitted to trading on the Luxembourg Stock Exchange's regulated market. The Regulated Market is governed by Directive 2004/39/EC on markets in financial instruments (hereinafter referred to as a "**Regulated Market**" under the definition of the Investment Services Directives 93/22/EEC). Application may also be made to the competent authority of any other Member State of the EEA for *Obligations Foncières* issued under the Programme to be listed and admitted to trading on any other Regulated Market in such Member State.

Application will be made in certain circumstances to list *Obligations Foncières* under the Programme on the Luxembourg Stock Exchange. *Obligations Foncières* which are not admitted to trading on a Regulated Market, or which are not offered to the public, in a Member State of the EEA may be issued under the Programme and may also be listed on an alternative stock exchange or may not be listed at all. The relevant final terms (the "**Final Terms**") (forms of which are contained herein) in respect of the issue of any *Obligations Foncières* will specify whether or not such *Obligations Foncières* will be admitted to trading and/or offered to the public and, if so, the relevant Regulated Market in the EEA and/or the Member State(s) in the EEA where the *Obligations Foncières* will be offered to the public and will be published, if relevant and if required by any applicable regulation, on the website of the Regulated Market where the admission to trading is sought.

*Obligations Foncières* may be issued either in dematerialised form ("**Dematerialised Obligations Foncières**") or in materialised form ("**Materialised Obligations Foncières**") as more fully described herein.

Dematerialised *Obligations Foncières* will at all times be in book entry form in compliance with Article L. 211-4 of the French *Code monétaire et financier* (the "French Monetary and Financial Code"). No physical documents of title will be issued in respect of the Dematerialised *Obligations Foncières*.

Dematerialised *Obligations Foncières* may, at the option of the Issuer, be in bearer dematerialised form (*au porteur*) inscribed as from the issue date in the books of Euroclear France ("**Euroclear France**") (acting as central depository) which shall credit the accounts of Account Holders (as defined in "Terms and Conditions of the *Obligations Foncières* -- Form, Denomination, Title and Redenomination") including Euroclear Bank S.A./N.V. ("**Euroclear**") and the depository bank for Clearstream Banking, *société anonyme* ("**Clearstream, Luxembourg**") or in registered dematerialised form (*au nominatif*) and, in such latter case, at the option of the relevant holder, in either fully registered form (*nominatif pur*), in which case they will be inscribed with a registration agent (appointed in the relevant Final Terms) for the Issuer, or in administered registered form (*nominatif administré*) in which case they will be inscribed in the accounts of the Account Holders designated by the relevant holders of *Obligations Foncières*.

Materialised *Obligations Foncières* will be in bearer materialised form only and may only be issued outside France. A temporary global certificate in bearer form without interest coupons attached (a "**Temporary Global Certificate**") will initially be issued in connection with Materialised *Obligations Foncières*. Such Temporary Global Certificate will be exchanged for definitive Materialised *Obligations Foncières* in bearer form with, where applicable, coupons for interest attached on or after a date expected to be on or about the 40<sup>th</sup> day after the issue date of the *Obligations Foncières* (subject to postponement as described in "Temporary Global Certificates issued in respect of Bearer Materialised *Obligations Foncières*") upon certification as to non-U.S. beneficial ownership as more fully described herein.

Temporary Global Certificates will (a) in the case of a Tranche (as defined in the section "Summary of the Programme-Method of Issue") intended to be cleared through Euroclear and/or Clearstream, Luxembourg, be deposited on the issue date with a common depository on behalf of Euroclear and Clearstream, Luxembourg and (b) in the case of a Tranche intended to be cleared through a clearing system other than or in addition to Euroclear and/or Clearstream, Luxembourg or delivered outside a clearing system, be deposited as agreed between the Issuer and the relevant Dealer (as defined below).

It is expected that the *Obligations Foncières* issued under the Programme will be rated AAA by Standard & Poors Rating Services and Fitch Ratings, and Aaa by Moody's Investors Services, Inc. The rating will be specified in the relevant Final Terms. A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, change or withdrawal at any time by the assigning rating agency.

The final terms of the *Obligations Foncières* will be determined at the time of the offering of each Tranche based on then prevailing market conditions and will be set out in the relevant Final Terms.

	Arrangers	
<b>Deutsche Bank</b>		<b>Morgan Stanley</b>
	Dealers	
<b>ABN AMRO</b>		<b>Barclays Capital</b>
<b>BNP PARIBAS</b>		<b>CALYON Corporate &amp; Investment Bank</b>
<b>IXIS Corporate &amp; Investment Bank</b>		<b>Commerzbank Aktiengesellschaft</b>
<b>Deutsche Bank</b>		<b>Dexia Capital Markets</b>
<b>Goldman Sachs International</b>		<b>Dresdner Kleinwort</b>
<b>JPMorgan</b>		<b>HVB Corporates &amp; Markets</b>
<b>Nomura International</b>		<b>Morgan Stanley</b>
<b>UBS Investment Bank</b>		<b>Société Générale Corporate &amp; Investment Banking</b>

The date of this Base Prospectus is 21 July 2006.

This Base Prospectus is to be read in conjunction with all documents which are incorporated herein by reference in accordance with Article 28 of the European Commission Regulation No. 809/2004 dated 29 April 2004 (see “Documents Incorporated by Reference” below) and may only be used for the purposes for which it has been published.

No person has been authorised to give any information or to make any representation other than those contained in this Base Prospectus in connection with the issue or sale of the *Obligations Foncières* and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer or any of the Dealers or the Arrangers (as defined in “Summary of the Programme”). Neither the delivery of this Base Prospectus nor any sale made in connection herewith shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer, Dexia Crédit Local or the Dexia Crédit Local Group since the date hereof or the date upon which this Base Prospectus has been most recently amended or supplemented or that there has been no adverse change in the financial position of the Issuer, Dexia Crédit Local or the Dexia Crédit Local Group since the date hereof or the date upon which this Base Prospectus has been most recently supplemented or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

The distribution of this Base Prospectus and the offering or sale of the *Obligations Foncières* in certain jurisdictions may be restricted by law. Persons into whose possession this Base Prospectus comes are required by the Issuer, the Dealers and the Arrangers to inform themselves about and to observe any such restriction.

The *Obligations Foncières* have not been and will not be registered under the United States Securities Act of 1933 (the “Securities Act”) or with any securities regulatory authority of any state or other jurisdiction of the United States and the *Obligations Foncières* may include Materialised *Obligations Foncières* in bearer form that are also subject to U.S. tax law requirements. Subject to certain exceptions, *Obligations Foncières* may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act (“Regulation S”) or in the case of Materialised *Obligations Foncières* in bearer form, the U.S Internal Revenue Code of 1986, as amended (the “U.S Internal Revenue Code”)).

**THE OBLIGATIONS FONCIERES ARE BEING OFFERED IN RELIANCE ON REGULATION S.**

The Materialised *Obligations Foncières* are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a U.S. person, except in certain transactions permitted by U.S. tax regulations.

For a description of certain restrictions on offers and sales of *Obligations Foncières* and on distribution of this Base Prospectus, see “Subscription and Sale”.

This Base Prospectus does not constitute an offer of, or an invitation by or on behalf of the Issuer or the Dealers to subscribe for, or purchase, any *Obligations Foncières*.

The Arrangers and the Dealers have not separately verified the information contained in this Base Prospectus. None of the Dealers or the Arrangers makes any representation, express or implied, or accepts any responsibility, with respect to the accuracy or completeness of any of the information in this Base Prospectus. Neither this Base Prospectus nor any other financial statements are intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by any of the Issuer, the Arrangers or the Dealers that any recipient of this Base Prospectus or any other financial statements should purchase the *Obligations Foncières*. Each potential purchaser of *Obligations Foncières* should determine for itself the relevance of the information contained in this Base Prospectus and its

purchase of *Obligations Foncières* should be based upon such investigation as it deems necessary. None of the Dealers or the Arrangers undertakes to review the financial condition or affairs of the Issuer, Dexia Crédit Local or the Dexia Crédit Local Group during the life of the arrangements contemplated by this Base Prospectus nor to advise any investor or potential investor in the *Obligations Foncières* of any information coming to the attention of any of the Dealers or the Arrangers.

In connection with the issue of any Tranche, the Dealer or Dealers (if any) named as the stabilising manager(s) (the “Stabilising Manager(s)”) (or persons acting on behalf of any Stabilising Manager(s)) in the applicable Final Terms may over-allot *Obligations Foncières* (provided that, in the case of any Tranche to be listed and admitted to trading on the Luxembourg Stock Exchange, the aggregate principal amount of *Obligations Foncières* allotted does not exceed 105 per cent. of the aggregate principal amount of the relevant Tranche) or effect transactions with a view to supporting the market price of the *Obligations Foncières* at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager(s) (or persons acting on behalf of a Stabilising Manager) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche and 60 days after the date of the allotment of the relevant Tranche.

In this Base Prospectus, unless otherwise specified or the context otherwise requires, references to “€”, “Euro”, “EUR” or “euro” are to the currency of the participating member states of the European Union which was introduced on 1 January 1999, references to “£”, “GBP”, “pounds sterling” and “Sterling” are to the lawful currency of the United Kingdom references to “\$”, “USD” and “US Dollars” are to the lawful currency of the United States of America, references to “¥”, “JPY”, “Japanese yen” and “Yen” are to the lawful currency of Japan and references to “CHF” and “Swiss francs” are to the lawful currency of the Helvetic Confederation.

## **PERSON RESPONSIBLE FOR THE INFORMATION SET OUT IN THE BASE PROSPECTUS**

The Issuer accepts responsibility for the information contained in this Base Prospectus. The Issuer declares, having taken all reasonable care to ensure that such is the case, that to the best of the knowledge of the Issuer the information contained in this Base Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

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75015 Paris

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## SUMMARY OF THE PROGRAMME

This summary must be read as an introduction to this Base Prospectus and any decision to invest in the *Obligations Foncières* should be based on a consideration of the Base Prospectus as a whole, including the documents incorporated by reference. Following the implementation of the relevant provisions of Directive 2003/71/EC (the “**Prospectus Directive**”) as supplemented by the European Commission Regulation No. 809/2004 dated 29 April 2004 (the “**Prospectus EU Regulation**”) in each Member State of the European Economic Area no civil liability will attach to the Issuer on the basis of this summary, including any translation thereof, unless it is misleading, inaccurate or inconsistent when read together with the other parts of this Base Prospectus. Where a claim relating to the information contained in this Base Prospectus is brought before a court in a Member State of the European Economic Area, the plaintiff may, under the national legislation of the Member State where the claim is brought, be required to bear the costs of translating the Base Prospectus before the legal proceedings are initiated.

### 1-KEY INFORMATION ABOUT *OBLIGATIONS FONCIÈRES* TO BE ISSUED UNDER THE PROGRAMME

<b>Issuer:</b>	Dexia Municipal Agency
<b>Description:</b>	Euro Medium Term Note Programme for the issue of <i>Obligations Foncières</i> .
<b>Arrangers:</b>	Deutsche Bank AG, Paris Branch and Morgan Stanley & Co. International Limited
<b>Dealers:</b>	<p>ABN AMRO Bank N.V., BNP Paribas, Barclays Bank PLC, Bayerische Hypo- und Vereinsbank AG, CALYON, IXIS Corporate &amp; Investment Bank, Commerzbank Aktiengesellschaft, Deutsche Bank AG, acting through its London branch at the address set out below (“Deutsche Bank, AG London Branch”), Dexia Banque Internationale à Luxembourg, société anonyme (acting under the name of Dexia Capital Markets), Dresdner Bank Aktiengesellschaft, Goldman Sachs International, J.P. Morgan Securities Ltd., Morgan Stanley &amp; Co. International Limited, Nomura International plc, Société Générale, UBS Limited</p> <p>At the date of this Base Prospectus, only credit institutions and investment firms incorporated in a member state of the European Union (“EU”) and which are authorised by the relevant authority of such member state to lead-manage bond issues in such member state may act (a) as Dealers with respect to non-syndicated issues of <i>Obligations Foncières</i> denominated in euro and (b) as lead manager of issues of <i>Obligations Foncières</i> denominated in euro issued on a syndicated basis.</p>
<b>Programme Limit:</b>	Up to Euro 75,000,000,000 (or its equivalent in other currencies at the date of issue) aggregate nominal amount of <i>Obligations Foncières</i> outstanding at any one time.
<b>Fiscal Agent and Principal Paying Agent:</b>	Dexia Banque Internationale à Luxembourg, société anonyme

<b>Paying Agents:</b>	Dexia Banque Belgium SA RBC Dexia Investor Services Bank France S.A.
<b>Luxembourg Listing Agent:</b>	Dexia Banque Internationale à Luxembourg, société anonyme
<b>Method of Issue:</b>	The <i>Obligations Foncières</i> will be issued on a syndicated or non-syndicated basis. The <i>Obligations Foncières</i> will be issued in series (each a “ <b>Series</b> ”) having one or more issue dates and on terms otherwise identical (or identical other than in respect of the first payment of interest, the issue date, the issue price and the nominal amount), the <i>Obligations Foncières</i> of each Series being intended to be interchangeable with all other <i>Obligations Foncières</i> of that Series. Each Series may be issued in tranches (each a “ <b>Tranche</b> ”) on the same or different issue dates. The specific terms of each Tranche (which will be supplemented, where necessary, with supplemental terms and conditions and, save in respect of the issue date, issue price, first payment of interest and nominal amount of the Tranche, will be identical to the terms of other Tranches of the same Series) will be set out in a Final Terms to this Base Prospectus (the “ <b>Final Terms</b> ”).
<b>Maturities:</b>	Subject to compliance with all relevant laws, regulations and directives, any maturity from one month from the date of original issue.
<b>Currencies:</b>	Euro, U.S. Dollars, Japanese yen, Swiss francs, Sterling and in any other currency specified in the relevant Final Terms.
<b>Commercial terms of the <i>Obligations Foncières</i> (price, amount, interest rate, etc.):</b>	The commercial terms and conditions of the <i>Obligations Foncières</i> of each Series of <i>Obligations foncières</i> will be set out in the applicable Final Terms.
<b>Denomination:</b>	The <i>Obligations Foncières</i> will be in such denominations as may be specified in the relevant Final Terms.  The <i>Obligations Foncières</i> will be issued in such denomination(s) as may be agreed between the Issuer and the relevant Dealer save that the minimum denomination of each <i>Obligation Foncière</i> admitted to trading on a regulated market, or offered to the public, in a Member State of the European Economic Area in circumstances which require the publication of a prospectus under the Prospectus Directive will be €1,000 (or, if the <i>Obligations Foncières</i> are denominated in a currency other than euro, the equivalent amount in such currency at the issue date) or such other higher amount as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant Specified Currency.  <i>Obligations Foncières</i> having a maturity of less than one year will constitute deposits for the purposes of the prohibition on accepting deposits contained in section 19 of the Financial Services and Markets Act 2000 unless they are issued to a limited class of professional investors and have a denomination of at least £100,000 or its equivalent.  Dematerialised <i>Obligations Foncières</i> shall be issued in one denomination only.
<b>Use of Proceeds:</b>	The net proceeds of the issue of the <i>Obligations Foncières</i> will be used

for the Issuer's general corporate purposes.

**Status of *Obligations Foncières*:**

The *Obligations Foncières* will constitute direct and unconditional obligations of the Issuer, and, as provided below, benefit from the *privilège* defined by Article L. 515-19 of the French Monetary and Financial Code.

The *Obligations Foncières* are issued under Articles L. 515-13 to L. 515-33 of the French Monetary and Financial Code. Holders of *Obligations Foncières* benefit from a *privilège* (priority right of payment) over all the assets and revenues of the Issuer.

**Form of *Obligations Foncières*:**

Dematerialised *Obligations Foncières* or Materialised *Obligations Foncières*.

Dematerialised *Obligations Foncières* may be issued in bearer dematerialised form (*au porteur*) or in registered dematerialised form (*au nominatif*).

Materialised *Obligations Foncières* will be in bearer form only.

**Negative Pledge:**

None.

**Events of Default (including Cross Default):**

None.

**Interest:**

*Obligations Foncières* may be interest bearing or non-interest bearing. Interest (if any) may accrue at a fixed rate or a floating rate or other variable rate or be index-linked and the method of calculating interest may vary between the issue date and the maturity date of the relevant Series.

**Redemption:**

The Final Terms will specify the basis for calculating the redemption amount and, if applicable, the conditions under which the *Obligations Foncières* may be redeemed prior to maturity at the option of the Issuer or automatically.

**Taxation:**

Except as otherwise stated in the Final Terms, payments in respect of the *Obligations Foncières* issued by Dexia Municipal Agency will be made without withholding or deduction for, or on account of, taxes imposed by or on behalf of the Republic of France.

**Central Depository:**

Euroclear France in respect of Dematerialised *Obligations Foncières*.

**Clearing Systems:**

Euroclear France, Euroclear and Clearstream, Luxembourg

**Listing and Admission to trading:**

The Luxembourg Stock Exchange or as otherwise specified in the relevant Final Terms. As specified in the relevant Final Terms, a Series of *Obligations Foncières* may or may not be admitted to trading.

**Offer to the public:**

The *Obligations Foncières* may or may not be offered to the public in Luxembourg and/or in any Member State of the European Economic Area, provided that such offer to the public is made in accordance with the European Economic Area selling restrictions (see "Subscription and Sale").



<b>Method of Publication of the Final Terms:</b>	The Final Terms related to <i>Obligations Foncières</i> admitted to trading will be published, if relevant on the website of the Luxembourg Stock Exchange or, if required by any applicable regulation, on the website of the Regulated Market where the admission to trading is sought, and copies may be obtained from Dexia Municipal Agency, Tour Cristal, 7-11 Quai André Citroën, 75015 Paris, France or through any other means in accordance with the terms of Article 14 of the Prospectus Directive. The Final Terms will indicate where the Base Prospectus may be obtained.
<b>Rating:</b>	Obligations <i>Foncières</i> to be issued under the Programme are expected to be rated AAA by Standard & Poor's Rating Services and Fitch Ratings and Aaa by Moody's Investors Services, Inc.  The rating will be specified in the Final Terms.  A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.
<b>Selling Restrictions:</b>	The offer and sale of <i>Obligations Foncières</i> will be subject to selling restrictions in various jurisdictions, in particular, those of the United States of America, those of the European Economic Area including France and the United Kingdom (see "Subscription and Sale"). Further restrictions that may apply to a Series of <i>Obligations Foncières</i> will be specified in the applicable Final Terms.  The Issuer is Category 1 for the purposes of Regulation S.
<b>Governing Law:</b>	French law.

## 2-KEY INFORMATION ABOUT THE ISSUER

### A. Key information about Dexia Municipal Agency

#### Description:

Dexia Municipal Agency, a *société anonyme à Directoire et Conseil de Surveillance* incorporated under French law, is a *société de crédit foncier*. It is registered as a company under the number PARIS B 421 318 064 (Paris Trade and Companies Register).

The company was approved by the *Comité des établissements de crédit et des entreprises d'investissement* (the "CECEI") on 23 July 1999, as *société de crédit foncier*. It is ruled by the provisions of articles L. 210-1 and following of the French commercial code, articles L. 511-1 and following of the French Monetary and Financial Code and articles L. 515-13 and following of the French Monetary and Financial Code.

Dexia Municipal Agency's registered office is located Tour Cristal, 7 to 11 quai André Citroën – 75015 Paris, France (Telephone: +33 1 43 92 77 77).

#### Business Overview:

Dexia Municipal Agency's exclusive purpose is (as per Article 2 of the by-laws):

- to grant or acquire loans to public-sector entities as defined in Article L. 515-15 of the French 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 (*valeurs de remplacement*); and

- in order to finance the loans mentioned hereabove, to issue bonds called *obligations foncières*, benefiting from the *privilège* defined in Article L. 515-19 of the French Monetary and Financial Code and to raise other funds, under issue or subscription contract referring to the *privilège*.

Dexia Municipal Agency may also fund the above mentioned business by issuing bonds or other resources not benefiting from the *privilège* defined in Article L. 515-19 of the French Monetary and Financial Code.

Dexia Municipal Agency is a subsidiary wholly owned by Dexia Credit Local, which is itself a wholly-owned subsidiary of Dexia.

Dexia Group is active in three lines of business:

- public finance and financial services for the public sector;
- retail banking;
- private banking, asset management and investment fund administration.

Dexia Municipal Agency is specialised in the financing of the first line of business set out above. The purpose of Dexia Municipal Agency is to finance public sector commitments generated by the Dexia group by issuing *obligations foncières* rated AAA/Aaa/AAA and other resources benefiting from the *privilège*.

On 16 September 1999, Dexia Credit Local formalised a declaration of financial support for its subsidiary Dexia Municipal Agency (see “Organizational Structure”).

### **B. Key information concerning selected financial data of Dexia Municipal Agency**

As a reminder, Dexia Municipal Agency is not obliged to publish its financial statements in an IFRS format as of 2005 since the company having no affiliates or subsidiaries does not produce consolidated accounts.

As of 31 March 2006, total assets of Dexia Municipal Agency amounted to 54,823,359 thousand euros.

The assets held by Dexia Municipal Agency are solely comprised of commitments on public sector entities that are eligible by the terms of the articles L. 515-16, 515-17 and 515-18 of the French Monetary and Financial Code, *i.e.* States, local governments or groups of such, public sector establishments in the European Economic Area, Switzerland, the United States and Canada or benefiting from the guarantees of such entities.

As of 31 March 2006, shareholders’ equity excluding general banking risks reserve and including regulated provisions of 23,532 thousand euros amounted to 820,470 thousand euros.

At the same date, debt securities in the form of *obligations foncières* (including accrued interest) totalled 45,862,744 thousand euros and the financing provided by Dexia Credit Local totalled at 4,975,835 thousand euros.

Since 1<sup>st</sup> April 2006, Dexia Municipal Agency has issued debt securities issued in the form of *obligations foncières* for an amount of 2,121,339,340 euros as at 15 July 2006 and the Extraordinary Shareholders’ Meeting on 16 May 2006 has decided to increase the capital stock by 80,000,000 euros from 680,000,000 euros to 760,000,000 euros via the creation of 800,000 new shares in cash with a par value of 100 euros each.

## **3-RISK FACTORS**

### **A. Risk factors relating to the Issuer**

Factors that may have an impact on the Issuer can be summarised as follows:

- Credit risk (i) on assets held by Dexia Municipal Agency and (ii) on bank counterparties of Dexia Municipal Agency in hedging operations;

- Market risks;
- General interest risk;
- Risk linked to compliance with the coverage ratio; and
- Operating risks linked to information systems.

**B. Risk factors relating to the *Obligations Foncières* to be issued under the Programme**

In addition, there are certain factors that are specific to the *Obligations Foncières* to be issued under the Programme.

An investment in the *Obligations Foncières* involves certain risks which are material for the purpose of assessing the market risks associated with *Obligations Foncières* issued under the Programme. While all of these risk factors are contingencies which may or may not occur, potential investors should be aware that the risks involved with investing in the *Obligations Foncières* may lead to volatility and/or a decrease in the market value of the relevant Tranche of *Obligations Foncières* whereby the market value falls short of the expectations (financial or otherwise) of an investor who has made an investment in such *Obligations Foncières*.

However, each prospective investor in *Obligations Foncières* must determine, based on its own independent review and such professional advice as it deems appropriate under the circumstances, that its acquisition of the *Obligations Foncières* is fully consistent with its financial needs, objectives and conditions, complies and is fully consistent with all investment policies, guidelines and restrictions applicable to it and is a fit, proper and suitable investment for it, notwithstanding the clear and substantial risks inherent in investing in or holding the *Obligations Foncières*.

*These risk factors are more detailed in the section headed “Risk factors” of this Base Prospectus.*

## **RISK FACTORS**

*Prospective purchasers of the Obligations Foncières offered hereby should consider carefully, in light of their financial circumstances and investment objectives, all of the information in this Base Prospectus and, in particular, the risk factors set forth below in making an investment decision.*

### **RISK FACTORS RELATING TO THE ISSUER**

*All of these factors are contingencies which may or may not occur and the Issuer is not in a position to express a view on the likelihood of any such contingency occurring.*

#### **1. Credit risk on assets**

The assets eligible for Dexia Municipal Agency's balance sheet are commitments on public sector entities or benefiting from their guarantee as defined by the L. 515-15, 16, 17 of the French Monetary and Financial Code. The great majority of these assets come from the commercial public sector financing activities of Dexia group entities. When new assets are transferred or allocated to Dexia Municipal Agency's balance sheet, eligibility is verified at two successive levels for both French and non-French assets.

Credit risk on assets is overseen by the Risk Control Department's Commitments unit, which analyses risks and synthesizes analyses by foreign subsidiaries applying Group methods. This unit produces an internal rating and sets a commitment ceiling.

#### **2. Credit risk on bank counterparties**

For Dexia Municipal Agency, bank counterparty risk is solely that of counterparties in hedging operations with which the company has signed ISDA or AFB (French banking association) framework agreements that meet rating agency standards for *sociétés de crédit foncier*. Only counterparties with a certain rating are admitted.

#### **3. Market risks**

Market risks are among those that are not compatible with Dexia Municipal Agency's balance sheet.

Bonds are acquired with the intention to be held until maturity and are recognized as investment securities in accordance with article L. 515-15 of the French Monetary and Financial Code. The only securities that can be recognized as available for sale securities are those considered as replacement securities in the sense of articles L. 515-17 and R. 515-7 of the French Monetary and Financial Code, i.e. reliable and liquid securities that can be mobilized in the central bank; their amount may not exceed 20% of the assets. The replacement assets, like all company's assets, are managed so as not to incur any interest rate risks.

In addition, Dexia Municipal Agency 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 sole market risk might come from a foreign exchange risk. Dexia Municipal Agency's management policy is to take no foreign exchange risks. Assets and liabilities originally in foreign currencies are swapped against euros when they are acquired.

#### **4. General interest rate risk**

Dexia Municipal Agency uses micro and macro interest rate hedges to manage general interest rate risk. Micro-hedges cover the interest rate risk on *Obligations Foncières*, and on a part of debt securities and loans. The goal of Dexia Municipal Agency is to neutralise interest rate risk as much as possible from an operating standpoint.

#### **5. Compliance with the coverage ratio**

The coverage ratio is the ratio between the assets and the resources benefiting from the *Privilège*. According to article L. 515-20 of the French Monetary and Financial Code, “the total amount of assets of *sociétés de crédit foncier* must be greater than the amount of liabilities benefiting from the *Privilège*”. Regulation 99-10 of the Banking and Financial Regulation Committee defines the way the coverage ratio is calculated. The ratio’s denominator (article 8) “is comprised of *obligations foncières* and other resources benefiting from the *Privilège*”. The ratio’s numerator (article 9) “is made up of the assets”, weighted to reflect their category. In the case of Dexia Municipal Agency, since the loans are granted to public sector entities or guaranteed by such, they are accounted for at their historical cost (100% weighting).

Pursuant to the *Comité de la Réglementation Bancaire et Financière* (the “CRBF”) regulation 99-10, Dexia Municipal Agency constantly complies with the conditions of the ratio of asset coverage of resources benefiting from the *Privilège*. The specific controller has access to information that allows confirmation of each issue’s compliance with the coverage ratio. As a security measure, Dexia Municipal Agency announced that it would maintain a coverage ratio of 105% (the legal minimum is 100%).

#### **6. Operating risks involving information systems**

The security of Dexia Municipal Agency’s information systems is managed within Dexia Credit Local. A security policy has been defined, including directives and operating procedures broken down by risk sector: physical security, security of system access control, security of data bases and applications, security of continued operation.

### **RISK FACTORS RELATING TO THE *OBLIGATIONS FONCIÈRES***

*The following paragraphs describe some risk factors that are material to the Obligations Foncières to be offered and/or admitted to trading in order to assess the market risk associated with these Obligations Foncières. They do not describe all the risks of an investment in the Obligations Foncières. Prospective investors should consult their own financial and legal advisers about risks associated with investment in a particular Series of Obligations Foncières and the suitability of investing in the Obligations Foncières in light of their particular circumstances. These risk factors may be supplemented in the Final Terms of the relevant Obligations Foncières for a particular issue of Obligations Foncières.*

#### **1. GENERAL RISKS RELATING TO THE *OBLIGATIONS FONCIÈRES***

##### **1.1 Independent Review and Advice**

Each prospective investor of *Obligations Foncières* must determine, based on its own independent review and such professional advice as it deems appropriate under the circumstances, that its acquisition of the *Obligations Foncières* is fully consistent with its financial needs, objectives and condition, complies and is fully consistent with all investment policies, guidelines and restrictions applicable to it and is a fit, proper and suitable investment for it, notwithstanding the clear and substantial risks inherent in investing in or holding the *Obligations Foncières*.

A prospective investor may not rely on the Issuer or the Dealer(s) or any of their affiliates in connection with its determination as to the legality of its acquisition of the *Obligations Foncières* or as to the other matters referred to above.

### **1.2 Potential Conflicts of Interest**

Potential conflicts of interest may arise between the calculation agent, if any, for a Tranche of *Obligations Foncières* and the Holders of *Obligations Foncières*, including with respect to certain discretionary determinations and judgements that such calculation agent may make pursuant to the Terms and Conditions that may influence the amount receivable upon redemption of the *Obligations Foncières*.

### **1.3 Legality of Purchase**

Neither the Issuer, the Dealer(s) nor any of their affiliates has or assumes responsibility for the lawfulness of the acquisition of the *Obligations Foncières* by a prospective investor of the *Obligations Foncières*, whether under the laws of the jurisdiction of its incorporation or the jurisdiction in which it operates (if different), or for compliance by that prospective investor with any law, regulation or regulatory policy applicable to it.

### **1.4 Modification, waivers and substitution**

The conditions of the *Obligations Foncières* contain provisions for calling general meetings of Holders of *Obligations Foncières* to consider matters affecting their interests generally. These provisions permit defined majorities to bind all including Holders of *Obligations Foncières* who did not attend and vote at the relevant general meeting and Holders of *Obligations Foncières* who voted in a manner contrary to the majority.

### **1.5 Taxation**

Potential purchasers and sellers of the *Obligations Foncières* should be aware that they may be required to pay taxes or other documentary charges or duties in accordance with the laws and practices of the country where the *Obligations Foncières* are transferred or other jurisdictions. In some jurisdictions, no official statements of the tax authorities or court decisions may be available for innovative financial obligations such as the *Obligations Foncières*. Potential investors are advised not to rely upon the tax summary contained in this Base Prospectus and/or in the Final Terms but to ask for their own tax adviser's advice on their individual taxation with respect to the acquisition, sale and redemption of the *Obligations Foncières*. Only these advisors are in a position to duly consider the specific situation of the potential investor. This investment consideration has to be read in connection with the taxation sections of this Base Prospectus and the additional tax sections, if any, contained in the relevant Final Terms.

### **1.6 EU Savings Directive**

On 3 June 2003, the European Council of Economics and Finance Ministers adopted a directive 2003/48/EC regarding the taxation of savings income in the form of interest payments (the "**Directive**"). The Directive requires Member States, subject to a number of conditions being met, to provide to the tax authorities of other Member States details of payments of interest and other similar income made by a paying agent located within its jurisdiction to an individual resident in that other Member State, except that, for a transitional period, Belgium, Luxembourg and Austria will instead withhold an amount on interest payments unless the relevant beneficial owner of such payment elects otherwise (see "Taxation-EU Taxation").

If a payment were to be made or collected through a Member State which has opted for a withholding system and an amount of, or in respect of, tax were to be withheld from that payment, neither the Issuer nor any Paying Agent nor any other person would be obliged to pay additional amounts with respect to any *Obligation Foncière* as a result of the imposition of such withholding tax. If a withholding tax is imposed on payment made by a Paying Agent, the Issuer will be required to maintain a Paying Agent in a Member State that will not be obliged to withhold or deduct tax pursuant to the Directive.

### **1.7 Withholding Taxes - No gross-up obligation**

If French law should require that any payments in respect of any *Obligation Foncière* be subject to deduction or withholding in respect of any taxes or duties whatsoever, the Issuer will not pay any additional amounts, unless otherwise provided in the relevant Final Terms, as shall result in receipt by the holders of *Obligations Foncières* of such amounts as would have been received by them had no such withholding or deduction been required. Therefore, the corresponding risk shall be borne by the holders of *Obligations Foncières* or, if applicable, the Receiptholders and the Couponholders.

### **1.8 Change of Law**

The Terms and Conditions of the *Obligations Foncières* are based on French law in effect as at the date of this Base Prospectus. No assurance can be given as to the impact of any possible judicial decision or change in French law or the official application or interpretation of French law after the date of this Base Prospectus.

### **1.9 Currency risk**

Prospective investors of the *Obligations Foncières* should be aware that an investment in the *Obligations Foncières* may involve exchange rate risks. The *Obligations Foncières* may be denominated in a currency other than the currency of the purchaser's home jurisdiction; and/or the *Obligations Foncières* may be denominated in a currency other than the currency in which a purchaser wishes to receive funds. Exchange rates between currencies are determined by factors of supply and demand in the international currency markets which are influenced by macro economic factors, speculation and central bank and government intervention (including the imposition of currency controls and restrictions). Fluctuations in exchange rates may affect the value of the *Obligations Foncières*.

### **1.10 Credit ratings may not reflect all risks**

One or more independent credit rating agencies may assign credit ratings to the *Obligations Foncières*. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the *Obligations Foncières*. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time. The rating reflects the possibility of default of the Issuer of the *Obligations Foncières* as judged by the credit rating agencies.

*Obligations Foncières* to be issued under the Programme are expected to be rated AAA by Standard & Poor's Rating Services and Fitch Ratings and Aaa by Moody's Investors Services, Inc.

### **1.11 Market Value of the *Obligations Foncières***

The market value of the *Obligations Foncières* will be affected by the creditworthiness of the Issuer and a number of additional factors, including the value of the index, including, but not limited to, the volatility of the index, or the dividend on the securities taken up in the index, market interest and yield rates and the time remaining to the maturity date.

The value of the *Obligations Foncières* depends on a number of interrelated factors, including economic, financial and political events in France or elsewhere, including factors affecting capital markets generally and the Regulated Markets or stock exchanges on which the *Obligations Foncières*, the securities taken up in the index, or the index are traded. The price at which a holder of *Obligations Foncières* will be able to sell the *Obligations Foncières* prior to maturity may be at a discount, which could be substantial, from the issue price or the purchase price paid by such purchaser. The historical market prices of an index should not be taken as an indication of an index's future performance during the term of any *Obligation Foncière*.

## **2. RISKS RELATED TO THE STRUCTURE OF A PARTICULAR ISSUE OF *OBLIGATIONS FONCIÈRES***

The Programme allows for different types of *Obligations Foncières* to be issued. Accordingly, each Tranche of *Obligations Foncières* may carry varying risks for potential investors depending on the specific features of such *Obligations Foncières* such as, inter alia, the provisions for computation of periodic interest payments, if any, redemption and issue price.

### **2.1 *Obligations Foncières* subject to optional redemption by the Issuer**

If in the case of any particular Tranche of *Obligations Foncières* the Final Terms specifies that the *Obligations Foncières* are redeemable at the Issuer's option in certain circumstances the Issuer may choose to redeem the *Obligations Foncières* at times when prevailing interest rates may be relatively low. During a period when the Issuer may elect, or has elected, to redeem *Obligations Foncières*, such *Obligations Foncières* may feature a market value not substantially above the price at which they can be redeemed. In such circumstances an investor may not be able to reinvest the redemption proceeds in a comparable security at an effective interest rate as high as that of the *Obligations Foncières*.

### **2.2 Fixed Rate *Obligations Foncières***

Investment in *Obligations Foncières* which bear interest at a fixed rate involves the risk that subsequent changes in market interest rates may adversely affect the value of the relevant Tranche of *Obligations Foncières*.

### **2.3 Floating Rate *Obligations Foncières***

Investment in *Obligations Foncières* which bear interest at a floating rate comprise (i) a reference rate and (ii) a margin to be added or subtracted, as the case may be, from such base rate. Typically, the relevant margin will not change throughout the life of the *Obligations Foncières* but there will be a periodic adjustment (as specified in the Final Terms) of the reference rate (e.g., every three months or six months) which itself will change in accordance with general market conditions. Accordingly, the market value of floating rate *Obligations Foncières* may be volatile if changes, particularly short term changes, to market interest rates evidenced by the relevant reference rate can only be reflected in the interest rate of these *Obligations Foncières* upon the next periodic adjustment of the relevant reference rate.

### **2.4 Inverse Floating Rate *Obligations Foncières***

Investment in *Obligations Foncières* which bear interest at an inverse floating rate comprise (i) a fixed base rate minus (ii) a reference rate. The market value of such *Obligations Foncières* typically is more volatile than the market value of floating rate *Obligations Foncières* based on the same reference rate (and with otherwise comparable terms). Inverse Floating Rate *Obligations Foncières* are more volatile because an increase in the reference rate not only decreases the interest rate of the *Obligations Foncières*, but may also reflect an increase in prevailing interest rates, which further adversely affects the market value of these *Obligations Foncières*.

### **2.5 Fixed to Floating Rate *Obligations Foncières***

Fixed to floating rate *Obligations Foncières* initially bear interest at a fixed rate; conversion from a fixed rate to a floating rate then takes place either automatically or at the option of the Issuer if certain predetermined conditions are met. The conversion (whether it be automatic or optional) of the interest rate will affect the secondary market and the market value of the *Obligations Foncières* since the conversion may lead to a lower overall cost of borrowing. If a fixed rate is converted to a floating rate, the spread on the fixed to floating rate *Obligations Foncières* may be less favourable than then prevailing spreads on comparable floating rate *Obligations Foncières* tied to the same reference rate. In addition, the new floating rate at any time may be lower than the rates on other *Obligations Foncières*.



## **2.6 Obligations Foncières issued at a substantial discount or premium**

The market values of securities issued at a substantial discount or premium from their principal amount tend to fluctuate more in relation to general changes in interest rates than do prices for conventional interest-bearing securities. Generally, the longer the remaining term of the securities, the greater the price volatility as compared to conventional interest-bearing securities with comparable maturities.

## **2.7 Index-Linked Obligations Foncières**

Index-linked *Obligations Foncières* are debt securities which do not provide for predetermined redemption amounts and/or interest payments but amounts due in respect of principal and/or interest will be dependent upon the performance of an index, which itself may contain substantial credit, interest rate or other risks. The amount of principal and/or interest, if any, payable by the Issuer might be substantially less than the issue price or, as the case may be, the purchase price invested by the holder of *Obligations Foncières* and may even be zero in which case the Holder of *Obligations Foncières* may lose his entire investment.

Index-linked *Obligations Foncières* are not in any way sponsored, endorsed, sold or promoted by the index sponsor or the respective licensor of the index and such index sponsor or licensor makes no warranty or representation whatsoever, express or implied, either as to the results to be obtained from the use of the index and/or the figure at which the index stands at any particular time. Each index is determined, composed and calculated by its respective index sponsor or licensor, without regard to the Issuer or the *Obligations Foncières*. None of the index sponsors or licensors is responsible for or has participated in the determination of the timing of, prices at, or quantities of the *Obligations Foncières* to be issued or in determination or calculation of the equation by which the *Obligations Foncières* settle into cash. None of the index sponsors or licensors has any obligation or liability in connection with the administration, marketing or trading of the *Obligations Foncières*. The index sponsor or licensor of an index has no responsibility for any calculation agency adjustment made for the index.

None of the Issuer, the Dealer(s) or any of their affiliates makes any representation as to an index. Any of such persons may have acquired, or during the term of the *Obligations Foncières* may acquire, non-public information with respect to an index that is or may be material in the context of index-linked *Obligations Foncières*. The issue of index-linked *Obligations Foncières* will not create any obligation on the part of any such persons to disclose to the Holders of *Obligations Foncières* or any other party such information (whether or not confidential).

## **2.8 Partly-paid Obligations Foncières**

The Issuer may issue *Obligations Foncières* where the issue price is payable in more than one instalment. Failure to pay any subsequent instalment could result in an investor losing all of his investment.

## **2.9 Variable rate Obligations Foncières with a multiplier or other leverage factor**

*Obligations Foncières* with variable interest rates can be volatile investments. If they are structured to include multipliers or other leverage factors, or caps or floors, or any combination of those features, their market values may be even more volatile than those for securities that do not include those features.

## **2.10 Structured Obligations Foncières:**

An investment in *Obligations Foncières*, the premium and/or the interest on or principal of which is determined by reference to one or more values of currencies, commodities, interest rates or other indices or formulae, either directly or inversely, may entail significant risks not associated with similar investments in a conventional debt security, including the risks that the resulting interest rate will be less than that payable on a conventional debt security at the same time and/or that an investor may lose the value of its entire investment or part of it, as the case may be. Neither the current nor the historical value of the relevant currencies, commodities, interest rates or other indices or formulae should be taken as an indication of future performance of such currencies, commodities, interest rates or other indices or formulae during the term of any *Obligation Foncière*.

## DOCUMENTS INCORPORATED BY REFERENCE

This Base Prospectus should be read and construed in conjunction with the audited annual financial statements and audit reports for the financial years ended 31 December 2004 and 2005 of the Issuer which have been previously published or are published simultaneously with this Base Prospectus and filed with the *Commission de surveillance du secteur financier* in Luxembourg and shall be incorporated in, and form part of, this Base Prospectus, save that any statement contained in a document which is incorporated by reference herein shall be deemed to be modified or superseded for the purpose of this Base Prospectus to the extent that a statement contained herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Base Prospectus.

All documents incorporated by reference in this Base Prospectus may be obtained, free of charge, at the offices of each Paying Agent set out at the end of this Base Prospectus during normal business hours so long as any of the *Obligations Foncières* are outstanding.

The Annual Reports in the English language relating to Dexia Municipal Agency, incorporating its audited annual accounts for each of the periods ended 31 December 2004 and 2005, filed with the *Commission de surveillance du secteur financier* in Luxembourg are incorporated herein by reference. Copies of these Annual Reports are available without charge on request at the principal office of Dexia Municipal Agency and the Listing Agent set out at the end of this Base Prospectus.

The interim financial statements for the three month period ended 31 March 2006, which have been submitted to a limited review by the auditors and filed with the *Commission de surveillance du secteur financier* in Luxembourg, are incorporated herein by reference. Copies of these accounts are available without charge on request at the principal office of Dexia Municipal Agency and the Listing Agent set out at the end of this Base Prospectus.

This Base Prospectus and the documents incorporated by reference in this Base Prospectus are available for viewing on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)).

### CROSS REFERENCE LIST

The financial information relating to the Issuer incorporated by reference in this Base Prospectus as mentioned above shall be read in connection with the cross reference list as set out below. Any information not listed in the cross reference list but included in the documents incorporated by reference is given for information purposes only.

<b>Annex 11.11</b>	<b>FINANCIAL INFORMATION CONCERNING THE ISSUER'S ASSETS AND LIABILITIES, FINANCIAL POSITION AND PROFITS AND LOSSES</b>	<b>Page of the Interim Financial Information as at 31st March 2006 of the Issuer</b>	<b>Pages of the Annual Report 2005 of the Issuer</b>	<b>Pages of the Annual Report 2004 of the Issuer</b>
A11.11.1.	<p><b><u>Historical Financial Information</u></b></p> <p>Audited historical financial information covering the latest 2 financial years (or such shorter period that the issuer has been in operation), and the audit report in respect of each year. Such financial information must be prepared according to Regulation (EC) No 1606/2002, or if not applicable to a Member State national accounting standards for issuers from the Community. For third country issuers, such financial information must be prepared according to the international accounting standards adopted pursuant to the procedure of Article 3 of Regulation (EC) No 1606/2002 or to a third country's national accounting standards equivalent to these standards. If such financial information is not equivalent to these standards, it must be presented in the form of restated financial statements.</p>			

<p>The most recent year's audited historical financial information must be presented and prepared in a form consistent with that which will be adopted in the issuer's next published annual financial statements having regard to accounting standards and policies and legislation applicable to such annual financial statements.</p> <p>If the issuer has been operating in its current sphere of economic activity for less than one year, the audited historical financial information covering that period must be prepared in accordance with the standards applicable to annual financial statements under Regulation (EC) No 1606/2002, or if not applicable to a Member State national accounting standards where the issuer is an issuer from the Community. For third country issuers, the historical financial information must be prepared according to the international accounting standards adopted pursuant to the procedure of Article 3 of Regulation (EC) No 1606/2002 or to a third country's national accounting standards equivalent to these standards. This historical financial information must be audited. If the audited financial information is prepared according to national accounting standards, the financial information required under this heading must include at least the following:</p>			
(a) the balance sheet;		<b>Pages 77-78</b>	<b>Pages 83-84</b>
(b) the income statement;		<b>Page 79</b>	<b>Page 85</b>
(c) in the case of an admission of securities to trading on a regulated market only, a cash flow statement;		<b>Page 94</b>	
(d) the accounting policies and explanatory notes.		<b>Pages 80 to 103</b>	<b>Pages 86 to 108</b>
<p>The historical annual financial information must be independently audited or reported on as to whether or not, for the purposes of the registration document, it gives a true and fair view, in accordance with auditing standards applicable in a Member State or an equivalent standard.</p>			
<b>A11.11.3     <u>Auditing of historical annual financial information</u></b>			
A11.11.3.1.	A statement that the historical financial information has been audited. If audit reports on the historical financial information have been refused by the statutory auditors or if they contain qualifications or disclaimers, such refusal or such qualifications or disclaimers must be reproduced in full and the reasons given.	<b>Auditors' report page 75</b>	<b>Auditors' reports page 81</b>
A11.11.3.2.	An indication of other information in the registration document which has been audited by the auditors.	<b>Page 111</b>	<b>Page 116</b>
<b>A11.11.5.     <u>Interim and other financial information</u></b>			
A11.11.5.1.	<p>If the issuer has published quarterly or half yearly financial information since the date of its last audited financial statements, these must be included in the registration document. If the quarterly or half yearly financial information has been reviewed or audited the audit or review report must also be included. If the quarterly or half yearly financial information is unaudited or has not been reviewed state that fact.</p> <p>- Management and Auditors' reports; - Tables and Notes.</p>	<b>Pages 1 to 18 Pages 19 to 36</b>	

## SUPPLEMENT TO THE BASE PROSPECTUS

If at any time Dexia Municipal Agency shall be required to prepare a supplement to the Base Prospectus pursuant to the provisions of the *loi relative aux prospectus pour valeurs mobilières* in Luxembourg implementing Article 16 of the Prospectus Directive 2003/71/EC, because of the occurrence or disclosure at any time during the duration of the Programme of a significant new factor, material mistake or inaccuracy or omission relating to the information included in this Base Prospectus, Dexia Municipal Agency undertakes, inter alia, to the Dealers, and the *Commission de surveillance du secteur financier* in Luxembourg and to the Luxembourg Stock Exchange to prepare and make available an appropriate supplement to this Base Prospectus or a restated Base Prospectus, which in respect of any subsequent issue of *Obligations Foncières* to be admitted to trading on the Luxembourg Stock Exchange or on a Regulated Market of a Member State of the European Economic Area or to be offered to the public in Luxembourg or in any Member State of the European Economic Area, shall constitute a supplement to the Base Prospectus for the purpose of the relevant provisions of the *loi relative aux Prospectus pour valeurs mobilières*.

Dexia Municipal Agency shall submit such supplement or restated Base Prospectus to the *Commission de surveillance du secteur financier* in Luxembourg for approval and supply each Dealer and the *Commission de surveillance du secteur financier* in Luxembourg and the Luxembourg Stock Exchange with such number of copies of such amendment or supplement as may reasonably be requested. All documents prepared in connection with the listing approval of the Programme will be published in accordance with the Prospectus Directive 2003/71/EC and will be available at the specified office of the Paying Agent in Luxembourg.

## GENERAL DESCRIPTION OF THE PROGRAMME

*The following general description is qualified in its entirety by the remainder of this Base Prospectus.*

<b>Issuer:</b>	Dexia Municipal Agency (a <i>société anonyme à Directoire et à Conseil de Surveillance</i> incorporated under French law)
<b>Description:</b>	Euro Medium Term <i>Obligation Foncière</i> Programme for the continuous offer of <i>Obligations Foncières</i> (the “ <b>Programme</b> ”)
<b>Arrangers:</b>	Deutsche Bank AG, Paris Branch and Morgan Stanley & Co. International Limited
<b>Dealers:</b>	ABN AMRO Bank N.V. BNP Paribas Barclays Bank PLC Bayerische Hypo- und Vereinsbank AG CALYON IXIS Corporate & Investment Bank Commerzbank Aktiengesellschaft Deutsche Bank AG, acting through its London branch at the address set out below (“Deutsche Bank, AG London Branch”) Dexia Banque Internationale à Luxembourg, société anonyme (acting under the name of Dexia Capital Markets) Dresdner Bank Aktiengesellschaft Goldman Sachs International J.P. Morgan Securities Ltd. Morgan Stanley & Co. International Limited Nomura International plc Société Générale UBS Limited

The Issuer may from time to time terminate the appointment of any dealer under the Programme or appoint additional dealers either in respect of one or more Tranches or in respect of the whole Programme. References in this Base Prospectus to “**Permanent Dealers**” are to the persons listed above as Dealers and to such additional persons that are appointed as dealers in respect of the whole Programme (and whose appointment has not been terminated) and to “**Dealers**” are to all Permanent Dealers and all persons appointed as a dealer in respect of one or more Tranches.

At the date of this Base Prospectus, only credit institutions and investment firms incorporated in a member state of the European Union (“EU”) and which are authorised by the relevant authority of such member home state to lead-manage bond issues in such member state may act (a) as Dealers with respect to non-syndicated issues of *Obligations Foncières* denominated in euro and (b) as lead manager of issues of *Obligations Foncières* denominated in euro issued on a syndicated basis.

<b>Programme Limit:</b>	Up to Euro 75,000,000,000 (or the equivalent in other currencies at the date of issue) aggregate nominal amount of <i>Obligations Foncières</i>
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the date of issue) aggregate nominal amount of *Obligations Foncières* outstanding at any one time.

**Luxembourg Listing Agent:**

Dexia Banque Internationale à Luxembourg, société anonyme  
69, route d'Esch  
L-1470 Luxembourg  
Grand-Duchy of Luxembourg

**Fiscal Agent and Principal Paying Agent:**

Dexia Banque Internationale à Luxembourg, société anonyme

**Paying Agents:**

Dexia Banque Belgium SA  
RBC Dexia Investor Services Bank France S.A.

**Method of Issue:**

The *Obligations Foncières* will be issued on a syndicated or non-syndicated basis. The *Obligations Foncières* will be issued in series (each a “**Series**”) having one or more issue dates and on terms otherwise identical (or identical other than in respect of the first payment of interest), the *Obligations Foncières* of each Series being intended to be interchangeable with all other *Obligations Foncières* of that Series. Each Series may be issued in tranches (each a “**Tranche**”) on the same or different issue dates. The specific terms of each Tranche (which will be supplemented, where necessary, with supplemental terms and conditions and, save in respect of the issue date, issue price, first payment of interest and nominal amount of the Tranche, will be identical to the terms of other Tranches of the same Series) will be set out in a Final Terms to this Base Prospectus (the “**Final Terms**”).

**Maturities:**

Subject to compliance with all relevant laws, regulations and directives, any maturity from one month from the date of original issue.

**Currencies:**

Subject to compliance with all relevant laws, regulations and directives, *Obligations Foncières* may be issued in Euro, U.S. Dollars, Japanese yen, Swiss francs, Sterling and in any other currency agreed between the Issuer and the relevant Dealers.

<b>Denomination:</b>	<p>The <i>Obligations Foncières</i> will be in such denominations as may be specified in the relevant Final Terms.</p> <p>The <i>Obligations Foncières</i> will be issued in such denomination(s) as may be agreed between the Issuer and the relevant Dealer save that the minimum denomination of each <i>Obligation Foncière</i> admitted to trading on a regulated market, or offered to the public, in a Member State of the European Economic Area in circumstances which require the publication of a prospectus under the Prospectus Directive will be €1,000 (or, if the <i>Obligations Foncières</i> are denominated in a currency other than euro, the equivalent amount in such currency at the issue date) or such other higher amount as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant Specified Currency.</p> <p><i>Obligations Foncières</i> having a maturity of less than one year will constitute deposits for the purposes of the prohibition on accepting deposits contained in section 19 of the Financial Services and Markets Act 2000 unless they are issued to a limited class of professional investors and have a denomination of at least £100,000 or its equivalent.</p> <p>Dematerialised <i>Obligations Foncières</i> shall be issued in one denomination only.</p>
<b>Status of <i>Obligations Foncières</i>:</b>	<p>The <i>Obligations Foncières</i> will constitute direct and unconditional obligations of the Issuer, and, as provided below, benefit from the <i>Privilège</i>, as described in “Terms and Conditions of the <i>Obligations Foncières</i> - Status”.</p> <p>The <i>Obligations Foncières</i> are issued under Articles L. 515-13 to L. 515-33 of the French Monetary and Financial Code. Holders of <i>obligations foncières</i> benefit from a <i>privilège</i> (priority right of payment) over all the assets of any <i>société de crédit foncier</i> (like the Issuer). See “Terms and Conditions of the <i>Obligations Foncières</i> - <i>Privilège</i>” and “Summary of the legal <i>Privilège</i> granted by the Law”.</p>
<b>Use of Proceeds:</b>	<p>The net proceeds of the issue of the <i>Obligations Foncières</i> will be used for the Issuer’s general corporate purposes.</p>
<b>Negative Pledge:</b>	<p>None.</p>
<b>Events of Default (including Cross Default):</b>	<p>None.</p>
<b>Redemption:</b>	<p>The relevant Final Terms will specify the basis for calculating the redemption amounts payable.</p>
<b>Optional Redemption:</b>	<p>The Final Terms issued in respect of each issue of <i>Obligations Foncières</i> will state whether such <i>Obligations Foncières</i> may be redeemed prior to their stated maturity at the option of the Issuer (either in whole or in part) and if so the terms applicable to such redemption.</p>

<b>Redemption by Instalments:</b>	The Final Terms issued in respect of each issue of <i>Obligations Foncières</i> that are redeemable in two or more instalments will set out the dates on which, and the amounts in which, such <i>Obligations Foncières</i> may be redeemed.
<b>Interest Periods and Interest Rates:</b>	The length of the interest periods for the <i>Obligations Foncières</i> and the applicable interest rate or its method of calculation may differ from time to time or be constant for any Series. <i>Obligations Foncières</i> may have a maximum interest rate, a minimum interest rate, or both. The use of interest accrual periods permits the <i>Obligations Foncières</i> to bear interest at different rates in the same interest period. All such information will be set out in the relevant Final Terms.
<b>Fixed Rate <i>Obligations Foncières</i>:</b>	Fixed interest will be payable in arrear on the date or dates in each year specified in the relevant Final Terms.
<b>Floating Rate <i>Obligations Foncières</i>:</b>	Floating Rate <i>Obligations Foncières</i> will bear interest determined separately for each Series as follows: <ul style="list-style-type: none"> <li>(i) on the same basis as the floating rate under a notional interest rate swap transaction in the relevant Specified Currency governed by an agreement incorporating the 2000 ISDA Definitions published by the International Swaps and Derivatives Association, Inc., or</li> <li>(ii) by reference to LIBOR, LIBID, LIMEAN or EURIBOR (or such other benchmark as may be specified in the relevant Final Terms), or as otherwise provided in the relevant Final Terms</li> </ul> in each case as adjusted for any applicable margin. Interest periods will be specified in the relevant Final Terms.
<b>Zero Coupon <i>Obligations Foncières</i>:</b>	Zero Coupon <i>Obligations Foncières</i> may be issued at their nominal amount or at a discount to it and will not bear interest.
<b>Dual Currency <i>Obligations Foncières</i>:</b>	Payments (whether in respect of principal or interest and whether at maturity or otherwise) in respect of Dual Currency <i>Obligations Foncières</i> will be made in such currencies, and based on such rates of exchange, as may be specified in the relevant Final Terms.
<b>Index Linked <i>Obligations Foncières</i>:</b>	Payments of principal in respect of Index Linked Redemption <i>Obligations Foncières</i> or of interest in respect of Index Linked Interest <i>Obligations Foncières</i> will be calculated by reference to such index and/or formula as may be specified in the relevant Final Terms. Index Linked <i>Obligations Foncières</i> will be issued in accordance with the applicable provisions of French law and the Issuer's <i>statuts</i> from time to time.
<b>Other <i>Obligations Foncières</i>:</b>	Terms applicable to high interest <i>Obligations Foncières</i> , low interest <i>Obligations Foncières</i> , step-up <i>Obligations Foncières</i> , step-down <i>Obligations Foncières</i> , reverse dual currency <i>Obligations Foncières</i> , optional dual currency <i>Obligations Foncières</i> , partly paid <i>Obligations Foncières</i> and any other type of <i>Obligations Foncières</i> that the Issuer and any Dealer or Dealers may agree to issue under the Programme



will be set out in the relevant Final Terms.

<b>Redenomination:</b>	<i>Obligations Foncières</i> issued in the currency of any Member State of the EU which participates in the single currency of the EMU may be redenominated into Euro, all as more fully provided in “Terms and Conditions of the <i>Obligations Foncières</i> - Form, Denomination, Title and Redenomination(s)” below.
<b>Consolidation:</b>	<i>Obligations Foncières</i> of one Series may be consolidated with <i>Obligations Foncières</i> of another Series as more fully provided in “Terms and Conditions of the <i>Obligations Foncières</i> - Further Issues and Consolidation”.
<b>Form of <i>Obligations Foncières</i>:</b>	<p><i>Obligations Foncières</i> may be issued in either dematerialised form (“<b>Dematerialised <i>Obligations Foncières</i></b>”) or in materialised form (“<b>Materialised <i>Obligations Foncières</i></b>”).</p> <p>Dematerialised <i>Obligations Foncières</i> may, at the option of the Issuer be issued in bearer dematerialised form (<i>au porteur</i>) or in registered dematerialised form (<i>au nominatif</i>) and, in such latter case, at the option of the relevant holder, in either <i>au nominatif pur</i> or <i>au nominatif administré</i> form. No physical documents of title will be issued in respect of Dematerialised <i>Obligations Foncières</i>. See “Terms and Conditions of the <i>Obligations Foncières</i> - Form, Denomination, Title and Redomination”.</p> <p>Materialised <i>Obligations Foncières</i> will be in bearer materialised form (“<b>Bearer Materialised <i>Obligations Foncières</i></b>”) only. A Temporary Global Certificate will be issued initially in respect of each Tranche of Bearer Materialised <i>Obligations Foncières</i>. Materialised <i>Obligations Foncières</i> may only be issued outside France.</p>
<b>Governing Law:</b>	French law.
<b>Clearing Systems:</b>	Euroclear France as central depository in relation to Dematerialised <i>Obligations Foncières</i> and, in relation to Materialised <i>Obligations Foncières</i> , Clearstream, Luxembourg and Euroclear or any other clearing system that may be agreed between the Issuer, the Fiscal Agent and the relevant Dealer.
<b>Initial Delivery of Dematerialised <i>Obligations Foncières</i>:</b>	No later than one Paris business day before the issue date of each Tranche of Dematerialised <i>Obligations Foncières</i> , the <i>lettre comptable</i> relating to such Tranche shall be deposited with Euroclear France as central depository.
<b>Initial Delivery of Materialised <i>Obligations Foncières</i>:</b>	On or before the issue date for each Tranche of Bearer Materialised <i>Obligations Foncières</i> , the Temporary Global Certificate issued in respect of such Tranche shall be deposited with a common depository for Euroclear and Clearstream, Luxembourg or with any other clearing system or may be delivered outside any clearing system provided that the method of such delivery has been agreed in advance by the Issuer, the Fiscal Agent and the relevant Dealer.
<b>Issue Price:</b>	<i>Obligations Foncières</i> may be issued at their nominal amount or at a discount or premium to their nominal amount. Partly Paid <i>Obligations</i>

*Foncières* may be issued, the issue price of which will be payable in two or more instalments.

**Taxation:**

Payments of interest and other revenues with respect to the *Obligations Foncières* will be made without withholding or deduction for, or on account of, the withholding tax set out under Article 125 A III of the French *Code Général des Impôts*, as provided for in Article 131 *quater* of the French *Code Général des Impôts*, to the extent that the *Obligations Foncières* are issued (or deemed to be issued) outside the Republic of France.

*Obligations Foncières* will be issued (or deemed to be issued) outside the Republic of France (i) in the case of syndicated or non-syndicated issues of *Obligations Foncières*, if such *Obligations Foncières* are denominated in euro, (ii) in the case of syndicated issues of *Obligations Foncières* denominated in currencies other than euro, if, *inter alia*, the Issuer and the relevant Dealers agree not to offer the *Obligations Foncières* to the public in the Republic of France and such *Obligations Foncières* are offered in the Republic of France only through an international syndicate to qualified investors (*investisseurs qualifiés*) as described in Article L. 411-2 of the French Monetary and Financial Code or (iii) in the case of non-syndicated issues of *Obligations Foncières* denominated in currencies other than euro that are not offered and sold through an international syndicate, if each of the subscribers of the *Obligations Foncières* is domiciled or resident for tax purposes outside the Republic of France and does not act through a permanent establishment or fixed base therein, in each case as more fully set out in the Circular 5 I-11-98 of the *Direction Générale des Impôts* dated 30 September 1998.

However, if so provided in the relevant Final Terms, *Obligations Foncières* denominated in currencies other than euro may be offered without an international syndicate and may be placed with subscribers not all of whom are resident outside the Republic of France. In such cases, the *Obligations Foncières* will not benefit from the exemption from deduction at source provided for in Article 131 *quater* of the French *Code Général des Impôts* and interest payments under such *Obligations Foncières* made to a non-French resident will be exempt from withholding or deduction at source only if the beneficiary of the payment provides certification that he is not resident in the Republic of France, all in accordance with the provisions of Article 125 A III of the French *Code Général des Impôts*, as more fully described in “Terms and Conditions of the *Obligations Foncières* - Taxation”.

Unless otherwise specifically provided in the Final Terms, there will be no grossing up provisions and accordingly no Issuer’s tax call option. See “Terms and Conditions of the *Obligations Foncières* - Taxation”.

**Listing and Admission to trading:**

The Luxembourg Stock Exchange or as otherwise specified in the relevant Final Terms. As specified in the relevant Final Terms, a Series of *Obligations Foncières* may or may not be admitted to

trading.

**Offer to the public:**

The *Obligations Foncières* may or may not be offered to the public in Luxembourg and/or in any Member State of the European Economic Area, provided that such offer to the public is made in accordance with the European Economic Area selling restrictions (see “Subscription and Sale”).

**Method of Publication of the Final Terms:**

The Final Terms related to *Obligations Foncières* admitted to trading will be published, if relevant on the website of the Luxembourg Stock Exchange, and copies may be obtained from Dexia Municipal Agency, Tour Cristal, 7-11 Quai André Citroën, 75015 Paris, France or through any other means in accordance with the terms of Article 14 of the Prospectus Directive. The Final Terms will indicate where the Base Prospectus may be obtained.

**Rating:**

*Obligations Foncières* to be issued under the Programme are expected to be rated AAA by Standard & Poor’s Rating Services and Fitch Ratings and Aaa by Moody’s Investors Services, Inc.

The rating will be specified in the relevant Final Terms.

A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

**Selling Restrictions:**

There are restrictions on the sale of *Obligations Foncières* and the distribution of offering material in various jurisdictions. See “Subscription and Sale”. In connection with the offering and sale of a particular Tranche, additional selling restrictions may be imposed which will be set out in the relevant Final Terms. See “Subscription and Sale”.

The Issuer is Category 1 for the purposes of Regulation S.

Materialised *Obligations Foncières* will be issued in compliance with U.S. Treas. Reg. §1.163-5(c)(2)(i)(D) (the “**D Rules**”) unless (i) the relevant Final Terms states that such Materialised *Obligations Foncières* are issued in compliance with U.S. Treas. Reg. §1.163-5(c)(2)(i)(C) (the “**C Rules**”) or (ii) such Materialised *Obligations Foncières* are issued other than in compliance with the D Rules or the C Rules but in circumstances in which the *Obligations Foncières* will not constitute “registration required obligations” under the United States Tax Equity and Fiscal Responsibility Act of 1982 (“**TEFRA**”), which circumstances will be referred to in the relevant Final Terms as a transaction to which TEFRA is not applicable.

## TERMS AND CONDITIONS OF THE *OBLIGATIONS FONCIÈRES*

The following is the text of the terms and conditions that, subject to completion in accordance with the provisions of the relevant Final Terms, shall be applicable to the *Obligations Foncières*. In the case of Dematerialised *Obligations Foncières* the text of the terms and conditions will not be endorsed on physical documents of title but will be constituted by the following text as completed, amended or varied by the relevant Final Terms. In the case of Materialised *Obligations Foncières*, either (i) the full text of these terms and conditions together with the relevant provisions of the Final Terms or (ii) these terms and conditions as so completed (and subject to simplification by the deletion of non-applicable provisions), shall be endorsed on definitive Bearer Materialised *Obligations Foncières*. All capitalised terms that are not defined in these Conditions will have the meanings given to them in the relevant Final Terms. References in the Conditions to “**Obligations Foncières**” are to the *Obligations Foncières* of one Series only, not to all *Obligations Foncières* that may be issued under the Programme.

The *Obligations Foncières* are issued by Dexia Municipal Agency (the “**Issuer**”) with the benefit of an amended and restated agency agreement dated 21 July 2006 between the Issuer, Dexia Banque Internationale à Luxembourg, société anonyme as fiscal agent and the other agents named in it (the “**Amended and Restated Agency Agreement**”). The fiscal agent, the paying agents, the redenomination agent, the consolidation agent and the calculation agent(s) for the time being (if any) are referred to below respectively as the “**Fiscal Agent**”, the “**Paying Agents**” (which expression shall include the Fiscal Agent), the “**Redenomination Agent**”, the “**Consolidation Agent**” and the “**Calculation Agent(s)**”.

For the purpose of these Terms and Conditions, “**Regulated Market**” means any regulated market situated in a Member State of the European Economic Area (“**EEA**”) as defined in the Investment Services Directive 93/22/EEC and as listed on the website of Europa ([http://www.europa.eu.int/comm/internal\\_market/en/finances/mobil/isd](http://www.europa.eu.int/comm/internal_market/en/finances/mobil/isd)).

References below to “**Conditions**” are, unless the context requires otherwise, to the numbered paragraphs below.

### 1 Form, Denomination, Title and Redenomination

(a) **Form:** *Obligations Foncières* may be issued either in dematerialised form (“**Dematerialised Obligations Foncières**”) or in materialised form (“**Materialised Obligations Foncières**”).

(i) Title to Dematerialised *Obligations Foncières* will be evidenced in accordance with Article L. 211-4 of the French Monetary and Financial Code by book entries (*inscriptions en compte*). No physical document of title (including *certificats représentatifs* pursuant to Article R.211-7 of the French Monetary and Financial Code) will be issued in respect of the Dematerialised *Obligations Foncières*.

Dematerialised *Obligations Foncières* are issued, at the option of the Issuer and as specified in the final terms (the “**Final Terms**”), in either bearer dematerialised form (*au porteur*), in which case they are inscribed in the books of Euroclear France (“**Euroclear France**”) (acting as central depository) which shall credit the accounts of Account Holders, or in registered dematerialised form (*au nominatif*) and, in such latter case, at the option of the relevant holder in either administered registered form (*nominatif administré*) inscribed in the books of an Account Holder or in fully registered form (*au nominatif pur*) inscribed in an account in the books of Euroclear France maintained by the Issuer or a registration agent (designated in the relevant Final Terms) acting on behalf of the Issuer (the “**Registration Agent**”).

For the purpose of these Conditions, “**Account Holder**” means any authorised financial intermediary institution entitled to hold accounts, directly or indirectly, on behalf of its customers with Euroclear France, and includes Euroclear Bank S.A./N.V. (“**Euroclear**”) and the depository bank for Clearstream Banking, société anonyme (“**Clearstream, Luxembourg**”).

- (ii) Materialised *Obligations Foncières* are issued in bearer form (“**Bearer Materialised Obligations Foncières**”). Definitive Bearer Materialised *Obligations Foncières* are serially numbered and are issued with coupons (the “**Coupons**”) (and, where appropriate, a talon (the “**Talon**”)) attached, save in the case of Zero Coupon *Obligations Foncières* in which case references to interest (other than in relation to interest due after the Maturity Date), Coupons and Talons in these Conditions are not applicable. Instalment *Obligations Foncières* are issued with one or more receipts (the “**Receipts**”) attached.

*In accordance with Article L. 211-4 of the French Monetary and Financial Code securities (such as Obligations Foncières) which are governed by French law and are in materialised form must be issued outside the French territory.*

- (b) **Denomination:** *Obligations Foncières* shall be issued in the Specified Denomination(s) as set out in the relevant Final Terms (the “**Specified Denomination**”) save that the minimum denomination of each *Obligation Foncière* admitted to trading on a Regulated Market, or offered to the public, in a Member State of the EEA in circumstances which require the publication of a prospectus under the Prospectus Directive will be €1,000 (or, if the *Obligations Foncières* are denominated in a currency other than euro, the equivalent amount in such currency at the issue date) or such other higher amount as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant Specified Currency. Dematerialised *Obligations Foncières* shall be issued in one Specified Denomination only.

*Obligations Foncières* having a maturity of less than one year will constitute deposits for the purposes of the prohibition on accepting deposits contained in section 19 of the Financial Services and Markets Act 2000 unless they are issued to a limited class of professional investors and have a denomination of at least £100,000 or its equivalent.

(c) **Title:**

- (i) Title to Dematerialised *Obligations Foncières* in bearer dematerialised form (*au porteur*) and in administered registered form (*au nominatif administré*) shall pass upon, and transfer of such *Obligations Foncières* shall only be effected through, registration of the transfer in the accounts of Account Holders. Title to Dematerialised *Obligations Foncières* in fully registered form (*au nominatif pur*) shall pass upon, and transfer of such *Obligations Foncières* shall only be effected through, registration of the transfer in the accounts of the Issuer or the Registration Agent.
- (ii) Title to definitive Bearer Materialised *Obligations Foncières* and the Receipts, Coupons and Talons shall pass by delivery.
- (iii) Except as ordered by a court of competent jurisdiction or as required by law, the holder (as defined below) of any *Obligation Foncière*, Receipt, Coupon or Talon shall be deemed to be and may be treated as its absolute owner for all purposes, whether or not it is overdue and regardless of any notice of ownership, or an interest in it, any writing on it or its theft or loss and no person shall be liable for so treating the holder.
- (iv) In these Conditions, “**holder of Obligations Foncières**”, means (i) in the case of Dematerialised *Obligations Foncières*, the person whose name appears in the account of the relevant Account Holder or the Issuer or the Registration Agent (as the case may be) as being entitled to such *Obligations Foncières* and (ii) in the case of Materialised *Obligations Foncières*, the bearer of

any definitive Bearer Materialised *Obligation Foncière* and the Receipts, Coupons or Talon relating to it, and capitalised terms have the meanings given to them in the relevant Final Terms, the absence of any such meaning indicating that such term is not applicable to the *Obligations Foncières*.

(d) **Redenomination:**

- (i) The Issuer may (if so specified in the relevant Final Terms), on any Interest Payment Date, without the consent of the holder of any *Obligation Foncière*, Receipt, Coupon or Talon, by giving at least 30 days' notice in accordance with Condition 14 and on or after the date on which the European Member State in whose national currency the *Obligations Foncières* are denominated has become a participating Member State in the third stage (or any further stage) of the European Economic and Monetary Union (as provided in the Treaty establishing the European Community (the "EC", as amended from time to time (the "Treaty"))) or events have occurred which have substantially the same effects (in either case, "EMU"), redenominate all, but not some only, of the *Obligations Foncières* of any Series into Euro and adjust the aggregate principal amount and the Specified Denomination(s) set out in the relevant Final Terms accordingly, as described below. The date on which such redenomination becomes effective shall be referred to in these Conditions as the "**Redenomination Date**".
- (ii) Unless otherwise specified in the relevant Final Terms, the redenomination of the *Obligations Foncières* pursuant to Condition 1(d)(i) shall be made by converting the principal amount of each *Obligation Foncière* from the relevant national currency into Euro using the fixed relevant national currency Euro conversion rate established by the Council of the European Union pursuant to applicable regulations of the Treaty and rounding the resultant figure to the nearest Euro 0.01 (with Euro 0.005 being rounded upwards). If the Issuer so elects, the figure resulting from conversion of the principal amount of each *Obligation Foncière* using the fixed relevant national currency Euro conversion rate shall be rounded down to the nearest Euro. The Euro denominations of the *Obligations Foncières* so determined shall be notified to holders of *Obligations Foncières* in accordance with Condition 14. Any balance remaining from the redenomination with a denomination higher than Euro 0.01 shall be paid by way of cash adjustment rounded to the nearest Euro 0.01 (with Euro 0.005 being rounded upwards). Such cash adjustment will be payable in Euros on the Redenomination Date in the manner notified to holders of *Obligations Foncières* by the Issuer.
- (iii) In the case of Dematerialised *Obligations Foncières* only the Issuer may also redenominate all, but not some only, of the *Obligations Foncières* of any Series into Euro in accordance with Article L. 113-4 of the French Monetary and Financial Code provided that references to the Franc or the ECU contained in such Article L. 113-4 shall be deemed to be a reference to the currency of any Member State participating in the third stage (or further stages) of the EMU.
- (iv) Upon redenomination of the *Obligations Foncières*, any reference in the relevant Final Terms to the relevant national currency shall be construed as a reference to Euro.
- (v) Unless otherwise specified in the relevant Final Terms, the Issuer may, with the prior approval of the Redenomination Agent and the Consolidation Agent, in connection with any redenomination pursuant to this Condition or any consolidation pursuant to Condition 13, without the consent of the holder of any *Obligation Foncière*, Receipt, Coupon or Talon, make any changes or additions to these Conditions or Condition 13 (including, without limitation, any change to any applicable business day definition, business day convention, principal financial centre of the country of the Specified Currency, interest accrual basis or benchmark), taking into account market practice in respect of redenominated euromarket debt obligations and which it believes are not prejudicial to

the interests of such holders. Any such changes or additions shall, in the absence of manifest error, be binding on the holders of *Obligations Foncières*, Receipts, Coupons and Talons and shall be notified to holders of *Obligations Foncières* in accordance with Condition 14 as soon as practicable thereafter.

- (vi) Neither the Issuer nor any Paying Agent shall be liable to the holder of any *Obligation Foncière*, Receipt, Coupon or Talon or other person for any commissions, costs, losses or expenses in relation to or resulting from the credit or transfer of Euros or any currency conversion or rounding effected in connection therewith.

## 2 Conversions and Exchanges of *Obligations Foncières*

### (a) Dematerialised *Obligations Foncières*

- (i) Dematerialised *Obligations Foncières* issued in bearer dematerialised form (*au porteur*) may not be converted into Dematerialised *Obligations Foncières* in registered dematerialised form, whether in fully registered form (*au nominatif pur*) or in administered registered form (*au nominatif administré*).
- (ii) Dematerialised *Obligations Foncières* issued in registered dematerialised form (*au nominatif*) may not be converted into Dematerialised *Obligations Foncières* in bearer dematerialised form (*au porteur*).
- (iii) Dematerialised *Obligations Foncières* issued in fully registered form (*au nominatif pur*) may, at the option of the holder of such *Obligations Foncières*, be converted into *Obligations Foncières* in administered registered form (*au nominatif administré*), and vice versa. The exercise of any such option by such holder shall be made in accordance with Article 4 of Decree No. 83-359 of 2 May 1983. Any such conversion shall be effected at the cost of such holder.

### (b) Materialised *Obligations Foncières*

Bearer Materialised *Obligations Foncières* of one Specified Denomination may not be exchanged for Bearer Materialised *Obligations Foncières* of another Specified Denomination.

## 3 Status

The *Obligations Foncières* and, where applicable, any Receipts and Coupons relating to them constitute direct, unconditional and, pursuant to the provisions of Condition 4, secured obligations of the Issuer and rank and will rank *pari passu* and without any preference among themselves and equally and rateably with all other present or future *obligations foncières* of the Issuer (including the *Obligations Foncières* of all other Series) and other resources raised by the Issuer secured by the *privilège* (the “*Privilège*”) referred to in Article L. 515-19 of the French Monetary and Financial Code as described in Condition 4.

## 4 *Privilège*

- (a) The *Obligations Foncières* are secured by the *Privilège* (priority right of payment) created by Article L. 515-19 of the French Monetary and Financial Code.
- (b) Pursuant to Article L. 515-19 of the French Monetary and Financial Code, all amounts payable to the Issuer in respect of loans or assimilated receivables and securities referred to in Articles L. 515-14 to L. 515-17 of the French Monetary and Financial Code and the forward financial instruments referred to in Article L. 515-18 of the French Monetary and Financial Code (in each case after any applicable netting), together with the claims in respect of deposits made by the Issuer with credit institutions, are allocated in priority to the payment of any sums due in respect of *obligations foncières* (including the *Obligations Foncières*) issued by the Issuer and other resources raised by the Issuer pursuant to issue or subscription contracts referring to the *Privilège*.

It should be *noted* that not only *Obligations Foncières* benefit from the *Privilège*; other resources (such as loans and other securities) and derivative transactions for hedging *Obligations Foncières* and such other resources may also benefit from the *Privilège*.

- (c) Article L. 515-19 of the French Monetary and Financial Code provides that, notwithstanding any legislative provisions to the contrary and in particular those contained in the French Code of commerce relating to the prevention and amicable settlement of business difficulties and the judicial administration and liquidation of companies, the amounts due regularly under *obligations foncières* (including the *Obligations Foncières*) and other resources benefiting from the *Privilège*, are paid on their contractual due date, and in priority to all other debts, whether or not preferred or secured, including interest resulting from agreements whatever their duration. Accordingly, until all creditors benefiting from the *Privilège* have been fully paid, no other creditor of the Issuer may exercise any right over the assets and rights of the Issuer.

## 5 Interest and other Calculations

- (a) **Definitions:** In these Conditions, unless the context otherwise requires, the following defined terms shall have the meanings set out below:

“**Business Day**” means:

- (i) in the case of euro, a day on which the TARGET system is operating (a “**TARGET Business Day**”) and/or
- (ii) in the case of a Specified Currency other than euro, a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in the principal financial centre for that currency and/or
- (iii) in the case of a Specified Currency and/or one or more Business Centres, a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets settle payments in such currency in the Business Centre(s) or, if no currency is indicated, generally in each of the Business Centres

“**Day Count Fraction**” means, in respect of the calculation of an amount of interest on any *Obligation Foncière* for any period of time (from and including the first day of such period to but excluding the last) (whether or not constituting an Interest Period, the “**Calculation Period**”):

- (i) if “**Actual/365**” or “**Actual/Actual - ISDA**” is specified in the relevant Final Terms, the actual number of days in the Calculation Period divided by 365 (or, if any portion of that Calculation Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365)
- (ii) if “**Actual/Actual - ICMA**” is specified in the relevant Final Terms:
  - (A) if the Calculation Period is equal to or shorter than the Determination Period during which it falls, the number of days in the Calculation Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Periods normally ending in any year; and
  - (B) if the Calculation Period is longer than one Determination Period, the sum of:
    - (x) the number of days in such Calculation Period falling in the Determination Period in which it begins divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year; and



- (y) the number of days in such Calculation Period falling in the next Determination Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year

where

“**Determination Period**” means the period from and including a Determination Date in any year to but excluding the next Determination Date; and

“**Determination Date**” means the date specified hereon or, if none is so specified, the Interest Payment Date

- (iii) if “**Actual/365 (Fixed)**” is specified in the relevant Final Terms, the actual number of days in the Calculation Period divided by 365
- (iv) if “**Actual/360**” is specified in the relevant Final Terms, the actual number of days in the Calculation Period divided by 360
- (v) if “**30/360**”, “**360/360**” or “**Bond Basis**” is specified in the relevant Final Terms, the number of days in the Calculation Period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 12 30-day months (unless (a) the last day of the Calculation Period is the 31st day of a month but the first day of the Calculation Period is a day other than the 30th or 31st day of a month, in which case the month that includes that last day shall not be considered to be shortened to a 30-day month, or (b) the last day of the Calculation Period is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30-day month)) and
- (vi) if “**30E/360**” or “**Eurobond Basis**” is specified in the relevant Final Terms, the number of days in the Calculation Period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 12 30-day months, without regard to the date of the first day or last day of the Calculation Period unless, in the case of a Calculation Period ending on the Maturity Date, the Maturity Date is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30-day month)

“**Effective Date**” means, with respect to any Floating Rate to be determined on an Interest Determination Date, the date specified as such in the relevant Final Terms or, if none is so specified, the first day of the Interest Accrual Period to which such Interest Determination Date relates

“**Euro-zone**” means the region comprised of member states of the European Union that adopt the single currency in accordance with the Treaty establishing the European Community, as amended

“**Interest Accrual Period**” means the period beginning on (and including) the Interest Commencement Date and ending on (but excluding) the first Interest Period Date and each successive period beginning on (and including) an Interest Period Date and ending on (but excluding) the next succeeding Interest Period Date

“**Interest Amount**” means the amount of interest payable, and in the case of Fixed Rate *Obligations Foncières*, means the Fixed Coupon Amount or Broken Amount, as the case may be

“**Interest Commencement Date**” means the Issue Date or such other date as may be specified in the relevant Final Terms

“**Interest Determination Date**” means, with respect to a Rate of Interest and Interest Accrual Period, the date specified as such in the relevant Final Terms or, if none is so specified, (i) the day falling two TARGET Business Days prior to the first day of such Interest Accrual Period if the Specified Currency is

euro or (ii) the first day of such Interest Accrual Period if the Specified Currency is Sterling or (iii) the day falling two Business Days in Paris for the Specified Currency prior to the first day of such Interest Accrual Period if the Specified Currency is neither Sterling nor euro

“**Interest Payment Date**” means the date(s) specified as Specified Interest Payment Date or Interest Payment Date in the relevant Final Terms

“**Interest Period**” means the period beginning on (and including) the Interest Commencement Date and ending on (but excluding) the first Interest Payment Date and each successive period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next succeeding Interest Payment Date

“**Interest Period Date**” means each Interest Payment Date unless otherwise specified in the relevant Final Terms

“**ISDA Definitions**” means the 2000 ISDA Definitions published by the International Swaps and Derivatives Association, Inc., unless otherwise specified in the relevant Final Terms

“**Page**” means such page, section, caption, column or other part of a particular information service (including, but not limited to, Reuters Markets 3000 (“**Reuters**”) and Telerate (“**Telerate**”)) as may be specified for the purpose of providing a Relevant Rate, or such other page, section, caption, column or other part as may replace it on that information service or on such other information service, in each case as may be nominated by the person or organisation providing or sponsoring the information appearing there for the purpose of displaying rates or prices comparable to that Relevant Rate, as disclosed in the Final Terms

“**Rate of Interest**” means the rate of interest payable from time to time in respect of the *Obligations Foncières* and that is either specified or calculated in accordance with the provisions in the relevant Final Terms

“**Reference Banks**” means the institutions specified as such in the relevant Final Terms or, if none, four major banks selected by the Calculation Agent in the interbank market (or, if appropriate, money, swap or over-the-counter index options market) that is most closely connected with the Benchmark (which, if EURIBOR is the relevant Benchmark, shall be the Euro-zone)

“**Relevant Financial Centre**” means, with respect to any Floating Rate to be determined in accordance with a Screen Rate Determination on an Interest Determination Date, the financial centre as may be specified as such in the relevant Final Terms or, if none is so specified, the financial centre with which the relevant Benchmark is most closely connected (which, in the case of EURIBOR, shall be the Euro-zone) or, if none is so connected, Paris

“**Relevant Date**” means, in respect of any *Obligation Foncière*, Receipt or Coupon, the date on which payment in respect of it first became due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (in the case of Materialised *Obligations Foncières* if earlier) the date seven days after that on which notice is duly given to the holders of such Materialised *Obligations Foncières* that, upon further presentation of the Materialised *Obligation Foncière*, Receipt or Coupon being made in accordance with the Conditions, such payment will be made, provided that payment is in fact made upon such presentation

“**Relevant Rate**” means the Benchmark for a Representative Amount of the Specified Currency for a period (if applicable or appropriate to the Benchmark) equal to the Specified Duration commencing on the Effective Date

“**Relevant Time**” means, with respect to any Interest Determination Date, the local time in the Relevant Financial Centre specified in the relevant Final Terms or, if no time is specified, the local time in the

Relevant Financial Centre at which it is customary to determine bid and offered rates in respect of deposits in the Specified Currency in the interbank market in the Relevant Financial Centre and for this purpose “**local time**” means, with respect to Europe and the Euro-zone as a Relevant Financial Centre, 11.00 hours, Brussels time

“**Representative Amount**” means, with respect to any Floating Rate to be determined in accordance with a Screen Rate Determination on an Interest Determination Date, the amount specified as such in the relevant Final Terms or, if none is specified, an amount that is representative for a single transaction in the relevant market at the time

“**Specified Currency**” means the currency specified as such in the relevant Final Terms or, if none is specified, the currency in which the *Obligations Foncières* are denominated

“**Specified Duration**” means, with respect to any Floating Rate to be determined in accordance with a Screen Rate Determination on an Interest Determination Date, the duration specified in the relevant Final Terms or, if none is specified, a period of time equal to the relative Interest Accrual Period, ignoring any adjustment pursuant to Condition 5(c)(ii)

“**TARGET System**” means the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET) System or any successor thereto.

- (b) **Interest on Fixed Rate *Obligations Foncières*:** Each Fixed Rate *Obligation Foncière* bears interest on its outstanding nominal amount from the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest, such interest being payable in arrear on each Interest Payment Date.

If a Fixed Coupon Amount or a Broken Amount is specified in the relevant Final Terms, the amount of interest payable on each Interest Payment Date will amount to the Fixed Coupon Amount or, if applicable, the Broken Amount so specified and in the case of the Broken Amount will be payable on the particular Interest Payment Date(s) specified in the relevant Final Terms.

- (c) **Interest on Floating Rate *Obligations Foncières* and Index Linked Interest *Obligations Foncières*:**

(i) Interest Payment Dates: Each Floating Rate *Obligation Foncière* and Index Linked Interest *Obligation Foncière* bears interest on its outstanding nominal amount from the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest, such interest being payable in arrear on each Interest Payment Date. Such Interest Payment Date(s) is/are either shown in the relevant Final Terms as Specified Interest Payment Dates or, if no Specified Interest Payment Date(s) is/are shown in the relevant Final Terms, Interest Payment Date shall mean each date which falls the number of months or other period shown in the relevant Final Terms as the Interest Period after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

(ii) Business Day Convention: If any date referred to in these Conditions that is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day that is not a Business Day, then, if the Business Day Convention specified is (A) the Floating Rate Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event (x) such date shall be brought forward to the immediately preceding Business Day and (y) each subsequent such date shall be the last Business Day of the month in which such date would have fallen had it not been subject to adjustment, (B) the Following Business Day Convention, such date shall be postponed to the next day that is a Business Day, (C) the Modified Following Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to

the immediately preceding Business Day or (D) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding Business Day.

- (iii) Rate of Interest for Floating Rate *Obligations Foncières*: The Rate of Interest in respect of Floating Rate *Obligations Foncières* for each Interest Accrual Period shall be determined in the manner specified in the relevant Final Terms and the provisions below relating to either ISDA Determination or Screen Rate Determination shall apply, depending upon which is specified in the relevant Final Terms.

(A) ISDA Determination for Floating Rate *Obligations Foncières*

Where ISDA Determination is specified in the relevant Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Accrual Period shall be determined by the Calculation Agent as a rate equal to the relevant ISDA Rate plus or minus (as indicated in the relevant Final Terms) the Margin (if any). For the purposes of this sub-paragraph (A), “**ISDA Rate**” for an Interest Accrual Period means a rate equal to the Floating Rate that would be determined by the Calculation Agent under a Swap Transaction under the terms of an agreement incorporating the ISDA Definitions and under which:

- (a) the Floating Rate Option is as specified in the relevant Final Terms
- (b) the Designated Maturity is a period specified in the relevant Final Terms and
- (c) the relevant Reset Date is the first day of that Interest Accrual Period unless otherwise specified in the relevant Final Terms.

For the purposes of this sub-paragraph (A), “**Floating Rate**”, “**Calculation Agent**”, “**Floating Rate Option**”, “**Designated Maturity**”, “**Reset Date**” and “**Swap Transaction**” have the meanings given to those terms in the ISDA Definitions.

(B) Screen Rate Determination for Floating Rate *Obligations Foncières*

Where Screen Rate Determination is specified in the relevant Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Accrual Period shall be determined by the Calculation Agent at or about the Relevant Time on the Interest Determination Date in respect of such Interest Accrual Period in accordance with the following:

- (a) if the Primary Source for Floating Rate is a Page, subject as provided below, the Rate of Interest shall be:
  - (i) the Relevant Rate (where such Relevant Rate on such Page is a composite quotation or is customarily supplied by one entity) or
  - (ii) the arithmetic mean of the Relevant Rates of the persons whose Relevant Rates appear on that Page,

in each case appearing on such Page at the Relevant Time on the Interest Determination Date, as disclosed in the Final Terms.

- (b) if the Primary Source for the Floating Rate is Reference Banks or if sub-paragraph (a)(i) applies and no Relevant Rate appears on the Page at the Relevant Time on the Interest Determination Date or if sub-paragraph (a)(ii) applies and fewer than two Relevant Rates appear on the Page at the Relevant Time on the Interest Determination Date, subject as provided below, the Rate of Interest shall be the arithmetic mean of the Relevant Rates that each of the Reference Banks is quoting to leading banks in the Relevant Financial Centre at

the Relevant Time on the Interest Determination Date, as determined by the Calculation Agent and

- (c) if paragraph (b) above applies and the Calculation Agent determines that fewer than two Reference Banks are so quoting Relevant Rates, subject as provided below, the Rate of Interest shall be the arithmetic mean of the rates per annum (expressed as a percentage) that the Calculation Agent determines to be the rates (being the nearest equivalent to the Benchmark) in respect of a Representative Amount of the Specified Currency that at least two out of five leading banks selected by the Calculation Agent in the principal financial centre of the country of the Specified Currency or, if the Specified Currency is euro, in the euro-zone as selected by the Calculation Agent (the “Principal Financial Centre”) are quoting at or about the Relevant Time on the date on which such banks would customarily quote such rates for a period commencing on the Effective Date for a period equivalent to the Specified Duration (I) to leading banks carrying on business in Europe, or (if the Calculation Agent determines that fewer than two of such banks are so quoting to leading banks in Europe) (II) to leading banks carrying on business in the Principal Financial Centre; except that, if fewer than two of such banks are so quoting to leading banks in the Principal Financial Centre, the Rate of Interest shall be the Rate of Interest determined on the previous Interest Determination Date (after readjustment for any difference between any Margin, Rate Multiplier or Maximum or Minimum Rate of Interest applicable to the preceding Interest Accrual Period and to the relevant Interest Accrual Period).
- (iv) Rate of Interest for Index Linked Interest *Obligations Foncières*: The Rate of Interest in respect of Index Linked Interest *Obligations Foncières* for each Interest Accrual Period shall be determined in the manner specified in the relevant Final Terms and interest will accrue by reference to an Index or Formula as specified in the relevant Final Terms.
- (d) **Zero Coupon *Obligations Foncières***: Where an *Obligation Foncière* the interest basis of which is specified to be Zero Coupon is repayable prior to the Maturity Date pursuant to an Issuer’s option or, if so specified in the relevant Final Terms, pursuant to Condition 6(d)(i) or otherwise and is not paid when due, the amount due and payable prior to the Maturity Date shall, unless otherwise provided in the relevant Final Terms, be the Early Redemption Amount of such *Obligation Foncière*. As from the Maturity Date, the Rate of Interest for any overdue principal of such an *Obligation Foncière* shall be a rate per annum (expressed as a percentage) equal to the Amortisation Yield (as described in Condition 6(d)(i)) or to a rate specified in the Final Terms.
- (e) **Dual Currency *Obligations Foncières***: In the case of Dual Currency *Obligations Foncières*, if the rate or amount of interest falls to be determined by reference to a Rate of Exchange or a method of calculating, a Rate of Exchange, the rate or amount of interest payable shall be determined in the manner specified in the relevant Final Terms.
- (f) **Partly Paid *Obligations Foncières***: In the case of Partly Paid *Obligations Foncières* (other than Partly Paid *Obligations Foncières* which are Zero Coupon *Obligations Foncières*), interest will accrue as aforesaid on the paid-up nominal amount of such *Obligations Foncières* and otherwise as specified in the relevant Final Terms.
- (g) **Accrual of Interest**: Interest shall cease to accrue on each *Obligation Foncière* on the due date for redemption unless (i) in the case of Dematerialised *Obligations Foncières*, on such due date or (ii) in the case of Materialised *Obligations Foncières*, upon due presentation, payment is improperly withheld or refused, in which event interest shall continue to accrue (as well after as before judgment) at the Rate of Interest in the manner provided in this Condition 5 to the Relevant Date.

- (h) **Margin, Maximum/Minimum Rates of Interest, Instalment Amounts and Redemption Amounts, Rate Multipliers and Rounding:**
- (i) If any Margin or Rate Multiplier is specified in the relevant Final Terms (either (x) generally, or (y) in relation to one or more Interest Accrual Periods), an adjustment shall be made to all Rates of Interest, in the case of (x), or the Rates of Interest for the specified Interest Accrual Periods, in the case of (y), calculated in accordance with (c) above by adding (if a positive number) or subtracting the absolute value (if a negative number) of such Margin or multiplying by such Rate Multiplier, subject always to the next paragraph
  - (ii) If any Maximum or Minimum Rate of Interest, Instalment Amount or Redemption Amount is specified in the relevant Final Terms, then any Rate of Interest, Instalment Amount or Redemption Amount shall be subject to such maximum or minimum, as the case may be
  - (iii) For the purposes of any calculations required pursuant to these Conditions (unless otherwise specified), (x) all percentages resulting from such calculations shall be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with halves being rounded up), (y) all figures shall be rounded to seven significant figures (with halves being rounded up) and (z) all currency amounts that fall due and payable shall be rounded to the nearest unit of such currency (with halves being rounded up), save in the case of yen, which shall be rounded down to the nearest yen. For these purposes “unit” means the lowest amount of such currency that is available as legal tender in the country(ies) of such currency.
- (i) **Calculations:** The amount of interest payable in respect of any *Obligation Foncière* for any period shall be calculated by multiplying the product of the Rate of Interest and the outstanding nominal amount of such *Obligation Foncière* by the Day Count Fraction, unless an Interest Amount (or a formula for its calculation) is specified in respect of such period, in which case the amount of interest payable in respect of such *Obligation Foncière* for such period shall equal such Interest Amount (or be calculated in accordance with such formula). Where any Interest Period comprises two or more Interest Accrual Periods, the amount of interest payable in respect of such Interest Period shall be the sum of the amounts of interest payable in respect of each of those Interest Accrual Periods.
- (j) **Determination and Publication of Rates of Interest, Interest Amounts, Final Redemption Amounts, Optional Redemption Amounts and Instalment Amounts:** As soon as practicable after the relevant time on such date as the Calculation Agent may be required to calculate any rate or amount, obtain any quotation or make any determination or calculation, it shall determine such rate and calculate the Interest Amounts in respect of each Specified Denomination of the *Obligations Foncières* for the relevant Interest Accrual Period, calculate the Final Redemption Amount, Optional Redemption Amount, Early Redemption Amount or Instalment Amount, obtain such quotation or make such determination or calculation, as the case may be, and cause the Rate of Interest and the Interest Amounts for each Interest Period and the relevant Interest Payment Date and, if required to be calculated, the Final Redemption Amount, Optional Redemption Amount, Early Redemption Amount or any Instalment Amount to be notified to the Fiscal Agent, the Issuer, each of the Paying Agents, the holders of *Obligations Foncières*, any other Calculation Agent appointed in respect of the *Obligations Foncières* that is to make a further calculation upon receipt of such information and, if the *Obligations Foncières* are listed on a Regulated Market or stock exchange, and the rules of such exchange so require, such exchange as soon as possible after their determination but in no event later than (i) the commencement of the relevant Interest Period, if determined prior to such time, in the case of notification to such exchange of a Rate of Interest and Interest Amount, or (ii) in all other cases, the fourth Business Day after such determination. Where any Interest Payment Date or Interest Period Date is subject to adjustment pursuant to Condition 5(c)(ii), the Interest Amounts and the Interest Payment Date so published may subsequently be amended (or appropriate alternative arrangements made by way of

adjustment) without notice in the event of an extension or shortening of the Interest Period. The determination of any rate or amount, the obtaining of each quotation and the making of each determination or calculation by the Calculation Agent(s) shall (in the absence of manifest error) be final and binding upon all parties.

- (k) **Calculation Agent and Reference Banks:** The Issuer shall procure that there shall at all times be four Reference Banks (or such other number as may be required) with offices in the Relevant Financial Centre and one or more Calculation Agents if provision is made for them in the relevant Final Terms and for so long as any *Obligation Foncière* is outstanding (as defined below). If any Reference Bank (acting through its relevant office) is unable or unwilling to continue to act as a Reference Bank, then the Issuer shall appoint another Reference Bank with an office in the Relevant Financial Centre to act as such in its place. Where more than one Calculation Agent is appointed in respect of the *Obligations Foncières*, references in these Conditions to the Calculation Agent shall be construed as each Calculation Agent performing its respective duties under the Conditions. If the Calculation Agent is unable or unwilling to act as such or if the Calculation Agent fails duly to establish the Rate of Interest for an Interest Period or Interest Accrual Period or to calculate any Interest Amount, Instalment Amount, Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount, as the case may be, or to comply with any other requirement, the Issuer shall appoint a leading bank or investment banking firm engaged in the interbank market (or, if appropriate, money, swap or over-the-counter index options market) that is most closely connected with the calculation or determination to be made by the Calculation Agent (acting through its principal Paris office or any other office actively involved in such market) to act as such in its place. The Calculation Agent may not resign its duties without a successor having been appointed as aforesaid.

For the purpose of these Conditions, “**outstanding**” means, in relation to the *Obligations Foncières* of any Series, all the *Obligations Foncières* issued other than (a) those that have been redeemed in accordance with these Conditions, (b) those in respect of which the date for redemption has occurred and the redemption moneys (including all interest accrued on such *Obligations Foncières* to the date for such redemption and any interest payable after such date) have been duly paid (i) in the case of Dematerialised *Obligations Foncières* in bearer dematerialised form and in administered registered form, to the relevant Account Holder on behalf of the holder of *Obligations Foncières*, (ii) in the case of Dematerialised *Obligations Foncières* in fully registered form, to the account of the holder of *Obligations Foncières* and (iii) in the case of Materialised *Obligations Foncières*, to the Fiscal Agent and remain available for payment against presentation and surrender of Bearer Materialised *Obligations Foncières*, Receipts and/or Coupons, as the case may be, (c) those which have become void or in respect of which claims have become prescribed, (d) those which have been purchased and cancelled as provided in these Conditions, (e) in the case of Materialised *Obligations Foncières* (i) those mutilated or defaced Bearer Materialised *Obligations Foncières* that have been surrendered in exchange for replacement Bearer Materialised *Obligations Foncières*, (ii) (for the purpose only of determining how many such Bearer Materialised *Obligations Foncières* are outstanding and without prejudice to their status for any other purpose) those Bearer Materialised *Obligations Foncières* alleged to have been lost, stolen or destroyed and in respect of which replacement Bearer Materialised *Obligations Foncières* have been issued and (iii) any Temporary Global Certificate to the extent that it shall have been exchanged for one or more definitive Bearer Materialised *Obligations Foncières*, pursuant to its provisions.

## 6 Redemption, Purchase and Options

- (a) **Final Redemption:** Unless previously redeemed, purchased and cancelled as provided below or its maturity is extended pursuant to any option provided by the relevant Final Terms including any Issuer’s option in accordance with Condition 6(c), each *Obligation Foncière* shall be finally redeemed on the Maturity Date specified in the relevant Final Terms at its Final Redemption Amount (which, unless

otherwise provided, is its nominal amount) or, in the case of a *Obligation Foncière* falling within Condition 6(b) below, its final Instalment Amount.

- (b) **Redemption by Instalments and Final Redemption:** Unless previously redeemed, purchased and cancelled as provided in this Condition 6 or the relevant Instalment Date (being one of the dates so specified in the relevant Final Terms) is extended pursuant to any Issuer's option in accordance with Condition 6(c), each *Obligation Foncière* that provides for Instalment Dates and Instalment Amounts shall be partially redeemed on each Instalment Date at the related Instalment Amount specified in the relevant Final Terms. The outstanding nominal amount of each such *Obligation Foncière* shall be reduced by the Instalment Amount (or, if such Instalment Amount is calculated by reference to a proportion of the nominal amount of such *Obligation Foncière*, such proportion) (the "**Outstanding Nominal Amount**") for all purposes with effect from the related Instalment Date, unless payment of the Instalment Amount is improperly withheld or refused (i) in the case of Dematerialised *Obligations Foncières*, on the due date for such payment or (ii) in the case of Materialised *Obligations Foncières*, on presentation of the related Receipt, in which case, such amount shall remain outstanding until the Relevant Date relating to such Instalment Amount.
- (c) **Redemption at the Option of the Issuer, Exercise of Issuer's Options and Partial Redemption:** If Call Option is specified in the relevant Final Terms, the Issuer may, on giving not less than 15 nor more than 30 days' irrevocable notice in accordance with Condition 14 to the holders of *Obligations Foncières* (or such other notice period as may be specified in the relevant Final Terms) redeem, or exercise any Issuer's option (as may be described) in relation to, all or, if so provided, some, of the *Obligations Foncières* on any Optional Redemption Date or Option Exercise Date, as the case may be. Any such redemption of *Obligations Foncières* shall be at their Optional Redemption Amount together with interest accrued to the date fixed for redemption, if any. Any such redemption or exercise must relate to *Obligations Foncières* of a nominal amount at least equal to the minimum nominal amount to be redeemed specified in the relevant Final Terms and no greater than the maximum nominal amount to be redeemed specified in the relevant Final Terms.

All *Obligations Foncières* in respect of which any such notice is given shall be redeemed, or the Issuer's option shall be exercised, on the date specified in such notice in accordance with this Condition.

In the case of a partial redemption or a partial exercise of an Issuer's option in respect of Materialised *Obligations Foncières*, the notice to holders of such Materialised *Obligations Foncières* shall also contain the numbers of the definitive Bearer Materialised *Obligations Foncières* to be redeemed or in respect of which such option has been exercised, which shall have been drawn in such place and in such manner as may be fair and reasonable in the circumstances, taking account of prevailing market practices, subject to compliance with any applicable laws and Regulated Market or stock exchange requirements.

In the case of a partial redemption of Dematerialised *Obligations Foncières*, the redemption may be effected, at the option of the Issuer, either (i) by reducing the nominal amount of all such Dematerialised *Obligations Foncières* in a Series in proportion to the aggregate nominal amount redeemed or (ii) by redeeming in full some only of such Dematerialised *Obligations Foncières* and, in such latter case, the choice between those Dematerialised *Obligations Foncières* that will be fully redeemed and those Dematerialised *Obligations Foncières* of any Series that will not be redeemed shall be made in accordance with Article 9 of Decree no. 83-359 of 2 May 1983 and the provisions of the relevant Final Terms, subject to compliance with any other applicable laws and Regulated Market or stock exchange requirements. In the case of a partial exercise of an Issuer's option in respect of Dematerialised *Obligations Foncières* (other than for the purposes of the redemption), the option shall be exercised in the manner specified in the relevant Final Terms.



So long as the *Obligations Foncières* are admitted to trading on the Luxembourg Stock Exchange and the rules of that Regulated Market so require, the Issuer shall, once in each year in which there has been a partial redemption of the *Obligations Foncières*, cause to be published in a leading newspaper of general circulation in Luxembourg or, so long as the rules of such Regulated Market so permit, on the website of the Luxembourg Stock Exchange, a notice specifying the aggregate nominal amount of *Obligations Foncières* outstanding and, in the case of Materialised *Obligations Foncières* a list of any definitive Bearer Materialised *Obligations Foncières* drawn for redemption but not surrendered.

(d) **Early Redemption:**

(i) Zero Coupon *Obligations Foncières*:

(A) The Early Redemption Amount payable in respect of any Zero Coupon *Obligation Foncière*, the Early Redemption Amount of which is not linked to an index and/or a formula, upon redemption of such *Obligation Foncière* pursuant to Condition 6(e) if so specified in the relevant Final Terms shall be the Amortised Nominal Amount (calculated as provided below) of such *Obligation Foncière* unless otherwise specified in the relevant Final Terms.

(B) Subject to the provisions of sub-paragraph (C) below, the Amortised Nominal Amount of any such *Obligation Foncière* shall be the scheduled Final Redemption Amount of such *Obligation Foncière* on the Maturity Date discounted at a rate per annum (expressed as a percentage) equal to the Amortisation Yield (which, if none is shown in the relevant Final Terms, shall be such rate as would produce an Amortised Nominal Amount equal to the issue price of the *Obligations Foncières* if they were discounted back to their issue price on the Issue Date (the “**Amortisation Yield**”)) compounded annually.

(C) If the Early Redemption Amount payable in respect of any such *Obligation Foncière* upon its redemption pursuant to Condition 6(e) is not paid when due, the Early Redemption Amount due and payable in respect of such *Obligation Foncière* shall be the Amortised Nominal Amount of such *Obligation Foncière* as defined in sub-paragraph (B) above, except that such sub-paragraph shall have effect as though the date on which the Amortised Nominal becomes due and payable was the Relevant Date. The calculation of the Amortised Nominal Amount in accordance with this sub-paragraph shall continue to be made (as well after as before judgment) until the Relevant Date, unless the Relevant Date falls on or after the Maturity Date, in which case the amount due and payable shall be the scheduled Final Redemption Amount of such *Obligation Foncière* on the Maturity Date together with any interest that may accrue in accordance with Condition 5(d).

Where such calculation is to be made for a period of less than one year, it shall be made on the basis of the Day Count Fraction shown hereon.

(ii) Other *Obligations Foncières*: The Early Redemption Amount payable in respect of any *Obligation Foncière* (other than *Obligations Foncières* described in (i) above), upon redemption of such *Obligations Foncières* pursuant to Condition 6(e), if so provided in the relevant Final Terms), shall be the Final Redemption Amount unless otherwise specified in the relevant Final Terms.

(e) **No Redemption for Taxation Reasons:** If French law should require that payments of principal or interest in respect of any *Obligation Foncière* be subject to deduction or withholding in respect of any present or future taxes or duties whatsoever, such *Obligation Foncière* will not, unless otherwise specified in the relevant Final Terms, be redeemed early. If such early redemption is provided in the relevant Final Terms, notice of such early redemption shall be given in accordance with Condition 14.

- (f) **Partly Paid *Obligations Foncières*:** Partly Paid *Obligations Foncières* will be redeemed, whether at maturity, early redemption or otherwise, in accordance with the provisions of this Condition and the provisions specified in the relevant Final Terms.
- (g) **Purchases:** The Issuer shall have the right at all times to purchase *Obligations Foncières* (provided that, in the case of Materialised *Obligations Foncières*, all unmatured Receipts and Coupons and unexchanged Talons relating thereto are attached thereto or surrendered therewith) in the open market or otherwise at any price.
- (h) **Cancellation:** All *Obligations Foncières* purchased by or on behalf of the Issuer must be cancelled, in the case of Dematerialised *Obligations Foncières*, by transfer to an account in accordance with the rules and procedures of Euroclear France and, in the case of Bearer Materialised *Obligations Foncières*, by surrendering Temporary Global Certificate or the definitive Bearer Materialised *Obligations Foncières* in question together with all unmatured Receipts and Coupons and all unexchanged Talons to the Fiscal Agent and, in each case, if so transferred or surrendered, shall, together with all *Obligations Foncières* redeemed by the Issuer, be cancelled forthwith (together with, in the case of Dematerialised *Obligations Foncières*, all rights relating to payment of interest and other amounts relating to such Dematerialised *Obligations Foncières* and, in the case of Materialised *Obligations Foncières*, all unmatured Receipts and Coupons and unexchanged Talons attached thereto or surrendered therewith). Any *Obligations Foncières* so cancelled or, where applicable, transferred or surrendered for cancellation may not be reissued or resold and the obligations of the Issuer in respect of any such *Obligations Foncières* shall be discharged.

## 7 Payments and Talons

- (a) **Dematerialised *Obligations Foncières*:** Payments of principal and interest in respect of Dematerialised *Obligations Foncières* shall (in the case of Dematerialised *Obligations Foncières* in bearer dematerialised form or administered registered form) be made by transfer to the account denominated in the relevant currency of the relevant Account Holders for the benefit of the holders of *Obligations Foncières* and, (in the case of Dematerialised *Obligations Foncières* in fully registered form), to an account denominated in the relevant currency with a Bank designated by the holders of *Obligations Foncières*. All payments validly made to such Account Holders will be an effective discharge of the Issuer in respect of such payments.
- (b) **Bearer Materialised *Obligations Foncières*:** Payments of principal and interest in respect of Bearer Materialised *Obligations Foncières* shall, subject as mentioned below, be made against presentation and surrender of the relevant Receipts (in the case of payments of Instalment Amounts other than on the due date for redemption and provided that the Receipt is presented for payment together with its relative *Obligation Foncière*), Bearer Materialised *Obligations Foncières* (in the case of all other payments of principal and, in the case of interest, as specified in Condition 7(f)(vi)) or Coupons (in the case of interest, save as specified in Condition 7(f)(vi)), as the case may be, at the specified office of any Paying Agent outside the United States by a cheque payable in the relevant currency drawn on, or, at the option of the holder, by transfer to an account denominated in such currency with, a Bank.
- (c) **Payments in the United States:** Notwithstanding the foregoing, if any Bearer Materialised *Obligations Foncières* are denominated in U.S. Dollars, payments in respect thereof may be made at the specified office of any Paying Agent in New York City in the same manner as aforesaid if (i) the Issuer shall have appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment of the amounts on the *Obligations Foncières* in the manner provided above when due, (ii) payment in full of such amounts at all such offices is illegal or effectively precluded by exchange controls or other similar restrictions on payment or receipt of such amounts and (iii) such payment is then permitted by United States law, without involving, in the opinion of the Issuer, any adverse tax consequence to the Issuer.

- (d) **Payments Subject to Fiscal Laws:** All payments are subject in all cases to any applicable fiscal or other laws, regulations and directives in the place of payment but without prejudice to the provisions of Condition 8. No commission or expenses shall be charged to the holders of *Obligations Foncières* or Coupons in respect of such payments.
- (e) **Appointment of Agents:** The Fiscal Agent, the Paying Agents, the Calculation Agent, the Redenomination Agent, the Consolidation Agent and the Registration Agent initially appointed by the Issuer and their respective specified offices are listed at the end of the Base Prospectus relating to the Programme of *Obligations Foncières* of the Issuer. The Fiscal Agent, the Paying Agents, the Redenomination Agent, the Consolidation Agent and the Registration Agent act solely as agents of the Issuer and the Calculation Agent(s) act(s) as independent experts(s) and, in each case such, do not assume any obligation or relationship of agency for any holder of *Obligation Foncière* or Coupon. The Issuer reserves the right at any time to vary or terminate the appointment of the Fiscal Agent, any other Paying Agent, the Redenomination Agent, the Consolidation Agent and the Registration Agent or the Calculation Agent(s) and to appoint additional or other Paying Agents, provided that the Issuer shall at all times maintain (i) a Fiscal Agent, (ii) one or more Calculation Agent(s) where the Conditions so require, (iii) a Redenomination Agent and a Consolidation Agent where the Conditions so require, (iv) Paying Agents having specified offices in at least two major European cities provided that (A) so long as the *Obligations Foncières* are admitted to trading on the Luxembourg Stock Exchange and the rules applicable to that Regulated Market so require, the Issuer will maintain a Paying Agent in Luxembourg, and (B) so long as the *Obligations Foncières* are admitted to trading on the Eurolist by Euronext Paris and the rules applicable to that Regulated Market so require, the Issuer will maintain a Paying Agent in Paris (v) a Registration Agent, and (vi) such other agents as may be required by any other Regulated Market or stock exchange on which the *Obligations Foncières* may be listed and admitted to trading.

In addition, the Issuer shall forthwith appoint a Paying Agent in New York City in respect of any Bearer Materialised *Obligations Foncières* denominated in U.S. Dollars in the circumstances described in paragraph (c) above.

On a redenomination of the *Obligations Foncières* of any Series pursuant to Condition 1(d) with a view to consolidating such *Obligations Foncières* with one or more other Series of *Obligations Foncières*, in accordance with Condition 13, the Issuer shall ensure that the same entity shall be appointed as both Redenomination Agent and Consolidation Agent in respect of both such *Obligations Foncières* and such other Series of *Obligations Foncières* to be so consolidated with such *Obligations Foncières*.

Notice of any such change or any change of any specified office shall promptly be given to the holders of *Obligations Foncières* in accordance with Condition 14.

- (f) **Unmatured Coupons and Receipts and unexchanged Talons:**
- (i) Unless Bearer Materialised *Obligations Foncières* provide that the relative Coupons are to become void upon the due date for redemption of those *Obligations Foncières*, Bearer Materialised *Obligations Foncières* should be surrendered for payment together with all unexpired Coupons (if any) relating thereto, failing which an amount equal to the face value of each missing unexpired Coupon (or, in the case of payment not being made in full, that proportion of the amount of such missing unexpired Coupon that the sum of principal so paid bears to the total principal due) shall be deducted from the Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount, as the case may be, due for payment. Any amount so deducted shall be paid in the manner mentioned above against surrender of such missing Coupon within a period of 10 years from the Relevant Date for the payment of such principal (whether or not such Coupon has become void pursuant to Condition 9).

- (ii) If Bearer Materialised *Obligations Foncières* so provide, upon the due date for redemption of any such Bearer Materialised *Obligation Foncière*, unmatured Coupons relating to such *Obligation Foncière* (whether or not attached) shall become void and no payment shall be made in respect of them.
  - (iii) Upon the due date for redemption of any Bearer Materialised *Obligation Foncière*, any unexchanged Talon relating to such *Obligation Foncière* (whether or not attached) shall become void and no Coupon shall be delivered in respect of such Talon.
  - (iv) Upon the due date for redemption of any Bearer Materialised *Obligation Foncière* that is redeemable in instalments, all Receipts relating to such Bearer Materialised *Obligation Foncière* having an Instalment Date falling on or after such due date (whether or not attached) shall become void and no payment shall be made in respect of them.
  - (v) Where any Bearer Materialised *Obligation Foncière* that provides that the relative unmatured Coupons are to become void upon the due date for redemption of those *Obligations Foncières* is presented for redemption without all unmatured Coupons, and where any Bearer *Obligation Foncière* is presented for redemption without any unexchanged Talon relating to it, redemption shall be made only against the provision of such indemnity as the Issuer may require.
  - (vi) If the due date for redemption of any Bearer Materialised *Obligation Foncière* is not a due date for payment of interest, interest accrued from the preceding due date for payment of interest or the Interest Commencement Date, as the case may be, shall only be payable against presentation (and surrender if appropriate) of the relevant definitive Bearer Materialised *Obligation Foncière* Bearer Materialised. Interest accrued on a Bearer Materialised *Obligation Foncière* that only bears interest after its Maturity Date shall be payable on redemption of such *Obligation Foncière* against presentation of the relevant Bearer Materialised *Obligation Foncière*.
- (g) **Talons:** On or after the Interest Payment Date for the final Coupon forming part of a Coupon sheet issued in respect of any Bearer Materialised *Obligation Foncière*, the Talon forming part of such Coupon sheet may be surrendered at the specified office of the Fiscal Agent in exchange for a further Coupon sheet (and if necessary another Talon for a further Coupon sheet) (but excluding any Coupons that may have become void pursuant to Condition 9).
- (h) **Business Days for Payment:** If any date for payment in respect of any *Obligation Foncière*, Receipt or Coupon is not a business day, the holder shall not be entitled to payment until the next following business day, unless otherwise specified in the relevant Final Terms (the "Adjusted Payment Date"), nor to any interest or other sum in respect of such postponed payment. In this paragraph, "**business day**" means a day (other than a Saturday or a Sunday) (A) (i) in the case of Dematerialised *Obligations Foncières*, on which Euroclear France is open for business or (ii) in the case of Materialised *Obligations Foncières*, on which banks and foreign exchange markets are open for business in the relevant place of presentation, (B) in such jurisdictions as shall be specified as "**Financial Center**" in the relevant Final Terms and (C) (i) in the case of a payment in a currency other than euro, where payment is to be made by transfer to an account maintained with a bank in the relevant currency, on which foreign exchange transactions may be carried on in the relevant currency in the principal financial centre of the country of such currency or (ii) in the case of a payment in euro, which is a TARGET Business Day.
- (i) **Bank:** For the purpose of this Condition 7, "**Bank**" means a bank in the principal financial centre of the relevant currency or, in the case of euro, in a city in which banks have access to the TARGET System.

## 8 Taxation

- (a) **Tax exemption for *Obligations Foncières* issued or deemed to be issued outside France:** Interest and other revenues with respect to *Obligations Foncières* which, as may be specified in the relevant Final Terms, are being issued or deemed to be issued outside the Republic of France benefit from the exemption provided for in Article 131 *quater* of the French *Code Général des Impôts* (general tax code) from deduction of tax at source set out under Article 125 A III of the French *Code Général des Impôts*. Accordingly such payments do not give the right to any tax credit from any French source.
- (b) *Obligations Foncières* will be issued (or deemed to be issued) outside the Republic of France (i) in the case of syndicated or non-syndicated issues of *Obligations Foncières*, if such *Obligations Foncières* are denominated in euro, (ii) in the case of syndicated issues of *Obligations Foncières* denominated in currencies other than euro, if, *inter alia*, the Issuer and the relevant Dealers agree not to offer the *Obligations Foncières* to the public in the Republic of France and such *Obligations Foncières* are offered in the Republic of France only through an international syndicate to qualified investors (*investisseurs qualifiés*) as described in Article L. 411-2 of the French Monetary and Financial Code or (iii) in the case of non-syndicated issues of *Obligations Foncières* denominated in currencies other than euro that are not offered and sold through an international syndicate, if each of the subscribers of the *Obligations Foncières* is domiciled or resident for tax purposes outside the Republic of France and does not act through a permanent establishment or fixed base therein, in each case as more fully set out in the Circular 5 I-11-98 of the *Direction Générale des Impôts* dated 30 September 1998. **No Additional Amounts:** If French law should require that payments of principal or interest in respect of any *Obligation Foncière*, or any Receipt or Coupon relating thereto, be subject to deduction or withholding in respect of any present or future taxes or duties whatsoever, the Issuer will not be required to pay any additional amounts, unless otherwise provided in the relevant Final Terms, in respect of any such deduction or withholding.
- (c) **Tax exemption for *Obligations Foncières* not issued or deemed to be issued outside France:** Interest and other revenues with respect to *Obligations Foncières* which, as may be specified in the relevant Final Terms, are not being issued or deemed to be issued outside the Republic of France will not be entitled to the provisions of Article 131 *quater* of the French *Code Général des Impôts* but will only benefit from the exemption from deduction of tax at source provided for in, and subject to the provisions of, Article 125 A III of the French *Code Général des Impôts*, which requires *inter alia*, Certification of non-French residency.
- (d) **Certification of Non-Residency in France:** Each holder of *Obligations Foncières* shall be responsible for supplying certification of non-French residency (a form of which shall be available at the specified offices of any of the Paying Agents or in such other form as may be required by the French tax authorities from time to time) in accordance with the provisions of Article 125 A III of the French *Code Général des Impôts*.
- (e) **Supply of Information:** Each holder of *Obligations Foncières* shall be responsible for supplying, in a timely manner, any information as may be required in order to comply with the identification and reporting obligations imposed on it by the European Council Directive 2003/48/EC or any other European Directive implementing the conclusions of the ECOFIN Council Meeting dated 26-27 November 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to such Directive.

## 9 Prescription

Claims against the Issuer for payment in respect of the *Obligations Foncières*, Receipts and Coupons (which for this purpose shall not include Talons) shall be prescribed and become void unless made within 10 years (in the case of principal) or 5 years (in the case of interest) from the appropriate Relevant Date in respect of them.

## 10 Representation of holders of *Obligations Foncières*

Except as otherwise provided by the relevant Final Terms, holders of *Obligations Foncières* will, in respect of all Tranches in any Series, be grouped automatically for the defence of their common interests in a masse (in each case, the “**Masse**”).

Except as otherwise provided by the relevant Final Terms, the Masse will be governed by the provisions of the French Code of commerce with the exception of Articles L. 228-47, L. 228-48 and L. 228-59 and by the decree no. 67-236 of 23 March 1967, with the exception of Articles 218, 222 and 224 subject to the following provisions:

### (a) Legal Personality

The Masse will be a separate legal entity and will act in part through a representative (the “**Representative**”) and in part through a general meeting of the holders of *Obligations Foncières* (the “**General Meeting**”).

The Masse alone, to the exclusion of all individual holders of *Obligations Foncières*, shall exercise the common rights, actions and benefits which now or in the future may accrue respectively with respect to the *Obligations Foncières*.

### (b) Representative

The office of the Representative may be conferred on a person of any nationality. However, the following persons may not be chosen as Representatives:

- (i) the Issuer;
- (ii) any entity holding at least 10 per cent. of the share capital of the Issuer or any entities at least 10 per cent. of the share capital of which is held by the Issuer;
- (iii) any entity guaranteeing all or part of the obligations of the Issuer;
- (iv) any member of the management board (*Directoire*) and supervisory board (*Conseil de Surveillance*), any Statutory Auditors, any employee, managers (*gérants*), general managers (*directeurs généraux*), members of the board of directors (*Conseil d'Administration*) (or their respective ascendants, descendants and spouses) of any entities referred to in (i), (ii) and (iii) above; and
- (v) persons to whom the practice of banker is forbidden or who have been deprived of the right of directing, administering or managing an enterprise in whatever capacity.

The names and addresses of the initial Representative of the Masse and its alternate will be set out in the Final Terms. The Representative appointed in respect of the first Tranche of any Series of *Obligations Foncières* will be the Representative of the single Masse of all Tranches in such Series.

The Representative will not be entitled to any remuneration in connection with its functions or duties.

In the event of death, retirement or revocation of appointment of the Representative, such Representative will be replaced by the alternate Representative. In the event of the death, retirement or revocation of appointment of the alternate Representative, an alternate will be elected by the General Meeting.

All interested parties will at all times have the right to obtain the names and addresses of the initial Representative and the alternate Representative at the head office of the Issuer and the specified offices of any of the Paying Agents.

### (c) Powers of Representative

The Representative shall (in the absence of any decision to the contrary of the General Meeting and except as provided by paragraph 1 of Article L. 515-31 of the French Monetary and Financial Code) have the

power to take all acts of management necessary in order to defend the common interests of the holders of *Obligations Foncières*.

All legal proceedings against the holders of *Obligations Foncières* or initiated by them, must be brought by or against the Representative; except that, should judicial reorganisation or liquidation (*redressement ou liquidation judiciaire*) proceedings be commenced against the Issuer the Specific Controller shall file the proof of debt of all the creditors of the Issuer benefiting from the *Privilège* (including the holders of *Obligations Foncières*).

The Representative may not be involved in the management of the affairs of the Issuer.

(d) **General Meeting**

A General Meeting may be held at any time, on convocation either by the Issuer or by the Representative. One or more holders of *Obligations Foncières*, holding together at least one-thirtieth of the principal amount of the *Obligations Foncières* outstanding, may address to the Issuer and the Representative a demand for convocation of the General Meeting. If such General Meeting has not been convened within two months after such demand, the holders of *Obligations Foncières* may commission one of their members to petition a competent court in Paris to appoint an agent (*mandataire*) who will call the General Meeting.

Notice of the date, hour, place and agenda of any General Meeting will be published as provided under Condition 14.

Each holder of an *Obligation Foncière* has the right to participate in a General Meeting in person, by proxy, correspondence, or, if the *statuts* of the Issuer so specify<sup>1</sup>, videoconference or any other means of telecommunication allowing the identification of the participating holders of the *Obligations Foncières*. Each *Obligation Foncière* carries the right to one vote or, in the case of *Obligations Foncières* issued with more than one Specified Denomination, one vote in respect of each multiple of the lowest Specified Denomination comprised in the principal amount of the Specified Denomination of such *Obligation Foncière*.

(e) **Powers of the General Meetings**

The General Meeting is empowered to deliberate on the dismissal and replacement of the Representative and the alternate Representative and also may act with respect to any other matter that relates to the common rights, actions and benefits which now or in the future may accrue with respect to the *Obligations Foncières*, including authorising the Representative to act at law as plaintiff or defendant.

The General Meeting may further deliberate on any proposal relating to the modification of the Conditions including any proposal, whether for arbitration or settlement, relating to rights in controversy or which were the subject of judicial decisions, it being specified, however, that the General Meeting may not increase amounts payable by holders of *Obligations Foncières*, nor authorise or accept a postponement of the date of payment of interest on or a modification of the terms of repayment of or the rate of interest on the *Obligations Foncières*, nor establish any unequal treatment between the holders of *Obligations Foncières*, nor decide to convert *Obligations Foncières* into shares.

General Meetings may deliberate validly on first convocation only if holders of *Obligations Foncières* present or represented hold at least a quarter of the principal amount of the *Obligations Foncières* then outstanding. On second convocation, no quorum shall be required. Decisions at meetings shall be taken by

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<sup>1</sup> At the date of this Base Prospectus the *statuts* of the Issuer do not contemplate the right for a holder of an *Obligation Foncière* to participate in a General Meeting by videoconference or any other means of telecommunication allowing the identification of the participating holders of *Obligations Foncières*.

a two-third majority of votes cast by holders of *Obligations Foncières* attending such General Meetings or represented thereat.

Decisions of General Meetings must be published in accordance with the provisions set forth in Condition 14.

(f) **Information to holders of *Obligations Foncières***

Each holder of an *Obligation Foncière* or representative thereof will have the right, during the 15-day period preceding the holding of each General Meeting, to consult or make a copy of the text of the resolutions which will be proposed and of the reports which will be presented at the General Meeting, all of which will be available for inspection by the relevant holders of *Obligations Foncières* at the registered office of the Issuer, at the specified offices of any of the Paying Agents and at any other place specified in the notice of the General Meeting.

(g) **Expenses**

The Issuer will pay all expenses relating to the operation of the Masse, including expenses relating to the calling and holding of General Meetings and, more generally, all administrative expenses resolved upon by the General Meeting, it being expressly stipulated that no expenses may be imputed against interest payable on the *Obligations Foncières*.

(h) **Single Masse**

The holders of *Obligations Foncières* of the same Series, and the holders of *Obligations Foncières* of any other Series which have been assimilated with the *Obligations Foncières* of such first mentioned Series in accordance with Condition 13, shall, for the defence of their respective common interests, be grouped in a single Masse. The Representative appointed in respect of the first Tranche of any Series of *Obligations Foncières* will be the Representative of the single Masse of all Tranches in such Series.

## 11 Modifications

These Conditions may be completed in relation to any Series of *Obligations Foncières* by the terms of the relevant Final Terms in relation to such Series.

## 12 Replacement of definitive *Obligations Foncières*, Receipts, Coupons and Talons

If, in the case of any Bearer Materialised *Obligations Foncières*, a definitive Bearer Materialised *Obligation Foncière*, Receipt, Coupon or Talon is lost, stolen, mutilated, defaced or destroyed, it may be replaced, subject to applicable laws, regulations and Regulated Market or stock exchange regulations, at the specified office of the Fiscal Agent or such other Paying Agent as may from time to time be designated by the Issuer for the purpose and notice of whose designation is given to holders of *Obligations Foncières*, in each case on payment by the claimant of the fees and costs incurred in connection therewith and on such terms as to evidence, security and indemnity (which may provide, inter alia, that if the allegedly lost, stolen or destroyed definitive Bearer Materialised *Obligation Foncière*, Receipt, Coupon or Talon is subsequently presented for payment or, as the case may be, for exchange for further Coupons, there shall be paid to the Issuer on demand the amount payable by the Issuer in respect of such definitive Bearer Materialised *Obligations Foncières*, Receipts, Coupons or further Coupons) and otherwise as the Issuer may require. Mutilated or defaced definitive Bearer Materialised *Obligations Foncières*, Receipts, Coupons or Talons must be surrendered before replacements will be issued.

## 13 Further Issues and Consolidation

(a) **Further Issues:** The Issuer may from time to time without the consent of the holders of *Obligations Foncières*, Receipts or Coupons create and issue further *Obligations Foncières* to be assimilated (*assimilées*) with the *Obligations Foncières* provided such *Obligations Foncières* and the further



*Obligations Foncières* carry rights identical in all respects (or in all respects save for the principal amount thereof and the first payment of interest in the relevant Final Terms) and that the terms of such *Obligations Foncières* provide for such assimilation and references in these Conditions to “*Obligations Foncières*” shall be construed accordingly.

- (b) **Consolidation:** The Issuer may from time to time on any Interest Payment Date occurring on or after the Redenomination Date on giving not less than 30 days’ prior notice to the holders of *Obligations Foncières* in accordance with Condition 14, without the consent of the holders of *Obligations Foncières*, Receipts or Coupons, consolidate the *Obligations Foncières* of one Series with the *Obligations Foncières* of one or more other Series issued by it, whether or not originally issued in one of the European national currencies or in euro, provided such other *Obligations Foncières* have been redenominated in euro (if not originally denominated in euro) and which otherwise have, in respect of all periods subsequent to such consolidation, the same terms and conditions as the *Obligations Foncières*.

## 14 Notices

- (a) Notices to the holders of Dematerialised *Obligations Foncières* in registered form (*au nominatif*) shall be valid if either, (i) they are mailed to them at their respective addresses, in which case they will be deemed to have been given on the fourth weekday (being a day other than a Saturday or a Sunday) after the mailing, or, (ii) they are published (a) so long as such *Obligations Foncières* are admitted to trading on the Luxembourg Stock Exchange, and the rules of such Regulated Market so permit, on the website of the Luxembourg Stock Exchange or (b) at the option of the Issuer, in a daily leading newspaper of general circulation in Europe (which is expected to be the *Financial Times*) and so long as such *Obligations Foncières* are admitted to trading on any Regulated Market(s) or stock exchange(s) in a leading daily newspaper with general circulation in the city/ies where the Regulated Market(s) or stock exchange(s) on which such *Obligation(s) Foncière(s)* is/are admitted to trading is located which in the case of the Luxembourg Stock Exchange, is expected to be the *d’Wort*. Notices to the holders of Bearer Materialised *Obligations Foncières* and Dematerialised *Obligations Foncières* in bearer form (*au porteur*) shall be valid if published (i) so long as such *Obligations Foncières* are admitted to trading on the Luxembourg Stock Exchange, and the rules of such Regulated Market so permit, on the website of the Luxembourg Stock Exchange or (ii) at the option of the Issuer, in a daily leading newspaper of general circulation in Europe (which is expected to be the *Financial Times*) and so long as such *Obligations Foncières* are admitted to trading on any Regulated Market(s) or stock exchange(s) in a daily newspaper with general circulation in the city(ies) where the Regulated Market(s) or stock exchange(s) on which such *Obligations Foncières* is/are admitted to trading which in the case of the Luxembourg Stock Exchange, is expected to be the *d’Wort*.
- (b) If any such publication is not practicable, notice shall be validly given if published in another leading daily English language newspaper with general circulation in Europe. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the date of the first publication as provided above. Holders of Coupons shall be deemed for all purposes to have notice of the contents of any notice given to the holders of Bearer Materialised *Obligations Foncières* in accordance with this Condition.
- (c) Notices required to be given to the holders of Dematerialised *Obligations Foncières* (whether in registered or in bearer form) pursuant to these Conditions may be given by delivery of the relevant notice to Euroclear France, Euroclear, Clearstream, Luxembourg and any other clearing system through which the *Obligations Foncières* are for the time being cleared in substitution for the mailing and publication as required by Conditions 14(a) and (b) above; except that (i) (a) so long as such *Obligations Foncières* are admitted to trading on the Luxembourg Stock Exchange and the rules of such Regulated Market so permit, notices shall also be published on the website of the Luxembourg Stock Exchange or (b) so long as such *Obligations*

*Foncières* are admitted to trading on any Regulated Market(s) or stock exchange(s) and the rules applicable to that stock exchange so require, notices shall be published in a daily newspaper with general circulation in the city(ies) where the Regulated Market(s) or stock exchange(s) on which such *Obligations Foncières* is/are admitted to trading and (ii) notices relating to the convocation and decision(s) of the General Meetings pursuant to Condition 10 shall also be published (a) so long as such *Obligations Foncières* are admitted to trading on the Luxembourg Stock Exchange and the rules of such Regulated Market so permit, on the website of the Luxembourg Stock Exchange or (b) in a leading newspaper of general circulation in Europe.

## **15 Method of Publication of the Final Terms**

The Final Terms related to *Obligations Foncières* admitted to trading and/or offered to the public will be published, without prejudice of any provisions of the Prospectus Directive, upon each relevant issue, in a manner complying with Article 14 of the Prospectus Directive in an electronic form on the website of the Luxembourg Stock Exchange.

In addition, should the *Obligations Foncières* be admitted to trading on a Regulated Market other than the Luxembourg Stock Exchange, the Final Terms related to those *Obligations Foncières* will provide whether this Base Prospectus and the relevant Final Terms will be published, if relevant on the website of (x) such Regulated Market, (y) the competent authority of the Member State in the EEA where such Regulated Market is situated, or (z) otherwise.

## **16 Governing Law and Jurisdiction**

- (a) **Governing Law:** The *Obligations Foncières*, the Receipts, the Coupons and the Talons are governed by, and shall be construed in accordance with, French law.
- (b) **Jurisdiction:** Any claim against the Issuer in connection with any *Obligations Foncières*, Receipts, Coupons or Talons may be brought before any competent court in Paris.

## **TEMPORARY GLOBAL CERTIFICATES ISSUED IN RESPECT OF BEARER MATERIALISED *OBLIGATIONS FONCIÈRES***

### **Temporary Global Certificates**

A Temporary Global Certificate, without interest Coupons, will initially be issued in connection with Bearer Materialised *Obligations Foncières*. Upon the initial deposit of such Temporary Global Certificate with a common depositary for Euroclear and Clearstream, Luxembourg (the “**Common Depositary**”), Euroclear or Clearstream, Luxembourg will credit the accounts of each subscriber with a nominal amount of *Obligations Foncières* equal to the nominal amount thereof for which it has subscribed and paid.

The Common Depositary may also credit with a nominal amount of *Obligations Foncières* the accounts of subscribers with (if indicated in the relevant Final Terms) other clearing systems through direct or indirect accounts with Euroclear and Clearstream, Luxembourg held by such other clearing systems. Conversely, a nominal amount of *Obligations Foncières* that is initially deposited with any other clearing system may similarly be credited to the accounts of subscribers with Euroclear, Clearstream, Luxembourg or other clearing systems.

### **Exchange**

Each Temporary Global Certificate issued in respect of *Obligations Foncières* will be exchangeable, free of charge to the holder, on or after its Exchange Date (as defined below):

- (i) if the relevant Final Terms indicates that such Temporary Global Certificate is issued in compliance with the C Rules or in a transaction to which TEFRA is not applicable, in whole, but not in part, for the definitive Bearer Materialised *Obligations Foncières* and
- (ii) otherwise, in whole but not in part, upon certification as to non-U.S. beneficial ownership (a form of which shall be available at the specified offices of any of the Paying Agents) for definitive Bearer Materialised *Obligations Foncières*.

### **Delivery of definitive Bearer Materialised *Obligations Foncières***

On or after its Exchange Date, the holder of a Temporary Global Certificate may surrender such Temporary Global Certificate to or to the order of the Fiscal Agent. In exchange for any Temporary Global Certificate, the Issuer will deliver, or procure the delivery of, an equal aggregate nominal amount of duly executed definitive Bearer Materialised *Obligations Foncières*. In this Base Prospectus, definitive Bearer Materialised *Obligations Foncières* means, in relation to any Temporary Global Certificate, the definitive Bearer Materialised *Obligations Foncières* for which such Temporary Global Certificate may be exchanged (if appropriate, having attached to them all Coupons and Receipts in respect of interest or Instalment Amounts that have not already been paid on the Temporary Global Certificate and a Talon). Definitive Bearer Materialised *Obligations Foncières* will be security printed in accordance with any applicable legal and Regulated Market or stock exchange requirements. Forms of such definitive Bearer Materialised *Obligations Foncières* shall be available at the specified offices of any of the Paying Agent(s).

### **Exchange Date**

“**Exchange Date**” means, in relation to a Temporary Global Certificate, the day falling after the expiry of 40 days after its issue date, provided that, in the event any further Materialised *Obligations Foncières* are issued prior to such day pursuant to Condition 13(a), the Exchange Date for shall be postponed to the day falling after the expiry of 40 days after the issue of such further Materialised *Obligations Foncières*.

## **USE OF PROCEEDS**

The net proceeds of the issue of the *Obligations Foncières* will be used for the Issuer's general corporate purposes.

## SUMMARY OF THE LEGAL *PRIVILÈGE* GRANTED BY THE LAW

Pursuant to Article L. 515-19 of the French Monetary and Financial Code, notwithstanding any legislative provisions to the contrary and in particular the provisions included in the French Code of commerce relating to the prevention and amicable settlement of business difficulties and to the judicial administration and liquidation of companies,

- (1) the sums resulting from the loans or assimilated receivables and securities referred to in Articles L. 515-14 to L. 515-17 of the French Monetary and Financial Code and from the forward financial instruments referred to in Article L. 515-18 of the French Monetary and Financial Code, after any applicable netting, together with the claims in respect of deposits made by a *société de crédit foncier* (i.e. the issuer of *obligations foncières*) with credit institutions, are allocated in priority to the payment of any sums due in relation to the *obligations foncières* and other resources benefiting from the privilege as mentioned in Article L. 515-13 of the French Monetary and Financial Code;
- (2) when a *société de crédit foncier* is subject to bankruptcy proceedings (*procédure de redressement ou liquidation judiciaires*) or to amicable settlement proceedings with its creditors (*procédure de règlement amiable*), the amounts due regularly from the operations referred to in Article L. 515-13 of the French Monetary and Financial Code are paid on their contractual due date, and in priority to all other debts, whether or not preferred or secured, including interest resulting from agreements whatever their duration. No other creditor of a *société de crédit foncier* may exercise any right over the assets and rights of such *société* until all creditors benefiting from the *privilège* defined in Article L. 515-19 of the French Monetary and Financial Code have been fully paid off; and
- (3) the judicial liquidation of a *société de crédit foncier* will not result in the acceleration of payment of *Obligations Foncières* and other debts benefiting from the *privilège* mentioned under Article L. 515-19 of the Monetary and Financial Code.

Finally, the provisions on bankruptcy which permit certain transactions made in the months preceding the bankruptcy to be declared void have been set aside by law with respect to transactions directly relating to the corporate purpose of the *société de crédit foncier* (Article L. 515-25 of the French Monetary and Financial Code).

Similarly, specific provisions of the French Monetary and Financial Code provide that in case of bankruptcy proceedings against a shareholder of the *société de crédit foncier*, such proceedings cannot be extended to the *société de crédit foncier* (Article L. 515-27 of the French Monetary and Financial Code).

## DESCRIPTION OF DEXIA MUNICIPAL AGENCY

### Introduction

Dexia Municipal Agency, a *société anonyme à Directoire et Conseil de Surveillance* incorporated under French law, is a *société de crédit foncier*. The name Dexia Municipal Agency was adopted at the Extraordinary Shareholders' Meeting of 31 August 1999. Dexia Municipal Agency is registered as a company under the number Paris B 421 318 064 (*Paris Trade and Companies Register*).

The company was created on 29 December 1998 for a period of 99 years.

The company was approved by the *Comité des établissements de crédit et des entreprises d'investissement* (the "CECEI") on 23 July 1999, as *société de crédit foncier*. This approval became definitive on October 1, 1999. As such, Dexia Municipal Agency is an *établissement de crédit* ruled by the provisions of articles L. 210-1 and following of the French commercial code, articles L. 511-1 and following of the French Monetary and Financial Code and articles L. 515-13 and following of the French Monetary and Financial Code.

Dexia Municipal Agency is managed by an Executive Board (*Directoire*) and supervised by a Supervisory Board (*Conseil de Surveillance*).

Dexia Municipal Agency's registered office is located Tour Cristal, 7 to 11 Quai André Citroën, 75015 Paris, France (Telephone: +33 1 43 92 77 77).

The share capital of Dexia Municipal Agency as at 1<sup>st</sup> July 2006 amounts to Euro 760,000,000 comprised of 7,600,000 ordinary shares of Euro 100 nominal value. There is no authorised and non issued share capital.

There are no securities which grant rights to shares in the capital of Dexia Municipal Agency.

The Dexia Municipal Agency's fiscal year begins on 1 January and ends on 31 December.

### *Sociétés de crédit foncier*

Article L. 515-13 of the French Monetary and Financial Code defines the status of *sociétés de crédit foncier* as limited purpose credit institutions that are authorised as *établissements de crédit* by the CECEI. As specialised credit institutions, they may only carry out those banking activities which are listed in the authorisation granted by the CECEI.

Article L. 515-13 of the Code provides that the sole objects of *sociétés de crédit foncier* are:

- (a) To grant or acquire secured or guaranteed loans, loans to public entities and subscribe or acquire bonds and securities, referred to in Articles L. 515-14 to L. 515-17 of the French Monetary and Financial Code;
- (b) To issue *obligations foncières* to finance such categories of loans or bonds and securities, which *obligations foncières* benefit from the *privilège* defined in Article L. 515-19 of the French Monetary and Financial Code, and to raise other resources under issue or subscription contracts referring to this *privilège*.

*Sociétés de crédit foncier* may also finance the activities mentioned above by issuing debt securities or raising funds which do not benefit from this *privilège*.

*Sociétés de crédit foncier* may assign, in accordance with Articles L. 313-23 to L. 313-34 of the French Monetary and Financial Code, the debt receivables held by them. They may temporarily assign, in accordance with Articles

L. 432-6 to L. 432-19 of the French Monetary and Financial Code, their securities. In such case, the debt receivables and securities so assigned are not taken into account for the purpose of determining the coverage ratio of the resources benefiting from the *privilège*.

Under Dexia Municipal Agency's by-laws (*statuts*) and the authorisation of the CECEI, Dexia Municipal Agency may only grant or acquire loans to, or guaranteed by, public entities (as defined below).

Article L. 515-15 of the French Monetary and Financial Code defines loans to public entities as loans granted to States, local authorities or their groupings (*groupement*), or public institutions (*établissements publics*) located within the European Economic Area (European Union, Liechtenstein, Norway, Iceland) Switzerland, United States of America, Canada or Japan, or wholly guaranteed by one or more States, local authorities or their groupings.

In accordance with Article L. 515-15 are assimilated to loans to the above mentioned entities, bonds issued by these public sector entities or wholly guaranteed by one or more of these States, local authorities or their groupings, under the condition that these bonds are acquired with the intention to hold them until their maturity, debt receivables due by the above mentioned entities and debt arising under a financial lease contract where the lessee is a French public sector entity.

Article L. 515-16 of the French Monetary and Financial Code also includes within the category of loan under Article L. 515-15 of the French Monetary and Financial Code the shares of debt mutual funds (*parts de fonds communs de créances*) (previously governed by French law n°. 88-1201 of 23<sup>rd</sup> December 1988) and units or debt securities issued by similar entities registered under the law of a State belonging to the European Economic Area, Switzerland, United States of America, Canada or Japan provided that at least 90 per cent. of the assets of these funds or entities, to the exception of temporary available sums awaiting affectation, and of guarantee, security or any other privilege which benefit to such assets, are made up of debts of the same nature as loans eligible for *sociétés de crédit foncier*, which in the case of Dexia Municipal Agency, are loans to public entities only.

According to Article L. 515-17 of the French Monetary and Financial Code, Dexia Municipal Agency, as a *société de crédit foncier*, is not allowed to hold shares in other companies.

Pursuant to Article L. 515-18 of the French Monetary and Financial Code, in order to hedge the loans mentioned in Article L. 515-14 to L. 515-17 of the French Monetary and Financial Code, the *obligations foncières* or the other resources benefiting from the *privilège*, the *sociétés de crédit foncier* may contract forward financial instruments as defined in Article L. 211-1 of the French Monetary and Financial Code. Any amounts payable to the *société de crédit foncier* under these forward financial instruments, after any applicable netting, and any amount payable to the *société de crédit foncier* under forward financial instruments contracted to hedge the global risk on its assets, liabilities and off-balance sheet risks benefit from the *privilège*. Sums due under forward financial instruments used to hedge the transactions referred to in Article L. 515-13 II of the French Monetary and Financial Code (i.e. bonds or other resources not benefiting from the *privilège*) do not benefit from the *privilège*.

Finally, according to Article L. 515-17 of the French Monetary and Financial Code, *sociétés de crédit foncier* may hold, as replacement assets (*valeurs de remplacement*), securities (including *obligations foncières* issued by other *sociétés de crédit foncier*), which are sufficiently safe and liquid to be held by *sociétés de crédit foncier*. Article 7 of French decree n° 99-710 dated 3<sup>rd</sup> August 1999 (the “**Decree**”) defines these replacement assets as assets which may be eligible for refinancing with the European system of central banks, as well as debts due by credit institutions with less than one year maturity. The same Article provides that the proportion of such safe and liquid assets cannot exceed 20 per cent. of the total assets of a *société de crédit foncier*, but upon prior authorisation of the French *Commission Bancaire*, this limit may temporarily be increased to 30 per cent.

Pursuant to Article L. 515-20 of the Code and Article 6 of *Règlement n° 99-10 du Comité de la réglementation bancaire et financière sur les sociétés de crédit foncier* (the “**Règlement**”), *sociétés de crédit foncier* must at all times maintain a ratio of at least 100 per cent. as between their assets and the total amount of their liabilities which have the benefit of the *privilège* mentioned in Article L. 515-19 of the French Monetary and Financial Code, in

accordance with the terms specified by the Règlement. The French *Commission Bancaire* may temporarily waive this requirement for a given institution, on the condition that the institution meets the ratio by a given deadline.

As per Article 10 of the Règlement, *sociétés de crédit foncier* declare to the French *Commission Bancaire* their cover ratio on 30 June and 31 December in each year.

As credit institutions, *sociétés de crédit foncier* are supervised by the French *Commission Bancaire*, which ensures that *sociétés de crédit foncier* comply with their obligations under the French Monetary and Financial Code.

Pursuant to Article 13 of the Règlement, *sociétés de crédit foncier* must publish, at the latest 45 days after the general meeting approving the financial statements of the year ended, information relating to the quality of their assets, and in particular the characteristics and the distribution of the loans and the guarantees, the total of the unpaid amounts, the distribution of debts by amount and by category of debtors, the proportion of early repayments, and the level and sensitivity of the position of rates.

### **Specific controller**

Statutory: FIDUS

12 rue de Ponthieu, 75008 Paris,  
represented by Christian Commerman

Alternate: Groupement d'Expertise de France

10 rue de la Grange Batelière, 75009 Paris, represented by François Dumenil

In 2003, the Supervisory Board of Dexia Municipal Agency decided to re-appoint the statutory and the alternate specific controllers for a term of four years which will terminate on the date of publication of the specific controller's report on the annual accounts of Dexia Municipal Agency for the financial year ending 31 December 2006.

Articles L. 515-29 to L. 515-31 of the French Monetary and Financial Code requires that *sociétés de crédit foncier* appoint a *Contrôleur Spécifique* (the "**Specific Controller**").

The Specific Controller, and a substitute specific controller, are selected from the auditors' (*Commissaires aux comptes*) official list and are appointed for a term of four years by the Executive Board of the *société de crédit foncier*, with the approval of the French *Commission Bancaire*.

The Specific Controller ensures that the *société de crédit foncier* complies with the French Monetary and Financial Code, *i.e.* checks the eligibility of the assets and the cover ratio (as more described in the *Règlement*). He also watches the level of equivalence between the assets and liabilities in terms of rates and maturity (cash flow adequacy) and draws the attention of the members of the Executive Board of the *société de crédit foncier* and the French *Commission Bancaire* if he deems that level to be unsatisfactory (Article 12 of the *Règlement*).

As provided by Article 9-IV of the Decree, the Specific Controller certifies that the rule providing that the amount of eligible assets is greater than the amount of liabilities benefiting from the *privilège* is satisfied at all times. He may give that certification on the basis of a quarterly program of issues of resources benefiting from the *privilège*. For any issue of resources benefiting from the *privilège* in an amount equal to or above Euro 500 million or its equivalent in the currency of issue, the certification is mandatory (see § 13 of "General Information" below).

The Specific Controller certifies documents sent to the French *Commission Bancaire* as to compliance with the provisions of the Law. He draws up an annual report on his task for the Executive Board and the Supervisory Board of the *société de crédit foncier*. A copy of this report is delivered to the French *Commission Bancaire* (Articles L. 515-29 to L. 515-31 of the French Monetary and Financial Code).

The Specific Controller attends all shareholders' meetings and, on his request, may be heard by the Executive Board (Articles L. 515-29 to L. 515-31 of the French Monetary and Financial Code).



## BUSINESS OVERVIEW

Dexia Municipal Agency's exclusive purpose is (as per Article 2 of the by-laws):

- to grant or acquire loans to public-sector entities as defined in Article L. 515-15 of the French 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 (*valeurs de remplacement*); and
- in order to finance the loans mentioned hereabove, to issue bonds called *obligations foncières*, benefiting from the *privilège* defined in Article L. 515-19 of the French Monetary and Financial Code and to raise other funds, under issue or subscription contract referring to the *privilège*.

Dexia Municipal Agency may also fund the above mentioned business by issuing bonds or other resources not benefiting from the *privilège* defined in Article L. 515-19 of the French Monetary and Financial Code.

Dexia Municipal Agency may assign, in accordance with Articles L. 313-23 to L. 313-35 of the French Monetary and Financial Code (previously French law n°. 81-1 of 2 January 1981 *facilitant le crédit aux entreprises*), the receivables owned by it, provided that the rule of Article L. 515-20 of the French Monetary and Financial Code remains respected.

The following paragraph summarises the company's main characteristics:

### 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, L. 515-16, 515-17 and 515-18 of the French Monetary and Financial Code, *i.e.* States, local governments or groups of such, public sector establishments in the European Economic Area, Switzerland, the United States and Canada (the law also includes Japan, but Dexia Municipal Agency had no assets from this country at the end of 2005). These commitments take the form of loans or bonds, or of loans or bonds guaranteed by such public sector entities. Debt issued by mutual funds or similar structures (ABS) are also eligible for booking on Dexia Municipal Agency's balance sheet if 90% of their assets are themselves directly eligible; debt issued by these funds must have a minimum rating of AA-/Aa3/AA- by one of the three rating agencies, Fitch, Moody's or Standard and Poor's. Replacement assets, the amount of which is limited to 20% total assets, are defined as sufficiently secure and liquid assets, *i.e.* eligible for refinancing through the European central bank system. Until December 2004, replacement assets of Dexia Municipal Agency were comprised of covered bonds issued by other Dexia group entities, the coverage pool of which is only composed of commitments on public sector entities, so as to ensure the transfer of synthetic eligible assets among certain group units. In 2005, Dexia Municipal Agency acquired a few securities issued by local governments that were recognized as replacement securities and as available for sale for accounting purposes. Moreover, at the end of 2005, Dexia Municipal Agency had not yet made use of the faculty, granted by an amendment to French legislation in 2003, to refinance finance lease commitments in which the borrower is a French public sector entity.

The assets on Dexia Municipal Agency's balance sheet are mostly derived from the commercial activities of the different entities in the Dexia group through which it operates in public sector financing.

### Liabilities

Financing of assets is achieved with shareholders equity and two categories of debt:

- debt that benefits from the legal *Privilège* defined by law as *obligations foncières* or other resources that benefit from the legal *Privilège* as mentioned in their contract. At the end of 2005, Dexia Municipal Agency had only issued *obligations foncières*;
- debt that does not benefit from the legal *Privilège*, *i.e.* debt that is not covered by the assets and, therefore, would be treated as a subordinated debt . Dexia Municipal Agency has contracted this debt through a financing agreement with its parent company, Dexia Credit Local. In addition, in 1999, Dexia Credit Local signed a declaration of support ensuring that it “will see that Dexia Municipal Agency has the financial resources it needs to meet its obligations.”

A *société de crédit foncier* is not legally allowed to hold an equity interest in another company.

## **COVERAGE RATIO**

The coverage ratio is the ratio between the assets and the resources benefiting from the *Privilège*. According to article L. 515-20 of the French Monetary and Financial Code, “the total amount of assets of *sociétés de crédit foncier* must be greater than the amount of liabilities benefiting from the *Privilège*”. Dexia Municipal Agency’s specific controller certifies compliance with this rule for each issue. Regulation 99-10 of the Banking and Financial Regulation Committee defines the way the coverage ratio is calculated. The ratio’s denominator (article 8) “is comprised of *obligations foncières* and other resources benefiting from the *Privilège* ”. The ratio’s numerator (article 9) “is made up of the assets”, weighted to reflect their category. In the case of Dexia Municipal Agency, since the loans are granted to public sector entities or guaranteed by such, they are accounted for at their historical cost (100% weighting).

The securities issued by securitization vehicles (ABS) are also accounted for at their historical cost on the balance sheet of Dexia Municipal Agency, since their rating by Fitch, Moody’s or Standard and Poor’s justifies 100% weighting (for this, one of the three agencies must give the ABSs a rating that is equal to or more than AA-, Aa3, AA-).

The debt securities and the *Cedulas Territoriales* and *Pfandbrief* recorded on Dexia Municipal Agency’s balance sheet are accounted for at 95% of their historical cost, a rule that applies to all debt securities and replacement securities.

Dexia Municipal Agency has committed to maintain a minimum ratio of 105% for coverage by the assets of the resources benefiting from the *Privilège*. The rating agencies keep a close watch on the relevance of this limit with regard to their own stress criteria.

## **HEDGING INTEREST RATE RISK**

Hedging guidelines and interest rate risk management rules were defined in a policy paper (called “General Principles and Risk management guidelines of Dexia MA), when Dexia Municipal Agency was created, and this document has been approved by the rating agencies. They have not been changed since that time. The overall system, which may be described as follows, involves two major steps:

- In the first stage, all the assets and liabilities benefiting from the *Privilège* generate EURIBOR flows until maturity, either naturally or via swaps. A residual fixed rate gap remains after this hedging process, and its limit is subject to particular management.
- In the second step, all the EURIBOR lending and borrowing flows are swapped against Eonia to eliminate the interest rate risk generated by differences in due dates for the EURIBOR fixing. The Eonia swaps are made on a 12-month sliding horizon. A residual gap also remains in this second level and is monitored within strict limits.

For each of the two gaps mentioned above, the fixed rate gap and the EURIBOR gap, the sensitivity limit is defined as the change in the gap's net present value under the impact of an unfavourable 1% (100 basis points) shift in the yield curve.

At the beginning of 2005, Dexia Municipal Agency adopted as an interest rate risk management rule to respect a total sensitivity limit, fixed rate gap and EURIBOR gap, equal to 3% of shareholders' equity as of December 31, without changing the EUR 2.5 million threshold for the monetary gap limit within this new total limit. Based on shareholders' equity as of December 31, 2005, this new limit will be increased from EUR 21 million in 2005 to EUR 24 million for 2006.

#### **OUTLOOK FOR THE YEAR 2006**

Dexia Municipal Agency continues to refinance public sector assets generated by the Group. New assets of French origin should continue to represent the largest share at approximately 55%, then Italy and Belgium in the same proportion, Spain (with a new issue of *Cedulas Territoriales* by Dexia Sabadell Banco Local), and Switzerland, with the rest made up of transfers from the Swedish branch of Dexia Credit Local and assets from other sources.

## ORGANISATIONAL STRUCTURE

Dexia Municipal Agency is a subsidiary wholly owned by Dexia Credit Local, which is itself a wholly-owned subsidiary of Dexia.

Dexia Group is active in three lines of business:

- public finance and financial services for the public sector;
- retail banking;
- private banking, asset management and investment fund administration.

Dexia Municipal Agency is specialised in the financing of the first line of business. The purpose of Dexia Municipal Agency is to finance public sector commitments generated by the Dexia group by issuing *obligations foncières* rated AAA/Aaa/AAA and other resources benefiting from the *privilège*.

On September 16, 1999, Dexia Credit Local formalized a declaration of financial support for its subsidiary Dexia Municipal Agency. The text of the declaration of financial support is translated (for information purposes only) as follows:

*“Within the scope of its financing policies, Crédit Local de France has created a société de crédit foncier, governed by section IV of the law 99-532 of June 25, 1999, and named Dexia Municipal Agency.*

*“Crédit Local de France will hold more than 95% of the capital of Dexia Municipal Agency on a long-term basis.*

*“Crédit 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.”*

Original text in French:

*Paris, le 16 septembre 1999*

*Dans le cadre de sa politique de refinancement, le Crédit local de France a créé une société de crédit foncier, soumise aux dispositions du titre IV de la loi n° 99-532 du 25 juin 1999, dénommée Dexia Municipal Agency.*

*Le Crédit local de France détiendra durablement plus de 95 % du capital de Dexia Municipal Agency.*

*Le Crédit local de France veillera à ce que Dexia Municipal Agency développe son activité dans le respect des conditions de la loi précitée et dispose des moyens financiers qui lui seront nécessaires pour faire face à ses obligations.*

*Crédit local de France*

*Jacques Guerber*

*Vice Président*

*Directeur Général*

## **TREND INFORMATION**

There has been no material adverse change in the prospects of the Issuer since 31 December 2005.

## ADMINISTRATIVE, MANAGEMENT, AND SUPERVISORY BODIES

### MEMBERS OF THE SUPERVISORY BOARD AND THEIR MEMBERSHIP IN OTHER BOARDS:

*Chairman*

**Jacques GUERBER**

*Vice-Chairman of the Management Board of Dexia S.A.*

*Member of the Management Board of Dexia Banque*

*Member of the Management Board of Dexia BIL*

*Director of Credit du Nord*

*Director of Dexia Insurance*

*Director of Financial Security Assurance Holdings Ltd*

*Member of the Executive Board of Dexia Credit Local*

*Permanent representative of Dexia Credit Local, Member of the Board of Directors of Dexia Finance*

*Member of the Supervisory Board of Financière Centuria*

*Vice Chairman*

**Alain DELOUIS**

*Director and delegated Chief Executive Officer of Dexia Securities France*

*Members*

**Claude SCHON**

*Director of Dexia Securities France*

**Dexia Crediop, represented by Marc BRUGIERE**

*Chief Executive Officer of Dexia Crediop*

**Dexia Bank Belgium S.A., represented by Michel LUTTGENS**

**François DUROLLET**

*Member of the Board of Directors of Dexia Finance*

*Member of the Supervisory Board of Créatis*

*Member of the Board of Directors of Astris Finance*

*Member of the Supervisory Board of Kommunalkredit Austria*

*Chairman of the Board of Directors of Dexia Credito Local Mexico, S.A. de C.V.*

*Member of the Supervisory Board of Dexia Kommunalbank Deutschland A.G.*

*Member of the Supervisory Board of Dexia Kommunalkredit Bank A.G.*

*Chairman of the Board of Directors of Otzar Hashilton Hamekomi LTD*

*Vice-Chairman of the Supervisory Board of Dexia Banka Slovensko*

*Chairman of the Board of Directors of DCL Asia Pacific Property Ltd*

**Dexia Credit Local, represented by Gérard BAYOL**

*Chairman of the Executive Board of Dexia Credit Local*

*Co-legal Manager of SCI Bayoli*

*Vice-Chairman of Alliance Française*

*Member of the Board of Directors of Dexia Finance*

*Vice-Chairman of the Board of Directors of Dexia Fund Services Italia SpA*

**Dexia Sabadell Banco Local, represented by José Luis CASTILLO**

*Chief Executive Officer of Dexia Sabadell Banco Local  
Chairman of the Chambre Franco-Espagnole de Commerce et d'Industrie*

**Jean-Paul GAUZÈS**

*Director of Dexia Finance*

*Permanent representative of Dexia Credit Local, member of the Board of Directors of Dexia CLF Immo*

*Permanent representative of Dexia Credit Local, member of the Board of Directors of Floral*

*Member of the Board of Directors and Chief Executive Officer of Dexia Habitat*

*Permanent representative of Dexia Credit Local, member of the Board of Directors of Europrojet Developpement*

**Jean LE NAOUR**

*Member of the Board of Directors of Crediop Overseas Bank Limited (COBL)*

*Legal Manager of CBX. IA 1*

*Legal Manager of CBX. IA 2*

*Chairman of the Board of Directors and Chief Executive Officer of the Compagnie pour le Foncier et l'Habitat*

*Chairman of the Board of Directors, Chief Executive Officer of Dexia CLF Immo*

*Chairman of the Board of Directors, Chief Executive Officer of Europrojet Developpement*

*Permanent representative of Dexia Credit Local, member of the Board of Directors of Dexia Flobail*

*Permanent representative of Dexia Credit Local, member of the Board of Directors of Dexia Bail*

**Jean-Luc PETITPONT**

*Member of the Board of Directors and delegated Chief Executive Officer of Dexia Finance*

**Pierre Homi RAHMANI**

*Chairman of the Board of Directors and Chief Executive Officer of Dexia Finance*

*Member of the Board of Directors of Floral*

*Vice-Chairman of the Supervisory Board of Dexia Kommunalbank Deutschland A.G.*

**Bruno DELETRE**

*Member of the Board of Directors of Financial Security Assurance Holding Ltd*

*Member of the Board of Directors of Financial Security Assurance (UK) Ltd*

*Member of the Board of Directors of Dexia Crediop*

*Member of the Board of Directors of Dexia Finance*

*Vice-Chairman of the Supervisory Board of Kommunalkredit Austria A.G.*

*Chairman of Dexia Holdings Incorporated*

*Chairman of the Supervisory Board of Dexia Kommunalcredit Bank A.G.*

*Chairman of the Board of Directors of Dexia Sabadell Banco Local*

*Chairman of the Supervisory Board of Dexia Kommunalbank Deutschland A.G.*

**MEMBERS OF THE EXECUTIVE BOARD AND THEIR MEMBERSHIP IN OTHER BOARDS**

*Chairman*

**François LAUGIER**

*Director of Dexia Finance*

*Members*

**Jean-Claude SYNAVE**

*Chief Executive Officer*

**Sylvie VADE**

*Chief Executive Officer*

**Hervé FOYAN-DJOU DOM**  
*Member of the Executive Board*

No potential conflicts of interest exist between duties to the Issuer of the persons on the Executive Board and Supervisory Board, as listed above, and their private interests.

For the purposes of this section, the members of the supervisory board elect domicile at the registered office of the Dexia Municipal Agency, Tour Cristal 7-11, quai André Citroën 75015 Paris France.



## STATUTORY AUDITORS

The statutory auditors of Dexia Municipal Agency for the financial years ended 31 December 2004 and 31 December 2005 and their alternates (re-appointed on March 24, 2005, for a term of six years) are:

### MAZARS ET GUÉRARD

Le Vinci - 4 Allée de l'Arche - 92075 Paris La Défense Cedex  
represented by Guillaume Potel, Partner, and Anne Veaute, Partner  
Alternate: Pierre Masieri

### CADERAS MARTIN

76, rue de Monceau, 75008 Paris  
represented by Daniel Butelot, Partner, and Olivier Avril, Partner  
Alternate: François Martin

Caderas Martin and Mazars & Guérard are regulated by the *Haut Conseil du Commissariat aux Comptes* and are duly authorised as Commissaires aux comptes. They both belong to the *Compagnie Régionale des Commissaires aux Comptes de Paris*.

## MAJOR SHAREHOLDERS

	2001	2002	2003	2004	2005
- Dexia Crédit 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%

As of July 1, 2006, the 99.99% of the issued share capital of Dexia Municipal Agency was held by Dexia Credit Local and 0.01% of the issued share capital was held by French and/or Belgian private, institutional and corporate investors.

## **FINANCIAL INFORMATION CONCERNING THE ISSUER'S ASSETS AND LIABILITIES, FINANCIAL POSITION AND PROFITS AND LOSSES**

### **SUMMARY OF FINANCIAL INFORMATION**

As reminder, Dexia Municipal Agency is not obliged to publish its financial statements in an IFRS format as of 2005 since the company does not produce consolidated accounts.

The following tables set out in summary form balance sheet and income statement information relating to Dexia Municipal Agency. Such summary information is derived from the audited financial statements of the Issuer for the years ended 31 December 2004 and 31 December 2005 and the interim financial statements for the three month period ended 31 March 2006 submitted to a limited review by the auditors.

Such financial statements and the accompanying notes, together with the reports of the auditors are incorporated by reference into this Base Prospectus.

The financial statements for the financial years ended 31 December 2004 and 31 December 2005 can be found respectively on pages 83 to 85 of the Issuer's Annual Report 2004 and pages 77 to 79 of the Issuer's Annual Report 2005. The notes on the financial statements for the financial years ended 31 December 2004 and 31 December 2005 can be found respectively on pages 86 to 100 of the Issuer's Annual Report 2004 and pages 80 to 94 of the Issuer's Annual Report 2005. The statutory auditors' reports on financial statements for the financial years ended 31 December 2004 and 31 December 2005 can be found respectively on pages 81 and 82 of the Issuer's Annual Report 2004 and pages 75 and 76 of the Issuer's Annual Report 2005.

The summary financial information presented below should be read in conjunction with such financial statements, reports and the notes thereto.

*Assets as of December 31, 2005*

<b>EUR thousands</b>	<b>Notes</b>	<b>12/31/03</b>	<b>12/31/04</b>	<b>12/31/05</b>
Cash, central banks and postal checking accounts	2.1	20,116	18,460	540
Government and public entity securities eligible for central bank refinancing	2.2	2,046,562	1,156,323	1,490,677
Interbank loans and advances		966,430	1,097,935	1,328,547
A. Interbank loans - Sight	2.3	45	45	8,151
B. Accrued interest - Sight		-	-	-
C. Interbank loans - Time	2.4	956,942	1,086,717	1,305,683
D. Accrued interest - Time	2.4	9,443	11,173	14,713
Client loans	2.5	34,377,548	37,307,566	40,690,898
A. Client loans		33,789,700	36,720,815	40,044,429
B. Accrued interest		587,848	586,751	646,469
Bonds and other fixed income securities	2.6	2,048,628	5,141,611	7,865,498
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		5	16	19
Accruals and other assets	2.7	1,740,045	1,840,971	2,017,518
<b>TOTAL ASSETS</b>	<b>2.8</b>	<b>41,199,334</b>	<b>46,562,882</b>	<b>53,393,697</b>

*Liabilities as of December 31, 2005*

<b>EUR thousands</b>	<b>Notes</b>	<b>12/31/03</b>	<b>12/31/04</b>	<b>12/31/05</b>
Interbank loans	3.1	6,932,143	5,585,214	7,050,157
Client deposits (guarantees)		-	-	-
Debt securities		30,724,302	36,921,393	42,618,678
A. Debt securities	3.2	29,904,452	36,048,331	41,741,102
B. Accrued interest	3.2	819,850	873,062	877,576
Other liabilities	3.3	58,822	270,928	191,039
Accruals and other liabilities	3.4	2,887,764	3,078,293	2,732,620
Reserves for contingencies and deferred taxes		4,625	-	-
Subordinated debt		-	-	-
General banking risks reserve		-	-	-
Shareholders' equity excluding general banking risks reserve		591,678	707,054	801,203
Capital stock	3.6	450,000	620,000	680,000
Reserves and retained earnings	3.6	83,824	11,287	10,144
Regulated provisions	3.5	10,390	14,911	22,112
Net income	3.6	47,464	60,856	88,947
<b>TOTAL LIABILITIES</b>	<b>3.7</b>	<b>41,199,334</b>	<b>46,562,882</b>	<b>53,393,697</b>

*Off-balance sheet items as of December 31, 2005*

<b>EUR thousands</b>	<b>Notes</b>	<b>12/31/03</b>	<b>12/31/04</b>	<b>12/31/05</b>
COMMITMENTS GRANTED	4.1	2,366,340	2,806,789	3,108,130
Financing commitments		2,366,340	2,806,789	3,108,130
COMMITMENTS RECEIVED	4.2	5,031,351	7,141,438	8,563,516
Financing commitments		2,236,346	4,156,650	4,990,250
Guarantees received		2,795,005	2,984,788	3,573,266
Foreign currency transactions	4.3	18,775,241	22,655,870	29,986,595
Interest rate derivatives	4.4	103,196,170	117,914,297	138,615,665
Other commitments received		-	-	-
Commitments related to securities transactions	4.5	23,000	1,000,000	-

**Statement of income as of December 31, 2005**

<b>EUR thousands</b>	<b>Notes</b>	<b>12/31/03</b>	<b>12/31/04</b>	<b>12/31/05</b>
Interest income		2,525,062	2,567,985	2,957,951
A. From interbank transactions		22,447	24,691	30,619
B. From client transactions		1,241,475	1,234,351	1,356,429
C. From bonds and other fixed income securities		77,559	114,888	176,727
D. From macro-hedge transactions		1,183,581	1,194,055	1,394,176
Interest expense		(2,382,560)	(2,414,022)	(2,744,939)
A. On interbank transactions		(169,192)	(150,628)	(136,503)
B. On bonds and other fixed income securities		(718,761)	(745,418)	(883,434)
C. On macro-hedge transactions		(1,494,607)	(1,517,976)	(1,725,002)
Income from variable income securities		-	-	-
A. Equities and other variable income securities		-	-	-
B. Long-term investments		-	-	-
Commission income		4	6	13
Commission expense		(1,568)	(1,970)	(2,561)
Income from financial transactions		(15)	(6)	(15)
Other banking income		53	10	12
Other banking expense		(19)	(20)	(14)
<b>NET BANKING INCOME</b>		<b>140,957</b>	<b>151,983</b>	<b>210,447</b>
General operating expense	5.1	(55,995)	(61,200)	(66,413)
A. Staff costs		-	-	-
1. Payroll expense		-	-	-
2. Social contributions		-	-	-
B. Other general operating expense		(55,995)	(61,200)	(66,413)
1. Taxes		(2,864)	(3,093)	(4,217)
2. Other general operating expense		(53,131)	(58,107)	(62,196)
C. Network commissions		-	-	-
Depreciation and amortization		-	-	-
<b>OPERATING INCOME BEFORE CONTINGENCIES</b>		<b>84,962</b>	<b>90,783</b>	<b>144,034</b>
Cost of risk		(763)	976	1
<b>INCOME FROM OPERATIONS</b>		<b>84,199</b>	<b>91,759</b>	<b>144,035</b>
Income (loss) on fixed assets		-	-	-
<b>INCOME BEFORE NON-RECURRING ITEMS AND TAXES</b>		<b>84,199</b>	<b>91,759</b>	<b>144,035</b>
Non-recurring income		-	-	-
Non-recurring expense		-	-	-
Corporate income tax		(33,250)	(26,382)	(47,887)
A. Current taxes		(28,625)	(31,007)	(47,887)
B. Deferred taxes		-	-	-
C. Loss contingencies		(4,625)	4,625	-
Net allocation to general banking risks reserve and regulated provisions		(3,485)	(4,521)	(7,201)
<b>NET INCOME</b>		<b>47,464</b>	<b>60,856</b>	<b>88,947</b>

**CASH FLOW STATEMENTS AS OF DECEMBER 31, 2005**

<b>In millions of Euros</b>	<b>12/21/2005</b>	<b>12/31/2004</b>	<b>12/31/2003</b>
		(*)	(*)
<b>Net income before taxes</b>	<b>144.0</b>	<b>91.8</b>	<b>84.2</b>
+/- Amortisation and depreciation and other impairment on fixed and intangible assets			
+/- Depreciation	-0.1	-1.8	-2.1
+/- Expense/income from operating activities	27.8	23.3	75.0
+/- Expense/income from financing activities	-32.8	28.6	17.5
+/- Other non cash items	13.9	-11.9	860.0
<b>= Non monetary elements included in net income before tax and other adjustments</b>	<b>8.7</b>	<b>38.2</b>	<b>950.4</b>
+/- Cash from interbank operations (Dexia Crédit Local)	700.0	-2,129.3	390.8
+/- Cash from interbank operations (customer loans)	-227.6	-2,929.4	-4,374.9
+/- Cash from customer operations (loans)	-3,345.9	-1,915.5	-2,365.2
+/- Cash from financing assets and liabilities	-3,084.8	0.0	0.0
- Income tax paid	-38.1	-28.6	-22.3
<b>= Increase/(decrease) in cash from operating activities</b>	<b>-5,996.3</b>	<b>-7,002.8</b>	<b>-6,371.6</b>
<b>CASH FLOW FROM OPERATING ACTIVITIES (A)</b>	<b>-5,843.6</b>	<b>-6,872.8</b>	<b>-5,337.0</b>
+/- Cash from financing assets and long-term investments			
+/- Cash from investment property			
+/- Cash from property and intangible assets			
<b>CASH FLOW FROM INVESTING ACTIVITIES (B)</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
+/- Cash from or for shareholders	-2.0	50.0	0.0
+/- Other cash from financing activities	5,049.5	6,142.2	4,151.9
<b>CASH FLOW FROM FINANCING ACTIVITIES (C)</b>	<b>5,047.5</b>	<b>6,192.2</b>	<b>4,151.9</b>
<b>EFFECT OF EXCHANGE RATES CHANGES ON CASH (D)</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
-		-	-
<b>Net cash provided (A + B+ C + D)</b>	<b>-796.1</b>	<b>-680.6</b>	<b>-1,185.1</b>
Cash flow from operating activities (A)	-5,843.6	-6,872.8	-5,337.0
Cash flow from investing activities (B)			
Cash flow from financing activities (C)	5,047.5	6,192.2	4,151.9
Effect of exchange rates on cash (D)			
<b>Cash and cash equivalents at the beginning of the period</b>	<b>-2,042.6</b>	<b>-1,362.0</b>	<b>-176.9</b>
Cash, central banks and postal checking accounts (assets & liabilities)	18.5	20.0	0.0
Interbank accounts (assets & liabilities) and loans/deposits at sight	-2,061.0	-1,382.0	-176.9
<b>Cash and cash equivalents at the end of the period</b>	<b>-2,838.7</b>	<b>-2,042.6</b>	<b>-1,362.0</b>
Cash, central banks and postal checking accounts (assets & liabilities)	0.5	18.5	20.0
Interbank accounts (assets & liabilities) and loans/deposits at sight	-2,839.2	-2,061.1	-1,382.0

<b>Net cash</b>	<b>-796.1</b>	<b>-680.6</b>	<b>-1,185.1</b>
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(\*)The cashflows statements for the year ended December 31, 2004 and 2003 detailed above have been drawn up in July 2005 on the basis of certified accounting datas solely and exclusively for the purpose of the compliance of the Base Prospectus with the requirements of Directive 2003/71/EC (the "Prospectus Directive").

As a consequence, these cashflows statements for the year ended December 31, 2004 and 2003 have been established after the date on which the financial statements for the financial year 2004 and 2003 have been approved and published and therefore they have not been audited by the statutory auditors of the issuer.



## FINANCIAL STATEMENTS

### ASSETS AS OF MARCH 31, 2006

EUR thousand	Notes	EUR	EUR	EUR
		3/31/05	12/31/05	3/31/06
Cash, central banks and postal checking accounts	2.1	17,492	540	1,690
Government and public entity securities, eligible for central bank refinancing	2.2	1,275,755	1,490,677	1,502,554
Interbank loans and advances		1,158,592	1,328,546	1,333,796
A. Interbank loans - Sight	2.3	12	8,151	78
B. Accrued interest - Sight		0	0	0
C. Interbank loans - Time	2.4	1,146,155	1,305,683	1,318,144
D. Accrued interest - Time	2.4	12,425	14,713	15,574
Client loans	2.5	37,229,386	40,690,898	40,104,196
A. Client loans		36,728,465	40,044,429	39,526,325
B. Accrued interest		500,921	646,469	577,871
Bonds and other fixed income securities	2.6	5,962,222	7,865,498	9,789,483
Equities and other variable income securities		0	0	0
Investments in non-consolidated companies and other long-term investments		0	0	0
Investments in consolidated companies		0	0	0
Intangible assets		0	0	0
Property and equipment		0	0	0
Unpaid capital		0	0	0
Treasury stock		0	0	0
Other assets		17	19	19
Accruals and other assets	2.7	1,710,343	2,017,518	2,091,621
<b>TOTAL ASSETS</b>	2.8	<b>47,353,807</b>	<b>53,393,697</b>	<b>54,823,359</b>

### LIABILITIES AS OF MARCH 31, 2006

EUR thousand	Notes	EUR	EUR	EUR
		3/31/05	12/31/05	3/31/06
Interbank loans	3.1	4,247,401	7,050,157	5,000,988
Client deposits (guarantees)		0	0	0
Debt securities		39,436,716	42,618,678	45,862,744
A. Debt securities	3.2	38,572,931	41,741,102	45,027,595
B. Accrued interest	3.2	863,785	877,576	835,149
Other liabilities	3.3	243,518	191,039	110,650
Accruals and other liabilities	3.4	2,693,172	2,732,620	3,028,507
Reserves for contingencies and deferred taxes		0	0	0
Subordinated debt		0	0	0
General banking risks reserve		0	0	0
Shareholders' equity excluding general banking risks reserve		733,000	801,203	820,470
Capital stock	3.6	680,000	680,000	680,000
Additional paid-in capital		0	0	0
Reserves and retained earnings	3.6	10,144	10,144	10,144
Revaluation adjustments		0	0	0
Regulated provisions	3.5	17,003	22,112	23,532
Net income	3.6	25,853	88,947	17,846
Unallocated net income	3.6	0	0	88,947
<b>TOTAL LIABILITIES</b>	3.7	<b>47,353,807</b>	<b>53,393,697</b>	<b>54,823,359</b>

### OFF-BALANCE SHEET ITEMS AS OF MARCH 31, 2006

EUR thousand	Notes	EUR	EUR	EUR
		3/31/05	12/31/05	3/31/06
<b>COMMITMENTS GRANTED</b>	4.1	2,871,491	3,108,130	3,754,585
Financing commitments		2,871,491	3,108,130	3,754,585
<b>COMMITMENTS RECEIVED</b>	4.2	7,731,670	8,563,516	11,015,703
Financing commitments		4,635,616	4,990,250	7,453,042
Guarantees received		3,096,054	3,573,266	3,562,661
Foreign currency transactions	4.3	25,562,403	29,986,595	33,256,218
Interest rate derivatives	4.4	121,434,084	138,615,665	145,032,232
Other commitments received		0	0	0
Commitments related to securities transactions	4.5	0	0	0

## STATEMENT OF INCOME AS OF MARCH 31, 2006

EUR thousand	Notes	EUR 3/31/05	EUR 12/31/05	EUR 3/31/06
<b>Interest income</b>		715,774	2,957,952	893,305
A. from interbank transactions		6,980	30,619	8,453
B. from transactions with clients		338,873	1,356,429	362,633
C. from bonds and other fixed income securities		41,123	176,727	64,485
D. from macro-hedge transactions		328,798	1,394,176	457,734
<b>Interest expense</b>		(657,317)	(2,744,939)	(846,457)
A. on interbank transactions		(36,702)	(136,503)	(32,239)
B. on bonds and other fixed income securities		(211,571)	(883,434)	(278,919)
C. on macro-hedge transactions		(409,044)	(1,725,002)	(535,299)
<b>Income from variable income securities</b>		0	0	0
A. Equities and other variable income securities		0	0	0
B. Long-term investments		0	0	0
<b>Commission income</b>		9	13	1
<b>Commission expense</b>		(383)	(2,561)	(252)
<b>Income from financial transactions</b>		0	(15)	(239)
<b>Other banking income</b>		0	12	1
<b>Other banking expense</b>		(2)	(14)	(0)
<b>NET BANKING INCOME</b>		58,081	210,447	46,359
<b>General operating expense</b>	5.1	(16,226)	(66,413)	(17,683)
A. Staff costs		0	0	0
1. Payroll expense		0	0	0
2. Social contributions		0	0	0
B. Other general operating expense		(16,226)	(66,413)	(17,683)
1. Taxes		(928)	(4,217)	(1,126)
2. Other general operating expense		(15,298)	(62,196)	(16,557)
C. Network commissions		0	0	0
<b>Depreciation and amortization</b>		0	0	0
<b>OPERATING INCOME BEFORE CONTINGENCIES</b>		41,855	144,034	28,676
Cost of risk		16	976	(6)
<b>INCOME FROM OPERATIONS</b>		41,871	145,010	28,670
Income (loss) on fixed assets		0	0	0
<b>INCOME BEFORE NON-RECURRING ITEMS AND TAXES</b>		41,871	145,010	28,670
<b>Non-recurring income</b>		0	0	0
<b>Non-recurring expense</b>		0	0	0
<b>Corporate income tax</b>		(13,925)	(47,887)	(9,404)
A. Current taxes		(13,925)	(47,887)	(9,404)
B. Deferred taxes		0	0	0
C. Loss contingencies		0	0	0
Net allocation to general banking risks reserve and regulated provisions		(2,093)	(7,201)	(1,420)
<b>NET INCOME</b>		25,853	89,923	17,846

### Auditing of historical annual financial information

The statutory auditors of Dexia Municipal Agency have prepared a report in accordance with article L. 225-235 of the French commercial code on the report from the Chairman of the Supervisory Board of Dexia Municipal Agency on information given on the internal control procedures relating to the preparation and processing of financial and accounting information. Such report dated 20 March 2006 can be found on page 111 of the Issuer's Annual Report 2005.

### Legal and arbitration proceedings.

The Issuer is not or has not been involved in any governmental litigation or proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) in the 12 months preceding the date of this Base Prospectus which may or have in such period had a significant effect on the financial position or profitability of the Issuer.

**No material adverse change.**

There has been no significant change in the financial position of the Issuer since 31 March 2006 and no material adverse change in the financial position or prospects of the Issuer since 31 December 2005.

## **MATERIAL CONTRACTS**

Dexia Municipal Agency has contractually entrusted its parent company Dexia Credit Local with operational management. Specific management contracts have also been signed with other entities in the group that transfer assets to Dexia Municipal Agency and continue to handle the administration of these assets *vis-à-vis* their national clients. At the end of 2005, the following contracts were operative: Kommunalkredit Austria, in which Dexia Credit Local has a 49% interest; Dexia Crediop (Italy), a subsidiary of Dexia Credit Local; Dexia Bank Belgium, a Dexia SA subsidiary; and Dexia Credit Local Stockholm Branch. All these management contracts already existed the last two years, and no new contract was signed in 2005.

## TAXATION

*The statements herein regarding taxation are based on the laws in force in France and/or, as the case may be, the Grand Duchy of Luxembourg as of the date of this Programme and are subject to any changes in law. The following summary does not purport to be a comprehensive description of all the tax considerations which may be relevant to a decision to purchase, own or dispose of the Obligations Foncières. Each prospective holder or beneficial owner of Obligations Foncières should consult its tax advisor as to the Luxembourg or, as the case may be, the French tax consequences of any investment in or ownership and disposition of the Obligations Foncières.*

### EU Taxation

On 3 June 2003, the European Council of Economic and Finance Ministers adopted Directive 2003/48/EC on the taxation of savings income (the “**Directive**”). Pursuant to the Directive and subject to a number of conditions being met, Member States are required, since 1 July 2005, to provide to the tax authorities of another Member State, *inter alia*, details of payments of interest within the meaning of the Directive (interests, products, premiums or other debt income) made by a paying agent located within its jurisdiction to, or for the benefit of, an individual resident in that other Member State (the “**Disclosure of Information Method**”).

For these purposes, the term “paying agent” is defined widely and includes in particular any economic operator who is responsible for making interest payments, within the meaning of the Directive, for the immediate benefit of individuals.

However, throughout a transitional period, certain Member States (the Grand-Duchy of Luxembourg, Belgium and Austria), instead of using the Disclosure of Information Method used by other Member States, unless the relevant beneficial owner of such payment elects for the Disclosure of Information Method, withhold an amount on interest payments. The rate of such withholding tax equals 15% during the first three years, 20% during the subsequent three years and 35% until the end of the transitional period.

Such transitional period will end at the end of the first full fiscal year following the later of (i) the date of entry into force of an agreement between the European Community, following a unanimous decision of the European Council, and the last of Switzerland, Liechtenstein, San Marino, Monaco and Andorra, providing for the exchange of information upon request as defined in the OECD Model Agreement on Exchange of Information on Tax Matters released on 18 April 2002 (the “**OECD Model Agreement**”) with respect to interest payments within the meaning of the Directive, in addition to the simultaneous application by those same countries of a withholding tax on such payments at the rate applicable for the corresponding periods mentioned above and (ii) the date on which the European Council unanimously agrees that the United States of America is committed to exchange of information upon request as defined in the OECD Model Agreement with respect to interest payments within the meaning of the Directive.

A number of non-EU countries and dependent or associated territories have agreed to adopt similar measures (transitional withholding or exchange of information) with effect since 1 July 2005.

### France - Taxation

The Directive was implemented into French law under Article 242 *ter* of the French *Code Général des Impôts*, which imposes on paying agents based in France an obligation to report to the French tax authorities certain information with respect to interest payments made to beneficial owners domiciled in another Member State,

including, among other things, the identity and address of the beneficial owner and a detailed list of the different categories of interest paid to that beneficial owner.

Payments of interest and other revenues with respect to *Obligations Foncières* and are issued or deemed to be issued by the Issuer outside the Republic of France benefit from the exemption from deduction of tax at source on interest set out under Article 125 A III of the French *Code Général des Impôts*, as provided for in Article 131 *quater* of the French *Code Général des Impôts*. Accordingly, such payments do not give the right to any tax credit from any French source.

The *Obligations Foncières* will be issued (or deemed to be issued) outside France by the Issuer (i) in the case of syndicated or non-syndicated issues of *Obligations Foncières*, if such *Obligations Foncières* are denominated in euro, (ii) in the case of syndicated issues of *Obligations Foncières* denominated in currencies other than euro, if, *inter alia*, the Issuer and the relevant Dealers agree not to offer the *Obligations Foncières* to the public in the Republic of France in connection with their initial distribution and such *Obligations Foncières* are offered in the Republic of France only through an international syndicate to qualified investors (*investisseurs qualifiés*) as described in Article L. 411-2 of the French *Code monétaire et financier* or (iii) in the case of non-syndicated issues of *Obligations Foncières* denominated in currencies other than euro, if each of the subscribers of the *Obligations Foncières* is domiciled or resident for tax purposes outside the Republic of France and does not act through a permanent establishment or fixed base therein, in each case as more fully set out in the Circular 5 I-11-98 of the *Direction Générale des Impôts* dated 30 September 1998.

However, if so provided in the relevant Final Terms, *Obligations Foncières* denominated in currencies other than euro may be issued on a non-syndicated basis and placed with subscribers not all of whom are resident outside the Republic of France. In such cases, the *Obligations Foncières* will not benefit from the exemption from deduction at source provided for in Article 131 *quater* of the French *Code Général des Impôts* and interest payments under such *Obligations Foncières* made to a non-French resident will be exempt from withholding or deduction imposed by or on behalf of the Republic of France at source only if the beneficiary of the payment provides certification that he is not resident in the Republic of France, all in accordance with the provisions of Article 125 A III of the French *Code Général des Impôts*, as more fully described in Condition 8.

See “Terms and Conditions of the *Obligations Foncières* – Taxation”.

## **Luxembourg - Taxation**

Under Luxembourg tax law currently in effect and subject to the application of the Luxembourg laws dated 21 June 2005 (the “**Laws**”) implementing the European Council Directive 2003/48/EC regarding the taxation of savings income in the form of interest payments (the “**Taxation Directive**”) and several agreements concluded between Luxembourg and certain dependant territories of the European Union, there is no withholding tax on payments of interest (including accrued but unpaid interest) made to Luxembourg resident and non-resident holders of *Obligations Foncières*. There is also no Luxembourg withholding tax, subject to the application of the Laws, upon repayment of the principal or upon redemption or exchange of the *Obligations Foncières*.

Luxembourg withholding tax will most likely be introduced as from 1 January 2006 at the rate of 10% for interest payments made to Luxembourg individual residents.

Under the Taxation Directive, a Luxembourg based paying agent (within the meaning of the Directive) is required since 1 July 2005 to withhold tax on interest and other similar income paid by it to (or under certain circumstances, to the benefit of) an individual resident in another Member State, unless the beneficiary of the interest payments elects for an exchange of information. The same regime applies to payments to individuals

resident in any of the following territories: Netherlands Antilles, Aruba, Guernsey, Jersey, the Isle of Man, Montserrat and the British Virgin Islands.

The withholding tax rate is initially 15%, increasing steadily to 20% and to 35%. The withholding tax system will only apply during a transitional period, the ending of which depends on the conclusion of certain agreements relating to information exchange with certain other countries (the transitional period may therefore never end).

All prospective holders of *Obligations Foncières* should seek independent advice as to their tax positions.

## SUBSCRIPTION AND SALE

Subject to the terms and on the conditions contained in an amended and restated distribution agreement dated 21 July 2006 (the “**Amended and Restated Distribution Agreement**”) between the Issuer, the Permanent Dealers and the Arrangers, the *Obligations Foncières* will be offered on a continuous basis by the Issuer to the Permanent Dealers. However, the Issuer has reserved the right to sell *Obligations Foncières* directly on its own behalf to Dealers that are not Permanent Dealers. The *Obligations Foncières* may be resold at prevailing market prices, or at prices related thereto, at the time of such resale, as determined by the relevant Dealer. The *Obligations Foncières* may also be sold by the Issuer through the Dealers, acting as agents of the Issuer. The Amended and Restated Distribution Agreement also provides for *Obligations Foncières* to be issued in syndicated Tranches that are jointly and severally underwritten by two or more Dealers.

The Issuer will pay each relevant Dealer a commission as agreed between them in respect of *Obligations Foncières* subscribed by it. The Issuer has agreed to reimburse the Arrangers for their expenses incurred in connection with the establishment of the Programme and the Dealers for certain of their activities in connection with the Programme. The commissions in respect of an issue of *Obligations Foncières* on a syndicated basis will be stated in the relevant Final Terms.

The Issuer has agreed to indemnify the Dealers against certain liabilities in connection with the offer and sale of the *Obligations Foncières*. The Amended and Restated Distribution Agreement entitles the Dealers to terminate any agreement that they make to subscribe *Obligations Foncières* in certain circumstances prior to payment for such *Obligations Foncières* being made to the Issuer.

### Selling Restrictions

#### European Economic Area

In relation to each Member State of the European Economic Area which has implemented Directive 2003/71/EC (the “**Prospectus Directive**”) (each, a “**Relevant Member State**”), each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the “**Relevant Implementation Date**”), unless as otherwise specified in the Final Terms, it has not made and will not make an offer of *Obligations Foncières* to the public in that Relevant Member State and may, with effect from and including the Relevant Implementation Date, only offer at any time:

- (i) in (or in Germany, where the offer starts within) the period beginning on the date of publication of a prospectus in relation to those *Obligations Foncières* which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, all in accordance with the Prospectus Directive and ending on the date which is 12 months after the date of such publication;
- (ii) to legal entities which are authorised or regulated to operate in the financial markets or, if not so authorised or regulated, whose corporate purpose is solely to invest in securities; or
- (iii) to any legal entity which has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than €43,000,000 and (3) an annual turnover of more than €50,000,000, as shown in its last annual or consolidated accounts; or
- (iv) in any other circumstances which do not require the publication by the Issuer of a prospectus pursuant to Article 3 of the Prospectus Directive.



For the purposes of this provision, the expression an “**offer of *Obligations Foncières to the public***” in relation to any *Obligations Foncières* in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the *Obligations Foncières* to be offered so as to enable an investor to decide to purchase or subscribe the *Obligations Foncières*, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression Prospectus Directive means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State.

## **France**

### **(a) *Obligations Foncières* denominated in euro:**

In respect of *Obligations Foncières* denominated in euro whether issued on a syndicated or non-syndicated basis, each of the Dealers and the Issuer has represented and agreed that

#### **(i) Offer to the public in France:**

it has only made and will only make an offer of *Obligations Foncières* to the public in France (i) in the case of a prospectus in relation to those *Obligations Foncières* having been approved by the *Autorité des marchés financiers* (“AMF”), on or after the date of its publication or, (ii) in the case of a prospectus having been approved by the competent authority of another Member State of the European Economic Area which has implemented the EU Prospectus Directive 2003/71/EC, in the period beginning on the date of notification of such approval to the *Autorité des marchés financiers*, all in accordance with Articles L. 412-1 and L. 621-8 of the French Monetary and Financial Code and the *Règlement général* of the AMF, and ending at the latest on the date which is 12 months after the date of the approval of the Base Prospectus; or

#### **(ii) Private placement in France:**

(i) it has not offered or sold and will not offer or sell, directly or indirectly, any *Obligations Foncières* to the public in France and (ii) it has not distributed or caused to be distributed and will not distribute or cause to be distributed to the public in France, the Base Prospectus, the relevant Final Terms or any other offering material relating to the *Obligations Foncières* and (iii) such offers, sales and distributions have been and will be made in France only to qualified investors (*investisseurs qualifiés*), as defined in, and in accordance with, Articles L. 411-1, L. 411-2, D. 411-1 to D. 411-3 of the French Monetary and Financial Code, but excluding individuals referred to in Article D.411-1 II 2° of the French Monetary and Financial Code.

### **(b) Syndicated issues of *Obligations Foncières* denominated in currencies other than euro:**

In respect of *Obligations Foncières* denominated in currencies other than euro issued on a syndicated basis, each of the Dealers and the Issuer has represented and agreed that, it has not offered or sold and will not offer or sell, directly or indirectly, *Obligations Foncières* to the public in France, and has not distributed or caused to be distributed and will not distribute or cause to be distributed to the public in France, the Base Prospectus, the relevant Final Terms or any other offering material relating to the *Obligations Foncières*, and that such offers, sales and distributions have been and shall only be made in France through an international syndicate to qualified investors (*investisseurs qualifiés*), as defined in, and in accordance with, Articles L. 411-1, L. 411-2, D. 411-1 to D. 411-3 of the French Monetary and Financial Code, but excluding individuals referred to in Article D.411-1 II 2° of the French Monetary and Financial Code.

(c) **Non-syndicated issues of *Obligations Foncières* denominated in currencies other than euro:**

In respect of *Obligations Foncières* denominated in currencies other than euro issued on a non-syndicated basis, each of the Dealers and the Issuer has represented and agreed that it has not offered or sold and will not offer or sell, directly or indirectly, *Obligations Foncières* in France, and has not distributed or caused to be distributed and will not distribute or cause to be distributed in France, the Base Prospectus, the relevant Final Terms or any other offering material relating to the *Obligations Foncières*, and each subscriber of the *Obligations Foncières* will be domiciled or resident for tax purposes outside France.

If necessary these selling restrictions will be supplemented in the relevant Final Terms.

**United States**

The *Obligations Foncières* have not been and will not be registered under the Securities Act. In addition, bearer Materialised *Obligations Foncières* having a maturity of more than one year are subject to U.S. tax law requirements. Subject to certain exceptions, *Obligations Foncières* may not be offered or sold within the United States or in the case of bearer Materialised *Obligations Foncières*, offered, sold or delivered within the United States or to U.S. person. Each Dealer has agreed that it will not offer or sell or, in the case of Materialised *Obligations Foncières* in bearer form, deliver the *Obligations Foncières* within the United States or, in the case of bearer Materialised *Obligations Foncières*, to U.S. persons.

The *Obligations Foncières* are being offered in reliance on Regulation S.

In addition, until 40 days after the commencement of the offering, an offer or sale of any identifiable Tranche of such *Obligations Foncières* within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

**United Kingdom**

Each Dealer has represented, warranted and agreed and each further Dealer appointed under the Programme will be required to represent, warrant and agree that:

- (i) in relation to any *Obligations Foncières* which must be redeemed before the first anniversary of the date of their issue, (a) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (b) it has not offered or sold and will not offer or sell any *Obligations Foncières* other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the *Obligations Foncières* would otherwise constitute a contravention of section 19 of the Financial Services and Markets Act 2000 (the “FSMA”) by the Issuer
- (ii) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA received by it in connection with the issue or sale of any *Obligations Foncières* in circumstances in which section 21(1) of the FSMA does not apply to the Issuer and
- (iii) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to such *Obligations Foncières* in, from or otherwise involving the United Kingdom.

**Japan**

The *Obligations Foncières* have not been and will not be registered under the Securities and Exchange Law of Japan (the “**Securities and Exchange Law**”). Accordingly, each of the Dealers has represented and agreed that it

has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any *Obligations Foncières* in Japan or to a resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with the Securities and Exchange Law and other relevant laws and regulations of Japan. As used in this paragraph, “**resident of Japan**” means any person resident in Japan, including any corporation or other entity organised under the laws of Japan.

### **Italy**

The offering of the *Obligations Foncières* has not been registered with the *Commissione Nazionale per la Società e la Borsa* (the “**CONSOB**”) (the Italian securities and exchange commission) pursuant to the Italian securities legislation and, accordingly the *Obligations Foncières* cannot be offered, sold or distributed nor any copies of the Base Prospectus or any other document relating to the *Obligations Foncières* can be distributed in the Republic of Italy (“**Italy**”) in a solicitation to the public at large (*sollecitazione all’investimento*) within the meaning of Article 1, paragraph 1, letter (t) of Legislative Decree no. 58 of 24 February 1998, unless an exemption applies. Accordingly, the *Obligations Foncières* in Italy:

- (i) shall only be offered or sold to professional investors (*operatori qualificati*), as defined in Article 31, second paragraph of CONSOB Regulation No 11522 of 1 July 1998, as amended (the “**Regulation No 11522**”), and effected in compliance with the terms and procedures provided therein; or
- (ii) shall only be offered or sold in circumstances which are exempted from the rules of solicitation of investments pursuant to Article 100 of Legislative Decree No 58 of 24 February 1998, as amended (the “**Financial Services Act**”) and Article 33, first paragraph, of CONSOB Regulation No 11971 of 14 May 1999, as amended; and
- (iii) cannot be offered, sold and/or delivered in any case, either in the primary or in the secondary market, to individuals in Italy.

In any event, the offer or sale of the *Obligations Foncières* in Italy shall be effected in accordance with all relevant Italian securities, tax and exchange control and other applicable laws and regulations.

Moreover and subject to the foregoing, the *Obligations Foncières* may not be offered, sold or delivered and neither the Base Prospectus nor any other material relating to the *Obligations Foncières* may be distributed or made available in Italy unless such offer, sale or delivery of *Obligations Foncières* or distribution or availability of copies of the Base Prospectus or any other material relating to the *Obligations Foncières* in the Italy is:

- (a) made by investment firms, banks or financial intermediaries permitted to conduct such activities in Italy in accordance with the Financial Services Act, Legislative Decree No 385 of 1 September, 1993, as amended (the “**Italian Banking Act**”), the Regulation No 11522 and any other applicable laws and regulations; and
- (b) in compliance with Article 129 of the Italian Banking Act and the implementing instructions of the Bank of Italy, pursuant to which the issue or placement of securities (e.g., *Obligations Foncières*) in Italy is subject to prior and subsequent notification to the Bank of Italy, unless an exemption, depending inter alia on the amount of the issue and the characteristics of the securities, applies, and
- (c) in compliance with any other applicable requirement or limitation which may be imposed from time to time by CONSOB or the Bank of Italy.

Insofar as the requirements above are based on laws which are superseded at any time pursuant to the implementation of the Prospectus Directive in Italy, such requirements shall be replaced by the applicable requirements under the implementing measures of the Prospectus Directive in Italy.

## **General**

These selling restrictions may be modified by the agreement of the Issuer and the Dealers following a change in a relevant law, regulation or directive. Any such modification will be set out in the Final Terms issued in respect of the issue of *Obligations Foncières* to which it relates or in a Supplement to the Base Prospectus.

Unless otherwise specified in the Final Terms, no action has been taken in any jurisdiction that would permit an offer to the public offering of any of the *Obligations Foncières*, or possession or distribution of the Base Prospectus or any other offering material or any Final Terms, in any country or jurisdiction where action for that purpose is required.

Each Dealer has agreed that it will, to the best of its knowledge, comply with all relevant securities laws, regulations and directives in each jurisdiction in which it purchases, offers, sells or delivers *Obligations Foncières* or has in its possession or distributes the Base Prospectus, any other offering material or any Final Terms and neither the Issuer nor any other Dealer shall have responsibility therefore.

Each of the Dealers and the Issuer has represented and agreed that Materialised *Obligations Foncières* may only be issued outside France.

## FORM OF FINAL TERMS 1

FORM OF FINAL TERMS FOR USE IN CONNECTION WITH ISSUES OF *OBLIGATIONS FONCIÈRES* WITH A DENOMINATION OF LESS THAN €50,000 TO BE ADMITTED TO TRADING ON A REGULATED MARKET OR REGULATED MARKETS AND/OR OFFERED TO THE PUBLIC IN THE EUROPEAN ECONOMIC AREA

**Final Terms dated [●]**

[LOGO, if document is printed]

**DEXIA MUNICIPAL AGENCY**  
**(the “Issuer”)**

Euro 75,000,000,000

Euro Medium Term *Note* Programme  
for the issue of *Obligations Foncières*

Due from one month from the date of the original issue

**SERIES NO: [●]**

**TRANCHE NO: [●]**

**[Brief Description and Amount of *Obligations Foncières*]**

Issue Price: [●] per cent.

**[Name(s) of Dealer(s)]**

### PART A – CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Base Prospectus dated [●] [and the supplement to the Base Prospectus] dated [●] which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive (Directive 2003/71/EC) (the “**Prospectus Directive**”).

This document constitutes the Final Terms of the *Obligations Foncières* described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with such Base Prospectus [as so supplemented]. Full information on the Issuer and the offer of the *Obligations Foncières* is only available on the basis of the combination of these Final Terms and the Base Prospectus [as so supplemented]. The Base Prospectus [and the supplement to the Base

Prospectus] [is] [are] available for viewing at the office of the Fiscal Agent or each of the Paying Agents and was/were published in accordance with the provisions of Article 14 of the Prospectus Directive, admitting the validity of disclosure carried out, *inter alia* and always at the choice of the Issuer, though release on the website of the Issuer ([www.dexia-ma.com](http://www.dexia-ma.com)) or on the website of the Luxembourg Stock Exchange, and copies may be obtained from Dexia Municipal Agency, Tour Cristal, 7-11 Quai André Citroën, 75015 Paris, France.

*[The following alternative language applies if the first tranche of an issue which is being increased was issued under a Prospectus and/or an Offering Circular with an earlier date.]*

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the “**Conditions**”) set forth in the [Base Prospectus/Offering Circular] dated [original date] [and the supplement to the Base Prospectus] dated [•]. This document constitutes the Final Terms of the *Obligations Foncières* described herein for the purposes of Article 5.4 of the Prospectus Directive (Directive 2003/71/EC) (the “**Prospectus Directive**”) and must be read in conjunction with the Base Prospectus dated [current date] [and the supplement to the Base Prospectus dated [•]], which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive, save in respect of the Conditions which are extracted from the [Base Prospectus/Offering Circular] dated [original date] [and the supplement to the Base Prospectus] dated [•] and are attached hereto. Full information on the Issuer and the offer of the *Obligations Foncières* is only available on the basis of the combination of these Final Terms and the [Base Prospectus/Offering Circular] dated [original date] and the Base Prospectus dated [current date] [and the supplement to the Base Prospectus dated [•]]. The Base Prospectus/Offering Circular [and the supplement to the Base Prospectus] are available for viewing at the office of the Fiscal Agent or each of the Paying Agents, on the website of the Luxembourg Stock Exchange, or otherwise in accordance with the provisions of Article 14 of the Prospectus Directive, and copies may be obtained from Dexia Municipal Agency, Tour Cristal, 7-11 Quai André Citroën, 75015 Paris, France.

*[Include whichever of the following apply or specify as “Not Applicable” (N/A). Note that the numbering should remain as set out below, even if “Not Applicable” is indicated for individual paragraphs or sub-paragraphs. Italics denote directions for completing the Final Terms.]*

*[When completing any Final Terms, or adding any other Final Terms or information, consideration should be given as to whether such terms or information constitute “significant new factors” and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive.]*

- |          |  |                        |
|----------|--|------------------------|
| <b>1</b> | Issuer:  | Dexia Municipal Agency |
| <b>2</b> | (i) Series Number:   | [•]                    |
|          | (ii) Tranche Number:   | [•]                    |
|          | <i>(If fungible with an existing Series, details of that Series, including the date on which the Obligations Foncières become fungible.)</i> |                        |
| <b>3</b> | Specified Currency or Currencies:  | [•]                    |
| <b>4</b> | Aggregate Nominal Amount:  |                        |
|          | (i) Series:  | [•]                    |
|          | (ii) Tranche:  | [•]                    |

5	Issue Price:	[•] per cent. of the Aggregate Nominal Amount [plus accrued interest from [insert date] (if applicable)]
6	Specified Denominations:	[•] ( <i>one denomination only for Dematerialised Obligations Foncières</i> ) <sup>1</sup>
7	(i) Issue Date:	[•]
	(ii) Interest Commencement Date:	[•] / Not Applicable
8	Maturity Date:	<i>[specify date or (for Floating Rate Obligations Foncières) Interest Payment Date falling in or nearest to the relevant month and year]</i>
9	Interest Basis:	[[•] per cent. Fixed Rate]  [[specify reference rate] +/- [•] per cent. Floating Rate] [Zero Coupon] [Index Linked Interest] [Other (specify)] [(further particulars specified below)]
10	Redemption/Payment Basis:	[Redemption at par] [Index Linked Redemption] [Dual Currency] [Partly Paid] [Instalment] [Other (specify)] <i>(N.B. If the Final Redemption Amount is different from 100 per cent. of the nominal value, the Obligations Foncières will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII to the Prospectus Directive Regulation will apply.)</i>
11	Change of Interest or Redemption/Payment Basis:	<i>[Specify details of any provision for convertibility of Obligations Foncières into another interest or redemption/payment basis]</i>
12	Call Options:	[Issuer Call]  [(further particulars specified below)]

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<sup>1</sup> *Obligations Foncières* (including *Obligations Foncières* denominated in sterling) in respect of which the issue proceeds are to be accepted by the Issuer in the United Kingdom or whose issue otherwise constitutes a contravention of section 19 of the FSMA and having a maturity of less than one year must have a minimum denomination of £100,000 (or its equivalent in other currencies).

13	<ul style="list-style-type: none"> <li>(i) Status of the <i>Obligations Foncières</i>:</li> <li>(ii) Dates of the corporate authorisations for issuance of the <i>Obligations Foncières</i>:</li> </ul>	<p><i>Obligations Foncières</i></p> <p>Decision of the <i>Directoire</i> of Dexia Municipal Agency dated [•] deciding the issue of the <i>Obligations Foncières</i> and authorizing Mr [•], President or any of its <i>Directeurs Généraux</i> to sign and execute all documents in relation to the issue of the <i>Obligations Foncières</i></p>
14	Method of distribution:	[Syndicated/Non-syndicated]
<b>PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE</b>		
15	<b>Fixed Rate <i>Obligation Foncière</i> Provisions</b>	<p>[Applicable/Not Applicable]</p> <p><i>(If not applicable, delete the remaining sub-paragraphs of this paragraph)</i></p>
(i)	Rate [(s)] of Interest:	[•] per cent. per annum [payable [annually/semi-annually/quarterly/monthly] in arrear]
(ii)	Interest Payment Date(s):	[•] in each year [adjusted in accordance with [specify Business Day Convention and any applicable Business Centre(s) for the definition of “Business Day”]/not adjusted]
(iii)	Fixed Coupon Amount [(s)]:	[•] per [•] in nominal amount
(iv)	Broken Amount(s):	[Insert particulars of any initial or final broken interest amounts which do not correspond with the Fixed Coupon Amount [(s)] and the Interest Payment Date(s) to which they relate]
(v)	Day Count Fraction (Condition 5(a)):	[30/360 / Actual/Actual (ICMA / ISDA) / other ]
(vi)	Determination Date(s) (Condition 5(a)):	[•] in each year ( <i>insert regular Interest Payment Dates, ignoring Issue Date or Maturity Date in the case of a long or short first or last Coupon. N.B. only relevant where Day Count Fraction is Actual/Actual (ICMA)</i> )
(vii)	Other terms relating to the method of calculating interest for Fixed Rate <i>Obligations Foncières</i> :	[Not Applicable/give details]
16	<b>Floating Rate Provisions</b>	<p>[Applicable/Not Applicable] (<i>If not applicable, delete the remaining sub-paragraphs of this paragraph.</i>)</p>
(i)	Interest Period(s)	[•]
(ii)	Specified Interest Payment Dates:	[•]
(iii)	Interest Period Date:	[•]
		( <i>Not applicable unless different from Interest Payment Date</i> )



- (iv) Business Day Convention: [Floating Rate Business Day Convention/  
Following Business Day Convention/Modified  
Following Business Day Convention/Preceding  
Business Day Convention/other (*give details*)]
- (v) Business Centre(s) (Condition 5(c)): [•]
- (vi) Manner in which the Rate(s) of Interest is/are  
to be determined: [Screen Rate Determination/ISDA  
Determination/other (*give details*)]
- (vii) Party responsible for calculating the Rate(s)  
of Interest and Interest Amount(s) (if not the  
Calculation Agent): [•]
- (viii) Screen Rate Determination (Condition  
5(c)(iii)(B)):
- Relevant Time: [•]
- Interest Determination Date(s): [[•] *[TARGET] Business Days in [specify city]  
for [specify currency] prior to [the first day in  
each Interest Accrual Period/each Interest  
Payment Date] [, subject to adjustment in  
accordance with [Following Business Day  
Convention/Modified Following Business Day  
Convention /Preceding Business Day  
Convention/other (*give details*)].]*
- Primary Source for Floating Rate: [*Specify relevant screen page or “Reference  
Banks”*]
- Reference Banks (if Primary Source is  
“Reference Banks”): [*Specify four*]
- Relevant Financial Centre: [*The financial centre most closely connected to  
the Benchmark - specify if not Paris*]
- Benchmark: [*LIBOR, LIBID, LIMEAN, EURIBOR or other  
benchmark*]
- Representative Amount: [*Specify if screen or Reference Bank quotations  
are to be given in respect of a transaction of a  
specified notional amount*]
- Effective Date: [*Specify if quotations are not to be obtained with  
effect from commencement of Interest Accrual  
Period*]
- Specified Duration: [*Specify period for quotation if not duration of  
Interest Accrual Period*]
- (ix) ISDA Determination (Condition 5(c)(iii)(A)):
- Floating Rate Option: [•]
- Designated Maturity: [•]
- Reset Date: [•]

	-- ISDA Definitions: (if different from those set out in the Conditions)	[•]
(x)	Margin(s):	[+/-] [•] per cent. per annum
(xi)	Minimum Rate of Interest:	[Not Applicable] / [•] per cent. per annum
(xii)	Maximum Rate of Interest:	[Not Applicable] / [•] per cent. per annum
(xiii)	Day Count Fraction (Condition 5(a)):	[•]
(xiv)	Rate Multiplier:	[•]
(xv)	Fall back provisions, rounding provisions, denominator and any other terms relating to the method of calculating interest on Floating Rate <i>Obligations Foncières</i> , if different from those set out in the Conditions:	[•]
<b>17</b>	<b>Zero Coupon <i>Obligation Foncière</i> Provisions</b>	[Applicable/Not Applicable] ( <i>If not applicable, delete the remaining sub-paragraphs of this paragraph</i> )
(i)	Amortisation Yield (Condition 6(d)):	[•] per cent. per annum
(ii)	Day Count Fraction (Condition 5(a)):	[•]
(iii)	Any other formula/basis of determining amount payable:	[•]
<b>18</b>	<b>Index Linked Interest <i>Obligation Foncière</i> /other variable-linked interest <i>Obligations Foncières</i> Provisions</b>	[Applicable/Not Applicable] ( <i>If not applicable, delete the remaining sub-paragraphs of this paragraph</i> )
(i)	Index/Formula/Other variable:	[Give or annex details]
(ii)	Calculation Agent responsible for calculating the interest due:	[•]
(iii)	Provisions for determining Coupon where calculated by reference to Index and/or Formula and/or other variable:	[•]
(iv)	Interest Period(s):	[Not Applicable]/[•]
(v)	Provisions for determining Coupon where calculation by reference to Index and/or Formula an/or other variable is impossible or impracticable or otherwise disrupted:	[•]
(vi)	Calculation Period(s):	[•]
(vii)	Specified Interest Payment Dates:	[•] subject to adjustment in accordance with [Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/Other ( <i>give details</i> )]

(viii)	Business Day Convention:	[Floating Rate Business Day Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/Other ( <i>give details</i> )]
(ix)	Business Centre(s) (Condition 5(a)):	[•]( <i>Note that this item relates to interest period end dates and not to the date and place of payment, to which item 25 relates</i> )
(x)	Minimum Rate of Interest:	[Not Applicable]/[•] per cent. per annum
(xi)	Maximum Rate of Interest:	[Not Applicable]/[•] per cent. per annum
(xii)	Day Count Fraction (Condition 5(a)):	[•]
<b>19</b>	<b>Dual Currency <i>Obligation Foncière</i> Provisions<sup>1</sup></b>	[Applicable/Not Applicable] ( <i>If not applicable, delete the remaining sub-paragraphs of this paragraph</i> )
(i)	Rate of Exchange/Method of calculating Rate of Exchange:	[Give details]
(ii)	Calculation Agent, if any, responsible for calculating the principal and/or interest due:	[•]
(iii)	Provisions applicable where calculation by reference to Rate of Exchange impossible or impracticable:	[•]
(iv)	Person at whose option Specified Currency(ies) is/are payable:	[•]
(v)	Day Count Fraction (Condition 6(a)):	[•]
<b>PROVISIONS RELATING TO REDEMPTION</b>		
<b>20</b>	<b>Call Option</b>	[Applicable/Not Applicable] ( <i>If not applicable, delete the remaining sub-paragraphs of this paragraph</i> )
(i)	Optional Redemption Date(s):	[•]
(ii)	Optional Redemption Amount(s) of each <i>Obligation Foncière</i> and method, if any, of calculation of such amount(s):	[•] per <i>Obligation Foncière</i> [of [•] Specified Denomination]
(iii)	If redeemable in part:	[•]
	(a) Minimum Nominal Amount to be redeemed:	[•]
	(b) Maximum Nominal Amount to be redeemed:	[•]
(iv)	Option Exercise Date(s):	[•]

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<sup>1</sup> If the Final Redemption Amount is different from 100% of the nominal value the *Obligations Foncières* will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII to the Prospectus Directive Regulation will apply and may require the preparation and publication of a supplement to the Base Prospectus. This pro forma has been annotated to indicate where the key additional requirements of Annex XII are dealt with.

(v)	Notice period <sup>1</sup> :	[•]
<b>21</b>	<b>Other Option</b>	[Applicable/Not Applicable] <i>(If applicable, specify details)</i>
<b>22</b>	<b>Final Redemption Amount of each <i>Obligation Foncière</i></b>	[[•] per <i>Obligation Foncière</i> [of [•] Specified Denomination]/Other/See Appendix]
	In cases where the Final Redemption Amount is Index-Linked or other variable-linked:	<i>(If the Final Redemption Amount is linked to an underlying reference or security, the Obligations Foncières will constitute derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII to the Prospectus Directive Regulation will apply.)</i>
	(i) Index/Formula/variable:	[give or annex details]
	(ii) Calculation Agent responsible for calculating the Final Redemption Amount:	[•]
	(iii) Provisions for determining Final Redemption Amount where calculated by reference to Index and/or Formula and/or other variable:	[•]
	(iv) Determination Date(s):	[•]
	(v) Provisions for determining Final Redemption Amount where calculation by reference to Index and/or Formula and/or other variable is impossible or impracticable or otherwise disrupted:	[•]
	(vi) Payment Date:	[•]
	(vii) Minimum Final Redemption Amount:	[•/Not Applicable]
	(viii) Maximum Final Redemption Amount:	[•/Not Applicable]
<b>23</b>	<b>Early Redemption Amount</b>	
	Early Redemption Amount(s) of each <i>Obligation Foncière</i> payable on redemption for taxation reasons or on any early redemption and/or the method of calculating the same (if required or if different from that set out in the Conditions).	[Applicable/Not Applicable]

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<sup>1</sup> *If setting notice periods which are different to those provided in the Conditions, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems, as well as any other notice requirements which may apply, for example, as between the Issuer and its Fiscal Agent.*

## GENERAL PROVISIONS APPLICABLE TO THE *OBLIGATIONS FONCIÈRES*

- 24 Form of *Obligations Foncières*: [Dematerialised *Obligations Foncières*/Materialised *Obligations Foncières*] (*Materialised Obligations Foncières are only in bearer form*)  
[Delete as appropriate]
- (i) Form of Dematerialised *Obligations Foncières*: [Not Applicable/if Applicable specify whether] [Bearer dematerialised form (*au porteur*)/Registered dematerialised form (*au nominatif*)]
- (ii) Registration Agent [Not Applicable/if Applicable give name and details] (*note that a Registration Agent must be appointed in relation to Registered Dematerialised Obligations Foncières only; except that the Issuer may be its own Registration Agent*)
- (iii) Temporary Global Certificate: [Not Applicable/Temporary Global Certificate exchangeable for definitive Bearer Materialised *Obligations Foncières* on [•] (the “**Exchange Date**”), being 40 days after the Issue Date subject to postponement as specified in the Temporary Global Certificate]
- (iv) Applicable TEFRA exemption: [C Rules/D Rules/Not Applicable] (*Only applicable to Materialised Obligations Foncières*)
- 25 Financial Centre(s) (Condition 7(h)) or other special provisions relating to Payment Dates: [Not Applicable/Give details]. (*Note that this item relates to the date and place of payment, and not to interest period end dates, to which items 15(ii), 16(iv) and 18(ix) relate*)
- (i) Adjusted Payment Date (Condition 7(h)): [The next following business day unless it would thereby fall into the next calendar month, in which such event such date shall be brought forward to the immediately preceding business day.] [The immediately preceding business day]/[Other\*]
- 26 Talons for future Coupons or Receipts to be attached to definitive Materialised *Obligations Foncières* (and dates on which such Talons mature): [Yes/No/Not Applicable. *If yes, give details*] (*Only applicable to Materialised Obligations Foncières*)
- 27 Details relating to Partly Paid *Obligations Foncières*: amount of each payment comprising the Issue Price and date on which each payment is to be made [and consequences (if any) of failure to pay] [Not Applicable/give details]

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\* In the market practice, if any date for payment in respect of Fixed Rate Notes, Receipt or Coupon is not a business day, the holder shall not be entitled to payment until the next following business day (as defined in Condition 7(h)).

- 28 Details relating to Instalment *Obligations Foncières*: amount of each instalment, date on which each payment is to be made: [Not Applicable/give details]
- 29 Redenomination, renominatisation and reconventioning provisions: [Not Applicable/The provisions [in Condition 1(d)] [annexed to this Final Terms] apply]
- 30 Consolidation provisions: [Not Applicable/The provisions [in Condition 13(b)] [annexed to this Final Terms] apply]
- 31 Representation of holders of *Obligations Foncières Masse* (Condition 10)<sup>1</sup>: [Applicable/Not Applicable/Condition 10 replaced by the full provisions of the French Code of commerce relating to the *Masse*]<sup>2</sup> (*Note that: (i) in respect of any Tranche of Obligations Foncières, Condition 10 may be waived, amended or supplemented, and (ii) in respect of any Tranche of Obligations Foncières issued inside France, Condition 10 must be waived in its entirety and replaced by the provisions of French Code of Commerce relating to the Masse. If Condition 10 (as it may be amended or supplemented) applies or if the full provisions of French Code of Commerce apply, insert details of Representative and Alternative Representative and remuneration, if any*)
- 32 Other final terms: [Not Applicable/give details]  
(When adding any other final terms consideration should be given as to whether such terms constitute a "significant new factors" and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive.)

## DISTRIBUTION

- 33 (i) If syndicated, names and addresses of Managers and underwriting commitments: [Not Applicable/give names addresses and underwriting commitments]  
(Include names and addresses of entities agreeing to underwrite the issue on a firm commitment basis and names and addresses of the entities agreeing to place the issue without a firm commitment or on a "best efforts" basis if such entities are not the same as the Managers)

<sup>1</sup> The provisions of the French *Code de Commerce* relating to the *Masse* of holders of *Obligations Foncières* are applicable in full to French domestic issues of *Obligations Foncières*. Pursuant to Article L. 228-90 of the French *Code de Commerce*, the *Masse* provisions contained in the French *Code de Commerce* are NOT applicable to international issues (*emprunt émis à l'étranger*); accordingly international issues may have no *Masse* provisions at all or the *Masse* provisions contained in the French *Code de Commerce* may be varied along the lines of the provisions of Condition 10

<sup>2</sup> At the date of this Final Terms the *statuts* of the Issuer do not contemplate (*to be amended if the *statuts* of the Issuer have been modified*) the right for a holder of an *Obligation Foncière* to participate in a General Meeting by videoconference or any other means of telecommunication allowing the identification of the participating holders of *Obligations Foncières*.

- (ii) Date of [Subscription] Agreement: [•]
- (iii) Stabilising Manager(s) (if any): [Not Applicable/give name]
- 34 If non-syndicated, name and address of Dealer: [Not Applicable/give name]
- 35 Total commission and concession: [•][ ] per cent. of the Aggregate Nominal Amount
- 36 Additional selling restrictions: [Not Applicable/give details]

#### **LISTING AND ADMISSION TO TRADING APPLICATION**

These Final Terms comprises the Final Terms required to list the issue of *Obligations Foncières* described herein pursuant to the Euro 75,000,000,000 Euro Medium Term Note Programme of Dexia Municipal Agency.

#### **RESPONSIBILITY**

The Issuer accepts responsibility for the information contained in these Final Terms. [[•] has been extracted from [•]. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by [•], no facts have been omitted which would render the reproduced inaccurate or misleading.]

Signed on behalf of the Issuer:

Duly represented by:

## PART B – OTHER INFORMATION

*(If any of the following paragraphs is not applicable, delete such paragraph)*

### 1. RISK FACTORS

*[[Insert any risk factors that are material to the Obligations Foncières being offered and/or admitted to trading in order to assess the market risk associated with these Obligations Foncières and that may affect the Issuer's ability to fulfil its obligations under the Obligations Foncières which are not covered under "Risk Factors" in the Base Prospectus. If any such additional risk factors need to be included consideration should be given as to whether they constitute "significant new factors" and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive.] [Where the underlying is an index need to include the name of the index and a description if composed by the Issuer and if the index is not composed by the Issuer need to include details of where the information about the index can be obtained. Where the underlying is not an index need to include equivalent information.]\*]*

### 2. LISTING AND ADMISSION TO TRADING

- (i) Listing: [Bourse de Luxembourg (regulated market of the Luxembourg Stock Exchange)/EuroMTF/other (*specify*)/None]
- (ii) Admission to trading: [Application has been made for the *Obligations Foncières* to be admitted to trading on [Bourse de Luxembourg (regulated market of the Luxembourg Stock Exchange)/EuroMTF/other (*specify*)] with effect from [●].] [Not Applicable.]

*(Where documenting a fungible issue need to indicate that original securities are already admitted to trading.)*

### 3. [PUBLIC OFFER(S)]

- (i) Public Offer(s): [Yes/Not Applicable]
- (ii) Member State(s): [The *Obligations Foncières* will be offered to the public in [●] (*insert any Member State of the European Economic Area where the Obligations Foncières will be offered to the public*/Not Applicable)]
- (iii) Time period, including any possible amendments, during which the offer will be open and description of the applicable process [[-]/Not Applicable]
- (iv) Description of the possibility to reduce subscriptions and the [[-]/Not Applicable]

\* Required for derivative securities to which Annex XII to the Prospectus Directive Regulation applies. See footnote \*\* below.

\*\* If the Final Redemption Amount is different from 100% of the nominal value the *Obligations Foncières* will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII to the Prospectus Directive Regulation will apply and may require the preparation and publication of a supplement to the Base Prospectus. This pro forma has been annotated to indicate where the key additional requirements of Annex XII are dealt with.



- manner for refunding excess amount paid by applicants
- (v) Details of the minimum and/or maximum amount of application, (whether in number of securities or aggregate amount to invest) [-]/Not Applicable
  - (vi) Method and time limits for paying up the securities and for delivery of the securities [-]/Not Applicable
  - (vii) Full description of the manner and date in which results of the offer are to be made public [-]/Not Applicable
  - (viii) Procedure for the exercise of any right of pre-emption, the negotiability of subscription rights and the treatment of subscription rights not exercised [-]/Not Applicable
  - (ix) Process for notification to applicants of the amount allotted and indication whether dealing may begin before notification is made [-]/Not Applicable

#### 4. RATINGS

Ratings:

[Applicable:

*Obligations Foncières* to be issued under the Programme are expected to be rated AAA by Standard & Poor's Rating Services and Fitch Ratings and Aaa by Moody's Investors Services, Inc. ]

[The *Obligations Foncières* to be issued have been rated]:

[S & P: [•]]

[Moody's: [•]]

[[Fitch Ratings]: [•]]

*(The above disclosure should reflect the rating allocated to Obligations Foncières of the type being issued under the Programme generally or, where the issue has been specifically rated, that rating.)*

## 5. SPECIFIC CONTROLLER

The specific controller (*contrôleur spécifique*) of the Issuer has certified that the value of the assets of the Issuer will be greater than the value of its liabilities benefiting from the privilege defined in article L. 515-19 of the French Monetary and Financial Code, after settlement of this issue and of the issues which have been the subject of previous attestations.

## 6. [NOTIFICATION

The *Commission de surveillance du secteur financier* in Luxembourg [has been requested to provide/has provided - include first alternative for an issue which is contemporaneous with the establishment or update of the Programme and the second alternative for subsequent issues] the [*include names of competent authorities of host Member States*] with a certificate of approval attesting that the Base Prospectus has been drawn up in accordance with the Prospectus Directive.]

## 7. [INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE [ISSUE/OFFER]

Need to include a description of any interest, including conflicting ones, that is material to the issue/offer, detailing the persons involved and the nature of the interest. May be satisfied by the inclusion of the following statement:

"So far as the Issuer is aware, no person involved in the offer of the *Obligations Foncières* has an interest material to the offer."

## 8. REASONS FOR THE OFFER, ESTIMATED NET PROCEEDS AND TOTAL EXPENSES

(i) Reasons for the offer: [•] / [See "Use of Proceeds" wording in Prospectus]  
(If reasons for offer different from making profit and/or hedging certain risks will need to include those reasons here.)

[(ii)] Estimated net proceeds: [•]  
(If proceeds are intended for more than one use will need to split out and present in order of priority. If proceeds insufficient to fund all proposed uses state amount and sources of other funding.)

[(iii)] Estimated total expenses: [•] [Include breakdown of expenses.]  
(If the *Obligations Foncières* are derivative securities to which Annex XII of the Prospectus Directive Regulation applies it is only necessary to include disclosure of net proceeds and total expenses at (ii) and (iii) above where disclosure is included at (i) above.)

## 9. OFFER STATISTICS AND EXPECTED TIMETABLE

- (i) Offer statistics
- (ii) Expected timetable

**10. [Fixed Rate Obligations Foncières only – YIELD**

Indication of yield: [•]

Calculated as [include details of method of calculation in summary form] on the Issue Date.

As set out above, the yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield. ]

**11. [Floating Rate Obligations Foncières only - HISTORIC INTEREST RATES**

Details of historic [LIBOR/EURIBOR/other] rates can be obtained from [Telerate].]

**12. [Index-Linked or other variable-linked Obligations Foncières only – PERFORMANCE OF INDEX/FORMULA/OTHER VARIABLE, EXPLANATION OF EFFECT ON VALUE OF INVESTMENT AND ASSOCIATED RISKS AND OTHER INFORMATION CONCERNING THE UNDERLYING**

*Need to include details of where past and future performance and volatility of the index/formula/other variable can be obtained and a clear and comprehensive explanation of how the value of the investment is affected by the underlying and the circumstances when the risks are most evident.[Where the underlying is an index need to include the name of the index and a description if composed by the Issuer and if the index is not composed by the Issuer need to include details of where the information about the index can be obtained. Where the underlying is not an index need to include equivalent information.]\** ]

**13. [Dual Currency Obligations Foncières only – PERFORMANCE OF RATE[S] OF EXCHANGE AND EXPLANATION OF EFFECT ON VALUE OF INVESTMENT**

*Need to include details of where past and future performance and volatility of the relevant rate[s] can be obtained and a clear and comprehensive explanation of how the value of the investment is affected by the underlying and the circumstances when the risks are most evident.]*

**14. [Derivatives only – EXPLANATION OF EFFECT ON VALUE OF INVESTMENT, RETURN ON DERIVATIVES SECURITIES AND INFORMATION CONCERNING THE UNDERLYING\***

**EXPLANATION OF EFFECT ON VALUE OF INVESTMENT**

*Need to include a clear and comprehensive explanation of how the value of the investment is affected by the underlying and the circumstances when the risks are most evident.*

**INFORMATION CONCERNING THE UNDERLYING**

- exercise price or the final reference price of the [•]  
underlying:

- a statement setting out the type of the underlying and [•]  
details of where information on the underlying can be

\* Required for derivative securities to which Annex XII to the Prospectus Directive Regulation applies. See footnote \*\* below.

\*\* If the Final Redemption Amount is different from 100% of the nominal value the *Obligations Foncières* will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII to the Prospectus Directive Regulation will apply and may require the preparation and publication of a supplement to the Base Prospectus. This pro forma has been annotated to indicate where the key additional requirements of Annex XII are dealt with.

obtained:

- an indication where information about the past and the further performance of the underlying and its volatility can be obtained

[•]

- where the underlying is an index:

[Applicable/Not Applicable]

- the name of the index and a description of the index if it is composed by the issuer. If the index is not composed by the issuer, where information about the index can be obtained:

[•]

- where the underlying is an interest rate:

[Applicable/Not Applicable]

- a description of the interest rate:

[•]

- others:

[Applicable/Not Applicable]

- where the underlying does not fall within the categories specified above the securities note shall contain equivalent information:

[•]

- where the underlying is a basket of underlyings:

[Applicable/Not Applicable]

- disclosure of the relevant weightings of each underlying in the basket:

[•]

A description of any market disruption or settlement disruption events that affect the underlying:

[•]

Adjustment rules with relation to events concerning the underlying:] \*

[•]

- an indication of the intent of the Issuer regarding the providing of post-issuance information relating to the underlying and where the intent of the Issuer is to report such information, an indication of the type of information reported and where it can be obtained:

[•]

## **OTHER**

A description of how any return on derivative securities takes place, the payment or delivery date, and the way it is calculated:

[•]

Name and address of Calculation Agent:

[•]

Other markets on which securities of the same class of

[•]

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\* Required for derivative securities to which Annex XII to the Prospectus Directive Regulation applies. See footnote \*\* below.

\*\* If the Final Redemption Amount is different from 100% of the nominal value the *Obligations Foncières* will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII to the Prospectus Directive Regulation will apply. This pro forma has been annotated to indicate where the key additional requirements of Annex XII are dealt with.

the *Obligations Foncières* to be admitted to trading are already admitted to trading:

[Information on taxes on the income from the *Obligations Foncières* withheld at source in the country where admission to trading (other than in Luxembourg) is sought: **[•]**

## 15. OPERATIONAL INFORMATION

ISIN Code: **[•]**

Common Code: **[•]**

Depositaries:

(i) Euroclear France to act as Central Depositary **[Yes/No]**

(ii) Common Depositary for Euroclear Bank S.A./N.V. and Clearstream, Luxembourg **[Yes/No]**

Any clearing system(s) other than Euroclear and Clearstream, Luxembourg and the relevant identification number(s): **[Not Applicable/give name(s) and number(s)]**

Delivery: Delivery **[against/free of]** payment

The Agents appointed in respect of the *Obligations Foncières* are: **[•]**

Name and address of the Calculation Agent: **[•]**

Names and addresses of additional Paying Agent(s) (if any): **[•]**

The aggregate principal amount of *Obligations Foncières* issued has been translated into Euro at the rate of *[currency]* per euro 1.00, producing a sum of: **[Not Applicable/Euro [•]]** (Only applicable for *Obligations Foncières* not denominated in Euro)

## FORM OF FINAL TERMS 2

FORM OF FINAL TERMS FOR USE IN CONNECTION WITH ISSUES OF *OBLIGATIONS FONCIÈRES* WITH A DENOMINATION OF AT LEAST €50,000 TO BE ADMITTED TO TRADING ON A E.U. REGULATED MARKET

**Final Terms dated [●]**

[LOGO, if document is printed]

**DEXIA MUNICIPAL AGENCY**

**(the “Issuer”)**

Euro 75,000,000,000

Euro Medium Term *Note* Programme

for the issue of *Obligations Foncières*

Due from one month from the date of the original issue

**SERIES NO: [●]**

**TRANCHE NO: [●]**

**[Brief Description and Amount of *Obligations Foncières*]**

Issue Price: [●] per cent.

**[Name(s) of Dealer(s)]**

### **PART A – CONTRACTUAL TERMS**

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Base Prospectus dated [●] [and the supplement to the Base Prospectus] dated [●] which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive (Directive 2003/71/EC) (the “**Prospectus Directive**”).

This document constitutes the Final Terms of the *Obligations Foncières* described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with such Base Prospectus [as so supplemented]. Full

information on the Issuer and the offer of the *Obligations Foncières* is only available on the basis of the combination of these Final Terms and the Base Prospectus [as so supplemented]. The Base Prospectus [and the supplement to the Base Prospectus] [is] [are] available for viewing at the office of the Fiscal Agent or each of the Paying Agents and on the website of the Issuer (www.dexia-ma.com) or on the website of the Luxembourg Stock Exchange, and copies may be obtained from Dexia Municipal Agency, Tour Cristal, 7-11 Quai André Citroën, 75015 Paris, France.

*[The following alternative language applies if the first tranche of an issue which is being increased was issued under a Prospectus with an earlier date.]*

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the “**Conditions**”) set forth in the [Base Prospectus/Offering Circular] dated [original date] [and the supplement to the Base Prospectus] dated [•]. This document constitutes the Final Terms of the *Obligations Foncières* described herein for the purposes of Article 5.4 of the Prospectus Directive (Directive 2003/71/EC) (the “**Prospectus Directive**”) and must be read in conjunction with the Base Prospectus dated [current date] [and the supplement to the Base Prospectus dated [•]], which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive, save in respect of the Conditions which are extracted from the [Base Prospectus/Offering Circular] dated [original date] [and the supplement to the Base Prospectus] dated [•] and are attached hereto. Full information on the Issuer and the offer of the *Obligations Foncières* is only available on the basis of the combination of these Final Terms and the [Base Prospectus/Offering Circular] dated [original date] and the Base Prospectus dated [current date] [and the supplement to the Base Prospectus dated [•]]. The Base Prospectus/Offering Circular [and the supplement to the Base Prospectus] are available for viewing at the office of the Fiscal Agent or each of the Paying Agents, on the website of the Luxembourg Stock Exchange, or otherwise in accordance with the provisions of Article 14 of the Prospectus Directive, and copies may be obtained from Dexia Municipal Agency, Tour Cristal, 7-11 Quai André Citroën, 75015 Paris, France.

*[Include whichever of the following apply or specify as “Not Applicable” (N/A). Note that the numbering should remain as set out below, even if “Not Applicable” is indicated for individual paragraphs or sub-paragraphs. Italics denote directions for completing the Final Terms.]*

*[When completing any Final Terms, or adding any other Final Terms or information, consideration should be given as to whether such terms or information constitute “significant new factors” and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive.]*

- |          |  |                        |
|----------|--|------------------------|
| <b>1</b> | Issuer:  | Dexia Municipal Agency |
| <b>2</b> | (i) Series Number:   | [•]                    |
|          | (ii) Tranche Number:   | [•]                    |
|          | <i>(If fungible with an existing Series, details of that Series, including the date on which the Obligations Foncières become fungible.)</i> |                        |
| <b>3</b> | Specified Currency or Currencies:  | [•]                    |
| <b>4</b> | Aggregate Nominal Amount of <i>Obligations Foncières</i> admitted to trading:  |                        |
|          | (i) Series:  | [•]                    |
|          | (ii) Tranche:  | [•]                    |

5	Issue Price:	[•] per cent. of the Aggregate Nominal Amount [plus accrued interest from [insert date] (if applicable)]
6	Specified Denominations:	[•] (one denomination only for Dematerialised Obligations Foncières) <sup>1</sup>
7	(i) Issue Date:	[•]
	(ii) Interest Commencement Date:	[•] / Not Applicable
8	Maturity Date:	[specify date or (for Floating Rate Obligations Foncières) Interest Payment Date falling in or nearest to the relevant month and year]
9	Interest Basis:	[[•] per cent. Fixed Rate]  [[specify reference rate] +/- [•] per cent. Floating Rate] [Zero Coupon] [Index Linked Interest] [Other (specify)] [(further particulars specified below)]
10	Redemption/Payment Basis:	[Redemption at par] [Index Linked Redemption] [Dual Currency] [Partly Paid] [Instalment] [Other (specify)]  (N.B. If the Final Redemption Amount is different from 100 per cent. of the nominal value, the Obligations Foncières will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII to the Prospectus Directive Regulation will apply.)
11	Change of Interest or Redemption/Payment Basis:	[Specify details of any provision for convertibility of Obligations Foncières into another interest or redemption/payment basis]
12	Call Options:	[Issuer Call]  [(further particulars specified below)]
13	(i) Status of the Obligations Foncières:	[Obligations Foncières]

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<sup>1</sup> *Obligations Foncières* (including *Obligations Foncières* denominated in sterling) in respect of which the issue proceeds are to be accepted by the Issuer in the United Kingdom or whose issue otherwise constitutes a contravention of section 19 of the FSMA and having a maturity of less than one year must have a minimum denomination of £100,000 (or its equivalent in other currencies).



(ii)	Dates of the corporate authorisations for issuance of the <i>Obligations Foncières</i> :	Decision of the <i>Directoire</i> of Dexia Municipal Agency dated [•] deciding the issue of the <i>Obligations Foncières</i> and authorizing Mr [•], President or any of its <i>Directeurs Généraux</i> to sign and execute all documents in relation to the issue of the <i>Obligations Foncières</i>
<b>14</b>	Method of distribution:	[Syndicated/Non-syndicated]
<b>PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE</b>		
<b>15</b>	<b>Fixed Rate <i>Obligation Foncière</i> Provisions</b>	[Applicable/Not Applicable]  <i>(If not applicable, delete the remaining sub-paragraphs of this paragraph)</i>
(i)	Rate [(s)] of Interest:	[•] per cent. per annum [payable [annually/semi-annually/quarterly/monthly] in arrear]
(ii)	Interest Payment Date(s):	[•] in each year [adjusted in accordance with [specify Business Day Convention and any applicable Business Centre(s) for the definition of “Business Day”]/not adjusted]
(iii)	Fixed Coupon Amount [(s)]:	[•] per [•] in nominal amount
(iv)	Broken Amounts:	[Insert particulars of any initial or final broken interest amounts which do not correspond with the Fixed Coupon Amount [(s)] and the Interest Payment Date(s) to which they relate]
(v)	Day Count Fraction (Condition 5(a)):	[30/360 / Actual/Actual (ICMA / ISDA) / other ]
(vi)	Determination Date(s) (Condition 5(a)):	[•] in each year <i>(insert regular Interest Payment Dates, ignoring Issue Date or Maturity Date in the case of a long or short first or last Coupon. N.B. only relevant where Day Count Fraction is Actual/Actual (ICMA))</i>
(vii)	Other terms relating to the method of calculating interest for Fixed Rate <i>Obligations Foncières</i> :	[Not Applicable/give details]
<b>16</b>	<b>Floating Rate Provisions</b>	[Applicable/Not Applicable] <i>(If not applicable, delete the remaining sub-paragraphs of this paragraph).</i>
(i)	Interest Period(s)	[•]
(ii)	Specified Interest Payment Dates:	[•]
(iii)	Interest Period Date:	[•]  <i>(Not applicable unless different from Interest Payment Date)</i>

- (iv) Business Day Convention: [Floating Rate Business Day Convention/ Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/other (*give details*)]
- (v) Business Centre(s) (Condition 5(c)): [•]
- (vi) Manner in which the Rate(s) of Interest is/are to be determined: [Screen Rate Determination/ISDA Determination/other (*give details*)]
- (vii) Party responsible for calculating the Rate(s) of Interest and Interest Amount(s) (if not the Calculation Agent): [•]
- (viii) Screen Rate Determination (Condition 5(c)(iii)(B)):  
 -- Relevant Time: [•]  
 -- Interest Determination Date(s): [[•] *[TARGET] Business Days in [specify city] for [specify currency] prior to [the first day in each Interest Accrual Period/each Interest Payment Date] [, subject to adjustment in accordance with [Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/other (give details)].]*]  
 -- Primary Source for Floating Rate: [*Specify relevant screen page or “Reference Banks”*]  
 -- Reference Banks (if Primary Source is “Reference Banks”): [*Specify four*]  
 -- Relevant Financial Centre: [*The financial centre most closely connected to the Benchmark - specify if not Paris*]  
 -- Benchmark: [*LIBOR, LIBID, LIMEAN, EURIBOR or other benchmark*]  
 -- Representative Amount: [*Specify if screen or Reference Bank quotations are to be given in respect of a transaction of a specified notional amount*]  
 -- Effective Date: [*Specify if quotations are not to be obtained with effect from commencement of Interest Accrual Period*]  
 -- Specified Duration: [*Specify period for quotation if not duration of Interest Accrual Period*]
- (ix) ISDA Determination (Condition 5(c)(iii)(A)):  
 -- Floating Rate Option: [•]  
 -- Designated Maturity: [•]  
 -- Reset Date: [•]  
 -- ISDA Definitions: (if different from those set out in the Conditions) [•]

	(x)	Margin(s):	[+/-] [•] per cent. per annum
	(xi)	Minimum Rate of Interest:	[Not Applicable] / [•] per cent. per annum
	(xii)	Maximum Rate of Interest:	[Not Applicable] / [•] per cent. per annum
	(xiii)	Day Count Fraction (Condition 5(a)):	[•]
	(xiv)	Rate Multiplier:	[•]
	(xv)	Fall back provisions, rounding provisions, denominator and any other terms relating to the method of calculating interest on Floating Rate <i>Obligations Foncières</i> , if different from those set out in the Conditions:	[•]
<b>17</b>		<b>Zero Coupon <i>Obligation Foncière</i> Provisions</b>	[Applicable/Not Applicable] ( <i>If not applicable, delete the remaining sub-paragraphs of this paragraph</i> )
	(i)	Amortisation Yield (Condition 6(c)):	[•] per cent. per annum
	(ii)	Day Count Fraction (Condition 5(a)):	[•]
	(iii)	Any other formula/basis of determining amount payable:	[•]
<b>18</b>		<b>Index Linked Interest <i>Obligation Foncière</i> Provisions / other variable-linked interest <i>Obligations Foncières</i></b>	[Applicable/Not Applicable] ( <i>If not applicable, delete the remaining sub-paragraphs of this paragraph</i> )
	(i)	Index/Formula/other variable:	[Give or annex details]
	(ii)	Calculation Agent responsible for calculating the interest due:	[•]
	(iii)	Provisions for determining Coupon where calculated by reference to Index and/or Formula and/or other variable:	[•]
	(iv)	Interest Period(s):	[Not Applicable]/[•]
	(v)	Provisions for determining Coupon where calculation by reference to Index and/or Formula an/or other variable is impossible or impracticable or otherwise disrupted:	[•]
	(vi)	Calculation Period(s):	[•]
	(vii)	Specified Interest Payment Dates:	[•][ subject to adjustment in accordance with [Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/Other ( <i>give details</i> )]]
	(viii)	Business Day Convention:	[Floating Rate Business Day Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/Other ( <i>give details</i> )]

(ix)	Business Centre(s) (Condition 5(a)):	[•](Note that this item relates to interest period end dates and not to the date and place of payment, to which item 25 relates)
(x)	Minimum Rate of Interest:	[Not Applicable]/[•] per cent. per annum
(xi)	Maximum Rate of Interest:	[Not Applicable]/[•] per cent. per annum
(xii)	Day Count Fraction (Condition 5(a)):	[•]
<b>19</b>	<b>Dual Currency <i>Obligation Foncière</i> Provisions<sup>1</sup></b>	[Applicable/Not Applicable] (If not applicable, delete the remaining sub-paragraphs of this paragraph)
(i)	Rate of Exchange/Method of calculating Rate of Exchange:	[Give details]
(ii)	Calculation Agent, if any, responsible for calculating the principal and/or interest due:	[•]
(iii)	Provisions applicable where calculation by reference to Rate of Exchange impossible or impracticable:	[•]
(iv)	Person at whose option Specified Currency(ies) is/are payable:	[•]
(v)	Day Count Fraction (Condition 6(a))	[•]

#### PROVISIONS RELATING TO REDEMPTION

<b>20</b>	<b>Call Option</b>	[Applicable/Not Applicable] (If not applicable, delete the remaining sub-paragraphs of this paragraph)
(i)	Optional Redemption Date(s):	[•]
(ii)	Optional Redemption Amount(s) of each <i>Obligation Foncière</i> and method, if any, of calculation of such amount(s):	[•] per <i>Obligation Foncière</i> [of [•] Specified Denomination]
(iii)	If redeemable in part:	[•]
	(a) Minimum Nominal Amount to be redeemed:	[•]
	(b) Maximum Nominal Amount to be redeemed:	[•]
(iv)	Option Exercise Date(s):	[•]
(v)	Notice period <sup>2</sup> :	[•]

<sup>1</sup> If the Final Redemption Amount is different from 100% of the nominal value the *Obligations Foncières* will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII to the Prospectus Directive Regulation will apply and may require the preparation and publication of a supplement to the Base Prospectus. This pro forma has been annotated to indicate where the key additional requirements of Annex XII are dealt with.

<sup>2</sup> If setting notice periods which are different to those provided in the Conditions, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems, as well as any other notice requirements which may apply, for example, as between the Issuer and its Fiscal Agent.

<b>21</b>	<b>Other Option</b>	[Applicable/Not Applicable] <i>(If applicable, specify details)</i>
<b>22</b>	<b>Final Redemption Amount of each <i>Obligation Foncière</i>:</b>  In cases where the Final Redemption Amount is Index-Linked or other variable-linked:  (i) Index/Formula/variable:  (ii) Calculation Agent responsible for calculating the Final Redemption Amount:  (iii) Provisions for determining Final Redemption Amount where calculated by reference to Index and/or Formula and/or other variable:  (iv) Determination Date(s):  (v) Provisions for determining Final Redemption Amount where calculation by reference to Index and/or Formula and/or other variable is impossible or impracticable or otherwise disrupted:  (vi) Payment Date:  (vii) Minimum Final Redemption Amount:  (viii) Maximum Final Redemption Amount:	[[•] per <i>Obligation Foncière</i> [of [•] Specified Denomination]/Other/See Appendix]  <i>(If the Final Redemption Amount is linked to an underlying reference or security, the <i>Obligations Foncières</i> will constitute derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII to the Prospectus Directive Regulation will apply.)</i>  [give or annex details]  [•]  [•]  [•]  [•]  [•]  [•/Not Applicable]  [•/Not Applicable]
<b>23</b>	<b>Early Redemption Amount</b>  Early Redemption Amount(s) of each <i>Obligation Foncière</i> payable on redemption for taxation reasons or on any early redemption and/or the method of calculating the same (if required or if different from that set out in the Conditions).	[Applicable/Not Applicable]

**GENERAL PROVISIONS APPLICABLE TO THE *OBLIGATIONS FONCIÈRES***

<b>24</b>	Form of <i>Obligations Foncières</i> :	[Dematerialised <i>Obligations Foncières</i> /Materialised <i>Obligations Foncières</i> ] <i>(Materialised <i>Obligations Foncières</i> are only in bearer form)</i>  [Delete as appropriate]
	(i) Form of Dematerialised <i>Obligations Foncières</i> :	[Not Applicable/if Applicable specify whether [Bearer dematerialised form ( <i>au porteur</i> )/Registered dematerialised form ( <i>au nominatif</i> )]

(ii)	Registration Agent	[Not Applicable/ <i>if Applicable give name and details</i> ] ( <i>note that a Registration Agent must be appointed in relation to Registered Dematerialised Obligations Foncières only; except that the Issuer may be its own Registration Agent</i> )
(iii)	Temporary Global Certificate:	[Not Applicable/Temporary Global Certificate exchangeable for definitive Bearer Materialised <i>Obligations Foncières</i> on [•] (the “ <b>Exchange Date</b> ”), being 40 days after the Issue Date subject to postponement as specified in the Temporary Global Certificate]
(iv)	Applicable TEFRA exemption:	[C Rules/D Rules/Not Applicable] ( <i>Only applicable to Materialised Obligations Foncières</i> )
<b>25</b>	Financial Centre(s) (Condition 7(h)) or other special provisions relating to Payment Dates:	[Not Applicable/ <i>Give details</i> ]. ( <i>Note that this item relates to the date and place of payment, and not to interest period end dates, to which items 15(ii), 16(iv) and 18(ix) relate</i> )
(i)	Adjusted Payment Date (Condition 7(h)):	[The next following business day unless it would thereby fall into the next calendar month, in which such event such date shall be brought forward to the immediately preceding business day.] [The immediately preceding business day]/[Other*]
<b>26</b>	Talons for future Coupons or Receipts to be attached to definitive Materialised <i>Obligations Foncières</i> (and dates on which such Talons mature):	[Yes/No/Not Applicable. <i>If yes, give details</i> ] ( <i>Only applicable to Materialised Obligations Foncières</i> )
<b>27</b>	Details relating to Partly Paid <i>Obligations Foncières</i> : amount of each payment comprising the Issue Price and date on which each payment is to be made [and consequences (if any) of failure to pay]	[Not Applicable/ <i>give details</i> ]
<b>28</b>	Details relating to Instalment <i>Obligations Foncières</i> : amount of each instalment, date on which each payment is to be made:	[Not Applicable/ <i>give details</i> ]
<b>29</b>	Redenomination, renominatisation and reconventioning provisions:	[Not Applicable/The provisions [in Condition 1(d)] [annexed to this Final Terms] apply]
<b>30</b>	Consolidation provisions:	[Not Applicable/The provisions [in Condition 13(b)] [annexed to this Final Terms] apply]

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\* In the market practice, if any date for payment in respect of Fixed Rate Notes, Receipt or Coupon is not a business day, the holder shall not be entitled to payment until the next following business day (as defined in Condition 7(h)).

- 31 Representation of holders of *Obligations Foncières Masse* (Condition 10)<sup>1</sup> [Applicable/Not Applicable/Condition 10 replaced by the full provisions of the French Code of commerce relating to the *Masse*]<sup>2</sup> (Note that: (i) in respect of any *Tranche* of *Obligations Foncières*, Condition 10 may be waived, amended or supplemented and (ii) in respect of any *Tranche* of *Obligations Foncières* issued inside France, Condition 10 must be waived in its entirety and replaced by the provisions of French Code of Commerce relating to the *Masse*. If Condition 10 (as it may be amended or supplemented) applies or if the full provisions of French Code of Commerce apply, insert details of Representative and Alternative Representative and remuneration, if any)
- 32 Other final terms: [Not Applicable/give details]  
(When adding any other final terms consideration should be given as to whether such terms constitute a "significant new factors" and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive.)

#### DISTRIBUTION

- 33 (i) If syndicated, names of Managers: [Not Applicable/give names]
- (ii) Stabilising Manager(s) (if any): [Not Applicable/give name]
- 34 If non-syndicated, name of Dealer: [Not Applicable/give name]
- 35 Additional selling restrictions: [Not Applicable/give details]

#### LISTING AND ADMISSION TO TRADING APPLICATION

These Final Terms comprise the final terms required to list and have admitted to trading the issue of *Obligations Foncières* described herein pursuant to the Euro 75,000,000,000 Euro Medium Term Note Programme of Dexia Municipal Agency.

#### RESPONSIBILITY

The Issuer accepts responsibility for the information contained in these Final Terms. [[•] has been extracted from [•]. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by [•], no facts have been omitted which would render the reproduced inaccurate or misleading.]

<sup>1</sup> The provisions of the French *Code de Commerce* relating to the *Masse* of holders of *Obligations Foncières* are applicable in full to French domestic issues of *Obligations Foncières*. Pursuant to Article L. 228-90 of the French *Code de Commerce*, the *Masse* provisions contained in the French *Code de Commerce* are NOT applicable to international issues (*emprunt émis à l'étranger*); accordingly international issues may have no *Masse* provisions at all or the *Masse* provisions contained in the French *Code de Commerce* may be varied along the lines of the provisions of Condition 10

<sup>2</sup> At the date of this Final Terms the *statuts* of the Issuer do not contemplate (*to be amended if the *statuts* of the Issuer have been modified*) the right for a holder of an *Obligation Foncière* to participate in a General Meeting by videoconference or any other means of telecommunication allowing the identification of the participating holders of *Obligations Foncières*.

Signed on behalf of the Issuer:

Duly represented by:



## PART B – OTHER INFORMATION

(If any of the following paragraphs is not applicable, delete such paragraph)

### 1. RISK FACTORS

[[Insert any risk factors that are material to the Obligations Foncières being offered and/or admitted to trading in order to assess the market risk associated with these Obligations Foncières and that may affect the Issuer's ability to fulfil its obligations under the Obligations Foncières which are not covered under "Risk Factors" in the Base Prospectus. If any such additional risk factors need to be included consideration should be given as to whether they constitute "significant new factors" and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive.] [Where the underlying is an index need to include the name of the index and a description if composed by the Issuer and if the index is not composed by the Issuer need to include details of where the information about the index can be obtained. Where the underlying is not an index need to include equivalent information.]\*]

### 2. LISTING AND ADMISSION TO TRADING

- (i) Listing: [Bourse de Luxembourg (regulated market of the Luxembourg Stock Exchange)/EuroMTF/other (specify)/None]
- (ii) Admission to trading: [Application has been made for the *Obligations Foncières* to be admitted to trading on [Bourse de Luxembourg (regulated market of the Luxembourg Stock Exchange)/EuroMTF/other (specify)] with effect from [●].] [Not Applicable.]

(Where documenting a fungible issue need to indicate that original securities are already admitted to trading.)

- (iii) Estimate of total expenses related to admission to trading: [●]

### 3. RATINGS

Ratings: [Applicable]

*Obligations Foncières* to be issued under the Programme are expected to be rated AAA by Standard & Poor's Rating Services and Fitch Ratings and Aaa by Moody's Investors Services, Inc. ]

[The *Obligations Foncières* to be issued have been rated]:

[S & P: [●]]

[Moody's: [●]]

[[Fitch Ratings]: [●]]

(The above disclosure should reflect the rating allocated to *Obligations*

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\* Required for derivative securities to which Annex XII to the Prospectus Directive Regulation applies. See footnote \*\* below.

\*\* If the Final Redemption Amount is different from 100% of the nominal value the *Obligations Foncières* will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII to the Prospectus Directive Regulation will apply and may require the preparation and publication of a supplement to the Base Prospectus. This pro forma has been annotated to indicate where the key additional requirements of Annex XII are dealt with.

Foncières of the type being issued under the Programme generally or, where the issue has been specifically rated, that rating.)

#### 4. [NOTIFICATION]

The *Commission de surveillance du secteur financier* in Luxembourg [has been requested to provide/has provided - include first alternative for an issue which is contemporaneous with the establishment or update of the Programme and the second alternative for subsequent issues] the [include names of competent authorities of host Member States] with a certificate of approval attesting that the Base Prospectus has been drawn up in accordance with the Prospectus Directive.]

#### 5. SPECIFIC CONTROLLER

The specific controller (*contrôleur spécifique*) of the Issuer has certified that the value of the assets of the Issuer will be greater than the value of its liabilities benefiting from the privilege defined in article L. 515-19 of the French Monetary and Financial Code, after settlement of this issue and of the issues which have been the subject of previous attestations.

#### 6. [INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE [ISSUE/OFFER]

Need to include a description of any interest, including conflicting ones, that is material to the issue/offer, detailing the persons involved and the nature of the interest. May be satisfied by the inclusion of the following statement:

["So far as the Issuer is aware, no person involved in the offer of the *Obligations Foncières* has an interest material to the offer."]

#### 7. REASONS FOR THE OFFER, ESTIMATED NET PROCEEDS AND TOTAL EXPENSES

[(i) Reasons for the offer: [•] / [See "Use of Proceeds" wording in Prospectus]  
(If reasons for offer different from making profit and/or hedging certain risks will need to include those reasons here.)]

[(ii) Estimated net proceeds: [•]  
(If proceeds are intended for more than one use will need to split out and present in order of priority. If proceeds insufficient to fund all proposed uses state amount and sources of other funding.)]

[(iii) Estimated total expenses: [•] [Include breakdown of expenses.]  
  
(If the *Obligations Foncières* are derivative securities to which Annex XII of the Prospectus Directive Regulation applies it is only necessary to include disclosure of net proceeds and total expenses at (ii) and (iii) above where disclosure is included at (i) above.)]

#### 8. [Fixed Rate Obligations Foncières only – YIELD

Indication of yield: [•]

The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield. ]

**9. [Index-Linked or other variable-linked Obligations Foncières only – PERFORMANCE OF INDEX/FORMULA/OTHER VARIABLE AND OTHER INFORMATION CONCERNING THE UNDERLYING**

*Need to include details of where past and future performance and volatility of the index/formula/other variable can be obtained.[Where the underlying is an index need to include the name of the index and a description if composed by the Issuer and if the index is not composed by the Issuer need to include details of where the information about the index can be obtained. Where the underlying is not an index need to include equivalent information.]\**

**10. [Dual Currency Obligations Foncières only – PERFORMANCE OF RATE[S] OF EXCHANGE** *Need to include details of where past and future performance and volatility of the relevant rate[s] can be obtained.*

**11. [Derivatives only – EXPLANATION OF EFFECT ON VALUE OF INVESTMENT, RETURN ON DERIVATIVES SECURITIES AND INFORMATION CONCERNING THE UNDERLYING\***

**EXPLANATION OF EFFECT ON VALUE OF INVESTMENT**

*Need to include a clear and comprehensive explanation of how the value of the investment is affected by the underlying and the circumstances when the risks are most evident.*

**INFORMATION CONCERNING THE UNDERLYING**

- exercise price or the final reference price of the underlying: [•]
- a statement setting out the type of the underlying and details of where information on the underlying can be obtained: [•]
- an indication where information about the past and the further performance of the underlying and its volatility can be obtained [•]
- where the underlying is an index: [Applicable/Not Applicable]
  - the name of the index and a description of the index if it is composed by the issuer. If the index is not composed by the issuer, where information about the index can be obtained: [•]
- where the underlying is an interest rate: [Applicable/Not Applicable]
  - a description of the interest rate: [•]
- others: [Applicable/Not Applicable]

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\* Required for derivative securities to which Annex XII to the Prospectus Directive Regulation applies. See footnote \*\* below.

\*\* If the Final Redemption Amount is different from 100% of the nominal value the *Obligations Foncières* will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII to the Prospectus Directive Regulation will apply and may require the preparation and publication of a supplement to the Base Prospectus. This pro forma has been annotated to indicate where the key additional requirements of Annex XII are dealt with.

- where the underlying does not fall within the categories specified above the securities note shall contain equivalent information:

[•]

- where the underlying is a basket of underlyings:

[Applicable/Not Applicable]

- disclosure of the relevant weightings of each underlying in the basket:

[•]

A description of any market disruption or settlement disruption events that affect the underlying:

[•]

Adjustment rules with relation to events concerning the underlying:] \*

[•]

- an indication of the intent of the Issuer regarding the providing of post-issuance information relating to the underlying and where the intent of the Issuer is to report such information, an indication of the type of information reported and where it can be obtained:

[•]

## OTHER

A description of how any return on derivative securities takes place, the payment or delivery date, and the way it is calculated:

[•]

Name and address of Calculation Agent:

[•]

Other markets on which securities of the same class of the *Obligations Foncières* to be admitted to trading are already admitted to trading:

[•]

[Information on taxes on the income from the *Obligations Foncières* withheld at source in the country where admission to trading (other than in Luxembourg) is sought:

[•]]

## 12. OPERATIONAL INFORMATION

ISIN Code:

[•]

Common Code:

[•]

Depositories:

(i) Euroclear France to act as Central Depository

[Yes/No]

\* Required for derivative securities to which Annex XII to the Prospectus Directive Regulation applies. See footnote \*\* below.

\*\* If the Final Redemption Amount is different from 100% of the nominal value the *Obligations Foncières* will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII to the Prospectus Directive Regulation will apply. This pro forma has been annotated to indicate where the key additional requirements of Annex XII are dealt with.

(ii) Common Depositary for Euroclear Bank S.A./N.V. and Clearstream, Luxembourg [Yes/No]

Any clearing system(s) other than Euroclear and Clearstream, Luxembourg and the relevant identification number(s): [Not Applicable/give name(s) and number(s) [and address(es)]]

Delivery: Delivery [against/free of] payment

Names and addresses of additional Paying Agent(s) (if any): [•]

The aggregate principal amount of *Obligations Foncières* issued has been translated into Euro at the rate of [currency] per Euro 1.00, producing a sum of: [Not applicable/Euro [•]] (Only applicable for *Obligations Foncières* not denominated in Euro)

## GENERAL INFORMATION

- (1) Application has been made to the Luxembourg Stock Exchange for *Obligations Foncières* issued under the Programme to be listed on the Official List of the Luxembourg Stock Exchange and admitted to trading on the Luxembourg Stock Exchange's regulated market or to be offered to the public in Luxembourg. . The Luxembourg Stock Exchange has allocated the number 12346 to the Programme. Application has been made to the *Commission de surveillance du secteur financier* (the "CSSF") in Luxembourg for approval of this Base Prospectus and application may be made for the notification of a certificate of approval released to the competent authorities of other Member States of the EEA, both approval and notification being made in its capacity as competent authority under the *loi relative aux prospectus pour valeurs mobilières* dated 10 July 2005 which implements the Prospectus Directive.
- (2) This Base Prospectus prepared in connection with the *Obligations Foncières* to be issued under the Programme has not been submitted to the clearance procedures of the *Autorité des marchés financiers*.
- (3) The Issuer has obtained all necessary consents, approvals and authorisations in the Republic of France in connection with the establishment of the Programme.

The establishment of the Programme was authorised by a decision of the Board of Directors (*Directoire*) of the Issuer passed on 3 February 2000. The increase of the aggregate nominal amount of *Obligations Foncières* (issued under the Programme) outstanding was authorised by three decisions of the Board of Directors (*Directoire*) of the Issuer passed on 22 April 2002, on 14 June 2004 and on 13 June 2005.

As from 26 June 2004 (date of the publication of the *Ordonnance* n°2004-604 dated 24 June 2004), any drawdown of *Obligations Foncières* under the Programme, to the extent that such *Obligations Foncières* constitute *obligations*, requires the prior authorisation of (i) the Board of Directors (*Directoire*) of the Issuer or (ii) the Ordinary General Meeting of the Issuer's shareholders if (a) the *statuts* of the Issuer so require or (b) such Ordinary General Meeting decides itself to exercise such authority.

Any drawdown of *Obligations Foncières*, to the extent that such *Obligations Foncières* do not constitute *obligations*, fall within the general powers of the *directeur général* or a *directeur général délégué* of the Issuer.

- (4) Except as disclosed in this Base Prospectus, (i) there has been no significant change in the financial position of the Issuer since 31 March 2006, and no material adverse change in the prospects of the Issuer since 31 December 2005, and (ii) there has been no significant change in the financial position of Dexia Crédit Local or the Dexia Crédit Local Group since 31 December 2005 and no material adverse change in the prospects of Dexia Crédit Local or the Dexia Crédit Local Group since 31 December 2005.
- (5) Neither the Issuer nor any other member of the Dexia Crédit Local Group is or has been involved in any governmental, legal or arbitration proceedings (including any such proceeding which are pending or threatened of which the Issuer is aware) during a period covering at least the previous 12 months which may have, or have had in the recent past, significant effects on the financial position or profitability of the Issuer.
- (6) Each definitive Bearer Materialised *Obligation Foncière*, Receipt, Coupon and Talon will bear the following legend: "Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the Internal Revenue Code".
- (7) *Obligations Foncières* have been accepted for clearance through the Euroclear and Clearstream, Luxembourg which are entities in charge of keeping the records. The Common Code and the International

Securities Identification Number (ISIN) or the identification number for any other relevant clearing system for each Series of *Obligations Foncières* will be set out in the relevant Final Terms.

The address of Euroclear is 1 boulevard du Roi Albert II, 1210 Bruxelles, Belgium and the address of Clearstream, Luxembourg is 42 avenue John Fitzgerald Kennedy, L- 1855 Luxembourg, Grand-Duchy of Luxembourg.

- (8) Dematerialised *Obligations Foncières* will be inscribed in the books of Euroclear France (acting as central depository). Dematerialised *Obligations Foncières* which are in registered form (*au nominatif*) are also inscribed either with the Issuer or with the Registration Agent.

The address of Euroclear France is 115 rue Réaumur, 75081 Paris Cedex 02, France

- (9) For so long as *Obligations Foncières* may be issued pursuant to this Base Prospectus, the following documents will be available, during usual business hours on any weekday (Saturdays and public holidays excepted), at the office of the Fiscal Agent, the Paying Agents and the Arranger or on the website of the Issuer (www.dexia-ma.com):

- (a) the Amended and Restated Agency Agreement
- (b) the *statuts* of the Issuer
- (c) the audited annual accounts of the Issuer for the financial year ended 31 December 2005
- (d) the interim financial statements for the three month period ended 31 March 2006 which has been submitted to a limited review by the auditors
- (e) a copy of this Base Prospectus together with any Supplement to this Base Prospectus or further Prospectus (in each case published in accordance with the Prospectus Directive).
- (f) each Final Terms for *Obligations Foncières* that are listed and/or admitted to trading on the Luxembourg Stock Exchange or any other regulated market in the EEA and are offered to the public in Luxembourg and/or in any Member State of the EEA
- (g) all reports, letters and other documents, historical financial information, valuations and statements prepared by any expert at the Issuer's request any part of which is included or referred to in this Base Prospectus including the certificate of the *Specific Controller* in respect of each issue of *Obligations Foncières*.

- (10) The non-consolidated accounts of the Issuer are audited and are published on an annual basis. The Issuer also produces unaudited interim financial information.

- (11) In respect of outstanding *Obligations Foncières* issued in the past by Dexia Municipal Agency, separate applications may have been made, for such *Obligations Foncières* to be listed and admitted to trading on the Paris, Frankfurt, Luxembourg, Zurich or Sydney stock exchanges.

- (12) Copies of the latest annual report and accounts of the Issuer (including any published interim accounts) and copies of the latest annual report and consolidated annual accounts of Dexia Crédit Local (including any published interim consolidated accounts) (in each case as soon as they are published) may be obtained at the specified offices of each of the Paying Agents during normal business hours, so long as any of the *Obligations Foncières* is outstanding.

- (13) Pursuant to Article 9-IV of the Decree no. 99-710 dated 3 August 1999 the Specific Controller certifies that the rule providing that the amount of eligible assets of the Issuer is greater than the amount of liabilities benefiting from the *privilège* is satisfied for any issue of *Obligations Foncières* in a principal amount equal to or above Euro 500 million or its equivalent in the currency of issue. The Issuer will procure that the

Specific Controller certifies that the previously referred rule is satisfied for all issues of *Obligations Foncières* under this Programme even in relation to issues whose principal amount is less than Euro 500 millions.

- (14) On 3 June 2003, the European Council of Economics and Finance Ministers adopted the Taxation Directive. The Taxation Directive requires Member States, subject to a number of conditions being met, to provide to the tax authorities of other Member States details of payments of interest and other similar income made by a paying agent located within its jurisdiction to an individual resident in that other Member State, except that, for a transitional period, Belgium, Luxembourg and Austria will instead withhold an amount on interest payments unless the relevant beneficial owner of such payment elects otherwise.

If a payment were to be made or collected through a Member State which has opted for a withholding system and an amount of, or in respect of tax were to be withheld from that payment, neither the Issuers nor any Paying Agent nor any other person would be obliged to pay additional amounts with respect to any *Obligation Foncière* as a result of the imposition of such withholding tax. If a withholding tax is imposed on payment made by a Paying Agent, the Issuer will be required to maintain a Paying Agent in a Member State that will not be obliged to withhold or deduct tax pursuant to the Taxation Directive. The Issuer assumes responsibility for withholding taxes to the extent set forth in Condition 8 of the Conditions.

- (15) Caderas Martin, 76, rue de Monceau 75008 Paris France and Mazars & Guérard Le Vinci, 4, allée de l'Arche 92075 Paris La Défense, France (both entities regulated by the *Haut Conseil du Commissariat aux Comptes* and duly authorised as *Commissaires aux comptes*) have audited and rendered (i) unqualified audit reports on the financial statements of the Issuer for the years ended 31 December 2004 and 2005 and (ii) reports on the limited review of the interim financial statements for the three month period ended 31 March 2006.



**Registered Office of the Issuer**

**Dexia Municipal Agency**

Tour Cristal  
7-11, quai André Citroën  
75015 Paris  
France

**Phone Number of the Issuer: +33 1 43 92 77 77**

**Arrangers**

**Deutsche Bank AG, Paris Branch**

3, avenue de Friedland  
75008 Paris  
France

**Morgan Stanley & Co. International Limited**

25 Cabot Square  
Canary Wharf  
London E14 4QA  
United Kingdom

**Dealers**

**ABN AMRO Bank N.V.**

250 Bishopsgate  
London EC2M 4AA  
United Kingdom

**BNP Paribas**

10 Harewood Avenue  
London NW1 6AA  
United Kingdom

**Barclays Bank PLC**

5 The North Colonnade  
Canary Wharf  
London E14 4BB  
United Kingdom

**Bayerische Hypo-und Vereinsbank AG**

Arabellastrasse 12  
81925 Munich  
Germany

**CALYON**

9, quai du Président Paul Doumer  
92920 Paris la Défense  
France

**Commerzbank Aktiengesellschaft**

Kaiserplatz  
60261 Frankfurt-am-Main  
Germany

**IXIS Corporate & Investment Bank**

47, quai d'Austerlitz  
75648 Paris Cedex 13  
France

**Deutsche Bank AG, London Branch**

Winchester House  
1 Great Winchester Street  
London EC2N 2DB  
United Kingdom

**Dexia Banque Internationale  
à Luxembourg, société anonyme  
(acting under the name of Dexia Capital Markets)**

69, route d'Esch  
L-1470 Luxembourg  
Grand-Duchy of Luxembourg

**Dresdner Bank Aktiengesellschaft**

Jürgen-Ponto-Platz 1  
D-60301 Frankfurt  
Germany

**Goldman Sachs International**

Peterborough Court  
133 Fleet Street  
London EC4A 2BB  
United Kingdom

**J.P. Morgan Securities Ltd.**

125 London Wall  
London EC2Y 5AJ  
United Kingdom

**Morgan Stanley & Co. International Limited**

25 Cabot Square  
Canary Wharf  
London E14 4QA  
United Kingdom

**Nomura International plc**

Nomura House  
1 St Martin's-le-Grand  
London EC1A 4NP  
United Kingdom

**Société Générale**

29, boulevard Haussmann  
75009 Paris  
France

**UBS Limited**

1 Finsbury Avenue  
London EC2M 2PP  
United Kingdom

**Fiscal Agent, Principal Paying Agent, Redenomination Agent,  
Consolidation Agent and Calculation Agent**

**Dexia Banque Internationale à Luxembourg, société anonyme**

69, route d'Esch  
L-1470 Luxembourg  
Grand-Duchy of Luxembourg

**Paying Agents**

**Dexia Bank Belgium SA**

44, boulevard Pachéco  
B-1000 Brussels  
Belgium

RPM Brussels VAT BE 0403.201.185

**RBC Dexia Investor Services Bank France S.A.**

105, rue Réaumur  
75002 Paris  
France

**Listing Agent**

**Luxembourg Listing Agent**

**Dexia Banque Internationale à  
Luxembourg, société anonyme**

69, route d'Esch  
L-1470 Luxembourg  
Grand-Duchy of Luxembourg

**Auditors to the Issuer**

**Caderas Martin**  
76, rue de Monceau  
75008 Paris  
France

**Mazars & Guérard**  
Le Vinci  
4, allée de l'Arche  
92075 Paris La Défense  
France

**Legal Advisers**

**To the Issuer**

**Latham & Watkins**  
53, quai d'Orsay  
75007 Paris

**To the Dealers**

**Linklaters**  
25, rue de Marignan  
75008 Paris

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