



Municipal Agency

## **REPORT ON ASSETS QUALITY**

As of September 30, 2011

(Instruction n°2011-I-07 of June 15, 2011)

**REPORT ON COVER POOL QUALITY  
DEXIA MUNICIPAL AGENCY**

The report on cover pool quality, consistent with Instruction No. 2011-I-07, June 15, 2011, aims at presenting all of the assets comprising the cover pool of Dexia Municipal Agency. As of September 30, 2011, Dexia MA exposures are presented as followed :

EUR thousands, as of 9/30/2011	Amount
Exposures on public sector	62,870,199
Asset-backed securities	10,411,380
Replacement assets	5,742,369
Assets temporarily out of the Cover Pool	-
<b>TOTAL</b>	<b>79,023,948</b>
<b>COVER POOL TOTAL</b>	<b>79,023,948</b>

As of September 30, 2011, Dexia Municipal Agency's cover pool is made of EUR 56.3 billion of loans and EUR 22.7 billion of bonds.

## ( 1. MORTGAGE LOANS

Dexia Municipal Agency has no mortgage loans.

## ( 2. EXPOSURES ON PUBLIC SECTOR

### 2.1 BREAKDOWN BY COUNTERPART

Direct exposures refer to exposures on public sector entities and indirect exposures to exposures fully guaranteed by public sector entities.

EUR thousands	Direct Exposure		Indirect Exposure		Total	Of which non performing loans	Of which past due	Of which specific impairment (2)
	Loans	Bonds (1)	Loans	Bonds (1)				
<b>France</b>								
State	155,810		129,052		284,862		257	
Regions	1,935,546	142,730	186,697		2,264,973			
Departments	6,194,918		311,527		6,506,445		361	
Municipalities (3)	17,818,995	109,411	1,078,414		19,006,820	10,029	3,288	657
Groups of municipalities (4)	10,049,755	122,642	308,982		10,481,379	1,057	2,551	641
Public sector entities :								
- health	6,714,889				6,714,889	6,162	265	592
- social housing	2,068,756				2,068,756		1	
- others	1,181,210		2,692		1,183,901	8,090	379	372
<b>Sub total</b>	<b>46,119,878</b>	<b>374,782</b>	<b>2,017,364</b>	<b>-</b>	<b>48,512,024</b>	<b>25,338</b>	<b>7,102</b>	<b>2,262</b>
<b>Germany</b>								
State				11,580	11,580			
Länder		504,200		495,978	1,000,178			17,322
<b>Sub total</b>	<b>-</b>	<b>504,200</b>	<b>-</b>	<b>507,558</b>	<b>1,011,758</b>	<b>-</b>	<b>-</b>	<b>17,322</b>
<b>Austria</b>								
Länder	204,271				204,271			
<b>Sub total</b>	<b>204,271</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>204,271</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Belgium</b>								
Regions	280,067		82,977		363,044			
Communities		50,000			50,000			
Public sector entities	83,406				83,406			
<b>Sub total</b>	<b>363,473</b>	<b>50,000</b>	<b>82,977</b>	<b>-</b>	<b>496,449</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Canada</b>								
Provinces		22,371			22,371			
Communities	100,149				100,149			
Public sector entities	125,186				125,186			
<b>Sub total</b>	<b>225,334</b>	<b>22,371</b>	<b>-</b>	<b>-</b>	<b>247,706</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Spain</b>								
Regions		226,552			226,552			5,802
<b>Sub total</b>	<b>-</b>	<b>226,552</b>	<b>-</b>	<b>-</b>	<b>226,552</b>	<b>-</b>	<b>-</b>	<b>5,802</b>
<b>United States</b>								
Federated States		252,943			252,943			
<b>Sub total</b>	<b>-</b>	<b>252,943</b>	<b>-</b>	<b>-</b>	<b>252,943</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Finland</b>								
Municipalities	27,520				27,520			
Public sector entities	50,676				50,676			
<b>Sub total</b>	<b>78,196</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>78,196</b>	<b>-</b>	<b>-</b>	<b>-</b>

**REPORT ON COVER POOL QUALITY  
DEXIA MUNICIPAL AGENCY**

EUR thousands	Direct Exposure		Indirect Exposure		Global	Of which non performing loans	Of which past due	Of which specific impairment (2)
	Loans	Bonds (1)	Loans	Bonds (1)				
<b>Iceland</b>								
State				180,415	180,415			
<b>Sub total</b>	-	-	-	<b>180,415</b>	<b>180,415</b>	-	-	-
<b>Italy</b>								
State		506,270		45,940	552,210			64,060
Regions		1,596,206			1,596,206			4,373
Provinces		304,563			304,563			
Municipalities	13,802	1,615,906			1,629,708			
<b>Sub total</b>	<b>13,802</b>	<b>4,022,945</b>	-	<b>45,940</b>	<b>4,082,687</b>	-	-	<b>68,434</b>
<b>Japon</b>								
Municipalities		25,000			25,000			
<b>Sub total</b>	-	<b>25,000</b>	-	-	<b>25,000</b>	-	-	-
<b>Portugal</b>								
Regions				47,500	47,500			
Municipalities	90,646				90,646		1	
Public sector entities	9,883				9,883			
<b>Sub total</b>	<b>100,528</b>	-	-	<b>47,500</b>	<b>148,028</b>	-	<b>1</b>	-
<b>United Kingdom</b>								
State				686,094	686,094			19,595
County (5)			398,124		398,124			
District (5)			27,973		27,973			
Municipalities (5)			1,367,720		1,367,720			
Public sector entities (5)			56,183		56,183			
<b>Sub total</b>	-	-	<b>1,850,000</b>	<b>686,094</b>	<b>2,536,094</b>	-	-	<b>19,595</b>
<b>Sweden</b>								
Municipalities	97,009		137,619		234,627			
<b>Sub total</b>	<b>97,009</b>	-	<b>137,619</b>	-	<b>234,627</b>	-	-	-
<b>Switzerland</b>								
Cantons	1,690,156		1,026,762		2,716,917			
Municipalities	1,329,640				1,329,640			
Public sector entities	123,148				123,148			
<b>Sub total</b>	<b>3,142,943</b>	-	<b>1,026,762</b>	-	<b>4,169,705</b>	-	-	-
<b>Greece</b>								
State		314,174		100,000	414,174			7,036
<b>Sub total</b>	-	<b>314,174</b>	-	<b>100,000</b>	<b>414,174</b>	-	-	<b>7,036</b>
<b>Supranational</b>								
International organizations	49,568				49,568			
<b>Sub total</b>	<b>49,568</b>	-	-	-	<b>49,568</b>			
<b>TOTAL</b>	<b>50,395,003</b>	<b>5,792,967</b>	<b>5,114,721</b>	<b>1,567,507</b>	<b>62,870,199</b>	<b>25,338</b>	<b>7,103</b>	<b>120,451</b>
PREMIUMS AND DISCOUNTS					(23,349)			
TRANSLATION ADJUSTMENTS					(105,642)			
<b>GLOBAL</b>					<b>62,741,208</b>			

(1) Non-euros bonds are translated in euros after sw aps.

(2) Specific impairments on loans and bonds are composed as follow ed:

- specific impairment on non performing loans : EUR 2 262 thousands
- specific impairment on investment bonds (Greece) : EUR 7 036 thousands
- provisions for unrealised losses on placement portfolio bonds : EUR 111 152 thousands

(3) Of w hich EUR 19 467 thousands on operations linked to partnership agreement (PPP)

(4) Of w hich EUR 18 154 thousands on operations linked to partnership agreement (PPP)

(5) It concerns a loan granted by Dexia Credit Local in Q3 2011 for EUR 1 850 millions guaranteed by United Kingdom's public entities

## 2.2 RATINGS

Dexia Municipal Agency has no exposure (except replacement assets or asset-backed securities, as described below) requiring a minimal rating from a rating agency recognized by the prudential control authority (ACP).

## 2.3 BREAKDOWN BY MATURITY DATE

EUR thousands, as of 9/30/2011

Residual maturity		Term to maturity					TOTAL
Maturity date in years	Number of deals <sup>(1)</sup>	Less than 3 months	3 to 6 months	6 months to 1 year	1 to 5 years	More than 5 years	
0	3,737	236,444	277,266	-	-	-	513,710
1	4,994	72,715	60,961	569,513	772,623	-	1,475,812
2	3,840	71,046	52,278	64,687	753,427	-	941,438
3	3,731	37,419	48,493	78,642	1,308,644	-	1,473,198
4	3,379	31,064	44,186	78,642	1,868,976	-	2,022,868
5	3,160	40,782	42,418	60,335	2,631,537	1,393,004	4,168,076
6	3,817	30,004	49,684	60,762	626,962	1,009,469	1,776,880
7	3,661	33,188	54,362	95,407	787,605	995,594	1,966,155
8	3,447	46,550	61,112	95,727	871,736	1,815,854	2,890,979
9	2,856	51,758	39,587	65,857	687,075	1,100,495	1,944,771
10	2,534	46,184	53,519	67,836	717,025	1,124,946	2,009,510
11	2,661	33,804	40,587	66,109	603,943	1,651,032	2,395,475
12	2,178	38,797	45,257	66,750	647,057	1,861,562	2,659,423
13	2,039	34,719	48,494	52,029	563,682	1,420,045	2,118,969
14	4,049	42,337	47,725	113,636	822,961	2,198,663	3,225,322
15	1,951	45,432	28,027	53,936	549,480	2,803,097	3,479,973
16	1,731	28,039	45,472	58,062	565,614	2,613,148	3,310,335
17	1,507	28,607	28,836	56,356	507,246	2,013,693	2,634,738
18	1,220	8,409	19,853	42,903	394,686	1,623,849	2,089,700
19	1,695	14,498	23,360	31,739	295,403	1,738,028	2,103,028
20	831	15,023	10,891	23,507	229,627	1,236,880	1,515,928
21	904	12,953	15,866	30,013	282,169	1,576,997	1,917,997
22	776	16,323	8,688	18,540	182,138	1,024,859	1,250,548
23	638	8,627	9,845	19,722	159,529	1,446,395	1,644,118
24	757	17,561	9,684	22,005	208,614	1,624,085	1,881,948
25	589	24,861	12,811	14,492	176,954	1,573,298	1,802,416
26	596	12,152	10,002	20,358	174,156	1,353,059	1,569,726
27	520	12,205	9,680	25,379	201,589	1,579,889	1,828,742
28	328	6,437	7,847	11,546	108,144	884,583	1,018,556
29	203	4,097	3,209	8,214	66,271	607,837	689,628
30	81	794	2,874	3,804	30,674	249,849	287,995
31	65	1,120	817	2,768	19,453	177,000	201,159
32	79	607	2,677	973	17,614	140,350	162,221
33	53	572	456	1,196	10,168	43,829	56,221
34	53	561	452	810	8,123	104,083	114,029
35	48	348	385	1,083	8,250	130,076	140,142
36	53	399	587	1,955	12,788	802,022	817,751
37	36	401	1,286	1,127	11,556	136,061	150,431
38	18	365	204	511	4,536	62,196	67,812
39	4	92	92	184	1,472	13,091	14,930
40	3	-	39	56	497	5,327	5,919
41	15	11	106	553	2,721	31,585	34,976
42	34	232	478	93	3,562	85,578	89,943
43	11	127	176	282	2,543	72,721	75,849
44	32	291	166	626	4,654	86,936	92,673
45	16	28	108	74	891	18,798	19,899
46	12	68	86	144	1,431	31,253	32,981
47	8	76	181	185	1,866	35,130	37,437
48	2	30	47	78	635	9,874	10,664
49	2	75	108	184	1,498	22,695	24,560
50	1	-	22	23	200	6,755	7,000
<b>Total</b>	<b>64,955</b>	<b>1,108,229</b>	<b>1,221,347</b>	<b>1,989,412</b>	<b>17,910,000</b>	<b>40,535,568</b>	<b>62,764,557</b>
PREMIUMS AND DISCOUNTS							(23,349)
<b>GLOBAL</b>							<b>62,741,208</b>

(1) Numbers of loans and bonds arrived at maturity during the period

## 2.4 EARLY REPAYMENTS

EUR thousands, as of 9/30/2011

State	Early repayments during the year	Rate of early repayments
<b>France</b>		
Regions	99,351	4.90%
Départements	116,880	1.96%
Municipalities	110,482	0.60%
Group of municipalities	173,455	1.69%
Public sector entities :		
- health	45,201	0.55%
- social housing	13,565	0.54%
- others	6,588	0.46%
<b>Sub total</b>	<b>565,523</b>	<b>1.16%</b>
<b>Italy</b>		
Municipalities	4,152	0.26%
<b>Sub total</b>	<b>4,152</b>	<b>0.26%</b>
<b>GLOBAL</b>	<b>569,675</b>	<b>1.13%</b>

The rate of early repayments corresponds to the volume of early repayments occurred during 2011 divided by the average of daily outstanding amount.

### 3. ASSET-BACKED SECURITIES AND SIMILAR STRUCTURES

#### 3.1 BREAKDOWN BY COUNTERPART

Name	Group*	Date of the acquisition	Number of bonds	Face value in EUR	Amount in EUR thousands as of 9/30/2011	Maturity date	
Colombo SRL	No	2001	55,000	1,000	5,627	2026	
Astrea SRL	No	2002	21,000	1,000	532	2012	
Blue Danube Loan Funding Gmbh	No	2002	1,000	100,000	79,364	2049	
Dexia Crediop per la Cartolarizzazione	DCC1	Yes	2004	1,128,851	1,000	743,766	2039
	DCC2	Yes	2005	1	1,005,965,000	677,749	2041
	DCC3	Yes	2008	23,000	100,000	2,114,045	2050
<b>Sub Total</b>					<b>3,535,560</b>		
Dexia Secured Funding Belgium	DSFB1	Yes	2007	6,721	250,000	1,414,272	2058
	DSFB2	Yes	2008	6,356	250,000	1,383,538	2040
	DSFB4	Yes	2009/2010	18,800	250,000	3,992,487	2047
<b>Sub Total</b>					<b>6,790,297</b>		
<b>TOTAL</b>					<b>10,411,380</b>		
PREMIUMS AND DISCOUNTS					53		
<b>GLOBAL</b>					<b>10,411,433</b>		

\* The seller of the securitized exposures are integrated or not in the scope of consolidation of Dexia Group

All asset-backed securities and similar structures held by Dexia Municipal Agency represent public sector exposures.

#### 3.2 RATINGS

As of September 30, 2011, asset-backed securities and similar structures held by Dexia Municipal Agency get the following ratings:

- Colombo SRL (rated A by S&P and Aa2 by Moody's) et Societa veicolo Astrea SRL (rated AA- by Fitch and Aa3 by Moody's) are both Italian companies with assets that are exclusively loans to the Italian public sector (regions, municipalities, etc...).
- Blue Danube Loan Funding GmbH is governed by Austrian law, rated AA+ by S&P, and its debt is unconditionally and irrevocably guaranteed by the Land of Lower Austria.
- DCC Securities held by Dexia MA benefit from the guarantee of Dexia Crediop, and were rated, A by Fitch, A- by Standard and Poor's and A2 by Moody's. On October 6, 2011, the rating of Dexia Crediop was downgraded by Standard and Poor's to BBB+.
- The securities issued by DSFB 1 et 2 held by Dexia MA benefit from the guarantee of Dexia Bank Belgium (DBB), and are both rated, A+ by Fitch, A by Standard and Poor's and A3 by Moody's. The securities issued by DSFB 4 are not guaranteed by Dexia Bank Belgium but are rated AA by Fitch.

### 3.3 BREAKDOWN BY MATURITY DATE

EUR thousands, as of 9/30/2011

Residual maturity		Term to maturity					TOTAL
Maturity date in years	Number of deals <sup>(1)</sup>	Less than 3 months	3 to 6 months	6 months to 1 year	1 to 5 years	More than 5 years	
0	1	-	532	-	-	-	532
17	1	96,975	144,711	177,387	1,377,307	2,196,106	3,992,487
25	1	4,094	18,814	28,106	250,815	1,812,216	2,114,045
26	1	-	-	-	-	5,627	5,627
27	1	-	23,830	20,500	179,623	519,813	743,766
28	2	7,514	60,951	55,998	506,718	1,430,106	2,061,287
37	1	1,670	-	1,795	17,718	58,181	79,364
44	1	20,971	33,602	18,458	214,072	1,127,168	1,414,272
<b>Total</b>	<b>9</b>	<b>131,225</b>	<b>282,441</b>	<b>302,244</b>	<b>2,546,252</b>	<b>7,149,217</b>	<b>10,411,380</b>
PREMIUMS AND DISCOUNTS							53
<b>GLOBAL</b>							<b>10,411,433</b>

<sup>(1)</sup> Number of ABS arrived at maturity during the period

### 3.4 EARLY REPAYMENTS

No early repayment occurred on asset backed securities until the September 30, 2011.

## ( 3. REPLACEMENT ASSETS

### 4.1. BREAKDOWN BY COUNTERPART

Replacement assets	Country	Issuer	Amount in EUR thousands as of 9/30/2011
<b>Step 1 credit rating</b>			
<i>Cedulas Territoriales</i>	Spain	Dexia Sabadell	3,000,000
<i>Lettres de gage</i>	Luxembourg	Dexia LdG Banque	1,350,000
<b>Total</b>			4,350,000
<b>Step 2 credit rating (initial term &lt; 100 days)</b>			
Certificates of deposit*	France	Dexia Crédit Local	600,000
Guaranteed loans	France	Dexia Crédit Local	592,369
Current account balance	France	BPCE	200,000
<b>Total</b>			1,392,369
<b>TOTAL</b>			<b>5,742,369</b>
PREMIUMS AND DISCOUNTS			(253)
<b>GLOBAL</b>			<b>5,742,116</b>

\* A provision on placement bonds portfolio of 350K EUR was booked on certificates of deposits as of 9/30/2011 and represents the unrealized losses compared to market value.

### 4.2 RATINGS

As of September 30, 2011, replacement assets held by Dexia Municipal Agency get the following ratings:

- *Cedulas territoriales*, covered bonds issued by Dexia Sabadell were rated Aa2 by Moody's. On November 03, 2011, the rating was downgraded to Baa2.
- *Lettres de gage* issued by Dexia LdG Bank are rated AAA by Standard and Poor's.



- Certificates of deposit issued by Dexia Credit Local and loans to Dexia Credit Local guaranteed by public sector securities are rated A+ by Fitch, A- by Standard and Poor's and A3 by Moody's.
- The current account is held by BPCE rated A + by Fitch, A + by Standard and Poor's and Aa3 by Moody's.

### 4.3 BREAKDOWN BY MATURITY DATE

EUR thousands, as of 9/30/2011

Residual maturity		Term to maturity					TOTAL
Maturity date in years	Number of deals <sup>(1)</sup>	Less than 3 months	3 to 6 months	6 months to 1 year	1 to 5 years	More than 5 years	
0	10	2,092,369	1,175,000		-	-	3,267,369
1	4	-	-	800,000	500,000	-	1,300,000
2	2	-	-	-	675,000	-	675,000
3	2	-	-	-	500,000	-	500,000
<b>Total</b>	<b>18</b>	<b>2,092,369</b>	<b>1,175,000</b>	<b>800,000</b>	<b>1,675,000</b>	<b>-</b>	<b>5,742,369</b>
PREMIUMS AND DISCOUNTS							(253)
<b>GLOBAL</b>							<b>5,742,116</b>

(1) Numbers of loans and bonds arrived at maturity during the period

### 4.4 EARLY REPAYMENTS

No early repayment occurred on replacement assets during the first half of 2011.

## ( 4. MANAGEMENT OF THE INTEREST RATE RISK

The management of the interest rate risk involves two steps.

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

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

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

The sensitivity limits for the fixed rate gap and the monetary gap mentioned above are defined as the change in the gaps' net present value (NPV) under the impact of a parallel 1% (100 basis points) shift in the yield curve. The aggregate of these two limits for the fixed rate gap and the monetary gap is set at 3% of equity, and this figure is reviewed every year at the end of the first quarter. This general sensitivity limit was adjusted to EUR 40.0 million as of the second quarter of 2011, including EUR 9.0 million for the monetary gap and EUR 31.0 million for the fixed rate gap. In practice, the real sensitivity is maintained significantly below this limit, as can be seen in the following table.

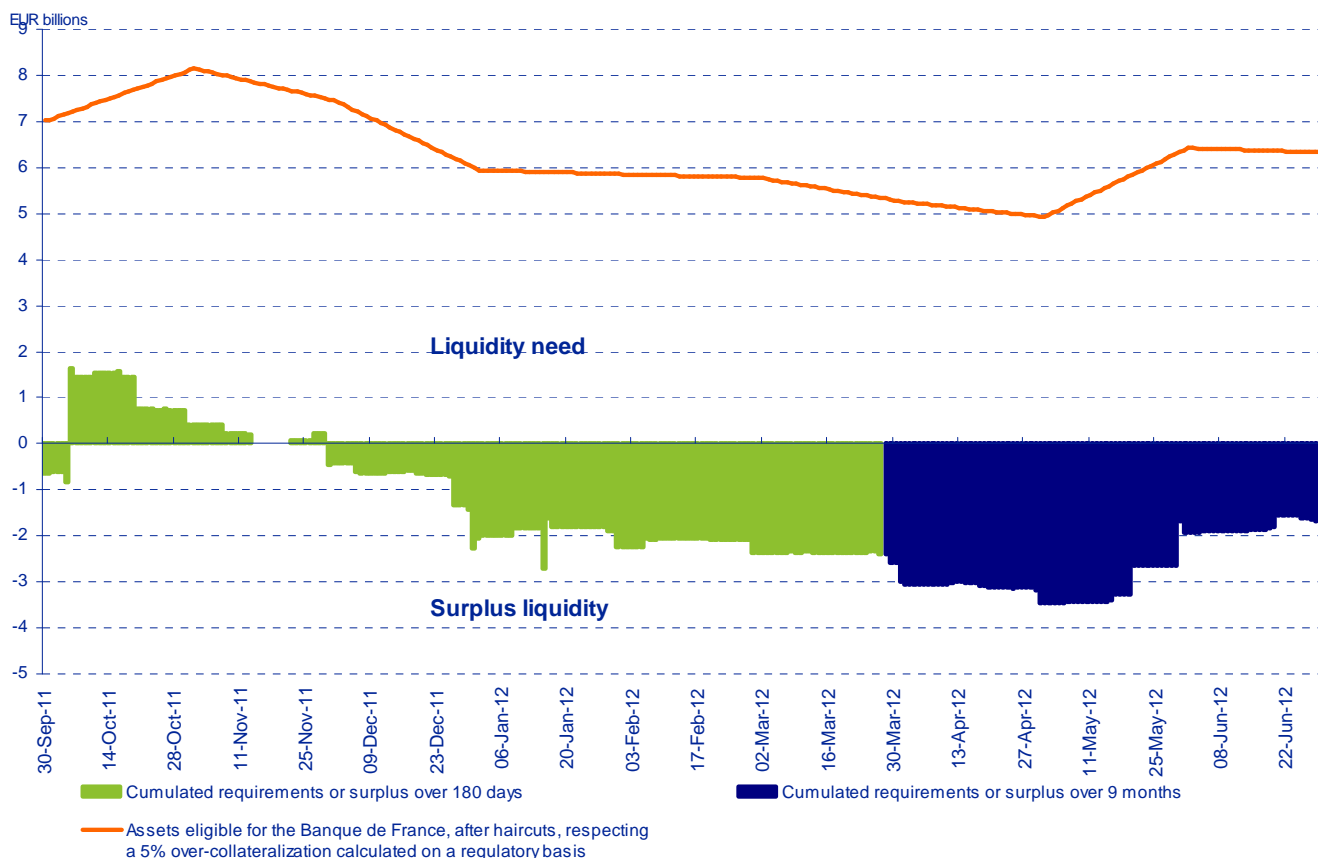
**Sensitivity of the interest rate gap (EUR millions)**

		Average	Maximum	Minimum	Limit
Fixed Rate	4Q 2010	17.9	22.2	13.9	26.0
	1Q 2011	13.1	20.8	5.2	26.0
	2Q 2011	12.9	13.4	12.2	31.0
	3Q 2011	17.3	20.7	14.0	31.0
Monetary	4Q 2010	(0.0)	3.0	(2.5)	9.0
	1Q 2011	1.6	2.6	0.4	9.0
	2Q 2011	0.3	2.8	(3.0)	9.0
	3Q 2011	(0.4)	1.5	(6.0)	9.0
Total	4Q 2010	18.1	22.8	14.0	35.0
	1Q 2011	14.6	22.7	5.7	35.0
	2Q 2011	13.1	15.6	12.2	40.0
	3Q 2011	16.8	21.1	12.2	40.0

**( 5. MANAGEMENT OF THE LIQUIDITY RISK**

Dexia MA manages its liquidity risk by means of the following indicator :

- cash needs over the next 180 days: Dexia MA's management makes it possible to provide structural coverage for its liquidity needs up to the extinguishment of the privileged liabilities by assets eligible for refinancing by the Banque de France. Moreover, Dexia MA ensures that at any time, its cash needs over a period of 180 days are covered by replacement assets, assets eligible for credit operations with the Banque de France, or by refinancing agreements signed with credit institutions with the best short-term credit rating. At the end of September 2011, Dexia MA had no cumulated net need for cash over the next 180 days, excepted the seven next weeks, as shown in the following graph.



This graph is set with the assumption that the cash collateral received must be reimbursed at the next calculation date, this explains the liquidity need of the first week of October (about EUR 2.5 billion).