FINANCIAL REPORT

Half-year 2010

As of June 30, 2010

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MANAGEMENT REPORT
as of June 30, 2010

I - Highlights of the first half of 2010

Situation of the covered bond market

The primary covered bond market was extremely active at the beginning of the year, with a record volume of jumbo issues (EUR 103 billion in the first half of 2010 versus EUR 47 billion in the same period of 2009). The market was sustained by the large volume of reimbursements of covered bonds scheduled to mature this year (reimbursements totaled EUR 89 billion as compared with EUR 60 billion in the first half of 2009), and by the continued programme of European Central Banks to buy covered bonds (EUR 60 billion in a year; of which roughly a quarter was negotiated in the primary market). French issuers accounted for almost a third of these issues. The trend in 2010 was a decrease in the average size of benchmark issues and a decline in the number of taps. The average maturity of issues remained slightly greater than six years, as was the case in the previous year, but very few issuers ventured beyond maturities of seven years (23% of all issues). The first half of 2010 was also characterized by a decrease in issue spreads of 10 to 20 basis points and by a more marked differentiation by issuer and by country.
Against this background, Dexia MA issued three benchmarks (12 years, 8 years and 5 years), each for one billion euros.

Financial situation of the Dexia Group
The Dexia Group continued to implement its transformation strategy and confirmed its ability to generate a profit as a result of good operating performance in its main business lines and of a decrease in the cost of risk for these activities. Net income, Group share, stood at EUR 464 million in the first half of 2010, compared with EUR 534 million in the first half of 2009 and EUR 476 million in the second half of 2009.
This ability to generate a profit and its high solvency ratios (a Tier I ratio of 12.2% and a core Tier I ratio of 11.3%) enabled the Group to continue to reduce its balance sheet at a rapid pace (more than EUR 20 billion in non-strategic loans to the public sector and bonds from the run-off bond portfolio sold since the beginning of the year with losses limited to EUR 122 million), and thus to improve its liquidity. The application of the long-term annual financing programme, which exceeds the objective that had been set for the whole year 2010 (EUR 37.9 billion in medium- and long-term financing has already been issued since the beginning of the year, up to July 23) enabled the Dexia Group to exit the States guarantee system completely as of June 30, 2010, four months before the formal deadline.

II - Changes in main balance sheet items

EUR billions		**6/30/2009**	**12/31/2009**	**6/30/2010**	***Change June 10 / Dec. 09***
Cover pool		**73.4**	**77.9**	**81.2**	**4.2%**
Loans		53.6	55.8	56.3	*0.8%*
Securities		20.7	22.1	24.9	*12.7%*
- Assets temporarily removed from cover pool (guarantee for Banque de France refinancing)		(0.9)			*N.A.*
Privileged debt	*Swapped value*	**64.1**	**66.2**	**67.0**	***1.2%***
Obligations foncières & RCB*	*Balance sheet value*	62.0	63.9	66.3	*3.7%*
Cash collateral received		1.1	1.4	1.8	*24.3%*
Non-privileged debt		**9.2**	**10.4**	**12.3**	***18.8%***
Dexia Credit Local		8.6	10.4	12.3	*18.8%*
Banque de France		0.6			*N.A.*
Shareholders' equity ***(IFRS, excluding unrealized gains and losses)***		**1.1**	**1.2**	**1.3**	***5.5%***

** RCB = Registered covered bonds*

As of June 30, 2010, Dexia Municipal Agency's cover pool, composed of bonds and loans to public sector, totaled EUR 81.2 billion, excluding accrued interest not yet due. As of December 31, 2009, the total was EUR 77.9 billion, and the increase stood at EUR 3.3 billion (+4.2%).

As was the case at the end of 2009, the cover pool corresponded to all the assets on the balance sheet, i.e. no asset had been temporarily pledged in guarantee to the Banque de France and excluded from the cover pool.

Outstanding debt benefiting from the legal privilege, translated if required at the currency swap rate (swapped value), was EUR 67.6 billion, up 1.2% from December 2009.

Debt vis-à-vis Dexia Credit Local, which does not benefit from the legal privilege, totaled EUR 12.3 billion. This amount corresponds to the financing of over-collateralization at both a structural (Dexia MA commitment) and a temporary (Rating agencies requirements) level. Financing provided by the Central Bank, which does not benefit from the privilege of the law on *sociétés de crédit foncier* but is guaranteed by assets excluded from the cover pool, has stood at zero since July 2009.

Shareholders' equity, according to IFRS, but excluding reserves for unrealized gains and losses, totaled EUR 1.3 billion at the end of June 2010.

III - Change in assets in the first half of 2010

1. Asset production in 2010

The net change in assets since the beginning of the year is an increase of EUR 3.4 billion.

The change can be analyzed as follows.

EUR billions	2009			1H 2010		
	Loans	Debt securities	Total	Loans	Debt securities	Total
France	4.9	1.4	6.3	2.5	-	2.5
Outside of France	0.1	4.2	4.3	0.0	7.0	7.0
Total new assets	**5.0**	**5.6**	**10.6**	**2.5**	**7.0**	**9.5**
Amortization	(3.8)	(3.4)	(7.2)	(2.4)	(4.2)	(6.6)
Early reimbursements	(2.1)	-	(2.1)	(0.2)	-	(0.2)
Sales	(0.1)	-	(0.1)	(0.0)	-	(0.0)
Changes in provisions	-	(0.0)	(0.0)	-	-	-
Net change (excl. FX adjustments)	**(1.0)**	**2.2**	**1.2**	**(0.1)**	**2.8**	**2.7**
Foreign exchange adjustments *	0.1	0.0	0.1	0.6	0.2	0.7
Net change	**(0.9)**	**2.2**	**1.3**	**0.5**	**3.0**	**3.4**

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

Gross asset production and purchase in the period represented EUR 9.5 billion.

These long-term assets included the following items:

- EUR 0.9 billion in public sector loans originated by Dexia Credit Local within the framework of its commercial activity in France;
- EUR 4.2 billion in debt securities issued by DSFB (Dexia Secured Funding Belgium– compartment 4); this securitization vehicle was created by Dexia Bank Belgium to enable Dexia MA to refinance loans to the Belgian public sector;
- EUR 1.7 billion in *cedulas territoriales* issued by Dexia Sabadell, of which EUR 1.1 billion correspond to the replacement of *cedulas* held by Dexia MA that had matured, and EUR 0.6 billion corresponding to a new investment;
- EUR 0.2 billion in *lettres de gage* issued by Dexia LdG Bank corresponding to an equivalent amount of *lettres de gage* held by Dexia MA and subject to early reimbursement.

Shorter-term investments were also decided, corresponding to the investment of cash collateral received from swap counterparties:

- EUR 1.6 billion deposited with the Banque de France;
- EUR 0.9 billion in Belgian sovereign issues, with maturity of less than one year, reimbursed during the first six months of the year.

EUR billions	2009	1H 2010
Loans:	**5.0**	**2.5**
France	4.9	2.5
Switzerland	0.1	0.0
Bonds:	**5.6**	**7.0**
Belgium - DSFB 4 securitization	0.3	4.2
Belgium - other bonds	2.1	0.9
Italy	0.7	-
Spain - *cedulas territoriales*	0.5	1.7
Luxembourg - *lettres de gage publiques*	-	0.2
France	1.4	-
Ireland	0.2	-
Netherlands	0.4	-
Total	**10.6**	**9.5**

Among the amortizations of securities during the period, note should be taken of the maturing of the EUR 1.4 billion certificate of deposit (CD) issued by Dexia Credit Local and benefiting from the guarantee of the French, Belgian and Luxembourg governments. This CD corresponded in amount and maturity to the investment of the cash collateral received from swap counterparties. Since this reimbursement, the sums have been invested in short-term sovereign securities or deposited with the Central Bank. The other main amortizations concern Belgian short-term debt securities for EUR 1.1 billion, *cedulas* issued by Dexia Sabadell for EUR 1.1 billion, and *lettres de gage* for EUR 0.2 billion.

2. Outstanding assets as of June 30, 2010

a – Geographic breakdown of assets

The breakdown of assets by country varied significantly following the purchase of DSFB4 issues for EUR 4.2 billion, which resulted in an increase in the proportion of Belgian assets and the dilution of the share of the other countries, including France, which continued to represent the greatest volume of assets with more than 62% of the total. The five other main countries accounted for a total of more than 33% of outstanding assets versus 29% as of December 31, 2009. Geographic diversification remained significant.

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

	12/31/2009	6/30/2010
France	65.9	62.3
Italy	10.0	9.5
Switzerland	5.7	5.8
Belgium	5.8	10.2
Spain	4.4	5.0
Luxembourg	3.1	3.0
Sub-total	**94.9**	**95.8**
Other countries	5.1	4.2
Total %	**100.0**	**100.0**

b – Replacement assets

As of June 30, 2010, replacement assets represented a total of EUR 6.2 billion, entirely comprised of covered bonds issued by Dexia Group entities. These assets are analyzed in the following table. They represented 9.3% of outstanding *obligations foncières* and registered covered bonds, which totaled EUR 67.0 billion in swapped value. Their amount is limited by law to 15%.

Replacement assets	**Country**	**Issuer**	**EUR millions**	
			12/31/2009	**6/30/2010**
Cedulas Territoriales	Spain	Dexia Sabadell	3,200	3,800
Lettres de gage	Luxembourg	Dexia LdG Banque	2,350	2,350
Total			**5,550**	**6,150**

3. Asset quality and financial crisis

Dexia Municipal Agency's pool of assets is exclusively composed of exposures on public sector entities or guaranteed by the same. It is therefore of excellent quality, with minor sensitivity to the current financial crisis.

a. Quality of the assets in the portfolio

Dexia MA's portfolio of assets is made up of loans and bonds.

Debt securities: most of the bonds held by Dexia MA are classified in the "Loans and advances" portfolio according to IFRS and in the "*Investissement*" portfolio according to French GAAP, corresponding to an intention to hold the bonds until maturity. They are valuated at their historical cost.

Certain securities, particularly because of their liquidity, remain classified as available for sale (AFS), according to IFRS, and as "*Placement*" according to French GAAP, and are valuated for accounting purposes on the basis of their fair value, with the difference between this valuation and their accounting value giving rise to an AFS reserve according to IFRS or to a provision (if there is a decline in value) according to French GAAP. These reserves would only represent losses if Dexia MA were to sell these securities. However, Dexia MA acquired these assets with the intention of holding them to maturity.

In the last quarter of 2008, most of the securities in the portfolio, which were previously classified as AFS, were restated for accounting purposes as "Loans and advances", and are now subject to the accounting treatment used for loans. The AFS reserve related to these securities as of September 30, 2008, the date the restatement occurred, was frozen and amortized over the residual life of the securities, as a discount. A breakdown follows. This point is presented in the Notes to the financial statements.

The AFS reserve related to Greek and Italian sovereign bonds deteriorated since the beginning of the year, following the crisis of confidence that hit these countries and decreased the market value of their bonds.

EUR millions

Portfolio IFRS / French GAAP	Capital Balance	AFS reserve		Provisions French GAAP	
	6/30/2010	12/31/2009	6/30/2010	12/31/2009	6/30/2010
Loans and Advances / *Investissement*	**21,635**	**(156.1)**	**(147.0)**	**N.A.**	**N.A.**
Securities issued by Dexia subsidiaries					
Italy - Dexia Crediop per la Cartolarizzazione	*3,758*	*(2.4)*	*(2.2)*		
Belgium - Dexia Secured Funding Belgium	*7,426*	*1.4*	*1.2*		
Spain - Dexia Sabadell	*3,800*	*(8.6)*	*(3.9)*		
Luxembourg - Dexia LdG Banque	*2,350*	*(0.4)*	*(0.3)*		
Other securities					
Germany	*12*	-	-		
Austria	*82*	*(6.6)*	*(6.0)*		
Belgium	*93*	-	*(0.2)*		
Spain	*50*	*(2.0)*	*(2.0)*		
France	*398*	*7.2*	*6.8*		
Greece	*100*	*(1.4)*	*(1.3)*		
Iceland	*180*	*(10.3)*	*(9.9)*		
Italy	*3,234*	*(126.3)*	*(123.1)*		
Japan	*25*	-	-		
Luxembourg	*79*	*(0.5)*	*(0.3)*		
Portugal	*48*	*(6.2)*	*(5.8)*		
Loans and Advances / *Placement*	**1,723**	**(14.3)**	**(14.6)**	**(53.5)**	**(57.4)**
Germany	*515*	*(1.5)*	*(1.4)*	*(11.9)*	*(12.0)*
Spain	*182*	*(1.2)*	*(1.2)*	*(4.1)*	*(3.9)*
France	-	-	-		-
United Kingdom	*717*	*(0.3)*	*(0.2)*	*(28.5)*	*(26.7)*
Italy	*201*	*(6.6)*	*(6.4)*	*(9.0)*	*(14.8)*
USA	*108*	*(4.7)*	*(5.4)*	-	-
AFS / *Placement*	**617**	**(3.5)**	**(5.2)**	**(3.7)**	**(5.3)**
Germany	*295*	*(3.7)*	*(5.0)*	*(3.7)*	*(5.0)*
Belgium	*152*	*0.1*	*0.1*		
Ireland	*170*	*0.1*	*(0.3)*		*(0.3)*
AFS / *Investissement*	**995**	**(92.1)**	**(208.7)**	**-**	**-**
Canada	*23*	*0.8*	*1.7*		
Greece	*321*	*(51.5)*	*(102.0)*		
Italy	*506*	*(43.1)*	*(111.3)*		
USA	*145*	*1.7*	*2.9*		
Accounting adjustments (not broken down) (foreign exchange fluctuations, premiums/discounts, basis swaps, etc.)	**- 69**	**(0.3)**	**(0.4)**		
General total:	**24,901**	**(266.3)**	**(375.9)**	**(57.2)**	**(62.7)**

Loans to the public sector are downgraded to "Non-performing loans" if they are overdue, and the risk of non-recovery is covered by a provision. These provisions represented a very low amount (EUR 0.9 million) as of June 30, 2010.

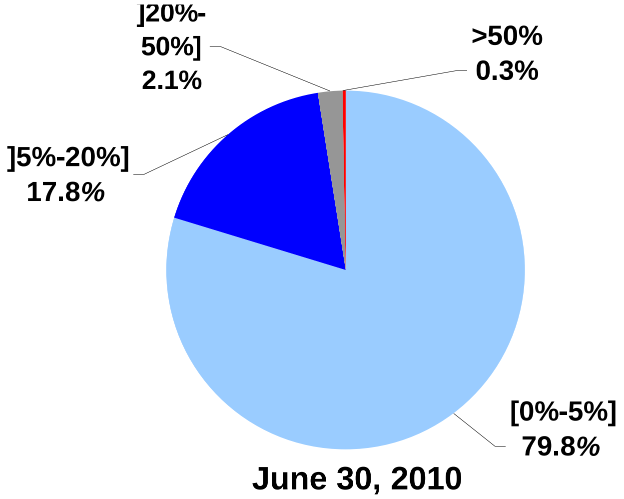
In addition to these provisions for specific risks, general provisions are recorded in the IFRS financial statements. These collective provisions cover the risk of a loss in value on the different portfolios (including the securities classified for accounting purposes as "Loans and advances"). They are estimated on the basis of each portfolio's past performance and trends, and on the economic environment of the borrower. Their calculation combines probabilities of default (PD) and loss given default (LGD) based on credit risk models designed by Dexia within the framework of Basel II (on this point, see note 7.2.b to the financial statements). The low amounts in question demonstrate the portfolio's overall high quality.

EUR millions

Portfolio IFRS / French GAAP	Capital balance	Non-performing loans		Specific Impairment	
	6/30/2010	12/31/2009	6/30/2010	12/31/2009	6/30/2010
Loans granted to Dexia subsidiaries, secured by exposures on public sector entities	**183**	**-**	**-**	**-**	**-**
France - Flobail	*183*				
Other loans	**56,079**	**5.7**	**6.6**	**0.9**	**0.9**
Austria	*207*				
Belgium	*584*				
Finland	*93*				
France	*50,011*	*5.7*	*6.6*	*0.9*	*0.9*
Greece	*-*				
Italy	*15*				
Portugal	*111*				
Sweden	*375*				
Switzerland	*4,683*				
Collective provisions				**14.4**	**16.6**
General total	**56,262**	**5.7**	**6.6**	**15.3**	**17.5**

The quality of Dexia Municipal Agency's portfolio can also be seen in the weighting of its assets within the framework of the calculation of the Group's solvency ratio. The Dexia Group chose the advanced method within the framework of the reform of the solvency ratio and capital adequacy according to Basel II criteria. Banking supervisors (the Banking Commission in France and the CBFA in Belgium) authorized the Group to use advanced internal models for the calculation and reporting of equity requirements for credit risk as of January 1, 2008.

Risk weighting (Basel II) of Dexia MA's portfolio as of June 30, 2010



This enables Dexia MA to present in the accompanying table an analysis of its exposures, broken down by buckets of risk weighting, such as used for the calculation of equity requirements for credit risk; these weightings are primarily calculated on the basis of the probability of default (PD) and loss given default (LGD). This analysis confirms the excellent quality of the assets in DMA's portfolio, since more than 80% of the portfolio assets have a weighting that is less than 5%, and almost 98% of the portfolio assets have a weighting that is less than or equal to 20%.

b. Exposure to subprimes, monolines, ABS and banks

Exposure to subprimes and other mortgage loans

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

Exposure to monoline insurers

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

Issuer	Country	ISIN code	Monoline insurer	Amount EUR millions
Communauté urbaine de LILLE	France	US203403AB67	AMBAC	10.6
Ville de MARSEILLE	France	FR0000481608	FSA	5.0
Ville de TOURS	France	FR0000495517	MBIA	1.0
Ville de TOURS	France	FR0000495632	MBIA	8.5
Feria internacional de VALENCIA	Spain	ES0236395036	FSA	50.0
Total				**75.1**

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

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

Dexia MA has a limited number of exposures in the form of ABS.

Issuer	ISIN code	Amount in EUR millions
DSFB - Dexia Secured Funding Belgium SIC (DSFB 1)	BE0933050073	1,468.7
DSFB - Dexia Secured Funding Belgium SIC (DSFB 2)	BE0934330268	1,458.7
DSFB - Dexia Secured Funding Belgium SIC (DSFB 4)	BE6000495752	4,497.8
DCC - Dexia Crediop per la Cartolarizzazione SRL 1	IT0003674691	810.8
DCC - Dexia Crediop per la Cartolarizzazione SRL 2	IT0003941124	754.5
DCC - Dexia Crediop per la Cartolarizzazione SRL 3	IT0004349665	2,192.6
Sub-total		*11,183.1*
Blue Danube Loan Funding GmbH	XS0140097873	82.4
Colombo SRL	IT0003156939	9.0
Societa veicolo Astrea SRL	IT0003331292	1.7
Sub-total		*93.1*
Total		11,276.2

Most of these exposures are asset-backed securities especially designed by Dexia to transfer to Dexia MA exposures on Italian and Belgian local governments originated by its commercial network.

Dexia MA thus holds almost all of the debt issued by DCC and DSFB, with the remainder held by the Dexia Group entity that originated the assets (Dexia Crediop and Dexia Bank Belgium). The composition of the DCC and DSFB portfolios is presented at the end of this report.

The other ABS have the following characteristics:

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

<u>Exposure to banks</u>

Dexia MA holds two types of exposure to banks:

- its replacement assets, solely made up of covered bonds issued by Dexia Group entities (*cedulas territoriales* of Dexia Sabadell and *lettres de gage* issued by Dexia LdG Banque – see above III.2.b);
- the value of its derivative contracts entered into within the framework of its management of interest rate and foreign exchange risks.

All of Dexia MA's derivative operations are conducted within the framework of standard ISDA or AFB contracts with major international banks (33 counterparties, excluding the Dexia Group). These contracts have particular characteristics, since they must meet the standards set by rating agencies for *sociétés de crédit foncier* (and other issuers of covered bonds). These interest rate and currency swaps all benefit from the same legal privilege as *obligations foncières*. For this reason, Dexia MA does not pay its derivative counterparties any collateral, whereas they have to pay Dexia MA unless they benefit from the agencies' highest short-term rating.

As of June 30, 2010, Dexia MA was exposed (positive fair value of the swaps) on 14 banking counterparties. Nine of these paid collateral, which offset the exposure, and five paid none since they had a very good rating. These five counterparties represented an exposure of EUR 853 million.

Long-term derivatives signed with the five largest external counterparties represented a total of 34.6% of the notional amounts and those signed with the Dexia Group 22.7%.

IV - Changes in debt benefiting from the legal privilege in the first half of 2010

Dexia Municipal Agency issued the equivalent of EUR 5.4 billion since the beginning of the year 2010, versus EUR 4.6 billion for the same period in 2009 and EUR 8.0 billion for the year 2009.

The pace of issues in the last quarters was as follows.

EUR millions	2009	2010
1st quarter	**305**	**3,134**
2nd quarter	**4,258**	**2,227**
3rd quarter	**2,310**	
4th quarter	**1,087**	
Total	**7,960**	**5,361**

This table illustrates the fact that the primary market, which had been closed since the middle of 2008, was again operating as of the beginning of May 2009, after the European Central Bank announced a programme to buy back covered bonds from the Euro zone for EUR 60 billion. Within this context, Dexia MA's credit quality enabled it to launch three benchmark issues with long maturities in May, June and September, and to accelerate its private placements, in particular in the form of German registered covered bonds.

In the first half of 2010, three benchmark issues were launched, with the following characteristics:

- EUR 1.0 billion, maturity January 2022 (12 years),
- EUR 1.0 billion, maturity February 2018 (8 years).
- EUR 1.0 billion, maturity July 2015 (5 years).

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

In the first half, private placements partly took the form of registered covered bonds, a private placement format designed for German investors These issues make it possible to meet the specific needs of certain investors with alacrity and flexibility.

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

EUR millions		2009		1H 2010	
Public issues			**5,719**		**4,209**
Private placements			**2,241**		**1,152**
including:	*RCB*	*1,838*		*467*	
	Less than 2 years	*150*			
Total			**7,960**		**5,361**

As in 2009, the average maturity of new issues was long in order to maintain at a low level the average gap in maturity between commercial assets, which are traditionally long in the public sector, and issues of *obligations foncières*. The average maturity of new issues was thus 9.8 years in the first half of 2010 and 12.4 years for the full year 2009, whereas it had been only 5.7 years in 2008, as a result of the financial crisis.

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

EUR millions	2009	1H 2010
EUR	**7,696**	**5,182**
CHF	**264**	**179**
Total	**7,960**	**5,361**

After reimbursement of EUR 4.9 billion, outstanding *obligations foncières* and registered covered bonds at the end of June 2010 totaled EUR 65.2 billion in swapped value.

EUR millions	2009	1H 2010
Beginning of the year	**63,591**	**64,785**
Issues	**7,960**	**5,361**
Reimbursements	**-6,766**	**-4,897**
End of the year	**64,785**	**65,249**

(swapped value)

V - Changes in the coverage ratio

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

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

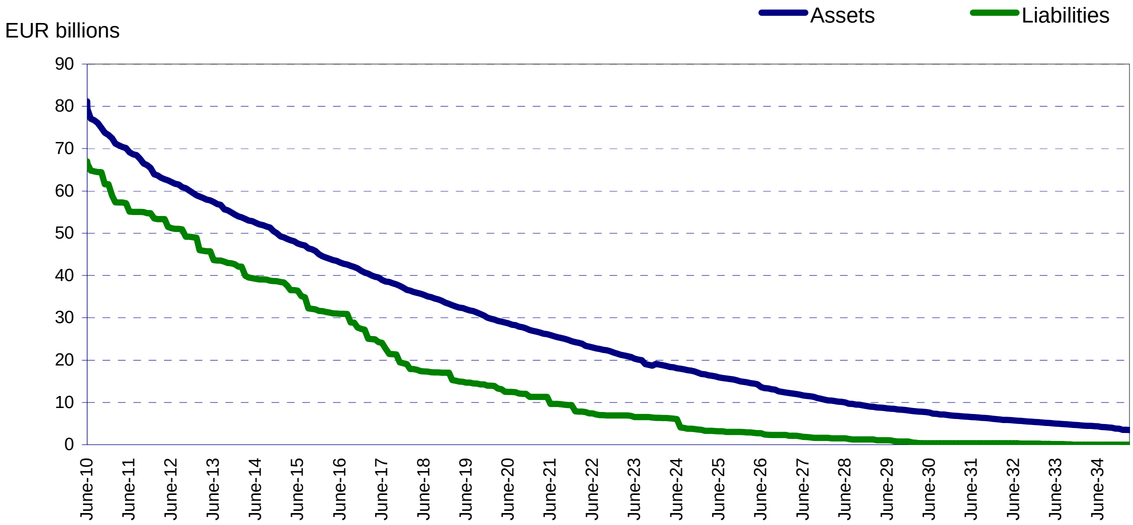
The following table analyzes the trend in over-collateralization at the end of the last 12 months.

3rd quarter 2009		4th quarter 2009		1st quarter 2010		2nd quarter 2010	
Jul-09	108.0%	Oct-09	110.7%	Jan-10	113.4%	Apr-10	116.6%
Aug-09	107.4%	Nov-09	108.4%	Feb-10	110.8%	May-10	115.3%
Sep-09	113.7%	Dec-09	111.6%	Mar-10	112.1%	Jun-10	114.1%

This table shows that Dexia MA's asset production is ahead of its budget at the end of June; these assets in excess, currently financed by a debt with Dexia Credit Local that does not

benefit from the legal privilege, will permit Dexia MA to launch new issues in the second half of the year.
If any, the assets Dexia MA may have given in guarantee to obtain financing from the Banque de France are excluded from the calculation of over-collateralization.

The following graph on over-collateralization presents amortization curves of the assets and of issues benefiting from the legal privilege as of June 30, 2010.



VI - Changes in debt that does not benefit from the legal privilege

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

This financing is borrowed from Dexia Credit Local within the framework of a current account agreement. The agreement distinguishes several sub-accounts that make it possible to analyze this financing by category:
• to finance structural over-collateralization in the medium term;
• to finance temporary over-collateralization in the short term, using the current account.
In addition, Dexia MA holds at any time written commitments from Dexia Credit Local for irrevocable and to first-request financing covering the reimbursements of *obligations foncières* in the next 12 months.

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

As of June 30, 2010, Dexia MA had no debt vis-à-vis the Banque de France, and its debt vis-à-vis Dexia Credit Local totaled EUR 12.3 billion, excluding accrued interest not yet due. The latter debt could be analyzed according to the above-mentioned categories as follows:
• to finance structural over-collateralization of 5%: EUR 3.5 billion;
• to finance surplus over-collateralization, using the current account: EUR 8.8 billion.

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

EUR billions	*Dexia Credit Local*	*Banque de France*	Total
12/31/2007	10.4		10.4
12/31/2008	4.4	7.5	11.9
12/31/2009	10.4		10.4
6/30/2010	12.3		12.3

Dexia MA participated in the tenders launched by the Banque de France in the final quarter of 2008 and the first six months of 2009, in order to finance its new commercial production when the primary market was for all practical purposes closed.

VII – Management of balance sheet risks

The strategies implemented to hedge interest rate and foreign exchange risks are reflected in the notional outstanding swaps analyzed in the table below between external and Dexia Group counterparties, as of June 30, 2010.

Breakdown of outstanding swaps as of June 30, 2010	**Notional* (EUR billions)**	**Dexia Group (%)**	**Other counterparties (%)**
Euribor against Eonia			
Macro-hedges	**141.7**	**100.0%**	**0.0%**
Total short-term swaps	**141.7**	**100.0%**	**0.0%**
Fixed rate swaps against Euribor			
Micro-hedges on *obligations foncières*	50.9	3.1%	96.9%
Micro-hedges on loans and debt securities	29.2	23.4%	76.6%
Macro-hedges on loans	20.2	63.4%	36.6%
Sub-total	***100.3***	***21.1%***	***78.9%***
Currency swaps			
Micro-hedges on *obligations foncières*	12.8	17.6%	82.4%
Micro-hedges on loans	5.1	56.0%	44.0%
Micro-hedges on debt securities	1.4	58.6%	41.4%
Sub-total	***19.3***	***30.7%***	***69.3%***
Total long-term swaps	**119.6**	**22.7%**	**77.3%**

** Absolute value*

- Interest rate risk

The management of interest rate risk involves two steps.

- In the first stage, all the assets and liabilities benefiting from the privilege and 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 used to finances assets that also have a fixed rate.

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

Sensitivity of the interest rate gap

EUR millions		**Average**	**Maximum**	**Minimum**	**Limit**
Fixed rate	**3Q 2009**	11.4	20.5	3.7	**26.0**
	4Q 2009	9.7	15.2	6.5	**26.0**
	1Q 2010	13.8	18.3	11.0	**26.0**
	2Q 2010	18.1	22.6	15.6	**26.0**
Monetary	**3Q 2009**	1.0	3.2	- 4.0	**4.5**
	4Q 2009	0.5	4.7	- 1.2	**4.5**
	1Q 2010	2.0	4.4	- 3.1	**4.5**
	2Q 2010	0.6	4.6	- 1.1	**9.0**
Total	**3Q 2009**	8.5	16.7	- 1.9	**30.5**
	4Q 2009	10.3	15.0	6.7	**30.5**
	1Q 2010	15.5	20.0	10.1	**30.5**
	2Q 2010	18.9	23.1	14.6	**35.0**

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.

- <u>Foreign exchange risk</u>

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

- <u>Transformation risk</u>

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

Duration in years	**6/30/2009**	**9/30/2009**	**12/31/2009**	**3/31/2010**	**6/30/2010**
Assets	6.99	6.62	6.88	6.81	6.95
Privileged liabilities	4.95	5.13	4.95	5.23	5.35
Gap in asset-liability duration	**2.04**	**1.49**	**1.93**	**1.58**	**1.60**
Duration gap limit	***3***	***3***	***3***	***3***	***3***

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

- Liquidity risk

The liquidity risk can be defined as the risk that Dexia MA may not be able to settle its privileged debt commitments at the due date owing to the fact that there is too great a gap between the reimbursement of the assets and the mobilization of its privileged resources. To manage this risk, Dexia MA has put a ceiling on its transformation capacity by limiting to three years the maximum duration gap between the assets and the resources benefiting from the privilege. This rule enables it to limit the volume of its liquidity needs. From a structural point of view, Dexia MA has therefore little exposure to the liquidity risk.

In order to meet its liquidity needs, Dexia MA may first of all make use of the backing of its parent company Dexia Credit Local, which has committed in its "declaration of support" (the full text is incorporated into the EMTN programme and Dexia MA's annual report) so that Dexia MA "has the financial resources it needs to meet its obligations."

This support takes the following forms:

- a current account, of an unlimited amount, with Dexia Credit Local;
- a firm and irrevocable commitment by Dexia Credit Local to make available to Dexia MA the funds it requires to reimburse *obligations foncières* of more than EUR 100 million that reach maturity in the coming 12 months on a sliding scale.

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

Because of the nature of the assets that make up its cover pool. Dexia MA has a large number of assets that are directly eligible for refinancing by the Central Bank, so that its cash needs are easily covered.
Since it is a credit institution, Dexia MA can mobilize these eligible assets:

- either by using, in its own name, the refinancing possibilities offered by the European Central Bank via the Banque de France;
- or by using interbank financing in the form of repurchase agreements.

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

In addition, Dexia MA manages its liquidity risk by means of the three following indicators:

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

VIII - Income for the period (IFRS)

Dexia MA publishes its financial statements according to IFRS in order to ensure a better understanding and greater comparability of its accounts internationally.
The rules applied by Dexia MA are the same as those applied by the Dexia Group and are consistent with IFRS, as adopted by the European Commission

The income statement for the first half of 2010 is presented synthetically in the following table.

EUR millions - IFRS	**1H 2009**	**2009 full year**	**1H 2010**	**Change 1H 2010/2009**
Interest margin	180	300	135	
Net commissions	(3)	(5)	(3)	
Net result of hedge accounting	-	-	-	
Net result of financial assets available for sale	19	28	7	
Other income and expense	-	-	-	
Net banking income	**196**	**323**	**139**	**-29%**
General operating expenses	(43)	(87)	(46)	
Taxes	(4)	(5)	(3)	
Operating income before cost of risk	**149**	**231**	**90**	**-40%**
Cost of risk	(1)	(5)	(2)	
Pre-tax income	**148**	**226**	**88**	**-41%**
Income tax	(46)	(80)	(29)	
Net income	**102**	**146**	**59**	**-43%**

In the first half of 2010, Dexia MA's accounting team discovered an anomaly in the information system that generated an excessive amount of interest charges in the accounts of 2009 and of the beginning of 2010. In accordance with IAS 8-49, the Company restated its published financial statements and the notes to its financial statements for the periods prior to June 30, 2010.
The restatements are specified in the notes to the financial statements, which set down the rules of presentation and evaluation. They have a positive impact on the interest margin for the first half of 2009 and the year 2009, respectively, of EUR 5 million and EUR 18 million, i.e. a positive impact on net income (after taxes) of respectively EUR 3 million and EUR 12 million.

Net banking income was down 29%, i.e. EUR 57 million, from the same period in 2009, declining from EUR 196 million to EUR 139 million. It should nevertheless be noted that net banking income for the first half of 2009 was particularly high and atypical in comparison with the two previous half-years (2008) and the half-year that followed (second half of 2009), which were, respectively, EUR 125 million, EUR 129 million and EUR 127 million.

The decrease was principally due to the interest margin, down EUR 45 million, while the net result on financial assets available for sale decreased by EUR 12 million.

The interest margin corresponds to the difference between income from the assets and the cost of the liabilities (hedged against interest rate and foreign exchange risks). It basically increases in function of changes in the volume and margins of new operations. The decrease in this margin observed in 2010 corresponded:

- to an exceptionally high margin in the first half of 2009, under the favorable impact of changes in the cash-swap spread on the structure of Dexia MA's balance sheet (over-collateralization assets in Euribor financed by resources naturally in Eonia through the Dexia Credit Local current account);
- to the worsening of funding conditions on issues launched in the last 12 months.

The item "Net result on financial assets available for sale" included penalties received for early reimbursement of customer loans (EUR 2 million) and gains reported on early reimbursement of debt (EUR 5 million). In the first half of 2009, these gains were respectively EUR 3 million and EUR 7 million, to which should be added capital gains on disposals of EUR 9 million.

Operating expenses are mainly comprised of commissions paid to Dexia Credit Local for the operational management of the Company within the framework of the contract described in article L.515-22 of the Monetary and Financial Code. They increased compared with the previous year. In fact, the amount of operating expenses is closely linked to the volume of loans managed, which grew in the last 12 months. Taxes (*Organic, taxe professionnelle*) are lower as a result of the decrease in interest rates that reduces the tax bases.

The cost of risk was at an extremely low level, reflecting the excellent quality of the assets.

The average corporate tax rate (including deferred taxes) was rather stable. It corresponded to French and Irish tax rates.

Net income for the period was down 43%, i.e. EUR 43 million, declining from EUR 102 million to EUR 59 million.

IX - Income for the period (French GAAP)

In addition to its quarterly financial statements published according to IFRS, Dexia MA must also publish semiannual and annual accounts according to French GAAP. The main differences with the financial statements according to French GAAP concern accounting for hedging transactions and the rules for provisions. The accounting principles used for the financial statements according to French GAAP and according to IFRS are presented in the notes to the financial statements.

In the first half of 2010, Dexia MA's accounting team discovered an anomaly in the information system that generated an excessive amount of interest charges in the accounts of 2009 and of the beginning of 2010. In accordance with French GAAP, the Company corrected this error in its financial statements for the first half of 2010.
The restatements are specified in the notes to the financial statements (Significant accounting policies). They have a positive impact on the interest margin for the first half of 2010 in the amount of EUR 23 million and an impact on net income (after taxes) of EUR 15 million.

The income statement is presented below.

EUR millions - French GAAP	1H 2009	2009 full year	1H 2010	Change 1H 2010/2009
Interest margin	194	296	132	
Net commissions	(3)	(6)	(3)	
Provisions and income on available for sale securi	(7)	(38)	(5)	
Other income and expense	-	-	-	
Net banking income	**184**	**252**	**124**	**-33%**
General operating expenses	(43)	(87)	(45)	
Taxes	(4)	(5)	(4)	
Operating income before cost of risk	**137**	**160**	**75**	**-45%**
Cost of risk	-	-	-	
Operating income	**137**	**160**	**75**	**-45%**
Income tax	(44)	(54)	(27)	
Regulated provision on long- and medium- term lo	(6)	(8)	(4)	
Net income	**87**	**98**	**44**	**-49%**

The results for this half-year according to French GAAP are rather close to the results according to IFRS, except for the correction of the error related to the 2009 financial statements, which is included 2010 according to French GAAP and in the net income 2009 according to IFRS.

X - Outlook for 2010

Dexia MA has aimed to achieve a volume of new issues close to the total reported in the last two years (EUR 8 billion to EUR 10 billion) with relatively long average maturity. The accomplishment of this programme will depend on the situation in the financial markets in general, and that of covered bonds in particular, and especially of the capacity of investors to absorb the very large volumes issued since the beginning of the year, and to pick up where the Central Bank left off now that its programme to buy back covered bonds has ended.

The planning and volume of the acquisition of assets originated by the Dexia Group, in addition to French commercial production, will be calibrated according to the advancement of the issue programme.

* * * *

Loans to local governments and bonds as of 6/30/2009
(EUR millions)

France	6/30/2010 Loans to local governments	Bonds	Total	12/31/2009 Loans to local governments	Bonds	Total
State	1,828.1	0.0	1,828.1	228.1	0.0	228.1
Regions	1,987.3	152.3	2,139.6	2,005.6	161.8	2,167.4
Departments	6,393.8	0.0	6,393.8	6,504.4	0.0	6,504.4
Municipalities	18,530.8	117.9	18,648.7	18,899.7	117.9	19,017.6
Groups of municipalities	10,107.4	127.4	10,234.8	10,358.3	128.1	10,486.4
Public sector entities	9,768.9	0.0	9,768.9	9,868.2	0.0	9,868.2
Loans guaranteed by local governments	1,577.2	0.0	1,577.2	1,664.5	0.0	1,664.5
Credit institution (certificate of deposit)	0.0	0.0	0.0	0.0	1,400.0	1,400.0
Total	**50,193.5**	**397.6**	**50,591.1**	**49,528.8**	**1,807.8**	**51,336.6**

Austria	**Loans to local governments**	**Bonds**	**Total**	**Loans to local governments**	**Bonds**	**Total**
Länder	207.3	0.0	207.3	210.0	0.0	210.0
ABS	0.0	82.4	82.4	0.0	83.8	83.8
Total	**207.3**	**82.4**	**289.7**	**210.0**	**83.8**	**293.8**

Portugal	**Loans to local governments**	**Bonds**	**Total**	**Loans to local governments**	**Bonds**	**Total**
Regions	0.0	0.0	0.0	0.0	0.0	0.0
Municipalities	99.9	0.0	99.9	105.1	0.0	105.1
Public sector entities	11.2	0.0	11.2	11.6	0.0	11.6
Securities guaranteed by the State or by local governments	0.0	47.5	47.5	0.0	47.5	47.5
Total	**111.1**	**47.5**	**158.6**	**116.7**	**47.5**	**164.2**

Iceland	**Loans to local governments**	**Bonds**	**Total**	**Loans to local governments**	**Bonds**	**Total**
Securities guaranteed by the State or by local governments	0.0	180.4	180.4	0.0	180.4	180.4
Total	**0.0**	**180.4**	**180.4**	**0.0**	**180.4**	**180.4**

Finland	**Loans to local governments**	**Bonds**	**Total**	**Loans to local governments**	**Bonds**	**Total**
State	0.0	0.0	0.0	0.0	0.0	0.0
Municipalities	37.4	0.0	37.4	41.0	0.0	41.0
Public sector entities	55.6	0.0	55.6	58.0	0.0	58.0
Total	**93.0**	**0.0**	**93.0**	**99.0**	**0.0**	**99.0**

Greece	**Loans to local governments**	**Bonds**	**Total**	**Loans to local governments**	**Bonds**	**Total**
State	0.0	321.2	321.2	300.0	321.2	621.2
Loans guaranteed by the State or by local governments	0.0	0.0	0.0	0.0	0.0	0.0
Securities guaranteed by the State or by local governments	0.0	100.0	100.0	0.0	100.0	100.0
Total	**0.0**	**421.2**	**421.2**	**300.0**	**421.2**	**721.2**

Italy	**Loans to local governments**	**Bonds**	**Total**	**Loans to local governments**	**Bonds**	**Total**
State	0.0	506.3	506.3	0.0	506.3	506.3
Regions	0.0	1,523.1	1,523.1	0.0	1,533.2	1,533.2
Provinces	0.0	199.4	199.4	0.0	203.6	203.6
Municipalities	15.0	1,587.2	1,602.2	15.0	1,609.6	1,624.6
ABS	0.0	10.6	10.6	0.0	12.8	12.8
Securities issued by DCC (see note 1 below)	0.0	3,757.8	3,757.8	0.0	3,835.8	3,835.8
Securities guaranteed by the State or by local governments	0.0	100.0	100.0	0.0	106.0	106.0
Total	**15.0**	**7,684.4**	**7,699.4**	**15.0**	**7,807.3**	**7,822.3**

Spain	**Loans to local governments**	**Bonds**	**Total**	**Loans to local governments**	**Bonds**	**Total**
Cedulas territoriales	0.0	3,800.0	3,800.0	0.0	3,200.0	3,200.0
Region	0.0	178.4	178.4	0.0	178.9	178.9
Securities guaranteed by the State or by local governments	0.0	50.0	50.0	0.0	49.4	49.4
Total	**0.0**	**4,028.4**	**4,028.4**	**0.0**	**3,428.3**	**3,428.3**

	6/30/2010			12/31/2009		
Switzerland	**Loans to local governments**	**Bonds**	**Total**	**Loans to local governments**	**Bonds**	**Total**
Cantons	1,566.9	0.0	1,566.9	1,391.4	0.0	1,391.4
Municipalities	1,247.4	0.0	1,247.4	1,134.3	0.0	1,134.3
Public sector entities	113.1	0.0	113.1	101.1	0.0	101.1
Loans guaranteed by local governments	1,755.7	0.0	1,755.7	1,837.8	0.0	1,837.8
Total	**4,683.1**	**0.0**	**4,683.1**	**4,464.6**	**0.0**	**4,464.6**

Belgium	**Loans to local governments**	**Bonds**	**Total**	**Loans to local governments**	**Bonds**	**Total**
Regions	316.0	93.4	409.4	382.2	93.3	475.5
Communities	74.4	0.0	74.4	74.4	125.0	199.4
Public sector entities	88.3	0.0	88.3	91.6	0.0	91.6
Etat	0.0	152.0	152.0	0.0	374.0	374.0
Securities guaranteed by the State or by local governments	0.0	0.0	0.0	0.0	15.0	15.0
Securities issued by DSFB (see note 2 below)	0.0	7,425.2	7,425.2	0.0	3,271.7	3,271.7
Loans guaranteed by the State or by local governments	105.6	0.0	105.6	112.5	0.0	112.5
Total	**584.3**	**7,670.6**	**8,254.9**	**660.7**	**3,879.0**	**4,539.7**

Germany	**Loans to local governments**	**Bonds**	**Total**	**Loans to local governments**	**Bonds**	**Total**
Länder	0.0	503.0	503.0	0.0	503.1	503.1
Pfandbriefe	0.0	0.0	0.0	0.0	0.0	0.0
Securities guaranteed by the State or by local governments	0.0	301.6	301.6	0.0	302.9	302.9
Total	**0.0**	**804.6**	**804.6**	**0.0**	**806.0**	**806.0**

United States	**Loans to local governments**	**Bonds**	**Total**	**Loans to local governments**	**Bonds**	**Total**
States	0.0	252.9	252.9	0.0	252.9	252.9
Municipalities	0.0	0.0	0.0	0.0	0.0	0.0
Total	**0.0**	**252.9**	**252.9**	**0.0**	**252.9**	**252.9**

Sweden	**Loans to local governments**	**Bonds**	**Total**	**Loans to local governments**	**Bonds**	**Total**
Municipalities	127.8	0.0	127.8	137.8	0.0	137.8
Loans guaranteed by local governments	247.4	0.0	247.4	262.7	0.0	262.7
Total	**375.2**	**0.0**	**375.2**	**400.5**	**0.0**	**400.5**

Canada	**Loans to local governments**	**Bonds**	**Total**	**Loans to local governments**	**Bonds**	**Total**
Provinces	0.0	22.4	22.4	0.0	22.4	22.4
Municipalities	0.0	0.0	0.0	0.0	0.0	0.0
Total	**0.0**	**22.4**	**22.4**	**0.0**	**22.4**	**22.4**

United Kingdom	**Loans to local governments**	**Bonds**	**Total**	**Loans to local governments**	**Bonds**	**Total**
Securities guaranteed by the State or by local governments	0.0	690.3	690.3	0.0	725.3	725.3
Total	**0.0**	**690.3**	**690.3**	**0.0**	**725.3**	**725.3**

Luxembourg	**Loans to local governments**	**Bonds**	**Total**	**Loans to local governments**	**Bonds**	**Total**
Lettres de gage	0.0	2,350.0	2,350.0	0.0	0.0	0.0
Securities guaranteed by the State or by local governments	0.0	79.4	79.4	0.0	2,443.8	2,443.8
Total	**0.0**	**2,429.4**	**2,429.4**	**0.0**	**2,443.8**	**2,443.8**

Japan	**Loans to local governments**	**Bonds**	**Total**	**Loans to local governments**	**Bonds**	**Total**
Municipalities	0.0	25.0	25.0	0.0	25.0	25.0
Total	**0.0**	**25.0**	**25.0**	**0.0**	**25.0**	**25.0**

Ireland	6/30/2010 Loans to local governments	6/30/2010 Bonds	6/30/2010 Total	12/31/2009 Loans to local governments	12/31/2009 Bonds	12/31/2009 Total
Securities guaranteed by the State	0.0	169.8	169.8	0.0	170.0	170.0
Total	**0.0**	**169.8**	**169.8**	**0.0**	**170.0**	**170.0**
General total *	**56,262.5**	**24,906.9**	**81,169.4**	**55,795.3**	**22,100.7**	**77,896.0**

* Excluding premiums and discounts

	6/30/2010	12/31/2009
Premiums and discounts on securities	-15.7	-17.3
Translation adjustments on securities	-53.2	-217.2
Value of securities on the balance sheet (French accounting standards)	**24,838.0**	**21,866.2**

Premiums and discounts are recorded in accruals.

NOTE 1:

The DCC securities, in the amount of EUR 3,803.2 million as of June 30, 2010, were subscribed by Dexia MA for EUR 3,757.8 million. The purpose of this securitization vehicle created by Dexia Crediop is to allow refinancing by Dexia MA of Italian public sector assets transferred by Dexia Crediop to DCC. The securities held by Dexia MA benefit from the guarantee of Dexia Crediop and are consequently rated A by Fitch, A by Standard & Poor's and A2 by Moody's. As of June 30, 2010, the assets held by DCC (series 1-2-3) could be broken down as follows:

NOTE 2:

The DSFB securities, in the amount of EUR 7,714.1 million as of June 30, 2010, were subscribed by Dexia MA for EUR 7,425.2 million. The purpose of this securitization vehicle created by Dexia Bank Belgium is to allow refinancing by other Dexia Group entities of assets generated by Dexia Bank Belgium. The securities issued by DSFB 1 and 2 held by Dexia MA benefit from the guarantee of Dexia Bank Belgium, and are consequently rated A+ by Fitch, A by Standard and Poor’s and A1 by Moody’s. DSFB 4 does not benefit from the guarantee of Dexia Bank Belgium but is rated AA by Fitch. As of June 30, 2010, the assets held by DSFB (Compartment 1, 2 and 4) were Belgian public-sector assets that could be broken down as follows:

Assets held as of June 30, 2010, by DCC - Dexia Crediop per la Cartolarizzazione

Italian assets	EUR millions
State	0.0
Regions	1,982.7
Provinces	676.3
Municipalities	1,086.1
DCC bank account with Dexia Bank Belgium	58.1
	0.0
Total	**3,803.2**

Assets held as of June 30, 2010, by DSFB - Dexia Secured Funding Belgium

Belgian assets	EUR millions
State	0.0
Regions	615.4
Provinces	3,801.1
Public sector entities	2,409.0
Groups of public sector entities	83.9
Loans guaranteed by local governments	804.7
Total	**7,714.1**

Municipal Agency

FINANCIAL STATEMENTS

1st HALF 2010

(IFRS)

Assets

EUR millions	Note	6/30/2009	12/31/2009	6/30/2010
Central banks	2.1	16	4	3
Financial assets at fair value through profit or loss		0	0	0
Hedging derivatives	4.1	2,949	2,814	4,226
Financial assets available for sale	2.2	2,323	3,304	1,723
Interbank loans and advances	2.3	8,126	7,810	10,101
Customer loans and advances*	2.4	67,251	71,078	76,443
Fair value revaluation of portfolio hedge		627	692	1,605
Financial assets held to maturity		0	0	0
Current tax assets	2.5	0	4	11
Deferred tax assets	2.5	188	132	120
Accruals and other assets	2.6	28	10	11
Total Assets		**81,508**	**85,848**	**94,243**

* Figures as of June 30 and December 31, 2009 have been modified. Cf. Notes to the financial statements as of June 30, 2010 - Part Significant events

Liabilities

EUR millions	Note	6/30/2009	12/31/2009	6/30/2010
Central banks	3.1	600	0	0
Financial liabilities at fair value through profit or loss		0	0	0
Hedging derivatives	4.1	5,236	5,806	7,565
Interbank loans and deposits	3.2	8,626	10,352	12,295
Customer borrowings and deposits		0	0	0
Debt securities	3.3	63,769	65,933	69,229
Fair value revaluation of portfolio hedge		1,264	1,256	2,299
Current tax liabilities	3.4	15	3	1
Deferred tax liabilities*	3.4	2	15	13
Accruals and other liabilities	3.5	1,118	1,481	1,810
Provisions		0	0	0
Subordinated debt		0	0	0
Shareholders' equity	**3.6**	**878**	**1,002**	**1,031**
Capital stock and additional paid-in capital		1,060	1,060	1,190
Reserves and retained earnings		11	12	24
Unrealised or deferred gains and losses		(295)	(216)	(242)
Net income		102	146	59
Total Liabilities		**81,508**	**85,848**	**94,243**

* Figures as of June 30 and December 31, 2009 have been modified. Cf. Notes to the financial statements as of June 30, 2010 - Part Significant events

Income statement

EUR millions	Note	1H 2008	1H 2009	1H 2010
Interest income*	5.1	6,125	4,050	3,114
Interest expense	5.1	(5,998)	(3,870)	(2,979)
Fee and commission income	5.2	0	0	0
Fee and commission expense	5.2	(2)	(3)	(3)
Net gains (losses) on financial instruments at fair value though profit or loss	5.3	0	0	0
Net gains (losses) on financial assets available for sale	5.4	0	19	7
Other income		0	0	0
Other expense		0	0	0
Net banking income		**125**	**196**	**139**
Operating expense	5.5	(45)	(47)	(49)
Cost of risk	5.6	(1)	0	(2)
Operating income		**79**	**149**	**88**
Net gains (losses) on other assets		0	(1)	0
Income before tax		**79**	**148**	**88**
Income tax*	5.7	(24)	(46)	(29)
Net income		**55**	**102**	**59**
*Earnings per share (in EUR)**				
- Basic		*6*	*10*	*5*
- Diluted		*6*	*10*	*5*

* Figures as of June 30 and December 31, 2009 have been modified. Cf. Notes to the financial statements as of June 30, 2010 - Part Significant events

Net income and unrealised or deferred gains and losses through shareholders' equity

EUR millions	1H 2009	1H 2010
Net income	**102**	**59**
Translation adjustments	0	0
Unrealised or deferred gains and losses of financial assets available for sale	53	(110)
Unrealised or deferred gains and losses of cash flow hedges	40	81
Taxes	(32)	3
Total of unrealised or deferred gains and losses through shareholders' equity	**62**	**(26)**
Net income and unrealised or deferred gains and losses through shareholders' equity	**164**	**33**

Shareholders' equity

EUR millions	Core shareholders' equity			Unrealised or deferred gains and losses			
	Capital stock, Additional paid-in capital	Retained earnings and net income for the period	Total	Net change in fair value of available for sale financial assets, after tax	Net change in fair value of hedging derivatives, after tax	Total	**Shareholders' equity**
As of December 31, 2009, IFRS	**1,060**	**158**	**1,218**	**(190)**	**(26)**	**(216)**	**1,002**
Movements during the period							
- Capital stock	130	0	130	0	0	0	**130**
- Dividends	0	(134)	(134)	0	0	0	**(134)**
- Changes in fair value of available for sale financial assets through shareholders' equity	0	0	0	(81)	0	(81)	**(81)**
- Changes in fair value of hedging derivatives through shareholders' equity	0	0	0	0	55	55	**55**
- Changes in fair value of available for sale financial assets through profit and loss	0	0	0	0	0	0	**0**
- Changes in fair value of hedging derivatives through profit and loss	0	0	0	0	0	0	**0**
- Net income for the period	0	59	59	0	0	0	**59**
- Other movements	0	0	0	0	0	0	**0**
As of June 30, 2010, IFRS	**1,190**	**83**	**1,273**	**(271)**	**29**	**(242)**	**1,031**

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

Cash Flow Statement

EUR millions	1H 2008	1H 2009	1H 2010
Net income before taxes	**79**	**148**	**88**
+/- Amortization and depreciation and other impairment on fixed and intangible assets	0	0	0
+/- Depreciation and write-downs	0	1	3
+/- Expense/income from operating activities	(1)	575	325
+/- Expense/income from financing activities	2	(349)	(305)
+/- Other non-cash items	(19)	(173)	(65)
= Non-monetary items included in net income before tax and other adjustments	***(18)***	***54***	***(42)***
+/- Cash from interbank operations (Dexia Credit Local and Banque de France)	600	(5,976)	0
+/- Cash from interbank operations (client loans)	(964)	1,982	(1,486)
+/- Cash from client operations (loans)	(490)	1,082	1,542
+/- Cash from financing assets	(2,641)	(779)	(2,802)
+/- Cash from hedging financial instruments	(236)	739	290
- Income tax paid	(55)	(29)	(29)
= Decrease/(increase) in cash from operating activities	**(3,786)**	**(2,981)**	**(2,485)**
CASH FLOW FROM OPERATING ACTIVITIES (A)	**(3,725)**	**(2,779)**	**(2,439)**
+/- Cash from financing assets and long-term investments	***0***	***0***	***0***
+/- Cash from investment property	***0***	***0***	***0***
+/- Cash from property and intangible assets	***0***	***0***	***0***
CASH FLOW FROM INVESTING ACTIVITIES (B)	**0**	**0**	**0**
+/- Cash from or for shareholders	***0***	**0**	**(4)**
+/- Other cash from financing activities	***7,744***	***(568)***	***479***
CASH FLOW FROM FINANCING ACTIVITIES (C)	**7,744**	**(568)**	**475**
EFFECT OF CHANGES IN EXCHANGE RATES ON CASH (D)	**0**	**0**	**0**
Increase/(decrease) in cash equivalents (A + B+ C + D)	**4,018**	**(3,347)**	**(1,964)**
Cash flow from operating activities (A)	(3,725)	(2,779)	(2,439)
Cash flow from investing activities (B)	0	0	0
Cash flow from financing activities (C)	7,743	(568)	475
Effect of changes in exchange rates on cash (D)	0	0	0
Cash and cash equivalents at the beginning of the period	**(7,484)**	**(1,162)**	**(6,817)**
Cash, central banks and postal checking accounts (assets & liabilities)	15	(334)	4
Interbank accounts (assets & liabilities) and loans/deposits at sight	(7,499)	(828)	(6,821)
Cash and cash equivalents at the end of the period	**(3,466)**	**(4,509)**	**(8,779)**
Cash, central banks and postal checking accounts (assets & liabilities)	15	16	3
Interbank accounts (assets & liabilities) and loans/deposits at sight	(3,481)	(4,525)	(8,782)
Net cash	**4,018**	**(3,347)**	**(1,962)**

NOTES TO THE FINANCIAL STATEMENTS AS OF JUNE 30, 2010

CONTEXT OF PUBLICATION

Dexia Municipal Agency decided to publish a set of individual financial statements according to IFRS.

This publication is voluntary. The reference for the preparation of the financial statements is consistently, in compliance with legislation applicable in France, French generally accepted accounting procedures (French GAAP).

Dexia Municipal Agency presented its first annual financial statements prepared according to IFRS to report the fiscal year 2008. The financial statements as of June 30, 2010 have been examined by the Executive Board on August 25th, 2010.

SIGNIFICANT EVENTS

Dexia Municipal Agency has detected a system calculation error which has over amortized expenses on Customer loans and advances in 2009. According to the IAS 8-49 rules, the Company has corrected figures published previously.
Impacts on financial statements are the following :

Assets

en EUR millions	Note	06/30/2009 published version	Correction	06/30/2009 corrected version	12/31/2009 published version	Correction	12/31/2009 corrected version
Customer loans and advances	2.4	67 246	5	67 251	71 060	18	71 078
Total Assets		**81 503**	**5**	**81 508**	**85 830**	**18**	**85 848**

Liabilities

en EUR millions	Note	06/30/2009 published version	Correction	06/30/2009 corrected version	12/31/2009 published version	Correction	12/31/2009 corrected version
Deferred tax liabilities	3.4	0	2	2	9	6	15
Shareholders' equity	**3.6**	**875**	**3**	**878**	**990**	**12**	**1 002**
Net income		99	3	102	134	12	146
Total Liabilities		**81 503**	**5**	**81 508**	**85 830**	**18**	**85 848**

Income Statement

en EUR millions	Note	2nd Q 2009 published version	Correction	2nd Q 2009 corrected version
Interest income	5.1	4 045	5	4 050
Net banking income		**191**	**5**	**196**
Income before tax		**143**	**5**	**148**
Income tax	5.7	(44)	(2)	(46)
Net income		**99**	**3**	**102**
Earnings per share (in EUR)				
- Basic		9	0	10
- Diluted		9	0	10

APPLICABLE ACCOUNTING PRINCIPLES

● APPLICATION OF IFRS ADOPTED BY THE EUROPEAN COMMISSION (IFRS EU)

On July 19, 2002, the European Commission published regulation EC 1606/2002, which obliged listed groups to apply IFRS as of January 1, 2005. Dexia has thus applied these standards since that date, and Dexia Municipal Agency decided to publish its financial statements according to these standards.

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

Since its publication in 2002, this regulation has been updated several times, validating the different texts published by the International Accounting Standards Board (IASB), except for certain rules in IAS 39.

The European Commission has carved out some paragraphs of IAS 39 with the objective of enabling European companies to reflect appropriately in their consolidated financial statements the economic hedges they make in the course of their interest rate risk management (application of interest rate portfolio hedging and the possibility of hedging deposits).

Dexia Municipal Agency's financial statements have therefore been prepared in accordance with all IFRS regulations and interpretations published and endorsed by the European Commission up to the accounting closing.

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

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

Judgments and estimates are principally made in the following areas:

- Estimation of the recoverable amount of impaired assets
- Determination of fair values of non-quoted financial instruments
- Estimation of present obligations resulting from past events in the recognition of provisions
- Estimate of future taxable profit for the recognition and measurement of deferred tax assets
- Judgment on impairment of financial assets

● CHANGES IN ACCOUNTING POLICIES SINCE THE PREVIOUS ANNUAL PUBLICATION THAT MAY IMPACT DEXIA MUNICIPAL AGENCY

The overview below is made until the reporting date of June 30, 2010.

a. IASB and IFRIC texts endorsed by the European Commission and applied as from January 1, 2010

The following standards, interpretations or amendments have been endorsed by the European Commission and are applied as from January 1, 2010 :

• Improvements made in 2009 to IFRS and IAS, a series of amendments to IFRS applied as from January 1, 2010, with no impact on the financial statements of Dexia Municipal Agency,

• Amendments to IFRS 2 "Share-based Payment" "Group Cash-settled Share-based Payment Transactions", applied as from January 1, 2010. These amendments aim to clarify the scope of IFRS 2. There is no impact on Dexia Municipal Agency financial statements, as Dexia Municipal Agency does not offer cash-settled share-based payments.

• Revised IFRS 1 “First-Time adoption of International Financial Reporting Standards”, which replaces the standard as issued in June 2003. This text is applied as from January 1, 2010. The revision of this standard has no impact on Dexia Municipal Agency financial statements, which is not a first-time adopter anymore.

• Amendments to IFRS 1 “Additional Exemptions for First-time Adopters”, applied as from January 1, 2010. The revision of this standard has no impact on Dexia Municipal Agency financial statements, which is not a first-time adopter anymore.

• Revised IFRS 3 “Business combinations”, which is applied as from January 1, 2010. The revision of this standard has no impact on the financial statements of Dexia Municipal Agency.

• Revised IAS 27 “Consolidated and separate financial statements”, applied as from January 1, 2010. This amendment should be seen in relation with the revised IFRS 3 “Business combinations”. The revision of this standard has no impact on the financial statements of Dexia Municipal Agency.

• Amendment to IAS 39 “Financial instruments: Recognition and Measurement: Eligible Hedged Items” which is applied as from January 1, 2010. This amendment has no impact on the financial statements of Dexia Municipal Agency.

• Amendments to “IFRS 5 Non-current Assets held for Sale and Discontinued Operations” within the improvements made in 2008 to IFRS and IAS, which is applied as from January 1, 2010. There is no impact for Dexia Municipal Agency.

• IFRIC 12 “Service Concession Arrangements”, which is applied as from January 1, 2010, but has no impact on the financial statements of Dexia Municipal Agency.

• IFRIC 16 “Hedges of a Net Investment in a Foreign Operation”, which is applied as from January 1, 2010, and has no impact on Dexia Municipal Agency financial statements.

• IFRIC 15 “Agreements for the construction of Real Estate”, applied as from January 1, 2010. This interpretation has no impact on Dexia Municipal Agency financial statements.

• IFRIC 17 “Distributions of non-cash assets to owners”, applied as from January 1, 2010. This interpretation has no impact on Dexia Municipal Agency.

• IFRIC 18 “Transfers of assets from customers”, applied as from January 1, 2010. This interpretation has no impact on Dexia Municipal Agency.

b. IASB and IFRIC texts endorsed by the European Commission during the current year but not yet applicable as from 1 January 2010

There is no text endorsed by the European Commission during the current year that is applicable for reporting periods beginning on or after January 1, 2010.

c. New IFRS standards, IFRIC interpretations and amendments issued during the current year but not yet endorsed by the European Commission

• Amendment to IFRS 1 “Limited Exemption from Comparative IFRS 7 Disclosures for first time adopters”, applicable as from January 1, 2011. This amendment has no impact on Dexia Municipal Agency financial statements, which is not a first-time adopter anymore.

• “Improvements to IFRSs” (issued by IASB in May 2010), which are a collection of amendments to existing International Financial Reporting Standards applicable for reporting periods beginning on or after January 1, 2011. The impact of this amendments on Dexia Municipal Agency is currently being assessed.

3. ACCOUNTING PRINCIPLES APPLIED TO THE FINANCIAL STATEMENTS

3.1 - OFFSETTING FINANCIAL ASSETS AND FINANCIAL LIABILITIES

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

3.2 - FOREIGN CURRENCY TRANSLATION AND TRANSACTIONS

The consolidated financial statements are stated in euros (functional and presentation currency), which is the currency of the country in which Dexia Municipal Agency is registered.

Foreign currency transactions

Foreign currency transactions are accounted for using the exchange rate at the date of the transaction. Monetary and non-monetary assets and liabilities that are nevertheless recognized at fair value and denominated in foreign currencies existing at the closing date are recognized at closing rates. Other non-monetary assets and liabilities are recorded at their historical rates. The resulting exchange differences from monetary assets and liabilities are recognized in income. Foreign exchange differences from non-monetary assets and liabilities recognized at fair value are recorded as fair value adjustments.

3.3 - TRADE DATE AND SETTLEMENT DATE ACCOUNTING

All purchases and sales of financial assets and financial liabilities are recognized on the settlement date, which is the date that a
financial asset or a financial liability is delivered to or by Dexia Municipal Agency.

Dexia Municipal Agency hedges are recognized at fair value at the date of trade. Unrealized gains and losses are recognized in income unless the transactions have been assigned to cash flow hedges.

3.4 - FINANCIAL ASSETS

a. Interbank and customer loans and advances

Loans categorized as “Loans and advances”, being those not included within trading, available for sale or designated at fair value through profit or loss, are carried at amortized cost, i.e. the historical cost principal amount, net of any deferred fees and material direct costs on loans and net of any unamortized premiums or discounts.

b. Financial assets held for trading

Dexia Municipal Agency holds no assets for trading.

c. Financial assets designated at fair value through profit or loss

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

d. Financial assets available for sale and held to maturity

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

Quoted securities with fixed maturity are classified as “Financial assets held to maturity” (HTM) when management has both the intent and the ability to hold the assets to maturity.

Securities and loans and receivables intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, exchange rates or equity prices, are classified as “Financial assets available for sale“ (AFS). Dexia Municipal Agency’s securities accounted for as “Financial assets available for sale” are, except for certain cases, intended to be held to maturity.

Securities and loans and receivables are initially recognized at fair value (including transaction costs). Interest is recognized based on the effective interest rate method and is recognized within the interest margin. Unrealized gains and losses arising from changes in the fair value of financial assets available for sale are recognized in equity.

Financial assets held to maturity (HTM) are carried at amortized cost using the effective interest method, less any allowance for impairment.

When financial assets available for sale are restated as loans and commitments at a later date on the basis of the October 2008 amendment to IAS 39, the reserve representative of changes in the fair value of the financial assets available for sale as presented in the financial statements as of December 31, 2009, corresponds to the remainder to be amortized of this reserve with regard to the securities restated as of October 1, 2008.

e. Realized gains and losses on sales of financial assets

For financial assets not revalued through the income statement, realized gains or losses on disposals are the differences between the proceeds received (net of transaction costs) and the costs or amortized costs of the investments. The cost is systematically determined based on the “first in, first out” approach (FIFO method) on a portfolio basis.

When a financial asset available for sale is sold, the total of gains or losses previously recognized in equity is reclassified in income.

f. Accounting for early reimbursement penalties

Dexia Municipal Agency has determined the accounting principles applicable to the restructuring of loans in accordance with AG 62 of IAS 39 concerning the restructuring of debt on financial assets.

Regarding the method of accounting for early reimbursement penalties, there are several possibilities depending on whether the early reimbursement is recognized as being an early reimbursement with refinancing or an extinguishment without refinancing.

Early reimbursement with refinancing

The method of accounting for early reimbursement penalties differs depending on whether the restructuring conditions are substantially different from those set initially.
In line with the principles of AG 62, Dexia Municipal Agency considers that the conditions are substantially different when the net present value of the cash flows under the new conditions, including any fees paid net of any fees received, is at least 10%different from the discounted net present value of the cash flows remaining from the original loan.

Early reimbursement penalties are recognized immediately in income or else amortized over the life of the new loan depending on the results of the eligibility test. If the eligibility test is passed (i.e. the difference in net present value is less than 10%), any early reimbursement penalties are amortized over the term of the new loan. If not (i.e. the difference exceeds 10%), early reimbursement penalties are recognized immediately in income.

Early reimbursement without refinancing

When a loan has been extinguished, Dexia Municipal Agency recognizes the early reimbursement penalty and any gains or losses of unamortized premium or discount, as income for the period, as required by IFRS.

g. Impairment of financial assets

Dexia Municipal Agency records allowances for impairment losses when there is objective evidence that a financial asset or group of financial assets is impaired, in accordance with IAS 39 (§58-70). The impairment represents management's best estimates of losses at each balance-sheet date.

An interest-bearing financial asset is impaired if its carrying amount is greater than its estimated recoverable amount.

Two types of allowances for impairment losses are recorded on assets:

- Specific loss allowance. The amount of the provision on specifically identified assets is the difference between the carrying amount and the recoverable amount, being the present value of expected cash flows, net of guarantees and collateral discounted using the effective interest rate at the time of the test of impairment. Impairment and reversal of impairment are recognized on a case-by-case basis in accordance with the standard.
  Financial assets with small balances that share similar risk characteristics are generally aggregated in this measurement.

- Collective allowance. Loss impairments cover incurred losses not covered by specific impairment where there is objective evidence that probable losses are present in segments of the portfolio or other lending commitments at the balance-sheet date. These have been estimated on the basis of past performance and historical patterns of losses in each segment, the credit ratings allocated to the borrowers, and the current economic environment in which the borrowers operate. For that purpose, Dexia Municipal Agency uses the credit risk model developed by Dexia Credit Local, which is based on an approach that combines appropriate default probabilities and losses in the event of default that are subject to regular back testing and are based on Basel II data and risk models.

  At each closing date, Dexia Municipal Agency examines the situation in order to determine if the parameters given for the models need to be adjusted. If such adjustments (e.g. with regard to the concentration of risks by business sector) are necessary, additional provisions are recognized.

The country risk is included within collective and specific impairment.

When a financial asset is reclassified, the impairment amount is equal to the difference between the carrying amount and the expected value of the cash flows discounted using the effective interest rate recalculated at the transfer date.

Financial assets available for sale (AFS) are only subject to specific loss allowances.

Impairment on fixed income financial assets held to maturity (HTM) and fixed income financial assets available for sale (AFS) is reported in "Cost of risk". For fixed income financial assets, if the amount of the impairment subsequently decreases due to an event occurring after the write-down of the initial impairment, the reversal of the provision is credited to the "Cost of risk".

h. Sale and repurchase agreements and lending of securities

Securities sold subject to a linked repurchase agreement (repos) remain recognized in the financial statements as financial assets held for trading, financial assets available for sale or financial assets held to maturity. The corresponding liability is included in "Interbank loans and deposits" or "Customer deposits" as appropriate.

Securities purchased under agreements to resell (reverse repos) are recorded as:

- an off-balance sheet obligation to return securities; and

- "Interbank loans and advances" or " Customer loans and advances" as appropriate.

The difference between the sale and repurchase price is treated as interest income or expense and is accrued over the life of the agreements using the effective interest rate method.

Securities lent to counterparties are retained in the financial statements. Securities borrowed are not recognized in the financial statements. If the borrowed securities are sold to third parties, the obligation to return them is recorded at fair value in "Financial liabilities designated at fair value through profit or loss", and the gain or loss is included in "Net gains (losses) on financial instruments at fair value through profit or loss".

Currently, Dexia Municipal Agency does not engage in this type of transaction.

3.5 - FINANCIAL LIABILITIES

a. Liabilities designated at fair value through profit or loss

Dexia Municipal Agency does not use this option.

b. Borrowings

Borrowings are recognized initially at fair value, i.e. their issue proceeds net of transaction costs incurred. Subsequently, borrowings are stated at amortized cost and any difference between net proceeds and the redemption value is recognized in income over the period of the borrowings using the effective interest rate method.

This chapter includes *obligations foncières* and other resources benefiting from the privilege defined in article L.515-19 of the Monetary and Financial Code, as of December 31, 2009. It is sub-divided into two parts.

1) Obligations foncières

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

Bonds denominated in other currencies are treated in the same way as foreign exchange transactions (see 3.2).
2) Registered covered bonds

These private placements are recorded at nominal value. Issue premiums are dealt with in the same way as *obligations foncières* (see above).

Pursuant to article L.515-20 of the Monetary and Financial Code and article 6 of CRB standard 99-10 of July 27, 1999, total assets must at all times be greater than total liabilities benefiting from the privilege mentioned in article L.515-19 of the above-mentioned Monetary and Financial Code.

3.6 - DERIVATIVES

a. Derivatives used in a hedging relationship

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

b. Hedging derivatives

When a derivative transaction is entered into, Dexia Municipal Agency classifies the derivatives as either:

- a hedge of the fair value of a recognized asset or liability or a firm commitment (fair value hedge); or
- a hedge of a future cash flow attributable to a recognized asset or liability or a future transaction (cash flow hedge).

Hedge accounting may be used for derivatives designated in this way, provided certain criteria are met.

The criteria for a derivative instrument to be accounted for as a hedge include *inter alia*:

- formal documentation of the hedging instrument, hedged item, hedging objective, strategy and relationship between the hedging instrument and the hedged item must be prepared before hedge accounting is applied;

- the hedge is documented showing that it is expected to be effective in offsetting changes in fair value or cash flows attributable to the hedged risk in the hedged item throughout the reporting period;

- the hedge is effective at inception and on a going concern basis.

Changes in the fair value of derivatives that are designated and qualify as fair value hedges and that respect the abovementioned criteria are recorded in income, along with the corresponding change in fair value of the hedged assets or liabilities that is attributable to that specific hedged risk.

If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged interest bearing financial instrument is amortized to income over the period to maturity through an adjustment of the yield of the hedged item.

Changes in the fair value of derivatives that are designated and qualify as cash flow hedges, that respect the above-mentioned criteria, and that prove to be effective in relation to the hedged risk, are recognized in the hedging reserve in equity as “Unrealized or deferred gains and losses”.

The non-effective portion of the changes in the fair value of the derivatives is recognized in income. Amounts deferred in equity are transferred to income and classified as revenue or expense in the periods during which the hedged firm commitment or forecast transaction has an impact on income.

c. Hedging of the interest rate risk of a portfolio

Dexia Municipal Agency decided to apply IAS 39 as adopted by the European Commission, since the adopted version better reflects the way Dexia Municipal Agency manages its activities.

The objective of the hedge relationships is to reduce the interest rate risk exposure stemming from certain categories of assets or liabilities designated as the qualifying hedged items.

The entity performs a comprehensive analysis of its interest rate risk exposure. It consists of assessing fixed rate exposure taking into account all the exposures on the balance sheet.

Dexia Municipal Agency selects financial assets and liabilities to be part of the hedge of the portfolio's interest rate risk exposure. The entity defines at inception the risk exposure to be hedged, the length of the contract, the method and the frequency with which it will perform tests. The entity constantly applies the same methodology for selecting assets and liabilities to be part of the portfolio. Assets and liabilities are included on a cumulative basis and all portfolio maturities are represented. Hence, when they are removed from the portfolio, they must be removed from all the maturities on which they had an impact.

Dexia Municipal Agency may choose which assets and liabilities it wishes to put in the portfolio provided they are included in the comprehensive analysis. The Company chose to put together homogeneous portfolios of loans and portfolios of bond issues.

Hedging is conducted using derivatives, which may have offsetting positions. The hedging items are recognized at their fair value (including accrued interest expense or income) with adjustments recorded in income.

On the balance sheet, revaluation is recognized as:

- fair value revaluation of the asset hedge portfolio, or
- fair value revaluation of the liability hedge portfolio.

Effectiveness tests consist in verifying that the hedging objective is attained, i.e. reducing interest rate risk exposure. Ineffectiveness can come only from over-hedging as a result of non-contractual events occurring in the categories of assets or liabilities.

3.7 - FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Market prices are used to determine fair value, where an active market (such as a recognized stock exchange) exists, as it is the best evidence of the fair value of a financial instrument. Active market prices are not, however, available for a significant number of the financial assets and liabilities held or issued by Dexia Municipal Agency.

If the market for a financial instrument is not active, valuation techniques are used. A valuation technique reflects what the transaction price would be at the date of the valuation under conditions of normal competition and motivated by usual business conditions, i.e. the price that the holder of the financial asset would receive in a usual transaction that is not a liquidation or a forced transaction.

The valuation model should take into account all the factors that the market players would take into consideration to value the asset. Within this framework, Dexia Municipal Agency relies on its own valuation models, as well as its market assumptions, i.e. an amount discounted through a treasury flow or any other method based on the market conditions existing at the closing date.

Financial investments classified as trading, available for sale, or designated at fair value through profit or loss, derivatives and other transactions undertaken for trading purposes are measured at fair value by reference to quoted

market prices when available. If quoted market prices are not available, then fair values are estimated on the basis of pricing models or discounted cash flows, including observable and non-observable market data.
For assets and liabilities available for sale (AFS), or designated at fair value through profit or loss, when quoted prices are not available, the pricing models attempt to reflect as accurately as possible market conditions at the calculation date as well as changes in the credit quality of the financial instruments and market liquidity.

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

- the fair value of fixed rate loans and mortgages is estimated by comparing market interest rates when the loans were granted with current market rates offered on similar loans;

- caps, floors and early reimbursement options are included in determining the fair value of loans and advances.

3.8 - INTEREST INCOME AND EXPENSE

Interest income and expense are recognized in the income statement for all interest-bearing instruments on an accrual basis using the effective interest rate method based on the purchase price (including transaction costs).
Transaction costs are incremental costs that are directly attributable to the acquisition of a financial asset or liability and are used for the calculation of the effective interest rate.

Accrued interest is reported on the balance sheet in the same item as the related financial asset or liability.
Once a financial asset has been written down to its estimated recoverable amount, interest income is thereafter recognized based on the interest rate used to discount the future cash flows in order to measure the recoverable amount.

3.9 - COMMISSION INCOME AND EXPENSE

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

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

3.10 - DEFERRED TAXES

Deferred taxes are recognized using the liability method to account for temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

The rates enacted or substantively enacted at the balance sheet date are used to determine deferred taxes. Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Deferred tax liabilities are recognized to account for temporary differences arising from investments in subsidiaries, jointly controlled companies and associates, except where the timing of the reversal of the temporary difference can be controlled and it is probable that the difference will not reverse in the foreseeable future.

Deferred taxes related to fair value re-measurement of assets available for sale and cash flow hedges, which are charged or credited directly to equity, are also credited or charged directly to equity and are subsequently recognized in income together with the deferred gain or loss.

3.11 - PROVISION FOR RISKS AND CHARGES

A provision represents a liability of uncertain timing or amount. Provisions are recognized based on their discounted value when:

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

- a reliable estimate of the amount of the obligation can be made.

3.12 - DIVIDENDS ON ORDINARY SHARES

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

31.13 - EARNINGS PER SHARE

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

3.14 - RELATED PARTY TRANSACTIONS

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

3.15 - SEGMENT REPORTING

Dexia Municipal Agency's sole activity is the financing or refinancing of commitments on public sector entities originated by Dexia's commercial network. These assets are primarily financed by the issue of *obligations foncières*. This sole business is part of the operational business line Public and Wholesale Banking (PWB) of the Dexia Group.

Dexia Municipal Agency conducts its business solely from Paris (or its branch in Dublin). The Company has no direct activity in other countries and is unable to present a relevant breakdown of its results by geographic region. A geographic breakdown of assets by country of residence of the counterparty is presented quarterly, at the end of the management report.

3.16 - CASH AND CASH EQUIVALENTS

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

2 Notes to the assets

2-1 Central banks

EUR millions	6/30/2009	12/31/2009	6/30/2010
Mandatory reserve deposits with central banks	16	4	3
Other central bank deposits	0	0	0
Total	**16**	**4**	**3**

2-2 Financial assets available for sale

a. Analysis by nature

EUR millions	6/30/2009	12/31/2009	6/30/2010
Loans	0	0	0
Bonds	2,323	3,304	1,723
Total	**2,323**	**3,304**	**1,723**

b. Analysis by counterparty

EUR millions	6/30/2009	12/31/2009	6/30/2010
Public sector	1,033	1,437	1,257
Credit institutions guaranteed by the public sector	1,290	1,867	466
Other - guaranteed by a State or local government	0	0	0
Other - ABS made up solely of public commitments	0	0	0
Total public sector	**2,323**	**3,304**	**1,723**
Replacement assets	0	0	0
Total	**2,323**	**3,304**	**1,723**
of which eligible for central bank refinancing	0	3,026	1,390

c. Impairment

EUR millions	6/30/2009	12/31/2009	6/30/2010
Public sector bonds or bonds guaranteed by the public sector	2,323	3,304	1,723
Replacement assets	0	0	0
Total performing assets	**2,323**	**3,304**	**1,723**
Public sector bonds or bonds guaranteed by the public sector	0	0	0
Replacement assets	0	0	0
Total impaired assets	**0**	**0**	**0**
Specific impairment	0	0	0
Total assets after impairment	**2,323**	**3,304**	**1,723**

d. Transfers between portfolios

EUR millions	6/30/2009	12/31/2009	6/30/2010
Accounting value as of December 31, 2008, of available for sale securities transferred to loans and advances as of September 30, 2008: see note 2.7	0	0	0

e. Analysis by residual maturity : see note 7.2

2-3 Interbank loans and advances

a. Analysis by nature

EUR millions	6/30/2009	12/31/2009	6/30/2010
Sight accounts	27	0	0
Other interbank loans and advances	8,099	7,810	10,101
Performing assets	**8,126**	**7,810**	**10,101**
Impaired loans and advances	0	0	0
Impaired assets	**0**	**0**	**0**
Total assets before impairment	**8,126**	**7,810**	**10,101**
Specific impairment	0	0	0
Collective impairment	0	0	0
Total	**8,126**	**7,810**	**10,101**

b. Breakdown by counterparty

EUR millions	6/30/2009	12/31/2009	6/30/2010
Central Bank	0	0	1,600
Swiss cantonal banks benefiting from their canton's legal guarantee	1,969	1,899	1,974
Banks guaranteed by a local government, *Crédits municipaux*	140	170	182
Credit institutions belonging to the Dexia Group: loans benefiting from the assignment in guarantee of refinanced public debt	189	186	183
Credit institutions guaranteed by the State	9	10	12
Replacement assets	5,819	5,545	6,150
Total	**8,126**	**7,810**	**10,101**
of which eligible for central bank refinancing	*	5,545	6,150

* Data not available

c. Replacement assets

EUR millions	Notation	6/30/2009	12/31/2009	6/30/2010
Dexia Sabadell - *Cedulas territoriales*	Moody's Aa2	2,601	3,195	3,800
Dexia LdG Banque - *Lettres de gage*	S&P AAA	3,191	2,350	2,350
Dexia CL - Dublin branch sight account		27	0	0
Total		**5,819**	**5,545**	**6,150**

d. Analysis by residual maturity : see note 7.2

2-4 Customer loans and advances

a. Analysis by counterparty

EUR millions	6/30/2009	12/31/2009	6/30/2010
Public sector**	56,686	59,737	61,031
Other- guaranteed by a State or local government	3,398	4,125	4,127
Other - ABS made up solely of public commitments	7,167	7,208	11,296
Performing assets	**67,251**	**71,070**	**76,454**
Impaired loans and advances	10	5	6
Impaired assets	**10**	**5**	**6**
Total assets before impairment	**67,261**	**71,075**	**76,460**
Specific impairment	0	(1)	(1)
Collective impairment	(10)	(14)	(16)
Total	**67,251**	**71,060**	**76,443**
of which eligible for central bank refinancing	*	45,057	47,722

* Data not avalaible

* *Figures as of June 30 and December 31, 2009 have been modified. Cf. Notes to the financial statements as of June 30, 2010 - Part Significant events

b. Public sector ABS

EUR millions	Rating	6/30/2009	12/31/2009	6/30/2010
Colombo	Aaa Moody's, AAA S&P	12	10	9
Astrea	AA- Fitch, Aa2 Moody's	3	2	2
Blue Danube	AA+ S&P	78	77	83
DCC - Dexia Crediop per la cartolarizzazione	A Fitch, A2 Moody's, A S&P	3,976	3,843	3,765
DSFB - Dexia Secured Funding Belgium 1 et 2	A+ Fitch, A1 Moody's, A S&P	3,098	3,026	2,929
DSFB - Dexia Secured Funding Belgium 4	AA Fitch,	0	250	4,508
Total		**7,167**	**7,208**	**11,296**

c. Analysis by residual maturity : see note 7.2

2-5 Tax assets

EUR millions	6/30/2009	12/31/2009	6/30/2010
Current income tax	0	4	11
Other-taxes	0	0	0
Current tax assets	**0**	**4**	**11**
Deferred tax assets (see note 4.2)	**188**	**132**	**120**

2-6 Accruals and other assets

EUR millions	6/30/2009	12/31/2009	6/30/2010
Cash collateral	0	0	0
Other accounts receivable	0	0	0
Prepaid charges	0	0	0
Other assets	28	10	11
Total accruals and other assets	**28**	**10**	**11**

3 Notes to the liabilities

3-1 Central banks

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

Dexia Municipal Agency has not used Banque de France financing since July 2009.

EUR millions	6/30/2009	12/31/2009	6/30/2010
Overnight borrowing	0	0	0
Time borrowing	600	0	0
Accrued interest	0	0	0
Total funding from Banque de France	**600**	**0**	**0**

3-2 Inter-bank loans and deposits

a. Analysis by nature

EUR millions	6/30/2009	12/31/2009	6/30/2010
Demand deposits	4,557	6,823	8,786
Time Deposits	4,069	3,529	3,509
Total	**8,626**	**10,352**	**12,295**

This item includes the balance of the account opened with Dexia Credit Local. This account is intended to finance the needs of Dexia Municipal Agency related to its activity, in particular, to finance structural over-collateralization and loans prior to issuance of obligations foncières.

The master-account totaled EUR 12,282 million, broken down as follows (excluding accrued interest):

Sub-accounts make it possible to distinguish within the master-account among types of financing (over-collateralization, stock of assets prior to issuance and other).

- the current account, indexed on Eonia, with no defined maturity, financing assets not yet included in the issue program and miscellaneous needs with a balance of EUR 8,782 million;
- sub-account comprised of various borrowings earmarked to finance the structural over-collateralization of 5%. Dexia MA's policy is to maintain minimum structural over-collateralization of 5%, i.e. 105% of outstanding *obligations foncières* and registered covered bonds. These borrowings totaled EUR 3,500 million as of June 30, 2010; they are indexed on the annual money market rate (TAM).

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

EUR millions	6/30/2009	12/31/2009	6/30/2010
Sub-account - pre-financing of assets	4,554	6,820	8,782
Interest accrued not yet due	3	3	4
Sub-account - financing of over collateralization	4,050	3,500	3,500
Interest accrued not yet due	19	29	9
TOTAL Dexia Credit Local	**8,626**	**10,352**	**12,295**

b. Analysis by residual maturity : see note 7.2

3-3 Debt securities

a. Analysis by nature

EUR millions	6/30/2009	12/31/2009	6/30/2010
Obligations foncières	61,157	62,218	64,725
Registered covered bonds	2,612	3,715	4,504
Total	**63,769**	**65,933**	**69,229**

b. Analysis by residual maturity : see note 7.2

3-4 Tax liabilities

EUR millions	6/30/2009	12/31/2009	6/30/2010
Current income tax	12	0	0
Other taxes	3	3	1
Current tax liabilities	**15**	**3**	**1**
Deferred tax liabilities (see note 4.2)	**2**	**15**	**13**

3-5 Accruals and other liabilities

EUR millions	6/30/2009	12/31/2009	6/30/2010
Cash received as collateral	1,064	1,427	1,774
Other accrued charges	54	50	30
Deferred income	0	0	0
Other accounts payable and other liabilities	0	4	6
Total	**1,118**	**1,481**	**1,810**

4 Other notes on the balance sheet

4-1 Instrument derivés de couverture

a. Analysis by nature

EUR millions	6/30/2009		12/31/2009		6/30/2010	
	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
Derivatives at fair value through profit or loss	**0**	**0**	**0**	**0**	**0**	**0**
Derivatives designated as fair value hedges	1,162	3,920	1,015	4,703	2,375	6,603
Derivatives designated as cash flow hedges	3	230	1	125	116	35
Derivatives designated as portfolio hedges	1,784	1,086	1,798	978	1,735	927
Hedging derivatives	**2,949**	**5,236**	**2,814**	**5,806**	**4,226**	**7,565**
Total derivatives	**2,949**	**5,236**	**2,814**	**5,806**	**4,226**	**7,565**

b. Detail of derivatives designated as fair value hedges

	6/30/2009			
	Notional amount		Assets	Liabilities
EUR millions	To receive	To deliver		
Foreign exchange derivatives	18,064	18,635	732	746
Interest rate derivatives	41,277	41,277	430	3,174
Total	**59,341**	**59,912**	**1,162**	**3,920**

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

	6/30/2010			
	Notional amount		Assets	Liabilities
EUR millions	To receive	To deliver		
Foreign exchange derivatives	17,901	17,401	1,865	1,110
Interest rate derivatives	47,612	47,613	510	5,493
Total	**65,513**	**65,014**	**2,375**	**6,603**

c. Detail of derivatives designated as cash flow hedges

EUR millions	6/30/2009			
	Notional amount		Assets	Liabilities
	To receive	To deliver		
Foreign exchange derivatives	2,444	2,549	3	230
Interest rate derivatives	0	0	0	0
Total	**2,444**	**2,549**	**3**	**230**

EUR millions	12/31/2009			
	Notional amount		Assets	Liabilities
	To receive	To deliver		
Foreign exchange derivatives	2,223	2,307	1	125
Interest rate derivatives	0	0	0	0
Total	**2,223**	**2,307**	**1**	**125**

EUR millions	6/30/2010			
	Notional amount		Assets	Liabilities
	To receive	To deliver		
Foreign exchange derivatives	2,218	2,249	116	35
Interest rate derivatives	0	0	0	0
Total	**2,218**	**2,249**	**116**	**35**

EUR millions	6/30/2009	12/31/2009	6/30/2010
Amount removed from equity and included in the carrying amount of a non-financial instrument, in case of a CFH on forecast transaction	0	0	0

d. Detail of derivatives designated as portfolio hedges

EUR millions	6/30/2009			
	Notional amount		Assets	Liabilities
	To receive	To deliver		
Foreign exchange derivatives	0	0	0	0
Interest rate derivatives	177,738	177,738	1,784	1,086
Total	**177,738**	**177,738**	**1,784**	**1,086**

EUR millions	12/31/2009			
	Notional amount		Assets	Liabilities
	To receive	To deliver		
Foreign exchange derivatives	0	0	0	0
Interest rate derivatives	167,734	167,729	1,798	978
Total	**167,734**	**167,729**	**1,798**	**978**

EUR millions	6/30/2010			
	Notional amount		Assets	Liabilities
	To receive	To deliver		
Foreign exchange derivatives	0	0	0	0
Interest rate derivatives	193,815	193,889	1,735	927
Total	**193,815**	**193,889**	**1,735**	**927**

4-2 Deferred taxes

a. Analysis by nature

EUR millions	6/30/2009	12/31/2009	6/30/2010
Deferred tax assets before impairment	188	132	120
Impairment on deferred tax assets	0	0	0
Deferred tax assets (1)	188	132	120
Deferred tax liabilities (1)*	(2)	(15)	(13)
Total	**186**	**117**	**107**

(1) deferred tax assets and liabilities are netted out when they concern the same tax entity

The significant change in net deferred taxes, compared with December 2009, was mainly due to the recognition of deferred tax assets on the fair value reserve on securities available for sale.

*Figures as of June 30 and December 31, 2009 have been modified. Cf. Notes to the financial statements as of June 30, 2010 - Part Significant events

b. Changes

EUR millions	6/30/2009	12/31/2009	6/30/2010
As of January 1	**223**	**223**	**123**
- Charge/credit recognized in the income statement *	(5)	(31)	(19)
- Effect of change in tax rates - impact on the income statement	0	0	0
- Movements directly recognized in shareholders' equity	(32)	(75)	3
- Effect of change in tax rates - impact on shareholders'equity	0	0	0
- Translation adjustment	0	0	0
- Other movements	0	0	0
As of June 30	**186**	**117**	**107**

*Figures as of June 30 and December 31, 2009 have been modified. Cf. Notes to the financial statements as of June 30, 2010 - Part Significant events

c. Deferred taxes coming from assets on the balance sheet

EUR millions	6/30/2009	12/31/2009	6/30/2010
Loans (and loan loss provisions)	60	51	27
Securities	84	67	96
Derivatives	42	12	(15)
Accruals and other assets	17	14	14
Total	**202**	**144**	**122**

d. Deferred taxes coming from liabilities on the balance sheet

EUR millions	6/30/2009	12/31/2009	6/30/2010
Derivatives	0	0	0
Borrowings, deposits and issues of debt securities	4	0	7
Provisions	0	0	0
Regulatory provisions	(20)	(21)	(22)
Accruals and other liabilities	0	0	0
Total	**(16)**	**(21)**	**(15)**

4-3 Related-party transactions

Analysis by nature

EUR millions	Parent company and entities consolidated by Dexia Credit Local			Other related parties (1)		
	6/30/2009	12/31/2009	6/30/2010	6/30/2009	12/31/2009	6/30/2010
Assets						
Loans and advances	7,355	7,224	7,613	5,699	5,376	9,789
Bonds	0	1,401	0	0	0	0
Liabilities						
Interbank loans - sight accounts	4,556	6,823	8,785	0	0	0
Interbank loans - term loans	4,069	3,529	3,509	0	0	0
Income statement						
Interest income on loans and advances	107	163	33	67	95	(38)
Interest income on bonds	0	6	0	0	0	0
Interest expense on borrowings	(28)	(39)	(34)	0	0	0
Fees and commissions	0	0	(2)	0	0	0
Off-balance sheet						
Foreign exchange derivatives	5,597	5,514	5,571	650	573	559
Interest rate derivatives	135,446	128,588	156,165	2,874	6,472	6,226
Guarantees issued by the Group	11,835	11,434	12,910	3,092	3,274	2,959

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