



REPORT ON ASSETS QUALITY

As of June 30, 2011

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

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

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

EUR thousands, as of 6/30/2011	Amount
Exposures on public sector	61,134,003
Asset-backed securities	10,604,862
Replacement assets	5,826,219
Assets temporarily out of the Cover Pool	-
TOTAL	77,565,083
Impairments	(58,414)
COVER POOL TOTAL	77,506,669

Loans and bonds excluding asset-backed securities and replacement assets are presented as followed. As of June 30, 2011, Dexia Municipal Agency's cover pool is made of EUR 54,2 billion of loans and EUR 23.3 billion of bonds.

(1. MORTGAGE LOANS

Dexia Municipal Agency has no mortgage loans.

(2. EXPOSURES ON PUBLIC SECTOR

2.1 BREAKDOWN BY COUNTERPART

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

EUR thousands	Direct Exposure		Indirect Exposure		Total	Of which non performing loans	Of which past due	Specific impairment
	Loans	Bonds (1)	Loans	Bonds (1)				
France								
State	155,810		129,299		285,109		257	
Regions	2,058,513	142,730	187,964		2,389,208		0	
Departments	6,145,016		319,074		6,464,090		277	
Municipalities (3)	18,075,809	109,959	991,661		19,177,429	10,058	3,257	745
Groups of municipalities (4)	10,088,703	122,642	315,487		10,526,832	1,062	1,942	643
Public sector entities :								
- health	6,860,872				6,860,872	6,145	245	559
- social housing	2,099,078				2,099,078		1	
- others	1,121,885		2,749		1,124,634	7,668	559	644
Sub total	46,605,686	375,331	1,946,234	0	48,927,251	24,934	6,537	2,592
Germany								
State				11,580	11,580			
Länder		515,000		442,500	957,500			12,696
Sub total	0	515,000	0	454,080	969,080	0	0	12,696
Austria								
Länder	205,097				205,097			
Sub total	205,097	0	0	0	205,097	0	0	0
Belgium								
Regions	280,067		90,160		370,227			
Communities		50,000			50,000			
Public sector entities	83,406				83,406			
Sub total	363,473	50,000	90,160	0	503,633	0	0	0
Canada								
Provinces		22,371			22,371			
Sub total	0	22,371	0	0	22,371	0	0	0
Spain								
Regions		232,353			232,353			3,636
Sub total	0	232,353	0	0	232,353	0	0	3,636
United States								
Federated States		252,943			252,943			
Sub total	0	252,943	0	0	252,943	0	0	0
Finland								
Municipalities	28,684				28,684			
Public sector entities	50,721				50,721			
Sub total	79,405	0	0	0	79,405	0	0	0

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

EUR thousands	Direct Exposure		Indirect Exposure		Global	Of which non performing loans	Of which past due	Specific impairment
	Loans	Bonds (1)	Loans	Bonds (1)				
Country								
Iceland								
State				180,415	180,415			
Sub total	0	0	0	180,415	180,415	0	0	0
Italy								
State		506,270		110,000	616,270			7,420
Regions		1,506,329			1,506,329			4,362
Provinces		241,929			241,929			
Municipalities	13,802	1,540,996			1,554,798			
Sub total	13,802	3,795,524	0	110,000	3,919,326	0	0	11,782
Japon								
Municipalities		25,000			25,000			
Sub total	0	25,000	0	0	25,000	0	0	0
Portugal								
Regions				47,500	47,500			
Municipalities	91,436				91,436		1	
Public sector entities	10,312				10,312			
Sub total	101,748	0	0	47,500	149,248	0	1	0
United Kingdom								
State				721,251	721,251			19,904
Sub total	0	0	0	721,251	721,251	0	0	19,904
Sweden								
Municipalities	97,751		160,017		257,767			
Sub total	97,751	0	160,017	0	257,767	0	0	0
Switzerland								
Cantons	1,691,422		1,073,442		2,764,864			
Municipalities	1,328,975				1,328,975			
Public sector entities	122,644				122,644			
Sub total	3,143,041	0	1,073,442	0	4,216,483	0	0	0
Greece								
State		321,210		100,000	421,210			7,036
Sub total	0	321,210	0	100,000	421,210	0	0	7,036
Supranational								
International organizations	51,169				51,169			
Sub total	51,169	0	0	0	51,169			
TOTAL	50,661,172	5,589,732	3,269,852	1,613,246	61,134,003	24,934	6,538	57,646
PREMIUMS AND DISCOUNTS					(34,199)			
TRANSLATION ADJUSTMENTS					(187,382)			
GLOBAL	50,661,172	5,589,732	3,269,852	1,613,246	60,912,422	24,934	6,538	57,646

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

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

- specific impairment on non performing loans : EUR 2 592 thousands
- specific impairment on investment bonds (Greece) : EUR 7 036 thousands
- provisions for unrealised losses on placement portfolio bonds : EUR 48 019 thousands

(3) Of which EUR 19 741 thousands on operations linked to partnership agreement (PPP)

(4) Of which EUR 18 351 thousands on operations linked to partnership agreement (PPP)

2.2 RATINGS

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

2.3 BREAKDOWN BY MATURITY DATE

EUR thousands, as of 6/30/2011

Residual maturity		Term to maturity					TOTAL
Maturity date in years	Number of deals ⁽¹⁾	Less than 3 months	3 to 6 months	6 months to 1 year	1 to 5 years	More than 5 years	
0	4760	276,447	187,131				463,577
1	5113	41,963	72,445	600,909	1,121,781		1,837,099
2	3581	31,698	67,054	102,605	906,110	-	1,107,468
3	3711	30,928	43,224	89,905	1,535,248	-	1,699,304
4	3282	39,374	34,027	86,030	1,604,417	0	1,763,848
5	3133	27,147	41,258	66,188	637,288	1,712,926	2,484,806
6	3922	34,851	43,544	97,007	753,516	669,300	1,598,218
7	3590	55,416	42,620	107,921	886,035	969,978	2,061,971
8	3409	63,151	62,578	132,229	1,117,826	1,501,677	2,877,462
9	2709	33,089	55,881	74,976	702,376	1,093,766	1,960,087
10	2567	29,185	47,226	87,296	706,369	1,454,503	2,324,579
11	2610	36,298	40,889	71,557	652,578	1,720,795	2,522,117
12	2052	35,441	39,119	75,096	640,453	1,564,037	2,354,145
13	2229	26,484	34,056	113,383	673,950	1,583,804	2,431,677
14	3848	38,441	44,417	83,421	724,009	2,581,137	3,471,425
15	1642	22,528	45,063	51,449	508,649	2,080,117	2,707,806
16	1735	29,721	31,923	69,310	585,115	2,441,185	3,157,254
17	1443	40,231	31,187	53,264	522,007	2,140,046	2,786,735
18	1243	23,493	27,298	37,355	385,345	1,634,475	2,107,967
19	1589	15,896	16,816	41,448	319,657	1,708,357	2,102,175
20	770	7,170	13,876	21,469	192,232	1,098,498	1,333,245
21	909	15,745	20,919	28,102	276,844	1,554,966	1,896,575
22	727	10,556	16,905	18,629	179,757	1,016,231	1,242,079
23	687	10,612	8,809	30,744	206,956	1,702,263	1,959,384
24	696	8,351	22,753	18,660	209,516	1,393,634	1,652,915
25	610	6,821	13,487	22,983	183,535	1,560,998	1,787,824
26	550	5,999	15,806	18,784	176,193	1,406,424	1,623,206
27	498	16,721	11,083	15,922	183,172	1,412,897	1,639,795
28	297	6,082	5,189	13,291	102,470	861,495	988,526
29	163	3,352	3,830	5,510	53,230	524,847	590,769
30	66	1,270	785	2,871	23,198	184,019	212,143
31	77	1,835	1,351	2,068	22,752	231,890	259,897
32	70	141	356	3,198	15,373	96,738	115,805
33	50	421	609	862	8,809	108,618	119,319
34	50	197	520	935	7,609	128,442	137,703
35	55	513	354	1,312	9,253	115,546	126,977
36	45	990	401	1,181	11,442	809,327	823,341
37	31	552	411	1,512	9,994	105,258	117,727
38	15	300	347	325	4,091	57,738	62,800
39	4	92	92	184	1,472	13,183	15,022
40	5	-	-	426	1,725	18,958	21,109
41	30	152	33	162	1,459	25,582	27,389
42	16	23	210	479	3,152	74,626	78,491
43	17	662	141	588	6,130	109,087	116,607
44	28	198	278	329	3,400	49,452	53,657
45	17	32	31	170	1,050	25,365	26,648
46	9	139	95	150	1,647	28,626	30,656
47	8	116	76	248	1,855	35,378	37,673
48	2	92	75	167	1,352	17,965	19,651
49	1	33	-	33	292	9,610	9,968
Total	64,671	1,030,948	1,146,574	2,252,647	16,882,688	39,633,764	60,946,621
PREMIUMS AND DISCOUNTS							(34,199)
GLOBAL							60,912,422

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

2.4 EARLY REPAYMENTS

EUR thousands, as of 6/30/2011

State	Early repayments during the year	Rate of early repayments
France		
Regions	42,790	2.11%
Municipalities	40,820	0.22%
Public sector entities :		
- health	16,344	0.13%
- social housing	3,241	0.03%
- others	12,933	0.11%
Sub total	259,174	0.53%
Italy		
Municipalities	2,585	0.13%
Sub total	2,585	0.07%
GLOBAL	259,174	0.48%

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

(3. ASSET-BACKED SECURITIES AND SIMILAR STRUCTURES

3.1 BREAKDOWN BY COUNTERPART

Name	Group*	Date of the acquisition	Number of bonds	Face value in EUR	Amount in EUR thousands as of 6/30/2011	
Colombo SRL	No	2001	55,000	1,000	6,688	
Astrea SRL	No	2002	21,000	1,000	821	
Blue Danube Loan Funding Gmbh	No	2002	1,000	100,000	79,364	
Dexia Crediop per la Cartolarizzazione	DCC1	Yes	2004	1,128,851	1,000	763,871
	DCC2	Yes	2005	1	1,005,965,000	703,733
	DCC3	Yes	2008	23,000	100,000	2,138,356
	Sub Total					3,605,960
Dexia Secured Funding Belgium	DSFB1	Yes	2007	6,721	250,000	1,421,595
	DSFB2	Yes	2008	6,356	250,000	1,386,805
	DSFB4	Yes	2009/2010	18,800	250,000	4,103,629
Sub Total					6,912,029	
TOTAL					10,604,862	
PREMIUMS AND DISCOUNTS					54	
GLOBAL					10,604,916	

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

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

3.2 RATINGS

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

- Colombo SRL (rated A+ by S&P and Aa2 by Moody's) et Societa veicolo Astrea SRL (rated AA- by Fitch and Aa3 by Moody's) are both Italian companies with assets that are exclusively loans to the Italian public sector (regions, municipalities, etc...).
- Blue Danube Loan Funding GmbH is governed by Austrian law, rated AA+ by S&P, and its debt is unconditionally and irrevocably guaranteed by the Land of Lower Austria.
- DCC Securities held by Dexia MA benefit from the guarantee of Dexia Crediop, and are rated, A by Fitch, A- by Standard and Poor's and A2 by Moody's.
- The securities issued by DSFB 1 et 2 held by Dexia MA benefit from the guarantee of Dexia Bank Belgium (DBB), and are rated, A+ by Fitch, A by Standard and Poor's and A1 by Moody's. The securities issued by DSFB 4 are not guaranteed by Dexia Bank Belgium but are rated AA by Fitch.

3.3 BREAKDOWN BY MATURITY DATE

EUR thousands, as of 6/30/2011

Residual maturity		Term to maturity					TOTAL
Maturity date in years	Number of deals ⁽¹⁾	Less than 3 months	3 to 6 months	6 months to 1 year	1 to 5 years	More than 5 years	
0	1	6,688	-				6,688
1	1	-	-	821			821
17	1	143,807	64,310	215,252	1,404,427	2,275,832	4,103,628
26	1	24,311	4,094	26,105	244,030	1,839,816	2,138,356
27	1	20,105	-	23,830	180,673	539,263	763,871
28	1	3,267	7,514	61,956	292,326	1,021,742	1,386,805
29	1	27,111	-	25,642	215,448	435,533	703,734
37	1		1,670	1,795	17,718	58,181	79,364
44	1	26,162	2,132	39,602	212,450	1,141,248	1,421,594
Total	9	251,451	79,720	395,003	2,567,072	7,311,615	10,604,862
PREMIUMS AND DISCOUNTS							54
GLOBAL							10,604,916

⁽¹⁾ Number of ABS arrived at maturity during the period

3.4 EARLY REPAYMENTS

No early repayment occurred on asset backed securities during the first half of 2011.

4. REPLACEMENT ASSETS

4.1. BREAKDOWN BY COUNTERPART

Replacement assets	Country	Issuer	Amount in EUR thousands as of 6/30/2011
Step 1 credit rating			
<i>Cedulas Territoriales</i>	Spain	Dexia Sabadell	3,000,000
<i>Lettres de gage</i>	Luxembourg	Dexia LdG Banque	1,850,000
Total			4,850,000
Step 2 credit rating (initial term < 100 days)			
Certificates of deposit*	France	Dexia Crédit Local	600,000
Guaranteed loans	France	Dexia Crédit Local	376,219
Total			976,219
TOTAL			5,826,219
PREMIUMS AND DISCOUNTS			(274)
GLOBAL			5,825,945

* A provision on placement bonds portfolio of 768K EUR was booked on certificates of deposits as of 6/30/2011 and represents the unrealized losses compared to market value.

4.2 RATINGS

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

- *Cedulas territoriales*, covered bonds issued by Dexia Sabadell are rated Aa2 by Moody's.
- *Lettres de gage* issued by Dexia LdG Bank are rated AAA by Standard and Poor's.
- Certificates of deposit issued by Dexia Credit Local and loans to Dexia Credit Local guaranteed by public sector securities are rated A+ by Fitch, A by Standard and Poor's and A1 by Moody's.

4.3 BREAKDOWN BY MATURITY DATE

EUR thousands, as of 6/30/2011

Residual maturity		Term to maturity					TOTAL
Maturity date in years	Number of deals ⁽¹⁾	Less than 3 months	3 to 6 months	6 months to 1 year	1 to 5 years	More than 5 years	
0	6	1,476,219	700,000		-	-	2,176,219
1	1	-	-	1,175,000	1,300,000	-	2,475,000
2	1	-	-	-	675,000	-	675,000
3	1	-	-	-	500,000	-	500,000
Total	9	1,476,219	700,000	1,175,000	2,475,000	-	5,826,219
PREMIUMS AND DISCOUNTS							(274)
GLOBAL							5,825,945

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

4.4 EARLY REPAYMENTS

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

5. MANAGEMENT OF THE INTEREST RATE RISK

The management of the interest rate risk involves two steps.

- In the first stage, all the assets and the liabilities benefiting from the privilege which do not naturally have a floating rate are swapped against Euribor until maturity as soon as they are recorded on the balance sheet. A residual fixed rate gap remains on certain fixed rate assets that are hedged by macro-swaps (in particular, small loans to clients). This gap is monitored within very strict limits.

- In the second step, Euribor lending and borrowing flows are swapped against Eonia over a sliding period of two years in order to eliminate the interest rate risk generated by differences in fixing dates. A residual gap remains after the first and second levels of hedging and is also monitored within strict limits.

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

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

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

Sensitivity of the interest rate gap (EUR millions)

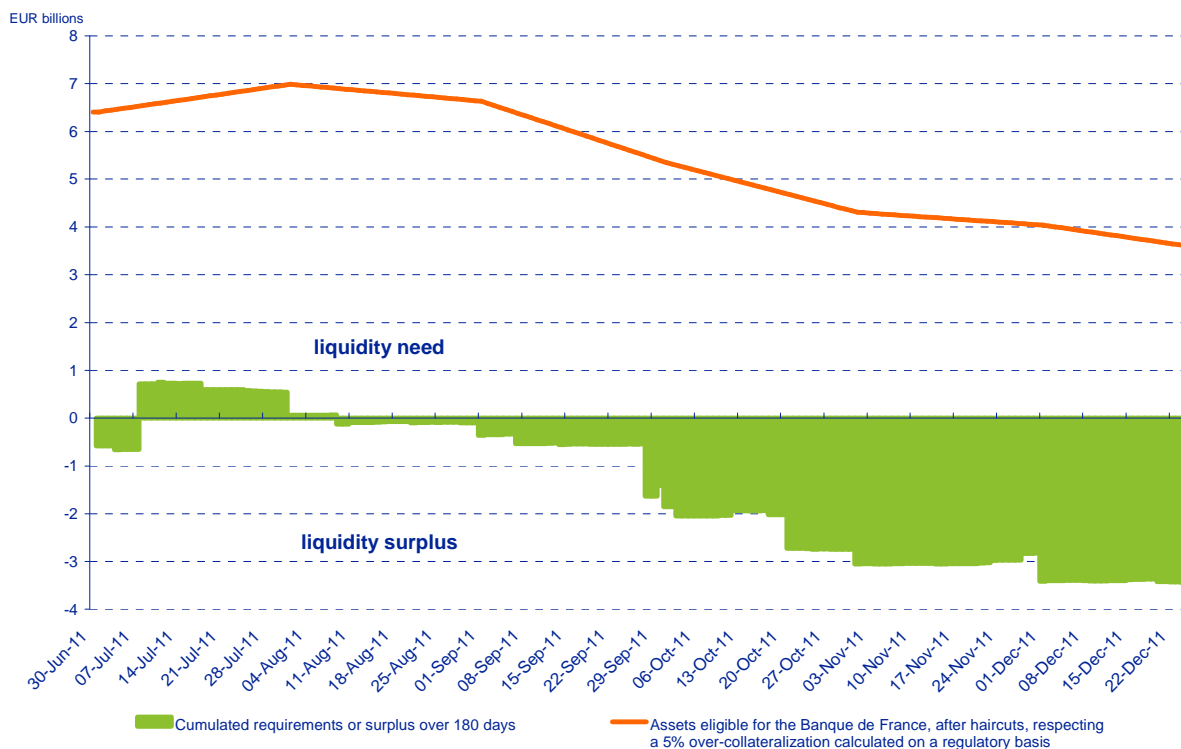
		Average	Maximum	Minimum	Limit
Fixed Rate	3Q 2010	19.4	29.9	12.2	26.0
	4Q 2010	17.9	22.2	13.9	26.0
	1Q 2011	13.1	20.8	5.2	26.0
	2Q 2011	12.9	13.4	12.2	31.0
Monetary	3Q 2010	1.0	2.8	0.1	9.0
	4Q 2010	(0.0)	3.0	(2.5)	9.0
	1Q 2011	1.6	2.6	0.4	9.0
	2Q 2011	0.3	2.8	(3.0)	9.0
Total	3Q 2010	20.3	31.7	12.6	35.0
	4Q 2010	18.1	22.8	14.0	35.0
	1Q 2011	14.6	22.7	5.7	35.0
	2Q 2011	13.1	15.6	12.2	40.0

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

(6. MANAGEMENT OF THE LIQUIDITY RISK

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

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



This graph is set with the assumption that the cash collateral received must be reimbursed at the next calculation date, this explains the liquidity need of the first week of July (about EUR 1.4 billion).