

REPORT ON ASSET QUALITY

as of March 31, 2012

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

**REPORT ON ASSET 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 March 31, 2012, Dexia Municipal Agency's cover pool is made of EUR 56.8 billion of loans and EUR 17.9 billion of bonds, that correspond to the following exposures :

EUR thousands, as of 3/31/2012	Amount	Assets temporarily removed from the cover pool	TOTAL
Exposures on public sector	63,552,331	-116,568	63,435,763
Asset-backed securities	10,039,205		10,039,205
Replacement assets	2,487,927	-1,300,000	1,187,927
TOTAL	76,079,463	-1,416,568	74,662,895

As a *société de crédit foncier*, Dexia MA can access the refinancing possibilities offered by the Banque de France to banks. Within the framework of the management of its cover pool and over-collateralization level, Dexia MA can thus remove some assets from its cover pool and pledge them to the central bank to obtain funding from tenders organized by the Banque de France.

As of March 31, 2012, the *cedulas territoriales* issued by Dexia Sabadell and considered as replacement assets were pledged to the Banque de France to obtain an amount of funding of EUR 1.2 billion, some loans to French public sector were also pledged to the central bank to cover potential variations of the market value of the *cedulas*.

(1. MORTGAGE LOANS

Dexia Municipal Agency has no mortgage loans.

(2. EXPOSURES ON PUBLIC SECTOR

2.1 BREAKDOWN BY COUNTERPART

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

EUR thousands	Direct Exposure		Indirect Exposure		Total	Of which non-performing loans	Of which past due	Of which specific impairment (2)
	Loans	Bonds (1)	Loans	Bonds (1)				
France								
State (4)	83,498		127,301		210,799			
Banque de France (3)	1,900,392				1,900,392			
Regions	1,863,930	138,185	300,156		2,302,271			
Departments	6,063,792		346,936		6,410,728	6,941	7,005	
Municipalities (5)	17,370,651	106,923	912,391		18,389,965	14,527	6,780	1,092
Groups of municipalities (6)	10,038,990	117,654	280,741		10,437,385	3,179	4,541	720
Public sector entities :								
- health	6,676,049				6,676,049	5,610	288	568
- social housing	2,027,879				2,027,879		1	
- others	1,105,340		15,171		1,120,511	3,904	785	441
Sub total	47,130,521	362,762	1,982,696	-	49,475,979	34,161	19,400	2,821
Germany								
State				11,580	11,580			
Länder		504,493		499,926	1,004,419			13,081
Sub total	-	504,493	-	511,506	1,015,999	-	-	13,081
Austria								
Länder	203,158				203,158			
Sub total	203,158	-	-	-	203,158	-	-	-
Belgium								
Regions	280,067		79,477		359,544			
Communities		50,000			50,000			
Public sector entities	80,556				80,556			
Sub total	360,623	50,000	79,477	-	490,100	-	-	-
Canada								
Provinces		22,371			22,371			
Municipalities	240,588				240,588			
Public sector entities	131,508				131,508			
Sub total	372,096	22,371	-	-	394,467	-	-	-
Spain								
Municipalities	293,327				293,327			
Regions		227,183			227,183			5,171
Sub total	293,327	227,183	-	-	520,510	-	-	5,171
United States								
Federated States		252,943			252,943			
Sub total	-	252,943	-	-	252,943	-	-	-
Finland								
Municipalities	17,775				17,775			
Public sector entities	48,265				48,265			
Sub total	66,040	-	-	-	66,040	-	-	-

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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)				
Italy								
State		506,270		47,673	553,943			62,327
Regions		1,579,177			1,579,177			3,886
Provinces		295,533			295,533			
Municipalities	13,389	1,581,716			1,595,105			
Sub total	13,389	3,962,696	-	47,673	4,023,759	-	-	66,213
Japon								
Municipalities		25,000			25,000			
Sub total	-	25,000	-	-	25,000	-	-	-
Portugal								
Regions				47,500	47,500			
Municipalities	87,184				87,184			
Public sector entities	9,453				9,453			
Sub total	96,637	-	-	47,500	144,137	-	-	-
United Kingdom								
State				654,454	654,454			19,415
County (7)			398,124		398,124			
District (7)			27,973		27,973			
Communes (7)			1,367,720		1,367,720			
Public sector entities (7)			56,183		56,183			
Sub total	-	-	1,850,000	654,454	2,504,454	-	-	19,415
Sweden								
Municipalities	87,732		88,412		176,144			
Public sector entities	26,122				26,122			
Sub total	113,854	-	88,412	-	202,266	-	-	-
Switzerland								
Cantons	1,620,371		989,073		2,609,444			
Municipalities	1,334,934				1,334,934			
Public sector entities	124,621				124,621			
Sub total	3,079,926	-	989,073	-	4,068,999	-	-	-
Supranational								
International organizations	47,953				47,953			
Sub total	47,953	-	-	-	47,953	-	-	-
TOTAL	51,777,524	5,407,448	4,989,658	1,261,133	63,435,763	34,161	19,400	106,701
PREMIUMS AND DISCOUNTS					(13,423)			
TRANSLATION ADJUSTMENTS					(70,959)			
GLOBAL					63,351,381			

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

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

- specific impairment on non performing loans : EUR 2,821 thousand
- provisions for unrealised losses on placement portfolio bonds : EUR 103,880 thousand

(3) Dexia MA's Banque de France account as of March 31, 2012

(4) Of w hich EUR 5,650 thousand on operations linked to partnership agreement (PPP)

(5) Of w hich EUR 18,910 thousand on operations linked to partnership agreement (PPP)

(6) Of w hich EUR 17,752 thousand on operations linked to partnership agreement (PPP)

(7) This concerns a loan granted to Dexia Credit Local for EUR 1,850 million guaranteed by United Kingdom's public entities

2.2 RATINGS

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

2.3 BREAKDOWN BY MATURITY DATE

EUR thousands, as of 3/31/2012

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	2,283	2,025,081	337,103	-	-	-	2,362,184
1	4,376	33,412	31,090	666,414	278,154	-	1,009,070
2	3,639	56,011	32,630	129,359	745,846	-	963,848
3	3,643	38,723	39,210	91,728	1,903,988	-	2,073,650
4	3,157	36,397	29,234	91,715	3,012,864	-	3,170,210
5	3,353	24,998	28,445	87,629	1,160,105	-	1,301,178
6	4,043	59,830	55,356	100,083	902,350	1,992,210	3,109,829
7	3,445	44,533	46,618	105,100	835,686	864,950	1,896,888
8	3,318	40,680	35,075	110,970	789,293	1,741,470	2,717,487
9	2,614	34,349	29,545	94,151	695,908	876,277	1,730,230
10	2,649	34,576	34,422	104,765	740,372	1,420,389	2,334,523
11	2,624	31,191	32,760	85,186	623,458	1,760,133	2,532,727
12	1,971	30,015	31,330	85,222	627,398	1,345,392	2,119,358
13	3,249	67,294	40,379	88,507	781,858	1,785,294	2,763,331
14	3,013	32,189	34,716	89,389	676,065	2,536,954	3,369,314
15	1,923	30,585	35,432	87,159	651,844	2,443,104	3,248,124
16	1,753	23,093	34,760	78,600	602,914	2,627,520	3,366,887
17	1,356	18,009	25,162	62,121	451,452	1,733,730	2,290,474
18	1,472	17,805	17,943	48,592	365,370	1,539,382	1,989,092
19	1,293	13,879	13,683	35,619	271,516	1,377,407	1,712,104
20	851	14,169	15,675	32,688	272,359	1,468,852	1,803,743
21	928	12,708	9,285	39,106	262,096	1,455,973	1,779,169
22	655	8,800	8,817	24,911	180,870	1,214,434	1,437,831
23	781	14,544	10,238	21,725	193,313	1,589,694	1,829,514
24	631	7,652	7,968	27,539	182,702	1,360,575	1,586,436
25	637	10,938	6,095	30,561	205,371	1,716,031	1,968,995
26	544	9,027	15,883	23,275	201,009	1,522,581	1,771,774
27	429	6,010	7,416	20,093	137,805	1,041,095	1,212,419
28	293	6,259	4,292	12,599	101,013	802,624	926,787
29	134	2,480	4,278	6,781	56,342	398,755	468,636
30	87	966	2,061	4,427	31,926	318,273	357,653
31	68	972	837	2,251	16,741	150,800	171,601
32	68	765	513	2,884	16,549	94,546	115,258
33	49	372	236	1,203	8,753	105,502	116,066
34	54	622	570	1,118	10,921	175,581	188,812
35	53	880	985	704	11,116	162,242	175,927
36	45	524	600	924	9,280	804,954	816,282
37	27	250	321	1,779	9,522	99,739	111,611
38	10	67	81	393	2,281	33,204	36,025
39	3	90	90	181	1,444	12,250	14,056
40	8	444	154	67	2,683	28,013	31,361
41	35	53	52	116	963	21,584	22,768
42	11	28	44	705	3,434	76,500	80,711
43	16	385	164	279	3,662	99,070	103,559
44	27	165	149	453	3,247	43,789	47,803
45	20	100	91	155	1,541	37,185	39,072
46	7	64	114	249	1,834	25,976	28,237
47	7	41	85	205	1,421	29,081	30,834
48	2	75	109	185	1,504	22,505	24,377
49	1	-	23	23	204	6,727	6,978
Total	61,655	2,792,103	1,062,116	2,499,890	18,048,348	38,962,347	63,364,804
PREMIUMS AND DISCOUNTS							(13,423)
GLOBAL							63,351,381

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

2.4 EARLY REPAYMENTS

EUR thousands, as of 3/31/2012

State	Early repayments during the year	Rate of early repayments
France		
Regions	97,534	4.98%
Départements	90,085	1.54%
Municipalities	60,254	0.34%
Group of municipalities	19,243	0.19%
Public sector entities :		
- health	12,219	0.15%
- social housing	10,807	0.44%
- others	77	0.01%
Sub total	290,219	0.61%
GLOBAL	290,219	0.61%

The rate of early repayments corresponds to the volume of early repayments occurred during the first quarter of 2012 divided by the average of daily outstanding amount. It is not annualized.

As a reminder, the rate of early repayments in 2011 was 1.21% for EUR 604 millions of repayments occurred in:

1Q :	137
2Q :	262
3Q :	171
4Q :	34
	<u>604</u>

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 3/31/2012	Maturity date	
Colombo SRL	No	2001	55,000	1,000	4,337	2026	
Astrea SRL	No	2002	21,000	1,000	233	2013	
Blue Danube Loan Funding Gmbh	No	2002	1,000	100,000	77,694	2049	
Dexia Crediop per la Cartolarizzazione	DCC1	Yes	2004	1,128,851	1,000	716,053	2039
	DCC2	Yes	2005	1	1,005,965,000	645,970	2041
	DCC3	Yes	2008	23,000	100,000	2,091,137	2037
Sub Total					3,453,160		
Dexia Secured Funding Belgium	DSFB1	Yes	2007	6,721	250,000	1,383,368	2058
	DSFB2	Yes	2008	6,356	250,000	1,340,352	2040
	DSFB4	Yes	2009/2010	18,800	250,000	3,780,061	2047
Sub Total					6,503,781		
TOTAL					10,039,205		
PREMIUMS AND DISCOUNTS					50		
GLOBAL					10,039,255		

* The seller of the securitized exposures is integrated in the scope of consolidation of Dexia Group at the acquisition date.

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

3.2 RATINGS

As of March 31, 2012, asset-backed securities and similar structures held by Dexia Municipal Agency get the following ratings:

- Colombo SRL (rated A / watch negative by S&P) and Societa veicolo Astrea SRL (rated A-/ outlook negative by Fitch and A3 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 / watch negative by Fitch, BB- by Standard and Poor's and Baa3 / on review for downgrade 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- / outlook stable by Fitch, A- / watch negative by S&P and A3 / on review for downgrade 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 3/31/2012

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	
1	1			233			233
14	1					4,337	4,337
25	1	7,291	20,815	35,029	241,684	1,786,318	2,091,137
27	1		20,466	23,841	176,417	495,329	716,053
29	2	26,284	23,215	69,708	498,926	1,368,189	1,986,322
35	1	99,802	106,846	206,241	1,329,501	2,037,670	3,780,060
37	1	1,795		1,880	18,545	55,474	77,694
46	1	29,669	12,459	36,205	211,482	1,093,554	1,383,369
Total	9	164,841	183,801	373,137	2,476,555	6,840,871	10,039,205
PREMIUMS AND DISCOUNTS							50
GLOBAL							10,039,255

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

3.4 EARLY REPAYMENTS

EUR thousands, as of 3/31/2012		
PAYS	Early repayments during the year	Rate of early repayments
Italy		
Dexia Crediop per la Cartolarizzazione	3,892	0.11%
GLOBAL	3,892	0.11%

(4. REPLACEMENT ASSETS

4.1. BREAKDOWN BY COUNTERPART

EUR thousands, as of 3/31/2012	Amount
Replacement assets	2,487,927
Assets temporarily out of the Cover Pool	- 1,300,000
TOTAL	1,187,927

Replacement assets	Country	Issuer	Amount in EUR thousands as of 03/31/2012
Step 1 credit rating			
<i>Lettres de gage</i>	Luxemburg	Dexia LdG Banque	1,175,000
Total			1,175,000
Bank accounts	France		12,927
Total			12,927
TOTAL			1,187,927
PREMIUMS AND DISCOUNTS			(212)
GLOBAL			1,187,715
Removed from the cover pool <i>Cedulas Territoriales</i>	Spain	Dexia Sabadell	1,300,000

4.2 RATINGS

As of December 31, 2012, replacement assets held by Dexia Municipal Agency get the following ratings:

- *Lettres de gage* issued by Dexia LdG Bank are rated AAA / watch negative by S&P.
- *Cedulas territoriales*, covered bonds issued by Dexia Sabadell are rated Baa2 / on review for downgrade by Moody's as of March 31, 2012.

4.3 BREAKDOWN BY MATURITY DATE

EUR thousands, as of 3/31/2012

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	12,927	-	-	-	-	12,927
1	1	-	-	-	675,000	-	675,000
3	1	-	-	-	500,000	-	500,000
Total	3	12,927	-	-	1,175,000	-	1,187,927
PREMIUMS AND DISCOUNTS							(212)
GLOBAL							1,187,715

(1) Excluding bank accounts

(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 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 is unchanged to EUR 40.0 million, 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.

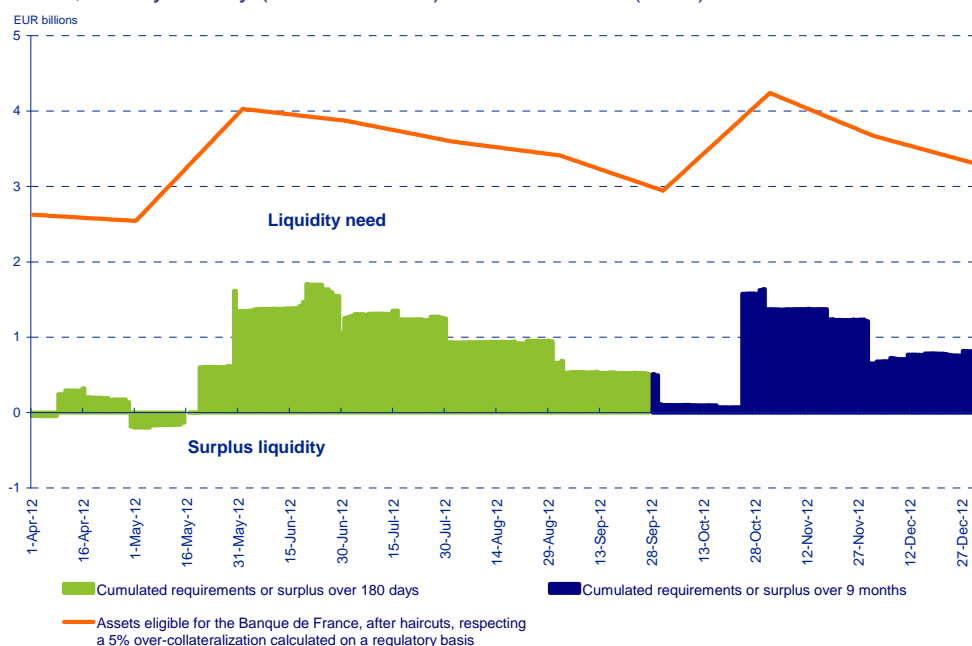
Sensitivity of the interest rate gap (EUR millions)

		Average	Maximum	Minimum	Limit
Fixed Rate	2Q 2011	12.9	13.4	12.2	31.0
	3Q 2011	17.3	20.7	14.0	31.0
	4Q 2011	19.2	24.5	14.9	31.0
	1Q2012	15.0	16.2	12.9	31.0
Monetary	2Q 2011	0.3	2.8	(3.0)	9.0
	3Q 2011	(0.4)	1.5	(6.0)	9.0
	4Q 2011	0.9	4.1	0.4	9.0
	1Q2012	0.3	0.7	0.2	9.0
Total	2Q 2011	13.1	15.6	12.2	40.0
	3Q 2011	16.8	21.1	12.2	40.0
	4Q 2011	20.8	25.5	16.3	40.0
	1Q2012	15.4	16.4	13.4	40.0

(6. MANAGEMENT OF THE LIQUIDITY RISK

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 March 2012, Dexia MA's future cumulated need for cash corresponded to reimbursements of *obligations foncières*, mainly in May (USD and JPY) and in October (EUR) as shown in the following graph.



This graph is set with the assumption that the cash collateral received must be reimbursed at the end of the first week (next calculation date), for approximately EUR 2.6 billion.