

REPORT ON ASSET QUALITY

as of September 30, 2012

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

The report on cover pool quality, consistent with Instruction No. 2011-I-07, June 15, 2011, aims at presenting all of the assets comprising the cover pool of Dexia Municipal Agency.

As of September 30, 2012, Dexia Municipal Agency's cover pool is made of EUR 56.9 billion of loans and EUR 15.2 billion of bonds, that correspond to the following exposures :

EUR thousands, as of 9/30/2012	Amount	Assets temporarily removed from the cover pool	TOTAL
Exposures on public sector	63,247,043		63,247,043
Asset-backed securities	8,359,569		8,359,569
Replacement assets	516,730		516,730
TOTAL	72,123,342	-	72,123,342

As a *société de crédit foncier*, Dexia Municipal Agency 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 Municipal Agency 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 September 30, 2012, no asset has been assigned by Dexia MA in guarantee to the Banque de France.

In the first nine months of 2012, EUR 3.2 billion were early reimbursed or sold,. The main parts of these reimbursements or sells included the following assets:

- EUR 0.6 billion on Greek and Icelandic bonds bought by Dexia;
- EUR 1.4 billion on securities issues by DSFB 1, a Belgian asset-backed securities, bought by Belfius Bank & Insurance;
- EUR 1.2 billion on Lettres de gage, bought back by their issuer, Dexia LdG Bank.

(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 (3)	83,498		138,601		222,099		257	
Banque de France (4)	3,400,000				3,400,000			
Regions	1,813,024	133,185	297,535		2,243,744		19	
Departments	5,985,424		338,938		6,324,362	6,941	7,362	
Municipalities (5)	16,880,373	106,375	876,772		17,863,520	32,344	15,338	3,009
Groups of municipalities (6)	9,826,498	117,654	270,580		10,214,732	50,105	11,789	4,750
Public sector entities :								
- health	6,574,990				6,574,990	3,565	1,124	380
- social housing	1,966,260				1,966,260		61	
- others	1,050,018		13,510		1,063,528		603	
Sub total	47,580,085	357,214	1,935,936	-	49,873,235	92,955	36,553	8,139
Germany								
State				11,580	11,580			
Länder		504,896		342,011	846,907			10,593
Sub total	-	504,896	-	353,591	858,487	-	-	10,593
Austria								
Länder	201,961				201,961			
Sub total	201,961	-	-	-	201,961	-	-	-
Belgium								
Regions	198,762		72,293		271,055			
Communities		50,000			50,000			
Public sector entities	79,163				79,163			
Sub total	277,925	50,000	72,293	-	400,218	-	-	-
Canada								
Provinces		22,371			22,371			
Municipalities	234,574				234,574			
Public sector entities	138,286				138,286			
Sub total	372,860	22,371	-	-	395,231	-	-	-
Spain								
Municipalities	286,411				286,411			
Regions		227,572			227,572			4,781
Sub total	286,411	227,572	-	-	513,983	-	-	4,781
United States								
Federated States		252,943			252,943			
Sub total	-	252,943	-	-	252,943	-	-	-
Finland								
Municipalities	14,450				14,450			
Public sector entities	44,885				44,885			
Sub total	59,335	-	-	-	59,335	-	-	-

EUR thousands	Direct Exposure		Indirect Exposure		Global	Of which non performing loans	Of which past due	Of which specific impairment (2)
	Loans	Bonds (1)	Loans	Bonds (1)				
Country								
Italy								
State		506,270		42,844	549,114			67,156
Regions		1,561,663			1,561,663			4,042
Provinces		286,930			286,930			
Municipalities	12,968	1,552,838			1,565,806			
Sub total	12,968	3,907,701	-	42,844	3,963,513	-	-	71,198
Japon								
Municipalities		25,000			25,000			
Sub total	-	25,000	-	-	25,000	-	-	-
Portugal								
Municipalities	82,135				82,135			
Public sector entities	9,023				9,023			
Sub total	91,158	-	-	-	91,158	-	-	-
United Kingdom								
State				622,881	622,881			18,216
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	622,881	2,472,881	-	-	18,216
Sweden								
Municipalities	86,051		55,874		141,925			
Public sector entities	18,308				18,308			
Sub total	104,359	-	55,874	-	160,233	-	-	-
Switzerland								
Cantons	1,604,464		910,040		2,514,504			
Municipalities	1,294,029				1,294,029			
Public sector entities	124,034				124,034			
Sub total	3,022,527	-	910,040	-	3,932,567	-	-	-
Supranational								
International organizations	46,298				46,298			
Sub total	46,298	-	-	-	46,298	-	-	-
TOTAL	52,055,887	5,347,697	4,824,143	1,019,316	63,247,043	92,955	36,553	112,927
PREMIUMS AND DISCOUNTS					(11,506)			
TRANSLATION ADJUSTMENTS					(15,365)			
GLOBAL					63,220,172			

(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 8,139 thousand
- provisions for unrealised losses on placement portfolio bonds : EUR 104,788 thousand

(3) Of w hich EUR 17,078 thousand on operations linked to partnership agreement (PPP)

(4) Dexia MA's Banque de France account as of September 30, 2012

(5) Of w hich EUR 18,341 thousand on operations linked to partnership agreement (PPP)

(6) Of w hich EUR 17,345 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 9/30/2012

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	3,205	3,574,507	365,363	-	-	-	3,939,870
1	3,745	80,066	52,150	297,298	379,254	-	808,768
2	3,732	41,670	51,638	81,699	1,226,533	-	1,401,540
3	3,375	38,943	46,131	81,115	1,723,014	-	1,889,202
4	3,173	47,240	48,119	73,188	3,077,738	-	3,246,285
5	3,834	43,480	56,625	62,292	1,133,128	-	1,295,526
6	3,664	37,143	64,339	114,747	887,003	1,990,069	3,093,301
7	3,455	50,064	64,035	99,605	899,880	1,468,533	2,582,116
8	2,883	51,784	42,148	75,279	750,967	930,982	1,851,161
9	2,579	50,699	57,448	71,653	764,357	974,633	1,918,790
10	2,679	38,510	44,187	70,117	649,474	1,474,805	2,277,094
11	2,177	39,833	45,545	68,029	661,487	1,682,680	2,497,574
12	2,047	33,056	50,321	55,530	591,629	1,280,392	2,010,929
13	4,060	43,467	51,291	113,762	832,664	2,014,147	3,055,331
14	2,194	55,593	36,860	68,303	680,796	2,856,842	3,698,395
15	1,757	29,426	47,018	65,980	607,501	2,551,144	3,301,069
16	1,514	29,225	32,513	63,443	538,310	1,936,360	2,599,851
17	1,220	26,460	20,761	43,580	387,132	1,449,401	1,927,334
18	1,700	14,954	24,553	33,871	313,053	1,536,727	1,923,157
19	868	20,696	13,044	25,782	257,327	1,263,134	1,579,983
20	926	22,086	17,915	39,741	340,055	1,684,707	2,104,504
21	774	16,629	9,478	20,995	199,462	1,057,016	1,303,581
22	631	8,898	10,479	19,270	161,484	1,388,794	1,588,924
23	756	17,755	10,899	22,301	218,199	1,556,501	1,825,656
24	604	16,047	14,007	16,119	198,300	1,638,687	1,883,160
25	599	12,099	10,719	18,563	177,744	1,310,449	1,529,575
26	514	12,840	9,852	25,950	207,317	1,528,658	1,784,617
27	323	5,846	8,220	11,907	114,768	862,657	1,003,398
28	198	4,276	3,341	8,845	69,030	513,090	598,582
29	92	1,939	3,130	4,325	39,875	330,494	379,762
30	70	1,197	1,038	3,312	23,466	191,690	220,704
31	79	633	2,711	1,014	17,844	135,763	157,965
32	53	599	456	1,225	10,722	109,275	122,278
33	53	579	462	656	7,723	102,955	112,376
34	48	365	398	1,116	9,087	127,710	138,676
35	52	397	595	1,978	12,957	796,906	812,832
36	38	408	1,290	1,152	12,528	249,619	264,997
37	18	366	205	521	4,572	59,892	65,556
38	4	92	92	184	1,473	12,722	14,563
39	3	28	39	56	500	5,201	5,824
40	14	12	19	555	2,387	27,731	30,705
41	34	240	501	96	3,711	84,592	89,139
42	11	131	182	859	5,054	68,496	74,722
43	32	303	166	643	4,787	85,387	91,284
44	14	28	69	75	718	13,250	14,140
45	17	82	89	195	1,723	36,144	38,232
46	8	77	186	188	1,908	34,636	36,995
47	2	30	48	78	641	9,712	10,509
48	2	75	110	185	1,510	22,313	24,193
49	1	-	23	24	208	6,699	6,955
Total	59,831	4,470,874	1,320,809	1,767,404	18,210,996	37,461,595	63,231,678
PREMIUMS AND DISCOUNTS							(11,506)
GLOBAL							63,220,172

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

2.4 EARLY REPAYMENTS

EUR thousands, as of 9/30/2012

State	Early repayments during the year	Rate of early repayments
France		
Regions	97,534	5.20%
Departments	130,017	2.26%
Municipalities	82,727	0.47%
Group of municipalities	29,613	0.30%
Public sector entities :		
- health	35,811	0.44%
- social housing	21,717	0.90%
- others	2,742	0.21%
Sub total	400,161	0.85%
Italy		
Provinces	1,360	0.47%
Sub total	1,360	0.47%
Portugal		
Regions	47,500	100.00%
Sous Total	47,500	100.00%
GLOBAL	449,021	0.95%

The rate of early repayments corresponds to the volume of early repayments occurred during the first three 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
	<hr/>
	604

(3. ASSET-BACKED SECURITIES AND SIMILAR STRUCTURES

3.1 BREAKDOWN BY COUNTERPART

Name	Group*	Date of the acquisition	Number of bonds	Face value in EUR	Amount in EUR thousands as of 9/30/2012	Maturity date	
Colombo SRL	No	2001	55,000	1,000	3,249	2026	
Astrea SRL	No	2002	21,000	1,000	50	2013	
Blue Danube Loan Funding GmbH	No	2002	1,000	100,000	75,899	2049	
Dexia Crediop per la Cartolarizzazione	DCC1	Yes	2004	1,128,851	1,000	690,699	2039
	DCC2	Yes	2005	1	1,005,965,000	614,474	2041
	DCC3	Yes	2008	23,000	100,000	2,063,031	2037
Sub Total					3,368,204		
Dexia Secured Funding Belgium	DSFB2	Yes	2008	6,356	250,000	1,310,801	2040
	DSFB4	Yes	2009/2010	18,800	250,000	3,601,366	2047
Sub Total					4,912,167		
TOTAL					8,359,569		
PREMIUMS AND DISCOUNTS					46		
GLOBAL					8,359,615		

* 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 hold by Dexia Municipal Agency represent public sector exposures.

The securities issued by DSFB 1 has been bought by Belfius Bank & Insurance for EUR 1.4 billion, in September 2012.

3.2 RATINGS

As of September 30, 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 Municipal Agency benefit from the guarantee of Dexia Crediop, and are rated, BBB+ / watch negative by Fitch, B+ by Standard and Poor's and Ba2 / on review for downgrade by Moody's.
- The securities issued by DSFB 2 held by Dexia Municipal Agency benefit from the guarantee of Belfius Bank and Insurance (ex Dexia Bank Belgium), and are rated, A- / outlook stable by Fitch, A- / watch negative by S&P and Baa1 / by Moody's. The securities issued by DSFB 4 are not guaranteed by Belfius Bank and Insurance but are rated AA- / outlook negative by Fitch.

3.3 BREAKDOWN BY MATURITY DATE

EUR thousands, as of 9/30/2012

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	-	50	-	-	-	50
14	1	-	-	-	-	3,249	3,249
25	1	8,579	26,450	23,736	256,450	1,747,816	2,063,031
26	1	-	18,953	19,766	174,035	477,944	690,699
28	2	7,514	50,645	57,422	503,607	1,306,086	1,925,275
34	1	92,718	141,477	171,851	1,282,824	1,912,496	3,601,366
37	1	1,880	-	1,955	19,378	52,686	75,899
Total	8	110,691	237,575	274,729	2,236,295	5,500,277	8,359,569
PREMIUMS AND DISCOUNTS							46
GLOBAL							8,359,615

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

3.4 EARLY REPAYMENTS

EUR thousands, as of 9/30/2012

PAYS	Early repayments during the year	Rate of early repayments
Italy		
Dexia Crediop per la Cartolarizzazione	14,653	0.44%

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

(4. REPLACEMENT ASSETS

4.1. BREAKDOWN BY COUNTERPART

EUR thousands, as of 9/30/2012

	Amount
Replacement assets	516,730
TOTAL	516,730

Replacement assets	Country	Issuer	Amount in EUR thousands as of 9/30/2012
Step 1 credit rating			-
Step 2 credit rating			
Bank accounts	France		16,730
Other assets			
Cedulas territoriales	Spain	Dexia Sabadell	500,000
TOTAL			516,730
PREMIUMS AND DISCOUNTS			-
GLOBAL			516,730

Lettres de gage Dexia LdG Bank have been bought back by the issuer for EUR 1.175 billion in September 2012.

4.2 RATINGS

Cedulas territoriales, covered bonds issued by Dexia Sabadell are rated Ba1 / on review for downgrade by Moody's as of September 30, 2012.

Cedulas territoriales, because of their rating, do not contribute to the calculation of Dexia Municipal Agency's regulatory over-collateralization. These *cedulas* are near maturity, i.e. January 2013.

4.3 BREAKDOWN BY MATURITY DATE

EUR thousands, as of 9/30/2012

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	16,730	500,000	-	-	-	516,730
Total	2	16,730	500,000	-	-	-	516,730
PREMIUMS AND DISCOUNTS							-
GLOBAL							516,730

(1) Numbers of deals arrived at maturity during the period

4.4 EARLY REPAYMENTS

EUR thousands, as of 9/30/2012

Replacement assets	Country	Issuer	Early repayments during the year	Rate of early repayments
<i>Lettres de gage</i>	Luxembourg	Dexia LdG Banque	1,175,000	100.00%

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

(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.

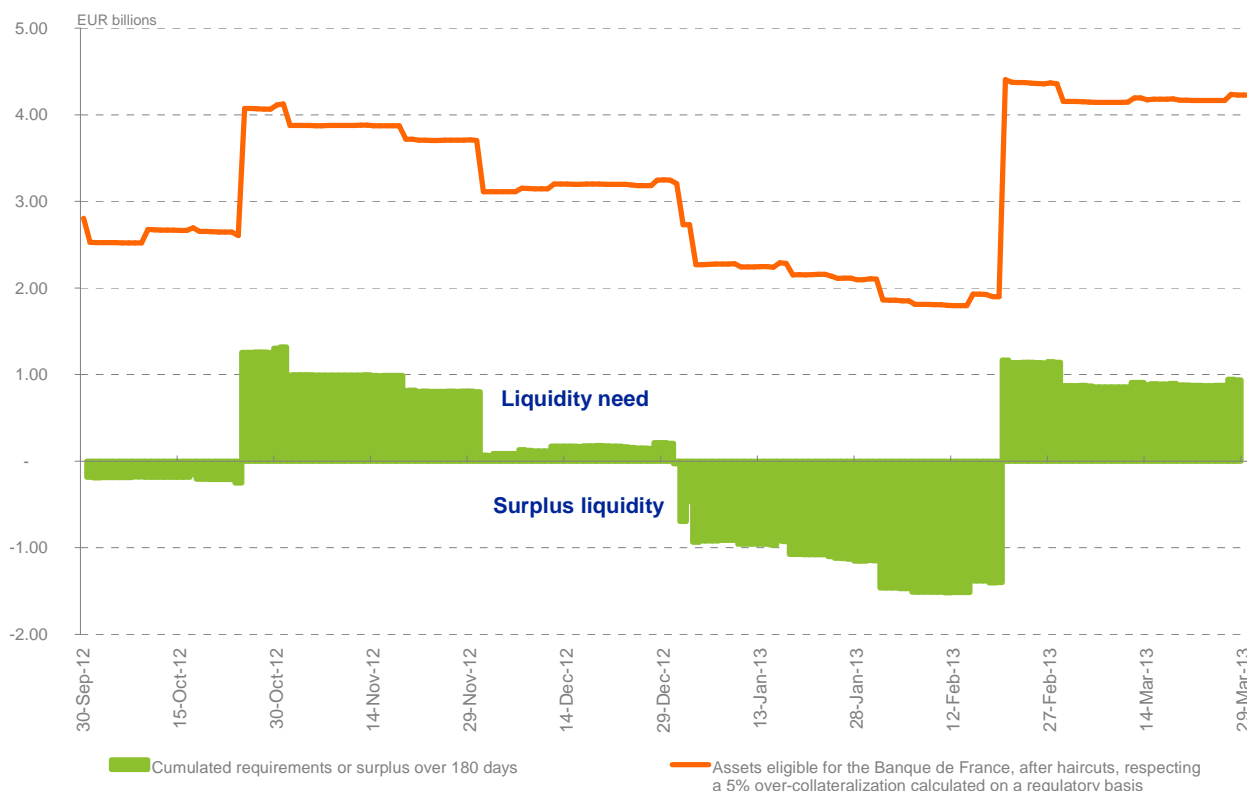
Sensitivity of the interest rate gap (EUR millions)

		Average	Maximum	Minimum	Limit
Fixed Rate	4Q 2011	19.2	24.5	14.9	31.0
	1Q 2012	15.0	16.2	12.9	31.0
	2Q 2012	15.0	17.9	12.5	31.0
	3Q 2012	15.2	16.6	13.2	31.0
Monetary	4Q 2011	0.9	4.1	0.4	9.0
	1Q 2012	0.3	0.7	0.2	9.0
	2Q 2012	(0.0)	1.0	(1.1)	9.0
	3Q 2012	0.9	1.2	0.6	9.0
Total	4Q 2011	20.8	25.5	16.3	40.0
	1Q 2012	15.4	16.4	13.4	40.0
	2Q 2012	14.9	18.4	12.9	40.0
	3Q 2012	16.1	17.2	14.1	40.0

(6. MANAGEMENT OF THE LIQUIDITY RISK

Cash needs over the next 180 days: Dexia Municipal Agency'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 Municipal Agency ensures that at any time, its cash needs over a period of 180 days are covered by replacement assets, assets eligible for credit operations with the Banque de France, or by refinancing agreements signed with credit institutions with the best short-term credit rating.

At the end of September 2012, Dexia Municipal Agency has no cumulated need for cash. The temporary needs for cash mainly corresponded to reimbursements of *obligations foncières* arriving at maturity, 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 3.4 billion.