



Investment manager's comments

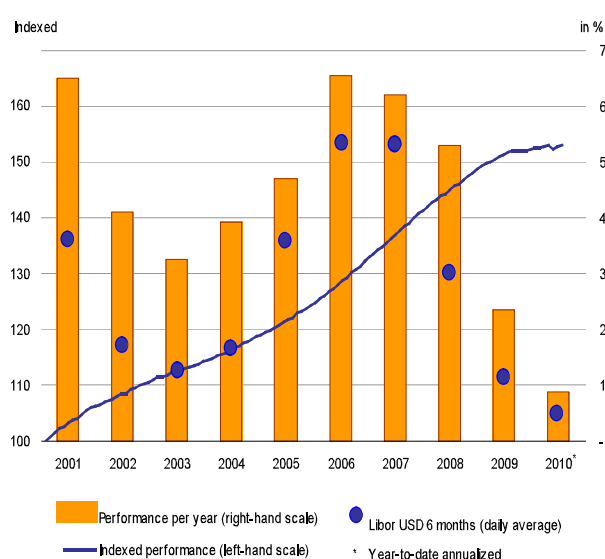
July was a strong month for placements in the Dexia Micro-Credit Fund, and more than USD 30mm was disbursed in new loans to 7 MFIs in a very diverse group of countries: Armenia, El Salvador, Indonesia, Kosovo, the Philippines, Tajikistan and, for the first time, Turkey. Three of the MFIs that received funding are new borrowers from the fund, and include "downscaling" banks that are building up their microfinance portfolios. In one of the loans, DMCF participated in a syndication with another lender: participation in such syndications allows the fund to expand its MFI and country coverage, and we aim to continue to make use of these opportunities when appropriate. New exposures more than offset amortizations received during the month, thereby increasing the DMCF's microfinance investment level to almost 82%. This is in line with our expectations of greater investment levels on the back of higher demand for financing from MFIs in most regions. Performance in the fund was stable for the month, and no new provisions were taken on the portfolio.

Summary Portfolio details

Net Asset Value (NAV)*	USD	503'785'937.78
Total Assets	USD	503'785'937.78
Microfinance loan portfolio	USD	411'066'428.49
Average loan size	USD	2'635'041.21
Portfolio average life (in months)		16.46
Number of countries		37
Number of MFIs		94
Number of loans outstanding		156
Total new disbursements	USD	30'160'751.51
Number of loans disbursed		7.00
Total disbursements since inception	USD	878'701'319.66
Number of loans disbursed since inception		679

* Please note that the calculation of Total Assets has been changed to equal NAV plus borrowings from the credit line, in contrast to the previous definition which included outstanding net foreign exchange forwards.

Performance chart - USD share class



Performance data

	USD	EUR	CHF
NAV	184'281'613.05	200'958'154.97	55'873'709.92
Share Value	17'008.12	13'067.22	12'215.78
Monthly return (28 days)	0.13%	0.11%	0.08%
Return on investment year-to-date	0.51%	0.39%	0.30%
Last 12 months	0.86%	0.71%	0.49%
Last 3 years (annualized)*	3.56%	3.49%	2.47%
Last 5 years (annualized)*	4.59%	3.81%	2.50%
Since inception (total return)	70.08%	30.67%	22.16%
Inception date	September 1998	April 2003	December 2001

*Calculation takes into account compounding effect.

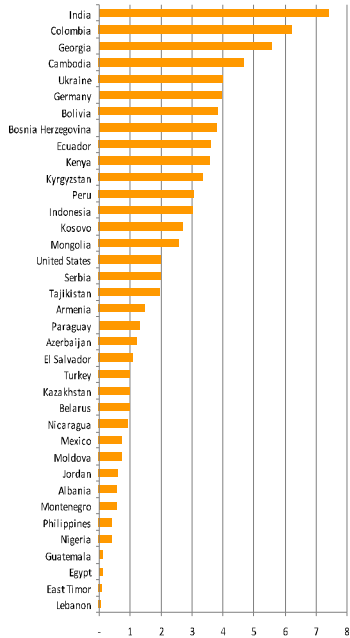
Social performance indicators

Total # of microentrepreneurs reached by MFIs in the portfolio	16'308'541
# of microentrepreneurs reached by funding provided by DMCF	601'253
% of rural clients*	45%
% of female clients*	53%
Average loan outstanding in USD	1'802

*Data as of 31 December 2009

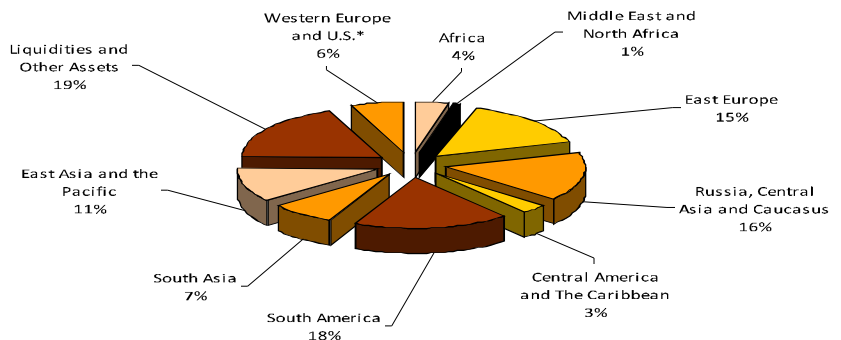


Exposure by country (in % of NAV)



*Data is net of provisions

Exposure by region (as % of total assets)



*Loans to microfinance networks for the purpose of on-lending to regional affiliates and liquidity management
**Data is net of provisions

Five largest outstanding positions (as % of NAV)

PROCREDIT BANK GEORGIE	Georgia	4.96%
PROCREDIT BANK UKRAINE	Ukraine	3.97%
PROCREDIT HOLDING	Germany	3.94%*
WWB - BUCARAMANGA	Colombia	3.39%
SPANDANA	India	2.98%

* additional information can be provided upon request

Fund description, facts and information



Structure: Luxemburg SICAV, part II
 Inception date: September 1998
 Registration: Luxemburg
 Investment Managers: BlueOrchard Finance S.A.
 www.blueorchard.com
 Dexia Asset Management
 www.dexia-am.com
 Custodian Bank: RBC Dexia
 Sponsor Bank/ Distributor: Dexia BIL
 ISIN Number: USD share class – LU0091117944
 CHF share class – LU0136928586
 EUR share class – LU0164081316

Valuation Dates: 1st Wed. of each month
 Subscriptions: Monthly (with 1 day's notice) effective the 1st Wed + 3 business days of each month
 Issuing Fees: 0-4%
 Redemptions: Monthly, with 30 days notice, effective the 1st Wed + 3 business days of each month
 Income: Reinvested
 Total Expense Ratio: approx. 1.8%
 Minimum subscriptions: USD 10,000
 CHF 15,000
 EUR 10,000

For additional information, please contact:

At BlueOrchard Finance S.A.: Vincent Oswald, Investor Relations, vincent.oswald@blueorchard.com

At RBC Dexia Investor Services: David Rossi, Client Service Manager, David.Rossi@rbcdexia-is.net

Fund description

The Dexia Micro Credit Fund (DMCF) invests in debt instruments of up to 3 years in maturity issued by microfinance institutions (MFIs) located in Africa, Asia, Eastern and Central Europe and Latin America. The MFIs provide small loans and other financial services to microentrepreneurs who lack access to traditional banking services. With the capital provided by these loans, micro-entrepreneurs are able to develop and grow productive businesses and improve their families' standard of living. Thus, the DMCF seeks to achieve an attractive return for investors while providing important social impacts, including poverty alleviation, empowerment of the working poor and the strengthening of inclusive financial systems. The target annual return of the fund is 6-month Libor plus 1-2%.