



Investment manager's comments

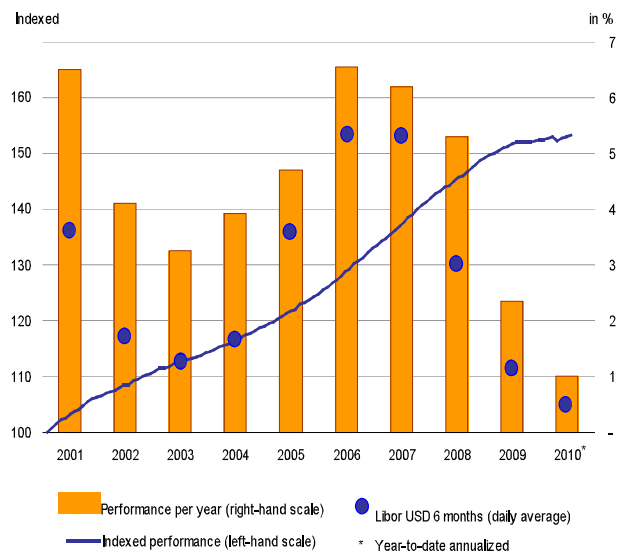
August was another strong month of new placement activity in the Dexia Micro Credit Fund, and new loans totaling more than 30mm were made to 6 different MFIs. Two-thirds of the funds were placed in MFIs in South America, including a participation in a loan syndication to a very strong MFI in Peru that has been a long-standing borrower from the fund. The remainder was lent to MFIs in Eastern Europe, including one new borrower to DMCF. New loans more than offset amortizations and the investment level in the fund rose to almost 88%. We continue to see stronger demand from MFIs in many regions: Growth projections are increasing again after the muted activity throughout 2009 and into early 2010 that resulted from the effects of the global financial crisis. The operating performance of the portfolio MFIs also continues to improve steadily in most areas.

Summary Portfolio details

Net Asset Value (NAV)	USD	493'349'444.16
Total Assets*	USD	493'349'444.16
Microfinance loan portfolio	USD	431'278'021.72
Average loan size	USD	2'746'993.77
Portfolio average life (in months)		16.44
Number of countries		38
Number of MFIs		93
Number of loans outstanding		157
Total new disbursements	USD	29'956'793.23
Number of loans disbursed		6
Total disbursements since inception	USD	908'658'112.89
Number of loans disbursed since inception		685

* 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	175'332'949.30	207'179'280.10	55'467'833.19
Share Value	17'031.69	13'084.96	12'229.08
Monthly return (28 days)	0.14%	0.14%	0.11%
Return on investment year-to-date	0.65%	0.53%	0.41%
Last 12 months	0.80%	0.66%	0.43%
Last 3 years (annualized)*	3.41%	3.39%	2.42%
Last 5 years (annualized)*	4.51%	3.75%	2.46%
Since inception (total return)	70.32%	30.85%	22.29%
Inception date	September 1998	April 2003	December 2001

*Calculation takes into account compounding effect.

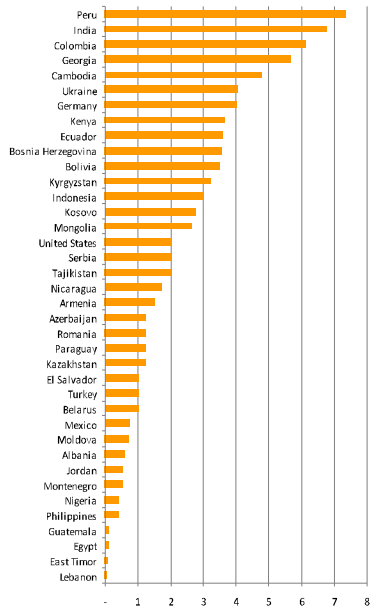
Social performance indicators

Total # of microentrepreneurs reached by MFIs in the portfolio	16'336'422
# of microentrepreneurs reached by funding provided by DMCF	619'536
% of rural clients*	45%
% of female clients*	53%
Average loan outstanding in USD	1'886

*Data as of 31 December 2009

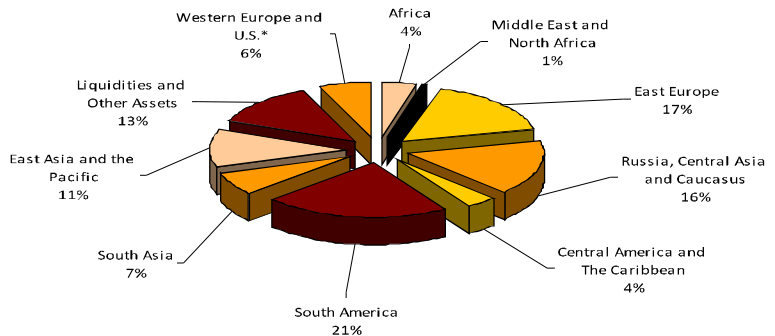


Exposure by country (in % of NAV)



* 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	5.07%
MIBANCO	Peru	4.16%
PROCREDIT BANK UKRAINE	Ukraine	4.05%
PROCREDIT HOLDING	Germany	4.02%*
WWB - BUCARAMANGA	Colombia	3.46%

* additional information can be provided upon request

Fund description, facts and information



Structure : Luxembourg SICAV, part II
 Inception date : September 1998
 Registration : Luxembourg
 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 :

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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%.