



Investment manager's comments

Placements from the Dexia Micro-Credit Fund picked up in February, and new loans totaling over USD 20mm were extended to seven different MFIs. New investments were mostly located in Asia, to three MFIs in Cambodia, one in India, and two in Kyrgyzstan. The high level of placements, as well as strength in the USD versus the EUR and CHF, boosted the investment level of the fund and the microfinance portfolio now equals more than 77% of NAV.

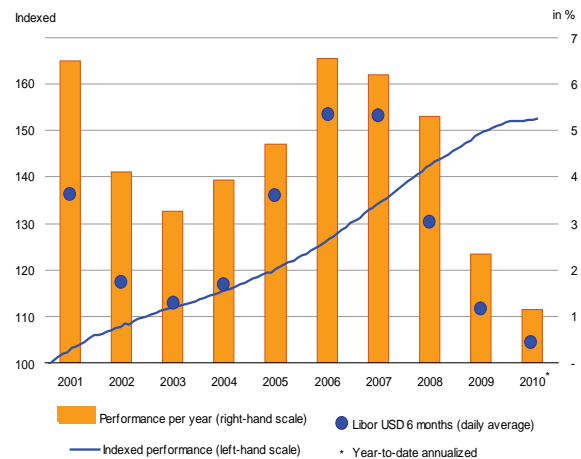
Provisions this month reduced returns somewhat, but all share classes posted positive performances for the period. For the first time, provisions were taken this month against a Bosnian MFI: The microfinance market in Bosnia has historically been very strong, with very high portfolio quality and efficiency indicators, but signs of over-lending emerged over the past year or so, and combined with the impact of the global financial crisis, this has resulted in deterioration of many MFIs' performance. DMCF's exposure to the country has been declining steadily through repayments and amortizations and is now 5.2% of NAV. We are monitoring Bosnian MFIs in the country very closely and will continue to keep investors informed.

Summary portfolio details

Net Asset Value (NAV) *	USD	505'794'312.23
Total Assets	USD	513'885'868.64
Microfinance loan portfolio	USD	389'815'925.78
Average loan size	USD	2'202'349.86
Portfolio average life (in months)		14.89
Number of countries		36
Number of MFIs		101
Number of loans outstanding		177
Total new disbursements this month:	USD	21'929'522.61
Number of new loans disbursed this month		7
Total loans disbursements (since inception)	USD	774'605'865.62
Number of loans disbursed (since inception)		649

*Net Assets are equal to Total Assets less liabilities, plus current receivables net of current payables.

Performance chart - USD share class



Performance data

	USD	EUR	CHF
NAV	182'142'973.35	203'277'506.41	51'816'372.64
Share Value	16'951.73	13'040.94	12'195.42
Monthly return (28 days)	0.06%	0.06%	0.04%
Return on investment year-to-date	0.18%	0.19%	0.14%
Last 12 months	1.83%	1.81%	1.35%
Last 3 years (annualized)*	4.34%	4.12%	2.85%
Last 5 years (annualized)*	4.94%	4.11%	2.68%
Since inception (total return)	69.42%	30.41%	21.95%
Inception date	September 1998	April 2003	December 2001

*Calculation takes into account compounding effect.

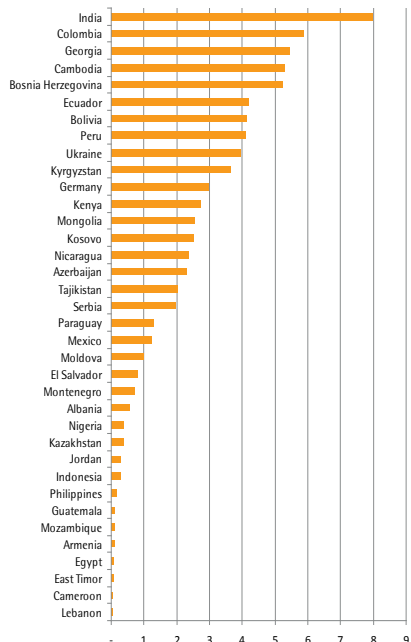
Social performance indicators

Total # of microentrepreneurs reached by MFIs in the portfolio	13'935'599
# of microentrepreneurs reached by funding provided by DMCF	505'787
% of rural clients*	46%
% of female clients*	58%
Average loan outstanding in USD	1'554

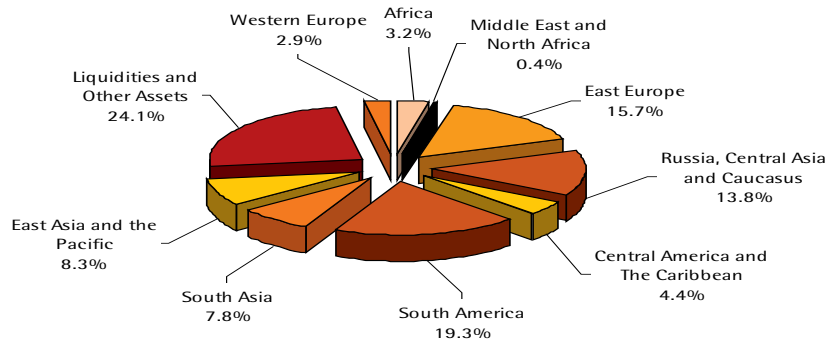
*Data as of 31 December 2009



Exposure by country (in % of NAV)



Exposure by region (as % of total assets)



Five largest outstanding positions (as % of NAV)

PROCREDIT BANK GEORGIA	Georgia	4.94%
PROCREDIT BANK UKRAINE	Ukraine	3.95%
SPANDANA	India	2.97%
WWB - BUCARAMANGA	Colombia	2.97%
ProCredit Holding	Germany	2.96%

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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 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%.