



Investment manager's comments

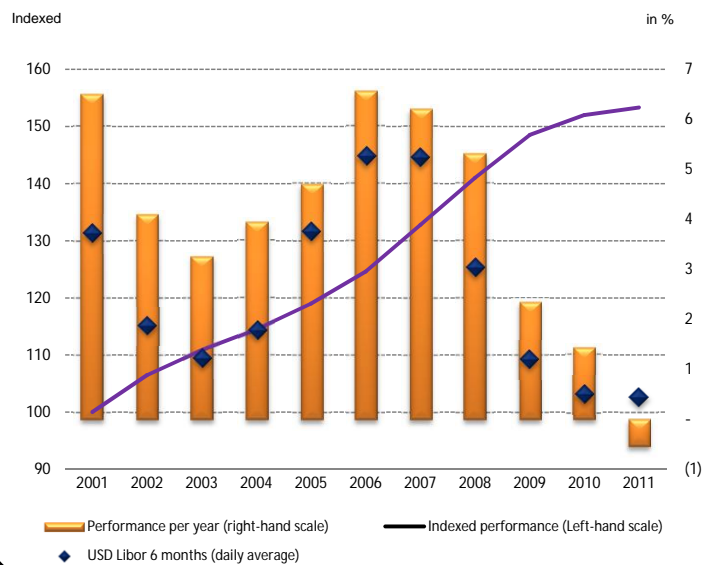
The DMCF placed over USD 14mm in new loans this month to a regionally diverse group of MFIs located in Azerbaijan, Colombia, Ecuador, Guatemala, Senegal, Tanzania and Zambia. Guatemala and Senegal are new country exposures to the fund, and the total number of countries and MFIs in the portfolio are at a record high of 44 and 111 respectively. As indicated in previous investor updates, enhanced currency hedging capabilities have allowed us to expand the fund's regional diversification, and the number of hedged local currencies is currently 19.

Strength in the USD versus the EUR and CHF during May contributed to an increase in the microfinance investment level to 88% and performance was stable. No new provisions were taken this month: The situation in India has remained mostly unchanged, and there are no significant developments to report here. We will continue to keep investors informed as the situation evolves.

Summary portfolio details

Net Asset Value (NAV)	USD	522'364'945
Total Assets	USD	522'364'945
Microfinance loan portfolio	USD	460'368'874
Average loan size	USD	2'515'677
Portfolio average life (in months)		18.17
Number of countries		44
Number of MFIs		111
Number of loans outstanding		183
Total new disbursements	USD	14'829'649
Number of loans disbursed		8
Total disbursement since inception	USD	1'087'589'949
Number of loans disbursed since inception		750

Performance chart - USD share class



Performance data

	USD	EUR	CHF
NAV	171'383'333	183'285'085	74'479'402
Share value	17'100.41	13'149.70	12'242.21
Monthly return (28 days)	0.18%	0.12%	0.17%
Return on investment year-to-date	-0.36%	-0.31%	-0.49%
Last 12 months	0.97%	0.97%	0.44%
Last 3 years (annualized) *	2.14%	2.15%	1.55%
Last 5 years (annualized) *	3.74%	3.31%	2.18%
Since inception (total return)	71.00%	31.50%	22.42%
Inception date	September 1998	April 2003	December 2001

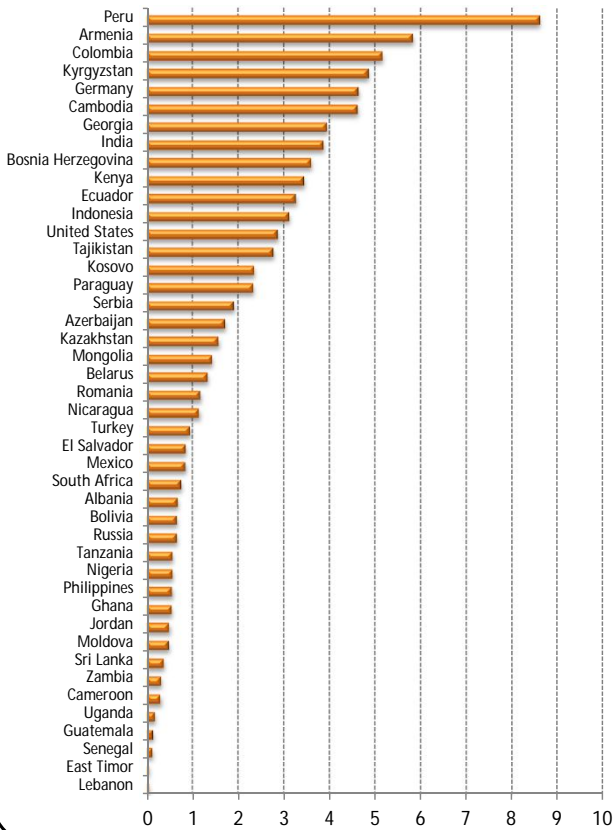
Social performance indicators

Total # of microentrepreneurs by MFIs in the portfolio	17'270'772
# of microentrepreneurs reached by funding provided by DMCF	461'577
% of rural clients*	44%
% of female clients*	58%
Average loan outstanding in USD	2'403.78

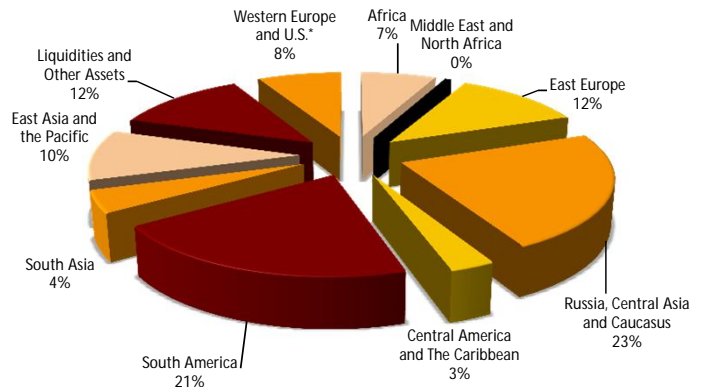
*Data as of 31 December 2010



Exposure by country (in % NAV)



Exposure by country (as % of Total Assets)



*Loans to microfinance networks for the purpose of on-lending to regional affiliates and liquidity management.

Data are net of provisions

Five largest outstanding positions (as % of NAV)

ProCredit Holding	Germany	4.64% *
MIBANCO	Peru	3.93%
Inecobank	Armenia	2.87%
PROCREDIT BANK GEORGIE	Georgia	2.87%
BTPN	Indonesia	2.84%

*Additional information can be provided upon request

Fund description, facts and information

Structure : Luxembourg SICAV, part II
 Inception date : September-98
 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 BD
 Issuing Fees: 0-4%
 Redemptions: Monthly, with 30 days notice,
 effective the 1st Wed + 3 BD
 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.: Chiara Valsangiacomo, chiara.valsangiacomo@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, microentrepreneurs 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%.