



(Annual report 2000



Municipal Agency

MANAGEMENT REPORT

Dexia Municipal Agency. Fiscal Year 2000

I

BRIEF NOTE ON THE HISTORY OF THE COMPANY

2000 was the first full fiscal year in which Dexia Municipal Agency (Dexia MA) was operational. In 1999, the company only operated in the last quarter.

The law creating sociétés de crédit foncier in their present form was passed on June 25, 1999, and the company was authorized by the Comité des Etablissements de Crédit et des Entreprises d'Investissement (CECEI) at its meeting of July 23, 1999. This authorization became definitive as of October 1, 1999. The provisions of the law of June 25, 1999, have now been incorporated into the Monetary and Financial Code.

II

ASSETS OF DEXIA MA

Almost all of the assets acquired in 2000 were French local government loans or loans wholly guaranteed by French local governments. They were acquired from Dexia Crédit Local or contracted by Dexia Crédit Local on behalf of Dexia MA.

Dexia MA acquired assets at a regular pace until September, when the balance sheet objective was attained. The following table gives a breakdown of assets by quarter.

French local government loans or loans wholly guaranteed by French local governments (EUR millions)

	31/12/99	31/03/00	30/06/00	30/09/00	31/12/00
Régions	771.2	874.5	1,154.8	1,281.9	1,218.4
Departments	1,808.4	2,207.9	2,976.5	3,247.1	3,325.2
Municipalities	1,634.9	2,281.7	3,910.4	6,327.9	6,789.1
Groups of municipalities	1,208.5	1,326.4	1,972.5	2,544.4	2,613.5
Public sector entities	467.9	1,083.6	1,344.5	1,775.4	1,771.5
Loans wholly guaranteed by local governments	231.2	247.9	252.9	251.4	259.3
TOTAL	6,122.1	8,022.0	11,611.6	15,428.1	15,977.0

These loans carry EUR 434.5 million in accrued interest not yet due.

Their maturities are spread out over a period extending to 2040, with an average life of 6.56 years.

Depending on their individual rates and market conditions at the time, these loans were acquired at a premium or a discount recorded on the balance sheet in an accruals account in assets and liabilities for a net amount of EUR 171.5 million.

In addition, several bonds eligible for refinancing by European central banks were acquired in Italy from or through Dexia Crediop.

These securities can be broken down by category of Italian local government:

Régions 276.3

Municipalities 10.3

Total 286.7

EUR 3 million in premiums and accrued interest are to be added to this amount on the balance sheet.

III

DEBT BENEFITING FROM THE PRIVILEGE CONFERRED BY THE LAW

The objective of Dexia MA was to be recognized as of 2000, its first full fiscal year, as a major player in the covered bond market.

Issues were thus organized in accordance with a general strategy which involved:

- launching benchmark issues to constitute liquid tranches;
- establishing a yield curve;
- being exigent on spreads, so that they reflect the company's intrinsic quality.

Beginning in the second half of the year, an authorized legal opinion supported Dexia MA's claim that it reasonably believed that there was no substantial US market interest in the obligations foncières it had issued. Consequently, Dexia MA was able to issue taps for existing tranches in the form of category 1 debt securities as defined in Regulation S, thereby making a notable contribution to liquidity at the time of issue.

In addition to benchmark issues, Dexia MA dedicated between 15% and 20% of its financing program to issues of less than EUR 500 million, as opportunities occurred. These issues made it possible to reach other investor segments, in particular the Swiss franc market.

Securities were issued relatively regularly throughout the year, except for the third quarter when conditions were lacking to attain the spread objectives targeted.

Issues totaled EUR 2.7 billion in the first quarter, EUR 2.9 billion in the second quarter, EUR 0.6 billion in the third quarter and EUR 2.3 billion in the fourth quarter, representing a total of EUR 8.5 billion for the year, including Jumbo issues of EUR 6.7 billion.

Finally, the objective set for spreads was attained to a satisfactory degree. The terms for the launch of Dexia MA's obligations foncières at issue and then on the secondary market became fully comparable to those for Pfandbriefe issued by German mortgage banks, which are considered to be the best in the market.

From this point of view, in addition to the fact that investors have recognized Dexia MA's inherent quality, key factors were that Dexia MA increased the liquidity of its issues and that the banks working as market makers ensured an active secondary market.

The following table provides a breakdown of issues outstanding by maturity.

Breakdown by maturity

obligations foncières issued as of December 31, 2000 (EUR millions)

Maturity	2002	2003	2005	2006	2007	2010		TOTAL
Jumbo (fungible)	500	1,250 250	1,250 750 500	2,000	1,000	1,250 500 300		
TOTAL	500	1,500	2,500	2,000	1,000	2,050		9,550

Maturity	2002	2003	2005	2006	2007	2010	2012	2015	2020	TOTAL
Obligations foncières < 500 (not fungible)	104.9	127.6	100.0	128.9	129.5	311.4 135.0 15.0 128.2	200.0	30.0	20.2 20.2	
TOTAL										1,450.9

Currency breakdown: USD 100, CHF 200, CHF 200, CHF 200, CHF 500, CHF 200, JPY 2 billion, JPY 2 billion

Maturity	2002	2003	2005	2006	2007	2010	2012	2015	2020	TOTAL
TOTAL	604.9	1,627.6	2,600	2,128.9	1,129.5	2,639.6	200.0	30.0	40.4	11,000.9

(of which issued in 2000: 8,500.9)

The average life of issues as of December 31, 2000, was 6.26 years.

Issues recorded on the balance sheet amounted to EUR 10,954.6 million, representing the principal (EUR 11,000 million) minus the net issue premium (plus the accounting impact of the exchange rates as of December 31 for those issues in foreign currencies).

Interest accrued and not yet due totaled EUR 324 million.

The equalization payments received with the swaps of the issues are amortized over the life of the issues and recorded as accruals under liabilities in the amount of EUR 99.7 million.

Net issue costs totaled EUR 18.7 million and were recorded in an accruals account under assets.

(*) Dexia MA "reasonably believes that there is no "substantial US. market interest" (as such term is defined in Regulation S) in the issuer's debt securities".

IV

OTHER DEBT THAT DOES NOT BENEFIT FROM THE LEGAL PRIVILÈGE CONFERRED BY ARTICLE L515-19 OF THE MONETARY AND FINANCIAL CODE (previously article 98 of the law of June 25, 1999)

According to article L515-13 of the Monetary and Financial Code (previously article 93 of the law of June 25, 1999), sociétés de crédit foncier may also finance their activity by issuing debt securities which do not benefit from the Privilège.

In practice, debt which does not benefit from the Privilège serves to finance the over-collateralization of assets vis-à-vis debt benefiting from the Privilège and to finance assets pending the issuance of obligations foncières.

In order to make the structure as transparent and safe for investors as possible, it was decided the Dexia MA would have only a single debt which did not benefit from the Privilège provided for in article L515-19 of the Monetary and Financial Code (previously article 98 of the law of June 25, 1999). This debt results from the current account agreement signed by Dexia MA with its parent company Dexia Crédit Local.

This agreement allows Dexia MA to withdraw from the account the funds it needs, in particular for the two reasons mentioned above: to finance the over-collateralization of assets and to pre-finance assets pending the issuance of obligations foncières.

This account has no ceiling and its use may not be canceled by Dexia Crédit Local as long as Dexia MA operates as a société de crédit foncier.

In fact, this account represents indebtedness that is subordinated to obligations foncières and may be assimilated to quasi-capital. Drawdown amounts are adjusted automatically to reflect Dexia MA's needs. During 2000, since the acquisition of loans was greater than issue launches, the quarterly balance of the account was as follows (EUR millions):

31/12/99: 3,405 - 31/03/00 : 2,531 - 30/06/00: 3,311 - 30/09/00 : 6,827 - 31/12/00: 5,120

V

COMMITMENTS RECEIVED

Commitments received are recorded off balance sheet. They totaled EUR 1,017.3 million with EUR 925.3 million representing guarantees granted by local governments on loans contracted by private and public sector entities. The majority of the loans thus guaranteed concerned the public housing sector.

VI

HEDGING INTEREST RATE RISKS

Interest rate risk management is designed to protect Dexia MA from the impact of fluctuations in interest rates on its assets and debt benefiting from the Privilège, and consequently on its operating results.

Hedging guidelines have been clearly defined in a policy paper since the company began operations. These guidelines set very low sensitivity limits with regard to the size of the balance sheet and appropriate volumes (sensitivity of EUR 5 million on the fixed rate gap and of EUR 2 million on the floating rate gap after hedging almost all of the balance sheet; see below).

The hedging process was as follows.

Interest rate risk management can be broken down into two levels of hedging.

- On the first level, all the assets and liabilities (excluding Dexia MA's account with Dexia Crédit Local, which is indexed on EONIA) are swapped against three-month EURIBOR. As required, this involves either specific hedging swaps or overall exposure hedging swaps.
- On the second hedging level, all the EURIBOR flows are swapped against EONIA.

A. The first level, in EURIBOR, is composed of items of several types:

- issues of obligations foncières, generally at a fixed rate, for which swaps are created at the same time the issue is launched (when the issue is in a foreign currency, the latter is also swapped against euros);
- customer loans originally in EURIBOR (no swap);
- variously indexed loans which are the object of specific hedging swaps at signing;
- fixed rate loans which are the object of overall exposure hedging swaps against three-month EURIBOR.

The use of fixed rate overall exposure hedging swaps against three-month EURIBOR does not completely hedge against long-term fixed rate risk. There remains a residual risk for the unhedged part for which, from the beginning, the Executive Board set a maximum sensitivity limit of EUR 5 million (representing the change in the net present value of the results of the unhedged fixed rate gap under the impact of an unfavorable 1% shift in the yield curve).

In fact, this sensitivity has almost always been maintained below EUR 0.5 million.

B. The second level of hedging, EURIBOR against EONIA:

The second level receives all the lending and borrowing flows generated by the first level items. The swap to EONIA is based on the same logic as above: EURIBOR overall exposure hedging swaps are then swapped against EONIA, on a 12-month sliding scale, to eliminate interest rate risks resulting from differences in due dates between lending and borrowing flows in EURIBOR. Overall exposure hedging swaps leave an unhedged rate risk: the authorized sensitivity limit is set at EUR 2 million. In practice, it rarely exceeds EUR 0.5 million.

C. Results of interest rate hedging:

Limits authorized:

- sensitivity of fixed rate hedging gap / EURIBOR: EUR 5 million
- sensitivity of hedging gap EURIBOR/EONIA: EUR 2 million

Sensitivity is the change in the net present value of the results of the unhedged gap under the impact of an unfavorable change in the yield curve of 100 basis points.

(EUR millions)

- from 1/1/00 to 6/30/00:

average fixed rate sensitivity:	0.23
minimum:	0.02
maximum:	0.50
average EURIBOR sensitivity:	(0.11)
minimum:	(0.44)
maximum:	0.21

- from 7/1/00 to 9/30/00:

average fixed rate sensitivity:	0.41
minimum:	0.05
maximum:	0.86
average EURIBOR sensitivity:	0.05
minimum:	(0.41)
maximum:	0.44

- from 10/1/00 to 12/31/00:

average fixed rate sensitivity:	0.52
minimum:	(0.07)
maximum:	2.25
average EURIBOR sensitivity:	0.26
minimum:	0.06
maximum:	0.39

Outstanding off-balance sheet interest rate swaps reflected this dual level hedging technique and can be broken down as follows (EUR billions):

First level:

- specific hedging swaps on issues of obligations foncières against EURIBOR: 10.0
- specific hedging swaps on customer loans and securities: 7.2
- overall exposure hedging swaps on fixed rate loans: 8.4

Second level:

- overall exposure hedging swaps against EONIA: 24.5

VII

HEDGING FOREIGN EXCHANGE RISKS

Dexia MA's management policy is to take no foreign exchange risks.

When an obligation foncière is issued in a currency other than the euro, the original currency is swapped against euros at issue, at the same time the fixed rate is swapped against three-month EURIBOR.

There is also a small percentage of loans in the assets denominated in currencies other than the euro which are likewise the object of currency swaps.

The notional amount of currency swaps as of December 31, 2000, was:

- EUR 1 billion on issues of obligations foncières,
- EUR 0.2 billion for customer loans.

(Note should be taken that for accounting purposes balance sheet items originally in a foreign currency are accounted for at the euro value as of December 31. The difference vis-à-vis the original euro value is recorded in an accruals account).

VIII

STATEMENT OF INCOME

The statement of income is presented in the following table:
(NB: In 1999, the company only operated in the fourth quarter)

STATEMENT OF INCOME (EUR thousands)	1999 (4th quarter)	2000
Interest received on customer loans and securities <i>(net of interest from specific hedging swaps)</i>	44,392	634,411
less:		
Interest on obligations foncières <i>(net of interest from specific hedging swaps)</i>	(16,299)	(324,467)
Interest on the account with Dexia Crédit Local	(15,390)	(207,588)
Interest on overall exposure hedging swaps:		
<i>interest received</i>	<i>55,924</i>	<i>876,414</i>
<i>interest paid</i>	<i>(59,369)</i>	<i>(924,820)</i>
net interest	(3,445)	(48,406)
Commissions paid	0	(22)
Income from financial transactions	0	(8)
NET BANKING INCOME	9,258	53,920
Total general operating expense <i>(of which Dexia Crédit Local's management contract)</i>	(2,563) <i>(1,839)</i>	(21,475) <i>(20,571)</i>
Taxes	0	(1,443)
OPERATING INCOME BEFORE ALLOWANCES	6,695	31,002
Allowances for losses on medium- and long-term loans	(335)	(1,550)
OPERATING INCOME AFTER ALLOWANCES	6,360	29,452
Corporate income tax	(2,544)	(11,499)
NET INCOME	3,816	17,953

IX

PROPOSED APPROPRIATION OF NET INCOME

In 2000, the company distributed its first dividend, on the basis of 1999 net income, in the amount of EUR 3,600,000, representing a dividend of EUR 1.20 per share.

Net income for the year 2000 (EUR):	17,952,918.60
Allocated to the legal reserve:	(897,645.93)
Income available for distribution:	17,055,272.67
Previous retained earnings:	23,906.42
Retained earnings after appropriation:	17,079,179.09

Retained earnings will be incorporated into the capital on the occasion of a forthcoming capital increase.

X

OUTLOOK FOR THE YEAR 2001

Outstanding customer loans are expected to total approximately EUR 25 billion at the end of 2001. Additional loans will be provided through the first line of business of the Dexia Crédit Local Group in Europe, although they will primarily come from the French local government sector.

In the year 2000, refinancing of other Dexia Group subsidiaries in Europe was initiated and this activity should grow. The acquisition of assets from Dexia Crediop (debt securities issued by large Italian local governments) is expected to be followed by loan refinancing.

Dexia MA is studying a project to refinance Belgian local government loans in cooperation with Dexia Bank Belgium.

At the beginning of 2001, together with Kommunalkredit Austria, Dexia MA participated in a tender launched by an Austrian Land and acquired loans totaling EUR 21 million.

In addition, in February, Dexia MA acquired from Dexia Crédit Local debt securities that can be refinanced through by the European central banks system, in the amount of EUR 245.9 million.

These securities can be broken down as follows (EUR millions):

securities issued by French local governments:	31.5
securities issued by the Italian State:	196.8
securities issued by an entity guaranteed by the Italian State:	10.0
securities issued by the Finnish State:	7.6

The volume of issues planned for the year 2001 is EUR 10 billion.

At the beginning of 2001, the markets were particularly receptive to good quality debt securities, and demand was strong for Dexia MA's obligations foncières which resulted in satisfactory conditions for issuance of significant volumes.

This favorable reception in the market was due to the fact that qualified investors acknowledge the quality of Dexia MA's assets and the transparency of Dexia MA's management practices.

The quantity of loans on the balance sheet at the end of 2000 made it possible to launch issues with a wide range of maturities.

In January, Dexia MA launched a three-year benchmark issue of USD 1,000 million in the Euromarket.

At the same time, a EUR 250 million issue allowed Dexia MA to increase the 4/26/2010 line to EUR 2,300 million, and a EUR 500 million issue boosted the 4/26/2005 line to EUR 3,000 million.

In addition, a EUR 250 million issue maturing on 2/15/2011 was increased by EUR 240 millions. Another EUR 250 million issue maturing on 2/27/2009 was also launched under very good conditions. Finally, two small issues (maturing in 2006 and 2011) were launched for a total of EUR 73 millions.

Altogether, in the first month and a half of business in 2001, Dexia MA issued EUR 2.6 billion.

If market conditions so allow, Dexia MA plans to accomplish 45% of its program before August and the remainder in the second half of the year.

In light of the above, Dexia MA's outstanding obligations foncières are expected to total some EUR 21 billion at the end of 2001.

XI

CHANGES IN CAPITAL IN 2000

As of December 31, 2000, there was no change in the company's capital compared with December 31, 1999. The company's capital is almost totally owned by Dexia Crédit Local (99.99%).

XII

CAPITAL INCREASE

In order to allow the company to pursue its development, a capital increase in the amount of EUR 100,000,000 is planned for the year 2001. The capital will be raised from EUR 300,000,000 to EUR 400,000,000.

The next shareholders' meeting called to approve the accounts for the year 2000 and the capital increase will be a combined ordinary and extraordinary shareholders' meeting.

FINANCIAL STATEMENTS

BALANCE SHEETS - ASSETS AS OF DECEMBER 31, 2000

EUR thousands	Notes	EUR* 12/31/99	EUR 12/31/00
Cash, central banks and postal checking accounts		36	32
Government securities eligible for central bank refinancing		0	0
Interbank loans and advances	4.1	0	207
Customer loans		6,258,785	16,411,463
A. Customer loans	4.2	6,122,130	15,976,989
B. Other		136,655	434,474
Bonds and other fixed income securities	4.3	0	289,707
Equities and other variable income securities		0	0
Long-term investments		0	0
Intangible assets		0	0
Property and equipment		0	0
Unpaid capital		0	0
Treasury stock		0	0
Other assets		0	0
Accruals and other assets	4.4	180,690	1,030,747
TOTAL ASSETS		6,439,511	17,732,156

*The company, created in december 1998, was authorized by the CECEI to operate as a société de crédit foncier on July 23, 1999, in accordance with the law of June 25, 1999, on savings and financial security. Prior to October 1, 1999, the company engaged in no business.

LIABILITIES AND SHAREHOLDERS' EQUITY AS OF DECEMBER 31, 2000

EUR thousands	Notes	EUR* 12/31/99	EUR 12/31/00
Interbank loans and deposits	5.1	3,405,251	5,120,807
Customer deposits		0	0
Debt securities		2,494,001	11,279,098
A. Debt securities	5.2	2,469,974	10,954,596
B. Other debt		24,026	324,502
Other liabilities	5.3	2,544	88,389
Accruals and other liabilities	5.4	233,566	923,809
Reserves for contingencies and charges and provisions for deferred taxes	5.5	335	1,885
General banking risks reserve		0	0
Subordinated debt		0	0
Capital stock	5.6	300,000	300,000
Additional paid-in capital		0	0
Reserves and retained earnings	5.6	(2)	215
Net income	5.6	3,816	17,953
TOTAL LIABILITIES		6,439,511	17,732,156

OFF-BALANCE SHEET ITEMS AS OF DECEMBER 31, 2000

EUR thousands	Notes	EUR* 12/31/99	EUR 12/31/00
Contingencies			0
Financing commitments			2
Assets entrusted to the group			0
Uncalled amounts of share capital			0
Commitments received	6.1	526,214	1,017,318
Foreign currency transactions	6.2		2,446,883
Financial futures	6.3	18,842,915	50,220,558

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STATEMENT OF INCOME AS OF DECEMBER 31, 2000

EUR thousands	Notes	12/31/99	12/31/00
Interest income		100,316	1,510,825
A. Interest income from interbank transactions		0	5
B. Interest income from customer transactions		44,392	628,844
C. Interest income from bonds and other fixed income securities		0	5,562
D. Interest income from overall exposure hedging transactions		55,924	876,414 (1)
Interest expense		(91,058)	(1,456,875)
A. Interest expense on interbank transactions		(15,390)	(207,588)
B. Interest expense on bonds and other fixed income securities		(16,299)	(324,467)
C. Interest expense on overall exposure hedging transactions		(59,369)	(924,820) (1)
Income from variable income securities		0	0
A. Equities and other variable income securities		0	0
B. Long-term investments		0	0
Commission income		0	0
Commission expense		0	(22)
Income from financial transactions		0	(8) (1)
Other banking income		0	0
Other banking expense		0	0
NET BANKING INCOME		9,258	53,920
General operating expense		(2,563)	(22,918)
A. Staff costs		0	0
1. Payroll expense		0	0
2. Social Security costs		0	0
B. Other general operating expense	7	(2,563)	(22,918)
1. Taxes other than on income		0	(1,443)
2. Other general operating expense		(2,563)	(21,475)
C. Network commissions		0	0
Depreciation and amortization		0	0
OPERATING INCOME BEFORE ALLOWANCES		6,695	31,002
Allowances for loan losses	5.5	(335)	(1,550)
Net gains and recoveries of allowances on long-term investments,		0	0
Net allocation to general banking risks reserve		0	0
OPERATING INCOME AFTER ALLOWANCES		6,360	29,452
Non-recurring income		0	0
Non-recurring expense		0	0
Corporate income tax		(2,544)	(11,499)
A. Current taxes		(2,544)	(11,499)
B. Deferred taxes		0	0
NET INCOME		3,816	17,953

(1) In order to allow comparison of the 2000 and 1999 statements of income, the presentation of the 1999 results of overall interest rate exposure hedging transactions was changed to reflect the application of the CRC regulation n° 2000-03 of July 4, 2000. This result was recorded in the 1999 accounts after offsetting the corresponding expense and income under the item "Income from financial transactions" and represented an expense of EUR 3,445 thousand.

*The company, created in december 1998, was authorized by the CECEI to operate as a société de crédit foncier on July 23, 1999, in accordance with the law of June 25, 1999, on savings and financial security. Prior to October 1, 1999, the company engaged in no business.

NOTES TO THE FINANCIAL STATEMENTS

1

CHARACTERISTICS OF THE COMPANY

Dexia Municipal Agency was authorized to operate as a société de crédit foncier on July 23, 1999, by the Comité des Etablissements de Crédit et des Entreprises d'Investissement (CECEI).

Sociétés de crédit foncier are governed by Book V, Title I, Chapter 5, Section IV of the Monetary and Financial Code (previously the law n° 99-532 of June 25, 1999, on savings and financial security) and by the decrees n° 99-655 of July 29, 1999, and n° 99-710 of August 3, 1999, which define the notion of obligations foncières in French law.

According to article L515-13 of the Monetary and Financial Code (previously article 93 of the law of June 25, 1999), the company's exclusive corporate purpose is:

- to grant or to acquire secured loans, loans to public sector entities and securities;
- to issue obligations foncières or any other securities benefiting from the Privilège in order to finance these categories of loans or securities.

Dexia Crédit Local holds 99.99% of the capital of Dexia Municipal Agency.

In addition to the obligations defined in article L515-42 of the Monetary and Financial Code (previously article 52 of the law n° 84-46 of January 24, 1984), Crédit local de France, which has become Dexia Crédit Local, signed a declaration of financial support on September 16, 1999, stipulating that it will ensure that Dexia develops its activity in compliance with the requirements of the law n° 99-532 of June 25, 1999, and has the financial resources it needs to meet its obligations.

Pursuant to article L515-22 of the Monetary and Financial Code (previously article 99 of the law n° 99-532), there is a management contract between Dexia Municipal Agency and Dexia Crédit Local. This contract defines the missions carried out by Dexia Crédit Local on behalf of Dexia Municipal Agency, from the origination of loans to the publication of the company's financial statements.

For its business needs and, in particular, to pre-finance assets prior to the issuance of securities, Dexia Municipal Agency opened an account with Dexia Crédit Local, the conditions of which are defined in the current account agreement signed by the two companies (see below, note 5.1).

2

MAJOR EVENTS DURING THE YEAR

Pursuant to article L515-13 of the Monetary and Financial Code (previously article 93 of the law n° 99-532 of June 25, 1999), during the year Dexia Municipal Agency acquired from Dexia Crédit Local loans granted to public sector entities or to entities they guaranteed for a total amount of EUR 10.9 billion. The loans were transferred at market value. The rules for determining this value are defined in the loan transfer agreement between Dexia Municipal Agency and Dexia Crédit Local.

To ensure financing for its activity, in 2000 Dexia Municipal Agency launched new bond issues benefiting from the Privilège defined in article L515-19 of the Monetary and Financial Code (previously article 98 of the law n° 99-532 of June 25, 1999), raising outstanding bond issues to EUR 10.9 billion. Issues were launched for the first time in CHF, USD and JPY in 2000.

These borrowings are redeemable at maturity.

Pursuant to articles L515-14 to L515-17 (previously article 94 of the law n° 99-532 of June 25, 1999) and article 7 of the decree n° 99-710 of August 3, 1999, Dexia Municipal Agency acquired bonds as investment securities in the second half of the year. These securities do not exceed 20% of the company's assets.

3

SIGNIFICANT ACCOUNTING POLICIES

Accounting principles

The financial statements have been prepared in accordance with French generally accepted accounting principles on the basis of the following assumptions:

- going concern principle,
- segregation of accounting periods,

- consistency of methods,
- prudence.

The accounts conform to the indications of the directive n° 86/635/EEC of the Council of European Communities and the regulation n° 91-02 of the Banking Regulation Committee (CRBF).

The financial statements as of December 31, 2000, were prepared according to the same accounting principles and calculation methods as those used to draw up the financial statements as of December 31, 1999.

In anticipation of the application of the CRC regulation n° 2000-03 of July 4, 2000, a change was introduced in the presentation of the results of currency or interest rate transactions conducted to hedge or manage overall interest rate exposure. The corresponding expense and income related to these transactions was recorded, respectively, as “Interest expense” and “Interest income” instead of under the item “Income from financial transactions” as in 1999. The corresponding data for 1999 was restated in the year's accounts.

Customer loans

The unpaid portion of signed loan agreements is recorded as an off-balance sheet item.

Interest on loans is recorded as banking income prorata temporis for both due and non-due amounts. If installments are not paid, the accounting methods applicable to loans is identical to those described above.

Commission income is recorded in the statement of income on a cash basis.

As at Dexia Crédit Local, penalties received from customers for early repayment of loans are amortized, for both accounting and tax purposes, over the residual life of the loan on the basis of outstanding interest.

This also applies to premiums and discounts recorded on loans acquired.

The repayment indemnities as well as the premiums and discounts are recorded on the balance sheet as accruals.

If allowances were allocated to meet possible risks of non-payment, customer loans would be recorded on the balance sheet net of these allowances.

Securities transactions

The securities held by Dexia Municipal Agency are recorded in the assets as Bonds and other fixed income securities.

These securities, considered as investments, are acquired with the purpose of holding them until maturity. These securities are hedged against interest rate risk with interest rate swaps.

Investment securities are recorded on the date of purchase at market price excluding commissions. Interest accrued at the date of acquisition is recorded in a separate account. The positive or negative difference between the redemption value and the market price (discount or premium) is amortized on a straight line basis over the residual life of the security.

At the end of the accounting period, latent gains are not recorded and no allowance has to be made for depreciation except in the following cases:

- a doubt about the issuer's ability to meet his obligations;
- the probability that the company will not hold these securities until maturity owing to new circumstances.

Debt securities

This item includes obligations foncières or other securities benefiting from the Privilège defined in article L515-19 of the Monetary and Financial Code (previously article 98 of the law n° 99-532 of June 25, 1999). Dexia Municipal Agency issues debt securities benefiting from the Privilège defined in article L515-19 of the Monetary and Financial Code (previously article 98 of the law n° 99-532 of June 25, 1999) to finance its activity.

Pursuant to article L515-20 of the Monetary and Financial Code (previously article 96 of the law n° 99-532 of June 25, 1999) and article 6 of the CRBF regulation n° 99-10 of July 27, 1999, total assets must always exceed liabilities benefiting from the Privilège referred to in article L515-19 of the Monetary and Financial Code.

These debt securities are recorded at face value.

Redemption and issuance premiums are amortized on a straight line basis over the life of the securities prorata temporis. They are recorded on the balance sheet under the same headings as the corresponding outstanding debt.

Amortization of these premiums is recorded in the statement of income as Interest expense on bonds and other fixed income securities. In the event bonds are issued above par, amortization of issuance premiums is deducted from interest expense on bonds and other fixed income securities.

Interest on bonds is recorded as a banking expense for accrued amounts due and not yet due calculated prorata temporis on the basis of contractual rates.

Bond issuance costs and commissions are amortized on a straight line basis over the life of the related loans. Equalization payments made or received on the redemption of debt are amortized over the residual life of the bonds.

Bonds denominated in foreign currencies are accounted for by the same method as foreign currency transactions.

Financial future transactions

Dexia Municipal Agency engages in financial future transactions to hedge against the interest rate and foreign exchange risks to which it is exposed in its activity.

Depending on their purpose, these transactions are assigned to specific hedging or overall exposure hedging portfolios as defined by the CRBF regulations n° 90-15 and n° 92-04. Evaluation and accounting principles are determined according to the portfolio to which they are assigned.

Pursuant to article L515-18 of the Monetary and Financial Code (previously article 95 of the law n° 99-532 of June 25, 1999), these transactions benefit from the Privilège defined in article L515-19 of the Monetary and Financial Code provided that their purpose is to hedge the assets or debt benefiting from the Privilège.

The law stipulates that transactions hedging sources of financing which do not benefit from the Privilège do not themselves benefit from the Privilège.

For Dexia Municipal Agency, one source of financing does not benefit from the Privilège: the account opened with Dexia Crédit Local, which bears interest based on EONIA. This source of financing is not hedged.

The notional amount of these hedging transactions is recorded as an off-balance sheet item over the life of the contract, i.e. from the date the contract is signed (including forward contracts) up to maturity. The amount recorded is adjusted to reflect any changes in nominal amounts so as to represent the maximum current or future commitment.

Specific hedging transactions

Specific hedging transactions are designed to hedge against the interest rate risk related to an item or a set of homogeneous items and identified from the start.

This definition mainly concerns swaps used to hedge primary issues, securities in the investment bond portfolio and customer assets.

Gains and losses on these transactions are recorded in the statement of income in the same way gains and losses on the hedged item or set of homogeneous items are recorded. This principle likewise applies to equalization payments made or received when the hedging instrument is transferred.

Overall exposure hedging transactions

This category includes transactions designed to hedge and manage the company's overall exposure to interest rate risk on assets, liabilities and off-balance sheet items, excluding specific hedging transactions. They were authorized by a specific decision of the Executive Board of Dexia Municipal Agency on December 1, 1999, pursuant to article 14 of the CRBF regulation n° 99-10.

These transactions have the effect of reducing the company's overall exposure to interest rate risk inherent in its activity.

Revenues and expenses on these transactions are recorded prorata temporis in the statement of income as "Interest expense on overall exposure hedging transactions" and "Interest income from overall exposure hedging transactions". A contra entry is recorded in accruals up to the date of collection or payment of the funds. Equalization payments received or made on canceled transactions are deferred and recognized over the residual life of the canceled contracts.

Foreign currency transactions

In application of the CRBF regulation n° 89-01, amended by the regulation n° 90-01 of February 23, 1990, Dexia Municipal Agency records foreign currency transactions in accounts opened and denominated in each of the currencies used.

Specific foreign exchange position accounts and foreign exchange position equivalent accounts are opened in each currency.

At the end of each accounting period, the differences between the amounts resulting from a market price evaluation of the foreign exchange position accounts at the date of closing and the amounts recorded in the foreign exchange position equivalent accounts are recorded in the statement of income. Foreign exchange results are not significant owing to the fact that foreign currency transactions are hedged from the start.

Foreign exchange transactions

In the course of systematic hedging of its foreign exchange risk, Dexia Municipal Agency enters into forward purchases and sales of foreign currencies. These forward foreign exchange transactions are initiated to eliminate the risk of foreign exchange rate fluctuations which might affect an asset or a liability as soon as the risk occurs. They are mainly used to hedge certain bond issues.

Results of foreign exchange hedging transactions are accounted for by recording the difference between the forward and the spot rate - contango or backwardation - prorata temporis in the statement of income.

Non-recurring income and expense

Non-recurring income and expense result from events or transactions that do not relate to ordinary business operations or routine management of the company's assets and liabilities.

Furthermore, the income or expense involved does not depend on decisions taken within the framework of usual management of the company's activities or assets, but results from external events of a completely exceptional nature. Only items of this nature which have a significant impact on the period's net income are recorded as non-recurring income and expense.

Tax integration

Dexia Municipal Agency applies the tax integration system.

As the parent company, Dexia Crédit Local assumes responsibility for the total tax owed by companies in the tax group, including corporate income tax, the precompte equalization tax and the annual flat-rate tax. Dexia Municipal Agency records the tax expense in its accounts as if there were no tax integration.

In 2000, Dexia Municipal Agency recorded a tax expense of EUR 11.5 million in the framework of the tax integration system.

4

NOTES TO THE ASSETS (EUR millions)

4.1 - Interbank loans and advances: other loans and advances

a. Analysis by residual maturity excluding accrued interest:

Less than 3 months	3 months to 1 year	1 year to 5 years	More than 5 years	TOTAL
		0.2		0.2

4.2 - Customer loans

a. Accrued interest included in this item: 434.5

b. Analysis by residual maturity excluding accrued interest:

Less than 3 months	3 months to 1 year	1 year to 5 years	More than 5 years	TOTAL
511	967	6,218	8,281	15,977

c. Analysis by the economic sector of the counterparty's commitments excluding accrued interest:

Economic sector	Amount au 12/31/99	Amount au 12/31/00
Public sector	5,697	15,222
Other sectors*	425	755
TOTAL	6,122	15,977

*Social housing sector: public entities and private companies guaranteed by local governments.

d. Analysis by initial maturity excluding accrued interest:

	Net amount as of 12/31/99	Gross amount as of 12/31/00	Decrease in value as of 12/31/00	Net amount as of 12/31/00
Commitments of less than 1 year				
Commitments of more than 1 year	6,122	15,977	0	15,977
TOTAL	6,122	15,977	0	15,977

4.3 - Bonds and other fixed income securities

a. Accrued interest included in this item: 0.9

b. Analysis by residual maturity excluding accrued interest:

Less than 3 months	3 months to 1 year	1 year to 5 years	More than 5	TOTAL
			289	289

c. Analysis by the issuer's economic sector excluding accrued interest:

Issuer's economic sector	Amount as of 12/31/99	Amount as of 12/31/00
Public sector		289
Other sectors		0
TOTAL		289

d. Analysis by listed securities and other securities excluding accrued interest:

	Amount as of 12/31/00
Listed securities	289
Other securities	0
TOTAL	289

e. Analysis by type of portfolio excluding accrued interest and changes during the year

Portfolio	Gross amount as of 12/31/99	Increases	Decreases	Reductions in securities 12/31/00	Amount as of 12/31/00
T		0			0
M		0			0
I		289			289
TOTAL		289			289

Portfolio: T: Trading securities
M: Marketable Securities
I: Investment securities

4.4 - Accruals and other assets

	Amount as of 31/12/99	Amount as of 31/12/00
Deferred premiums on hedging transactions		8.8
Deferred charges on bond issues	2.6	18.7
Deferred charges on hedging transactions		17.4
Deferred premiums on acquisition of loans from Dexia Crédit Local	83.6	333.0
Other deferred charges	0.3	0.5
Accrued interest not yet due on hedging transactions	94.2	624.3
Translation adjustments		27.7
Other accrued income		0.3
TOTAL	180.7	1,030.7

5

NOTES TO THE LIABILITIES (EUR millions)

5.1 - Interbank loans and deposits with undetermined maturity

This item includes the balance of the account opened with Dexia Crédit Local. This account is intended to finance the needs of Dexia Municipal Agency related to its activity and, in particular, to the financing of loans prior to issuance.

The account will exist between Dexia Crédit Local and Dexia Municipal Agency as long as Dexia Municipal Agency is authorized to operate as a société de crédit foncier and acquires or grants loans to public sector entities.

This source of financing does not benefit from the Privilège defined in article L515-19 of the Monetary and Financial Code (previously article 98 of the law n° 99-532 of June 25, 1999).

	Amount as of 12/31/99	Amount as of 12/31/00
Balance of current account	3,396.4	5,068.9
Accrued interest not yet due on the current account	8.9	20.8
Balance of a secondary account related to the current account		30.3
Accrued interest not yet due on the secondary account		0.8
	3,405.3	5,120.8

5.2 - Debt securities

a. Accrued interest included in this item: 324.5

b. Analysis by residual maturity excluding accrued interest:

TYPE OF SECURITIES	Less than 3 months	3 months to 1 year	1 year to 5 years	More than 5 years	TOTAL
Obligations foncières			4,808.6	6,146.0	10,954.6

c. Changes during the year excluding accrued interest:

Gross amount au 31/12/99	Increases	Decreases	Reductions of securities as of 31/12/00	Montant au 31/12/00
2,469.9	8,484.7			10,954.6

5.3 - Other liabilities

This item includes:

- collateral in the amount of EUR 77.9 million as of December 31, 2000, received from a counterparty in a swap hedging a bond issue;
- provisions for corporate income tax and other taxes owed for 2000 in the amount of EUR 10.4 million.

5.4 - Accruals and other liabilities

	Amount as of 12/31/99	Amount as of 12/31/00
Deferred discounts on swaps hedging bond issues	32.6	99.7
Deferred income on loans		17.1
Discounts recorded on acquisition of loans from Dexia Crédit Local	56.8	161.5
Accrued interest not yet due on swaps hedging loans and bonds	42.2	638.2
Other accrued charges	2.0	7.3
TOTAL	233.6	923.8

5.5 - Reserves for contingencies and charges

This item includes reserves for medium- and long-term loan losses.

Gross amount as of 12/31/99	Increases	Decreases	Gross amount as of 12/31/00
0.3	1.6		1.9

5.6 - Equity

	Amount as of 12/31/99	Amount as of 12/31/00
Capital stock	300	300
Additional paid-in capital	0	0
Legal reserve		0.2
Retained earnings (+/-)	0	0
Translation adjustments	0	0
Net income (+/-)	3.8	17.9
TOTAL	303.8	318.1

Capital stock is divided into 3,000,000 shares with a par value of EUR 100.

1999 income (EUR 3,816,476.88) was allocated as follows:

Legal reserve	190,731.92
Retained earnings	25,744.96
Distribution of a dividend	3,600,000.00

6

6. NOTES TO THE OFF-BALANCE SHEET ITEMS (EUR millions)

6.1 - Commitments received

	Amount as of 12/31/99	Amount as of 12/31/00
Financing commitments received from credit institutions		80.5
Guarantees received from local governments on loans acquired from Dexia Crédit Local	526.2	925.3
TOTAL	526.2	1,017.3

6.2 - Foreign currency transactions

Cash and forward foreign exchange transactions are recorded at their value in foreign currencies translated at the year-end exchange rate.

The items Currencies to receive and Currencies to deliver are composed of long currency swaps with intermediate payment flows corresponding to hedging transactions.

	Amount as of 12/31/99	Amount as of 31/12/00
Currencies to receive / currencies to deliver		1,237.2
Currencies to deliver / currencies to receive		1,209.6
TOTAL	0	2,446.8

6.3 - Commitments on financial futures

Commitments related to unconditional interest rate-based financial futures are recorded at the face value mentioned in the contracts in accordance with the CRB regulations n° 88-02 and n° 90-15.

*Analysis of over-the-counter interest rate transactions***Residual life**

Type of transaction	Amount as of 12/31/99	Less than 1 year	1 year to 5 years	More than 5 years	TOTAL as of 12/31/00
Unconditional transactions	18 842,9	25 159,7 (1)	7 171,3 (2)	17 889,5 (3)	50 220,5

(1) deferred starts: 6,364.0

(2) deferred starts: 84.0

(3) deferred starts: 395.1

Total 6,843.1

These hedging transactions include specific hedging and overall exposure hedging transactions.

7

NOTES TO THE STATEMENT OF INCOME (EUR millions)

Dexia Municipal Agency has no salaried employees in accordance with article L515-22 of the Monetary and Financial Code (previously article 99 of the law of June 25, 1999). In the framework of its management contract, Dexia Crédit Local conducts all operations, transactions and functions of any sort on behalf of Dexia Municipal Agency. General operating expense can be broken down as follows:

	Amount as of 12/31/00
Corporate income tax and other taxes	1.4
Other general operating expense (This item mainly includes the management commission billed by Dexia Crédit Local to Dexia Municipal Agency in the framework of a management contract signed by the two companies. In 2000, the corresponding expense was EUR 20.6 million)	21.5
TOTAL	22,9

OTHER INFORMATION

Dexia Municipal Agency was authorized to operate as a *société de crédit foncier* on July 23, 1999, by the Comité des Etablissements de Crédit et des Entreprises d'Investissement (CECEI).

It is therefore subject to the regulations governing credit and investment companies.

In addition, *sociétés de crédit foncier* are governed by Book V, Title I, Chapter 5, Section IV of the Monetary and Financial Code (previously Title IV of the law n° 99-532 of June 25, 1999, on savings and financial security) and by the decree n° 99-655 of July 29, 1999, issued in application of articles L515-13 and L515-21 of the Monetary and Financial Code (previously articles 93 and 105 of the above-mentioned law) and the decree n° 99-710 of August 3, 1999, issued in application of Title IV of the second part of the same law.

The required documents with regard to the following ratios are currently established on a consolidated basis by Dexia Crédit Local which owns 99.99 % of the capital of Dexia Municipal Agency:

- capital adequacy ratio,
- large exposure.

But the liquidity ratio and the equity to long-term funds ratio are calculated on the basis of data presented in the financial statements of Dexia Municipal Agency. In 2000, Dexia Municipal Agency had a monthly liquidity ratio of more than 100%; as of December 31, 2000, it was 736,645%. The shareholders' equity to long-term funds ratio stood at 73.67% (The regulatory ratio for the Commission Bancaire should be equal or greater than 60 %).

Pursuant to article L515-20 of the Monetary and Financial Code (previously article 96 of the law n° 99-532 of June 25, 1999) and article 6 of the CRBF regulation n° 99-10 of July 27, 1999, Dexia Municipal Agency's total assets must always exceed liabilities benefiting from the *Privilège* referred to in article L515-19 of the Monetary and Financial Code (previously article 98 of the above-mentioned law).

As of December 31, 2000, the coverage ratio was 143.70%.

Pursuant to Article 7 of the French decree n°99-710 of August 3, 1999, the securities and replacement assets (*valeurs de remplacement*) cannot exceed 20 % of the total assets.

As of December 31, 2000, this ratio was 1.6 % of the total assets.

The above paragraphs mention the whole required ratios to which Dexia Municipal Agency is submitted as *société de crédit foncier* and investment company.

SOURCES AND APPLICATIONS OF FUNDS
(EUR millions):

	2000
1. SELF-FINANCING	
Change in shareholder's equity (A1)	0
Net income (A2)	18.0
- Amortization and depreciation	0
- Allowances	1.6
- Recoveries of allowances	0
Net amortization, depreciation and allowances (B)	1.6
Cash flow (C) = (A1) + (A2) + (B)	19.6
Total dividend (D)	3.6
NET FINANCING (E) = (C) - (D)	16.0
2. INVESTMENTS	
- Change in intangible assets and property and equipment, at cost (F)	0
INTERNALLY GENERATED FINANCING (G) = (E) - (F)	16.0
3. EXTERNAL SOURCES OF FUNDS	
- Change in subordinated debt	0
- Change in debt securities	8,785.1
- Change in deposits (foreign currencies and French francs)	0
- Change in accruals and other liabilities	690.2
- Change in other liabilities	85.8
- Change in loan contracts	31.1
- Change in customer deposits	0
Change in external sources of funds (H)	9,592.2
TOTAL SOURCES OF FUNDS (I) = (G) + (H)	9,608.2
4. USES OF FUNDS	
- Change in customer loans	10,152.7
- Change in interbank loans and money market securities	0.2
- Change in accruals and other assets	850.1
- Change in other assets	0
- Change in investments in subsidiaries and affiliates, at cost	0
- Change in marketable securities and investment securities, at cost	289.7
- Change in issue and call premiums (assets and liabilities netted off)	0
Total uses of funds (J)	11,292.7
NET SOURCES (USES) OF FUNDS (K) = (I) - (J)	(1,684.5)
5. CASH AND CASH EQUIVALENTS	
- Change in current accounts (a)	(1,684.5)
- Change in Trésor Public issue account	0
CASH AND CASH EQUIVALENTS	(1,684.5)

(a) This amount corresponds to the change in the account opened with Dexia Crédit Local, for which the financing conditions are described in note 5.1.

**STATEMENTS OF INCOME
FOR THE LAST FIVE YEARS
(EUR thousands):**

	1998	1999	2000
Financial position:			
• Capital	38	300,000	300,000
• Number of shares	2,500	3,000,000	3,000,000
Results of operations:			
• Revenues	N.S.	44,392	635,073
• Income before income tax, amortization, depreciation and allowances net of recoveries	(2)	6,695	31,002
• Corporate income tax	N.S.	2,544	11,499
• Net income	(2)	3,816	17,953
• Dividend	N.S.	3,600	0
Per share data:			
• Revenues	N.S.	14.80	211.69
• Income before income tax, amortization, depreciation and allowances net net of recoveries	N.S.	1.38	6.51
• Corporate income tax	N.S.	0.85	3.84
• Net income	N.S.	1.27	5.99
• Dividend per share	N.S.	1.20	0

N.S.: not significant.

Dexia Municipal Agency has no salaried employees in accordance with article L515-22 of the Monetary and Financial Code (previously article 99 of the law of June 25, 1999).

COVERAGE RATIO (EUR millions):

Pursuant to article L515-20 of the Monetary and Financial Code (previously article 96 of the law n° 99-532 of June 25, 1999) and article 6 of the CRBF regulation n° 99-10 of July 27, 1999, the total assets of sociétés de crédit foncier must always exceed liabilities benefiting from the Privilège referred to in article L515-19 of the Monetary and Financial Code (previously article 98 of the above-mentioned law).

Assets covering sources of funds benefiting from the Privilège (weighted amounts)	12/31/00
Securities	272.3
Receivables related to these securities	0.9
Other Class 1 assets	0
Loans to public sector entities	15,977.2
Receivables related to these loans	434.5
Class 3 accruals	673.2
Total assets	17,358.1
Sources of funds benefiting from the Privilège defined defined in article L515-19 of the Monetary and Financial Code (previously article 98 of the law n° 99-532 of June 25, 1999)	31/12/2000
Obligations foncières	11,028.4
Liabilities related to these securities	324.5
Amounts owed under the contract provided for in article L515-22 of the Monetary and Financial Code (previously article 99 of the law n° 99-532 of June 25, 1999)	6.7
Amounts owed for financial futures benefiting from the Privilège Privilège defined in article L515-19 of the Monetary and Financial Code (previously article 98 of the law n° 99-532 of June 25, 1999)	719.6
Total liabilities	12,079.2
COVERAGE RATIO	143.70%

**LIST OF BONDS ISSUED
BY DEXIA MUNICIPAL AGENCY**
with stock exchange on which listed:

Description of securities	Currency	Nominal amount in the currency	Outstanding as of 12/31/00 (EUR millions)	Redemption value (EUR millions)*	Final due date	Stock exchange
5.00% - 26/04/05	EUR	1,250,000,000	1,243	1,250	26/04/05	Several exchanges
5.50% - 26/04/10	EUR	1,250,000,000	1,230	1,250	26/04/10	Several exchanges
4.75% - 27/01/03	EUR	1,250,000,000	1,247	1,250	27/01/03	Several exchanges
Taux composite - 23/02/15	EUR	30,000,000	30	3	23/02/15	Luxembourg
5.125% - 01/03/05	EUR	100,000,000	101	100	01/03/05	Luxembourg
5.50% - 26/04/10	EUR	500,000,000	487	500	26/04/10	Several exchanges
4.625% - 13/02/02	EUR	500,000,000	500	500	13/03/02	Luxembourg Paris
5.00% - 26/04/05	EUR	750,000,000	744	750	26/04/05	Several exchanges
5.375% - 26/04/07	EUR	1,000,000,000	995	1,000	26/04/07	Luxembourg Paris
Taux floater - 17/05/12	EUR	200,000,000	200	200	17/05/12	Paris
Taux composite - 24/05/10	EUR	135,000,000	135	135	24/05/10	Paris
5.00% - 26/04/05	EUR	500,000,000	487	500	26/04/05	Several exchanges
Taux composite - 07/07/10	EUR	15,000,000	15	15	07/07/10	Paris
TF 5.50% - 26/04/10	EUR	300,000,000	292	300	26/04/10	Several exchanges
TF 4.75% - 27/01/03	EUR	250,000,000	247	250	27/01/03	Several exchanges
TF 5.50% - 25/04/06	EUR	2,000,000,000	1,999	2,000	25/04/06	Several exchanges
SUBTOTAL	EUR	10,030,000,000	9,952	10,030		
4.00% - 08/03/10	CHF	500,000,000	330	311	08/03/10	Swiss exchanges
3.75% - 15/05/03	CHF	200,000,000	132	128	15/05/03	Swiss exchanges
4.375% - 22/12/06	CHF	200,000,000	132	129	22/12/06	Swiss exchanges
4.25% - 15/08/07	CHF	200,000,000	133	130	15/08/07	Swiss exchanges
4.00% - 08/03/10	CHF	200,000,000	130	128	08/03/10	Swiss exchanges
SUBTOTAL	CHF	1,300,000,000	857	826		
7.40% - 24/08/20	JPY	2,000,000,000	19	2	24/08/20	None
7.10% - 24/08/20	JPY	2,000,000,000	19	20	24/08/20	None
SUBTOTAL	JPY	4,000,000,000	38	40		
Taux floater - 15/11/02	USD	100,000,000	107	105	15/11/02	Luxembourg
SUBTOTAL	USD	100,000,000	107	105		
TOTAL			10,954	11,001		

* Determined by the interest rate and currency swap used to hedge the bond issue.

STATUTORY AUDITORS' REPORT
(translated from French into English)
to the shareholders of Dexia Municipal Agency

In compliance with the assignment entrusted to us by your shareholders' annual general meeting, we hereby report to you, for the year ended 31 December 2000, on:

- *the audit of the accompanying financial statements of Dexia Municipal Agency draw up in Euros,*
- *the specific verifications and information required by law.*

These financial statements have been approved by the Management Board. Our role is to express an opinion on these financial statements based on our audit.

I

OPINION ON THE FINANCIAL STATEMENTS

We conducted our audit in accordance with the professional standards applied in France. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements give a true and fair view of the company's financial position and its assets and liabilities as of 31 December 2000, and of the results of its operations for the year then ended in accordance with accounting principles generally accepted in France.

II

SPECIFIC VERIFICATIONS AND INFORMATION

We also performed the specific verifications required by law in accordance with the professional standards applied in France.

We have no comment as to the fair presentation and the conformity with the financial statements of the information given in the management report of Management Board, and in the documents addressed to the shareholders with respect to the financial position and the financial statements.

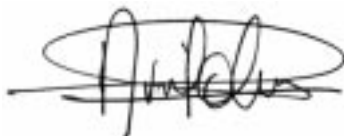
Paris, 9th march, 2001
Statutory Auditors

CADERAS MARTIN:

Daniel BUTELOT

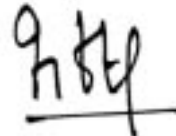


Olivier AVRIL



MAZARS & GUERARD:

Guillaume POTEL



Anne VEAUTE



SHAREHOLDERS' MEETING OF MAY 10, 2001

Dexia Municipal Agency

REPORT OF THE EXECUTIVE BOARD ON THE PROPOSED RESOLUTIONS

The executive board invites shareholders to approve the following resolutions

- The first resolution concerns the approval of the company's financial statements.
- The shareholders' meeting will then be invited to approve the auditors' special report on agreements involving directors governed by article 143 of the law of July 24, 1966 (second resolution).
- As a direct consequence of the adoption of the first two resolutions, the shareholders' meeting will give discharge to members of the management bodies for the performance of their duties during the year (third resolution).
- The shareholders' meeting will then vote on the appropriation of net income (fourth resolution).
- The shareholders' meeting will be asked to ratify the appointment of Jean Le Naour as a member of the supervisory board, as decided at the meeting of the supervisory board of December 7, 2000 (fifth resolution).
- The shareholders' meeting will be asked to name a new member to the supervisory board, Dexia Sabadell Banco Local (sixth resolution).

Extraordinary shareholders' meeting

Authorization for a capital increase

- The extraordinary shareholders' meeting will be asked to authorize the executive board to increase the company's capital in cash and, if required, through the incorporation of reserves, premiums and retained earnings, in the limit of a maximum amount of EUR 100 million. The purpose of this capital increase is to develop the company's acquisition of assets while maintaining a capital adequacy ratio in compliance with regulatory requirements.

Per share subscription will have a par value of EUR 100.

This authorization is granted for a year from the date of the shareholders' meeting.

- Finally, the shareholders' meeting will give full powers to the bearer of a copy or extract of the minutes of the meeting to carry out all legal formalities (eighth resolution).

These proposed resolutions were presented to the supervisory board on March 1, 2001. The supervisory board stated that it would adopt them without qualification.

REPORT BY THE SUPERVISORY BOARD to the annual general meeting of May 10, 2001

Gentlemen,

In accordance with the provision of Article L.225-68 du nouveau code de Commerce, we hereby present to you our comments on the management report by the executive board on the financial statements for the year ended 31 December 2000.

The supervisory board must first thank the executive board for the actions undertaken and the results obtained during the year ended December 31, 2000.

Pursuant to the aforementioned Article L.225-68 du nouveau code de Commerce, we have no comment to make on either board's management report or the financial statements for the year just ended.

The supervisory board

ORDINARY AND EXTRAORDINARY SHAREHOLDERS' MEETING MAY 10, 2001

PROPOSED RESOLUTIONS

Ordinary shareholders' meeting:

First resolution: approval of the company's financial statements

The ordinary shareholders' meeting, after hearing the reports presented by the executive board, the auditors and the specific controller, and the comments of the supervisory board, approves the company's financial statements for the year ended December 31, 2000, as presented, showing net income of EUR 17,952,918.60.

Second resolution: approval of agreements involving directors

After hearing the auditors' special report on agreements involving directors governed by article 143 of the law of July 24, 1966, the ordinary shareholders' meeting approves the agreements referred to in this report, in accordance with the provisions of article 145 of the above-mentioned law.

Third resolution: discharge to members of the management bodies

By virtue of the adoption of the first two resolutions, the ordinary shareholders' meeting gives full discharge to members of the management bodies for the performance of their duties during the year ended December 31, 2000.

Fourth resolution: appropriation of net income

The ordinary shareholders' meeting resolves to appropriate net income for the year as follows:

Net income for the year	17,952,918.60
Retained earnings	23,906.42
Income available for distribution	7,976,825.02
Legal reserve	897,645.93
Retained earnings:	17,079,179.09

For the fiscal year 1999, a dividend of EUR 1.20, plus tax credit (avoir fiscal), was paid per share. No dividend was paid for 1998.

Fifth resolution: ratification of the appointment of a member of the supervisory board

The ordinary shareholders' meeting decides to ratify the appointment of Jean Le Naour as a member of the supervisory board, as decided at the meeting of the supervisory board of December 7, 2000, to replace Jean-François Dupuis, who resigned, for the term of his predecessor, which will end after the ordinary shareholders' meeting called to approve the financial statements for the year ending December 31, 2004.

Sixth resolution: appointment of a member of the supervisory board

The ordinary shareholders' meeting decides to appoint Dexia Sabadell Banco Local as a member of the supervisory board for a period of six years, which will end after the ordinary shareholders' meeting called to approve the financial statements for the year ending December 31, 2006.

Extraordinary shareholders' meeting

Seventh resolution: authorization to increase the capital

The extraordinary shareholders' meeting, after hearing the executive board's report, authorizes the executive board to increase, by simple decisions, the company's capital within a maximum limit of EUR 100 million:

- by the issue, with or without a premium, of common shares to be paid up in cash or in compensation for liquid and payable claims on the company;
 - and if required, by the incorporation of reserves, premiums and retained earnings with the corresponding distribution of free common shares or an increase in the par value of existing shares.
- The extraordinary shareholders' meeting delegates all power to the executive board to carry out these capital increases simultaneously or separately in whatever order, respecting the ceiling defined above, to determine the date as well as the conditions and procedures for these capital increases and according to the nature of each operation:
- (a) the issue price of the new shares according to the procedures described in its report to the extraordinary shareholders' meeting;
 - (b) the amount of the increase in the par value of existing shares or the conditions and procedures for the granting of free shares.

The executive board will be fully empowered to decide and execute any and all actions, take all measures and carry out all formalities required to increase the company's capital as authorized. The above authorization is valid for a year from the date of this meeting.

Eighth resolution: powers

The ordinary and extraordinary shareholders' meeting gives full powers to the bearer of a copy or extract of the minutes of the meeting to carry out all legal formalities.

LEGAL AND ADMINISTRATIVE INFORMATION

INFORMATION ABOUT THE COMPANY

Corporate name:

The name Dexia Municipal Agency was adopted at the extraordinary shareholders' meeting of August 31, 1999.

Registered office:

Tour Cristal - 7 à 11 quai André Citroën - 75015 Paris

Legal structure:

Société anonyme à directoire et conseil de surveillance, a joint-stock corporation with an executive board and a supervisory board.

Approval by the CECEI:

The companies was approved by the Comité des établissements de crédit et des entreprises d'investissement (CECEI) on July 23, 1999, as a financial company / société de crédit foncier. This approval took effect on October 1, 1999.

Applicable legislation:

A corporation under the provisions of the law of July 24, 1966, on commercial corporations, the law of January 24, 1984, on the activity and control of credit institutions, and the law of June 25, 1999, on savings and financial security.

Incorporation date:

The company was created on December 29, 1998, for a period of 99 years.

Corporate purpose (article 2 of the by-laws):

As provided in its by-laws, Dexia Municipal Agency's exclusive purpose is:

- to grant or acquire loans to States, local governments or groups of such and to public sector entities located within the European Economic Area or wholly guaranteed by one or more States, local governments or groups of such;
- to hold shares of debt mutual funds (fonds communs de créances) governed by the law n° 88-1201 of December 23, 1988, and shares or debt securities issued by similar entities registered under the law of a State in the European Economic Area provided that at least 90% of the assets of such funds or entities are made up of receivables of the same nature as the above-mentioned loans;
- to hold replacement assets as described in the decree n° 99-710 of August 3, 1999;
- to finance the above-mentioned loans, to issue obligations foncières benefiting from the Privilège defined in article L515-19 of the Monetary and Financial Code (previously article 98 of the law of June 25, 1999) and to raise other funds, under issue or subscription contract referring to the Privilège.

Dexia Municipal Agency may also fund the above-mentioned activities by issuing bonds or other sources of financing which do not benefit from the Privilège defined in article L515-19 of the Monetary and Financial Code (previously article 98 of the law of June 25, 1999).

Pursuant to the law n° 81-1 of January 2, 1981, passed to facilitate corporate borrowing, Dexia Municipal Agency may assign all the receivables it owns.

Company registration and APE business identification code

Dexia Municipal Agency is registered as a company under the number 421 318 064 PARIS

(Registre du commerce et des sociétés).

Its APE code is 652 C.

Availability of information

Legal documents on Dexia Municipal Agency may be consulted at the company's registered office:
Tour Cristal, 7 à 11 Quai André Citroën, 75901 PARIS CEDEX 15.

Fiscal year (article 39 of the by-laws):

The company's fiscal year begins on January 1 and ends on December 31.

Exceptional events and litigation:

There is no exceptional event, litigation or claim pending or in process which could have a material impact on the assets and liabilities, financial position or consolidated results of the group composed by the company and its subsidiaries.

Allocation of income (article 40 of the by-laws):

Income available for distribution comprises net income for the year less any prior year losses and any allocations required pursuant to the by-laws, plus any retained earnings carried forward from previous years.

From the available surplus, the annual shareholders' meeting, voting on a recommendation of the executive board, may allocate all or a part of the remaining income to retained earnings. There are no priority shares or dividends.

Annual shareholders' meetings:

- Calling of meetings (article 28 of the by-laws)

Annual shareholders' meetings are called according to the provisions of current legislation. They are held at the company's registered office or any other location specified in the notice of meeting.

All shareholders have the right to obtain copies of the documents required to make an informed decision concerning the overall management and control of the company and the matters to be voted on in annual shareholders' meetings.

The types of documents concerned and the terms of their availability and dispatch are determined by the applicable legislation and regulations.

- Right to attend annual shareholders' meetings (article 29 of the by-laws)

All shareholders are entitled to attend the meetings upon presentation of proof of identity, provided that their shares have been paid up to the extent called and are registered in their name at least five days prior to the date of the meeting.

Shareholders may give proxy to another shareholder.

Proxies must be deposited at the company's headquarters at least five days prior to the date of the meeting.

- Voting rights (article 32 of the by-laws)

The voting rights attached to the shares are proportional to the percentage of capital the shares represent. Each share conveys one voting right.

At annual shareholders' meetings, the number of votes that may be cast by each shareholder corresponds to the number of shares held plus the number of shares for which the shareholder holds proxy.

INFORMATION ABOUT THE COMPANY'S CAPITAL AND SHARES

Capital:

Capital stock totals EUR 300,000,000 represented by 3,000,000 nominative shares with no stated par value.

Authorization to increase the capital:

The extraordinary shareholders' meeting of May 10, 2001, was asked to authorize the executive board to increase the capital by a maximum amount of EUR 100 million.

This authorization is valid for a year.

There are no securities which grant rights to shares in the capital of Dexia Municipal Agency.

Shareholding structure in the last five years

At the ordinary and extraordinary shareholders' meeting of August 31, 1999, the company CLF Développement approved a change in the by-laws (adoption of management by an executive board and a supervisory board, change of name to Dexia Municipal Agency) and increased the capital to EUR 300,000,000.

	1998	1999	2000
• Dexia Crédit Local de France	99.9%	99.9%	99.9%
• French and/or Belgian private investors	0.03%	0.03%	0.03%

- As of the shareholders' meeting of May 3, 2000, the number of existing voting rights was 3,000,000.

Declaration of financial support:

On September 16, 1999, Dexia Crédit Local formalized a declaration of financial support for its subsidiary Dexia Municipal Agency. Paris, September 16, 1999. Within the scope of its financing policies, Crédit Local de France has created a société de crédit foncier, governed by the provision of section IV of the law n° 99-532 of June 25, 1999, and named Dexia Municipal Agency.

Crédit Local de France will hold more than 95% of the capital of Dexia Municipal Agency on a long-term basis. Crédit Local de France will ensure that Dexia Municipal Agency develops its activity in compliance with the requirements of the above-mentioned law and has the financial resources it needs to meet its obligations.

EXECUTIVE BOARD AND SUPERVISORY BOARD OF DEXIA MUNICIPAL AGENCY (December 2000)

EXECUTIVE BOARD:

The members of the Executive Board were appointed for a term of six years by the Supervisory Board on August 31, 1999

Alain DELOUIS

Chairman of the Executive Board, Member of the Board of Directors of FSA

Jean-Luc PETITPONT

Member of the Executive Board, Chief Executive Officer

Jean-Claude SYNAVE

Member of the Executive Board, Chief Executive Officer

Gilles LAURENT

Member of the Executive Board

SUPERVISORY BOARD:

Chairman of the Supervisory Board: Jacques GUERBER

Chairman of the Executive Board of Dexia Crédit Local

Chairman of Ifax

Chairman of the Supervisory Board of Sofca

Chairman of Dexia CLF Banque

Member of the Board of Directors of Crédit du Nord

Member of the Board of Directors of Dexia Insurance

Member of the Supervisory Board of Dexia Banque Privée France

Vice-Chairman and et Member of the Supervisory Board of Dexia Asset Management France

Vice Chairman:

Rembert von LOWIS

Member of the Board of Directors of Dexia

Member of the Board of Directors of Dexia Banque

Member of the Board of Directors of Dexia BIL

Vice-Chairman and et Member of the Supervisory Board of Dexia Crédit Local

Member of the Board of Directors of FSA

Members of the Supervisory Board:

Dexia Bank, represented by Martine Gelissen

Dexia Crédit Local, represented by Gérard Bayol

Dexia Crediop, represented by Ricardo Massa

Henri BONAQUE

Jean-Paul GAUZÈS

Chairman of Dexia CLF Projet

Chairman of Dexia CLF Développement

Member of the Board of Directors of Dexint Développement

Member of the Board of Directors of Compagnie pour le Foncier et l'Habitat - CFH

Member of the Board of Directors of Dexia Finance

Jean LE NAOUR

Pierre RAHMANI

Chairman of Dexia Finance, Member of the Board of Directors of Floral

AUDITORS:

The auditors of Dexia Municipal Agency and their alternates

(appointed on August 31, 1999, for a term of six years) are:

MAZARS ET GUÉRARD - Le Vinci, 4 allée de l'Arche 92075 Paris La Défense Cedex,

represented by Guillaume POTEL, Partner and Anne VEAUTE, Partner

Alternate: Yves BERNHEIM

CADERAS MARTIN - 76, rue de Monceau - 75008 Paris,

represented by Daniel BUTELOT, Partner and Olivier AVRIL, Partner

Alternate: François MARTIN

SPECIFIC CONTROLLERS

Statutory: FIDUS - 12, rue de Ponthieu - 75008 Paris,

represented by M. COMERMAN

Alternate: GROUPEMENT D'EXPERTISE DE FRANCE -10, rue de la Grange Batelière - 75009 Paris,

represented by M. DUMENIL