

QUARTERLY FINANCIAL REPORT
3/31/2008

CONTENTS

1	QUARTERLY ACTIVITY REPORT	2
2	AUDITORS'REPORT	15
3	QUARTERLY ACCOUNTS	16



MANAGEMENT REPORT AS OF MARCH 31, 2008

As of March 31, 2008, assets totaled EUR 76.6 billion, up 4.2% from December 31, 2007, and 24.8% from March 31, 2007.

Net assets amounted to EUR 72.7 billion, excluding accrued interest not yet due, representing an increase of 4.9% over December 2007 and 25.3% over March 2007.

Outstanding *obligations foncières* and registered covered bonds totaled EUR 62.3 billion in swapped value, rising 6.7% from December 2007 and 18.7% from March 2007.

The debt vis-à-vis Dexia Credit Local, which does not benefit from the privilege, was EUR 10.1 billion.

Shareholders' equity as of March 31, 2008, stood at EUR 1.1 billion.

Key balance sheet items					
<i>EUR billions</i>	3/31/07	12/31/2007	3/31/2008	Change Mar. 2008 / Dec.2007	Change Mar. 2008 /Mar. 2007
TOTAL ASSETS	61.4	73.5	76.6	4.2%	24.8%
of wich					
Cover pool	58.0	69.3	72.7	4.9%	25.3%
<i>Loans</i>	46.5	52.4	53.4	1.9%	14.8%
<i>Securities</i>	11.5	16.9	19.3	14.2%	67.8%
Privileged debt	52.5	58.4	62.3	6.7%	18.7%
(Obligations foncières & Registered Covered bonds)	<i>Balance sheet</i> 51.2	<i>value</i> 56.4	59.2	5.0%	15.6%
Non-privileged debt	4.8	10.4	10.1	-2.9%	110.4%
Dexia Credit Local					
Shareholders' equity (incl. net income)	1.0	1.1	1.1	0.0%	10.0%

I - Change in assets in the first quarter of 2008

The net change in assets (the cover pool) during the quarter was EUR 3.4 billion, as analyzed below:

EUR millions			
	loans	debt securities	total
France	981		981
Outside of France	896	2,640	3,536
Total new assets	1,877	2,640	4,517
Amortization	-946	-184	-1,130
Early reimbursements	-174		-174
Foreign exchange adjustments	241	-87	154
Net change in assets	998	2,369	3,367

Gross asset production in the period was EUR 4.5 billion.

Breakdown of gross acquisitions			
EUR millions			
Loans:			1,877
France	981		
Switzerland	395		
Sweden, Finland, Portugal, other	0		
Poland, Hungary, Greece, Lithuania (via DKB)	501		
Debt securities			2,640
Belgium	0		
Luxembourg	0		
Italy	2,300		
Spain	250		
Germany	0		
Greece	90		
Sweden, Finland, Portugal, other	0		
Royaume-Uni	0		
France	0		
Total			4,517

These long-term assets are comprised of the following items:

- EUR 1.5 billion generated by Dexia Credit Local within the framework of its commercial activity in France and Switzerland, as well as by the acquisition of Greek securities;
- EUR 2.3 billion in bonds issued by Dexia Crediop per la Cartolarizzazione (DCC), a dedicated securitization vehicle set up by Dexia Crediop to refinance securities issued by large local governments in Italy;
- EUR 0.3 billion in *Cedulas Territoriales*, rated Aaa by Moody's, issued by Dexia Sabadell, guaranteed by its exposures on Spanish local governments;
- EUR 0.5 billion in loans guaranteed by a portfolio of securities issued by sovereign issuers in Central Europe.

With regard to the breakdown of assets by country, there was a rise in the share of Italian and Swiss assets from December 2007. France continued to represent the largest volume of outstanding assets with 62% of the total. Its share declined compared with that of other countries in which the Dexia Group operates, resulting in greater geographical diversification.

Breakdown of assets by country (%)		
	Dec. 2007	Mar. 2008
France	65.1	61.7
Italy	7.5	10.2
Switzerland	5.5	6.2
Belgium	4.8	4.5
Spain	4.2	4.3
Luxembourg	4.0	3.8
Germany	2.9	2.7
Sweden and Finland	1.3	1.2
Subtotal	95.2	94.6
Other countries	4.8	5.4
TOTAL %	100.0	100.0

As of March 31, 2008, replacement securities totaled EUR 6.3 billion, entirely comprised of Dexia Group covered bonds rated triple A, which are broken down in the notes to the financial statements. They represented 10.1% of outstanding *obligations foncières* and registered covered bonds of EUR 62.3 billion in swapped value; their amount is limited by law to 15%.

II - Change in debt benefiting from the privilege during the first quarter of 2008

Dexia Municipal Agency issued the equivalent of EUR 4.3 billion in the first quarter of 2008, compared with EUR 15.3 billion in the full year 2007. The average maturity of these new issues was 5.6 years.

Despite the continuing financial crisis, Dexia MA reported a very good level of performance, in particular with the issue of a EUR 2 billion benchmark in January, relaunching the covered bond market, which had been sluggish since the end of November.

Public sector issues and private placements are broken down and analyzed by currency in the following table.

Public sector issues included a *benchmark*:

- EUR 2 billion, maturity 5 years (June 2013),
- as well as taps of euro *benchmarks* in the amount of:
- EUR 0.250 billion of the November 2010 issue, bringing the total to EUR 1.750 billion
 - EUR 0.350 billion of the January 2011 issue, bringing the total to EUR 2.350 billion
 - EUR 0.650 billion of the March 2014 issue, bringing the total to EUR 1.900 billion.

New Production			
		<i>EUR millions</i>	
Public sector issues		3,383	79%
Private placements		890	21%
<i>including :</i>	<i>RCB</i>	<i>60</i>	
	<i>less than 2 years</i>	<i>0</i>	
Total		4,273	100%
Breakdown by currency			
EUR		3,368	79%
<i>(EUR millions)</i>			
Other currencies	millions		
AUD	0		
CHF	0		
GBP	133		
JPY	0		
USD	772		
CAD	0		
Total other currencies		905	21%
<i>(EUR millions)</i>			
Reimbursements		338	
Outstanding as of March 31, 2008		62,320	
<i>(Swapped value)</i>			

After reimbursement of EUR 0.4 billion, outstanding *obligations foncières* and registered covered bonds as of March 31 totaled EUR 62.3 billion in swapped value.

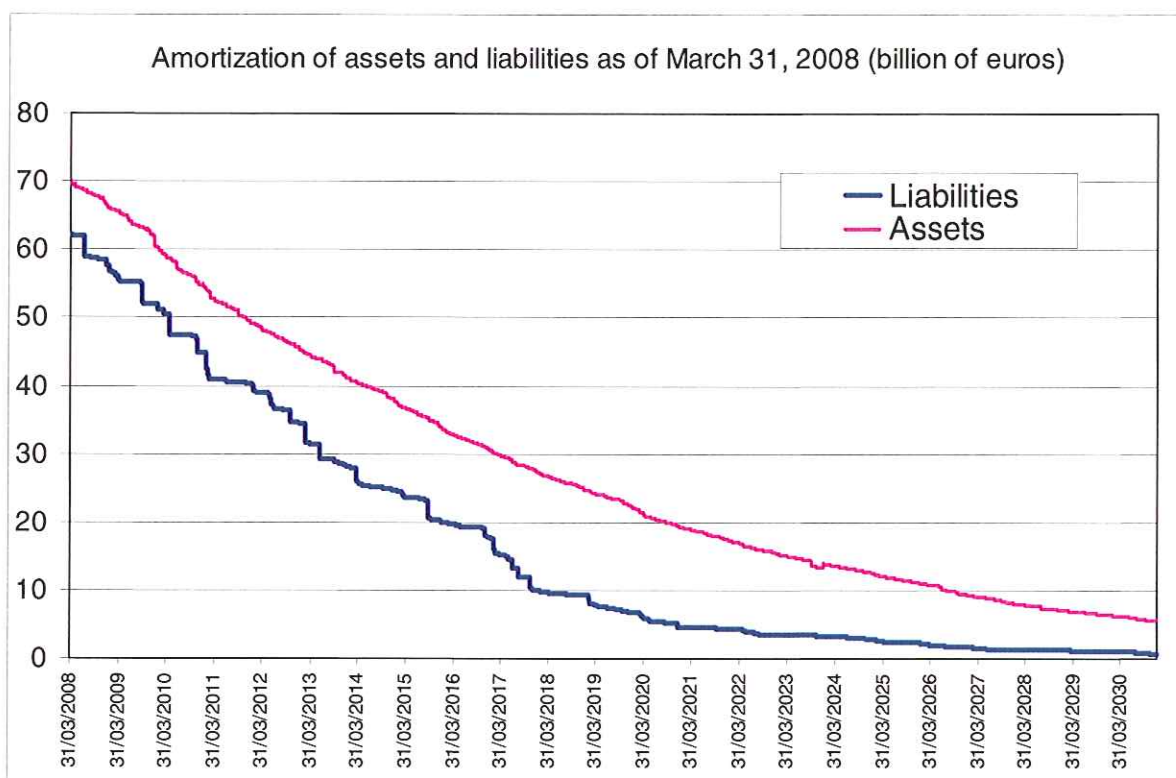
III - Change in the coverage ratio

The coverage ratio, calculated according to regulatory standards applied to French *sociétés de crédit foncier*, is the ratio between the assets and the resources benefiting from the privilege. The following table analyzes the coverage ratio at the end of each month in 2007 and 2008.

Q1 2007	janv-07	117.39%	Q1 2008	Jan-08	116.83%
	Feb-07	111.44%		Feb-08	112.60%
	Mar-07	109.90%		Mar-08	117.26%
Q2 2007	Apr-07	111.34%			
	May-07	110.51%			
	Jun-07	115.88%			
Q3 2007	Jul-07	113.10%			
	Aug-07	112.63%			
	Sep-07	114.69%			
Q4 2007	Oct-07	114.89%			
	Nov-07	112.18%			
	Dec-07	117.62%			

Note is made that Dexia MA decided to maintain a minimum coverage ratio of 105%, which is considered a safe margin. In practice, since the over-collateral is reconstituted by the Group's commercial activity and asset transfers, the coverage ratio is much greater than 105%, as can be seen at the end of each month, when over-collateralization makes it possible to launch issues in the following month.

The following table presents amortization curves of the assets, on the one hand, and of the *obligations foncières* and registered covered bonds, on the other, as of March 31, 2008.



IV - Change in other debt that does not benefit from the privilege (debt contracted with Dexia Crédit Local)

This debt is contracted within the framework of the agreement existing between Dexia Credit Local and Dexia Municipal Agency. It mainly varies in function of over-collateralization.

3/31/2007	4.8
6/30/2007	8.4
9/30/2007	7.9
12/31/2007	10.4
3/31/2008	10.1

As of March 31, 2008, the total borrowed from Dexia Credit Local was EUR 10.1 billion, excluding accrued interest not yet due, broken down as follows:

- to finance over-collateralization of 105%: EUR 3.5 billion
- to finance over-collateralization beyond 105%: EUR 6.6 billion.

V - Management of balance sheet risk

- Transformation risk:

The difference in maturities between the assets and the liabilities may create a liquidity risk. Dexia MA's management rule is a commitment not to exceed a limit of three years in the duration gap between the assets and the resources benefiting from the privilege. The duration gap is in fact much lower than this limit, as can be seen in the following table.

Transformation risk				
(duration expressed in years)				
	12/31/05	12/31/06	12/31/07	12/31/08
Duration of the assets	6.83	7.19	7.19	7.05
Duration of the liabilities benefiting from the privilege	5.08	5.28	5.18	5.00
Gap in asset-liability duration	1.75	1.91	2.01	2.05
Duration gap limit	3	3	3	3

- Interest rate risk:

The method remains unchanged. First, the assets and liabilities that have a fixed rate or are in a foreign currency are swapped against Eurobor 3 months until maturity as soon as they are recognized on the balance sheet. Then the Euribor asset and liability flows are swapped against Eonia until the next due date, with a maximum of 12 months, in order to eliminate the interest rate risk generated by differences in fixing dates. A residual gap remains after the first and second levels of hedging, for which a comprehensive sensitivity limit of 3% of shareholders' equity has been set; it was EUR 26 million in the first quarter of 2008. Real sensitivity is maintained significantly below this limit. Sensitivity is defined as the net present value of the interest rate gap under the impact of a 1% (100 basis point) shift in the yield curve.

The results of this management in the last three quarters are summarized in the following table.

sensitivity of the gap :	Q3 2007			Q4 2007			Q1 2008		
	fixed rate	monetary	total	fixed rate	monetary	total	fixed rate	monetary	total
average	10.10	0.06	10.16	9.49	0.10	9.59	7.53	0.09	7.83
maximum	14.51	9.72	24.23	17.99	7.94	25.93	10.90	0.77	11.48
minimum	6.50	-1.68	4.82	4.96	-1.94	3.02	-2.58	-6.62	-2.50
limit	23.50	2.50	26.00	23.50	2.50	26.00	23.50	2.50	26.00

* maximum: value observed during one day (limit exceeded for technical reasons).

The purpose of this interest rate management is to convert the assets and liabilities on the balance sheet to a floating rate so that they move together in a parallel fashion following the movements of the yield curve, while maintaining the same margin.

In accounting, the impact of this hedging method is reflected in the item "Net interest from macro-hedges", for which the charge increases or decreases in function of the gap between the fixed rates of the loans and the Euribor received from hedging (which may become income if there is a sharp rise in floating rates), usually without the overall net margin being affected.

- Foreign exchange risk:

Dexia MA takes no foreign exchange risks. Assets and liabilities originally in currencies other than the euro are swapped against Euribor when they enter Dexia MA's balance sheet.

This interest rate and foreign exchange risk hedging strategy generated the following amount of swaps from external counterparties and Dexia Group counterparties as of March 31, 2008.

	Notional total EUR billions	Dexia Group %	External counterparties %
<u>Fixed rate swaps against Euribor</u>			
Micro-hedges on <i>obligations foncières</i>	45.0	3.1%	96.9%
Micro-hedges on loans and debt securities	29.7	19.7%	80.3%
Macro-hedges on loans	23.4	84.9%	15.1%
<i>S/T</i>	98.1	27.6%	72.4%
<u>Euribor against Eonia</u>			
Macro-hedges	110.5	100.0%	0.0%
<u>Currency swaps</u>			
Micro-hedges on <i>obligations foncières</i>	17.2	10.0%	90.0%
Micro-hedges on loans	5.5	63.1%	36.9%
Micro-hedges on debt securities	1.3	79.3%	20.7%
<i>S/T</i>	24.0	25.7%	74.2%

VI - Income statement

The income statement as of March 31, 2008, is presented synthetically in the following table.

INCOME STATEMENT				
Synthetic presentation				
EUR thousands	3/31/07	12/31/07	3/31/08	Change 08/07
Interest received on assets	610,292	2,881,991	865,937	
Net interest from macro-hedges	-27,141	-41,932	2,107	
Interest on <i>obligations foncières</i> and non-fixed income securities	-465,148	-2,247,675	-703,846	
Interest on the account with Dexia Credit Local	-56,967	-256,865	-84,693	
Provision on available-for-sale securities	0	-769	-17,435	
Commissions received and paid	-935	-4,488	-1,137	
Other	18	-274	48	
Net banking income	60,119	329,988	60,981	1.4%
General operating expenses	-18,371	-74,621	-20,602	
Taxes	-1,653	-8,380	-2,228	
Operating income before cost of risk	40,095	246,987	38,151	-4.8%
Cost of risk	0	-51	-4	
Income before taxes	40,095	246,936	38,147	-4.9%
Corporate income tax	-13,687	-81,417	-16,631	
Regulated provision on long- and medium-term loans	-1,971	-12,044	-2,383	
NET INCOME	24,437	153,475	19,133	-21.7%

Note on the income statement

Net banking income rose 1.4% from the first quarter of the previous year. Its “commercial margin” component was up 13.6%, boosted by a significant increase in outstanding assets and an improved average margin rate, but this rise was masked by a provision of EUR 17.4 million on the available-for-sale portfolio – this provision mainly corresponded (for EUR 16.9 million) to a decline in the market value of securities issued by a member-State of the European Union and by a French national public sector entity.

Readers are reminded that Dexia MA applies an accounting treatment to early loan repayment penalties and swap cancellation equalization payments that is in compliance with the tax treatment specified by government authorities.

This accounting method introduces accelerated recognition of income compared with systematic amortization. Some of the increase in income reported in 2006 and 2007 was due to this phenomenon, since management of local government debt was very active in these two years.

These penalties and payments are generated by early reimbursements, but also by renegotiations, which generally accompany active management of the debt by borrowers.

The methods employed, which have not changed in the last three years, are described in the rules of presentation and evaluation of the financial statements in the notes to the financial statements in the sections entitled "Client loans", "Micro-hedge transactions" and "Macro-hedge transactions".

Operating expenses were mainly comprised of commissions paid to Dexia Credit Local for the operational management of the Company within the framework of the contract described in article L.515-22 of the Monetary and Financial Code.

The cost of risk was at a very low level in light of the excellent quality of the assets.

Net income decreased by 21.7% to EUR 19.1 million.

VII - Dividend and capital increase

The Shareholders' Meeting, both ordinary and extraordinary, was held on May 26, 2008.

- 1) In its ordinary capacity, the Shareholders' Meeting allocated 2007 net income to retained earnings, with income available for distribution of EUR 146.4 million. Out of this amount, the Shareholders' Meeting decided to distribute a dividend of EUR 70.1 million.
- 2) In its extraordinary capacity, the Shareholders' Meeting decided to increase the capital by EUR 70 million in cash, raising the capital from EUR 876 million to EUR 946 million.

VIII - Outlook for the year 2008

The issuance program for 2008 was set at 17 billion in euro counter-value, compared with 15.3 billion the previous year.

The effective accomplishment of this program partly depends on the introduction of two new Dexia Group asset transfer channels to refinance assets generated by the British and Japanese branches of Dexia Credit Local. These projects are being finalized; they should be operational by the fall.

The way the current financial crisis develops through the year may also have an impact on the full accomplishment of the issuance program. Nevertheless, Dexia MA has been a major player in the covered bond market since the beginning of the year through its regular presence in the primary market via the launch of benchmarks, but also as a result of the good resistance of its spreads in the secondary market.

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Loans to local governments and bonds as of 3/31/2008
(millions of euros)

France	3/31/2008			12/31/2007		
	Loans to local governments	Bonds	Total	Loans to local governments	Bonds	Total
Regions	1,734.3	176.4	1,910.7	1,778.2	180.9	1,959.1
Departments	4,991.1	3.0	4,994.1	5,214.4	3.0	5,217.4
Municipalities	19,067.6	264.2	19,331.8	19,061.2	264.8	19,326.0
Groups of municipalities	9,484.3	0.0	9,484.3	9,526.4	0.0	9,526.4
Public sector entities	8,386.6	60.4	8,447.0	8,345.0	60.4	8,405.4
Credit institution (certificate of deposit)	0.0	0.0	0.0	0.0	0.0	0.0
Loans guaranteed by local governments	788.5	0.0	788.5	689.7	0.0	689.7
Total	44,452.4	504.0	44,956.4	44,614.9	509.1	45,124.0

Austria	Loans to local governments	Bonds	Total	Loans to local governments	Bonds	Total
Länder	211.7	0.0	211.7	212.4	0.0	212.4
ABS	0.0	88.5	88.5	0.0	88.5	88.5
Total	211.7	88.5	300.2	212.4	88.5	300.9

Portugal	Loans to local governments	Bonds	Total	Loans to local governments	Bonds	Total
Regions	0.0	8.5	8.5	0.0	8.5	8.5
Municipalities	121.0	0.0	121.0	121.4	0.0	121.4
Public sector entities	153.4	0.0	153.4	153.8	0.0	153.8
Securities guaranteed by the State or by local governments	0.0	47.5	47.5	0.0	47.5	47.5
Loans guaranteed by local governments	0.0	0.0	0.0	0.0	0.0	0.0
Total	274.4	56.0	330.4	275.2	56.0	331.2

Iceland	Loans to local governments	Bonds	Total	Loans to local governments	Bonds	Total
Securities guaranteed by the State or by local governments	0.0	180.4	180.4	0.0	180.4	180.4
Total	0.0	180.4	180.4	0.0	180.4	180.4

Finland	Loans to local governments	Bonds	Total	Loans to local governments	Bonds	Total
State	0.0	0.0	0.0	0.0	0.0	0.0
Municipalities	81.2	0.0	81.2	82.3	0.0	82.3
Public sector entities	82.5	0.0	82.5	82.6	0.0	82.6
Total	163.7	0.0	163.7	164.9	0.0	164.9

Greece	Loans to local governments	Bonds	Total	Loans to local governments	Bonds	Total
State	300.0	321.2	621.2	300.0	231.2	531.2
Loans guaranteed by the State or by local governments	110.0	0.0	110.0	110.0	0.0	110.0
Securities guaranteed by the State or by local governments	0.0	100.0	100.0	0.0	100.0	100.0
Total	410.0	421.2	831.2	410.0	331.2	741.2

Italy	Loans to local governments	Bonds	Total	Loans to local governments	Bonds	Total
State	0.0	506.2	506.2	0.0	506.3	506.3
Regions	0.0	1,065.2	1,065.2	0.0	1,065.7	1,065.7
Provinces	0.0	173.2	173.2	0.0	174.8	174.8
Municipalities	16.5	1,488.7	1,505.2	17.2	1,475.3	1,492.5
ABS	0.0	20.0	20.0	0.0	22.4	22.4
Securities issued by DCC (see note1 below)	0.0	4,055.7	4,055.7	0.0	1,809.7	1,809.7
Securities guaranteed by the State or by local governments	0.0	110.0	110.0	0.0	110.0	110.0
Total	16.5	7,419.0	7,435.5	17.2	5,164.2	5,181.4

Spain	Loans to local governments	Bonds	Total	Loans to local governments	Bonds	Total
<i>Cédulas territoriales</i>	0.0	2,675.0	2,675.0	0.0	2,425.0	2,425.0
State	0.0	39.5	39.5	0.0	39.5	39.5
Securities guaranteed by the State or by local governments	0.0	64.9	64.9	0.0	64.9	64.9
Groups of municipalities	0.0	128.0	128.0	0.0	128.0	128.0
ABS	0.0	250.0	250.0	0.0	249.7	249.7
Total	0.0	3,157.4	3,157.4	0.0	2,907.1	2,907.1

Switzerland	Loans to local governments	Bonds	Total	Loans to local governments	Bonds	Total
Cantons	1,274.1	0.0	1,274.1	1,008.2	0.0	1,008.2
Municipalities	964.2	0.0	964.2	852.3	0.0	852.3
Public sector entities	121.1	0.0	121.1	0.0	0.0	0.0
Loans guaranteed by local governments	2,146.8	0.0	2,146.8	1,976.5	0.0	1,976.5
Total	4,506.2	0.0	4,506.2	3,837.0	0.0	3,837.0

Belgium	Loans to local governments	Bonds	Total	Loans to local governments	Bonds	Total
Regions	571.6	93.3	664.9	571.6	93.3	664.9
Communities	260.9	140.0	400.9	260.9	189.6	450.5
Public sector entities	35.8	0.0	35.8	35.8	0.0	35.8
Securities guaranteed by the State or by local governments	0.0	126.6	126.6	0.0	126.6	126.6
Securities issued by DSFB (see note2 below)	0.0	1,618.3	1,618.3	0.0	1,666.5	1,666.5
Loans guaranteed by the State or by local governments	369.1	0.0	369.1	377.2	0.0	377.2
Total	1,237.4	1,978.2	3,215.6	1,245.5	2,076.0	3,321.5

Germany	Loans to local governments	Bonds	Total	Loans to local governments	Bonds	Total
Länder	0.0	640.0	640.0	0.0	640.0	640.0
<i>Pfandbriefe</i>	0.0	1,000.0	1,000.0	0.0	1,000.0	1,000.0
Securities guaranteed by the State or by local governments	0.0	353.6	353.6	0.0	353.6	353.6
Total	0.0	1,993.6	1,993.6	0.0	1,993.6	1,993.6

United States	Loans to local governments	Bonds	Total	Loans to local governments	Bonds	Total
States	0.0	145.0	145.0	0.0	145.0	145.0
Municipalities	0.0	0.0	0.0	0.0	0.0	0.0
Total	0.0	145.0	145.0	0.0	145.0	145.0

Monaco	Loans to local governments	Bonds	Total	Loans to local governments	Bonds	Total
Public sector entities	0.0	0.0	0.0	0.1	0.0	0.1
Total	0.0	0.0	0.0	0.1	0.0	0.1

Sweden	Loans to local governments	Bonds	Total	Loans to local governments	Bonds	Total
Municipalities	284.4	0.0	284.4	283.6	0.0	283.6
Loans guaranteed by local governments	457.6	0.0	457.6	456.7	0.0	456.7
Total	742.0	0.0	742.0	740.3	0.0	740.3

Canada	Loans to local governments	Bonds	Total	Loans to local governments	Bonds	Total
Provinces	0.0	22.4	22.4	0.0	22.4	22.4
Municipalities	0.0	0.0	0.0	0.0	0.0	0.0
Total	0.0	22.4	22.4	0.0	22.4	22.4

United Kingdom	Loans to local governments	Bonds	Total	Loans to local governments	Bonds	Total
Securities guaranteed by the State or by local governments	0.0	758.3	758.3	0.0	762.8	762.8
Total	0.0	758.3	758.3	0.0	762.8	762.8

Luxembourg	Loans to local governments	Bonds	Total	Loans to local governments	Bonds	Total
<i>Lettres de gage</i>	0.0	2,600.0	2,600.0	0.0	0.0	0.0
Securities guaranteed by the State or by local governments	0.0	137.1	137.1	0.0	2,751.6	2,751.6
Total	0.0	2,737.1	2,737.1	0.0	2,751.6	2,751.6

Hungary	Loans to local governments	Bonds	Total	Loans to local governments	Bonds	Total
Loans guaranteed by the State or by local governments	281.0	0.0	281.0	121.0	0.0	121.0
Total	281.0	0.0	281.0	121.0	0.0	121.0

Lithuania	Loans to local governments	Bonds	Total	Loans to local governments	Bonds	Total
Loans guaranteed by the State or by local governments	80.0	0.0	80.0	80.0	0.0	80.0
Total	80.0	0.0	80.0	80.0	0.0	80.0

Poland	Loans to local governments	Bonds	Total	Loans to local governments	Bonds	Total
Loans guaranteed by the State or by local governments	998.0	0.0	998.0	657.0	0.0	657.0
Total	998.0	0.0	998.0	657.0	0.0	657.0

Global *	53,373.3	19,461.1	72,834.4	52,375.5	16,988.0	69,363.5
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* Excluding premiums and discounts (recorded in accruals).

Premiums and discounts on securities	23.1	24.1
Translation adjustments on securities	-214.6	-112.2
Value of securities on the balance sheet	19,269.6	16,899.9

NOTE 1:

The DCC securities in the amount of EUR 4,106.4 million as of March 31, 2008, were subscribed by Dexia MA for EUR 4,055.7 million. The purpose of this securitization vehicle created by Dexia Crediop is to allow refinancing by Dexia MA of Italian public sector assets transferred by Dexia Crediop to DCC. The securities held by Dexia MA benefit from the guarantee of Dexia Crediop and are consequently rated AA by Fitch, AA- by Standard & Poor's, and Aa2 by Moody's. As of March 31, 2008, the assets held by DCC could be broken down as follows:

NOTE 2:

The DSFB securities in the amount of EUR 1,651.4 million were subscribed by Dexia MA for 98%, i.e. EUR 1,618.3 million. The purpose of this securitization vehicle created by Dexia Bank Belgium is to allow refinancing by Dexia MA of assets generated by Dexia Bank Belgium. DSFB settlements are guaranteed by Dexia Bank Belgium, and are consequently rated AA+ by Fitch, Aa1 by Moody's and AA by Standard and Poor's. As of March 31, 2008, the assets held by DSFB (Compartment-I) were Belgian public-sector assets that could be broken down as follows:

Assets held as of March 31, 2008, by DCC - Dexia Crediop per la Cartolarizzazione

Italian assets	millions of euros
State	0.0
Regions	2,101.4
Provinces	767.6
Municipalities	1,234.8
DCC bank account with Dexia Bank Belgium	2.6
Others	
Total	4,106.4

Assets held as of March 31, 2008, by DSFB - Dexia Secured Funding Belgium

Belgian assets	millions of euros
State	0.0
Regions	383.5
Provinces	0.0
Public sector entities	950.3
Groups of public sector entities	99.6
Loans guaranteed by local governments	218.0
Total	1,651.4

**Statutory Auditors' Report
on the limited review of the quarterly financial statements
from January 1, 2008 to March 31, 2008**

(Free translation of the French language original)

This is a free translation into English of the statutory auditor's report issued in French and is provided solely for the convenience of English speaking users.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

In our capacity of statutory auditors of **Dexia Municipal Agency** and following the request made to us, we have conducted a limited review of the quarterly financial statements for the three-month period ended March 31, 2008, as attached to the present report.

These financial statements are the responsibility of the Executive Board. Our responsibility is to express a conclusion on these financial statements based on our limited review.

We conducted our review in accordance with the professional standards applicable in France. A limited review consists of making inquiries, primarily of executive management responsible for financial and accounting matters, and applying analytical procedures. A review is substantially less in scope than an audit conducted in accordance with the professional standards applicable in France. Consequently, the assurance obtained that the quarterly financial statements, taken as a whole, are free from material misstatement, is a moderate assurance, less than that which would result from an audit.

Based on our limited review, nothing has come to our attention that causes us to believe that the accompanying quarterly financial statements prepared in accordance with accounting principles generally accepted in France do not present fairly, in all material respects, the results of operations for the three-months ended March 31, 2008 and the financial position of **Dexia Municipal Agency** and its assets at that date.

Neuilly-sur-Seine and Courbevoie, June 9, 2008

The statutory auditors

**Deloitte & Associés
Mazars & Guérard**

**François ARBEY
Guillaume POTEL
Anne VEAUTE**

ASSETS AS OF MARCH 31, 2008

EUR thousands	Notes	EUR 3/31/2007	EUR 12/31/2007	EUR 3/31/2008
Cash, central banks and postal checking accounts	2.1	3,946	14,986	15,733
Government and public entity securities, eligible for central bank refinancing	2.2	2,931,591	3,438,653	3,561,937
Interbank loans and advances		2,190,733	3,192,690	3,963,939
A. Interbank loans - Sight	2.3	55	45	35
B. Accrued interest - Sight		0	0	0
C. Interbank loans - Time	2.4	2,165,597	3,155,985	3,921,910
D. Accrued interest - Time	2.4	25,081	36,660	41,994
Client loans	2.5	44,994,606	50,011,879	50,203,963
A. Client loans		44,303,688	49,219,514	49,451,412
B. Accrued interest		690,918	792,365	752,551
Bonds and other fixed income securities	2.6	8,734,017	13,637,407	15,877,808
Equities and other variable income securities		0	0	0
Investments in non-consolidated companies and other long-term investments		0	0	0
Investments in consolidated companies		0	0	0
Intangible assets		0	0	0
Property and equipment		0	0	0
Unpaid capital		0	0	0
Treasury stock		0	0	0
Other assets		2	1,641	3,126
Accruals and other assets	2.7	2,540,158	3,226,521	2,992,905
TOTAL ASSETS	2.8	61,395,053	73,523,777	76,619,411

LIABILITIES AS OF MARCH 31, 2008

EUR thousands	Notes	EUR 3/31/2007	EUR 12/31/2007	EUR 3/31/2008
Interbank loans	3.1	4,878,589	10,431,455	10,112,123
Client loans		0	0	0
Debt securities		51,957,758	57,536,973	60,123,320
A. Debt securities (<i>obligations foncières</i>)	3.2	50,220,092	55,006,260	57,751,197
B. Accrued interest	3.2	799,013	1,102,384	886,264
C. Other bonds (<i>registered covered bonds</i>)	3.2	928,414	1,396,340	1,456,376
D. Accrued interest	3.2	10,239	31,989	29,483
Other liabilities	3.3	24,762	39,885	56,208
Accruals and other liabilities	3.4	3,578,338	4,420,914	5,202,018
Provisions for risks and charges		0	109	9,784
Regulated provisions		33,886	43,964	46,348
Subordinated debt		0	0	0
General banking risks reserve		0	0	0
Shareholders' equity excluding general banking risks reserve		921,720	1,050,477	1,069,610
Capital stock	3.6	760,000	876,000	876,000
Reserves and retained earnings	3.6	14,771	21,002	21,002
Net income	3.5	24,437	153,475	19,133
Unallocated net income	3.6	122,512	0	153,475
TOTAL LIABILITIES	3.7	61,395,053	73,523,777	76,619,411

OFF-BALANCE SHEET ITEMS AS OF MARCH 31, 2008

EUR thousands	Notes	EUR 3/31/2007	EUR 12/31/2007	EUR 3/31/2008
COMMITMENTS GRANTED	4.1	4,435,820	4,838,883	4,609,614
Financing commitments		4,435,820	4,838,883	4,609,614
COMMITMENTS RECEIVED	4.2	9,873,699	10,575,820	13,211,247
Financing commitments		4,478,625	4,684,360	7,090,255
Guarantees received		5,395,074	5,891,460	6,120,992
Foreign currency transactions	4.3	40,897,571	46,293,963	46,522,106
Interest rate derivatives	4.4	179,373,042	203,663,019	208,655,853
Other commitments received		0	0	1,481,876
Commitments related to securities transactions	4.5	0	0	0

STATEMENT OF INCOME AS OF MARCH 31, 2008

EUR thousands	Notes	EUR 3/31/2007	EUR 12/31/2007	EUR 3/31/2008
Interest income	5.0.a	1,519,008	6,944,568	2,056,129
A. from interbank transactions		15,028	71,961	31,033
B. from transactions with clients		487,167	2,232,614	630,023
C. from bonds and other fixed income securities		108,097	577,416	204,880
D. from macro-hedge transactions		908,716	4,062,577	1,190,193
Interest expense	5.0.b	(1,457,972)	(6,609,049)	(1,976,624)
A. on interbank transactions		(56,967)	(256,865)	(84,693)
B. on bonds and other fixed income securities		(465,148)	(2,247,675)	(703,845)
C. on macro-hedge transactions		(935,857)	(4,104,509)	(1,188,086)
Income from variable income securities		0	0	0
A. Equities and other variable income securities		0	0	0
B. Long-term investments		0	0	0
Commission income		1	3	1
Commission expense	5.2	(0,936)	(4,491)	(1,138)
Income from financial transactions	5.3	(0,006)	(1,100)	(17,383)
Other banking income		24	61	0
Other banking expense		0	(4)	(4)
NET BANKING INCOME		60,119	329,988	60,981
General operating expense	5.1	(20,024)	(83,001)	(22,830)
A. Staff costs		0	0	0
1. Payroll expense		0	0	0
2. Social contributions		0	0	0
B. Other general operating expense		(20,024)	(83,001)	(22,830)
1. Taxes		(1,653)	(8,380)	(2,228)
2. Other general operating expense		(18,371)	(74,621)	(20,602)
Depreciation and amortization		0	0	0
OPERATING INCOME BEFORE COST OF RISK		40,095	246,987	38,151
Cost of risk		0	(51)	(4)
INCOME FROM OPERATIONS		40,095	246,936	38,147
Income (loss) on fixed assets		0	0	0
INCOME BEFORE NON-RECURRING ITEMS AND TAXES		40,095	246,936	38,147
Non-recurring income		0	0	0
Non-recurring expense		0	0	0
Corporate income tax	5.4	(13,687)	(81,417)	(16,631)
A. Current taxes		(13,687)	(83,057)	(18,113)
B. Deferred taxes		0	1,640	1,482
C. Provisions		0	0	0
Net allocation to general banking risks reserve and regulated provisions		(1,971)	(12,044)	(2,383)
NET INCOME		24,437	153,475	19,133

Cash Flow Statement As of March 31, 2008

EUR Thousands	31/03/07	31/12/07	03/31/08
Net income before taxes	40,090	246,936	38,147
+/- Amortisation and depreciation and other impairment on fixed and intangible assets	0	0	0
+/- Depreciation and write-downs	(196)	(123)	(16)
+/- Expense/income from operating activities	137,832	(245,997)	213,671
+/- Expense/income from financing activities	(127,407)	199,129	(185,413)
+/- Other non cash items	35,508	(39,165)	(1,158)
= Non monetary elements included in net income before tax and other adjustments	45,737	(86,156)	27,084
- Cash from interbank operations (Dexia Crédit Local)	(2,000,000)	(2,000,000)	600,000
+ Cash from interbank operations (client loans)	(186,330)	(1,154,022)	(739,291)
+/- Cash from client operations (loans)	614,139	(4,374,528)	(20,809)
+/- Cash from financing assets	(455,305)	(5,864,542)	(2,451,377)
+/- Cash from hedging financial instruments	59,568	26,106	3,049
- Income tax paid	(59,002)	(81,715)	(20,024)
= Decrease/(increase) in cash from operating activities	(2,026,930)	(13,448,701)	(2,628,452)
CASH FLOW FROM OPERATING ACTIVITIES (A)	(1,941,103)	(13,287,921)	(2,563,221)
+/- Cash from financing assets and long-term investments	0	0	0
+/- Cash from investment property	0	0	0
+/- Cash from property and intangible assets	0	0	0
CASH FLOW FROM INVESTING ACTIVITIES (B)	0	0	0
+/- Cash from or for shareholders	0	(280)	0
+/- Other cash from financing activities	2,821,687	8,622,650	3,508,361
CASH FLOW FROM FINANCING ACTIVITIES (C)	2,821,687	8,622,370	3,508,361
EFFECT OF EXCHANGE RATES CHANGES ON CASH (D)	0	0	0
Increase/(decrease) in cash equivalents (A + B+ C + D)	880,584	(4,665,551)	945,140
Cash flow from operating activities (A)	(1,941,103)	(13,287,921)	(2,563,221)
Cash flow from investing activities (B)	0	0	0
Cash flow from financing activities (C)	2,821,687	8,622,370	3,508,361
Effect of exchange rates on cash (D)	0	0	0
Cash and cash equivalents at the beginning of the period	(2,818,797)	(2,818,797)	(7,484,348)
Cash, central banks and postal checking accounts (assets & liabilities)	2,327	2,328	14,986
Interbank accounts (assets & liabilities) and loans/deposits at sight	(2,821,124)	(2,821,125)	(7,499,334)
Cash and cash equivalents at the end of the period	(1,938,213)	(7,484,348)	(6,539,209)
Cash, central banks and postal checking accounts (assets & liabilities)	3,947	14,986	15,733
Interbank accounts (assets & liabilities) and loans/deposits at sight	(1,942,160)	(7,499,334)	(6,554,942)
Net cash	880,584	(4,665,551)	945,140

SHAREHOLDERS' EQUITY as of March 31, 2008**Thousands of euros**

	Amount
<u>As of December 31, 2007</u>	
Capital stock	876 000
Additional paid-in capital (APIC)	0
Commitments to increase capital stock and APIC	0
Reserves and retained earnings	21 002
Net income for the year	153 475
Interim dividends	0
Shareholders' equity as of December 31, 2007	1 050 477
<u>Movements for the period</u>	
Issuance of shares (capital stock)	0
Issuance of shares (APIC)	0
Commitments to increase capital stock and APIC	0
Reserves and retained earnings	153 475
Dividends paid (-)	0
Net income for the period	19 133
Other movements	0
<u>As of March 31, 2008</u>	
Capital stock	876,000
Additional paid-in capital (APIC)	0
Commitments to increase capital stock and APIC	0
Reserves and retained earnings	174,477
Net income for the period	19,133
Shareholders' equity as of March 31, 2008	1,069,610

NOTES TO THE FINANCIAL STATEMENTS AS OF MARCH 31, 2008

1. SIGNIFICANT ACCOUNTING POLICIES

Accounting principles

Dexia Municipal Agency prepares its annual and quarterly financial statements in conformity with CRC regulations n° 99-04 and n° 00-03.

The financial statements as of March 31, 2008, were drawn up using the same accounting principles as those used in the financial statements as of December 31, 2007, and in the 2007 quarterly financial statements. Dexia MA has published a statement of changes in shareholders' equity since June 30, 2007.

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

- ongoing concern principle,
- segregation of accounting periods,
- consistency of methods.

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

Client loans

Client loans are stated in the balance sheet net of depreciation for possible losses. The undrawn portion of signed loan agreements is recorded as an off-balance sheet item.

Interest on loans is recorded as banking income *pro rata temporis* for accrued amounts due and not yet due, as is interest on unpaid installments.

Dexia Municipal Agency applies regulation CRC regulation n° 2002-03, in effect as of January 1, 2003, modified by CRC regulation n° 2005-03 for companies overseen by the CRBF. This regulation stipulates that a loan is considered as non-performing when it presents one of the following characteristics:

- a probable or certain risk that it will not be repaid (unpaid for more than nine months for local government borrowers, and for more than three months for the others);
- a factual bad risk (worsening of the financial situation, alert procedures);
- the existence of litigation.

In addition, this regulation introduces a new category of bad debt: compromised non-performing loans. Loans unpaid for more than one year are recorded in this category. This regulation also requires the identification of outstanding loans that have been restructured under non-market conditions; Dexia Municipal Agency had no outstanding loans in this category as of March 31, 2008.

The rate of depreciation applied to bad debt is proportional to the risk involved. The amount of interest is depreciated for 100% in compliance with current banking practice. Because of the low risk of loss in the local government sector, the depreciation allotted covers 3% of the capital.

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

Early loan repayment penalties recorded up to December 31, 2004, continue to be amortized, on a tax and accounting basis, over the residual life of the repaid loans, in function of the amount of interest that would have been paid on these loans. The remaining penalties to be spread over time are recorded in accruals and other liabilities.

Since January 1, 2005, early loan repayment penalties are recorded in the statement of income at the date they occur.

Securities transactions

The securities held by Dexia Municipal Agency are recorded in the assets as:

- Government and public entity securities eligible for central bank refinancing;
- Bonds and other fixed income securities.

They are recognized for accounting purposes as:

- investment securities (held to maturity);
- securities available for sale for certain securities considered as replacement assets.

The item "Government and public entity securities eligible for central bank refinancing" includes debt securities issued by public sector entities that may be refinanced through the European system of central banks.

The item "Bonds and other fixed income securities" includes the following categories of securities:

- debt securities issued by public sector entities that are not eligible for refinancing by central banks;
- debt securities guaranteed by public sector entities;
- debt securities issued by securitization structures for Italian public sector assets, Colombo and Astrea ;
- debt securities issued by an Austrian securitization structure, Blue Danube Loan Funding, guaranteed by the Land of Lower Austria;
- debt securities issued by subsidiaries of the Dexia Credit Local group and by other Dexia Group entities for Dexia MA, in order to facilitate asset transfers and refinancing. As of March 31, 2008, there were five categories of such securities, which fell into two categories:

1) guaranteed bonds, which are debt securities issued within a national legal framework of covered bonds:

- o *cedulas territoriales* issued by Dexia Sabadell Banco Local, the Spanish subsidiary of Dexia Credit Local;
- o *Pfandbrief*, a debt security issued by Dexia Kommunalbank Deutschland AG (formerly Dexia Hypothekbank in Berlin), a subsidiary of Dexia Credit Local; which is specialized in refinancing the public sector, primarily in Germany;
- o *lettres de gage* in Luxembourg, issued by Dexia LdG Luxembourg, a fully owned subsidiary of Dexia BIL in Luxembourg.

All these covered bonds benefit from a triple A rating.

2) debt securities issued by a securitization vehicle within the Dexia Group, and which correspond to specialized operations whereby assets are transferred between Group entities, which generate these assets, and Dexia MA, which refinances them:

- o debt securities issued by DCC (Dexia Crediop per la Cartolarizzazione srl), the securitization vehicle of Dexia Crediop, the Italian subsidiary of Dexia Credit Local. This securitization vehicle is solely dedicated to the refinancing of Italian public sector assets by Dexia Municipal Agency. In addition, the securities it issues for Dexia Municipal Agency benefit from a total guarantee by Dexia Crediop (see below 2.6). The DCC securitization vehicle was introduced in the second quarter of 2004 with the issue for Dexia Municipal Agency of EUR 1.1 billion in securities representing the Italian public sector assets held by the vehicle. Since then, DCC has issued two other securities for Dexia MA, the second in 2005 for EUR 1 billion and the third in March 2008 for EUR 2.3 billion;
- o debt securities issued by Dexia Secured Funding Belgium NV (DSFB), a *société en investissement de créances* governed by Belgian law and a securitization vehicle created

in June 2007 by Dexia Bank Belgium, a subsidiary of Dexia SA, to facilitate the refinancing of certain assets. In June 2007, through its compartment DSFB-I, which is entirely comprised of loans to the Belgian public sector, DSFB issued EUR 1,741,500,000, of which EUR 1,680,250,000 were acquired by Dexia Municipal Agency and the rest by Dexia Bank Belgium, (see below 2.6).

Securities considered as investment securities are recorded on the date of purchase at acquisition clean price excluding fees.

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 clean price (discount or premium) is amortized on a quasi actuarial basis over the residual life of the security.

At the end of the accounting period, latent gains are not recorded and no depreciation is recorded 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.

Securities recorded as available for sale are eligible assets so classified for management purposes.

It should be noted that the accounting classification as securities as available for sale previously implied the necessity to recognize any security so classified as a "replacement asset". The new formulation of articles L.515-15 and following of the Monetary and Financial Code (May 2007) enables the company to choose the accounting classification (investment or available for sale) it prefers for eligible debt securities.

The sole debt securities to be considered as "replacement assets" are now debt securities the debtors of which are credit institutions or investment firms benefiting from the highest level of credit quality determined by a rating agency recognized by the Banking Commission (corresponding to a minimum rating of AA-/Aaa3 /AA- by Fitch, Moody's and Standard and Poor's). The percentage of these replacement assets may not exceed 15% of the nominal amount of the *obligations foncières* and other resources benefiting from the privilege mentioned in §2 of part I of article L.515-13 of the Monetary and Financial Code

Securities available for sale are recorded on the date of purchase at acquisition clean cost excluding fees. Interest accrued at the date of acquisition is recorded in a separate account. The positive or negative difference between the redemption value and the acquisition clean cost (discount or premium) is amortized on an actuarial basis over the residual life of the security.

At closing, in application of the principle of prudence, securities available for sale are recognized at their acquisition cost or their market value at closing, if the latter is less, after accounting, when relevant, for the value of the micro-hedge swap. When the decrease in the value of the security exceeds the latent gain on the micro-hedge, the decrease in net value is recorded as asset depreciation.

Debt securities

This chapter includes *obligations foncières* and other resources benefiting from the privilege defined in article L 515-19 of the Monetary and Financial Code; as of March 31, 2008, it is subdivided into two categories:

1) Debt securities, for *obligations foncières*

These debt securities are recorded at face value.

From the first year, 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 paid and not yet due calculated *prorata temporis* on the basis of contractual rates.

Bond issuance costs and commissions are amortized in equal parts on a straight-line basis over the life of the related loans.

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

2) Other debt securities, for registered covered bonds.

These private placements are recorded at their face value. Issue premiums are treated the same way as *obligations foncières* (see above).

Pursuant to article L.515-20 of the Monetary and Financial Code and article 6 of CRB regulation n° 99-10 of July 27, 1999, total assets must always exceed liabilities benefiting from the privilege referred to in article L.515-19 of the Monetary and Financial Code.

Derivative transactions

Dexia Municipal Agency engages in derivative 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 micro-hedge or macro-hedge portfolios as defined by CRB 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 L.515-18 of the Monetary and Financial Code, these transactions benefit from the privilege defined in article L.515-19 of the Monetary and Financial Code provided that their purpose is to hedge the assets or debt benefiting from the privilege and the overall risk on the assets, liabilities and off-balance sheet items.

The law stipulates that derivative transactions do not benefit from the privilege when related to sources of financing that do not themselves benefit from the privilege.

For Dexia MA, the only resources that do not benefit from the privilege comprise the debt with Dexia Credit Local, which is not hedged (see below 3.1).

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 notional amounts so as to represent the maximum current or future commitment.

Equalization payments at the inception of hedging derivatives are spread over their maturity for the time remaining on a quasi actuarial method.

Micro-hedge transactions

Transactions are booked as micro-hedges when they are designed to hedge against the interest rate risk related to an item or set of homogeneous items identified from the start. They involve swaps used to hedge primary issues, securities in the investment bond portfolio and certain client assets.

Expense and income on these transactions are recorded in the statement of income in the same way income and expense on the hedged item or set of homogeneous items are recorded.

In the event of early repayment, the sale of the hedged item, or early repayment within the framework of the renegotiation of the hedged item, the cancellation equalization payment received or paid because of the early interruption of the hedging instrument is recorded in the following manner, if the hedging instrument has been cancelled:

- (i) prior to January 1, 2005, the equalization payment is extended over the length of the cancelled transaction;
- (ii) since January 1, 2005, the equalization payment is recorded in the statement of income over the period of cancellation; however, the equalization payment paid by Dexia MA is charged against income only for the portion that exceeds gains not yet recorded in income in the symmetric position.

In both cases, equalization payments remaining to be extended are recorded as accruals in the assets and/or liabilities.

Macro-hedge 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 micro-hedge transactions. They were authorized by a specific decision of the Executive Board of Dexia MA on December 1, 1999, pursuant to article 14 of CRB regulation n° 99-10.

Expense and income on these transactions are recorded in the statement of income *prorata temporis* respectively as "Interest expense on macro-hedge transactions" and "Interest income from macro-hedge transactions". The contra entry is recorded in accruals until the date of payment of the funds.

If an early repayment transaction leads to the cancellation of macro-hedge swaps, the swap cancellation equalization payment is treated in the following way if the cancellation has taken place:

- (i) prior to January 1, 2005, the equalization payment is extended over the length of the cancelled transaction. Equalization payments remaining to be extended are recorded in accruals in the assets and/or liabilities;
- (ii) since January 1, 2005, the equalization payment is recorded in the statement of income at cancellation.

Micro-hedges and macro-hedges correspond to the use of derivative instruments that benefit from the privilege defined in article L.515-19 of the Monetary and Financial Code, pursuant to article L.515-18 of the Monetary and Financial Code.

Foreign currency transactions

Pursuant to CRB regulation n° 89-01, amended by 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 valuation 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 transactions

In the course of systematic hedging of its foreign exchange risk, Dexia Municipal Agency enters into currency swaps. These currency swaps are initiated to eliminate the risk of foreign exchange rate fluctuations that might affect an asset or liability as soon as such a risk is recognized. They are mainly used to hedge certain bond issues and, in the assets, certain debt securities and client loans.

Results of foreign exchange hedging transactions are accounted for by recording the difference between the hedging rate 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 that have a significant impact on the period's net income are recorded as non-recurring income and expense.

Deferred taxes

Deferred taxes are recognized when there is a chronological, temporary differences between the tax base and the consolidated base of assets and liabilities.

Tax filings in Ireland use mark-to-market values, which are not included in results according to French GAAP, and which may occasionally generate taxable income that is destined to disappear with the amortization of the assets or the maturity of the transaction under consideration. The tax thus calculated, which will be naturally recovered at a later date as a result of the use of mark-to-market values, is considered as a deferred tax asset. Recognition of a deferred tax asset implies that it be considered that the Dublin branch will generate sufficient future taxable profits to which the temporary differences could be charged.

The tax rate used is that in effect (or about to apply) in the year under review, according to the liability method.

In its financial statements as of March 31, 2008, Dexia MA thus recognized deferred taxes concerning its Dublin branch:

- the impact on the period's income was a positive EUR 1.5 million (deferred tax asset), which offsets an equivalent amount recorded as an expense in current taxes;
- no other source of deferred taxes was identified at the end of the quarter.

Tax consolidation

Dexia Municipal Agency applies the tax consolidation system.

Dexia Municipal Agency and its parent company Dexia Credit Local are lodged in a tax consolidation structure. As of January 1, 2002, the consolidating company is Dexia SA's permanent establishment in France.

This entity pays the total tax owed by the companies in the tax group and the minimum corporate income tax payment for the group. Dexia MA records in its accounts the amount of tax for which it would be liable if it were not a member of the tax group.

Tax savings realized by the tax group are recorded in the accounts of Dexia's permanent establishment in France.

Identity of the parent company consolidating the accounts of Dexia Municipal Agency:

Dexia Credit Local
Tour Dexia - La Défense 2
1, passerelle des Reflets
92 913 La Défense Cedex
France

2. NOTES TO THE ASSETS (millions of euros)

2.1 – Cash, central banks and postal checking accounts

	Amount as of 03/31/07	Amount as of 12/31/07	Amount as of 03/31/08
Mandatory reserves	3.9	15.0	15.7
TOTAL	3.9	15.0	15.7

2.2 – Government and public entity securities eligible for central bank refinancing

a. *Accrued interest included in this item: 84,6*

b. *Analysis by residual maturity excluding accrued interest*

	3 months to 1 year	1 year to 5 years	More than 5 years	Total
Less than 3 months	50.0	11.5	29.0	3,386.8
TOTAL	50.0	11.5	29.0	3,477.3

c. *Analysis by listed securities and other securities excluding accrued interest*

	Amount as of 03/31/08	Latent capital loss as of 03/31/08
Listed securities	3,177.4	6.2
Other securities	299.9	0.0
TOTAL	3,477.3	6.2

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

PORTFOLIO (1)	Amount as of 03/31/07	Gross amount as of 12/31/07	Increases	Decreases	Other changes (2)	Impairment as of 12/31/07	Amount as of 03/31/08
TS	0.0	0.0	0.0	0.0	0.0	0.0	0.0
SAS	548.8	993.4	90.0	(0.8)	0.00	(6.2)	1,076.4
IS	2,330.4	2,402.2	0.0	(1.3)	0.00	0.0	2,400.9
TOTAL	2,879.2	3,395.6	90.0	(2.1)	0.00	(6.2)	3,477.3

2.3 - Sight inter-bank loans

	Amount as of 03/31/07	Amount as of 12/31/07	Amount as of 03/31/08
Balance of current account		0.0	0.0
Accrued interest not yet due on the current account		0.0	0.0
Unallocated sums		0.0	0.0
TOTAL Dexia Crédit Local		0.0	0.0

2.4 - Time inter-bank loans

This item is composed of loans to Swiss cantonal banks, which benefit from a legal guarantee of their cantons for an amount of € 2,145.2 million (excluding accrued interest).

The remainder is comprised of loans guaranteed (i) by local governments (loans to *Crédits municipaux*) or (ii) by the transfer as guarantee of the public assets refinanced through the loans.

a. *Accrued interest included in this item: 42*

b. *Analysis by residual maturity excluding accrued interest*

	3 months to 1 year	1 year to 5 years	More than 5 years	Total
Less than 3 months	34.9	199.9	1,436.5	2,240.6
TOTAL	34.9	199.9	1,436.5	3,921.9

c. Analysis by initial maturity excluding accrued interest

	Net amount as of 03/31/07	Net amount as of 12/31/07	Gross amount as of 03/31/08	Decrease in value as of 03/31/08	Net amount as of 03/31/08
Commitments of less than 1 year	0.0	0.0	0.0	0.0	0.0
Commitments of more than 1 year	2,165.6	3,156.0	3,921.9	0.0	3,921.9
TOTAL	2,165.6	3,156.0	3,921.9	0.0	3,921.9

d. Breakdown by counterparty

	Amount as of 03/31/2008
Swiss cantonal banks benefiting from their canton's legal guarantee	2,145.2
Banks guaranteed by a local government, Crédits municipaux	113.5
Credit institutions belonging to the Dexia Group: loans benefiting from the assignment in guarantee of refinanced public debt	1,663.2
TOTAL	3,921.9

2.5 - Client loans

a. Accrued interest included in this item: 752.6

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
830.1	4,286.2	13,073.7	31,261.9	49,451.9

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

ECONOMIC SECTOR	Amount as of 03/31/07	Amount as of 12/31/07	Amount as of 03/31/08
Public sector	41,314.2	45,764.3	45,889.9
Other sectors*	2,990.0	3,455.7	3,562.0
TOTAL	44,304.2	49,220.0	49,451.9

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

d. Analysis by initial maturity excluding accrued interest

	Net amount as of 03/31/07	Net amount as of 12/31/07	Gross amount as of 03/31/08	Impairment as of 03/31/08	Net amount as of 03/31/08
			(1)		
Commitments of less than 1 year	0.0	0.0	0.0	0.0	0.0
Commitments of more than 1 year	44,303.7	49,219.5	49,451.9	(0.5)	49,451.4
TOTAL	44,303.7	49,219.5	49,451.9	(0.5)	49,451.4

(1) Including:

- non-performing client loans: EUR 2.7 million

- compromised non-performing loans: EUR 2.3 million.

e. Analysis of loans by category of outstanding commitments excluding accrued interest

	Gross amount as of 03/31/07	Gross amount as of 12/31/07	Gross amount as of 03/31/08	Impairment as of 03/31/08	Net amount as of 03/31/08
Performing commitments	44,299.6	49,215.1	49,446.9	0.0	49,446.9
Restructured commitments	0.0	0.0	0.0	0.0	0.0
Non-performing loans	1.6	3.1	2.7	(0.2)	2.5
Compromised non-performing loans	3.0	1.8	2.3	(0.3)	2.0
TOTAL	44,304.2	49,220.0	49,451.9	(0.5)	49,451.4

f. Depreciation for non-performing loans - changes during the year

DEPRECIATION ON NON-PERFORMING LOANS	Amount as of 03/31/07	Amount as of 12/31/07	Allocation	Reversals	Transfers	Amount as of 03/31/08
<i>For non-performing loans</i>						
On loans	0.1	0.1	0.0	(0.1)	0.0	0.0
On interest	0.2	0.2	0.0	0.0	0.0	0.2
<i>For compromised non-performing loans</i>						
On loans	0.2	0.1	0.1	0.0	0.0	0.2
On interest	0.0	0.1	0.0	0.0	0.0	0.1
TOTAL	0.5	0.5	0.1	(0.1)	0.0	0.5

- Provisions on interest are recording in net banking income.
- Provisions on outstanding are recorded in Cost of risk

2.6 - Bonds and other fixed income securities

a. Accrued interest included in this item: 93.9

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 years	Total
112.4	380.6	5,542.3	9,748.6	15,783.9

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

ISSUER'S ECONOMIC SECTOR	Amount as of 03/31/07	Amount as of 12/31/07	Amount as of 03/31/08
Public sector	2,012.6	1,764.4	1,725.2
Other sectors (guaranteed by a State or local government)	1,107.0	1,882.5	1,755.5
Other sectors (ABS) (1)	362.0	357.2	354.9
Cedulas Territoriales issued by Dexia Sabadell Banco Local	2,225.0	2,425.0	2,675.0
DCC – Dexia Crediop per la Cartolarizzazione	1,950.8	1,809.7	4,055.7
Pfandbrief issued by Dexia Kommunalbank Deutschland	1,000.0	1,000.0	1,000.0
DSFB – Dexia Secured Funding Belgium	0.0	1,666.5	1,618.3
Lettres de gage issued by Dexia LdG Banque	0.0	2,599.3	2,599.3
TOTAL	8,657.4	13,504.6	15,783.9
- of which eligible for central bank refinancing :	4,453.6	7,078.0	7,325.5
- of which replacement security :	4,086.4	6,024.3	6,274.3

(1) Asset-backed securities (ABS):

- Colombo: 15.17 (rated Aaa Moody's, AAA S&P)
 - Astrea: 4.79 (rated Aa2 Moody's, AA- Fitch)
- The ABS Colombo and Astrea are entirely composed of Italian public sector commitments.
- Blue Danube Loan Funding: 88.51 (rated AA+ S&P – guaranteed by the Land of Lower Austria)
 - AyT Cedulas Territoriales Cajas II : 246.39 (rated AAA par S&P)

d. Replacement assets

Covered bonds	Rating	Amount 03/31/2008
Dexia Sabadell Banco Local	Moody's Aaa	2,675.00
Dexia Kommunalbank Deutschland	S&P AAA	1,000.00
Dexia LdG Banque	S&P AAA	2,599.30
TOTAL		6,274.30

e. Analysis by listed securities and other securities excluding accrued interest

	Amount as of 03/31/07	Amount as of 12/31/07	Amount as of 03/31/08	Latent capital loss as of 03/31/08
Listed securities	4,883.1	8,253.3	8,410.9	0.4
Other securities	3,774.3	5,251.3	7,373.0	1.8
TOTAL	8,657.4	13,504.6	15,783.9	2.2

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

PORTFOLIO	Amount as of 03/31/07	Gross amount as of 12/31/07	Increases	Decreases	Translation adjustments	Other changes as of 03/31/08	Impairment as of 03/31/08	Amount as of 03/31/08
Trading	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Available for sale	761.4	1,792.5	0.0	0.0	(59.7)	0.0	(2.2)	1,730.6
Investment	7,896.0	11,712.5	2,550.0	(181.7)	(27.5)	0.0	0.0	14,053.3
	8,657.4	13,505.0	2,550.0	(181.7)	(87.2)	0.0	(2.2)	15,783.9

2.7 - Accruals and other assets

	Amount as of 03/31/07	Amount as of 12/31/07	Amount as of 03/31/08
Deferred losses on hedging transactions	301.4	296.1	296.8
Deferred charges on bond issues	126.1	123.9	121.2
Deferred charges on hedging transactions	207.4	285.1	271.3
Premiums on acquisition of loans from Dexia Crédit Local France	122.5	126.9	127.3
Premiums on acquisition of loans other than from Dexia Crédit Local France	42.5	28.3	25.6
Other prepaid charges	0.2	0.4	0.3
Accrued interest not yet due on hedging transactions	1,739.7	2,365.8	2,150.4
Translation adjustments	0.0	0.0	0.0
Other accrued income	0.0	0.0	0.0
Other accruals	0.4	0.0	0.0
TOTAL	2,540.2	3,226.5	2,992.9

2.8 - Total assets

Analysis by original currency	Amount in original currency as of 03/31/08	Amount in euros as of 03/31/08
Assets in EUR	61,840.8	61,840.8
Assets in AUD	2,284.1	1,313.3
Assets in CAD	1,012.4	621.5
Assets in CHF	2,815.6	1,794.8
Assets in DKK	0.0	0.0
Assets in GBP	1,842.5	2,309.4
Assets in HKD	1,062.9	86.1
Assets in JPY	242,793.4	1,538.5
Assets in NZD	261.5	129.7
Assets in PLN	59.3	16.9
Assets in SEK	127.3	13.5
Assets in SKK	621.3	19.1
Assets in TRY	50.9	24.7
Assets in USD	10,930.1	6,891.2
Assets in ZAR	257.2	19.9
TOTAL		76,619.4

3. NOTES TO THE LIABILITIES (millions of euros)

3.1 – Inter-bank loans and deposits

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, in particular, to finance structural overcollateralization and loans prior to issuance of obligations foncières.

Sub-accounts make it possible to distinguish within the master-account among types of financing (overcollateralization, stock of assets prior to issuance and other). The master-account totaled € 10,055 million, broken down as follows (excluding accrued interest):

- the current account, indexed on Eonia, with no defined maturity, financing assets not yet included in the issue program and miscellaneous needs with a balance of € 6,555 million;

- sub-account comprised of various borrowings earmarked to finance the structural over-collateralization of 5%. Dexia MA's policy is to maintain minimum structural over-collateralization of 5%, i.e. 105% of outstanding obligations foncières and registered covered bonds. These borrowings totaled € 3,500 million as of march 31, 2008; they are indexed on the annual money market rate.

The current account agreement between Dexia Crédit Local and Dexia MA will exist as long as Dexia MA 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 privilege defined in article L.515-19 of the Monetary and Financial Code.

	Amount as of 03/31/07	Amount as of 12/31/07	Amount as of 03/31/08
Balance of current account	1,942.2	7,499.4	6,555.0
Accrued interest not yet due on the current account	7.9	15.6	16.2
Balance of the ancillary account – maturity 2007	0.0	0.0	0.0
Balance of the ancillary account – maturity 2008	0.0	0.0	0.0
Balance of the ancillary account – maturity 2009	0.0	0.0	0.0
Balance of the ancillary account – maturity 2010	200.0	200.0	200.0
Balance of the ancillary account – maturity 2011	700.0	700.0	700.0
Balance of the ancillary account – maturity 2012	2,000.0	2,000.0	2,000.0
Balance of the ancillary account – maturity 2015	0.0	0.0	600.0
Accrued interest not yet due on the ancillary account	28.4	8.5	35.7
Unallocated sums	0.0	7.9	5.2
TOTAL Dexia Crédit Local	4,878.5	10,431.4	10,112.1

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
Sight	0.0	0.0	0.0	6,555.0	6,555.0
Time	0.0	0.0	2,900.0	600.0	3,500.0
Total	0.0	0.0	2,900.0	7,155.0	10,055.0

3.2 - Debt securities

3.2.1- Debt securities (obligations foncières)

a. Accrued interest included in this item: 886.3

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
Obligations foncières	127.6	5,921.1	22,850.5	28,852.0	57,751.2
Of which issuance premiums	0.00	(1.0)	(5.9)	(167.2)	(174.1)

c. Changes during the year excluding accrued interest

Amount as of 03/31/07	Amount as of 12/31/07	Increases	Decreases	Translation adjustments	Amount as of 03/31/08
50,220.1	55,006.3	3,722.8	(313.3)	(664.6)	57,751.2

3.2.2- Other bonds (registered covered bonds)

Accrued interest included in this item: 29.5

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
Registered covered bonds	0.0	0.0	0.0	1,456.3	1,456.3
Of which issuance premiums	0.0	0.0	0.0	(2.6)	(2.6)

c. Changes during the year excluding accrued interest

Amount as of 03/31/07	Amount as of 12/31/07	Increases	Decreases	Translation adjustments	Amount as of 03/31/08
928.4	1,396.3	60.0	0.00	0.0	1,456.3

3.3 - Other liabilities

	Amount as of 03/31/07	Amount as of 12/31/07	Amount as of 03/31/08
Cash received as collateral		0.3	19.1
Accrued interest not yet due on cash received as collateral		0.0	0.0
Taxes		24.5	20.8
TOTAL		24.8	39.9

3.4 - Accruals and other liabilities

	Amount as of 03/31/07	Amount as of 12/31/07	Amount as of 03/31/08
Deferred gains on hedging transactions	65.6	59.5	57.6
Deferred income on hedging transactions	681.7	685.0	673.8
Deferred income on loans	65.6	53.0	49.4
Discounts on acquisition of loans other than from Dexia Crédit Local in France	86.2	87.6	84.5
Discounts on acquisition of loans from Dexia Crédit Local in France	99.4	87.2	85.7
Accrued interest not yet due on hedging transactions	1,613.4	2,017.6	1,951.1
Other accrued charges	19.5	23.2	23.9
Translation adjustments	939.3	1,405.9	2,270.6
Other accruals	7.6	1.9	5.4
TOTAL	3,578.3	4,420.9	5,202.0

3.5 – Regulated provisions

a) Regulated provision for risks on medium- and long-term loans.

Amount as of 03/31/07	Amount as of 12/31/07	Increases	Decreases	Amount as of 03/31/08
33.9	44.0	2.3	0.0	46.3

b) Provision for risks on financial instruments

Amount as of 03/31/07	Amount as of 12/31/07	Increases	Decreases	Amount as of 03/31/08
0.0	0.1	9.7	0.0	9.8

3.6 – Equity

	Amount as of 03/31/07	Amount as of 12/31/07	Amount as of 03/31/08
Capital stock		760.0	876.0
Legal reserve		14.2	20.4
Retained earnings (+/-)		0.6	0.6
Net income (+/-)		24.4	153.5
Unallocated net income		122.5	0.0
TOTAL		921.7	1,050.5
			1,069.6

3.7 - Total liabilities

<i>Analysis by original currency</i>	Amount in original currency as of 03/31/08	Amount in euros as of 03/31/08
Liabilities in EUR	61,840.8	61,840.8
Liabilities in AUD	2,284.1	1,313.3
Liabilities in CAD	1,012.4	621.5
Liabilities in CHF	2,815.6	1,794.8
Liabilities in DKK	0.0	0.0
Liabilities in GBP	1,842.5	2,309.4
Liabilities in HKD	1,062.9	86.1
Liabilities in JPY	242,793.4	1,538.5
Liabilities in NZD	261.5	129.7
Liabilities in PLN	59.3	16.9
Liabilities in SEK	127.3	13.5
Liabilities in SKK	621.3	19.1
Liabilities in TRY	50.9	24.7
Liabilities in USD	10,930.1	6,891.2
Liabilities in ZAR	257.2	19.9
TOTAL		76,619.4

4. NOTES TO THE OFF-BALANCE SHEET ITEMS (millions of euros)

4.1 - Commitments granted

	Amount as of 03/31/07	Amount as of 12/31/07	Amount as of 03/31/08
Financing commitments granted to credit institutions	15.5	111.0	14.4
Financing commitments granted to clients (1)	4,420.3	4,727.8	4,595.2
TOTAL	4,435.8	4,838.8	4,609.6

(1) Signed contracts for loans not yet paid out to clients.

4.2 - Commitments received

	Amount as of 03/31/07	Amount as of 12/31/07	Amount as of 03/31/08
Financing commitments received from credit institutions (1)	4,447.9	4,684.4	6,964.2
Currencies borrowed	30.8	0.0	126.0
Guarantees received from credit institutions	0.0	0.0	0.0
Guarantees received from local governments and asset transfers as	5,395.0	5,891.4	7,602.9
TOTAL	9,873.7	10,575.8	14,693.1

(1) Including € 6,664.2 million in refinancing agreements from Dexia Crédit Local for obligations foncières of less than one year as of March 31, 2008.

4.3 - Foreign currency transactions

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

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 03/31/07	Amount as of 12/31/07	Amount as of 03/31/08	Fair value as of 03/31/08
Currencies to receive	19,979.1	22,444.0	22,125.8	(150.7)
Currencies to deliver	20,918.4	23,850.0	24,396.3	133.1
TOTAL	40,897.5	46,294.0	46,522.1	(17.6)

4.4 - Commitments on interest rate derivatives

Commitments on interest rate derivatives are recorded in accordance with CRB regulations n° 88-02 and n° 90-15: amounts related to unconditional operations are recorded at the contractual notional value.

a. Analysis of over-the-counter interest rate transactions by residual life

Type of transaction	Amount as of 03/31/07	Amount as of 12/31/07	Less than 1 year (1)	1 year to 5 years (2)	More than 5 years (3)	Total as of 03/31/08
Unconditional transactions	179,373.0	203,663.0	117,568.9	24,786.9	66,300.1	208,655.9
(1) of which deferred start:	13,405.0					
(2) of which deferred start:	748.0					
(3) of which deferred start:	6,945.2					
Total	21,098.2					

These hedging transactions include micro-hedge and macro-hedge transactions.

b. Analysis of interest rate transactions by product type

	Amount as of 03/31/07	Amount as of 12/31/07	Amount as of 03/31/08
Interest rate swaps	179,373.0	203,663.0	208,655.9
Interest rate options	0.0	0.0	0.0
TOTAL	179,373.0	203,663.0	208,655.9

c. Analysis of interest rate swap transactions

	Amount as of 03/31/07	Amount as of 12/31/07	Amount as of 03/31/08	Fair value as of 03/31/08
Micro-hedge	63,996.4	71,139.2	74,717.7	(244.7)
Macro-hedge	115,376.6	132,523.8	133,938.2	(117.5)
TOTAL	179,373.0	203,663.0	208,655.9	(362.2)

d - Analysis of interest rate transactions by counterparty

	Amount as of 03/31/07	Amount as of 12/31/07	Amount as of 03/31/08
Parent and other Dexia Group companies	118,480.5	136,264.3	137,629.2
Counterparties with equity interests	0.0	0.0	0.0
Other counterparties	60,892.5	67,398.7	71,026.7
TOTAL	179,373.0	203,663.0	208,655.9

4.5 - Commitments related to securities transactions

	Amount as of 03/31/07	Amount as of 12/31/07	Amount as of 03/31/08
Securities purchased :			
Spot	0.0	0.0	0.0
Forward	0.0	0.0	0.0
TOTAL	0.0	0.0	0.0

5. NOTES TO THE STATEMENT OF INCOME (millions of euros)

5.0.a - Interest and related income

In particular, this item comprises:

- EUR 31 million in interest due and interest accrued and not yet due on interbank transactions;
- EUR 630 million in interest due and interest accrued and not yet due on client loans, early loan repayment penalties in the amount of EUR 5 million, and income from micro-hedging operations;
- EUR 205 million in interest due and interest accrued and not yet due on bonds and other fixed income securities, income and expense on the spread of discounts and premiums on investment and available-for-sale securities as well as from hedging on these securities;
- EUR 1,190 million in income on macro-hedging operations.

5.0.b - Interest and related expense

In particular, this item comprises:

- EUR 85 million in interest due and interest accrued and not yet due on refinancing operations with Dexia Crédit Local;
- EUR 704 million in interest due, interest accrued and not yet due, and income and expense on the spread of debit and credit issuance premiums for *obligations foncières* and registered covered bonds, as well as income from micro-hedging operations;
- EUR 1,188 million in income on macro-hedging operations.

5.1 - General operating expenses

Dexia Municipal Agency has no salaried employees in accordance with article L.515-22 of the Monetary and Financial Code. Within the framework of its management contract, Dexia Crédit Local conducts all operations, transactions and functions of all types on behalf of Dexia M.A.

In addition, specific management contracts grant different entities of the Dexia Group the management of loans and securities in their respective countries (Kommunalkredit Austria, Dexia Crediop, Dexia Public Finance Norden and Dexia Bank Belgium).

General operating expense can be broken down as follows.

	Amount as of 03/31/08
Taxes	2.2
Other general operating expense (This item mainly includes the management commissions billed by Dexia Crédit Local and other Group companies to Dexia Municipal Agency under the management contracts they have signed, i.e. € 19.8 million)	20.6
TOTAL	22.8

5.2 - Analysis of commissions paid

	Amount as of 03/31/07	Amount as of 12/31/07	Amount as of 03/31/08
Commission for business brokerage and securities portfolio management billed by Dexia Crediop	(0.7)	(3.5)	(0.8)
Commission paid on securities transactions	(0.2)	(1.0)	(0.3)
TOTAL	(0.9)	(4.5)	(1.1)

5.3 - Analysis of income from financial transactions

	Amount as of 03/31/07	Amount as of 12/31/07	Amount as of 03/31/08
Transactions on available-for-sale securities (1)	0.0	(1.1)	(17.4)
Transactions on investment securities	0.0	0.0	0.0
Transaction on interest rate derivatives	0.0	0.0	0.0
Foreign exchange transactions	0.0	0.0	0.0
TOTAL	0.0	(1.1)	(17.4)

(1) This item regroups capital gains and losses on sales and provisions and reversals on these portfolios.