



FINANCIAL REPORT

Half-year 2008

As of June 30, 2008

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MANAGEMENT REPORT AS OF JUNE 30, 2008

As of June 30, 2008, assets totaled EUR 78.0 billion, up 6.1% from December 31, 2007, and 19.1% from June 30, 2007.

Net assets amounted to EUR 73.4 billion, excluding accrued interest not yet due, representing an increase of 5.9% over December 2007 and 18.6% over June 2007.

Outstanding *obligations foncières* and registered covered bonds totaled EUR 66.2 billion in swapped value, rising 13.4% from December 2007 and 24.9% from June 2007.

The debt vis-à-vis Dexia Credit Local, which does not benefit from the privilege, was EUR 7.0 billion.

Shareholders' equity as of June 30, 2008, stood at EUR 1.1 billion.

Key balance sheet items					
<i>EUR billions</i>	6/30/07	12/31/2007	6/30/2008	Change June 2008 / Dec.2007	Change June 2008 / June 2007
TOTAL ASSETS	65.5	73.5	78.0	6.1%	19.1%
of which					
Cover pool	61.9	69.3	73.4	5.9%	18.6%
Loans	47.2	52.4	54.0	3.1%	14.4%
Securities	14.7	16.9	19.4	14.8%	32.0%
Privileged debt					
Swapped value	53.0	58.4	66.2	13.4%	24.9%
(Obligations foncières & registered covered bonds) <i>Balance sheet value</i>	51.9	56.4	63.5	12.6%	22.4%
Non-privileged debt					
Dexia Credit Local	8.4	10.4	7.0	-32.7%	-16.7%
Shareholders' equity (incl. net income)	1.0	1.1	1.1	0.0%	10.0%

I - Change in assets in the first half of 2008

The net change in assets (the cover pool) during the first half was EUR 4.1 billion, as analyzed below.

EUR millions			
	loans	debt securities	total
France	2,144		2,144
Outside of France	1,293	4,338	5,631
Total new assets	3,437	4,338	7,775
Amortization	-1,776	-379	-2,155
Early reimbursements	-252	-1,000	-1,252
Sales		-305	-305
Foreign exchange adjustments	171	-86	85
Net change in assets	1,580	2,568	4,148

Gross asset production in the period was EUR 7.8 billion.

Breakdown of gross acquisitions		
EUR millions		
<u>Loans:</u>		3,437
France	2,144	
Switzerland	502	
Portugal	10	
Poland, Hungary, Greece, Lithuania (via DKB)	781	
<u>Debt securities</u>		4,338
Belgium	1,589	
Italy	2,300	
Spain	250	
Greece	90	
USA	109	
Total		7,775

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

- EUR 2.9 billion generated by Dexia Credit Local and its subsidiaries within the framework of its commercial activity in France, Switzerland and Portugal, as well as by the acquisition of Greek (sovereign) and American (federal) securities;
- EUR 2.3 billion in securities 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 1.6 billion in securities issued by Dexia Secured Funding Belgium (DSFB), a dedicated securitization vehicle set up by Dexia Bank Belgium to refinance loans granted to or guaranteed by large local governments in Belgium;
- 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 0.8 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 proportion of Italian, Belgium, Swiss and Polish public sector 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	June 2008
France	65.1	61.8
Italy	7.5	10.1
Belgium	4.8	6.3
Switzerland	5.5	6.0
Spain	4.2	4.0
Luxembourg	4.0	3.7
Poland	1.0	1.7
Germany	2.9	1.2
Sweden and Finland	1.3	1.2
Subtotal	96.3	96.0
Other countries	3.7	4.0
TOTAL %	100.0	100.0

As of June 30, 2008, replacement assets totaled EUR 5.3 billion, entirely comprised of Dexia Group covered bonds rated triple A, which are broken down in the notes to the financial statements. They represented 8.0% of outstanding *obligations foncières* and registered covered bonds of EUR 66.2 billion in swapped value; their amount is limited by law to 15%.

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

Dexia Municipal Agency issued the equivalent of EUR 8.5 billion in the first half of 2008, compared with EUR 9.0 billion in the first half of 2007 and EUR 15.3 billion in the full year 2007.

Despite the continuing financial crisis, Dexia MA reported a good level of performance, issuing a volume close to that reported in the previous year for the same period, in particular with three benchmark issues in euros launched in January, April and June for a total of EUR 4.25 billion. Nevertheless, these new issues have shorter average maturities, i.e. 5.5 years versus 8.4 years in the first half of 2007 and 6.7 years in the second half of 2007 (and 7.7 years for the full year 2007).

Dexia MA maintained an active presence in the markets with regard to both private placements (which, as in the same period in 2007, represented approximately 20% of the total) and public issues. Public issues and private placements are broken down and analyzed by currency in the following table.

Public issues included three benchmarks:

- EUR 2 billion, maturity 5 years (June 2013),
- EUR 1 billion, maturity 7 years (April 2015),
- EUR 1.25 billion, maturity 3 years (June 2011);

as well as taps of euro benchmarks in the amount of:

- EUR 500 million of the November 2010 issue, bringing the total to EUR 2.0 billion,
- EUR 500 million of the January 2011 issue, bringing the total to EUR 2.5 billion,
- EUR 650 million of the March 2014 issue, bringing the total to EUR 1.9 billion,
- EUR 150 million of the February 2019 issue, bringing the total to EUR 1.3 billion;

and issues in other currencies (USD, CHF, GBP) for a total equivalent amount of EUR 702 million.

New Production			
Public issues		<i>EUR millions</i>	
		6,752	79%
Private placements		1,785	21%
<i>including:</i>	<i>RCB</i>	165	
	<i>less than 2 years</i>	80	
Total		8,537	100%
Breakdown by currency			
EUR		6,876	81%
<i>(EUR millions)</i>			
Other currencies	millions		
SEK	1,000		
CHF	350		
GBP	200		
JPY	5,000		
USD	1,580		
Total other currencies		1,661	19%
<i>(EUR millions)</i>			
Amounts issued in June, but paid in July (off-balance sheet)		517	
Reimbursements		493	
Outstandings as of June 30, 2008		66,150	
<i>(Swapped value)</i>			

After reimbursement of EUR 0.5 billion, outstanding *obligations foncières* and registered covered bonds as of June 30 totaled EUR 66.2 billion in swapped value.

III - Change in the coverage ratio

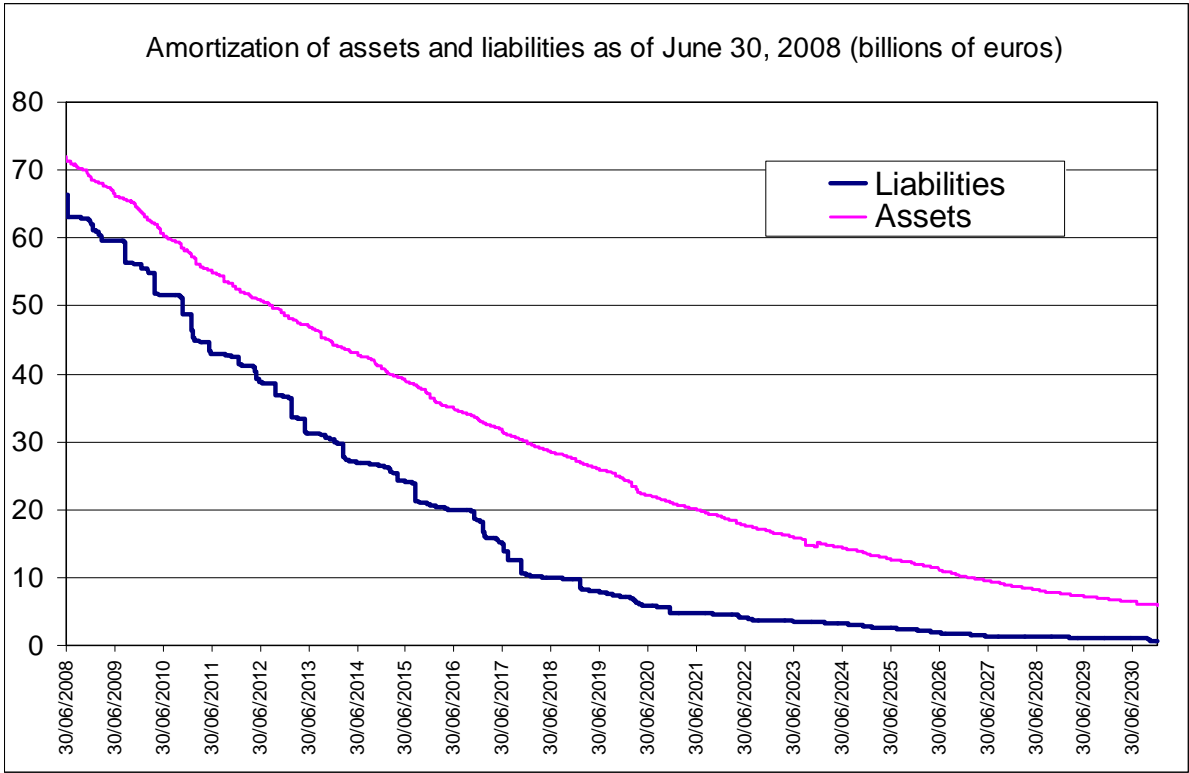
The coverage ratio, calculated according to regulatory standards applied to French *sociétés de crédit foncier*, is the ratio between the assets and the resources benefiting from the privilege.

The following table analyzes the coverage ratio at the end of the last twelve months.

Q3 2007	Jul-07	113.10%	Q1 2008	Jan-08	116.83%
	Aug-07	112.63%		Feb-08	112.60%
	Sep-07	114.69%		Mar-08	117.26%
Q4 2007	Oct-07	114.89%	Q2 2008	Apr-07	115.59%
	Nov-07	112.18%		May-07	114.10%
	Dec-07	117.62%		Jun-07	111.38%

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 is generally the case at the end of each month, when over-collateralization makes it possible to launch the following month’s issues.

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 June 30, 2008.



IV - Change in other debt that does not benefit from the privilege (debt borrowed from Dexia Credit Local)

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

As of June 30, 2008, the total borrowed from Dexia Credit Local was EUR 7.0 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 3.5 billion.

Debt borrowed from Dexia Credit Local:

	EUR billions
6/30/2007	8.4
9/30/2007	7.9
12/31/2007	10.4
3/31/2008	10.1
6/30/2008	7.0

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	03/31/08	06/30/08
Duration of the assets	6.83	7.19	7.19	7.05	7.20
Duration of the liabilities benefiting from the privilege	5.08	5.28	5.18	5.00	4.76
Gap in asset-liability duration	1.75	1.91	2.01	2.05	2.44
Duration gap limit	3	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 Euribor 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. As is the case every year, this limit was adjusted as of April 1, 2008; it rose to EUR 29.5 million from the previous limit of EUR 26 million. 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 bp) shift in the yield curve.

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

sensitivity of the gap:		average	maximum	minimum	limit
fixed rate	Q3 2007	10.10	14.51	6.50	23.50
	Q4 2007	9.49	17.99	4.96	23.50
	Q1 2008	7.53	10.90	-2.58	23.50
	Q2 2008	10.86	16.68	7.37	25.50
monetary	Q3 2007	* 0.06	9.72	-1.68	2.50
	Q4 2007	* 0.10	7.94	-1.94	2.50
	Q1 2008	* 0.09	0.77	-6.62	2.50
	Q2 2008	* 0.56	6.66	-10.59	4.00
Total	Q3 2007	10.16	24.23	4.82	26.00
	Q4 2007	9.59	25.93	3.02	26.00
	Q1 2008	7.83	11.48	-2.50	26.00
	Q2 2008	11.88	18.30	7.83	29.50

* 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 manner 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 increase 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 as soon as they are recognized on Dexia MA's balance sheet.

As of June 30, 2008, the swaps generated by this interest rate and foreign exchange risk hedging strategy can be analyzed as follows between external counterparties and Dexia Group counterparties.

	Notional total EUR billions	Dexia Group %	External counterparties %
<u>Fixed rate swaps against Euribor</u>			
Micro-hedges on <i>obligations foncières</i>	48.2	2.9%	97.1%
Micro-hedges on loans and debt securities	29.6	19.9%	80.1%
Macro-hedges on loans	23.4	84.0%	16.0%
S/T	101.2	26.7%	73.3%
<u>Euribor against Eonia</u>			
Macro-hedges	120.7	100.0%	0.0%
<u>Currency swaps</u>			
Micro-hedges on <i>obligations foncières</i>	17.8	9.7%	90.3%
Micro-hedges on loans	5.3	62.7%	37.3%
Micro-hedges on debt securities	1.4	81.7%	18.3%
S/T	24.5	25.2%	74.8%

VI - Income statement

The income statement as of June 30, 2008, is presented synthetically in the following table.

<i>EUR thousands</i>	6/30/07	12/31/07	6/30/08	Change 08/07
Interest received on assets	1,280,560	2,881,991	1,761,386	
Net interest from macro-hedges	-39,603	-41,932	9,627	
Interest on <i>obligations foncières</i> and non-fixed income securities	-984,693	-2,247,675	-1,448,474	
Interest on the account with Dexia Credit Local	-105,611	-256,865	-172,761	
Provision and gains/losses on disposals of available-for-sale securities	-537	-1,100	-30,534	
Commissions received and paid	-2,051	-4,488	-1,927	
Other	24	57	-4	
Net banking income	148,089	329,988	117,313	-20.8%
General operating expenses	-36,847	-74,621	-41,170	
Taxes	-3,719	-8,380	-4,219	
Operating income before cost of risk	107,523	246,987	71,924	-33.1%
Cost of risk	0	-51	-25	
Income before taxes	107,523	246,936	71,899	-33.1%
Corporate income tax	-38,206	-81,417	-29,217	
Regulated provision on long- and medium-term loans	-5,262	-12,044	-4,134	
NET INCOME	64,055	153,475	38,548	-39.8%

Note on the income statement

Net banking income was down 20.8% from the first half of the previous year. This decrease reflected a provision of EUR 30.6 million on the placement portfolio; this provision corresponded to a decline in the market value of securities issued or guaranteed by public sector entities in the following countries.

<i>EUR millions</i>	12/31/07	6/30/08
Greece		16.9
Iceland		6.7
Italy	0.3	4.6
Germany		1.0
Spain	0.4	0.8
United States		0.6
Total:	0.7	30.6

The main depreciation concerned exposures on Greek sovereign commitments (for EUR 16.9 million).

Without this provision, net banking income would have been stable compared with the same period in the previous year. Its “commercial margin” component was up 11.0%, buoyed by a significant rise in average outstanding assets, but this increase was offset by reduced activity in debt rescheduling which boosted income in 2007, because of the accounting treatment (see below).

Readers are reminded that Dexia MA applies an accounting treatment to early loan reimbursement 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 debt management 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 increased by 11.9%; this increase was linked to the rise in the volume of operations generated (cover pool and *obligations foncières*). Operating expenses are 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, reflecting the excellent quality of the assets.

Net income decreased by 39.8% to EUR 38.5 million.

Dexia MA has initiated procedures that will enable the Company to publish its financial statements according to IFRS in the near future. This should result in a better understanding and greater comparability of its financial statements internationally.

VII - Outlook for the second half of 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 in the fall.

The turn the current financial crisis will take in the second half of the year will 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, as demonstrated by:

- its regular presence in the primary market via the launch of three benchmarks for 3, 5 and 7 years;
- taps of existing issues, which make it possible to maintain liquidity and to satisfy specific requests by investors;
- a regular flow of private placements.

The good resistance of its spreads in the secondary market also confirms Dexia MA's standing as a quality issuer.

* * * *

Loans to local governments and bonds as of 6/30/2008
(millions of euros)

France	6/30/2008			12/31/2007		
	Loans to local governments	Bonds	Total	Loans to local governments	Bonds	Total
Regions	1,809.0	171.4	1,980.4	1,778.2	180.9	1,959.1
Departments	5,001.8	3.0	5,004.8	5,214.4	3.0	5,217.4
Municipalities	19,104.2	264.2	19,368.4	19,061.2	264.8	19,326.0
Groups of municipalities	9,633.5	0.0	9,633.5	9,526.4	0.0	9,526.4
Public sector entities	8,628.8	60.4	8,689.2	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	784.4	0.0	784.4	689.7	0.0	689.7
Total	44,961.7	499.0	45,460.7	44,614.9	509.1	45,124.0

Austria	Loans to local governments	Bonds	Total	Loans to local governments	Bonds	Total
Länder	211.5	0.0	211.5	212.4	0.0	212.4
ABS	0.0	87.5	87.5	0.0	88.5	88.5
Total	211.5	87.5	299.0	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	116.7	0.0	116.7	121.4	0.0	121.4
Public sector entities	163.8	0.0	163.8	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	280.5	56.0	336.5	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	173.7	173.7	0.0	180.4	180.4
Total	0.0	173.7	173.7	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	79.0	0.0	79.0	82.3	0.0	82.3
Public sector entities	75.3	0.0	75.3	82.6	0.0	82.6
Total	154.3	0.0	154.3	164.9	0.0	164.9

Greece	Loans to local governments	Bonds	Total	Loans to local governments	Bonds	Total
State	300.0	314.8	614.8	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	98.5	98.5	0.0	100.0	100.0
Total	410.0	413.3	823.3	410.0	331.2	741.2

Italy	Loans to local governments	Bonds	Total	Loans to local governments	Bonds	Total
State	0.0	506.3	506.3	0.0	506.3	506.3
Regions	0.0	1,053.3	1,053.3	0.0	1,065.7	1,065.7
Provinces	0.0	170.4	170.4	0.0	174.8	174.8
Municipalities	16.9	1,476.2	1,493.1	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 note 1 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	108.4	108.4	0.0	110.0	110.0
Total	16.9	7,390.3	7,407.2	17.2	5,164.2	5,181.4

Spain	Loans to local governments	Bonds	Total	Loans to local governments	Bonds	Total
<i>Cedulas 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	127.4	127.4	0.0	128.0	128.0
ABS	0.0	0.0	0.0	0.0	249.7	249.7
Total	0.0	2,906.8	2,906.8	0.0	2,907.1	2,907.1

Switzerland	Loans to local governments	Bonds	Total	Loans to local governments	Bonds	Total
Cantons	1,257.5	0.0	1,257.5	1,008.2	0.0	1,008.2
Municipalities	943.9	0.0	943.9	852.3	0.0	852.3
Public sector entities	118.4	0.0	118.4	0.0	0.0	0.0
Loans guaranteed by local governments	2,079.5	0.0	2,079.5	1,976.5	0.0	1,976.5
Total	4,399.3	0.0	4,399.3	3,837.0	0.0	3,837.0

Belgium	Loans to local governments	Bonds	Total	Loans to local governments	Bonds	Total
Regions	520.1	93.3	613.4	571.6	93.3	664.9
Communities	246.7	140.0	386.7	260.9	189.6	450.5
Public sector entities	34.7	0.0	34.7	35.8	0.0	35.8
Securities guaranteed by the State or by local governments	0.0	15.0	15.0	0.0	126.6	126.6
Securities issued by DSFB (see note2 below)	0.0	3,201.7	3,201.7	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	1,170.6	3,450.0	4,620.6	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	554.4	554.4	0.0	640.0	640.0
<i>Pfandbriefe</i>	0.0	0.0	0.0	0.0	1,000.0	1,000.0
Securities guaranteed by the State or by local governments	0.0	333.3	333.3	0.0	353.6	353.6
Total	0.0	887.7	887.7	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	252.3	252.3	0.0	145.0	145.0
Municipalities	0.0	0.0	0.0	0.0	0.0	0.0
Total	0.0	252.3	252.3	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	265.8	0.0	265.8	283.6	0.0	283.6
Loans guaranteed by local governments	445.4	0.0	445.4	456.7	0.0	456.7
Total	711.2	0.0	711.2	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	1,278.0	0.0	1,278.0	657.0	0.0	657.0
Total	1,278.0	0.0	1,278.0	657.0	0.0	657.0

General total *	53,955.0	19,634.4	73,589.4	52,375.5	16,988.0	69,363.5
------------------------	-----------------	-----------------	-----------------	-----------------	-----------------	-----------------

* Excluding premiums and discounts

Premiums and discounts on securities	24.6	24.1
Translation adjustments on securities	-211.6	-112.2
Value of securities on the balance sheet	19,447.4	16,899.9

Premiums and discounts are recorded in accruals.

NOTE 1:

The DCC securities in the amount of EUR 4,107.8 million as of June 30, 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 June 30, 2008, the assets held by DCC (series 1-2-3) could be broken down as follows:

NOTE 2:

The DSFB securities in the amount of EUR 3,266.3 million were subscribed by Dexia MA for 98%, i.e. EUR 3,201.7 million. The purpose of this securitization vehicle created by Dexia Bank Belgium is to allow refinancing by other Dexia Group entities of assets generated by Dexia Bank Belgium. DSFB settlements are guaranteed by Dexia Bank Belgium, and securities are consequently rated AA+ by Fitch, Aa1 by Moody's and AA by Standard and Poor's. As of June 30, 2008, the assets held by DSFB (Compartment-I and Compartment-II) were Belgian public-sector assets that could be broken down as follows :

Assets held as of June 30, 2008, by DCC - Dexia Crediop per la Cartolarizzazione

Italian assets	millions of euros
State	0.0
Regions	2,079.5
Provinces	753.9
Municipalities	1,213.2
DCC bank account with Dexia Bank Belgium	61.2
Total	4,107.8

Assets held as of June 30, 2008, by DSFB - Dexia Secured Funding Belgium

Belgian assets	millions of euros
State	0.0
Regions	383.6
Provinces	0.0
Public sector entities	2,099.6
Groups of public sector entities	98.8
Loans guaranteed by local governments	684.3
Total	3,266.3

**Statutory Auditors' Review Report
of the half year financial statements
from January 1, 2008 to June 30, 2008**

(Free translation of the French language original)

This is a free translation into English of the statutory auditor's review 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 standards applicable in France.

To the shareholders,

In our capacity of statutory auditors and in accordance with the requirements of article L. 451-1-2 III of the French Monetary and Financial Law (the Code monétaire et financier), we hereby report to you on :

- the review of the accompanying half-year financial statements of Dexia Municipal agency, for the period January, 1st to June 30, 2008,
- the verification of information contained in the half-year management report.

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

We conducted our review in accordance with professional standards applicable in France. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical procedures and other review procedures. A review is substantially less in scope than an audit conducted in accordance with professional standards applicable in France and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying half year financial statements do not present fairly, in all material respects, the results of operations for the six months ended June 30, 2008 and the financial position of **Dexia Municipal Agency** and its assets at that date, in accordance with accounting principles generally accepted in France.

In accordance with professional standards applicable in France, we have also verified the information given in the interim half-year financial report commenting the half-year financial statements subject to our review.

We have no matters to report as to its fair presentation and consistency with the half-year financial statements.

Neuilly-sur-Seine and Courbevoie, August 27, 2008

The statutory auditors
French original signed by

**Deloitte & Associés
Mazars & Guérard**

**François ARBEY
Guillaume POTEL
Anne VEAUTE**

ASSETS AS OF JUNE 30, 2008

EUR thousands	Notes	EUR 6/30/2007	EUR 12/31/2007	EUR 6/30/2008
Cash, central banks and postal checking accounts	2.1	2,002	14,986	15,406
Government and public entity securities, eligible for central bank refinancing	2.2	3,432,276	3,438,653	3,423,466
Interbank loans and advances		2,250,132	3,192,690	4,199,775
A. Interbank loans - Sight	2.3	12,016	45	22,248
B. Accrued interest - Sight		0	0	0
C. Interbank loans - Time	2.4	2,212,695	3,155,985	4,131,142
D. Accrued interest - Time	2.4	25,421	36,660	46,385
Client loans	2.5	45,697,469	50,011,879	50,699,783
A. Client loans		44,973,215	49,219,514	49,823,892
B. Accrued interest		724,254	792,365	875,891
Bonds and other fixed income securities	2.6	11,426,320	13,637,407	16,212,297
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		1	1,641	18,020
Accruals and other assets	2.7	2,703,247	3,226,521	3,469,043
TOTAL ASSETS	2.8	65,511,447	73,523,777	78,037,790

LIABILITIES AS OF JUNE 30, 2008

EUR thousands	Notes	EUR 6/30/2007	EUR 12/31/2007	EUR 6/30/2008
Interbank loans	3.1	8,424,281	10,431,455	7,075,956
Client loans		0	0	0
Debt securities		52,750,592	57,536,973	64,574,212
A. Debt securities (<i>obligations foncières</i>)	3.2	50,651,975	55,006,260	61,916,010
B. Accrued interest	3.2	864,579	1,102,384	1,059,533
C. Other bonds (<i>registered covered bonds</i>)	3.2	1,215,269	1,396,340	1,569,496
D. Accrued interest	3.2	18,769	31,989	29,173
Other liabilities	3.3	28,427	39,885	10,265
Accruals and other liabilities	3.4	3,309,898	4,420,914	5,231,171
Provisions for risks and charges		16	109	9,142
Regulated provisions		37,176	43,964	48,098
Subordinated debt		0	0	0
General banking risks reserve		0	0	0
Shareholders' equity excluding general banking risks reserve		961,057	1,050,477	1,088,946
Capital stock	3.6	876,000	876,000	946,000
Reserves and retained earnings	3.6	21,002	21,002	104,397
Net income	3.5	64,055	153,475	38,549
Unallocated net income	3.6	0	0	0
TOTAL LIABILITIES	3.7	65,511,447	73,523,777	78,037,790

OFF-BALANCE SHEET ITEMS AS OF JUNE 30, 2008

EUR thousands	Notes	EUR 6/30/2007	EUR 12/31/2007	EUR 6/30/2008
COMMITMENTS GRANTED	4.1	5,275,729	4,838,883	4,678,799
Financing commitments		5,275,729	4,838,883	4,678,799
COMMITMENTS RECEIVED	4.2	9,343,672	10,575,820	13,093,984
Financing commitments		3,595,966	4,684,360	7,062,994
Guarantees received		5,747,706	5,891,460	6,030,990
Foreign currency transactions	4.3	43,537,416	46,293,963	47,888,435
Interest rate derivatives	4.4	182,573,085	203,663,019	221,861,553
Other commitments received		0	0	1,547,771
Commitments related to securities transactions	4.5	0	0	0

STATEMENT OF INCOME AS OF JUNE 30, 2008

EUR thousands	Notes	EUR 6/30/2007	EUR 12/31/2007	EUR 6/30/2008
Interest income	5.0.a	3,155,643	6,944,568	4,192,876
A. from interbank transactions		30,768	71,961	66,881
B. from transactions with clients		1,020,600	2,232,614	1,253,821
C. from bonds and other fixed income securities		229,192	577,416	440,685
D. from macro-hedge transactions		1,875,083	4,062,577	2,431,489
Interest expense	5.0.b	(3,004,990)	(6,609,049)	(4,043,097)
A. on interbank transactions		(105,611)	(256,865)	(172,761)
B. on bonds and other fixed income securities		(984,693)	(2,247,675)	(1,448,474)
C. on macro-hedge transactions		(1,914,686)	(4,104,509)	(2,421,862)
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	2
Commission expense	5.2	(2,052)	(4,491)	(1,929)
Income from financial transactions	5.3	(537)	(1,100)	(30,534)
Other banking income		25	61	1
Other banking expense		(1)	(4)	(5)
NET BANKING INCOME		148,089	329,988	117,314
General operating expense	5.1	(40,566)	(83,001)	(45,389)
A. Staff costs		0	0	0
1. Payroll expense		0	0	0
2. Social contributions		0	0	0
B. Other general operating expense		(40,566)	(83,001)	(45,389)
1. Taxes		(3,719)	(8,380)	(4,219)
2. Other general operating expense		(36,847)	(74,621)	(41,170)
Depreciation and amortization		0	0	0
OPERATING INCOME BEFORE COST OF RISK		107,523	246,987	71,925
Cost of risk		0	(51)	(25)
INCOME FROM OPERATIONS		107,523	246,936	71,900
Income (loss) on fixed assets		0	0	0
INCOME BEFORE NON-RECURRING ITEMS AND TAXES		107,523	246,936	71,900
Non-recurring income		0	0	0
Non-recurring expense		0	0	0
Corporate income tax	5.4	(38,206)	(81,417)	(29,217)
A. Current taxes		(38,206)	(83,057)	(33,149)
B. Deferred taxes		0	1,640	3,932
C. Provisions		0	0	0
Net allocation to general banking risks reserve and regulated provisions		(5,262)	(12,044)	(4,134)
NET INCOME		64,055	153,475	38,549

Cash Flow Statement As of June 30, 2008

EUR Thousands	06/30/2007	12/31/2007	06/30/2008
Net income before taxes	107,523	246,936	71,900
+/- Amortisation and depreciation and other impairment on fixed and intangible assets	0	0	0
+/- Depreciation and write-downs	(94)	(123)	21
+/- Expense/income from operating activities	22,437	(245,997)	(1,582)
+/- Expense/income from financing activities	(29,555)	199,129	15,697
+/- Other non cash items	(26,358)	(39,165)	(25,203)
= Non monetary elements included in net income before tax and other adjustments	(33,570)	(86,156)	(11,066)
- Cash from interbank operations (Dexia Crédit Local)	(2,000,000)	(2,000,000)	600,000
+ Cash from interbank operations (client loans)	(248,864)	(1,154,022)	(963,561)
+/- Cash from client operations (loans)	(114,781)	(4,374,528)	(489,998)
+/- Cash from financing assets	(3,638,129)	(5,864,542)	(2,641,021)
+/- Cash from hedging financial instruments	62,559	26,106	(236,206)
- Income tax paid	(49,486)	(81,715)	(55,140)
= Decrease/(increase) in cash from operating activities	(5,988,701)	(13,448,701)	(3,785,926)
CASH FLOW FROM OPERATING ACTIVITIES (A)	(5,914,748)	(13,287,921)	(3,725,092)
+/- 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	(280)	(280)	(80)
+/- Other cash from financing activities	3,265,070	8,622,650	7,743,589
CASH FLOW FROM FINANCING ACTIVITIES (C)	3,264,790	8,622,370	7,743,509
EFFECT OF EXCHANGE RATES CHANGES ON CASH (D)	0	0	0
Increase/(decrease) in cash equivalents (A + B+ C + D)	(2,649,958)	(4,665,551)	4,018,417
Cash flow from operating activities (A)	(5,914,748)	(13,287,921)	(3,725,092)
Cash flow from investing activities (B)	0	0	0
Cash flow from financing activities (C)	3,264,790	8,622,370	7,743,509
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	(5,468,755)	(7,484,348)	(3,465,931)
Cash, central banks and postal checking accounts (assets & liabilities)	2,003	14,986	15,406
Interbank accounts (assets & liabilities) and loans/deposits at sight	(5,470,758)	(7,499,334)	(3,481,337)
Net cash	(2,649,958)	(4,665,551)	4,018,417

SHAREHOLDERS' EQUITY as of June 30, 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)	70,000
Issuance of shares (APIC)	0
Commitments to increase capital stock and APIC	0
Reserves and retained earnings	83,395
Dividends paid (-)	-70,080
Net income for the period	38,549
Other movements	0
<u>As of June 30, 2008</u>	
Capital stock	946,000
Additional paid-in capital (APIC)	0
Commitments to increase capital stock and APIC	0
Reserves and retained earnings	104,397
Net income for the period	38,549
Shareholders' equity as of June 30, 2008	1,088,946

NOTES TO THE FINANCIAL STATEMENTS AS OF JUNE 30, 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 June 30, 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 *prorata 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 June 30, 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 June 30, 2008, there were four 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, the Spanish subsidiary of Dexia Credit Local;
- 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. 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 ; DSFB issued other securities in April 2008, through its compartment DSFB-II, which is also entirely comprised of loans to the Belgian public sector, for an amount of EUR 1,621,250,000, of which EUR 1,589,000,000 were acquired by Dexia Municipal Agency and the rest by Dexia Bank.

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 June 30, 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 June 30, 2008, Dexia MA thus recognized deferred taxes concerning its Dublin branch:

- the impact on the period's income was a positive EUR 3.9 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. From 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 6/30/07	Amount as of 12/31/07	Amount as of 6/30/08
Mandatory reserves	2.0	15.0	15.4
TOTAL	2.0	15.0	15.4

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

a. *Accrued interest included in this item: 47,1*

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
8.5	23.0	9.0	3,335.9	3,376.4

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

	Amount as of 6/30/08	Latent capital loss as of 6/30/08
Listed securities	3,079.0	10.7
Other securities	297.4	0.0
TOTAL	3,376.4	10.7

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

<i>PORTFOLIO (1)</i>	Amount as of 6/30/07	Gross amount as of 12/31/07	Increases	Decreases	Other changes (2)	Impairment as of 6/30/08	Amount as of 6/30/08
Trading	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Available for sale	918.2	993.4	90.0	(35.9)	0.00	(10.7)	1,036.8
Investment	2,467.4	2,402.2	0.0	(62.6)	0.00	0.0	2,339.6
	3,385.6	3,395.6	90.0	(98.5)	0.00	(10.7)	3,376.4

2.3 - Sight inter-bank loans

	Amount as of 6/30/07	Amount as of 12/31/07	Amount as of 6/30/08
Balance of current account		0.0	22.2
Accrued interest not yet due on the current account		0.0	0.0
Unallocated sums		12.0	0.0
TOTAL Dexia Credit Local		12.0	22.2

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 EUR 2,078 million (excluding accrued interest).

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

a. *Accrued interest included in this item: 46,4*

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
108.5	230.8	1,240.5	2,551.3	4,131.1

c. *Analysis by initial maturity excluding accrued interest*

	Net amount as of 6/30/07	Net amount as of 12/31/07	Gross amount as of 6/30/08	Decrease in value as of 6/30/08	Net amount as of 6/30/08
Commitments of less than 1 year	0.0	0.0	0.0	0.0	0.0
Commitments of more than 1 year	2,212.7	3,156.0	4,131.1	0.0	4,131.1
TOTAL	2,212.7	3,156.0	4,131.1	0.0	4,131.1

d. Breakdown by counterparty

	Amount as of 6/30/2008
Swiss cantonal banks benefiting from their canton's legal guarantee	2,078.0
Banks guaranteed by a local government, Crédits municipaux	110.8
Credit institutions belonging to the Dexia Group: loans benefiting from the assignment in guarantee of refinanced public debt	1,942.3
TOTAL	4,131.1

2.5 - Client loans

a. Accrued interest included in this item: 875.9

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
855.9	4,287.1	13,014.7	31,666.8	49,824.5

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

ECONOMIC SECTOR	Amount as of 6/30/07	Amount as of 12/31/07	Amount as of 6/30/08
Public sector	41,754.5	45,764.3	46,277.9
Other sectors*	3,219.3	3,455.7	3,546.6
TOTAL	44,973.8	49,220.0	49,824.5

* 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 6/30/07	Net amount as of 12/31/07	Gross amount as of 6/30/08	Impairment as of 6/30/08	Net amount as of 6/30/08
			(1)		
Commitments of less than 1 year	0.0	0.0	0.0	0.0	0.0
Commitments of more than 1 year	44,973.2	49,219.5	49,824.5	(0.6)	49,823.9
TOTAL	44,973.2	49,219.5	49,824.5	(0.6)	49,823.9

(1) Including:

- non-performing client loans: EUR 4 million

- compromised non-performing loans: EUR 1.7 million.

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

	Gross amount as of 6/30/07	Gross amount as of 12/31/07	Gross amount as of 6/30/08	Impairment as of 6/30/08	Net amount as of 6/30/08
Performing commitments	44,969.2	49,215.1	49,818.8	0.0	49,818.8
Restructured commitments	0.0	0.0	0.0	0.0	0.0
Non-performing loans	1.5	3.1	4.0	(0.3)	3.7
Compromised non-performing loans	2.5	1.8	1.7	(0.3)	1.4
TOTAL	44,973.2	49,220.0	49,824.5	(0.6)	49,823.9

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

DEPRECIATION ON NON-PERFORMING LOANS	Amount as of 6/30/07	Amount as of 12/31/07	Allocation	Reversals	Transfers	Amount as of 6/30/08
<i>For non-performing loans</i>						
On loans	0.1	0.1	0.1	(0.1)	0.0	0.1
On interest	0.1	0.2	0.0	0.0	0.0	0.2
<i>For compromised non-performing loans</i>						
On loans	0.3	0.1	0.0	0.0	0.0	0.1
On interest	0.1	0.1	0.1	0.0	0.0	0.2
TOTAL	0.6	0.5	0.2	(0.1)	0.0	0.6

- Provisions on interest are recorded 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: 141.3

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
0.0	876.9	3,795.5	11,398.6	16,071.0

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

ISSUER'S ECONOMIC SECTOR	Amount as of 6/30/07	Amount as of 12/31/07	Amount as of 6/30/08
Public sector	1,971.0	1,764.4	1,809.2
Other sectors (guaranteed by a State or local government) (2)	1,133.9	1,882.5	1,622.6
Other sectors (ABS) (1)	361.3	357.2	107.5
Cedulas Territoriales issued by Dexia Sabadell Banco Local (2)	2,225.0	2,425.0	2,675.0
DCC – Dexia Credip per la Cartolarizzazione	1,950.8	1,809.7	4,055.7
Pfandbrief issued by Dexia Kommunalbank Deutschland	1,000.0	1,000.0	0.0
Credit institutions - securities issued for less than 1 year	1,000.0	0.0	0.0
DSFB – Dexia Secured Funding Belgium	1,680.3	1,666.5	3,201.7
Lettres de gage issued by Dexia LdG Banque	0.0	2,599.3	2,599.3
TOTAL	11,322.3	13,504.6	16,071.0
- of which eligible for central bank refinancing :	5,199.9	7,078.0	6,054.4
- of which replacement security :	5,116.6	6,024.3	5,274.3

(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 commitment:

- Blue Danube Loan Funding: 87.46 (rated AA+ S&P – guaranteed by the Land of Lower Austria)

(2) Un titre Cedulas territoriales émis par Dexia Sabadell pour €200 millions a été classé dans la rubrique "Autres émetteurs (garantis..)" au 30.06.2007

d. Replacement securities

Covered bonds	Rating	Amount 6/30/2008
Dexia Sabadell Banco Local	Moody's Aaa	2,675.0
Dexia LdG Banque	S&P AAA	2,599.3
TOTAL		5,274.3

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

	Amount as of 6/30/07	Amount as of 12/31/07	Amount as of 6/30/08	Latent capital loss as of 6/30/08
Listed securities	4,903.1	8,253.3	7,245.8	9.2
Other securities	6,419.2	5,251.3	8,825.2	1.5
TOTAL	11,322.3	13,504.6	16,071.0	10.7

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

PORTFOLIO	Amount as of 6/30/07	Gross amount as of 12/31/07	Increases	Decreases	Translation adjustments	Other changes as of 6/30/08	Impairment as of 6/30/08	Amount as of 6/30/08
Trading	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Available for sale	1,806.4	1,792.5	109.4	(266.8)	(57.5)	0.0	(10.7)	1,566.9
Investment	9,515.9	11,712.5	4,139.0	(1,318.8)	(28.6)	0.0	0.0	14,504.1
	11,322.3	13,505.0	4,248.4	(1,585.6)	(86.1)	0.0	(10.7)	16,071.0

2.7 - Accruals and other assets

	Amount as of 6/30/07	Amount as of 12/31/07	Amount as of 6/30/08
Deferred losses on hedging transactions	294.3	296.1	326.6
Deferred charges on bond issues	124.3	123.9	360.7
Deferred charges on hedging transactions	237.8	285.1	289.7
Premiums on acquisition of loans from Dexia Credit Local France	133.5	126.9	122.1
Premiums on acquisition of loans other than from Dexia Crédit Local France	41.6	28.3	22.7
Other prepaid charges	0.1	0.4	0.1
Accrued interest not yet due on hedging transactions	1,869.9	2,365.8	2,347.1
Translation adjustments	0.0	0.0	0.0
Other accrued income	0.0	0.0	0.0
Other accruals	1.7	0.0	0.0
TOTAL	2,703.2	3,226.5	3,469.0

2.8 - Total assets

<i>Analysis by original currency</i>	Amount in original currency as of 6/30/08	Amount in euros as of 6/30/08
Assets in EUR	62,437.5	62,437.5
Assets in AUD	2,091.6	1,274.7
Assets in CAD	1,013.0	635.5
Assets in CHF	2,836.0	1,766.7
Assets in DKK	0.0	0.0
Assets in GBP	1,952.1	2,466.6
Assets in HKD	1,069.1	87.0
Assets in JPY	246,077.7	1,472.0
Assets in NZD	256.3	124.0
Assets in PLN	59.3	17.7
Assets in SEK	1,107.3	116.8
Assets in SKK	629.2	20.8
Assets in TRY	52.2	27.1
Assets in USD	11,924.6	7,570.2
Assets in ZAR	261.7	21.2
TOTAL		78,037.8

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 Credit Local. This account is intended to finance the needs of Dexia Municipal Agency related to its activity, in particular, to finance structural over-collateralization and loans prior to issuance of obligations foncières.

Sub-accounts make it possible to distinguish within the master-account among types of financing (over-collateralization, stock of assets prior to issuance and other). The master-account totaled EUR 6,998 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 EUR 3,498 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 EUR 3,500 million as of June 30, 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 *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 6/30/07	Amount as of 12/31/07	Amount as of 6/30/08
Balance of current account	5,470.8	7,499.4	3,498.0
Accrued interest not yet due on the current account	8.7	15.6	13.6
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	44.8	8.5	58.8
Unallocated sums	0.0	7.9	5.6
TOTAL Dexia Crédit Local	8,424.3	10,431.4	7,076.0

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	3,498.0	3,498.0
Time	0.0	0.0	2,900.0	600.0	3,500.0
Total	0.0	0.0	2,900.0	4,098.0	6,998.0

3.2 - Debt securities

3.2.1- Debt securities (obligations foncières)

a. Accrued interest included in this item: 1 059.5

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
Obligations foncières	3,232.9	2,868.5	27,061.5	28,753.1	61,916.0
Of which issuance premiums	(0.2)	0.5	(14.1)	(174.6)	(188.4)

c. Changes during the year excluding accrued interest

Amount as of 6/30/07	Amount as of 12/31/07	Increases	Decreases	Translation adjustments	Amount as of 6/30/08
50,652.0	55,006.3	8,005.4	(459.8)	(635.9)	61,916.0

3.2.2- Other bonds (registered covered bonds)

Accrued interest included in this item: 29.2

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	1,569.5	1,569.5
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 6/30/07	Amount as of 12/31/07	Increases	Decreases	Translation adjustments	Amount as of 6/30/08
1,215.3	1,396.3	173.2	0.00	0.0	1,569.5

3.3 – Other liabilities

	Amount as of 6/30/07	Amount as of 12/31/07	Amount as of 6/30/08
Cash received as collateral	18.8	19.1	0.0
Accrued interest not yet due on cash received as collateral	0.0	0.0	0.0
Taxes	9.6	20.8	10.3
TOTAL	28.4	39.9	10.3

3.4 – Accruals and other liabilities

	Amount as of 6/30/07	Amount as of 12/31/07	Amount as of 6/30/08
Deferred gains on hedging transactions	63.4	59.5	55.8
Deferred income on hedging transactions	675.7	685.0	714.3
Deferred income on loans	61.1	53.0	46.2
Discounts on acquisition of loans other than from Dexia Credit Local in France	94.8	87.6	80.6
Discounts on acquisition of loans from Dexia Crédit Local in France	90.0	87.2	84.7
Accrued interest not yet due on hedging transactions	1,694.6	2,017.6	2,089.6
Other accrued charges	21.2	23.2	23.9
Translation adjustments	603.0	1,405.9	2,132.1
Other accruals	6.1	1.9	4.0
TOTAL	3,309.9	4,420.9	5,231.2

3.5 – Regulated provisions

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

Amount as of 6/30/07	Amount as of 12/31/07	Increases	Decreases	Amount as of 6/30/08
37.2	44.0	4.1	0.0	48.1

b) Provision for risks on financial instruments

Amount as of 6/30/07	Amount as of 12/31/07	Increases	Decreases	Amount as of 6/30/08
0.0	0.1	9.0	0.0	9.1

3.6 – Equity

	Amount as of 6/30/07	Amount as of 12/31/07	Amount as of 6/30/08
Capital stock	876.0	876.0	946.0
Legal reserve	20.4	20.4	28.0
Retained earnings (+/-)	0.6	0.6	76.4
Net income (+/-)	64.0	153.5	38.6
TOTAL	961.0	1,050.5	1,089.0

On May 26, 2008, the Shareholders' Meeting, both ordinary and extraordinary, decided:

- to allocate the 2007 net income of €153.5 million to retained earnings, constituting income for distribution of €146.4 million, after allocation to the legal reserve;
- to distribute a dividend of €70.1 million;
- to increase the capital in cash by €70 million. This capital increase was subscribed by Dexia Crédit Local on May 28, 2008.

3.7 - Total liabilities

<i>Analysis by original currency</i>	Amount in original currency as of 6/30/08	Amount in euros as of 6/30/08
Liabilities in EUR	62,437.5	62,437.5
Liabilities in AUD	2,091.6	1,274.7
Liabilities in CAD	1,013.0	635.5
Liabilities in CHF	2,836.0	1,766.7
Liabilities in DKK	0.0	0.0
Liabilities in GBP	1,952.1	2,466.6
Liabilities in HKD	1,069.1	87.0
Liabilities in JPY	246,077.7	1,472.0
Liabilities in NZD	256.3	124.0
Liabilities in PLN	59.3	17.7
Liabilities in SEK	1,107.3	116.8
Liabilities in SKK	629.2	20.8
Liabilities in TRY	52.2	27.1
Liabilities in USD	11,924.6	7,570.2
Liabilities in ZAR	261.7	21.2
TOTAL		78,037.8

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

4.1 - Commitments granted

	Amount as of 6/30/07	Amount as of 12/31/07	Amount as of 6/30/08
Financing commitments granted to credit institutions	38.7	111.0	21.3
Financing commitments granted to clients (1)	5,237.0	4,727.8	4,657.5
TOTAL	5,275.7	4,838.8	4,678.8

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

4.2 - Commitments received

	Amount as of 6/30/07	Amount as of 12/31/07	Amount as of 6/30/08
Financing commitments received from credit institutions (1)	3,596.0	4,684.4	6,845.0
Currencies borrowed	0.0	0.0	218.0
Guarantees received from credit institutions	0.0	0.0	0.0
Guarantees received from local governments and asset transfers as guarantees of commitments on local governments (2)	5,747.7	5,891.4	7,578.8
TOTAL	9,343.7	10,575.8	14,641.8

(1) Including EUR 6,545 million in refinancing agreements from Dexia Crédit Local for obligations foncières of less than one year as of June 30, 2008.

(2) The amount as of June 30, 2008, includes EUR 976 million in commitments received at the end of 2007 and mistakenly not reported in the 2007 financial statements.

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 6/30/07	Amount as of 12/31/07	Amount as of 6/30/08	Fair value as of 6/30/08
Currencies to receive	21,467.2	22,444.0	22,878.2	(246.9)
Currencies to deliver	22,070.2	23,850.0	25,010.2	297.3
TOTAL	43,537.4	46,294.0	47,888.4	50.40

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 6/30/07	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 6/30/08
Unconditional transactions	182,573.1	203,663.0	128,750.1	25,202.6	67,908.9	221,861.6
(1) of which deferred start:	21,192.0					
(2) of which deferred start:	759.3					
(3) of which deferred start:	6,518.9					
Total	28,470.2					

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

b. Analysis of interest rate transactions by product type

	Amount as of 6/30/07	Amount as of 12/31/07	Amount as of 6/30/08
Interest rate swaps	182,573.1	203,663.0	221,861.6
Interest rate options	0.0	0.0	0.0
TOTAL	182,573.1	203,663.0	221,861.6

c. Analysis of interest rate swap transactions

	Amount as of 6/30/07	Amount as of 12/31/07	Amount as of 6/30/08	Fair value as of 6/30/08
Micro-hedge	66,594.5	71,139.2	77,761.3	(1,580.1)
Macro-hedge	115,978.6	132,523.8	144,100.3	489.8
TOTAL	182,573.1	203,663.0	221,861.6	(1 090.3)

d - Analysis of interest rate transactions by counterparty

	Amount as of 6/30/07	Amount as of 12/31/07	Amount as of 6/30/08
Parent and other Dexia Group companies	119,561.4	136,264.3	147,646.4
Counterparties with equity interests	0.0	0.0	0.0
Other counterparties	63,011.7	67,398.7	74,215.2
TOTAL	182,573.1	203,663.0	221,861.6

4.5 - Commitments related to securities transactions

	Amount as of 6/30/07	Amount as of 12/31/07	Amount as of 6/30/08
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 67 million in interest due and interest accrued and not yet due on interbank transactions;
- EUR 1 254 million in interest due and interest accrued and not yet due on client loans, early loan repayment penalties in the amount of EUR 9 million, and income from micro-hedging operations;
- EUR 441 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 2,431 million in income on macro-hedging operations.

5.0.b - Interest and related expense

In particular, this item comprises:

- EUR 173 million in interest due and interest accrued and not yet due on refinancing operations with Dexia Credit Local;
- EUR 1 448 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 2,422 million in expense 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 Credit 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 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 6/30/08
Taxes	4.2
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. EUR 39.6 million)	41.2
TOTAL	45.4

5.2 – Analysis of commissions paid

	Amount as of 6/30/07	Amount as of 12/31/07	Amount as of 6/30/08
Commission for business brokerage and securities portfolio management billed by Dexia Crediop	(0.7)	(3.5)	(1.5)
Commission paid on securities transactions	(0.2)	(1.0)	(0.4)
TOTAL	(0.9)	(4.5)	(1.9)

5.3 – Analysis of income from financial transactions

	Amount as of 6/30/07	Amount as of 12/31/07	Amount as of 6/30/08
Transactions on available-for-sale securities (1)	0.0	(1.1)	(30.6)
Transactions on investment securities	0.0	0.0	0.0
Transactions on interest rate derivatives	0.0	0.0	0.0
Foreign exchange transactions	0.0	0.0	0.0
TOTAL	0.0	(1.1)	(30.6)

(1) This item regroups capital gains and losses on sales and provisions and reversals on these portfolios. The amount as of June 30, 2008, includes EUR (0,9) million of capital losses

5.4 – Corporate income tax

	Amount as of 6/30/07	Amount as of 12/31/07	Amount as of 6/30/08
Corporate income tax	(38.2)	(83.0)	(33.1)
Deferred taxes	0.00	1.60	3.90
TOTAL	(38.2)	(81.4)	(29.2)

The tax rate used for 2008 is 34.43% for France.
The tax rate used for the Dublin branch is 12.50%



PERSON RESPONSIBLE FOR THE HALF-YEAR FINANCIAL REPORT

I, the undersigned, Gilles Gallerne, Member of the management board - Chief executive officer of Dexia Municipal Agency,

hereby attest to the fact that, to the best of my knowledge, these half-year financial statements have been prepared in accordance with all applicable accounting standards and provide an accurate and fair view of the assets, financial position and earnings of the company, and that the half-year financial report presents an accurate account of all significant events that have taken place during the first six months of the year and their impact on the half-year financial statements, and of all the primary risks and uncertainties concerning the remaining six months of the fiscal year.

La Défense – August 27th, 2008

A handwritten signature in dark ink, appearing to read "Gilles", with a stylized flourish extending to the right.

Gilles GALLERNE
Member of the management board - Chief executive officer