



Investment manager's comments

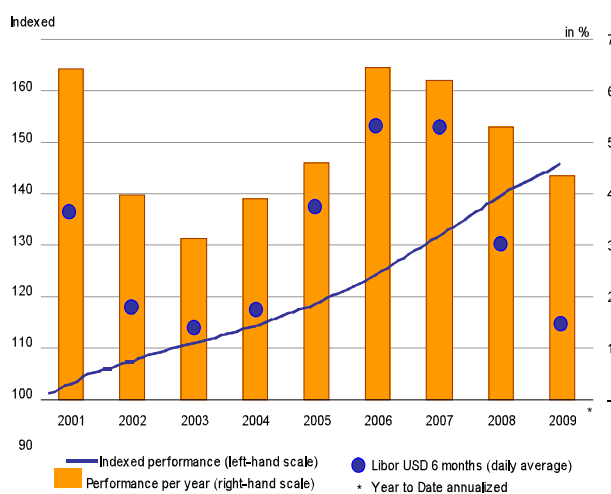
Performance of the DMCF continues to be strong and stable. We did not place any new loans again this month, as there is still a small amount of leverage in the fund, but we expect lending to resume during the course of the next month. The impact of the international financial crisis on countries' economic growth rates is becoming clearer, and the International Monetary Fund has dramatically reduced its growth forecasts across the globe. For the countries with microfinance institutions (MFIs) represented in the fund, the effects are varied - some, such as Ukraine, are heavily impacted, while others, such as India and many countries in S. America, much less so. We continue to monitor closely the effects that this slowdown in growth may have on portfolio quality and other indicators. Thus far, the absolute levels of PAR30 remain stable, at about 2%, and profitability levels are still positive. Importantly, an initiative to provide funding to MFIs to counter the credit crunch was launched by the IFC and KfW. The Microfinance Enhancement Facility aims to provide up to USD 500 million to the microfinance sector over the coming months, supporting the development of over 100 MFIs across 40 countries.

Summary portfolio details

Net Asset Value (NAV) *	USD	386,868,213.78
Total Assets	USD	407,902,618.11
Microfinance loan portfolio	USD	350,468,498.90
Average loan size	USD	1,854,330.68
Portfolio average life (in months)		18.23
Number of countries		30
Number of MFIs		94
Number of loans outstanding		189
Total new disbursements this month:	USD	0
Number of new loans disbursed this month		0
Total loans disbursements (since inception)	USD	611,977,048.70
Number of loans disbursed (since inception)		579

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

Performance chart - USD share class



Performance data

	USD	EUR	CHF
NAV	171,071,223.17	138,769,401.67	41,022,640.77
Share Value	16,590.44	12,760.64	11,997.33
Monthly return (28 days)	0.33%	0.44%	0.29%
Return on investment year-to-date	0.33%	0.44%	0.29%
Last 12 months	5.02%	5.62%	4.07%
Last 3 years (annualized)	6.28%	5.19%	3.31%
Last 5 years (annualized)	5.97%	5.02%	3.08%
Since inception (total return)	65.90%	27.61%	19.97%
Inception date	September 1998	April 2003	December 2001

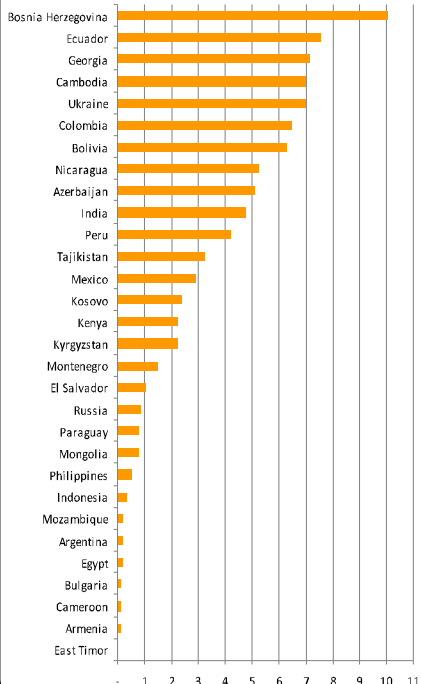
Social impact indicators

Total # of microentrepreneurs reached by MFIs in the portfolio	7,623,094
# of microentrepreneurs reached by funding provided by DMCF	363,205
% of rural clients*	39%
% of female clients*	52%
Average loan outstanding in USD	1,472

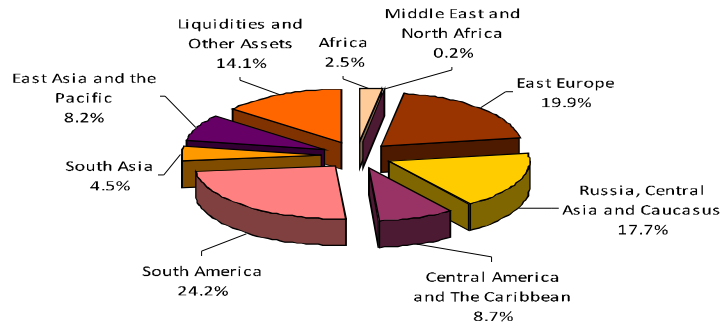
*Data as of 30 June 2008



Exposure by country (in % of NAV)



Exposure by region



Five largest outstanding positions (as % of NAV)

PROCREDIT BANK UKRAINE	Ukraine	6.98%
PROCREDIT BANK GEORGIA	Georgia	6.46%
WWB - BUCARAMANGA	Colombia	3.88%
PROCREDIT EUCADOR	Ecuador	3.54%
EKI	Bosnia-Herzegovina	3.40%

Fund description, facts and information



Structure : Luxemburg SICAV, part II
 Inception date : September 1998
 Registration : Luxemburg
 Investment Managers : BlueOrchard Finance S.A.
www.blueorchard.com
 Dexia Asset Management
www.dexia-am.com
 Custodian Bank: RBC Dexia
 Sponsor Bank/ Distributor: Dexia BIL
 ISIN Number: USD share class – LU0091117944
 CHF share class – LU0136928586
 EUR share class – LU0164081316

Valuation Dates: 1st Wed. of each month
 Subscriptions: Monthly (with 1 day's notice) effective the 1st Wed of each month
 Issuing Fees: 0-4%
 Redemptions: Monthly, with 30 days notice, effective the 1st Wed of each month
 Income: Reinvested
 Total Expense Ratio: approx. 2.2%
 Minimum subscriptions: USD 10,000
 CHF 15,000
 EUR 10,000

For additional information, please contact :

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At RBC Dexia Investor Services: David Rossi, Client Service Manager, David.Rossi@rbcdexia-is.net

Fund description

The Dexia Micro Credit Fund (DMCF) invests in debt instruments of up to 3 years in maturity issued by microfinance institutions (MFIs) located in Africa, Asia, Eastern and Central Europe and Latin America. The MFIs provide small loans and other financial services to microentrepreneurs who lack access to traditional banking services. With the capital provided by these loans, micro-entrepreneurs are able to develop and grow productive businesses and improve their families' standard of living. Thus, the DMCF seeks to achieve an attractive return for investors while providing important social impacts, including poverty alleviation, empowerment of the working poor and the strengthening of inclusive financial systems. The target annual return of the fund is 6-month Libor plus 1-2%.