



Investment manager's comments

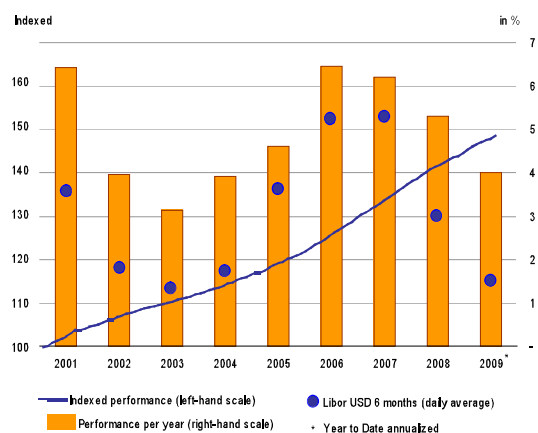
The Dexia Micro-Credit Fund (DMCF) continues to grow and reached a record net asset value of USD 496 million this month. The growth is driven by investor inflows and by the appreciation of the EUR and CHF versus the USD which has increased the value of the non-USD share classes accordingly. The DMCF's performance remained in line with our target levels. New loans were made in May to 8 microfinance institutions (MFIs) in Central America, Central Asia and Eastern Europe totaling USD 14.8 million. Three of the MFIs are new obligors to the DMCF – Khan Bank in Mongolia, ProCredit Bank Moldova and Finca Tajikistan – while the other 5 are repeat borrowers. The MFIs are well-diversified by institution-type: two that received funding this month are fully-licensed banks, while the others are non-bank financial institutions and non-governmental organizations that use both individual and group lending methodologies. New loan placement has been somewhat slower than anticipated, as demand for loans from MFIs declined due to lower portfolio growth forecasts for nearly all institutions in light of the global financial crisis. We continue to monitor the portfolio carefully regarding the impact of the crisis and see some slight deterioration in portfolio quality and profitability on average, but within manageable limits for the vast majority of MFIs represented in the fund.

Summary portfolio details

Net Asset Value (NAV) *	USD	496,680,558.22
Total Assets	USD	477,106,142.00
Microfinance loan portfolio	USD	363,537,114.04
Average loan size	USD	1,883,611.99
Portfolio average life (in months)		15.94
Number of countries		31
Number of MFIs		97
Number of loans outstanding		193
Total new disbursements this month:	USD	14,794,000.00
Number of new loans disbursed this month		8
Total loans disbursements (since inception)	USD	640,663,952.53
Number of loans disbursed (since inception)		600

*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	181,932,320.81	187,872,422.40	48,945,921.73
Share Value	16,801.33	12,923.25	12,119.28
Monthly return (28 days)	0.38%	0.36%	0.31%
Return on investment year-to-date	1.61%	1.72%	1.31%
Last 12 months	4.68%	4.73%	3.66%
Last 3 years (annualized)	6.00%	5.20%	3.42%
Last 5 years (annualized)	6.00%	4.97%	3.13%
Since inception (total return)	68.01%	29.23%	21.19%
Inception date	September 1998	April 2003	December 2001

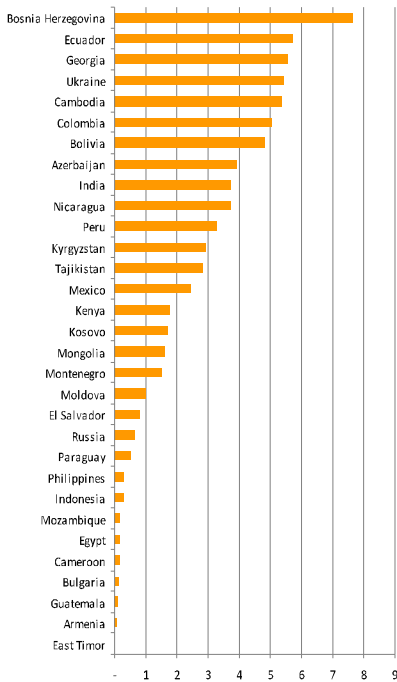
Social performance indicators

Total # of microentrepreneurs reached by MFIs in the portfolio	8,324,196
# of microentrepreneurs reached by funding provided by DMCF	400,641
% of rural clients*	41%
% of female clients*	52%
Average loan outstanding in USD	1,472

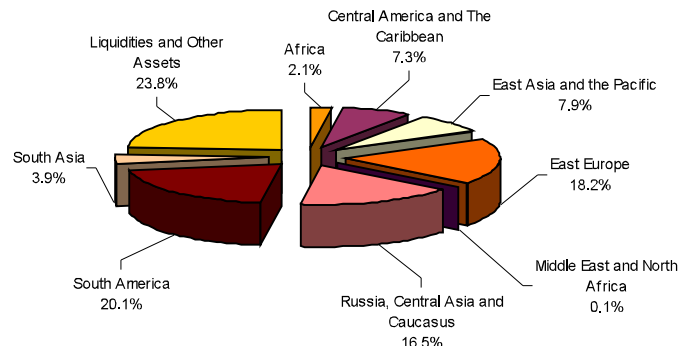
*Data as of 31 December 2008



Exposure by country (in % of NAV)



Exposure by region (as % of total assets)



Five largest outstanding positions (as % of NAV)

PROCREDIT BANK UKRAINE	Ukraine	5.44%
PROCREDIT BANK GEORGIA	Georgia	5.03%
WWB - BUCARAMANGA	Colombia	3.02%
PROCREDIT ECUADOR	Ecuador	2.76%
EKI	Bosnia-Herzegovina	2.65%

Fund description, facts and information



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

Valuation Dates: 1st Wed. of each month
 Subscriptions: Monthly (with 1 day's notice) effective the 1st Wed 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

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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%.