

Dexia Micro-Credit Fund

SICAV under Luxembourg Law

Audited Annual Report as at June 30, 2008



Dexia Micro-Credit Fund

SICAV under Luxembourg Law

Audited Annual report for the year
from July 1, 2007 to June 30, 2008

Dexia Micro-Credit Fund

Management and Administration

Board of Directors

Chairman

André Roelants,
Chief Executive Officer
Clearstream International, Luxembourg

Members

Benoît Debroise,
Managing Director
Banque Degroof, Luxembourg

Marc Beaujean,
Director
Mc Kinsey & Company Belgium

Ernst A. Brugger,
Chairman
Brugger & Partners Ltd., Zurich

Jean-Yves Maldague,
Managing Director of
Dexia Asset Management Luxembourg S.A.

Wim Vermeir,
Member of the Executive Committee
Dexia Asset Management

Vincent Hamelink,
Global Head of Fixed Income Management
Dexia Asset Management

Melchior de Muralt,
Partner
De Pury, Pictet, Turrettini & Cie

Dexia Asset Management Luxembourg S.A.,
Represented by Naïm Abou-Jaoudé

Registered Office

69, route d'Esch,
L-1470 Luxembourg

Sponsor

Dexia Banque Internationale à Luxembourg
69, route d'Esch,
L-2953 Luxembourg

Investment Managers

Dexia Asset Management
136, route d'Arlon,
L-1150 Luxembourg

BlueOrchard Finance S.A.
32, rue de Malatrex,
CH-1201 Genève

Dexia Micro-Credit Fund

Management and Administration

(continued)

Custodian, Paying Agent, Domiciliary and Corporate Agent, and Administrative Agent

RBC Dexia Investor Services Bank S.A.
14, Porte de France,
L-4360 Esch-sur-Alzette

Registrar and Transfer Agent

RBC Dexia Investor Services Bank S.A.
14, Porte de France,
L-4360 Esch-sur-Alzette

Independent Auditor

PricewaterhouseCoopers S.à r.l.
Réviseur d'entreprises
400, route d'Esch,
L-1471 Luxembourg

Dexia Micro-Credit Fund

General Information

Dexia Micro-Credit Fund, hereinafter referred to as "the SICAV", is an investment company organised under the laws of the Grand Duchy of Luxembourg as a "Société d'Investissement à Capital Variable" (SICAV), with several separate sub-funds.

The SICAV was incorporated on September 18, 1998 and is governed by the Law of August 10, 1915 on commercial companies, as amended. The SICAV is registered pursuant to the provisions of Part II of the Law of December 20, 2002 on Undertakings for Collective Investment.

The initial Articles of Incorporation of the SICAV were published in the "Mémorial, Recueil des Sociétés et Associations" (the "Mémorial") of October 26, 1998. These Articles have been amended on October 23, 1998, October 21, 2004 and January 12, 2005 published in the "Mémorial" on November 10, 1998 and on January 12, 2005. Its minimum capital is the equivalent in USD of EUR 1.250.000.

The SICAV has been registered in the Commercial Register of Luxembourg under the number B-66258.

The annual and semi-annual reports are sent to the registered shareholders within four months for the annual reports and two months for the semi-annual reports of the date thereof and copies may be obtained free of charge by any person at the registered office of the SICAV.

Following decision of the Board of Directors, the fiscal year of the SICAV has now changed and starts on the first of July of each year and ends on the thirty of June of the following year.

The current fiscal year started on July 1, 2007 and will terminate on June 30, 2008.

A detailed schedule of portfolio changes is available free of charge upon request at the registered office of the SICAV.

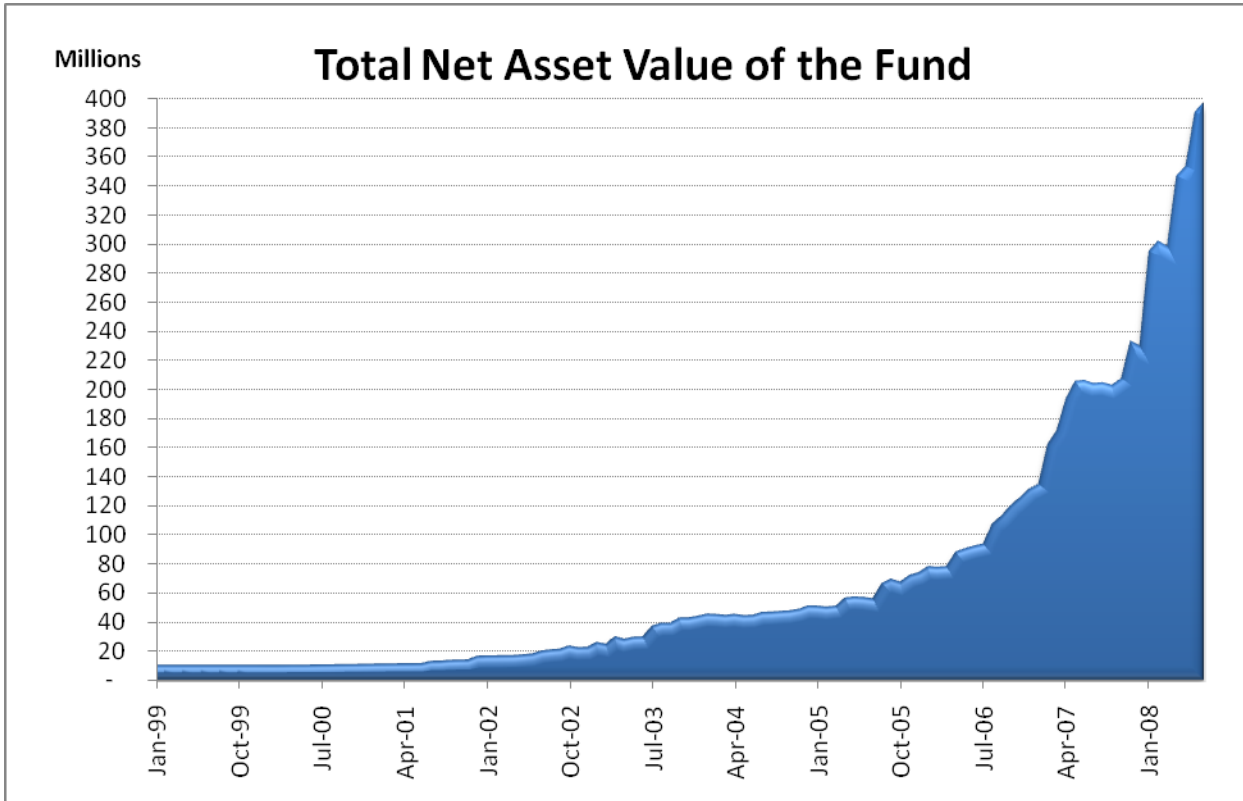
Notice of any general meeting of shareholders are mailed to each registered shareholder at least eight days prior to the meeting and are published to the extent required by Luxembourg law in the Mémorial and in any Luxembourg and other newspaper(s) that the Board of Directors may determine.

The annual general meeting of shareholders takes place in Luxembourg City at a place specified in the notice of meeting on the third Wednesday in the month of November at 3.00 p.m.

Dexia Micro-Credit Fund

Report of the Board of Directors

The Dexia Micro-Credit Fund (DMCF) closed its fiscal year ending June 30, 2008 with a Net Asset Value of USD 397,245,436 representing a 12-month increase of 96% in Total Net Assets. Due to very strong investor inflows, the investment manager temporarily closed the SICAV to new investments in the spring of 2007, but reopened it again in October 2007 once these inflows had been appropriately invested. This temporary closure was affected in order to protect the performance of the SICAV for existing investors, and to avoid diluting their investment returns by holding large uninvested cash amounts. Despite tightening global credit conditions, investors continue to be attracted to the “double bottom line” return of social and well as financial returns, and the low volatility of DMCF. As of June 30, 2008, the microfinance portfolio represented 87% of the DMCF’s total assets. In May 2007, the prospectus of the SICAV was modified to allow up to 90% of the SICAV’s total assets to be invested in “microbanks,” (up from 80%) and the higher investment level reflects this change.

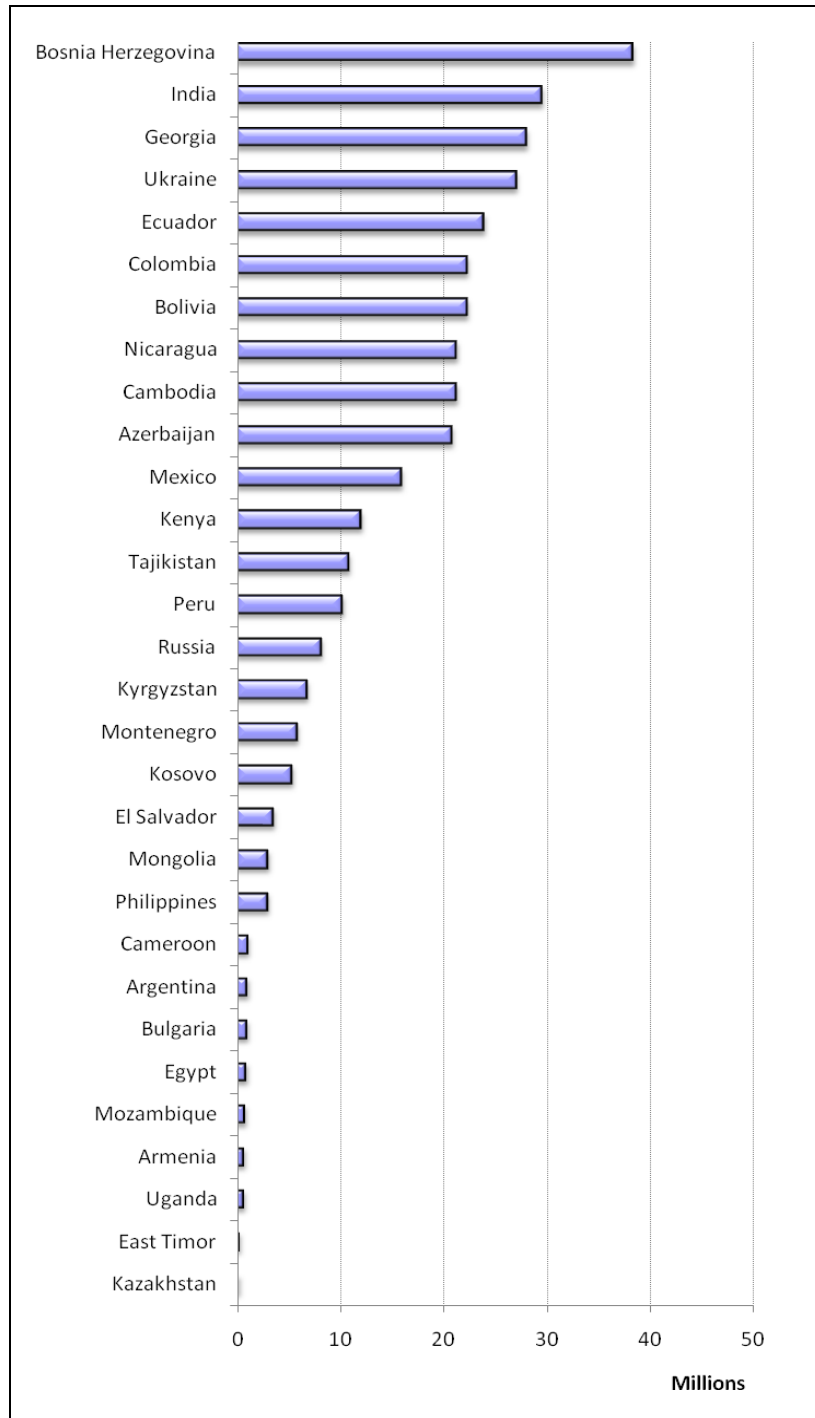


As the SICAV grows, it continues to expand its geographical reach and diversification among more MFIs. As of June 30, 2008, the microfinance portfolio included 101 MFIs from 30 different countries, versus 78 MFIs in 27 countries one year earlier. New country exposures added this year reflect greater regional coverage of Asia and Africa, and include Cameroon, Egypt, East Timor, Indonesia and Mozambique. In a change from 2007, Eastern Europe and Central Asia replaced South America as the highest regional exposure in the portfolio by fiscal year end, with 44% of the microfinance portfolio, followed by South America, at 23%, Asia at 16%, Central America at 11% and Africa at 4%. The MFIs included in the portfolio encompass a variety of legal structures, including non-governmental organizations (NGOs), non-bank financial institutions, banks and cooperatives. Their asset sizes range from a low of under USD 2mm for a small NGO in Ecuador to over USD 1bn for a microfinance bank in Kenya.

Dexia Micro-Credit Fund

Report of the Board of Directors (continued)

GEOGRAPHICAL DISTRIBUTION OF THE DMCF MICROFINANCE PORTOLIO (JUNE 30, 2008)



The microfinance institutions included in the DMCF portfolio continue to perform very well, maintaining high quality portfolio indicators and strong profitability: As of June 30, 2008 the average Portfolio at Risk greater than 30 days across borrower MFIs in the SICAV was approximately 2.8%, with year-to-date write-offs averaging only 0.7%. The average 12-month rolling ROA of the MFIs in the portfolio was more than 5%.¹ Since its incorporation in 1998, the SICAV has made more than 540 loans and continues to show a perfect repayment record.

Dexia Micro-Credit Fund

Report of the Board of Directors (continued)

Importantly, the global credit crunch that began in the summer of 2007 with the sub-prime mortgage crisis in the United States has had a minimal impact on microfinance institutions to date. While there is some evidence of slightly lower liquidity to MFIs, this has been minor and varies significantly by region. In general, MFIs have very diversified funding sources, including international funds such as the DMCF, international development organizations, local depositors and local governmental agencies. This funding diversity, combined with conservative asset liability management, mitigates significantly refinancing risk that could result from tighter global liquidity. As indicated by the portfolio and profitability data provided above, from an operational level, most MFIs have been unaffected by current negative global conditions.

In last year's annual report, we announced that the SICAV was able to lend in local currency, with foreign exchange exposure fully hedged under swap agreements with high quality counterparts. We are pleased to report that the use of these local currency loans continues to expand, as well as the interest rate hedged fixed rate loans, and together these hedged loans account for 50.59% of the microfinance portfolio as of fiscal year end. As highlighted in last year's report, borrowing in local currency is key for many MFIs as their own lending portfolios are denominated in local currency. In addition, this has allowed greater diversification in the DMCF portfolio, and importantly, investors in the fund do not take on any foreign exchange risk.

The social impact of microfinance lending is an integral part of the DMCF, and we continue to monitor the outreach of the MFIs included in the DMCF portfolio. As of June 30, 2008, MFIs in the portfolio reached a total of more than 7.1 mm microentrepreneurs, of whom more than 52% were women and 39% living in rural areas. The average loan size of the MFIs in the portfolio was approximately USD 1670, ranging from a low of USD 58 at an Indonesian NGO to USD 8,700 at a microfinance bank in Ukraine.

Returns for the 12-months ending June 30, 2008 were 5.81%, 5.70% and 3.56% for the USD, EUR and CHF share classes respectively. Prevailing spreads on microfinance loans are at somewhat higher levels this year than last, due in part to the tighter global liquidity conditions, thus reversing the trend that we reported on last year of yield compression. The average spread on the portfolio is therefore currently approximately 400 basis points, and investor returns are well within the target of 100-200 bps over 6-month Libor. We anticipate continued stable performance of the DMCF, global market strains notwithstanding, and look forward to another year of investing with you in microfinance to improve the lives of millions of microentrepreneurs worldwide.

The Board of Directors

Luxembourg, November 19, 2008

Note : The figures stated in this report are historical and not necessarily indicative of future performance.

¹ Data is based on unaudited management reports from MFIs as of June 30, 2008

Independent Auditor's Report

To the Shareholders of
Dexia Micro-Credit Fund

We have audited the accompanying financial statements of Dexia Micro-Credit Fund, which comprise the statement of net assets and the investment portfolio as at June 30, 2008 and the statement of changes in net assets for the year then ended, and a summary of significant accounting policies and other explanatory notes to the financial statements.

Board of Directors of the SICAV's responsibility for the financial statements

The Board of Directors of the SICAV is responsible for the preparation and fair presentation of these financial statements in accordance with Luxembourg legal and regulatory requirements relating to the preparation of the financial statements. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing as adopted by the "Institut des Réviseurs d'Entreprises". Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the Auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the Auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors of the SICAV, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, these financial statements give a true and fair view of the financial position of Dexia Micro-Credit Fund as of June 30, 2008, and of the results of its operations and changes in its net assets for the year then ended in accordance with Luxembourg legal and regulatory requirements relating to the preparation of the financial statements.

Other matters

Supplementary information included in the annual report has been reviewed in the context of our mandate but has not been subject to specific audit procedures carried out in accordance with the standards described above. Consequently, we express no opinion on such information. However, we have no observation to make concerning such information in the context of the financial statements taken as a whole.

Luxembourg, November 19, 2008

PricewaterhouseCoopers S.à r.l.
Réviseur d'entreprises
Represented by

Valérie Arnold

Dexia Micro-Credit Fund

Statement of net assets as at June 30, 2008

		BlueOrchard Debt Sub-Fund
		USD
Assets		
Investment portfolio at market value	(2a)	385,796,721
Cash at bank (Call)		3,455,075
Receivable for investments sold		1,846,827
Interest and dividends receivable		5,538,745
Net unrealised profit on forward foreign exchange contracts	(2f,7)	3,095,230
Other assets		12,068
Total assets		399,744,666
Liabilities		
Bank overdraft		1,131,257
Cash loan	(3)	400,000
Interest on cash loan payable		4,671
Management fees payable	(5)	543,917
Depositary bank fees payable		351,756
Subscription tax payable	(6)	45,078
Taxes and expenses payable		22,551
Total liabilities		2,499,230
Total net assets		397,245,436

Dexia Micro-Credit Fund

Statement of changes in net assets for the year ended June 30, 2008

	BlueOrchard Debt Sub-Fund
	USD
Net assets at the beginning of the year	202,619,840
Income	
Interest on bonds and promissory notes, net	19,954,811
Bank interest	647,945
Other income	10,500
Total income	20,613,256
Expenses	
Management fees (5)	4,706,052
Domiciliation, administration and transfer agent fees	366
Depository bank fee	455,365
Subscription tax (6)	142,485
Audit fees, printing and publishing expenses	62,163
Bank charges	226,220
Interest on cash loan	301,407
Other expenses	120,676
Total expenses	6,014,734
Net income (loss) from investments	14,598,522
Net realised gain (loss) on sales of investments (2b)	1,662,743
Net realised gain (loss) on forward foreign exchange contracts	17,410,771
Net gain (loss) on foreign exchange	(2,824,892)
Net realised gain (loss)	30,847,144
Change in net unrealised appreciation/(depreciation) on investments	3,403,304
Change in net unrealised appreciation/(depreciation) on forward foreign exchange contracts	4,367,253
Net increase/decrease in net assets as a result of operations	38,617,701
Evolution of the capital	
Subscriptions of shares	229,451,145
Redemptions of shares	(73,443,250)
Net assets at the end of the year	397,245,436

The accompanying notes form an integral part of the financial statements.

Dexia Micro-Credit Fund

Changes in the number of shares for the year ended June 30, 2008

BlueOrchard Debt Sub-Fund			
	CHF	EUR	USD
	in CHF	in EUR	in USD
Number of shares outstanding at the beginning of the year	3,106.573	5,559.710	5,664.473
Number of shares issued	1,685.643	5,944.101	6,601.090
Number of shares repurchased	(1,976.859)	(1,908.917)	(1,262.392)
Number of shares outstanding at the end of the year	2,815.357	9,594.894	11,003.171
Statistics			
Total Net Assets	USD		
June 30, 2008	397,245,436		
June 30, 2007	202,619,840		
December 31, 2006	134,110,563		
Net Asset Value Per Share	CHF	EUR	USD
June 30, 2008	11,737.09	12,402.53	-
in USD	11,522.77	19,540.81	16,114.69
June 30, 2007	11,315.33	11,728.66	-
in USD	9,208.81	15,792.05	15,219.91
December 31, 2006	11,164.56	11,470.25	-
in USD	9,146.03	15,125.25	14,770.22

Dexia Micro-Credit Fund

Blue Orchard Debt Sub-Fund

Investment portfolio as at June 30, 2008
(expressed in USD)

Description	Number of shares/ Face value	Currency	Evaluation	% net assets
Transferable securities admitted to an official stock exchange listing				
Bonds				
European Agencies				
Bei 5.375%98-16.09.08	500,000	USD	502,657	0.12
			502,657	0.12
United States				
Bird 5%98-29.10.08	500,000	USD	503,742	0.13
			503,742	0.13
			1,006,399	0.25
Other transferable securities				
Investment Funds				
Luxembourg				
Dexia money market/USD CAP.I	73,316	USD	37,040,709	9.33
			37,040,709	9.33
			37,040,709	9.33
Other debt instruments				
Debt Instruments (Promissory Notes)				
Argentina				
Fie gran poder tv 07-02.05.09 pn	550,000	USD	550,000	0.14
Fie gran poder tv 07-14.3.09pn	450,000	USD	450,000	0.11
			1,000,000	0.25
Armenia				
Sef international tv 07-9.9.2008 pn	150,000	USD	150,000	0.04
Sef international tv 08-10.09 pn	500,000	USD	500,000	0.12
			650,000	0.16
Azerbaijan				
Azercredit LLC (worldvision) tv 07-10.7.09 pn	400,000	USD	400,000	0.10
Azercredit LLC (worldvision) tv 07-23.8.09 pn	400,000	USD	400,000	0.10
Azercredit LLC (worldvision) tv 08-18.06.11 pn	1,000,000	USD	1,000,000	0.25
Azeristar microfinance tv08-9.11.09pn	200,000	USD	200,000	0.05
Credagro tv 06-26.02.10 pn	1,000,000	USD	1,000,000	0.25
Credagro tv 07-8.5.10 pn	1,000,000	USD	1,000,000	0.25
Finance for Development tv 06-15.12.08 pn	85,000	USD	85,000	0.02
Finance for Development tv 08-12.3.2010 pn	500,000	USD	500,000	0.13
Finca azerbaijan tv08-6.4.10pn	2,000,000	USD	2,000,000	0.50

Dexia Micro-Credit Fund

Blue Orchard Debt Sub-Fund

Investment portfolio as at June 30, 2008

(expressed in USD)

(continued)

Description	Number of shares/ Face value	Currency	Evaluation	% net assets
Mfba 8.9% 06-18.12.09 PN	3,000,000	USD	3,000,000	0.76
Mfba azerb tv 11.2.11pn	5,000,000	USD	5,000,000	1.26
Mfba azerbai tv 08-15.05.11 pn	2,000,000	USD	2,000,000	0.50
Mfba azerbaijan tv08-13.8.08pn	2,000,000	USD	2,000,000	0.50
Mfba tv 07-26.2.10 pn	2,000,000	USD	2,000,000	0.50
Normicro tv 07-2.10.08 pn	100,000	USD	100,000	0.03
Normicro.tv 07-5.8.08pn	100,000	USD	100,000	0.03
			20,785,000	5.23
Bolivia				
Agrocapital tv 06-06.10.2008 pn	250,000	USD	250,000	0.06
Bancosol tv 06-3.10.09 pn	3,000,000	USD	3,000,000	0.75
Bancosol tv 08-18.02.2011 pn	5,000,000	USD	5,000,000	1.26
Crecer tv 06-01.12.08 pn	500,000	USD	500,000	0.13
Ecofuturo tv TV 08-7.4.10 pn	1,000,000	USD	1,000,000	0.25
Fades tv 07-10.9.09 pn	500,000	USD	500,000	0.13
Ffp fie tv 07-16.11.2010 pn	5,000,000	USD	5,000,000	1.26
Fpp prodem tv 05-2.11.08 pn	2,000,000	USD	2,000,000	0.50
Funbodem bolivia tv 08-12.4.10 pn	1,000,000	USD	1,000,000	0.25
Procredit Bolivia tv 08-8.2.11pn	3,000,000	USD	3,000,000	0.76
Prodem ff.p.t 05-22.11.08 pn	1,000,000	USD	1,000,000	0.25
			22,250,000	5.60
Bosnia Herzegovina				
Microcr.co bosnia tv 08-5.3.10 pn	1,463,500	USD	1,463,500	0.37
Mlikrofin 7.5% 06-04.09.08 pn	2,000,000	EUR	3,151,100	0.79
Mikro aldi tv 08-28.4.09 pn	100,000	EUR	157,555	0.04
Mikrofin tv 07-15.11.10 pn	7,231,500	USD	7,231,500	1.82
Mikrok.prizma tv 07-8.8.09 pn	1,379,400	USD	1,379,400	0.35
Mikrokr.organiz.tv 08-17.03.11 pn	1,555,000	USD	1,555,000	0.39
Mikrokred.eki tv07-26.10.10 pn	5,000,000	EUR	7,877,750	1.98
Mikrokred.organiz tv8-17.3.11 pn	2,297,250	USD	2,297,250	0.58
Mikrokredi lok tv 08-6.4.10 pn	1,478,000	USD	1,478,000	0.37
Mikrokreditna tv 07-1.11.09 pn	2,827,000	USD	2,827,000	0.71
Mikrokreditna tv 07-10.12.10pn	3,000,000	EUR	4,726,650	1.19
Mikrokreditna tv 07-17.9.09 pn	1,379,400	USD	1,379,400	0.35
Mikrokreditna tv 08-8.2.10 pn	1,465,000	USD	1,465,000	0.37
Partner tv 06-22.09.09 pn	1,300,000	EUR	2,048,215	0.52
			39,037,320	9.83
Bulgaria				
Mikrofond ead tv 07-27.8.08 pn	400,000	EUR	630,220	0.16
Nachala coop.tv 07-17.1.09 pn	300,000	EUR	472,665	0.12
			1,102,885	0.28
Cambodia				
Amk (tv) 05.02.10 pn	500,000	USD	500,000	0.13
Amk tv 07-21.9.09 pn	500,000	USD	500,000	0.13
Amk tv 07-23.10.09 pn	500,000	USD	500,000	0.13

Dexia Micro-Credit Fund

Blue Orchard Debt Sub-Fund

Investment portfolio as at June 30, 2008

(expressed in USD)

(continued)

Description	Number of shares/ Face value	Currency	Evaluation	% net assets
Amk tv 08-26.03.10 pn	500,000	USD	500,000	0.13
Amk tv 08-26.2.10 pn	300,000	USD	300,000	0.07
Cambodian ent.tv 06-10.02.09pn	200,000	USD	200,000	0.05
Ceb cambodia frn 08-27.05.11 pn	1,000,000	USD	1,000,000	0.25
Ceb-cambodia tv 08-16.6.11 pn	1,000,000	USD	1,000,000	0.25
Chc cambodia tv 08-21.04.10pn	400,000	USD	400,000	0.10
Credit mfi 06-27.12.08 pn	250,000	USD	250,000	0.06
Credit mfi tv 07-02.04.09 pn	337,500	USD	337,500	0.08
Credit mfi-camb.frn-23.6.10 pn	1,000,000	USD	1,000,000	0.25
Hattha Kaksek.frn08-30.6.10 pn	1,000,000	USD	1,000,000	0.25
Hattha kaksekar 07-2.7.09 pn	500,000	USD	500,000	0.13
Hattha kaksekar 07-09 pn	500,000	USD	500,000	0.13
Prasac frn 08-25.6.11 pn	2,000,000	USD	2,000,000	0.50
Prasac frn 08-29.05.11 pn	3,000,000	USD	3,000,000	0.75
Prasac mfi tv 06-03.10.08 pn	900,000	USD	900,000	0.23
Prasac mfi tv 06-17.7.09 pn	500,000	USD	500,000	0.13
Seilanithih ltd cambodia	300,000	USD	300,000	0.08
Seilanithih tv 07-30.10.09 pn	300,000	USD	300,000	0.08
Seilanithih tv 08-12.5.10 pn	250,000	USD	250,000	0.06
Thanea.ph.camb.tv 08-12.4.10pn	1,500,000	USD	1,500,000	0.38
Vision cambod frn-13.6.11 pn	2,000,000	USD	2,000,000	0.50
Vision fd cambodia tv 07-09 pn	2,000,000	USD	2,000,000	0.50
			21,237,500	5.35
Cameroun				
Cca 20/02/09	1,023,750	USD	1,023,750	0.26
			1,023,750	0.26
Colombia				
Actuar famiemp.tv 07-19.6.10pn	1,000,000	USD	1,000,000	0.25
Contactar tv 08-4.4.11 pn	1,000,000	USD	1,000,000	0.25
Contactar13.5% 06-1.12.08 pn	250,000	USD	250,000	0.06
F. M mujer pop.tv07-25.05.10pn	5,000,000	USD	5,000,000	1.26
F.m.m.b.tv 07-7.9.2008 pn	5,000,000	USD	5,000,000	1.26
Fundac.mun.bucar tvV07-2.4.10pn	10,000,000	USD	10,000,000	2.52
			22,250,000	5.60
East Timor				
Moris rasik tv 07-19.6.09 pn	200,000	USD	200,000	0.05
			200,000	0.05
Ecuador				
Banco solidario tv08-16.4.10pn	2,000,000	USD	2,000,000	0.50
Bco procr.ecuad tv-23.11.10 pn	2,700,000	USD	2,700,000	0.68
Bco procr.ecuad.tv07-27.9.10pn	5,000,000	USD	5,000,000	1.26
Bco solidar 9.5%06-25.10.08pn	1,500,000	USD	1,500,000	0.38
Bco solidariofrn 08-28.12.09pn	2,000,000	USD	2,000,000	0.50
Bco solidaro tv07-16.11.09 pn	3,000,000	USD	3,000,000	0.75
Cepesiu tv 08-25.3.09 pn	150,000	USD	150,000	0.04

Dexia Micro-Credit Fund

Blue Orchard Debt Sub-Fund

Investment portfolio as at June 30, 2008

(expressed in USD)

(continued)

Description	Number of shares/ Face value	Currency	Evaluation	% net assets
Coac cacpeco tv 06-30.10.08 pn	500,000	USD	500,000	0.13
Cooprogresso 8.5%06-20.11.08 pn	250,000	USD	250,000	0.06
Cooprogresso tv 07-14.12.09	1,750,000	USD	1,750,000	0.44
Cooprogresso tv 08-16.6.11 PN	1,000,000	USD	1,000,000	0.25
Cooprogresso tv 07-23.07.09 pn	1,000,000	USD	1,000,000	0.25
D-miro frn08-28.05.10	1,000,000	USD	1,000,000	0.25
Fundacion espo 07-6.5.09 pn	200,000	USD	200,000	0.05
Fundacion tv 07-7.12.08 pn	300,000	USD	300,000	0.08
Insotec tv 07-13.02.09 pn	200,000	USD	200,000	0.05
Insotec tv 08-6.11.09 pn	350,000	USD	350,000	0.09
			22,900,000	5.76
Egypt				
Al tadamun tv 07-27.12.10 pn	900,000	USD	900,000	0.23
			900,000	0.23
El Salvador				
Apoyo integr.frn 08-27.6.10 pn	2,000,000	USD	2,000,000	0.50
Apoyo integr.tv 06-22.11.08 pn	500,000	USD	500,000	0.13
Apoyo integral frn 08-22.05.11 pn	1,000,000	USD	1,000,000	0.25
			3,500,000	0.88
Georgia				
Mfo credo llc tv 08-19.2.10 pn	1,000,000	USD	1,000,000	0.25
Mfo credo llc tv 08-26.04.10pn	1,000,000	USD	1,000,000	0.25
PProcredit tv 07-7.12.10 pn	10,000,000	USD	10,000,000	2.52
Procredit hdg ag 07-25.10.10pn	10,000,000	USD	10,000,000	2.52
Procredit hld tv 08-7.2.11 pn	5,000,000	USD	5,000,000	1.26
Vf credo found.tv07-23.8.09 pn	300,000	USD	300,000	0.07
Vf credo tv 07-22.10.09 pn	700,000	USD	700,000	0.18
			28,000,000	7.05
India				
Asmitha microfin 3.25% 06-10pn	1,500,000	USD	1,500,000	0.38
Asmitha microfin tv-191210 pn	7,000,000	USD	7,000,000	1.76
Asmitha microfin.3.25%07-20.6.10pn	1,500,000	USD	1,500,000	0.38
Share micro.3.25% 07-6.6.10 pn	1,500,000	USD	1,500,000	0.38
Share microfin tv07-19.12.10pn	15,000,000	USD	15,000,000	3.77
Share microfin tv07-6.6.10 pn	1,500,000	USD	1,500,000	0.38
Smile tv 07-19.12.09 pn	1,500,000	USD	1,500,000	0.38
			29,500,000	7.43
Kazakhstan				
Bereke tv 07-01.09.08 pn	80,000	USD	80,000	0.02
Bereke tv 07-16.10.08 pn	75,000	USD	75,000	0.02
			155,000	0.04
Kenya				
Equity bk ltd tv 07-24.04.10pn	5,000,000	USD	5,000,000	1.26

Dexia Micro-Credit Fund

Blue Orchard Debt Sub-Fund

Investment portfolio as at June 30, 2008

(expressed in USD)

(continued)

Description	Number of shares/ Face value	Currency	Evaluation	% net assets
Equity bk tv 06-11.12.09 pn	7,000,000	USD	7,000,000	1.76
			12,000,000	3.02
Kosovo				
Afk tv 07-4.10.09 pn	426,900	USD	426,900	0.11
Afk.kosovo tv 08-17.3.10 pn	1,088,500	USD	1,088,500	0.27
Kep trust tv 08-15.4.11 pn	3,158,400	USD	3,158,400	0.79
Kosovo ent.tv 06-17.08.08 pn	500,000	EUR	787,775	0.20
			5,461,575	1.37
Kyrgyzstan				
Bai tushum&p tv 07-12.3.10 pn	1,750,000	USD	1,750,000	0.44
Bai tushum&part.tv08-14.1.10pn	1,500,000	USD	1,500,000	0.38
Bai tushum&partn.tv08-6.3.10pn	1,000,000	USD	1,000,000	0.25
Finca kyrgyzstan tv8-21.4.10pn	1,500,000	USD	1,500,000	0.38
Mcc bai tush.tv 07-2.11.09 pn	1,000,000	USD	1,000,000	0.25
			6,750,000	1.70
Mexico				
Fin.Finsol tv 07-21.6.10 pn	10,247,811	USD	10,247,811	2.58
Fin.finsol tv 08-01.1.11 pn	3,016,454	USD	3,016,454	0.76
Finca mexico tv 06-18.12.08 pn	1,852,195	USD	1,852,195	0.47
Grp cons.mircoem.frn-27.5.10pn	521,130	USD	521,130	0.13
Opciones emp tv 07-27.10.08 pn	251,601	USD	251,601	0.06
			15,889,191	4.00
Mongolia				
Xac bk mongolia tv08-24.4.11pn	3,000,000	USD	3,000,000	0.75
			3,000,000	0.75
Montenegro				
Agroinvest tv 07-9.3.2010 pn	1,500,000	EUR	2,363,325	0.59
Opp.bk montenegro tv 06-09 pn	3,000,000	EUR	4,726,650	1.19
			7,089,975	1.78
Mozambique				
Tchuma mozamb.frn 08-28.6.10pn	750,000	USD	750,000	0.19
			750,000	0.19
Nicaragua				
Acodep tv 06-08.12.08 pn	125,000	USD	125,000	0.03
Acodep tv 07-17.01.09 pn	500,000	USD	500,000	0.13
Ceprodel tv 07-4.10.09 pn	1,500,000	USD	1,500,000	0.38
Fin.nicaraguen.tv 07-15.3.10pn	2,000,000	USD	2,000,000	0.50
Financiera fama tv 08-7.03.10	1,250,000	USD	1,250,000	0.32
Findesa tv 08-11.02.10 pn	5,000,000	USD	5,000,000	1.26
Fondo de d nicaragua 13.9.10pn	3,000,000	USD	3,000,000	0.76
Fondo do desar.tv 08-8.11.10	2,000,000	USD	2,000,000	0.50
Fund j nieborow tv-25.9.09 pn	1,000,000	USD	1,000,000	0.25

Dexia Micro-Credit Fund

Blue Orchard Debt Sub-Fund

Investment portfolio as at June 30, 2008

(expressed in USD)

(continued)

Description	Number of shares/ Face value	Currency	Evaluation	% net assets
Fund par el des tv 08-8.1.10pn	2,000,000	USD	2,000,000	0.50
Fundeser nica tv 08-14.5.10 pn	2,000,000	USD	2,000,000	0.50
Prestanic tv 07-10.8.09 pn	500,000	USD	500,000	0.13
Prestanic tv 07-11.10.08 pn	375,000	USD	375,000	0.09
			21,250,000	5.35
Peru				
Cmac trujillo tv06-7.11.09 pn	1,500,000	USD	1,500,000	0.38
Cooprogreso tv 07-15.2.10 pn	1,000,000	USD	1,000,000	0.25
Crear tac 10.25%06-15.11.08pn	500,000	USD	500,000	0.13
Edaprospro tv 07-12.11.08 pn	112,500	USD	112,500	0.03
Edpyme alt.frn 08-2.06.10 pn	967,021	USD	967,021	0.24
Edpyme alternat.tv 07-2.7.09pn	1,250,000	USD	1,250,000	0.32
Edpyme conf.frn 08-25.06.10 pn	1,469,088	USD	1,469,088	0.37
Edpyme confian tv07-12.2.09 pn	1,500,000	USD	1,500,000	0.38
Edpyme confian tv07-16.1.09 pn	1,000,000	USD	1,000,000	0.25
Edpyme edyfic.tv 07-28.2.10 pn	1,000,000	USD	1,000,000	0.25
Prisma frn 08-27.06.10 pn	970,808	USD	970,808	0.24
Profinanzas tv 07-25.12.08 pn	250,000	USD	250,000	0.06
			11,519,417	2.90
Philippines				
Crbbi tv 07-12.2.09 pn	500,000	USD	500,000	0.12
Crbbi tv 07-2.1.2009 pn	200,000	USD	200,000	0.05
Crbbi tv 07-23.8.08 pn	500,000	USD	500,000	0.12
Crbbi tv 08-26.02.10 pn	500,000	USD	500,000	0.13
Crbbi tv 08-4.5.10 pn	500,000	USD	500,000	0.13
Lifebk fouend tv 07-18.04.10 pn	800,000	USD	800,000	0.20
			3,000,000	0.75
Russia				
Cef tv 07-22.8.08 pn	150,000	USD	150,000	0.04
Cjsc finca tv 05-23.12.08 pn	250,000	USD	250,000	0.06
Cjsc finca tv 06-10.05.09 pn	130,000	USD	130,000	0.03
Forus bank tv 06-3.11.08 pn	4,000,000	USD	4,000,000	1.01
Rwmn tv 07-15.6.09 pn	500,000	USD	500,000	0.13
Sodruzhestvo tv 08-26.1.09 pn	100,000	USD	100,000	0.03
Zao finca tv 07-14.12.09 pn	3,000,000	USD	3,000,000	0.75
			8,130,000	2.05
Tadjikistan				
Eskhata bk tv 07-5.7.09 PN	1,000,000	USD	1,000,000	0.25
Eskhata bk tv 08-24.4.10 pn	2,000,000	USD	2,000,000	0.50
First micro bk tv 07-2.3.09 pn	500,000	USD	500,000	0.13
First microfi. bk tv 06-22.09.08 pn	500,000	USD	500,000	0.13
Fmfbt tajikist.tv08-20.5.11pn	2,000,000	USD	2,000,000	0.50
Fmfbt tv 07-19.10.07 pn	2,000,000	USD	2,000,000	0.50
Humo tajikista tv 08-18.4.10pn	250,000	USD	250,000	0.06

Dexia Micro-Credit Fund

Blue Orchard Debt Sub-Fund

Investment portfolio as at June 30, 2008

(expressed in USD)

(continued)

Description	Number of shares/ Face value	Currency	Evaluation	% net assets
Humo Tajikistan frn 08-27.05.10	150,000	USD	150,000	0.04
Humo tv 07-22.11.2008 pn	34,000	USD	34,000	0.01
Humo tv 07-26.12.08 pn	34,000	USD	34,000	0.01
Humo tv 07-8.6.09 pn	150,000	USD	150,000	0.04
Imon tajikist tv 07-25.1.10 pn	500,000	USD	500,000	0.13
Imon tajikistan tv07-28.3.10pn	500,000	USD	500,000	0.13
Micro.tajik.11.5% 07-30.5.09pn	275,000	USD	275,000	0.07
Micro.tajik.tv 08-20.03.09 pn	300,000	USD	300,000	0.07
Microinvest tajik.tv 07-09 pn	600,000	USD	600,000	0.15
			10,793,000	2.72
Uganda				
Comm.micro fin.tv 06-4.8.08 pn	625,000	USD	625,000	0.16
			625,000	0.16
Ukraine				
Proced.ukrain tv07-16.2.10 pn	1,296,297	USD	1,296,297	0.32
Proced.ukraine tv 07-7.6.09pn	1,296,296	USD	1,296,296	0.32
Procredit bk tv 07-24.9.10pn	10,000,000	USD	10,000,000	2.52
Procredit hldg tv07-19.10.10pn	10,000,000	USD	10,000,000	2.52
Procredit ukr tv 07-9.12.09 pn	1,814,815	USD	1,814,815	0.46
Procredit ukr.tv 07-19.4.10 pn	1,296,296	USD	1,296,296	0.33
Procredit ukr.tv 07-9.12.09 pn	1,296,296	USD	1,296,296	0.33
			27,000,000	6.80
Total Debt Instruments (Promissory Notes)			347,749,613	87.54
Total investment portfolio			385,796,721	97.12
Acquisition cost			380,876,130	

The accompanying notes form an integral part of the financial statements.

Dexia Micro-Credit Fund

BlueOrchard Debt Sub-Fund

Geographical and economic breakdown of investments as at June 30, 2008
(expressed as a percentage of net assets)

Geographical breakdown	
Bosnia Herzegovina	9.83
Luxembourg	9.33
India	7.43
Ukraine	7.27
Georgia	7.05
Ecuador	5.76
Bolivia	5.60
Colombia	5.60
Cambodia	5.35
Nicaragua	5.35
Azerbaijan	5.23
Mexico	4.00
Kenya	3.02
Peru	2.90
Tadjikistan	2.72
Russia	2.05
Montenegro	1.78
Kyrgyzstan	1.70
Kosovo	0.90
El Salvador	0.88
Mongolia	0.75
Philippines	0.75
Bulgaria	0.28
Cameroun	0.26
Argentina	0.25
Egypt	0.23
Mozambique	0.19
Armenia	0.16
Uganda	0.16
United States (U.S.A.)	0.13
European Agencies	0.12
East Timor	0.05
Kazakhstan	0.04
	97.12

Dexia Micro-Credit Fund

BlueOrchard Debt Sub-Fund

Geographical and economic breakdown of investments as at June 30, 2008
(expressed as a percentage of net assets)

Economic breakdown	
Microfinance	71.48
Banks and financial institutions	11.28
Investment Funds	9.33
Holding and finance companies	2.52
Other services	1.92
Chemicals	0.33
Supranational Organization	0.26
	97.12

Dexia Micro-Credit Fund

Notes to the Financial Statements as at June 30, 2008

Note 1 - General

Dexia Micro-Credit Fund (the "SICAV") was incorporated on September 18, 1998 as a "Société d'Investissement à Capital Variable" (SICAV) in accordance with the legislation of the Grand Duchy of Luxembourg, and is governed by the Law of August 10, 1915 on commercial companies, as amended, and by the Law of December 20, 2002 on undertakings for collective investment; the SICAV is consequently registered pursuant to the provisions of Part II of the 2002 Law.

The SICAV is created for an unlimited period.

The SICAV is an umbrella Fund and offers investors shares for subscription in the following sub-fund:

- Dexia Micro-Credit Fund - BlueOrchard Debt Sub-Fund (expressed in USD) with three classes of shares available: CHF, USD and EUR.

The SICAV's financial statements are expressed in USD.

The principal objective of the Sub-Fund is to invest in debt instruments issued by Micro Banks.

Note 2 - Principal accounting policies

Presentation of financial statements:

The financial statements are prepared in accordance with Luxembourg regulations relating to undertakings for collective investment.

a) Valuation of investments:

Debt instruments not listed or dealt in on any stock exchange or any other regulated market are valued at fair market value, deemed to be the net present value calculated on the basis of the relevant interest rate market conditions applicable to the currency in which the relevant debt instrument is denominated. Such value is adjusted, if appropriate, to reflect the appraisal of the Investment Manager on the creditworthiness of the relevant debt instrument.

The value of assets which are listed or dealt in on any stock exchange is based on the last available price on the stock exchange which is normally the principal market for such assets.

The value of assets dealt in on any other regulated market is based on the last available price.

In the event that, for any assets, the price as determined here above is not representative of the fair market value of the relevant assets, the value of such assets is based on the reasonably foreseeable sales price determined prudently and in good faith by the Board of Directors of the SICAV. These prices are for each debt instrument unquoted, the cost of investment which can be different of the actual sale price.

Investments in open-ended investment funds are valued at their latest official net asset values, as reported or provided by such open-ended investment funds or their agents.

The fair market value of the Promissory Notes has been determined at 100% by the Board of Directors.

b) Net realised gain (loss) on sales of investments:

The net realised gain or loss on sales of investments is determined on the basis of the average cost of investment sold.

c) Foreign currencies:

The value of assets and liabilities not expressed in the reference currency of each Sub-Fund is converted into the reference currency of such Sub-Fund at the exchange rate ruling in Luxembourg at June 30, 2008.

The exchange rates applied as at June 30, 2008 are :

1 CHF =	0.981740 USD
1 EUR =	1.575550 USD

d) Formation and Launching Expenses of Additional Sub-Funds:

The costs and expenses incurred in connection with the creation of a new Sub-Fund shall be written off over a period not exceeding five years against the assets of such Sub-Fund only and in such amounts each year as determined by the Board of Directors on an equitable basis. The newly created Sub-Fund shall not bear a pro-rata of the costs and expenses incurred in connection with the formation of the Company and the initial issue of Shares, which have not already been written off at the time of the creation of the new Sub-Fund.

e) Acquisition cost of investment:

The cost of investments not expressed in the reference currency of a Sub-Fund is converted into the reference currency of this Sub-Fund at the exchange rate prevailing at purchase date.

Dexia Micro-Credit Fund

Notes to the Financial Statements as at June 30, 2008 (continued)

Note 2 - Principal accounting policies (continued)

f) Forward foreign exchange contracts:

Unrealised appreciation/depreciation on forward foreign exchange contracts are valued on the basis of forward exchange rates prevailing at the relevant valuation date and are included in the Statement of net assets.

g) Net asset value calculation policy:

The net asset value in respect of each class of shares of each Sub-Fund is determined in the reference currency of such Sub-Fund and is calculated in respect of any valuation day by dividing the net assets of the SICAV attributable to such Sub-Fund by the total number of shares in the relevant Sub-Fund then outstanding. The net asset value may be rounded up or down to the nearest unit. The net asset value is determined on the first Wednesday of each month.

Note 3 - Cash loan

The SICAV has a loan of USD 400,000 (interest rate : 7.76% - maturity date October 18, 2008) with Lifebank Foundation Inc.

Note 4 - Commission on subscription and redemption of the SICAV's shares

The SICAV's shares are issued at their net asset value, to which may be added a sales fee of up to a maximum of 4% of the net asset value, payable to the sales agents.

The SICAV's shares are redeemed at a price equal to the net asset value in respect of the relevant Valuation Day. There is presently no redemption charge.

Note 5 - Management fees

In consideration of the management services rendered to the BlueOrchard Debt Sub-Fund, the Micro Banks' Debt Investment Manager receives a fee of maximum 2.75% of the portion of the portfolio which is invested in Micro Banks' Debts.

For the year ended June 30, 2008, the actual fee amounts to 1.99% of the portion of the portfolio which is invested in Micro Bank's Debts.

In consideration of the management services rendered to the BlueOrchard Debt Sub-Fund, the Liquid Assets Investment Manager receives a fee of maximum 0.5% of the portion of the portfolio which is invested in Liquid Assets; no management fee is calculated on the portion of assets invested in Dexia Money Market investment fund.

For the year ended June 30, 2008, the actual fee amounts to 0% of the NAV of the Sub-Fund.

In addition, the liquid Assets Investment Manager will receive, in remuneration for the hedging of the assets composing the portfolio of the BlueOrchard Debt Sub-Fund, a fee of maximum 0.05% of the NAV of the Sub-Fund.

For the year ended June 30, 2008, the actual fee amounts to 0.05% of the portion of the portfolio which is invested in Liquid assets.

Note 6 - Subscription tax

The SICAV is liable in Luxembourg to a tax of 0.05% per annum of its net asset value, such tax being payable quarterly on the basis of the value of the aggregate net assets of the SICAV at the end of the relevant calendar quarter.

Dexia Micro-Credit Fund

**Notes to the Financial Statements
as at June 30, 2008 (continued)**

Note 7 - Forward foreign exchange contracts

Dexia Micro-Credit Fund – BlueOrchard Debt Sub-Fund

As at June 30, 2008, Dexia Micro-Credit Fund - BlueOrchard Debt Sub-Fund had entered into the following outstanding forward foreign exchange contracts:

Purchases		Sales		Maturity Date	Unrealised appreciation/ (depreciation) (USD)
CHF	34,301,556	USD	32,867,450	02/07/2008	808,927
EUR	118,355,500	USD	182,620,753	02/07/2008	3,841,355
USD	1,346,721	CHF	1,400,000	02/07/2008	(27,762)
USD	457,902	EUR	329,000	17/07/2008	(60,095)
USD	662,255	EUR	500,000	18/08/2008	(123,907)
USD	547,784	EUR	400,000	27/08/2008	(80,866)
USD	2,734,422	EUR	2,075,620	04/09/2008	(526,751)
USD	2,131,845	EUR	1,500,000	09/09/2008	(223,757)
USD	1,847,690	EUR	1,300,000	22/09/2008	(192,301)
USD	4,408,800	EUR	3,000,000	10/12/2008	(279,909)
USD	4,792,160	EUR	3,050,000	03/04/2009	55,596
USD	154,260	EUR	100,000	28/04/2009	(898)
USD	7,663,250	EUR	5,000,000	30/04/2009	(94,402)
					3,095,230

The net unrealised appreciation on forward foreign exchange contracts as at June 30, 2008, amounts to USD 3,095,230 and is included in the statement of net assets.