



Municipal Agency

DEXIA MUNICIPAL AGENCY

Euro 35,000,000,000

Euro Medium Term Note Programme

for the issue of *Obligations Foncières*

Due from one month from the date of original issue

Under the Euro Medium Term Note Programme described in this Offering Circular (the "**Programme**"), Dexia Municipal Agency (the "**Issuer**" or "**Dexia MA**"), subject to compliance with all relevant laws, regulations and directives, may from time to time issue *Obligations Foncières* ("**Obligations Foncières**"). The aggregate nominal amount of *Obligations Foncières* outstanding will not at any time exceed Euro 35,000,000,000 (or the equivalent in other currencies).

This Offering Circular replaces and supersedes the Offering Circular dated 12 April 2001.

This Offering Circular shall, for the purposes of *Obligations Foncières* listed on the Luxembourg Stock Exchange, be in force for a period of one year as of the date set out hereunder.

Application will be made in certain circumstances to list *Obligations Foncières* on Euronext Paris S.A. ("**Euronext Paris**"), the Luxembourg Stock Exchange and the Frankfurt Stock Exchange. *Obligations Foncières* issued under the Programme may also be listed on an alternative stock exchange or may not be listed at all. The relevant Pricing Supplement (as defined in "**Summary of the Programme**") in respect of the issue of any *Obligations Foncières* will specify whether or not such *Obligations Foncières* will be listed and, if so, the relevant stock exchange.

Obligations Foncières may be issued either in dematerialised form ("**Dematerialised Obligations Foncières**") or in materialised form ("**Materialised Obligations Foncières**") as more fully described herein.

Dematerialised *Obligations Foncières* will at all times be in book entry form in compliance with Article L. 211-4 of the French Code monétaire et financier. No physical documents of title will be issued in respect of the Dematerialised *Obligations Foncières*.

Dematerialised *Obligations Foncières* which are dealt in on a regulated market may, at the option of the Issuer, be in bearer dematerialised form (au porteur) inscribed as from the issue date in the books of Euroclear France ("**Euroclear France**") which shall credit the accounts of Account Holders (as defined in "Terms and Conditions of the *Obligations Foncières* – Form, Denomination, Title and Redenomination") including the depositary bank for Clearstream Banking, société anonyme ("**Clearstream, Luxembourg**"), Euroclear Bank S.A./N.V. as operator of the Euroclear System ("**Euroclear**") and Clearstream Banking AG Frankfurt-am-Main ("**CBF**") or in registered dematerialised form (au nominatif) and, in such latter case, at the option of the relevant holder, in either fully registered form (nominatif pur), in which case they will be inscribed with a registration agent (appointed in the relevant Pricing Supplement) for the Issuer, or in administered registered form (nominatif administré) in which case they will be inscribed in the accounts of the Account Holders designated by the relevant holders of *Obligations Foncières*. Dematerialised *Obligations Foncières* which are not dealt in on a regulated market will be in registered dematerialised form (au nominatif) only and, at the option of the relevant holder, in either fully registered form or administered form inscribed as aforesaid.

Materialised *Obligations Foncières* will be in bearer materialised form only and may only be issued outside France. A temporary global certificate in bearer form without interest coupons attached (a "**Temporary Global Certificate**") will initially be issued in connection with Materialised *Obligations Foncières*. Such Temporary Global Certificate will be exchanged for definitive Materialised *Obligations Foncières* in bearer form with, where applicable, coupons for interest attached on or after a date expected to be on or about the 40th day after the issue date of the *Obligations Foncières* (subject to postponement as described in "Temporary Global Certificates issued in respect of Bearer Materialised *Obligations Foncières*") upon certification as to non-U.S. beneficial ownership as more fully described herein.

Temporary Global Certificates will (a) in the case of a Tranche intended to be cleared through Euroclear and/or Clearstream, Luxembourg, be deposited on the issue date with a common depositary on behalf of Euroclear and Clearstream, Luxembourg and (b) in the case of a Tranche intended to be cleared through a clearing system other than or in addition to Euroclear and/or Clearstream, Luxembourg or delivered outside a clearing system, be deposited as agreed between the Issuer and the relevant Dealer (as defined below).

It is expected that the *Obligations Foncières* issued under the Programme will be rated AAA by Standard & Poors Rating Services and Fitch Ratings, and Aaa by Moody's Investors Services, Inc. The rating will be specified in the relevant Pricing Supplement.

Arrangers

Deutsche Bank

Morgan Stanley

Dealers

ABN AMRO

BNP PARIBAS

Commerzbank Aktiengesellschaft

Dexia Capital Markets

Dresdner Kleinwort Wasserstein

Goldman Sachs International

JPMorgan

Nomura International

UBS Warburg

Barclays Capital
CDC IXIS Capital Markets
Crédit Agricole Indosuez
Deutsche Bank
Dexia Municipal Agency
HVB Corporates Markets
Morgan Stanley
SG Investment Banking

The date of this Offering Circular (the term of which comprises the German term "*Börsenzulassungsprospekt*") is 22 May 2002

The Issuer, having made all reasonable enquiries, confirms that this Offering Circular contains all information with respect to the Issuer, Dexia Credit Local (“Dexia Credit Local”), Dexia Credit Local and its consolidated subsidiaries (the “Dexia Credit Local Group”) and the *Obligations Foncières* that is material in the context of the issue and offering of the *Obligations Foncières*, the statements contained in it relating to the Issuer, Dexia Credit Local, the Dexia Credit Local Group, and the *Obligations Foncières* are in every material particular true and accurate and not misleading, the opinions and intentions expressed in this Offering Circular with regard to the Issuer, Dexia Credit Local and the Dexia Credit Local Group are honestly held, have been reached after considering all relevant circumstances and are based on reasonable assumptions, there are no other facts in relation to the Issuer, Dexia Credit Local, the Dexia Credit Local Group or the *Obligations Foncières* the omission of which would, in the context of the issue and offering of the *Obligations Foncières*, make any statement in this Offering Circular misleading in any material respect and all reasonable enquiries have been made by the Issuer to ascertain such facts and to verify the accuracy of all such information and statements. The Issuer accepts responsibility accordingly.

No person has been authorised to give any information or to make any representation other than those contained in this Offering Circular in connection with the issue or sale of the *Obligations Foncières* and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer or any of the Dealers or the Arrangers (as defined in “Summary of the Programme”). Neither the delivery of this Offering Circular nor any sale made in connection herewith shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer, Dexia Credit Local or the Dexia Credit Local Group since the date hereof or the date upon which this Offering Circular has been most recently amended or supplemented or that there has been no adverse change in the financial position of the Issuer, Dexia Credit Local or the Dexia Credit Local Group since the date hereof or the date upon which this Offering Circular has been most recently amended or supplemented or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

The distribution of this Offering Circular and the offering or sale of the *Obligations Foncières* in certain jurisdictions may be restricted by law. Persons into whose possession this Offering Circular comes are required by the Issuer, the Dealers and the Arrangers to inform themselves about and to observe any such restriction.

The *Obligations Foncières* have not been and will not be registered under the United States Securities Act of 1933 (the “Securities Act”) or with any securities regulatory authority of any state or other jurisdiction of the United States and include Materialised *Obligations Foncières* in bearer form that are also subject to U.S. tax law requirements. Subject to certain exceptions, *Obligations Foncières* may not be offered or sold within the United States or, in the case of Materialised *Obligations Foncières* in bearer form, offered, sold or delivered within the United States or to U.S. persons.

THE OBLIGATIONS FONCIERES ARE BEING OFFERED IN RELIANCE ON REGULATION S UNDER THE SECURITIES ACT (“REGULATION S”).

The Materialised *Obligations Foncières* are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a U.S. person, except in certain transactions permitted by U.S. tax regulations.

For a description of certain restrictions on offers and sales of *Obligations Foncières* and on distribution of this Offering Circular, see “Subscription and Sale”.

This Offering Circular does not constitute an offer of, or an invitation by or on behalf of the Issuer or the Dealers to subscribe for, or purchase, any *Obligations Foncières*.

The Arrangers and the Dealers (except Dexia Municipal Agency in its capacity as Issuer) have not separately verified the information contained in this Offering Circular. None of the Dealers or the Arrangers (except Deutsche Bank AG Paris branch in its capacity as the Paris Listing Agent, and then only to the extent set out under “Paris Listing Information” and Dexia Municipal Agency in its capacity as Issuer) makes any representation, express or implied, or accepts any responsibility, with respect to the accuracy or completeness of any of the information in this Offering Circular. Neither this Offering Circular nor any other financial statements are intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by any of the Issuer, the Arrangers or the Dealers that any recipient of this Offering Circular or any other financial statements should purchase the *Obligations Foncières*. Each potential purchaser of *Obligations Foncières* should determine for itself the relevance of the information contained in this Offering Circular and its purchase of *Obligations Foncières* should be based upon such investigation as it deems necessary. None of the Dealers (except Dexia Municipal Agency in its capacity as Issuer) or the Arrangers undertakes to review the financial condition or affairs of the Issuer, Dexia Credit Local or the Dexia Credit Local Group during the life of the arrangements contemplated by this Offering Circular nor to advise any

investor or potential investor in the *Obligations Foncières* of any information coming to the attention of any of the Dealers or the Arrangers.

In connection with any Tranche (as defined in “Summary of the Programme”), one of the Dealers (except Dexia Municipal Agency) may act as a stabilising agent (the “Stabilising Agent”). The identity of the Stabilising Agent will be disclosed in the relevant Pricing Supplement. References in the next paragraph to “this issue” are to each Tranche in relation to which a Stabilisation Agent is appointed.

In connection with this issue, the Stabilising Agent or any person acting for him may over-allot or effect transactions with a view to supporting the market price of the *Obligations Foncières* at a level higher than that might otherwise prevail for a limited period after the issue date. However, there may be no obligation on the Stabilising Agent or any agent of his to do this. Such stabilising, if commenced, may be discontinued at any time, and must be brought to an end after a limited period. Any such transaction will be carried out in accordance with applicable laws and regulations.

In this Offering Circular, unless otherwise specified or the context otherwise requires, references to “€”, “Euro”, “EUR” or “euro” are to the single currency of the participating member states of the European Union which was introduced on 1 January 1999, references to “FRF” or “FF” are to French francs, references to “£”, “GBP”, “pounds sterling” and “Sterling” are to the lawful currency of the United Kingdom references to “\$”, “USD” and “US Dollars” are to the lawful currency of the United States of America, references to “¥”, “JPY”, “Japanese yen” and “Yen” are to the lawful currency of Japan and references to “CHF” and “Swiss francs” are to the lawful currency of the Helvetic Confederation.

DOCUMENTS INCORPORATED BY REFERENCE

In connection with the registration of the Programme with the *Commission des opérations de bourse* (the "COB") and the Luxembourg Stock Exchange, this Offering Circular should be read and construed in conjunction with any amendments or supplements to this Offering Circular, each relevant Pricing Supplement, the most recently published audited annual accounts, any interim accounts (whether audited or unaudited) and any audited annual accounts published subsequently to such annual accounts, of the Issuer from time to time, and the most recently published audited consolidated annual, and any consolidated interim accounts (whether audited or unaudited) published subsequently to such annual accounts of Dexia Credit Local from time to time, each of which shall be deemed to be incorporated in, and to form part of, this Offering Circular and which shall be deemed to modify or supersede the contents of this Offering Circular to the extent that a statement contained in any such document is inconsistent with such contents. All documents incorporated by reference in this Offering Circular may be obtained, free of charge, at the offices of each Paying Agent set out at the end of this Offering Circular during normal business hours so long as any of the *Obligations Foncières* are outstanding.

For Euronext Paris listing purposes, the most recently published audited annual accounts of the Issuer and the audited consolidated annual accounts of Dexia Credit Local and their respective interim accounts (whether audited or unaudited) as soon as they have been published must be contained in the document subsequently submitted to the clearance procedures of the COB. The audited consolidated annual financial statements of Dexia Credit Local for the year ended 31 December 2001 which are contained in its *document de référence* filed by the COB on 19 April 2002 under no. D.02-612, are deemed to be incorporated in this Offering Circular.

The incorporation by reference does not apply to the listing of *Obligations Foncières* issued under the Programme on the Frankfurt Stock Exchange.

SUPPLEMENTAL OFFERING CIRCULAR

The Issuer has given an undertaking to the Dealers and to the Luxembourg Stock Exchange that if at any time during the duration of the Programme there is a significant change affecting any matter contained in this Offering Circular whose inclusion would reasonably be required by investors and their professional advisers, and would reasonably be expected by them to be found in this Offering Circular, for the purpose of making an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of the Issuer, Dexia Credit Local and the Dexia Credit Local Group and the rights attaching to the *Obligations Foncières*, the Issuer shall prepare an amendment or supplement to this Offering Circular or publish a replacement Offering Circular for use in connection with any subsequent offering of the *Obligations Foncières* and shall supply to each Dealer such number of copies of such supplement hereto as such Dealer may reasonably request.

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SUMMARY OF THE PROGRAMME

The following summary is qualified in its entirety by the remainder of this Offering Circular. The Obligations Foncières will be issued on such terms as shall be agreed between the Issuer and the relevant Dealer(s) and, unless specified to the contrary in the relevant Pricing Supplement, will be subject to the Terms and Conditions set out on pages 12 to 30.

Issuer:	Dexia Municipal Agency (a <i>société anonyme à Directoire et à Conseil de Surveillance</i> incorporated under French law)
Description:	Euro Medium Term Note Programme for the continuous offer of <i>Obligations Foncières</i> (the “ Programme ”)
Arrangers:	Deutsche Bank AG Paris and Morgan Stanley & Co. International Limited
Dealers:	ABN AMRO Bank N.V. BNP Paribas Barclays Bank PLC Bayerische Hypo- und Vereinsbank AG CDC IXIS Capital Markets Commerzbank Aktiengesellschaft Crédit Agricole Indosuez Deutsche Bank Aktiengesellschaft Dexia Banque Internationale à Luxembourg Société Anonyme (acting under the name of Dexia Capital Markets) Dexia Municipal Agency Dresdner Bank Aktiengesellschaft Goldman Sachs International J.P. Morgan Securities Ltd. Morgan Stanley & Co. International Limited Nomura International plc Société Générale UBS AG, acting through its business group UBS Warburg

The Issuer may from time to time terminate the appointment of any dealer under the Programme or appoint additional dealers either in respect of one or more Tranches or in respect of the whole Programme. References in this Offering Circular to “**Permanent Dealers**” are to the persons listed above as Dealers and to such additional persons that are appointed as dealers in respect of the whole Programme (and whose appointment has not been terminated) and to “**Dealers**” are to all Permanent Dealers and all persons appointed as a dealer in respect of one or more Tranches.

At the date of this Offering Circular, only credit institutions and investment firms incorporated in a member state of the European Union (“EU”) and which are authorised by the relevant authority of such member home state to lead-manage bond issues in such member state may act (a) as Dealers with respect to non-syndicated issues of *Obligations Foncières* denominated in euro and (b) as lead manager of issues of *Obligations Foncières* denominated in euro issued on a syndicated basis.

Programme Limit:	Up to Euro 35,000,000,000 (or the equivalent in other currencies at the date of issue) aggregate nominal amount of <i>Obligations Foncières</i> outstanding at any one time.
Fiscal Agent and Principal Paying Agent:	Dexia Banque Internationale à Luxembourg Société Anonyme
Paying Agents:	Dexia Banque S.A./Dexia Bank N.V. Dexia Banque Privée France
	There will be a Paying Agent in Frankfurt am Main for each Tranche listed on the Frankfurt Stock Exchange.

Method of Issue:	The <i>Obligations Foncières</i> will be issued on a syndicated or non-syndicated basis. The <i>Obligations Foncières</i> will be issued in series (each a “ Series ”) having one or more issue dates and on terms otherwise identical (or identical other than in respect of the first payment of interest), the <i>Obligations Foncières</i> of each Series being intended to be interchangeable with all other <i>Obligations Foncières</i> of that Series. Each Series may be issued in tranches (each a “ Tranche ”) on the same or different issue dates. The specific terms of each Tranche (which will be supplemented, where necessary, with supplemental terms and conditions and, save in respect of the issue date, issue price, first payment of interest and nominal amount of the Tranche, will be identical to the terms of other Tranches of the same Series) will be set out in a pricing supplement to this Offering Circular (a “ Pricing Supplement ”).
Maturities:	Subject to compliance with all relevant laws, regulations and directives, any maturity from one month from the date of original issue.
Currencies:	Subject to compliance with all relevant laws, regulations and directives, <i>Obligations Foncières</i> may be issued in Euro, U.S. Dollars, Japanese yen, Swiss francs, Sterling and in any other currency agreed between the Issuer and the relevant Dealers. The Arrangers, each Dealer and the Issuer will, in relation to issues of <i>Obligations Foncières</i> denominated in Euro, comply with the Guidelines provided by the letter dated 1 October 1998 from the French Minister of the Economy, Finance and Industry to the <i>Président of the Association française des établissements de crédit et des entreprises d’investissement</i> (the “ Euro Guidelines ”). Issues of <i>Obligations Foncières</i> denominated in Swiss francs or carrying a Swiss franc related element with a maturity of more than one year (other than <i>Obligations Foncières</i> privately placed with a single investor with no publicity) will be effected in compliance with the relevant regulations of the Swiss National Bank based on Article 7 of the Federal Law on Banks and Savings Banks of 8 November 1934 (as amended) and Article 15 of the Federal Law on Stock Exchanges and Securities Trading of 24 March 1995 in connection with Article 2, paragraph 2 of the Ordinance of the Federal Banking Corporation on Stock Exchanges and Securities Trading of 2 December 1996. Under the said regulations, the relevant Dealer or, in the case of a syndicated issue, the lead manager (the “ Swiss Dealer ”), must be a bank domiciled in Switzerland (which includes branches or subsidiaries of a foreign bank located in Switzerland) or a securities dealer duly licensed by the Swiss Federal Banking Commission as per the Federal Law on Stock Exchanges and Securities Trading of 24 March 1995. The Swiss Dealer must report certain details of the relevant transaction to the Swiss National Bank no later than the relevant issue date for such a transaction.
Denomination:	<i>Obligations Foncières</i> will be in such denominations as may be specified in the relevant Pricing Supplement. Dematerialised <i>Obligations Foncières</i> shall be issued in one denomination only.
Status of Obligations Foncières:	The <i>Obligations Foncières</i> will constitute direct and unconditional obligations of the Issuer, and, as provided below, benefit from the <i>Privilège</i> , as described in “Terms and Conditions of the <i>Obligations Foncières</i> – Status”. The <i>Obligations Foncières</i> are issued under Articles L. 515-13 to L. 515-33 of the French Code monétaire et financier. Holders of <i>Obligations Foncières</i> benefit from a <i>privilège</i> (priority right of payment) over all the assets of any <i>société de crédit foncier</i> (like the Issuer). See “Terms and Conditions of the <i>Obligations Foncières</i> – <i>Privilège</i> ” and “Summary of the <i>Privilège</i> granted by the Law”.
Negative Pledge:	None.

Events of Default (including Cross Default):	None.
Redemption:	The relevant Pricing Supplement will specify the basis for calculating the redemption amounts payable.
Optional Redemption:	The Pricing Supplement issued in respect of each issue of <i>Obligations Foncières</i> will state whether such <i>Obligations Foncières</i> may be redeemed prior to their stated maturity at the option of the Issuer (either in whole or in part) and if so the terms applicable to such redemption.
Redemption by Instalments:	The Pricing Supplement issued in respect of each issue of <i>Obligations Foncières</i> that are redeemable in two or more instalments will set out the dates on which, and the amounts in which, such <i>Obligations Foncières</i> may be redeemed.
Interest Periods and Interest Rates:	The length of the interest periods for the <i>Obligations Foncières</i> and the applicable interest rate or its method of calculation may differ from time to time or be constant for any Series. <i>Obligations Foncières</i> may have a maximum interest rate, a minimum interest rate, or both. The use of interest accrual periods permits the <i>Obligations Foncières</i> to bear interest at different rates in the same interest period. All such information will be set out in the relevant Pricing Supplement.
Fixed Rate <i>Obligations Foncières</i>:	Fixed interest will be payable in arrear on the date or dates in each year specified in the relevant Pricing Supplement.
Floating Rate <i>Obligations Foncières</i>:	Floating Rate <i>Obligations Foncières</i> will bear interest determined separately for each Series as follows: <ul style="list-style-type: none"> (i) on the same basis as the floating rate under a notional interest rate swap transaction in the relevant Specified Currency governed by an agreement incorporating the 2000 ISDA Definitions published by the International Swaps and Derivatives Association, Inc., or (ii) by reference to LIBOR, LIBID, LIMEAN or EURIBOR (or such other benchmark as may be specified in the relevant Pricing Supplement), in each case as adjusted for any applicable margin. Interest periods will be specified in the relevant Pricing Supplement.
Zero Coupon <i>Obligations Foncières</i>:	Zero Coupon <i>Obligations Foncières</i> may be issued at their nominal amount or at a discount to it and will not bear interest.
Dual Currency <i>Obligations Foncières</i>:	Payments (whether in respect of principal or interest and whether at maturity or otherwise) in respect of Dual Currency <i>Obligations Foncières</i> will be made in such currencies, and based on such rates of exchange, as may be specified in the relevant Pricing Supplement.
Index Linked <i>Obligations Foncières</i>:	Payments of principal in respect of Index Linked Redemption <i>Obligations Foncières</i> or of interest in respect of Index Linked Interest <i>Obligations Foncières</i> will be calculated by reference to such index and/or formula as may be specified in the relevant Pricing Supplement. Index Linked <i>Obligations Foncières</i> will be issued in accordance with the applicable provisions of French law and the Issuer's statuts from time to time.
Other <i>Obligations Foncières</i>:	Terms applicable to high interest <i>Obligations Foncières</i> , low interest <i>Obligations Foncières</i> , step-up <i>Obligations Foncières</i> , step-down <i>Obligations Foncières</i> , reverse dual currency <i>Obligations Foncières</i> , optional dual currency <i>Obligations Foncières</i> , partly paid <i>Obligations Foncières</i> and any other type of <i>Obligations Foncières</i> that the Issuer and any Dealer or Dealers may agree to issue under the Programme will be set out in the relevant Pricing Supplement.
Redenomination:	<i>Obligations Foncières</i> issued in the currency of any Member State of the EU which participates in the third stage (or any further stages) of EMU may be redenominated into Euro, all as more fully provided in "Terms

and Conditions of the *Obligations Foncières* – Form, Denomination, Title and Redenomination” below.

Consolidation: *Obligations Foncières* of one Series may be consolidated with *Obligations Foncières* of another Series as more fully provided in “Terms and Conditions of the *Obligations Foncières* – Further Issues and Consolidation”.

Form of *Obligations Foncières*: *Obligations Foncières* may be issued in either dematerialised form (“**Dematerialised *Obligations Foncières***”) or in materialised form (“**Materialised *Obligations Foncières***”).

Dematerialised *Obligations Foncières* which are dealt in on a regulated market may, at the option of the Issuer, be issued in bearer dematerialised form (*au porteur*) or in registered dematerialised form (*au nominatif*) and, in such latter case, at the option of the relevant holder, in either *au nominatif pur* or *au nominatif administré* form. No physical documents of title will be issued in respect of Dematerialised *Obligations Foncières*. Dematerialised *Obligations Foncières* which are not dealt in on a regulated market will be issued in registered dematerialised form only and, at the option of the relevant holder, in either *au nominatif pur* or *au nominatif administré* form. See “Terms and Conditions of the *Obligations Foncières* – Form, Denomination, Title and Redomination”.

Materialised *Obligations Foncières* will be in bearer materialised form (“**Bearer Materialised *Obligations Foncières***”) only. A Temporary Global Certificate will be issued initially in respect of each Tranche of Bearer Materialised *Obligations Foncières*. Materialised *Obligations Foncières* may only be issued outside France.

Governing Law: French

Clearing Systems: Euroclear France as central depository in relation to Dematerialised *Obligations Foncières* and, in relation to Materialised *Obligations Foncières*, Clearstream, Luxembourg, Euroclear and CBF or any other clearing system that may be agreed between the Issuer, the Fiscal Agent and the relevant Dealer.

Obligations Foncières which are listed on Euronext Paris will be cleared through Euroclear France and, as the case may be, any other relevant clearing system.

Initial Delivery of Dematerialised *Obligations Foncières*: One Paris business day before the issue date of each Tranche of Dematerialised *Obligations Foncières*, the *lettre comptable* relating to such Tranche shall be deposited with Euroclear France as central depository.

Initial Delivery of Materialised *Obligations Foncières*: On or before the issue date for each Tranche of Bearer Materialised *Obligations Foncières*, the Temporary Global Certificate issued in respect of such Tranche shall be deposited with a common depository for Euroclear and Clearstream, Luxembourg or with any other clearing system or may be delivered outside any clearing system provided that the method of such delivery has been agreed in advance by the Issuer, the Fiscal Agent and the relevant Dealer.

Issue Price: *Obligations Foncières* may be issued at their nominal amount or at a discount or premium to their nominal amount. Partly Paid *Obligations Foncières* may be issued, the issue price of which will be payable in two or more instalments.

Taxation: Payments in respect of the *Obligations Foncières* will be made without withholding or deduction for, or on account of, taxes imposed by or on behalf of the Republic of France as provided by Article 131 *quater* of the French General Tax Code, to the extent that the *Obligations Foncières* are issued (or deemed to be issued) outside France.

Obligations Foncières will be issued (or deemed to be issued) outside France (i) in the case of syndicated or non-syndicated issues of *Obligations Foncières*, if such *Obligations Foncières* are denominated in euro, (ii) in the case of syndicated issues of *Obligations Foncières* denominated in currencies other than euro, if, *inter alia*, the Issuer and the relevant Dealers agree not to offer the *Obligations Foncières* to the public in the Republic of France and such *Obligations Foncières* are offered only through an international syndicate to “qualified investors” as described in Article L. 411-2 of the French Code *monétaire et financier* or (iii) in the case of non-syndicated issues of *Obligations Foncières* denominated in currencies other than euro, if each of the subscribers of the *Obligations Foncières* is domiciled or resident for tax purposes outside the Republic of France, in each case as more fully set out in the Circular 5 I-II-98 of the *Direction Générale des Impôts* dated 30 September 1998.

However, if so provided in the relevant Pricing Supplement, *Obligations Foncières* denominated in currencies other than euro may be issued on a non-syndicated basis and placed with subscribers not all of whom are resident outside the Republic of France. In such cases, the *Obligations Foncières* will not benefit from the exemption from deduction at source provided by Article 131 *quater* of the French General Tax Code and payments under such *Obligations Foncières* made to a non-French resident will be exempt from withholding or deduction at source only if the beneficiary of the payment provides certification that he is not resident in the Republic of France, all in accordance with the provisions of Article 125 A III of the French General Tax Code, as more fully described in “Terms and Conditions of the *Obligations Foncières* – Taxation”.

Unless otherwise specifically provided in the Pricing Supplement, there will be no grossing up provisions and accordingly no Issuer’s tax call option. See “Terms and Conditions of the *Obligations Foncières* – Taxation”.

Listing:

The Luxembourg Stock Exchange and/or Euronext Paris and/or the Frankfurt Stock Exchange or as otherwise specified in the relevant Pricing Supplement. As specified in the relevant Pricing Supplement, a Series of *Obligations Foncières* may be unlisted. However, the Euro Guidelines strongly recommend the listing of notes and bonds (obligations) denominated in euro on Euronext Paris.

Rating:

Obligations Foncières to be issued under the Programme are expected to be rated AAA by Standard & Poor’s Rating Services and Fitch Ratings and Aaa by Moody’s Investors Services, Inc.

The rating will be specified in the relevant Pricing Supplement.

A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

Selling Restrictions:

There are restrictions on the sale of *Obligations Foncières* and the distribution of offering material in various jurisdictions. See “Subscription and Sale”. In connection with the offering and sale of a particular Tranche, additional selling restrictions may be imposed which will be set out in the relevant Pricing Supplement. See “Subscription and Sale”.

The Issuer is Category 1 for the purposes of Regulation S.

Materialised *Obligations Foncières* will be issued in compliance with U.S. Treas. Reg. §1.163-5(c)(2)(i)(D) (the “D Rules”) unless (i) the relevant Pricing Supplement states that such Materialised *Obligations Foncières* are issued in compliance with U.S. Treas. Reg. §1.163-5(c)(2)(i)(C) (the

“C Rules”) or (ii) such Materialised *Obligations Foncières* are issued other than in compliance with the D Rules or the C Rules but in circumstances in which the *Obligations Foncières* will not constitute “registration required obligations” under the United States Tax Equity and Fiscal Responsibility Act of 1982 (“TEFRA”), which circumstances will be referred to in the relevant Pricing Supplement as a transaction to which TEFRA is not applicable.

**Financial Support by Dexia
Credit Local:**

See section entitled “*Déclaration de Soutien, Financial Support*” below.

TERMS AND CONDITIONS OF THE OBLIGATIONS FONCIÈRES

The following is the text of the terms and conditions that, subject to completion and amendment and as supplemented or varied in accordance with the provisions of the relevant Pricing Supplement, shall be applicable to the Obligations Foncières. In the case of Dematerialised Obligations Foncières the text of the terms and conditions will not be endorsed on physical documents of title but will be constituted by the following text as completed, amended or varied by the relevant Pricing Supplement. In the case of Materialised Obligations Foncières, either (i) the full text of these terms and conditions together with the relevant provisions of the Pricing Supplement or (ii) these terms and conditions as so completed, amended, supplemented or varied (and subject to simplification by the deletion of non-applicable provisions), shall be endorsed on definitive Bearer Materialised Obligations Foncières. All capitalised terms that are not defined in these Conditions will have the meanings given to them in the relevant Pricing Supplement. References in the Conditions to “**Obligations Foncières**” are to the Obligations Foncières of one Series only, not to all Obligations Foncières that may be issued under the Programme.

The Obligations Foncières are issued by Dexia Municipal Agency (the “**Issuer**”) with the benefit of an agency agreement dated 7 March 2000 between the Issuer, Banque Internationale à Luxembourg S.A. as fiscal agent and the other agents named in it, and amended by a first supplemental agency agreement dated 12 April, 2001 and by a second supplemental agency agreement dated 22 May 2002 (the “**Agency Agreement**”). The fiscal agent, the paying agents, the redenomination agent, the consolidation agent and the calculation agent(s) for the time being (if any) are referred to below respectively as the “**Fiscal Agent**”, the “**Paying Agents**” (which expression shall include the Fiscal Agent), the “**Redenomination Agent**”, the “**Consolidation Agent**” and the “**Calculation Agent(s)**”.

References below to “**Conditions**” are, unless the context requires otherwise, to the numbered paragraphs below.

1 Form, Denomination, Title and Redenomination

(a) **Form:** Obligations Foncières may be issued either in dematerialised form (“**Dematerialised Obligations Foncières**”) or in materialised form (“**Materialised Obligations Foncières**”).

(i) Title to Dematerialised Obligations Foncières will be evidenced in accordance with Article L. 211-4 of the French *Code monétaire et financier* by book entries (inscriptions en compte). No physical document of title (including *certificats représentatifs* pursuant to Article 7 of Decree No. 83-359 of 2 May 1983) will be issued in respect of the Dematerialised Obligations Foncières.

Dematerialised Obligations Foncières which are dealt in on a regulated market (*admisses aux négociations sur un marché réglementé*) are issued, at the option of the Issuer, in either bearer dematerialised form (*au porteur*), which will be inscribed in the books of Euroclear France (“**Euroclear France**”) which shall credit the accounts of Account Holders, or in registered dematerialised form (*au nominatif*) and, in such latter case, at the option of the relevant holder in either administered registered form (*nominatif administré*) inscribed in the books of an Account Holder or in fully registered form (*au nominatif pur*) inscribed in an account in the books of Euroclear France maintained by the Issuer or a registration agent (designated in the relevant Pricing Supplement) acting on behalf of the Issuer (the “**Registration Agent**”).

Dematerialised Obligations Foncières which are not dealt in on a regulated market (*admisses aux négociations sur un marché réglementé*) are issued in registered dematerialised form (*au nominatif*) only and, at the option of the relevant holder, in either administered registered form (*au nominatif administré*) or in fully registered form (*au nominatif pur*) inscribed as aforesaid.

For the purpose of these Conditions, “**Account Holder**” means any authorised financial intermediary institution entitled to hold accounts on behalf of its customers with Euroclear France, and includes the depositary bank for Clearstream Banking, société anonyme (“**Clearstream, Luxembourg**”), Euroclear Bank S.A./N.V. as operator of the Euroclear System (“**Euroclear**”) and Clearstream Banking AG Frankfurt-am-Main (“**CBF**”).

(ii) Materialised Obligations Foncières are issued in bearer form (“**Bearer Materialised Obligations Foncières**”). Definitive Bearer Materialised Obligations Foncières are serially numbered and are issued with coupons (the “**Coupons**”) (and, where appropriate, a talon

(the “**Talon**”) attached, save in the case of Zero Coupon *Obligations Foncières* in which case references to interest (other than in relation to interest due after the Maturity Date), Coupons and Talons in these Conditions are not applicable. Instalment *Obligations Foncières* are issued with one or more receipts (the “**Receipts**”) attached.

In accordance with Article L.211-4 of the French Code monétaire et financier securities (such as Obligations Foncières) which are governed by French law and are in materialised form must be issued outside the French territory.

- (b) **Denomination:** *Obligations Foncières* shall be issued in the Specified Denomination(s) as set out in the relevant Pricing Supplement. Dematerialised *Obligations Foncières* shall be issued in one Specified Denomination only.
- (c) **Title:**
- (i) Title to Dematerialised *Obligations Foncières* in bearer dematerialised form (*au porteur*) and in administered registered form (*au nominatif administré*) shall pass upon, and transfer of such *Obligations Foncières* shall only be effected through, registration of the transfer in the accounts of Account Holders. Title to Dematerialised *Obligations Foncières* in fully registered form (*au nominatif pur*) shall pass upon, and transfer of such *Obligations Foncières* shall only be effected through, registration of the transfer in the accounts of the Issuer or the Registration Agent.
 - (ii) Title to definitive Bearer Materialised *Obligations Foncières* and the Receipts, Coupons and Talons shall pass by delivery.
 - (iii) Except as ordered by a court of competent jurisdiction or as required by law, the holder (as defined below) of any *Obligation Foncière*, Receipt, Coupon or Talon shall be deemed to be and may be treated as its absolute owner for all purposes, whether or not it is overdue and regardless of any notice of ownership, or an interest in it, any writing on it or its theft or loss and no person shall be liable for so treating the holder.
 - (iv) In these Conditions, “**holder**” means (i) in the case of Dematerialised *Obligations Foncières*, the person whose name appears in the account of the relevant Account Holder or the Issuer or the Registration Agent (as the case may be) as being entitled to such *Obligations Foncières* and (ii) in the case of Materialised *Obligations Foncières*, the bearer of any definitive Bearer Materialised *Obligation Foncière* and the Receipts, Coupons or Talon relating to it, and capitalised terms have the meanings given to them in the relevant Pricing Supplement, the absence of any such meaning indicating that such term is not applicable to the *Obligations Foncières*.
- (d) **Redenomination:**
- (i) The Issuer may (if so specified in the relevant Pricing Supplement), on any Interest Payment Date, without the consent of the holder of any *Obligation Foncière*, Receipt, Coupon or Talon, by giving at least 30 days’ notice in accordance with Condition 14 and on or after the date on which the European Member State in whose national currency the *Obligations Foncières* are denominated has become a participating Member State in the third stage (or any further stage) of the European Economic and Monetary Union (as provided in the Treaty establishing the European Community (the “**EC**”, as amended from time to time (the “**Treaty**”)) or events have occurred which have substantially the same effects (in either case, “**EMU**”), redenominate all, but not some only, of the *Obligations Foncières* of any Series into Euro and adjust the aggregate principal amount and the Specified Denomination(s) set out in the relevant Pricing Supplement accordingly, as described below. The date on which such redenomination becomes effective shall be referred to in these Conditions as the “**Redenomination Date**”.
 - (ii) Unless otherwise specified in the relevant Pricing Supplement, the redenomination of the *Obligations Foncières* pursuant to Condition 1(d)(i) shall be made by converting the principal amount of each *Obligation Foncière* from the relevant national currency into Euro using the fixed relevant national currency Euro conversion rate established by the Council of the European Union pursuant to Article 123 (4) of the Treaty and rounding the resultant figure to the nearest Euro 0.01 (with Euro 0.005 being rounded upwards). If the Issuer so elects, the figure resulting from conversion of the principal amount of each *Obligation Foncière* using the fixed relevant national currency Euro conversion rate shall be rounded down to the nearest Euro. The Euro denominations of the *Obligations*

Foncières so determined shall be notified to holders of *Obligations Foncières* in accordance with Condition 14. Any balance remaining from the redenomination with a denomination higher than Euro 0.01 shall be paid by way of cash adjustment rounded to the nearest Euro 0.01 (with Euro 0.005 being rounded upwards). Such cash adjustment will be payable in Euros on the Redenomination Date in the manner notified to holders of *Obligations Foncières* by the Issuer.

- (iii) In the case of Dematerialised *Obligations Foncières* only the Issuer may also redenominate all, but not some only, of the *Obligations Foncières* of any Series into Euro in accordance with Article L. 113-4 of the French *Code monétaire et financier* provided that references to the Franc or the ECU contained in such Article L. 113-4 shall be deemed to be a reference to the currency of any Member State participating in the third stage (or further stages) of the European Economic and Monetary Union.
- (iv) Upon redenomination of the *Obligations Foncières*, any reference in the relevant Pricing Supplement to the relevant national currency shall be construed as a reference to Euro.
- (v) Unless otherwise specified in the relevant Pricing Supplement, the Issuer may, with the prior approval of the Redenomination Agent and the Consolidation Agent, in connection with any redenomination pursuant to this Condition or any consolidation pursuant to Condition 13, without the consent of the holder of any *Obligation Foncière*, Receipt, Coupon or Talon, make any changes or additions to these Conditions or Condition 13 (including, without limitation, any change to any applicable business day definition, business day convention, principal financial centre of the country of the Specified Currency, interest accrual basis or benchmark), taking into account market practice in respect of redenominated euromarket debt obligations and which it believes are not prejudicial to the interests of such holders. Any such changes or additions shall, in the absence of manifest error, be binding on the holders of *Obligations Foncières*, Receipts, Coupons and Talons and shall be notified to holders of *Obligations Foncières* in accordance with Condition 14 as soon as practicable thereafter.
- (vi) Neither the Issuer nor any Paying Agent shall be liable to the holder of any *Obligation Foncière*, Receipt, Coupon or Talon or other person for any commissions, costs, losses or expenses in relation to or resulting from the credit or transfer of Euros or any currency conversion or rounding effected in connection therewith.

2 Conversions and Exchanges of *Obligations Foncières*

(a) Dematerialised *Obligations Foncières*

- (i) Dematerialised *Obligations Foncières* issued in bearer dematerialised form (*au porteur*) may not be converted into Dematerialised *Obligations Foncières* in registered dematerialised form, whether in fully registered form (*au nominatif pur*) or in administered registered form (*au nominatif administré*).
- (ii) Dematerialised *Obligations Foncières* issued in registered dematerialised form (*au nominatif*) may not be converted into Dematerialised *Obligations Foncières* in bearer dematerialised form (*au porteur*).
- (iii) Dematerialised *Obligations Foncières* issued in fully registered form (*au nominatif pur*) may, at the option of the holder of such *Obligations Foncières*, be converted into *Obligations Foncières* in administered registered form (*au nominatif administré*), and vice versa. The exercise of any such option by such holder shall be made in accordance with Article 4 of Decree No. 83-359 of 2 May 1983. Any such conversion shall be effected at the cost of such holder.

(b) Materialised *Obligations Foncières*

Bearer Materialised *Obligations Foncières* of one Specified Denomination may not be exchanged for Bearer Materialised *Obligations Foncières* of another Specified Denomination.

3 Status

The *Obligations Foncières* and, where applicable, any Receipts and Coupons relating to them constitute direct, unconditional and, pursuant to the provisions of Condition 4, secured obligations of the Issuer and rank and will rank *pari passu* and without any preference among themselves and equally and rateably with all other present or future *Obligations Foncières* of the Issuer (including the

Obligations Foncières of all other Series) and other resources raised by the Issuer secured by the *privilège* (the “*Privilège*”) referred to in Article L. 515-19 of the French *Code monétaire et financier* as described in Condition 4.

4 *Privilège*

- (a) The *Obligations Foncières* are secured by the *Privilège* (priority right of payment) created by Article L. 515-19 of the French *Code monétaire et financier*.
- (b) Pursuant to Article L. 515-19 of the French *Code monétaire et financier*, all amounts payable to the Issuer in respect of loans and securities referred to in Articles L. 515-14 to L. 515-17 of the French *Code monétaire et financier* and the forward financial instruments referred to in Article L. 515-18 of the French *Code monétaire et financier* (in each case after any applicable netting), together with the claims in respect of deposits made by the Issuer with credit institutions, are allocated in priority to the payment of any sums due in respect of *obligations foncières* (including the *Obligations Foncières*) issued by the Issuer and other resources raised by the Issuer pursuant to issue or subscription contracts referring to the *Privilège*.

It should be noted that not only *Obligations Foncières* benefit from the *Privilège*; other resources (such as loans and other securities) and derivative transactions for hedging *Obligations Foncières* and such other resources may also benefit from the *Privilège*.

- (c) Article L. 515-19 of the French *Code monétaire et financier* provides that, notwithstanding any legislative provisions to the contrary and in particular those contained in the French Code of commerce relating to the prevention and amicable settlement of business difficulties and the judicial administration and liquidation of companies, the amounts due regularly under *obligations foncières* (including the *Obligations Foncières*) and other resources benefiting from the *Privilège*, are paid on their contractual due date, and in priority to all other debts, whether or not preferred or secured, including interest resulting from agreements whatever their duration. Accordingly, until all creditors benefiting from the *Privilège* have been fully paid, no other creditor of the Issuer may exercise any right over the assets and rights of the Issuer.

5 Interest and other Calculations

- (a) **Definitions:** In these Conditions, unless the context otherwise requires, the following defined terms shall have the meanings set out below:

“**Business Day**” means:

- (i) in the case of euro, a day on which the TARGET system is operating (a “**TARGET Business Day**”) and/or
- (ii) in the case of a specified currency other than euro, a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in the principal financial centre for that currency and/or
- (iii) in the case of a specified currency and/or one or more Additional Business Centres, a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets settle payments in such currency in the Additional Business Centre(s) or, if no currency is indicated, generally in each of the Additional Business Centres

“**Day Count Fraction**” means, in respect of the calculation of an amount of interest on any *Obligation Foncière* for any period of time (from and including the first day of such period to but excluding the last) (whether or not constituting an Interest Period, the “**Calculation Period**”):

- (i) if “**Actual/365**” or “**Actual/Actual – ISDA**” is specified in the relevant Pricing Supplement, the actual number of days in the Calculation Period divided by 365 (or, if any portion of that Calculation Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365)
- (ii) if “**Actual/Actual-ISMA**” is specified in the relevant Pricing Supplement:
 - (A) if the Calculation Period is equal to or shorter than the Determination Period during which it falls, the number of days in the Calculation Period divided by the product of

- (x) the number of days in such Determination Period and (y) the number of Determination Periods normally ending in any year; and
- (B) if the Calculation Period is longer than one Determination Period, the sum of:
 - (x) the number of days in such Calculation Period falling in the Determination Period in which it begins divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year; and
 - (y) the number of days in such Calculation Period falling in the next Determination Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year

where

“**Determination Period**” means the period from and including a Determination Date in any year to but excluding the next Determination Date; and

“**Determination Date**” means the date specified hereon or, if none is so specified, the Interest Payment Date.

- (iii) if “**Actual/365 (Fixed)**” is specified in the relevant Pricing Supplement, the actual number of days in the Calculation Period divided by 365
- (iv) if “**Actual/360**” is specified in the relevant Pricing Supplement, the actual number of days in the Calculation Period divided by 360
- (v) if “**30/360**”, “**360/360**” or “**Bond Basis**” is specified in the relevant Pricing Supplement, the number of days in the Calculation Period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 12 30-day months (unless (a) the last day of the Calculation Period is the 31st day of a month but the first day of the Calculation Period is a day other than the 30th or 31st day of a month, in which case the month that includes that last day shall not be considered to be shortened to a 30-day month, or (b) the last day of the Calculation Period is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30-day month)) and
- (vi) if “**30E/360**” or “**Eurobond Basis**” is specified in the relevant Pricing Supplement, the number of days in the Calculation Period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 12 30-day months, without regard to the date of the first day or last day of the Calculation Period unless, in the case of a Calculation Period ending on the Maturity Date, the Maturity Date is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30-day month)

“**Effective Date**” means, with respect to any Floating Rate to be determined on an Interest Determination Date, the date specified as such in the relevant Pricing Supplement or, if none is so specified, the first day of the Interest Accrual Period to which such Interest Determination Date relates

“**Euro-zone**” means the region comprised of member states of the European Union that adopt the single currency in accordance with the Treaty establishing the European Community as amended by the Treaty on European Union

“**Interest Accrual Period**” means the period beginning on (and including) the Interest Commencement Date and ending on (but excluding) the first Interest Period Date and each successive period beginning on (and including) an Interest Period Date and ending on (but excluding) the next succeeding Interest Period Date

“**Interest Amount**” means the amount of interest payable, and in the case of Fixed Rate *Obligations Foncières*, means the Fixed Coupon Amount or Broken Amount, as the case may be

“**Interest Commencement Date**” means the Issue Date or such other date as may be specified in the relevant Pricing Supplement

“**Interest Determination Date**” means, with respect to a Rate of Interest and Interest Accrual Period, the date specified as such in the relevant Pricing Supplement or, if none is so specified, (i) the day falling two TARGET Business Days prior to the first day of such

Interest Accrual Period if the Specified Currency is euro or (ii) the first day of such Interest Accrual Period if the Specified Currency is Sterling or (iii) the day falling two Business Days in Paris for the Specified Currency prior to the first day of such Interest Accrual Period if the Specified Currency is neither Sterling nor euro

“**Interest Payment Date**” means the date(s) specified in the relevant Pricing Supplement

“**Interest Period**” means the period beginning on (and including) the Interest Commencement Date and ending on (but excluding) the first Interest Payment Date and each successive period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next succeeding Interest Payment Date

“**Interest Period Date**” means each Interest Payment Date unless otherwise specified in the relevant Pricing Supplement

“**ISDA Definitions**” means the 2000 ISDA Definitions published by the International Swaps and Derivatives Association, Inc., unless otherwise specified in the relevant Pricing Supplement

“**Page**” means such page, section, caption, column or other part of a particular information service (including, but not limited to, Reuters Markets 3000 (“**Reuters**”) and Bridge/Telerate (“**Telerate**”)) as may be specified for the purpose of providing a Relevant Rate, or such other page, section, caption, column or other part as may replace it on that information service or on such other information service, in each case as may be nominated by the person or organisation providing or sponsoring the information appearing there for the purpose of displaying rates or prices comparable to that Relevant Rate, subject to amendment in respect of Paris listed *Obligations Foncières*, as disclosed in the Pricing Supplement

“**Rate of Interest**” means the rate of interest payable from time to time in respect of the *Obligation Foncières* and that is either specified or calculated in accordance with the provisions in the relevant Pricing Supplement

“**Reference Banks**” means the institutions specified as such in the relevant Pricing Supplement or, if none, four major banks selected by the Calculation Agent in the interbank market (or, if appropriate, money, swap or over-the-counter index options market) that is most closely connected with the Benchmark (which, if EURIBOR is the relevant Benchmark, shall be the Euro-zone)

“**Relevant Financial Center**” means, with respect to any Floating Rate to be determined in accordance with a Screen Rate Determination on an Interest Determination Date, the financial centre as may be specified as such in the relevant Pricing Supplement or, if none is so specified, the financial centre with which the relevant Benchmark is most closely connected (which, in the case of EURIBOR, shall be the Euro-zone) or, if none is so connected, Paris

“**Relevant Date**” means, in respect of any *Obligation Foncière*, Receipt or Coupon, the date on which payment in respect of it first became due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (in the case of Materialised *Obligations Foncières* if earlier) the date seven days after that on which notice is duly given to the holders of such Materialised *Obligations Foncières* that, upon further presentation of the Materialised *Obligation Foncière*, Receipt or Coupon being made in accordance with the Conditions, such payment will be made, provided that payment is in fact made upon such presentation

“**Relevant Rate**” means the Benchmark for a Representative Amount of the Specified Currency for a period (if applicable or appropriate to the Benchmark) equal to the Specified Duration commencing on the Effective Date

“**Relevant Time**” means, with respect to any Interest Determination Date, the local time in the Relevant Financial Centre specified in the relevant Pricing Supplement or, if no time is specified, the local time in the Relevant Financial Centre at which it is customary to determine bid and offered rates in respect of deposits in the Specified Currency in the interbank market in the Relevant Financial Centre and for this purpose “**local time**” means, with respect to Europe and the Euro-zone as a Relevant Financial Centre, 11.00 hours, Brussels Time

“Representative Amount” means, with respect to any Floating Rate to be determined in accordance with a Screen Rate Determination on an Interest Determination Date, the amount specified as such in the relevant Pricing Supplement or, if none is specified, an amount that is representative for a single transaction in the relevant market at the time

“Specified Currency” means the currency specified as such in the relevant Pricing Supplement or, if none is specified, the currency in which the *Obligations Foncières* are denominated

“Specified Duration” means, with respect to any Floating Rate to be determined in accordance with a Screen Rate Determination on an Interest Determination Date, the duration specified in the relevant Pricing Supplement or, if none is specified, a period of time equal to the relative Interest Accrual Period, ignoring any adjustment pursuant to Condition 5(c)(ii)

“TARGET System” means the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET) System or any successor thereto.

- (b) **Interest on Fixed Rate *Obligations Foncières*:** Each Fixed Rate *Obligation Foncière* bears interest on its outstanding nominal amount from the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest, such interest being payable in arrear on each Interest Payment Date.

If a Fixed Coupon Amount or a Broken Amount is specified in the relevant Pricing Supplement, the amount of interest payable on each Interest Payment Date will amount to the Fixed Coupon Amount or, if applicable, the Broken Amount so specified and in the case of the Broken Amount will be payable on the particular Interest Payment Date(s) specified in the relevant Pricing Supplement.

- (c) **Interest on Floating Rate *Obligations Foncières* and Index Linked Interest *Obligations Foncières*:**

(i) **Interest Payment Dates:** Each Floating Rate *Obligation Foncière* and Index Linked Interest *Obligation Foncière* bears interest on its outstanding nominal amount from the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest, such interest being payable in arrear on each Interest Payment Date. Such Interest Payment Date(s) is/are either shown in the relevant Pricing Supplement as Specified Interest Payment Dates or, if no Specified Interest Payment Date(s) is/are shown in the relevant Pricing Supplement, Interest Payment Date shall mean each date which falls the number of months or other period shown in the relevant Pricing Supplement as the Specified Period after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

(ii) **Business Day Convention:** If any date referred to in these Conditions that is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day that is not a Business Day, then, if the Business Day Convention specified is (A) the Floating Rate Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event (x) such date shall be brought forward to the immediately preceding Business Day and (y) each subsequent such date shall be the last Business Day of the month in which such date would have fallen had it not been subject to adjustment, (B) the Following Business Day Convention, such date shall be postponed to the next day that is a Business Day, (C) the Modified Following Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding Business Day or (D) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding Business Day.

(iii) **Rate of Interest for Floating Rate *Obligations Foncières*:** The Rate of Interest in respect of Floating Rate *Obligations Foncières* for each Interest Accrual Period shall be determined in the manner specified in the relevant Pricing Supplement and the provisions below relating to either ISDA Determination or Screen Rate Determination shall apply, depending upon which is specified in the relevant Pricing Supplement.

(A) **ISDA Determination for Floating Rate *Obligations Foncières***

Where ISDA Determination is specified in the relevant Pricing Supplement as the manner in which the Rate of Interest is to be determined, the Rate of Interest for

each Interest Accrual Period shall be determined by the Calculation Agent as a rate equal to the relevant ISDA Rate plus or minus (as indicated in the relevant Pricing Supplement) the Margin (if any). For the purposes of this sub-paragraph (A), “ISDA Rate” for an Interest Accrual Period means a rate equal to the Floating Rate that would be determined by the Calculation Agent under a Swap Transaction under the terms of an agreement incorporating the ISDA Definitions and under which:

- (a) the Floating Rate Option is as specified in the relevant Pricing Supplement
- (b) the Designated Maturity is a period specified in the relevant Pricing Supplement and
- (c) the relevant Reset Date is the first day of that Interest Accrual Period unless otherwise specified in the relevant Pricing Supplement.

For the purposes of this sub-paragraph (A), “Floating Rate”, “Calculation Agent”, “Floating Rate Option”, “Designated Maturity”, “Reset Date” and “Swap Transaction” have the meanings given to those terms in the ISDA Definitions.

(B) Screen Rate Determination for Floating Rate *Obligations Foncières*

Where Screen Rate Determination is specified in the relevant Pricing Supplement as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Accrual Period shall be determined by the Calculation Agent at or about the Relevant Time on the Interest Determination Date in respect of such Interest Accrual Period in accordance with the following:

- (a) if the Primary Source for Floating Rate is a Page, subject as provided below, the Rate of Interest shall be:
 - (i) the Relevant Rate (where such Relevant Rate on such Page is a composite quotation or is customarily supplied by one entity) or
 - (ii) the arithmetic mean of the Relevant Rates of the persons whose Relevant Rates appear on that Page,

in each case appearing on such Page at the Relevant Time on the Interest Determination Date, subject to amendment in respect of Paris listed *Obligations Foncières*, as disclosed in the Pricing Supplement.

- (b) if the Primary Source for the Floating Rate is Reference Banks or if sub-paragraph (a)(i) applies and no Relevant Rate appears on the Page at the Relevant Time on the Interest Determination Date or if sub-paragraph (a)(ii) applies and fewer than two Relevant Rates appear on the Page at the Relevant Time on the Interest Determination Date, subject as provided below, the Rate of Interest shall be the arithmetic mean of the Relevant Rates that each of the Reference Banks is quoting to leading banks in the Relevant Financial Centre at the Relevant Time on the Interest Determination Date, as determined by the Calculation Agent and
- (c) if paragraph (b) above applies and the Calculation Agent determines that fewer than two Reference Banks are so quoting Relevant Rates, subject as provided below, the Rate of Interest shall be the arithmetic mean of the rates per annum (expressed as a percentage) that the Calculation Agent determines to be the rates (being the nearest equivalent to the Benchmark) in respect of a Representative Amount of the Specified Currency that at least two out of five leading banks selected by the Calculation Agent in the principal financial centre of the country of the Specified Currency or, if the Specified Currency is euro, in the euro-zone as selected by the Calculation Agent (the “Principal Financial Centre”) are quoting at or about the Relevant Time on the date on which such banks would customarily quote such rates for a period commencing on the Effective Date for a period equivalent to the Specified Duration (I) to leading banks carrying on business in Europe, or (if the Calculation Agent determines that fewer than two of such banks are so quoting to leading banks in Europe) (II) to leading banks carrying on business in the Principal Financial Centre; except that, if fewer than two of such banks

are so quoting to leading banks in the Principal Financial Centre, the Rate of Interest shall be the Rate of Interest determined on the previous Interest Determination Date (after readjustment for any difference between any Margin, Rate Multiplier or Maximum or Minimum Rate of Interest applicable to the preceding Interest Accrual Period and to the relevant Interest Accrual Period).

- (iv) Rate of Interest for Index Linked Interest *Obligations Foncières*: The Rate of Interest in respect of Index Linked Interest *Obligations Foncières* for each Interest Accrual Period shall be determined in the manner specified in the relevant Pricing Supplement and interest will accrue by reference to an Index or Formula as specified in the relevant Pricing Supplement.
- (d) **Zero Coupon *Obligations Foncières***: Where an *Obligation Foncière* the Interest Basis of which is specified to be Zero Coupon is repayable prior to the Maturity Date pursuant to an Issuer's option or, if so specified in the relevant Pricing Supplement, pursuant to Condition 6(d)(i) or otherwise and is not paid when due, the amount due and payable prior to the Maturity Date shall, unless otherwise provided in the relevant Pricing Supplement, be the Early Redemption Amount of such *Obligation Foncière*. As from the Maturity Date, the Rate of Interest for any overdue principal of such an *Obligation Foncière* shall be a rate per annum (expressed as a percentage) equal to the Amortisation Yield (as described in Condition 6(d)(i)).
- (e) **Dual Currency *Obligations Foncières***: In the case of Dual Currency *Obligations Foncières*, if the rate or amount of interest falls to be determined by reference to a Rate of Exchange or a method of calculating, a Rate of Exchange, the rate or amount of interest payable shall be determined in the manner specified in the relevant Pricing Supplement.
- (f) **Partly Paid *Obligations Foncières***: In the case of Partly Paid *Obligations Foncières* (other than Partly Paid *Obligations Foncières* which are Zero Coupon *Obligations Foncières*), interest will accrue as aforesaid on the paid-up nominal amount of such *Obligations Foncières* and otherwise as specified in the relevant Pricing Supplement.
- (g) **Accrual of Interest**: Interest shall cease to accrue on each *Obligation Foncière* on the due date for redemption unless (i) in the case of Dematerialised *Obligations Foncières*, on such due date or (ii) in the case of Materialised *Obligations Foncières*, upon due presentation, payment is improperly withheld or refused, in which event interest shall continue to accrue (as well after as before judgment) at the Rate of Interest in the manner provided in this Condition 5 to the Relevant Date.
- (h) **Margin, Maximum/Minimum Rates of Interest, Instalment Amounts and Redemption Amounts, Rate Multipliers and Rounding**:
 - (i) If any Margin or Rate Multiplier is specified in the relevant Pricing Supplement (either (x) generally, or (y) in relation to one or more Interest Accrual Periods), an adjustment shall be made to all Rates of Interest, in the case of (x), or the Rates of Interest for the specified Interest Accrual Periods, in the case of (y), calculated in accordance with (c) above by adding (if a positive number) or subtracting the absolute value (if a negative number) of such Margin or multiplying by such Rate Multiplier, subject always to the next paragraph
 - (ii) If any Maximum or Minimum Rate of Interest, Instalment Amount or Redemption Amount is specified in the relevant Pricing Supplement, then any Rate of Interest, Instalment Amount or Redemption Amount shall be subject to such maximum or minimum, as the case may be
 - (iii) For the purposes of any calculations required pursuant to these Conditions (unless otherwise specified), (x) all percentages resulting from such calculations shall be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with halves being rounded up), (y) all figures shall be rounded to seven significant figures (with halves being rounded up) and (z) all currency amounts that fall due and payable shall be rounded to the nearest unit of such currency (with halves being rounded up), save in the case of yen, which shall be rounded down to the nearest yen. For these purposes "unit" means the lowest amount of such currency that is available as legal tender in the country(ies) of such currency.
- (i) **Calculations**: The amount of interest payable in respect of any *Obligation Foncière* for any period shall be calculated by multiplying the product of the Rate of Interest and the outstanding

nominal amount of such *Obligation Foncière* by the Day Count Fraction, unless an Interest Amount (or a formula for its calculation) is specified in respect of such period, in which case the amount of interest payable in respect of such *Obligation Foncière* for such period shall equal such Interest Amount (or be calculated in accordance with such formula). Where any Interest Period comprises two or more Interest Accrual Periods, the amount of interest payable in respect of such Interest Period shall be the sum of the amounts of interest payable in respect of each of those Interest Accrual Periods.

- (j) **Determination and Publication of Rates of Interest, Interest Amounts, Final Redemption Amounts, Optional Redemption Amounts and Instalment Amounts:** As soon as practicable after the relevant time on such date as the Calculation Agent may be required to calculate any rate or amount, obtain any quotation or make any determination or calculation, it shall determine such rate and calculate the Interest Amounts in respect of each Specified Denomination of the *Obligations Foncières* for the relevant Interest Accrual Period, calculate the Final Redemption Amount, Optional Redemption Amount, Early Redemption Amount or Instalment Amount, obtain such quotation or make such determination or calculation, as the case may be, and cause the Rate of Interest and the Interest Amounts for each Interest Period and the relevant Interest Payment Date and, if required to be calculated, the Final Redemption Amount, Optional Redemption Amount, Early Redemption Amount or any Instalment Amount to be notified to the Fiscal Agent, the Issuer, each of the Paying Agents, the holders of *Obligations Foncières*, any other Calculation Agent appointed in respect of the *Obligations Foncières* that is to make a further calculation upon receipt of such information and, if the *Obligations Foncières* are listed on a stock exchange and the rules of such exchange so require, such exchange as soon as possible after their determination but in no event later than (i) the commencement of the relevant Interest Period, if determined prior to such time, in the case of notification to such exchange of a Rate of Interest and Interest Amount, or (ii) in all other cases, the fourth Business Day after such determination. Where any Interest Payment Date or Interest Period Date is subject to adjustment pursuant to Condition 5(c)(ii), the Interest Amounts and the Interest Payment Date so published may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Interest Period. The determination of any rate or amount, the obtaining of each quotation and the making of each determination or calculation by the Calculation Agent(s) shall (in the absence of manifest error) be final and binding upon all parties.
- (k) **Calculation Agent and Reference Banks:** The Issuer shall procure that there shall at all times be four Reference Banks (or such other number as may be required) with offices in the Relevant Financial Centre and one or more Calculation Agents if provision is made for them in the relevant Pricing Supplement and for so long as any *Obligation Foncière* is outstanding (as defined below). If any Reference Bank (acting through its relevant office) is unable or unwilling to continue to act as a Reference Bank, then the Issuer shall appoint another Reference Bank with an office in the Relevant Financial Centre to act as such in its place. Where more than one Calculation Agent is appointed in respect of the *Obligations Foncières*, references in these Conditions to the Calculation Agent shall be construed as each Calculation Agent performing its respective duties under the Conditions. If the Calculation Agent is unable or unwilling to act as such or if the Calculation Agent fails duly to establish the Rate of Interest for an Interest Period or Interest Accrual Period or to calculate any Interest Amount, Instalment Amount, Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount, as the case may be, or to comply with any other requirement, the Issuer shall appoint a leading bank or investment banking firm engaged in the interbank market (or, if appropriate, money, swap or over-the-counter index options market) that is most closely connected with the calculation or determination to be made by the Calculation Agent (acting through its principal Paris office or any other office actively involved in such market) to act as such in its place. The Calculation Agent may not resign its duties without a successor having been appointed as aforesaid.

For the purpose of these Conditions, “outstanding” means, in relation to the *Obligations Foncières* of any Series, all the *Obligations Foncières* issued other than (a) those that have been redeemed in accordance with these Conditions, (b) those in respect of which the date for redemption has occurred and the redemption moneys (including all interest accrued on such *Obligations Foncières* to the date for such redemption and any interest payable after such date) have been duly paid (i) in the case of Dematerialised *Obligations Foncières* in bearer

dematerialised form and in administered registered form, to the relevant Account Holder on behalf of the holder of *Obligations Foncières*, (ii) in the case of Dematerialised *Obligations Foncières* in fully registered form, to the account of the holder of *Obligations Foncières* and (iii) in the case of Materialised *Obligations Foncières*, to the Fiscal Agent and remain available for payment against presentation and surrender of Bearer Materialised *Obligations Foncières*, Receipts and/or Coupons, as the case may be, (c) those which have become void or in respect of which claims have become prescribed, (d) those which have been purchased and cancelled as provided in these Conditions, (e) in the case of Materialised *Obligations Foncières* (i) those mutilated or defaced Bearer Materialised *Obligations Foncières* that have been surrendered in exchange for replacement Bearer Materialised *Obligations Foncières*, (ii) (for the purpose only of determining how many such Bearer Materialised *Obligations Foncières* are outstanding and without prejudice to their status for any other purpose) those Bearer Materialised *Obligations Foncières* alleged to have been lost, stolen or destroyed and in respect of which replacement Bearer Materialised *Obligations Foncières* have been issued and (iii) any Temporary Global Certificate to the extent that it shall have been exchanged for one or more definitive Bearer Materialised *Obligations Foncières*, pursuant to its provisions.

6 Redemption, Purchase and Options

- (a) **Final Redemption:** Unless previously redeemed, purchased and cancelled as provided below or its maturity is extended pursuant to any option provided by the relevant Pricing Supplement including any Issuer's option in accordance with Condition 6(c), each *Obligation Foncière* shall be finally redeemed on the Maturity Date specified in the relevant Pricing Supplement at its Final Redemption Amount (which, unless otherwise provided, is its nominal amount) or, in the case of a *Obligation Foncière* falling within Condition 6(b) below, its final Instalment Amount.
- (b) **Redemption by Instalments and Final Redemption:** Unless previously redeemed, purchased and cancelled as provided in this Condition 6 or the relevant Instalment Date (being one of the dates so specified in the relevant Pricing Supplement) is extended pursuant to any Issuer's option in accordance with Condition 6(c), each *Obligation Foncière* that provides for Instalment Dates and Instalment Amounts shall be partially redeemed on each Instalment Date at the related Instalment Amount specified in the relevant Pricing Supplement. The outstanding nominal amount of each such *Obligation Foncière* shall be reduced by the Instalment Amount (or, if such Instalment Amount is calculated by reference to a proportion of the nominal amount of such *Obligation Foncière*, such proportion) for all purposes with effect from the related Instalment Date, unless payment of the Instalment Amount is improperly withheld or refused (i) in the case of Dematerialised *Obligations Foncières*, on the due date for such payment or (ii) in the case of Materialised *Obligations Foncières*, on presentation of the related Receipt, in which case, such amount shall remain outstanding until the Relevant Date relating to such Instalment Amount.
- (c) **Redemption at the Option of the Issuer, Exercise of Issuer's Options and Partial Redemption:** If Call Option is specified in the relevant Pricing Supplement, the Issuer may, on giving not less than 15 nor more than 30 days' irrevocable notice in accordance with Condition 14 to the holders of *Obligations Foncières* (or such other notice period as may be specified in the relevant Pricing Supplement) redeem, or exercise any Issuer's option (as may be described) in relation to, all or, if so provided, some, of the *Obligations Foncières* on any Optional Redemption Date or Option Exercise Date, as the case may be. Any such redemption of *Obligations Foncières* shall be at their Optional Redemption Amount together with interest accrued to the date fixed for redemption, if any. Any such redemption or exercise must relate to *Obligations Foncières* of a nominal amount at least equal to the minimum nominal amount to be redeemed specified in the relevant Pricing Supplement and no greater than the maximum nominal amount to be redeemed specified in the relevant Pricing Supplement.

All *Obligations Foncières* in respect of which any such notice is given shall be redeemed, or the Issuer's option shall be exercised, on the date specified in such notice in accordance with this Condition.

In the case of a partial redemption or a partial exercise of an Issuer's option in respect of Materialised *Obligations Foncières*, the notice to holders of such Materialised *Obligations Foncières* shall also contain the numbers of the definitive Bearer Materialised *Obligations Foncières* to be redeemed or in respect of which such option has been exercised, which shall have been drawn in such place and in such manner as may be fair and reasonable in the

circumstances, taking account of prevailing market practices, subject to compliance with any applicable laws and stock exchange requirements.

In the case of a partial redemption of Dematerialised *Obligations Foncières*, the redemption may be effected, at the option of the Issuer, either (i) by reducing the nominal amount of all such Dematerialised *Obligations Foncières* in a Series in proportion to the aggregate nominal amount redeemed or (ii) by redeeming in full some only of such Dematerialised *Obligations Foncières* and, in such latter case, the choice between those Dematerialised *Obligations Foncières* that will be fully redeemed and those Dematerialised *Obligations Foncières* of any Series that will not be redeemed shall be made in accordance with Article 9 of Decree no. 83-359 of 2 May 1983 and the provisions of the relevant Pricing Supplement, subject to compliance with any other applicable laws and stock exchange requirements. In the case of a partial exercise of an Issuer's option in respect of Dematerialised *Obligations Foncières* (other than for the purposes of the redemption), the option shall be exercised in the manner specified in the relevant Pricing Supplement.

So long as the *Obligations Foncières* are listed on the Luxembourg Stock Exchange and the rules of that Stock Exchange so require, the Issuer shall, once in each year in which there has been a partial redemption of the *Obligations Foncières*, cause to be published in a leading newspaper of general circulation in Luxembourg a notice specifying the aggregate nominal amount of *Obligations Foncières* outstanding and, in the case of Materialised *Obligations Foncières* a list of any definitive Bearer Materialised *Obligations Foncières* drawn for redemption but not surrendered.

(d) Early Redemption:

(i) Zero Coupon *Obligations Foncières*:

- (A)** The Early Redemption Amount payable in respect of any Zero Coupon *Obligation Foncière*, the Early Redemption Amount of which is not linked to an index and/or a formula, upon redemption of such *Obligation Foncière* pursuant to Condition 6(d)(i) if so specified in the relevant Pricing Supplement shall be the Amortised Nominal Amount (calculated as provided below) of such *Obligation Foncière* unless otherwise specified in the relevant Pricing Supplement.
- (B)** Subject to the provisions of sub-paragraph (C) below, the Amortised Nominal Amount of any such *Obligation Foncière* shall be the scheduled Final Redemption Amount of such *Obligation Foncière* on the Maturity Date discounted at a rate per annum (expressed as a percentage) equal to the Amortisation Yield (which, if none is shown in the relevant Pricing Supplement, shall be such rate as would produce an Amortised Nominal Amount equal to the issue price of the *Obligations Foncières* if they were discounted back to their issue price on the Issue Date (the “**Amortisation Yield**”) compounded annually.
- (C)** If the Amortised Nominal Amount payable in respect of any such *Obligation Foncière* upon its redemption pursuant to Condition 6(d)(i) is not paid when due, the Early Redemption Amount due and payable in respect of such Note shall be the Amortised Nominal Amount of such *Obligation Foncière* as defined in sub-paragraph (B) above, except that such sub-paragraph shall have effect as though the date on which the Amortised Nominal becomes due and payable was the Relevant Date. The calculation of the Amortised Nominal Amount in accordance with this sub-paragraph shall continue to be made (as well after as before judgment) until the Relevant Date, unless the Relevant Date falls on or after the Maturity Date, in which case the amount due and payable shall be the scheduled Final Redemption Amount of such *Obligation Foncière* on the Maturity Date together with any interest that may accrue in accordance with Condition 5(d).

Where such calculation is to be made for a period of less than one year, it shall be made on the basis of the Day Count Fraction shown hereon.

- (ii) Other *Obligations Foncières*:** The Early Redemption Amount payable in respect of any *Obligation Foncière* (other than *Obligations Foncières* described in (i) above), upon redemption of such *Obligations Foncières* pursuant to Condition 6(d)(i), if so provided in the relevant Pricing Supplement, shall be the Final Redemption Amount unless otherwise specified in the relevant Pricing Supplement.

- (e) **No Redemption for Taxation Reasons:** If French law should require that payments of principal or interest in respect of any *Obligation Foncière* be subject to deduction or withholding in respect of any present or future taxes or duties whatsoever, such *Obligation Foncière* will not, unless otherwise specified in the relevant Pricing Supplement, be redeemed early. If such early redemption is provided in the relevant Pricing Supplement, notice of such early redemption shall be given in accordance with Condition 14.
- (f) **Partly Paid Obligations Foncières:** Partly Paid *Obligations Foncières* will be redeemed, whether at maturity, early redemption or otherwise, in accordance with the provisions of this Condition and the provisions specified in the relevant Pricing Supplement.
- (g) **Purchases:** The Issuer shall have the right at all times to purchase *Obligations Foncières* (provided that, in the case of Materialised *Obligations Foncières*, all unmaturing Receipts and Coupons and unexchanged Talons relating thereto are attached thereto or surrendered therewith) in the open market or otherwise at any price.
- (h) **Cancellation:** All *Obligations Foncières* purchased by or on behalf of the Issuer must be cancelled, in the case of Dematerialised *Obligations Foncières*, by transfer to an account in accordance with the rules and procedures of Euroclear France and, in the case of Bearer Materialised *Obligations Foncières*, by surrendering Temporary Global Certificate or the definitive Bearer Materialised *Obligations Foncières* in question together with all unmaturing Receipts and Coupons and all unexchanged Talons to the Fiscal Agent and, in each case, if so transferred or surrendered, shall, together with all *Obligations Foncières* redeemed by the Issuer, be cancelled forthwith (together with, in the case of Dematerialised *Obligations Foncières*, all rights relating to payment of interest and other amounts relating to such Dematerialised *Obligations Foncières* and, in the case of Materialised *Obligations Foncières*, all unmaturing Receipts and Coupons and unexchanged Talons attached thereto or surrendered therewith). Any *Obligations Foncières* so cancelled or, where applicable, transferred or surrendered for cancellation may not be reissued or resold and the obligations of the Issuer in respect of any such *Obligations Foncières* shall be discharged.

7 Payments and Talons

- (a) **Dematerialised Obligations Foncières:** Payments of principal and interest in respect of Dematerialised *Obligations Foncières* shall (in the case of Dematerialised *Obligations Foncières* in bearer dematerialised form or administered registered form) be made by transfer to the account denominated in the relevant currency of the relevant Account Holders for the benefit of the holders of *Obligations Foncières* and, (in the case of Dematerialised *Obligations Foncières* in fully registered form), to an account denominated in the relevant currency with a Bank designated by the holders of *Obligations Foncières*. All payments validly made to such Account Holders will be an effective discharge of the Issuer in respect of such payments.
- (b) **Bearer Materialised Obligations Foncières:** Payments of principal and interest in respect of Bearer Materialised *Obligations Foncières* shall, subject as mentioned below, be made against presentation and surrender of the relevant Receipts (in the case of payments of Instalment Amounts other than on the due date for redemption and provided that the Receipt is presented for payment together with its relative *Obligation Foncière*), Bearer Materialised *Obligations Foncières* (in the case of all other payments of principal and, in the case of interest, as specified in Condition 7(f)(vi)) or Coupons (in the case of interest, save as specified in Condition 7(f)(vi)), as the case may be, at the specified office of any Paying Agent outside the United States by a cheque payable in the relevant currency drawn on, or, at the option of the holder, by transfer to an account denominated in such currency with, a Bank.
- (c) **Payments in the United States:** Notwithstanding the foregoing, if any Bearer Materialised *Obligations Foncières* are denominated in U.S. Dollars, payments in respect thereof may be made at the specified office of any Paying Agent in New York City in the same manner as aforesaid if (i) the Issuer shall have appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment of the amounts on the *Obligations Foncières* in the manner provided above when due, (ii) payment in full of such amounts at all such offices is illegal or effectively precluded by exchange controls or other similar restrictions on payment or receipt of such amounts and (iii) such payment is then permitted by United States law, without involving, in the opinion of the Issuer, any adverse tax consequence to the Issuer.

- (d) **Payments Subject to Fiscal Laws:** All payments are subject in all cases to any applicable fiscal or other laws, regulations and directives in the place of payment but without prejudice to the provisions of Condition 8. No commission or expenses shall be charged to the holders of *Obligations Foncières* or Coupons in respect of such payments.
- (e) **Appointment of Agents:** The Fiscal Agent, the Paying Agents, the Calculation Agent, the Redenomination Agent, the Consolidation Agent and the Registration Agent initially appointed by the Issuer and their respective specified offices are listed at the end of the Offering Circular relating to the Programme of *Obligations Foncières* of the Issuer. The Fiscal Agent, the Paying Agents, the Redenomination Agent, the Consolidation Agent and the Registration Agent act solely as agents of the Issuer and the Calculation Agent(s) act(s) as independent experts(s) and, in each case such, do not assume any obligation or relationship of agency for any holder of *Obligation Foncière* or Coupon. The Issuer reserves the right at any time to vary or terminate the appointment of the Fiscal Agent, any other Paying Agent, the Redenomination Agent, the Consolidation Agent and the Registration Agent or the Calculation Agent(s) and to appoint additional or other Paying Agents, provided that the Issuer shall at all times maintain (i) a Fiscal Agent, (ii) one or more Calculation Agent(s) where the Conditions so require, (iii) a Redenomination Agent and a Consolidation Agent where the Conditions so require, (iv) Paying Agents having specified offices in at least two major European cities provided that (A) so long as the *Obligations Foncières* are listed on the Luxembourg Stock Exchange and the rules of that Stock Exchange so require, the Issuer will maintain a Paying Agent in Luxembourg, (B) so long as the *Obligations Foncières* are listed on the Frankfurt Stock Exchange and the rules of that Stock Exchange so require, the Issuer will maintain a Paying Agent in Frankfurt and (C) so long as the *Obligations Foncières* are listed on the Euronext Paris and the rules of that Stock Exchange so require, the Issuer will maintain a Paying Agent in Paris (v) a Registration Agent, and (vi) such other agents as may be required by any other stock exchange on which the *Obligations Foncières* may be listed.

In addition, the Issuer shall forthwith appoint a Paying Agent in New York City in respect of any Bearer Materialised *Obligations Foncières* denominated in U.S. Dollars in the circumstances described in paragraph (c) above.

On a redenomination of the *Obligations Foncières* of any Series pursuant to Condition 1(d) with a view to consolidating such *Obligations Foncières* with one or more other Series of *Obligations Foncières*, in accordance with Condition 13, the Issuer shall ensure that the same entity shall be appointed as both Redenomination Agent and Consolidation Agent in respect of both such *Obligations Foncières* and such other Series of *Obligations Foncières* to be so consolidated with such *Obligations Foncières*.

Notice of any such change or any change of any specified office shall promptly be given to the holders of *Obligations Foncières* in accordance with Condition 14.

- (f) **Unmatured Coupons and Receipts and unexchanged Talons:**
- (i) Unless Bearer Materialised *Obligations Foncières* provide that the relative Coupons are to become void upon the due date for redemption of those *Obligations Foncières*, Bearer Materialised *Obligations Foncières* should be surrendered for payment together with all unexpired Coupons (if any) relating thereto, failing which an amount equal to the face value of each missing unexpired Coupon (or, in the case of payment not being made in full, that proportion of the amount of such missing unexpired Coupon that the sum of principal so paid bears to the total principal due) shall be deducted from the Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount, as the case may be, due for payment. Any amount so deducted shall be paid in the manner mentioned above against surrender of such missing Coupon within a period of 10 years from the Relevant Date for the payment of such principal (whether or not such Coupon has become void pursuant to Condition 9).
- (ii) If Bearer Materialised *Obligations Foncières* so provide, upon the due date for redemption of any such Bearer Materialised *Obligation Foncière*, unexpired Coupons relating to such *Obligation Foncière* (whether or not attached) shall become void and no payment shall be made in respect of them.
- (iii) Upon the due date for redemption of any Bearer Materialised *Obligation Foncière*, any unexpired Talon relating to such *Obligation Foncière* (whether or not attached) shall become void and no Coupon shall be delivered in respect of such Talon.

- (iv) Upon the due date for redemption of any Bearer Materialised *Obligation Foncière* that is redeemable in instalments, all Receipts relating to such Bearer Materialised *Obligation Foncière* having an Instalment Date falling on or after such due date (whether or not attached) shall become void and no payment shall be made in respect of them.
- (v) Where any Bearer Materialised *Obligation Foncière* that provides that the relative unmatured Coupons are to become void upon the due date for redemption of those *Obligations Foncières* is presented for redemption without all unmatured Coupons, and where any Bearer *Obligation Foncière* is presented for redemption without any unexchanged Talon relating to it, redemption shall be made only against the provision of such indemnity as the Issuer may require.
- (vi) If the due date for redemption of any Bearer Materialised *Obligation Foncière* is not a due date for payment of interest, interest accrued from the preceding due date for payment of interest or the Interest Commencement Date, as the case may be, shall only be payable against presentation (and surrender if appropriate) of the relevant definitive Bearer Materialised *Obligation Foncière* Bearer Materialised. Interest accrued on a Bearer Materialised *Obligation Foncière* that only bears interest after its Maturity Date shall be payable on redemption of such *Obligation Foncière* against presentation of the relevant Bearer Materialised *Obligation Foncière*.
- (g) **Talons:** On or after the Interest Payment Date for the final Coupon forming part of a Coupon sheet issued in respect of any Bearer Materialised *Obligation Foncière*, the Talon forming part of such Coupon sheet may be surrendered at the specified office of the Fiscal Agent in exchange for a further Coupon sheet (and if necessary another Talon for a further Coupon sheet) (but excluding any Coupons that may have become void pursuant to Condition 9).
- (h) **Business Days for Payment:** If any date for payment in respect of any *Obligation Foncière*, Receipt or Coupon is not a business day, the holder shall not be entitled to payment until the next following business day, unless otherwise specified in the relevant Pricing Supplement (the "Adjusted Payment Date"), nor to any interest or other sum in respect of such postponed payment. In this paragraph, "**business day**" means a day (other than a Saturday or a Sunday) (A) (i) in the case of Dematerialised *Obligations Foncières*, on which Euroclear France is open for business or (ii) in the case of Materialised *Obligations Foncières*, on which banks and foreign exchange markets are open for business in the relevant place of presentation, (B) in such jurisdictions as shall be specified as "**Additional Financial Centers**" in the relevant Pricing Supplement and (C) (i) in the case of a payment in a currency other than euro, where payment is to be made by transfer to an account maintained with a bank in the relevant currency, on which foreign exchange transactions may be carried on in the relevant currency in the principal financial centre of the country of such currency or (ii) in the case of a payment in euro, which is a TARGET Business Day.
- (i) **Bank:** For the purpose of this Condition 7, "**Bank**" means a bank in the principal financial centre of the relevant currency or, in the case of euro, in a city in which banks have access to the TARGET System.

8 Taxation

- (a) **Tax exemption for *Obligations Foncières* issued or deemed to be issued outside France:** Interest and other revenues with respect to *Obligations Foncières* which, as may be specified in the relevant Pricing Supplement, are being issued or deemed to be issued outside the Republic of France benefit from the exemption provided for in Article 131 *quater* of the *Code Général des Impôts* (general tax code) from deduction of tax at source. Accordingly such payments do not give the right to any tax credit from any French source.
As to the meaning of the expression "issued or deemed to be issued outside the Republic of France" see "Summary of the Programme – Taxation" above.
- (b) **No Additional Amounts:** If French law should require that payments of principal or interest in respect of any *Obligation Foncière*, Receipt or Coupon be subject to deduction or withholding in respect of any present or future taxes or duties whatsoever, the Issuer will not, unless otherwise provided in the relevant Pricing Supplement, be required to pay any additional amounts in respect of such deduction or withholding.
- (c) **Tax exemption for *Obligations Foncières* not issued or deemed to be issued outside France:** Interest and other revenues with respect to *Obligations Foncières* which, if so specified in the relevant

Pricing Supplement, are not being issued or deemed to be issued outside the Republic of France only benefit from the exemption from deduction of tax at source provided by, and subject to the provisions of, Article 125 A III of the *Code Général des Impôts*, which requires *inter alia*, Certification of non-French residency.

- (d) **Certification of Non-Residency:** The holder of any *Obligation Foncière* shall be responsible for supplying certification of non-residency (a form of which shall be available at the specified offices of any of the Paying Agents or in such other form as may be required by the French tax authorities from time to time) to the Issuer or any Paying Agent in accordance with the provisions of Article 125 A III of the *Code Général des Impôts* and the Issuer shall not be responsible for any deduction or withholding in respect of any payment made under any *Obligation Foncière*, Receipt or Coupon resulting from the failure of such holder to submit such certification.

9 Prescription

Claims against the Issuer for payment in respect of the *Obligations Foncières*, Receipts and Coupons (which for this purpose shall not include Talons) shall be prescribed and become void unless made within 10 years (in the case of principal) or 5 years (in the case of interest) from the appropriate Relevant Date in respect of them.

10 Representation of holders of *Obligations Foncières*

Except as otherwise provided by the relevant Pricing Supplement, holders of *Obligations Foncières* will, in respect of all Tranches in any Series, be grouped automatically for the defence of their common interests in a masse (in each case, the “*Masse*”).

Except as otherwise provided by the relevant Pricing Supplement, the Masse will be governed by the provisions of the French Code of commerce with the exception of Articles L. 228-47, L. 228-48 and L. 228-59 and by the decree no. 67-236 of 23 March 1967, with the exception of Articles 218, 222 and 224 subject to the following provisions:

(a) Legal Personality

The Masse will be a separate legal entity and will act in part through a representative (the “*Representative*”) and in part through a general meeting of the holders of *Obligations Foncières* (the “*General Meeting*”).

The Masse alone, to the exclusion of all individual holders of *Obligations Foncières*, shall exercise the common rights, actions and benefits which now or in the future may accrue respectively with respect to the *Obligations Foncières*.

(b) Representative

The office of the Representative may be conferred on a person of any nationality. However, the following persons may not be chosen as Representatives:

- (i) the Issuer;
- (ii) any entity holding at least 10 per cent. of the share capital of the Issuer or any entities at least 10 per cent. of the share capital of which is held by the Issuer;
- (iii) any entity guaranteeing all or part of the obligations of the Issuer;
- (iv) any member of the management board (*Directoire*) and supervisory board (*Conseil de Surveillance*), any Statutory Auditors, any employee, managers (*gérants*), general managers (*directeurs généraux*), members of the board of directors (*Conseil d'Administration*) (or their respective ascendants, descendants and spouses) of any entities referred to in (i), (ii) and (iii) above; and
- (v) persons to whom the practice of banker is forbidden or who have been deprived of the right of directing, administering or managing an enterprise in whatever capacity.

The names and addresses of the initial Representative of the Masse and its alternate will be set out in the Pricing Supplement. The Representative appointed in respect of the first Tranche of any Series of *Obligations Foncières* will be the Representative of the single Masse of all Tranches in such Series.

The Representative will not be entitled to any remuneration in connection with its functions or duties.

In the event of death, retirement or revocation of appointment of the Representative, such Representative will be replaced by the alternate Representative. In the event of the death, retirement or revocation of appointment of the alternate Representative, an alternate will be elected by the General Meeting.

All interested parties will at all times have the right to obtain the names and addresses of the Representative and the alternate Representative at the head office of the Issuer and the specified offices of any of the Paying Agents.

(c) **Powers of Representative**

The Representative shall (in the absence of any decision to the contrary of the General Meeting and except as provided by paragraph 1 of Article L. 515-31 of the French *Code monétaire et financier*.) have the power to take all acts of management necessary in order to defend the common interests of the holders of *Obligations Foncières*.

All legal proceedings against the holders of *Obligations Foncières* or initiated by them, must be brought by or against the Representative; except that, should judicial reorganisation or liquidation (*redressement ou liquidation judiciaire*) proceedings be commenced against the Issuer the Specific Controller shall file the proof of debt of all the creditors of the Issuer benefiting from the *Privilege* (including the holders of *Obligations Foncières*).

The Representative may not be involved in the management of the affairs of the Issuer.

(d) **General Meeting**

A General Meeting may be held at any time, on convocation either by the Issuer or by the Representative. One or more holders of *Obligations Foncières*, holding together at least one-thirtieth of the principal amount of the *Obligations Foncières* outstanding, may address to the Issuer and the Representative a demand for convocation of the General Meeting. If such General Meeting has not been convened within two months after such demand, the holders of *Obligations Foncières* may commission one of their members to petition a competent court in Paris to appoint an agent (*mandataire*) who will call the General Meeting.

Notice of the date, hour, place and agenda of any General Meeting will be published as provided under Condition 14.

Each holder of an *Obligation Foncière* has the right to participate in a General Meeting in person or by proxy. Each *Obligation Foncière* carries the right to one vote or, in the case of *Obligations Foncières* issued with more than one Specified Denomination, one vote in respect of each multiple of the lowest Specified Denomination comprised in the principal amount of the Specified Denomination of such *Obligation Foncière*.

(e) **Powers of the General Meetings**

The General Meeting is empowered to deliberate on the dismissal and replacement of the Representative and the alternate Representative and also may act with respect to any other matter that relates to the common rights, actions and benefits which now or in the future may accrue with respect to the *Obligations Foncières*, including authorising the Representative to act at law as plaintiff or defendant.

The General Meeting may further deliberate on any proposal relating to the modification of the Conditions including any proposal, whether for arbitration or settlement, relating to rights in controversy or which were the subject of judicial decisions, it being specified, however, that the General Meeting may not increase amounts payable by holders of *Obligations Foncières*, nor authorise or accept a postponement of the date of payment of interest on or a modification of the terms of repayment of or the rate of interest on the *Obligations Foncières*, nor establish any unequal treatment between the holders of *Obligations Foncières*, nor decide to convert *Obligations Foncières* into shares.

General Meetings may deliberate validly on first convocation only if holders of *Obligations Foncières* present or represented hold at least a quarter of the principal amount of the *Obligations Foncières* then outstanding. On second convocation, no quorum shall be required. Decisions at meetings shall be taken by a simple majority of votes cast by holders of *Obligations Foncières* attending such General Meetings or represented thereat.

Decisions of General Meetings must be published in accordance with the provisions set forth in Condition 14.

(f) **Information to holders of *Obligations Foncières***

Each holder of an *Obligation Foncière* or representative thereof will have the right, during the 15-day period preceding the holding of each General Meeting, to consult or make a copy of the text of the resolutions which will be proposed and of the reports which will be presented at the General Meeting, all of which will be available for inspection by the relevant holders of *Obligations Foncières* at the registered office of the Issuer, at the specified offices of any of the Paying Agents and at any other place specified in the notice of the General Meeting.

(g) **Expenses**

The Issuer will pay all expenses relating to the operation of the Masse, including expenses relating to the calling and holding of General Meetings and, more generally, all administrative expenses resolved upon by the General Meeting, it being expressly stipulated that no expenses may be imputed against interest payable on the *Obligations Foncières*.

(h) **Single Masse**

The holders of *Obligations Foncières* of the same Series, and the holders of *Obligations Foncières* of any other Series which have been assimilated with the *Obligations Foncières* of such first mentioned Series in accordance with Condition 13, shall, for the defence of their respective common interests, be grouped in a single Masse. The Representative appointed in respect of the first Tranche of any Series of *Obligations Foncières* will be the Representative of the single Masse of all Tranches in such Series.

11 Modifications

These Conditions may be amended, modified or varied in relation to any Series of *Obligations Foncières* by the terms of the relevant Pricing Supplement in relation to such Series.

12 Replacement of definitive *Obligations Foncières*, Receipts, Coupons and Talons

If, in the case of any Bearer Materialised *Obligations Foncières*, a definitive Bearer Materialised *Obligation Foncière*, Receipt, Coupon or Talon is lost, stolen, mutilated, defaced or destroyed, it may be replaced, subject to applicable laws, regulations and stock exchange regulations, at the specified office of the Fiscal Agent or such other Paying Agent as may from time to time be designated by the Issuer for the purpose and notice of whose designation is given to holders of *Obligations Foncières*, in each case on payment by the claimant of the fees and costs incurred in connection therewith and on such terms as to evidence, security and indemnity (which may provide, *inter alia*, that if the allegedly lost, stolen or destroyed definitive Bearer Materialised *Obligation Foncière*, Receipt, Coupon or Talon is subsequently presented for payment or, as the case may be, for exchange for further Coupons, there shall be paid to the Issuer on demand the amount payable by the Issuer in respect of such definitive Bearer Materialised *Obligations Foncières*, Receipts, Coupons or further Coupons) and otherwise as the Issuer may require. Mutilated or defaced definitive Bearer Materialised *Obligations Foncières*, Receipts, Coupons or Talons must be surrendered before replacements will be issued.

13 Further Issues and Consolidation

- (a) **Further Issues:** The Issuer may from time to time without the consent of the holders of *Obligations Foncières*, Receipts or Coupons create and issue further *Obligations Foncières* to be assimilated (*assimilées*) with the *Obligations Foncières* provided such *Obligations Foncières* and the further *Obligations Foncières* carry rights identical in all respects (or in all respects save for the principal amount thereof and the first payment of interest in the relevant Pricing Supplement) and that the terms of such *Obligations Foncières* provide for such assimilation and references in these Conditions to "*Obligations Foncières*" shall be construed accordingly.
- (b) **Consolidation:** The Issuer may from time to time on any Interest Payment Date occurring on or after the Redenomination Date on giving not less than 30 days' prior notice to the holders of *Obligations Foncières* in accordance with Condition 14, without the consent of the holders of *Obligations Foncières*, Receipts or Coupons, consolidate the *Obligations Foncières* of one Series with the *Obligations Foncières* of one or more other Series issued by it, whether or not originally issued in one of the European national currencies or in euro, provided such other *Obligations Foncières* have been redenominated in euro (if not originally denominated in euro) and which otherwise have, in respect of all periods subsequent to such consolidation, the same terms and conditions as the *Obligations Foncières*.

14 Notices

- (a) Notices to the holders of Dematerialised *Obligations Foncières* in registered form (*au nominatif*) shall be valid if either, (i) they are mailed to them at their respective addresses, in which case they will be deemed to have been given on the fourth weekday (being a day other than a Saturday or a Sunday) after the mailing, or, (ii) they are published in a daily leading newspaper of general circulation in Europe (which is expected to be the *Financial Times*). Provided that, so long as such *Obligations Foncières* are listed on any stock exchange(s), notices shall be valid if published in a daily newspaper with general circulation in the city(ies) where the stock exchange(s) on which such *Obligations Foncières* is/are listed which (x) in the case of Euronext Paris, is expected to be *La Tribune*, (y) in the case of the Luxembourg Stock Exchange, is expected to be the *Luxemburger Wort* and (z) in the case of the Frankfurt Stock Exchange, is expected to be the *Börsen-Zeitung*.
- (b) Notices to the holders of Bearer Materialised *Obligations Foncières* and Dematerialised *Obligations Foncières* in bearer form shall be valid if published in a daily leading newspaper of general circulation in Europe (which is expected to be the *Financial Times*). Provided that, so long as such *Obligations Foncières* are listed on any stock exchange(s), notices shall be valid if published in a daily newspaper with general circulation in the city(ies) where the stock exchange(s) on which such *Obligations Foncières* is/are listed which (i) in the case of Euronext Paris, is expected to be *La Tribune*, (ii) in the case of the Luxembourg Stock Exchange, is expected to be the *Luxemburger Wort* and (iii) in the case of the Frankfurt Stock Exchange, is expected to be the *Börsen-Zeitung*.
- (c) If any such publication is not practicable, notice shall be validly given if published in another leading daily English language newspaper with general circulation in Europe. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the date of the first publication as provided above. Holders of Coupons shall be deemed for all purposes to have notice of the contents of any notice given to the holders of Bearer Materialised *Obligations Foncières* in accordance with this Condition.
- (d) Notices required to be given to the holders of Dematerialised *Obligations Foncières* (whether in registered or in bearer form) pursuant to these Conditions may be given by delivery of the relevant notice to Euroclear France, Euroclear, Clearstream, Luxembourg and any other clearing system through which the *Obligations Foncières* are for the time being cleared in substitution for the mailing and publication as required by Conditions 14(a), (b), (c) above; except that (i) so long as such *Obligations Foncières* are listed on any stock exchange(s) and the rules of that stock exchange so require, notices shall also be published in a daily newspaper with general circulation in the city(ies) where the stock exchange(s) on which such *Obligations Foncières* is/are listed and (ii) notices relating to the convocation and decision(s) of the General Meetings pursuant to Condition 10 shall also be published in a leading newspaper of general circulation in Europe

15 Governing Law and Jurisdiction

- (a) **Governing Law:** The *Obligations Foncières*, the Receipts, the Coupons and the Talons are governed by, and shall be construed in accordance with, French law.
- (b) **Jurisdiction:** Any claim against the Issuer in connection with any *Obligations Foncières*, Receipts, Coupons or Talons may be brought before any competent court in Paris.

**TEMPORARY GLOBAL CERTIFICATES ISSUED
IN RESPECT OF BEARER MATERIALISED *OBLIGATIONS FONCIÈRES***

Temporary Global Certificates

A Temporary Global Certificate, without interest Coupons, will initially be issued in connection with Bearer Materialised *Obligations Foncières*. Upon the initial deposit of such Temporary Global Certificate with a common depository for Euroclear and Clearstream, Luxembourg (the “**Common Depository**”), Euroclear or Clearstream, Luxembourg will credit the accounts of each subscriber with a nominal amount of *Obligations Foncières* equal to the nominal amount thereof for which it has subscribed and paid.

The Common Depository may also credit with a nominal amount of *Obligations Foncières* the accounts of subscribers with (if indicated in the relevant Pricing Supplement) other clearing systems through direct or indirect accounts with Euroclear and Clearstream, Luxembourg held by such other clearing systems. Conversely, a nominal amount of *Obligations Foncières* that is initially deposited with any other clearing system may similarly be credited to the accounts of subscribers with Euroclear, Clearstream, Luxembourg or other clearing systems.

Exchange

Each Temporary Global Certificate issued in respect of *Obligations Foncières* will be exchangeable, free of charge to the holder, on or after its Exchange Date (as defined below):

- (i) if the relevant Pricing Supplement indicates that such Temporary Global Certificate is issued in compliance with the C Rules or in a transaction to which TEFRA is not applicable (as to which, see “Summary of the Programme – Selling Restrictions”), in whole, but not in part, for the definitive Bearer Materialised *Obligations Foncières* and
- (ii) otherwise, in whole but not in part, upon certification as to non-U.S. beneficial ownership (a form of which shall be available at the specified offices of any of the Paying Agents) for definitive Bearer Materialised *Obligations Foncières*.

Delivery of definitive Bearer Materialised *Obligations Foncières*

On or after its Exchange Date, the holder of a Temporary Global Certificate may surrender such Temporary Global Certificate to or to the order of the Fiscal Agent. In exchange for any Temporary Global Certificate, the Issuer will deliver, or procure the delivery of, an equal aggregate nominal amount of duly executed and authenticated definitive Bearer Materialised *Obligations Foncières*. In this Offering Circular, definitive Bearer Materialised *Obligations Foncières* means, in relation to any Temporary Global Certificate, the definitive Bearer Materialised *Obligations Foncières* for which such Temporary Global Certificate may be exchanged (if appropriate, having attached to them all Coupons and Receipts in respect of interest or Instalment Amounts that have not already been paid on the Temporary Global Certificate and a Talon). Definitive Bearer Materialised *Obligations Foncières* will be security printed in accordance with any applicable legal and stock exchange requirements. Forms of such definitive Bearer Materialised *Obligations Foncières* shall be available at the specified offices of any of the Paying Agent(s).

Exchange Date

“**Exchange Date**” means, in relation to a Temporary Global Certificate, the day falling after the expiry of 40 days after its issue date, provided that, in the event any further Materialised *Obligations Foncières* are issued prior to such day pursuant to Condition 13(a), the Exchange Date shall be postponed to the day falling after the expiry of 40 days after the issue of such further Materialised *Obligations Foncières*.

USE OF PROCEEDS

The net proceeds of the issue of the *Obligations Foncières* will be used for the Issuer's general corporate purposes.

SUMMARY OF THE LEGAL PRIVILEGE GRANTED BY THE LAW

Pursuant to Article L. 515-19 of the French *Code monétaire et financier*, notwithstanding any legislative provisions to the contrary and in particular the provisions included in the French Code of commerce relating to the prevention and amicable settlement of business difficulties and to the judicial administration and liquidation of companies,

- (1) the sums resulting from the loans and securities referred to in Articles L.515-14 to L. 515-17 of the French *Code monétaire et financier* and from the forward financial instruments referred to in Article L. 515-18 of the French *Code monétaire et financier*, after any applicable netting, together with the claims in respect of deposits made by a *société de crédit foncier* (i.e. the issuer of *obligations foncières*) with credit institutions, are allocated in priority to the payment of any sums due in relation to the *obligations foncières* and other resources benefiting from the privilege as mentioned in Article L. 515-13 of the French *Code monétaire et financier*;
- (2) when a *société de crédit foncier* is subject to bankruptcy proceedings (*procédure de redressement ou liquidation judiciaires*) or to amicable settlement proceedings with its creditors (*procédure de règlement amiable*), the amounts due regularly from the operations referred to in Article L. 515-13 of the French *Code monétaire et financier* are paid on their contractual due date, and in priority to all other debts, whether or not preferred or secured, including interest resulting from agreements whatever their duration. No other creditor of a *société de crédit foncier* may exercise any right over the assets and rights of such *société* until all creditors benefiting from the *privilege* defined in Article L. 515-19 of the French *Code monétaire et financier* have been fully paid off; and
- (3) neither the commencement of judicial administration proceedings nor the judicial liquidation of a *société de crédit foncier* will result in the acceleration of payment of *Obligations Foncières* and other debts benefiting from the privilege mentioned under Article L. 515-19 of the French *Code monétaire et financier*.

Finally, the provisions on bankruptcy which permit certain transactions made in the months preceding the bankruptcy to be declared void have been set aside by law with respect to transactions directly relating to the corporate purpose of the *société de crédit foncier* (Article L. 515-25 of the French *Code monétaire et financier*).

Similarly, specific provisions of the French *Code monétaire et financier* provide that in case of bankruptcy proceedings against a shareholder of the *société de crédit foncier*, such proceedings cannot be extended to the *société de crédit foncier* (Article L. 515-27 of the French *Code monétaire et financier*).

DEXIA MUNICIPAL AGENCY

Introduction

Dexia Municipal Agency (“Dexia MA”), formerly named CLF Développement, a *société anonyme à Directoire et Conseil de Surveillance* incorporated under French law, is a *société de crédit foncier*.

The *sociétés de crédit foncier* are special-purpose entities, created under Section IV Chapter V Title V of the French *Code Monétaire et financier* (the “Code”) providing funding for capital expenditure by local authorities located in the European Economic Area (European Union, Liechtenstein, Norway and Iceland), Switzerland, United States of America, Canada or Japan .

As *société de crédit foncier*, Dexia MA is a financial institution established under French banking law of 24 January 1984 and has been authorised by the *Comité des établissements de crédit et des entreprises d’investissement* (the “CECEI”) on 30 August 1999. The authorisation was effective as from 1 October 1999.

Dexia MA is managed by an Executive Board (*Directoire*) and supervised by a Supervisory Board (*Conseil de Surveillance*).

Dexia MA’s principal offices are located 7 to 11 Quai André Citroën in Paris, France.

The share capital of Dexia MA as at 1st March 2002 amounts to Euro 400,000,000 comprised of 4,000,000 ordinary shares of Euro 100 nominal value, each of which is 99.9 per cent. held by Dexia Credit Local. There is no authorised and non issued share capital.

The Extraordinary Shareholders’ Meeting of 21 May 2002, has been asked to authorise the Executive Board to increase the capital by a maximum amount of Euro 50 million.

This authorisation will be valid for a year.

There are no securities which grant rights to shares in the capital of Dexia Municipal Agency.

The Dexia MA’s fiscal year begins on 1 January and ends on 31 December.

Sociétés de crédit foncier

Article L.515-13 of the Code defines the status of *sociétés de crédit foncier* as limited purpose credit institutions that are authorised as financial institutions by the CECEI. As specialised credit institutions, they may only carry out those activities which are listed in the authorisation granted by the CECEI.

Article L.515-13 of the Code provides that the sole objects of *sociétés de crédit foncier* are:

- (a) To grant or acquire secured or guaranteed loans, loans to public entities and subscribe or acquire bonds and securities, referred to in Articles L.515-14 to L.515-17 of the Code;
- (b) To issue *obligations foncières* to finance such categories of loans or bonds and securities, which *obligations foncières* benefit from the *privilège* defined in Article L.515-19 of the Code, and to raise other resources under issue or subscription contracts referring to this *privilège*.

Sociétés de crédit foncier may also finance the activities mentioned above by issuing debt securities or raising funds which do not benefit from this *privilège*.

Sociétés de crédit foncier may assign, in accordance with Articles L.313-23 to L.313-35 of the Code, the debt receivables held by them. In such case, the debt receivables so assigned are not taken into account for the purpose of determining the coverage ratio of the resources benefiting from the *privilège*.

Sociétés de crédit foncier may acquire and own any real property or moveable property necessary for the achievement of its objects or resulting from debts recovered.

Under Dexia MA’s by-laws (*statuts*) and the authorisation of the CECEI, Dexia MA may only grant or acquire loans to, or guaranteed by, public entities (as defined below).

Article L.515-15 of the Code defines loans to public entities as loans granted to States, local authorities or their groupings (*groupement*), or public institutions (*établissements publics*) located within the European Economic Area (European Union, Liechtenstein, Norway, Iceland) Switzerland, United States of America, Canada or Japan, or wholly guaranteed by one or more States, local authorities or their groupings.

The gross amount of the unpaid debts is Euro 4,765,023.36, the gross amount of the bad debts is Euro 1,560,825.28 and the amount of the allowance for doubtful accounts is Euro 151,323.09.

In accordance with Article L.515-15 are assimilated to loans to the above mentioned entities bonds issued by these public sector entities, under the condition that these bonds are acquired with the intention to hold them until their maturity.

Article L.515-16 of the Code also includes within the category of loan under Article L.515-15 of the Code the shares of debt mutual funds (*parts de fonds communs de créances*) (previously governed by French law n°. 88-1201 of 23rd December 1988) and units or debt securities issued by similar entities registered under the law of a State belonging to the European Economic Area Switzerland, United States of America, Canada or Japan provided that at least 90 per cent. of the assets of these funds or entities are made up of debts of the same nature as loans eligible for *sociétés de crédit foncier*, which in the case of Dexia MA, are loans to public entities only.

According to Article L.515-17 of the Code, Dexia MA, as a *société de crédit foncier*, is not allowed to hold shares in other companies.

Pursuant to Article L.515-18 of the Code, in order to hedge the loans mentioned in Article L.515-14 to L.515-17 of the Code, the *obligations foncières* or the other resources benefiting from the *privilège*, the *sociétés de crédit foncier* may contract forward financial instruments as defined in Article L.211-1 of the Code). Any amounts payable to the *société de crédit foncier* under these forward financial instruments, after any applicable netting, benefit from the *privilège*. Sums due under forward financial instruments used to hedge the transactions referred to in Article L.515-13 II of the Code (i.e. bonds or other resources not benefiting from the *privilège*) do not benefit from the *privilège*.

Finally, according to Article L.515-17 of the Code, *sociétés de crédit foncier* may hold, as replacement assets (*valeurs de remplacement*), securities (including *obligations foncières* issued by other *sociétés de crédit foncier*), which are sufficiently safe and liquid to be held by *sociétés de crédit foncier*. Article 7 of French decree n° 99-710 dated 3rd August 1999 (the “Decree”) defines these replacement assets as assets which may be eligible for refinancing with the European system of central banks, as well as receivables due by credit institutions with less than one year maturity. The same Article provides that the proportion of such safe and liquid assets cannot exceed 20 per cent. of the total assets of a *société de crédit foncier*, but upon prior authorisation of the French *Commission Bancaire*, this limit may temporarily be increased to 30 per cent.

Pursuant to Article L.515-20 of the Code and Article 6 of *Règlement n° 99-10 du Comité de la réglementation bancaire et financière sur les sociétés de crédit foncier* (the “Règlement”), *sociétés de crédit foncier* must at all times maintain a ratio of at least 100 per cent. as between their assets and the total amount of their liabilities which have the benefit of the *privilège* mentioned in Article L.515-19 of the Code, in accordance with the terms specified by the Règlement. The French *Commission Bancaire* may temporarily waive this requirement for a given institution, on the condition that the institution meets the ratio by a given deadline.

As per Article 10 of the Règlement, *sociétés de crédit foncier* declare to the French *Commission Bancaire* their cover ratio on 30 June and 31 December in each year.

As credit institutions, *sociétés de crédit foncier* are supervised by the French *Commission Bancaire*, which ensures that *sociétés de crédit foncier* comply with their obligations under the Code.

Pursuant to Article 13 of the Règlement, *sociétés de crédit foncier* must publish, at the latest 45 days after the general meeting approving the financial statements of the year ended, information relating to the quality of their assets, and in particular the characteristics and the distribution of the loans and the guarantees, the total of the unpaid amounts, the distribution of debts by amount and by category of debtors, the proportion of early repayments, and the level and sensitivity of the position of rates.

Specific controller

Moreover Articles L.515-29 to L.515-31 of the Code requires that *sociétés de crédit foncier* appoint a *Contrôleur Spécifique* (the “Specific Controller”).

The Specific Controller, and a substitute specific controller, are selected from the auditors’ (*Commissaires aux comptes*) official list and are appointed for a term of four years by the Management Board of the *société de crédit foncier*, with the approval of the French *Commission Bancaire*.

The Specific Controller ensures that the *société de crédit foncier* complies with the Code, i.e. checks the eligibility of the assets and the cover ratio (as more described in the Règlement). He also watches the level of equivalence between the assets and liabilities in terms of rates and maturity (cash flow adequacy) and draws the attention of the members of the Executive Board of the *société de crédit foncier* and the French *Commission Bancaire* if he deems that level to be unsatisfactory (Article 12 of the Règlement).

As provided by Article 9-IV of the Decree, the Specific Controller certifies that the rule providing that the amount of eligible assets is greater than the amount of liabilities benefiting from the *privilège* is satisfied at all times. He may give that certification on the basis of a quarterly program of issues of resources benefiting

from the *privilège*. For any issue of resources benefiting from the *privilège* in an amount equal to or above Euro 500 million or its equivalent in the currency of issue, the certification is mandatory (see § 15 of "General Information" below).

The Specific Controller certifies documents sent to the French *Commission Bancaire* as to compliance with the provisions of the Law. He draws up an annual report on his task for the Executive Board and the Supervisory Board of the *société de crédit foncier*. A copy of this report is delivered to the French *Commission Bancaire* (Articles L.515-29 to L.515-31 of the Code).

The Specific Controller attends all shareholders' meetings and, on his request, may be heard by the Executive Board (Articles L.515-29 to L.515-31 of the Code).

Dexia Municipal Agency's Share Capital

The issued share capital of Dexia MA is held as at 99.9 per cent. by Dexia Credit Local. See "Déclaration de Soutien de Dexia Credit Local Financial Support from Dexia Credit Local" below.

Dexia Municipal Agency's Capitalisation

The following table shows the audited capitalisation of Dexia Municipal Agency as at 31st December, 2001 (before appropriation of earnings 2001).

Shareholders' equity

	<i>In EUR millions</i>
Authorised and issued share capital	400.0
Reserves.....	1.1
Retained earnings.....	17.1
Total Shareholders' equity	418.2

Medium and long term debt

	<i>In EUR millions</i>
Debt evidenced by securities (before swaps).....	19,656.6
Bank borrowings	3,721.5
Total Medium and long term debt	23,378.1

As of March 31st 2002 the short, medium and long term debt outstanding of Dexia MA benefiting from the *privilège* amounted to € 21.2 billion.

There has been no material change in the capitalisation of Dexia MA since the date of the capitalisation table.

Business Activities

Dexia MA's exclusive purpose is (as per Article 2 of the by-laws):

- to grant or acquire loans to public-sector entities as defined in Article L.515-15 of the Code as well as assets considered as loans as defined in Article L.515-16 of the same Code.
- to hold notes and assets under the conditions provided by decree in order to be considered as replacement assets (*valeurs de remplacement*) ; and
- to finance the loans mentioned hereabove, to issue bonds called *obligations foncières*, benefiting from the *privilège* defined in Article L.515-19 of the Code, and to raise other funds, under issue or subscription contract referring to the *privilège*.

Dexia MA may also fund the above mentioned business by issuing bonds or other resources not benefiting from the *privilège* defined in Article L.515-19 of the Code.

Dexia MA may assign, in accordance with Articles L.313-23 to L.313-35 of the Code (previously French law n°. 81-1 of 2 January 1981 *facilitant le crédit aux entreprises*), the receivables owned by it, provided that the rule of Article L.515-20 of the Code (previously Article 96 of the law 99-532 of 25 June, 1999) remains respected.

Appropriation of income (Article 40 of the by-laws):

Income available for distribution comprises net income for the year less any prior year losses and any allocations required pursuant to the by-laws, plus any retained earnings carried forward from previous years. From the available surplus, the Annual Shareholders' Meeting, voting on a recommendation of the Executive Board, may allocate all or a part of the remaining income to retained earnings. There are no priority shares or dividends.

Activities Projections

The assets of Dexia MA should amount to 33 billion of euro at the end of December 2002.

In 2002, the program for the issue and acquisition of resources benefiting from the *privilège* is intended to be at approximately €10 billion, depending on markets conditions.

Since the beginning of the year, Dexia MA has issued 2.4 billion of euro at the end of March 2002.

Dexia MA, as subsidiary of Dexia Credit Local benefits from the insurances taken out by the Dexia Credit Local Group (bankers' blanket bond cover, loss of banking activity, Directors and Officers liability policy, professional indemnity policy and comprehensive cover).

**EXECUTIVE BOARD, SUPERVISORY BOARD,
STATUTORY AUDITORS, SPECIFIC CONTROLLER**

1 The Executive Board

The following are the members of the Executive Board (*Directoire*) of Dexia MA:

Alain Delouis	Chairman (until March 4, 2002)
Philippe Ducos	Chairman (since March 4, 2002)
Sylvie Vadé	Chief Executive Officer
Jean-Claude Synave	Chief Executive Officer
Gilles Laurent	Member of the Executive Board

2 The Supervisory Board

The following are the members of the Supervisory Board (*Conseil de Surveillance*) of Dexia MA:

Jacques Guerber	Chairman
Rembert von Lowis	Vice-Chairman
Jean Le Naour	
Jean-Paul Gauzès	
Pierre Homi Rahmani	
Jean-Luc Petitpont	
Dexia Credit Local, represented by Bruno Deletre	
Dexia Banque, represented by Martine Gelissen	
Crediop, represented by Ricardo Massa	
Dexia Sabadell banco Local, represented by José Luis Castillo	

3 The Statutory Auditors

The statutory auditors (*Commissaires aux Comptes*), which are members of the Compagnie des commissaires aux comptes, are appointed every six years by Dexia MA's shareholders to audit Dexia MA's accounts and financial reports.

Dexia MA's statutory auditors are:

- Caderas Martin represented by Mr. Daniel Butelot, Partner and Mr Olivier Avril, Partner: 76, rue de Monceau, 75008 Paris and
- Mazars & Guérard, represented by Mr. Guillaume Potel, Partner and Mrs Anne Veaute, Partner: Le Vinci, 4, allée de l'Arche, 92075 Paris – La Défense.

They have audited the financial statements of Dexia MA for the years ended 31 December, 1999 31 December, 2000 and 31 December, 2001 and have issued an unqualified opinion in each case.

4 Specific Controller

The Specific Controller (after approval – *avis conforme* – of the French Banking Commission) is Mr. Christian Comerman from Fidus.

The substitute specific controller is Mr. Dumenil from Groupement d'expertise de France.

For all issues of *Obligations Foncières* made during the years 2001, the Specific Controller has provided an attestation.

DESCRIPTION OF THE ASSETS

Assets as at 31 December 2001:

	<i>Amounts in millions of Euro</i>
Loans to French local authorities	
Regions	1,291.1
Departments	3,468.7
Towns	10,717.6
Groupings of local authorities	4,124.3
TOTAL	19,601.7
Loans to French public entities	2,408.5
Loans fully guaranteed by French local entities	302.8
TOTAL	22,313.0
<p>The loans come from the activity of Dexia Credit Local either by <i>cession</i> from its balance sheet (most of them in 2001) or as loans granted by Dexia MA and commercialised by Dexia Credit Local</p>	
Loans fully guaranteed by Austrian local entities	
TOTAL	220.6
Loans granted by Dexia MA and commercialised by Kommunalkredit Austria	
Loans fully guaranteed by Italian local entities	
TOTAL	5.0
Loans granted by Dexia MA and commercialised by Dexia Crediop	
Securities issued by French local authorities	
State	0
Regions	0
Departments	3.0
Towns	28.50
Others Public Authorities	0
TOTAL	31.50
Securities issued by Italian local authorities	
State	371.8
Regions	358.5
Departments	0
Towns	71.8
Asset Backed Securities	55
Others Public Authorities	0
TOTAL	857.1
Securities issued by Finnish local authorities	
State	7.6
Regions	0
Departments	0
Towns	0
Other Public Authorities	0
TOTAL	7.6

*Amounts in
millions of Euro*

Securities issued by Portuguese local authorities

State	0
Regions	8.50
Departments	0
Towns	0
Other Public Authorities	0
TOTAL	8.50

RECENT DEVELOPMENTS

From 1 January 2002 up to 30 April 2002, Dexia Municipal Agency has made the following issues of *Obligations Foncières*:

- AUD 350,000,000 due October 2007;
- CHF 300,000,000 due November 2007 assimilated to the CHF 300,000,000 due November 2007; and
- under the EMTN programme a total of approximately €1,994,352,000.

FINANCIAL STATEMENTS

ASSETS AS OF DECEMBER 31, 2001

	<i>Notes</i>	<u>12/31/99</u>	<u>12/31/00</u>	<u>12/31/01</u>
		<i>EUR*</i>	<i>EUR</i>	<i>EUR</i>
		<i>EUR thousands</i>		
Cash, central banks and postal checking accounts ⁽¹⁾		0	0	0
Government securities eligible for central bank refinancing		0	0	0
Interbank loans and advances	4.1	36	239	393
Customer loans		6,258,785	16,411,463	23,086,280
A. Customer loans	4.2	6,122,130	15,976,989	22,538,551
B. Other		136,655	434,474	547,729
Bonds and other fixed income securities	4.3	0	289,707	917,330
Equities and other variable income securities		0	0	0
Investments in non-consolidated companies and other long-term securities		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		0	0	0
Accruals and other assets	4.4	180,690	1,030,747	1,751,048
TOTAL ASSETS	4.5	<u>6,439,511</u>	<u>17,732,156</u>	<u>25,755,051</u>

* The company, created in December 1998, was authorized by the CECEI to operate as a *société de crédit foncier* on July 23, 1999, in accordance with the law of June 25, 1999, on savings and financial security. Prior to October 1, 1999, the company engaged in no business.

(1) Amounts that appeared in this heading were classified in "Interbank loans and advances".

LIABILITIES AS OF DECEMBER 31, 2001

	Notes	12/31/99	12/31/00	12/31/01
		EUR*	EUR	EUR
		EUR thousands		
Interbank loans and deposits.....	5.1	3,405,251	5,120,807	3,730,623
Customer deposits (guarantees).....	5.2	0	0	762
Debt securities		2,494,001	11,279,098	20,246,446
A. Debt securities	5.3	2,469,974	10,954,596	19,633,477
B. Other debt		24,026	324,502	612,969
Other liabilities	5.4	2,544	88,389	108,598
Accruals and other liabilities	5.5	233,566	923,809	1,221,186
Reserves for contingencies and charges and provisions for deferred taxes		0	0	0
Subordinated debt.....		0	0	0
General banking risks reserve		0	0	0
Shareholders' equity excluding general banking risks reserve		304,149	320,053	447,436
Capital stock	5.7	300,000	300,000	400,000
Additional paid-in capital		0	0	0
Reserves and retained earnings	5.7	(2)	215	18,168
Revaluation adjustments		0	0	0
Regulated provisions	5.6	335	1,885	3,819
Net income.....	5.7	3,816	17,953	25,449
TOTAL LIABILITIES.....	5.8	6,439,511	17,732,156	25,755,051

* The company, created in December 1998, was authorized by the CECEI to operate as a *société de crédit foncier* on July 23, 1999, in accordance with the law of June 25, 1999, on savings and financial security. Prior to October 1, 1999, the company engaged in no business.

OFF-BALANCE SHEET ITEMS AS OF DECEMBER 31, 2001

	<i>Notes</i>	<u>12/31/99</u>	<u>12/31/00</u>	<u>12/31/01</u>
		<i>EUR*</i>	<i>EUR</i>	<i>EUR</i>
		<i>EUR thousands</i>		
COMMITMENTS GIVEN	6.1	0	2	365,044
Financing commitments		0	2	365,044
COMMITMENTS RECEIVED	6.2	526,214	1,017,318	1,822,149
Financing commitments		0	80,480	614,204
Guarantees received		526,214	936,838	1,207,945
Foreign currency transactions	6.3	0	2,446,883	12,855,168
Financial futures	6.4	18,842,915	50,220,558	66,904,237

* The company, created in December 1998, was authorized by the CECEI to operate as a *société de crédit foncier* on July 23, 1999, in accordance with the law of June 25, 1999, on savings and financial security. Prior to October 1, 1999, the company engaged in no business.

STATEMENT OF INCOME AS OF DECEMBER 31, 2001

	<i>Notes</i>	<u>12/31/99</u>	<u>12/31/00</u>	<u>12/31/01</u>
		<i>EUR*</i>	<i>EUR</i>	<i>EUR</i>
			<i>EUR thousands</i>	
Interest income		100,316	1,510,825	2,286,451
A. Interest income from interbank transactions		0	5	136
B. Interest income from client transactions.....		44,392	628,844	982,674
C. Interest income from bonds and other fixed income securities.....		55,924	876,414	1,277,488 ⁽¹⁾
D. Interest income from overall exposure hedging transactions				
Interest expense		(91,058)	(1,456,875)	(2,209,547)
A. Interest expense on interbank transactions ..		(15,390)	(207,588)	(145,838)
B. Interest expense on bonds and other fixed income securities.....		(16,299)	(324,467)	(694,355)
C. Interest expense on overall exposure hedging transactions		(59,369)	(924,820)	(1,369,354) ⁽¹⁾
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	7	0	0	72
Commission expense	7	0	(22)	(61)
Income from financial transactions		0	(8)	98 ⁽¹⁾
Other banking income		0	0	6
Other banking expense				
NET BANKING INCOME		<u>9,258</u>	<u>53,920</u>	<u>77,019</u>
General operating expense	7	(2,563)	(22,918)	(34,560)
A. Staff costs				
1. Payroll expense				
2. Social Security costs				
B. Other general operating expense		(2,563)	(22,918)	(34,560)
1. Taxes other than on income.....		0	(1,443)	(2,184)
2. Other general operating expense		(2,563)	(21,475)	(32,376)
C. Network commissions		0	0	0
Depreciation and amortization		0	0	0
OPERATING INCOME BEFORE ALLOWANCES		<u>6,695</u>	<u>31,002</u>	<u>42,459</u>
Risk cost	7	0	0	(138)
INCOME FROM OPERATIONS		<u>6,695</u>	<u>31,002</u>	<u>42,321</u>
Income (loss) on fixed assets		0	0	0
OPERATING INCOME AFTER ALLOWANCES		<u>6,695</u>	<u>31,002</u>	<u>42,321</u>
Non-recurring income		0	0	0
Non-recurring expense		0	0	0
Corporate income tax		(2,544)	(11,499)	(14,938)
A. Current taxes		(2,544)	(11,499)	(14,938)
B. Deferred taxes		0	0	0
Net allocation to general banking risks reserve and regulated provisions		(335)	(1,550)	(1,934)
NET INCOME		<u><u>3,816</u></u>	<u><u>17,953</u></u>	<u><u>25,449</u></u>

(1) In order to allow comparison of the 2000 and 1999 statements of income, the presentation of the 1999 results of overall interest rate exposure hedging transactions was changed to reflect the application of the CRC regulation n° 2000-03 of July 4, 2000. This result was recorded in the 1999 accounts after offsetting the corresponding expense and income under the item "Income from financial transactions" and represented an expense of EUR 3,445 thousand.

* The company, created in December 1998, was authorized by the CECEI to operate as a *société de crédit foncier* on July 23, 1999, in accordance with the law of June 25, 1999, on savings and financial security. Prior to October 1, 1999, the company engaged in no business.

NOTES TO THE FINANCIAL STATEMENTS

1. CHARACTERISTICS OF THE COMPANY

Dexia Municipal Agency was authorised to operate as a *société de crédit foncier* on July 23, 1999, by the *Comité des Etablissements de Crédit et des Entreprises d'Investissement* (CECEI).

Sociétés de crédit foncier are governed by Book V, Title I, Chapter 5, Section IV of the Monetary and Financial Code and by the decrees n° 99-655 of July 29, 1999, and n° 99-710 of August 3, 1999, which define the notion of *obligations foncières* in French law.

According to Article L.515-13 of the Monetary and Financial Code, the company's exclusive corporate purpose is:

- to grant or to acquire secured loans, loans to public sector entities and securities;
- to issue *obligations foncières* or any other securities benefiting from the *Privilège* in order to finance these categories of loans or securities.

Dexia Credit Local holds 99.99 per cent. of the capital of Dexia Municipal Agency.

In addition to the obligations defined in Article L.515-42 of the Monetary and Financial Code, *Crédit local de France*, which has become Dexia Credit Local, signed a declaration of financial support on September 1, 1999, stipulating that it will ensure that Dexia develops its activity in compliance with the requirements of the law n° 99-532 of June 25, 1999, and has the financial resources it needs to meet its obligations.

Pursuant to Article L.515-22 of the Monetary and Financial Code, there is a management contract between Dexia Municipal Agency and Dexia Credit Local. This contract defines the missions carried out by Dexia Credit Local on behalf of Dexia Municipal Agency, from the origination of loans to the publication of the company's financial statements.

In addition, two groups of loans guaranteed by an Austrian Land were acquired by Dexia Municipal Agency through *Kommunalkredit Austria A.G.* A contract empowered *Kommunalkredit Austria* to represent Dexia Municipal Agency vis-à-vis the Austrian debtor and to collect the loan payments.

For its business needs and, in particular, to pre-finance assets prior to the issuance of securities, Dexia Municipal Agency opened an account with Dexia Credit Local, the conditions of which are defined in the current account agreement signed by the two companies (see below, note 5.1).

2. MAJOR EVENTS DURING THE YEAR

Pursuant to Article L.515-13 of the Monetary and Financial Code, during the year Dexia Municipal Agency acquired from Dexia Credit Local loans granted to public sector entities or to entities they guaranteed.

The loans were transferred at market value. The rules for determining this value are defined in the loan transfer agreement between Dexia Municipal Agency and Dexia Credit Local.

In addition, Dexia Credit Local acting as a proxy directly contracted loans on behalf of Dexia Municipal Agency.

To ensure financing for its activity, in 2001 Dexia Municipal Agency launched new bond issues benefiting from the *Privilège* defined in Article L.515-19 of the Monetary and Financial Code, raising outstanding bond issues to EUR 19.6 billion.

Issues were launched for the first time in GBP in 2001.

These borrowings are redeemable at maturity.

Pursuant to Articles L.515-14 to L.515-17 of the Monetary and Financial Code (Articles L.515-14, L.515-15 and L.515-16 were modified by Article 31 of the MURCEF law of December 11, 2001) and to Article 7 of the decree n° 99-710 of August 3 1999, Dexia Municipal Agency holds bonds as investment securities. These securities do not exceed 20 % of the company's assets. The securities held by Dexia Municipal Agency are issued by public sector entities and are acquired with the purpose of holding them until maturity. These securities are considered as investments.

3. SIGNIFICANT ACCOUNTING POLICIES

Accounting principles

Dexia Municipal Agency adapted its parent company accounts to ensure compliance with CRC regulations 99-07, 00-08 and 00-03. These adaptations mainly concerned the following points.

Concerning the balance sheet

In order to make the balance sheet easier to read, the following modifications were introduced:

- an intermediary total for shareholders' equity

Concerning the statement of income

Five intermediary accounting balances were defined in order to ensure a homogeneous and comparable presentation with reference to other financial institutions in Paris. These items are:

- Net banking income,
- Operating income before allowances,
- Income from operations,
- Operating income after allowances,
- Net income.

A new statement of income item, "Cost of risk," was introduced. This is the new terminology for "income (loss) on loan losses and off-balance sheet items."

Another new statement of income item, "Income (loss) on fixed assets," was inserted, covering gains and losses on tangible and intangible assets.

The financial statements for the three years 1999, 2000 and 2001 were adapted to reflect these new policies.

The balance sheet and statement of income as of December 31, 2001, were drawn up using the same accounting principles and valuation methods as those used in the balance sheet and statement of income as of December 31, 2000.

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

- going concern principle,
- segregation of accounting periods,
- consistency of methods,
- prudence.

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

Client loans

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

Interest on loans is recorded as banking income *pro rata temporis* for both due and non-due amounts, as is interest on unpaid instalments.

Loans are classified as non performing when there is a contingent or certain risk of total or partial non payment. Non performing loans are defined as follows:

- local government loans: loans with instalments that are more than nine months past due;
- other loans: loans with instalments that are more than three months past due.

Allowances are calculated on the basis of the estimated loss exposure.

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

As at Dexia Credit Local, penalties received from clients for early repayment of loans are amortized, for both accounting and tax purposes, over the residual life of the loan on the basis of outstanding interest.

This also applies to premiums and discounts recorded on loans acquired.

The repayment indemnities as well as the premiums and discounts are recorded on the balance sheet as accruals.

Securities transactions

The securities held by Dexia Municipal Agency are recorded in the assets as "Bonds and other fixed income securities".

They are securities issued by public sector entities (or guaranteed by them). They are considered as investment securities. These securities are hedged against interest rate risk.

Securities considered as investment securities are recorded on the date of purchase at market price excluding commissions. 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 price (discount or premium) is amortized on a straight line basis over the residual life of the security.

At the end of the accounting period, latent gains are not recorded and no allowance has to be made for depreciation 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.

Debt securities

This item includes *obligations foncières* benefiting from the *Privilège* defined in Article L.515-19 of the Monetary and Financial Code.

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

These debt securities are recorded at face value.

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 due and not yet due calculated *prorata temporis* on the basis of contractual rates.

Bond issuance costs and commissions are amortized on a straight line basis over the life of the related loans. Equalization payments made or received on the redemption of debt are amortized over the residual life of the bonds.

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

Financial future transactions

Dexia Municipal Agency engages in financial future 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 specific hedging or overall exposure hedging 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 *Privilège* 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 *Privilège*.

The law stipulates that transactions hedging sources of financing which do not benefit from the *Privilège* do not benefit from the *Privilège*.

For Dexia Municipal Agency, one source of financing does not benefit from the *Privilège*: the account opened with Dexia Credit Local, which bears interest based on EONIA. This source of financing is not hedged.

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

Specific hedging transactions

Specific hedging transactions are designed to hedge against the interest rate risk related to an item or a set of homogeneous items and identified from the start.

This definition mainly concerns swaps used to hedge primary issues, securities in the investment bond portfolio and client assets.

Losses and gains on these transactions are recorded in the statement of income in the same way gains and losses on the hedged item or homogeneous set of items are recorded. This principle likewise applies to equalization payments made or received when the hedging instrument is transferred.

Overall exposure hedging 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 specific hedging transactions. They were authorized by a specific decision of the Executive Board of Dexia Municipal Agency on December 1, 1999, pursuant to Article 14 of CRBF regulation n° 99-10.

These overall exposure hedging transactions have the effect of reducing the company's overall exposure to interest rate risk inherent in its activity.

Losses and gains on these transactions are recorded *prorata temporis* in the statement of income as "Interest expense on overall exposure hedging transactions" and "Interest income from overall exposure hedging transactions". A contra entry is recorded in accruals up to the date of collection or payment of the funds. Equalization payments received or made on canceled transactions are deferred and recognized over the residual life of the canceled contracts.

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 evaluation 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 forward purchases and sales of foreign currencies. These forward foreign exchange transactions are initiated to eliminate the risk of foreign exchange rate fluctuations which might affect an asset or a liability as soon as the risk occurs. They are mainly used to hedge certain bond issues.

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

Tax integration

Dexia Municipal Agency applies the tax integration system.

Dexia Municipal Agency and its parent company Dexia Credit Local are lodged in a new tax integration structure, of which the integrating company is Dexia's stable entity in France since January 1, 2001.

This entity pays the total tax owed by the companies in the tax group, including the *précompte* equalization tax and the minimum corporate income tax payment. Dexia Municipal Agency 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 recognized as a profit in the accounts of Dexia Credit Local. In 2001, Dexia Municipal Agency recorded a tax expense of EUR 14.9 million in the framework of the tax integration system.

4. NOTES TO THE ASSETS (EUR millions)

4.1 Interbank loans

Interbank loans can be broken down as follows:

	<i>Net amount as of 12/31/00</i>	<i>Net amount as of 12/31/01</i>
Sight	—	0.3
Time	0.2	0.1
TOTAL	0.2	0.4

Time interbank loans

a. *Accrued interest included in this item: 0.0*

b. *Analysis by residual maturity excluding accrued interest*

<i>Less than 3 months</i>	<i>3 months to 1 year</i>	<i>1 year to 5 years</i>	<i>More than 5 years</i>	<i>Total</i>
		0.1		0.1

c. *Analysis by initial maturity excluding accrued interest*

	<i>Net amount 12/31/00</i>	<i>Gross amount as of 12/31/01</i>	<i>Decrease in value as of 12/31/01</i>	<i>Net amount 12/31/01</i>
Commitments of less than 1 year				
Commitments of more than 1 year	0.2	0.1		0.1
TOTAL	0.2	0.1		0.1

4.2 Client loans

Client loans are classified in "Other client loans" and are not eligible for central bank refinancing.

a. *Accrued interest included in this item: 547.7*

b. *Analysis by residual maturity excluding accrued interest*

<i>Less than 3 months</i>	<i>3 months to 1 year</i>	<i>1 year to 5 years</i>	<i>More than 5 years</i>	<i>Total</i>
814.4	1,619.2	8,746.2	11,358.7	22,538.5

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

<i>ECONOMIC SECTOR</i>	<i>Amount as of 12/31/00</i>	<i>Amount as of 12/31/01</i>
Public sector	15,221.7	21,846.4
Other sectors*	755.3	692.1
TOTAL	15,977.0	22,538.5

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

d. Analysis by initial maturity excluding accrued interest

	Net amount 12/31/00	Gross amount as of 12/31/01 ⁽¹⁾	Decrease in value as of 12/31/01	Net amount 12/31/01
Commitments of less than 1 year				
Commitments of more than 1 year	15,977.0	22,538.7	(0.2)	22,538.5
TOTAL	15,977.0	22,538.7	(0.2)	22,538.5

(1) Including non-performing loans: EUR 1.6 million

4.3 Bonds and other fixed income securities

a. Accrued interest included in this item: 10.6

b. Analysis by residual maturity excluding accrued interest

Less than 3 months	3 months to 1 year	1 year to 5 years	More than 5 years	Total
	38.7	165.7	702.3	906.7

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

<u>ISSUER'S ECONOMIC SECTOR</u>	Amount as of 12/31/00	Amount as of 12/31/01
Public sector	288.8	906.7
Other sectors		
TOTAL	288.8	906.7

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

	Amount as of 2/31/01
Listed securities	851.7
Other securities	55.0
TOTAL	906.7

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

<u>PORTFOLIO</u>	Gross amount as of 12/31/00	Increases	Decreases	Reductions in securities as of 12/31/01	Amount as of 12/31/01
TS					
SAS					
IS	288.8	627.9	10.0		906.7
	288.8	627.9	10.0		906.7

Portfolio: TS: Trading securities

SAS: Securities available for sale, liquidity support

IS: Investment securities

4.4 Accruals and other assets

	<i>Amounts as of 12/31/00</i>	<i>Amount as of 12/31/01</i>
Deferred premiums on hedging transactions	8.8	78.3
Deferred charges on bond issues	18.7	62.5
Deferred charges on hedging transactions	17.4	0.0
Deferred premiums on acquisition of loans from Dexia Credit Local	333.0	505.8
Other deferred charges	0.5	3.2
Accrued interest not yet due on hedging transactions.....	624.3	941.2
Translation adjustments.....	27.7	160.0
Other accrued income	0.3	—
TOTAL	1,030.7	1,751.0

4.5 Total assets

Analysis by original currency

	<i>Amount in original currency as of 12/31/01</i>	<i>Amount in EUR as of 12/31/01</i>
Assets in EUR.....	21,138.6	21,138.6
Assets in CHF.....	1,655.5	1,116.4
Assets in GBP	344.7	566.5
Assets in JPY	12,198.2	105.8
Assets in USD.....	2,492.2	2,827.8
TOTAL	25,755.1	25,755.1

5. NOTES TO THE LIABILITIES (EUR millions)

5.1 Interbank loans and deposits with undetermined maturity

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 and, in particular, to the financing of loans prior to issuance.

The account will exist between Dexia Credit Local and Dexia Municipal Agency as long as Dexia Municipal Agency is authorized to operate as a *société de crédit foncier* and acquires or grants loans to public sector entities.

This source of financing does not benefit from the *Privilège* defined in Article L.515-19 of the Monetary and Financial Code.

	<i>Amount as of 12/31/00</i>	<i>Amount as of 12/31/01</i>
Balance of current account	5,068.9	3,721.5
Accrued interest not yet due on the current account	20.8	9.1
Balance of a secondary account related to the current account	30.3	—
Accrued interest not yet due on the secondary account	0.8	—
TOTAL	5,120.8	3,730.6

5.2 Client deposits

	<i>Amount as of 12/31/00</i>	<i>Amount as of 12/31/01</i>
Other deposits – Sight	—	—
Other deposits – Time	—	0.8
TOTAL	—	0.8

5.3 Debt securities

- a. *Accrued interest included in this item: 613.0*
b. *Analysis by residual maturity excluding accrued interest*

<i>TYPE OF SECURITIES</i>	<i>Less than 3 months</i>	<i>3 months to 1 year</i>	<i>1 year to 5 years</i>	<i>More than 5 years</i>	<i>Total</i>
<i>Obligations Foncières</i>	500.0	113.5	10,450.4	8,569.6	19,633.5

- c. *Changes during the year excluding accrued interest*

<i>Gross amount as of 12/31/00</i>	<i>Increases</i>	<i>Decreases</i>	<i>Reductions of securities as of 12/31/01</i>	<i>Amount as of 12/31/01</i>
10,954.6	8,678.9			19,633.5

5.4 Other liabilities

	<i>Amount as of 12/31/00</i>	<i>Amount as of 12/31/01</i>
Cash received as collateral.....	77.9	102.8
Accrued interest not yet due on cash received as collateral	—	0.2
Taxes other than on income	10.4	5.6
TOTAL	88.3	108.6

5.5 Accruals and other liabilities

	<i>Amount as of 12/31/00</i>	<i>Amount as of 12/31/01</i>
Deferred discounts on hedging swaps	99.7	158.7
Deferred income on loans	17.1	52.1
Discounts recorded on acquisition of loans from Dexia Credit Local	161.5	156.0
Other deferred income	—	114.4
Accrued interest not yet due on hedging swaps	638.2	730.5
Other accrued charges	7.3	9.5
TOTAL	923.8	1,221.2

5.6 Reserves for contingencies and charges

This item includes reserves for medium- and long-term loan losses.

<i>Gross amount as of 12/31/00</i>	<i>Increases</i>	<i>Decreases</i>	<i>Gross amount as of 12/31/01</i>
1.9	1.9		3.8

5.7 Equity

	<i>Amount as of 12/31/00</i>	<i>Amount as of 12/31/01</i>
Capital stock	300.0	400.0
Additional paid-in capital		
Legal reserve	0.2	1.1
Retained earnings (+/-)	—	17.1
Translation adjustments		
Net income (+/-).	17.9	25.4
TOTAL	318.1	443.6

Capital stock is divided into 4,000,000 shares with a par value of EUR 100.

2000 income (EUR 17,952,918.57) was allocated as follows:

Legal reserve	897,645.92
Retained earnings	17,055,272.65

5.8 Total liabilities

Analysis by original currency

	<i>Amount in original currency as of 12/31/01</i>	<i>Amount in EUR as of 12/31/01</i>
Liabilities in EUR	21,138.6	21,138.6
Liabilities in CHF.....	1,655.5	1,116.4
Liabilities in GBP.....	344.7	566.5
Liabilities in JPY	12,198.2	105.8
Liabilities in USD.....	2,492.2	2,827.8
TOTAL		25,755.1

6. NOTES TO THE OFF-BALANCE SHEET ITEMS (EUR millions)

6.1 Commitments granted

	<i>Amount as of 12/31/00</i>	<i>Amount as of 12/31/01</i>
Financing commitments granted to clients	—	365.0
TOTAL	—	365.0

6.2 Commitments received

	<i>Amount as of 12/31/00</i>	<i>Amount as of 12/31/01</i>
Financing commitments received from credit institutions	80.5	—
<i>Currencies borrowed</i>	—	614.1
Guarantees received from credit institutions	11.5	64.4
Guarantees received from local governments on loans acquired from Dexia Credit Local	925.3	1,143.6
TOTAL	1,017.3	1,822.1

6.3 Foreign currency transactions

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

The items Currencies to receive and Currencies to deliver are composed of long currency swaps with intermediate payment flows corresponding to hedging transactions.

	<i>Amount as of 12/31/00</i>	<i>Amount as of 12/31/01</i>
Currencies to receive/Currencies to deliver	1,237.2	6,507.6
Currencies to deliver/Currencies to receive	1,209.6	6,347.6
TOTAL	2,446.8	12,855.2

6.4 Commitments on financial futures

Commitments related to unconditional interest rate-based financial futures are recorded at the face value mentioned in the contracts in accordance with CRB regulations n° 88-02 and n° 90-15.

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

<i>Type of transaction</i>	<i>Amount as of 12/31/00</i>	<i>Less than 1 year</i>	<i>1 year to 5 years</i>	<i>More than 5 years</i>	<i>Total as of 12/31/01</i>
Unconditional transactions	50,220.5	30,406.0 ⁽¹⁾	12,305.9 ⁽²⁾	24,192.3 ⁽³⁾	66,904.2
(1) of which future transactions:	7,009.3				
(2) of which future transactions:	182.5				
(3) of which future transactions:	1,226.0				
TOTAL	8,417.8				

These hedging transactions include specific hedging and overall exposure hedging transactions.

b. Analysis of interest rate transactions: specific hedging – overall exposure hedging

	<i>Amount as of 12/31/00</i>	<i>Amount as of 12/31/01</i>
Specific hedging.....	17,261.1	23,570.5
Overall exposure hedging	32,959.4	43,333.7
TOTAL	50,220.5	66,904.2

c. Analysis of interest rate transactions by product type

	<i>Amount as of 12/31/00</i>	<i>Amount as of 12/31/01</i>
Interest rate swap	50,220.5	66,904.2
Forward rate agreements	—	—
Interest rate option	—	—
TOTAL	<u>50,220.5</u>	<u>66,904.2</u>

d. Analysis of interest rate transactions by position management

	<i>Amount as of 12/31/00</i>	<i>Amount as of 12/31/01</i>
Isolating open positions	—	—
Specialist trading portfolio management	50,220.5	66,904.2
TOTAL	<u>50,220.5</u>	<u>66,904.2</u>

7. NOTES TO THE STATEMENT OF INCOME (EUR millions)

Dexia Municipal Agency has no salaried employees in accordance with Article L.515-22 of the Monetary and Financial Code. In the framework of its management contract, Dexia Credit Local conducts all operations, transactions and functions of any sort on behalf of Dexia Municipal Agency.

In addition, particular management contracts grant Kommunalkredit the management of loans (payment collection) in Austria.

General operating expense can be broken down as follows.

	<i>Amount as of 12/31/01</i>
Corporate income tax and other taxes	2.2
Other general operating expense	32.4
(This item mainly includes the management commission billed by Dexia Credit Local to Dexia Municipal Agency in the framework of a management contract signed by the two companies. In 2001, the corresponding expense was EUR 31.1 million)	
TOTAL	<u>34.6</u>

Commissions can be broken down as follows.

	<i>Amount as of 12/31/01</i>
COMMISSION INCOME	0.1
From interbank transactions	0.1
COMMISSION EXPENSE	0.1
From securities transactions	<u>0.1</u>

Risk cost can be broken down as follows.

	<i>Amount as of 12/31/01</i>
Allowance for non-performing loans	<u>0.1</u>

STATUTORY AUDITORS' REPORT

Financial Statements – Year ended December 31, 2001

(Translated from French into English)

In compliance with the assignment entrusted to us by your shareholders' annual general meeting, we hereby report to you, for the year ended 31 December 2001, on:

- the audit of the accompanying financial statements of Dexia Municipal Agency,
- the specific verifications and information required by law.

These financial statements have been approved by the Executive Board. Our role is to express an opinion on these financial statements based on our audit.

1 Opinion on the financial statements

We conducted our audit in accordance with the professional standards applied in France. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements give a true and fair view of the company's financial position and its assets and liabilities as of December 31, 2001, and of the results of its operations for the year then ended in accordance with accounting principles generally accepted in France.

2 Specific verifications and information

We also performed the specific verifications required by law in accordance with the professional standards applied in France.

We have no comment as to the fair presentation and the conformity with the financial statements of the information given in the management report of the Executive Board, and in the documents addressed to the shareholders with respect to the financial position and the financial statements.

Paris, March 28, 2002

Statutory Auditors

Daniel Butelot

Olivier Avril

Guillaume Potel

Anne Veaute

MANAGEMENT REPORT

Dexia Municipal Agency

Fiscal Year 2001

1 BRIEF NOTE ON THE HISTORY OF THE COMPANY

CHANGES IN THE LAW GOVERNING *SOCIÉTÉS DE CRÉDIT FONCIER*

Dexia Municipal Agency (Dexia MA) is a *société de crédit foncier* created in October 1999. 2001 was its second full year of operation.

Sociétés de crédit foncier (SCF) are governed by the law of 1999, the Articles of which have since been incorporated into the *Code monétaire et financier* (Articles L.515-13 and following).

The MURCEF law voted in December 2001 modified Articles L. 515-14, L.515-15 and L.515-16, certain of which directly concern Dexia MA and will have a favorable impact on its future activity.

- Assets of public-sector entities (States, local governments, public-sector institutions) in the United States, Canada, Switzerland and Japan are now authorized in addition to those in the European Economic Space as stipulated in the original law.
- Bonds issued by these public-sector entities are considered as loans to these same entities, under the condition that they be acquired with the intention to hold them to maturity.

Sociétés de crédit foncier have the legal status of credit institutions with the capacity to grant and take out loans as authorized by this status, but they are managed in a particular manner which makes them more like securitization vehicles. For example, the law stipulates that *sociétés de crédit foncier* cannot have any employees and that management must be delegated. Article L.515-23 of the *Code monétaire et financier* stipulates that “management and the collection of loans, bonds or other resources mentioned in Article L.515-13 can only be done by a credit institution linked by contract to the *société de crédit foncier*.”

From the beginning, a management contract empowered the parent company, Dexia Credit Local, to conduct all operations, transactions and functions for Dexia MA in all fields, from loan origination to the publication of the financial statements.

In 2001, Dexia MA successfully participated with Kommunalkredit AG in two tenders to refinance housing loans entirely guaranteed by an Austrian Land. Subsequent to these operations, the collection of financial flows from an Austrian debtor was entrusted by contract to Kommunalkredit AG.

Dexia Credit Local has a 49% equity interest in Kommunalkredit AG.

2 ASSETS OF DEXIA MA

As of December 31, 2001, the assets of Dexia MA were composed of EUR 22,538 million in loans and EUR 905 million in securities on entities belonging to the European Economic Space.

The French public sector represented the largest portion with 99% of the loans. Conversely, 95 per cent. of the securities concerned Italian public-sector entities.

Loans to local governments or entirely guaranteed by them.

	<i>as of 12/31/ 2000</i>	<i>as of 12/31/ 2001</i>
	<i>(millions of euros)</i>	
FRANCE		
Regions	1,218.4	1,291.1
Departments	3,325.2	3,468.7
Municipalities	6,789.1	10,717.6
Groups of municipalities	2,613.5	4,124.3
Public sector entities	1,771.5	2,408.5
Loans guaranteed by local governments	259.3	302.8
Total France	15,977.0	22,313.0
AUSTRIA		
Loans guaranteed by local governments		220.6
ITALY		
Municipalities		5.0
TOTAL LOANS	15,977.0	22,538.6

In addition to this amount of EUR 22,538.6 million, the balance sheet includes EUR 547.7 million in related assets for a total of EUR 23,086.3 million in customer loans.

Securities issued by public sector entities

	<i>as of 12/31/ 2000</i>	<i>as of 12/31/ 2001</i>
	<i>(nominal in millions of euros)</i>	
FINLAND-STATE		7.6
FRANCE		
Departments		3.0
Municipalities		28.5
Total FRANCE		31.5
ITALY-STATE		371.8
Regions	276.3	358.5
Municipalities	10.3	71.8
ABS (*)		55
Total ITALY	286.6	857.1
PORTUGAL		
Regions		8.5
TOTAL SECURITIES	<u>286.6</u>	<u>904.7</u>

(*) ABS rated AAA, composed entirely of loans to local governments. In addition to this amount of EUR 904.7 million, the balance sheet includes EUR 2 million in premiums/discounts and EUR 10.6 million in related assets for a total de EUR 917.3 million in securities.

The quality of these assets corresponds to the risk of public-sector entities in these countries, which is very low. The amount of non-performing loans giving rise to a provision at the end of 2001 was negligible (EUR 183,000).

The average life of the assets (loans and securities) was 6.7 years

3 DEBT BENEFITING FROM THE *PRIVILÈGE* CONFERRED BY THE LAW

In 2001, Dexia MA organized 18 issues of *obligations foncières* for a total of EUR 9 billion. These issues were equally divided between the two semesters, EUR 4.8 billion in the first half and EUR 4.2 billion in the second.

As announced, the main strategic objective was to broaden the investor base, particularly by attracting investments in currencies other than euros. Issues in 2001 can be broken down by currency as follows: euros: 57%; US eurodollars: 31%; pound sterling: 6%; Swiss francs: 4.4%; other: 1.6%, including an issue in Canadian dollars and issues in yen for smaller sums.

In the euro market, the primary goal was to increase the liquidity of existing lines, while creating new tranches. Pre-existing maturities of 26/04/2005 and 26/04/2010 were increased to EUR 3 billion, making them eligible for the Euro Credit MTS trading platform, an additional boost for liquidity.

In addition, a new major tranche was created for 12/01/2007 with an issue of EUR 2 billion.

In the US eurodollar market, two major issues were organized, one of USD 1 billion for three years in the first half, and the other of USD 1 billion for five years in the second half. The second issue particularly appealed to Asian investors and central banks.

In the pound sterling market, two issues were organized, one of which totaled GBP 125 million (EUR 205 million) for 25 years and was designed for British institutional investors. This issue was a first whatever the instrument: Pfandbriefe, lettres de gages, cédulas hipotecarias.

In Swiss francs, the first diversification target last year, Dexia MA launched two new issues for a total of CHF 600 million (EUR 407 million).

Finally, in Canadian dollars, a first issue of CAD 100 million (EUR 71 million) was launched at the end of 2001, with payment at the beginning of 2002.

In light of spreads on Euribor swaps, Dexia MA issues achieved the general objective the company had set for 2001, with a rather favorable period at the beginning of the year and a trend to widening in the second

half. The position of Dexia MA in this sector, in comparison with *Pfandbriefe* in particular, continued to improve and Dexia MA's spreads were often narrower.

Total outstanding issues at the end of December 2001 (billions of euros)

Years	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	Beyond	Total
Jumbo.....	0.5	1.5	2.1	3.0	3.1	3.0			3.0				16.2
<0,5.....	0.1	0.1		0.2	0.4	0.9		0.3	0.6	0.5	0.2	0.6	3.9
Total.....	0.6	1.6	2.1	3.2	3.5	3.9		0.3	3.6	0.5	0.2	0.6	20.1

(N.B.: total issued at year end 2001: EUR 20.1 billion, of which EUR 0.6 billion paid at the beginning of 2002)

(A detailed table of issues is presented in the "Other information" section, after the notes on the statement of income).

The average life of issues as of December 31, 2001, was 5.14 years.

The total amount of issues on the balance sheet as of December 31, 2001, was EUR 19.6 billion. The difference with the above table corresponds to the EUR 0.6 billion issued at the end of 2001 for which payment was received at the beginning of 2002 and, for the rest, to net issue premiums and the accounting impact of translation adjustments on the basis of December 31 exchange rates.

4 OTHER DEBT THAT DOES NOT BENEFIT FROM THE LEGAL *PRIVILÈGE* CONFERRED BY ARTICLE L.515-19 OF THE *CODE MONÉTAIRE ET FINANCIER*

According to Article L.515-13 of the *Code monétaire et financier*, *sociétés de crédit foncier* may also finance their activity by issuing debt securities which do not benefit from the *Privilège*.

Dexia MA maintained its policy in this respect, by which Dexia MA would have only a single debt which did not benefit from the *Privilège*, the current account agreement signed with its parent company, Dexia Credit Local.

This agreement allows Dexia MA to withdraw from the account the funds it needs. The account has no ceiling and its use may not be canceled by Dexia Credit Local as long as Dexia MA operates as a *société de crédit foncier*. The needs of Dexia MA financed by this account fall into two categories:

- structural over-collateralization due to stress scenarios piloted by rating agencies; over-collateralization stood at approximately 5% of the assets, which may increase from time to time to reflect amortization profiles in the assets and liabilities benefiting from the *Privilège*;
- financing of assets pending new issues; as of December 31, 2001, issues had been launched and not yet paid in the amount of EUR 608 million and a program was being prepared for several issues totaling approximately EUR 1.2 billion.

In 2001, financing organized through this account revealed the following trend (millions of euros):

31/12/00: 5,120; 31/03/01: 3,336; 30/06/01: 933; 30/09/01: 5,031; 31/12/01: 3,730.

5 COMMITMENT GRANTED AND COMMITMENTS RECEIVED

Financing commitments granted totaled EUR 365 million on the balance sheet, corresponding to loans signed with local governments and not yet paid out as of December 31, 2001. This item did not exist at the end of December 2000, since it was only in 2001 and particularly in the fourth quarter that Dexia MA's balance sheet began to be supplied directly with loans contracted by Dexia Credit Local or other group companies operating under mandate on behalf of Dexia MA.

Commitments received totaled EUR 1.8 billion on the balance sheet.

This amount included EUR 0.6 billion for issues launched at the end of 2001 and not yet paid (see table of issues at the end of the "Other information" section) and EUR 1.2 billion which are basically guarantees given by public-sector entities for social housing loans.

6 HEDGING INTEREST RATE RISKS

Interest rate risk management policy remained the same as in the previous year. It is designed to protect Dexia MA from the impact of fluctuations in interest rates on its assets and debt benefiting from the *Privilège*, and consequently on its operating results.

Hedging guidelines have been clearly defined in a policy paper since the company began operations. These guidelines set very low sensitivity limits with regard to the size of the balance sheet (see below).

Interest rate risk management involves two levels of hedging.

At the first level, most of the assets and liabilities are in Euribor either naturally or subsequent to a fixed rate swap against three-month Euribor (Dexia MA's account with Dexia Credit Local is indexed on Eonia, and certain hedging swaps go directly from fixed rate to Eonia).

This first level thus includes items from the following sources:

- issues of fixed rate *obligations foncières* that are subject to specific hedging swaps at launch;
- customer loans naturally in Euribor (no swap);
- loans based on various indexes that are subject to specific hedging swaps when the customer contracts the loan;
- fixed rate loans which give rise to overall exposure hedging swaps to three-month Euribor.

Overall exposure hedging swaps to Euribor cannot fully hedge against long-term interest rate risk. The unhedged residual part is evaluated on the basis of an average gap on a 30 year scale. When the company was created, the Executive Board set a maximum sensitivity limit of EUR 5 million. After consulting rating agencies, this limit was raised to EUR 10 million in the second half of 2001, to keep pace with the growth of the balance sheet, which exceeded EUR 18 billion in the first half.

(N.B. the limit represents the change in the net present value of the results of the unhedged fixed rate gap under the impact of an unfavorable 1% shift in the yield curve).

Results are summarized in the following tables:

2001	<i>First quarter</i>	<i>Second quarter</i>	<i>Third quarter</i>	<i>Fourth quarter</i>
Average	0.10	(0.75)	(1.79)	1.27
Maximum.....	1.03	0.16	2.26	2.06
Minimum	(0.67)	(1.73)	(9.34)	0.38
Limit	5	5	10	10

At the second level, all the lending and borrowing flows are swapped against Eonia.

In addition to balance sheet items that are naturally in Eonia, as mentioned above, all Euribor flows from the first level are swapped against Eonia in overall exposure hedging swaps to eliminate the interest rate risk generated by the differences in due dates of the Euribor flows. Overall exposure hedging swaps leave an unhedged rate risk that is calculated for every day on a 12-month sliding scale. The authorized sensitivity limit was set at EUR 2.5 million when the company was created, and has not been modified.

2001	<i>First quarter</i>	<i>Second quarter</i>	<i>Third quarter</i>	<i>Fourth quarter</i>
Average	(0.07)	0.07	(0.12)	(0.20)
Maximum.....	0.16	0.25	0.22	0.23
Minimum	(0.57)	(0.36)	(0.50)	(0.44)
Limit	2.5	2.5	2.5	2.5

Outstanding balance sheet interest rate swaps can be broken down as follows (billions of euros):

First level:

specific hedging swaps on issues of <i>obligations foncières</i> against Euribor:.....	16.1
specific hedging swaps on customer loans and securities against Euribor:.....	7.5
overall exposure hedging swaps on fixed rate loans against Euribor:.....	13.7

Second level:

overall exposure hedging swaps Euribor against Eonia:.....	29.6
--	------

7 FOREIGN EXCHANGE RISKS

Dexia MA's management policy is to take no foreign exchange risks.

When an *obligation foncière* is issued in a currency other than the euro, the original currency is swapped against euros at issue, at the same time the fixed rate is swapped against three-month Euribor.

There is a small percentage of loans in the assets denominated in currencies other than the euro which are the object of currency swaps when they enter Dexia MA's balance sheet. The same holds true for securities in foreign currencies.

The notional amount of currency swaps as of December 31, 2001, was:

- EUR 5.9 billion on issues of *obligations foncières*,
- EUR 0.2 billion for customer loans,
- EUR 0.2 billion for securities.

8 STATEMENT OF INCOME

The statement of income is presented in the following table:

(NB: In 1999, the company only operated in the fourth quarter.)

STATEMENT OF INCOME	1999	2000	2001
	(fourth quarter)		
	(EUR thousands)		
Interest received on customer loans and securities (net of interest from specific hedging swaps)	44 392	634 411	1 008 963
less:			
Interest on <i>obligations foncières</i> (net of interest from specific hedging swaps)	(16 299)	(324 467)	(694 355)
Interest on the account with Dexia Credit Local.....	(15 390)	(207 588)	(145 838)
Interest on overall exposure hedging swaps:			
<i>interest received</i>	55 924	876 414	1 277 488
<i>interest paid</i>	(59 369)	(924 820)	(1 369 354)
<i>net interest</i>	(3 445)	(48 406)	(91 866)
Commissions received	0	0	72
Commissions paid.....	0	(22)	(61)
Income from financial transactions	0	(8)	98
Other banking income	0	0	6
NET BANKING INCOME	9 258	53 920	77 019
Total general operating expense	(2 563)	(21 475)	(32 376)
(of which Dexia Credit Local's management contract)	(1 839)	(20 571)	(31 100)
Taxes	0	(1 443)	(2 184)
OPERATING INCOME BEFORE ALLOWANCES	6 695	31 002	42 459
Cost of risk	0	0	(138)
OPERATING INCOME AFTER ALLOWANCES	6 695	31 002	42 321
Corporate income tax	(2 544)	(11 499)	(14 938)
Regulated provisions on medium- and long-term loans	(335)	(1 550)	(1 934)
NET INCOME	3 816	17 953	25 449

9 PROPOSED APPROPRIATION OF NET INCOME

In 2000, the company distributed, on the basis of 1999 net income, a dividend of EUR 3,600,000, representing a dividend of EUR 1.20 per share.

In 2001, on the basis of 2000 net income, no dividend was distributed.

The Annual Shareholders' Meeting will be asked to vote to allocate 2001 net income to retained earnings.

Net income for the year 2001	25,449,059.13
Allocated to the legal reserve (5%).....	1,272,452.96
2001 income available for distribution.....	24,176,606.17
Prior retained earnings.....	17,079,179.08
Retained earnings after appropriation	41,255,785.25

10 OUTLOOK FOR THE YEAR 2002

The majority of the assets of Dexia MA will continue to come from the activity of Dexia Credit Local in France, with the new loans negotiated in 2002 and transfers from the existing stock of loans.

The extension of asset acquisition to other European countries in which Dexia Credit Local operates, a move which just started in 2001, should be significant in 2002. The trend is expected to concern Switzerland, Sweden, Italy through Dexia Crediop, Spain with Dexia Sabadell Banco Local and Austria with Kommunalkredit SA.

Finally, the project to refinance Belgian loans in cooperation with Dexia Bank, originally planned for 2001, should take place in 2002.

In addition, the possibility offered by the law, per the new provisions of December 2001, to consider as loans bonds issued by public-sector entities (when these securities are acquired to be held until maturity) will enable Dexia MA to expand its refinancing activity to countries in which government entities regularly issue listed or unlisted securities.

The accomplishment of these objectives should raise outstandings to approximately EUR 33 billion at the end of 2002.

In shareholders' equity and liabilities, Dexia MA plans to continue its efforts to increase the market liquidity of its *obligations foncières*, in particular creating new jumbo maturities.

The broadening of the investor base interested in Dexia MA's *obligations foncières* remains a strategic focus. At the beginning of 2002, an Australian dollar EMTN program was signed and a first issue was launched in the amount of 350 million Australian dollars (EUR 206 million) for five years with a maturity of October 2007.

An issue of EUR 240 million was organized for seven years with a maturity of February 2009.

Finally, a first jumbo issue maturing in 15 years was launched in the amount of EUR 750 million for February 2017.

The trend to wider spreads on Euribor swaps, already noticeable in the second half of 2001, is more marked at the beginning of 2002. Spreads on Dexia MA's *obligations foncières* seem to grow relatively less than spreads on other *obligations foncières* and *Pfandbriefe* also rated AAA.

This market trend simultaneously reflects a long-term trend and a cyclical movement. If the cyclical movement were considered to be predominant in the present trend, this would be a reason to reduce the volume of issues planned.

Nevertheless, and despite this factor of uncertainty, the objective of Dexia MA is to issue approximately 10 billion euros in 2002.

11 CHANGES IN CAPITAL IN 2001

As of December 31, 2000, the capital totaled EUR 300 million.

As of December 31, 2001, the capital was EUR 400 million. The capital increase authorized by the Ordinary and Extraordinary Shareholders' Meeting of May 10, 2001, took place in September 2001 in cash. The company's capital is almost totally owned by Dexia Credit Local (99.99%).

12 CAPITAL INCREASE

In order to allow the company to pursue its development, a capital increase in the amount of EUR 50,000,000 is planned for the end of the year 2002.

The next shareholders' meeting will be a combined ordinary and extraordinary shareholders' meeting. It will be called to approve the accounts for the year 2001 under the quorum conditions of an ordinary shareholders' meeting and the capital increase and the modification of Article 2 of the by-laws under the quorum conditions of an extraordinary shareholders' meeting.

OTHER INFORMATION

Dexia Municipal Agency was authorized to operate as a *société de crédit foncier* on July 23, 1999, by the *Comité des Etablissements de Crédit et des Entreprises d'Investissement* (CECEI).

It is therefore subject to the regulations governing credit and investment companies.

In addition, *sociétés de crédit foncier* are governed by Book V, Title I, Chapter 5, Section IV of the Monetary and Financial Code and by the decree n° 99-655 of July 29, 1999, issued in application of Articles L.515-13 and L.515-21 of the Monetary and Financial Code and the decree n° 99-710 of August 3, 1999, issued in application of Title IV of the second part of the same law (Articles L.515-14, L.515-15 and L.515-16 were modified by Article 31 of the MURCEF law of December 11, 2001).

The required documents with regard to the following ratios are currently established on a consolidated basis by Dexia Credit Local which owns 99.99% of the capital of Dexia Municipal Agency:

- capital adequacy ratio,
- major exposure.

However, the liquidity ratio and the equity to long-term funds ratio are calculated on the basis of data presented in the financial statements of Dexia Municipal Agency. In 2001, Dexia Municipal Agency had a monthly liquidity ratio of more than 100%; as of December 31, 2001, it was 7,686%. The shareholders' equity to long-term funds ratio stood at 66.08%.

Pursuant to Article L.515-20 of the Monetary and Financial Code and Article 6 of the CRBF regulation n° 99-10 of July 27, 1999, Dexia Municipal Agency's total assets must always exceed liabilities benefiting from the *Privilège* referred to in Article L.515-19 of the Monetary and Financial Code.

As of December 31, 2001, the coverage ratio was 118.69%.

Sources and applications of funds (EUR millions)

	<u>2001</u>
1 – SELF-FINANCING	
CHANGE IN SHAREHOLDERS' EQUITY (A1)	100.0
NET INCOME (A2)	25.4
Amortization and depreciation	
Allowances	2.1
Recoveries of allowances	
NET AMORTIZATION, DEPRECIATION AND ALLOWANCES (B)	2.1
CASH FLOW (C)	127.5
(A1) + (A2) + (B)	
TOTAL DIVIDEND (D)	
NET FINANCING (E) = (C) – (D)	127.5
2 – INVESTMENTS	
CHANGE IN INTANGIBLE ASSETS AND PROPERTY AND EQUIPMENT, AT COST (F)	
INTERNALLY GENERATED FINANCING (G) = (E) – (F)	127.5
3 – EXTERNAL SOURCES OF FUNDS	
Change in subordinated debt	
Change in customer deposits (guarantees)	0.8
Change in debt securities	8,967.3
Change in deposits (foreign currencies and French francs)	
Change in accruals and other liabilities	297.4
Change in other liabilities	20.2
Change in loan contracts	(31.1)
Change in client deposits	
CHANGE IN EXTERNAL RESOURCES OF FUNDS (H)	9,254.6
TOTAL SOURCES OF FUNDS (I) = (G) + (H)	9,382.1
4 – USES OF FUNDS	
Change in client loans	6,675.0
Change in interbank loans and money market securities	0.1
Change in accruals and other assets	720.3
Change in other assets	
Change in investments in subsidiaries and affiliates, at cost	
Change in marketable securities and investment securities, at cost	627.6
Change in issue and call premiums	
(assets and liabilities netted off)	
TOTAL USES OF FUNDS (J)	8,023.0
NET SOURCES (USES) OF FUNDS (K) = (I) – (J)	1,359.1
5 – CASH AND CASH EQUIVALENTS	
Change in current accounts (a)	(1,359.1)
Change in Trésor Public issue account	
CASH AND CASH EQUIVALENTS	<u><u>(1,359.1)</u></u>

- (a) This amount corresponds to the change in the account opened with Dexia Credit Local, for which the financing conditions are described in note 5.1.

Statements of income for the last five years (EUR thousands)

	1998	1999	2000	2001
Financial position				
– Capital.....	38	300,000	300,000	400,000
– Number of shares	2,500	3,000,000	3,000,000	4,000,000
Results of operations				
– Revenues.....	N.S.	44,392	635,073	1,019,526
– Income before income tax, amortization, depreciation and allowances net of recoveries ..	(2)	6,695	31,002	42,458
– Corporate income tax	N.S.	2,543	11,499	14,938
– Net income	(2)	3,816	17,953	25,449
– Dividend ⁽¹⁾	N.S.	3,600	0	0
Per share data				
– Revenues.....	N.S.	14.80	211.69	254.88
– Income before income tax, amortization, depreciation and allowances net of recoveries ..	N.S.	1.38	6.51	6.88
– Corporate income tax	N.S.	0.85	3.84	3.73
– Net income	N.S.	1.27	5.99	6.36
– Dividend per share	N.S.	1.20	0	0

(1) Proposed distribution.

N.S: Not Significant.

Dexia Municipal Agency has no salaried employees in accordance with Article L.515-22 of the Monetary and Financial Code.

Coverage ratio (EUR millions)

Pursuant to Article L.515-20 of the Monetary and Financial Code and Article 6 of the CRBF regulation n° 99-10 of July 27, 1999, the total assets of *sociétés de crédit foncier* must always exceed liabilities benefiting from the *Privilège* referred to in Article L.515-19 of the Monetary and Financial Code.

Assets covering sources of funds benefiting from the Privilège

(weighted amounts)

	12/31/01 EUR millions
Securities	807.3
Receivables related to these securities.....	9.1
Other Class 1 assets.....	0.1
Loans to public sector entities	22,537.2
Receivables related to these loans	547.7
Asset-backed securities that meet the conditions of paragraph 2.a of the appendix to regulation n° 99-10	56.0
Class 3 accruals	1,101.3
Total assets	<u>25,058.7</u>

Sources of funds benefiting from the Privilège defined in Article L.515-19 of the Monetary and Financial Code

	12/31/01 EUR millions
<i>Obligations Foncières</i>	19,656.6
Liabilities related to these securities.....	613.0
Amounts owed under the contract provided for in Article L.515-22 of the Monetary and Financial Code	9.1
Amounts owed for financial futures benefiting from the <i>Privilège</i> defined in Article L.515-19 of the Monetary and Financial Code	834.0
Total liabilities.....	<u>21,112.7</u>
COVERAGE RATIO	<u>118.69 per cent.</u>

List of bonds issued by Dexia Municipal Agency with stock exchange on which listed

<i>Description of securities</i>	<i>currency</i>	<i>Nominal amount in the currency</i>	<i>Outstanding as of 12/31/01 (EUR millions)</i>	<i>Redemption value (EUR millions)*</i>	<i>Final due date</i>	<i>Stock exchange</i>
5.00% – 26/04/05	EUR	1,250,000,000	1,245	1,250	26/04/05	Several exchanges
5.50% – 26/04/10	EUR	1,250,000,000	1,236	1,250	26/04/10	Several exchanges
4.75% – 27/01/03	EUR	1,250,000,000	1,249	1,250	27/01/03	Several exchanges
Composite rate – 23/02/15 ..	EUR	30,000,000	30	30	23/02/15	Luxembourg
5.125% – 01/03/05	EUR	100,000,000	100	100	01/03/05	Luxembourg
5.50% – 26/04/10	EUR	500,000,000	488	500	26/04/10	Several exchanges
4.625% – 13/02/02	EUR	500,000,000	500	500	13/03/02	Luxembourg, Paris
5.00% – 26/04/05	EUR	750,000,000	745	750	26/04/05	Several exchanges
5.375% – 26/04/07	EUR	1,000,000,000	996	1,000	26/04/07	Luxembourg, Paris
Floater rate – 17/05/12	EUR	200,000,000	200	200	17/05/12	Paris
Composite rate – 24/05/10 ..	EUR	135,000,000	135	135	24/05/10	Paris
5.00% – 26/04/05	EUR	500,000,000	490	500	26/04/05	Several exchanges
Composite rate – 07/07/10 ..	EUR	15,000,000	15	15	07/07/10	Paris
Fixed rate 5.50% – 26/04/10	EUR	300,000,000	293	300	26/04/10	Several exchanges
Fixed rate 4.75% – 27/01/03	EUR	250,000,000	249	250	27/01/03	Several exchanges
Fixed rate 5.50% – 25/04/06	EUR	2,000,000,000	1,999	2,000	25/04/06	Several exchanges
5.25% – 21/02/11	EUR	250,000,000	254	250	21/02/11	Luxembourg
5.25% – 21/02/11	EUR	240,000,000	243	240	21/02/11	Luxembourg
5.50% – 26/04/10	EUR	250,000,000	253	250	26/04/10	Several exchanges
5.125% – 27/02/09	EUR	250,000,000	253	250	27/02/09	Luxembourg
5.00% – 26/04/05	EUR	500,000,000	502	500	26/04/05	Several exchanges
5.50% – 26/04/10	EUR	700,000,000	715	700	26/04/10	Several exchanges
4.50% – 21/06/04	EUR	1,000,000,000	996	1,000	21/06/04	Luxembourg, Paris
4.25% – 12/01/07	EUR	2,000,000,000	1,989	2,000	12/01/07	Luxembourg, Paris
SUBTOTAL	EUR	15,220,000,000	15,175	15,220		
4.00% – 08/03/10	CHF	500,000,000	339	311	08/03/10	Swiss exchanges
3.75% – 15/05/03	CHF	200,000,000	135	128	15/05/03	Swiss exchanges
4.375% – 22/12/06	CHF	200,000,000	135	129	22/12/06	Swiss exchanges
4.25% – 15/08/07	CHF	200,000,000	136	130	15/08/07	Swiss exchanges
4.00% – 08/03/10	CHF	200,000,000	134	128	08/03/10	Swiss exchanges
3.00% – 30/11/07	CHF	300,000,000	203	203	30/11/07	Swiss exchanges
SUBTOTAL	CHF	1,600,000,000	1,082	1,029		
7.40% – 24/08/20	JPY	2,000,000,000	17	20	24/08/20	None
7.10% – 24/08/20	JPY	2,000,000,000	17	20	24/08/20	None
1.715% – 27/02/11	JPY	5,000,000,000	43	47	27/02/11	None
2.315% – 08/08/16	JPY	3,000,000,000	26	28	08/08/16	Luxembourg
SUBTOTAL	JPY	12,000,000,000	103	115		
Floater rate – 15/11/02	USD	100,000,000	113	105	15/11/02	Luxembourg
5.5% – 23/01/04	USD	1,000,000,000	1,145	1,061	23/01/04	Luxembourg
6.3% – 01/02/06	USD	25,000,000	28	27	01/02/06	Luxembourg
Floater rate – 30/06/06	USD	200,000,000	227	222	30/06/06	Luxembourg
5.43% – 28/06/05	USD	50,000,000	57	57	28/06/05	Luxembourg
5.125% – 11/09/06	USD	750,000,000	862	826	11/09/06	Luxembourg
5.125% – 11/09/06	USD	250,000,000	286	280	11/09/06	Luxembourg
SUBTOTAL	USD	2,375,000,000	2,718	2,578		
5.50% – 16/07/26	GBP	125,000,000	203	206	16/07/26	Luxembourg
5.254% – 14/12/16	GBP	215,000,000	353	345	14/12/16	None
SUBTOTAL	GBP	340,000,000	556	551		
TOTAL			19,634	19,493		

* Determined by the interest rate and currency swap used to hedge the bond issue.

List of bonds negotiated by Dexia Municipal Agency in 2001 and issued in 2002

<i>Description of securities</i>	<i>currency</i>	<i>Nominal amount in the currency</i>	<i>Outstanding as of 12/31/01 (EUR millions)</i>	<i>Redemption value (EUR millions)*</i>	<i>Final due date</i>	<i>Stock exchange</i>
4.875% – 11/01/07	USD	300,000,000	343	334	11/01/02	Several exchanges
5.00% – 11/12/07	CAD	100,000,000	71	71	11/01/02	Several exchanges
3.00% – 30/11/07	CHF	300,000,000	200	204	27/01/03	Several exchanges
TOTAL			614	609		

* Determined by the interest rate and currency swap used to hedge the bond issue.

**DECLARATION DE SOUTIEN DE DEXIA CREDIT LOCAL,
FINANCIAL SUPPORT FROM DEXIA CREDIT LOCAL**

DECLARATION DE SOUTIEN

Paris, le 16 septembre 1999

Dans le cadre de sa politique de refinancement, le Crédit local de France a créé une société de crédit foncier, soumise aux dispositions du titre IV de la loi n° 99-532 du 25 juin 1999, dénommée Dexia Municipal Agency.

Le Crédit local de France détiendra durablement plus de 95% du capital de Dexia Municipal Agency.

Le Crédit local de France veillera à ce que Dexia Municipal Agency développe son activité dans le respect des conditions de la loi précitée et dispose des moyens financiers qui lui seront nécessaires pour faire face à ses obligations.

Crédit local de France

Jacques Guerber

Vice Président

Directeur Général

FINANCIAL SUPPORT

Prospective investors are required to note that the following translation from the French is given for information only. Only the French version of the déclaration de soutien shall be binding on the Issuer:

Paris, 16 September 1999

Within the scope of its refinancing policies, Crédit local de France has set up a *société de crédit foncier* governed by the provisions of Title IV of French law no. 99-532 of 25 June 1999, and named Dexia Municipal Agency.

Crédit local de France will hold over 95% of the share capital of Dexia Municipal Agency on a long-term basis.

Crédit local de France will ensure that Dexia Municipal Agency develops its business in compliance with the requirements imposed by the above-mentioned law, and benefits from the financial means necessary to meet its obligations.

Crédit local de France

Jacques Guerber

Vice President

General Manager

SUBSCRIPTION AND SALE

Subject to the terms and on the conditions contained in a distribution agreement dated 7 March, 2000 as amended by a first supplemental distribution agreement dated 12 April, 2001 and a second supplemental distribution agreement dated 22 May 2002 (the “**Distribution Agreement**”) between the Issuer, the Permanent Dealers and the Arrangers, the *Obligations Foncières* will be offered on a continuous basis by the Issuer to the Permanent Dealers (except to Dexia Municipal Agency). However, the Issuer has reserved the right to sell *Obligations Foncières* directly on its own behalf to Dealers that are not Permanent Dealers. The *Obligations Foncières* may be resold at prevailing market prices, or at prices related thereto, at the time of such resale, as determined by the relevant Dealer. The *Obligations Foncières* may also be sold by the Issuer through the Dealers, acting as agents of the Issuer. The Distribution Agreement also provides for *Obligations Foncières* to be issued in syndicated Tranches that are jointly and severally underwritten by two or more Dealers.

The Issuer will pay each relevant Dealer a commission as agreed between them in respect of *Obligations Foncières* subscribed by it. The Issuer has agreed to reimburse the Arrangers for their expenses incurred in connection with the establishment of the Programme and the Dealers for certain of their activities in connection with the Programme. The commissions in respect of an issue of *Obligations Foncières* on a syndicated basis will be stated in the relevant Pricing Supplement.

The Issuer has agreed to indemnify the Dealers against certain liabilities in connection with the offer and sale of the *Obligations Foncières*. The Distribution Agreement entitles the Dealers to terminate any agreement that they make to subscribe *Obligations Foncières* in certain circumstances prior to payment for such *Obligations Foncières* being made to the Issuer.

Selling Restrictions

France

Each of the Dealers and the Issuer has represented and agreed that it has not offered or sold and will not offer or sell, directly or indirectly, any *Obligations Foncières* by way of a public offering in France (an *appel public à l'épargne*, as defined in Article L. 411-1 of the French *Code monétaire et financier*).

If necessary these selling restrictions will be supplemented in the relevant Pricing Supplement.

United States

The *Obligations Foncières* have not been and will not be registered under the Securities Act. In addition, bearer Materialised *Obligations Foncières* having a maturity of more than one year are subject to U.S. tax law requirements. Subject to certain exceptions, *Obligations Foncières* may not be offered or sold within the United States or in the case of bearer Materialised *Obligations Foncières*, offered, sold or delivered within the United States or to U.S. person. Each Dealer has agreed that it will not offer or sell or, in the case of Materialised *Obligations Foncières* in bearer form, deliver the *Obligations Foncières* within the United States or, in the case of bearer Materialised *Obligations Foncières*, to U.S. persons.

The *Obligations Foncières* are being offered in reliance on Regulation S.

In addition, until 40 days after the commencement of the offering, an offer or sale of any identifiable Tranche of such *Obligations Foncières* within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

United Kingdom

Each Dealer has represented, warranted and agreed that:

- (i) in relation to *Obligations Foncières* which have a maturity of one year or more, it has not offered or sold and, prior to the expiry of a period of six months from the issue date of such *Obligations Foncières*, will not offer or sell any such *Obligations Foncières* to persons in the United Kingdom except to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or otherwise in circumstances which have not resulted and will not result in an offer to the public in the United Kingdom within the meaning of the Public Offers of Securities Regulations 1995
- (ii) in relation to any *Obligations Foncières* which must be redeemed before the first anniversary of the date of their issue, (a) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (b) it has not offered or sold and will not offer or sell any *Obligations Foncières* other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as

principal or agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the *Obligations Foncières* would otherwise constitute a contravention of section 19 of the Financial Services and Markets Act 2000 (the “FSMA”) by the Issuer

- (iii) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA received by it in connection with the issue or sale of any *Obligations Foncières* in circumstances in which section 21(1) of the FSMA does not apply to the Issuer and
- (iv) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to such *Obligations Foncières* in, from or otherwise involving the United Kingdom.

Germany

Each Dealer has agreed not to offer or sell *Obligations Foncières* in the Federal Republic of Germany other than in compliance with the Securities Selling Prospectus Act (*Wertpapier-Verkaufsprospektgesetz*) of 13 December, 1990 (as amended), or any other laws applicable in the Federal Republic of Germany governing the issue, offering and sale of securities.

Japan

The *Obligations Foncières* have not been and will not be registered under the Securities and Exchange Law of Japan (the “**Securities and Exchange Law**”). Accordingly, each of the Dealers has represented and agreed that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any *Obligations Foncières* in Japan or to a resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with the Securities and Exchange Law and other relevant laws and regulations of Japan. As used in this paragraph, “**resident of Japan**” means any person resident in Japan, including any corporation or other entity organised under the laws of Japan.

General

These selling restrictions may be modified by the agreement of the Issuer and the Dealers following a change in a relevant law, regulation or directive. Any such modification will be set out in the Pricing Supplement issued in respect of the issue of *Obligations Foncières* to which it relates or in a supplement to this Offering Circular.

No action has been taken in any jurisdiction that would permit a public offering of any of the *Obligations Foncières*, or possession or distribution of the Offering Circular or any other offering material or any Pricing Supplement, in any country or jurisdiction where action for that purpose is required.

Each Dealer has agreed that it will, to the best of its knowledge, comply with all relevant securities laws, regulations and directives in each jurisdiction in which it purchases, offers, sells or delivers *Obligations Foncières* or has in its possession or distributes the Offering Circular, any other offering material or any Pricing Supplement and neither the Issuer nor any other Dealer shall have responsibility therefore.

Each of the Dealers and the Issuer has represented and agreed that Materialised *Obligations Foncières* may only be issued outside France.

FORM OF PRICING SUPPLEMENT

The form of Pricing Supplement that will be issued in respect of each Tranche is set out below:

Pricing Supplement

[LOGO, if document is printed]

DEXIA MUNICIPAL AGENCY

Euro 35,000,000,000
Euro Medium Term Note Programme
for the issue of *Obligations Foncières*

SERIES NO: [●]

TRANCHE NO: [●]

[Brief Description and Amount of
Obligations Foncières]

Issue Price: [●] per cent

[Name(s) of Dealer(s)]

The date of this Pricing Supplement is [●].

This Pricing Supplement, under which the *obligations foncières* described herein (the “*Obligations Foncières*”) are issued, is supplemental to, and should be read in conjunction with, the original offering circular (the “*Offering Circular*”) dated 22 May 2002 issued in relation to the Euro 35,000,000,000 Euro Medium Term Note Programme of Dexia Municipal Agency for the issue of *Obligations Foncières*. Terms defined in the Offering Circular have the same meaning in this Pricing Supplement. The *Obligations Foncières* will be issued on the terms of this Pricing Supplement read together with the Offering Circular. The Issuer accepts responsibility for the information contained in this Pricing Supplement which, when read together with the Offering Circular, contains all information that is material in the context of the issue of the *Obligations Foncières*.

This Pricing Supplement does not constitute, and may not be used for the purposes of, an offer of, or an invitation by or on behalf of anyone to subscribe or purchase any of the *Obligations Foncières*.

[Except as disclosed in this document, there/There] has been no significant change in the financial or trading position of the Issuer or, Dexia Credit Local since [insert date of last audited accounts or interim accounts (if later)] and no material adverse change in the financial position or prospects of the Issuer or Dexia Credit Local since [insert date of last published annual accounts].¹

The Offering Circular, together with this Pricing Supplement, contains all information relating to the assets and liabilities, financial position, profits and losses of the Issuer or Dexia Credit Local which is material in the context of the issue and offering of the *Obligations Foncières* and nothing has happened which would require the Offering Circular to be [further] supplemented or to be updated in the context of the issue and offering of the *Obligations Foncières*.²

Signed:

Authorised Officer

[In connection with this issue, [name of Stabilising Agent] (the “Stabilising Agent”) or any person acting for him may over-allot or effect transactions with a view to supporting the market price of the *Obligations Foncières* at a level higher than that which might otherwise prevail for a limited period after the issue date. However, there may be no obligation on the Stabilising Agent or any agent of his to do this. Such stabilising, if commenced, may be discontinued at any time and must be brought to an end after a limited period.]³ [Any such transaction will be carried out in accordance with applicable laws and regulations.]

¹ N.B. If any such change is disclosed in the Pricing Supplement, it will require approval by the Stock Exchange(s). Consideration should be given as to whether or not such disclosure should be made by means of a supplemental Offering Circular rather than in a Pricing Supplement.

² An issue of *Obligations Foncières* must be authorised by a resolution of the general meeting of the shareholders of the Issuer; the general meeting of the shareholders may delegate their powers to the *Directoire* of the Issuer.

³ Delete if there is no Stabilising Agent.

[Include whichever of the following apply or specify as "Not Applicable" (N/A). Note that the numbering should remain as set out below, even if "Not Applicable" is indicated for individual paragraphs or subparagraphs. Italics denote directions for completing the Pricing Supplement.]

() indicates the definitions, which are obligatory for all Obligations Foncières.*

- | | | |
|----|--|--|
| 1 | Issuer: | Dexia Municipal Agency |
| 2 | (i) Series Number (*): | [●] |
| | (ii) [Tranche Number (*): | [●] |
| | (If fungible with an existing Series, details of that Series, including the date on which the <i>Obligations Foncières</i> become fungible.) | |
| 3 | Specified Currency or Currencies (*): | [●] |
| 4 | Aggregate Nominal Amount (*): | |
| | (i) Series (*): | [●] |
| | (ii) Tranche (*): | [●] |
| 5 | (i) Issue Price (*): | [●] per cent. of the Aggregate Nominal Amount [plus accrued interest from [insert date] (in the case of fungible issues only, if applicable) |
| | (ii) [Net proceeds: | [●] (Required only for listed issues) |
| 6 | Specified Denominations (*): | [●] (one denomination only for Dematerialised Obligations Foncières) |
| | | [●] |
| 7 | (i) Issue Date (*): | [●] |
| | (ii) [Interest Commencement Date (if different from the Issue Date): | [●] |
| 8 | Maturity Date (*): | [specify date or (for Floating Rate Obligations Foncières) Interest Payment Date falling in the relevant month and year] |
| 9 | Interest Basis (*): | [●] per cent. Fixed Rate] |
| | | [specify reference rate] +/- [●] per cent. Floating Rate] |
| | | [Zero Coupon] |
| | | [Index Linked Interest] |
| | | [Other (specify)] |
| | | (further particulars specified below) |
| 10 | Redemption/Payment Basis (*): | [Redemption at par] |
| | | [Index Linked Redemption] |
| | | [Dual Currency] |
| | | [Partly Paid] |
| | | [Instalment] |
| | | [Other (specify)] |
| 11 | Change of Interest or Redemption/Payment Basis: | [Specify details of any provision for convertibility of Obligations Foncières into another interest or redemption/payment basis] |

- 12 Options: [Issuer Call]
 [(further particulars specified below)]
 [Other Option specify details of provisions]
- 13 Status: *Obligations Foncières*
- 14 Listing (*): [Paris/Frankfurt/Luxembourg/Other
 (specify)/None]
- 15 Method of distribution (*): [Syndicated/Non-syndicated]

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

- 16 Fixed Rate *Obligation Foncière* Provisions [Applicable/Not Applicable]
 (If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) Rate [(s)] of Interest: [●] per cent. per annum [payable [annually/
 semi-annually/quarterly/monthly] in arrear]
- (ii) Interest Payment Date(s): [●] in each year
- (iii) Fixed Coupon Amount [(s)]: [●] per [●] in nominal amount
- (iv) Broken Amounts: [Insert particulars of any initial or final broken
 interest amounts which do not correspond with
 the Fixed Coupon Amount [(s)] and the
 Interest Payment Date(s) to which they
 relate]
- (v) Day Count Fraction (Condition 5(a)): [●]
 (Day count fraction should be Actual/Actual –
 ISMA for all fixed rate issues other than those
 denominated in U.S. Dollars)
- (vi) Determination Date(s) (Condition 5(a)): [Insert day(s) and month(s) on which interest
 is normally paid (if more than one, then insert
 such dates in the alternative)] in each year⁴
- (vii) Other terms relating to the method of [Not Applicable/give details]
 calculating interest for Fixed Rate
Obligations Foncières:
- 17 Floating Rate Provisions [Applicable/Not Applicable] (If not
 applicable, delete the remaining sub-
 paragraphs of this paragraph. Also consider
 whether EURO BBA LIBOR or EURIBOR is
 the appropriate reference rate for Obligations
 Foncières denominated in euro)
- (i) Specified Period(s)/Specified Interest [●]
 Payment Dates:
- (ii) Business Day Convention: [Floating Rate Business Day Convention/
 Following Business Day Convention/
 Modified Following Business Day
 Convention/Preceding Business Day
 Convention/other (give details)]
- (iii) Additional Business Centre(s) (Condition [●]
 5(c)):
- (iv) Manner in which the Rate(s) of Interest is/ [Screen Rate Determination/ISDA
 are to be determined: Determination/other (give details)]

⁴ Only to be completed for an issue where Day Count Fraction is Actual/Actual – ISMA

- (v) Interest Period Date(s): [Not Applicable/specify dates]
- (vi) Party responsible for calculating the Rate(s) of Interest and Interest Amount(s) (if not the Calculation Agent): [●]
- (vii) Screen Rate Determination (Condition 5(c)(iii)(B)):
- Relevant Time: [●]
 - Interest Determination Date: [[●] [TARGET] *Business Days in [specify city] for [specify currency] prior to [the first day in each Interest Accrual Period/each Interest Payment Date]*]
 - Primary Source for Floating Rate: [Specify relevant screen page or “Reference Banks”]
 - Reference Banks (if Primary Source is “Reference Banks”): [Specify four]
 - Relevant Financial Centre: [The financial centre most closely connected to the Benchmark – specify if not London]
 - Benchmark: [LIBOR, LIBID, LIMEAN, EURIBOR or other benchmark]
 - Representative Amount: [Specify if screen or Reference Bank quotations are to be given in respect of a transaction of a specified notional amount]
 - Effective Date: [Specify if quotations are not to be obtained with effect from commencement of Interest Accrual Period]
 - Specified Duration: [Specify period for quotation if not duration of Interest Accrual Period]
- (viii) ISDA Determination (Condition 5(c)(iii)(A)):
- Floating Rate Option: [●]
 - Designated Maturity: [●]
 - Reset Date: [●]
 - ISDA Definitions: (if different from those set out in the Conditions) [●]
- (ix) Margin(s): [+/-] [●] per cent. per annum
- (x) Minimum Rate of Interest: [●] per cent. per annum
- (xi) Maximum Rate of Interest: [●] per cent. per annum
- (xii) Day Count Fraction (Condition 5(a)): [●]
- (xiii) Rate Multiplier: [●]
- (xiv) Fall back provisions, rounding provisions, denominator and any other terms relating to the method of calculating interest on Floating Rate *Obligations Foncières*, if different from those set out in the Conditions: [●]

18	Zero Coupon <i>Obligation Foncière</i> Provisions	[Applicable/Not Applicable] <i>(If not applicable, delete the remaining subparagraphs of this paragraph)</i>
	(i) Amortisation Yield (Condition 6(c)):	[●] per cent. per annum
	(ii) Day Count Fraction (Condition 5(a)):	[●]
	(iii) Any other formula/basis of determining amount payable:	[●]
19	Index Linked Interest <i>Obligation Foncière</i> Provisions	[Applicable/Not Applicable] <i>(If not applicable, delete the remaining subparagraphs of this paragraph)</i>
	(i) Index/Formula:	[Give or annex details]
	(ii) Calculation Agent responsible for calculating the interest due:	[●]
	(iii) Provisions for determining Coupon where calculation by reference to Index and/or Formula is impossible or impracticable:	[●]
	(iv) Specified Period(s)/Specified Interest Payment Dates:	[●]
	(v) Business Day Convention:	[Floating Rate Business Day Convention/ Following Business Day Convention/ Modified Following Business Day Convention/Preceding Business Day Convention/other <i>(give details)</i>]
	(vi) Additional Business Centre(s) (Condition 5(a)):	[●]
	(vii) Minimum Rate of Interest:	[●] per cent. per annum
	(viii) Maximum Rate of Interest:	[●] per cent. per annum
	(ix) Day Count Fraction (Condition 5(a)):	[●]
20	Dual Currency <i>Obligation Foncière</i> Provisions	[Applicable/Not Applicable] <i>(If not applicable, delete the remaining subparagraphs of this paragraph)</i>
	(i) Rate of Exchange/Method of calculating Rate of Exchange:	[Give details]
	(ii) Calculation Agent, if any, responsible for calculating the principal and/or interest due:	[●]
	(iii) Provisions applicable where calculation by reference to Rate of Exchange impossible or impracticable:	[●]
	(iv) Person at whose option Specified Currency(ies) is/are payable:	[●]
	(v) Day Count Fraction (Condition 6(a)):	[●]
PROVISIONS RELATING TO REDEMPTION		
21	Call Option	[Applicable/Not Applicable] <i>(If not applicable, delete the remaining subparagraphs of this paragraph)</i>
	(i) Optional Redemption Date(s):	[●]

- (ii) Optional Redemption Amount(s) and method, if any, of calculation of such amount(s): [●]
 - (iii) If redeemable in part: [●]
 - (a) Minimum nominal amount to be redeemed: [●]
 - (b) Maximum nominal amount to be redeemed: [●]
 - (iv) Option Exercise Date(s): [●]
 - (v) Description of any other Issuer's option: [●]
 - (vi) Notice period (if other than as set out in the Conditions): [●]
- 22 **Other Option** [Put/Not Applicable] (*If applicable give full text of provisions*)
- 23 **Final Redemption Amount (*)** [Nominal amount/Other/See Appendix]
- 24 **Early Redemption Amount (*)** [Yes/No] (*if "Yes" give full text of the applicable provisions: notice to holders of Obligations Foncières, method of calculating the Early Redemption Amount, date of payment of the same*)

GENERAL PROVISIONS APPLICABLE TO THE *OBLIGATIONS FONCIÈRES*

- 25 **Form of *Obligations Foncières* (*)**: [Dematerialised *Obligations Foncières*/ Materialised *Obligations Foncières*] (*Materialised Obligations Foncières are only in bearer form and may only be issued outside France*)
[Delete as appropriate]
- (i) Form of Dematerialised *Obligations Foncières*: [Not Applicable/if Applicable specify whether] [Bearer dematerialised form (*au porteur*)/Registered dematerialised form (*au nominatif*)]
 - (ii) Registration Agent [Not Applicable/if Applicable give name and details] (*Note that a Registration Agent must be appointed in relation to Registered Dematerialised Obligations Foncières only; except that the Issuer may be its own Registration Agent*)
 - (iii) Temporary Global Certificate: Temporary Global Certificate exchangeable for definitive Bearer Materialised *Obligations Foncières* on [●] (the "Exchange Date"), being 40 days after the Issue Date subject to postponement as specified in the Temporary Global Certificate
 - (iv) Applicable TEFRA exemption: [C Rules/D Rules/Not Applicable] (*Only applicable to Materialised Obligations Foncières*)
- 26 **Additional Financial Centre(s) (Condition 7(h)) or other special provisions relating to payment dates**: [Not Applicable/Give details]. (*Note that this item relates to the place of payment, and not to interest period end dates, to which item 17(iii) relates*)

- (i) Adjusted Payment Date (Condition 7(h)): [The next following business day unless it would thereby fall into the next calendar month, in which such event such date shall be brought forward to the immediately preceding business day.] [The immediately preceding business day]/[other*]
- 27 Talons for future Coupons or Receipts to be attached to definitive Materialised *Obligations Foncières* (and dates on which such Talons mature): [Yes/No/Not Applicable. *If yes, give details*] (*Only applicable to Materialised Obligations Foncières*)
- 28 Details relating to Partly Paid *Obligations Foncières*: amount of each payment comprising the Issue Price and date on which each payment is to be made and consequences (if any) of failure to pay: [Not Applicable/*give details*]
- 29 Details relating to Instalment *Obligations Foncières*:
- (i) Instalment Amount(s): [●]
- (ii) Instalment Date(s): [●]
- (iii) Minimum Instalment Amount: [●]
- (iv) Maximum Instalment Amount: [●]
- 30 Redenomination, renominatisation and reconventioning provisions: [Not Applicable/The provisions [in Condition 1(d)] [annexed to this Pricing Supplement] apply]
- 31 Consolidation provisions: [Not Applicable/The provisions [in Condition 13(b)] [annexed to this Pricing Supplement] apply]
- 32 *Masse* (Condition 10) [Applicable/Not Applicable/Condition 10 replaced by the full provisions of the French Code of commerce relating to the *Masse*] (*Note that: in respect of any Tranche of Obligations Foncières, Condition 10 may be waived, amended or supplemented. If Condition 10 (as it may be amended or supplemented) applies or if the full provisions of the French Code of commerce apply, insert details of Representative and Alternative Representative and remuneration, if any.*)
- 33 Other terms or special conditions: [Not Applicable/*give details*]

DISTRIBUTION

- 34 (i) If syndicated, names of Managers: [Not Applicable/*give names*]
- (ii) Stabilising Manager (if any): [Not Applicable/*give name*]
- (iii) Dealer's Commission: [●]
- 35 If non-syndicated, name of Dealer: [Not Applicable/*give name*]
- 36 Additional selling restrictions: [Not Applicable/*give details*]

OPERATIONAL INFORMATION

- 37 ISIN Code (*): [●]
- 38 Sicovam Number (*): [●]
- 39 Common Code (*): [●]

* In the market practice, if any date for payment in respect of Fixed Rate *Obligations Foncières*, Receipt or Coupon is not a business day, the holder shall not be entitled to payment until the next following business day (as defined in Condition 7(h)).

- 40 WKN: [●]
- 41 Depository(ies) (*)
- (i) Euroclear France to act as Central Depository [Yes/No]
- (ii) Common Depository for Euroclear and Clearstream, Luxembourg [Yes/No]
- 42 Any clearing system(s) other than Euroclear France, Euroclear, Clearstream, Luxembourg and CBF and the relevant identification number(s): [Not Applicable/give name(s) and number(s)]
- 43 Delivery (*): Delivery [against/free of] payment
- 44 The Agents appointed in respect of the *Obligations Foncières* are (*): [●]
- 45 In the case of *Obligations Foncières* listed on Euronext Paris S.A.:
- (a) the number of *Obligations Foncières* to be issued in each Denomination: [●]
- (b) Paying Agent in France
- (i) address in Paris where documents to be made available for inspection may be inspected: [●]
- (ii) list of such documents available for inspection: [●]
- (c) specialist broker: [●]
- (d) responsibility statement in French and brief summary in French of the main characteristics of any *Obligations Foncières* which are to be listed on Euronext Paris S.A. and of the Issuer to be inserted: [(see next pages)]
- 46 OTHER INFORMATION [●]
- GENERAL**
- 47 The aggregate principal amount of *Obligations Foncières* issued has been translated into Euro at the rate of [●], producing a sum of: [Not Applicable/Euro[●]] (*Only applicable for Obligations Foncières not denominated in Euro*)
- 48 Rating [AAA by Standard & Poors Rating Services and Fitch Ratings]
- [Aaa by Moody's Investors Services, Inc.]
- A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency

FORM OF SPECIFIC CONTROLLER'S CERTIFICATE IN FRENCH LANGUAGE

FIDUS

12 Rue de Ponthieu – 75008 Paris
Tél. 01.42.56.07.77 – Télécopieur 01.42.25.15.32

ATTESTATION

Messieurs les membres du Directoire de la société DEXIA MUNICIPAL AGENCY,

En notre qualité de contrôleur spécifique de votre société et en exécution des dispositions prévues par les Articles L.515-29 à L.515-31 du Code monétaire et financier et par l'Article 9-IV du décret n° 99-710 du 3 août 1999, nous devons établir une attestation du respect de la règle prévue à l'Article L.515-20 de ce Code dans le cadre de toute émission d'Obligations Foncières d'une valeur unitaire au moins égale à 500 millions d'euros.

Dans le cas où les émissions d'un montant unitaire inférieur à 500 millions d'euros ne font pas l'objet d'une attestation dans le cadre du programme trimestriel d'émission de ressources découlant de la règle prévue à l'Article L.515-20 du Code monétaire et financier, il nous appartient de produire une attestation du respect de cette règle pour chaque émission quel que soit son montant.

L'Article L.515-20 du Code monétaire et financier dispose que le montant total des éléments d'actif des sociétés de crédit foncier doit être supérieur au montant des éléments de passif bénéficiant du privilège mentionné à l'Article L.515-19 de ce même Code.

La société DEXIA Municipal Agency envisage d'émettre un emprunt de [●] millions ([●]) d'euros à échéance du [●].

A la date de la présente attestation, nous avons vérifié le respect de la règle prévue par l'Article L.515-20 du Code monétaire et financier et les modalités de calcul du ratio de couverture prévues par les dispositions du règlement n° 99-10 du 9 juillet 1999 du Comité de la réglementation bancaire et financière, en effectuant les travaux que nous avons estimés nécessaires.

Sur la base de ces travaux, nous attestons que le montant des éléments d'actif de la société DEXIA Municipal Agency sera supérieur au montant des éléments de passif privilégiés tels que définis par l'Article L.515-19 du code précité, après prise en compte du règlement de la présente émission et des émissions ayant fait l'objet d'attestations antérieures.

Paris, le [●]

***Le Contrôleur spécifique
FIDUS
Représentée par
Christian COMERMAN
Associé***

FORM OF SPECIFIC CONTROLLER CERTIFICATE

Translation from French for information purposes only

CERTIFICATION

The following is a convenience translation of the original French language certificate:

“To the members of the *Directoire* of Dexia Municipal Agency,

In our capacity as specific controller (*contrôleur spécifique*) of your company and in compliance with the duties imposed under Articles L.515-29 to L.515-31 of the French *Code monétaire et financier* and Article 9-IV of the French decree n. 99-710 of 3 August 1999, we are required to provide an attestation of the compliance with the rule set out in Article L.515-20 of this Code in the case of any issue of *obligations foncières* for a total amount of at least Euro 500 million.

In the case of issues of a principal amount of less than Euro 500 million which are not subject to certification on the basis of the quarterly programme according to the rules set out in Article L.515-20 of the French *Code monétaire et financier*, it is our duty to issue “statement concerning compliance with such rule for every issue, whatever its amount is.

Pursuant to Article L.515-20 of the French *Code monétaire et financier*, the total value of the assets of the *sociétés de crédit foncier* shall be greater than the value of their liabilities benefiting from the *privilege* defined in Article L.515-19 of this *Code*.

Dexia Municipal Agency proposes to issue *obligations foncières* in an amount of Euro [●] millions ([●] million) maturing on [●].

As of the date hereof, we have reviewed the compliance with the rule set out in Article L.515-20 of the French *Code monétaire et financier* and the method for calculating the cover ratio set out in Regulation no 99-10 of 9 July 1999 of the *Comité de la Réglementation bancaire et financière*, by carrying out such diligence as we have deemed necessary.

On the basis of our examination, we hereby certify that the value of the assets of Dexia Municipal Agency will be greater than the value of its liabilities benefiting from the privilege defined in Article L.515-19 of this *Code*, after settlement of this issue and of the issues which have been the subject of previous attestations.

Paris, on [●]

The Specific Controller
FIDUS
Represented by
Christian COMERMAN
Associate

RESUME EN FRANCAIS

Responsabilité du prospectus

[numéro et date du visa, s'il y a lieu, indication d'un avertissement]

Le présent prospectus sera disponible aux heures habituelles d'ouverture des bureaux, un quelconque jour de la semaine (à l'exception des samedis, dimanches et jours fériés) dans les bureaux de l'Agent Financier.

A – CONTENU ET MODALITES DE L'OPERATION

1. Montant de l'émission	
Nombre et valeur nominale des obligations foncières:	[●]
Montant nominal de l'émission:	[●]
2. Caractéristiques des obligations foncières émises	
2.1 Prix de souscription/Prix d'émission:	[●]
Coupon couru (s'il y a lieu):	[●]
Modalité de paiement (paiement fractionné):	[●]
2.2 Jouissance des titres:	[●]
Date d'entrée en jouissance des obligations foncières:	[●]
2.3 Date de règlement/Date d'assimilation:	[●]
2.4 Intérêts et/ou taux nominal (facial) ou caractéristiques nominales (faciales) et le cas échéant, leurs modalités de calcul:	[●]
2.5 Amortissement:	[●]
Remboursement:	[●]
2.6 Durée de l'émission:	[●]
2.7 Clause d'assimilation:	[●]
2.8 Rang de créance:	[●]
2.9 Notation:	[●]
2.10 Mode de représentation des porteurs des Obligations Foncières, le cas échéant:	[●]
2.11 Liste des établissements chargés du service financier de Dexia Municipal Agency en France:	[●]
2.12 Droit applicable et tribunaux compétents en cas de litige:	[●]

B – ORGANISATION ET ACTIVITE DE L'EMETTEUR

1. Renseignements de caractère général concernant l'émetteur, ses organes d'administration	
1.1 Dénomination:	[●]
Siège social:	[●]
1.2 Forme juridique de l'émetteur et nature des organes d'administration:	[●]
1.3 Nom et statut des contrôleurs légaux:	[●]
1.4 Date de constitution et d'expiration de l'émetteur:	[●]
1.5 Indication des lieux où peuvent être consultés les documents juridiques relatifs à l'émetteur (statuts, procès verbaux d'assemblées générales, rapports des contrôleurs légaux):	[●]
2. Renseignements de caractère général concernant le capital	
2.1 Montant du capital:	[●]
2.2 Principaux actionnaires mentionnés dans le prospectus:	[●]
3. Renseignements concernant l'activité de l'émetteur	
<i>Lorsque l'émetteur est à la tête d'un groupe, les renseignements prévus dans ce paragraphe sont fournis pour le groupe.</i>	
3.1 Bref descriptif de l'activité de l'émetteur et de son évolution:	[●]
3.2 Indication de tout événement exceptionnel ou d'opération prévue de toute nature ainsi que de tout litige susceptible d'avoir ou ayant eu dans un passé récent une incidence significative sur la situation financière de l'émetteur, son activité, et le cas échéant sur son groupe, et qui ont été présentés comme tels dans le prospectus:	[●]

C – SITUATION FINANCIERE DE L'EMETTEUR

1. **Chiffres-clés du bilan:** [tableau synthétique de l'endettement et des fonds propres établi, le cas échéant sur une base consolidée, et disponible à la date de la situation la plus récente établie ou à défaut à la date du dernier bilan présenté.]
2. **Le cas échéant, observations, réserves ou refus de certifications des contrôleurs légaux:** [si les certifications sur les derniers comptes présentés dans le prospectus ont été refusées par les contrôleurs légaux ou si elles comportent des réserves ou des observations, ce refus, ces réserves ou ces observations doivent être reproduites intégralement.]

INFORMATIONS RELATIVES À L'ADMISSION A LA COTE D'EURONEXT PARIS S.A.

*Personnes qui assument la responsabilité du prospectus
composé du Document de Base
enregistré par la Commission des opérations de bourse
sous le n°P.02-116 du 21 mai 2002
et de la présente Note d'Opération*

Au nom de l'émetteur

A la connaissance de l'émetteur, les données du présent prospectus sont conformes à la réalité et ne comportent pas d'omission de nature à en altérer la portée.

Aucun élément nouveau [(autres que ceux mentionnés dans la présente Note d'Opération)] intervenu depuis:

- le 21 mai 2002 date du numéro d'enregistrement n° P.02-116 apposé par la Commission des opérations de bourse sur le Document de Base
- le [●], date du visa n° [●]-[●] apposé par la Commission des opérations de bourse sur [le Document de Référence/la Note d'Opération] en date du [●]

n'est susceptible d'affecter de manière significative la situation financière de l'émetteur dans le contexte de la présente émission.

[nom et qualité du signataire]

DEXIA MUNICIPAL AGENCY

Au nom de [la banque présentatrice / l'établissement présentateur]

A la connaissance de [la banque présentatrice / l'établissement présentateur] les données du présent prospectus sont conformes à la réalité et ne comportent pas d'omission de nature à en altérer la portée.

[nom et qualité du signataire]

[AGENT DE COTATION A LA BOURSE DE PARIS]

Visa de la Commission des opérations de bourse

En application des Articles L.412-1 et L.621-8 du Code monétaire et financier, la Commission des opérations de bourse a apposé le visa n° 02-[●] en date du [●] 2002 sur le présent document, qui constitue le prospectus prévu par les Articles précités, conformément aux dispositions de son règlement n° 98-01. Ce prospectus a été établi par l'émetteur et engage la responsabilité de ses signataires. Le visa n'implique ni approbation de l'opportunité de l'opération ni authentification des éléments comptables et financiers présentés. Il a été attribué après examen de la pertinence et de la cohérence de l'information donnée dans la perspective de l'opération proposée aux investisseurs.

La notice légale sera publiée au Bulletin des Annonces légales obligatoires (BALO) du [●].

PARIS LISTING INFORMATION

Translation of the preceding page for information purposes only

Individuals assuming responsibility for the prospectus composed by the Offering Circular registered by the Commission des opérations de bourse under no. P.02-116 of 21 May 2002 and this Pricing Supplement

In the name of the Issuer

To the best knowledge of the Issuer, the information contained in this prospectus is true and accurate and there has been no omission of material facts which would make any statements herein misleading.

No new events [other than those mentioned in this Pricing Supplement] have happened since:

- 21 May 2002, date of the registration number no. P.02-116 granted by the Commission des opérations de bourse on the Offering Circular
- [[●], date of the visa no. [●]-[●] granted by the Commission des opérations de bourse on the Document de Référence/Pricing Supplement dated[●]]

are likely to materially affect the financial position of the Issuer in the context of this issue.

DEXIA MUNICIPAL AGENCY

[Name and title of signatory]

In the name of the Listing Agent

To the best knowledge of the Listing Agent, the information contained in this prospectus is true and accurate and there has been no omission of material facts which would make any statements herein misleading.

[Name and title of signatory]

[LISTING AGENT IN PARIS]

Visa of the Commission des Opérations de Bourse

In accordance with Articles L.412-1 and L.621-8 of the French *Code monétaire et financier*, the *Commission des opérations de bourse* has given the visa n° 02-[●] dated [●] 2002 on this document, which constitutes the prospectus provided by the above-mentioned Articles, in accordance with the provisions of its regulation n° 98-01. This prospectus has been prepared by the issuer and its signatories may be hold liable for it. The granting of the visa shall not imply any approval of the suitability of the transaction nor any authentication of the accounting and financial data that is presented herein. It was granted following an examination of the relevance and consistency of the information presented herein in light of the proposed transaction of investors.²

The legal notice will be published in the *Bulletin des Annonces légales obligatoires (Balo)* of [●].

GENERAL INFORMATION

- (1) In connection with the application to list a Series of *Obligations Foncières* on Euronext Paris S.A.:
 - (a) The COB allocated the registration number P.02-116 on 21 May 2002 on this Offering Circular;
 - (b) a legal notice relating to the issue of such *Obligations Foncières* will be published in the *Bulletin des Annonces légales obligatoires* prior to such listing;
 - (c) the Pricing Supplement applicable to such issue will be submitted to the approval of the COB and the relevant approval will be evidenced by the issue of a visa by the COB which will be disclosed in the relevant Pricing Supplement applicable to the relevant *Obligations Foncières* and by publication in the *Bulletin Officiel d'Euronext Paris S.A.*; and
 - (d) the Pricing Supplement applicable to such issue will specify the additional places in Paris at which documents required to be made available for inspection may be inspected during normal business hours.

the documents mentioned in this Offering Circular, including those mentioned in (10) below, may be inspected during usual business hours on any working day from the date hereof at the offices of Deutsche Bank AG Paris, 3, avenue de Friedland, 75008 Paris. Copies of the most recent annual reports of the Issuer and Dexia Credit Local may be obtained without charge from Deutsche Bank AG Paris at the above-mentioned address.

- (2) In connection with the application to list the *Obligations Foncières* on the Luxembourg Stock Exchange a legal notice relating to the issue of the *Obligations Foncières* and copies of the statutes of the Issuer will be deposited with the Chief Registrar of the District Court in Luxembourg ("*Greffier en Chef du Tribunal d'Arrondissement de et à Luxembourg*") where such documents may be examined and copies obtained. The Luxembourg Stock Exchange has allocated to the Programme the number 12346 for listing purposes.
- (3) In connection with the registration of the Programme with the COB and the Luxembourg Stock Exchange, the annual report of Issuer and the annual report of Dexia Credit Local for the financial year ended 31 December 2001 are incorporated by reference into this Offering Circular. Copies thereof and of any other documents incorporated herein by reference may be obtained without charge at the head office of the Paying Agent in the city of Luxembourg.
- (4) In connection with the registration of the Programme with the COB and the Luxembourg Stock Exchange, the following documents, concerning the COB those first filed with the COB or submitted to its clearing procedures, shall be deemed to be incorporated in, and form part of, the Offering Circular
 - (a) the most recently published annual report of the Issuer and its interim report and the most recently published annual and interim report of Dexia Credit Local,
 - (b) all amendments and supplements to the Offering Circular prepared by each of the Issuer and Dexia Credit Local from time to time,

save that any statement contained in the Offering Circular or in any of the documents incorporated by reference in, and forming part of, the Offering Circular shall be deemed to be modified or superseded for the purpose of the Offering Circular to the extent that a statement contained in any documents subsequently incorporated by reference modifies or supersedes such statement.

- (5) The documents mentioned in this Offering Circular may be inspected during usual business hours on any working day from the date hereof at the offices of Deutsche Bank Aktiengesellschaft, Grosse Gallusstrasse 10-14, 60272 Frankfurt am Main. Copies of the most recent annual reports of the Issuer and Dexia Credit Local may be obtained without charge from Deutsche Bank Aktiengesellschaft at the above-mentioned address. Each Pricing Supplement relating to the *Obligations Foncières* which shall be quoted on the Frankfurt Stock Exchange may be obtained according to Section 44 *Börsenzulassungsverordnung* from the Paying Agent in Frankfurt.
- (6) The Issuer has obtained all necessary consents, approvals and authorisations in the Republic of France in connection with the establishment of the Programme. The establishment of the Programme was authorised by a decision of the Board of Directors (*Directoire*) of the Issuer passed on 3 February 2000.
- (7) Except as disclosed in this Offering Circular, (i) there has been no significant change in the financial or trading position of the Issuer since 1 January 2002, and no material adverse change in the financial position or prospects of the Issuer since 1 January 2002, and (ii) there has been no significant change

in the financial or trading position of Dexia Credit Local or the Dexia Credit Local Group since 31 December 2001 and no material adverse change in the financial position or prospects of Dexia Credit Local or the Dexia Credit Local Group since 31 December 2001.

- (8) Neither the Issuer nor any other member of the Dexia Credit Local Group is or has been involved in any litigation or arbitration proceedings relating to claims or amounts that are material in the context of the issue of the *Obligations Foncières* for the last two financial years (and for the Issuer since its formation) nor so far as the Issuer is aware is any such litigation or arbitration pending or threatened.
- (9) Each definitive Bearer Materialised *Obligation Foncière*, Receipt, Coupon and Talon will bear the following legend: "Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the Internal Revenue Code".
- (10) *Obligations Foncières* have been accepted for clearance through the Euroclear and Clearstream, Luxembourg systems. The Common Code, the International Securities Identification Number (ISIN) and (where applicable) the Sicovam and the Clearstream Banking AG number or the identification number for any other relevant clearing system for each Series of *Obligations Foncières* will be set out in the relevant Pricing Supplement.
- (11) For so long as *Obligations Foncières* may be issued pursuant to this Offering Circular, the documents under (d), (e) and (f) will be available and the documents under (a), (b), (c), (g) and (h) will be available for inspection, during usual business hours on any weekday (Saturdays and public holidays excepted), at the office of the Fiscal Agent:
 - (a) the Agency Agreement
 - (b) the Distribution Agreement
 - (c) the *statuts* of the Issuer
 - (d) the audited annual accounts of the Issuer for the financial year ended 31 December 2001
 - (e) each Pricing Supplement for *Obligations Foncières* that are listed on the Luxembourg Stock Exchange or any other stock exchange
 - (f) a copy of this Offering Circular together with any Supplement to this Offering Circular or further Offering Circular
 - (g) a copy of the subscription agreement for *Obligations Foncières* issued on a syndicated basis that are listed on the Luxembourg Stock Exchange or any other stock exchange and
 - (h) all reports, letters and other documents, balance sheets, valuations and statements by any expert any part of which is extracted or referred to in this Offering Circular including the certificate of the *Specific Controller* in respect of each issue of *Obligations Foncières*.
- (12) The accounts of the Issuer and Dexia Credit Local are published on an annual and semi-annual basis. The Issuer and Dexia Credit Local also publish on a quarterly basis some financial information.
- (13) Copies of the latest annual report and accounts of the Issuer (including any published interim accounts) and copies of the latest annual report and consolidated annual accounts of Dexia Credit Local (including any published interim consolidated accounts) (in each case as soon as they are published) may be obtained at the specified offices of each of the Paying Agents during normal business hours, so long as any of the *Obligations Foncières* is outstanding.
- (14) In connection with the application to list the *Obligations Foncières* on the Frankfurt Stock Exchange although, the listing does not have a direct impact on the taxation:

The below summary is based on the laws in force on the date of the issuance of this Offering Circular which are subject to change, possibly with retroactive effect. The summary describes the principal applications of German advanced interest income tax and solidarity-surcharge tax. It does not purport to be comprehensive and discuss all aspects of withholding tax. It does not take into consideration the possible taxation of speculative capital gains or other special considerations that may apply in a particular situation. For their particular case investors should obtain individual tax advice.

- (a) Interest Payments in respect of *Obligations Foncières*

In the Federal Republic of Germany, interest payments in respect of *Obligations Foncières* to persons who are tax residents of Germany (or non-residents provided that the Interest Income falls in a category of income from German sources, such as income effectively connected with a

German trade or business; income from the letting and leasing of German property, etc.) are subject to an advanced interest income tax.

In case of *Obligations Foncières* held in custody by a credit institution or financial services institution in Germany, interest on such *Obligations Foncières* is subject to an advanced interest income tax (*Zinsabchlagsteuer*), at present at 30 per cent. and an additional solidarity-surcharge tax on the income tax (*Solidaritätszuschlag*), at present at 5.5 per cent., so that the total rate deductible in advance is 31.65 per cent. This tax withheld may later be credited as a prepayment for purposes of the income tax assessment. If the *Obligations Foncières* are held in custody for a non-resident, there is generally no advanced interest income tax or solidarity-surcharge tax provided the Interest Income does not fall in a category of German income.

Interest payments made by a credit institution or financial services institution in Germany upon over-the-counter presentation of Coupons are subject to such advanced interest income tax at a rate of 35 per cent., regardless of whether or not the recipient is a resident or non-resident for purposes of German taxation, and in addition to the solidarity-surcharge tax of 5.5 per cent. on such tax, so that the total rate is 36.926 per cent.

Accrued interest for the time of ownership is also subject to this advanced interest income tax and solidarity-surcharge tax.

- (b) Capital gains deriving from a disposal of the *Obligations Foncières* or, as the case may be, of Coupons might qualify as capital income and subjected to the above tax regime. Capital losses might not be tax deductible.

- (c) Capital Income from Zero Coupon *Obligations Foncières*

Capital income from zero coupon *Obligations Foncières* held by German tax residents (including the above mentioned non-residents) is subject to income tax at maturity or prior sale of the *Obligations Foncières*. For private investors either the income accrued for the time of ownership, calculated on the basis of the yield at launch, or alternatively the difference between the purchase price and the sales or repayment price, i.e. the market yield, is taxable.

Capital income from zero coupon *Obligations Foncières* is subject to the advanced interest income tax, and an additional solidarity-surcharge tax on this tax, under the above stated prerequisites.

- (d) General

The tax withheld from payments to German tax residents will be credited as a prepayment for purposes of the income tax assessment and will be repaid in case of overpayment.

Special rules apply to the calculation of amounts subject to the advanced interest income tax in the case of *Obligations Foncières* that may be classified as financial innovations (*Finanzinnovationen*) under German tax law.

- (e) Special rules would apply if the *Obligations Foncières* qualified as units in a foreign fund which might be the case with regard to Index-Linked *Obligations Foncières*.

- (15) Pursuant to Article 9-IV of the Decree no. 99-710 dated 3 August 1999 the Specific Controller certifies that the rule providing that the amount of eligible assets of the Issuer is greater than the amount of liabilities benefiting from the *Privilège* is satisfied for any issue of *Obligations Foncières* in a principal amount equal to or above Euro 500 million or its equivalent in the currency of issue. The Issuer will procure that the Specific Controller certifies that the previously referred rule is satisfied for all issues of *Obligations Foncières* under this Programme even in relation to issues whose principal amount is less than Euro 500 millions.

- (16) The European Union is currently considering proposals for a new directive regarding the taxation of savings income (the “**Directive**”). Subject to certain conditions being met, it is proposed that Member States will be required to provide to the tax authorities of another Member State details of payments of interest within the meaning of the Directive (interest, products, premiums or other debt income) made by a paying agent within its jurisdiction to an individual resident in that other Member State (the “**Disclosure of Information Method**”).

In this way, the term “**paying agent**” would be defined widely and would include in particular any economic operator who is responsible for making interest payments, within the meaning of the Directive, for the immediate benefit of individuals.

However, throughout the transitional period, which should end seven years after the coming into force of the Directive, certain Member States (the Grand Duchy of Luxembourg, Belgium and Austria), instead of using the Disclosure of Information Method used by other Member States, will withhold an amount on interest payments of 15 per cent. during the first three years and 20 per cent. until the end of the transitional period.

INFORMATIONS RELATIVES À L'ADMISSION A LA COTE D'EURONEXT PARIS S.A.

Personnes qui assument la responsabilité du Document de Base en ce qui concerne les Obligations Foncières qui seront admises au Premier Marché, Compartiment «Obligations Foncières et titres assimilables» d'Euronext Paris S.A.

1 Au nom de l'Émetteur

A la connaissance de l'Émetteur, les données du présent Document de Base sont conformes à la réalité et ne comportent pas d'omission de nature à en altérer la portée.

Sylvie Vadé
Directeur Général
DEXIA MUNICIPAL AGENCY

2 Au nom de la banque présentatrice

A la connaissance de la banque présentatrice, les données du présent Document de Base sont conformes à la réalité et ne comportent pas d'omission de nature à en altérer la portée.

Gilles Dobelle
Directeur Juridique

Benjamin Frarin La Michellaz
Juriste

DEUTSCHE BANK AG – Succursale de Paris
Commission des opérations de bourse

En application de son règlement n° 98-01, la Commission des opérations de bourse a enregistré le présent Document de Base le 21 mai 2002 sous le n° P.02-116. Il ne peut être utilisé à l'appui d'une opération financière que s'il est complété par une Note d'Opération visée par la Commission des opérations de bourse. Ce Document de Base a été établi par l'émetteur et engage la responsabilité de ses signataires. Cet enregistrement, effectué après examen de la pertinence et de la cohérence de l'information donnée sur la situation de la société, n'implique pas authentification des éléments comptables présentés.

La notice préalable à la cotation éventuelle à Paris de toutes obligations foncières émises dans le cadre de ce programme sera publiée au Bulletin des Annonces légales obligatoires.

PARIS LISTING INFORMATION

Translation of the preceding page for information purposes only

*Individuals assuming responsibility for the Offering Circular
in connection with the Obligations Foncières listed on
the First Market, Section «obligations foncières et titres assimilables», of Euronext Paris S.A.*

1 In the name of the Issuer

To the best knowledge of the Issuer, the information contained in this Offering Circular is true and accurate and there has been no omission of material facts which would make any statements herein misleading.

*Sylvie Vadé
Chief Executive Officer
DEXIA MUNICIPAL AGENCY*

2 In the name of the Listing Agent

To the best knowledge of the Listing Agent, the information contained in this Offering Circular is true and accurate and there has been no omission of material facts which would make any statements herein misleading.

*Gilles Dobelle
Director
Head of Legal*

*Benjamin Frarin La Michellaz
Legal Adviser*

DEUTSCHE BANK AG PARIS BRANCH

Commission des Opérations de Bourse

In accordance with its Regulation n° 98-01, the *Commission des opérations de bourse* has registered this Offering Circular on 21 May 2002 under the number P.02-116. It can only be relied upon in relation to any financial transaction if it is accompanied by a Pricing Supplement which has been submitted to the clearing procedures of the *Commission des opérations de bourse*. This Offering Circular has been prepared by the issuer and its signatories may be hold liable for it. This registration, made after an examination of the relevance and consistency of the information relating to the situation of the company, shall not imply the authentication of the accounting information contained herein.

The legal notice that has to be published before the listing of the *Obligations Foncières* on Euronext Paris S.A. will be published in the *Bulletin des Annonces légales obligatoires*.

Paris, 22 May 2002

Aufgrund des vorstehenden Prospekts sind unter dem

Euro 35,000,000,000

Euro Medium Term Note Programme

for the issue of *Obligations Foncières (Hypothekendarlehen nach französischem Recht)*

der

DEXIA MUNICIPAL AGENCY S.A.

Paris, Frankreich

als Emittentin

begebene Schuldverschreibungen gemäß §44 Börsenzulassungsverordnung an der Frankfurter Wertpapierbörse zum Handel mit amtlicher Notierung zugelassen worden.

Frankfurt am Main und Paris, im May 2002

Deutsche Bank Aktiengesellschaft

ABN AMRO Bank N.V.

BNP Paribas Niederlassung Frankfurt-am-Main

Commerzbank Aktiengesellschaft

J.P. Morgan Securities Ltd.

Morgan Stanley & Co. International Limited

Barclays Bank PLC

CDC IXIS Capital Markets

Goldman Sachs International

Nomura International plc

Société Générale

Registered Office of the Issuer

Dexia Municipal Agency
Tour Cristal
7-11, quai André Citroën
75015 Paris
France

Arrangers

Deutsche Bank AG Paris
3, avenue de Friedland
75008 Paris
France

Morgan Stanley & Co. International Limited
25 Cabot Square
Canary Wharf
London E14 4QA
United Kingdom

Dealers

ABN AMRO Bank N.V.
250 Bishopsgate
London EC2M 4AA
United Kingdom

BNP PARIBAS
10 Harewood Avenue
London NW1 6AA
United Kingdom

Barclays Bank PLC
5 The North Colonnade
Canary Wharf
London E14 4BB
United Kingdom

Bayerische Hypo-und Vereinsbank AG
Arabellastrasse 12
81925 Munich
Germany

CDC IXIS Capital Markets
56, rue de Lille
75007 Paris
France

Commerzbank Aktiengesellschaft
Kaiserplatz
60261 Frankfurt-am-Main
Germany

Crédit Agricole Indosuez
9, quai du Président Paul Doumer
92920 Paris la Défense
France

Deutsche Bank Aktiengesellschaft
Grosse Gallustrasse 10-14
60272 Frankfurt-am-Main
Germany

Dexia Banque Internationale à Luxembourg
Société Anonyme
(acting under the name of Dexia Capital Markets)
69, route d'Esch
L-1470 Luxembourg
Grand-Duchy of Luxembourg

Dexia Municipal Agency
7-11 quai André Citroën
75015 Paris
France

Dresdner Bank Aktiengesellschaft
Juergen-Ponto-Platz 1
D-60301 Frankfurt
Germany

Goldman Sachs International
Peterborough Court
133 Fleet Street
London EC4A 2BB
United Kingdom

J.P. Morgan Securities Ltd.
125 London Wall
London EC2Y 5AJ
United Kingdom

Morgan Stanley & Co. International Limited
25 Cabot Square
Canary Wharf
London E14 4QA
United Kingdom

Nomura International plc
Nomura House
1 St Martin's-le-Grand
London EC1A 4NP
United Kingdom

Société Générale
29, boulevard Haussmann
75009 Paris
France

UBS AG, acting through its business
group UBS Warburg
1 Finsbury Avenue
London EC2P 2PP
United Kingdom

**Fiscal Agent, Principal Paying Agent, Redenomination Agent,
Consolidation Agent and Calculation Agent**

Dexia Banque Internationale à Luxembourg Société Anonyme
69, route d'Esch
L-1470 Luxembourg
Grand-Duchy of Luxembourg

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Listing Agents

Paris Listing Agent
Deutsche Bank AG Paris
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France

Luxembourg Listing Agent
**Dexia Banque Internationale à
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69, route d'Esch
L-1470 Luxembourg
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To the Issuer
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To the Dealers
Linklaters
(a member of Linklaters & Alliance)
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