

Dexia Funding Netherlands N.V.
Amsterdam

Report on the annual accounts 2007

Vastgesteld door de Algemene
Vergadering van Aandeelhouders
op 18 maart 2008

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Annual accounts 2007

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Management board's report

Description and principal activity of the Company

Dexia Funding Netherlands N.V. was incorporated for an unlimited duration under the laws of The Netherlands on July 7, 1987. Its registered office is at "Atrium" 7th Floor, Strawinskylaan 3105, Amsterdam.

According to Article 3 of its Articles of Association, the objective of the company is to enter into and to grant loans, to conduct all other acts of a financial nature as well as to participate in, to manage and to finance other enterprises and companies.

Dexia Funding Netherlands N.V. is registered in the Commercial Register of the Chamber of Commerce in Amsterdam under file number 33.194.789.

Operating Results

The operating profit for 2007 is EUR 2,677,000 (2006 EUR 2,436,000), meaning a result after taxation of EUR 1,997,000 in 2007.

Liquidity, Funding and Capital Resources

The Company issues bonds and lends the proceeds to its parent company in Belgium. The balance sheet of Dexia Funding Netherlands is composed of issues on the liability side, which are matched with the loans to Dexia Bank on the asset side. The liquidity risk is extremely limited, as Dexia Funding Netherlands can obtain liquidity facilities with Dexia Bank. The issues of Dexia Funding Netherlands are guaranteed by Dexia Bank, and the credit risk of those loans is limited to EUR 2 million, which is set as the minimum amount of own funds in the balance sheet of Dexia Funding Netherlands.

The capital amounts to EUR 113,000 and is entirely subscribed by Dexia Bank. The retained earnings amount to EUR 3,827,000.

Risks and Uncertainties

The bonds issued are guaranteed by the Company's parent. No exchange or collection risk exists and the Company's parent has a good credit rating. The financial and market risks are limited considering that the issues of Dexia Funding Netherlands are hedged by the loans to Dexia Bank. As a result of this, the risk is concentrated in the fact that Dexia Bank is the sole counter party of Dexia Funding Netherlands. The quality and transparency of Dexia Bank mitigate this risk: Dexia Bank is part of the Dexia Group which is listed on the Brussels and Paris stock exchange and which is one of the most important banking groups in Europe.

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Future Outlook

The Company has no immediate intention to change its business and it is anticipated that the Company will remain at its present funding volume and will enter into new funding agreements in the future, subject to developments in the capital market.

New issues 2007

During 2007, the company issued the following notes on the basis of its EMTN program:

EUR	200,000,000	Step Up 2007 – 2009 series 182
NOK	350,000,000	4.625% due 20/02/2012 series 183
AUD	75,000,000	6.25% due 27/02/2012 series 184
EUR	68,900,000	Dynamic Notes 1 due 16/03/2013 series 185
EUR	109,692,000	Step Up 2007 – 2009 II series 186
GBP	200,000,000	Fixed to Floating Rate Senior Subordinated Callable Notes due 2017 series 187
EUR	98,711,000	Step Up 2007 – 2009 III series 188
CHF	10,000,000	Floating Rate Senior Notes due 2009 series 189
USD	8,000,000	Floating Rate Senior Notes due 2009 series 190
EUR	40,000,000	Floating Rate Senior Notes due 2009 series 191
EUR	53,650,000	Business Notes 3 series 192
EUR	5,000,000	Bermudan Callable Notes 2009 – 2017 series 194
EUR	53,100,000	Private Notes 4 series 195
EUR	5,000,000	AEX index and BEL20 index linked series 196
EUR	8,000,000	Inflation Stabilizer 2007 – 2012 series 197
EUR	12,600,000	Callable Range Accrual Notes 2008 – 2022 series 198
EUR	2,000,000	CMS linked Notes due June 2017 series 199
EUR	25,000,000	Fixed Rate Notes due 3/08/2011 series 200

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EUR	8,000,000	Callable Power Range Accrual due July 2012 series 201
EUR	5,000,000	Bearish Ranger due July 2015 series 202
EUR	32,900,000	Business Notes 4 series 203
EUR	75,000,000	Bermudan Callable Notes 2007 – 2009 series 204
EUR	30,650,000	Private Notes 5 series 205
EUR	11,000,000	Fixed Rate Notes due 2017 series 206
AUD	40,000,000	Fixed Rate Notes due 07/11/2011 series 207
NZD	25,000,000	Fixed Rate Notes due 02/11/2011 series 208
EUR	200,000,000	Fixed Rate Bermudan Callable Notes due August 2008
USD	25,000,000	Fixed Rate Notes due 29/11/2013 series 210
EUR	10,000,000	Bermudan Callable Notes 2008 -2012 series 211
NZD	40,000,000	Fixed Rate Notes due 26/11/2012 series 212
EUR	100,000,000	Floating Rate Notes due 28/06/2009 series 219

Dexia Funding Netherlands N.V. has launched 1 new tranche under the Euro Multi-Callable Notes Program:

EUR	8,705,000	Euro Multi-Callable Notes tranche 19 due July 2012
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Furthermore the company issued the following notes outside its EMTN program:

EUR	58,118,000	Interest Notes 5 tranche A
EUR	4,813,000	Interest Notes 5 tranche B
EUR	19,291,000	Multiple Capital Repayment 7
EUR	24,093,000	Equity Notes 4

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EUR	37,234,000	Interest Notes 6 tranche A
EUR	3,481,000	Interest Notes 6 tranche B
EUR	17,187,000	Multiple Capital Repayment 8
EUR	92,100,000	Private Notes 3
EUR	28,149,000	Short Term Notes 3
EUR	2,114,000	Equity Notes 5 tranche A
EUR	139,000	Equity Notes 5 tranche B
EUR	42,471,000	Short Term Notes 4 tranche A
EUR	1,684,000	Short Term Notes 4 tranche B
EUR	65,578,000	Interest Notes 7
EUR	91,327,000	Interest Notes 8
EUR	8,619,000	Short Term Notes 5
EUR	21,856,000	Short Term Notes 6
EUR	56,784,000	Interest Notes 9
EUR	45,362,000	Interest Notes 10
EUR	21,297,000	Interest Notes 11
EUR	6,768,000	Short Term Notes 7
EUR	5,000,000	Commodity Notes 1
EUR	5,397,000	Equity Notes 6
EUR	19,551,000	Short Term Notes 8
EUR	35,481,000	Interest Notes 12
EUR	4,324,000	Short Term Notes 9
EUR	3,880,000	Short Term Notes 10
EUR	7,500,000	Interest Notes 13

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EUR	3,354,000	Luxury Notes
EUR	1,683,000	Equity Notes 7
EUR	17,054,000	Interest Notes 14
EUR	6,363,000	Interest Notes 15
EUR	18,702,000	Interest Notes 16
EUR	8,909,000	Euribor Linked Notes
EUR	2,274,000	Euro Stoxx Select Dividend Notes

In the future, the company will launch new issues if market conditions are favorable.

Amsterdam, 4 March 2008

The Board of Managing Directors:

L. Thiry

J. van Burg

Dexia Bank Belgium S.A.

J. Brumagne

Equity Trust Co N.V.

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Financial statements

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BALANCE SHEET AS OF DECEMBER 31, 2007

(before appropriation of result)		Notes	31 December 2007 EUR '000	31 December 2006 EUR '000
ASSETS				
FIXED ASSETS				
Subordinated loans to shareholder	1		425,764	227,514
Non-subordinated loans to shareholder	2		7,032,791	6,627,860
			7,458,556	6,855,374
CURRENT ASSETS				
Short-term portion of Non-subordinated loans			1,594,219	1,087,648
Prepaid corporate income tax			16	28
Other amounts receivable	3		99,952	107,072
Cash	4		4,838	7,493
			1,699,025	1,226,162
			9,157,581	7,441,019
SHAREHOLDER'S EQUITY AND LIABILITIES				
SHAREHOLDERS EQUITY				
	5			
Share capital			113	113
Retained earnings			3,827	6,757
Result for the year			1,997	1,705
			5,937	8,575
LONG-TERM LIABILITIES				
Issued subordinated notes	6		425,764	227,514
Issued non-subordinated notes	7		7,032,791	6,627,860
			7,458,556	6,855,374
CURRENT LIABILITIES				
Short-term portion long-term liabilities			1,594,219	1,087,648
Other liabilities and accrued expenses	8		98,869	106,018
			1,693,088	1,217,587
			9,157,581	7,441,019

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PROFIT AND LOSS ACCOUNT 2007

	<u>Notes</u>	<u>2007</u> <u>EUR '000</u>	<u>2006</u> <u>EUR '000</u>
Interest income and premium income group	9	255,672	262,257
Other income		164	207
Interest expense notes and discount expense	9	<u>-252,672</u>	<u>-259,720</u>
INTEREST MARGIN		<u>3,164</u>	<u>2,744</u>
Realized capital gains and losses	10	<u>0</u>	<u>0</u>
CAPITAL GAINS AND LOSSES		<u>0</u>	<u>0</u>
OPERATING RESULT		3,164	2,744
General expenses		<u>-487</u>	<u>-308</u>
RESULT BEFORE TAXATION		<u>2,677</u>	<u>2,436</u>
Taxation on result of ordinary activities		-680	-731
RESULT AFTER TAXATION		<u><u>1,997</u></u>	<u><u>1,705</u></u>

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Notes to the financial statements

General

Activities

The Company is a 100% subsidiary of Dexia Bank Belgium S.A., Brussels (“Dexia Bank”) and was incorporated in Amsterdam on 7 July 1987. Its registered office is at “Atrium” 7th Floor, Strawinskylaan, 3105, Amsterdam.

Dexia Funding Netherlands N.V. is registered in the Commercial Register of the Chamber of Commerce in Amsterdam under file number 33.194.789.

The Company acts as a finance company. The Company issues notes in the market, whereby the proceeds of the issued notes are fully lent to the parent company.

Financial risk management

The Company’s activities expose it to a variety of financial risks, including the effects of changes in debt and equity market prices, foreign currency exchange rates and interest rates. However, all financial liabilities are lent to the Company’s parent company and therefore these financial risks are completely mitigated.

Market risk:

The Company takes on exposure to market risks arising from positions in interest rate, currency and equity products, all of which are exposed to general and specific market movements. However, the risks are mitigated by the abovementioned loans of the funding net proceeds to its parent company at comparable interest rate, currency and equity conditions.

Credit risk:

The Company has significant concentrations of credit risk as almost all assets are placed with its parent company. Taking into consideration the objective and activities of the Company and the fact that the parent company is a high credit quality financial institution under the supervision of the Belgian regulator, management considers this risk as acceptable.

Liquidity risk:

The Company has no significant liquidity risk as it has a liquidity facility with its parent company and almost all assets and liabilities are matched in time.

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Accounting principles

General

The financial statements have been prepared in accordance with the Title 9 book 2 of the Netherlands Civil Code, and with Dutch GAAP.

Valuation of assets and liabilities and determination of the result take place under the historical cost convention. Unless stated otherwise at the relevant principle for the specific balance sheet item, assets and liabilities are stated at face value.

Income and expenses are accounted for on an accrual basis. Profit is only included when realized on balance sheet date. Losses originated before the end of the financial year are taken into account if they have become known before preparation of the financial statements. Amortisation of premiums and discounts is recorded under interest income and interest expense respectively.

Change of Accounting policy

Until 2006 the valuation of the non- subordinated notes and loans which were index-linked, equity-linked, inflation-linked, funds-linked and reverse exchangeable notes for which the price was linked to the evolution of an underlying instrument, were valued at fair value. All other notes and loans were valued at redemption value.

In view of a clear presentation of the notes and loans in the accounts, it was decided to account for all notes and bonds on nominal value, if repayment of the instrument is capital guaranteed and to account for the lower of the nominal value and the fair value of the financial instrument if repayment of the instrument is not capital guaranteed. The financial impact on equity and results is nil as the Loans receivable are valued on the same basis as the Notes payable.

The comparative figures for the year 2006 were amended in the 2007 financial statements. The impact on the 2006 accounts for both loans and notes are as follows:

change of accounting policy against nominal value:

	EUR '000
Valuation as per year end 2006	7,098,912
Change in value loans and notes	
on application of nominal value accounting	616,596
Valuation against nominal value of all loans/ bonds	<u>7,715,508</u>

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Translation of foreign currency

Receivables, liabilities and obligations denominated in foreign currency are translated at the exchange rates prevailing at balance sheet date. Transactions in foreign currency during the financial year are recognized in the financial statements at the exchange rates prevailing at transaction date. The exchange differences resulting from the translation as of balance sheet date, taking into account possible hedge transactions, are taken to the profit and loss account.

Cash flow statement

No cash flow statement was prepared as the ultimate parent company prepared a consolidated cash flow statement, which includes the cash flows of the Company.

Principles of valuation of assets and liabilities

Financial instruments

The market value is calculated on the basis of financial models and implied market data.

In view of a clear presentation of the notes and loans in the accounts, it was decided to account for all notes and bonds on nominal value, if repayment of the instrument is capital guaranteed and to account for the lower of the nominal value and the fair value of the financial instrument if repayment of the instrument is not capital guaranteed.

Principles for the determination of the result

Taxation

Corporate income tax is calculated at the applicable rate on the result for the financial year, taking into account permanent differences between profit calculated according to the financial statements and profit calculated for taxation purposes.

Notes to the specific items of the balance sheet

1. Subordinated loans to shareholder

The subordinated loans rank pari-passu between themselves and after all non-subordinated creditors of the shareholder. These loans are all repayable at face value.

The loans are denominated in euros (EUR 100 million), Japanese yen (JPY 20 billion) and during the year an additional subordinated loan was provided in the amount of British Pound Sterling (GBP 150 million) and carry fixed interest at an average rate of 5.99% (2006: 6.195%).

The loans in Japanese yen and Great Britain Pound Sterling mature in more than 5 years. The Euro loan matures in February 2011.

The movement in the subordinated loans to shareholder is as follows:

	2007	2006
	EUR '000	EUR '000
Balance as of January 1	227,514	244,033
Addition	204,479	0
Translation differences	-6,229	-16,519
Balance as of December 31	<u>425,764</u>	<u>227,514</u>

The fair value of the subordinated loans as at reporting date is EUR 580,601 k.

2. Non-subordinated loans to shareholder

The non-subordinated loans to shareholder consist of loans that are repayable at fair value and loans for which the redemption price is linked to the evolution of an underlying instrument (index-linked, equity-linked, inflation-linked, funds-linked and reverse exchangeable).

Most of the loans are denominated in Euros (93%), although there are also loans in Swedish Kroner (2%), Norwegian Kroner (1%), Japanese yen (<1%), Danish Kroner (<1%), US Dollar (1%), Australian Dollar (1%), New Zealand Dollar (<1%) British pound sterling (<2%) and Swiss Francs (<1%).

Approximately EUR 1.6 billion loans mature within one year (presented as current assets), EUR 4.9 billion loans mature after one but before five years and EUR 2.1 billion loans mature after five years.

Most of the loans are structured loans with interest rates or redemptions linked to the evolution of an underlying contract (e.g. interest rates, equity, indices, exchange rates, commodities), often

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2. Non-subordinated loans to shareholder (Cont'd)

with callable features including automatic early redemptions as well as conditional early redemptions.

The presentation of the loans is based on nominal value if repayment of the instrument is capital guaranteed and on the lower of the nominal value and fair value of the financial instrument if repayment of the financial instrument is not capital guaranteed. As at balance sheet date no loans are included which are below the nominal value.

The movement in the non-subordinated loans to shareholder is as follows:

	<u>2007</u>	<u>2006</u>
	<u>EUR '000</u>	<u>EUR '000</u>
Balance as of January 1	6,627,860	6,038,838
Additions	2,119,136	2,058,616
Repayments	-1,191,708	-1,109,153
Reclassification to short term (net)	-506,571	-361,508
Devaluation market value below nominal amount	0	0
Translation differences	-15,926	1,067
Balance as of December 31	<u>7,032,791</u>	<u>6,627,860</u>

The fair value of the subordinated loans as at reporting date is EUR 8,032,531 k.

3. Other amounts receivable

The receivables and accrued income are specified as follows:

	<u>31 December</u>	<u>31 December</u>
	<u>2007</u>	<u>2006</u>
	<u>EUR '000</u>	<u>EUR '000</u>
Accrued interest receivable from shareholder	99,952	107,072
	<u>99,952</u>	<u>107,072</u>

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4. Cash

The composition of the cash is as follows:

	31 December 2007	31 December 2006
	EUR '000	EUR '000
Current account	488	873
Deposits	4,350	6,620
	<u>4,838</u>	<u>7,493</u>

Included in the cash is a two weeks deposit of EUR 4.3 million. No other restrictions on the usage of cash exist.

5. Shareholder's equity

The authorized share capital amounts to EUR 2,268,900 comprising 5,000 shares of EUR 453.78 each. As of balance sheet date, 250 shares are called and paid up, amounting to EUR 113,445. The shares are wholly owned by Dexia Bank Belgium S.A., which is the ultimate parent company.

The movement in shareholder's equity is as follows:

	Share capital	Retained earnings	Result for the year	Total
	EUR '000	EUR '000	EUR '000	EUR '000
Balance as of January 1, 2006	113	7,784	3,473	11,370
Dividend 2005	0	0	-4,500	-4,500
Appropriation of result	0	-1,027	1,027	0
Result for the year	0	0	1,705	1,705
Balance as of December 31, 2006	<u>113</u>	<u>6,757</u>	<u>1,705</u>	<u>8,575</u>
Balance as of January 1, 2007	113	6,757	1,705	8,575
Dividend 2006	0	-2,930	-1,705	-4,635
Result for the year	0	0	1,997	1,997
Balance as of December 31, 2007	<u>113</u>	<u>3,827</u>	<u>1,997</u>	<u>5,937</u>

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6. Issued subordinated notes

All issued subordinated notes are fully and irrevocably guaranteed by Dexia Bank.

The subordinated notes rank *pari passu* among themselves and after all non-subordinated creditors of the Company. These notes are all repayable at face value.

The notes are denominated in Euros (EUR 100 billion), Japanese yen (JPY 20 billion) and Great Britain Pound Sterling and carry fixed interest at an average rate of 5.88 % (2006: 5.925%)

Those JPY loans and Great Britain Pound Sterling mature in more than 5 years, and the EUR loan matures in February 2011.

7. Issued non-subordinated notes

All issued non-subordinated notes are fully and irrevocably guaranteed by Dexia Bank.

The non-subordinated notes consist of notes that are repayable at face value (approximately EUR 3.9 billion) and notes for which the redemption price is linked to the evolution of an underlying instrument (index-linked, equity-linked, inflation-linked, funds-linked and reverse exchangeable).

Most of the notes are structured notes with interest rates or redemptions linked to the evolution of an underlying contract (e.g. interest rates, equity, indices, exchange rates, commodities), often with callable features including automatic early redemptions as well as conditional early redemptions.

Most of the notes are denominated in euros (93%), although there are also notes in Swedish Kronas (2%), Norwegian Kronas (1%), Japanese yen (<1%), Danish Kronas (1%), US Dollar (<1%), Australian Dollar (1%), New Zealand Dollar (<1%) and British pound sterling (<2%) and Swiss Franc (<1%).

Approximately EUR 1.6 billion notes mature within one year (presented as current assets), EUR 4.9 billion notes mature after one but before five years and EUR 2.1 billion notes mature after five years.

The presentation of the notes is based on nominal value if repayment of the instrument is capital guaranteed and on the lower of the nominal value and fair value of the financial instrument if repayment of the financial instrument is not capital guaranteed. As at balance sheet date no loans are included which are below the nominal value.

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8. Other liabilities and accrued expenses

The other liabilities and accrued expenses can be detailed as follows:

	31 December 2007	31 December 2006
	EUR '000	EUR '000
Accrued interest payable	98,570	105,824
Accrued liabilities	300	194
	<u>98,869</u>	<u>106,018</u>

9. Interest income and interest expense

The interest income and interest expense consists of interest earned on loans and interest expense on notes; included in these balances are the amortizations of the premiums and discounts on loans and notes.

	31 December 2007	31 December 2006
	EUR '000	EUR '000
Interest income on loans	233,517	234,081
Premium income	22,155	28,176
	<u>255,672</u>	<u>262,257</u>
Interest expense on notes	-230,517	-231,544
Discount expense	-22,155	-28,176
	<u>-252,672</u>	<u>-259,720</u>
Total net income	<u>3,000</u>	<u>2,537</u>

10. Realized capital gains and losses

The realized capital gains and losses can be detailed as follows:

	31 December 2007	31 December 2006
	EUR '000	EUR '000
Realized gains	56,023	169,259
Realized losses	-56,023	-169,259
	<u>0</u>	<u>0</u>

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11. Taxation on result of ordinary activities

The corporate income tax charge is calculated at the statutory tax rate of 25.5% prevailing in the Netherlands.

Subsequent events

During 2008, till 4 March 2008, the company issued the following notes on the basis of its EMTN program:

EUR	150,000,000	4.71 % Bermudan Callable Notes 2008 Tranche A series
EUR	334,331,000	4.57 % Bermudan Callable Notes 2008 Tranche B series
EUR	5,000,000	Floating Rate Notes due 20 February 2023 series 221

Furthermore the company issued the following notes outside the EMTN program:

EUR	30,000,000	Stock Picking Notes Tranche A
EUR	2,935,000	Stock Picking Notes Tranche B
EUR	2,000,000	Stock Picking Notes Tranche C
EUR	10,000,000	EUR/USD Notes Tranche A
EUR	6,471,000	EUR/USD Notes Tranche B

On January 15, 2008 a new Notes Issuance Programme was set up.

Other notes and signing of the financial statements

Employees

The Company did not employ any personnel.

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Signing of the financial statements

Amsterdam, 4 March 2008

Management board:

L Thiry

J. Brumagne

J. van Burg

Dexia Bank Belgium S.A.

Equity Trust Co N.V.

Supervisory board:

B. Colla

J.L.J. Laenen

K. Claessens

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Other information

Auditors' report

Reference is made to the auditors' report as included hereinafter.

Statutory rules concerning appropriation of the result

In Article 31 of the Company statutory regulations the following has been stated concerning the appropriation of result:

- Profits are at the disposition of the General Meeting of Shareholders;
- Distribution may only be made to an amount not exceeding the distributable reserves component of shareholders' equity;
- Distribution of profits is after adoption of the financial statements showing that such distribution is justified;
- If it is evident from an interim financial statement drawn up in accordance with the provisions of the law that the requirements of section 2 have not been met, the General Meeting of Shareholders may decide to pay an interim dividend;

Appropriation of the result for the financial year 2006

On March 6, 2007, the annual General Meeting of Shareholders decided to distribute a dividend of EUR 4.635 million. This dividend is composed partly of the profit of the year EUR 1.705 and EUR 2.930 million of the retained earnings.

Proposed appropriation of the result for the financial year 2007

The Board of directors proposes, with the approval of the supervisory board, that a dividend amounting to EUR 3.300 million should be paid to the shareholder, consisting of EUR 1.997 million from the result of the year 2007 and EUR 1.303 million from the retained earnings.

The financial statements do not yet reflect this proposal.

Subsequent events

During 2008, till 4 March, the company issued notes to the value of EUR 540,737,000. The proceeds of the issued notes were fully on-lent to the parent company.

Board of Directors
Dexia Funding Netherlands N.V.
Atrium, Strawinskylaan 3105
1077 ZX AMSTERDAM

Date
February 19, 2008

From
G.J.W. Ros

Reference
3100207591/OP9993/avw

Auditors' report

Report on the financial statements

We have audited the accompanying financial statements 2007 of Dexia Funding Netherlands N.V., Amsterdam, which comprise the balance sheet as at December 31, 2007, the profit and loss account for the year then ended and the notes.

Management's responsibility

Management is responsible for the preparation and fair presentation of the financial statements and for the preparation of the management board report, both in accordance with Part 9 of Book 2 of the Netherlands Civil Code. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with Dutch law. This law requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

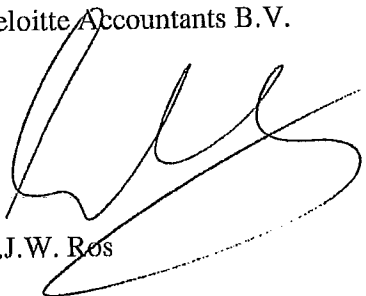
Opinion

In our opinion, the financial statements give a true and fair view of the financial position of Dexia Funding Netherlands N.V. as at December 31, 2007, and of its result for the year then ended in accordance with Part 9 of Book 2 of the Netherlands Civil Code.

Report on other legal and regulatory requirements

Pursuant to the legal requirement under 2:393 sub 5 part e of the Netherlands Civil Code, we report, to the extent of our competence, that the management board report is consistent with the financial statements as required by 2:391 sub 4 of the Netherlands Civil Code.

Deloitte Accountants B.V.



G.J.W. Ros