2023

H1 RISK REPORT
PILLAR 3 OF BASEL III

DEXIA

Contents

1. Introduction 5

2. Dexia's key figures and risk profile 7

2.1. EU KM1 - Key metrics1 8

2.2. EU KM1 bis² 9

2.3. EU OV1 - Overview of risk-weighted exposure amounts 10

3. Own funds 11

3.1. EU CC2 - Reconciliation of audited regulatory own funds to balance sheet 11

3.2. EU CC1 - Composition of regulatory own funds 12

3.3. Countercyclical capital buffers 17

4. Leverage ratio 18

4.1. EU LR1 - LRSum: Summary reconciliation of accounting assets and leverage ratio exposures 18

4.2. EU LR2 - LRCom: Leverage ratio common disclosure 19

4.3. EU LR3 - LRSpl: Split-up of on-balance sheet exposures (excluding derivatives, SFTs and exempted exposures) 20

5. Credit risk 21

5.1. Risk measures 21

5.2. Concepts and implementation within Dexia 21

5.3. Credit risk exposure 25

5.4. AIRB approach 29

5.5. Standardised approach 29

5.6. Credit risk mitigation techniques 30

5.7. Counterparty credit risk 31

5.8. Focus on securitisation activities 36

6. Market risk 40

6.1. Risk measurement 40

6.2. Basel treatment 40

6.3. Back-testing 41

6.4. EU MR1 - Market risk under the standardised approach 41

6.5. EU MR2-A - Market risk under the internal model approach (IMA) 41

6.6. EU MR2-B - RWA flow statements of market risk exposures under the IMA 42

6.7. EU MR3 - LIMA values for the trading portfolio 42

6.8. EU MR4 - Comparison of VaR estimates with gains/losses 43

7. Liquidity requirements 44

7.1. Dexia's policy on the management of liquidity risk 44

7.2. Liquidity Coverage Ratio (LCR) 44

7.3. EU LIQ2 - Net Stable Funding Ratio (NSFR) 46

8. Interest Rate Risk on the Banking Book (IRRBB) 49

9. Environmental, Social and Governance Risk 50

9.1. Concepts and implementation within Dexia 50

9.2. Dexia's ESG main figures 52

9.3. Template 1: Banking book - Climate Change transition risk: Credit quality of exposures by sector, emissions and residual maturity 52
9.4. Template 2: Banking book - Climate change transition risk: Loans collateralised by immovable property - Energy efficiency of the collateral 59
9.5. Banking book - Climate change physical risk: Exposure subject to physical risk 60
Appendix 1: Mapping table 64
Appendix 2: Dexia's Management Board 68
Appendix 3: ESG 69

Declaration on the publication requirements of Pillar 3

The Management Board and the Board of Directors are responsible for the effective implementation and maintenance of formal policies and procedures, systems and internal control for the institution's financial publications, including this Pillar 3 report.

We undersigned, Giovanni Albanese Guidi, Chief Risk Officer and Véronique Hugues, Chief Financial Officer, certify that to the best of our knowledge:

a) the Pillar 3 report takes into account the publication requirements of Pillar 3 of the Basel agreements, transposed into European law through regulation (EU) n° 575/2013 (CRR) amended by regulation n° 2019/876 of 20 May 2019 (CRR2) and directive 2013/36 /EU (CRD IV) amended by directive 2019/878/EU of 20 May 2019 (CRD V);

b) the reported information in the Pillar 3 report as at 30 June 2023, was subjected to the same level of internal control as the information in Dexia Crédit Local's Financial Report 1H 2023.

Paris, 7 December 2023

For the Management Board of Dexia

Giovanni Albanese Guidi
Chief Risk Officer

Véronique Hugues
Chief Financial Officer

1. Introduction

Dexia is the only bank in resolution to have retained its banking status. It is managed in accordance with the orderly resolution plan validated by the European Commission in December 2012. As such, the Group no longer has any commercial activity and manages a considerable and highly complex balance sheet. Management in resolution aims to avoid any systemic risk and any further recourse to French and Belgian taxpayers.

However, as a financial institution, Dexia is still exposed to risks that are typical for the financial sector, including both financial risks (e.g. credit risk, market risk, liquidity risks) and non-financial risks (e.g. operational risks, compliance risks) adequately managed.

The most important regulations governing risk and capital management are the Basel III capital requirements applying to banking entities. Dexia follows the Basel III capital requirements in accordance with the current Capital Requirements Regulation, CRR2. The finalisation of the Basel III post-crisis reforms (commonly referred to as Basel IV) will be applied when these have been transposed into CRR3.

The H1 2023 Risk report is based on Basel III's third pillar and in accordance with the resulting disclosure requirements of the Capital Requirements Regulation and Capital Requirements Directive (CRR/CRD) of the European Union. The CRR2-related disclosure templates have been integrated according to regulatory requirements to reinforce market discipline by increasing the consistency and comparability of institutions' public disclosures on the one hand and achieving the ultimate data transparency and reconciliation between external reporting, such as the Pillar 3 disclosures, and supervisory reporting based on FINREP and COREP data on the other hand.

Dexia's H1 2023 Risk report includes the ESG Pillar 3 framework as required by the final draft implementing technical standards on prudential disclosures on ESG risks in accordance with Article 449a of the CRR, published in January 2022.

Information in this Risk report is disclosed at the highest consolidated level, Dexia.

A brief overview of the '3 Pillars' Framework of Basel III

The first Pillar, related to minimum capital requirements, defines the way banking institutions calculate their regulatory capital requirements in order to cover credit risk, market risk and operational risk. The framework provides different approaches for calculating:

- Credit risk through three different approaches: Standardised Approach, Foundation Internal Rating-Based Approach and Advanced Internal Rating-Based Approach;
- Market risk through two approaches: Standardised Approach and Internal Model Approach;
- Operational risk through three approaches: Basic Indicator Approach, Standardised Approach and Advanced Measurement Approach.

Regarding credit risk, since 2020 Dexia has been authorised by its supervisors to move from the Advanced Internal Rating-Based Approach (AIRB Approach) to the Standardised Approach for the determination of its regulatory capital requirements under the Basel III Pillar 1 for credit risk and for the calculation of its solvency ratios. This is applicable to all entities consolidated within the Dexia Group, which are established in a Member State of the European Union and subject to the Capital Requirements Directive. However, the ex AIRB models continue to be used for risk management purposes (more details on 3.3 Internal model).

In terms of market risk, Dexia calculates its capital requirements on the basis of both the Internal Model Approach and the Standardised Approach for general interest rate risk and the Standardised Approach for specific interest rate risk and foreign exchange risk.

For operational risk, Dexia applies the Standardised Approach. Incident collection and reporting take place on a regular basis and the Risk and Control Self-Assessment (RCSA) process covers the entire Group, including all entities.

The second Pillar, related to the supervisory review process, can be divided into two major components:

- The Internal Capital Adequacy Assessment Process (ICAAP) aimed at establishing sound, effective and complete strategies and processes to assess and maintain, on an ongoing basis, the amounts, types and distribution of internal capital commensurate to Dexia's risk profile, as well as robust governance and internal control arrangements.
- The Supervisory Review and Evaluation Process (SREP). The purpose of the SREP is to ensure that Dexia has adequate arrangements, strategies, processes and mechanisms as well as capital and liquidity to ensure a sound management and coverage of its risks, to which it is or might be exposed, including those revealed by stress-testing.

Dexia has developed adapted and proportionate capabilities to address all Pillar 2 requirements under its orderly resolution plan and keeps its supervisors closely informed of all related developments.

The third Pillar, market discipline, encourages market discipline by developing a set of qualitative and quantitative disclosures which will allow market participants to make a better assessment of capital, risk exposure, risk assessment processes, and hence the capital adequacy of the institution.

The requirements of the third Pillar are met by this publication.

An internal validation process at a Dexia level guarantees the quality of the information provided.

The Pillar 3 report is a joint publication by the Risk Management and Communication departments.

The Management Board is responsible for final validation of the Pillar 3 disclosure. Statutory Auditors' approval is not required.

Dexia Crédit Local, as an institution controlled by an EU parent financial holding company, must fulfil the obligations laid down in Part Eight of the CRR in the framework of Pillar 3 disclosure requirements under the Basel III capital framework on the basis of the consolidated situation of the financial holding company. This consolidation is achieved by Dexia, located at Tour Bastion, Place du Champ de Mars 5, B-1050 Brussels, Belgium.

The Pillar 3 report has been published since 2008.

The disclosure was organised on an annual basis together with the publication of the Annual Report until 31 December 2020. As from the second quarter of 2021, the regulatory authorities aim to reinforce market discipline. Henceforth, Dexia publishes its Risk report on a quarterly basis.

The information disclosed through this Risk report takes into account the publication requirements of Pillar 3 of the Basel agreements, transposed into European law through regulation (EU) No 575/2013 (CRR) amended by regulation No 2019/876 of 20 May 2019 (CRR2) and directive 2013/36/EU (CRD IV) amended by directive 2019/878/EU of 20 May 2019 (CRD V).

This information is published on a consolidated basis (article 13 of the CRR) and it corresponds to the elements required in the eighth part of the CRR (articles 431 and following).

Dexia releases the Risk report – Pillar 3 of Basel III on Dexia's website: www.dexia.com.

The figures in the tables displayed in this report are provided in millions of Euros (EUR) and as at 30 June 2023 unless otherwise stated.

2. Dexia's key figures and risk profile

Dexia monitors its solvency using rules established by the Basel Committee on Banking Supervision and European Directive CRD IV. On the other hand, the Group ensures observance of the capital requirements imposed by the European Central Bank (ECB), within the framework of Pillar 2 of Basel III, following the Supervisory Review and Evaluation Process (SREP).

On 30 November 2022, the ACPR informed Dexia that the total capital requirement (excluding the capital conservation buffer) of 11.25% on a consolidated basis was maintained in 2023. This level includes a minimum capital requirement of 8% (Pillar 1) and an additional capital level of 3.25% (P2R - Pillar 2 Requirement) which must be covered by at least 56% Common Equity Tier 1 capital and 75% Tier 1 capital.

The Dexia Group is also required to hold a capital conservation buffer of 2.5%, entirely composed of Common Equity Tier 1 capital. Including the impact of the capital conservation buffer, the overall Dexia capital requirement amounts to 13.75% for 2023.

In addition, the High Council for Financial Stability has decided to raise the level of the countercyclical buffer to 0.5% from 7 April 2023 and to 1% from 2 January 2024. The Bank of England requires a countercyclical buffer of 1% for the first two quarters of 2023 and 2% for the last two quarters of 2023. As a result, Dexia's countercyclical buffer requirement is 0.6% as at 30 June 2023 and is estimated at 1.25% for the last two quarters of 2023.

Finally, the ACPR recommends maintaining a level of additional capital (P2G - Pillar 2 Guidance) of 1%, which is added to the overall capital requirement and must be entirely composed of Common Equity Tier 1 capital.

Including the impact of the countercyclical buffer and the P2G, the overall Dexia capital requirement will amount to 16% as from 1 July 2023.

On 22 December 2022, the ACPR also confirmed that Dexia would maintain a tolerance in 2023 which allows it to deduct from its Common Equity Tier 1 regulatory capital the economic impact of remedying a breach of the large exposure ratio.

Dexia's risk profile is illustrated by the following key figures as at 30 June 2023.

2.1. EU KM1 - Key metrics1

(in EUR million)		30/06/2023	31/03/2023	31/12/2022	30/09/2022	30/06/2022
	Available own funds (amounts)					
1	Common Equity Tier 1 (CET1) capital	6,422	6,388	6,600	6,494	6,583
2	Tier 1 capital	6,422	6,388	6,600	6,494	6,583
3	Total capital	6,518	6,484	6,696	6,590	6,679
	Risk-weighted exposure amounts					
4	Total risk-weighted exposure amount	16,161	16,585	16,338	15,327	17,185
	Capital ratios (as a percentage of risk-weighted exposure amount)					
5	Common Equity Tier 1 ratio (%)	39.74%	38.52%	40.40%	42.37%	38.31%
6	Tier 1 ratio (%)	39.74%	38.52%	40.40%	42.37%	38.31%
7	Total capital ratio (%)	40.33%	39.10%	0	42.99%	38.87%
	Additional own funds requirements to address risks other than the risk of excessive leverage (as a percentage of risk-weighted exposure amount)					
EU 7a	Additional own funds requirements to address risks other than the risk of excessive leverage (%)	3.25%	3.25%	3.25%	3.25%	3.25%
EU 7b	*of which: to be made up of CET1 capital (percentage points)*	*1.83%*	*1.83%*	*1.83%*	*1.83%*	*1.83%*
EU 7c	*of which: to be made up of Tier 1 capital (percentage points)*	*2.44%*	*2.44%*	*2.44%*	*2.44%*	*2.44%*
EU 7d	Total SREP own funds requirements (%)	11.25%	11.25%	11.25%	11.25%	11.25%
	Combined buffer requirement (as a percentage of risk-weighted exposure amount)					
8	Capital conservation buffer (%)	2.50%	2.50%	2.50%	2.50%	2.50%
EU 8a	Conservation buffer due to macro-prudential or systemic risk identified at the level of a Member State (%)	0%	0%	0%	0%	0%
9	Institution-specific countercyclical capital buffer (%)	0.61%	0.52%	0.45%	0%	0%
EU 9a	Systemic risk buffer (%)	0%	0%	0%	0%	0%
10	Global Systemically Important Institution buffer (%)	0%	0%	0%	0%	0%
EU 10a	Other Systemically Important Institution buffer	0%	0%	0%	0%	0%
11	Combined buffer requirement (%)		3.02%	2.95%	2.50%	2.50%
EU 11a	Overall capital requirements (%)	14.36%	14.27%	14.20%	13.75%	13.75%
12	CET1 available after meeting the total SREP own funds requirements (%)	29.08%	32.19%	34.07%	36.04%	31.98%
	Leverage ratio					
13	Total exposure measure	55,942	56,620	58,732	63,974	66,476
14	Leverage ratio (%)	11.48%	11.28%	11.24%	10.15%	9.90%
	Additional own funds requirements to address the risk of excessive leverage (as a percentage of total exposure measure)					
EU 14a	Additional own funds requirements to address the risk of excessive leverage (%)	0%	0%	0%	0%	0%
EU 14b	*of which: to be made up of CET1 capital (percentage points)*	*0%*	*0%*	*0%*	*0%*	*0%*
EU 14c	Total SREP leverage ratio requirements (%)	3.00%	3.00%	3.00%	3.00%	3.00%
	Leverage ratio buffer and overall leverage ratio requirement (as a percentage of total exposure measure)					
EU 14d	Leverage ratio buffer requirement (%)	0%	0%	0%	0%	0%
EU 14e	Overall leverage ratio requirements (%)	3.00%	3.00%	3.00%	3.00%	3.00%
	Liquidity Coverage Ratio					
15	Total high-quality liquid assets (HQLA) (Weighted value - average)	12,725	11,942	13,368	17,541	14,349
EU 16a	Cash outflows - Total weighted value	8,950	6,044	9,026	6,495	6,895
EU 16b	Cash inflows - Total weighted value	3,377	1,163	1,472	1,101	1,141
16	Total net cash outflows (adjusted value)	5,573	4,881	7,553	5,394	5,755
17	Liquidity coverage ratio (%)	228.34%	244.66%	176.98%	325.19%	249.34%
	Net Stable Funding Ratio					
18	Total available stable funding	31,664	31,356	33,012	39,388	38,096
19	Total required stable funding	21,119	21,398	20,299	23,437	22,720
20	NSFR ratio (%)	149.93%	146.54%	162.63%	168.06%	167.67%

The general rule defines whether or not the net result of the period is taken into account in the Pilar 3 figures and ratios. A negative net result is always taken into account, whereas a positive net result is not taken into account.

2.2. EU KM1 bis[2]

As Dexia decided to apply transitional arrangements regarding expected credit losses recognised under IFRS 9, the table below discloses the amount of Common Equity Tier 1 capital, Tier 1 capital and Total capital, as well as the Common Equity Tier 1 capital ratio, the Tier 1 capital ratio, the total capital ratio and the leverage ratio, each time with and without the application of the transitional arrangements.

(in EUR million)		30/06/2023	31/03/2023	31/12/2022	30/09/2022	30/06/2022	31/03/2022
	Available capital (amounts)						
1	Common Equity Tier 1 (CET1) capital	6,422	6,388	6,600	6,494	6,583	6,529
2	Common Equity Tier 1 (CET1) capital as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	6,422	6,388	6,556	6,450	6,539	6,485
3	Tier 1 capital	6,422	6,388	6,600	6,494	6,583	6,529
4	Tier 1 capital as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	6,422	6,388	6,556	6,450	6,539	6,485
5	Total capital	6,518	6,484	6,696	6,590	6,679	6,625
6	Total capital as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	6,518	6,484	6,652	6,546	6,635	6,581
	Risk-weighted assets (amounts)						
7	Total risk-weighted assets	16,161	16,585	16,338	15,327	17,185	18,767
8	Total risk-weighted assets as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	16,161	16,585	16,307	15,294	17,140	18,737
	Capital ratios						
9	Common Equity Tier 1 (as a percentage of risk exposure amount)	39.74%	38.52%	40.40%	42.37%	38.31%	34.79%
10	Common Equity Tier 1 (as a percentage of risk exposure amount) as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	39.74%	38.52%	40.20%	42.17%	38.12%	34.61%
11	Tier 1 (as a percentage of risk exposure amount)	39.74%	38.52%	40.40%	42.37%	38.31%	34.79%
12	Tier 1 (as a percentage of risk exposure amount) as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	39.74%	38.52%	40.20%	42.17%	38.12%	34.61%
13	Total capital (as a percentage of risk exposure amount)	40.33%	39.10%	40.98%	42.99%	38.87%	35.30%
14	Total capital (as a percentage of risk exposure amount) as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	40.33%	39.10%	40.79%	42.80%	38.68%	35.12%
	Leverage ratio						
15	Leverage ratio total exposure measure	55,942	56,620	58,732	63,974	66,476	71,653
16	Leverage ratio	11.48%	11.28%	11.24%	10.15%	9.90%	9.11%
17	Leverage ratio as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	11.48%	11.28%	11.16%	10.08%	9.84%	9.05%

The general rule defines whether or not the net result of the period is taken into account in the Pilar 3 figures and ratios. A negative net result is always taken into account, whereas a positive net result is not taken into account.

2.3. EU OV1 - Overview of risk-weighted exposure amounts

The following table shows the risk-weighted assets (RWA) and own funds requirement as at 30 June 2023.

(in EUR million)		Risk weighted exposure amounts (RWEAs)		Total own funds requirements
		30/06/2023	31/03/2023	30/06/2023
1	**Credit risk (excluding CCR)**	**10,710**	**11,108**	**857**
2	*Of which the standardised approach*	*10,653*	*10,922*	*852*
3	*Of which the Foundation IRB (F-IRB) approach*	-	-	-
4	*Of which: slotting approach*	-	-	-
EU 4a	*Of which: equities under the simple riskweighted approach*	-	-	-
5	*Of which the Advanced IRB (A-IRB) approach*	-	-	-
6	**Counterparty credit risk - CCR**	**1,517**	**1,519**	**121**
7	*Of which the standardised approach*	*721*	*790*	*58*
8	*Of which internal model method (IMM)*	-	-	-
EU 8a	*Of which exposures to a CCP*	*66*	*55*	*5*
EU 8b	*Of which credit valuation adjustment - CVA*	*667*	*592*	*53*
9	*Of which other CCR*	*63*	*82*	*5*
15	**Settlement risk**	**-**	**-**	**-**
16	**Securitisation exposures in the non-trading book (after the cap)**	**840**	**760**	**67**
17	*Of which SEC-IRBA approach*	-	-	-
18	*Of which SEC-ERBA (including IAA)*	*418*	-	*33*
19	*Of which SEC-SA approach*		-	-
EU 19a	*Of which 1250%/ deduction*	*422*	-	*34*
20	**Position, foreign exchange and commodities risks (Market risk)**	**1,094**	**1,198**	**88**
21	*Of which the standardised approach*	*438*	*474*	*35*
22	*Of which IMA*	*656*	*725*	*52*
EU 22a	**Large exposures**	**-**	**-**	**-**
23	**Operational risk**	**2,000**	**2,000**	**160**
EU 23a	*Of which basic indicator approach*	-	-	-
EU 23b	*Of which standardised approach*	*53*	*53*	*4*
EU 23c	*Of which advanced measurement approach*	-	-	-
24	**Amounts below the thresholds for deduction (subject to 250% risk weight) (For information)**	1	1	0
29	**TOTAL**	**16,161**	**16,585**	**1,293**

As at 30 June 2023, the risk-weighted assets amounted to EUR 16.2 billion, of which EUR 13.1 billion for credit risk (including CCR and securitisation), EUR 1 billion for market risk and EUR 2 billion for operational risk (including a buffer of about EUR 1.95 billion).

According to the regulation, capital requirements for operational risk have been calculated according to the standardised approach, based on the net banking income positive run rate per activity. This level of activity is however not directly relevant for reflecting the operational risk in Dexia's run-off situation as the run rate decreases faster than the change in operational risk level. A buffer, benchmarked with the ICAAP operational risk stresses, is therefore added to the capital allocated for the operational risk.

3. Own funds

3.1. EU CC2 - Reconciliation of audited regulatory own funds to balance sheet

There is no difference between the consolidation scope for accounting and prudential purposes. The Dexia Group applies all rules with regard to the consolidation scope resulting from:

- IFRS 10 on the preparation and presentation of consolidated financial statements;
- IFRS 3 on business combinations and the impact of accounting methods on the consolidated accounts;
- IAS 28 (revised) on investments in associates and joint ventures;
- IFRS 11 on joint arrangements.

The policies laid down by these standards imply that all companies over which the Group exercises exclusive or joint control or notable influence must be consolidated. Consequently, all companies exclusively or jointly controlled, or over which the Group holds a notable influence, are consolidated.

Pursuant to the principle of a true and fair view of the Group's financial statements, any companies whose contribution to the consolidated financial statements is not material shall not be included in the consolidation scope.

Entities are considered as non-significant when, at a consolidated level, the aggregate of their total assets, liabilities, equity and net income does not exceed 1% of the total of consolidated balance sheet and net income.

(in EUR million)		Balance sheet as in the published financial statements (same as under regulatory scope of consolidation) 30/06/2023	Reference (EU CC1)
	Assets - Breakdown by asset classes according to the balance sheet in the published financial statements		
1	Cash and central banks	1,183	Assets r1
2	Financial assets at fair value through profit or loss	3,048	Assets r2
3	Hedging derivatives	1,472	Assets r3
4	Financial assets at fair value through other comprehensive income	1,353	Assets r4
5	Financial assets at amortised cost - Debt securities	26,586	Assets r5
6	Financial assets at amortised cost - Interbank loans and advances	6,646	Assets r6
7	Financial assets at amortised cost - Customer loans and advances	20,057	Assets r7
8	Fair value revaluation of portfolio hedges	(105)	Assets r8
9	Current tax assets	21	Assets r9
10	Deferred tax assets	0	Assets r10
11	Accruals and other assets	314	Assets r11
11a	*of which Defined-benefit pension fund assets*	2	Assets r11a
12	Tangible fixed assets	15	Assets r12
13	Intangible assets	3	Assets r13
	TOTAL ASSETS	**60,593**	
	Liabilities - Breakdown by liability classes according to the balance sheet in the published financial statements		
1	Financial liabilities at fair value through profit or loss	3,469	Liabilities r1
2	Hedging derivatives	7,938	Liabilities r2
3	Interbank borrowings and deposits	1,919	Liabilities r3
4	Customer borrowings and deposits	3,633	Liabilities r4
5	Debt securities	36,439	Liabilities r5
6	Fair value revaluation of portfolio hedges	(1)	Liabilities r6
7	Current tax liabilities	8	Liabilities r7
8	Deferred tax liabilities	30	Liabilities r8
9	Accruals and other liabilities	464	Liabilities r9
10	Provisions	148	Liabilities r10
11	Subordinated debt	13	Liabilities r11
	TOTAL LIABILITIES	**54,059**	

(in EUR million)		Balance sheet as in the published financial statements (same as under regulatory scope of consolidation) 30/06/2023	Reference (EU CC1)
	Shareholders' Equity		
1	Capital stock and related reserves	600	Equity r1
1a	*of which subscribed capital and share premium*	500	Equity r1a
1b	*of which statutory reserves*	50	Equity r1b
1c	*of which treasury shares*	(1)	Equity r1c
1d	*of which equity instruments other than subscribed capital*	40	Equity r1d
1e	*of which conditional deferred commission*	11	Equity r1e
2	Consolidated reserves	6,266	Equity r2
2a	*of which transfer from share capital discharging the balance of deferred loss (2013)*	5,500	Equity r2a
2b	*of which other retained earnings*	15,183	Equity r2b
2c	*of which other reserves*	(14,416)	Equity r2c
3	Gains and losses directly recognised in equity	(229)	Equity r3
3a	*of which change in fair value of financial instruments measured at fair value through other comprehensive income, net of taxes*	(76)	Equity r3a
3b	*of which change in fair value related to gains or losses on cash flow hedges of financial instruments which are not valued at fair value, net of taxes*	(160)	Equity r3b
3c	*of which change in fair value related to gains or losses on cash flow hedges of financial instruments which are valued at fair value, net of taxes*	0	Equity r3c
3d	*of which change in fair value of financial liabilities designated at fair value to profit or loss attributable to own credit risk, net of taxes*	16	Equity r3d
3e	*of which other*	(9)	Equity r3e
4	Net result of the period	(159)	Equity r4
5	Minority interests	56	Equity r5
	TOTAL EQUITY	**6,534**	
	TOTAL LIABILITIES AND EQUITY	**60,593**	

Dexia's consolidated financial statements are audited once a year (as at 31 December). The balance sheet published in the press release and in the Pillar 3 as at 30 June 2023 is not audited. Dexia Crédit Local's balance sheet is audited twice a year (30 June and 31 December).

3.2. EU CC1 - Composition of regulatory own funds

		Amounts	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
	Common Equity Tier 1 (CET1) capital: instruments and reserves		
1	Capital instruments and the related share premium accounts	6,000	Equity r1a + equity r2a
	of which capital subscribed by public authorities in emergency	5,500	equity r2a
	of which: Instrument type 2		
	of which: Instrument type 3		
2	Retained earnings	15,183	Equity r2b
3	Accumulated other comprehensive income (and other reserves)	(14,595)	Equity r1b + equity r2c + equity r3
EU-3a	Funds for general banking risk	-	
4	Amount of qualifying items referred to in Article 484 (3) and the related share premium accounts subject to phase out from CET1	-	
5	Minority interests (amount allowed in consolidated CET1)	-	
EU-5a	Independently reviewed interim profits net of any foreseeable charge or dividend	-	
6	**Common Equity Tier 1 (CET1) capital before regulatory adjustments**	6,588	Equity r1a+Equity r1b+Equity r2a+Equity r2b+Equity r2c+Equity 3

		Amounts	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
	Common Equity Tier 1 (CET1) capital: regulatory adjustments		
7	Additional value adjustments (negative amount)	(6)	
8	Intangible assets (net of related tax liability) (negative amount)	(3)	Assets r13
9	Not applicable		
10	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability where the conditions in Article 38 (3) are met) (negative amount)	-	
11	Fair value reserves related to gains or losses on cash flow hedges of financial instruments that are not valued at fair value	160	Equity r3b
12	Negative amounts resulting from the calculation of expected loss amounts	-	
13	Any increase in equity that results from securitised assets (negative amount)	-	
14	Gains or losses on liabilities valued at fair value resulting from changes in own credit standing	(16)	Equity r3d
15	Defined-benefit pension fund assets (negative amount)	(2)	Assets r11a
16	Direct and indirect holdings by an institution of own CET1 instruments (negative amount)	(1)	Equity r1c
17	Direct, indirect and synthetic holdings of the CET 1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)	-	
18	Direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	-	
19	Direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	-	
20	Not applicable		
EU-20a	Exposure amount of the following items which qualify for a RW of 1250%, where the institution opts for the deduction alternative	-	
EU-20b	*of which: qualifying holdings outside the financial sector (negative amount)*	-	
EU-20c	*of which: securitisation positions (negative amount)*	-	
EU-20d	*of which: free deliveries (negative amount)*	-	
21	Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability where the conditions in Article 38 (3) are met) (negative amount)	-	
22	Amount exceeding the 17.65% threshold (negative amount)	-	
23	*of which: direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities*	-	
24	Not applicable		
25	*of which: deferred tax assets arising from temporary differences*	-	
EU-25a	Losses for the current financial year (negative amount)	(159)	Equity r4
EU-25b	Foreseeable tax charges relating to CET1 items except where the institution suitably adjusts the amount of CET1 items insofar as such tax charges reduce the amount up to which those items may be used to cover risks or losses (negative amount)	-	
26	Not applicable		
27	Qualifying AT1 deductions that exceed the AT1 items of the institution (negative amount)	-	
27a	Other regulatory adjustments	(138)	
28	**Total regulatory adjustments to Common Equity Tier 1 (CET1)**	(166)	
29	**Common Equity Tier 1 (CET1) capital**	6,422	
	Additional Tier 1 (AT1) capital: instruments		
30	Capital instruments and the related share premium accounts	-	
31	*of which: classified as equity under applicable accounting standards*	-	
32	*of which: classified as liabilities under applicable accounting standards*	-	

		Amounts	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
33	Amount of qualifying items referred to in Article 484 (4) and the related share premium accounts subject to phase out from AT1	-	
EU-33a	Amount of qualifying items referred to in Article 494a(1) subject to phase out from AT1	-	
EU-33b	Amount of qualifying items referred to in Article 494b(1) subject to phase out from AT1	-	
34	Qualifying Tier 1 capital included in consolidated AT1 capital (including minority interests not included in row 5) issued by subsidiaries and held by third parties	-	
35	*of which: instruments issued by subsidiaries subject to phase out*	-	
36	**Additional Tier 1 (AT1) capital before regulatory adjustments**	**-**	
	Additional Tier 1 (AT1) capital: regulatory adjustments		
37	Direct and indirect holdings by an institution of own AT1 instruments (negative amount)	-	
38	Direct, indirect and synthetic holdings of the AT1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)	-	
39	Direct, indirect and synthetic holdings of the AT1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	-	
40	Direct, indirect and synthetic holdings by the institution of the AT1 instruments of financial sector entities where the institution has a significant investment in those entities (net of eligible short positions) (negative amount)	-	
41	Not applicable		
42	Qualifying T2 deductions that exceed the T2 items of the institution (negative amount)	-	
42a	Other regulatory adjustments to AT1 capital	-	
43	**Total regulatory adjustments to Additional Tier 1 (AT1) capital**	-	
44	**Additional Tier 1 (AT1) capital**	-	
45	**Tier 1 capital (T1 = CET1 + AT1)**	6,422	
	Tier 2 (T2) capital: instruments		
46	Capital instruments and the related share premium accounts	96	
47	Amount of qualifying items referred to in Article 484 (5) and the related share premium accounts subject to phase out from T2 as described in Article 486 (4) CRR	-	
EU-47a	Amount of qualifying items referred to in Article 494a (2) subject to phase out from T2	-	
EU-47b	Amount of qualifying items referred to in Article 494b (2) subject to phase out from T2	-	
48	Qualifying own funds instruments included in consolidated T2 capital (including minority interests and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties	-	
49	*of which: instruments issued by subsidiaries subject to phase out*	-	
50	**Credit risk adjustments**	-	
51	**Tier 2 (T2) capital before regulatory adjustments**	96	
	Tier 2 (T2) capital: regulatory adjustments		
52	Direct and indirect holdings by an institution of own T2 instruments and subordinated loans (negative amount)	-	
53	Direct, indirect and synthetic holdings of the T2 instruments and subordinated loans of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)	-	
54	Direct and indirect holdings of the T2 instruments and subordinated loans of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	-	
54a	Not applicable		
55	Direct and indirect holdings by the institution of the T2 instruments and subordinated loans of financial sector entities where the institution has a significant investment in those entities (net of eligible short positions) (negative amount)	-	
56	Not applicable		

		Amounts	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
EU-56a	Qualifying eligible liabilities deductions that exceed the eligible liabilities items of the institution (negative amount)	-	
56b	Other regulatory adjustments to T2 capital	-	
57	**Total regulatory adjustments to Tier 2 (T2) capital**	-	
58	**Tier 2 (T2) capital**	96	
59	**Total capital (TC = T1 + T2)**	6,518	
60	**Total risk exposure amount**	16,161	
	Capital ratios and requirements including buffers		
61	Common Equity Tier 1	39.74%	
62	Tier 1	39.74%	
63	Total capital	40.33%	
64	Institution CET1 overall capital requirements	9.44%	
65	*of which: capital conservation buffer requirement*	2.50%	
66	*of which: countercyclical capital buffer requirement*	0.61%	
67	*of which: systemic risk buffer requirement*	0.00%	
EU-67a	*of which: Global Systemically Important Institution (G-SII) or Other Systemically Important Institution (O-SII) buffer requirement*	0.00%	
EU-67b	*of which: additional own funds requirements to address the risks other than the risk of excessive leverage*	1.83%	
68	**Common Equity Tier 1 capital (as a percentage of risk exposure amount) available after meeting the minimum capital requirements**	29.08%	
69	Not applicable		
70	Not applicable		
71	Not applicable		
	Amounts below the thresholds for deduction (before risk weighting)		
72	Direct and indirect holdings of own funds and eligible liabilities of financial sector entities where the institution does not have a significant investment in those entities (amount below 10% threshold and net of eligible short positions)	27	
73	Direct and indirect holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount below 17.65% thresholds and net of eligible short positions)	0	
74	Not applicable		
75	Deferred tax assets arising from temporary differences (amount below 17.65% threshold, net of related tax liability where the conditions in Article 38 (3) are met)	-	
	Applicable caps on the inclusion of provisions in Tier 2		
76	Credit risk adjustments included in T2 in respect of exposures subject to standardised approach (prior to the application of the cap)	170	
77	Cap on inclusion of credit risk adjustments in T2 under standardised approach	-	
78	Credit risk adjustments included in T2 in respect of exposures subject to internal ratings-based approach (prior to the application of the cap)	-	
79	Cap for inclusion of credit risk adjustments in T2 under internal ratings-based approach	-	
	Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2014 and 1 Jan 2022)		
80	Current cap on CET1 instruments subject to phase out arrangements	-	
81	Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)	-	
82	Current cap on AT1 instruments subject to phase out arrangements	-	
83	Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)	-	
84	Current cap on T2 instruments subject to phase out arrangements	-	
85	Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)	-	

As at 30 June 2023, the total capital of the Dexia Group amounted to EUR 6.5 billion, against EUR 6.7 billion as at 31 December 2022.

In line with the requirements of the European Central Bank (ECB), the amount of irrevocable payment undertakings (IPC) to the Single Resolution Fund and other guarantee funds is deducted from regulatory capital, for an amount of EUR -90 million as at 30 June 2023 (row 27a).

Furthermore, following the on-site inspection relating to credit risk which it carried out in 2018, the ECB issued a number of recommendations. As a result, Dexia deducts from its prudential equity an amount of EUR -27 million as a supplement for specific provisions (row 27a).

The additional value adjustments taken into account in regulatory capital as part of the Prudent Valuation Adjustment (PVA) amounted to EUR -6 million as at 30 June 2023, against EUR -7 million as at 31 December 2022.

The Debit Valuation Adjustment (DVA) amounted to EUR -22 million, compared to EUR -23 million as at 31 December 2022 (row 27a).

As at 30 June 2023, the nominal amount of the Group's hybrid Tier 1 securities amounted to EUR 96 million, which were fully reclassified as Tier 2 capital.

No hybrid debt repurchase was carried out during the first half year of 2023, in line with the ban imposed by the European Commission and communicated by Dexia on 24 January 2014[1] . The Group's hybrid Tier 1 capital is therefore composed of:
- EUR 56.25 million nominal value of perpetual non-cumulative securities issued by Dexia Credit Local: these shares (FR0010251421) are listed on the Luxembourg Stock Exchange;
- EUR 39.79 million nominal value of perpetual non-cumulative securities issued by Dexia Funding Luxembourg, now incorporated at Dexia: these securities (XS0273230572) are listed on the Luxembourg Stock Exchange.

Dexia's revised orderly resolution plan includes certain restrictions concerning the payment of coupons and the exercise of calls on subordinated debt and hybrid capital from the Group's issuers. In this way, Dexia is constrained not to pay coupons on hybrid capital issued by Group issuers. So Dexia is constrained only to pay coupons on its subordinated debt instruments and hybrid capital if there is a contractual obligation to do so. In addition, Dexia cannot exercise any discretionary options for the early redemption of these securities. Finally, the Dexia Group is not authorised to repurchase hybrid capital debt issued by Dexia Funding Luxembourg (XS0273230572), and by Dexia Credit Local (FR0010251421), as subordinated creditors must share in the financial burden resulting from the restructuring of financial institutions which have been granted State aid.

To recall, Dexia's revised orderly resolution plan, validated by the European Commission in December 2012, is underpinned by a principle of burden sharing, which requires that any improvement in Dexia's financial situation benefits only the States. This principle is reflected in particular through the conditional deferred fee which would be payable by Dexia to the States on its liquidation as remuneration for the State guarantee.

This conditional deferred fee is subordinate to the rights of preferential unsecured or subordinated creditors at a "Tier 2" or higher level of Dexia Credit Local. However, it takes precedence over hybrid "Tier 1" securities of Dexia Credit Local (ISIN FR0010251421) and Dexia SA/NV (ISIN XS0273230572).

As consequence, the deferred part of the fee which Dexia Credit Local will have to pay to the Belgian and French States on its liquidation, as remuneration for the guarantee, will be at a level such that it should absorb the net liquidation proceeds of Dexia Credit Local. Consequently, neither the holders of hybrid subordinated "Tier 1" debt of Dexia Credit Local (ISIN FR0010251421) and Dexia SA (ISIN XS0273230572) nor the States, as holders of profit shares issued by Dexia SA, nor the shareholders of Dexia SA (States and other shareholders) should receive any proceeds following the liquidation of Dexia, such proceeds being paid to the Belgian and French States as conditional deferred commission.

(1) Cf. Dexia press release dated 24 January 2014, available at www.dexia.com.

3.3. Countercyclical capital buffers

3.3.1. EU CCyB1 - Geographical distribution of credit exposures relevant for the calculation of the countercyclical buffer

(in EUR million)	General credit exposures		Relevant credit exposures - Market risk		Securitisation exposures	Total exposure value	Own fund requirements				Risk-weighted exposure amounts	Own fund requirements weights (%)	Countercyclical buffer rate (%)
	Exposure value under the standardised approach	Exposure value under the IRB approach	Sum of long and short positions of trading book exposures for SA	Value of trading book exposures for internal models	Exposure value for non-trading book		Relevant credit risk exposures - Credit risk	Relevant credit exposures - Market risk	Relevant credit exposures - Securitisation positions in the non-trading book	Total			
UNITED KINGDOM	4,139	-	-	-	34	4,172	220	-	34	254	3,173	45.93%	1.00%
FRANCE	1,600	-	-	-	-	1,600	92	-	-	92	1,149	16.63%	0.50%
UNITED STATES	1,130	-	-	-	-	1,130	36	-	-	36	450	6.52%	0.00%
AUSTRALIA	805	-	-	-	-	805	32	-	-	32	401	5.81%	1.00%
ITALY	732	-	-	-	-	732	38	-	-	38	476	6.89%	0.00%
SPAIN	541	-	-	-	11	552	37	-	0	38	471	6.82%	0.00%
JAPAN	213	-	-	-	-	213	3	-	-	3	43	0.62%	0.00%
CANADA	93	-	-	-	-	93	6	-	-	6	70	1.01%	0.00%
GERMANY	75	-	-	-	-	75	4	-	-	4	47	0.68%	0.75%
TUNISIA	38	-	-	-	-	38	3	-	-	3	38	0.54%	0.00%
MEXICO	31	-	-	-	-	31	2	-	-	2	31	0.45%	0.00%
PORTUGAL	25	-	-	-	-	25	3	-	-	3	34	0.49%	0.00%
BELGIUM	23	-	-	-	-	23	2	-	-	2	22	0.33%	0.00%
SWEDEN	17	-	-	-	-	17	1	-	-	1	14	0.21%	2.00%
IRELAND	11	-	-	-	-	11	0	-	-	0	5	0.08%	0.50%
QATAR	4	-	-	-	-	4	0	-	-	0	2	0.03%	0.00%
NETHERLANDS	3	-	-	-	-	3	0	-	-	0	3	0.05%	1.00%
CURAÇAO	2	-	-	-	-	2	0	-	-	0	2	0.03%	0.00%
ROMANIA	0	-	-	-	-	0	0	-	-	0	1	0.01%	0.50%
AUSTRIA	0		-	-	-	0	-	-	-	-	0	0.00%	0.00%
Other Countries	74	-	-	-	1,036	1,111	5	-	33	38	475	6.88%	0.00%
TOTAL	**9,556**	**-**	**-**	**-**	**1,081**	**10,637**	**486**	**-**	**67**	**553**	**6,909**	**-**	**-**

3.3.2. EU CCyB2 - Amount of institution-specific countercyclical capital buffer

	(in EUR million)	**30/06/2023**
1	Total risk exposure amount	16,161
2	Institution-specific countercyclical capital buffer rate	0.61%
3	Institution-specific countercyclical capital buffer requirement	98.69

The increase of the countercyclical capital buffer from EUR 74.02 million as of 31 December 2022 to 98.69 in June 2023 is mainly explained by the increase in the countercyclical capital buffer rate for the following countries: France (from 0% to 0.5%), Australia (from 0% to 1%), Germany (from 0% to 0.75%), Sweden (from 1% to 2%), Ireland(from 0% to 0.5%) and the Netherlands (from 0% to 1%).

4. Leverage ratio

The Basel III /CRD IV Regulation introduced the leverage ratio as a complementary measure on capital. This ratio is obtained by dividing Tier 1 capital by exposures calculated using the balance-sheet assets and off-balance-sheet commitments. Derivatives and repurchase agreements are also taken into account.

The European Commission published the CRR revision (CRR 2) on 7 June 2019 in the EU Official Journal applicable from 28 June 2021. Under CRR 2 a minimum level of 3% is applicable.

As at 30 June 2023, the Dexia Group ratio calculated according to the CRR/CRD IV rules as amended by the Delegated Act of October 2014 reached 11.48% (using a transitional definition of Tier 1 capital), compared to 11.25% as at 31 December 2022. The Tier 1 capital and the Total Leverage Exposure remained stable over the period. Quarterly follow-up of the leverage ratio is performed at both Group and entity levels, in order to manage the risk of excessive leverage.

4.1. EU LR1 - LRSum: Summary reconciliation of accounting assets and leverage ratio exposures

(in EUR million)		**30/06/2023**
1	Total assets as per published financial statements	60,593
2	Adjustment for entities which are consolidated for accounting purposes but are outside the scope of prudential consolidation	-
3	(Adjustment for securitised exposures that meet the operational requirements for the recognition of risk transference)	-
4	(Adjustment for temporary exemption of exposures to central banks (if applicable))	-
5	(Adjustment for fiduciary assets recognised on the balance sheet pursuant to the applicable accounting framework but excluded from the total exposure measure in accordance with point (i) of Article 429a(1) CRR)	-
6	Adjustment for regular-way purchases and sales of financial assets subject to trade date accounting	-
7	Adjustment for eligible cash pooling transactions	-
8	Adjustments for derivative financial instruments	(678)
9	Adjustment for securities financing transactions (SFTs)	4,288
10	Adjustment for off-balance sheet items (i.e. conversion to credit equivalent amounts of off-balance sheet exposures)	325
11	(Adjustment for prudent valuation adjustments and specific and general provisions which have reduced Tier 1 capital)	-
EU-11a	(Adjustment for exposures excluded from the total exposure measure in accordance with point (c) of Article 429a(1) CRR)	-
EU-11b	(Adjustment for exposures excluded from the total exposure measure in accordance with point (j) of Article 429a(1) CRR)	-
12	Other adjustments	(8,586)
13	**TOTAL EXPOSURE MEASURE**	**55,942**

4.2. EU LR2 - LRCom: Leverage ratio common disclosure

(in EUR million)		CRR leverage ratio exposures 30/06/2023	31/12/2022
	On-balance sheet exposures (excluding derivatives and SFTs)		
1	On-balance sheet items (excluding derivatives, SFTs, but including collateral)	53,768	56,664
2	Gross-up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the applicable accounting framework	641	957
3	(Deductions of receivables assets for cash variation margin provided in derivatives transactions)	(9,225)	(9,829)
4	Adjustment for securities received under securities financing transactions that are recognised as an asset	-	-
5	(General credit risk adjustments to on-balance sheet items)	-	-
6	(Asset amounts deducted in determining Tier 1 capital)	(11)	(13)
7	**TOTAL ON-BALANCE SHEET EXPOSURES (EXCLUDING DERIVATIVES AND SFTS)**	**45,173**	**47,779**
	Derivative exposures		
8	Replacement cost associated with SA-CCR derivatives transactions (i.e. net of eligible cash variation margin)	828	924
EU-8a	Derogation for derivatives: replacement costs contribution under the simplified standardised approach	-	-
9	Add-on amounts for potential future exposure associated with SA-CCR derivatives transactions	1,168	1,306
EU-9a	Derogation for derivatives: potential future exposure contribution under the simplified standardised approach	-	-
EU-9b	Exposure determined under Original Exposure Method	-	-
10	(Exempted CCP leg of client-cleared trade exposures) (SA-CCR)	-	-
EU-10a	(Exempted CCP leg of client-cleared trade exposures) (simplified standardised approach)	-	-
EU-10b	(Exempted CCP leg of client-cleared trade exposures) (original Exposure Method)	-	-
11	Adjusted effective notional amount of written credit derivatives	782	778
12	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	-	-
13	**TOTAL DERIVATIVES EXPOSURES**	**2,778**	**3,008**
	Securities financing transaction (SFT) exposures		
14	Gross SFT assets (with no recognition of netting), after adjustment for sales accounting transactions	3,377	3,637
15	(Netted amounts of cash payables and cash receivables of gross SFT assets)	3,431	3,059
16	Counterparty credit risk exposure for SFT assets	857	936
EU-16a	Derogation for SFTs: Counterparty credit risk exposure in accordance with Articles 429e(5) and 222 CRR	-	-
17	Agent transaction exposures	-	-
EU-17a	(Exempted CCP leg of client-cleared SFT exposure)	-	-
18	**TOTAL SECURITIES FINANCING TRANSACTION EXPOSURES**	**7,666**	**7,632**
	Other off-balance sheet exposures		
19	Off-balance sheet exposures at gross notional amount	484	459
20	(Adjustments for conversion to credit equivalent amounts)	(159)	(146)
21	(General provisions deducted in determining Tier 1 capital and specific provisions associated with off-balance sheet exposures)	-	-
22	**OFF-BALANCE SHEET EXPOSURES**	**325**	**313**
	Excluded exposures		
EU-22a	(Exposures excluded from the total exposure measure in accordance with point (c) of Article 429a(1) CRR)	-	-
EU-22b	(Exposures exempted in accordance with point (j) of Article 429a (1) CRR (on and off balance sheet))	-	-
EU-22c	(Excluded exposures of public development banks (or units) - Public sector investments)	-	-
EU-22d	(Excluded exposures of public development banks (or units) - Promotional loans): - Promotional loans granted by a public development credit institution - Promotional loans granted by an entity directly set up by the central government, regional governments or local authorities of a Member State - Promotional loans granted by an entity set up by the central government, regional governments or local authorities of a Member State through an intermediate credit institution)	-	-
EU-22e	(Excluded passing-through promotional loan exposures by non-public development banks (or units)): - Promotional loans granted by a public development credit institution - Promotional loans granted by an entity directly set up by the central government, regional governments or local authorities of a Member State - Promotional loans granted by an entity set up by the central government, regional governments or local authorities of a Member State through an intermediate credit institution)	-	-
EU-22f	(Excluded guaranteed parts of exposures arising from export credits)	-	-
EU-22g	(Excluded excess collateral deposited at triparty agents)	-	-

(in EUR million)		CRR leverage ratio exposures 30/06/2023	31/12/2022
EU-22h	(Excluded CSD related services of CSD/institutions in accordance with point (o) of Article 429a(1) CRR)	-	-
EU-22i	(Excluded CSD related services of designated institutions in accordance with point (p) of Article 429a(1) CRR)	-	-
EU-22j	(Reduction of the exposure value of pre-financing or intermediate loans)	-	-
EU-22K	**(TOTAL EXEMPTED EXPOSURES)**	**-**	**-**
	Capital and total exposure measure		
23	**Tier 1 capital**	6,422	6,600
24	**TOTAL EXPOSURE MEASURE**	**55,942**	**58,732**
	Leverage ratio		
25	Leverage ratio	11%	11%
EU-25	Leverage ratio (excluding the impact of the exemption of public sector investments and promotional loans) (%)	11%	11%
25a	Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves)	11%	11%
26	Regulatory minimum leverage ratio requirement (%)	3%	3%
EU-26a	Additional own funds requirements to address the risk of excessive leverage (%)	0%	0%
EU-26b	*of which: to be made up of CET1 capital (percentage points)*	*0%*	*0%*
27	Leverage ratio buffer requirement (%)	0%	0%
EU-27a	Overall leverage ratio requirement (%)	3%	3%
	Choice on transitional arrangements and relevant exposures		
EU-27b	Choice on transitional arrangements for the definition of the capital measure	-	-
	Disclosure of mean values		
28	Mean value of gross SFT assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables	1,060	287
29	Quarter-end value of gross SFT assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables	6,809	6,697
30	Total exposure measure (including the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	50,194	52,323
30a	Total exposure measure (excluding the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	50,194	52,323
31	Leverage ratio (including the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	12.79%	12.61%
31a	Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	12.79%	12.61%

4.3. EU LR3 - LRSpl: Split-up of on-balance sheet exposures (excluding derivatives, SFTs and exempted exposures)

(in EUR million)		CRR leverage ratio exposures 30/06/2023
EU-1	**Total on-balance sheet exposures (excluding derivatives, SFTs, and exempted exposures), of which:**	44,543
EU-2	Trading book exposures	0
EU-3	Banking book exposures, of which:	44,543
EU-4	Covered bonds	197
EU-5	Exposures treated as sovereigns	17,650
EU-6	Exposures to regional governments, MDB, international organisations and PSE not treated as sovereigns	14,917
EU-7	Institutions	1,661
EU-8	Secured by mortgages of immovable properties	0
EU-9	Retail exposures	0
EU-10	Corporates	8,440
EU-11	Exposures in default	292
EU-12	Other exposures (eg equity, securitisations, and other non-credit obligation assets)	1,385

5. Credit risk

In order to manage credit risk, Dexia's Risk Management activity line has established a general framework of policies and procedures. This framework guides credit risk management in its functions of analysis, decision-making and risk monitoring.

Risk management contributes to the process of credit by setting up a framework of credit limits mainly for banking activities (funding and derivatives) dedicated to the residual portfolio. Other transactions (restructuring, additional credit limits beyond the framework) have to be approved by the Transaction Committee. The limits are reviewed at least on a yearly basis and presented to the Risk Executive Committee.

5.1. Risk measures

Despite the move to the standardised approach, the assessment of credit risk relies on internal rating systems developed within the context of the Basel II and Basel III reform: in this advanced approach, each counterparty is attributed an internal rating by credit risk analysts relying on dedicated rating tools. This internal rating corresponds to an assessment of the level of the counterparty's risk of default, expressed through an internal rating scale, constituting a key element in the credit decision-making process. Ratings are revised annually, allowing proactive identification of the sensitive counterparties and risks. Watch-list committees are organised to monitor sensitive exposures on the basis of objective criteria or expert judgment. The internal rating systems are backtested and/or updated on an annual basis from the perspective of IFRS 9 expected credit losses, stress testing, economic capital view and ICAAP.

In order to control the Group's overall credit risk profile and to limit the concentration of risks, credit risk limits are defined per counterparty, setting the maximum exposure deemed acceptable. The risk management teams can also set limits per product: they proactively monitor limits and may reduce them at any time depending on the evolution of associated risks.

5.2. Concepts and implementation within Dexia

5.2.1. Principles of past-due exposure

A past due is defined as a payment which has become due but has not been made according to the terms of the agreement.

A past due is considered by contract. Even if a counterparty fails to pay only the required interest at due date, the entire loan exposure is considered as past due.

5.2.2. Principles of default

The concept of default includes counterparties which are unlikely to pay or which have past due on material obligation. Dexia applies the definition of default as specified by the EBA guidelines on the application of the definition of default under Article 178 of the EU regulation No 575/2013.

There are two types of default:

- For counterparties which are unlikely to pay, Dexia has identified situations described by the different criteria listed below:
  - a specific credit adjustment,
  - a distressed restructuring: when a restructuring of at least one of the positions of the counterparty is likely to result in a diminished financial obligation,
  - the bankruptcy of the counterparty,

– other indications of unlikely to pay such as: unavailability of the borrower's income sources, concerns about the borrower's future cash flows, increase (or expectation of a change) of the borrower's overall leverage level, breach of the financial covenants of a credit contract, a collateral call,
– information identified by the credit risk analyst teams in external databases relative to: significant delays in payments to other creditors, crisis of the sector combined with a weak position of the counterparty in that sector, disappearance of an active market for a financial asset because of the financial difficulties of the debtor,
– a credit fraud.

These counterparties receive a credit rating of D1 on a case-by-case analysis.
- For past-dues: the obligor has a past due on a credit obligation which is material for more than 90 days. The default counting is specified by the EBA default definition, considering, inter alia, interruption by legal actions or updated payment schedules. A past due is material when the past-due amount is more than EUR 500 and more than 1% of the counterparty EAD.

For these counterparties, a credit rating of D2 is given.

Following the implementation of the EBA 2021 *Guideline on default and non performing exposures*, Dexia has, by exception to this rule, specified that technical past dues should not be considered as default. They are defined as:
- past-dues which are the result of data or system error of the institution, including manual errors of standardised processes but excluding wrong credit decisions;
- past-dues which are the result of the non-execution, defective or late execution of the payment transaction or of the failure of the payment system following payment order of the obligor;
- past-dues linked to French public sector entities. Due to the nature of the transfers (public administrative acts subject to creation or competence transfer decrees) and the time-lag between the effective date of the transfer and the receipt of all official documentation needed to allocate the credit obligation repayment to the right public counterparty within the institution systems, past dues may occur. Those past dues in breach are identified as technical past dues. They do not represent credit issues as they are payment delays due to the complex payment process at the bank and at the counterparties when transferring the credit between public sector entities.
- past-dues which are the result of a time lag between the receipt of the payment by an institution and the allocation of that payment to the relevant account.

5.2.3. Non-performing exposure

To facilitate monitoring and comparison between the different European banks, the European Banking Authority (EBA) harmonised the definition of Non-Performing Exposure (NPE) and Forbearance.

According to the EBA, non-performing exposures on the balance sheet are those which meet at least one of the following criteria (§ 145 ITS):
- Material exposures which are more than 90 days past-due (quantitative criterion);
- The debtor is assessed as unlikely to pay its credit obligations in full without realisation of collateral, regardless of the existence of any past-due amount or of the number of days past-due (qualitative criterion).

5.2.4. Forborne exposure

Forborne exposures are restructured contracts in respect of which forbearance measures have been extended. Forbearance is applied to healthy or safe assets or to non-performing assets. Regarding Dexia activities, restructured exposures include three different types of restructuring:

1) restructuring related to commercial relationships with customers, which represented almost all restructuring until 2011 except litigation in the Netherlands;

2) restructuring related to litigation, mainly on structured loans, with customers without any financial difficulties;

3) restructuring related to financial difficulties of the counterparty either under normal relationship or under litigation.

In accordance with the EBA's definition of forbearance (i.e. concessions towards a debtor facing or about to face difficulties in meeting its financial commitments), only the third case is considered as a forborne loan.

5.2.5. Impairments

The IFRS 9 standard introduced an impairment model of financial assets based on expected credit losses (ECL), which applies to debt instruments (loans or bonds) measured at amortised cost or measured at fair value through OCI, as well as lease receivables and trade receivables. The impairment model also applies to Dexia's off-balance-sheet undrawn loan commitments and financial guarantees given.

Each financial instrument (except assets which are purchased or originated in default) is allocated among three stages according to the wording used by IFRS 9 depending on the evolution of credit risk since initial recognition:
- Stage 1: financial instruments which have not deteriorated significantly in credit quality since initial recognition.
- Stage 2: financial instruments which have deteriorated significantly in credit quality since initial recognition but which do not have objective evidence of a credit loss.
- Stage 3: financial assets which have objective evidence of impairment at the reporting date, i.e. the related counterparty is identified as defaulted.

A loss allowance is defined according to the stage in which the financial instrument is allocated:
- When the financial instrument is in Stage 1, the amount of loss allowance is equal to 12-month expected credit losses corresponding to the lifetime cash shortfall which would result in case of a default occurring in the next 12 months, weighted by the probability that the default occurs during this 12 month-period.
- When the financial instrument is in Stage 2 or 3, the amount of loss allowance is equal to lifetime expected credit losses, corresponding to the lifetime cash shortfall which would result in case of a default occurring over the life of the instrument, weighted by the probability of default (PD) that the default occurs over the residual maturity of the instrument.

Interest revenue for financial assets allocated in Stage 1 or 2 is calculated by applying the Effective Interest Rate (EIR) to the gross carrying amount, while for financial assets in Stage 3, EIR is applied to amortised cost.

Dexia does not apply the simplified approach allowed by IFRS 9 for trade receivables (which have a significant financing component) or lease receivables. The ECL calculation of these assets follows the general approach described above.

Significant Increase in Credit Risk (SICR)

For financial instruments which do not show objective evidence of impairment, and which, therefore, are allocated to either Stage 1 or 2, Dexia developed an approach based on both a qualitative and a quantitative test to assess whether there has been any significant increase in credit risk since initial recognition.

The quantitative test consists of comparing lifetime average through the cycle PDs of the contract at the reporting date and at the inception date. This variation of PD is then normalised by the lifetime average through the cycle PDs of the contract at the inception date. These PDs are considered over a time horizon equal to the initial maturity of the financial instrument. If the variation is above a given threshold, the variation of the PDs indicates that there is a significant deterioration of credit risk and that the financial instrument should be allocated to Stage 2. This threshold is included in regular backtest and validation processes by governance bodies.

Dexia has applied the low credit risk exemption and therefore assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date – financial instruments being limited to bond positions.

The qualitative part of the approach, relying on forward-looking counterparty-specific indicators, consists of allocating to Stage 2 those exposures which are closely followed up under the Watch-List process, which have been granted forbearance measures or which belong to a sensitive economic sector[2]. The IFRS 9 accounting standard indicates that regardless of the way in which an entity assesses significant increases in credit risk, there is a rebuttable presumption that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past-due. Given Dexia's portfolio characteristics and especially its significant public sector sub-portfolio, administration procedures may delay contractual payments. Dexia has demonstrated that this presumption was not appropriate and therefore has rebutted it.

The rating at origination is not expected to be modified and is determined once and for all for each exposure. However, if the contractual terms of a financial asset are restructured (i.e. renegotiated or refinanced), and if this restructuring leads to a de-recognition according to IFRS 9 accounting rules, the restructured asset is considered as a new asset. This new asset is either

(2) Sensitive sectors are economic sectors which show indication(s) of elevated credit risk.

recognised as a POCI (Purchased or Originated Credit Impaired) if it meets the identification criteria for this type of assets and in this case a lifetime ECL will be recognised, or it is initially recognised in Stage 1. The SICR test is then performed on the new characteristics of the restructured asset. The rating at origination is therefore updated given the rating of the counterparty at the restructuring date and the maturity of the restructured financial asset.

Measurement of expected credit losses

Expected credit losses calculation for financial instruments classified in Stage 1 or 2

Forward-looking: the calculation of Expected Credit Losses (ECL) is a function of rating migration probabilities, Default Probabilities (PD), Loss Given Default (LGD) and Exposure at Default (EAD) parameters. The rating migration probabilities, PD and LGD are point-in-time (PIT) and forward-looking, meaning they take into account current and forecast macroeconomic conditions.

Capitalising on the Pillar 1 framework, Dexia developed internal rating models based on sector segmentation as well as best estimate average PD, rating migrations and LGD models, built on a multi-year horizon based on historical data.

These best estimate parameters have been adjusted to derive IFRS 9 PIT PD and LGD models, which capture dependencies between various macroeconomic variables and risk parameters and are built statistically by finding historical relations between them. The most relevant macroeconomic variables include GDP, unemployment rate, inflation, GDP growth, as well as yields and interest indicators. Such an approach allows the projection of PD, rating migrations and LGD given any state of the economy.

The PIT rating migration probabilities, default probabilities and LGD are back-tested on a regular basis according to Dexia's internal back-test policy. The results of these back-tests are submitted to the Validation department and presented to the management bodies.

Scenarios: Dexia developed ECL projections for three macroeconomic scenarios: baseline, upward and downturn, the last two defined symmetrically around the baseline. The baseline macroeconomic scenario consists of predictions over a three-year time horizon on a number of macroeconomic and financial market data obtained from international institutions, such as the European Commission and the International Monetary Fund (IMF). The projections are discussed by the working group, combining experts from the Risk and Finance functions, who can additionally overrule certain forecasts if appropriate. During 2023, the macroeconomic scenarios and management overlay were updated frequently, in particular to take geopolitical developments and monetary tensions into account. The methodology to construct the upward and downturn scenarios is based on the historical error range observed between economic forecasts and empirical observations. Probability-weighted ECLs are then obtained by weighting the various scenario ECL outcomes with probabilities of the two alternative scenarios.

Cure rate: The probability that an obligor cures the default to return to a normal situation (i.e. with zero loss) is taken into account in all risk parameters estimation.

Credit Risk Mitigants: Credit risk deterioration is measured by the default risk evolution of the original counterparty. The guarantors contractually allocated to the exposure (for example the credit risk enhancer) are taken into account in the calculation of credit risk expected loss by applying the probability of double default of both the borrower and the guarantor. The other guarantees (like mortgages, pledges and cash collateral), when they are not recognised separately, are taken into account in the calculation of expected credit loss by reducing the loss in case of default.

Discounting: Yearly probability-weighted ECLs are discounted to the reporting date by the effective interest rate.

For instruments in Stage 1 and Stage 2, interest revenue is calculated based on the gross carrying amount of the instrument according to models defined for different sub-portfolios of Dexia.

Expected credit losses calculation for financial instruments classified in Stage 3

Expected credit losses are defined according to the individual characteristics of the exposure, using methodologies developed by the credit analysts and mainly based on projected cash flow models, a leverage peer comparison approach, debt repayment capacity and collateral value. In some marginal cases, no impairment may be allocated, especially when the collateral value exceeds the value of the debt instrument. For instruments in Stage 3, interest revenue is calculated on the amortised cost (i.e. the gross carrying amount after deduction of the impairment loss allowance).

When Dexia has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof, the gross carrying amount of a financial asset is reduced. Dexia policy is therefore to recognise a loss through profit or loss upon debt forgiveness, which means that no enforcement action will take place.

Accounting treatment of expected credit losses

Dexia recognises the changes in the amount of expected credit losses related to debt instruments, loan commitments and financial guarantee contracts in the income statement in "Cost of credit risk" as an impairment gain or loss.

For off-balance-sheet undrawn loan commitments and financial guarantees given, expected credit losses are booked on the liability side of Dexia's balance sheet.

For purchased or originated credit-impaired financial assets, the amount of loss allowance recognised in the income statement is the cumulative changes in lifetime expected credit losses since initial recognition. The amount of favourable change in lifetime expected credit losses is recognised in the income statement as an impairment gain.

Overview of impairment

(in EUR million)	31/12/2022	30/06/2023
Impaired assets [(1)]	503	486
Specific provisions [(2)]	167	168
o/w Stage 3	*160*	*152*
POCI	*7*	*15*
Coverage ratio [(3)]	33.2%	34.5%
Collective provisions	164	170
o/w Stage 1	*14*	*6*
o/w Stage 2	*122*	*164*

(1) Outstanding: calculated on the impairable IFRS 9 scope (fair value through profit or loss + amortised cost + off-balance sheet).
(2) Provisions: in line with the portion of the portfolio taken into account for calculation of the outstanding including impairments related to Purchased or Originated Credit Impaired (POCI).
(3) Ratio between specific provisions and impaired assets.

5.3. Credit risk exposure

As at 30 June 2023, Dexia's credit risk exposure, expressed in Exposure at Default (EAD), amounted to EUR 48.2 billion. Exposures remain principally concentrated on the local public sector, sovereigns and credit institutions given Dexia's historical activity. They are mainly concentrated in the European Union, the United States and Japan.

Expressed in gross carrying amount (cf. table EU CR1), the credit risk exposure amounted to EUR 57.5 billion as at 30 June 2023.

The non-performing gross carrying amount accounted for only 0.8% of this total amount.

The average coverages are the following:
- Performing exposure
  - In Stage 1: 81.1%
  - In Stage 2: 16.9%
- Non-performing exposure
  - In Stage 3: 0.7%

5.3.1. EU CR1 - Performing and non-performing exposures and related provisions

		Gross carrying amount/nominal amount						Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions						Accumulated partial write-off	Collaterals and financial guarantees received	
		Performing exposures			Non-performing exposures			Performing exposures - Accumulated impairment and provisions			Non-performing exposures - Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions				On performing exposures	On non-performing exposures
(in EUR million)			of which: stage 1	of which: stage 2		of which: stage 2	of which: stage 3		of which: stage 1	of which: stage 2		of which: stage 2	of which: stage 3			
005	**Cash balances at central banks and other demand deposits**	**2,445**	**2,445**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
010	**Loans and advances**	**27,367**	**21,714**	**4,555**	**337**	**-**	**301**	**(46)**	**(1)**	**(45)**	**(103)**	**-**	**(88)**	**-**	**2,334**	**82**
020	*Central banks*	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
030	*General governments*	10,618	7,310	2,738	34	-	13	(10)	(0)	(10)	(17)	-	(8)	-	124	-
040	*Credit institutions*	5,385	5,233	152	-	-	-	(1)	(0)	(1)	-	-	-	-	-	-
050	*Other financial corporations*	7,354	7,264	5	5	-	5	(0)	(0)	(0)	(2)	-	(2)	-	99	3
060	*Non-financial corporations*	4,011	1,907	1,660	297	-	283	(35)	(0)	(35)	(84)	-	(78)	-	2,111	79
070	*Of which: SMEs*	71	64	-	-	-	-	(0)	(0)	-	-	-	-	-	29	-
080	*Households*	-	-	-	1	-	1	-	-	-	(1)	-	(1)	-	-	-
090	**Debt Securities**	**26,925**	**21,790**	**5,130**	**105**	**-**	**105**	**(123)**	**(5)**	**(118)**	**(50)**	**-**	**(50)**	**-**	**1,373**	**12**
100	*Central banks*	-	-	-	86	-	86	-	-	-	(49)	-	(49)	-	-	-
110	*General governments*	18,973	16,236	2,734	-	-	-	(10)	(4)	(6)	-	-	-	-	187	-
120	*Credit institutions*	568	568	-	-	-	-	(0)	(0)	-	-	-	-	-	-	-
130	*Other financial corporations*	544	226	318	-	-	-	(0)	(0)	(0)	-	-	-	-	-	-
140	*Non-financial corporations*	6,841	4,762	2,077	19	-	19	(113)	(0)	(112)	(2)	-	(2)	-	1,186	12
150	**Off-balance sheet exposures**	**784**	**724**	**60**	**24**	**-**	**24**	**1**	**0**	**1**	**8**	**-**	**8**	**-**	**-**	**-**
160	*Central banks*	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
170	*General governments*	265	260	5	-	-	-	0	-	0	-	-	-	-	-	-
180	*Credit institutions*	19	8	11	-	-	-	-	-	-	-	-	-	-	-	-
190	*Other financial corporations*	256	256	-	-	-	-	-	-	-	-	-	-	-	-	-
200	*Non-financial corporations*	208	164	44	24	-	24	1	0	1	8	-	8	-	-	-
210	*Households*	36	36	-	-	-	-	-	-	-	-	-	-	-	-	-
220	***TOTAL***	**57,521**	**46,673**	**9,744**	**466**	**-**	**431**	**(169)**	**(6)**	**(163)**	**(146)**	**-**	**(130)**	**-**	**3,708**	**94**

5.3.2. EU CQ5 - Credit quality of loans and advances by industry

(in EUR million)		Gross carrying amount				Accumulated impairment	Accumulated negative changes in fair value due to credit risk on non-performing exposures
			of which: non-performing		of which: loans and advances subject to impairment		
				of which: defaulted			
010	Agriculture, forestry and fishing	-	-	-	-	-	-
020	Mining and quarrying	-	-	-	-	-	-
030	Manufacturing	154	-	-	154	(6)	-
040	Electricity, gas, steam and air conditioning supply	119	53	53	110	(26)	(0)
050	Water supply	97	8	8	94	(0)	-
060	Construction	576	-	-	406	(3)	-
070	Wholesale and retail trade	1	-	-	1	-	-
080	Transport and storage	215	20	20	200	(1)	-
090	Accommodation and food service activities	-	-	-	-	-	-
100	Information and communication	1	-	-	1	-	-
110	Real estate activities	1,061	44	44	931	(12)	(1)
120	Financial and insurance activities	348	61	61	348	(24)	-
130	Professional, scientific and technical activities	431	12	12	430	(11)	-
140	Administrative and support service activities	604	-	-	530	(1)	-
150	Public administration and defence, compulsory social security	130	36	36	129	(14)	-
160	Education	1	-	-	1	-	-
170	Human health services and social work activities	439	38	38	396	(13)	-
180	Arts, entertainment and recreation	45	-	-	45	-	-
190	Other services	86	25	25	82	(7)	-
200	**TOTAL**	**4,308**	**297**	**297**	**3,857**	**(118)**	**(1)**

5.3.3. EU CQ4 - Quality of non-performing exposures by geography*

(in EUR million)		Gross carrying/Nominal amount				Accumulated impairment	Provisions on off-balance sheet commitments and financial guarantee given	Accumulated negative changes in fair value due to credit risk on non-performing exposures
			of which: non-performing		of which: subject to impairment			
				of which: defaulted				
010	**On-balance sheet exposures (Total)**	**54,734**	**442**	**442**	**53,671**	**(322)**	**-**	**(1)**
020	UNITED KINGDOM	16,141	12	12	16,001	(103)	-	-
030	ITALY	13,071	35	35	12,967	(19)	-	-
040	FRANCE	8,918	101	101	8,636	(56)	-	(1)
050	UNITED STATES	3,431	-	-	3,375	(11)	-	-
060	SPAIN	3,055	145	145	2,742	(50)	-	(0)
070	BELGIUM	2,478	-	-	2,478	-	-	-
080	JAPAN	2,307	-	0	2,307	(0)	-	-
090	PORTUGAL	2,220	20	20	2,176	(3)	-	-
100	GERMANY	1,110	-	-	1,068	-	-	-
110	AUSTRALIA	1,093	-	-	1,093	(0)	-	-
120	POLAND	400	-	-	400	-	-	-
130	CANADA	153	-	-	102	(7)	-	-
	Other countries	345	129	129	324	(74)	-	-
280	**Off-balance sheet exposures (Total)**	**808**	**24**	**24**	**-**	**-**	**9**	**-**
290	FRANCE	341	-	-	-	-	0	-
300	UNITED STATES	254	-	-	-	-	-	-
310	UNITED KINGDOM	98	1	1	-	-	0	-
	Others countries	116	23	23	-	-	8	-
390	**TOTAL**	**55,542**	**466**	**466**	**53,671**	**(322)**	**9**	**-**

**This table takes loans and advances and debt securities into account and excludes cash balances at central banks and other demand deposits, equity instruments and derivatives.*

The geographical breakdown of the non-performing exposure and accumulated impairment largely reflects Dexia's portfolio breakdown, with the exception of the UK where Dexia has a significant exposure but only one default. Dexia's UK portfolio is composed of exposures to banks, accommodation PPPs, social housing entities and local authorities.

5.3.4. EU CR1-A – Maturity of exposures

A large part of the balance sheet consists of the revaluation of assets, liabilities and derivatives. As such revaluations vary constantly and cannot therefore be linked to the maturity of the financial instruments, they are presented under a separate column.

Demand and saving deposits are included in the "Demand" column, even though they have no fixed repayment date.

(in EUR million)	Gross exposure value						Accrued interest	Fair value adjustment	Impairment	Net exposure value
	On demand	≤ 1 year	> 1 year ≤ 5 years	> 5 years	No stated maturity	Total Gross exposure value				
Loans and advances [1]	701	4,307	2,840	9,716	9,201	26,765	133	805	(149)	27,554
Debt securities	1	573	2,643	20,868	0	24,086	263	2,681	(173)	26,857
TOTAL	**702**	**4,880**	**5,483**	**30,584**	**9,201**	**50,850**	**396**	**3,487**	**(322)**	**54,411**

(1) Cash collateral paid is reported in undetermined maturity because the amount may vary depending on the underlying index, mainly interest rates. Thus, if interest rates rise above the initial fixed rate, for a fixed-rate payer derivative, the cash collateral paid becomes cash collateral received and is then reported as debt. The ultimate maturity is the maturity date of the derivative.

The largest part of Dexia's exposure has a tenor beyond five years reflecting historical exposure on local authorities and European sovereigns.

5.3.5. EU CQ1 - Credit quality of forborne exposures

	(in EUR million)	Gross carrying amount/ Nominal amount of exposures with forbearance measures				Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions		Collaterals received and financial guarantees received on forborne exposures	
		Performing forborne	Non-performing forborne			On performing forborne exposures	On non-performing forborne exposures		Of which: Collateral and financial guarantees received on non-performing exposures with forbearance measures
				Of which defaulted	Of which impaired				
005	**Cash balances at central banks and other demand deposits**	-		-	-	-	-	-	-
010	**Loans and advances**	**91**	**157**	**157**	**149**	**(1)**	**(66)**	**69**	**33**
020	Central banks	-	-	-	-	-	-	-	-
030	General governments	-	33	33	33	-	(17)	-	-
040	Credit institutions	-	-	-	-	-	-	-	-
050	Other financial corporations	35	5	5	5	(0)	(2)	34	3
060	Non-financial corporations	56	119	119	111	(1)	(48)	35	30
070	Households	-	-	-	-	-	-	-	-
080	**Debt Securities**	-	-	-	-	-	-	-	-
090	Loan commitments given	-	-	-	-	-	-	-	-
100	**TOTAL**	**91**	**157**	**157**	**149**	**(1)**	**(66)**	**69**	**33**

Exposure in forborne is limited to EUR 248 million as at 30 June 2023, i.e. 0.4% of the overall gross carrying amount of Dexia's portfolio. From this forborne exposure, 63% is non-performing. The average coverage of the non-performing, defaulted forborne exposure is 42%.

5.3.6. EU CQ7 - Collateral obtained by taking possession and execution processes

Dexia did not operate any repossession.

5.4. AIRB approach

Since 2021 Dexia has applied the standardised approach for the calculation of credit risk-weighted assets.

5.5. Standardised approach

The average risk weight of Dexia's exposure portfolio is 24.1% (cf. table below for details on the exposures classes breakdown by risk weight bucket).

The largest part of Dexia's portfolio benefits from a 0% or 20% risk weight (i.e. 75% of the exposures) reflecting Dexia's exposure on European sovereign (0% risk weight) and European local authorities (0% or 20% risk weight).

5.5.1. EU CR4 – Standardised approach – Credit risk exposure and CRM effects

	Exposure classes	Exposures before CCF and before CRM		Exposures post CCF and post CRM		RWAs and RWAs density	
(in EUR million)		On-balance-sheet exposures	Off-balance-sheet exposures	On-balance-sheet exposures	Off-balance-sheet exposures	RWEA	RWEA density (%)
1	Central governments or central banks	14,656	-	14,783	-	108	0.73%
2	Regional government or local authorities	13,651	172	14,467	87	2,712	18.63%
3	Public sector entities	4,239	153	3,914	132	1,330	32.86%
4	Multilateral development banks	-	-	-	-	-	0%
5	International organisations	-	-	-	-	-	0%
6	Institutions	1,611	7	1,693	7	789	46.41%
7	Corporates	8,940	129	8,258	85	5,049	60.52%
8	Retail	-	-	-	-	-	0%
9	Secured by mortgages on immovable property	-	-	-	-	-	0%
10	Exposures in default	292	16	254	14	325	120.97%
11	Exposures associated with particularly high risk	39	-	39	-	59	150.00%
12	Covered bonds	197	-	197	-	20	10.00%
13	Institutions and corporates with a short-term credit assessment	8	-	0	-	0	50.00%
14	Collective investment undertakings	-	-	-	-	-	0%
15	Equity	0	-	0	-	1	250.00%
16	Other items	275	-	275	-	261	94.96%
17	**TOTAL**	**43,909**	**476**	**43,882**	**325**	**10,653**	**24.10%**

5.5.2. EU CR5 – Standardised approach

	Exposure classes	Risk weight															Total
(in EUR million)		0%	2%	4%	10%	20%	35%	50%	70%	75%	100%	150%	250%	370%	1250%	Others	
1	Central governments or central banks	14,238	-	284	-	116	-	143	-	-	2	-	-	-	-	-	14,783
2	Regional government or local authorities	2,016	-	-	-	11,866	-	665	-	-	7	-	-	-	-	-	14,554
3	Public sector entities	920	-	-	-	964	-	2,053	-	-	110	-	-	-	-	-	4,047
4	Multilateral development banks	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5	International organisations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6	Institutions	-	-	-	-	241	-	1,437	-	-	22	-	-	-	-	-	1,700
7	Corporates	-	-	-	-	1,889	-	2,441	-	-	4,012	-	-	-	-	-	8,343
8	Retail	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

	Exposure classes	Risk weight															Total
	(in EUR million)	0%	2%	4%	10%	20%	35%	50%	70%	75%	100%	150%	250%	370%	1250%	Others	
9	Secured by mortgages on immovable property	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10	Exposures in default	-	-	-	-	-	-	-	-	-	156	113	-	-	-	-	268
11	Exposures associated with particularly high risk	-	-	-	-	-	-	-	-	-	-	39	-	-	-	-	39
12	Covered bonds	-	-	-	197	-	-	-	-	-	-	-	-	-	-	-	197
13	Institutions and corporates with a short-term credit assessment	-	-	-	-	-	-	0	-	-	-	-	-	-	-	-	0
14	Unit or shares in collective investment undertakings	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
15	Equity	-	-	-	-	-	-	-	-	-	-	-	0	-	-	-	0
16	Other items	14	-	-	-	-	-	-	-	-	261	-	-	-	-	-	275
17	**TOTAL**	**17,187**	**-**	**284**	**197**	**15,076**	**-**	**6,740**	**-**	**-**	**4,570**	**152**	**0**	**-**	**-**	**-**	**44,207**

5.6. Credit risk mitigation techniques

Description of the main types of credit risk mitigants

Credit risk mitigants (CRM) are used by a bank to reduce the credit risk associated with an exposure. CRMs are one of the "risk" components used to determine the regulatory capital. CRMs can be classified in two main categories:

- funded credit protection, gathered under the generic name "collaterals".
- unfunded credit protection, gathered under the generic name "guarantees and credit derivatives".

Funded credit protection: collaterals

From a regulatory point of view, funded credit protection represents a technique for mitigating credit risk whereby the credit risk associated with the bank's exposure is reduced by the institution's right – in the event of a default by the counterparty or the occurrence of other predetermined events involving the counterparty – to liquidate certain amounts or assets, to have them transferred, to seize or to hold them, or to reduce the amount of the exposure by the difference between this exposure and the amount of a claim which might be held on the bank, or to replace it by the balance of this difference.

Funded credit protection can adopt several sub-forms:

- *Financial collateral* (securities portfolio under rating conditions, cash, gold, precious materials, and so on);
- *Netting agreements:* banks have legally enforceable netting arrangements by which they may calculate capital requirements on the basis of net credit exposures subject to specific regulatory conditions. Types of netting are payment netting, novation netting, close-out netting or multilateral netting.
- *Physical collaterals:*
  - Residential or commercial real estate collateral;
  - Receivables (eligible only under the advanced approach);
  - Other types of physical collaterals.

Unfunded credit protection: guarantees and credit derivatives

From a regulatory point of view, unfunded credit protection represents a technique for mitigating credit risk whereby the credit risk associated with the bank is reduced by the commitment of a third party to pay an amount in the event of a default by the borrower or in the event that other predetermined events should occur.

They include for example:

- Guarantees: guarantees refer to personal guarantees, first-demand guarantees, support commitments and "tri-partite agreements";
- Credit derivatives. The following types of credit derivatives are eligible for recognition:
  - *Credit default swaps* provide credit protection equivalent to guarantees. A credit default swap is a contract according to which one party to the contract undertakes to make a payment to the other party to the contract on the occurrence of a specified event (or events) relating to the creditworthiness of a third party. The making of such payment does not in itself give rise to a legal entitlement of the protection provider against the third party.

– *Total return swaps* provide credit protection equivalent to guarantees. A total return swap is a contract according to which one party to the contract undertakes to make payments to the other party to the contract of all cash flows arising from a specified asset (or assets) plus any increase in the market value of the asset (or assets) since the last payment date or the commencement date of the contract, whichever is the most recent, and according to which the recipient of these amounts undertakes to pay to the first party an interest rate-related flow plus any decrease in the market value of the asset (or assets) since the last payment date or the commencement date, whichever is the most recent.

– *Credit derivatives treated as cash collateral*. A credit-linked note is a cash-funded debt instrument which is redeemable by the issuer in accordance with the terms of the instrument, or the terms of redemption of which are altered, on the occurrence of a specified event (or events) related to the creditworthiness of a third party.

• Other credit commitments received from a third-party.

5.6.1. EU CR3 – CRM techniques overview: Disclosure of the use of credit risk mitigation techniques

(in EUR million)		Unsecured carrying amount	Secured carrying amount			
				Of which secured by collateral	Of which secured by financial guarantees	
						Of which secured by credit derivatives
1	Loans and advances	27,583	2,417	1,576	841	-
2	Debt securities	25,472	1,385*	-	1,385	-
3	**TOTAL**	**53,055**	**3,802**	**1,576**	**2,226**	**-**
4	*Of which non-performing exposures*	194	94	60	34	-
EU-5	*Of which defaulted*	-	-	-	-	-

** The amount only takes account of express commitments materialised in a bilateral agreement between Dexia and the guarantor.*

The main guarantees from which Dexia benefits are:

- sovereign or local authorities covering either public sector entities or PPPs exposures,
- monoline insurance companies: Dexia benefits from physical collateral essentially on French and UK social housing.

5.7. Counterparty credit risk

5.7.1. Concepts

5.7.1.1. Definition

Dexia enters into derivative contracts primarily to protect cash flows and the fair value of financial assets and liabilities from market fluctuations. Derivative transactions are mainly concluded to reduce risk exposure with regard to interest rate risk and foreign exchange risk.

Even though it is the objective of the bank to enter into risk reduction strategies, only some of the derivative transactions can be classified as hedge accounting. In the event that a strategy applied by the bank does not meet the stringent requirements defined under IAS39, transactions are classified as derivatives "held for trading" notwithstanding their risk reducing character.

5.7.1.2. Counterparty credit risk – Basel III

Counterparty or replacement risk corresponds to the market value of transactions with counterparties. It represents the cost of replacing transactions with a positive value should the counterparty default.

Calculation of exposure at default within the regulatory framework

Dexia is engaged in two types of transactions presenting counterparty credit risks:

• Derivatives: counterparty exposure arises as a result of positive market valuation of derivative contracts. A positive market value represents Dexia's claim on the counterparty. Since market values fluctuate during the term to maturity, the uncertainty of future market conditions is taken into account via the CRR2 SA-CCR method,

- Repurchase agreements and securities lending or borrowing: given Dexia is cash taker, most repo transactions record a positive transactional haircut (difference between received and posted cash collateral). This difference represents a Dexia risk on the counterparty. Bond prices fluctuate during the term to maturity and with the uncertainty of future markets. This explains why, as for derivatives, add-ons are included to obtain an economic view of counterparty risk.

To reduce the counterparty risk, Dexia OTC derivatives and repos are in most cases concluded within the framework of a master agreement (i.e. the International Swap and Derivative Association – ISDA or Global Master Repurchase Agreement – GMRA) taking account of the general rules and procedures set out in the Dexia credit risk policies. These framework agreements reduce Dexia's credit exposure through:
- The use of close-out netting agreements where all positive and negative market values (haircut for repos) under the same agreement can be netted on a counterparty level;
- The netting agreement is supplemented with a collateral agreement where the net market value exposure (net positive variation in haircut for repos) is reduced further by the reception of margin calls. Margin calls are regulated by the terms and rules stipulated in the Credit Support Annex (CSA) for derivatives and GMRA negotiated with the counterparty.

Dexia complies with the EMIR regulation and has been admitted by a central counterparty (clearing house) to net the allowed derivative transactions. Dexia also uses general collateral pooling with a central counterparty for funding via repos.

Counterparty credit risk is taken into account in the calculation of credit risk on financial institutions.

Credit valuation adjustment
The credit valuation adjustment (CVA) corresponds to the difference between:
- a risk-free valuation, and
- the valuation which takes into account the possibility of a counterparty's default.

When applied to an OTC derivative portfolio, it corresponds to the market value of the counterparty credit risk. It is a "fair value" adjustment which reflects the expected loss due to a counterparty's default.

Banks now consider this derivative fair value component as a standard market practice. The credit and liquidity crisis highlighted the need for a better measurement of this risk arising on derivative portfolios. The volatility of credit spreads over past years has accentuated the significance of counterparty credit risk and CVA measurement.

From an accounting standard point of view and since the release of IFRS 13, despite the changes in the fair value definition, calculation of CVA has become a clear requirement.

The CVA is equal to the expected exposure multiplied by the probability of default (PD) and the loss given default (LGD). Dexia computes the expected exposure by replicating a string of swaptions, or where not appropriate or too cumbersome, by applying the Basel exposure at default. Credit spreads are used for implying PDs.

For collateralised derivatives, Dexia uses a conservative 10-day margin period of risk.

CVA capital charge
Since the implementation of the Basel III framework, Dexia has been subject to a capital charge for potential mark-to-market losses associated with the deterioration in the creditworthiness of its counterparties.

Basel III aims at applying to CVA risk an approach equivalent to that used for market risk capital charge measurement (based on Value at Risk – VaR): the CVA capital charge corresponds to a VaR applied to the CVA. The VaR is measured by the CRR2 standardised method.

Impact of a downgrade of Dexia's own credit rating
Taking into account the current level of credit rating, no additional amount of collateral would have to be provided should Dexia Crédit Local incur a downgrade.

5.7.2. Methodology

Dexia uses the Standardised Approach for Counterparty Credit Risk (SA-CCR) to measure the exposure of the derivative portfolio. Exposure under the SA-CCR consists of two components: replacement cost and potential future exposure. While differences exist between margined and unmargined trades, globally the replacement cost captures the current exposure at risk if the

counterparty would default, while the potential future exposure represents the risk of an increase in the future value of the trade. Both measures account for the posted or received collateral. The sum of the replacement cost and potential future exposure is multiplied with a regulatory constant equal to 1.4 in order to obtain the exposure value for solvency purposes.

Beside the characteristics of each specific derivative, the presence of a margining and netting agreement determines the level of potential future exposure. First of all, the degree of collateralisation plays a role, as over-collateralised deals have a lower risk of generating a future exposure. Secondly, within a netting agreement, potential increases and decreases of the exposure value of single derivatives can partly offset each other. For this purpose, the derivatives need to be grouped in hedging sets. Only derivatives within the same hedging set are allowed to offset each other, fully or partially. Long positions (derivatives for which the market value increases when the underlying risk driver increases) can offset short positions (derivatives for which the market value decreases when the underlying risk driver increases). Moreover, the degree to which derivatives in a hedging set can offset also depends on the magnitude of their sensitivity, which is approximated by taking into account the maturity and notional amount of each derivative.

While the main principles are described above, the full detailed calculation of the SA-CCR exposure as explained in CRR Article 274-280f, is applied as such on the Dexia derivative portfolio. Note that this exposure is corrected for the incurred CVA before calculating the Risk-Weighted Exposure Amount (RWEA).

5.7.3. EU CCR1 – Analysis of CCR exposure by approach

(in EUR million)		Replacement cost (RC)	Potential future exposure (PFE)	EEPE	Alpha used for computing regulatory exposure value	Exposure value pre-CRM	Exposure value post-CRM	Exposure value	RWEA
EU1	EU - Original Exposure Method (for derivatives)	-	-	-	-	-	-	-	-
EU2	EU - Simplified SA-CCR (for derivatives)	-	-	-	-	-	-	-	-
1	SA-CCR (for derivatives)	443	597	-	-	2,896	1,456	1,404	721
2	IMM (for derivatives and SFTs)	-	-	-	-	-	-	-	-
2a	*Of which securities financing transactions netting sets*	-	-	-	-	-	-	-	-
2b	*Of which derivatives and long settlement transactions netting sets*	-	-	-	-	-	-	-	-
2c	*Of which from contractual cross-product netting sets*	-	-	-	-	-	-	-	-
3	Financial collateral simple method (for SFTs)	-	-	-	-	-	-	-	-
4	Financial collateral comprehensive method (for SFTs)	-	-	-	-	79	275	275	63
5	VaR for SFTs	-	-	-	-	-	-	-	-
6	**TOTAL**	**-**	**-**	**-**	**-**	**2,975**	**1,730**	**1,679**	**784**

The total derivative exposure value, as defined by the CRR2 regulation under the SA-CCR approach, amounted to EUR 1.4 billion as at 30 June 2023, after deduction of the incurred CVA. The exposure value is the basis for the calculation of the Risk-Weighted Exposure Amount (RWEA), for which Dexia applies the standardised approach for credit risk capital requirements. The average risk weight on the SA-CCR exposure equals 51%, and is equivalent to an RWEA amount of EUR 0.7 billion. Note that this amount does not include the capital charge for CVA.

The SA-CCR exposure value prior to deduction of incurred CVA amounted to EUR 1.5 billion (Exposure value post-CRM); the incurred CVA is not a major driver of the exposure value.

The Exposure value post-CRM is equal to the sum of the EUR 0.4 billion replacement cost and EUR 0.6 billion potential future exposure, multiplied with the regulatory alpha equal to 1.4.

Note that the exposure value would increase to EUR 2.9 billion (Exposure value pre-CRM), in case collateral would be disregarded as a credit risk mitigation technique, though still accounting for the effect of netting.

Finally, the EUR 275 million exposure value for Securities Financing Transactions (SFT) subject to the comprehensive method has limited materiality with respect to the SA-CCR exposure for derivatives.

5.7.4. EU CCR2 – Transactions subject to own funds requirements for CVA risk

(in EUR million)		Exposure value	RWEA
1	Total transactions subject to the Advanced method	-	-
2	(i) VaR component (including the 3× multiplier)		-
3	(ii) stressed VaR component (including the 3× multiplier)		-
4	Transactions subject to the Standardised method	772	667
EU4	Transactions subject to the Alternative approach (Based on the Original Exposure Method)	-	-
5	**TOTAL TRANSACTIONS SUBJECT TO OWN FUNDS REQUIREMENTS FOR CVA RISK**	**772**	**667**

The own funds requirement for CVA risk covers derivatives on financial counterparties. The SA-CCR exposure value on this sub-scope amounted to EUR 772 million. Dexia uses the standardised method for own funds requirements for CVA risk. The corresponding Risk-Weighted Exposure Amount (RWEA) amounted to EUR 667 million, equivalent to an average risk weight of 86%.

5.7.5. EU CCR3 – Standardised approach – CCR exposures by regulatory exposure class and risk weights

	Exposure classes	Risk weight											
(in EUR million)		0%	2%	4%	10%	20%	50%	70%	75%	100%	150%	Others	Total exposure value
1	Central governments or central banks	0	-	-	-	-	-	-	-	-	-	-	0
2	Regional government or local authorities	2	-	-	-	209	-	-	-	-	-	-	211
3	Public sector entities	18	-	-	-	33	4	-	-	0	-	-	55
4	Multilateral development banks	-	-	-	-	-	-	-	-	-	-	-	-
5	International organisations	-	-	-	-	-	-	-	-	-	-	-	-
6	Institutions	-	1,137	4	-	371	608	-	-	1	-	-	2,120
7	Corporates	-	-	-	-	0	4	-	-	367	-	-	372
8	Retail	-	-	-	-	-	-	-	-	-	-	-	-
9	Institutions and corporates with a short-term credit assessment	-	-	-	-	42	12	-	-	-	-	-	54
10	Other items	-	-	-	-	-	-	-	-	-	7	-	7
11	**TOTAL EXPOSURE VALUE**	**20**	**1,137**	**4**	**-**	**655**	**629**	**-**	**-**	**368**	**7**	**-**	**2,819**

Dexia applies the Basel II standardised approach to compute RWA. Therefore, and considering Dexia's portfolio:

- Local authorities: the exposure is largely weighted 20% (French, Italian and UK);
- Corporate and Project Finance (average RW%: 99%) are mostly weighted 100%, with those which are externally rated being weighted either 50% or 100%;
- Institutions (average RW%: 19%) are mostly weighted 2%, with externally rated ones being weighted either 50% or 100% . The exposure reflects the mix between clearing houses and banking institutions.

5.7.6. EU CCR5 – Composition of collateral for CCR exposures

	Collateral type	Collateral used in derivative transactions				Collateral used in SFTs			
		Fair value of collateral received		Fair value of posted collateral		Fair value of collateral received		Fair value of posted collateral	
	(in EUR million)	Segregated	Unsegregated	Segregated	Unsegregated	Segregated	Unsegregated	Segregated	Unsegregated
1	Cash – domestic currency	-	787	-	6903	-	9	-	1
2	Cash – other currencies	-	287	-	2,443	-	4	-	-
3	Domestic sovereign debt	-	-	-	-	-	-	-	831
4	Other sovereign debt	-	-	-	-	-	5,810	-	9,446
5	Government agency debt	-	-	-	-	-	-	-	-
6	Corporate bonds	-	143	-	583	-	-	-	864
7	Equity securities	-	-	-	-	-	-	-	-
8	Other collateral	-	-	-	-	-	1,031	-	-
9	**TOTAL**	**-**	**1,216**	**-**	**9,929**	**-**	**6,855**	**-**	**11,142**

In the SA-CCR EAD measurement following CRR2, EUR 1.2 billion fair value of received collateral (quasi fully cash collateral) is accounted for, while EUR 9.9 billion of posted collateral is accounted for (quasi fully cash collateral).

With respect to SFT (Securities Financing Transactions), the total received collateral, in an amount of EUR 6.8 billion, is largely composed of sovereign debt, EUR 5.8 billion. This is also the case for the total posted collateral, in an amount of EUR 11.1 billion, for which the part of sovereign debt amounted to EUR 10.3 billion, which is a large part of the credit portfolio.

Note that all collateral is unsegregated, i.e. it is not held in a bankruptcy-remote manner.

5.7.7. EU CCR6 – Credit derivatives exposures

	(in EUR million)	Protection bought	Protection sold
Notionals		**-**	**-**
1	Single-name credit default swaps	-	-
2	Index credit default swaps	-	-
3	Total return swaps	-	-
4	Credit options	-	-
5	Other credit derivatives	1,372	1,372
6	**TOTAL NOTIONALS**	**1,372**	**1,372**
Fair values			
7	Positive fair value (asset)	44	-
8	Negative fair value (liability)	-	(36)

Dexia has three Credit Default Swaps (CDS) in which it bought protection, which are offset by three hedging CDS for the same notional amount (EUR 1.4 billion).

5.7.8. EU CCR8 – Exposures to CCPs

	(in EUR million)	Exposure value	RWEA
1	**Exposures to QCCPs (total)**		66
2	Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which	1,132	23
3	*(i) OTC derivatives*	*12*	*0*
4	*(ii) Exchange-traded derivatives*		
5	*(iii) SFTs*	*1,120*	*22*
6	*(iv) Netting sets where cross-product netting has been approved*		
7	Segregated initial margin		
8	Non-segregated initial margin		
9	Prefunded default fund contributions	121	44
10	Unfunded default fund contributions		
11	**Exposures to non-QCCPs (total)**		-

	(in EUR million)	Exposure value	RWEA
12	Exposures for trades at non-QCCPs (excluding initial margin and default fund contributions); of which	-	-
13	*(i) OTC derivatives*		
14	*(ii) Exchange-traded derivatives*		
15	*(iii) SFTs*		
16	*(iv) Netting sets where cross-product netting has been approved*		
17	Segregated initial margin		
18	Non-segregated initial margin		
19	Prefunded default fund contributions		
20	Unfunded default fund contributions		

All exposure to central counterparties is on qualifying central counterparties (QCCP) and amounted to 1.2 billion. It is mainly composed of Dexia's repo activities (SFTs) which accounted for EUR 1.2 billion. Almost all these exposures benefit from the 2% risk weight prescribed by the CRR.

The prefunded default fund contribution is relatively small in exposure size (EUR 0.1 billion), though with EUR 23 million of RWEA, it represents half of the total RWEA level of EUR 47 million, given its higher average risk weight (21%).

5.8. Focus on securitisation activities

Dexia is managing a portfolio of senior ABS bonds in run-off. It also manages a synthetic securitisation (WISE) with public finance and utility assets as underlying.

Dexia has not originated any securitisation transactions since 2011. The same goes for new investments or acting as sponsor for providing liquidity facilities in Dexia securitisation transactions or to third parties

5.8.1. EU-SEC1 - Securitisation exposures in the non-trading book

		Institution acts as an originator						
		Traditional				Synthetic		
		STS		Non-STS			of which SRT	
	(in EUR million)		of which SRT		of which SRT			SUB-TOTAL
1	**TOTAL EXPOSURES**	-	-	-	-	1,070	1,070	1,070
2	**Retail (total)**	-	-	-	-	-	-	-
7	**Wholesale (total)**	-	-	-	-	1,070	1,070	1,070
11	*other wholesale*	-	-	-	-	*1,070*	*1,070*	*1,070*
12	*re-securitisation*	-	-	-	-	-	-	-

		Institution acts as sponsor			
		Traditional		Synthetic	
	(in EUR million)	STS	Non-STS		SUB-TOTAL
1	**TOTAL EXPOSURES**	-	-	-	-
2	**Retail (total)**	-	-	-	-
7	**Wholesale (total)**	-	-	-	-
11	*other wholesale*	-	-	-	-
12	*re-securitisation*	-	-	-	-

		Institution acts as an investor			
		Traditional		Synthetic	
	(in EUR million)	STS	Non-STS		SUB-TOTAL
1	**TOTAL EXPOSURES**	-	11	-	11
2	**Retail (total)**	-	11	-	11
7	**Wholesale (total)**	-	-	-	-
11	*other wholesale*	-	-	-	-
12	*re-securitisation*	-	-	-	-

The originator exposure relates to the WISE transaction, a synthetic securitisation relating to a portfolio of UK Utilities and Private Finance Initiative (PFI) bonds.

5.8.2. EU-SEC2 - Securitisation exposures in the trading book

Dexia does not have any securitisation exposure in the trading book.

5.8.3. EU-SEC3 - Securitisation exposures in the non-trading book and associated regulatory capital requirements - institution acting as originator or as sponsor

All of Dexia's origination operations, except WISE, were carried out with a view to obtaining long-term funding or establishing a liquidity buffer. The risk was not transferred out of the Group. Dexia Crédit Local has not initiated any new securitisation transaction since 2010. Dexia has not securitised any revolving exposure or liquidity facilities which are shared between investors and Dexia as originator.

		Exposure values (by RW bands/deductions)				
(in EUR million)		≤20% RW	>20% to 50% RW	>50% to 100% RW	>100% to <1250% RW	1250% RW / deductions
1	**TOTAL EXPOSURES**	**-**	**1,036**	**-**	**-**	**34**
2	Traditional transactions	-	-	-	-	-
3	Securitisation	-	-	-	-	-
4	Retail	-	-	-	-	-
5	Of which STS	-	-	-	-	-
6	Wholesale	-	-	-	-	-
7	Of which STS	-	-	-	-	-
8	Re-securitisation	-	-	-	-	-
9	Synthetic transactions	-	1,036	-	-	34
10	Securitisation	-	1,036	-	-	34
11	Retail underlying	-	-	-	-	-
12	Wholesale	-	1,036	-	-	34
13	Re-securitisation	-	-	-	-	-

		Exposure values (by regulatory approach)			
(in EUR million)		SEC-IRBA	SEC-ERBA (including IAA)	SEC-SA	1250% RW / deductions
1	**TOTAL EXPOSURES**	**-**	**1,036**	**-**	**34**
2	Traditional transactions	-	-	-	-
3	Securitisation	-	-	-	-
4	Retail	-	-	-	-
5	Of which STS	-	-	-	-
6	Wholesale	-	-	-	-
7	Of which STS	-	-	-	-
8	Re-securitisation	-	-	-	-
9	Synthetic transactions	-	1,036	-	34
10	Securitisation	-	1,036	-	34
11	Retail underlying	-	-	-	-
12	Wholesale	-	1,036	-	34
13	Re-securitisation	-	-		-

		RWEA (by regulatory approach)			
(in EUR million)		SEC-IRBA	SEC-ERBA (including IAA)	SEC-SA	1250% RW / deductions
1	**TOTAL EXPOSURES**	**-**	**415**	**-**	**422**
2	Traditional transactions	-	-	-	-
3	Securitisation	-	-	-	-
4	Retail	-	-	-	-
5	Of which STS	-	-	-	-
6	Wholesale	-	-	-	-
7	Of which STS	-	-	-	-
8	Re-securitisation	-	-	-	-
9	Synthetic transactions	-	415	-	422
10	Securitisation	-	415	-	422
11	Retail underlying	-	-	-	-
12	Wholesale	-	415	-	422
13	Re-securitisation	-	-	-	-

(in EUR million)	Capital charge after cap			
	SEC-IRBA	SEC-ERBA (including IAA)	SEC-SA	1250% RW / deductions
1 TOTAL EXPOSURES	-	33	-	34
2 Traditional transactions	-	-	-	-
3 Securitisation	-	-	-	-
4 Retail	-	-	-	-
5 Of which STS	-	-	-	-
6 Wholesale	-	-	-	-
7 Of which STS	-	-	-	-
8 Re-securitisation	-	-	-	-
9 Synthetic transactions	-	33	-	34
10 Securitisation	-	33	-	34
11 Retail underlying	-	-	-	-
12 Wholesale	-	33	-	34
13 Re-securitisation	-	-	-	-

This exposure relates to the WISE securitisation owned by Dexia. The part weighted at 1250% relates to the junior notes.

5.8.4. EU-SEC4 - Securitisation exposures in the non-trading book and associated regulatory capital requirements - institution acting as investor

The following table shows the exposure at default (EAD) of securitisation positions retained or purchased, broken down by seniority.

(in EUR million)	Exposure values (by RW bands/deductions)				
	≤20% RW	>20% to 50% RW	>50% to 100% RW	>100% to <1250% RW	1250% RW/ deductions
1 TOTAL EXPOSURES		11	-	-	-
2 Traditional securitisation		11	-	-	-
3 securitisation		11	-	-	-
4 Retail underlying		11	-	-	-
5 Of which STS		-	-	-	-
6 Wholesale		-	-	-	-
7 Of which STS		-	-	-	-
8 Re-securitisation		-	-	-	-
9 Synthetic securitisation		-	-	-	-
10 securitisation		-	-	-	-
11 Retail underlying		-	-	-	-
12 Wholesale		-	-	-	-
13 Re-securitisation		-	-	-	-

(in EUR million)	Exposure values (by regulatory approach)			
	SEC-IRBA	SEC-ERBA (including IAA)	SEC-SA	1250% RW / deductions
1 TOTAL EXPOSURES	-	11	-	-
2 Traditional securitisation	-	11	-	-
3 securitisation	-	11	-	-
4 Retail underlying	-	11	-	-
5 Of which STS	-	-	-	-
6 Wholesale	-	-	-	-
7 Of which STS	-	-	-	-
8 Re-securitisation	-	-	-	-
9 Synthetic securitisation	-	-	-	-
10 securitisation	-	-	-	-
11 Retail underlying	-	-	-	-
12 Wholesale	-	-	-	-
13 Re-securitisation	-	-	-	-

(in EUR million)		RWEA (by regulatory approach)			
		SEC-IRBA	SEC-ERBA (including IAA)	SEC-SA	1250% RW / deductions
1	TOTAL EXPOSURES	-	3	-	-
2	Traditional securitisation	-	3	-	-
3	securitisation	-	3	-	-
4	Retail underlying	-	3	-	-
5	Of which STS	-	-	-	-
6	Wholesale	-	-	-	-
7	Of which STS	-	-	-	-
8	Re-securitisation	-	-	-	-
9	Synthetic securitisation	-	-	-	-
10	securitisation	-	-	-	-
11	Retail underlying	-	-	-	-
12	Wholesale	-	-	-	-
13	Re-securitisation	-	-	-	-

(in EUR million)		Capital charge after cap			
		SEC-IRBA	SEC-ERBA (including IAA)	SEC-SA	1250% RW / deductions
1	TOTAL EXPOSURES	-	0	-	-
2	Traditional securitisation	-	0	-	-
3	securitisation	-	0	-	-
4	Retail underlying	-	0	-	-
5	Of which STS	-	-	-	-
6	Wholesale	-	-	-	-
7	Of which STS	-	-	-	-
8	Re-securitisation	-	-	-	-
9	Synthetic securitisation	-	-	-	-
10	securitisation	-	-	-	-
11	Retail underlying	-	-	-	-
12	Wholesale	-	-	-	-
13	Re-securitisation	-	-	-	-

5.8.5. EU-SEC5 - Exposures securitised by the institution - Exposures in default and specific credit risk adjustment

(in EUR million)		Exposures securitised by the institution - Institution acts as originator or as sponsor		
		Total outstanding nominal amount		Total amount of specific credit risk adjustments made during the period
			Of which exposures in default	
1	TOTAL EXPOSURES	1,111	-	-
2	Retail (total)	-	-	-
7	Wholesale (total)	1,111	-	-
8	Loans to corporates	-	-	-
11	Other wholesale	1,111	-	-

6. Market risk

6.1. Risk measurement

The Dexia Group mainly assesses market risk using a combination of two measurement indicators, resulting in a limit-based risk management framework.

Value at Risk (VaR) is a measure of the expected potential loss with a 99% confidence interval and for a holding period of ten days. Dexia relies on a parametric VaR to measure the market risk inherent in the various portfolios and activities. The method of this VaR is based on a normal distribution of yields relating to risk factors.

Limits in terms of position, maturity, market and authorised products are put in place per type of activity, ensuring consistency between global risk limits and the operational thresholds used by front office.

The risk management system is completed by stress tests, which include events outside the probabilistic framework of VaR measurement techniques. The different assumptions of these degraded scenarios are regularly revised and updated. The consolidated stress-tests results and the corresponding analysis are presented to the Risk Committee on a quarterly basis.

6.2. Basel treatment

Internal model
The parametric VaR model is the one used for the regulatory capital requirement calculation of general interest rate risk within the trading scope.

The stressed VaR (SVaR) is calculated on a weekly basis using parameters from the 2008 financial crisis (period from September 2008 until September 2009).

Regulatory capital is calculated as the sum of both a multiple of VaR and a multiple of SVaR, applying multipliers agreed with the ECB.

The portfolios covered by the internal model are exclusively composed of derivatives and are located at Dexia Crédit Local, Paris and Dublin, and at Dexia Crediop. As part of the independent price verification, their valuation is checked against external sources to assess the performance of the valuation models used. Dexia also takes part in the annual supervisory benchmarking exercise, which allows its regulators to assess the quality of its internal model by comparison with the results submitted by other institutions on prescribed benchmarking portfolios.

Validation is responsible for the overall assessment of the market risk models, including the VaR internal model. The process set up to endorse the validation of models deployed within the Dexia Group is multi-layered, ensuring total compliance with regulations and local regulatory requirements through the work-out of proposals by the Validation department: an approval of these proposals by the Market Validation Committee and a final endorsement by the Dexia Management Board.

Standardised approach
Dexia uses the standardised approach for the foreign exchange and specific interest market risk.

6.3. Back-testing

Back-testing is performed on a daily basis on the internal model perimeter. The result of the back-testing is the number of losses exceeding their corresponding VaR figures (i.e. “the number of exceptions”). For back-testing purposes, the VaR amounts need to be recalculated using a 1-day holding period. For VaR figures calculated under a parametric approach, rescaling is achieved through the application of a square root of 10 conversions. Risk reports are based on end-of-day positions meaning that risk figures refer to the maximum loss at the chosen confidence interval over the holding period of the portfolio held at the end of the business day. With a 1-day holding period, this figure is compared with the variation of the income statement for the following business day, restated to exclude accounting elements that are not captured by the VaR, such as fees, in order to challenge the robustness of the Dexia model better.

Back-testing is performed both on actual and hypothetical changes in the portfolio’s value. Hypothetical back-tests are run under the scenarios of change in interest rate alone. The back-testing process provides the Market Risk department with a view of the number of exceptions. This number is taken into account to adjust, through an addend, the multiplier used for calculating the bank’s own funds requirements for market risk under the regulatory internal model.

Over the year 2022, six back-testing overshootings were reported (an “addend” coefficient of 1 was applied on capital charge computation, resulting in a capital charge of EUR 3.9 million of own funds requirements). Out of these six overshootings, two are the consequence of the inclusion of the FVA and Bid/Ask in the income statement.

6.4. EU MR1 - Market risk under the standardised approach

	(in EUR million)	RWEAs
	Outright products	
1	Interest rate risk (general and specific)	-
2	Equity risk (general and specific)	-
3	Foreign exchange risk	438
4	Commodity risk	-
	Options	-
5	Simplified approach	-
6	Delta-plus approach	-
7	Scenario approach	-
8	**Securitisation** (specific risk)	-
9	**TOTAL**	**438**

RWA linked to foreign exchange risk increased slightly compared to 31 December 2022 from EUR 417 million to EUR 438 million as at 30 June 2023, mainly driven by an inefficiency increase on cross currency basis GBP/EUR and YEN/EUR.

6.5. EU MR2-A - Market risk under the internal model approach (IMA)

	(in EUR million)	RWEAs	Own funds requirements
1	**VaR** (higher of values a and b)	125	10
(a)	Previous day’s VaR (VaRt-1)		2
(b)	Multiplication factor (mc) x average of previous 60 working days (VaRavg)		10
2	**SVaR** (higher of values a and b)	531	42
(a)	Latest available SVaR (SVaRt-1))		5
(b)	Multiplication factor (ms) x average of previous 60 working days (sVaRavg)		42
3	**IRC** (higher of values a and b)	-	-
(a)	Most recent IRC measure		-
(b)	12 weeks average IRC measure		-

(in EUR million)		RWEAs	Own funds requirements
4	**Comprehensive risk measure** (higher of values a, b and c)	-	-
(a)	Most recent risk measure of comprehensive risk measure		-
(b)	12 weeks average of comprehensive risk measure		-
(c)	Comprehensive risk measure - Floor		-
5	**Other**		
6	**TOTAL**	**656**	**52**

RWEA IM lowering has to do with VaR and SVaR evolution:
- VaR contribution decreased while SVaR contributions increased this semester.
- The downward effect of the decrease in addons and the drop in volatilities over the period was offset by the upward effect of the increase in the risk profile due to migration projects linked to the reform of benchmark indices.
- The effect of the drop in volatilities over the period further accentuated the drop in the contribution of VaR.

6.6. EU MR2-B - RWA flow statements of market risk exposures under the IMA

(in EUR million)		VaR	SVaR	IRC	Comprehensive risk measure	Other	Total RWAs	Total own funds requirements
1	**RWEAs at 31/03/2023**	**168**	**557**	**-**	**-**		**725**	**58**
1a	Regulatory adjustment	(143)	(502)	-	-		(644)	(52)
1b	RWEAs at 31/03/2023 (end of the day)	25	55	-	-		81	6
2	Movement in risk levels	(1)	(26)					
3	Model updates/changes	(1)						
4	Methodology and policy							
5	Acquisitions and disposals							
6	Foreign exchange movements							
7	Other							
8a	RWEAs at 30/06/2023 (end of the day)	23	61	-	-		84	7
8b	Regulatory adjustment	101	470	-	-		571	46
8	**RWEAs at 30/06/2023**	**125**	**531**	**-**	**-**		**656**	**52**

6.7. EU MR3 - LIMA values for the trading portfolio

The Dexia trading portfolio is composed of two groups of activity:
- transactions initiated by financial instrument trading activities until the date on which the Group was placed in orderly resolution, mostly covered back-to-back,
- transactions intended to hedge risks arising from disinvestments or asset sales within the framework of the orderly resolution plan.

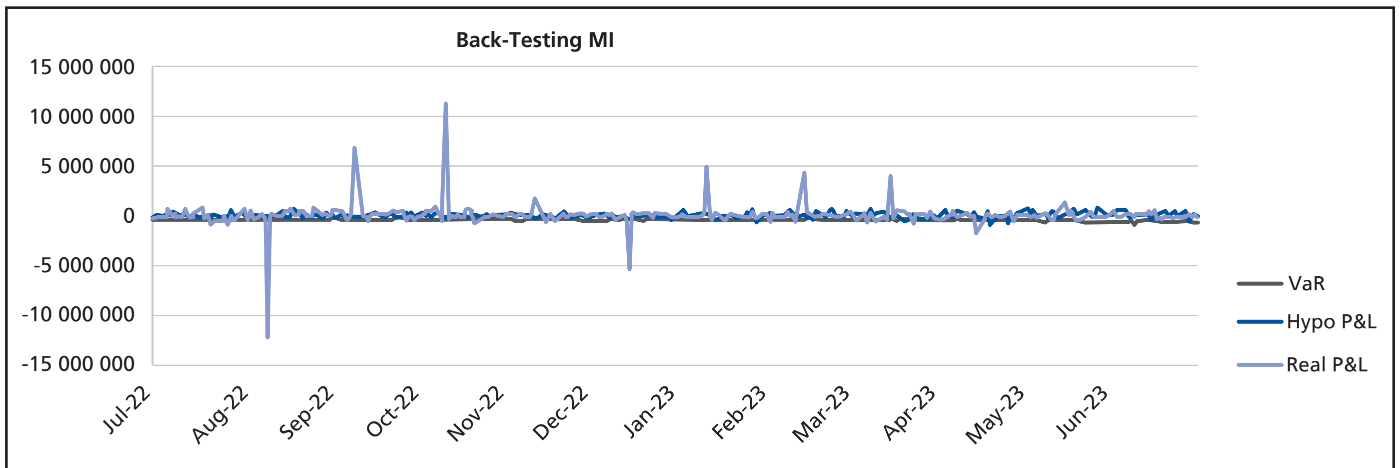
The main risk factors of the trading portfolio are:
- interest rate risk, in particular on the euro zone and the dollar zone,
- cross-currency basis swap risk,
- basis risk BOR-OIS in the same currency.

Value adjustments (CVA, DVA, FVA) and their variation are not included in the VaR model but are included in stress scenarios.

The detail of the VaR from the trading portfolios is presented in the following table. As at 30 June 2023, total consumption in VaR was EUR 1.87 million against EUR 1.4 million at the end of December 2022.

(in EUR million)		IMA values of the trading portfolios
VaR (10 day 99%)		
1	Maximum value	4.59
2	Average value	2.22
3	Minimum value	1.39
4	Period end	1.87
SVaR (10 day 99%)		
5	Maximum value	11.05
6	Average value	7.72
7	Minimum value	4.88
8	Period end	4.88
IRC (99.9%)		
9	Maximum value	
10	Average value	
11	Minimum value	
12	Period end	0
Comprehensive risk measure (99.9%)		
13	Maximum value	
14	Average value	
15	Minimum value	
16	Period end	0

6.8. EU MR4 - Comparison of VaR estimates with gains/losses



7. Liquidity requirements

7.1. Dexia's policy on the management of liquidity risk

Dexia's main objective is to manage the liquidity risk in euros and in foreign currencies for the Group, as well as to monitor the cost of funding so as to optimise the Group's results and to minimise volatility.

The liquidity management process aims to optimise the coverage of the Group's funding requirements taking into account the constraints to which it is exposed. Funding requirements are assessed, taking existing transactions into account as well as planned on and off-balance-sheet forecasts.

Dexia has a liquidity buffer, consisting of cash and unencumbered liquid assets on the repo market, enabling it to deal with stressed situations for at least one month without the need to take contingency measures. To manage the Group's liquidity situation, the Management Board regularly monitors the conditions for funding transactions on the market segments on which Dexia operates. It also guarantees proper execution of the funding programmes put in place. To that end, a specific and regular mode of information has been introduced:

- A daily and, if necessary, weekly report is provided to the members of the Management Board, the State shareholders and guarantors and the supervisory authorities. This information is also used by all parties involved in managing the Dexia Group's liquidity position, in particular the Finance and Risk activity lines in charge of these topics, and the Funding and Markets activity line.
- A twelve-month funding plan is sent monthly to the State shareholders and guarantors, central banks and the supervisory authorities.

Liquidity risk measurement

The measurement of the liquidity risk of the Group and its entities is based on the regulatory ratios as defined by European regulations with the Liquidity Coverage Ratio (LCR) and the Net Stable Funding Ratio (NSFR).

Dexia's liquidity is managed by the Finance activity line, which centralises the refinancing of the Group's entities and supervises the management of the balance sheet of all entities.

The Dexia Group posted a consolidated LCR ratio of 228% as at 30 June 2023 against 177% as at 31 December 2022 in line with these requirements. This ratio is also met at subsidiary level, each exceeding the minimum requirement of 100%.

The NFSR was also well above the 100% threshold and decreased slightly from 163% as at 31 December 2022 to 150% as at 30 June 2023.

7.2. Liquidity Coverage Ratio (LCR)

The Liquidity Coverage Ratio (LCR) establishes a minimum level of liquidity for internationally active banks. Its purpose is to ensure that a bank has an adequate level of available unencumbered High Quality Liquid Assets (HQLA), which can be converted into cash to meet its liquidity needs for 30 calendar days in a stress scenario.

The ratio is calculated as follows:

LCR = Stock of HQLA / Total net cash outflows

Total net cash outflows over the next 30 calendar days = Total expected cash outflows – Min {total expected cash inflows; 75% of total expected cash outflows}

Dexia consolidated LCR ratio amounted to 228% as at 30 June 2023 compared to 245% as at 31 March 2023, well above the minimum requirement level set at 100%.

As at 30 June 2023, total high quality level assets (HQLA) amounted to EUR 12.72 billion, compared to EUR 11.94 billion as at 31 March 2023, composed of almost 9% of cash at the National Central Bank and 91% of assets from central governments and local authorities (remained stable compared to 31 March 2023). The evolution of this breakdown is mainly due to an increase in the cash position with the National Central Bank and to a strong decrease in VHQLA and HQLA securities (EUR +829 million), in particular in "Central government assets".

Dexia's inflows are mainly from unsecured transactions and securities maturing for 30 days not included in the stock of HQLA. They amounted to EUR 3.37 billion as at 30 June 2023 compared to EUR 1.16 billion as at 31 March 2023, due to derivatives transactions related to the increase of foreign exchange funding swaps and the effect of USD Libor to SOFR transition on cross currency swaps (with no impact on the ratio due to inflow and outflow compensation).

As for the outflows of Dexia, they are composed of nostri accounts and debt maturing within the calculation period. They stood at EUR 8.95 billion as at 30 June 2023, compared to EUR 6.04 billion as at 31 March 2023. The increase of GGB LT EUR for EUR + 1.1 billion is observed.

Furthermore, the variation is principally due to derivatives transactions maturing on July related foreign exchange funding swaps and the effect of USD Libor to SOFR transition on cross currency swaps (with no impact on the ratio due to inflows and outflows compensation.

The liquidity requirement related to derivative transactions is limited and represents insignificant amounts. Furthermore, Dexia does not manage the LCR by currency but in all currencies in equivalent euro exchange.

The continuation of the resolution assumes that Dexia and Dexia Crédit Local maintain a good funding capacity which relies in particular on the appetite of investors for the debt guaranteed by the Belgian, French and Luxembourg States as well as on the capacity of Dexia Crédit Local to collect secured financing.

(in EUR million)		**Total unweighted value (average)**				**Total weighted value (average)**			
EU 1a	**Quarter ending on**	**30/06/2023**	**31/03/2023**	**31/12/2022**	**30/09/2022**	**30/06/2023**	**31/03/2023**	**31/12/2022**	**30/09/2022**
High-quality liquid assets									
1	Total high-quality liquid assets (HQLA), after application of haircuts in line with Article 9 of regulation (EU) 2015/61					12,725	11,942	13,368	17,541
Cash-outflows									
2	Retail deposits and deposits from small business customers, of which:	-	-	-	-	-	-	-	-
3	Stable deposits	-	-	-	-	-	-	-	-
4	Less stable deposits	-	-	-	-	-	-	-	-
5	Unsecured wholesale funding	9	24	58	123	3	9	23	49
6	*Operational deposits (all counterparties) and deposits in networks of cooperative banks*	-	-	-	-	-	-	-	-
7	*Non-operational deposits (all counterparties)*	*9*	*24*	*58*	*123*	*3*	*9*	*23*	*49*
8	*Unsecured debt*	-	-	-	-	-	-	-	-
9	Secured wholesale funding					-	-	-	29
10	Additional requirements	4,556	4,289	4,422	4,323	4,290	4,048	4,178	3,991
11	*Outflows related to derivative exposures and other collateral requirements*	*4,261*	*4,021*	*4,150*	*3,954*	*4,261*	*4,021*	*4,150*	*3,954*
12	*Outflows related to loss of funding on debt products*	-	-	-	-	-	-	-	-
13	*Credit and liquidity facilities*	*296*	*269*	*271*	*369*	*30*	*27*	*27*	*37*
14	Other contractual funding obligations		1,987	4,825	2,426	4,656	1,987	4,825	2,426
15	Other contingent funding obligations	350	380	373	403	-	-	-	-
16	**TOTAL CASH OUTFLOWS**					**8,950**	**6,044**	**9,026**	**6,495**

(in EUR million)		Total unweighted value (average)				Total weighted value (average)			
EU 1a	Quarter ending on	30/06/2023	31/03/2023	31/12/2022	30/09/2022	30/06/2023	31/03/2023	31/12/2022	30/09/2022
Cash-inflows									
17	Secured lending (e.g. reverse repos)	3,361	2,755	3,339	4,497	-	-	-	-
18	Inflows from fully performing exposures	89	72	192	-	47	49	115	-
19	Other cash inflows	3,331	1,114	1,358	1,101	3,331	1,114	1,358	1,101
EU-19a	(Difference between total weighted inflows and total weighted outflows arising from transactions in third countries where there are transfer restrictions or which are denominated in non-convertible currencies)					-	-	-	-
EU-19b	(Excess inflows from a related specialised credit institution)					-	-	-	-
20	**TOTAL CASH INFLOWS**	**6,780**	**3,940**	**4,889**	**5,598**	**3,377**	**1,163**	**1,472**	**1,101**
EU-20a	Fully exempt inflows	-	-	-	-	-	-	-	-
EU-20b	Inflows subject to 90% cap	-	-	-	-	-	-	-	-
EU-20c	Inflows subject to 75% cap	6,780	3,940	4,889	5,598	3,377	1,163	1,472	1,101
Total adjusted value									
21	**Liquidity buffer**					**12,725**	**11,942**	**13,368**	**17,541**
22	**Total net cash outflows**					**5,573**	**4,881**	**7,553**	**5,394**
23	**Liquidity Coverage Ratio**					**228%**	**245%**	**177%**	**325%**

7.3. EU LIQ2 - Net Stable Funding Ratio (NSFR)

(in EUR million)		Unweighted value by residual maturity				Weighted value
		No maturity	< 6 months	6 months to < 1 year	≥ 1 year	
Available stable funding (ASF) items						
1	Capital items and instruments	6,422	-	-	96	6,518
2	*Own funds*	*6,422*	-	-	*96*	*6,518*
3	*Other capital instruments*		-	-	-	-
4	Retail deposits		-	-	-	-
5	*Stable deposits*		-	-	-	-
6	*Less stable deposits*		-	-	-	-
7	Wholesale funding		15,636	6,701	21,652	25,146
8	*Operational deposits*		-	-	-	-
9	*Other wholesale funding*		*15,636*	*6,701*	*21,652*	*25,146*
10	Interdependent liabilities		-	-	-	-
11	Other liabilities	-	-	-	-	-
12	*NSFR derivative liabilities*	-	-	-	-	-
13	*All other liabilities and capital instruments not included in the above categories*		-	-	-	-
14	**TOTAL AVAILABLE STABLE FUNDING (ASF)**					**31,664**

(in EUR million)		Unweighted value by residual maturity				Weighted value
		No maturity	**< 6 months**	**6 months to < 1 year**	**≥ 1 year**	
Required stable funding (RSF) items						
15	Total high-quality liquid assets (HQLA)					1,010
EU-15a	Assets encumbered for a residual maturity of one year or more in a cover pool		-	-	-	-
16	Deposits held at other financial institutions for operational purposes		-	-	-	-
17	Performing loans and securities:		6,482	1,406	22,070	18,606
18	*Performing securities financing transactions with financial customers collateralised by Level 1 HQLA subject to 0% haircut*		*6,048*	*87*	*-*	*44*
19	*Performing securities financing transactions with financial customer collateralised by other assets and loans and advances to financial institutions*		*8*	*982*	*40*	*532*
20	*Performing loans to non- financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs, of which:*		*368*	*336*	*12,570*	*9,912*
21	*With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk*		*170*	*227*	*9,496*	*7,121*
22	*Performing residential mortgages, of which:*		-	-	-	-
23	*With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk*		-	-	-	-
24	*Other loans and securities that are not in default and do not qualify as HQLA, including exchange-traded equities and trade finance on-balance sheet products*		*59*	*0*	*9,460*	*8,118*
25	Interdependent assets		-	-	-	-
26	Other assets:	-	0	-	1,685	1,489
27	*Physical traded commodities*				-	-
28	*Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs*		-	-	*1,309*	*1,113*
29	*NSFR derivative assets*		-	-	-	-
30	*NSFR derivative liabilities before deduction of variation margin posted*		-	-	-	-
31	*All other assets not included in the above categories*		*0*	-	*375*	*376*
32	Off-balance sheet items		1	4	636	15
33	**Total RSF**					**21,119**
Net Stable Funding Ratio (%)						149.93%

The Net Stable Funding Ratio (NSFR) requires banks to finance a significant part of their assets over a year with stable resources. The objective is to limit the banks' capacity of maturity transformation, i.e. to refinance their assets with shorter maturities resources. NSFR is specific to banks and shall be calculated in a static view.

The NSFR is defined as the relation between Available Stable Funding (ASF) and Required Stable Funding (RSF) and must be equal to at least 100%:

$$\frac{\textbf{Available Stable Funding (ASF)}}{\textbf{Required Stable Funding (RSF)}} \geq \textbf{100\%}$$

The amounts of available and required stable funding are calibrated to reflect the degree of stability of liabilities and the liquidity of assets.

ASF is composed of capital items and subordinated debt over a year and a proportion of liabilities according to their degree of stability.

The degree of stability is calibrated across the funding tenor dimension: (longer-term liabilities are assumed to be more stable than short-term liabilities), the funding type and the counterparty dimension.

RSF is composed of assets and a part of off-balance-sheet positions. It is calibrated according to the asset quality and liquidity value (unencumbered high quality assets do not need to be wholly financed with stable funding), the asset tenor (short-term assets require a smaller proportion of stable funding) and the credit risk across risk-weighted factor for loans.

Dexia Consolidated NSFR stood at 150% as at 30 June 2023 compared with 163% on 31 December 2022 and exceeds the minimum of requirement of 100%.

The weighted AFS is mainly driven by long-term government-guaranteed bonds, classified as other wholesale funding, which represents almost 71% of the total amount and the capital items represent 21% of ASF. It amounted to EUR 31.7 billion as at 30 June 2023, a decrease of EUR 1.4 billion compared to 31 December 2022. The reduction is explained by the internal long-term funding methodology.

The weighted is composed of loans for 50% and non-liquid assets for 38%. It amounted to EUR 21.1 billion as at 30 June 2023, an increase of EUR 0.8 billion compared to 31 December 2022. The increase is essentially due to the deleveraging of assets and their hedging adjustment and the decrease of interest rates.

The continuation of the resolution assumes that Dexia and Dexia Crédit Local maintain a good funding capacity which relies in particular on the appetite of investors for the debt guaranteed by the Belgian, French and Luxembourg States as well as on the capacity of Dexia Crédit Local to collect secured financing.

8. Interest Rate Risk on the Banking Book (IRRBB)

At a Dexia Group level, the risk appetite is defined to first minimise the Net Interest Income (NII) volatility and in the second extend to preserve economic value. Risk appetite is also set according to the interest rate (IR) structural risk prevailing at Dexia, constituted of IR exposure stemming from stable free equity modelling or macro-hedging of desensitisation operations.

Risk framework has been built in line with the above-mentioned management principles. The related set of limits also allows for compliance with the regulatory framework. Interest rate strategy is monitored by the ALCO every month and governed by the risk appetite framework.

Interest rate shock and stress scenarios used to estimate changes in the economic value and in NII are those defined by the Basel Committee and disclosed by the EBA (GL 2018-02).

Given the specific situation of Dexia as a group in orderly resolution, there are no specific behavioural models identified in a regulatory sense and no specific underlying assumptions.

The behavioural option risk related to sight deposits is not material at Dexia Group level, with regard to their outstanding amount (less than 0.5% of the total funding amount). It is to be noted that option risk is systematically hedged from an interest-rate standpoint.

The table below presents the sensitivity of the economic value and the net interest income to the six interest rate shock scenarios defined by the Basel Committee

	Supervisory shock scenarios	**Changes of the economic value of equity**		**Changes of the net interest income***	
	(in EUR million)	**30/06/2023**	**31/12/2022**	**30/06/2023**	**31/12/2022**
1	Parallel up	(377)	(409)	18	20
2	Parallel down	222	241	(18)	(20)
3	Steepener	(60)	(74)		
4	Flattener	(3)	1		
5	Short rates up	(119)	(125)		
6	Short rates down	60	60		

** The parallel shocks applied to the Net Interest Income are +/-100 bps in accordance with the monitoring carried out internally and reported to ALCO.*

The sensitivity of the economic value of equity to the parallel down scenario (200 basis points shocks) remains far below the Tier 1 limit of 15%. As at 30 June 2023, the worst IRRBB scenario (parallel up) represented 39% of Dexia's Tier 1 capital limit consumption.

9. Environmental, Social and Governance Risk

9.1. Concepts and implementation within Dexia

Dexia follows the instructions of the Pillar 3 qualitative templates from the Appendices XXXIX and XL of Implementing Regulation (EU) 2021/637.

Dexia has prioritised its analysis and data collection efforts on the climate environment factor, considering the level of maturity of regulatory expectations (i.e. given the publication of a dedicated Taxonomy – EU Taxonomy – and the KPI NFRD to report). Thus, there is no formal risk analysis done on Governance Risk and Social Risk in this report, and the qualitative templates 2 and 3 on Social Risk and on Governance Risk are not documented (cf. mapping table).

Nevertheless, even if the reporting requirements regarding social and governance risks are not the same between the NRFD and the Pillar 3 ESG, some aspects of the Pillar 3 expectations are partially covered within the NFRD (in the Governance section of the Annual Report regarding the governance aspects, and in the DPEF section of the Annual Report regarding social aspects).

9.1.1. Business strategy and Governance

Dexia launched several initiatives in order to monitor the ESG risks that may affect its activities. In particular, the Management Board approved the establishment of a CSR steering committee.

The objective of this committee is to build and propose to the management, for validation, a formal ESG strategy, to ensure its operational implementation and to centralise and coordinates ESG initiatives within the Group. Moreover, Dexia capitalised on its existing comitology as topics addressed via the CSR committee will be reviewed, depending on their materiality, by the Management Boad or the Risk Executive Committee (for ESG risk topics).

Finally, there is no dedicated remuneration policy to ESG risks, due to the lack of leverage on this subject.

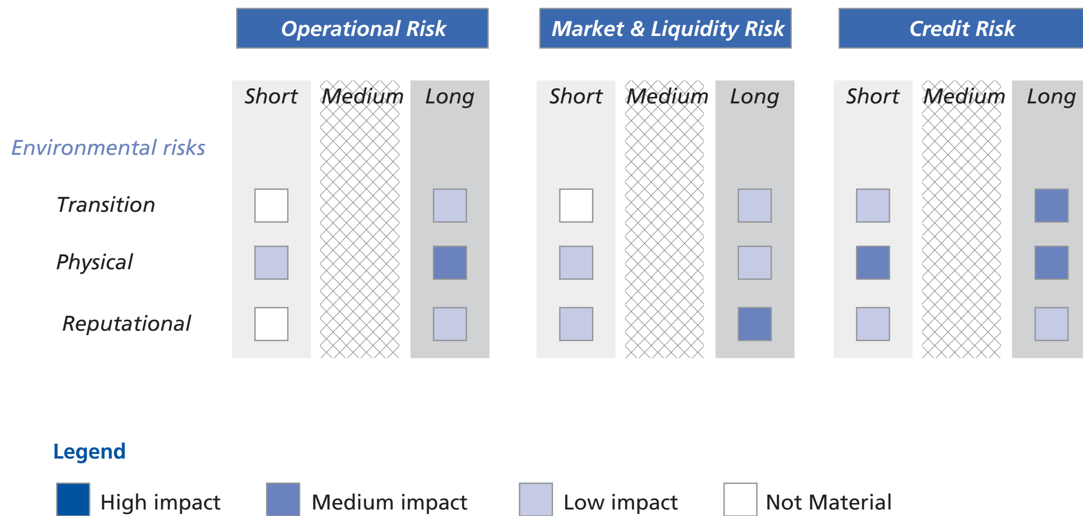
9.1.2. Risk management

Materiality assessment:
The ESG risk management framework of Dexia relies on a materiality assessment exercise, which is part of the risk identification process and focuses on environmental climate risk as of 2022. This assessment will be updated on an annual basis.

In line with EBA requirements, only those risks related to climate-related environmental objectives are considered for the 2022 exercise, which has been set-up as follows:
- **Provide a risk classification**, with all definitions of climate-related risk and ESG factors that can have impacts on the analysed risk family (per existing banking risk).
- **Describe the impact** that may **arise from the identified ESG factors** and the transmission channels (i.e the causal chains that explain how these risks drivers impact Dexia through their counterparties and invested assets).
- **Assess the materiality of this impact** based on the risk drivers and transmission channels identified.

The objective of this materiality assessment is to define a climate risk matrix, where for each existing banking risk, the climate risk impact is presented per time horizon (short-term and long-term) and per materiality assessment (high, medium, low).

Synthetic materiality assessment matrix below, which cover the following scope:
- Operational Risk
- Market and Liquidity Risk
- Credit Risk



Risk Management Framework:

Climate risk impacts on credit risk are monitored through an internally developed Risk Heat Map. This Heat Map aims at scoring Dexia's exposures, given transition and physical risks to which our clients may be exposed.

This Risk Heat Map relies on both internal methodology as well as external and expert analysis.

Regarding the physical risk exposure assessment, the methodology used to produce the physical risk scoring has been performed based on a double approach:

- A geographical granular approach based primarily on data from Moody's RMS adjusted, if necessary, from additional sources of information
- A sectoral approach, mainly based on external rating agencies (Moody's and Fitch) assessments and expert judgement

Transition risk assessment is performed using a sectoral approach. The methodology consists of applying the sector transition risk heat maps of Moody's and Fitch to Dexia's portfolio.

The transition risk score is then assessed by ad hoc expert adjustment for sectors where the expected risk is not correctly reflected.

The score obtained is translated into five levels of risk assessment: "very low risk", "low risk", "medium risk", "high risk", "very high risk". For the purpose of this reporting, counterparties with an assessment ranking from "medium" to "very high" are flagged as "Yes" for the field "Sensitive exposure to physical risk" and will be reported in the Template to which it refers.

This Heat Map is updated on a regular basis and at least annually.

Market and Liquidity ESG related risk being judged as limited, they do not benefit at this stage from a specific framework. However, a monthly regulatory watch ensures that any regulation evolution related to these topics and applicable to Dexia's risk profile is timely identified, analysed and implemented if necessary.

Operational ESG related risk is also judged as limited. It mainly relates to physical risk, especially regarding some of Dexia's outsourcers' location. However, these outsourcers are subject to regular RCSA and BCP, the results of which are analysed by Dexia in the frame of Dexia's Risk Appetite Framework.

Furthermore Dexia has updated its governance to ensure the monitoring of risk related to climate risk factors, and in particular to validate the RAF and the ICAAP including ESG indicators and scenarios, and to provide a description of limits to climate related risks. In addition, the monitoring of indicators dedicated to ESG factors as well as the escalation process in the case of breaches of the defined limits, are embedded within Dexia's comitology.

9.2. Dexia's ESG main figures

9.2.1. Data definition and use of proxies

Dexia followed the ITS instructions to provide a definition and the methodology to apply regarding new ESG data used for the production of the Pillar template 1.

The proxies are detailed in the Appendix of this Pillar 3 (definition and methodology of proxies for Template 1).

9.2.2. Data processing and data management

The details of the new ESG data are synthetised within Dexia's data dictionary, which defines the key concepts and data for the purpose of ESG reporting and provide their definition.

Proxy and shortcut documentation defines the approximated ESG data and document the methodology (data, hypothesis, and justification) to ensure the auditability of the methodological choices and specify the process and frequency of update for each new ESG Data.

The ESG data processing integrates data collection, data preparation and controls and data reporting.

9.3. Template 1: Banking book - Climate Change transition risk: Credit quality of exposures by sector, emissions and residual maturity

		Gross carrying amount					Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions			GHG financed emissions (Scope 1, Scope 2 and Scope 3 emissions of the counterparty) (in tons of CO2 equivalent)		GHG emissions (column i): gross carrying amount percentage of the portfolio derived from company-specific reporting	≤ 5 years	> 5 year ≤ 10 years	> 10 year ≤ 20 years	> 20 years	Average weighted maturity
	(in EUR million)		Of which exposures towards companies excluded from EU Paris-aligned Benchmarks in accordance with points (d) to (g) of Article 12.1 and in accordance with Article 12.2 of Climate Benchmark Standards Regulation	Of which environmentally sustainable (CCM)	Of which Stage 2 exposures	Of which non-performing exposures		Of which Stage 2 exposures	Of which non-performing exposures		Of which Scope 3 financed emissions						
1	Exposures to sectors that highly contribute to climate change*	9,941	965	-	3,315	228	(193)	(133)	(53)	-	-	-	455	692	4,930	3,863	19

(in EUR million)		Gross carrying amount					Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions			GHG financed emissions (Scope 1, Scope 2 and Scope 3 emissions of the counterparty) (in tons of CO2 equivalent)		GHG emissions (column i): gross carrying amount percentage of the portfolio derived from company-specific reporting	≤ 5 years	> 5 year ≤ 10 years	> 10 year ≤ 20 years	> 20 years	Average weighted maturity
			Of which exposures towards companies excluded from EU Paris-aligned Benchmarks in accordance with points (d) to (g) of Article 12.1 and in accordance with Article 12.2 of Climate Benchmark Standards Regulation	Of which environmentally sustainable (CCM)	Of which Stage 2 exposures	Of which non-performing exposures		Of which Stage 2 exposures	Of which non-performing exposures		Of which Scope 3 financed emissions						
2	A - Agriculture, forestry and fishing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
3	B - Mining and quarrying	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
4	*B.05 - Mining of coal and lignite*	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
5	*B.06 - Extraction of crude petroleum and natural gas*	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
6	*B.07 - Mining of metal ores*	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
7	*B.08 - Other mining and quarrying*	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
8	*B.09 - Mining support service activities*	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
9	C - Manufacturing	0	-	-	-	-	(0)	-	-	-	-	-	0	-	-	0	0
10	*C.10 - Manufacture of food products*	0	-	-	-	-	(0)	-	-	-	-	-	-	-	-	0	-
11	*C.11 - Manufacture of beverages*	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
12	*C.12 - Manufacture of tobacco products*	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
13	*C.13 - Manufacture of textiles*	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
14	*C.14 - Manufacture of wearing apparel*	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	

	(in EUR million)	Gross carrying amount	Of which exposures towards companies excluded from EU Paris-aligned Benchmarks in accordance with points (d) to (g) of Article 12.1 and in accordance with Article 12.2 of Climate Benchmark Standards Regulation	Of which environmentally sustainable (CCM)	Of which Stage 2 exposures	Of which non-performing exposures	Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions	Of which Stage 2 exposures	Of which non-performing exposures	GHG financed emissions (Scope 1, Scope 2 and Scope 3 emissions of the counterparty) (in tons of CO2 equivalent)	Of which Scope 3 financed emissions	GHG emissions (column i): gross carrying amount percentage of the portfolio derived from company-specific reporting	≤ 5 years	> 5 year ≤ 10 years	> 10 year ≤ 20 years	> 20 years	Average weighted maturity
15	*C.15 - Manufacture of leather and related products*	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
16	*C.16 - Manufacture of wood and of products of wood and cork, except furniture; manufacture of articles of straw and plaiting materials*	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
17	*C.17 - Manufacture of pulp, paper and paperboard*	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
18	*C.18 - Printing and service activities related to printing*	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
19	*C.19 - Manufacture of coke oven products*	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
20	*C.20 - Production of chemicals*	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
21	*C.21 - Manufacture of pharmaceutical preparations*	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
22	*C.22 - Manufacture of rubber products*	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	

	(in EUR million)	Gross carrying amount					Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions			GHG financed emissions (Scope 1, Scope 2 and Scope 3 emissions of the counterparty) (in tons of CO2 equivalent)		GHG emissions (column i): gross carrying amount percentage of the portfolio derived from company-specific reporting	≤ 5 years	> 5 year ≤ 10 years	> 10 year ≤ 20 years	> 20 years	Average weighted maturity
			Of which exposures towards companies excluded from EU Paris-aligned Benchmarks in accordance with points (d) to (g) of Article 12.1 and in accordance with Article 12.2 of Climate Benchmark Standards Regulation	Of which environmentally sustainable (CCM)	Of which Stage 2 exposures	Of which non-performing exposures		Of which Stage 2 exposures	Of which non-performing exposures		Of which Scope 3 financed emissions						
23	*C.23 - Manufacture of other non-metallic mineral products*	0	-	-	-	-	(0)	-	-	-	-	-	0	-	-	-	0
24	*C.24 - Manufacture of basic metals*	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
25	*C.25 - Manufacture of fabricated metal products, except machinery and equipment*	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
26	*C.26 - Manufacture of computer, electronic and optical products*	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
27	*C.27 - Manufacture of electrical equipment*	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
28	*C.28 - Manufacture of machinery and equipment n.e.c.*	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
29	*C.29 - Manufacture of motor vehicles, trailers and semi-trailers*	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
30	*C.30 - Manufacture of other transport equipment*	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	

	(in EUR million)	Gross carrying amount					Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions			GHG financed emissions (Scope 1, Scope 2 and Scope 3 emissions of the counterparty) (in tons of CO2 equivalent)		GHG emissions (column i): gross carrying amount percentage of the portfolio derived from company-specific reporting	≤ 5 years	> 5 year ≤ 10 years	> 10 year ≤ 20 years	> 20 years	Average weighted maturity
			Of which exposures towards companies excluded from EU Paris-aligned Benchmarks in accordance with points (d) to (g) of Article 12.1 and in accordance with Article 12.2 of Climate Benchmark Standards Regulation	Of which environmentally sustainable (CCM)	Of which Stage 2 exposures	Of which non-performing exposures		Of which Stage 2 exposures	Of which non-performing exposures		Of which Scope 3 financed emissions						
31	*C.31 - Manufacture of furniture*	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
32	*C.32 - Other manufacturing*	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
33	*C.33 - Repair and installation of machinery and equipment*	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
34	D - Electricity, gas, steam and air conditioning supply	1,807	962	-	192	31	(11)	(8)	(2)	-	-	-	56	146	1,214	391	14
35	*D35.1 - Electric power generation, transmission and distribution*	930	121	-	183	30	(10)	(8)	(2)	-	-	-	27	138	541	223	14
36	*D35.11 - Production of electricity*	233	78	-	125	30	(10)	(8)	(2)	-	-	-	27	18	98	90	17
37	*D35.2 - Manufacture of gas; distribution of gaseous fuels through mains*	841	841	-	0	-	(0)	(0)	-	-	-	-	0	-	673	168	15
38	*D35.3 - Steam and air conditioning supply*	36	-	-	9	0	(0)	(0)	-	-	-	-	28	8	-	-	4

	(in EUR million)	Gross carrying amount	Gross carrying amount - Of which exposures towards companies excluded from EU Paris-aligned Benchmarks in accordance with points (d) to (g) of Article 12.1 and in accordance with Article 12.2 of Climate Benchmark Standards Regulation	Gross carrying amount - Of which environmentally sustainable (CCM)	Gross carrying amount - Of which Stage 2 exposures	Gross carrying amount - Of which non-performing exposures	Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions	Accumulated impairment - Of which Stage 2 exposures	Accumulated impairment - Of which non-performing exposures	GHG financed emissions (Scope 1, Scope 2 and Scope 3 emissions of the counterparty) (in tons of CO2 equivalent)	GHG financed emissions - Of which Scope 3 financed emissions	GHG emissions (column i): gross carrying amount percentage of the portfolio derived from company-specific reporting	≤ 5 years	> 5 year ≤ 10 years	> 10 year ≤ 20 years	> 20 years	Average weighted maturity
39	E - Water supply; sewerage, waste management and remediation activities	2,258	-	-	346	8	(79)	(78)	-	-	-	-	21	81	411	1,746	29
40	F - Construction	2,959	-	-	1,190	12	(20)	(19)	(2)	-	-	-	60	118	2,282	499	16
41	*F.41 - Construction of buildings*	58	-	-	3	-	1	(0)	-	-	-	-	3	5	8	42	10
42	*F.42 - Civil engineering*	11	-	-	11	-	(0)	(0)	-	-	-	-	0	-	6	5	22
43	*F.43 - Specialised construction activities*	2,889	-	-	1,176	12	(21)	(18)	(2)	-	-	-	57	113	2,267	452	16
44	G - Wholesale and retail trade; repair of motor vehicles and motorcycles	2	-	-	-	-	(1)	-	-	-	-	-	1	-	-	1	1
45	H - Transportation and storage	756	3	-	596	60	(37)	(8)	(24)	-	-	-	233	71	370	82	14
46	*H.49 - Land transport and transport via pipelines*	144	3	-	31	36	(17)	(1)	(14)	-	-	-	11	53	-	79	16
47	*H.50 - Water transport*	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
48	*H.51 - Air transport*	177	-	-	169	-	(0)	(0)	-	-	-	-	177	-	-	-	4

	(in EUR million)	Gross carrying amount					Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions			GHG financed emissions (Scope 1, Scope 2 and Scope 3 emissions of the counterparty) (in tons of CO2 equivalent)		GHG emissions (column i): gross carrying amount percentage of the portfolio derived from company-specific reporting	≤ 5 years	> 5 year ≤ 10 years	> 10 year ≤ 20 years	> 20 years	Average weighted maturity
			Of which exposures towards companies excluded from EU Paris-aligned Benchmarks in accordance with points (d) to (g) of Article 12.1 and in accordance with Article 12.2 of Climate Benchmark Standards Regulation	Of which environmentally sustainable (CCM)	Of which Stage 2 exposures	Of which non-performing exposures		Of which Stage 2 exposures	Of which non-performing exposures		Of which Scope 3 financed emissions						
49	*H.52 - Warehousing and support activities for transportation*	435	-	-	396	24	(19)	(8)	(10)	-	-	-	44	18	370	2	16
50	*H.53 - Postal and courier activities*	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
51	I - Accommodation and food service activities	0	-	-	-	-	(0)	-	-	-	-	-	-	-	-	0	-
52	L - Real estate activities	2,159	-	-	991	118	(45)	(19)	(25)	-	-	-	85	276	653	1,144	20
53	**Exposures to sectors other than those that highly contribute to climate change***	1,242	-	-	429	47	(13)	(9)	(2)	-	-	-	113	303	573	253	14
54	K - Financial and insurance activities	103	-	-	70	-	(1)	(0)	-	-	-	-	3	69	12	19	12
55	Exposures to other sectors (NACE codes J, M - U)	1,140	-	-	359	47	(12)	(9)	(2)	-	-	-	110	235	561	234	15
56	**TOTAL**	**11,183**	**965**	**-**	**3,745**	**275**	**(206)**	**(142)**	**(56)**	**-**	**-**	**-**	**568**	**995**	**5,503**	**4,116**	**19**

** In accordance with the Commission delegated regulation (EU) 2020/1818 supplementing regulation (EU) 2016/1011 as regards minimum standards for EU Climate Transition Benchmarks and EU Paris-aligned Benchmarks - Climate Benchmark Standards Regulation - Recital 6: Sectors listed in Sections A to H and Section L of Appendix I to Regulation (EC) No 1893/2006*

Total exposure represented in this table corresponds to less than 20% of Dexia's total gross carrying amount. This is explained by the Group's business model, largely focusing on public sector financing (local authorities) excluded from the scope of this template.

The Non-Financial corporates exposure essentially consists of Project Finance exposures and Financing of the public and private satellites.

89% of the exposure of the Template 1 is considered as contributing to highly carbonated sectors, yet less than 10% of this exposure is considered not aligned with EU Paris Benchmark (which are sector with the highest GHG emissions). The average rating on the credit quality regarding the rest of the counterparts is equal to A-.

Exposure considered as contributing to highly carbonated sectors represents 16% of the Dexia's total portfolio.

Exposure considered not aligned with EU Paris Benchmark represents 1.6% of the Dexia's total portfolio, with the following characteristics: an excellent average credit quality (average rating of A-), with warranty coverage (the residual credit risk is considered low on the transition risk).

33.5% of total exposure of Template 1 is in Stage 2, and only 2.5% of exposure is classified as non-performing exposure, which is non-material and indicates a satisfying credit quality of the exposure.

9.4. Template 2: Banking book - Climate change transition risk: Loans collateralised by immovable property - Energy efficiency of the collateral

This template represents the exposure collateralised by immovable properties.

Dexia's exposure collateralised by immovable properties is composed of Project Finance (university lodgings, military housing, clinics, school and learning centres, university buildings), Public Sector UK (social housing UK) and Public Sector France (social housing France).

		Total gross carrying amount amount															
			Level of energy efficiency (EP score in kWh/m² of collateral)						**Level of energy efficiency (EPC label of collateral)**							**Without EPC label of collateral***	
(in EUR million)			**0; ≤ 100**	**> 100; ≤ 200**	**> 200; ≤ 300**	**> 300; ≤ 400**	**> 400; ≤ 500**	**> 500**	**A**	**B**	**C**	**D**	**E**	**F**	**G**		**Of which level of energy efficiency (EP score in kWh/m² of collateral) estimated**
1	Total EU area	103	-	-	103	-	-	-									
2	*Of which Loans collateralised by commercial immovable property*	-	-	-	-	-	-	-									
3	*Of which Loans collateralised by residential immovable property*	*103*	-	-	*103*	-	-	-									
4	*Of which Collateral obtained by taking possession: residential and commercial immovable properties*	-	-	-	-	-	-	-									
5	*Of which Level of energy efficiency (EP score in kWh/m² of collateral) estimated*	*103*	-	-	*103*	-	-	-									
6	Total non-EU area	587	-	78	316	18	175	-									
7	*Of which Loans collateralised by commercial immovable property*	-	-	-	-	-	-	-									
8	*Of which Loans collateralised by residential immovable property*	*587*	-	*78*	*316*	*18*	*175*	-									
9	*Of which Collateral obtained by taking possession: residential and commercial immovable properties*	-	-	-	-	-	-	-									
10	*Of which Level of energy efficiency (EP score in kWh/m² of collateral) estimated*	*587*	-	*78*	*316*	*18*	*175*	-									

* *In line with the data collection strategy, Dexia does not collect the EPC label from their counterparty. To assess the EPC label, Dexia uses different types of proxies, of which their methodology is fine enough to obtain an average representative of Dexia's portfolio (the methodology is described in appendices).*
The methodology applied to the proxy is different depending on the type of counterparties. It is based on an average consumption of similar immovable assets, located in geographical areas close to or similar to the immovable properties financed by Dexia.
This consumption is based on public external data.

Total exposure represents only 1.1% of Dexia's total gross carrying amount.

The energy level was estimated based on a sample which was a subset of the total gross carrying amount of Template 2 (representing 100% of the total gross carrying amount of exposure collateralised by immovable properties).

The allocation of Dexia's exposure collateralised by an immovable property is as below:
- 11% have an average EP score in kWh/m² of collateral between [> 100; ≤ 200];
- 61% have an average EP score in kWh/m² of collateral between [> 200; ≤ 300];
- 3% have an average EP score in kWh/m² of collateral between [> 300; ≤ 400];
- 25% have an average EP score in kWh/m² of collateral between [> 400; ≤ 500];

9.5. Banking book - Climate change physical risk: Exposure subject to physical risk

Exposure represented in this table corresponds to less than 20% of Dexia's total gross carrying amount. This is explained by the Group's business model, largely focusing on public sector financing (local authorities).

The Template 5 is composed of the sub Template – Europe, sub-Template 5 – Rest of the world, and sub-Template 5 – America. The data used to assess the physical risk and complete this Template 5 are based on Dexia's Climate Heat Risk Map (as presented in section 9.1.2.).

Europe:

(in EUR million)	Variable: Geographical area subject to climate change physical risk - acute and chronic events	Gross carrying amount													
			Of which exposures sensitive to impact from climate change physical events												
			Breakdown by maturity bucket					Of which exposures sensitive to impact from chronic climate change events	Of which exposures sensitive to impact from acute climate change events	Of which exposures sensitive to impact both from chronic and acute climate change events	Of which Stage 2 exposures	Of which non-performing exposures	Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions		
			≤ 5 years	> 5 year ≤ 10 years	> 10 year ≤ 20 years	> 20 years	Average weighted maturity							Of which Stage 2 exposures	Of which non-performing exposures
1	A - Agriculture, forestry and fishing	-	-	-	-	-		-	-	-	-	-	-	-	-
2	B - Mining and quarrying	-	-	-	-	-		-	-	-	-	-	-	-	-
3	C - Manufacturing	0	-	-	-	0	-	0	-	-	-	-	(0)	-	-
4	D - Electricity, gas, steam and air conditioning supply	1,513	-	2	1	-	11	3	-	-	3	-	(0)	(0)	-
5	E - Water supply; sewerage, waste management and remediation activities	2,258	15	81	35	5	9	136	0	-	86	8	(1)	(1)	-
6	F - Construction	2,053	-	-	-	0	4	0	-	-	-	-	(0)	-	-
7	G - Wholesale and retail trade; repair of motor vehicles and motorcycles	2	-	-	-	-		-	-	-	-	-	-	-	-
8	H - Transportation and storage	575	24	5	-	0	5	29	-	0	5	24	(10)	(0)	(10)
9	L - Real estate activities	1,346	5	10	42	0	12	57	-	-	45	-	(1)	(0)	-
10	Loans collateralised by residential immovable property	689	0	1	2	1	15	4	0	-	3	-	(0)	(0)	-
11	Loans collateralised by commercial immovable property	-	-	-	-	-		-	-	-	-	-	-	-	-
12	Repossessed collaterals	-	-	-	-	-		-	-	-	-	-	-	-	-
13	Other relevant sectors (breakdown below where relevant)	725	0	18	14	0	12	29	4	-	21	5	(0)	(0)	-

America:

(in EUR million)	Variable: Geographical area subject to climate change physical risk - acute and chronic events	Gross carrying amount													
			Of which exposures sensitive to impact from climate change physical events												
			Breakdown by maturity bucket					Of which exposures sensitive to impact from chronic climate change events	Of which exposures sensitive to impact from acute climate change events	Of which exposures sensitive to impact both from chronic and acute climate change events	Of which Stage 2 exposures	Of which non-performing exposures	Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions		
			≤ 5 years	> 5 year ≤ 10 years	> 10 year ≤ 20 years	> 20 years	Average weighted maturity							Of which Stage 2 exposures	Of which non-performing exposures
1	A - Agriculture, forestry and fishing	-	-	-	-	-		-	-	-	-	-	-	-	-
2	B - Mining and quarrying	-	-	-	-	-		-	-	-	-	-	-	-	-
3	C - Manufacturing	-	-	-	-	-		-	-	-	-	-	-	-	-
4	D - Electricity, gas, steam and air conditioning supply	270	-	-	45	90	22	-	120	15	105	-	(7)	(7)	-
5	E - Water supply; sewerage, waste management and remediation activities	-	-	-	-	-		-	-	-	-	-	-	-	-
6	F - Construction	31	-	31	-	-	7	31	-	-	-	-	-	-	-
7	G - Wholesale and retail trade; repair of motor vehicles and motorcycles	-	-	-	-	-		-	-	-	-	-	-	-	-
8	H - Transportation and storage	-	-	-	-	-		-	-	-	-	-	-	-	-
9	L - Real estate activities	591	-	-	21	534	27	391	164	-	219	-	(3)	(3)	-
10	Loans collateralised by residential immovable property	-	-	-	-	-		-	-	-	-	-	-	-	-
11	Loans collateralised by commercial immovable property	-	-	-	-	-		-	-	-	-	-	-	-	-
12	Repossessed collaterals	-	-	-	-	-		-	-	-	-	-	-	-	-
13	Other relevant sectors (breakdown below where relevant)	220	7	-	-	213	23	-	220	-	213	-	(2)	(2)	-

Rest of world:

(in EUR million)	Variable: Geographical area subject to climate change physical risk - acute and chronic events	Gross carrying amount													
		Of which exposures sensitive to impact from climate change physical events													
			Breakdown by maturity bucket					Of which exposures sensitive to impact from chronic climate change events	Of which exposures sensitive to impact from acute climate change events	Of which exposures sensitive to impact both from chronic and acute climate change events	Of which Stage 2 exposures	Of which non-performing exposures	Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions		
			≤ 5 years	> 5 year ≤ 10 years	> 10 year ≤ 20 years	> 20 years	Average weighted maturity							Of which Stage 2 exposures	Of which non-performing exposures
1	A - Agriculture, forestry and fishing	-	-	-	-	-		-	-	-	-	-	-	-	-
2	B - Mining and quarrying	-	-	-	-	-		-	-	-	-	-	-	-	-
3	C - Manufacturing	-	-	-	-	-		-	-	-	-	-	-	-	-
4	D - Electricity, gas, steam and air conditioning supply	24	2	-	-	-	1	2	-	-	-	-	-	-	-
5	E - Water supply; sewerage, waste management and remediation activities	-	-	-	-	-		-	-	-	-	-	-	-	-
6	F - Construction	588	-	-	-	-		-	-	-	-	-	-	-	-
7	G - Wholesale and retail trade; repair of motor vehicles and motorcycles	-	-	-	-	-		-	-	-	-	-	-	-	-
8	H - Transportation and storage	180	3	-	-	-	3	3	-	-	-	-	-	-	-
9	L - Real estate activities	117	-	-	-	-		-	-	-	-	-	-	-	-
10	Loans collateralised by residential immovable property	-	-	-	-	-		-	-	-	-	-	-	-	-
11	Loans collateralised by commercial immovable property	-	-	-	-	-		-	-	-	-	-	-	-	-
12	Repossessed collaterals	-	-	-	-	-		-	-	-	-	-	-	-	-
13	Other relevant sectors (breakdown below where relevant)	-	-	-	-	-		-	-	-	-	-	-	-	-

Template 5 presents the exposure impacted by physical climate change events, totaling EUR 1.21 billion, of which EUR 0.7 billion is sensitive only to chronic climate events and EUR 0.5 billion to acute climate change events. 58% of chronic climate events' exposure are located in America (US, Mexico) and 40% in Europe (Italy, Portugal, Spain). Furthermore only EUR 0.02 billion of exposure are sensitive to both chronic and acute climate change events.

Only 0.32% of the exposure of the Template 5 is classified as non-performing exposure.

Appendix 1: Mapping table

Relevant article in CRR	Template	Frequency large institutions (listed)	Location DSA Pilar 3 Report
Points (a) to (g) of Article 447 and point (b) of Article 438	EU KM1 - Key metrics template	Quarterly	3. Dexia's Key Figures and Risk Profile
	EU KM1 Bis		
Point (d) of Article 438	EU OV1 - Overview of risk-weighted exposure amounts	Quarterly	3. Dexia's Key Figures and Risk Profile *The following lines are not applicable to Dexia, and therefore they have not been published:* *10 to 14 Not applicable* *19 of which SEC-SA approach* *23a of which basic indicator approach* *23c of which advanced measurement approach* *25 to 28 Not applicable*
Points (a), (d), (e) and (f) of Article 437	EU CC1 - Composition of regulatory own funds	Semi-annual	4. Own funds
Point (a) of Article 437	EU CC2 - reconciliation of regulatory own funds to balance sheet in the audited financial statements	Semi-annual	4. Own funds
Point (a) of Article 440	EU CCyB1 - Geographical distribution of credit exposures relevant for the calculation of the countercyclical buffer	Semi-annual	4.8 Countercyclical capital buffers
Point (a) of Article 440	EU CCyB2 - Amount of institution-specific countercyclical capital buffer	Semi-annual	4.8 Countercyclical capital buffers
Point (b) of Article 451(1)	EU LR1 - LRSum: Summary reconciliation of accounting assets and leverage ratio exposures	Semi-annual	6. Leverage ratio
Article 451(3) - Rows 28 to 31a	EU LR2 - LRCom: Leverage ratio common disclosure	Semi-annual	6. Leverage ratio
Points (a), (b) and (c) of Article 451(1) and Article 451(2) - Rows up to row 28			
Point (b) of Article 451(1)	EU LR3 - LRSpl: Split-up of on balance sheet exposures (excluding derivatives, SFTs and exempted exposures)	Semi-annual	6. Leverage ratio
Point (g) of Article 442	EU CR1-A: Maturity of exposures	Semi-annual	7.2. credit risk exposure
Point (c) of Article 442	EU CQ1: Credit quality of forborne exposures	Semi-annual	7.2. credit risk exposure
Points (c) and (e) of Article 442	EU CQ4: Quality of non-performing exposures by geography	Semi-annual	7.2. credit risk exposure
Points (c) and (e) of Article 442	EU CQ5: Credit quality of loans and advances by industry	Semi-annual	7.2. credit risk exposure
Point (c) of Article 442	EU CQ7: Collateral obtained by taking possession and execution processes	Semi-annual	7.2. credit risk exposure
Point (g) of Article 442	EU CR1: Performing and non-performing exposures and related provisions	Semi-annual	7.2. credit risk exposure
Points (g), (h) and (i) of Article 453 CRR and point (e) of Article 444	EU CR4 - standardised approach - Credit risk exposure and CRM effects	Semi-annual	7.4. Standard approach
Point (e) of Article 444	EU CR5 - standardised approach	Semi-annual	7.4. Standard approach
Point (f) of Article 453	EU CR3 - CRM techniques overview: Disclosure of the use of credit risk mitigation techniques	Semi-annual	7.5. Credit risk mitigation techniques
Points (a) to (d) and last paragraph of Article 439	EU CCR1 - Analysis of CCR exposure by approach	Semi-annual	7.6. Counterparty credit risk
Points (a) to (d) and last paragraph of Article 439	EU CCR2 - Transactions subject to own funds requirements for CVA risk	Semi-annual	7.6. Counterparty credit risk

Relevant article in CRR	Template	Frequency large institutions (listed)	Location DSA Pilar 3 Report
Points (a) to (d) and last paragraph of Article 439	EU CCR3 - Standardised approach - CCR exposures by regulatory exposure class and risk weights	Semi-annual	7.6. Counterparty credit risk
Points (a) to (d) and last paragraph of Article 439	EU CCR5 - Composition of collateral for CCR exposures	Semi-annual	7.6. Counterparty credit risk
Points (a) to (d) and last paragraph of Article 439	EU CCR6 - Credit derivatives exposures	Semi-annual	7.6. Counterparty credit risk
Points (a) to (d) and last paragraph of Article 439	EU CCR8 - Exposures to CCPs	Semi-annual	7.6. Counterparty credit risk
Points (a) to (i) of Article 449	EU-SEC1 - Securitisation exposures in the non-trading book	Semi-annual	7.7. Focus on securitisation activities *The following lines are not applicable to Dexia, and therefore they have not been published:* *3 -* *Residential mortgage* *4 -* *Credit card* *5 -* *Other retail exposures* *6 -* *Re-securitisation* *8 -* *Loans to corporate* *9 -* *Commercial mortgage* *10 -* *Lease and receivables* *12 -* *Re-securitisation*
Points (a) to (i) of Article 449	EU-SEC2 - Securitisation exposures in the trading book	Semi-annual	7.7. Focus on securitisation activities
Points (a) to (i) of Article 449	EU-SEC3 - Securitisation exposures in the non-trading book and associated regulatory capital requirements - institution acting as originator or as sponsor	Semi-annual	7.7. Focus on securitisation activities *The following lines are not applicable to Dexia, and therefore they have not been published:* *Lines 5 & 7: of which STS*
Points (a) to (i) of Article 449	EU-SEC4 - Securitisation exposures in the non-trading book and associated regulatory capital requirements - institution acting as investor	Semi-annual	7.7. Focus on securitisation activities *The following lines are not applicable to Dexia, and therefore they have not been published:* *4 Retail underlying* *5 of which STS* *6 Wholesale* *7 of which STS* *8 Re-securitisation* *9 Synthetic securitisation* *10 securitisation* *11 Retail underlying* *12 Wholesale* *13 Re-securitisation*
Points (a) to (i) of Article 449	EU-SEC5 - Exposures securitised by the institution - Exposures in default and specific credit risk adjustments	Semi-annual	7.7. Focus on securitisation activities *The following lines are not applicable to Dexia, and therefore they have not been published:* *3 -* *Residential mortgage* *4 -* *Credit card* *5 -* *Other retail exposures* *6 -* *Re-securitisation* *9 -* *Commercial mortgage* *10 -* *Lease and receivables* *12 -* *Re-securitisation*

Relevant article in CRR	Template	Frequency large institutions (listed)	Location DSA Pilar 3 Report
Article 445	EU MR1 - Market risk under the standardised approach	Semi-annual	8. Market Risk *The following lines are not applicable to Dexia, and therefore they have not been published:* *5 Simplified approach* *6 Delta-plus approach* *7 Scenario approach* *8 Securitisation (specific risk)*
Point (e) of Article 455	EU MR2-A - Market risk under the internal Model Approach (IMA)	Semi-annual	8. Market Risk *Line 5 Other is not applicable*
Point (e) of Article 455	EU MR2-B - RWA flow statements of market risk exposures under the IMA	Quarterly	8. Market Risk
Point (d) of Article 455	EU MR3 - IMA values for trading portfolios	Semi-annual	8. Market Risk
Point (g) of Article 455	EU MR4 - Comparison of VaR estimates with gains/losses	Semi-annual	8. Market Risk
Articles 435(1) and 451a(4)	EU LIQ1 - Quantitative information of LCR	Quarterly	9.2. LCR
Articles 435(1) and 451a(4)	EU LIQB on qualitative information on LCR	Quarterly	9.2. LCR
Articles 435(1) and 451a(4)	EU LIQ2: Net SText Funding Ratio	Semi-annual	9.3. Net stable funding ratio
Article 448	EU IRRBB1 - Interest rate risks of non-trading book activities	Semi-annual	11. Interest Rate Risk on the Banking Book (IRRBB)
Article 449a CRR	Table 1 - Qualitative information on Environmental risk	Semi-annual	14.1 Concepts and implementation within Dexia
Article 449a CRR	Template 1: Banking book: Quality of exposures by sector	Semi-annual	14.3 Template 1: Banking book- Climate Change transition risk: Credit quality of exposures by sector, emissions and residual maturity
Article 449a CRR	Template 2: Banking book: Exposures towards NACE sectors A to H and L - Maturity buckets	Semi-annual	14.4 Template 2: Banking book - Climate change transition risk: Loans collateralised by immovable property - Energy efficiency of the collateral
Article 449a CRR	Template 5 - Exposures in the banking book to top carbon-intensive firms	Semi-annual	14.5 Template 5: Banking book - Climate change physical risk: Exposures subject to physical risk
Article 449a CRR	Table 2 - Qualitative information on Social risk	Semi-annual	Dexia has not disclosed Social and Governance risk, as the EBA and ECB have not yet finalised the level of quantitative and qualitative information required
Article 449a CRR	Table 3 - Qualitative information on Governance risk	Semi-annual	
Article 449a CRR	Template 3: Loans collateralised by immovable property - Energy efficiency of the collateral	Semi-annual	Not applicable - on a volunteer basis
Article 449a CRR	Template 4: Alignment metrics for the banking book	Semi-annual	Not applicable - Dexia has no exposures listed in the top 20 polluting counterparties.
Article 449a CRR	Template 10 - Other climate change mitigation actions	Semi-annual	Not applicable - Dexia has no green bonds, green loans or sustainability bonds
Point (f) of Article 442	EU CR2: Changes in the stock of non-performing loans and advances	Semi-annual	Only required for high NPL (non-performing loans) entities with a threshold ratio on NPL of 5% or above. The NPL of DSA is below this 5% threshold and therefore this template is not applicable.
Point (f) of Article 442	EU CR2a: Changes in the stock of non-performing loans and advances and related net accumulated recoveries	Semi-annual	
Point (c) of Article 442	EU CQ2: Quality of forbearance	Semi-annual	
Point (c) of Article 442	EU CQ6: Collateral valuation - loans and advances	Semi-annual	
Point (c) of Article 442	EU CQ8: Collateral obtained by taking possession and execution processes - vintage breakdown	Semi-annual	

Relevant article in CRR	Template	Frequency large institutions (listed)	Location DSA Pilar 3 Report
Point (b) of Article 452	EU CR6 - IRB approach - Credit risk exposures by exposure class and PD range	Semi-annual	In the first quarter of 2021 Dexia received the supervisory approval to apply the Standard Approach for the calculation of credit risk-weighted assets. As a result from that date, Dexia no longer applies the AIRB approach for credit risk-weighted calculation
Point (j) of Article 453	EU CR7 - IRB approach - Effect on the RWEAs of credit derivatives used as CRM techniques	Semi-annual	
Point (j) of Article 453	EU CR7-A - IRB approach - Disclosure of the extent of the use of CRM techniques	Semi-annual	
Point (h) of Article 438	EU CR8 - RWEA flow statements of credit risk exposures under the IRB approach	Quarterly	
Point (g) of Article 442	EU CR10 - Specialised lending and equity exposures under the simple risk-weighted approach	Semi-annual	
Points (a) to (d) and last paragraph of Article 439	EU CCR4 - IRB approach - CCR exposures by exposure class and PD scale	Semi-annual	
Points (a) to (d) and last paragraph of Article 439	EU CCR7 - RWEA flow statements of CCR exposures under the IMM	Quarterly	

Appendix 2: Dexia's Management Board

Appendix 3: ESG

Definitions and proxies used for the new ESG data

Template 1: Banking book - Climate Change transition risk: Credit quality of exposures by sector, emissions and residual maturity

The alignment to Paris Benchmark

- Definition: It represents the exposures which are not aligned to EU Paris Benchmark or exposures towards companies excluded from EU Paris-aligned Benchmarks in accordance with points (d) to (g) of Article 12.1 and with Article 12.2 of Climate Benchmark Standards Regulation.
- Proxies: The exposures which do not meet one of the Criteria 1 to 5 of the Regulation have been identified based on expert judgement. The information about available capacities is used as a proxy for CA where information about revenue decomposition is not available.

NACE code (adjusted)

- Definition: When an institution's counterparty is a holding company, institutions shall consider the NACE sector of the specific obligor under the holding company (if different than the holding company itself) which receives the funding (i.e., the specific subsidiary of the holding company in question) rather than that of the holding company; particularly in those cases where the obligor that is benefiting from the financing is a non-financial corporate.

Similarly, when the direct counterparty of the institution (the obligor) is a SPV, the institution shall disclose the relevant information under the NACE sector associated with the economic activity of the parent company of the SPV.

The classification of the exposures incurred jointly by more than one obligor shall be done based on the characteristics of the obligor that was the more relevant, or determinant, for the institution to grant the exposure. The distribution of jointly incurred exposures by NACE codes shall be driven by the characteristics of the more relevant or determinant obligor. Institutions shall disclose information by NACE codes with the level of granularity required in the rows of the template.

- Proxies: The ESG solution used for this template is a mapping to assess taxonomy-relevance based upon the NACE code classification. This mapping was extrapolated from two available forms of mapping provided by the European Commission: the JRC mapping and the Taxonomy compass.

Template 2: Banking book - Climate change transition risk: Loans collateralised by immovable property - Energy efficiency of the collateral

Energy efficiency (estimated, expressed in ekWh/m²/year)

- Definition: it represents the exposures by energy efficiency buckets based on the specific energy consumption of the collateral in ekWh/m²/year, estimated in the absence of the EPC label. For each country, the scale is to be adapted to reference the applicable legislation in force at national level as regard Energy Efficiency (as explained above, 2 countries are concerned for Dexia, France and UK).
- Proxy 1:
  - Dexia's stock of immovable properties used as collateral has been identified based upon the contribution to FINREP 13.01 of Dexia. Then the list of counterparties was split by Dexia's portfolio to collect the information of the underlying immovable properties posted for each exposure, as below:
    - Project Finance
    - Public Sector UK (social housing United Kingdom)
    - Public Sector France (social housing France)

For Project Finance, the proxy for EPC label depends on the type of property and was estimated for 6a sample of projects, among the largest in Dexia's portfolio.

For Public Sector UK and Public Sector France, EPC labels are approximated based upon a representative sample of similar properties (based on the geolocation and the type of dwelling/construction), the energy consumption of which is publicly available online (on the ADEME website, and UK gov EPC data community, for the UK and France respectively).
- Proxy 2:
  - All immovable properties are localised in the same country as the counterparty to which they are related.

Template 4: Banking book - Climate change transition risk: Exposures to top 20 carbon-intensive firms

Number of top 20 polluting firms included:
- Definition: Number of top polluting firms for which Dexia has an exposure in the banking book according to reliable sources as stated by the supervisor. The information shall be based on publicly available reputable and accurate information.

The data collected by Dexia for the analysis of the counterparts are from the following sources:
- The World top 20 emitters (2018) from Climate Accountability Institute.
- The World top 250 Global GHG emitters (2017) from Thomson Reuters.

Template 5: Banking book - Climate change physical risk: Exposures subject to physical risk

Geographical area subject to climate change acute and chronic events:
- Definition: Geographical area prone to either impact from chronic and/or acute climate change events, based upon the assessment of the bank.

Exposures prone to impact from climate change events:
- Definition: For a given geographical area and NACE economic sector, gross carrying amount of exposures prone to impact from climate change events, is the sum, for a given geographical area and NACE economic sector, of exposures prone to impact from chronic and acute climate change events respectively.

Exposures prone to impact from chronic climate change events:
- Definition: For a given geographical area and NACE economic sector, gross carrying amount of exposures prone to impact from chronic climate change events.

Exposures prone to impact from acute climate change events:
- Definition: For a given geographical area and NACE economic sector, gross carrying amount of exposures prone to impact from acute climate change events. Acute (extreme) climate-relate hazards including hazards that may cause sudden damage to properties, disruption of supply chains, depreciation of assets as well as result in operational downtime and lost manufacturing for fixed assets.

NACE code (adjusted)
- As defined in template 1

Proxy used on physical risk

The score obtained (from 0 to 6) is then translated into 5 levels of risk assessment: “very low risk”, “low risk”, “medium risk”, “high risk”, “very high risk”. Counterparties with an assessment ranking from “medium” to “very high” are flagged as “Yes” for the field “Sensitive exposure to physical risk” and will be reported in the Template to which it refers. A medium risk is materialised for a score equal to or greater than 2.4.
- Chronic/acute physical risk exposure assessment

In case of physical risk is flagged as “no”, the chronic and acute risks are also flagged as “no”.

If the counterparty is sensitive to physical risk (i.e. flagged as “yes”), then the highest of its chronic and acute sub scores is flagged as “sensitive”. If the chronic risk is equal to the acute risk, then both risks are flagged as “yes”.

Thus, the chronic risk is assessed according to the scores for the risks of water stress, rising waters and drought as reported by Moody’s RMS.

In the same way, acute risk is assessed based on scores for hurricane, wildfire and flooding risk as reported by Moody’s RMS.