# 2023

# ANNUAL REPORT DEXIA

(FORMERLY DEXIA CRÉDIT LOCAL)

DEXIA

2023

# Annual report 2023

# 2023

Management report

# Message from the Chairmen

The year 2023 will undeniably have been a key year in the history of Dexia's resolution: the Group used it to finalise preparations for the withdrawal of Dexia's banking license and investment services authorisations, which took place on 1 January 2024[1].

This decision allows us to continue our orderly resolution within a framework which is much better suited to our status as an institution managed in run-off. The withdrawal of our banking authorisation will also, in time, lead to a simplification of our organisation and a reduction in costs.

This debanking, an unprecedented operation in the financial market place for an institution of this size, required considerable work by our teams, who did everything possible to ensure that this withdrawal would enable us to continue our orderly resolution without affecting the fulfilment of our mission. The change in status does not affect our ability to finance ourselves, as the debt guaranteed by the Belgian and French States retains HQLA Level 1 eligibility, or our direct access to clearing houses and the main trading venues. As a non-bank, we have nevertheless chosen to maintain a robust risk management framework. One of the key elements of this framework is the creation of an independent Surveillance Committee. This new body, made up of four members appointed equally by our shareholder and guarantor States, will relay the banking supervision in a role adapted to the new context, and will exercise its mandate in complete independence.
We are particularly pleased that the rating agencies have maintained Dexia's senior unsecured rating at *investment grade,* a sign of the confidence shown in this new framework for our risk management.

2023 was also a key year for the preparation of the exit from IFRS. Our teams have worked tirelessly to meet the many conditions which are essential for simplifying our accounting framework. These conditions relate in particular to our consolidation scope. Among the major preliminary operations, in addition to debanking, we should mention the merger between Crediop and Dexia, the sale of our last leasing entities and the relisting on a non-regulated market of our Tier 1 hybrid debt instruments. Once these conditions had been met, we were able to formalise the exit from IFRS for both Dexia Holding and its main subsidiary Dexia on 1 January 2024.

In order to reduce the asset portfolio further, and despite the high volatility observed on the markets since the outbreak of the conflict in Ukraine, we have continued our asset disposal programme. Favoured by the general upturn in interest rates in Europe and the United Kingdom, early repayments, particularly of project finance and local public sector assets, also contributed to the continued simplification of the portfolio and its management.

*(1) The withdrawal of Dexia Crédit Local's status as a credit institution on 1 January 2024 led to the change of its corporate name to "Dexia", which remains a public limited company under French law. This withdrawal also led to a change in the status of its parent company under Belgian law, Dexia SA/NV, which ceased to be a financial company but remained a public limited company. An Extraordinary Meeting of the Shareholders of Dexia SA/NV, held on 19 January 2024, changed its corporate name to "Dexia Holding". In this annual report, the terms "the Group" or "the Dexia Group" refer to the Dexia Holding Group.*

Lastly, the Group has made significant progress in transforming its operating model, with the aim of rethinking its operational processes and outsourcing certain functions relating to risk management, the middle and back offices, accounting and finance. Within this context, the following events took place in 2023: the entry into operation of the contract with Arkéa Banking Services for the back-office processing of our loans; the signing of a letter of intent with EY concerning the outsourcing of production activities, in particular the production of accounting and risk indicators; the signing of an agreement with BlackRock for the outsourcing of the Group's market risk analysis, the management of its market back and middle offices and part of its accounting. Dexia also signed an agreement with Mount Street to take over a team of bond management experts and the servicing of our bond portfolio.

After this busy year in 2023, the months and years ahead will continue to be busy, in particular with preparations for the implementation of the partnerships with BlackRock and EY, which should come to fruition in 2026. The rise in interest rates also means that new disposals of complex, long-maturity assets can be envisaged, with the aim of simplifying operations and reducing credit risk.

To continue to carry out our mission effectively, our best assets remain the unfailing support of our State shareholders and guarantors, and the impressive commitment of our staff members, who have never wavered. We thank them most sincerely.

**Pierre Crevits**
Chief Executive Officer

**Gilles Denoyel**
Chairman of the Board of Directors

# Group profile

## A Groupe in orderly resolution

Headquartered in France, Dexia[1] is the Dexia Group's main operating entity, carrying the majority of its assets. As at 31 December 2023, Dexia had 445 members of staff and maintained a limited international presence in Italy, the United Kingdom, Ireland and the United States.

Dexia Holding, the Group's parent company, is a limited company under Belgian law. It is 99.6% owned by the Belgian and French States[2]. The Belgian and French States have also granted a funding guarantee in a maximum amount of EUR 75 billion to Dexia, which is the Group's issuer.

Dexia Holding and Dexia have been managed in wind-down since the end of 2011, in accordance with the orderly resolution plan validated by the European Commission in December 2012. Dexia began its orderly resolution as a bank, its considerable size and the systemic risk it represented justifying, in 2012, the maintenance of a banking licence.

Over the last ten years, the Group has undergone a profound transformation. Thanks to various actions to simplify and reduce its footprint, Dexia has reduced its balance sheet by 82%, from EUR 357 billion at the end of 2012 to EUR 64 billion at 31 December 2022. The portfolio of commercial assets fell by 86% over the same period, from EUR 234 billion at the end of 2012 to EUR 33 billion at 31 December 2022.

Furthermore, Dexia has significantly improved its liquidity position and has not relied on central bank funding since 2017.

As a result, Dexia's status as a credit institution no longer provided the benefits which had initially justified its retention in 2012.

Dexia therefore applied to its regulators for the withdrawal of its banking licence and investment services authorisations, an application which was approved in December 2023.

Since 1 January 2024, Dexia has therefore continued its orderly resolution as a non-bank.

*(1) The withdrawal of Dexia Crédit Local's status as a credit institution on 1 January 2024 led to the change of its corporate name to "Dexia", which remains a public limited company under French law. This withdrawal also led to a change in the status of its parent company under Belgian law, Dexia SA/NV, which ceased to be a financial holding company but remained a public limited company. An Extraordinary Shareholders' Meeting of Dexia SA/NV, held on 19 January 2024, changed its corporate name to "Dexia Holding". In this annual report, the terms "the Group" or "the Dexia Group" refer to the Dexia Holding Group.*

*(2) In 2012, the Belgian and French States increased Dexia's capital by EUR 5.5 billion.*

## Dexia's mission

Dexia no longer has any commercial activity and is fully dedicated to the extinction management of its balance sheet and its asset portfolio, composed mainly of assets linked to the local public sector and sovereigns. All staff members are mobilised to avoid any systemic risk and to protect the interests of the Group's shareholder and guarantor States. In order to carry out this complex mission, Dexia has set itself three strategic objectives:

- to maintain the ability to refinance its balance sheet throughout its resolution,
- to preserve its capital base to face the risks to which it is exposed;
- to ensure operational continuity.

To meet this challenge, the Group can rely on the commitment and expertise of its staff members. Attracting and retaining this talent is therefore a priority for Dexia.

## The Group's values

A set of common values reflects the Dexia of today and tomorrow. These values – to be agile, to foster cohesion, to commit to the general interest and to cultivate trust – define the way in which Dexia carries out its mission.

In order to embody these values and integrate them into day-to-day professional practices, the leadership model feeds into the recruitment, integration, training and performance processes of Human Resources. In particular, this model makes it possible to validate the commitment of future staff members and the fact that they share Dexia's corporate culture.

## Simplified Group structure

Belgian Federal State through the Federal Holding and Investment Company
52.78%

French State
46.81 %

Institutional, individual and employee shareholders
0.41 %

**Dexia Holding**

Dexia
100%
Including branches in Ireland and Italy

Dexia Nederland
100%

## Management Board

**Pierre Crevits**
*CEO*

Audit & Inspection
Group Strategy & Structuring
Human Ressources
General Secretariat
International Entities

**Jean Le Naour**
Opérations and Information Systems

**Giovanni Albanese Guidi**
Risk

**Véronique Hugues**
Finance
Communication

**Benoît Debroise**
Funding and Markets

**Pascal Gilliard**
Assets

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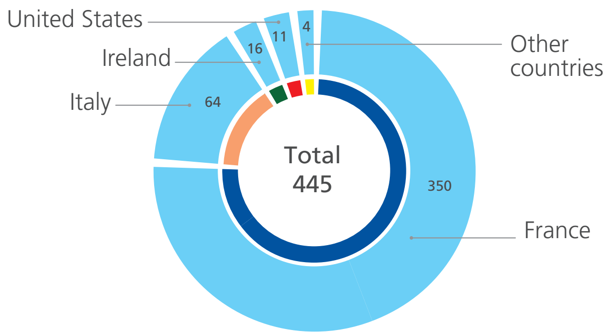
# Key figures

**NUMBER OF STAFF MEMBERS AS AT 31 DECEMBER 2023**




| **RESULTS** (in EUR million) | **2022** | **2023** |
|---|---|---|
| **Net banking income** | **371** | **78** |
| Operating expenses and depreciation, amortisation and impairment of tangible fixed assets and intangible assets | (286) | (384) |
| **Gross operating income** | **85** | **(306)** |
| Cost of credit risk | (3) | (2) |
| Net gains or losses on other assets | 0 | (52) |
| **Pre-tax income** | **82** | **(360)** |
| **Net income** | **(23)** | **47** |
| Result from discontinued operations, net of tax | 0 | 2 |
| **Net income** | **59** | **(311)** |
| Minority interests | 0 | 0 |
| **Net income Group share** | **59** | **(311)** |

| **BALANCE SHEET** (in EUR billion) | **31/12/2022** | **31/12/2023** |
|---|---|---|
| **Total assets** | **63.4** | **60.0** |
| Total of the asset portfolio | 32,9 | 30.0 |

| **SOLVENCY** (in EUR million, unless otherwise stated) | **31/12/2022** | **31/12/2023** |
|---|---|---|
| Common equity Tier 1 | 5,745 | 5,523 |
| Total capital | 5,801 | 5,579 |
| Risk-weighted assets | 16,267 | 16,018 |
| Common Equity Tier 1 Ratio | 35,3%(1) | 34,5% |
| Total Capital ratio | 35,7%(1) | 34,8% |

*(1) The ratio includes the positive net result for the year.*

| **RATINGS AS AT 31 MARCH 2024** | **Long term** | **Outlook** | **Short term** |
|---|---|---|---|
| **Dexia** | | | |
| Fitch | BBB+ | Stable | F1 |
| Moody's | Baa3 | Stable | P-3 |
| *Moody's – Counterparty Risk (CR) Assessment* | *Baa3(cr)* | | *P-3(cr)* |
| S&P Global Ratings | BBB- | Stable | A-3 |
| **Dexia (guaranteed debt)** | | | |
| Fitch | AA- | - | F1+ |
| Moody's | Aa3 | Stable | P-1 |
| S&P Global Ratings | AA | - | A-1+ |

# Highlights

In 2023, Dexia took further decisive steps in the implementation of the Group resolution, which led to the withdrawal of its banking licence and investment services authorisations on 1 January 2024. Since 1 January 2024, Dexia has therefore continued its orderly resolution as a non-bank.

The withdrawal of Dexia Crédit Local's status as a credit institution on 1 January 2024 led to the change of its corporate name to "Dexia", which remains a limited company under French law. This withdrawal also led to a change in the status of its parent company under Belgian law, Dexia SA/NV, which ceased to be a financial holding company while remaining a limited company. An extraordinary shareholders' meeting of Dexia SA/NV, held on 19 January 2024, changed its corporate name to "Dexia Holding".

During the year Dexia has completed an entire series of structural and business transformation operations, which enable it to simplify its accounting framework and to stop producing consolidated IFRS accounts from 1 January 2024.

Dexia also continued actively to manage its asset portfolio, which was reduced by 9% over the year. As a result, the balance sheet total stood at EUR 60 billion as at 31 December 2023, down 5% compared with 31 December 2022. The funding need fell by EUR 2 billion during 2023, to EUR 42.9 billion as at 31 December 2023.

The net profit generated by Dexia in 2023 amounted to EUR -311 million, marked in particular by exceptional items, which bear the hallmark of Dexia's in-depth and rapid transformation in 2023.

## Decisive progress of the Group's resolution

### Withdrawal of Dexia's banking licence and investment services authorisations as at 1 January 2024

Since 1 January 2024, Dexia has continued its orderly resolution as a non-bank.

To recall and as announced on 12 December 2023[1], by letter dated 11 December 2023, the European Central Bank (ECB) validated the withdrawal of Dexia's credit institution licence and investment services authorisations as from 1 January 2024. The application had been submitted to the *Autorité de Contrôle Prudentiel et de Résolution* (ACPR) on 4 July 2023[2].

The withdrawal of Dexia's banking licence and investment services authorisations is part of the ongoing implementation of the orderly resolution plan validated by the European Commission in December 2012 and will, in the long term, simplify Dexia's organisation, in particular through the cessation of regulatory production, and improve its cost trajectory. It is based on a detailed analysis of the impacts and risks, which has shown that Dexia is perfectly capable of pursuing this resolution process outside banking regulations without affecting its ability to carry out its resolution or the quality of the monitoring of its portfolio.

Within the framework of this analysis, particular attention was paid to maintaining an Investment Grade rating for Dexia. Given this change in status and as anticipated as a result of the change of methodological framework, S&P automatically downgraded Dexia's senior unsecured rating by one notch on 2 January 2024 to BBB-/A-3, with a stable outlook. Moody's affirmed the rating on 24 January 2024 at Baa3/P-3, with a stable outlook (cf. chapter "Group profile" of this Annual Report).

Furthermore, this change in status has had no impact on Dexia's ability to finance itself via the issue of debt guaranteed by the Belgian and French States, as attested by the benchmarks successfully launched at the beginning of 2024 (cf. chapter "Information on capital and liquidity" in this Annual Report).

It is to be noted that the State-guaranteed debt issued by Dexia retains HQLA level 1 qualification[3]. Dexia also retains the possibility of conducting own account transactions on the financial markets as well as direct access to clearing houses and the main trading venues, which are essential for the management of its orderly resolution.

For this new phase of its orderly resolution, Dexia will maintain a robust risk management and monitoring system, supported by comprehensive reporting and a demanding risk appetite framework. Under the supervisory agreement signed on 22 December 2023 between the French and Belgian States and Dexia and Dexia Holding, an independent surveillance committee took up its duties on 1 January 2024. In a role adapted to the new context, it succeeds the banking supervision and is composed of four members. Two members are appointed by the French State and two by the National Bank of Belgium, on behalf of the Belgian State. These four members were chosen for their solid expertise in banking supervision. They carry out their duties and make their judgements in complete independence on the subjects entrusted to them. The surveillance committee has responsibility for ensuring compliance with fit and proper requirements for candidates to the Board, the Management Board and internal control functions (risk management, compliance, internal audit). It also issues technical opinions on the assessment of Dexia Group risks and on the risks associated with any project the impact of which on Dexia's balance sheet, income statement, equity or liquidity position could, in the short, medium or long term, lead to alert thresholds being exceeded. It alerts the Board

*(1) Cf. Dexia Holding Press Release dated 12 December 2023, available at www.dexia.com.*

*(2) Cf. Dexia Holding Press Release dated 3 July 2023, available at www.dexia.com.*

*(3) Confirmation in Notice 2023 of the ACPR, Section 6.1.1.6 relating to the eligibility of shares issued by operators in the financial sector: https://acpr.banque-france.fr/sites/default/files/media/2023/07/17/20230711_notice_college.pdf*

of Directors if a deficiency is observed in the quality of data or tools for monitoring risk indicators or in the organisation and internal control systems, or if Dexia's strategic decisions or their execution appear to be incompatible with the orderly resolution plan or the Group's risk appetite framework.

## Significant progress in the simplification of Dexia's structure

### Cross-border merger of Dexia and Dexia Crediop

On 30 September 2023, Dexia finalised the cross-border merger by absorption of its 100%-owned subsidiary Dexia Crediop. From an accounting and tax point of view, the merger took effect on 1 July 2023. At the same time, an unregulated branch *(sede secondaria)* of Dexia started operations in Rome.

Following this operation, Dexia automatically assumes all the rights and obligations of Dexia Crediop existing at the effective date of the merger. Dexia Crediop's assets and liabilities, valued respectively at EUR 7.1 billion and EUR 6.6 billion in its accounts as at 30 June 2023, were recorded in Dexia's statutory accounts on 1 July 2023.

This merger marks the disappearance of Dexia's last significant subsidiary.

In parallel with the implementation of the merger between Dexia and Dexia Crediop, Dexia also undertook the transfer of its loans granted to Italian local authorities to a new ad hoc vehicle, regulated under Article 106 of the Italian Banking Law, which enables it to continue to manage them after the withdrawal of its banking licence.

During the first half of 2023, Dexia's loans to Italian local authorities were thus transferred to this dedicated vehicle, managed by the regulated Italian service provider Zenith. As at 31 December 2023, these loans represented a nominal amount of EUR 2.9 billion in the consolidated balance sheet of Dexia and they are fully financed by Dexia via the subscription to securities issued by the vehicle.

### Sale of the leasing activities

On 8 December 2023, Dexia signed a sale agreement providing for the purchase by BAWAG Group of its five unregulated leasing entities: DCL Evolution, Alsatram, Dexiarail, Dexia Flobail and Dexia CLF Régions Bail, the latter two being renamed Dexia FB France and Dexia RB France respectively, following the withdrawal of their authorisation as finance companies, approved by the *Autorité de Contrôle Prudentiel et de Résolution* (ACPR) on 27 October 2023 and taking effect on the same date.

This transaction represents leasing outstandings of almost EUR 750 million, corresponding to around 80 contracts concluded mainly with public sector counterparties.

The transaction was finalised on 1 February 2024. An impact of EUR -52 million was recorded under "net gains or losses on other assets" in the IFRS consolidated financial statements of Dexia as at 31 December 2023.

### Closure of the Dexia representative office in New York

In order to facilitate the transformation of the Group, Dexia closed its representative office in New York at the end of November 2023. The staff and activities of the representative office were transferred to Dexia Financial Products Services Holdings Inc., another New York entity of the Dexia Group. Dexia's footprint in the United States now consists solely of Dexia Holdings Inc. which owns Dexia Financial Products Services Holdings Inc. and FSA Global Funding Ltd. As at 31 December 2023, the balance sheet of these entities amounted to EUR 1.8 billion.

## Relisting Dexia's Tier 1 hybrid debt instrument on the unregulated market of the Euro MTF

In line with the objective of simplifying its operations, on 26 January 2024 Dexia requested the transfer of trading in its hybrid Tier 1 debt securities (FR0010251421) from the regulated market of the Luxembourg Stock Exchange to the unregulated market of the Euro MTF. These securities have been traded on the Euro MTF market since Monday 12 February 2024. This has no impact on the State-guaranteed debt securities issued by Dexia, which remain listed and admitted to trading on the regulated market of the Luxembourg Stock Exchange.

## Simplification of the accounting framework and exit from IFRS

Following the merger between Dexia and Dexia Crediop, Dexia undertook an in-depth analysis of its consolidation scope, which led to the recognition of the negligible interest represented, alone and collectively, by its subsidiaries. Consequently, as from 1 January 2024, Dexia abandoned the production of consolidated financial statements under IFRS and will only publish statutory accounts under French banking standards, in accordance with the accounting plan for credit institutions (*Plan comptable des établissements de crédit* – PCEC). Although not subject to PCEC, Dexia prefers this presentation, in line with previous financial years and given the nature of its activity remains "banking".

A table showing the transition from the consolidated financial statements under IFRS to the statutory financial statements under French GAAP is provided in the notes to the consolidated financial statements in this annual report.

## Reshaping of the operating model

In 2023, Dexia reassessed its operating model to accelerate the orderly resolution of its assets and adapt the organisational structure in line with this long-term goal. To achieve this, Dexia embarked on a transformational journey to redesign operational processes and outsource core services, such as risk management, middle and back office, accounting, and finance. Dexia selected providers with distinguished core competencies, market-leading technology and scale to support its strategic vision.

To this end, in 2022 Dexia signed a contract with Arkéa Banking Services for the back-office processing of its loans, which came into effect on 1 November 2023.

Dexia also undertook an in-depth analysis of different support functions, which led to the signing of a letter of intention with EY to outsource production activities, in particular the production of accounting and risk indicators.

Furthermore, at the end of December, Dexia signed a services agreement with BlackRock to outsource its market risk analytics, middle and back offices and part of its accounting services, leveraging BlackRock's Aladdin technology to unify market risk analytics, back-office activities and accounting across Dexia's entire portfolio, on one single platform and use Aladdin for the front office workflows. The implementation project has begun, with the goal of completing the outsourcing in 2026.

Finally, in February 2024, Dexia signed an agreement with Mount Street enabling the latter to take over a team of eight bond management experts and the servicing of Dexia's EUR 17 billion bond portfolio.

# Management of the asset portfolio

## Transfer of assets

Within the context of the Group's operational simplification, Dexia undertook the repatriation of assets and associated derivatives from its Dublin branch to its Paris head office.

During the year, almost the entire portfolio of the Dublin branch was transferred, representing EUR 8.7 billion of assets (nominal value). This transfer was carried out at market value and gave rise to the recognition of a deferred tax gain of EUR +54 million, which was recognised in the consolidated financial statements of Dexia as at 31 December 2023.

## Further reduction of the asset portfolio in 2023, within the context of rising interest rates

As in 2022, the high volatility observed on the markets since the outbreak of the conflict in Ukraine continued to weigh on the pace of asset sales in 2023. Nevertheless, the general rise in interest rates in Europe and the United Kingdom encouraged Dexia's early repayment dynamic.

As a result, at the end of December 2023, asset portfolios were EUR 2.9 billion lower than at the end of December 2022, by virtue of EUR 1.3 billion in disposals and early repayments, 73% of which related to loans and 27% to bonds, and EUR 1.6 billion in natural amortisation.

In 2023, 51% of the assets sold or redeemed early were denominated in euros. The assets sold have an average life of around 8 years.

Disposals and early repayments mainly concerned project finance and local public sector assets. In particular, more than 260 early loan repayments were made. This large number of transactions contributes to the ongoing simplification of the portfolio and its management.

## Reflection on the management of the asset portfolio in 2024

The withdrawal of its banking licence represented for Dexia an opportunity to reconsider the management intentions for its asset portfolio. Within this context, Dexia has launched an in-depth analysis of its asset portfolio and could, in the event of favourable market conditions, accelerate its sale in 2024. It would target as a priority certain homogeneous categories of assets, with a view to operational simplification and cost reduction, as well as assets allowing a reduction in credit risk.

It should be noted that, according to French banking accounting standards, the withdrawal of Dexia's banking licence can be considered to be an exceptional event meeting the conditions to have recourse to the derogation provided for by the texts[1], and allowing Dexia to review its strategy of holding and classifying its investment securities in 2024. At the end of 2024, Dexia could therefore review the accounting classification of its residual securities in order to align it with its future management intentions.

# Evolution of the governance

On 26 January 2023, the Board of Directors of Dexia co-opted Anne Blondy-Touret as a non-executive director. Her definitive appointment was approved by Dexia's ordinary shareholders' meeting on 23 May 2023.

On 10 March 2023, Ludovic Planté was appointed by ministerial decree to represent the French State as a director of Dexia. He resigned on 13 October 2023, and was replaced by Pierre Darbre, appointed on 19 January 2024 by ministerial order to represent the French State as a director of Dexia. He resigned on 19 March 2024, and was replaced by Victor Richon, appointed on 22 March 2024 by ministerial order.

On 26 May 2023, Dexia's Board of Directors has appointed Jean Le Naour Chief Operating Officer and Executive Vice-President of Dexia from 1 June 2023, to replace Patrick Renouvin, who has retired.

As the governance of Dexia and Dexia Holding is integrated, Anne Blondy-Touret and Pierre Richon are also non-executive directors of Dexia. Jean Le Naour is also Chief Operating Officer and member of the Management Board of Dexia Holding.

With the aim of simplifying its internal committee structure, Dexia has changed its governance structure from 1 February 2024, by creating an Executive Committee composed of the members of the Management Board and the heads of Communication and Investor Relations, Human Resources, Transformation and the General Secretariat.

Strictly speaking, the Management Board focuses on implementing the strategy approved by the Board of Directors and preparing and implementing decisions relating to core functions. The Executive Committee is responsible for overseeing the Group's operational management, monitoring projects and transformations, and coordinating the various activity lines.

As at 1 February 2024, the Management Board comprised Pierre Crevits, Chief Executive Officer, Véronique Hugues, Chief Financial Officer, Giovanni Albanese Guidi, Chief Risk Officer, Benoît Debroise, Head of Funding and Markets, Pascal Gilliard, Head of Assets and Jean Le Naour, Chief Operating Officer. The Executive Committee comprises the members of the Management Board and Nathalie Bonnecarrère, Head of Human Resources, Fabienne Carlier, Head of Communication and Investor Relations, Nicolas Dupont, General Secretary and Olivier Paring, Head of Transformation.

*(1) Article 2341-2 of the regulation ANC 2014-07*

# Financial results



## Notes regarding Dexia's annual consolidated financial statements 2023

### Going concern

The consolidated financial statements of Dexia as at 31 December 2023 have been prepared in accordance with the going concern accounting rules of IAS 1 § 25 and 26.

Since 1 January 2024, Dexia has continued its orderly resolution as a non-bank. The withdrawal of Dexia's banking licence and investment services authorisations is part of the ongoing implementation of the Group's orderly resolution plan. It is based on a detailed analysis of the impacts and risks, which has shown that the Dexia Group is perfectly capable of continuing this resolution process outside banking regulations and that this withdrawal will in no way affect the Group's ability to carry out its resolution or the quality of the monitoring of its portfolio. In particular:

- Dexia maintains its ability to finance itself via the debt issue guaranteed by the Belgian and French States, which retains HQLA Level 1 qualification. To recall, Dexia's State guarantee was extended in 2022, for a period of ten years.
- Dexia also retains direct access to clearing houses and the main trading platforms, which are essential for managing its orderly resolution.

Following the withdrawal of Dexia's authorisations, the rating agencies affirmed Dexia's *senior unsecured* rating at *Investment Grade*, with a stable outlook.

The pursuit of Dexia's orderly resolution is based on a certain number of hypotheses constituting the business plan underlying the Group's resolution, which are reassessed on the basis of the information available at each balance sheet date. These assumptions, and the remaining areas of uncertainty, are summarised below:

- Although it manages its risks proactively, Dexia remains sensitive to changes in the macroeconomic environment and market parameters such as exchange rates, interest rates and credit spreads. An unfavourable evolution of these parameters over time could weigh on the liquidity and solvency positions. It could also have an impact on the valuation of assets, financial liabilities or OTC derivatives. Dexia also remains subject to the constraints and uncertainties linked to its operating model as well as to the risks associated with the continuity of operations, inherent to Dexia's specific nature as an entity in resolution.
- The continuation of the resolution process is based on maintaining Dexia's rating at a level equivalent to or higher than *Investment Grade.* It also assumes that Dexia retains a good funding capacity via the issue of debt guaranteed by the Belgian and French States and the raising of secured funding.
- Finally, residual uncertainties linked, for example, to changes in legislation or accounting rules over the duration of the Group's resolution, could influence the initially anticipated resolution trajectory.

At the time of closing the consolidated financial statements as at 31 December 2023, management reviewed each of these assumptions and areas of uncertainty.

- By virtue of meticulous preparation, the withdrawal of Dexia's banking licence was correctly understood by the market, which enabled Dexia to launch its long-term issue programme in January 2024, with two benchmark transactions of EUR 1.5 billion and GBP 750 million, which were very favourably received. In addition, Dexia maintains a liquidity reserve deemed adequate to cope with stressed market conditions. This liquidity reserve amounted to EUR 13.4 billion at December 2023 and includes the contingency reserve, for a total amount of EUR 3.8 billion in cash, which replaces the *Emergency Liquidity Agreement* (ELA) of the national banks since the withdrawal of the banking licence.
- Within the framework of the preparation of the consolidated financial statements as at 31 December 2023, Dexia has reviewed the macroeconomic scenarios used for the measurement of expected credit losses within the framework of IFRS 9 and has adopted a macroeconomic base case scenario, developed on the basis of the most recent projections of the European Central Bank (ECB), published in December 2023, supplemented by the scenarios published by the national central banks where available. The ECB's central scenario revises macroeconomic growth in the European Union slightly downwards for 2024. A similar trend is observed in the UK, while US projections are revised slightly upwards. Despite high inflation, the disinflationary process is set to continue in the years ahead. Labour markets should remain resilient overall.

After having taken into account all these elements and uncertainties, the management of Dexia confirms that as at 31 December 2023, they do not call into question the fundamentals of the orderly resolution of the Group or the assessment of the adequacy of the application of the going concern assumption. Consequently, the consolidated financial statements can be prepared in accordance with the rules applicable to a going concern in accordance with IAS 1 § 25 and 26.

### Analytical segmentation

Having completed its commercial entity disposal programme as required under the resolution plan, Dexia is now fully focused on managing its residual assets in run-off, protecting the interests of the Group's State guarantors and shareholders and avoiding any systemic risk, in line with the mission of the company.

In line with the Group's profile, Dexia's performance is now shown at a consolidated level on the basis of a single division entitled "Management of activities in run-off", without specific allocation of funding and operating expenses by segment of activity.

### Classification as "activities held for sale"

In accordance with the IFRS 5 accounting standard, the five leasing entities have been classified as "activities held for sale" in the consolidated financial statements of Dexia as at 31 December 2023. The assets and liabilities of these entities are presented on a separate line in the consolidated balance sheet. As the activity of the leasing entities is not considered to be a discontinued operation within the meaning of the

IFRS 5 accounting standard, their income statement is not isolated on a separate line of the consolidated income statement of Dexia.

## Dexia's consolidated financial statements

### Analysis of the consolidated income statement

Dexia's net income Group share amounted to EUR -311 million as at 31 December 2023, against EUR +59 million at the end of December 2022.

Over the year, net banking income amounted to EUR +78 million against EUR +371 million at the end of 2022. It included:

- The net interest margin, at EUR +128 million, corresponds to the cost of carrying assets and the transformation result. It is EUR 68 million higher than as at 31 December 2022, due to the rise in interest rates, particularly short-term rates, and, to a lesser extent, to the contraction of cash collateral over the year, the financing of which weighs on the net interest margin.
- Net commissions of EUR -4 million.
- Net gains or losses on financial instruments at fair value through profit or loss, which amounted to EUR -15 million. They include in particular the negative change in the valuation of derivatives and the WISE securitisation (EUR -54 million), partially offset by a positive contribution from fair value hedge inefficiencies (EUR +14 million) and from the *Funding Value Adjustment* (FVA), the *Credit Value Adjustment* (CVA) and the *Debit Valuation Adjustment* (DVA) (EUR +16 million).
- Net gains or losses on financial instruments at amortised cost (EUR -4 million) and net gains or losses on derecognition of financial assets at amortised cost (EUR -41 million), linked to asset disposal programmes.
- Net income from other activities of EUR +14 million, mainly due to developments in litigation.

Costs amounted to EUR -384 million, compared with EUR -286 million in 2022. They include a provision in liabilities of EUR -90 million for the risk of non-recovery of all sums paid under irrevocable payment undertakings to the Single Resolution Board, as part of the collection mechanism for the Single Resolution Fund. Taxes and regulatory contributions amounted to EUR -40 million, down on 2022 (EUR -64 million), due to the reduction of the contribution to the Single Resolution Fund. General operating expenses continued to be impacted by significant restructuring and transformation costs (EUR -67 million), mainly linked to the context of Dexia's resolution and including in particular study costs relating to the withdrawal of the banking licence and the reshaping of the operating model, as well as restructuring costs for Dexia's Italian entity.

The cost of credit risk was EUR -2 million as at 31 December 2023. A charge to collective provisions, linked to the transition to Stage 2 of part of the water distribution sector in the United Kingdom, was partially offset, inter alia, by a positive impact linked to the update of the base case macroeconomic scenario used to assess expected credit losses under IFRS 9 and to effects induced by the rise in interest rates and changes in the portfolio (rating changes, disposals, natural amortisation). In fine, these factors had a net impact of EUR -18 million on the stock of collective provisions for the year, almost entirely offset by reversals of specific provisions, notably linked to the total or partial early repayment of certain exposures, for a net amount of EUR +16 million.

Net gains or losses on other assets in 2023 include a loss of EUR -52 million, linked to the sale of Dexia's leasing activities.

Income taxes amounted to EUR +47 million, including a current tax charge of EUR -17 million and a deferred tax income of EUR +64 million, mainly related to the transfer of a securities portfolio of EUR 8.7 billion from the Dublin branch to the Paris headquarters, at a tax value different from the book value of the transferred assets. In accordance with IAS 12 "Income Taxes", this temporary difference gives rise to the recognition of deferred tax of EUR +54 million.

Result from discontinued operations, net of tax in 2023 included income of EUR +2 million following the signature of a settlement agreement which puts an end to a tax dispute concerning a former subsidiary of the Dexia Group.

| **CONSOLIDATED INCOME STATEMENT – ANC FORMAT** (in EUR million) | **2022** | **2023** |
|---|---|---|
| **Net banking income** | 371 | 78 |
| Operating expenses and depreciation, amortisation and impairment of tangible fixed assets and intangible assets | (286) | (384) |
| **Gross operating income** | **85** | **(306)** |
| Cost of credit risk | (3) | (2) |
| **Pre-tax income** | **82** | **(308)** |
| Income tax | (23) | 47 |
| Result from discontinued operations, net of tax | 0 | 52 |
| **Net income** | **0** | 2 |
| Minority interests | 59 | **(311)** |
| **Net income Group share** | **0** | 0 |

### Evolution of the consolidated balance sheet

As at 31 December 2023, Dexia's consolidated balance sheet total amounted to EUR 60 billion, against EUR 63.4 billion as at 31 December 2022, i.e. a decrease of EUR 3.4 billion.
On the assets side, the decrease in the balance sheet is mainly explained, at constant exchange rate, by the reduction of the asset portfolio (EUR -3 billion).
The latter now stands at EUR 30 billion and is made up of EUR 17.6 billion in bonds and EUR 12.4 billion in loans, mainly denominated in euros. It includes exposure to Italian sovereigns and the European public sector (Spain, Portugal), as well as residual portfolios of UK, US and Japanese assets.
On the liabilities side, the change in the balance sheet is mainly reflected, at constant exchange rate, by the reduction of the stock of market funding (EUR -2 billion) and, to a lesser extent, by the decline in fair value items and cash collateral received (EUR -1 billion).
Over the year, the impact of exchange rate fluctuations on changes in the balance sheet was negligible.

### Information country by country

All the entities of the Dexia Crédit Local group are managed in run-off. Furthermore, Dexia Crédit Local observes the principles of the Foreign Account Tax Compliance Act (FATCA) as well as the principles adopted by the OECD and the G20 on the implementation of international standards aimed at improving fiscal transparency and the exchange of information for fiscal purposes.

#### 1. ESTABLISHMENTS BY NATURE OF ACTIVITY

| | |
|---|---|
| **United States** | |
| Dexia Holdings, Inc | Holding company |
| Dexia FP Holdings Inc | Financial activities |
| Dexia Financial Products Services LLC | Financial activities |
| FSA Asset Management LLC | Financial activities |
| FSA Capital Markets Services LLC | Financial activities |
| FSA Capital Management Services LLC | Financial activities |
| **France** | |
| Alsatram | Financing of local investments by leasing |
| DCL Évolution | Financing of local investments by leasing |
| Dexia | Financial activities |
| Dexia RB France | Financing of local investments by leasing |
| Dexia FB France | Financing of local investments by leasing |
| Dexia Rail | Financing of local investments by leasing |
| **Cayman Islands** | |
| FSA Global Funding LTD | Financial activities |
| Premier International Funding Co | Financial activities |
| **Ireland** | |
| Dexia Dublin Branch | Financial activities |
| WISE 2006-1 PLC | Financial activities |
| **Italy** | |
| Dexia, Roma Branch | Financial activities |
| SPV Project 2219 SRL | Financial activities |
| **United Kingdom** | |
| FSA Portfolio Asset Limited (UK) | Financial activities |

#### 2. DATA BY COUNTRY

| Country of establishment | Net banking income (in EUR million) | Pre-tax income (in EUR million) | Current tax (in EUR million) | Workforce |
|---|---|---|---|---|
| United States | (8) | (11) | (1) | 11 |
| France | 159 | (343) | (18) | 350 |
| Cayman Islands | 1 | 1 | | 0 |
| Ireland | (70) | 11 | | 16 |
| Italy | (6) | (18) | | 64 |
| United Kingdom | 3 | 0 | | 3 |

## Dexia's statutory financial statements

### Evolution of the income statement

Dexia's **net income** for the 2023 financial year amounted to EUR +108 million, against EUR +533 million in 2022. It is to be noted that the 2022 result included a reversal of provisions for impairment of the subsidiary Dexia Crediop of EUR 400 million.

**Net banking income** was almost stable at EUR +361 million in 2023, compared to EUR +376 million at the end of 2022. Other than the carrying of assets, it included the results of asset disposals and remains sensitive to changes in the valuation of investment portfolios.
It consisted in particular of:
• the net interest margin, which amounted to EUR +293 million. It includes the income from the asset portfolios, the cost of funding and the result of the sale of customer loans,

• dividends received of EUR +30 million from credit-leasing subsidiaries,
• gains on the trading portfolio and financial instruments for EUR +14 million, mainly made up of interest charges on derivatives and impacts of Fair Value Adjustment (FVA) and Credit Value Adjustment (CVA) and exchange rate variations,
• gains on the investment portfolio of EUR +13 million mainly corresponding to reversals of provisions for impairment of the portfolio of EUR +25 million and losses on disposals of EUR -12 million.

**Operating expenses** were up considerably, by EUR -112 million to EUR -369 million as at 31 December 2023 against EUR -257 million at the end of 2022.
They include in particular the costs related to the work carried out within the framework of the Group's transformation project and the registration of a provision in liabilities of EUR -90 million for the risk of non-recovery of all sums paid by virtue of irrevocable payment commitments to the Single Resolution Fund.
The **cost of credit risk** had a negative impact of EUR -99 million at the end of 2023. It is mainly composed of:
• an allocation to provisions on a part of the water distribution sector in the United Kingdom,
• an allocation of provision by virtue of the fall observed on the utility value of Dexia Holding Inc.,
• an additional provision for impairment of the loans granted to the credit-leasing entities in accordance with the prices agreed for their assignment to BAWAG under the contract for the sale of these entities signed in December 2023.

The item **gains or losses on fixed assets** recorded EUR -4 million of reversal of the provision on the value of Dexia holdings in credit-leasing companies.
In 2021 the **extraordinary income** included a correction of EUR +12 million for a modelling error on a bond amortisation schedule.
The **tax charge** of EUR -9 million corresponds to current tax for the year 2023.

**INCOME STATEMENT**

| (in EUR million) | 2022 | 2023 |
|---|---|---|
| **Net banking income** | **376** | **361** |
| Operating expenses | (257) | (369) |
| **Gross operating income** | **119** | **(8)** |
| Cost of credit risk | 25 | (99) |
| **Operating income** | **144** | **(107)** |
| Gains or losses on intangible assets | 400 | (4) |
| **Current pre-tax income** | **544** | **(111)** |
| Exceptional income | 0 | 12 |
| Charges or proceeds of income tax | (11) | (9) |
| **Income for the financial year** | **533** | **(108)** |
| *Basic earnings per share (in euros)* | *1,91* | *(0,39)* |
| *Diluted earnings per share (in euros)* | *1,91* | *(0,39)* |

## Evolution of the balance sheet

The balance sheet total remained stable, at EUR 56 billion as at 31 December 2023.
The decrease in cash investments, the discontinuation of interbank loans granted to Dexia Crediop and the decrease in loans and securities due to external disposals were offset by the integration of assets from Dexia Crediop following its merger with Dexia, effective 1 July 2023.
In application of article R 511-16-1 of the Monetary and Financial Code, the return on Dexia assets, calculated by dividing net income by the balance sheet total, was 0.19% in 2023.

### A – Assets

#### Loans to credit institutions

Loans to credit institutions stood at EUR 2 billion against EUR 6.7 billion at the end of 2022. This decrease is mainly due to the end of the financing granted to Dexia Crediop for EUR -5 billion.

#### Customer loans

As at 31 December 2023, the overall outstanding loans to customers remained stable at EUR 15 billion. This item includes a decrease in commercial loans due to asset disposals and natural amortisation, offset by an increase in the investment of liquidity in the form of securities received under repurchase agreements.

#### Held-for-trading, available-for-sale and held-to-maturity securities

The total value of the securities held was EUR 23.9 billion compared with EUR 18.8 billion at the end of 2022. The evolution of the various portfolios is presented in the notes to the financial statements in this annual report. They are mainly made up of French and foreign bonds, negotiable debt securities and government securities. The considerable increase of this item in 2023 is associated with the acquisition of the assets resulting from the cross-border merger by absorption of the Dexia Crediop subsidiary.

#### Equity investments, shares in affiliated enterprises

Investments in affiliated enterprises decreased from EUR 505 million at the end of 2022 to EUR 26 million at the end of 2023. This sharp fall of EUR -479 million is the result of the merger with Dexia Crediop, the shareholding of which had a value of EUR 475 million, and to impairments of EUR -4 million made to the value of the credit-leasing entities. Residual investments amounted to EUR 26 million, entirely related to credit-leasing entities.

#### Other assets

The item “Other assets” remained stable at EUR 9.48 billion. This item is mainly composed of cash collateral.

### B – Liabilities

#### Banks and financial institutions

The Dexia debt with credit institutions was EUR 0.6 billion as at 31 December 2023 against EUR 1.8 billion at the end of 2022.

#### Debt securities

The extent of debt securities in total liabilities is a characteristic element of Dexia's balance sheet. As at 31 December 2023, this amount was EUR 39 billion, un by EUR 1 billion. It represents the amount of bonds issued by Dexia and guaranteed by the French and Belgian States.

#### Supplier and customer payment terms

In application of articles L. 441-14 al.1 and D. 441-6 of the Commercial Code, Dexia must publish each year a breakdown of the balance of its debts to suppliers by due date. Dexia's supplier debts represent an insignificant amount of the company's balance sheet total. Dexia's practice is to pay its invoices within 45 days by default, unless a contractual agreement signed with the supplier provides for payment within 30 or 60 days depending on the case.
Trade payables amounted to EUR 15.1 million as at 31 December 2023.

Receivables relating to banking activities are described in notes 2.3 and 2.4 to the financial statements in this annual report.

Delays in payment relating to debts outside banking activity are indicated below.

**Detail of supplier invoices due as at 31 December 2023**

| Total invoices | 1 - 30 days | 31 - 60 days | 61 - 90 days | 91 days and more | Total |
|---|---|---|---|---|---|
| 51 | (2,588,051) | (2,344,093) | (520,758) | (1,363,418) | (6,816,320) |

**Detail of customer invoices due as at 31 December 2023**

| Total invoices | 1 - 30 days | 31 - 60 days | 61 - 90 days | 91 days and more | Total |
|---|---|---|---|---|---|
| 11 | 0 | 0 | 31,860 | 16,602 | 48,462 |

## Eckert Law information

Dexia declares as information provided in II of Article L. 312-19 and the fourth paragraph of I of Article L. 312-20 that it holds no inactive account.

## FIVE–YEAR FINANCIAL SUMMARY

| | 2019 | 2020 | 2021 | 2022 | 2023 |
|---|---|---|---|---|---|
| **FINANCIAL SITUATION** | | | | | |
| Share capital (in EUR) | 279,213,332 | 279,213,332 | 279,213,332 | 279,213,332 | 279,213,332 |
| Number of shares | 279,213,332 | 279,213,332 | 279,213,332 | 279,213,332 | 279, 213,332 |
| **OVERALL RESULTS (IN EUR)** | | | | | |
| Turnover | 2,158,770,445 | 1,077,816,686 | 911,119,109 | 1,199,875,914 | 2,849,949,442 |
| Profit before corporation tax charges, depreciation and amortisation and net allocations to provisions | (648,346,161) | (328,484,129) | (10,329,318) | 20,506,225 | 92,071,032 |
| Corporation tax charge | 23,340,552 | 1,214,365 | 3,540 | (11,713,898) | (8,851,298) |
| Profit after corporation tax charges, depreciation and amortisation and net allocations to provisions | 393,202,645 | (446,757,858) | 136,264,656 | 532,586,030 | (108,015,464) |
| Profits distributed | Nil | Nil | Nil | Nil | Nil |
| **RESULTS REDUCED TO ONE YEAR (IN EUR)** | | | | | |
| Turnover | 7.73 | 3.86 | 3.26 | 4.30 | 10,21 |
| Profit before corporation tax charges, depreciation and amortisation and net allocations to provisions | (2.24) | (1.17) | (0.04) | 0.03 | 0,30 |
| Corporate income tax | 0.08 | 0 | 0 | (0.04) | (0,03) |
| Profit after corporation tax charges, depreciation and amortisation and net allocations to provisions | 1.41 | (1.6) | 0.49 | 1.91 | (0,39) |
| Profit distributed | 0 | 0 | 0 | 0 | 0 |
| **STAFF** | | | | | |
| Workforce at the end of the year | 461 | 400 | 397 | 379 | 430 |
| Of which executives | 393 | 354 | 358 | 336 | 361 |
| Of which non-executives | 68 | 46 | 39 | 43 | 69 |
| Payroll (in EUR) | 58,380,164 | 49,834,180 | 45,889,732 | 46,563,095 | 52,240,144 |
| Amount paid for social benefits (social security, social works, and so on) (in EUR) | 18,070,799 | 18,636,547 | 16,753,792 | 17,636,763 | 17,254,795 |

*(1) The increase in workforce for 2023 is linked to the merger by absorption of Dexia Crediop by Dexia.*

# Risk management

## Introduction

In 2023, the Risk Management activity line continued actively to manage the risk borne by Dexia, in line with the Risk Appetite Framework (RAF). This framework, which includes risk indicators for solvency, liquidity, profitability, operational risk and business continuity, is intended to define the principles for assessing any deviation of the risk profile from the strategic plan approved by the Group's management bodies.
The macroeconomic context in 2023, marked by a slowdown in growth in the European Union and the United Kingdom but a resilience in the United States, is reflected in a cost of risk of EUR -2 million as at 31 December 2023. It includes a charge linked to the downgrading to Stage 2 of part of the exposures in the water distribution sector in the United Kingdom, partially offset by the impact of the update of the base case macroeconomic scenario used to assess expected credit losses under IFRS 9, by effects induced by the rise in interest rates and changes in the portfolio (rating changes, disposals, natural amortisation) and by reversals of specific provisions, notably linked to the total or partial early repayment of certain exposures.
Moreover, in a geopolitical context which remains tense and favourable to a resurgence of Cyber risk, in close coordination with its IT partner, Dexia maintains a high level of vigilance with regard to Cybersecurity.
Outsourcing contracts, in particular the agreements between Dexia and Cognizant concerning IT services and infrastructure, and Arkéa Banking Services concerning the credit back office, are also closely monitored, in particular by Risk Appetite Framework indicators.
Finally, during the course of 2023, Dexia took further decisive steps in the implementation of the Group resolution, which led to the withdrawal of its banking licence and investment services authorisations on 1 January 2024. Since 1 January 2024, Dexia has therefore continued its orderly resolution as a non-bank. For this new phase of its orderly resolution, Dexia will maintain a robust risk management and monitoring system, based on comprehensive reporting and a demanding Risk Appetite Framework. Under the supervisory agreement signed on 22 December 2023 between the French and Belgian States and Dexia and Dexia Holding, an independent Surveillance Committee took up its duties on 1 January 2024. In a role adapted to the new context, it is the successor to banking supervision (cf. the "Highlights" chapter of this annual report).

## Governance

The Dexia Group policy on risks is defined and supervised by the Board of Directors.
The role of the Risk activity line is to implement the Group's strategy on monitoring and managing risk and to put independent and integrated risk measures in place. The Risk activity line identifies and monitors the risks to which the Group is exposed. If necessary, it proactively alerts the relevant committees and proposes corrective actions where applicable. In particular, the Risk activity line decides on the amount of provisions deemed necessary to cover the risks to which the Group is exposed.

### Role of the Risk Committee, the Management Board, the Transaction Committee and the ALCO Committee

The Risk Committee, created within the Dexia Holding Board of Directors, is responsible for monitoring aspects relating to risk strategy and validation of the level of tolerance of both current and future risk, as defined by the Board of Directors. It assists the Board of Directors in its supervision of the implementation of that strategy.
The Management Board is responsible for implementation of the various policies and directives framing Group strategy, particularly with regard to risk. To facilitate the operational conduct of Dexia, a system of delegation of Management Board powers has been put in place.
Thus the Management Board delegates its decision-taking powers in relation to:
- operations giving rise to credit risk to a Transaction Committee,
- balance sheet operations to an ALCO Committee,
- market operations to a Market Risk Committee.

The Risk activity line establishes risk policies and submits its recommendations to the Management Board and to the sub-committees. It deals with the monitoring and operational management of risks under the supervision of those committees.
*More detailed information on the Risk Committee, the Management Board, the Transaction Committee and the ALCO Committee is provided in the "Governance" chapter of the Dexia Holding Annual Report.*

## Organisation of the Risk activity line

### The Risk Management Executive Committee

As at 31 December 2023, the Risk Management Executive Committee is chaired by the Chief Risk Officer and each department is represented within it:

• the Credit Analysis Centres department,
• the Market Risk department,
• the Permanent Control, Operational Risk and IT Systems Security department,
• the Risk Models, Quantification and Default Monitoring department,
• the Validation and Transversal Risk Management department,
• the Risk Metrics and Reporting department.

The Data Regulatory Expertise department, although attached to the Finance activity line, participates in the Risk Management Executive Committee.

The Risk Management Executive Committee meets on a weekly basis to review risk management strategies and policies as well as the main internal reports before they are disseminated outside the activity line. It is also responsible for monitoring regulatory issues, validating collective provisioning methodologies and the general organisation of the activity line. Finally, it also monitors key issues related to Accounting Control and Compliance.

In particular, the Risk Management Executive Committee is responsible for monitoring models (developments, reviews, back testing, stress testing) on the proposal of the teams responsible for managing risk models, quantification and default monitoring and the market risk team. It regularly informs the Management Board and the Risk Committee about the use of the models and their developments and/or any difficulties encountered.

The organisation and operation of the activity line also rely on other committees, the prerogatives of which are governed by a system of delegation of powers, depending on the nature of the risks to which the Group is exposed.

## Typology of the risks monitored by Risk Management

### Risk Appetite Framework

The Risk Appetite Framework (RAF) is a regulatory requirement which defines Dexia's level of risk tolerance as approved by the Board of Directors and falls within the implementation of Dexia Group strategy. It defines the Group's risk profile and qualifies the types of risk which Dexia is inclined to hold, minimise, attenuate or transfer in order to achieve its strategic objectives. The RAF considers Dexia's significant risks and relies on its strategy and capital forecasts.

The RAF was introduced in Dexia in 2016. It includes a Risk Appetite Statement (RAS), qualitative and quantitative risk limits and an overview of the roles and responsibilities of bodies and functions which supervise implementation and monitoring.

It is subject to regular monitoring and an annual review in order to integrate any new regulatory, strategic or operational development. A consolidated quarterly scorecard is presented by the Risk activity line to the Risk Committee and the Board of Directors, with the aim of closely and thoroughly monitoring the main risk indicators and informing Dexia's decision-making bodies.

### Credit risk

Credit risk represents the potential loss, materialised by the reduction in value of an asset or by the payment default, which Dexia may suffer as the result of deterioration in the solvency of a counterparty.

The Credit Analysis Centres department defines Dexia's credit risk policy, which encompasses supervision of the processes for rating counterparties, analysing credit files and monitoring existing exposures. It also determines the specific provisions presented quarterly when the financial statements are drawn up.

Along with the Risk Committee, the Management Board and the Transaction Committee, the following three committees meet on a quarterly basis:

• The **Watchlist Committee** supervises assets considered to be "sensitive", and placed under watch, and decides on the amount of provisions set aside.
• The **Default Committee** screens and monitors counterparties in default, by applying internal rules in compliance with the regulatory framework.
• The **Rating Committee** ensures that internal rating processes are aligned with the established principles and that those principles are consistent across the various entities.

### Market risk

Market risk represents Dexia's exposure to changes in market parameters, such as interest rates or exchange rates. Interest rate risk is composed of a general interest rate risk and a specific interest rate risk linked to the credit counterparty. The latter arises from variations in the credit spread of a specific signature within a rating class. Foreign exchange risk represents the potential decline in the value of assets due to fluctuations in the exchange rate of currencies against the euro, the reference currency for the preparation of Dexia's financial statements. Interest rate and foreign exchange risks on banking book exposures are included in transformation risk.

Market risk policy and management are the responsibility of the Management Board. In order to facilitate Dexia's operational management, a system of delegation has been implemented to:

• The **Market Risk Committee**, which is responsible for market risk governance and standards. It sets risk limits based on Dexia's general policy framework, analyses results and risk positions, and approves risk measurement methods. It meets monthly.
• The **Valuation and Collateral Monitoring Committee**, which meets monthly to analyse indicators relating to collateral management, to decide on the action plan for significant valuation differences and to monitor the valuation of structured products.

Under the aegis of the Management Board and the specialist risk committees, the Market Risk department is responsible for identifying, analysing and monitoring the risks and results (including the valuation of financial instruments) associated with market activities.

### Transformation and liquidity risk

Monitoring transformation risk involves monitoring the risk of loss associated with the transformation of the banking portfolio, as well as liquidity risk.

Transformation risk arises when assets are refinanced by resources presenting a different maturity, indexation or currency. It also includes structural risks associated with the financing of holdings with equity in foreign currencies.

Liquidity risk measures Dexia's ability to deal with its current and future cash requirements, both on a discounted basis and in the event of a deterioration of the situation, on the basis of a range of stress scenarios.
Transformation risk management is carried out by the "Financial Strategy" team located within the Finance activity line. Management actions are reviewed and validated by the ALCO Committee, on delegation from the Management Board. Within the Risk activity line, a dedicated ALM Risk team is responsible for defining the risk framework within which management can be carried out, validating the models used for the effective management of this risk, monitoring exposures and checking their compliance with the established principles . Furthermore, the ALM Risk team also defines the stresses to be applied to the various risk factors, proposes the risk acceptance levels and ensures compliance with the framework in force.

### Operational risk and IT systems security

Operational risk represents the risk of financial or non-financial impacts arising from a shortcoming or failure in internal processes, personnel or IT systems, or external factors. This definition includes IT, legal and compliance risks.
The Management Board regularly monitors the evolution of the operational risk profile of Dexia's various activities. It delegates the operational management the monitoring of this risk to the specialist committees dealing with operational risks led by the Operational Risk function. When these committees meet, the main risks identified are examined and corrective actions and, if necessary, preventive or improvement measures, are decided.
Operational risk, business continuity and IT systems security management is coordinated by a central team within the Risk activity line, supported by a network of correspondents within the entities, as well as within the bank's various departments. Within each field of activity, an operational risk correspondent coordinates data collection and assesses risks, s proposes and monitors remediation action plans. Supported by the operational risk management function and via communication channels put in place specifically to guide the "community" of correspondents, it ensures good operational continuity management.
A committee dedicated to business continuity and IT systems security examines and decides on the actions to be taken to ensure business continuity and the implementation of the IT systems security policy.

### Regulatory risk

To ensure a proactive response to the various regulatory requirements, the Regulatory Risk Committee is responsible for defining Dexia's general approach to prudential problems and ensuring exhaustive cover for the various regulatory topics. It informs the different activity lines of the main regulatory developments, asks for and organises the various impact analyses and liaises with the various international entities on the implementation of new reforms.

### ICAAP/ILAAP

The "Stress Tests and Pillar 2" Committee, under the joint responsibility of the Finance and Risk activity lines, steers the internal ICAAP processes. The ILAAP processes are steered by the ALCO committee. The "Stress Tests and Pillar 2" Committee approves all matters concerning governance, risk measures and results before they are submitted to the Management Board, the Risk Committee and the Board of Directors. In addition to regular regulatory and economic stress tests, particular attention has been paid to the potential impacts of a more volatile financial and economic environment with geopolitical and monetary pressures as well as disruptions and breakdowns in supply chains, particularly energy. The ICAAP and ILAAP results are independently analysed by the Validation department and/or Internal Audit. In continuity with previous years, analyses of the risks of deviations from the strategic plan were carried out for the ICAAP/ILAAP file (the subject of exchanges with the regulators within the framework of the SREP) as well as ad hoc analyses to support strategic choices.

# Risk monitoring

## Credit risk

### Exposure to credit risk

Dexia's exposure to credit risk is expressed as Exposure at Default (EAD). It corresponds to the best estimate of the exposure to credit risk in the event of default. The definition of EAD used by Dexia is given in note 7 to the consolidated financial statements.
Since the withdrawal of Dexia's banking licence on 1 January 2024, Dexia is no longer subject to the prudential requirements applicable to credit institutions and will therefore have to change its EAD, based on elements from COREP reporting, to a metric better adapted to the specific features of an entity in orderly resolution. Dexia will continue to monitor its risks closely and will continue to publish full information on its exposures in its annual report.
As at 31 December 2023, Dexia's credit risk exposure amounted to EUR 46.6 billion, compared to EUR 49.8 billion at the end of December 2022, down 6%, mainly due to asset sales and the natural amortisation of the portfolio.
EUR 18 billion of the exposure is in loans and EUR 26.8 billion in bonds. They are mainly concentrated in Italy (28%), the United Kingdom (24%) and France (17%).

### EXPOSURE BY GEOGRAPHIC REGION

| (in EUR million) | 31/12/2022 | 31/12/2023 | Of which continuing operations | Of which discontinued operations (leasing) |
|---|---|---|---|---|
| Italy | 13,406 | 13,074 | 13,074 | 0 |
| United Kingdom | 11,114 | 10,962 | 10,962 | 0 |
| France | 9,487 | 7,782 | 6,951 | 830 |
| United States and Canada | 3,486 | 3,151 | 3,151 | 0 |
| Spain | 2,991 | 2,658 | 2,658 | 0 |
| Portugal | 2,378 | 2,105 | 2,105 | 0 |
| Japan | 2,157 | 1,788 | 1,788 | 0 |
| Belgium | 1,648 | 1,624 | 1,624 | 0 |
| Australia | 1,016 | 930 | 930 | 0 |
| Germany | 766 | 693 | 693 | 0 |
| Central and Eastern Europe | 423 | 394 | 394 | 0 |
| Other countries | 887 | 1,403 | 1,403 | 0 |
| **TOTAL** | **49,761** | **46,564** | **45,734** | **830** |

As at 31 December 2023, exposures remained for the most part concentrated on the local public sector and sovereigns (69%), given Dexia's historical activity.

### EXPOSURE BY CATEGORY OF COUNTERPARTY

| (in EUR million) | 31/12/2022 | 31/12/2023 | Of which continuing operations | Of which discontinued operations (leasing) |
|---|---|---|---|---|
| Local public sector | 20,696 | 18,599 | 17,899 | 700 |
| Sovereigns | 15,032 | 13,438 | 13,416 | 22 |
| Financial institutions | 4,276 | 5 085 | 5,048 | 37 |
| Project finance | 4,207 | 3,831 | 3,828 | 3 |
| Corporates | 3,031 | 3,016 | 3,000 | 17 |
| Monolines | 1,142 | 1,103 | 1,103 | 0 |
| ABS/MBS | 1,036 | 1,055 | 1,055 | 0 |
| Other | 339 | 438 | 386 | 52 |
| **TOTAL** | **49,761** | **46,564** | **45,734** | **830** |

The quality of Dexia's credit portfolio remains high, with 91% of exposures rated investment grade as at 31 December 2023.

### EXPOSURE BY RATING (INTERNAL RATING SYSTEM)

| | 31/12/2022 | 31/12/2023 | Of which continuing operations | Of which discontinued operations (leasing) |
|---|---|---|---|---|
| AAA | 13.2% | 10.9% | 10.4% | 0.5% |
| AA | 6.1% | 4.7% | 4.4% | 0.3% |
| A | 21.8% | 24,2% | 23.6% | 0.6% |
| BBB | 49.2% | 51.4% | 51.1% | 0.3% |
| *Non-investment grade* | 8.7% | 7.6% | 7.5% | 0.1% |
| D | 0.6% | 0.6% | 0.5% | 0.1% |
| No rating | 0.4% | 0.6% | 0.6% | 0.0% |
| **TOTAL** | **100%** | **100%** | **98.2%** | **1.8%** |

Particular attention is paid to the sectors and countries listed in the following table in view of the significant amounts of exposure or the degree of sensitivity. The main developments and significant facts for those sectors and countries in 2023 are presented in the following paragraphs.

### GROUP SECTOR EXPOSURE TO CERTAIN COUNTRIES

| (in EUR million) | Total | /w local public sector | o/w project finance and corporates | o/w financial institutions | o/w ABS/MBS | o/w sovereign exposures | o/w monolines | o/w Other |
|---|---|---|---|---|---|---|---|---|
| Italy | 13,074 | 5,764 | 0 | 244 | 0 | 7,066 | 0 | 0 |
| United Kingdom | 10,962 | 4,997 | 3,547 | 547 | 1,055 | 0 | 816 | 0 |
| France | 7,782 | 2,813 | 1,018 | 1,427 | 0 | 2,063 | 263 | 197 |
| United States and Canada | 3,151 | 1,074 | 1,040 | 802 | 0 | 204 | 24 | 6 |
| Spain | 2,658 | 2,007 | 381 | 7 | 0 | 264 | 0 | 0 |
| Portugal | 2,105 | 128 | 24 | 0 | 0 | 1,953 | 0 | 0 |
| Japan | 1,788 | 1,592 | 0 | 196 | 0 | 0 | 0 | 0 |
| Belgium | 1,624 | 0 | 0 | 165 | 0 | 1,459 | 0 | 0 |
| Australia | 930 | 188 | 742 | 0 | 0 | 0 | 0 | 0 |

## GROUP SECTOR EXPOSURE BY RATING

| (in EUR million) | Total | AAA | AA | A | BBB | NIG[1] | D | No rating |
|---|---|---|---|---|---|---|---|---|
| Local public sector | 18,599 | 1,250 | 1,018 | 4,690 | 8,605 | 2,906 | 128 | 3 |
| Sovereigns | 13,438 | 3,727 | 0 | 657 | 9,019 | 0 | 35 | 0 |
| Financial institutions | 5,085 | 0 | 143 | 4,446 | 491 | 5 | 0 | 0 |
| Project finance | 3,831 | 0 | 0 | 293 | 2,858 | 568 | 112 | 0 |
| Corporates | 3,016 | 0 | 0 | 54 | 2,948 | 14 | 0 | 1 |
| Monolines | 1,055 | 0 | 1,021 | 0 | 0 | 34 | 0 | 0 |
| ABS/MBS | 1,103 | 0 | 0 | 1,103 | 0 | 0 | 0 | 0 |
| Other | 438 | 115 | 0 | 47 | 0 | 0 | 0 | 275 |
| **Total** | **46,564** | **5,092** | **2,181** | **11,290** | **23,920** | **3,528** | **274** | **279** |

*(1) Non-investment grade.*

### Dexia commitments to sovereigns

Dexia's sovereign commitments are mainly concentrated on Italy and, to a lesser extent, France, Portugal and Belgium.

The global economy started 2023 better than expected. In the United States, growth has been sustained despite significant monetary tightening, underpinned by financially strong households, a buoyant labour market and public support for investment. However, the European Union experienced a severe slowdown in the second half of 2023, due to the high cost of living, weak external demand and monetary tightening.

For the eurozone, GDP growth was just 0.4% for 2023, with France and Italy at 0.7% and 0.9% respectively. Within the eurozone, only Germany has suffered a (slight) contraction for 2023, of 0.3%.

In most eurozone countries, inflation fell throughout the year, from 8.0% in the first quarter to 2.7% in the fourth.

With the exception of the Bank of Japan, the major central banks continued to tighten monetary policy into the third quarter. However, expectations of a rate cut in 2024 led to a significant fall in bond yields at the end of the year.

Little growth is expected for 2024: 1.3% for the United States and 0.5% for the European Union, with rising interest rates and the high cost of credit weighing on the economy.

Dexia's exposure to the Italian sovereign was EUR 7.1 billion as at 31 December 2023. Market fears following the election of a right-wing coalition led by Prime Minister Giorgia Meloni have continued to subside, with the yield differential between Italian and German 10-year bonds narrowing by almost 50 basis points in 2023, in the face of the stated desire to maintain a relatively prudent fiscal policy.

Dexia has no exposure to the British sovereign. Its total exposure to the United Kingdom is nevertheless significant, at EUR 11 billion as at 31 December 2023, and mainly concerns local authorities, utilities active in the field of water, gas and electricity transmission and distribution, and project finance. The UK, already under pressure following Brexit, is suffering from one of the highest rates of inflation, with virtually no economic growth. Thus, for 2023, GDP growth of just 0.3% is expected, with inflation still high at 4.2% in the fourth quarter.

As at 31 December 2023, Dexia's exposure to Tunisia was EUR 35 million, entirely concentrated on the sovereign. Tunisia was one of the emerging countries hardest hit by the Russia-Ukraine conflict because of its heavy dependence on food and energy imports from the war-torn countries. Although the key tourism sector has rebounded, social and political instability has weighed on growth, reducing it to just 1.3% for 2023 and a forecast 1.8% for 2024. Public and external debt, already high, continued to rise. Even if a good trend in its foreign exchange reserves and more bilateral aid from certain Arab countries have reduced the urgency of a new agreement with the IMF, Tunisia faces significant refinancing needs in 2024. Under these conditions, the implementation of an agreement remains important for market confidence.

### Dexia commitments to the local public sector

Given Dexia's historical activity as a lender to local authorities, the local public sector represents a significant proportion of Dexia's outstandings, which are mainly concentrated in Western Europe (Italy, United Kingdom, France, Spain).

#### France

Dexia's exposure to the French public sector amounted to EUR 2.8 billion as at 31 December 2023.

After the surge of 2022 driven by excellent financial results, the year 2023 saw a significant decline in savings due to the cumulative effect of an increase in expenditure strongly impacted by inflation and a sharp slowdown in revenues (transfer duties, VAT).

With growth of 5.8%, operating expenditure recorded its highest rate of increase for nearly sixteen years. These high levels of expenditure are largely due to the continuation of inflation from the summer of 2021 and the corresponding government measures, including the revaluation of the civil service index point. Local authorities will be hardest hit, with more than a third of their purchases highly sensitive to energy inflation.

By 2023, operating revenue will have risen by 3.2%. The increase is more dynamic in the municipalities than in the regions and departments and is driven by the dynamism of tax revenues (+3.2%), and in particular property taxes based on rental values, with an exceptional revaluation of bases by 7.1%. Property tax on developed properties, from which the local authorities benefit, is expected to rise sharply (+9.6%), with the use of tax leverage supplementing the revaluation effect.

After all, with revenues increasingly dependent on the national economic situation, there has been a marked slowdown in the growth of VAT. Income from transfer duties will also fall sharply in 2023 due to the rise in interest rates and the level of property prices, which are weighing on the number of property transactions. These developments will have the greatest impact on departmental budgets.

Finally, the level of gross savings, a good indicator of the financial health of local authorities, is falling, particularly in those departments which have been hard hit by the reduction in transfer taxes. Once loan repayments have been deducted, net savings will finance 31% of investment, 9 percentage points less than in 2022.

Outstanding local authority debt rose by 2.1% over the year to EUR 206.7 billion at the end of 2023. However, its weight remains limited at 7.4% of GDP. The cash position of local authorities stood at EUR 64 billion at the end of 2023.

### Italy

Dexia's exposure to the Italian public sector amounted to EUR 5.8 billion as at 31 December 2023, mainly Regions (55.5%) and Municipalities (31.4%).

The public sector is heavily regulated by the Italian central government, which defines fiscal consolidation targets, limits risks and supervises their financial performance. The central government also defines the level of resources available to fund major responsibilities, such as healthcare for ordinary status regions, which account for around 80% of operating revenues. Significant financial support during the pandemic and, more recently, measures to compensate for rising inflation and energy costs, underline the financial links between local authorities and central government.

Since the beginning of 2021, the regions have been implementing extensive investment plans using European Union (EU) and central government funds. EU programming for the period 2021-2027 includes around EUR 75 billion, 57% of which comes from European funds.

For local authorities specifically, around EUR 2.6 billion is earmarked for various measures. In addition, EUR 940 million has been allocated to environmental policies in 2022 and also in 2023. This amount should gradually increase over the next few years.

For the provinces and metropolitan cities, EUR 4.3 billion has been earmarked for extraordinary maintenance, safety measures, new construction, increasing energy efficiency and internal cabling for schools. These resources should be materially disbursed between 2024 and 2036.

### Spain

Dexia's exposure to the Spanish public sector amounted to EUR 2 billion as at 31 December 2023, most of which relates to Regions (74%) and Municipalities (21%).

The Spanish Regions benefit from the support of the Spanish State and, to a lesser extent, of the European Union through the Financing Fund of the Autonomous Communities, which in 2023 will result in the payment of EUR 34 billion from the Spanish State, mainly via the Liquidity Fund for the Regions, and EUR 9.3 billion from the European Union via the REACT-EU Liquidity Fund, which provides liquidity in the form of loans.

Dexia has a high exposure of EUR 1.1 billion to Catalonia and its related entities. Catalonia is one of the main Spanish regions and an important centre of economic attractiveness for Spain, but its financial situation remains strained. As a result, it is receiving strong support from the State: EUR 12.6 billion through the Autonomous Communities Financing Fund in 2023 and EUR 3.1 billion planned for the first quarter of 2024.

Most of Dexia's clients in the municipal segment are in good financial health, with a low level of indebtedness and a surplus cash position, with the exception of a few clients supported through state funds, such as the Economic Impulse Fund and the Fondo de Ordenacion to cover debt maturities. Municipalities are also authorised to use their surpluses to meet social needs arising from the health crisis and the war in Ukraine. In the event of a cash shortage, the municipalities benefit from cash lines from the Provinces (Diputaciones), in the form of advances for tax collection.

### United Kingdom

Dexia's exposure to British local authorities amounted to EUR 5 billion as at 31 December 2023.

Most of the portfolio is of good credit quality. However, in recent years, the financial situation of British local authorities has weakened as a result of the health crisis and the deterioration of the economic situation in the United Kingdom.

UK local authorities are highly centralised. Their main sources of funding are council tax, retained business rates and government transfers.

Over the last ten years, successive governments have changed the way local authorities are funded. This has led to a fall in government transfers and an increase in local authorities' dependence on locally-generated revenue. The latter does not always compensate for the fall in central government transfers, making it more difficult for local authorities to balance their budgets.

It is important to stress that UK local authorities are required by law to have a balanced budget. If this is not the case, the Chief Finance Officer must issue a notice under section 114 of the Local Government Finance Act 1988, whereby all non-essential expenditure is suspended. There has been an increase in the number of Section 114 notifications, also within Dexia's portfolio. Therefore, given that the sector is highly centralised and strictly controlled by the government, the negative impact on the credit quality of the sector as a whole should remain limited.

## Dexia’s commitments to project finance and corporates

The project finance and corporate loan portfolio stood at EUR 6.8 billion as at 31 December 2023, down 9% compared with the end of 2022. This decrease is mainly due to asset sales and the natural amortisation of the portfolio.

Project finance accounts for 56% of the portfolio[1], with the balance made up of financing for corporates, such as acquisition finance, commercial transactions and corporate bonds.

The portfolio is of good quality: 82% of project finance and 99% of corporate finance is rated investment grade (after taking into account associated guarantees).

In terms of geographical breakdown, the United Kingdom accounts for around 52% of the portfolio of project finance (PPP) and corporates (Utilities). 99.7% of this exposure is rated investment grade.

After analysing its portfolio, Dexia has maintained the transport infrastructure sector, to which it is exposed to the tune of EUR 1.1 billion, as a sensitive sector, as the geopolitical situation in Europe could have an impact on the sector via rising energy and commodity prices. These counterparties generally have reserve accounts to cover half-yearly maturities, enabling them to withstand a sharp drop in traffic. Nevertheless, few counterparties in Dexia's portfolio have had to draw on the reserve accounts to pay their debts as they fall due.

Finally, following the difficulties encountered in 2023 by part of the water distribution sector in the United Kingdom and considering the uncertainties linked to changes in the sector's regulatory framework, Dexia has, as a precautionary measure, downgraded part of the exposures in this sector to Stage 2.

## Dexia’s commitments to financial institutions

Dexia's commitments to financial institutions amounted to EUR 5.1 billion as at 31 December 2023.

The turbulence observed at the beginning of 2023 has subsided. It was triggered by the collapse of several US regional banks following the rise in interest rates (which reduced the

*(1) Transactions with no recourse on their sponsors, where repayment is made solely on the basis of their own cash flows, and which are highly secured for the benefit of the Group, for example via collateral on assets and contracts or a limit on dividends.*

value of their bond portfolios) and the pressure on their funding sources. In Europe, the situation at Crédit Suisse also weighed on market confidence.

Dexia has no exposure to US regional banks. On the other hand, Dexia's global exposure to the major US national banks amounted to EUR 671.5 million, 85% of which relates to Citigroup because of its clearer activity for Dexia.

As regards Crédit Suisse and UBS, Dexia's exposure is limited to EUR 103.2 million and relates solely to collateralised derivatives as part of portfolio hedging operations.

Although the repercussions for European banks have been limited, this turbulence has served as a reminder of the importance of ensuring the solidity of the fundamentals of banking systems, particularly in a volatile environment which weighs on the profitability and resilience of banks which, despite higher interest rates, could see their profits fall as a result of the slowdown in the economy and the inversion of the yield curve.

### Dexia's commitments to monolines

Dexia is indirectly exposed to monolines in the form of financial guarantees ensuring the timely payment of principal and interest due on certain bonds and borrowings. Actual claims against monolines become payable only if actual defaults of the underlying assets occur. Dexia's insured bonds benefit from enhanced trading values and, in some cases, capital relief as a result of the credit enhancements provided.

As at 31 December 2023, the exposure to monolines used for the calculation of risk weights amounted to EUR 1.1 billion. All of this exposure is insured by monolines rated Investment Grade by at least one external rating agency.

### Impairment on counterparty risk – Asset quality

**ASSET QUALITY**

| (in EUR million) | 31/12/2022 | 31/12/2023 | | |
|---|---|---|---|---|
| | **Total** | **Total** | **Of which discontinued operations (leasing)** | **Of which continuing operations** |
| Impaired assets[1] | 503 | 433 | 48 | 384 |
| Specific provisions[2] | 167 | 150 | 0 | 150 |
| *o/w Stage 3* | *160* | *130* | *0* | *130* |
| *POCI* | *7* | *20* | *0* | *20* |
| Coverage ratio[3] | 33.2% | 34.7% | | 39% |
| Collective provisions | 136 | 154 | 12 | 141 |
| *o/w Stage 1* | *14* | *2* | *0* | *2* |
| *o/w Stage 2* | *122* | *152* | *12* | *139* |

*(1) Outstanding: calculated on the impairable IFRS 9 scope (fair value through equity + 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.*

As at 31 December 2023, impaired assets are down, from EUR 502 million as at 31 December 2022 to EUR 385 million as at 31 December 2023.

Collective provisions amounted to EUR 141 million, including EUR 2 million in Stage 1 provisions and EUR 139 million in Stage 2 provisions. They are EUR 5 million higher than at the end of 2022. A charge to collective provisions, linked to the move to Stage 2 of part of Dexia's exposure to the water distribution sector in the United Kingdom, was partially offset, inter alia, by a positive impact linked to the updating of the basic macroeconomic scenario used for the assessment of expected credit losses within the framework of IFRS 9 and to effects induced by the rise in interest rates and the evolution of the portfolio (changes in rating, disposals, natural amortisation).

Specific provisions fell by EUR 16 million to EUR 150 million as at 31 December 2023, compared with EUR 166 million as at 31 December 2022. This decrease is linked to the early repayment of certain exposures.

As a result, the coverage ratio improved to 38.9% as at 31 December 2023.

### Non-Performing Exposures and Forbearance practices

In order to facilitate monitoring and comparison between different European banks, the European Banking Authority has harmonised the definition of Non-Performing Exposure (NPE) and Forbearance practices.

- Non-performing exposures include exposures which are materially past due by more than 90 days or for which Dexia believes the counterparty is unable to repay without the provision of collateral. As at 31 December 2023, outstanding non-performing exposures represented EUR 290 million (against EUR 396 million as at 31 December 2022), corresponding to 31 counterparties. The decrease of EUR 106 million is mainly related to NPE exits from the local public sector and project finance.
- Forbearance is defined as facilities granted by banks to counterparties experiencing or likely to experience financial difficulties in meeting their commitments (facilities which the banks would not otherwise have granted). As at 31 December 2023, 19 counterparties were subject to Forbearance, for an outstanding amount of EUR 164 million.

### Review of macroeconomic scenarios and sensitive sectors

Given the context of a macroeconomic slowdown, in particular in the second half of 2023, Dexia has changed the assumptions and estimates used to prepare its consolidated financial statements as at 31 December 2023. In particular, Dexia has reviewed the macroeconomic scenarios included in the point-in-time and forward-looking measures of the probability of default and loss given default models used for the assessment of expected credit losses within the framework of IFRS 9 and has retained a base case macroeconomic scenario, based on the projections published by the European Central Bank (ECB) in December 2023 or by national supervisors when available.

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Macroeconomic growth in the European Union (EU) for 2024 was revised slightly downwards in December and a similar trend was observed in the United Kingdom 5UK), while projections for the United States (US) were revised slightly upwards. At EU level, average real GDP growth is expected to slow to 0.8% in 2024, before rebounding to 1.5% in 2025 and 2026. In the US, the central scenario forecasts real GDP growth of 1.4%, 1.8% and 1.9% in 2024, 2025 and 2026 respectively. In the UK, the latest projections suggest that GDP will stagnate in 2024, followed by slightly positive growth of 0.3% and 0.8% in 2025 and 2026 respectively.

Despite high inflation, the disinflationary process is set to continue in the years ahead. A return to the 2% target is expected for the EU and the UK in 2025, and for the US in 2026.

Labour markets should remain resilient overall. The key elements of the base case scenario for Dexia's credit loss assessment are based on the central banks' central scenario. The downside scenario is no longer published by the ECB.

The IFRS 9 approach also allows for macroeconomic uncertainty around the base case scenario (cf. accounting valuation rules). In this approach, a deviation of two standard deviations has been taken into account on the macroeconomic indicators for a projection horizon of three years. This deviation is calibrated by comparing macroeconomic projections for past years with actual macroeconomic trends. This results in the creation of an IFRS 9 multi-scenario add-on, which is applied in addition to the provisions calculated under the base case scenario. Furthermore, the add-on linked to the uncertainties caused by the conflict in Ukraine, which was applied in 2022 in addition to the provisions calculated under the base case scenario, is no longer used in 2023.

Furthermore, Dexia pays particular attention to sensitive economic sectors, in particular those which are still affected by the consequences of the crises of previous years and/or by the increase in energy prices since the start of the war in Ukraine. As a result, counterparties likely to be weakened by these crises are systematically classified in Stage 2 if they are not classified in Stage 3. This applies, in particular, to airports, French overseas communities, public transport, the tourism and entertainment sectors, waste management and infrastructures at risk from traffic. The UK hospital sector is also affected, following the impacts of Brexit, rising sovereign borrowing rates and inflation, which could put pressure on the financial balances of the government and the healthcare system. Together, these sensitive sectors represent an exposure of EUR 8.6 billion out of a total of EUR 46.6 billion.

## Market risk

### Risk measurement

Dexia mainly assesses market risk using a combination of two measurement indicators, resulting in a limit-based risk management:

• *Value at Risk* (VaR) measures the expected potential loss for a 99% confidence interval and for a ten-day holding period. 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 returns of risk factors.

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

The risk management system is supplemented by stress-testing exercises, which include events falling outside the probabilistic framework of VaR measurement techniques. The various assumptions used in these downgraded scenarios are regularly reviewed and updated. The results of the consolidated stress tests and the corresponding analysis are presented to the Risk Committee on a quarterly basis.

### Exposure to market risk

Dexia's trading portfolio is made up of two groups of activity:

• transactions initiated by trading activities in financial instruments up to the date of the orderly resolution of the Dexia Group, mainly hedged on a back-to-back basis,

• transactions intended to hedge risks arising from divestments or sales of assets carried out under the orderly resolution plan.

The main risks of the trading portfolio are

• interest rate risk, particularly in the euro and dollar zones,

• cross-currency basis swap risk,

• BOR-OIS basis risk in the same currency.

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

#### Value at Risk (VaR)

Details of the VaR of the trading portfolios are shown in the table below. At the end of December 2023, total VaR consumption was EUR 2.3 million, compared with EUR 2.0 million at the end of 2022.

**VALUE AT RISK OF THE TRADING PORTFOLIO**

| (in EUR million)<br>**VaR (10 days, 99%)** | **2022** | **2023** |
|---|---|---|
| Average | 1.9 | 2.3 |
| End of period | 2.0 | 2.3 |
| Maximum | 3.5 | 4.6 |
| Minimum | 0.9 | 1.4 |

#### Sensitivity of banking portfolios measured at fair value to changes in credit spreads

The portfolio classified at fair value through equity had a sensitivity to an increase in credit spreads of EUR -0.6 million per basis point at 31 December 2023 compared with EUR -0.7 million per basis point as at 31 December 2022.

The portfolio classified at fair value through profit or loss is sensitive to an increase in credit spreads of EUR -0.5 million per basis point as at 31 December 2023, compared with EUR -0.6 million per basis point as at 31 December 2022. Of these assets at fair value through profit or loss, those not meeting the SPPI criterion had a sensitivity of EUR -0.3 million per basis point as at 31 December 2023, compared with EUR -0.4 million per basis point as at 31 December 2022.

## Transformation risk

Dexia's Asset and Liability Management (ALM) policy aims to reduce liquidity risk as much as possible and to limit exposure to interest rate and exchange rate risk.

### Management of interest rate and foreign exchange risk

#### Measurement of interest rate risk

Interest rate risk is measured using sensitivities. Risk sensitivity measures reflect the balance sheet exposure to a parallel movement of 1% in the yield curve. The sensitivity of the net present value of exposures measured in accrued interest to a movement in interest rates is the main indicator used to measure risk, set limits and monitor risk.

Overall sensitivities and partial sensitivities by time interval are the main risk indicators on which the Asset and Liability Risk Committee, organised within ALCO, bases its risk management. Dexia's structural interest rate risk is mainly concentrated on long-term European interest rates and results from the imbalance between Dexia's assets and liabilities after hedging interest rate risk.

The sensitivity of long-term ALM was EUR -46.2 million as at 31 December 2023, compared with EUR -40.8 million as at 31 December 2022. This is in line with the ALM strategy, which aims to minimise the volatility of the net interest margin.

| (in EUR million) | 2022 | 2023 |
|---|---|---|
| Sensitivity | (40.8) | (46.2) |
| Limit | +/-130 | +/-130 |

### Measurement of foreign exchange risk

With regard to foreign exchange, the ALCO decides on the policy for hedging foreign exchange risk generated by the existence of assets, liabilities, income and expenditure in foreign currencies.

Also subject to regular monitoring are:

- the structural risks linked to the financing of foreign currency participations,
- elements likely to increase the volatility of the solvency ratios.

Structural exchange positions are subject to strict limits below which a systematic hedge policy is applied.

## Management of liquidity risk

### Dexia's policy regarding the management of liquidity risk

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

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

Dexia maintains a liquidity buffer, consisting of deposits with clearing houses or bank counterparties and liquid assets on the repo market or obtained through reverse repo transactions, enabling it to deal with stressed situations for at least one month without the need to take contingency measures.

To manage Dexia's liquidity situation, the Management Board regularly monitors the conditions of funding operations 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 monthly report is provided to members of the Management Board. The information is shared with all the parties involved in managing Dexia's liquidity position, in particular the Finance and Risk activity lines in charge of these topics, and the Funding and Markets activity line. The frequency of this reporting can be adapted in case of stress on the refinancing market.
- A twelve-month funding plan is sent monthly to the State shareholders and guarantors, central banks and the supervisory authorities.

### Measurement of liquidity risk

As at 31 December 2023, Dexia Holding (consolidated) and Dexia (statutory) had short-term liquidity ratios (LCR) of 302% and 294% respectively, well above the minimum requirement of 100%.

At the same date, the net stable funding ratios (NSFR) were also in line with these requirements and stood at 135% for Dexia Holding (consolidated) and 133% for Dexia (statutory). Since the withdrawal of Dexia's banking licence on 1 January 2024, Dexia and Dexia Holding are no longer subject to the prudential requirements applicable to credit institutions. Consequently, Dexia and Dexia Holding will no longer publish prudential liquidity ratios. A rigorous monitoring of liquidity will nevertheless be maintained via indicators better adapted to the specific aspects of an entity in orderly resolution.

From 2024, Dexia will publish a survival horizon as an indicator of short-term liquidity risk. This survival horizon is defined as the number of days during which Dexia can continue to carry on its activities with the cash and liquid assets at its disposal, without access to the funding markets. As at 31 December 2023, Dexia's survival horizon as a bank was 4.5 months. As at 31 March 2024, it had improved to 8 months, reflecting the inclusion in the liquidity reserve of a contingency buffer, made up entirely of cash and intended to compensate for the loss of access to the emergency liquidity assistance (ELA) for banks, following the withdrawal of Dexia's banking licence on 1 January 2024.

Dexia has also developed the Medium-Term Liquidity Ratio (MTLR), which enables it to measure the stability of its medium-term funding. The MTLR relates the total funding at more than one year to the funding requirement for weighted illiquid assets[1]. Dexia has set the limit at 100%. As at 31 December 2023, Dexia's MTLR was 119%.

# Operational risk and IT systems security

## Dexia's policy with regard to operational risk management and IT systems security

Dexia's policy regarding operational risk management consists of regularly identifying, measuring and assessing the various risks and implementing corrective actions or improvements to reduce the most significant operational risks. This system is supplemented by a prevention policy, in particular covering IT systems security, business continuity and, when necessary, the transfer of certain risks via insurance.

### Measurement and management of risk

Operational risk management is identified as one of the pillars of Dexia's strategy, within the context of its orderly resolution. This risk is monitored within the framework of the standard approach determined by the Basel regulatory methodology. Under this methodology, information relating to the operational risk must be transferred to the managers in charge of monitoring this risk, and the tasks identified as critical must be monitored.

The operational risk management system relies on the following components:

- Database of operational risk events: the systematic collection and monitoring of operational incidents is one of the main requirements of the Basel Committee. In accordance with its regulatory obligations, Dexia has set up a system for recording operational incidents and collecting specific data. The information collected enables it to improve the quality

*(1)* $\dfrac{\textit{Total static funding > 1 year}}{\textit{Total non-liquid asset funding requirement}} \geq 100\ \%,$

*Where: total static funding > 1 year = 100% * (equity + liabilities with residual maturity > 1 year) and total non-liquid asset funding = 70%* (non-liquid assets) + 20% * margins on derivatives + 70% * initial margins on derivatives.*

of its internal control system. Of all the operational incidents reported during the year, no incident with a material financial impact was recorded this year.

• Risk and Control Self-Assessment (RCSA) (focus on Organisation / Critical Processes): in addition to establishing a history of losses, a mapping of Dexia's exposure to the main risks is carried out regularly. In accordance with the prioritisation plan defined each year by the Operational Risk and Permanent Control department, Dexia carries out risk self-assessment exercises, taking into account existing controls, which makes it possible to construct an overall view of operational risks in the various entities and activities. The overall map is presented to the Management Board. Where necessary, risk mitigation measures can be defined. An RCSA specifically covering the most material outsourced activities is also carried out annually and challenged by Dexia's Operational Risk and Permanent Control functions. Finally, a Risk and Control Assessment (RCA) covering critical or important services is deployed ("Service Provider / Service" focus).

• Definition and monitoring of action plans: remediation actions are defined to prevent the recurrence of operational incidents, to correct deficient controls or to reduce the major risks identified. Regular monitoring is carried out by the Operational Risk function. This process enables the internal control system to be constantly improved and risks to be appropriately reduced over time.

• *Key Risk Indicators (KRI): KRI-type indicators have been developed to monitor changes in the main risks identified in the Risk Appetite Framework.*

• IT security management: the IT security policy and related instructions, standards and practices aim to secure Dexia's IT assets.

• Business continuity management: all activities take place within a secure framework. The activity lines ensure that impact analyses are drawn up for vital activities in the event of a disaster or interruption. They ensure that business continuity plans are defined and regularly updated.

In accordance with the regulations, capital requirements for operational risk are calculated by Dexia according to the standard approach on the basis of positive net banking income (run rates) by activity.

Nevertheless, Dexia's level of activity is not directly relevant to reflect the level of operational risk in the Dexia Group's resolution situation, as run rates decrease faster than the level of risk. Consequently, a buffer calibrated to the ICAAP operational risk constraints is added to the capital allocated for operational risk.

### Operational risk management during the period of resolution

In 2023, Dexia continued to adapt its structure and operational processes to its orderly resolution mandate. This resolution phase is, by its very nature, conducive to the development of operational risks, particularly as a result of factors such as the departure of key people, the possible demotivation of members of staff or the modification of treatment processes. In particular, projects to outsource certain activities may represent a source of operational risk during the implementation phases, but in the medium term should ensure Dexia'soperational continuity and limit the operational risks associated with systems, processes and people.

Operational risks associated with major transformation projects are also monitored on a quarterly basis to ensure that corrective action is taken to reduce the most significant risks.

Finally, psychosocial risks are closely monitored at Dexia, together with preventive and support actions (cf. chapter "Non-financial Declaration. Corporate social responsibility" in the Dexia Holding annual report).

# Stress tests

## Stress tests and scenario analyses

In line with the Pillar 2 stress test policy, Dexia carries out multiple scenario analysis and stress test exercises in a transversal approach integrated into the risk management process. The aim is to identify possible vulnerabilities and simultaneously, in an unfavourable shock situation, to estimate additional losses, a possible increase in risk-weighted assets, additional liquidity needs or capital requirements.

These exercises used for internal steering purposes also ensure compliance with the relevant regulatory requirements, in particular those relating to stress tests, Pillar 2 and the ICAAP and ILAAP processes defined by the ECB[1]. Indeed, a comprehensive programme of stress tests in accordance with the relevant regulations is being implemented to ensure a coherent articulation between the different types of stress, notably market, credit, liquidity and the stresses required under Pillar 2.

The main stress tests carried out in 2023 concern:

• Specific credit stress tests for the main asset classes. Credit exposures by asset class were subject to annual sensitivity tests, macroeconomic, historical scenarios related to an economic slowdown, climate and expert scenarios. The impacts on the cost of risk, risk-weighted assets and liquidity reserve were analysed. The results of the stress scenarios were compared with the results of the Value at Risk (VaR) approach to credit risk. Specific analyses of the sensitivity to environmental risks were also performed.

• Market stress tests highlighting potential events outside the probabilistic framework of VaR measurement techniques. They were divided into single risk factor tests, historical scenario tests and hypothetical scenario tests.

• Structural interest rate risk stress tests to measure the potential impact on Dexia's capital of a sudden and unexpected change in interest rates, thus meeting regulatory expectations.

• Liquidity stress tests to estimate additional liquidity needs in exceptional but plausible scenarios over multiple time horizons.

• Operational risk stress tests based on the analysis of the frequency and severity of operational incidents, complemented by "expert scenario" analyses covering IT, HR and outsourcing risks. These different categories of risk are managed within the framework of the Risk Appetite Framework.

A series of specific stress tests including sensitivity and scenario analyses based on macroeconomic scenarios simulating crisis situations and on expert scenarios is also performed. In line with the Pillar 2 requirements and the capital adequacy measurement requirements, these stress tests are linked to the ICAAP and ILAAP processes.

*(1) In line with the directives of the European Banking Authority (EBA) published in July 2018 – Guidelines on the revised common procedures and methodologies for the Supervisory review and evaluation process (SREP) and Supervisory stress testing and Guidelines on institutions' stress testing – and requirements formulated by the European Central Bank in November 2018 – ECB Guide to the internal capital adequacy assessment process (ICAAP) and ECB Guide to the internal liquidity adequacy assessment process (ILAAP).*

In the specific context of 2023, taking into account the increased geopolitical and monetary pressures, specific scenarios have been applied. These stress tests take into account, inter alia, the uncertainties around the central macroeconomic scenario published by the European Central Bank (ECB) and the national banks. The European Banking Authority (EBA) adverse scenario for 2023 was also assessed and combined with stagflation scenarios.

For the ICAAP and ILAAP stresses, at regular intervals, Dexia performs a full review of its vulnerabilities to cover all material risks, linked to its business model under stressed macroeconomic and financial conditions. This review documented by the ICAAP/ILAAP processes is applied and complements the financial planning process.

Within the context of ICAAP, "correlation risk" (CRR2 Article 291) is analysed. "General correlation risk" reflects the positive correlation between the probability of default and general market factors. This risk, in line with the "correlation risk" policy, is assessed by means of stress tests and scenario analyses. "Specific correlation risk" arises when the future exposure to a counterparty is positively correlated with the probability of default of that counterparty due to the nature of the transactions with that counterparty. This risk is identified, monitored and controlled in line with the correlation risk policy and capital requirements are assessed on a quarterly basis. In addition, reverse stress tests are also conducted.

The ICAAP and ILAAP file is independently reviewed by the Validation and Internal Audit departments.

Crisis simulations and other stress tests for ICAAP and ILAAP purposes are carried out several times a year and cover both the regulatory and economic perspectives. In accordance with regulatory requirements, the annual exercise carried out in April 2023, based on end-2022 figures, has been transmitted to national supervisors. These tests are an integral part of the Risk Appetite Framework (RAF) and are incorporated into the definition and review of the overall strategy. The link between the risk appetite, the adaptations of the strategic resolution plan and the ICAAP and ILAAP stress tests is ensured by specific capital consumption indicators that are part of the RAF.

# Litigation

Like many financial institutions, the Dexia Group is involved in several instances of litigation. Unless otherwise indicated, the status of such litigation and investigations as at 31 December 2023 is based on the information available to Dexia at that date.

Based on this information, other litigation and investigations in which Dexia is named as a defendant are not expected to have a material impact on its financial position.

Dexia's consolidated financial statements reflect the consequences, as assessed by Dexia on the basis of the information available to it at the aforementioned date, of the principal litigation and investigations likely to have a material impact on Dexia's financial position, results or activities, and provisions have been recorded where necessary.

Details of litigation in which Dexia is named as a defendant are provided in note 3.6.e. to the consolidated financial statements in this annual report.

# Information on capital and liquidity

The Dexia Group's three strategic objectives are to protect Dexia's capital base, to ensure continued access to liquidity for the duration of its resolution process and to manage its operational risks.

## Share capital

### Share capital and the number of shares representing it

As at 31 December 2023, Dexia's share capital amounted to EUR 279,213,332, divided into 279,213,332 shares with a nominal value of EUR 1.00 each. Each share has one voting right and none is subject to pledge. There are currently no other securities giving access to Dexia's capital.

### Shareholding structure

Dexia's share capital is held directly and almost exclusively by Dexia Holding. The Chief Executive Officer holds one (1) registered share in the company.

Indirectly, through Dexia Holding, Dexia's capital is held 52.78% by the Federal Holding and Investment Company (FHIC) acting under delegation on behalf of the Belgian government and 46.81% by the French government.

### Dividends distributed over the last five financial years

No dividends have been paid in respect of the previous five financial years, and the Board of Directors will propose to the next shareholders meeting that no dividend be paid for the 2023 financial year.

| As at 31 December | 2019 | 2020 | 2021 | 2022 | 2023 |
|---|---|---|---|---|---|
| Capital (in EUR) | 279,213,332 | 279,213,332 | 279,213,332 | 279,213,332 | 279,213,332 |
| Total number of shares | 279,213,332 | 279,213,332 | 279,213,332 | 279,213,332 | 279,213,332 |
| *Number of shares held by Dexia* | 279,213,331 | 279,213,331 | 279,213,331 | 279,213,331 | 279,213,331 |
| *Number of shares held by individual investors (directors)* | 1 | 1 | 1 | 1 | 1 |

## Prudential equity and solvency

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).

### Prudential requirements applicable to Dexia

**Requirements for 2023**

On 27 October 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) to be covered at least by 56% by Common Equity Tier 1 and 75% by Tier 1 capital.

Dexia 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, Dexia's overall capital requirement is 13.75% for 2023.

Moreover, the High Council for Financial Stability decided to raise the level of the countercyclical buffer to 0.5% as from 7 April 2023 and to 1% as from 2 January 2024. The Bank of England requires a countercyclical buffer level of 1% for the first two quarters of 2023 and 2% for the last two quarters of 2023. Consequently, Dexia's countercyclical buffer requirement is established at 1.25% as at 31 December 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 31 December 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 lack of observance of the large exposure ratio for one of its exposures.

**Monitoring solvency as from 2024**

Since the withdrawal of Dexia's banking licence on 1 January 2024, Dexia is no longer subject to the prudential requirements applicable to credit institutions. Consequently, Dexia will no longer publish prudential solvency ratios. A rigorous monitoring of solvency will nevertheless be maintained, via indicators better adapted to the specific aspects of an entity in orderly resolution.

Dexia will continue to publish a leverage ratio relating the level of statutory capital under French GAAP to the balance sheet total.

In terms of definition, this leverage ratio is consistent with the CRR (Leverage Ratio), which sets a minimum level of 3%.

As at 31 December 2023, Dexia's statutory gearing ratio was 7.4%.

Moreover, in accordance with its Risk Appetite Statement (RAS), Dexia aims to manage its balance sheet in an orderly fashion until extinction and, consequently, to maintain a level of capital enabling it to absorb the negative impacts linked to plausible downturn scenarios. The combined negative impacts include shocks linked to credit, sector, individual and concentration risks, market, liquidity and operational risks.

The latest simulations carried out on the basis of the business model parameterised with the most recent assumptions indicate that the current and projected amount of capital is sufficient to withstand all crisis scenarios, as defined above.

In addition to overall solvency monitoring, Dexia monitors and controls many other indicators and sub-indicators as part of its Risk Appetite Framework (RAF), enabling management, the specialised committees and the Board of Directors, depending on the alert thresholds, to be informed of any unforeseen deviation from the anticipated trajectory, in order to be able to take the appropriate decisions to respect its risk appetite.

## Prudential capital

Total Capital can be broken down as follows:

- Common Equity Tier 1, including in particular:
– share capital, issuance premiums and retained capital,
– profits for the year,
– gains and losses directly recognised in equity (revaluation of financial instruments at fair value through equity, revaluation of cash flow hedge derivatives, translation adjustments, actuarial differences on defined benefit plans),
– after deduction of intangible assets, goodwill, accrued dividends, own shares, the amount exceeding thresholds provided with regard to deferred tax assets and for holding shares and interests in credit or financial institutions, irrevocable payment commitments to resolution funds and other guarantee funds, the amount for persistent breaches of the large exposure constraint[1], assets from defined benefit pension funds and elements subject to prudential filters (own credit risk, Debit Valuation Adjustment, cash flow hedge reserve, Prudent Valuation) and additional prudential provisions.
- Additional Tier 1, including Tier 1 subordinated debt (hybrid),
- Additional Fonds Tier 2 Capital which includes the eligible portion of Tier 2 subordinated debt.

As at 31 December 2023, Dexia’s Total Capital amounted to EUR 5.6 billion, against EUR 5.8 billion as at 31 December 2022. Following the on-site inspection on credit risk carried out in 2018, the ECB issued several recommendations. Consequently, Dexia deducted from its prudential equity an amount of EUR -21 million as a supplement for specific provisions.

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

The Debit Valuation Adjustment (DVA) amounted to EUR -20 million, compared to EUR -23 million as at 31 December 2022.

Lastly, as a result of the end of the transitional provisions aimed at mitigating the impact of the IFRS 9 expected credit loss provision model (static phase-in), no amount has been taken into account in 2023, compared with a positive impact of EUR +44 million at 31 December 2022.

*(1) Cf. Dexia Holding press releases dated 5 February and 26 July 2018, available at www.dexia.com.*

**PRUDENTIAL EQUITY**

| (in EUR million) | 31/12/2022 | 31/12/2023 |
|---|---|---|
| **Total Capital** | **5,802** | **5,579** |
| **Common Equity Tier 1 Capital** | **5,745** | **5,523** |
| Core shareholders’ equity, of which: | 5,916 | 5,617 |
| *Gains and losses on financial instruments directly recognised in equity, eligible at a prudential level* | *(89)* | *(79)* |
| *Translation differences – Group* | *37* | *37* |
| Mitigation of the effect of the increase of expected credit losses following the application of IFRS 9 (50% in 2021 and 25% in 2022) (Static phase-in) | 44 | 0 |
| Temporary regulatory capital neutralisation of changes in the fair value of certain sovereign and public sector assets classified at fair value through equity | (8) | 0 |
| Items to be deducted | | |
| *Intangible assets and goodwill* | *(4)* | *(2)* |
| *Debit valuation adjustment* | *(23)* | *(20)* |
| *Prudent Valuation* | *(7)* | *(6)* |
| *Deduction of irrevocable payment commitments to resolution funds and other guarantee funds* | *(79)* | *0* |
| *Assets from defined benefit pension funds* | *(2)* | *(2)* |
| *Deduction for persistent breaches of large exposure constraint* | *(15)* | *0* |
| *Additional prudential provisions* | *(32)* | *(21)* |
| **Additional Tier 1 capital (hybrid)** | **0** | **0** |
| Subordinated debt | 0 | 0 |
| **Additional Tier 2 Capital** | **56** | **56** |
| Subordinated debt | 56 | 56 |
| *Of which additional Tier 1 reclassified (hybrid)* | *56* | *56* |

No hybrid debt was repurchased during 2023, in line with the prohibition imposed by the European Commission and communicated by Dexia on 24 January 2014[1]. The Group's hybrid Tier 1 capital is therefore composed, as at 31 December 2023, of EUR 56.25 million in nominal value of perpetual non-cumulative securities issued by Dexia. These securities (FR0010251421) are listed on the unregulated Euro MTF market. They are no longer eligible as additional Tier 1 and have been reclassified as Tier 2 Capital.
As at 31 December 2023, the amount of Dexia's additional *Tier 2 Capital* was EUR 56 million. It relates to reclassified hybrid debts.
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. In this way, 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 Holding (XS0273230572), and by Dexia (FR0010251421), as subordinated creditors must share in the financial burden resulting from the restructuring of financial institutions which have been granted State aid.

### Risk-weighted assets

As at 31 December 2023, risk-weighted assets amounted to EUR 16.0 billion compared with EUR 16.3 billion at the end of December 2022, of which EUR 13.0 billion related to credit risk, EUR 1 million to market risk and EUR 2 billion to operational risk. The slight decrease of EUR 0.2 billion is entirely attributable to credit risk and is mainly linked to the reduction in the asset portfolio.

**RISK-WEIGHTED ASSETS**

| (in EUR million) | 31/12/2022 | 31/12/2023 |
|---|---|---|
| Credit risk | 13,296 | 13,005 |
| Market risk | 971 | 1,013 |
| Operational risk | 2,000 | 2,000 |
| Total | 16,267 | 16,018 |

(1) Cf. Dexia Holding press releases dated 24 january 2014, available at www.dexia.com

**Traduction note à valider**

### Solvency ratios

As at 31 December 2023, Dexia's Common Equity Tier 1 ratio was 34.5% against 35.3%[2] at the end of 2022. The Total Capital Ratio was 34.8%, against 35.7%[2] at the end of 2022, a level much higher than the minimum required for the year 2023 within the framework of the prudential control and evaluation process.

**SOLVENCY RATIOS**

| | 31/12/2022 | 31/12/2023 |
|---|---|---|
| Common Equity Tier 1 Ratio | 35.3%[1] | 34.5% |
| Total Capital Ratio | 35.7%[1] | 34.8% |

*(4) The ratio includes the positive net result for the year.*

## Liquidity management

After two consecutive years of strong decline linked to the rise in interest rates, the level of net cash collateral posted by Dexia to its derivative counterparties increased slightly, reaching EUR 8.9 billion as at 31 December 2023, compared to EUR 8.3 billion as at 31 December 2022. Under the effect of the reduction in portfolios, the funding requirement nevertheless contracted by EUR 2 billion during 2023, to EUR 42.9 billion as at 31 December 2023.
In a prudent approach, taking into account a volatile market context and the announcement of the withdrawal of Dexia's banking authorisation on 1 January 2024, Dexia had finalised its long-term issuance programme for the year already in May, with the execution of a GBP 500 million public transaction in April, followed by a EUR 1.5 billion transaction in May. Furthermore, the careful preparation of the market for the withdrawal of the banking licence enabled Dexia to launch its long-term issuance programme as a non-bank as soon as the markets reopened at the beginning of 2024, via three public transactions of EUR 1.5 billion, GBP 750 million and USD 1.5 billion, which were very well received by investors.
Following these three transactions, Dexia has already completed 68% of its long-term funding programme for 2024.
In terms of the funding mix, secured funding amounted to EUR 3.1 billion as at 31 December 2023 and State-guaranteed funding represented 90% of outstanding funding, i.e. EUR 38.6 billion.
The liquidity reserve increased by EUR 2.6 billion over the year to EUR 13.4 billion as at 31 December 2023. It is made up of cash and eligibile securities and is calibrated to enable Dexia to cope with stressed market conditions. It now includes a contingency buffer, for a total amount of EUR 3.8 billion in cash, which replaces the Emergency Liquidity Agreement (ELA) of the national banks since the withdrawal of Dexia's banking licence (cf. chapter "Key events" in this annual report).

*(2) The ratio includes the positive net result for the year.*

# Information on internal and external control

## Internal Control

### Organisation of the internal control system

#### Nature and objectives of internal control

The Dexia Group is subject to the single resolution mechanism put in place by the European authorities. The objectives and organisation of its internal control fall within this framework as well as by the legislation and regulations of the countries in which Dexia operates.

The Group's internal control charter defines the fundamental principles governing the internal control function, and is applied in all the Group entities.

The control function contributes to:

• the effectiveness of the risk management process: the aim of the internal control function is to guarantee that Dexia's activities are conducted with a degree of control over risks compatible with the level of risks accepted by the Board of Directors;

• compliance with laws and regulations: internal control contributes to guaranteeing that Dexia fulfils its legal and regulatory obligations;

• the effectiveness and security of operational processes: internal control contributes to the proper functioning of operational processes and the effectiveness of operations, the integrity of information and compliance with decisions taken;

• the accuracy of accounting and financial information: internal control contributes to giving an assurance of the pertinence, accuracy, regularity, exhaustiveness and transparency of the production of accounting and financial information.

#### General architecture of the function

The general architecture of the internal control function of the Dexia Group is based on organisation at three levels:

• **The first level of control** is performed by each staff member and their superiors, in accordance with responsibilities that have been expressly delegated to them, procedures applicable to the activity they perform, and with instructions provided to them by their superiors;

• **The second level of control** is performed by specialised functions, independent from the activities controlled or members of staff who are independent from the activities controlled;

• **The third level of control** is performed by the Dexia Group Audit activity line, the task of which is, through periodic checks, to ensure that there is efficient and effective performance of both of the levels of control defined above, within Dexia and its entities.

#### The main internal control participants

The participants concerned by internal control are as follows:

• **Staff members and their direct managers** are responsible for defining and implementing first level controls, as an integral part of their activity, in accordance with regulations. The heads of each activity line are responsible for defining and updating a body of procedures adapted to the complexity and risks associated with their activity.

• **Permanent Control** has the role of challenging key first level controls, implementing second level controls and collecting the results of key second level controls implemented by other specialised functions (for instance: Accounting Control, Validation, Credit Model Control).

• **Compliance** ensures that all the regulations in the fields entrusted to it are applied on a permanent basis and do not, through their absence or non-application, result in the company running risks, either of administrative, disciplinary, financial or even reputational penalty.

• **Internal Audit** considers all the objectives of the organisation, analyses the risks liable to compromise the achievement of those objectives and periodically assesses the robustness of the controls put in place to manage such risks.

#### The independence of the internal control functions

Internal control functions are strictly independent of the functions they control and daily activity management:

• The General Auditor, the Chief Compliance Officer and the Chief Risk Officer, to whom Permanent Control is attached, report on the results of their control activities directly to the Management Board and to the Board of Directors.

• The General Auditor, the Chief Compliance Officer and the Chief Risk Officer have direct access to the Chairman of the Board of Directors, to the Chairman of the Audit Committee and to the Chairman of the Risk Committee.

• A specialised committee assists the Board of Directors with regard to the remuneration of the General Auditor, the Chief Compliance Officer and the Chief Risk Officer. Their remuneration is determined independently of the remuneration of the functions controlled.

• The Board of Directors is kept informed of appointments of the General Auditor, the Chief Compliance Officer and the Chief Risk Officer. The Board of Directors must give his express consent in the case where the Management Board decides to replace them.

#### Operational principles

Internal control activities are guided by the following principles:

• Risk-based approach: internal control within Dexia adopts a risk-based approach. The internal control functions determine their control programmes and their activities on the basis of a prior risk assessment.

• Coordination: the control functions work in a coordinated manner in order to avoid redundancies of tasks and the duplication of action plans.
• Common methodological references and tools: the control functions share common references and nomenclatures (for instance a common risk reference) and common methodological tools, in order to facilitate the production of reports to the governance bodies.

# The internal control participants

## Internal Audit

### Role

Internal Audit is an independent and objective activity giving the Board of Directors and the Management Board of the Dexia Group assurances concerning the quality and effectiveness of its internal control system, risk management and governance systems and procedures, contributing to the protection of the Group's interests and reputation.
It considers all the objectives of the organisation, analyses the risks associated with those objectives and periodically assesses the robustness of the controls in place to manage those risks. It then provides management with an assessment of the residual risks so that management can validate the appropriateness for the global risk profile desired for the Dexia Group, and proposes actions to increase the effectiveness of controls. Moreover, Internal Audit assists the Boards of Directors of the Group and its entities in their supervisory role through its participation on the Audit Committees.
The Dexia Group Audit Charter sets out the fundamental principles governing the internal audit function and describing its objectives, role and responsibilities, as well as how it operates. This charter was updated in March 2019 to take account of the Group's new configuration.
So that each Dexia Group staff member can appreciate the importance of the internal audit function's role within the Dexia Group's internal control and management support systems, the audit charter has been published on the Dexia website (www.dexia.com).

### Main guidelines

The strategy, the level of requirements and the rules of operation for Internal Audit within the Dexia Group are set by the Management Board, within the framework approved by the Audit Committee. This framework takes account of the requirements, legislation and local regulations and instructions from the prudential control authorities.
The independence and effectiveness of the audit function are guaranteed by applying the following principles:
• The absence of involvement in the organisation and operational management of Group entities. The Management Boards of Group entities may exceptionally call on internal audit for opinions, advice or assistance. The rules relating to those duties are defined in § 9 of the audit charter;
• Unconditional and immediate access to information: within the framework of its tasks, the internal audit function has access to all the information, documents, premises, systems and persons within the entity for which it is responsible, including all management reports and the minutes of and information packages prepared for any advisory and decision-taking bodies. The Dexia Group Internal Audit department has access to all the information in all Group entities. Any breach of these principles is liable to be reported to the Management Board and, if relevant, the Audit Committee.
• The provision of the means necessary to perform its task: Internal Audit has the means necessary to perform its task so as to respond constantly to changes in Dexia's structures and environment.
At an individual level, each auditor must show the greatest professionalism and have ongoing training to ensure their mastery of the rapid changes to audit, banking, financial and IT techniques and those for combating fraud. Training needs are assessed in periodic and annual assessments. Statutory Auditors are required to comply with the Dexia Group's rules of professional ethics, as well as those specific to their profession. This means observance of the following fundamental principles:
• Integrity: the integrity of internal auditors is the basis for confidence in and the credibility of their judgement.
• Objectivity: auditors must show the highest degree of professional objectivity in collecting, assessing and communicating information relating to the activity or process examined. Internal auditors fairly assess all the relevant elements and are not influenced in their judgement by their own interests or those of others.
• Confidentiality: internal auditors have a duty of professional secrecy; they respect the value and ownership of the information they receive and only disclose this information with the required authorisations, unless a legal or professional obligation forces them to do so.
• Competence: internal auditors use and apply the knowledge, know-how and experience required for the performance of their tasks.

### Scope for intervention

All the Dexia Group's activities, processes, systems and entities are within the scope of action for Internal Audit, without any reservations or exceptions. The scope includes all processes, whether operational, support, management, corporate governance and risk management and control processes. Outsourced essential activities also fall within the audit scope, given that operational services are responsible for organising the conditions for the possibility of audits by including audit clauses in service agreements.

### Organisation of the function

#### Principles

The Dexia Internal Audit function operates as an activity line headed by the General Auditor of Dexia, who reports to the Chief Executive Officer. The General Auditor guarantees the appropriate cover of risks throughout the Group as a whole. He monitors the supervisory bodies of the entities, as well as all the tasks performed by the bank supervisory authorities. The General Auditor periodically reports to the Management Board and to the Audit Committee, on the tasks, powers and responsibilities of internal audit, the degree of implementation of the audit plan and the assessment of the internal audit environment.
The General Auditor attends meetings of the Management Board (i) when the Management Board asks him to, (ii) when he presents an audit report or (iii) on his request when he wishes to raise a particular point within the framework of his attributions and responsibilities. He receives the agenda and files prepared for these meetings, as well as the minutes. He has direct access to the Chairman of the Board of Directors, to members of the Audit Committee and the statutory auditors of the entities.
The Chairman of the Board of Directors may delegate certain tasks to Internal Audit. Tasks performed within this framework are the subject of a report to the governance bodies of the entities like other tasks performed by Audit.

### Management of the Audit activity line

In order to manage the activity line, the Audit department of Dexia ensures the appropriateness of the organisation of the Internal Audit in place in the Dexia Group as a whole and the quality of its operation.

The Audit department of Dexia is responsible for:

- the audit strategy and its proper implementation in the entire Dexia Group;
- the definition and application of a common methodology for analysing risks, performing tasks and monitoring recommendations made;
- the optimum allocation of competences within the function and determining the level of training required of auditors throughout the Group;
- the coordination and assessment of training programmes;
- the attribution and monitoring of the operating budget.

### Relations with the supervisory authorities and the statutory auditors

Internal Audit maintains regular dialogue with the banking supervisory authorities and statutory auditors on subjects of common interest. These exchanges are aimed in particular at sharing observations and recommendations made by both parties on internal control matters and ensuring a good coordination of the respective interventions. Internal audit also monitors recommendations made by the supervisory authorities and the statutory auditors under the same conditions as for recommendations made by Internal Audit.

### General overview of activity during the year 2023

In 2023, Internal Audit's assignments covered all of the Group's activity lines, as illustrated below: Assets (Dexia Financial Products), Funding and Markets (Collateral Management), Risk (Foreign Exchange Risk), Finance (Accounting of Dexia Holding), Secretary General (Management of litigation involving Dexia Nederland), Operations and IT Systems (End Users Computing). Particular attention is also paid to ongoing major transformation projects (Credit Target Operating Model, cross-border merger of Dexia and Dexia Crediop, withdrawal of the banking licence).

## The Compliance function

The Compliance function is an independent function within Dexia. It carries out its activities without any influence, interference or restrictions likely to affect its independence, its integrity, its impartiality and its objectivity.

The Compliance function is an integral part of the internal audit mechanism of Dexia, as a second line of defence against the risks it faces. The Compliance function focuses on reviewing and improving compliance with rules relating to the integrity of operations and the control of the risks of non-compliance within Dexia. The fields of competence of the Compliance function are as follows:

- the fight against money laundering and the financing of terrorism (including the prevention of tax fraud),
- the fight against corruption (prevention of corruption and prohibited behaviours),
- the control of information relating to the tax situation of clients and counterparties to respond to existing regulations,
- market abuse,
- integrity vis-à-vis financial markets,
- the framework for outsourcing management,
- data protection,
- confidentiality,
- prevention of conflicts of interest,
- external mandates,
- independence of the statutory auditors,
- internal warning system (whistleblowing),
- other fields indicated by the Management Board and the Board of Directors, considering the level of associated risk.

Within the framework of the fields of competence listed above, the Compliance function performs the following tasks:

- It analyses legal and regulatory developments in matters within its competence, in order to anticipate and assess possible consequences on the activities of Dexia. It provides a correct interpretation of national and international legislation and regulations and ensures that these provisions are included in the policies, procedures and other documents of the company.
- It identifies, analyses and measures non-compliance and reputation risks which might arise from activities and financial products and the impacts in terms of evolution of the Group's scope.
- It provides assistance to business lines in the development and implementation of compliance procedures and other documents. For example, it helps with the drafting of compliance manuals, internal codes of conduct and practical guides in order to ensure compliance with regulations and external or internal norms.
- By means of checks and recommendations, it ensures that legal and/or regulatory compliance obligations are fulfilled and that measures are taken to remedy any shortcomings observed.
- It develops and provides compliance training programmes, dedicated to new arrivals or adapted to the needs of activity lines, promoting an appropriate compliance culture and awareness and understanding of standards, procedures and lines of conduct to be applied;
- At its own discretion, it investigates any significant incidents or breaches of compliance obligations;
- To the extent that it is required by local regulations, it communicates with the competent authorities about any suspect incident or transaction;
- It draws up an annual action plan which includes a statement of the human resources (number of people and skills) and material resources required;
- It regularly presents its activities and reports on the status of any major shortcomings to the Management Board, the Board of Directors and the Risk Committee.

### Organisational structure

The Chief Compliance Officer reports to the Secretary General and the Chief Risk Officer for matters falling within his role as head of the compliance audit function.

An escalation right enables the Chief Compliance Officer automatically to include an item on the agenda for meetings of the Management Board if circumstances so demand and to contact the Chairman of the Board of Directors directly or the chairmen of specialised committees, the auditors or the Surveillance Committee when he/she deems it necessary to do so.

### Charter

The role, status and fields of competence of the Compliance function and the guidelines underlying the approach adopted in matters of compliance by Dexia are included in the Compliance Charter, updated periodically, in order to reflect any legal, regulatory or internal governance development.

## Permanent Control

The Permanent Control mechanism outside Compliance relies firstly on the realisation of controls conceived, realised and formalised under the primary and direct responsibility of the operating units concerned and their managers (first level per-

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manent control). In other units, it relies on agents exclusively dedicated to control tasks, independently of operating units (second level permanent control).

The Permanent Control department is part of Permanent Control, Operational Risk and IT Systems Security within the Risk activity line. This positioning, closer to the operational risk management function, allows a tighter association of the review of controls and risk assessment of the Group's main processes.

The activity of the Permanent Control Department is based on a control plan consisting of selected first-level controls and second-level controls. The plan covers the head office processes, the entities and the main critical or important outsourced services. The first-level controls in this plan are proposed by the network of correspondents deployed within the operational units, activity lines, entities and service providers. They are reviewed by the Permanent Control department, which may, if necessary, play a prescriptive role. Permanent Control also designs second-level controls which it then carries out. The review of the permanent control plan is determined on the basis of the mapping of processes, the analysis of the corresponding operational risks, the operational incidents collected, and the recommendations of the internal audit, the statutory auditors and the supervisors.

Other specialised units also carry out second-level controls in the areas of accounting, the validation of (credit, market and transversal) models and the follow-up of the credit rating processes. Thus, in 2023, the Accounting and Regulatory Control function of the Finance activity line continued to implement its control plan, which includes recurring closing work (on the consolidated, statutory financial statements and regulatory statements), reviews of accounting and regulatory processes, as well as the control of exceptional transactions and projects.

At a consolidated level for all entities and service providers, the Permanent Control department sees to the quarterly performance of the controls of the plan, ensuring a second reading of the proper implementation of controls and making a critical analysis of the results having regard to the risks identified. Permanent Control may ask for any substantiation of the differences observed and ensures the implementation of the necessary action plans, enabling malfunctions to be remedied.

The Permanent Control department is coordinated with other internal control actors and uses a tool and risk references and processes common to the entire Group. It centralises the result of the second level controls performed by other independent control functions. The Permanent Control department and the other specialised control units notably account for the result of their controls to the Chief Risk Officer, the Management Board and the Risk Committee.

## Control and monitoring of the internal control system

### The Audit Committee and the Board of Directors

The Board of Directors is responsible for defining Dexia's general strategy and risk appetite. It is also ultimately responsible for the management of risks and relations with shareholders. As for internal control, this includes:

- Assessing the introduction of independent control functions;
- Monitoring the correct evaluation of the risks run by Dexia and the proper balance between the strategy and the human and financial resources allocated to ensuring the control of such risks;
- Examining the policies in place to ensure compliance with laws and regulations, including regularly examining the Compliance Charter, the Internal Audit Charter and the remuneration policy;
- Examining reports from internal control presented periodically by the main internal control actors in accordance with the regulations and their procedures.

Specialised committees (the Risk Committee and the Audit Committee), created within Dexia Holding's Board of Directors, advise the Board of Directors on Dexia's global strategy and risk appetite. As for internal control, these committees assist the Board of Directors in its task of assessing Dexia's level of risk and in the introduction of an appropriate internal control system. They also assist the Board in examining reports from internal control.

During the 2023 fiscal year, the Audit Committee implemented at the Dexia Holding level was delegated to assist the Board of Directors in carrying out its oversight of the management of Dexia. The Audit Committee focuses specifically on those procedures covering the preparation of the financial statements and is also responsible for managing relationships with the Statutory Auditors.

Within the framework of its responsibilities, the Audit Committee:

- analyses financial information, accounting procedures and compliance with legal, regulatory and statutory requirements,
- examines, prior to their approval by the board and their publication, the half-year and annual financial statements,
- examines the findings, comments and recommendations of the Statutory Auditors and may suggest any additional assignments it finds appropriate,
- ensures that appropriate internal controls exist and have been implemented,
- ensures that all recommendations made by regulatory authorities and the Dexia rules of conduct are taken into account,
- is notified of the long-term audit plan and the audit plan for the coming year, and of any changes that may be made during the year,
- ensures the adequacy of the resources at the disposal of the Internal Audit activity line,
- is informed of the work performed by the Internal Audit through internal control reports, audit plan progress reports and recommendation monitoring reports,
- is consulted on all audit-related regulations in effect within Dexia,
- reviews the situation as regards compliance, and is consulted on the rules relating to the integrity and professional ethics policy in force, particularly in terms of protecting the image of Dexia,
- is informed of permanent control work (excluding compliance),
- makes recommendations concerning the Statutory Auditors proposed for appointment at shareholders' meetings.

The Audit Committee reports on its work and observations to the Board of Directors.

The Chairman of the Board of Directors of Dexia is copied on the Internal Audit department's business review, and has access to all audit reports. He may regularly query Dexia's Chief Executive Officer or Executive Vice-Presidents about internal control issues. Lastly, he has direct access to the General Auditor and may request audit assignments if he feels this is appropriate.

### The Management Board

The Management Board is responsible for the operational establishment and maintenance of an appropriate internal control system. It is entirely responsible for providing the resources and skills appropriate to the internal control functions. It sets the deadlines for implementation and allocates the means to internal control actions decided. Finally, it adjusts these requirements in relation to internal and external developments observed.
The Internal Control Committee is the body dedicated to dealing with internal control problems. Its members are the Chief Executive Officer and the Executive Vice-Presidents, the General Auditor and the Chief Compliance Officer.

## Characteristics of Internal Control within the context of producing accounting and financial information

### The financial statements

Responsible for establishing the accounting and financial information, the Finance activity line has the following five departments, reporting to the Chief Financial Officer: Financial Strategy, Data and Regulatory Expertise, Group Accounting, Financial Controlling and Finance Business Management. The Group Accounting department brings together the Accounting department and the transversal functions of Consolidation, Tax, Norms and Consolidated Regulatory Reporting.
The Accounting department sees to the production of basic accounting data and the financial statements of Dexia and those of the entities which do not have their own Accounting departments, if that task is not performed by a fiduciary.
The Accounting department also has a role of analysing and controlling the accounting data of branches, as part of the process of preparing the statutory accounts. In collaboration with the Financial Controlling department, in particular it checks that the information provided is consistent and complies with Group rules.
More generally, the Accounting department has various means of information to perform its task of monitoring the accounting function in the broad sense. It is associated with committees which may impact its task or the recipient of minutes. Through regular contacts with its local correspondents, it ensures the proper dissemination of Group principles and proper interpretation of instructions given. It participates in the development of IT systems, so as to ensure that its specific requirements are taken into account, in particular to guarantee the integrity of the financial information.

#### Dexia statutory financial statements

For the preparation of the statutory financial statements, data is largely automatically posted to Dexia's accounting system by the upstream management systems used to manage transactions with customers and financial market counterparties as well as general operating expenses. When a transaction is recorded in any of these management systems, automated account mappings generate accounting entries automatically. These entries feed into the financial statements using a single accounting system that incorporates two sets of standards (French GAAP and EU IFRS).
The exhaustiveness and accuracy of the source entries are guaranteed by the internal control systems of the financial control departments. The team in charge of enforcing standards and policies validates the automated charts of accounts under both sets of accounting standards, as well as the processing of complex or unusual transactions. The latter are occasionally entered manually, but they are then covered by specific internal control procedures.
First-level controls are performed by accounting teams specialising in each activity line, notably through the analysis of bank reconciliations and technical suspense accounts. Each month, all transactions recorded in the general ledger system are reconciled with those in the management systems, and tests of symmetry are performed on micro-hedged transactions. Finally, these teams also draft reports summarising the work performed and identifying any points requiring special attention or procedural improvements to be made in subsequent closings.
Additional checks are also performed by other units of the Accounting department during monthly, quarterly and annual closings. The work done by the local accounting teams is reviewed periodically to ensure that all controls included in a standardised list have been correctly performed. The summary report issued by these accounting teams is also reviewed. The financial statements are reconciled with the management data at least once a quarter, and analytical tests are performed to verify the comparability of periods. Explanations of the main changes must be provided. The automation of this work has made it possible to focus on the analytical phases, enabling the level of analysis to be maintained and the main changes explained.
The accounting entries generated during this process are subsequently compiled and aggregated using an automated, standardised process, to create the statutory financial statements of Dexia prepared under French GAAP and the company's contribution to the consolidated financial statements prepared under EU IFRS. The same is true of all entities whose accounting is performed at the Head Office. The Accounting department uses these financial statements, supplemented in some cases by data provided by the management systems, to establish the tables for the notes that form an integral part of the annual financial statements. The Accounting department then performs cross-checks between the summary reports and the notes to the financial statements. Throughout the entire process, reviews and tests of reasonableness and of compliance with the established procedures are conducted in accordance with the reporting authorities that have been established. The same work is performed in each of the entities that make up the Dexia Group, although the degree of complexity may vary with the size of these entities and the activities in which they engage.

#### Dexia consolidated financial statements

In order to prepare their contribution to the Dexia consolidated financial statements, the consolidated entities reprocess their statutory financial statements established in line with local standards in order for them to comply with the accounting principles of the Dexia Group (IFRS accounting standards as adopted in the European Union). These principles are compiled in a consolidation manual sent to each Group entity. They are completed, on each accounting date, by operational instruction notes provided to the entities by the head office Consolidation department. These instruction notes present the improvements to be made to processes with a view to observations made over previous periods and detail the developments to be taken into account (systems, new data to be provided and so on) over the period.
The principal adjustments made by the Dexia Group Consolidation service relate to the elimination of reciprocal accounts and intragroup transactions (such as acquisitions/asset disposals and dividends). They also deal with the treatment of companies held by the various Group entities.

When the consolidated financial statements have been finalised, they are submitted for review to the Chief Financial Officer who has them approved by the Management Board. They are then presented to the Audit Committee and approved by the Dexia Board of Directors.
Some of the notes and appendices to the consolidated financial statements are not drawn up directly by Group Accounting, but come from the following departments, such as Financial Strategy, the Risk activity line, the Secretary General, Communication or Human Resources.
The planning of the provision of this information and the final responsibility for the content of the consolidated financial statements are assumed by the Finance activity line.

**Publication of the Dexia financial statements**
The financial statements are then incorporated into the annual report.
This accounting and financial information is made public in several ways:
• The financial statements are announced in a financial notice and/or published in BALO, the French official journal of required publications.
• The annual report is filed in electronic format with the AMF; it is also filed with the Clerk of the French Commercial Court and is posted on the Dexia website.
• The half-yearly financial report is filed electronically with the AMF and is posted on the Dexia website.
• As required by disclosure regulations, all annual and half-yearly reports are released through an AMF-certified distributor of financial news releases.
The Accounting and Communication departments perform reciprocal control cross-checks to ensure the consistency of the accounting and financial information published and made available to the public.

### Management information

The financial statements (balance sheet, off-balance-sheet, income statement, cash-flow tables and appendices) are not the only detailed elements of analysis which Dexia sends to its shareholders, its investors and the public. They are completed by financial indicators, breakdowns and result analyses, outlooks and risk assessments, which are integrated in the annual report, the press releases and the communication mediums used when presentations are made to shareholders, investors and the press.
Some of these elements are supplied directly by operational departments or by the risk control department. Their accuracy is guaranteed by the internal control system of the departments concerned.
The majority of financial indicators and in particular those necessitating a crossing or aggregation of data from different origins, the breakdown of figures available globally, or a reprocessing of accounting data in relation to management parameters, are provided by the Financial Controlling department.
These indicators are elaborated on the basis of information taken from local IT systems. They are summarised in a report to the Dexia Management Board.
In the entities with their own management control team, the monitoring of financial indicators and the analysis of results are guided locally in accordance with the same standards and the same principles, depending on the size, organisation and systems of each entity. These instructions are common throughout the Dexia Group.
The whole is guided, monitored and supervised by the Financial Controlling department, which provides all the entities with standardised and secure collection tools, to make reliable and to optimise the information collection mechanism. Finally, the department aggregates everything.
The information aggregation process is performed in parallel with the consolidation process guided by the Accounting department. At each stage of the establishment of consolidated data, consistency controls are performed, based on the reconciliation of analytical and accounting information. This reconciliation is a vital element of internal control. It is completed by a systematic analytical review of the principal items.

## Risk inventory

Banking activity generates four major types of risks: credit risk, market risk, transformation risk and operational risk (including legal risk).
The monitoring of all of these risks is detailed in the chapter entitled “Risk Management” in this Annual Report.

# External control

## Statutory auditors

The statutory auditors make regular checks on the financial reporting of the various entities of the Dexia Group.
They are involved with the entire process of checking the financial and accounting information with a concern for efficiency and transparency. As part of their duties, they analyse the accounting procedures and assess the internal control systems necessary for reliably establishing the financial statements. They issue instructions to the statutory auditors of the entities and ensure their work is centralised. They organise summary meetings on the results of their audits and assess the interpretation of standards. Lastly, they check the consistency of accounting information between the management report and the financial statements. The performance of these duties enables them to obtain reasonable assurance that, considering the legal and regulatory provisions governing them, the annual financial statements give a true picture of the assets, financial position and results of the company and that the information given in the notes is appropriate. They issue an opinion on the Group’s statutory and consolidated financial statements.
• By virtue of Article 22 of the company’s articles of association, the shareholders’ meeting appoints two principal statutory auditors and two substitute statutory auditors meeting the conditions provided by the law and the regulations.
The auditors are appointed for six financial years, their office expiring after the shareholders’ meeting dealing with the financial statements for the sixth financial year.
The auditors have the functions and powers granted to them by the law. Their remuneration is set in accordance with the applicable regulatory provisions.
The renewal of the mandates of the principal statutory auditors and the substitute statutory auditors will be proposed at the shareholders’ meeting to be held on 19 May 2020 for a term of six financial years to expire at the end of the shareholders’ meeting dealing with the financial statements for the financial year which closes on 31 December 2025:
• Principal statutory auditors: Mazars and Deloitte & Associés;
• Substitute statutory auditors: Mr Charles de Boisriou and BEAS.

## Auditors' remuneration

This table gives a summary of the remuneration paid to the statutory auditors for their services in 2023 for Dexia[(1)].

| Remuneration of Statutory Auditors for 2023 | | |
|---|---|---|
| (in thousands of EUR) | Mazars | Deloitte |
| Certification of statutory and consolidated financial statements – Dexia | 1,093 | 1,088 |
| Certification of statutory and consolidated financial statements – Other entities | 258 | 80 |
| Other services | 131 | 131 |

*(1) Services provided for the Dexia Group (consolidated amounts).*

2023

# Declaration of corporate governance

# Declaration of corporate governance

Since 1 January 2024, following the withdrawal of its credit institution and investment services authorisations, the company has continued its orderly resolution as a non-bank and has changed its name to "Dexia" (in place of "Dexia Crédit Local"). Dexia remains a public limited company under French law and as such it is subject to the provisions of the French Commercial Code. Most of the provisions of the Monetary and Financial Code, the General Regulations of the Financial Markets Authority and certain directly applicable European regulations on corporate governance are no longer applicable to Dexia as of 1 January 2024. This report, which covers the year 2023, will describe the rules applicable to corporate governance in 2023. The next version of the annual report will reflect the changes that have taken place.
Since 10 October 2012, Dexia Holding and its main subsidiary Dexia have had an integrated executive management team adapted to the Dexia Group's size and particularities. Although separate legal structures have been maintained, the management of the Dexia Group has been unified, in particular through the joint management of the two main entities, Dexia Holding and Dexia.

## Shareholders' meetings

Shareholders' meetings are convened under the conditions set by the law. They are held at the registered office or at any other place chosen by the author of the convocation.
Any shareholder is entitled to be sent the documents necessary for them to deliberate in full knowledge of the facts and to make an informed judgement on the management and supervision of the company.
The nature of such documents and the conditions of their being sent or made available are determined by the law and regulations.

## The Board of Directors

### Composition

Dexia also refers, in addition to the aforementioned provisions, to the provisions of its parent company (Dexia Holding) regarding corporate governance and for the operation of the Board of Directors.
The task of the Board of Directors is to determine the orientations of the activity of Dexia and to ensure their implementation. Its action is guided by the corporate interest, which is considered having regard for its shareholders, clients and staff members. There are no potential conflicts of interest between the duties, with regard to Dexia, of any member whatsoever of the Board of Directors and their private interests and/or other duties.

As at 22 March 2024, the Board of Directors is composed of fifteen members chosen for their skills and the contribution they can make to the company's administration. Mr Gilles Denoyel has been Chairman of the Board of Directors since 16 May 2018. He organises and directs the work of the Board, ensures the proper functioning of the corporate bodies of Dexia and participates in the company's relations with the institutional authorities.
Mr Pierre Crevits has been director and Chief Executive Officer since 19 May 2020.

As at 22 March 2024, the composition of the Board of Directors of Dexia was as follows:
- Gilles Denoyel, Chairman of the Board of Directors,
- Pierre Crevits, Chief Executive Officer,
- Véronique Hugues, Executive Vice-President,
- Giovanni Albanese Guidi, Executive Vice-President,
- Aline Bec, director,
- Anne Blondy-Touret, director,
- Bart Bronselaer, director,
- Alexandre De Geest, director,
- The French State represented by Victor Richon, director,
- Thierry Francq, director,
- Tamar Joulia-Paris, director,
- Alexandra Serizay, director,
- Véronique Tai, director
- Michel Tison, director,
- Koen Van Loo, director.

The representatives of the Works Council are:
- Mrs Muriel Tessot,
- Mr Yohann Le Chaix, Deputy.

### Diversity policy applied to members of the Board of Directors and the Management Board

The question of the diversity of members of the Board of Directors and the Management Board of Dexia is dealt with on two lines:
- diversity regarding skills, training and experience, in order to ensure that, together and individually the members of the management bodies have the knowledge and skills necessary for an understanding of the activities of the Dexia Group and the issues facing it,
- the observance by Dexia of the legal requirements regarding the representation of women on the Board of Directors.

In collaboration with the Human Resources department and the General Secretariat, the Appointments Committee assesses the appropriateness of the skills and experience of members of the executive and non-executive management.

It ensures that the diversity criteria are met and if necessary prepares job sheets for posts to be filled and draws up succession plans integrating such diversity criteria.

### Representation of women

In accordance with Article L. 22-10-10 (Ord. No. 2020-1142 of 16 September 2020, Article 6, in force on 1 January 2021) of the Commercial Code and in order to comply with the provisions of Article L. 225-17 and L. 225-18-1 of the Commercial Code, according to which the Board must be composed with a balanced representation of women and men and the proportion of directors of each gender may not be less than 40%, the Board of Directors adopted an action plan to avoid any shortcomings in the representation of women on the Board of Directors. The implementation of this action plan is monitored regularly. To date, the Board of Directors is composed of fifteen members, including seven women. The Management Board is composed of six members, including one woman.
The Executive Committee is composed of ten members of which three women.

### Expertise and professional skills

Dexia ensures that the members of the management bodies have the appropriate individual and collective skills for the proper performance of their tasks. It ensures that directors and members of the Management Board together and individually have the professional experience and qualifications necessary to understand the bank's activities and the issues it faces.
On the appointment of new members of the Board of Directors and the Management Board, the Appointments Committee makes an individual assessment during which account is taken of the professional experience, technical skills and training of candidates. The prior approval of the supervisor was also obtained before any appointment of a member of the Management Board or the Board of Directors[1]. When this proves necessary on the appointment of a director, an internal training session is organised so that directors can acquire a good knowledge of subjects specific to the Dexia Group. External training may also be provided.
The Board of Directors and the Management Board periodically perform self-assessment exercises. The points dealt with are in particular the structure, size, composition and organisation of work (performances and knowledge of members). The collective and individual skills of members of the Management Board, specialised committees and the Board of Directors are also assessed periodically. At the end of that assessment and when it proves to be necessary, an inventory of lines for improvement and additional skills which might be strengthened on the appointment of new members is also drawn up.

## Operation

Dexia has introduced procedures and processes necessary for verification of the expertise and professional integrity of directors, responsible executives or staff members and heads of independent control functions. Fulfilment of these obligations involves several departments, with the Human Resources department in charge, on behalf of the Management Board and the Board of Directors, of the process of selection and recruitment of the senior executives in charge and the heads of the independent control functions, and the General Secretariat in charge, on behalf of the Board of Directors, of the implementation of the selection process for directors, the procedures for verifying the suitability, competence and availability of candidate directors. This verification, which is carried out at the time of the candidate's recruitment, is assessed annually.
The Internal Rules, which are among the documents which can be consulted at the company's registered office, in particular stress the importance of their active participation in the work of the Board. They also state that members of the Board of Directors are considered to be persons performing sensitive functions and therefore subject to the strictest obligations concerning transactions involving Dexia securities. Any transaction carried out by executive officers on Dexia securities must be reported in advance to the Compliance Officer of Dexia and his authorisation obtained.
The Board of Directors meets at least once per quarter. In 2023, it met ten times, with a very satisfactory attendance rate.
The Chairman of the Board of Directors and the Chief Executive Officer provide members of the Board of Directors with all information, in particular of a strategic nature, necessary for the proper performance of their functions.
Prior to a meeting, directors receive an agenda as well as a file containing notes or documents relating to the agenda.
Directors are appointed in accordance with the law and the articles of association. At meetings of the Board, the Chief Executive Officer presents the activity and the financial statements for the past period. The Board also recurrently examines the work of the Audit Committee, the internal control and the risk monitoring.

## Activities of the Board of Directors

Outre les points relevant de la compétence ordinaire du conseil d'administration (suivi des résultats, approbation du budget, nomination et rémunération des membres de la direction exécutive, convocation aux assemblées générales ordinaires et extraordinaires, comptes-rendus des réunions des comités spécialisés), le conseil s'est notamment penché sur les nombreux sujets relevant des comités d'audit et des risques, et sur les points suivants :

- Merger of Dexia and its Italian subsidiary Dexia Crediop; creation of an Italian branch and an SPV,
- Sale of credit-bail entities,
- Restructuring in the United States,
- Execution of the strategic plan,
- Withdrawal of the banking licence,
- Exit from the IFRS accounting standards,
- New orientations concerning asset disposals,
- Monitoring the implementation of the outsourcing of back-office activities (credit and market) and support functions,
- Outsourcing of back-office activities in Ireland,
- Adaptation of governance post debanking,
- Analysis of Lobos and Linkers exposures,
- Update of the Quarterly Risk Report, the Risk Report (Pillar 3), the Risk Appetite Framework, the policy in relation to operational risk,
- Group liquidity, long-term financial projections (VLTM), ICAAP,
- Study of climatic and environmental risk,
- Contribution to the Single Resolution Fund,

*(1) As from the year 2024, the Surveillance Committee gives an opinion prior to the appointment of directors and members of management.*

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- Update of policies relating to audit and compliance, AML,
- Renewal of the authorisation for bond issues,
- Monitoring the execution of the remedial deleveraging plan,
- Monitoring the execution of the derivatives action plan,
- Governance: appointment, resignation and reappointment of directors, and self-assessment exercise of the Board of Directors and the specialised committees.

## Specialised committees

In accordance with the provisions of Articles L.511-89 of the Monetary and Finance Code and L.823-19 of the Commercial Code[1], the Board of Directors has created the following specialised committees:
- An audit Committee,
- A risk Committee,
- A remuneration Committee,
- An appointments Committee.

In view of the Dexia Group's specific situation and in order to maintain simplified and unified Group management, specialised committees are established within the parent company, Dexia Holding, observing legal provisions applicable in terms of functions and composition.
Reference is also made therefore to the Dexia Holding Annual Report for more detailed information concerning these different specialised committees.
After each meeting of a committee, a report on the work of the specialised committee concerned is presented to the Board of Directors. Minutes of the meetings of specialised committees are drawn up and forwarded to the Chairman of the Board of Directors in order, after approval by all the members of the committee, to be appended to the file for the next meeting of the Board of Directors.

### The Audit Committee

The Audit Committee, established at a Dexia Holding Board of Directors level and competent for Dexia, met nine times in 2023.
The Audit Committee is composed of non-executive directors, among which a majority of members are independent, including the committee chairman, in accordance with the provisions of Belgian law.
The composition of the committee as at 22 March 2024 is as follows:
- Alexandra Serizay, independent director and chairman of the committee,
- Bart Bronselaer, independent director,
- Thierry Francq, director,
- Tamar Joulia-Paris, independent director,
- Michel Tison, independent director.

The Audit Committee is responsible for monitoring the accounts and for the financial information process. It examines the Group's draft annual, half-year and quarterly statutory and consolidated financial statements, as the case may be, which must then be presented to, approved and published by the Board of Directors. It examines all matters relating to those financial statements and to the financial reports and in particular checks the choice of accounting principles, the impairments, the observance of prudential standards, the relevance and permanence of the accounting principles and methods applied and the adequacy of the consolidation scope adopted. The Audit Committee also ensures the adequacy of the external audit for the Group's requirements and monitors the efficiency of the internal audit and risk management systems.

### The Risk Committee

The Risk Committee, established at Dexia Holding Board of Directors level and competent for Dexia, met ten times in 2023.
The Risk Committee is composed exclusively of non-executive directors and at least one independent director who have sufficient skills in the fields of activity of the Dexia Group to enable them to understand the Group's strategy and the level of its risk tolerance.
The composition of the committee as at 22 March 2024 is as follows:
- Bart Bronselaer, independent director and chairman of the committee,
- Anne Blondy-Touret, director,
- Alexandre De Geest, director,
- Tamar Joulia-Paris, independent director.

The Risk Committee is responsible for monitoring aspects of strategy and level of tolerance with regard to current and future risks. It assists the Board of Directors when the latter supervises the implementation of such strategy by the Management Board. The Risk Committee examines the (operational) implementation of procedures regarding risk control and internal audit. It ensures integrity and adequacy in relation to risk management, including procedures and organisational structures.
The Risk Committee also takes note of any observations and recommendations from the supervisory authorities in matters falling within its competence.

### Joint meeting of the Audit and Risk Committees

The joint Audit and Risk Committee established at a Dexia Holding Board of Directors level and competent for Dexia met ten times in 2023.
The Audit Committee and the Risk Committee meet as often as necessary to deal with common matters, on convocation by the Chairman of the Board of Directors, or on convocation by the chairman of the Audit Committee or the Risk Committee as the case may be.
The chair of these meetings is taken by the chairman of the Audit Committee.

### The Remuneration Committee

The Remuneration Committee, established at Dexia Holding Board of Directors level and competent for Dexia, met five times in 2023.
The Remuneration Committee is composed of non-executive directors and at least one independent member within the meaning of Belgian law. The Chief Executive Officer and the Head of Human Resources attend meetings, without being members.
The Remuneration Committee must have the expertise necessary pertinently and independently to judge remuneration policies and practices.
The composition of the committee as at 22 March 2024 is as follows:
- Michel Tison, independent director and chairman of the committee,
- Alexandre De Geest, director,
- Gilles Denoyel, independent director,
- Victor Richon, representing the French State, director.

*(1) Requirements in this regard will evolve in 2024 following the withdrawal of the banking authorisation.*

The Remuneration Committee:
• prepares decisions of the Board of Directors relating to the remuneration of the Chairman of the Board of Directors, the CEO, Executive Vice-Presidents and members of the Management Board,
• issues opinions on the company's remuneration policy and any alteration made to it,
• prepares decisions concerning remuneration and, in particular, those with repercussions on risk and risk management. It also prepares and supervises decisions in relation to the remuneration of persons responsible for the independent control.

### The Appointments Committee

The Appointments Committee, established at a Dexia Holding Board of Directors level and competent for Dexia, met three times in 2023.
The Appointments Committee is composed of non-executive directors and at least one independent member within the meaning of Belgian law. The Chief Executive Officer and the Head of Human Resources attend meetings, without being members. The Appointments Committee must have the necessary expertise in appointments policy, appropriately assessing the skills and fields of expertise of people it appoints within the Dexia Group.
The composition of the committee as at 22 March 2024 is as follows:
• Gilles Denoyel, independent director and chairman of the committee,
• Thierry Francq, director,
• Michel Tison, independent director,
• Koen Van Loo, director.
The Appointments Committee prepares decisions of the Board of Directors relating to:
• proposals for the appointment or renewal of directors by the Board of Directors to the shareholders' meeting, and proposals to co-opt directors. On the renewal of a director's mandate, the Appointments Committee assesses the director's participation in the operation of the Board of Directors and reports with a recommendation. For any new appointment, before considering the approval of the candidature, it ensures that the Board of Directors has, in accordance with internal procedures, received sufficient information on the candidate enabling it to assess whether that candidature meets the general profile of directors and the required skills:
• determination of independence criteria enabling a director to be considered "independent",
• the qualification of an existing or new member of the Board of Directors as an independent director.
In general, the Committee ensures that decision-making within the Board of Directors is not carried out by one or more persons in a manner prejudicial to the company.
Within the scope of its duties, the Committee adheres to the recommendations, circulars and other international, French and Belgian regulations on remuneration and corporate governance.

## The Management Board

The Management Board is headed by the Chief Executive Officer, appointed by the Board of Directors. The Board of Directors determines the mode of operation of the Management Board in the appointment of the Chairman and at any time it deems appropriate.
Subject to the powers expressly attributed by the law to shareholders' meetings and the Board of Directors and within the limits of the corporate object, the Chief Executive Officer has the most extensive powers to act in any circumstance on behalf of the company. He represents the company in its relations with third parties. The Chief Executive Officer may be dismissed at any time by the Board of Directors, under the conditions set by the law. The age limit provided for performance of the functions of Chief Executive Officer is 70 years. If that age limit is exceeded, then he or she shall be deemed to have resigned automatically at the end of the next meeting of the Board of Directors.

The Executive Committee. *From left to right, seated:* Pierre Crevits, Giovanni Albanese Guidi, Véronique Hugues.
Standing: *Jean Le Naour, Nathalie Bonnecarrère, Benoît Debroise, Pascal Gilliard, Olivier Paring, Fabienne Carlier and Nicolas Dupont.*

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On a proposal from the Chief Executive Officer, the Board of Directors may appoint one or more natural persons to assist the Chief Executive Officer, with the title of Executive Vice-Presidents. The number of Executive Vice-Presidents may not exceed five. In accordance with Article L. 225-56, II, paragraph 2 of the Commercial Code, the Executive Vice-Presidents have the same powers as the Chief Executive Officer with respect to third parties.

Mr. Pierre Crevits was appointed by the Board of Directors on 19 May 2020 as Chief Executive Officer, effective manager of the company, with the broadest powers to act in all circumstances on behalf of the company.

As at 22 March 2024, the Management Board is composed as follows:

- Pierre Crevits, Chief Executive Officer,
- Véronique Hugues, Executive Vice-President and Chief Financial Officer,
- Giovanni Albanese Guidi, Executive Vice-President and Chief Risk Officer,
- Benoît Debroise, Executive Vice-President and Head of Funding and Markets,
- Pascal Gilliard, Executive Vice-President and Head of Assets,
- Jean Le Naour, Executive Vice-President and Chief Operating Officer.

Pursuing the objective of simplifying its internal committee structure, Dexia has changed its governance as from 1 February 2024, by setting up an Executive Committee. The Executive Committee is responsible for steering operational management, monitoring projects and transformation, and coordinating activity lines. The Executive Committee is made up of the members of the Management Board as well as Nathalie Bonnecarrère, Head of Human Resources, Fabienne Carlier, Head of Communications and Investor Relations, Nicolas Dupont, General Secretary and Olivier Paring, Head of Transformation.

# Remuneration Report

## Remuneration granted to directors in 2023

Dexia Holding's ordinary shareholders' meeting decided, in 2006, to allocate to directors, for the exercise of their mandates, an annual global maximum envelope of EUR 1,300,000, with effect as at 1 January 2005.

The shareholders' meeting also conferred on the Board of Directors the power to determine the practical terms and conditions of this remuneration, consisting of a fixed fee and a variable fee linked to attendance at meetings.

The remuneration of non-executive directors (excluding the Chairman of the Board of Directors) is composed of a fixed amount of EUR 3,000 per quarter (consolidated at Dexia Board level) and a variable amount of EUR 2,000 for meetings of the Dexia Board, EUR 1,000 for meetings of the Board of Directors of Dexia Holding organised at the same time as the Board of Dexia (or not at the same time but with a similar agenda). Meetings lasting less than one hour are not remunerated. Meetings of the Audit Committee and the Risk Committee as well as joint Audit and Risk Committee meetings are remunerated at EUR 1,000. The Chairman of the Audit Committee and the Chairman of the Risk Committee are remunerated for their function (attendance fees are increased to EUR 1,500 per meeting). Meetings of the Appointments Committee and the Remuneration Committee are remunerated at EUR 750 (including the Chairmen).

If the overall annual limit of EUR 1,300,000 is reached, the additional meetings will no longer be remunerated. Non-executive directors do not receive any performance-related remuneration, such as bonuses and long-term incentive schemes, nor do they receive any benefits in kind or benefits related to pension plans.

**Number of meetings and remuneration paid to non-executive directors in 2023**

| | BOD Dexia (10 meetings) | BOD Dexia Holding (10 meetings) | Risk Committee (10 meetings) | Audit Committee (9 meetings) | Joint Risk and Audit Committees (10 meetings) | Appointment Committee (3 meetings) | Remuneration Committee (5 meetings) | Total Dexia Holding (gross amount in EUR) | Total Dexia (gross amount in EUR) | Grand Total Dexia (gross amount in EUR) |
|---|---|---|---|---|---|---|---|---|---|---|
| Gilles Denoyel(1) | 10(2) | 10(2) | N/A | N/A | N/A | 3(2) | 5 | 99,284 | 102,250 | 201,534 |
| Aline Bec | 10 | 10 | N/A | N/A | N/A | N/A | N/A | 0 | 32,000 | 32,000 |
| Anne Blondy-Touret(3) | 10 | 10 | 8 | N/A | 9 | N/A | N/A | 26,000 | 32,000 | 58,000 |
| Bart Bronselaer | 9 | 10 | 10(2) | 9 | 10 | N/A | N/A | 43,000 | 30,000 | 73,000 |
| Alexandre De Geest | 10 | 10 | 10 | N/A | 10 | N/A | 4 | 33,000 | 32,000 | 65,000 |
| Thierry Francq(4) | 10 | 10 | N/A | 8 | 9 | 2 | N/A | 28,500 | 32,000 | 60,500 |
| Tamar Joulia-Paris | 10 | 10 | 10 | 8 | 9 | N/A | N/A | 37,000 | 32,000 | 69,000 |
| Ludovic Planté(3)(5) | 6 | 6 | N/A | N/A | N/A | N/A | 1 | 7,500 | 21,000 | 28,500 |
| Alexandra Serizay | 10 | 10 | N/A | 9(2) | 10(2) | N/A | N/A | 38,500 | 32,000 | 70,500 |
| Véronique Tai | 10 | 10 | N/A | N/A | N/A | N/A | N/A | 0 | 32,000 | 32,000 |
| Michel Tison | 10 | 10 | N/A | 9 | 9 | 3 | 5(2) | 34,000 | 32,000 | 66,000 |
| Koen Van Loo | 10 | 10 | N/A | N/A | N/A | 3 | N/A | 12,500 | 32,000 | 44,500 |

*(1) Chairman of the Board of Directors. The remuneration of the Chairman is composed of EUR 49,500 (of which EUR 34,2500 paid by Dexia and EUR 15,250 paid by Dexia Holding) in the form of attendance fees and EUR 152,034 assimilated to salary (of which EUR 68,000 paid by Dexia and EUR 84,034 paid by Dexia Holding).*
*(2) Chairman of the Board as at 31 December.*
*(3) The payment of directors' fees to representatives of the French State is governed by Article 6 of Order 2014-948 of 20 August 2014.*
*(4) The remuneration of Mr Th. Francq is paid as follows: 15% for the French Treasury and 85% to Mr. Th. Francq.*
*(5) Resigned on 19 October 2023.*



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## Remuneration paid to the Chairman of the Board of Directors

Since 2019 and taking into account the evolution of the Dexia Group's activities and workforce, the remuneration of the Chairman of the Board of Directors is paid half by Dexia Holding and half by Dexia. In order to ensure that the total cost to the Group (including social security charges, employers' contributions and other contributions) does not increase, the Chairman has agreed to reduce his gross remuneration from EUR 250,000 to approximately EUR 200,000, consisting of fixed remuneration on the one hand and ordinary directors' fees paid to all directors on the other.
The gross annual remuneration thus allocated amounts to EUR 201,534: EUR 49,500 in the form of directors' fees (of which EUR 34,250 paid by Dexia and EUR 15,250 paid by Dexia Holding) and EUR 152,034 treated as salary (of which EUR 68,000 paid by Dexia and EUR 84,034 paid by Dexia Holding).

## Remuneration paid to the Chief Executive Officer

The Chief Executive Officer receives no remuneration for his duties as a director. On the other hand, he is remunerated for his duties as Chief Executive Officer and Chairman of the Management Board (see below).

## Payment of social security contributions for certain directors

In Belgium, any director of Dexia Holding is considered a self-employed person and must therefore join a fund for self-employed persons and, in principle, pay social contributions. Some directors already benefit from social protection under another system and could therefore be required to pay contributions in Belgium simply because of their mandate at Dexia Holding, without benefiting in return from more extensive social benefits.
This is the case, for example, of the director residing in Belgium who is subject to the system of salaried employees or the system applicable to civil servants on a principal basis, and who is obliged to contribute as a self-employed person on a supplementary basis, due to the mandate exercised, without benefiting from increased social protection in relation to that which he or she already benefits from due to his or her principal status.

## Remuneration paid to the Management Board in 2023

The executive officers of Dexia referred to in this section are the Chief Executive Officer and the Executive Vice-Presidents of the company.
Mr Pierre Crevits, Chief Executive Officer, was not however remunerated by Dexia for his mandate within the company. He is in fact remunerated by Dexia Holding in his capacity as a member of its Management Board. However, in accordance with Article L.225-102-1 paragraph 2 of the Commercial Code, remuneration paid to executive officers by another Group entity must also be mentioned in this chapter.

### Composition of the remuneration

The remuneration of the members of the Management Board is composed solely of a fixed portion, not linked to performance, and constitutes a whole from which, unless there is a decision to the contrary by the Board of Directors on a proposal from the Remuneration Committee, a deduction is made for any attendance fee or percentage paid to a member of the Management Board by a company in the Dexia Group or by a third party company in which a mandate is exercised on behalf of Dexia.
Consequently, no variable remuneration was or will be granted for the year 2022 to the Chief Executive Officer and the Executive Vice-Presidents.
Furthermore, in line with the undertakings made by Dexia within the framework of the 2013 guarantee agreement concluded with the Belgian and French States and for so long as the guarantee obligations exist or are liable to be issued, and unless there is an agreement from the States, Dexia will not make any attribution of options to subscribe to or purchase shares or free shares and no payment of indemnities or benefits indexed to performance, or deferred remuneration in favour of the following persons: Chairman of the Board of Directors, Chief Executive Officer and members of the Board of Directors.
It is important to stress that the differences of sometimes significant sums (in particular on pensions) do not correspond to notable differences in the salary but to various levels of deductions for legal or contractual schemes depending on the country and statuses.

### Remuneration for the year 2023

The basic remuneration only consists of a fixed part.

| (in EUR) | Entity – Country | Gross basic remuneration |
|---|---|---|
| Pierre Crevits | Dexia Holding – Belgium | 600,000 |
| Giovanni Albanese Guidi | Dexia – France | 465,044 |
| Benoît Debroise | Dexia – France | 407,379 |
| Pascal Gilliard | Dexia Holding – Belgium | 420,000 |
| Véronique Hugues | Dexia – France | 450,000 |
| Jean Le Naour(1) | Dexia – France | 236,250 |
| Patrick Renouvin(2) | Dexia – France | 187,500 |

*(1) COO since 1 June 2023*
*(2 Remuneration for his functions as COO of Dexia until 31 May 2023*

### Supplementary pension schemes

The CEO and the Executive Vice-Presidents who do not perform their function within the framework of a French contract (in Belgium) benefit from a supplementary pension scheme put in place by Dexia Holding.

### Characteristics of applicable supplementary pension schemes

The supplementary pension schemes of the CEO and the Executive Vice-Presidents are defined contribution schemes not generating social liabilities for the company.
For the CEO and the Executive Vice-Presidents present in Belgium, they give a right, on retirement, to the capital constituted by a capitalisation of annual contributions (21%).

### Amounts paid within the framework of supplementary pension schemes(1)

Annual premiums of EUR 212,087 were paid in 2023. Obligatory contributions paid to pension funds, particularly for French Executive Vice-Presidents, need not be indicated in the table below.

*(1) Defined contribution schemes.*

| (in EUR) | Entity – Country | Supplementary pension schemes |
|---|---|---|
| Pierre Crevits | Dexia Holding – Belgium | 124,757 |
| Giovanni Albanese Guidi | Dexia – France | |
| Benoît Debroise | Dexia – France | |
| Pascal Gilliard | Dexia Holding – Belgium | 87,330 |
| Véronique Hugues | Dexia – France | |
| Jean Le Naour | Dexia – France | |
| Patrick Renouvin | Dexia – France | |

## Supplementary death cover, permanent invalidity and medical costs

DCollective annual premiums of EUR 113,510 were paid in 2023 for supplementary death cover, permanent invalidity and health costs, the breakdown of which is stated in the table below.

Differences of level can be explained by status (freelance in Belgium / employee in France), schemes specific to each country, salaries and financial situations and in particular the number of dependent children.

| (in EUR) | Entity – Country | Death cover, orphans | Invalidity | Health costs |
|---|---|---|---|---|
| Pierre Crevits | Dexia Holding – Belgium | 36,204 | 16,279 | 664 |
| Giovanni Albanese Guidi(1) | Dexia – France | 1,465 | 626 | 4,804 |
| Benoît Debroise(1) | Dexia – France | 1,465 | 626 | 4,804 |
| Pascal Gilliard | Dexia Holding – Belgium | 20,985 | 11,134 | 664 |
| Véronique Hugues(1) | Dexia – France | 1,465 | 626 | 4,804 |
| Jean Le Naour(1) | Dexia – France | 855 | 365 | 2,802 |
| Patrick Renouvin(1) | Dexia – France | 611 | 261 | 2,002 |

*(1) Staff members who, as employees, must be affiliated to the collective contract concerning all staff members of Dexia.*

## Other benefits paid to the Management Board

| (in EUR) | Entité – Pays | Representation costs | Telephone allowance(1) | Car allowance(1) |
|---|---|---|---|---|
| Pierre Crevits | Dexia Holding – Belgium | 9,178 | 180 | 11,984 |
| Giovanni Albanese Guidi | Dexia – France | – | – | 7,004 |
| Benoît Debroise | Dexia – France | – | – | 4,755 |
| Pascal Gilliard | Dexia Holding – Belgium | 3,850 | 180 | 3,679 |
| Véronique Hugues | Dexia – France | – | – | – |
| Jean Le Naour | Dexia – France | | | 1,848 |
| Patrick Renouvin | Dexia – France | – | – | 1,841 |

*(1) This amount corresponds to the tax advantage associated with the provision of a company car/ telephone which can also be used for private purposes.*

## Option plan

Since 2009, no option plan has been granted or exercisable.

## Severance conditions

### Provisions relating to severance payments under the Dexia Group remuneration policy

SAccording to Dexia remuneration policy, any severance payment must correspond to effective performances in time and be designed not to reward failure or improper conduct.
Members of the Management Board of Dexia cannot be granted a severance payment of more than nine months of fixed remuneration.
Departing from the above, Dexia may grant a higher severance payment if the person concerned, prior to the grant of the executive mandate, in accordance with the contractual framework applicable and on the basis of their accumulated length of service with the Dexia Group, might be entitled, in the case of severance, to a payment in lieu of notice higher that the aforementioned severance payment. Those conditions might be applicable to Mrs Véronique Hugues and Messrs Giovanni Albanese Guidi, Benoît Debroise and Jean Le Naour.

### Departure during the year 2023

Patrick Renouvin left his position as COO of Dexia on 31 May 2023, and exercised his right to retire on 30 June 2023. As he had less than five years' seniority and in accordance with the company agreement, he did not receive any retirement indemnity.

## Remuneration of persons whose professional activities have a significant impact on the company's risk profile

The remuneration of these staff members is composed of a fixed and possibly a variable part. In accordance with the Group remuneration policy, the variable performance-related remuneration will not exceed a ratio of 0.33 times the total annual remuneration (per employee), in accordance with the European Directive 2019/878/EU of the European Parliament and of the Council of 20 May 2019. In addition, the variable remuneration may not exceed a ceiling of EUR 50,000 per year. Rules requiring the spreading of variable remuneration or rules requiring payment in shares or other financial instruments will not be applied, as these measures are incompatible with the operation of Dexia, an entity in orderly resolution.

**Remuneration paid in 2023 to persons whose professional activities have a significant impact on the company's risk profile**

| (in EUR) | Remuneration | | | Severance payments | | | A posteriori adjustment of the variable remuneration |
|---|---|---|---|---|---|---|---|
| Number of staff members | Fixed | Variable | Benefit in kind | Number of beneficiaries | Amount | Maximum amount | |
| 18 | 4,056,590 | 346,506 | – | 3 | 1,112,480 | 412,619 | – |

## Remuneration of the Head of the Compliance department

The Head of the Group Compliance department falls into the category of staff members whose activity has a significant impact on the Group's risk profile. Her remuneration was reviewed by the Remuneration Committee on 10 March 2023. The level of remuneration is between 40th and 50th place in the Dexia Paris and Dexia Holding scope. The nature and level of remuneration do not compromise the objectivity and independence of the staff member concerned.

# Information on service contracts binding members of the administrative and management bodies to Dexia or one of its subsidiaries and providing for the grant of benefits at the end of such a contract

None.

# Mandates and functions exercised by executive officers during the financial year

In application of Article L. 225-102-1 paragraph 4 of the Commercial Code, the mandates and functions exercised by each executive officer of Dexia as at 22 March 2023 are listed below.

**Mr Gilles Denoyel**
Professional address: Tour CBX – 1, Passerelle des Reflets – La Défense 2 - 92919 La Défense Cedex
4 August 1954
- Chairman of the Board of Directors of Dexia Holding, independent director (non-executive)
- Member of the Surveillance Committee of Memo Bank
- Director and Chairman of the EDF nuclear commitments monitoring committee

**Mr Pierre Crevits**
Professional address: Tour CBX – 1, Passerelle des Reflets – La Défense 2 - 92919 La Défense Cedex
23 May 1967
- Chief Executive Officer and Chairman of the Management Board of Dexia (executive)
- Chairman of the Board of Directors of Namur Invest SA

**Mr Giovanni Albanese Guidi**
Professional address: Tour CBX – 1, Passerelle des Reflets – La Défense 2 – 92919 La Défense Cedex
22 February 1959
- Executive director and member of the Management Board of Dexia Holding

**Mrs Véronique Hugues**
Professional address: Tour CBX – 1, Passerelle des Reflets – La Défense 2 – 92919 La Défense Cedex
28 May 1970
- Executive director and member of the Management Board of Dexia Holding
- Permanent representative of Dexia Holding, Permanent establishment in France

**Mrs Anne Blondy-Touret**
Professional address: 139, Rue de Bercy, 75572 Paris
7 October 1978
- Non-executive director of Dexia Holding
- Secretary General, Ministry of the Economy and Finance, France

**Mrs Aline Bec**
Professional address: Tour CBX – 1, Passerelle des Reflets – La Défense 2 – 92919 La Défense Cedex
24 January 1957
- Observer within the Board of Directors of Dexia Holding

**Mr Bart Bronselaer**
Professional address: Sint-Martinusberg 11 – 3360 Korbeek-Lo (Belgium)
6 October 1967
- Independent (non-executive) director of Dexia Holding
- Independent director of United Pensions OFP
- Independent director of MeDirect

**Mr Alexandre De Geest**
Professional address: Avenue des Arts 30 – 1040 Brussels (Belgium)
5 February 1971
- Non-executive director of Dexia Holding
- General Administrator of the Belgian Federal Public Service Finance (FPS Finance)
- Chairman of the Financial Instruments Protection Fund
- Chairman of the strategic committee of the Federal Debt Agency
- Member of the Nuclear Provisions Committee

**Mr Thierry Francq**
Professional address: 86, Rue Saint-Lazare – 75009 Paris
30 April 1964
- Non-executive director of Dexia Holding
- Director General Reinsurance and International Activities of the Covea Group
- Director of PartnerRe of the Covea Group
- Chairman of the Board of Directors of Covea Insurance PLC
- Chairman of the Board of Directors of the CSE subsidiary of the Covea Group

**Mr Michel Tison**
Professional address: Universiteitstraat 4 – 9000 Ghent (Belgium)
23 May 1967
- Independent (non-executive) director of Dexia Holding
- Professor of Finance Law and Dean of the Faculty of Law and Criminology of the University of Ghent (Belgium)

**Mr Koen Van Loo**
Professional address: Avenue Louise 32 Box 4 – 1050 Brussels (Belgium)
26 August 1972
- Non-executive director of Dexia Holding
- CEO of the Federal Holding and Investment Company (FHIC)
- Director of Relaunch for the Future,
- Member of the Advisory Committee of Tara India Fund
- Member of the Advisory Committee of CIM Capital Restructuring Fund, China
- Director of Belgium Technology Innovative Industry Fund
- Director of Capricorn Fusion
- Chairman of the Board of Directors of Certi-Fed SA
- Director of Sinnolabs Hong Kong Ltd,
- Director of Thaumas NV
- Director of Euroports Group BV
- Director of the SFPIM International

**Mrs Alexandra Serizay**
Professional address: 255, Quai de la Bataille de Stalingrad – 92130 Issy-les-Moulineaux
31 March 1977
- Independent (non-executive) director of Dexia Holding
- Chief Group Strategy & Services Innovation officer of Sodexo
- Director of Cofiroute (Vinci Autoroutes Group)
- Director of AFS (Vinci Autoroutes Group)

**The French State represented by Victor Richon**
Professional address: 139, Rue de Bercy – 75572 Paris cedex 12
5 May 1993
- Non-executive director of Dexia Holding
- Interim Deputy Director of Holdings of the State Shareholding Agency (APE)

**Mrs Véronique Tai**
Professional address: Rue de la Loi 24 – 1000 Brussels (Belgium)
20 June 1968
- Observer within the Board of Directors of Dexia Holding
- Member of the Board of Directors of FSFPIM RE SA (subsidiary of the FHIC).
- Member of the Board of Directors of Inclusio

**Mrs Tamar Joulia-Paris**
Professional address: Avenue des Statutaires 25 – 1180 Uccle (Belgium)
5 October 1952
- Independent (non-executive) director of Dexia Holding
- Executive director of TJ Capital
- Director of Greenomy
- Director of Banque Degroof Petercam and its subsidiary DPAM

## Informations on non-regulated agreements

Article L.225-102-1 of the Commercial Code requires companies to indicate in their management report the agreements, directly or through intermediaries, between:
- on the one hand, a director, the Chief Executive Officer, one of the Executive Vice-Presidents of the company or one of its shareholders holding more than 10% of the voting rights, and
- on the other hand, another company in which the company directly or indirectly holds more than 50% of the capital.

Agreements relating to current transactions concluded under normal conditions should not be indicated.

## List of agreements concerned within the framework of the Financial Products ("FP") portfolio guarantee

Dexia sold the insurance arm of Financial Security Assurance (FSA) to Assured Guaranty Ltd (Assured). The transaction was finalised on 1 July 2009. The Financial Products (FP) activity of FSA, managed by FSA Asset Management (FSAM), was excluded from the scope of the sale and therefore remains within the Dexia Group. Insofar as FSA is guarantor in various capacities of the liabilities of the FP activity, the sale necessarily implied that Dexia Holding and Dexia act as guarantors of the FP assets and liabilities.

Dexia was, in turn, counter-guaranteed by the Belgian and French States for certain assets of the FP activity (FP Guaranteed Assets). This guarantee was approved by the European Commission on 13 March 2009[1]. In 2011, through Dexia Crédit Local New York (DCLNY), FSAM sold all the remaining FP Guaranteed Assets to third parties so that as at 31 December 2011, there were no longer any FP Guaranteed Assets benefiting from the coverage of the State guarantee. However, the guarantee continues to exist from a technical point of view although the risks of calling on the guarantee are theoretical. In an agreement entered into in May 2022, FSAM and Assured Guaranty Municipal corp (AGM and 'previously named' Financial Security Assurance Inc) confirmed that the States' guarantee has been irrevocably released and that the States no longer have any liability in this respect.

The agreements referred to below concern the management of FP assets and liabilities held by FSAM and managed in run-off by the Group.

*Pledge and Administration* agreement, concluded on 30 June 2009, between Dexia, Dexia Crédit Local (DCL), Dexia Banque Belgique (now Belfius), Dexia FP Holdings Inc., FSA Asset Management LLC, FSA Portfolio Asset Limited, FSA Capital Markets Services LLC, FSA Capital Management Services LLC, and The Bank of New York Mellon Trust Company, National Association as Collateral Agent.

**1.1** *Dexia Guaranteed Put* agreement, concluded on 30 June 2009 between DCL NY, Dexia and FSAM.

**1.2** *Dexia FP Guarantee Reimbursement* agreement, concluded on 30 June 2009 between Dexia, DCL, FSAM and other GIC Business Entities.

**1.3** *Dexia Non-Guaranteed Put* agreement, concluded on 30 June 2009 between DCL NY, Dexia and FSAM.

**1.4** *Administrative Services Agreement*, concluded on 30 June 2009 between Dexia, DCL, AGM, DFPS, FSAM and other GIC Business Entities.

**1.5** *Third Amended and Restated Intercompany agreement,* concluded on 20 February 2013 with effect as from 27 December 2012 between Dexia, DCL and Dexia Holdings Inc.

# Current delegations granted by the shareholders' meeting

None.

# Elements liable to have an impact in the event of a takeover bid or exchange offer (Article L225-37-5)

None.

*(1) Detailed information relating to these guarantees has been published in Dexia's Annual reports since 2009 (the Annual reports can be consulted on Dexia's website) and more particularly the main provisions of these guarantees are described in the Annual report relating to the financial year 2011 (page 170).*

# Share capital structure

As at 31 December 2023, Dexia's share capital amounted to EUR 279,213,332. It was divided into 279,213,332 shares with a par value of EUR 1.00. Each share has one voting right and none is pledged. To date, there are no other securities giving access to the capital of Dexia.

The share capital of Dexia is held directly, almost entirely by Dexia, the Chief Executive Officer holding one share in the company.

Indirectly, via Dexia Holding, 52.78% of the capital of Dexia is held by the Federal Holding and Investment Company (FHIC) acting on behalf of the Belgian State and 46.81% by the French State.

Article 15 of the Articles of Association provides that:

I. The sale or transfer of share(s) in any of the two (2) cases referred to below shall be free and shall be effected immediately, without the need for the approval of the Board of Directors provided for in paragraph II below:

(1) Sale or transfer of shares to companies of the Dexia Group;

(2) Sale or transfer to any natural person or company newly appointed to the position of member of the board of directors of the company of a share in the company, as well as sale or transfer of a share to its original seller in the case of a retrocession by a member of the board of directors of the company, in particular on expiry of his or her mandate.

II. Subject to the legal provisions in force, the sale or transfer of share(s) to a third party for any reason and in any form whatsoever must, in order to become definitive, be subject to the approval of the company given by the Board of Directors, which shall give its decision within one month of the date of referral.

# Proposed resolutions which will be submitted to the ordinary shareholders' meeting

## Proposal for the approval of the annual financial statements

The ordinary shareholders' meeting, after having heard the reports of the Board of Directors, the Chairman of the Board of Directors and the Auditors, approves the annual financial statements as at 31 December 2023 as presented to it, with all the operations reflected in these accounts or mentioned in the said reports, and showing a deficit of EUR -108,015,463.54.

The ordinary shareholders' meeting approves the total amount of expenses and charges not deductible from profits subject to corporation tax (Article 39 of the General Tax Code), amounting to EUR 55,282.95.

## Proposal for the approval of the consolidated financial statements

The ordinary shareholders' meeting, having heard the reports of the Board of Directors, the Chairman of the Board of Directors and the Statutory Auditors, approves the consolidated

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financial statements as at 31 December 2023 as presented to it, together with all the transactions reflected in these financial statements or referred to in the said reports, and showing a net income, Group share, of EUR -311,053,961.

## Proposal for the approval of the regulated agreements

The ordinary shareholders' meeting, having heard the reading of the special report of the Auditors on the regulated agreements and commitments referred to in Article L. 225-38 of the Commercial Code, approves under the conditions of Article L. 225-40 of the same code the regulated agreements and commitments indicated therein.

## Proposal to discharge the executive officers

The ordinary shareholders' meeting, as a consequence of the approval of the preceding resolutions, gives full and unreserved discharge to the executive officers for the performance of their duties for the financial year ending 31 December 2023.

## Proposal to discharge the Chief Executive Officer and the Executive Vice-Presidents

The ordinary shareholders' meeting, as a consequence of the approval of the preceding resolutions, gives full and unreserved discharge to the Chief Executive Officer and the Executive Vice-Presidents for the performance of their duties for the financial year ending 31 December 2023.

## Proposal to allocate the result

The ordinary shareholders' meeting resolves to charge the entire deficit for the year, amounting to EUR -108,015,463.54, to retained earnings.
Following this allocation, the retained earnings account will be positive by EUR 1,123,561,305.75.
The ordinary shareholders' meeting, in accordance with Article 243 bis of the General Tax Code, recalls that no dividend has been distributed during the three previous financial years.

## Proposal for certification of the financial statements by the Auditors

The ordinary shareholders' meeting, in accordance with the provisions of Article L. 822-14 of the Commercial Code, acknowledges that the annual and consolidated financial statements for the financial year ending 31 December 2022 are certified by the Statutory Auditors:
• Mr Franck Boyer and Mrs Laurence Karagulian, partners representing the company Mazars, on the one hand, and
• Mrs Charlotte Vandeputte, partner representing the company Deloitte & Associés, on the other hand.

## Proposal to set the global remuneration envelope

In application of Article L. 511-73 of the Monetary and Financial Code, the ordinary shareholders' meeting issues a favourable opinion on the overall package of remuneration paid to the persons mentioned in Article L. 511-71 of the said Code during the financial year ending 31 December 2023, which amounts to EUR 8,281,749 (fixed remuneration and any bonuses).
This envelope covers the remuneration paid in 2023 to the company's managers and other members of staff of the company and its (international) subsidiaries considered, in accordance with the remuneration policy applicable to the whole of the Dexia Group, as having a significant impact on the Group's risk profile by virtue of their function and/or the level of their remuneration. This envelope includes the remuneration of the Chief Executive Officer granted exclusively by Dexia Holding for his mandate within the parent company.

## Proposed renewal of the terms of office of directors

In accordance with the provisions of Article L.225-18 of the Commercial Code, the ordinary shareholders' meeting resolves to renew the terms of office of directors, which are due to expire at the ordinary shareholders' meeting to be held in 2028 to approve the financial statements for the year ending 31 December 2027.

## Proposal concerning powers to be granted

The ordinary shareholders' meeting gives all powers to the bearer of an original, a copy or an extract of the present minutes to carry out all formalities of filing and publication provided for by the law.

# Statutory Auditors' special report on regulated agreements

## Shareholders' Meeting held to approve the financial statements for the year ended December 31, 2023



To the shareholders,
In our capacity as statutory auditors of your Company, we hereby report to you on regulated agreements.
The terms of our engagement require us to communicate to you, based on information provided to us, the principal terms and conditions of those agreements brought to our attention or which we may have discovered during the course of our audit, as well as the reasons justifying that such agreements and commitments are in the Company's interest, without expressing an opinion on their usefulness and appropriateness or identifying other such agreements and commitments, if any. It is your responsibility, pursuant to Article R. 225-31 of the French Commercial Code (Code de commerce), to assess the interest involved in respect of the conclusion of these agreements and commitments for the purpose of approving them.
Our role is also to provide you with the information stipulated in Article R. 225-31 of the French Commercial Code relating to the implementation during the past year of agreements previously approved by the Shareholders' Meeting, if any.
We performed the procedures that we considered necessary with regard to the professional guidelines of the French National Institute of Statutory Auditors (Compagnie Nationale des Commissaires aux Comptes) applicable to this engagement. These procedures consisted in agreeing the information provided to us with the relevant source documents.

### Agreements submitted to the approval of the Shareholders' Meeting

Pursuant to Article L. 225-40 of the French Commercial Code, we hereby inform you that we were advised of the following agreement authorized and entered into during the past fiscal year that should be submitted to the approval of the Shareholders' Meeting:

#### Monitoring Agreement

The Monitoring agreement between the Kingdom of Belgium, the French Republic, Dexia Holding (ex Dexia SA) and Dexia (ex Dexia Crédit Local) was concluded on December 22, 2023. This will allow the pursuit of the orderly resolution plan for Dexia (ex Dexia Crédit Local) and for the states as well as the correct assessment of Dexia (ex Dexia Crédit Local) by its counterparts in a supervisory framework designed to replace the banking prudential framework.
This agreement had no effect during 2023.
This agreement was authorized by your Board of Directors on July 3,2023.

### Agreements previously approved by Shareholders' Meeting

#### Agreements approved in previous years, with continuing effect during the year

Pursuant to Article R. 225-30 of the French Commercial Code, we have been informed that the following agreements, previously approved by Shareholders' Meetings of prior years, had continuing effect during the year:

**State guarantee agreement for the refinancing of Dexia Holding (ex Dexia SA) and Dexia (ex Dexia Crédit Local)**

As at December 28, 2012, the European Commission advised its agreement to the revised orderly resolution plan for the Dexia Group submitted by the Belgian, French and Luxembourg States on December 14, 2012. This approval resulted in the implementation of the arrangements for the tripartite guarantee granted by the Belgian, French and Luxembourg States, capped at EUR 85 billion, based on the following allocation key: 51.41% for Belgium, 45.59% for France and 3% for Luxembourg.
The guarantee fee on the outstanding debt issued will be calculated based on an annual rate of 5 basis points compared with 90 basis points previously under the temporary guarantee.
The cost of the guarantee for 2023 is calculated based on Amendment No. 2 to the Guarantee Agreement (see next paragraph).
Your Board of Directors authorized this agreement on December 19, 2012.

**Amendment no. 2 to the Guarantees Issuance Agreement and the amended and reworded version of the Guarantees Issuance Agreement**

On September 7, 2021, the Board of Directors of Dexia (ex Dexia Crédit Local) authorized the signature of Amendment no. 2 to the Guarantee Issuance Agreement as well as the amended and reworded version of the Guarantees Issuance Agreement itself between Dexia (ex Dexia Crédit Local), Dexia Holding (ex Dexia SA), the Kingdom of Belgium and the French Republic (the Agreements).
The guarantee is extended to December 31, 2031 and retains most of its current characteristics and therefore remains joint, unconditional, irrevocable and on first demand. The following changes were however made: (i) the new guarantee ceiling is €75 billion; (ii) the Luxembourg State no longer participates in the guarantee mechanism. Its 3% share is divided between the Belgian and French States in proportion to their respective shares of 53% and 47%; (iii) the guarantee remuneration remains at 5 basis points per annum on the guaranteed

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outstanding amounts, payable monthly. This commission will be increased by a conditional deferred commission payable on the liquidation of the Group and provided that Dexia (ex Dexia Crédit Local) no longer holds a banking license. The pricing of this commission will be progressive from 2022 and will reach an annual rate of 135 basis points on outstanding amounts in 2027.

In addition to the adaptations detailed above (duration, ceiling, exit of Luxembourg and deferred commission) other amendments are included to take account of technical imperatives applicable to Dexia (ex Dexia Crédit Local): (i) hedging of intraday overdrafts in euros and foreign currencies, not necessary for euro amounts under the 2013 Agreement as Dexia (ex Dexia Crédit Local) could access the ECB Target 2 payment system (no longer the case from January 1, 2022). The 2021 Agreement provides for a specific ceiling of €3 billion (out of a total amount of €75 billion) which may be used for this purpose and will be the subject of specific documentation and reporting; (ii) the self-underwriting capacity for Dexia (ex Dexia Crédit Local) and its subsidiaries to subscribe. The Board of Directors also validated the completion and signature of all documents appended to the aforementioned contracts, in the context of Amendment no. 2 to the Guarantees Issuance Agreement (that is amendments no. 2 to the subordinated pledge agreement on financial instruments accounts and the assignment agreement guaranteeing receivables, both between Dexia (ex Dexia Crédit Local) and Banque de France, the operational memorandum between the States, Dexia Holding (ex Dexia SA) and Dexia (ex Dexia Crédit Local) and the reporting protocol between the States, Dexia Holding (ex Dexia SA) and Dexia (ex Dexia Crédit Local).

As of December 31, 2023 the cost of the guarantee for Dexia (ex Dexia Crédit Local) amounted to EUR 18.8 million and the cost of the conditional deferred commission amounted to EUR 18,8 million.

## Agreements approved in previous years, without continuing effect during the year

In addition, we have been informed of the following agreements, previously approved by Shareholders' Meeting of previous years, which had no effect during the year.

### Agreement allowing Dexia (ex Dexia Crédit Local) to use subsidiaries' receivables as collateral

In order to reduce Dexia's (ex Dexia Crédit Local) financing needs, it was decided to mobilize the eligible assets of Dexia and its subsidiaries as collateral for financing or issues guaranteed by the States.

Dexia (ex Dexia Crédit Local) mobilized the subsidiaries' assets under market conditions throughout 2019.

These transactions were authorized by your Board of Directors on February 23, 2012 and have not resulted in the signature of any formal agreements, are no longer valid and did not have any impact in 2023.

### Litigation management agreement for disputed loans

On January 31, 2013, DMA, Dexia (ex Dexia Crédit Local) and SFIL signed an agreement for the management of litigation relating to disputed loans. The purpose of this agreement is to establish the procedures for managing all judicial (other than criminal) and administrative proceedings relating to loans recorded on DMA's balance sheet on the date of sale of the SFIL shares until maturity of all such loans.

This agreement was authorized by your Board of Directors on January 15, 2013 and had no impact in 2023.

### Intra-group netting agreement between Dexia (ex Dexia Crédit Local), Dexia Holding (ex Dexia SA), Banque Internationale à Luxembourg S.A. (hereafter "BIL"), Belfius Banque SA/NV (hereafter "Belfius") and Crediop

The Dexia Group Master Netting Agreement ("DGMNA") was concluded on November 2, 2009 between Dexia (ex Dexia Crédit Local), Dexia Holding (ex Dexia SA), BIL, Belfius and Crediop.

The DGMNA allows the parties to offset amounts due in the context of transactions governed by different agreements, such as in particular the ISDA Master Agreements or other master agreements on financial instruments ("Main Agreements"). The main purpose of the DGMNA is to allow netting in the event of default by one of the parties. It therefore only allows netting when the transactions governed by the Master Agreements are accelerated, terminated, liquidated or cancelled (hereafter "Close Out").

When a party is in default according to the DGMNA, each of the other non-defaulting parties may elect to Close Out all transactions governed by the Master Agreements to which that non-defaulting party is a party.

BIL and Belfius are no longer part of the DGMNA since January 29, 2014 and November 2, 2015 respectively.

This agreement was approved by the Shareholders' Meeting of May 19, 2015 based on the Statutory Auditors' special report of March 31, 2015.

In the absence of default by the companies concerned, this agreement had no effect in 2023.

*Paris La Défense, April 29, 2024*

*The Statutory Auditors*

| MAZARS | | DELOITTE & ASSOCIÉS |
|---|---|---|
| Laurence KARAGULIAN | Virginie CHAUVIN | Charlotte Vandeputte |

# 2023

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# Consolidated balance sheet

| ASSETS (in EUR million) | Note | 31/12/2022 | 31/12/2023 |
|---|---|---|---|
| Cash and central banks | 2.2 | 2,024 | 0 |
| Financial assets at Fair value through profit or loss | 2.3 & 4.1 | 3,497 | 3,583 |
| Hedging derivatives | 4.1 | 1,759 | 583 |
| Financial assets at Fair value through other comprehensive income | 2.4 | 1,581 | 1,132 |
| Financial assets at amortised cost – Debt securities | 2.5 | 26,774 | 26,115 |
| Financial assets at amortised cost – Interbank loans and advances | 2.6 | 6,881 | 8,102 |
| Financial assets at amortised cost – Customer loans and advances | 2.7 | 20,734 | 19,613 |
| Fair value revaluation of portfolio hedges | | (116) | (76) |
| Current tax assets | | 6 | 25 |
| Accruals and other assets | 2.8 | 282 | 166 |
| Non current assets held for sale | 4.5 | 0 | 786 |
| Tangible fixed assets | 2.9 | 16 | 10 |
| Intangible assets | 2.10 | 4 | 2 |
| **TOTAL ASSETS** | | **63,442** | **60,041** |

The notes on pages 62 to 136 are integral part of these consolidated financial statements.

| **LIABILITIES**<br>(in EUR million) | **Note** | **31/12/2022** | **31/12/2023** |
|---|---|---|---|
| Financial liabilities at fair value through profit or loss | 3.1 & 4.1 | 4,126 | 3,488 |
| Hedging derivatives | 4.1 | 8,352 | 8,041 |
| Interbank borrowings and deposits | 3.2 | 3,149 | 1,398 |
| Customer borrowings and deposits | 3.3 | 4,765 | 3,058 |
| Debt securities | 3.4 | 36,690 | 37,998 |
| Fair value revaluation of portfolio hedges | | (2) | (3) |
| Current tax liabilities | | 2 | 2 |
| Deferred tax liabilities | 4.2 | 89 | 5 |
| Accruals and other liabilities | 3.5 | 387 | 316 |
| Liabilities included in disposal groups held for sale | 4.5 | 0 | 46 |
| Provisions | 3.6 | 41 | 133 |
| Subordinated debt | 3.7 | 23 | 35 |
| **TOTAL LIABILITIES** | | **57,622** | **54,517** |
| **Equity** | 3.8 | **5,820** | **5,524** |
| Equity, Group share | | 5,820 | 5,524 |
| Capital stock and related reserves | | 2,465 | 2,465 |
| Consolidated reserves | | 3,448 | 3,519 |
| Gains and losses directly recognised in equity | | (152) | (149) |
| Net result of the period | | 59 | (311) |
| **TOTAL LIABILITIES AND EQUITY** | | **63,442** | **60,041** |

The notes on pages 62 to 136 are integral part of these consolidated financial statements.

# Consolidated statement of income

| (in EUR million) | Note | 31/12/2022 | 31/12/2023 |
|---|---|---|---|
| Interest income | 5.1 | 2,680 | 5,558 |
| Interest expense | 5.1 | (2,620) | (5,430) |
| Commission income | 5.2 | 5 | 4 |
| Commission expense | 5.2 | (16) | (8) |
| Net gains (losses) on financial instruments at Fair value through profit or loss | 5.3 | 346 | (15) |
| Net gains (losses) on financial instruments measured at Fair value through other comprehensive income | 5.4 | (6) | (4) |
| Net gains (losses) arising on derecognition of financial assets measured at amortised cost | 5.5 | (43) | (41) |
| Other income | 5.6 | 60 | 19 |
| Other expenses | 5.7 | (36) | (5) |
| **NET BANKING INCOME** | | **371** | **78** |
| Operating expenses | 5.8 | (276) | (373) |
| Depreciation, amortisation and impairment of tangible fixed assets and intangible assets | 5.9 | (10) | (11) |
| **GROSS OPERATING INCOME** | | **85** | **(306)** |
| Cost of credit risk | 5.10 | (3) | (2) |
| **OPERATING INCOME** | | **82** | **(308)** |
| Net gains (losses) on other assets | 5.11 | 0 | (52) |
| **NET RESULT BEFORE TAX** | | **82** | **(360)** |
| Income tax | 5.12 | (23) | 47 |
| Result from discontinued operations, net of tax | 4.5 | 0 | 2 |
| **NET INCOME** | | **59** | **(311)** |
| **NET INCOME, GROUP SHARE** | | **59** | **(311)** |

The notes on page 62 to 136 are integral part of these consolidated financial statements.

# Consolidated statement of comprehensive income

| (in EUR million) | 31/12/2022 | 31/12/2023 |
|---|---|---|
| | | |
| **NET INCOME** | **59** | **(311)** |
| **Elements reclassified or likely to be subsequently reclassified in net income** | | |
| Cumulative translation adjustments | (1) | 0 |
| Changes in Fair value of debt instruments at Fair value through other comprehensive income | (16) | 2 |
| Revaluation of hedging derivatives | 123 | 9 |
| **Elements that will never be reclassified or likely to be subsequently reclassified in net income** | | |
| Actuarial gains and losses on defined benefit plans | 2 | (1) |
| Own credit risk revaluation directly recognised in equity for the financial liabilities designated at Fair value through profit or loss (FVTPL) | (3) | (9) |
| Transfer within consolidated reserves of own credit risk amounts related to financial liabilities designated at Fair value through profit or loss, upon their derecognition | (8) | 0 |
| Tax (expense) benefit | 2 | 2 |
| **TOTAL UNREALISED OR DEFERRED GAINS AND LOSSES THROUGH EQUITY** | **99** | **3** |
| | | |
| **NET RESULT AND UNREALISED OR DEFERRED GAINS AND LOSSES THROUGH EQUITY** | **158** | **(308)** |
| of which, Group share | 158 | (308) |

The notes on pages 62 to 136 are integral part of these consolidated financial statements.

# Consolidated statement of changes in equity

| (in EUR million) | Capital stock and related reserves: Capital stock | Capital stock and related reserves: Related reserves | Capital stock and related reserves: Total | Consolidated reserves | Gains and losses directly recognised in equity: Change in Fair value of debt instruments measured at Fair value through other comprehensive income, net of taxes | Change in Fair value of equity instruments measured at Fair value through other comprehensive income, net of taxes | Change in Fair value of cash flow hedges, net of taxes | Actuarial gains and losses on defined benefit plans | Change in Fair value of financial liabilities designated at Fair value through profit or loss attributable to own credit risk | Translation adjustments | Total | Net income, Group share | EQUITY, GROUP SHARE | EQUITY |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **AS AT 31 DECEMBER 2021** | **279** | **2,186** | **2,465** | **3,691** | **(60)** | **(1)** | **(250)** | **(5)** | **28** | **38** | **(251)** | **(277)** | **5,628** | **5,628** |
| **Correction of opening equity[1]** | | | | **25** | | | | | | | | | **25** | **25** |
| **AS AT 1st JANUARY 2022** | **279** | **2,186** | **2,465** | **3,716** | **(60)** | **(1)** | **(250)** | **(5)** | **28** | **38** | **(251)** | **(277)** | **5,653** | **5,653** |
| *Movements during the period* | | | | | | | | | | | | | | |
| Appropriation of net income 2021 | | | | (277) | | | | | | | | 277 | 0 | 0 |
| **Subtotal of shareholders related movements** | | | | **(277)** | | | | | | | | **277** | **0** | **0** |
| Translation adjustments | | | | | | | | | | (1) | (1) | | (1) | (1) |
| Changes in Fair value of financial assets measured at Fair value through other comprehensive income, through equity | | | | | (20) | | | | | | (20) | | (20) | (20) |
| Own credit risk reclassified from accumulated other comprehensive income to equity upon reimbursement of financial liabilities at FVTPL | | | | 8 | | | | | (8) | | (8) | | 0 | 0 |
| Amounts reclassified to profit or loss following the impairment or the disposal of debt instruments measured at Fair value through other comprehensive income[2] | | | | | 4 | | | | | | 4 | | 4 | 4 |
| Gains and losses of cash flow hedge derivatives, through equity | | | | | | | 73 | | | | 73 | | 73 | 73 |
| Gains and losses on cash flow hedge derivatives reclassified in profit or loss | | | | | | | 50 | | | | 50 | | 50 | 50 |
| Changes in Fair value of financial liabilities designated at Fair value through profit or loss attributable to own credit risk (OCR) | | | | | | | | | (1) | | (1) | | (1) | (1) |
| Changes in actuarial gains and losses on defined benefit plans | | | | | | | | 2 | | | 2 | | 2 | 2 |
| Other variations | | | | 1 | | | | | | | | | 1 | 1 |
| Net income for the period | | | | | | | | | | | | 59 | 59 | 59 |
| **AS AT 31 DECEMBER 2022** | **279** | **2,186** | **2,465** | **3,448** | **(77)** | **(1)** | **(127)** | **(3)** | **19** | **37** | **(152)** | **59** | **5,820** | **5,820** |
| **Correction of opening equity[3]** | | | | **12** | | | | | | | | | **12** | **12** |
| **AS AT 1st JANUARY 2023** | **279** | **2,186** | **2,465** | **3,460** | **(77)** | **(1)** | **(127)** | **(3)** | **19** | **37** | **(152)** | **59** | **5,832** | **5,832** |
| *Movements during the period* | | | | | | | | | | | | | | |
| Appropriation of net income 2022 | | | | 59 | | | | | | | | (59) | 0 | 0 |
| **Subtotal of shareholders related movements** | | | | **59** | | | | | | | | **(59)** | **0** | **0** |
| Translation adjustments | | | | | | | | | | | 0 | | 0 | 0 |
| Changes in Fair value of financial assets measured at Fair value through other comprehensive income, through equity | | | | | (2) | | | | | | (2) | | (2) | (2) |
| Amounts reclassified to profit or loss following the impairment or the disposal of debt instruments measured at Fair value through other comprehensive income[2] | | | | | 4 | | | | | | 4 | | 4 | 4 |
| Gains and losses of cash flow hedge derivatives, through equity | | | | | | | (20) | | | | (20) | | (20) | (20) |
| Gains and losses on cash flow hedge derivatives reclassified in profit or loss | | | | | | | 29 | | | | 29 | | 29 | 29 |
| Changes in Fair value of financial liabilities designated at Fair value through profit or loss attributable to own credit risk (OCR) | | | | | | | | | (7) | | (7) | | (7) | (7) |
| Changes in actuarial gains and losses on defined benefit plans | | | | | | | | (1) | | | (1) | | (1) | (1) |
| Net income for the period | | | | | | | | | | | | (311) | (311) | (311) |
| **AS AT 31 DECEMBER 2023** | **279** | **2,186** | **2,465** | **3,519** | **(75)** | **(1)** | **(118)** | **(4)** | **12** | **37** | **(149)** | **(311)** | **5,524** | **5,524** |

*(1) Following data quality work carried out during the first half of 2022, the ratings at origin of certain counterparties turned out to be erroneous. This error correction let to a favorable effect of EUR +25 million on expected credit losses as at 01/01/2022 recognised as a correction to opening equity.*
*(2) See note 5.4.*
*(3) Correction of the amortisation of the discount of a bond.*
The notes on pages 62 to 136 are integral part of these consolidated financial statements.

# Consolidated cash flow statement

| (in EUR million) | 31/12/2022 | 31/12/2023 |
|---|---|---|
| **CASH FLOW FROM OPERATING ACTIVITIES** | | |
| Net income after income taxes | 59 | (311) |
| Adjustment for: | | |
| - Depreciation, amortization and other impairment | 10 | 11 |
| - Impairment losses (reversal impairment losses) on bonds, loans and other assets | 1 | 10 |
| - Net increases (net decreases) in provisions | (47) | 93 |
| - Unrealised (gains) or losses on financial instruments | (259) | (18) |
| - Deferred taxes | 8 | (64) |
| Changes in operating assets and liabilities | (7,511) | (657) |
| **NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES** | **(7,739)** | **(936)** |
| **Cash flow from investing activities** | | |
| Purchase of fixed assets | (1) | (2) |
| Acquisitions of unconsolidated equity shares | (1) | 0 |
| Sales of unconsolidated equity shares | 12 | 0 |
| **NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES** | **10** | **(2)** |
| **Cash flow from financing activities** | | |
| Reimbursement of subordinated debts | 0 | (7) |
| Cash outflow related to lease liabilities | (8) | (8) |
| **NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES** | **(8)** | **(15)** |
| **NET CASH PROVIDED** | **(7,737)** | **(953)** |
| **Cash and cash equivalents at the beginning of the period** | **10,836** | **3,113** |
| Cash flow from operating activities | (7,739) | (936) |
| Cash flow from investing activities | 10 | (2) |
| Cash flow from financing activities | (8) | (15) |
| Effect of exchange rate changes and change in scope of consolidation on cash and cash equivalents | 14 | (2) |
| **CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD** | **3,113** | **2,158** |
| **Additional information** | | |
| Income taxes (paid) refund | 8 | (35) |
| Dividends received | 1 | 0 |
| Interest received | 5,353 | 9,897 |
| Interest paid | (5,226) | (10,281) |

The notes on pages 62 to 136 are an integral part of these consolidated financial statements.

# Notes to the consolidated financial statements

## 1. Accounting policies and valuation methods, ownership interests in subsidiaries and other entities, significant items included in the statement of income, other significant events of the year, post balance sheet events and operational risk management during the resolution period



### 1.1. Accounting policies and valuation methods

**GENERAL INFORMATION**

Dexia Crédit Local (Dexia as from 1 January 2024) is a French limited company (société anonyme) with a Board of Directors. Its registered office is located at Tour CBX La Défense 2 – 1, Passerelle des Reflets, 92913 La Défense.

The abandonment of its status as a credit institution on 1 January 2024 led to a change in its corporate name to "Dexia". These consolidated financial statements were authorised for issue by the Board of Directors on 22 March 2024.

**NOTES TO THE FINANCIAL STATEMENTS**

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below.

The commonly used abbreviations below are:
- IASB: International Accounting Standards Board
- IFRS IC: IFRS Interpretations Committee (ex IFRIC)
- IFRS: International Financial Reporting Standards

#### 1.1.1. BASIS OF ACCOUNTING

**1.1.1.1. General**

Dexia's consolidated financial statements are prepared in accordance with the IFRS adopted by the EU.

The European Commission published Regulation EC 1606/2002 on 19 July 2002 requiring listed groups to apply IFRS as from 1 January 2005. This regulation has been updated several times since 2002.

Dexia's financial statements have therefore been prepared "in accordance with all IFRSs as adopted by the EU" and endorsed by the EC up to 31 December 2023, including the conditions of application of interest rate portfolio hedging and the possibility to hedge core deposits. Our accounting principles include mainly elements where the IFRS text allows the possibility of choice.

The consolidated financial statements are presented in millions of euro (EUR) unless otherwise stated.

**1.1.1.2 Going concern**

The consolidated financial statements of Dexia as at 31 December 2023 have been prepared in accordance with the going concern accounting rules of IAS 1 § 25 and 26.

Since 1 January 2024, Dexia has continued its orderly resolution as a non-bank. The withdrawal of Dexia's banking licence and investment services authorisations is part of the ongoing implementation of the Group's orderly resolution plan. It is based on a detailed analysis of the impacts and risks, which has shown that the Dexia Group is perfectly capable of continuing this resolution process outside banking regulations and that this withdrawal will in no way affect the Group's ability to carry out its resolution or the quality of the monitoring of its portfolio. In particular:

Dexia maintains its ability to finance itself via the debt issue guaranteed by the Belgian and French States, which retains HQLA Level 1 qualification. To recall, Dexia's State guarantee was extended in 2022, for a period of ten years.

Dexia also retains direct access to clearing houses and the main trading platforms, which are essential for managing its orderly resolution.

Following the withdrawal of Dexia's authorisations, the rating agencies affirmed Dexia's *senior unsecured* rating at *Investment Grade*, with a stable outlook.

The pursuit of Dexia's orderly resolution is based on a certain number of hypotheses constituting the business plan underlying the Group's resolution, which are reassessed on the basis of the information available at each balance sheet date. These assumptions, and the remaining areas of uncertainty, are summarised below:

Although it manages its risks proactively, Dexia remains sensitive to changes in the macroeconomic environment and market parameters such as exchange rates, interest rates and credit spreads. An unfavourable evolution of these parameters over time could weigh on the liquidity and solvency positions. It could also have an impact on the valuation of assets, financial liabilities or derivatives. Dexia also remains subject to the constraints and uncertainties linked to its operating model as well as to the risks associated with the continuity of operations, inherent to Dexia's specific nature as an entity in resolution.

The continuation of the resolution process is based on maintaining Dexia's rating at a level equivalent to or higher than *Investment Grade*. It also assumes that Dexia retains a good funding capacity via the issue of debt guaranteed by the Belgian and French States and the raising of secured funding.
Finally, residual uncertainties linked, for example, to changes in legislation or accounting rules over the duration of the Group's resolution, could influence the initially anticipated resolution trajectory.
At the time of closing the consolidated financial statements as at 31 December 2023, management reviewed each of these assumptions and areas of uncertainty.
By virtue of meticulous preparation, the withdrawal of Dexia's banking authorisation was correctly understood by the market, which enabled Dexia to launch its long-term issue programme in January 2024, with two benchmark transactions of EUR 1.5 billion and GBP 750 million, which were very favourably received. In addition, Dexia maintains a liquidity reserve deemed adequate to cope with stressed market conditions. This liquidity reserve amounted to EUR 13.4 billion at December 2023 and includes the contingency reserve, for a total amount of EUR 3.8 billion in cash, which replaces the *Emergency Liquidity Agreement* (ELA) of the national banks since the withdrawal of the banking licence.
Within the framework of the preparation of the consolidated financial statements as at 31 December 2023, Dexia has reviewed the macroeconomic scenarios used for the measurement of expected credit losses within the framework of IFRS 9 and has adopted a macroeconomic base case scenario, developed on the basis of the most recent projections of the European Central Bank (ECB), published in December 2023, supplemented by the scenarios published by the national central banks where available. The ECB's central scenario revises macroeconomic growth in the European Union slightly downwards for 2024. A similar trend is observed in the UK, while US projections are revised slightly upwards. Despite high inflation, the disinflationary process is set to continue in the years ahead. Labour markets should remain resilient overall.
After having taken into account all these elements and uncertainties, the management of Dexia confirms that as at 31 December 2023, they do not call into question the fundamentals of the orderly resolution of the Group or the assessment of the adequacy of the application of the going concern assumption. Consequently, the consolidated financial statements can be prepared in accordance with the rules applicable to a going concern in accordance with IAS 1 § 25 and 26.

### 1.1.2. CHANGES IN ACCOUNTING POLICIES SINCE THE PREVIOUS ANNUAL PUBLICATION THAT MAY IMPACT DEXIA GROUP

#### 1.1.2.1. IASB texts and IFRIC interpretations endorsed by the European Commission and applied as from 1 January 2023

• **IFRS 17** "Insurance Contracts". This standard issued by the IASB in May 2017 to replace the IFRS 4 "Insurance Contracts" standard establishes principles for the recognition, measurement and presentation of insurance contracts falling within its scope. This new standard has no impact on Dexia's financial statements as Dexia has no insurance contracts within the scope of the standard.

• **Amendment to IAS 12** "Deferred Tax related to Assets and Liabilities arising from a Single Transaction" which specifies how companies should account for deferred tax on transactions such as leases. As a result, separate deferred tax liabilities and deferred tax assets must be recognized respectively in respect of the balance sheet items of the lessee's rights of use and lease liabilities. This amendment has no impact on Dexia's financial statements considering the amounts relating to its leases and insofar as, for the same tax entity, Dexia offsets deferred tax assets and liabilities on the balance sheet and depreciate net deferred tax assets, after deduction of deferred tax liabilities.

• **Amendments to IAS 12** "International Tax Reform – Pillar Two Model Rules". This amendment introduces a temporary exception to the obligation to recognize deferred taxes resulting from the implementation of Pillar 2 rules (worldwide minimum tax) within the framework of the OECD's international tax reform, as well as a specific disclosure requirement in the notes to the financial statements. This amendment has no impact on Dexia's financial statements, as it is currently outside the scope of Pillar 2 provisions due to the amount of its net banking income.

• **Amendment to IAS 1 and IFRS 2 Practice Statement** "Disclosure of Accounting policies". These amendments, which aim to help companies to identify the useful information to provide to users of financial statements on accounting methods, are reflected in Dexia's annual financial statement disclosures related to the accounting policies (see note 1.1).

• **Amendment to IAS 8** "Definition of Accounting Estimates". This amendment, which aims to facilitate the distinction between accounting methods and accounting estimates, has no immediate impact on Dexia's financial statements.

#### 1.1.2.2. IASB texts and IFRIC interpretations endorsed by the European Commission during the current year but not yet applicable as from 1 January 2023

• **Amendments to IFRS 16** "Lease Liability in a Sale and Leaseback". This amendment applicable as from 1 January 2024 clarifies the subsequent measurement of sale and leaseback transactions. This amendment will have no impact on Dexia's financial statements as Dexia is not involved in these transactions.

• **Amendment to IAS 1** "Classification of Liabilities as Current or Non-current" and "Non-current Liabilities with Covenants". These amendments applicable as from 1 January 2024 aim to clarify the criteria for classifying a liability as current or non-current and to improve the information provided by companies on long-term debt with covenants. The impact of these amendments on Dexia's financial statements is being analyzed.

#### 1.1.2.3. New IFRS standards, IFRIC interpretations and amendments issued during the current year but not yet endorsed by the European Commission

• **Amendment to IAS 7 and IFRS 7** "Supplier Finance Arrangements" (issued by the IASB in May 2023). This amendment, applicable from 1 January 2024, is intended to enable users of the financial statements to assess the effects of these agreements on the entity's liabilities and cash flows. The impact of this amendment on Dexia's financial statements is currently being analysed.

• **Amendment to IAS 21** "Lack of Exchangeability" (issued by the IASB in August 2023). This amendment provides guidance on when a currency is convertible and how to determine the exchange rate in the absence of convertibility. This amendment will have no impact on Dexia's financial statements as Dexia is not concerned by this situation.

#### 1.1.2.4. IBOR benchmark rates reform

***Presentation of the IBOR reform***

Following the weaknesses of IBOR interbank rates revealed by the financial crisis, a reform has been launched at international level in order to strengthen the reliability of benchmark methodologies and to replace IBOR benchmarks by new risk-free rates.

Dexia continues to be impacted by this reform only to a very marginal extent. The great majority of its financial instruments indexed to IBOR indices, mainly in euros, US dollars and pounds sterling, have been already amended in order to reflect the new rates (via the replacement of the benchmark interest rate or via the insertion of fallback clauses, setting out the terms and conditions of replacement in the event of the cessation of a benchmark interest rate) considering the reform progress as follows:

- in the euro zone, EONIA has been replaced by €STR since 3 January 2022 and is equal to €STR + 8.5 bps. Regarding EURIBOR, a new so-called "hybrid" methodology has been recognized as BMR compliant since July 2019 and this rate was added to the benchmark register of the European Securities and Markets Authority (ESMA). Since then, the durability or the maintaining of the EURIBOR for the next years has not been called into question, neither by the supervisor of the index, ESMA, nor by its administrator, EMMI (European Money Markets Institute).
- regarding the USD LIBOR and GBP LIBOR replacement indices, the new SOFR and SONIA risk-free rates which comply with the BMR regulations have been published since 2018. The index based on SOFR (CME term SOFR or compounded overnight SOFR) has replaced the former LIBOR USD index, whose publication was continued until 30 June 2023 for most of its tenors. The GBP LIBOR index has been replaced by SONIA since 1 January 2022.

However, for certain contracts indexed to USD LIBOR or GBP LIBOR, qualified as tough legacy and for a limited period of time (until 30 September 2024 for USD LIBOR 1 month, 3 month and 6 month and until 31 March 2024 for 3-month GBP LIBOR), LIBOR indices are maintained according to "synthetic LIBOR" methodologies which are based on the new risk-free rates respectively in USD or GBP. The contracts concerned are contracts that could not be renegotiated before the index cessation because their transition is particularly difficult.
- concerning the JPY LIBOR and the CHF LIBOR, the publication of which ceased on 1 January 2022, the new risk-free rates TONA and SARON have definitively replaced these indices since this date.
- concerning the CAD CDOR index, the end of its publication is scheduled for 28 June 2024. It will be replaced by the CORRA index.

***Management of the transition within Dexia***

A project structure in place within Dexia since the second half of 2018 has ensured the transition to the new benchmark rates for the great majority of Dexia's financial instruments affected by the reform. This project involved all of Dexia's business lines and functions and aimed to anticipate the impacts of the reform from a legal, commercial, financial, accounting, risk framework and operational viewpoint and to implement the transition process to the new indexes while reducing the risks linked to this transition and respecting the deadlines defined by the regulators.

During 2021 and 2022, Dexia focused its work on the transition of its contracts indexed to the GBP LIBOR, JPY LIBOR, CHF LIBOR and EONIA considering the discontinuation of these indices respectively on 1st January 2022 and 3 January 2022. In particular, Dexia accomplished the transition to the new reference rates for its derivative contracts traded with clearing houses and bilateral counterparties, of its cash collateral arrangements linked to derivative and repo contracts, of its securities contracts, loans and credit lines as well as funding contracts. For most of Dexia's bilateral derivative products, the replacement of the index took effect in January 2022 through the activation of fallback clauses under the ISDA contract (see *Impacts on Dexia's financial statements*).

In 2023, Dexia continued its work relating to the reform and completed all transitions for its instruments indexed on the USD LIBOR in view of the cessation of the index on 1st July 2023. In particular:

- for most of Dexia's bilateral derivatives and the associated cash collateral agreements, the replacement of the index took place on 1st July 2023 via the activation of the fallback clauses under the ISDA contract. However, some derivatives were renegotiated directly with the counterparties (mainly with non-members of the ISDA protocol);
- for Dexia's derivative contracts treated with the clearing house (LCH), the replacement of the index of the floating leg of instruments indexed on USD LIBOR occurred on 22 April 2023 and 20 May 2023 depending on the nature of derivatives;
- for its loan contracts, credit lines and its funding contracts, Dexia completed the update of these contracts.

Dexia continues its reform related work, especially for its contracts indexed to CAD CDOR, whose discontinuation is planned on 28 June 2024 and for its residual contracts indexed to the 3-month synthetic GBP LIBOR applied until 31 March 2024 at the latest.

Outstanding amounts of financial instruments impacted by the index reform are presented in note 4.9 of Dexia's 2023 annual report.

***Impacts on Dexia's financial statements***

As at 31 December 2022, considering the application of the amendments to IFRS 9 and IAS 39 on interest rate benchmark reform - phase 2, the transition of Dexia's fair value hedge derivative contracts indexed on the GBP LIBOR, JPY LIBOR and CHF LIBOR to new indices via the activation of replacement clauses under the ISDA protocol generated a positive impact on consolidated income of EUR 329 million presented in "Net gains or losses on financial instruments at fair value through profit or loss". This impact is mainly due to derivative contracts indexed on the GBP LIBOR which have been amended in order to incorporate the new SONIA index. The impact on the income statement was generated by the revaluation, based on SONIA's curve, of the fair value of the hedged risk following its redefinition. It corresponds to the reversal of the stock of GBP LIBOR/SONIA accounting inefficiency at the time of the transition. By aligning the fair value hedges to the new benchmark, which is the risk-free rate, the volatility arising from the GBP LIBOR/SONIA risk has therefore been eliminated, along with the associated hedge ineffectiveness.

As of 31 December 2023, the transition of instruments indexed to the USD LIBOR did not generate a significant impact on Dexia's consolidated financial statements.

The accounting provisions relating to the hedge accounting in the period of uncertainty preceding the introduction of these new rates, as well as those relating to the derecognition and modification of financial assets and liabilities indexed to the rate benchmarks in the scope of the reform and to the hedge accounting after the introduction of the new rates are presented in notes 1.1.6.1, 1.1.6.2.4. and 1.1.10 of the 2023 annual report.

#### 1.1.2.5. Retirement reform

The law 2023-270 of 14 April 2023 concerning the retirement reform ("*Loi n° 2023-270 du 14 avril 2023 de financement rectificative de la Sécurité Sociale pour 2023*") has been promulgated and issued in the official journal on 15 April 2023. This law came into effect on 1 September 2023 and focuses on two main themes: the gradual increase of the legal retirement age (from 62 to 64 years) and the extension of the required contribution period for full pension benefits. Early retirement schemes (for long careers, disability, permanent incapacity, or invalidity) are maintained and adapted.

In the consolidated financial statements, the changes resulting from the retirement reform constitute a modification of the retirement plan, both for end-of-career indemnity plans and early retirement plans. The impact of this reform on Dexia's financial statements is not significant.

#### 1.1.2.6. New jurisprudence on paid leave

In its three decisions of 13 September 2023, the French Supreme Court (Cour de cassation) has given precedence to the EU law over the French Labor Code, overriding French provisions on paid leave and sick leave. These decisions improve employees' rights to paid leave in terms of acquiring paid leave during work stoppage and modify the cost of paid leave for companies. The amounts estimated and provisioned by Dexia on 31 December 2023 are not material.

#### 1.1.2.7. Changes in presentation of consolidated financial statements of Dexia

The consolidated financial statements of Dexia have been prepared in accordance with the ANC (French Authority for Accounting Standards) presentation. As at 31 December 2023, they are compliant with ANC Recommendation 2022-01 issued on 8 April 2022 "on the presentation of the consolidated financial statements of banks prepared in accordance with International Financial Reporting Standards" which cancels and replaces ANC recommendation 2017-02 of 2 June 2017.

There were no other changes in the presentation of Dexia's consolidated financial statements during the current financial year.

### 1.1.3. CONSOLIDATION

#### 1.1.3.1. Subsidiaries and structured entities

Subsidiaries are those entities over which Dexia may exercise control. Entities controlled by the Group are fully consolidated. Under IFRS 10 "Consolidated Financial Statements", the Group controls an entity if and only if the Group has all the following:

- power over the entity;
- exposure, or rights, to variable returns from its involvement with the entity;
- the ability to use its power over the entity to affect those returns.

Dexia has power over an investee when it has existing rights that give it the current ability to direct the relevant activities i.e. the activities that significantly affect the investee's returns. When power over an entity is obtained directly and solely from the voting rights granted by equity instruments, the investor that holds a majority of those voting rights controls the entity.

In other cases, especially for structured entities, the assessment of control is more complex and may require greater use of judgment considering other factors. A structured entity is an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, Dexia is particularly involved in securitisation vehicles and investment funds.

The ability to direct the relevant activities is assessed by considering: the purpose and design of the investee; managing financial assets during their life, including the management upon default; selecting, acquiring, disposing or replacing of assets; appointing and remunerating an investee's key management personnel and terminating their employment. Dexia determines whether it is exposed, or has rights, to variable returns by considering: dividends and other distributions of economic benefits; exposure to loss through instruments that absorbs variability (including CDSs as sellers of protection or junior tranches designed to absorb the first losses and paid on credit risk exposure basis); remuneration for servicing an investee's assets or liabilities; returns that are not available to other interest holders.

An investor controls an investee when it not only has power over the investee and exposure or rights to variable returns from its involvement with the investee, but also has the ability to use its power to affect the investor's returns from its involvement with the investee. Thus, an investor with decision-making rights shall determine whether it is a principal or an agent considering all the factors below:

- the scope of its decision-making authority over the investee;
- the rights held by other parties (including right to remove the decision maker);
- the remuneration to which it is entitled in accordance with the remuneration agreements;
- the decision maker's exposure to variability of returns from other interests that it holds in the investee.

Subsidiaries are fully consolidated as of the date on which effective control is transferred to Dexia and are no longer consolidated as of the date on which Dexia's control ceases. Intercompany transactions, balances and unrealised gains and losses on transactions among Dexia's companies have been eliminated. Where necessary, the accounting policies of the subsidiaries have been amended to ensure consistency with the policies adopted by Dexia.

Changes in Dexia's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. When the proportion of the equity held regarding non-controlling interests (minority interests) changes, the carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity.

When Dexia loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between:

- the aggregate of the fair value of the consideration received and the fair value of any retained interest; and
- the previous carrying amount of the assets (including goodwill) and liabilities of the subsidiary and any non-controlling interests.

The fair value of any investment retained in the former subsidiary at the date on which control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9 "Financial Instruments" or, where applicable, the cost on initial recognition of an investment in an associate or a jointly controlled entity.

#### 1.1.3.2. Associates and joint venture

Associates are investments in which Dexia has significant influence, but does not exercise control. This is usually the case when Dexia owns between 20% and 50% of the voting rights.

A joint venture is a contractual arrangement of which two or more parties undertake a jointly controlled economic activity.

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A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement and are required to agree unanimously to decisions about the relevant activities of the arrangement.

Dexia has no equity method investments.

### 1.1.4. OFFSETTING FINANCIAL ASSETS AND FINANCIAL LIABILITIES

In accordance with IAS 32, financial assets and financial liabilities are offset (and consequently, the net amount only is reported) when Dexia has a legally enforceable right to offset the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. The right to set off the recognized amounts should be legally enforceable in all circumstances, in the normal course of business and in the event of default of one of the counterparties.

In particular, the derivative instruments transacted by Dexia with clearing houses that meet the two criteria required by IAS 32 are offset on the balance sheet. Offsetting effects are disclosed in the note 4.3. "Offsetting financial assets and financial liabilities".

### 1.1.5. FOREIGN CURRENCY TRANSLATION AND TRANSACTIONS

#### 1.1.5.1. Foreign currency translation

On consolidation, the statements of income and cash flow statements of foreign entities that have a functional currency different from Dexia's presentation currency are translated into Dexia's presentation currency (EUR) at the average exchange rates for the year (annual reporting) or the period (interim reporting) and their assets and liabilities are translated at the respective year-end or quarter-end exchange rates.

Exchange differences arising from the translation of the net investment in foreign subsidiaries, associates, joint ventures and of borrowings and other currency instruments designated as hedges of such investments, are recorded as a cumulative translation adjustment within shareholders' equity. On disposal of a foreign entity accompanied by a loss of control, such exchange differences are recognised in the income statement as part of the gain or loss on disposal.

Goodwill and fair value adjustments arising from the acquisition of a foreign entity are treated as assets and liabilities in the functional currency of the foreign entity and are translated at the closing rate.

#### 1.1.5.2. Foreign currency transactions

For individual Dexia entities, foreign currency transactions are accounted for using the exchange rate at the date of the transaction. Outstanding balances denominated in foreign currencies at period-end or year-end are translated at period-end or year-end exchange rates for monetary items and non-monetary items carried at fair value. Historical rates are used for non-monetary items carried at cost. The resulting exchange differences from monetary items are recorded in the consolidated income statement, except for the foreign exchange impact related to fair value adjustments on assets measured at fair value through OCI, which is recorded under "Other comprehensive income". For non-monetary items carried at fair value, the exchange differences are governed by the same accounting treatment as for fair value adjustments.

### 1.1.6. FINANCIAL ASSETS AND LIABILITIES

Dexia applies all the requirements of IFRS 9, except for the hedge accounting transactions which are accounted for in accordance with IAS 39.

Management uses judgement on the criteria mentioned in the paragraphs below in determining the appropriate classification of its financial instruments at initial recognition. However, under certain conditions, financial assets could subsequently be reclassified.

#### 1.1.6.1. Recognition and derecognition of financial instruments

Dexia recognises and derecognises financial assets Held for trading measured at Fair Value Through Profit or Loss (FVTPL), that require delivery within the established timeframes (a "regular way" purchase or sale), on trade date. For these financial assets, Dexia recognises in the income statement, any unrealised gains or losses arising from revaluing the contract to fair value at the reporting date. Dexia recognises these unrealised gains and losses under "Net gains (losses) on financial instruments at fair value through profit or loss".

All other "regular way" purchases and sales of financial assets not Held for trading are recognised and derecognised on the settlement date, which is the date of delivery to or by Dexia.

Dexia derecognises all or part of a financial asset if the contractual rights to the cash flows from the financial asset expire, including substantial changes to its contractual terms (see 1.1.6.2.4. Accounting for early repayments and restructuring of loans), or if these contractual rights to receive the cash flows of the financial asset or substantially all of the risks and rewards of ownership are transferred. In this case, any rights or obligations created or retained at the time of transfer are recognised separately as assets and liabilities.

Dexia recognises the financial liabilities on its balance sheet when it becomes party to the contractual provisions of the instrument. Dexia derecognises financial liabilities only when they are extinguished, i.e. when the obligation specified in the contract is discharged or cancelled or expires. A financial liability may also be derecognised as a result of substantial changes in its contractual terms.

In accordance with the amendments to IFRS 9 on the interest rate benchmark reform (Phase 2), Dexia does not derecognise a financial asset and a financial liability modified in the context of the interest rate benchmark reform if the required conditions are met (see 1.1.6.2.4).

#### 1.1.6.2. Classification and measurement of financial assets

On initial recognition of a financial asset, Dexia first assesses the contractual terms of the instrument in order to classify it as an equity instrument (according to the definition in IAS 32 from the issuer's perspective) or a debt instrument.

An equity instrument is defined as any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. In order to satisfy this condition, Dexia verifies that the instrument includes no contractual obligation for the issuer to deliver cash or another financial asset or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the issuer. Puttable instruments do not meet the definition of equity instruments.

Any instruments issued which do not meet the criteria of equity instruments are classified as debt instruments by Dexia.

### 1.1.6.2.1. Classification and measurement of debt instruments

On initial recognition, debt instruments are classified as measured at Amortised Cost (AC), Fair Value through Other Comprehensive Income (FVOCI) or Fair Value Through Profit or Loss (FVTPL). The classification of debt instruments is based on both: the contractual cash flow characteristics of the assets and the entity's business model for managing these assets.

***Assessment whether contractual cash flows are solely payments of principal and interest (SPPI)***

The SPPI assessment is relevant for debt instruments to assess whether they are allowed to be measured at AC and FVOCI.
Contractual cash flows that are solely payments of principal and interest on the principal amount outstanding are consistent with a basic lending arrangement. In a basic lending arrangement, interest is mainly consideration for the time value of money and credit risk, and can also include consideration for other basic lending risks (liquidity risk) and costs (administrative costs) associated with holding the financial asset for a period of time, as well as a profit margin. For the purpose of this assessment, principal is defined as the fair value of the financial asset on initial recognition.
In assessing whether the contractual cash flows are SPPI, Dexia considers the contractual terms of each instrument, particularly those that could change the timing or amount of contractual cash flows. In making the assessment, Dexia applies judgment when considering whether certain contractual features, such as interest rate reset frequency or non-recourse features, significantly affect future cash flows.
A contractual term that permits the borrower or the lender to prepay or to put the debt instrument back to the issuer before maturity remains consistent with SPPI cash flows, provided the prepayment amount substantially represents the principal remaining due and accrued but unpaid contractual interest, which may include a reasonable compensation. Such compensation can be either positive or negative. Judgment is required when assessing whether compensation paid or received on early termination of lending arrangements results in cash flows that are not SPPI.
Dexia's debt instruments are mainly SPPI which includes vanilla floating or fixed rate loans or securities. Dexia's non-SPPI debt instruments include some structured loans to local public entities with a contractual interest rate based on a formula with leverage effect, indexed on currency exchange rates or long term interest rate index (such as "Constant Maturity Swap" rates).

***Business model assessment***

The business model assessment is done on a portfolio basis and is relevant for debt instruments to assess whether they are allowed to be measured at AC and FVOCI.
The business model reflects how a group of debt instruments is managed based on objectives determined by the key management personnel of Dexia. A business model is a matter of fact and typically observable and is determined at a level that reflects how groups of financial assets are managed together to achieve a particular business objective and depending on how cash flows are generated (collecting contractual cash flows and/or selling the assets).
To determine the classification and measurement of financial assets, three different business models shall be distinguished:

- a business model whose objective is to collect contractual cash flows over the life of the instrument;
- a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets;
- and other business models including held for trading, where collecting contractual cash flows is only incidental.

Dexia exercises judgment to determine the appropriate level at which to assess its business models.
Any significant sale project of a financial asset that is managed within the business model whose objective is to collect contractual cash flows over the life of the instrument is subject to analysis and validation by the Transaction Committee, acting as a competence center at Group level, and approval by the Management Committee and the Board of Directors.

***Debt instruments measured at Amortised Cost (AC)***

A debt instrument is classified as measured at AC if it meets the following conditions:

- it is held within a business model whose objective is to hold financial assets to collect the contractual cash flows; and
- the contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding (SPPI).

Sales are not an integral part of the amortised cost business model but may be consistent with this business model if the realisation of disposals is close to the maturity of the instrument and for an amount close to the remaining contractual cash flows, or due to an increase in the counterparty's credit risk. Sales imposed by regulatory requirements or to manage the concentration of credit risk (without an increase in the asset's credit risk) are also consistent with this business model when they are infrequent or insignificant in value.
Dexia recognises debt instruments at AC initially at fair value plus transaction costs and subsequently at amortised cost, adjusted for any allowances for expected credit losses (ECL).
Interest is calculated using the effective interest rate method and recognised in net interest income.
The effective interest rate (except for purchased or originated credit impaired assets) is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument, to the gross carrying amount of the financial asset not considering the expected credit losses.

***Debt instruments measured at Fair Value through Other Comprehensive Income (FVOCI)***

A debt instrument is classified as measured at FVOCI if it meets the following conditions:

- it is held within a business model whose objective is achieved by both collecting the contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise, on specified dates, to cash flows that are SPPI.

Dexia recognises debt instruments at FVOCI initially at fair value (including transaction costs). Interest is recognised based on the effective interest rate method and recorded in net interest income.
Dexia subsequently measures these instruments at fair value (see 1.1.7. Fair value of financial instruments). Unrealised gains and losses arising from changes in the fair value are recognised within equity under the heading "Changes in FV of debt instruments at FVOCI".
When assets are disposed of, Dexia recycles the related accumulated fair value adjustments in the income statement in "Net gains (losses) on financial instruments measured at FVOCI".

***Debt instruments measured at Fair Value Through Profit or Loss (FVTPL)***

All other debt instruments are classified in the FVTPL category and consist of assets:

• not held in a business model whose objective is to hold assets to collect contractual cash flows or within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets. This is the case for financial assets held with an objective of realising cash flows through the sale of these assets and for which the collection of contractual cash flows is only incidental. Moreover, this is the case for a portfolio of financial assets which fall within the definition of assets held for trading acquired for generating a profit from short-term fluctuations in price or dealer's margins, or included in a portfolio in which a pattern of short-term profit-taking exists.

• or alternatively, held in such business model but the contractual terms of the instrument give rise, on specified dates, to cash flows that are not SPPI.

These assets are mandatorily measured at FVTPL.

Dexia initially recognises and subsequently re-measures loans and debt securities held for trading and non-trading assets mandatorily measured at FVTPL in the line "Financial assets at fair value through profit or loss" at their fair value, with all realised and unrealised gains and losses recorded in the income statement under "Net gains (losses) on financial instruments at fair value through profit or loss". According to Dexia's accounting policy choice, interest income is accrued using the effective interest rate method and is recognised in net interest income.

***Debt instruments designated at Fair Value Through Profit or Loss (FVO)***

In some cases and if appropriately documented, Dexia can irrevocably designate, on initial recognition, a financial asset that otherwise meets the requirements to be measured at AC or at FVOCI as measured at FVTPL (Fair Value Option (FVO)) where such designation eliminates or significantly reduces a measurement or recognition inconsistency ("accounting mismatch") that would otherwise arise.

Unrealised gains and losses on these assets are recorded in the income statement under "Net gains (losses) on financial instruments at fair value through profit or loss". According to Dexia's accounting policy choice, interest is recognised in net interest income.

***Reclassifications between categories***

Financial assets are not reclassified subsequent to their initial recognition, except in the period after Dexia exceptionally changes its business model for managing financial assets. A reclassification only occurs when a change in business model is determined by the senior management of Dexia as a result of external or internal changes that are significant to Dexia's operations (for example, in the event of the acquisition, disposal or termination of an important activity) and demonstrable to external parties.

The reclassification of assets applies prospectively from the start of the first reporting period following the change in business model. Any previously recognised gains, losses (including impairment gains or losses) and interests are not restated.

Consistently with the Orderly Resolution Plan, approved by the European Commission in 2012, which requires Dexia to manage the residual assets in run-off without any new commercial activity and without accelerated sale, the majority of Dexia's financial assets are held with an objective to collect the cash flows over the life of these assets. Another part of Dexia's financial assets are managed within a collect and sale business model.

### 1.1.6.2.2. Classification and measurement of investments in equity instruments

Financial equity instruments within the scope of IFRS 9 are classified in one of the following categories:

• Mandatorily measured at Fair Value Through Profit or Loss (FVTPL) as non-SPPI financial instrument;

• Equity instruments designated at Fair Value through Other Comprehensive Income (FVOCI).

Dexia does not have any equity securities held-for-trading.

Dexia initially recognises and subsequently measures assets mandatorily measured at FVTPL at their fair value in the line "Financial assets at fair value through profit or loss". All realised and unrealised gains and losses and dividend income from investments in equity instruments measured at FVTPL are recorded in the income statement under "Net gains (losses) on financial instruments at fair value through profit or loss".

At initial recognition and on a case by case basis, Dexia can make an irrevocable election to include equity investments not held for trading in the FVOCI category under "Financial assets at fair value through OCI". These instruments are subsequently measured at fair value with all changes recognised in other comprehensive income under "Changes in FV of equity instruments at FVOCI" and without any recycling into the income statement. Upon disposal of the investment, Dexia reclassifies the realised amounts within equity and presents them under the heading "Consolidated reserves". Assets classified into this category are not subject to impairment.

Dividend income from investments in these equity instruments designated at FVTOCI are recognised in the income statement under "Net gains (losses) on financial instruments measured at FVOCI".

### 1.1.6.2.3 Classification and measurement of derivative instruments (trading and hedging)

When a derivative is not designated in a hedge accounting relationship, it is deemed to be held for trading. The main types of Dexia's derivatives are the currency and the interest rate derivatives but Dexia also makes use of credit derivatives and equity derivatives. Dexia initially and subsequently measures all derivatives at the fair value obtained from quoted market prices, discounted cash flow models or pricing models, as appropriate (see 1.1.7. Fair value of financial instruments). Dexia reports derivatives as assets when fair value is positive and as liabilities when fair value is negative.

***Trading derivatives***

Derivative instruments which are not designated in a hedge relationship are measured at fair value through profit or loss and Dexia makes a distinction as follows:

• derivatives that are held with a hedging intent but for which hedge accounting cannot be or is not applied (economic hedge). All changes in fair value are recognised in the income statement under "Net gains (losses) on financial instruments at fair value through profit or loss". Interest is recognised in net interest income.

• derivatives held without hedging intent (trading derivative). All fair value changes on such derivatives as well as interests generated by these instruments are recognised under "Net gains (losses) on financial instruments at fair value through profit or loss".

• Dexia treats derivatives embedded in financial liabilities as separate derivatives:

• when their risks and characteristics are not closely related to those of the host contract;

• when a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and

• when the hybrid contract is not carried at fair value with unrealised gains and losses reported in the income statement.

Dexia reports embedded derivatives which were separated under the same heading as the host contract.

***Hedging derivatives***

Hedging derivatives are derivatives which are specifically designated in a hedge relationship and they are measured based on the type of hedging relationship. The accounting of such derivatives is detailed in the section 1.1.10. "Hedging derivatives".

### 1.1.6.2.4. Accounting for early repayments and restructuring of loans

Dexia has determined the accounting principles applicable to the restructuring of loans in accordance with B3.3.6 of IFRS 9 dealing with the restructuring of financial liabilities.

***Restructured and modified financial assets***

When a financial asset restructuring takes place, each case is considered individually. Modifications represent contract amendments that result in an alteration of future contractual cash flows. The method of accounting for restructured and modified loan and early repayment indemnities differ depending on whether or not the restructuring results in terms that are substantially different from those set initially.

A substantial modification of the terms of an existing financial asset is accounted for as an extinguishment of the original financial asset and the recognition of a new financial asset. A restructuring that leads to a derecognition is not considered as a sale of a financial asset within a business model whose objective is to hold the asset to collect the contractual cash flows over the life of the asset.

The following factors are the main considerations in determining if the terms of the asset after restructuring must be considered as substantially different on a qualitative basis:

• SPPI / Non SPPI nature of the contractual cash flows;

• the currency that the debt instrument is denominated in;

• the interest rate;

• conversion features attached to the instrument;

• changes in covenants;

• change in counterparty.

Moreover, in accordance with B3.3.6 of IFRS 9, Dexia considers that the terms are substantially different when the net present value of the cash flows under the new terms, including any fees paid/received between the borrower and the lender or paid/received on their behalf, is at least 10% different from the net present value of the remaining cash flows from the original loan.

Where the modification does not result in a derecognition, any difference between the modified contractual cash flows discounted at the original EIR and the existing gross carrying value of a financial asset is recognised immediately in the income statement in "Net gains (losses) on financial assets instruments at FVOCI" or "Net gains (losses) on financial assets measured at AC" based on the classification of the asset.

A restructuring or modification of a financial asset measured at AC or of a financial asset measured at FVOCI could lead to a substantial change in the terms and conditions, resulting in the original financial asset being derecognised. The early repayment indemnity is recognised immediately in the income statement in "Net gains (losses) on financial instruments measured at FVOCI" or "Net gains (losses) on financial assets measured at AC" based on the classification of the asset. A new financial asset is recognised at fair value.

***Financial assets modified in the context of the interest rate benchmark reform***

In accordance with the amendments to IFRS 9 on the interest rate benchmark reform (phase 2), the replacement of a former benchmark interest rate by an alternative benchmark interest rate in the context of the reform does not result in a derecognition or an adjustment to the carrying amount of a financial asset at amortized cost or at fair value through OCI to take into account changes in the basis for determining the contractual cash flows. When the modified financial assets are indexed to the rate references in the scope of the reform, Dexia updates the effective interest rate (EIR) to reflect the change in the reference rate in the future interest income or expense.

These new provisions allow to generate no gain or loss in the net income at the time of the asset modification. They are applicable if and only if the modification of benchmark interest rates is required by the rate reform and is carried out so as to maintain an economic equivalence between the old cash flows and the new ones. The changes that are considered to be economically equivalent are for example:

• the replacement of a benchmark interest rate with an alternative rate (or by changing its calculation method) with the addition of a fixed spread to compensate for the difference between the existing rate and the alternative rate;

• the modification of the calculation of the amount of interest due to the use of a new rate (rate reset terms, number of days between coupon payment dates, etc.);

• the addition of a fallback clause to the contractual terms to allow the implementation of the above changes.

### 1.1.6.2.5. Impairment on financial assets

The IFRS 9 standard introduced in 2018 an impairment model of financial assets based on expected credit losses (ECL). This impairment model 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. This impairment model also applies to Dexia's off balance sheet undrawn loan commitments and financial guarantees given.

In this model, each financial instrument (except assets that are *Purchased or Originated Credit Impaired* (POCI)) is allocated amongst 3 stages depending of the evolution of credit risk since initial recognition:

• Stage 1: Financial instruments that have not deteriorated significantly in credit quality since initial recognition

• Stage 2: Financial instruments that have deteriorated significantly in credit quality since initial recognition but that do not have objective evidence of a credit loss

• Stage 3: Financial assets that have objective evidence of impairment at the reporting date, i.e. the related counterparty is identified as defaulted.

This classification is reassessed on a quarterly basis. An exposure that has been classified in stage 3 may revert to stage 1 or 2 if it no longer meets the default criteria. An exposure that has been classified in stage 2 may revert to stage 1 if it no longer presents a significant increase in credit risk since its initial recognition.

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 that would be a result of a default occurring in the next 12 months, weighted by the probability that the default occurs during this 12 months period.

- when the financial instrument is in stage 2, the amount of loss allowance is equal to lifetime expected credit losses, corresponding to the lifetime cash-shortfall that would result in case of a default occurring over the life of the instrument, weighted by the default probability (PD) that the default occurs over the residual maturity of the instrument.
- when the financial instrument is in stage 3, the amount of loss allowance is equal to the expected credit losses until maturity.

Interest revenue for financial assets allocated in Stage 1 or 2 are 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 (that have a significant financing component) or lease receivables. The ECL calculation of these assets follows the general approach described below.

***Significant Increase in Credit Risk (SICR)***

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

The quantitative test involves comparing the average probability of default (measured over the cycle) of the contract at the closing date and at the inception date. This variation of PD is then normalised by the lifetime average through the cycle PD 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, then, the variation of the PDs indicates that there is a significant deterioration of credit risk and that the financial instrument shall be allocated to Stage 2. This threshold is included in regular validation processes by governance bodies.

Regulatory accounting and prudential requirements also make it possible to assume that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument presents a low credit risk on the reporting date. Although credit institutions have the possibility, for assets with "low credit risk", not to measure the significant deterioration in credit risk since origination, and thus to allocate the assets concerned directly in stage 1, the use of this exemption must be limited, and in particular can only apply to securities positions in the portfolio.

The qualitative part of the approach, relying on forward looking counterparty specific indicators, consists of allocating to stage 2 exposures which are closely followed up under the watch list process, that have been granted forbearance[1] measures or that belong to a sensitive economic sector[2].

IFRS 9 standards indicate 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. Therefore, for this type of population, a first analysis is performed to ensure that this delay is not relating to administrative procedures, and if not, then the presumption applies and any exception is analysed and documented individually.

*(1) Forbearance measures includes restructurings with concessions granted to counterparties facing financial difficulties.*

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

The PD 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 derecognition according to IFRS 9 accounting rules, the restructured asset is considered as a new asset. This new asset is either recognised as a POCI (Purchased or Originated Credit Impaired) if it meets the identification criteria for these types of assets and in this case a life-time ECL will be recognised, or it is initially recognised in Stage 1. The test of SICR is then performed on the new characteristics of the restructured asset. The PD 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 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 and forward looking, meaning they take into account current and forecasted macroeconomic conditions.

Dexia developed internal ratings models based on sectors 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 Point in Time (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. This approach facilitates projecting PD, rating migrations and LGD given any state of the economy.

The PIT rating migration probabilities, default probabilities and LGD are backtested on a regular basis according to Dexia's internal backtest policy. The results of these backtests are submitted to the internal validation department and presented to the management bodies.

- *Scenarios*: In a complementary way, in line with the requirement of IFRS 9 of the multi-scenario approach, Dexia developed ECL projections for 3 macro-economic scenarios: baseline, upward and downturn, the last two defined symmetrically around the baseline. The baseline macro-economic scenario consists of predictions over a 3 year-time horizon on a number of macroeconomic and financial market data obtained from the international institutions. For the preparation of the consolidated financial statements as of 31 December 2023, Dexia used the baseline scenario published by either the ECB (European Central Bank), the FED (US Federal Reserve) and the BoE (Bank of England) in December 2023 or by the national banks when those are available. The projections are discussed by the working group, combining experts from the Risk and Finance functions, who can additionally overrule certain forecasts if appropriate.

The methodology to construct the upturn and downturn scenarios is based upon 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 a counterparty cures the default to return to a normal situation (i.e. with zero loss) is taken into account in all risk parameters estimations.
• *Credit Risk Mitigants*: The credit risk deterioration is measured by the default risk evolution of the original counterpart. 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 the mortgages, pledges, 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, mainly by applying cash flow models, by comparison to the financial structure of similar counterparties, by analysing the borrower's repayment ability or by taking into account the 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 deducting 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 recognize a loss through profit or loss upon debt forgiveness which means that no enforcement activity will take place anymore.

***Definition of Default***
Dexia applies the requirements for the identification of defaulted positions for its whole balance sheet portfolio (defined by article 178 of Regulation (EU) n° 575/2013) in line with the European Banking Authority (EBA) guidelines, as well as the regulatory measures from the Regulation (EU) 2018/1845 of the European Central Bank (ECB) for the past-dues materiality threshold.

***Accounting treatment of expected credit losses***
Dexia recognizes the changes in the amount of expected credit losses related to debt instruments, loan commitments and financial guarantee contracts in profit or loss 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 profit or loss is the cumulative changes in lifetime expected credit losses since initial recognition. The amount of favorable change in lifetime expected credit losses is recognised in profit or loss as an impairment gain.

**1.1.6.3. Classification and measurement of financial liabilities**
On initial recognition of a financial liability, Dexia first assesses the contractual terms of the instrument in order to classify it as an equity instrument (according to the definition in IAS 32 from the issuer's perspective) or a debt instrument. Any instruments issued which do not meet the criteria of equity instruments are classified as debt instruments by Dexia (see 1.1.6.2).

#### 1.1.6.3.1. Liabilities at amortised cost
Dexia recognises Interbank and customer borrowings and debt securities initially at fair value, being generally their issue proceeds, net of any transaction costs incurred. Subsequently, borrowings and debt securities are stated at amortised cost. Dexia recognises any difference between their initial carrying amount and the redemption value in the income statement over the period of the liability using the effective interest rate method.

#### 1.1.6.3.2. Liabilities held for trading
Liabilities held for trading are subject to the same accounting rules as those for loans and debt securities held for trading.

#### 1.1.6.3.3. Liabilities designated at Fair Value Through Profit or Loss (FVO)
In some cases, and if appropriately documented, Dexia can irrevocably designate, on initial recognition, a financial liability as to be measured at Fair Value Through Profit or Loss (Fair Value Option (FVO)) where:
• such designation eliminates or significantly reduces a measurement or recognition inconsistency ("accounting mismatch") that would otherwise arise;
• a group of financial liabilities is managed, and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy;
• a hybrid instrument with one or multiple separable embedded derivatives.
For subsequent measurement, Dexia recognises unrealised gains or losses on financial liabilities designated as at Fair Value Through Profit or Loss as follows:
• changes in the fair value attributable to own credit risk are recorded in equity under the dedicated heading "Changes in fair value of financial liabilities designated at Fair Value Though Profit or Loss attributable to own credit risk" within "Gains and losses directly recognised in equity";
• the remaining amount of change in the fair value is presented in profit or loss under "Net gains (losses) on financial instruments at fair value through profit or loss".
When liabilities designated as at fair value through profit or loss are derecognised, amounts in equity relating to own credit risk are not recycled to profit or loss. Dexia reclassifies these realised amounts within equity and presents them under the heading "Consolidated reserves".
However, if the treatment of liabilities designated as at fair value through profit or loss as described above would create an accounting mismatch in profit or loss, all changes in the fair value are presented by Dexia in profit or loss.
According to Dexia's accounting policy choice, interest is recognised in net interest income.

## 1.1.7. FAIR VALUE OF FINANCIAL INSTRUMENTS

### 1.1.7.1. Valuation principles

IFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Quoted market prices in an active market for identical instruments are to be used as fair value, as they are the best evidence of the fair value of a financial instrument. The determination whether or not there is an active market is based on criteria such as volume traded, market liquidity, bid offer spread etc.

If a financial instrument is not traded on an active market, recourse is provided by valuation models. The objective of a valuation model is to determine the value that is most representative of fair value under current market conditions. Dexia's valuation techniques maximise the use of relevant observable inputs and minimise the use of unobservable inputs.

The valuation model should take into account all factors that market participants would consider when pricing the asset. Measuring the fair value of a financial instrument requires consideration of current market conditions. To the extent that observable inputs are available, they should be incorporated into the model.

Financial assets and liabilities recognised at fair value or for which fair value is calculated for disclosures are categorised into one of three fair value hierarchy levels. The following definitions used by Dexia for the hierarchy levels are in line with IFRS 13 texts:

• Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities;

• Level 2: valuation techniques based on inputs other than quoted prices included within Level 1 that are observable, either directly or indirectly;

• Level 3: valuation techniques for which significant inputs are not based on observable market data.

According to Dexia's policy, transfers between levels of the fair value hierarchy are performed at fair value at the end of the reporting period.

### 1.1.7.2. Valuation techniques

Dexia's approach to the valuation of its financial instruments (instruments at fair value through profit or loss, assets measured at fair value through other comprehensive income and valuations for disclosures) can be summarised as follows:

#### 1.1.7.2.1. Financial instruments measured at fair value (held for trading, non-trading instruments mandatorily measured at fair value through profit or loss, fair value option, measured at fair value through other comprehensive income, derivatives)

***Financial instruments measured at fair value for which reliable quoted market prices are available***

If the market is active, market prices are the most reliable evidence of fair value and therefore shall be used for valuation purposes.

The use of market prices quoted in an active market for identical instruments with no adjustments qualifies for inclusion in level 1 within IFRS 13 fair value hierarchy, contrary to the use of quoted prices in inactive markets or the use of quoted spreads.

***Financial instruments measured at fair value for which no reliable quoted market prices are available and for which valuations are obtained by means of valuation techniques***

Dexia's approach to the valuation of its financial instruments is based as much as possible on observable market data. These valuations are based on independent external market data providers and standard quantitative approaches. The Market Risk department regularly monitors the quality of valuations:

• the valuations of derivatives are compared with those provided by a number of counterparties (in particular, via the collateral, the Totem consensus organised by Markit, etc.) and analysed monthly during an ad hoc committee;

• transaction execution levels are used to ensure the quality of the valuation approaches;

• the valuation approaches are regularly reviewed and are subject to validation by a Validation team.

In order for a fair value to qualify for level 2 inclusion, observable market data should be significantly used. The market data that Dexia incorporates in its valuation models are either directly observable data (prices), indirectly observable data (spreads) or deducted from observable data (price or spread) for similar instruments. Fair value measurements that rely significantly on unobservable data or on own assumptions qualify for level 3 disclosure.

The fair value governance involves several committees that deal with valuation issues. The highest one, the Management Board supervises major decisions taken by lower level committees (Market Risk Committee and Validation Advisory Committee). This governance ensures a strong control framework for valuation issues as well as the independence between the Front Office, Market Risk and Validation teams, with the aim of producing reliable valuation estimates for the risk monitoring of the trading activity as well as for a fair presentation of the financial and solvency situation of the Group. Dexia's general valuation principals ensure the use of quoted and observable prices when available or valuation models that take into account all factors that market participants would consider. Models are developed by the Market Risk department based on the information provided by the Front Office and are validated by a Validation team. Depending on their availabilities, data may come from different sources as tradable or indicative quotes. An inventory of the products is regularly produced, with their main features, their materiality and their model status.

For bonds and loans for which no active market exists, Dexia maximises the use of market data.

Dexia uses a discount cash-flow model, based on a credit spread. For bonds, the credit spread is estimated from market data which are directly available from external contributors (for example Bloomberg, Market) or, when there is no data available for a given instrument, from the issuer credit curve which is adjusted to take into account the characteristics of the specific instrument (maturity,…), or, if the issuer curve is not available, from available market data for similar instruments (for example from the same economic sector, rating, currency). For loans, credit spreads are determined by the Asset department based on an expert's opinion based on the characteristics and the complexity of the loans and information on the level of spreads observed by customer managers. These credit spreads are verified by the Market Risk department as part of an independent review.

Concerning the valuation of derivatives, Dexia calculates a market value based on market data quoted at mid-market level. This market value is adjusted, in order to take into account the difference between bid prices and ask prices, by a *Bid/Ask* reserve on positions that could be reversed by Dexia by anticipation. The calculation of this reserve is mainly based on a sensitivity approach and for certain more complex derivatives on a historical record of exit prices. The market value is also adjusted to take into account credit risks (*Credit Valuation Adjustment (CVA) / Debit Valuation Adjustment (DVA)) and funding costs (Funding Valuation Adjustment (FVA)).*

A CVA reflects the counterparty's risk of default and a DVA reflects Dexia's own credit risk.

When determining the CVA / DVA, Dexia considers two different markets:

• The market of collateralised derivatives, where there is a periodical exchange of collateral, for which the CVA / DVA is calculated based on expected changes of value over a margin period of risk.

• The market of uncollateralised derivatives, where there is a risk on the fair value of the derivative at the balance sheet date and also on the expected change of value over the life of the derivative.

Based on projections, positive expected exposures are used for a CVA calculation and negative expected exposures are used for a DVA calculation.

For CVA/DVA calculation, the Probability of Default (PD) parameters are based on market data and market conventions. The Loss Given Default (LGD) parameters are based on market conventions or on internal statistical data taking into account observed recovery rates.

Based on the assumptions that market participants would consider when determining the fair value, Dexia uses overnight *Risk Free Rate* (RFR) discounting curves or *RFR* curves adjusted to take into account the terms of the collateral remuneration. This approach is applied for all derivatives.

A *Funding Valuation Adjustment* (FVA) takes into account the funding costs associated with its uncollateralised derivative positions. As these uncollateralised derivatives are not subject to margin calls, the bank benefits from savings in funding or bears the cost depending on the direction of their net balance sheet position, and on the market values of these derivatives. The level of funding costs used in determining the FVA reflects the funding of the exposure related to uncollateralised derivatives at rates different from overnight rates.

Dexia applies an additional fair value adjustment on derivatives and assets (model reserve), related to the complexity of certain valuation techniques, by using an alternative valuation technique when possible (e.g. Monte Carlo method for the calculation of XVA, etc.) or by using conservative valuation parameters in the case of the use of unobservable data.

Regarding the valuation of assets, Dexia takes into account the prepayment risk associated with these assets.

Dexia will continue to improve its models in future periods and taking into account the market practices.

#### 1.1.7.2.2. Financial instruments measured at amortised cost (valuations in disclosures on fair value)

These instruments are valued using the same approach as described above for instruments recognised at fair value on the balance sheet.

### 1.1.8. INTEREST INCOME AND EXPENSE

For all interest bearing instruments, excluding trading derivatives measured at fair value through profit or loss and including economic hedging derivatives that are held for risk management purposes but for which hedging accounting is not applied, interest income and expense are recognised in the income statement in net interest income on an accrual basis using the effective interest rate method based on the initial carrying value (including transaction costs).

Transaction costs are the incremental costs that are directly attributable to the acquisition of a financial asset or liability. An incremental cost is one that would not have been incurred if the entity had not acquired the financial instrument.

Accrued interest is reported in the same line as the related financial asset or liability in the balance sheet.

Interest income and expenses on derivatives are presented on a gross basis by instrument.

Following the decision of IFRS IC and according to the view of the European Banking Authority (EBA), Dexia presents negative remuneration on assets together with interest expense and positive remuneration on liabilities together with interest income.

### 1.1.9. FEE AND COMMISSION INCOME AND EXPENSE

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. Dexia recognises revenue when it transfers the control over a product or service to a customer.

Commissions and fees arising from most of Dexia's activities are recognised on an accrual basis over the life of the underlying transaction.

Commissions and fees arising from negotiating, or participating in the negotiation of a transaction for a third party, such as the arrangement of the acquisition of loans, equity securities or other securities or the purchase or sale of businesses, are recognised when the significant act has been completed.

According to IFRS 9, loan commitment fees are recognised as part of the effective interest rate according to IFRS 9 if the loan is granted, and recorded as revenue on expiry if no loan is granted.

Fees that are not an integral part of the effective interest rate are accounted for under IFRS 15. These include fees charged for servicing a loan, commitment fees to originate a loan when the loan commitment is not measured at fair value through profit or loss and it is unlikely that a specific lending agreement will be entered into, and loan syndication fees received by Dexia that arranges a loan and retains no part of the loan package for itself (or retains a part at the same effective interest rate for comparable risk as other participants).

Financial guarantee contract fees that are not designated at fair value through profit or loss and not in the scope of IFRS 17 "Insurance contracts" are recognised in accordance with IFRS 15.

### 1.1.10. HEDGING DERIVATIVES

While awaiting the future standard on macro hedging, and as permitted under IFRS 9, Dexia continues to apply the current hedge accounting requirements (IAS 39) for all its micro and macro-hedge relationships.

Hedging derivatives are categorised as either:

• a hedge of the fair value of a recognised asset or liability or a firm commitment (fair value hedge); or

• a hedge of a future cash flow attributable to a recognised asset or liability or a forecast transaction (cash flow hedge); or

• a hedge of a net investment in a foreign operation.

Dexia designates derivatives as hedging instruments if certain criteria are met:

• formal documentation of the hedging instrument, hedged item, hedging objective, strategy and relationship is available before hedge accounting is applied;

• the hedge is documented in such a way as to show that it is expected to be highly effective both prospectively and retrospectively in offsetting changes in the fair value or cash flows attributable to the hedged risk in the hedged item throughout the reporting period; and

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• the hedge is effective at inception and on an ongoing basis.
Dexia records changes in the fair value of derivatives that are designated, and qualify for hedge accounting, as fair value hedges in the income statement, along with the corresponding change in fair value of the hedged assets or the liabilities that is attributable to that specific hedged risk.
If the hedge no longer meets the criteria for a fair value hedge and the hedged item is still recognised, Dexia amortises the adjustment to the carrying amount of a hedged interest bearing financial instrument to the income statement over the remaining life of the hedged or hedging instrument if shorter by an adjustment of the yield of the hedged item.
Dexia recognises the effective part of the changes in the fair value of derivatives that are designated and qualify for hedge accounting as cash flow hedges, in "Other comprehensive income" under the heading "Unrealised or deferred gains and losses" (see "Consolidated statement of changes in equity"). Any non-effective portion of the changes in the fair value of the hedging instrument is recognised in the income statement under "Net gains (losses) on financial instruments at fair value through profit or loss". Changes in the fair value of derivatives in respect of Credit Valuation Adjustment (CVA), Debit Valuation Adjustment (DVA) and Funding Valuation Adjustment (FVA) are recognised in the income statement under "Net gains (losses) on financial instruments at fair value through profit or loss". Amounts deferred in equity are transferred to the income statement and classified as revenue or expense in the periods during which the hedged firm commitment or forecast transaction affects the income statement.

***Hedge accounting in the context of the interest rate benchmark reform***

In accordance with the amendments to IAS 39 relating to the interest rate benchmark reform (phase 1), Dexia considers that, during the period of uncertainty preceding the entry into force of new rates, the interest rate benchmark on which the hedged cash flows and/or cash flows from the hedging instrument are based will not be altered. Thus, the "highly probable" requirement for the cash flows hedged in the cash flow hedge relationship remains respected. Hedged risk components designated on the basis of a benchmark rate are considered to be separately identifiable.
For fair value hedges and cash flow hedges during this transitional period, Dexia considers that:
• prospective effectiveness tests are not affected by the reform;
• hedge accounting can continue if retrospective assessment results are outside the 80%-125% range;
• the ineffective portion of hedging relationships shall continue to be recognized in the income statement.
Dexia applies these reliefs as long as the uncertainties regarding the timing and the amount of cash flows (index, margin adjustment or compensation) of the hedged and/or hedging instruments are not resolved, i.e. until the effective amendment of clauses of the affected financial instruments.
In accordance with the amendments to IAS 39 on the interest rate benchmark reform (phase 2), the replacement of a former benchmark interest rate by an alternative benchmark interest rate in the context of the reform does not lead to the discontinuation of the hedge accounting as long as:
• the change in the reference interest rate is required by the reform and is carried out so as to maintain an economical equivalence between the old cash flows and the new ones (see 1.1.6.2.4);
• if the hedge meets other hedge accounting criteria; and
• if the documentation is amended to reflect changes in the hedged elements (including the description of the hedged portion of cash flows or fair value), the hedging instruments, the hedged risk, and the method of measuring effectiveness on transition to the new reference rates.
For fair value hedges and cash flow hedges, Dexia applies the general IAS 39 accounting rules for the recognition of gains or losses resulting from the revaluation of the hedged component and of the hedging instrument taking into account the changes performed in the context of the reform described above. When realizing the retrospective hedge effectiveness testing, accumulated changes in value may be reset to zero on a case-by-case basis upon modification.
Dexia uses its judgment to assess whether the modification of contracts is made on an economically equivalent basis. In particular, when upon the modification there is a cash settlement for the basis difference between the old and the new rate, Dexia considers that the terms are economically equivalent if the settlement does not significantly alter the future cash flows, and conversely.
For fair value hedges of a risk component, Dexia uses an alternative benchmark interest rate that is not separately identifiable at the date of designation as a non-contractually specified risk component under condition that it is reasonably expected that it will be separately identifiable within 24 months following its replacement.
When hedging groups of items designated as hedged items in a fair value hedge or a cash flow hedge, the hedged items can be split into subgroups based on the hedged benchmark rate with the designation of this benchmark rate as the hedged risk for each subgroup.

### 1.1.11. HEDGE OF THE INTEREST RATE RISK EXPOSURE OF A PORTFOLIO

Dexia makes use of the provisions in IAS 39 as adopted by the European Union ("IAS 39 carve-out") because it better reflects the way in which Dexia manages its financial instruments.
Hedge accounting is intended to reduce the interest rate risk exposure stemming from the selected category of assets or liabilities designated as the qualifying hedged items.
Dexia performs a global analysis of interest rate risk exposure. It consists of assessing fixed-rate exposure, and taking into account all the exposure coming from balance sheet and off-balance-sheet items. This global analysis may exclude certain components of the exposure, such as financial market activities, provided that the risk exposure stemming from the excluded activities is monitored on an activity-by-activity basis.
Dexia applies the same methodology to select which assets and/or liabilities will be entered into to hedge the interest rate risk exposure of the portfolio. Assets and liabilities are included in all the time buckets of the portfolio. Hence, when they are removed from the portfolio, they must be removed from all the time buckets in which they had an impact. Demand deposits and savings accounts may be included in the portfolio based on a behavioural study for estimating expected maturity date. Dexia may designate as qualifying hedged items different categories of assets or liabilities such as loans or securities measured at amortised cost or fair value through other comprehensive income, etc.
On the basis of this gap analysis, which is realised on a net basis, Dexia defines, at inception, the risk exposure to be hedged, the length of the time bucket, the test method and the frequency of the tests.
The hedging instruments are a portfolio of derivatives, which may contain offsetting positions. Dexia recognises the hedging items at fair value with adjustments accounted for in the income statement.

Dexia reports hedged interest rate risk revaluation of elements carried at amortised cost on the balance sheet under the line "Fair value revaluation of portfolio hedge".

### 1.1.12. DAY ONE PROFIT OR LOSS

The day one profit or loss is applicable to all transactions measured at fair value through profit or loss.

The day one profit or loss is the difference between:

- the transaction price and the quoted market price; in cases where the transaction is quoted; or
- the transaction price and the fair value determined by using a valuation technique, (mark-to-model) adjusted with some market value adjustments, such as a liquidity adjustment, model adjustment or credit adjustment in cases where the transaction is not quoted.

If Dexia considers the main parameters of the model as observable and if Risk Management validates the model, the day one profit or loss will be recognised immediately in the income statement.

If Dexia considers the main parameters as unobservable or if Risk Management does not validate the model, the day one profit or loss will be amortised linearly over the expected life of the transaction. However, if the data becomes observable subsequently, Dexia will recognise the remaining portion of day one profit or loss in the income statement.

In cases of early termination, the remaining portion of day one profit or loss will be recognised in the income statement. In cases of partial early termination, Dexia will recognize in the income statement the part of the day one profit or loss relating to the partial early termination.

### 1.1.13. TANGIBLE FIXED ASSETS

Tangible fixed assets include material and equipment.

They are stated at their cost less accumulated depreciation and, if any, impairments. Subsequent costs are, where necessary, included in the carrying amount of the asset or recognised as a separate component, if it is probable that future economic benefits will flow to the Group and the cost of the asset can be reliably measured.

Depreciation is calculated using the straight-line method to write down the cost of such assets to their residual values over their estimated useful lives. In order to determine the useful life of an asset, legal or similar limits on the use of the asset, such as the expiry dates of related leases, are taken into account. Thus, the useful life of an asset may be shorter than its economic life.

The main useful lives are as follows:

- Computer equipment: 3 to 6 years;
- Leasehold improvements, equipment and furniture: 2 to 12 years;
- Vehicles: 2 to 5 years.
- Technical installations, fixtures and fittings: 10 to 20 years.

As borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset form part of the cost of that asset they are capitalised. Other borrowing costs are recognised as an expense.

Tangible fixed assets are tested for impairment when an indication of impairment loss exists. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down to its recoverable amount. Where the recoverable amount of an asset cannot be determined individually the Group determines the recoverable amount of the cash generating unit or group of cash generating units to which the asset belongs. Gains and losses on disposals of property and equipment are determined by reference to their carrying amount and are included under "Net gains (losses) on other assets".

Dexia presents the right-of-use assets related to its lease contracts under "Tangible fixed assets" within the same line item as that within which the corresponding underlying assets would be presented if they were owned (see note 1.1.18.).

### 1.1.14. INTANGIBLE ASSETS

Intangible assets consist mainly of (a) internally generated and (b) acquired software. The costs associated with maintaining computer software programs are recognised as expense as incurred. However, expenditure that enhances or extends the benefits of computer software programs beyond one year is used to increase the original cost of the software. Computer software development costs recognised as assets are amortised using the straight-line method over their useful lives from the time the software is available for use. This amortisation period is usually between three and five years, except for core business applications, for which the amortisation period can be up to 10 years.

As borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset form part of the cost of that asset they are capitalised. Other borrowing costs are recognised as an expense.

Intangible assets (other than goodwill) are tested for impairment when an indication of impairment loss exists. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down to its recoverable amount. Gains and losses on disposals of intangible assets are determined by reference to their carrying amount and are included under "Net gains (losses) on other assets".

### 1.1.15. NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

Assets (or groups of assets) whose carrying amount will be recovered principally through a sale transaction rather than through continuing use are classified as non-current assets (or disposal groups) "held for sale" if:

- they are available for immediate sale in their present condition; and
- their sale is highly probable within one year.

Dexia measures a non-current asset (or disposal group) classified as held for sale at its carrying amount or at its fair value less costs to sell (whichever is the lower). Non-current assets (or disposal groups) classified as held for sale are presented separately in the balance sheet, without restatement for previous periods. When a disposal group is classified in held for sale, items of Other Comprehensive Income are isolated in a separate publication line in equity. These assets are no longer depreciated once they qualify as assets (or disposal groups) held for sale. Intercompany accounts between the continuing activities and the disposal group held for sale continue to be eliminated.

A discontinued operation is defined as a component of an entity that either has been disposed of or is classified as held for sale and represents a separate major line of business or geographical area of operations. Post-tax profit or loss of discontinued operations is presented under a separate line in the income statement. A restatement for previous periods is performed.

### 1.1.16. GOODWILL

Dexia has no goodwill on its balance sheet and will not acquire any controlling interests in the future following the orderly resolution plan of the group.

## 1.1.17. ACCRUALS AND OTHER ASSETS

Accruals and other assets mainly include accrued income (non-interest related), prepayments, operational taxes and other accounts receivable as well as insurance products (reinsurance, insurance premiums receivables, etc.), construction contracts, inventories, plan assets relating to employee benefit obligations. These other assets are measured in accordance with the applicable standard. Plan assets are recognised in accordance with IAS 19 (revised) requirements.

## 1.1.18. LEASES

As from 1 January 2019, Dexia applies the new IFRS 16 "Leases" to its lease and sublease contracts.

As permitted by the transition requirements of IFRS 16, Dexia applies the new standard to contracts that had been previously identified as leases under IAS 17. For each contract entered into or amended as from 1 January 2019, Dexia assesses whether it is a lease or contains a lease component based on the definition of IFRS 16, which implies, on the one hand, the identification of an asset and, on the other hand, the control of the use of an identified asset:

- the existence of an identified asset will depend on the absence, for the lessor, of substantive substitution rights for the leased asset;
- control of the use of an identified asset throughout the period of use is conveyed where the customer has both the right to obtain substantially all the economic benefits from that use and the right to direct the asset's use.

In accordance with IFRS 16, Dexia does not apply the new standard to leases of intangible assets (e.g. software).

### 1.1.18.1. Dexia is the lessee

Dexia grants leases principally for the rental of equipment or real estate.

A lease, as defined by IFRS 16 "Leases" is recognised on Dexia's balance sheet as a right-of-use asset representing the right to use the underlying asset during the term of the contract and a lease liability representing the obligation to make lease payments.

Dexia has elected not to recognise a right-of-use asset and a lease liability for lease contracts that have the term of less than one year (including renewal options) and to leases for which the underlying asset, when new, is of low value (Dexia applies the exemption threshold of EUR 5,000). Lease payments in respect of these contracts are recognised in the income statement as an expense on a straight-line basis over the lease term.

#### *Measurement of the right-of-use asset*

The right-of-use asset is initially measured at cost which includes the initial value of the lease liability, plus, any initial direct costs, restoration costs and advance payments less any lease incentives received from the lessor.

Subsequently, the right-of-use asset is depreciated usually on a straight-line basis over the lease term and impairment is recognised if necessary.

#### *Measurement of the lease liability*

The lease liability is initially measured at the present value of the lease payments discounted over the lease term.

Lease payments included in the measurement of the lease liability comprise fixed lease payments, variable lease payments that depend on an index or a rate and, if applicable, amounts expected to be payable by the lessee under residual value guarantees, for purchase options or payments of penalties for terminating the lease.

In order to determine the lease term (including for 3-6-9 leases in France), Dexia considers the non-cancellable period of the contract considering, if applicable, any renewal and termination options, if Dexia is reasonably certain to use an option. In order to assess whether it is reasonably certain to exercise or not to exercise such options, Dexia uses its judgement and considers all relevant facts and circumstances that create an economic incentive for Dexia to exercise or not to exercise these options, including the conditions for exercising these options, substantial changes made to the leased premises, the costs associated with the contract termination, the importance of the leased asset for Dexia's operations as well as the outlook for the future use of the assets. In addition, the assumptions used for the determination of the lease term are consistent with those used for the depreciation period for any fixtures and fittings made under the lease.

The discount rate is the interest rate implicit in the lease or, if that rate cannot be readily determined, the incremental borrowing rate. Generally, Dexia uses its incremental borrowing rate as the discount rate. The discount rate is set by currency and by country of Dexia's entities and considering the borrowing terms of the lessee entity. It reflects the average term weighted by the lease payment flows (duration) of the lease contract.

The lease liability is subsequently measured at amortised cost using the effective interest rate method: it is increased by the interest expense on the lease liability and reduced by lease payments made.

The amount of the lease liability and the right-of-use asset is adjusted later if the lease contract is amended, the lease period is reestimated, or to account for contractual changes in the rental payments related to the application of indices or rates.

Dexia presents the right-of-use assets under "Tangible fixed assets" within the same line item as that within which the corresponding underlying assets would be presented if they were owned. Lease liabilities are presented within "Accruals and other liabilities".

In the income statement, the depreciation charge for the right-of-use asset is presented under "Depreciation, amortisation and impairment of tangible fixed assets and intangible assets", separately from the interest expense on lease liabilities which is presented under "Interest expense".

In the cash flow statement, cash outflows related to lease liabilities are classified within financing activities for the principal portion and within operating activities for the interest portion.

### 1.1.18.2. Dexia is the lessor

Dexia grants both operating and finance leases. A lease is classified as a finance lease if the contract transfers substantially all the risks and rewards incidental to ownership of an asset. A contract that is not a finance lease is an operating lease.

The accounting methods applicable to Dexia as a lessor are not different from those that prevailed under IAS 17. However, when Dexia acts as an intermediary lessor, the classification of a sublease contract is made by reference to the right-of-use asset arising from the head lease, and not by reference to the underlying asset.

Revenue from operating leases is recognised in the income statement on a straight-line basis over the lease term. The underlying asset is accounted for in accordance with the accounting policies applicable to this type of asset. For finance leases, Dexia recognises "leases receivable" at an amount equal to the net investment in the lease, which can be different from the present value of minimum lease payments. The interest rate implicit in the lease contract acts as the discount rate. Interest income is recognised over the term of the lease using the interest rate implicit in the lease;

### 1.1.19. SALE AND REPURCHASE AGREEMENTS AND LENDING OF SECURITIES

Securities sold subject to a linked repurchase agreement ("repos") are not derecognised because, despite the transfer of ownership of securities, there is no substantial transfer of risks and rewards and the securities remain in their original category. The corresponding liability is entered under "Interbank borrowings and deposits" or "Customer borrowings and deposits", as appropriate. The asset is reported as "pledged" in the notes.

Securities purchased under agreements to resell ("reverse repos") are recorded as off-balance-sheet items and the corresponding loans recorded as "Interbank loans and advances" or "Customer loans and advances".

The difference between the sale and repurchase price is treated as interest income or expense and is accrued over the life of the agreements using the effective interest rate method.

Securities lent to counterparties are not derecognised but, rather recorded in the financial statements in the same heading.

Securities borrowed are not recognised in the financial statements.

If they are sold to third parties, the gain or loss is entered under "Net gains (losses) on financial instruments at fair value through profit or loss" and the obligation to return them is recorded at fair value under "Financial liabilities at fair value through profit or loss".

### 1.1.20. CURRENT AND DEFERRED INCOME TAX

Deferred income tax is recognised in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

The principal temporary differences arise from the depreciation of property, plant & equipment, the revaluation of certain financial assets and liabilities (including derivative contracts, provisions for pensions and other post-retirement benefits), provisions for loan and other impairments and, in relation to acquisitions, from the difference between the fair value of the net assets acquired and their tax base.

The tax rates used are the rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities are not discounted. Deferred tax assets on deductible temporary differences and tax loss carry-forwards are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences and tax losses can be utilised.

Deferred tax liability is provided on taxable temporary differences arising from investments in subsidiaries, joint ventures and associates, except where the timing of the reversal of the temporary difference can be controlled and it is probable that the difference will not reverse in the foreseeable future.

Current and deferred taxes are recognised under "Corporate income tax" in the income statement together with related interests and penalties if they are deemed equivalent to these taxes. Otherwise interests and penalties on late payments related to income taxes are recognised in the interest margin in net banking income.

Deferred tax related to the fair value remeasurement of assets measured at FVOCI and cash flow hedges, and other transactions recorded directly in equity, are also credited or charged directly to equity.

For current and deferred tax, when there is uncertainty as to the tax treatment, Dexia determines whether it is probable that the relevant authority will accept the tax treatment, assuming that a taxation authority will examine the treatment and will have full knowledge of all relevant information when doing so. If it is probable that a taxation authority will not accept the tax treatment, Dexia reflects this uncertainty when determining the value of tax assets and liabilities following one of the below listed methods which provides better predictions of the resolution of the uncertainty:

- the most likely amount or
- the expected value (sum of the probability-weighted amounts in a range of possible outcomes).

Assets and liabilities resulting from uncertainty over tax treatment are presented as current or deferred tax assets and liabilities under "Current tax assets", "Deferred tax assets", "Current tax liabilities" or "Deferred tax liabilities".

### 1.1.21. EMPLOYEE BENEFITS

#### 1.1.21.1. Short-term benefits

Short-term benefits, payable before 12 months after the end of the annual reporting period in which the service is rendered, are measured on an undiscounted basis and recognised as an expense.

Employee entitlement to annual leave or long-service leave is recognised when it is granted to the employee. A provision is made for the estimated liability for annual leave and long-service leave as a result of services rendered by employees up to the balance-sheet date.

#### 1.1.21.2. Post-employment benefits

If Dexia has a legal obligation to pay post-employment benefits, the plan is either classified as "defined benefit" or "defined contribution plan".

Defined contribution plans such as French national plans are those for which Dexia's obligation is limited to payment of a contribution and there is no obligation for the employer regarding a certain level of benefits. Defined benefit plans are those for which Dexia has undertaken to provide a given amount or level of benefits.

Except commitments for statutory pension and defined contribution plans, commitments for defined benefit plans are limited. They mainly concern retirement allowances in France and pension plans in Italy.

##### 1.1.21.2.1. Defined benefit plans

Employee benefit obligations are measured at the present value of the estimated future cash outflows using the interest rates of AA-rated corporate bonds, or A adjusted when maturities are not available in AA, which have terms to maturity approximating to the terms of the related liability. The valuation technique for the assessment of pension expenses incorporates actuarial assumptions comprising both demographic assumptions and financial assumptions such as the inflation rate.

For defined benefit plans, the cost is determined using the Projected Unit Credit Method, under which each period of service gives rise to an additional unit of benefit entitlement and each unit is measured separately to build up the final obligation.

The amount recognised in the balance sheet is the present value of the defined benefit obligation (i.e., the present value of the expected future payments required to settle the obligation resulting from the employee service in the current and prior periods), reduced by the fair value of plan assets at the balance-sheet date. The defined obligation is presented net of plan assets as a liability or an asset. Therefore, an asset may arise where a plan has been overfunded and is recorded

separately if this asset is held by a Group entity. Any asset recognised is limited to the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.
Remeasurements of the net defined benefit liability (asset) comprise actuarial gains and losses, the return on plan assets (excluding net interest) and any change in the effect of the asset ceiling (excluding net interest), and are recognised immediately in other comprehensive income and are not reclassified to profit or loss in a subsequent period.
Current service cost, past service cost (which is the change in the present value of the defined benefit obligation, resulting from a plan amendment or a curtailment) and any gain or loss on settlement are recognised in profit or loss.
Net interest on the net defined benefit liability (asset) is recognised in profit or loss. It is calculated by applying the discount rate used to measure the defined benefit obligation to the net defined benefit liability (asset), both as determined at the start of the annual reporting period, and taking account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments.
Qualified external actuaries carry out valuations of these defined benefit obligations. All valuation assumptions and results are reviewed and validated by an external actuary for Dexia that ensures that all calculations are harmonised and calculated in compliance with IAS 19 (as revised in 2011).

#### 1.1.21.2.2. Defined contribution pension plans

Dexia's contributions to defined contribution pension plans are charged to the income statement in the year to which they relate. Under such plans, Dexia's obligations are limited to the contributions that Dexia agrees to pay into the fund on behalf of its employees.

#### 1.1.21.2.3. Retirement termination payments

Retirement termination payments are treated as defined benefit plans.

#### 1.1.21.3. Other long-term benefits

These mainly include provisions for jubilee premiums that employees receive after completion of specified periods of service.
Unlike defined benefit plans, actuarial gains and losses relating to these benefits are immediately recognised. All past service costs are recognised immediately in the income statement.

#### 1.1.21.4. Termination benefits

A termination benefit provision is recorded at the earlier of the following dates:
- when Dexia can no longer withdraw the offer of those benefits; and
- when Dexia recognises costs for a restructuring that involves the payment of termination benefits.

### 1.1.22. PROVISIONS

Provisions are mainly recognised for litigations claims, restructuring, and loan commitments (see note 3.6. Provisions).
Provisions are measured at the present value of the expenditures expected to be required to settle the obligation. The discount rate is the pre-tax rate that reflects current market assessments of the time value of money.
Provisions are recognised when:
- Dexia has a present legal or constructive obligation as a result of past events;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate of the amount of the obligation can be made.

Provisions on loan commitments are recognised according to an ECL impairment model introduced by IFRS 9 (see 1.1.6.2.5. Impairment on financial assets).

### 1.1.23. SHARE CAPITAL AND TREASURY SHARES

#### 1.1.23.1. Share issue costs

External incremental costs directly attributable to the issue of new equity securities, other than as part of a business combination, are deducted from equity net of any related income tax.

#### 1.1.23.2. Dividends on Dexia's ordinary shares

Dexia recognises its dividends on its ordinary shares as a liability from the date on which they are declared. Any dividends for the year declared post balance sheet date are disclosed in the subsequent events note.

### 1.1.24. RELATED PARTY TRANSACTIONS

Two parties are considered to be related if one has the ability to control the other or exercises significant influence over the other party's financial policy or operational decisions or is a member of the key management personnel of the other party or of a parent. Transactions with companies accounted for by the equity method are reported, as are those with the Directors.

### 1.1.25. CASH AND CASH EQUIVALENTS

For the purposes of the statement of cash flows, cash and cash equivalents held for the purpose of meeting short-term cash commitments comprise balances with a maturity of less than 3 months maturity from the date of acquisition included within cash and balances with central banks, interbank loans and advances (including when there are contractual restrictions on the use agreed with a third party).

### 1.1.26. USE OF ESTIMATES AND JUDGEMENTS

In preparing the consolidated financial statements, management is required to make estimates and assumptions that involve uncertainties relating to their occurrence in the future and that affect the amounts reported, including in the disclosures. To make these assumptions and estimates, management uses the information available at the date of preparation of the financial statements and exercises its judgment. While management believes that it has considered all available information in developing these estimates, actual results may differ from the estimates and the differences could be material to the financial statements.
The main valuation processes requiring the use of assumptions and estimates are:
- valuation of financial instruments by means of valuation techniques, determination whether or not there is an active market and the use of internal models when determining the fair value for financial instruments that are not quoted on an active market (see 1.1.7.);
- determination of expected credit losses (ECL) to be recognised for impairment of financial assets under IFRS 9: assessment of criteria for significant increase in credit risk, choice of appropriate models and assumptions for the measurement of ECL, establishment of the number and relative weightings of forward-looking scenarios and determination of the forward looking information relevant to each scenario, determination of Probability of Default (PD) and Loss Given Default (LGD) (IFRS 9) (see 1.1.6.2.5.);

• determination of fair value less costs to sell for non-current assets and disposal groups held for sale. Dexia uses its judgment for identification of non-current assets and disposal groups held for sale and discontinued operations (IFRS 5) (see 1.1.15.);
• assessment of the conditions allowing the application of hedge accounting and measurement of hedge effectiveness in hedging relationships (see 1.1.10., 1.1.11.);
• analysis of renegotiated assets in order to determine whether they should be maintained on the balance sheet or derecognised (see 1.1.6.2.4.);
• determination of the useful life and the residual value of property, plant and equipment, and intangible assets. Dexia exercises its judgment in assessing the conditions for capitalising assets (see 1.1.13., 1.1.14.);
• actuarial assumptions related to the measurement of employee benefits obligations and plan assets (see 1.1.21., 3.6.);
• estimate of future taxable profit for the recognition and measurement of deferred tax assets (see 1.1.20.);
• determination of the value of right-of-use assets and lease liabilities of lease contracts and in particular determination of the lease period (see 1.1.18.);
• determination of the uncertainty over income tax treatments (see 1.1.20.) and other provisions for liabilities and charges (see 1.1.22.). Like many financial institutions, Dexia is subject to several regulatory investigations and is named as a defendant in a number of lawsuits. The existence of a present obligation with probable outflows in the context of litigations requires the use of judgment. The Group's consolidated financial statements reflect the consequences, as assessed by Dexia in accordance with the information available to it on the date of preparation of the financial statements, of major disputes and investigations that could have a material impact on the Group's financial situation, performance or activities and provisions were recorded when deemed necessary.

Moreover, the exercise of judgment is necessary to assess the business model followed by Dexia for the management of financial instruments and whether a financial instrument can be categorised as SPPI or "basic" (see 1.1.6.2.), as well as for the assessment on whether Dexia controls the investee, including structured entities, for determining the consolidation scope (IFRS 10) (see 1.1.3.).

These elements are included in the corresponding sections (as referenced above) of the accounting policies.

## 1.2. Ownership interests in subsidiaries and other entities

### a. Criteria for consolidation and use of the equity method

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 a notable influence must be consolidated.

Consequently, all companies exclusively or jointly controlled, or over which the group holds notable influence, are consolidated.

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

Subsidiaries and structured entities controlled by the Group, partnerships (joint operations or joint ventures) and associates whose financial statements are not material in relation to the Group's consolidated financial statements, particularly with regard to total assets, interest income and operating expenses, are not included in the scope of consolidation. In addition, a qualitative analysis of the risks associated with each of the companies excluded from the scope of consolidation (litigation, quality of assets, guarantees given, analysis of relationships between related parties, off-balance sheet commitments) will be carried out before deciding not to consolidate the company.

### b. Consolidation scope 2023 – Changes in the consolidation scope compared with 31 December 2022

On 30 September 2023, Dexia finalized the cross-border merger by absorption of its 100-owned subsidiary Dexia Crediop. From an accounting and tax point of view, the merger took effect on 1 July 2023.

In parallel with the implementation of the merger between Dexia and Dexia Crediop, Dexia also undertook the transfer of its loans granted to Italian local authorities to a new ad hoc vehicle, regulated under Article 106 of the Italian Banking Law, which enables it to continue to manage them after the withdrawal of its banking licence.

This vehicule, SPV PROJECT 2219 S.r.l. is fully consolidated.

Alsatram is fully consolidated as from 1st January 2023.

### c. Impact of changes in scope on the consolidated income statement

There is no significant impact

### d. Scope as at 31 December 2023

#### A. Fully consolidated

| Name | 31 December 2022 | | | | 31 December 2023 | | |
|---|---|---|---|---|---|---|---|
| | Country | Method | Control rate | Interest rate | Method | Control rate | Interest rate |
| **PARENT COMPANY** | | | | | | | |
| Dexia (ex Dexia Crédit Local S.A.) | France | | | | | | |
| Dexia (ex Dexia Crédit Local), Dublin Branch | Ireland | FC | 100 | 100 | FC | 100 | 100 |
| **SUBSIDIARIES** | | | | | | | |
| Alsatram(3)(4) | France | | | | FC | 100 | 100 |
| DCL Evolution(4) | France | FC | 100 | 100 | FC | 100 | 100 |
| Dexia RB France (ex Dexia CLF Régions Bail)(4) | France | FC | 100 | 100 | FC | 100 | 100 |
| Dexia Crediop(5) | Italy | FC | 100 | 100 | | | |
| Dexia Financial Products Services LLC(2) | USA | FC | 100 | 100 | FC | 100 | 100 |
| Dexia FB France (ex Dexia Flobail)(4) | France | FC | 100 | 100 | FC | 100 | 100 |
| Dexia FP Holdings Inc(1) | USA | FC | 100 | 100 | FC | 100 | 100 |
| Dexia Holdings, Inc | USA | FC | 100 | 100 | FC | 100 | 100 |
| Dexiarail(4) | France | FC | 100 | 100 | FC | 100 | 100 |
| FSA Asset Management LLC(2) | USA | FC | 100 | 100 | FC | 100 | 100 |
| FSA Capital Management Services LLC(2) | USA | FC | 100 | 100 | FC | 100 | 100 |
| FSA Capital Markets Services LLC(2) | USA | FC | 100 | 100 | FC | 100 | 100 |
| FSA Global Funding LTD(1) | Cayman Islands | FC | 100 | 100 | FC | 100 | 100 |
| FSA Portfolio Asset Limited (UK)(2) | United Kingdom | FC | 100 | 100 | FC | 100 | 100 |
| SPV PROJECT 2219 S.r.l(3) | Italy | | | | FC | 100 | 100 |
| WISE 2006-1 PLC | Ireland | FC | 100 | 100 | FC | 100 | 100 |

*Method FC: Fully consolidated*
*(1) Companies consolidated by Dexia Holdings Inc.*
*(2) Companies consolidated by Dexia FP Holdings Inc.*
*(3) Scope entries*
*(4) The leasing companies were sold to the BAWAG Group on February 1, 2024.*
*(5) Dexia Crediop was absorbed by Dexia in a merger on July 1, 2023.*

#### B. Non fully consolidated subsidiaries and associated companies not accounted for the equity method

| Name | 31 December 2022 | | | | 31 December 2023 | | |
|---|---|---|---|---|---|---|---|
| | Country | Method | Control rate | Interest rate | Method | Control rate | Interest rate |
| Alsatram(1) | France | Not FC | 100 | 100 | | | |
| Dexia Mexico (ex Dexia Crédito Local México SA de CV (Sofom Filial)) | Mexico | Not FC | 100 | 100 | Not FC | 100 | 100 |
| Dexia Romania (ex Dexia Kommunalkredit Romania) | Romania | Not FC | 100 | 100 | Not FC | 100 | 100 |
| Dexia Management Services Limited | United Kingdom | Not FC | 100 | 100 | Not FC | 100 | 100 |
| Dexia Blue | France | Not FC | 100 | 100 | Not FC | 100 | 100 |
| Dexia White | France | Not FC | 100 | 100 | Not FC | 100 | 100 |
| Impax New Energy Investor(2) | Luxemburg | Not EM | 24.99 | 24.99 | | | |
| New Mexican Trust | Mexico | Not FC | 100 | 100 | Not FC | 100 | 100 |
| Premier International Funding Co | Cayman Islands | Not FC | 0 | 0 | Not FC | 0 | 0 |
| Progetto Fontana (in liquidation) | Italy | Not EM | 25 | 25 | Not EM | 25 | 25 |
| SPS – Sistema Permanente di Servizi Scpa in liquidazione e concordato preventivo(2) | Italy | Not EM | 20.4 | 20.4 | | | |

*(1) Company consolidated as at December 31, 2023*
*(2) Dissolution*

**Method** Not FC: not Fully Consolidated
Not EM: not accounted for by the Equity Method

#### C. Other significant companies held by the Dexia Group

Nil.

#### *Nature of the risks associated with an entity's interests in consolidated structured entities*

As part of the sale of FSA to Assured Guaranty in 2009, Dexia retained the Financial Products activity (FP and Global Funding) managed in resolution like the rest of the group and, generally, agreed to indemnify FSA and Assured Guaranty for any losses they may suffer in relation to that activity.

Dexia did not provide, financial or other support to a consolidated structured entity when Dexia was not contractually obliged to do so, nor has an intention to do so in the future. Dexia did not provide financial or other support resulted in the entity controlling the structured entity.

### e. Significant restrictions on assets and liabilities of an entity

Following IFRS 12, Dexia provides the list of significant restrictions on its ability to access or use the assets and settle the liabilities of the Group.

The information regarding financial assets pledged as collateral for liabilities or contingent liabilities is presented in note 7.3.b. The assets guaranteeing the secured debt issued by covered bonds entities and the guaranteed investment contracts are presented in note 7.3.b.

Certain assets held by Dexia and benefiting from a credit risk hedge in the form of a guarantee or even a CDS are subject to some legal restrictions, commonly called "Representation to Hold clauses"[1].

Some restrictions concern structured entities. They take the form of segregation of assets in order to satisfy the obligations of the issuer to the noteholders as well as requirement of agreement from the insurer or the guarantor.

Pursuant to the European Commission Decision of 28 December 2012, there is a general ban on the payment of any form of dividend by any subsidiary controlled directly or indirectly by Dexia Holding, in particular when such a payment would entail mandatory payment of a coupon on Tier 1 hybrid instruments or Tier 2 instruments held by persons other than Dexia Holding and its subsidiaries.

Regulated entities are required to comply with regulatory requirements applicable to them.

### f. Interest in unconsolidated structured entities

There are not significant entities as at 31 December 2023.

Dexia is considered to be a sponsor of a structured entity when it is primarily involved in the design and establishment of the structured entity and when it transferred assets to the structured entity or provided guarantees regarding the structured entity's performance. Dexia, as a run-off structure does not have income anymore from sponsored structure without interest in the entity as of 31 December 2023.

### g. Subsidiaries with minority interests that are material

Minority interests are considered material when they represent more than 5% of equity group share or when minority interests represent more then 5% of total assets.

As at 31 December 2023, there are not significant minority interest.

## 1.3. Significant items included in the income statement

Net income Group share amounted to EUR -311 million in 2023, compared with EUR +59 million in 2022.

Net banking income was positive at EUR +78 million (EUR +371 million in 2022). In addition to the carrying of assets, in particular this amount includes impacts linked to the valuation of derivatives, as well as gains on disposals and provisions for legal risks.

The *Net interest margin* amounted to EUR +128 million in 2023 and corresponds to the cost of carrying assets and the bank's transformation result. It was EUR 68 million higher than in 2022, due to the rise in interest rates, particularly short-term rates, and, to a lesser extent, the contraction of cash collateral over the year, the financing of which weighed on the net interest margin.

*Net commissions* amounted to EUR -4 million in 2023 (EUR -11 million in 2022).

The item *Net gains or losses on financial instruments at fair value through profit or loss*, at EUR -15 million (EUR +346 million in 2022), includes favourable changes in the *Funding Value Adjustment* (FVA), the *Credit Value Adjustment* (CVA) and the *Debit Valuation Adjustment* (DVA), totalling EUR +16 million (EUR +58 million in 2022). The change in market parameters during the year, in particular the rise in interest rates and the tightening of credit spreads on *Currency Basis Swaps*, also had an effect of EUR +14 million (EUR -107 million in 2022) on fair value hedge ineffeciencies, combined with a negative change of EUR -51 million in the valuation of derivatives and the WISE securitisation (EUR -26 million in 2022). In 2022, the item also included income of EUR +329 million linked to the transition of fair value derivative contracts indexed to GBP, JPY and CHF LIBOR, recorded as part of the reform of IBOR benchmarks, as well as income of EUR +43 million relating to the restructuring of inflation-indexed hedging derivatives.

The item *Net gains or losses on financial instruments at fair value through equity* amounted to EUR -4 million (EUR -6 million in 2022) linked to asset disposal programmes.

The item *Net gains or losses arising from the derecognition of financial assets at amortised cost* amounted to EUR -41 million (EUR -43 million in 2022), also linked to asset disposal programmes.

The *other results* of EUR +14 million (EUR +24 million in 2022) are mainly explained by developments in litigation[2]. In 2022, the item benefited from a favorable effect linked to the signature of two settlement agreements and from the out-of-court settlement of a dispute in Austria.

Costs amounted to EUR -384 million (EUR -286 million in 2022), and include a provision in the liabilities of EUR -90 million, set aside for the risk of non-recovery, following the withdrawal of Dexia's banking licence, of all the sums paid as collateral under irrevocable payment commitments within the framework of the collection mechanism of the Single Resolution Fund (SRF). Taxes and regulatory contributions amounted to EUR -40 million, down on 2022 (EUR -64 million), due to the reduction of contributions to the SRF. General operating expenses continued to be impacted by significant transformation costs (EUR -67 million), mainly linked to the context of Dexia's resolution and including in particular study costs relating to the withdrawal of the banking licence and the reshaping of the operating model, as well as restructuring costs for Dexia's Italian entity.

The *Cost of credit risk* was limited, as in 2022, to EUR -2 million in 2023, and includes:

- a net charge to collective provisions (EUR -17 million), linked to the transition to Stage 2 of part of the water distribution sector in the United Kingdom, the negative effect of which was partially offset by a positive impact linked to the update of the basic macroeconomic scenario used to assess expected credit losses under IFRS 9 and to effects induced by the rise in interest rates and changes in the portfolio (rating changes, disposals, natural depreciation),
- a net reversal of specific provisions (EUR +15 million).

*Net gains or losses on other assets* in 2023 included a loss of EUR -52 million recorded, in accordance with IFRS 5 "Non-current assets held for sale and discontinued

*(1) Guarantee contracts with monolines (or with banks acting as intermediary for monolines) contain "representation to hold clauses" which (in a more or less strict manner) oblige the beneficiary to hold the guaranteed assets until the end-term of the guarantee.*

*(2) See note 3.6.d.*

operations", on the Group's leasing business which is to be sold following a sale agreement signed on 8 December 2023 and finalised on 1 February 2024.

*Income taxes* amounted to EUR +47 million (EUR -23 million in 2022), including a current tax charge of EUR -17 million, and a deferred tax income of EUR +64 million, mainly related to the transfer of a securities portfolio of EUR 8.7 billion from the Dublin branch to the Paris headquarters, at a tax value different from the book value of the transferred assets. In accordance with IAS 12 "Income Taxes", this temporary difference gives rise to the recognition of deferred tax of EUR +54 million.

*Result from discontinued operations, net of tax* in 2023 included income of EUR +2 million following the signature of a settlement agreement which puts an end to a tax dispute concerning a former subsidiary of the Dexia Group.

## 1.4. Other significant events of the year

### 1.4.1. WITHDRAWAL OF BANKING LICENCE AND INVESTMENT SERVICES

The European Central Bank (ECB) validated, by a letter dated 11 December 2023, the withdrawal of Dexia's credit institution licence and investment services authorisations as from 1 January 2024. The application had been submitted by the Dexia Group to the Autorité de Contrôle Prudentiel et de Résolution (ACPR) on 4 July 2023.

A detailed analysis of the impacts and risks, which has shown that the Dexia Group is perfectly capable of pursuing this resolution process outside banking regulations without affecting the Group's ability to carry out its resolution or the quality of the monitoring of its portfolio.

The change in status has had no impact on the Group's ability to finance itself via the issue of debt guaranteed by the Belgian and French States, as attested by the benchmarks successfully launched by Dexia at the beginning of 2024. Dexia also retains the possibility of conducting own account transactions on the financial markets as well as direct access to clearing houses and the main trading platforms, which are essential for the management of its orderly resolution.

### 1.4.2. SALE OF THE LEASING ACTIVITIES

On 8 December 2023, Dexia signed a sale agreement providing for the purchase by BAWAG Group of its five unregulated leasing entities: DCL Evolution, Alsatram, Dexiarail, Dexia Flobail and Dexia CLF Régions Bail, the latter two being renamed Dexia FB France and Dexia RB France respectively, following the withdrawal of their authorisation as finance companies, approved by the Autorité de Contrôle Prudentiel et de Résolution (ACPR) on 27 October 2023 and taking effect on the same date. This transaction represents leasing outstandings of almost EUR 750 million, corresponding to around 80 contracts concluded mainly with public sector counterparties.

An impact of EUR -52 million was recorded in the IFRS consolidated financial statements of Dexia as at 31 December 2023 under "Net gains or losses on other assets".

In accordance with the IFRS 5 accounting standard, the five leasing entities have been classified as "activities held for sale" in the consolidated financial statements of Dexia as at 31 December 2023. The assets and liabilities of these entities are presented on a separate line in the Group's consolidated balance sheet. As the activity of the leasing entities is not considered to be a discontinued operation within the meaning of the IFRS 5 accounting standard, their income statement is not isolated on a separate line of the consolidated income statement of Dexia.

## 1.5. Post balance sheet events

### 1.5.1. FINALISATION OF THE SALE OF LEASING ACTIVITIES

The purchase of the five leasing entities was finalised on 1 February 2024.

### 1.5.2. RELISTING TIER 1 HYBRID DEBT INSTRUMENTS ON THE UNREGULATED MARKET OF THE EURO MTF

In line with the objective of simplifying its operations and, in particular, rationalising its accounting framework, on 26 January 2024 the Dexia Group requested the transfer of trading in hybrid Tier 1 debt securities issued by Dexia (FR0010251421) from the regulated market of the Luxembourg Stock Exchange to the unregulated market of the Euro MTF. These securities have been traded on the Euro MTF market since Monday 12 February 2024. This has no impact on the State-guaranteed debt securities issued by Dexia, which remain listed and admitted to trading on the regulated market of the Luxembourg Stock Exchange.

### 1.5.3. SIMPLIFICATION OF THE ACCOUNTING FRAMEWORK AND EXIT FROM IFRS

Following the merger between Dexia and Dexia Crediop, the Dexia Group undertook an in-depth analysis of Dexia's consolidation scope, which led to the recognition of the negligible interest represented, alone and collectively, by its subsidiaries. Consequently, as from 1 January 2024, Dexia abandoned the production of consolidated financial statements under IFRS and will only publish statutory accounts under French banking standards, in accordance with the accounting plan for credit institutions (*Plan comptable des établissements de Crédit* – PCEC). Although not subject to PCEC, Dexia prefers this presentation, in line with previous financial years and given the nature of its activity remains "banking".

## 1.6 Operational risk management during the resolution period

In 2023, Dexia continued to adapt its structure and operational processes to its orderly resolution mandate. This resolution phase is, by its very nature, conducive to the development of operational risks, particularly as a result of factors such as the departure of key people, the possible demotivation of members of staff or the modification of treatment processes. In particular, projects to outsource certain activities may represent a source of operational risk during the implementation phases, but in the medium term should ensure the Bank's operational continuity and limit the operational risks associated with systems, processes and people.

Within this framework, Dexia outsourced its IT function (development, production and infrastructure) and back offices to an external service provider at the end of 2017. Then, in 2022, Dexia signed a contract with Arkéa Banking Services for the back-office processing of its loans, which came into service on 1 November 2023.

Operational risks associated with major transformation projects are monitored on a quarterly basis to ensure that corrective action is taken to reduce the most significant risks.

Finally, psychosocial risks are closely monitored at Dexia, together with preventive and support actions (cf. chapter "Non-financial Declaration. Corporate social responsibility" in the Dexia Holding annual report).

# 2. Notes on the assets

(Some amounts may not add up due to roundings off)



## 2.1. Cash and cash equivalents

For the purpose of the consolidated cash flow statement, cash and cash equivalents include the following balances with initial maturities of less than 90 days:

**a. Analysis by counterparty**

| (in EUR million) | 31/12/2022 | 31/12/2023 |
|---|---|---|
| Cash and central banks (note 2.2) | 2,024 | 0 |
| Financial assets at amortised cost – Interbank loans and advances (note 2.6.) | 1,090 | 2,132 |
| Non current assets held for sale | 0 | 25 |
| **TOTAL** | **3,113** | **2,158** |

**b. Of which, restricted cash:**

| (in EUR million) | 31/12/2022 | 31/12/2023 |
|---|---|---|
| Mandatory reserves[1] | 1,777 | 0 |
| **TOTAL** | **1,777** | **0** |

*(1) Minimum required reserve deposits at the European Central Bank (ECB) or at other central banks.*

## 2.2. Cash and central banks

| (in EUR million) | 31/12/2022 | 31/12/2023 |
|---|---|---|
| Mandatory reserve deposits with central banks[1] | 1,777 | 0 |
| Other central banks deposits | 247 | 0 |
| **TOTAL** | **2,024** | **0** |
| *of which included in cash and cash equivalents* | *2,024* | *0* |

*(1) At December 31, 2023, following the withdrawal of Dexia's authorisation, the Group no longer holds a liquidity reserve with the Central Bank.*

## 2.3. Financial assets at fair value through profit or loss

| (in EUR million) | 31/12/2022 | 31/12/2023 |
|---|---|---|
| Loans and securities | 1,250 | 1,056 |
| Derivatives (see note 4.1.b.) | 2,247 | 2,527 |
| **TOTAL** | **3,497** | **3,583** |

**a. Analysis by nature of loans and securities at fair value through profit and loss**

| | 31/12/2022 | | | 31/12/2023 | | |
|---|---|---|---|---|---|---|
| (in EUR million) | Designated at fair value through P/L | Non-trading financial assets mandatorily at fair value through P/L | Total | Designated at fair value through P/L[1] | Non-trading financial assets mandatorily at fair value through P/L | Total |
| Loans | | 1,242 | 1,242 | | 923 | 923 |
| Bonds | | 5 | 5 | 128 | 4 | 132 |
| Equity instruments | | 3 | 3 | | 1 | 1 |
| **TOTAL** | **0** | **1,250** | **1,250** | **128** | **928** | **1,056** |

*(1) Dexia has issued fixed-rate liabilities revalued by income (GICs). As part of its extinctive management, Dexia invested their collateralization in 2023 in fixed-rate T-bills of similar maturity. These securities have been classified under the fair value option in order to limit the accounting mismatch.*

**b. Analysis by maturity**
See note 7.5.

**c. Analysis of the fair value**
See note 7.1.

**d. Convertible bonds included in the financial assets at fair value through profit or loss portfolio (positions higher than EUR 50 million)**
Nil.

## 2.4. Financial assets at fair value through OCI

**a. Analysis by nature**

| (in EUR million) | 31/12/2022 | 31/12/2023 |
|---|---|---|
| Loans | 1,107 | 964 |
| Bonds | 451 | 148 |
| Equity instruments designated at FVOCI | 31 | 31 |
| **TOTAL ASSETS BEFORE ALLOWANCES** | **1,589** | **1,142** |
| Allowances | (8) | (10) |
| **TOTAL ASSETS AFTER ALLOWANCES** | **1,581** | **1,132** |

**b. Derecognition of investments in equity instruments**
There is no significant amount.

**c. Equity instruments were designated as at FVOCI in order to avoid volatility in net income**
The following investments have an accounting value of EUR 1 million or more:

| (in EUR million) | 31/12/2022 | 31/12/2023 |
|---|---|---|
| Istituto per il Credito Sportivo | 27 | 27 |

**d. Analysis by maturity**
See note 7.5.

**e. Analysis of fair value**
See note 7.1.

**f. Analysis of quality**
See note 2.12.

## 2.5. Financial assets at amortised cost – Debt securities

**a. Analysis by counterparty**

| (in EUR million) | 31/12/2022 | 31/12/2023 |
|---|---|---|
| Credit institutions | 665 | 626 |
| Customers | 26,243 | 25,656 |
| **TOTAL ASSETS BEFORE ALLOWANCES** | **26,908** | **26,282** |
| Allowances | (135) | (166) |
| **TOTAL ASSETS AFTER ALLOWANCES** | **26,774** | **26,115** |

**b. Analysis by maturity**
See note 7.5.

**c. Analysis of fair value**
See note 7.1.

**d. Analysis of quality**
See note 2.12.

## 2.6. Financial assets measured at amortised cost – Interbank loans and advances

**a. Analysis by nature**

| (in EUR million) | 31/12/2022 | 31/12/20223 |
|---|---|---|
| Nostri accounts | 1,090 | 2,137 |
| Cash collateral | 5,731 | 5,907 |
| Reverse repurchase agreements (reverse repos) | 0 | 18 |
| Other interbank loans and advances | 60 | 40 |
| **TOTAL ASSETS BEFORE ALLOWANCES** | **6,881** | **8,102** |
| Allowances | 0 | 0 |
| **TOTAL ASSETS AFTER ALLOWANCES** | **6,881** | **8,102** |
| *of which included in cash and cash equivalents* | *1,090* | *2,132* |

**b. Analysis by maturity**
See note 7.5.

**c. Analysis of fair value**
See note 7.1.

**d. Analysis of quality**
See note 2.12.

## 2.7. Financial assets measured at amortised cost – Customer loans and advances

**a. Analysis by nature**

| (in EUR million) | 31/12/2022 | 31/12/2023 |
|---|---|---|
| Cash collateral | 4,078 | 3,690 |
| Reverse repurchase agreements (reverse repos)(1) | 3,637 | 4,918 |
| Loans and advances | 13,164 | 11,112 |
| **TOTAL ASSETS BEFORE ALLOWANCES** | **20,880** | **19,721** |
| Allowances | (145) | (108) |
| **TOTAL ASSETS AFTER ALLOWANCES** | **20,734** | **19,613** |
| *of which included in finance leases(2)* | *864* | *0* |

*(1) The increase in reverse repos is linked to the investment of the liquidity buffer previously placed with the Central Bank.*
*(2) As at 31/12/2023, loans and receivables from leasing companies are shown under "Non current assets held for sale".*

**b. Analysis by maturity**
See note 7.5.

**c. Analysis of fair value**
See note 7.1.

**d. Analysis of quality**
See note 2.12.

## 2.8. Accruals and other assets

| **Analysis by nature** (in EUR million) | 31/12/2022 | 31/12/2023 |
|---|---|---|
| Accrued income | | 1 |
| Deferred expense | 12 | 11 |
| Other accounts receivable | 212 | 153 |
| Plan assets | 2 | 1 |
| Other taxes(1) | 55 | 0 |
| **TOTAL** | **282** | **166** |

*(1) The amount as at 31/12/2022 represented VAT to be recovered by the leasing companies. These receivables were recovered in 2023.*

## 2.9. Tangible fixed assets

### a. Net book value

| (in EUR million) | 2022 | | | 2023 | | |
|---|---|---|---|---|---|---|
| | Land and buildings | Office furniture and other equipment | Total | Land and buildings | Office furniture and other equipment | Total |
| | Right-of-use | Own use owner | | Right-of-use | Own use owner | |
| **Acquisition cost as at 1 January** | **54** | **19** | **74** | **57** | **17** | **74** |
| - Acquisitions | 3 | 0 | 3 | 0 | 0 | 0 |
| - Transfers and cancellations | 0 | (3) | (3) | 0 | (1) | (1) |
| **Acquisition cost as at 31 December (A)** | **57** | **17** | **74** | **57** | **16** | **73** |
| **Accumulated depreciation and impairment as at 1 January** | **(36)** | **(18)** | **(54)** | **(42)** | **(16)** | **(58)** |
| - Depreciation booked | (6) | (1) | (6) | (6) | (1) | (7) |
| - Transfers and cancellations | | 3 | 3 | | 1 | 1 |
| **Accumulated depreciation and impairment as at 31 December (B)** | **(42)** | **(16)** | **(58)** | **(48)** | **(15)** | **(63)** |
| **Net book value as at 31 December (A)+(B)** | **15** | **1** | **16** | **9** | **1** | **10** |

### b. Fair value of investment property

Nil.

### c. Capitalised expenditures for the construction of tangible fixed assets

Nil.

### d. Contractual obligations relating to investment property at the end of the period

Nil.

### e. Contractual obligations relating to property, plant and equipment at the end of the period

Nil.

## 2.10. Intangible assets

| (in EUR million) | 2022 | | | 2023 | | |
|---|---|---|---|---|---|---|
| | Internally developed software | Other intangible assets(1) | Total | Internally developed software | Other intangible assets(1) | Total |
| **Acquisition cost as at 1 January** | **116** | **77** | **193** | **116** | **76** | **192** |
| - Acquisitions | 0 | 1 | 1 | 0 | 3 | 3 |
| - Transfers and cancellations | 0 | (2) | (2) | (18) | (2) | (20) |
| **Acquisition cost as at 31 December (A)** | **116** | **76** | **192** | **99** | **76** | **175** |
| **Accumulated depreciation and impairment as at 1 January** | **(113)** | **(73)** | **(186)** | **(115)** | **(73)** | **(188)** |
| - Depreciation booked | (2) | (2) | (4) | (1) | (3) | (5) |
| - Transfers and cancellations | 0 | 2 | 2 | 18 | 2 | 20 |
| **Accumulated depreciation and impairment as at 31 December (B)** | **(115)** | **(73)** | **(188)** | **(99)** | **(74)** | **(172)** |
| **Net book value as at 31 December (A)+(B)** | **2** | **3** | **4** | **0** | **2** | **2** |

*(1) Other intangible assets mainly include purchased softwares.*

## 2.11. Leases

### a. Group as lessor

#### Finance leases

| Gross investment in finance leases (in EUR million) | 31/12/2022 | 31/12/2023 |
|---|---|---|
| Less than 1 year | 55 | 56 |
| 1 to 4 years | 199 | 154 |
| Over 5 years | 627 | 535 |
| **SUBTOTAL** | **881** | **746** |
| **NET INVESTMENT IN FINANCE LEASE** | **881** | **746** |

#### Operating leases

Nil.

### b. Group as Lessee

#### Finance leases

Nil.

#### Operating leases

| Future net minimum lease payments under non-cancellable operating leases (in EUR million) | 31/12/2022 | 31/12/2023 |
|---|---|---|
| Less than 1 year | 8 | 7 |
| 1 to 2 years | 8 | 4 |
| 2 to 3 years | 5 | 2 |
| **TOTAL** | **20** | **12** |

| **Amounts recognised in profit and loss** (in EUR million) | 31/12/2022 | 31/12/2023 |
|---|---|---|
| Expenses relating to short-term leases | 2 | 1 |
| | | |
| Amounts recognised in the statement of cash flows | (10) | (9) |

### c. Carrying amount of right of use assets by class of underlying assets and depreciation

See note 2.9. Tangible fixed assets.

### d. Finance lease liabilities included in financial statements

See note 3.5. Accruals and other liabilities.

### e. Lease contract not yet started for which the lessee is engaged

Nil.

## 2.12. Quality of financial assets

| | 31/12/2022 | | | | | |
|---|---|---|---|---|---|---|
| (in EUR million) | Gross amount – Stage 1 | Gross amount – Stage 2 | 12-month expected credit losses | Lifetime expected credit losses | Net amount – Stage 1 | Net amount – Stage 2 |
| **Non credit-impaired financial assets** | | | | | | |
| Financial assets at amortised cost – Debt securities | 21,551 | 5,239 | (12) | (66) | 21,539 | 5,174 |
| Financial assets at amortised cost – Interbank loans and advances | 6,828 | 53 | 0 | 0 | 6,828 | 53 |
| Financial assets at amortised cost – Customer loans and advances | 16,380 | 4,148 | (1) | (50) | 16,379 | 4,097 |
| Financial assets at fair value through OCI – fixed revenue instruments | 1,025 | 505 | 0 | (5) | 1,024 | 501 |
| Other accounts receivable | 108 | 0 | 0 | 0 | 108 | 0 |
| **TOTAL** | **45,892** | **9,946** | **(14)** | **(121)** | **45,878** | **9,825** |

| (in EUR million) | 31/12/2023 | | | | | |
|---|---|---|---|---|---|---|
| | Gross amount – Stage 1 | Gross amount – Stage 2 | 12-month expected credit losses | Lifetime expected credit losses | Net amount – Stage 1 | Net amount – Stage 2 |
| **Non credit-impaired financial assets** | | | | | | |
| Financial assets at amortised cost – Debt securities | 20,826 | 5,370 | (2) | (116) | 20,825 | 5,254 |
| Financial assets at amortised cost – Interbank loans and advances | 8,014 | 88 | 0 | 0 | 8,014 | 88 |
| Financial assets at amortised cost – Customer loans and advances | 15,992 | 3,482 | 0 | (19) | 15,992 | 3,463 |
| Financial assets at fair value through OCI – Fixed revenue intruments | 581 | 484 | 0 | (3) | 581 | 480 |
| Other accounts receivable | 122 | 0 | | 0 | 122 | 0 |
| **TOTAL** | **45,535** | **9,424** | **(2)** | **(139)** | **45,533** | **9,285** |

| (in EUR million) | 31/12/2022 | | | 31/12/2023 | | |
|---|---|---|---|---|---|---|
| | Gross amount | Specific Impairment | Net amount | Gross amount | Specific Impairment | Net amount |
| **Credit-impaired financial assets (stage 3)** | | | | | | |
| Financial assets at amortised cost – Debt securities | 118 | (57) | 61 | 85 | (48) | 37 |
| Financial assets at amortised cost – Customer loans and advances | 286 | (87) | 199 | 196 | (74) | 122 |
| Financial assets at fair value through OCI – Fixed revenue intruments | 28 | (3) | 25 | 41 | (1) | 40 |
| Other accounts receivable | 5 | (5) | 0 | 6 | (6) | 0 |
| **TOTAL** | **437** | **(152)** | **285** | **328** | **(130)** | **198** |

| (in EUR million) | 31/12/2022 | | | 31/12/2023 | | |
|---|---|---|---|---|---|---|
| | Gross amount | Specific Impairment | Net amount | Gross amount | Specific Impairment | Net amount |
| **Purchased or originated credit impaired** | | | | | | |
| Financial assets at amortised cost – Customer loans and advances | 66 | (7) | 59 | 51 | (15) | 36 |
| Financial assets at fair value through OCI – fixed revenue intruments | | | | 6 | (5) | 1 |
| **TOTAL** | **66** | **(7)** | **59** | **57** | **(20)** | **37** |

| (in EUR million) | 31/12/2022 | | | | |
|---|---|---|---|---|---|
| | Gross amount | 12-month expected credit losses | Lifetime expected credit losses | Specific Impairment | Net amount |
| Financial assets at amortised cost – Debt securities | 26,908 | (12) | (66) | (57) | 26,774 |
| Financial assets at amortised cost – Interbank loans and advances | 6,881 | 0 | 0 | 0 | 6,881 |
| Financial assets at amortised cost – Customer loans and advances | 20,880 | (1) | (50) | (94) | 20,734 |
| Financial assets at fair value through OCI – fixed revenue intruments | 1,558 | 0 | (5) | (3) | 1,550 |
| Other accounts receivable | 114 | 0 | 0 | (5) | 108 |
| **TOTAL** | **56,341** | **(14)** | **(121)** | **(159)** | **56,047** |

*Financial instruments for which there are no loss allowances recorded correspond to positions that are either guaranteed or senior, or marginally for which the Group has physical collateral.*

| (in EUR million) | 31/12/2023 Gross amount | 12-month expected credit losses | Lifetime expected credit losses | Specific Impairment | Net amount |
|---|---|---|---|---|---|
| Financial assets at amortised cost – Debt securities | 26,282 | (2) | (116) | (48) | 26,115 |
| Financial assets at amortised cost – Interbank loans and advances | 8,102 | 0 | 0 | 0 | 8,102 |
| Financial assets at amortised cost – Customer loans and advances | 19,721 | 0 | (19) | (89) | 19,613 |
| Financial assets at fair value through OCI – fixed revenue intruments | 1,111 | 0 | (3) | (7) | 1,101 |
| Other accounts receivable | 128 | 0 | 0 | (6) | 122 |
| **TOTAL** | **55,344** | **(2)** | **(139)** | **(151)** | **55,053** |

*Financial instruments for which there are no loss allowances recorded correspond to positions that are either guaranteed or senior, or marginally for which the Group has physical collateral.*

## 2.13. Transfer of financial assets

The Group enters into transactions as repurchase agreements, securities lending agreements or total return swaps, in which the Group transfers financial assets, mainly loans and advances or debt securities, but retains substantially all of the risks and rewards.

Due to this retention, the transferred financial assets are not derecognised and the transfers are accounted for as secured financing transactions.

| | 31/12/2022 | | 31/12/2023 | |
|---|---|---|---|---|
| (in EUR million) | Carrying amount of assets | Carrying amount of associated liabilities | Carrying amount of assets | Carrying amount of associated liabilities(1) |
| **Financial assets at amortised cost – Debt securities not derecognised due to following transactions:** | | | | |
| Repurchase agreements | 4,840 | 4,895 | 4,243 | 4,034 |
| **TOTAL** | **4,840** | **4,895** | **4,243** | **4,034** |

*(1) of which EUR 1,057 million is offset in the balance sheet against an asset on the contractually-linked reverse repo transaction (see note 4.3).*

# 3. Notes on the liabilities

(some amounts may not add up due to roundings off)



## 3.1. Financial liabilities at fair value through profit or loss

| (in EUR million) | 31/12/2022 | 31/12/2023 |
|---|---|---|
| Liabilities designated at fair value | 456 | 467 |
| Derivatives (see note 4.1.) | 3,669 | 3,020 |
| TOTAL | 4,126 | 3,488 |

### a. Analysis by nature of liabilities held for trading

Nil.

### b. Analysis by nature of liabilities designated at fair value

| (in EUR million) | 31/12/2022 | 31/12/2023 |
|---|---|---|
| Non subordinated liabillities | 456 | 467 |
| TOTAL | 456 | 467 |

### c. Credit risk on financial liabilities designated at fair value through profit or loss

| | Carrying amount | Amount of change in the fair value attributable to changes in the credit risk | | Difference between carrying amount and amount contractually required to be paid at maturity(1) |
|---|---|---|---|---|
| (in EUR million) | | For the period | Cumulative | |
| As at 31 December 2022 | 456 | 12 | (25) | 45 |
| As at 31 December 2023 | 467 | 9 | (16) | 48 |

*(1) This amount includes the premium/discount and change in market value.*

### d. Analysis by maturity

See note 7.5.

### e. Analysis of fair value

See note 7.1.

The “Fair Value Option” (FVO), for financial liabilities is mainly used in the following situation:
By Dexia Financial Products Inc and FSA Global Funding Ltd for liabilities where the hedge accounting requirements are not met or if there is a risk that they will not be met, the FVO is used as an alternative in order to reduce volatility in profit or loss.
The following types of liabilities are subject to the FVO classification:
a) Fixed rate liabilities that are highly customised funding contracts tailored to the specific needs of the investor (GIC activities).
Regarding collaterised liabilities by assets, the DVA spread is the average of spreads of collateral given as guarantee. Regarding non secured liabilities, they benefit from both Dexia Holding and Assurer monoliner guarantee. In this case, the own credit spread (DVA) is the lower of Dexia Holding DVA spread and the Assured Guaranty spread.
b) FSA Global Funding fixed rate liabilities.
The own credit spread is Dexia Holding’s DVA spread.

As at 31 December 2023, the cumulative change in fair value attributable to the own credit risk of financial liabilities designated at fair value amount to EUR -16 million (EUR -25 million in 2022). This amount is booked in *Gains and losses directly recognised in equity.*

## 3.2. Interbank borrowings and deposits

### a. Analysis by nature

| (in EUR million) | 31/12/2022 | 31/12/2023 |
|---|---|---|
| Demand deposits | 46 | 61 |
| Repurchase agreements | 995 | 250 |
| Cash collateral | 1,394 | 675 |
| Other debts | 714 | 412 |
| TOTAL | 3,149 | 1,398 |

**b. Analysis by maturity**

See note 7.5.

**c. Analysis of fair value**

See note 7.1.

## 3.3. Customer borrowings and deposits

**a. Analysis by nature**

| (in EUR million) | 31/12/2022 | 31/12/2023 |
|---|---|---|
| Term deposits | 352 | 0 |
| **Total customer deposits** | **352** | **0** |
| Repurchase agreements[1] | 4,146 | 2,727 |
| Cash collaterals | 113 | 25 |
| Other borrowings | 154 | 306 |
| **Total customer borrowings** | **4,413** | **3,058** |
| **TOTAL** | **4,765** | **3,058** |

*(1) The decrease is mainly due to a balance sheet offset with an asset on the contractually-linked reverse repo transaction (EUR -1,057 million) (see note 4.3).*

**b. Analysis by maturity**

See note 7.5.

**c. Analysis of fair value**

See note 7.1.

## 3.4. Debt securities

**a. Analysis by nature**

| (in EUR million) | 31/12/2022 | 31/12/2023 |
|---|---|---|
| Certificates of deposit[1] | 563 | 348 |
| Non-convertible bonds | 36,126 | 37,651 |
| **TOTAL[2]** | **36,690** | **37,998** |

*(1) The variation in certificates of deposit is sensitive to year-end short-term market conditions.*
*(2) As at 31 December 2023, the total amount issued with the State guarantee was EUR 38.6 billion (EUR 37.6 billion in 2022). The difference with the book value is mainly explained by the impact of the hedge in FVH (EUR -0.8 billion).*

**b. Analysis by maturity**

See note 7.5.

**c. Analysis of fair value**

See note 7.1.

## 3.5. Accruals and other liabilities

| (in EUR million) | 31/12/2022 | 31/12/2023 |
|---|---|---|
| Accrued costs | 10 | 4 |
| Deferred income | 2 | 0 |
| Grants | 24 | 0 |
| Salaries and social charges (payable) | 4 | 4 |
| Other taxes | 14 | 9 |
| Rental debts | 20 | 12 |
| Other accounts payable and other liabilities | 313 | 287 |
| **TOTAL** | **387** | **316** |

## 3.6. Provisions

### a. Analysis by nature

| (in EUR million) | 31/12/2022 | 31/12/2023 |
|---|---|---|
| Litigation claims[(1)] | 23 | 21 |
| Restructuring | 5 | 18 |
| Defined benefit plans | 1 | 1 |
| Other long-term employee benefits | 3 | 3 |
| Commitments and guarantees given[(2)] | 9 | 1 |
| *Commitments and guarantees given – stage 2* | *1* | *1* |
| *Commitments and guarantees given – stage 3* | *8* | *0* |
| Other provisions [(3)] | 0 | 90 |
| **TOTAL** | **41** | **133** |

*(1) This item includes a provision related to desensitisation of structured credits in France.*
*(2) The evolution of this item is presented in the note 7.2.e.*
*(3) A provision in the liabilities of EUR 90 million has been set aside for the risk of non-recovery of all sums paid in respect of irrevocable payment commitments to the Single Resolution Board, as part of the Single Resolution Fund collection mechanism.*

### b. Movements

| (in EUR million) | Litigation claims | Restructuring | Pensions and other employee benefits | Total |
|---|---|---|---|---|
| **AS AT 1 JANUARY 2022** | **64** | **9** | **4** | **77** |
| Additions | 6 | 2 | 0 | 8 |
| Unused amounts reversed | (47) | (6) | (1) | (54) |
| **AS AT 31 DECEMBER 2022** | **23** | **5** | **3** | **32** |

| (in EUR million) | Litigation claims | Restructuring | Pensions and other employee benefits | Other provisions | Total |
|---|---|---|---|---|---|
| **AS AT 1 JANUARY 2023** | **23** | **5** | **3** | **0** | **32** |
| Additions | 4 | 16 | 1 | 90 | 110 |
| Unused amounts reversed | (4) | (2) | 0 | 0 | (7) |
| Amounts utilised during the year | (1) | 0 | 0 | 0 | (2) |
| Other | (1) | 0 | 0 | 0 | 0 |
| **AS AT 31 DECEMBER 2023** | **21** | **18** | **4** | **90** | **132** |

### c. Provisions for pension and other long term benefits

Except commitments for statutory pension and defined contribution plans, commitments for defined benefit plans are limited. They mainly concern retirement allowances and jubilee bonuses in France, pension plans in Italy.

Due to the downsizing of the group, the commitments decrease accordingly and the DBO (defined benefit obligation, long-term employee benefits and post-retirement obligations) represents less than 3% of consolidated equity. The amount of actuarial liabilities less the fair value of assets for retirement and other employee benefits is EUR 4 million as at 31 December 2023 and EUR 3 million as at 31 December 2022.

### d. Litigation

Like many financial institutions, the Dexia Group is involved in several instances of litigation. Unless otherwise indicated, the status of such litigation and investigations as at 31 December 2023 is summarised below and is based on the information available to Dexia at that date.

Based on this information, other litigation and investigations in which Dexia is named as a defendant are not expected to have a material impact on its financial position.

Dexia's consolidated financial statements reflect the consequences, as assessed by Dexia on the basis of the information available to it at the aforementioned date, of the principal litigation and investigations likely to have a material impact on Dexia's financial position, results or activities, and provisions have been recorded where necessary.

**Dexia**

As at 31 December 2023, only two clients were still in litigation in France concerning structured loans.

Dexia, via its branch in Rome (formerly Dexia Crediop), like other (former) credit institutions in Italy, is involved in a series of disputes in Italy and in the United Kingdom relating to (i) hedging transactions (involving the use of derivatives) entered into as part of debt restructuring agreements and/or financing transactions with local authorities and (ii) other financial transactions.

As indicated in previous annual reports, in 2017 the Court of Appeal in London gave an important ruling in the Prato case confirming the validity of the derivative contracts entered into by Dexia Crediop. This decision put an end to numerous disputes.

In 2023, the criminal proceedings for alleged fraud in the Prato case ended, fully exonerating Dexia and its former staff member from the alleged charges.
In 2019, Dexia (together with another Italian bank) had an action brought against it by the city of Venice regarding a swap contract concluded in 2007. Dexia brought an action in London to establish the full validity of the swap. In 2023, the Court of Appeal in London declared the swaps fully valid, overturning a decision at first instance. Venice was ordered, inter alia, to bear the legal costs of the proceedings.
Other civil cases relating to the alleged invalidity of the swaps entered into by Dexia Crediop are still pending in Italy and in the United Kingdom.

## 3.7. Subordinated debt

### a. Analysis by nature

**Convertible subordinated debt**

Nil.

**Non-convertible subordinated debts**

| (in EUR million) | 31/12/2022 | 31/12/2023 |
|---|---|---|
| Other subordinated notes | 23 | 35 |
| **TOTAL** | **23** | **35** |

### b. Reconciliation of liabilities arising from financing activities

| (in EUR milllion) | Cash flows | Non-cash changes | | | | |
|---|---|---|---|---|---|---|
| 01/01/2022 | | Changes arising from obtaining or losing control of subsidiaries | Translation adjustment | Fair value changes | Other changes | 31/12/2022 |
| 20 | 0 | 0 | (1) | 0 | 3 | 23 |

| (in EUR milllion) | Cash flows | Non-cash changes | | | | |
|---|---|---|---|---|---|---|
| 01/01/2023 | | Changes arising from obtaining or losing control of subsidiaries | Translation adjustment | Fair value changes | Other changes | 31/12/2023 |
| 23 | (7) | 0 | 0 | 0 | 19 | 35 |

### c. Analysis by maturity

See note 7.5.

### d. Analysis of fair value

See note 7.1.

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#### e. Detail subordinated debts

| Currency | Due | Amount in millions | a) Circumstances for early redemption<br>b) Conditions for subordination<br>c) Conditions for convertibility | Indemnity conditions (in %) |
|---|---|---|---|---|
| GBP | 15/10/2058 | 5.5 | **a) Early Redemption in whole**<br>The Notes are redeemable in whole in any of the following circumstances:<br>(i) at the option of the Issuer following the occurrence of a Tax Redemption Event;<br>(ii) at the option of the Issuer if the aggregate Adjusted Principal Balance of the outstanding Notes is less than 10% of the initial Principal Balance of all of the Notes;<br>(iii) following early termination of the Credit Default Swap;<br>(iv) following the early termination of the Cash Collateral Agreement or the Repo Agreement (if any) in circumstances where it is not replaced with an arrangement satisfactory to the Rating Agencies; or following the occurrence of a Note Event of Default and declaration by the Trustee that the Notes are due and repayable, the date designated for the redemption of the Notes upon the occurrence of such circumstances being an Early Redemption Date.<br>**Early Redemption in Part**<br>If the Actual Reference Portfolio Amount is an amount less than the then aggregate Adjusted Principal Balance of the Notes (such shortfall being the "Difference"), then the Issuer on any Note Payment Date, and provided that the Difference is a positive number equal or greater than GBP 1,000,000 (one million) may elect to redeem the Notes, in Order of Seniority, in part in an amount equal to such Difference.<br><br>**b)** After enforcement of the security for the Notes under the Security Documents, payments of principal and interest on the Class A Notes will be made in priority to payments of principal and interest on the Class B Notes and the Class C Notes. After enforcement of the security for the Notes under the Security Documents, payments of principal and interest on the Class B Notes will be made in priority to payments of principal and interest on the Class C Notes.<br>**c)** None | from 15/01/2022 to redemption date: LIBOR(1) +0.58% |
| GBP | 15/10/2058 | 5.5 | **a) Early Redemption in whole**<br>The Notes are redeemable in whole in any of the following circumstances:<br>(i) at the option of the Issuer following the occurrence of a Tax Redemption Event;<br>(ii) at the option of the Issuer if the aggregate Adjusted Principal Balance of the outstanding Notes is less than 10% of the initial Principal Balance of all of the Notes;<br>(iii) following early termination of the Credit Default Swap;<br>(iv) following the early termination of the Cash Collateral Agreement or the Repo Agreement (if any) in circumstances where it is not replaced with an arrangement satisfactory to the Rating Agencies; or following the occurrence of a Note Event of Default and declaration by the Trustee that the Notes are due and repayable, the date designated for the redemption of the Notes upon the occurrence of such circumstances being an Early Redemption Date.<br>**Early Redemption in Part**<br>If the Actual Reference Portfolio Amount is an amount less than the then aggregate Adjusted Principal Balance of the Notes (such shortfall being the "Difference"), then the Issuer on any Note Payment Date, and provided that the Difference is a positive number equal or greater than GBP 1,000,000 (one million) may elect to redeem the Notes, in Order of Seniority, in part in an amount equal to such Difference.<br><br>**b)** After enforcement of the security for the Notes under the Security Documents, payments of principal and interest on the Class A Notes will be made in priority to payments of principal and interest on the Class B Notes and the Class C Notes. After enforcement of the security for the Notes under the Security Documents, payments of principal and interest on the Class B Notes will be made in priority to payments of principal and interest on the Class C Notes.<br>**c)** None | from 15/01/2022 to redemption date: LIBOR(1) +0.76% |

*(1) Contracts qualified as "tough legacy" whose transition is particularly difficult and which could not be renegotiated before the disappearance of the index. For a limited time, they will benefit from the "synthetic GBP LIBOR".*

Subordinated debts also include an amount of EUR 22.2 million, including EUR 18.7 million booked in 2023 for the conditional deferred fee related to the 2022 guarantee agreement (see note 4.4.c.).

## 3.8. Information on Equity

### a. Capital stock

The share capital of Dexia is represented by 279,213,332 shares with a nominal value of EUR 1.

### b. Super-subordinated perpetual note

In 2005, Dexia issued EUR 700 million in super-subordinated perpetual notes. The residual outstanding amounts to EUR 56 million.

On 26 January 2024, the Dexia Group requested the transfer of trading in hybrid Tier 1 debt securities issued by Dexia (FR0010251421) from the regulated market of the Luxembourg Stock Exchange to the unregulated market of the Euro MTF. These securities have been traded on the Euro MTF market since Monday 12 February 2024.

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# 4. Other Notes on the balance sheet

(Some amounts may not add up due to roundings off)



## 4.1. Derivatives

### a. Analysis by nature

| | 31/12/2022 | | 31/12/2023 | |
|---|---|---|---|---|
| (in EUR million) | Assets | Liabilities | Assets | Liabilities |
| **Derivatives at fair value through profit or loss (see notes 2.3. and 3.1.)** | **2,247** | **3,669** | **2,527** | **3,020** |
| Derivatives designated as fair value hedges | 1,289 | 7,998 | 271 | 7,768 |
| Derivatives designated as cash flow hedges | 234 | 207 | 119 | 152 |
| Derivatives designated as portfolio hedges | 235 | 147 | 193 | 122 |
| **Hedging derivatives** | **1,759** | **8,352** | **583** | **8,041** |
| **TOTAL DERIVATIVES** | **4,006** | **12,022** | **3,110** | **11,062** |

The valuation of derivatives and cash collaterals was strongly impacted by the increase of long rates in 2022.

### b. Detail of derivatives at fair value through profit or loss

| | 31/12/2022 | | | 31/12/2023 | | |
|---|---|---|---|---|---|---|
| (in EUR million) | Notional amount | Assets | Liabilities | Notional amount | Assets | Liabilities |
| **Interest rate derivatives** | **124,471** | **1,547** | **3,128** | **108,775** | **1,792** | **2,266** |
| *of which: economic hedges* | *65,431* | *1,348* | *968* | *58,309* | *1,292* | *617* |
| OTC options | 8 | 0 | 0 | 5 | 0 | 0 |
| OTC other | 123,976 | 1,547 | 3,127 | 108,257 | 1,792 | 2,266 |
| Organized market other | 487 | 0 | 0 | 513 | 0 | 0 |
| **Foreign exchange derivatives** | **13,808** | **526** | **459** | **20,436** | **594** | **690** |
| *of which: economic hedges* | *8,233* | *94* | *94* | *15,549* | *191* | *363* |
| OTC other | 13,808 | 526 | 459 | 20,436 | 594 | 690 |
| **Credit derivatives** | **2,681** | **174** | **83** | **1,993** | **141** | **64** |
| *of which: economic hedges* | *1,573* | *156* | *58* | *1,920* | *134* | *64* |
| Credit default swap | 2,681 | 174 | 83 | 1,993 | 141 | 64 |
| **TOTAL** | **140,960** | **2,247** | **3,669** | **131,205** | **2,527** | **3,020** |

### c. Detail of derivatives designated as fair value hedges

| | 31/12/2022 | | | 31/12/2023 | | |
|---|---|---|---|---|---|---|
| (in EUR million) | Notional amount | Assets | Liabilities | Notional amount | Assets | Liabilities |
| **Interest rate derivatives** | **45,595** | **768** | **6,503** | **38,641** | **160** | **7,119** |
| OTC options | 8 | 0 | 0 | 0 | 0 | 0 |
| OTC other | 45,587 | 768 | 6,503 | 38,641 | 160 | 7,119 |
| **Foreign exchange derivatives** | **4,289** | **521** | **1,495** | **3,944** | **111** | **649** |
| OTC other | 4,289 | 521 | 1,495 | 3,944 | 111 | 649 |
| **TOTAL** | **49,884** | **1,289** | **7,998** | **42,585** | **271** | **7,768** |

### d. Detail of derivatives designated as cash flow hedges

| (in EUR million) | 31/12/2022 Notional amount | 31/12/2022 Assets | 31/12/2022 Liabilities | 31/12/2023 Notional amount | 31/12/2023 Assets | 31/12/2023 Liabilities |
|---|---|---|---|---|---|---|
| **Interest rate derivatives** | **288** | **1** | **14** | **122** | **0** | **19** |
| OTC other | 288 | 1 | 14 | 122 | 0 | 19 |
| **Foreign exchange derivatives** | **2,354** | **234** | **193** | **912** | **119** | **132** |
| OTC other | 2,354 | 234 | 193 | 912 | 119 | 132 |
| **TOTAL** | **2,642** | **234** | **207** | **1,034** | **119** | **152** |

### e. Detail of derivatives designated as hedges of a net investment in a foreign entity

Nil.

### f. Detail of derivatives designated as portfolio hedges

| (in EUR million) | 31/12/2022 Notional amount | 31/12/2022 Assets | 31/12/2022 Liabilities | 31/12/2023 Notional amount | 31/12/2023 Assets | 31/12/2023 Liabilities |
|---|---|---|---|---|---|---|
| Portfolio fair value hedges of interest rate risk | 5,590 | 235 | 147 | 5,011 | 193 | 122 |
| **TOTAL** | **5,590** | **235** | **147** | **5,011** | **193** | **122** |

## 4.2. Deferred taxes

### a. Analysis by nature

| (in EUR million) | 31/12/2022 | 31/12/2023 Continuing operations | 31/12/2023 Activities held for sale |
|---|---|---|---|
| Deferred tax assets | 1,247 | 846 | |
| Unrecognised deferred tax assets | (1,247) | (846) | |
| **Recognised deferred tax assets** (1) | **0** | **0** | |
| **Deferred tax liabilities** (1) | **(89)** | **(5)** | **(18)** |
| **TOTAL** | **(89)** | **(5)** | **(18)** |

*(1) Deferred tax assets and liabilities are netted out when they concern the same tax entity.*

The effects of movements in deferred tax on net income and on unrealised or deferred gains and losses are analysed in note 5.12 "Income tax" and in the "Consolidated statement of comprehensive income" respectively.

### b. Movements

| (in EUR million) | 2022 | 2023 Continuing operations |
|---|---|---|
| **AS AT 1 JANUARY** | **(83)** | **(89)** |
| Charge/credit recognised in the income statement: "Income tax" | (8) | 64 |
| Movements directly recognised in shareholders' equity | 3 | 2 |
| Translation adjustment | (1) | 0 |
| Other movements (1) | 0 | 18 |
| **AS AT 31 DECEMBER** | **(89)** | **(5)** |

*(1) Leasing companies transferred to discontinued operations.*

### c. Deferred taxes

| (in EUR million) | 31/12/2022 | 31/12/2023 Continuing operations |
|---|---|---|
| Deferred tax assets | 1,247 | 846 |
| Deferred tax liabilities | (89) | (5) |
| **DEFERRED TAXES** | **1,159** | **842** |

| Deferred taxes coming from assets | 31/12/2022 | | 31/12/2023 | |
|---|---|---|---|---|
| | | | Continuing operations | |
| (in EUR million) | Total | of which, change through profit or loss | Total | of which, change through profit or loss |
| Loans (and loan loss provisions) | (249) | 1,047 | (213) | 8 |
| Securities | (398) | 719 | (914) | (516) |
| Derivatives | 694 | 81 | 796 | 115 |
| Tangible fixed assets and intangible assets | 1 | 0 | 1 | 0 |
| **TOTAL** | **49** | **1,847** | **(331)** | **(394)** |

| Deferred taxes coming from liabilities | 31/12/2022 | | 31/12/2023 | |
|---|---|---|---|---|
| | | | Continuing operations | |
| (in EUR million) | Total | of which, change through profit or loss | Total | of which, change through profit or loss |
| Derivatives | (218) | (1,286) | (308) | (136) |
| Borrowings, deposits and debt securities | (195) | (517) | 104 | 299 |
| Provisions | 59 | 6 | 32 | (24) |
| Pensions | 3 | 0 | 1 | 0 |
| Non-deductible provisions | (9) | 0 | (9) | (2) |
| Accruals and other liabilities | (18) | 0 | (19) | 0 |
| **TOTAL** | **(378)** | **(1,796)** | **(199)** | **137** |

| Deferred taxes coming from other elements | 31/12/2022 | | 31/12/2023 | |
|---|---|---|---|---|
| | | | Continuing operations | |
| (in EUR million) | Total | of which, change through profit or loss | Total | of which, change through profit or loss |
| Tax losses carried forward | 1,488 | (65) | 1 372 | 107 |
| **TOTAL** | **1,488** | **(65)** | **1 372** | **107** |

| | | | | |
|---|---|---|---|---|
| **TOTAL DEFERRED TAXES** | **1,159** | | **842** | |

## d. Expiry date of unrecognised deferred tax assets

| (in EUR million) | 31/12/2022 | | 31/12/2023 | |
|---|---|---|---|---|
| | | | Continuing operations | |
| **Nature** | **Unlimited maturity** | **Total** | **Unlimited maturity** | **Total** |
| Temporary difference | (67) | (67) | (100) | (100) |
| Tax losses carried forward | (1,181) | (1,181) | (746) | (746) |
| **TOTAL** | **(1,247)** | **(1,247)** | **(846)** | **(846)** |

# 4.3. Offsetting financial assets and financial liabilities

The following table presents the amounts of financial assets and liabilities before and after offsetting.

The column "Gross amounts set off on the balance sheet" discloses the amounts offset in accordance with the IAS 32 criteria described in note "Accounting principles and rules governing the consolidated financial statements". Amounts set off are related to Dexia's derivative instruments traded with clearing houses, as well as repurchase agreements that meet the criteria required by the standard.

The column "Impact of Master Netting agreements and similar agreements" includes the amounts of financial instruments that are subject to an enforceable master netting arrangement or similar agreement but which do not meet the offsetting criteria defined by IAS 32. In particular, this is the case of Dexia's transactions for which offsetting can only be performed in case of default, insolvency or bankruptcy of one of the counterparties.

In this respect, the Dexia Group Master Netting Agreement ("DGMNA") dated as of 2 November 2009 had been concluded between Dexia Holding, Banque Internationale à Luxembourg S.A. (formerly known as Dexia Banque Internationale à Luxembourg S.A.), Belfius Bank SA/NV (formerly known as Dexia Bank Belgium SA/NV), Dexia and Dexia Crediop SpA, which was merged into Dexia as from September 30, 2023.

As at December 31, 2023, this agreement therefore only concerned situations of possible default by Dexia Holding and Dexia.

The DGMNA permits netting or "Set-Off" all amounts owed under transactions governed by different agreements, including one or more ISDA Master agreements and/or other trading agreements ("Principal Agreements") between the parties to the DGMNA. The DGMNA essentially aims at allowing netting in the event of a default on behalf of one of the parties, and therefore permits netting only when the transactions under the Principal Agreements are accelerated, terminated, liquidated or canceled (a so-called "Close Out" situation), and therefore only permits set-off when either (a) transac-

tions governed by the Master Agreements are accelerated, terminated, liquidated or cancelled, or "b" a Breach of Representations & Warranties under the DGMNA, or "c" a Breach of Covenant under the DGMNA.
When a party is in default under the DGMNA, each other non defaulting Party may elect to Close Out all of the transactions under each Principal Agreement to which such non defaulting Party is a party.
The columns "Cash collateral" and "Financial instruments received or given as collateral" disclose the amounts related to financial collateral. They mainly include Dexia's guarantee deposits and securities received or given as collateral and disclosed at their fair value. These guarantees can only be exercised in case of default, insolvency or bankruptcy of one of the counterparties.
Dexia includes instruments at their recognized amounts, however the amount of collateral is limited to the amount of the guaranteed asset or liability.

## a. Financial assets subject to offsetting, enforceable master netting arrangements and similar agreements

| | 31/12/2022 | | | | | | |
|---|---|---|---|---|---|---|---|
| | Gross amounts of financial assets | Gross amounts set off on the balance sheet | Net amounts of financial assets presented on the balance sheet | Related amounts not set off on the balance sheet | | | Net amounts |
| (in EUR million) | | | | Impact of Master Netting Agreements and similar agreements | Cash collateral received | Financial instruments received as collateral | |
| Derivatives | 8,283 | (4,624) | 3,659 | (3,067) | (280) | 0 | 312 |
| Reverse repurchase and similar agreements | 3,637 | 0 | 3,637 | 0 | 0 | (3,637) | 0 |
| **TOTAL FINANCIAL ASSETS IN SCOPE OF OFFSETTING DISCLOSURES** | **11,921** | **(4,624)** | **7,297** | **(3,067)** | **(280)** | **(3,637)** | **312** |

## b. Financial liabilities subject to offsetting, enforceable master netting arrangements and similar agreements

| | 31/12/2022 | | | | | | |
|---|---|---|---|---|---|---|---|
| | Gross amounts of financial liabilities | Gross amounts set off on the balance sheet | Net amounts of financial liabilities presented on the balance sheet | Related amounts not set off on the balance sheet | | | Net amounts |
| (in EUR million) | | | | Impact of Master Netting Agreements and similar agreements | Cash collateral given | Financial instruments given as collateral | |
| Derivatives | 16,646 | (4,624) | 12,021 | (3,067) | (6,300) | 0 | 2,655 |
| Repurchase and similar agreements | 5,036 | 0 | 5,036 | 0 | 0 | (5,036) | 0 |
| **TOTAL FINANCIAL LIABILITIES IN SCOPE OF OFFSETTING DISCLOSURES** | **21,682** | **(4,624)** | **17,058** | **(3,067)** | **(6,300)** | **(5,036)** | **2,655** |

## c. Financial assets subject to offsetting, enforceable master netting arrangements and similar agreements

| | 31/12/2023 | | | | | | |
|---|---|---|---|---|---|---|---|
| | Gross amounts of financial assets | Gross amounts set off on the balance sheet | Net amounts of financial assets presented on the balance sheet | Related amounts not set off on the balance sheet | | | Net amounts |
| (in EUR million) | | | | Impact of Master Netting Agreements and similar agreements | Cash collateral received | Financial instruments received as collateral | |
| Derivatives | 6,891 | (3,790) | 3,101 | (2,691) | (49) | 0 | 360 |
| Reverse repurchase and similar agreements | 5,993 | (1,057) | 4,936 | 0 | 0 | (4,936) | 0 |
| **TOTAL FINANCIAL ASSETS IN SCOPE OF OFFSETTING DISCLOSURES** | **12,884** | **(4,847)** | **8,037** | **(2,691)** | **(49)** | **(4,936)** | **360** |

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### d. Financial liabilities subject to offsetting, enforceable master netting arrangements and similar agreements

| | 31/12/2023 | | | | | | |
|---|---|---|---|---|---|---|---|
| | Gross amounts of financial liabilities | Gross amounts set off on the balance sheet | Net amounts of financial liabilities presented on the balance sheet | Related amounts not set off on the balance sheet | | | Net amounts |
| (in EUR million) | | | | Impact of Master Netting Agreements and similar agreements | Cash collateral given | Financial instruments given as collateral | |
| Derivatives | 14,852 | (3,790) | 11,062 | (2,691) | (8,205) | 0 | 166 |
| Repurchase and similar agreements | 3,962 | (1,057) | 2,905 | 0 | 0 | (2,905) | 0 |
| **TOTAL FINANCIAL LIABILITIES IN SCOPE OF OFFSETTING DISCLOSURES** | **18,814** | **(4,847)** | **13,967** | **(2,691)** | **(8,205)** | **(2,905)** | **166** |

## 4.4. Related party transactions

### a. Related-party transactions

| | Parent company (Dexia) | |
|---|---|---|
| (in EUR million) | 2022 | 2023 |
| Borrowings | 84 | 0 |
| Guarantees received by the Group(1) | 3 | 22 |

*(1) Guarantee by Dexia of the amount of the conditional deferred commission.*

Since 31 December 2012, as a result of the capital increase subscribed by the Belgian and French States to the capital increase initiated by Dexia Holding, Dexia's parent company, these shareholders have become the only two shareholders having a significant influence on Dexia.
Group transactions with these shareholders are described in 4.4 c. below. Persuant to IAS 24 § 25, the detail of loans, borrowings or commitments with the States Shareholders are not subject to a separate disclosure.
Dexia has no granted loans to key management personnel.

### b. Compensation of key management personnel(*)

| (in EUR million) | 2022 | 2023 |
|---|---|---|
| Short-term benefits(1) | 3.8 | 3.6 |

*(*) Key management personnel are members of the Board of Directors, of the Management Board and of the Group Commitee.*
*(1) Includes salary, bonus and other benefits.*

### C. Transactions with the Belgian, French and Luxembourg States

#### Guarantee mechanism in favour of Dexia holding's financing

**2013 guarantee agreement**

On 24 January 2013, the French, Belgian and Luxembourg States and Dexia Holding and Dexia entered into a Guarantees Issuance Agreement, and granted an Independent Guarantee pursuant to such Guarantees Issuance Agreement in favour of Dexia (main issuer and main operating entity of the Group) pursuant to the Belgian royal decree of 19 December 2012 amending the royal decree of 18 October 2011 granting a State guarantee for certain loans of Dexia Holding and Dexia (as ratified by the law of 17 June 2013 "portant des dispositions fiscales et financières et des dispositions relatives au développement durable"), the French Enabling Law, as amended by the amending finance law n° 2012-1510 of 29 December 2012 and the Luxembourg Enabling Law.

Pursuant to this 2013 Guarantee, the three States guarantee severally, but not jointly, the performance by Dexia of its repayment obligations resulting from certain financings provided by qualified, institutional or professional investors (within the meaning of the Guarantee), provided that these obligations arise from certain financings contracted or issued in the form of securities and financial instruments, deposits and borrowings (with a maximum maturity of ten years) between 24 January 2013 and 31 December 2021.
This Guarantee is effective immediately. It replaces the 2011 Temporary Guarantee which is terminated without retroactive effect and without prejudice to any rights arising pursuant to guaranteed obligations entered into or issued prior to the effectiveness of the Guarantee.
The States' several but not joint guarantee pursuant to this Agreement may not exceed a maximum aggregate limit of EUR 85 billion in principal, it being understood that the amounts which are so capped include outstanding guaranteed obligations pursuant to the Guarantee, the 2011 Temporary Guarantee, or any other guarantee granted pursuant to the Guarantees Issuance Agreement but exclude outstanding guaranteed obligations pursuant to the 2008 Guarantee Agreement described below.
The States guarantee the repayment obligations in the following proportion:
- (i) 51.41% for the Belgian State (corresponding to a maximum amount of EUR 43.6985 billion);
- (ii) 45.59% for the French State (corresponding to a maximum amount of EUR 38.7515 billion); and
- (iii) 3.0% for the Luxembourg State (corresponding to a maximum amount of EUR 2.55 billion).

Pursuant to the Guarantee Issuance Agreement, the following guarantee fee is due to the States:
- (i) an upfront commission equal to 0.50% of the EUR 85 billion limit, less the upfront commission already paid in connection with the 2011 Temporary Guarantee i.e. a balance of EUR 150 million.
- (ii) a monthly fee, calculated at a rate per annum of 0.05% on the amount outstanding under the guaranteed obligations, both on the preexisting guaranteed amounts outstanding under the 2011 Temporary Guarantee and the new guaranteed amounts outstanding under guarantees issued in accordance with the Guarantees Issuance Agreement (it being understood that such monthly fee shall, with respect to the portion of the outstanding amount of the guaranteed obligations that would be held by BDF Gestion SA or by the Banque de France, the National Bank of Belgium, be calculated in accordance with the 2011 Temporary Guarantee Agreement (as long as the ECB accepts the all-in fee principle).

**2022 guarantee agreement**

Following the approval[1] by the European Commission of the extension of the Dexia Holding funding guarantee for a further period of ten years as from 1 January 2022, the French and Belgian States adopted the legal texts relating to this extension on 29 December 2020 and 27 June 2021 respectively [2]&[3].

To recall, the extended funding guarantee (2022 guarantee) retains most of its current features and therefore remains joint, unconditional, irrevocable and on first demand. However, the following changes have been made to the guarantee scheme:

• The new guarantee ceiling is EUR 75 billion, of which EUR 72 billion to cover the Group's debt issues and EUR 3 billion for intraday interbank overdrafts in euros and foreign currencies.

• The Luxembourg State no longer participates in the guarantee mechanism. Its 3% quota is divided between the Belgian and French States in proportion to their current respective shares of 51.41% and 45.59%, i.e. 53% for Belgium and 47% for France.

The extended guarantee came into force on 1 January 2022. The 2013 guarantee, although expiring on 31 December 2021, continues to produce its effects for all guaranteed bonds issued by Dexia until 31 December 2021 and this for a maximum maturity period of ten years since their issue date.

The remuneration of the guarantor States pursuant to the 2022 guarantee comprises a basic remuneration and a conditional deferred commission. This particular remuneration structure allows the full implementation of the burden-sharing principle which underlies the orderly resolution of Dexia Holding and which imposes a requirement that any improvement in the financial situation of Dexia Holding benefits only the States as shareholders and guarantors.

The basic remuneration is 5 basis points per annum on the guaranteed amounts outstanding, payable monthly. This commission would also be increased by a conditional deferred commission, payable in the event that two conditions materialise. These two conditions are cumulative and are set out in the Decision of the European Commission of 27 September 2019, i.e. (i) Dexia and Dexia Holding may become liable to the holders of hybrid Tier 1 securities bearing the ISIN code FR0010251421 and XS0273230572 respectively, which means in practice that Dexia or Dexia Holding may be put into liquidation, and (ii) Dexia no longer has the authorisation as a credit institution provided for in Article L. 511-10 of the Monetary and Financial Code.

The pricing of this commission will be progressive as from 2022 and will reach an annual rate of 135 basis points in 2027 on outstanding amounts issued under the extended guarantee framework. This commission applies to the outstanding guaranteed debt issued by Dexia and is guaranteed by Dexia Holding SA.

The accounting treatments of these payments to the guarantor States have been the subject of detailed analyses by Dexia Holding.

From an accounting point of view, the treatment is different in the consolidated accounts under IFRS of Dexia Holding and Dexia as well as in the social accounts under French GAAP of Dexia. There is no impact in the Belgian GAAP financial statements of Dexia Holding, as the commission applies to the outstanding guaranteed debt issued by Dexia.

In Dexia's consolidated financial statements, the amount of the conditional deferred commission is recognised as a cost in the statement of income and will be recorded in Interest expense – Amounts covered by sovereign guarantees. On the balance sheet, a corresponding amount is recorded in Subordinated debt. Furthermore, the recognition of the conditional deferred commission results in a negative impact on the accounting equity, linked to the result of the year.

The outstanding debt guaranteed under the 2013 and 2022 Guarantee Agreements is disclosed on a daily basis on the website of the National Bank of Belgium (http://www.nbb.be/DOC/DQ/warandia/index.htm).

As at 31 December 2023, the total outstanding amount of bonds guaranteed by the three States was EUR 38.6 billion.

In 2023, Dexia Holding paid a total monthly remuneration of EUR 18.8 million to the States for these guarantees. In 2023, the amount recorded in the accounts for the conditional deferred fee is EUR 18.7 million.

**Supervisory Agreement**

On December 22, 2023, the Kingdom of Belgium and the French Republic signed a Supervision Agreement with Dexia Holding and Dexia. The purpose of this agreement was to establish a supervisory framework which replaced the prudential banking framework to which Dexia and Dexia Holding were subject prior to the withdrawal of Dexia's credit institution authorisation and the cessation of Dexia Holding's status as a financial company, in the interests of the continuation of Dexia's orderly resolution, the guarantor States and the proper assessment of Dexia by its counterparties.

This Supervisory Agreement came into force on January 1, 2024 and will remain in force until the assets of Dexia and its subsidiaries have been fully amortized.

The Supervisory Agreement provides in particular for the establishment of a Supervisory Committee to assist Dexia's Board of Directors with regard to the evolution of Dexia's financial and operational situation. The remuneration of the members of the Committee is fixed by mutual agreement between the States and is paid by Dexia.

*1 https://ec.europa.eu/commission/presscorner/detail/en/mex_19_5875*

*2 Cf. Dexia Holding Press Release dated 28 May 2021, available at www.dexia.com.*

*3 Law 2020-1721 of 29 December 2020 on finance for 2021, published in the Official Journal on 30 December 2020 and Law of 27 June 2021 relating to various financial provisions, published in the Belgian Official Gazette on 9 July 2021.*

## 4.5. Information on disposals groups held for sale and discontinued operation

### a. Assets and liabilities included in disposal groups held for sale

On December 8, 2023, Dexia and the BAWAG Group signed a sale agreement for the five unregulated leasing entities of the Dexia Group: DCL Evolution, Alsatram, Dexiarail, as well as Dexia Flobail and Dexia CLF Régions Bail, respectively renamed Dexia FB France and Dexia RB France, following the withdrawal of their financing approval, approved by the ACPR on October 27, 2023.

This sale agreement was finalized on February 1, 2024.

| (in EUR million) | 31/12/2023<br>Leasing |
|---|---|
| Financial assets at amortised cost – Interbank loans and advances | 25 |
| Financial assets at amortised cost – Customer loans and advances | 763 |
| Current tax | 1 |
| Accruals and other assets(1) | (2) |
| Intercompany accounts: net position | (693) |
| Interbank borrowings and deposits | (2) |
| Current tax liabilities | (1) |
| Deferred tax | (18) |
| Accruals and other liabilities | (25) |
| **Net assets** | **49** |

*(1) Includes an amount of EUR -50 million corresponding to the difference between the carrying amount of subsidiaries held for sale and their fair value.*

### b. Income Statement

| (in EUR million) | 31/12/2023 |
|---|---|
| Result on disposal | 2 |
| **Result from discontinued operations, net of tax** | **2** |

## 4.6. Capital stock

| | 2022 | 2023 |
|---|---|---|
| Number of shares authorized | 279,213,332 | 279,213,332 |
| Number of shares issued and fully paid | 279,213,332 | 279,213,332 |
| Number of shares issued and not fully paid | 0 | 0 |
| **Per value of the share** | **1** | **1** |
| Outstanding as at January, 1st | 279,213,332 | 279,213,332 |
| Outstanding as at December, 31 | 279,213,332 | 279,213,332 |
| Number of treasury shares | 0 | 0 |
| Number of shares reserved for issue under stock options and contracts for the sale of shares | NA | NA |

## 4.7. Exchange rates

The primary exchange rates are presented in the following schedule.

| | | 2022 | | 2023 | |
|---|---|---|---|---|---|
| | | Closing rate(1) | Average rate(2) | Closing rate(1) | Average rate(2) |
| Australian dollar | AUD | 1.5779 | 1.5174 | 1.6226 | 1.6336 |
| Canadian dollar | CAD | 1.4483 | 1.3704 | 1.4621 | 1.4604 |
| Swiss Franc | CHF | 0.9866 | 1.0011 | 0.9270 | 0.9704 |
| Czech Koruna | CZK | 24.1475 | 24.5338 | 24.7115 | 23.9676 |
| Danish Krone | DKK | 7.4360 | 7.4391 | 7.4524 | 7.4508 |
| British Pound Sterling | GBP | 0.8865 | 0.8545 | 0.8685 | 0.8687 |
| Hong-Kong dollar | HKD | 8.3254 | 8.2259 | 8.6524 | 8.4837 |
| Hungarian forint | HUF | 400.6400 | 392.9933 | 382.1800 | 380.5283 |
| Shekel | ILS | 3.7630 | 3.5472 | 3.9858 | 4.0099 |
| Japanese Yen | JPY | 141.0900 | 138.2608 | 156.5900 | 153.3242 |
| Won | KRW | 1,340.26 | 1,354.65 | 1,435.4400 | 1,420.1588 |
| Mexican Peso | MXN | 20.7470 | 21.0496 | 18.7201 | 19.0439 |
| Norwegian Krone | NOK | 10.5332 | 10.1214 | 11.2131 | 11.4516 |
| New Zealand dollar | NZD | 1.6890 | 1.6628 | 1.7466 | 1.7651 |
| Swedish Krona | SEK | 11.1200 | 10.6618 | 11.0994 | 11.4882 |
| Singapore dollar | SGD | 1.4328 | 1.4477 | 1.4608 | 1.4536 |
| New Turkish Lira | TRY | 19.9883 | 17.4631 | 32.7354 | 26.2624 |
| US Dollar | USD | 1.0679 | 1.0505 | 1.1075 | 1.0833 |

*(1) Rate observed at 4:45 pm on the last business day of the month of December.*
*(2) Average of the closing rates used by the Dexia group.*

## 4.8. Management of capital

The information regarding management of capital is provided in the chapter Information on capital and liquidity of the Management Report.

## 4.9. Outstanding amounts of financial instruments impacted by the reform of the reference indices as at 31 December 2023

| Current reference indices<br>(in EUR million) | Financial assets (excluding derivatives) impacted by the reform | Financial liabilities (excluding derivatives) impacted by the reform | Derivatives impacted by the reform |
|---|---|---|---|
| | Outstanding Capital | | Notional amount |
| *LIBOR GBP(1)* | *0* | *13* | *0* |
| *CDOR* | | | *1,335* |

The outstanding amounts presented have a maturity greater than the date of cessation of the index.

*(1) Contracts qualified as "tough legacy" whose renegotiation is particularly difficult and which benefit from 2022 onwards and for a limited period of time from "synthetic GBP LIBOR" based on the new risk-free rate reference.*

# 5. Notes on the income statement

*(Some amounts may not add up due to roundings off)*



## 5.1. Interest income – Interest expense

| (in EUR million) | 2022 | 2023 |
|---|---|---|
| **Interest income** | **2,680** | **5,558** |
| **a) Interest income on assets not measured at fair value through P/L** | **920** | **1,841** |
| Financial assets at amortised cost – Interbank loans and advances | 67 | 491 |
| Financial assets at amortised cost – Customer loans and advances[3] | 447 | 808 |
| Financial assets at amortised cost – Debt securities | 364 | 476 |
| Financial assets at fair value through OCI | 41 | 62 |
| Other | 2 | 2 |
| **b) Interest income on assets measured at fair value through P/L** | **1,545** | **3,708** |
| Financial assets designated at fair value through P/L | | 2 |
| Financial assets mandatorily at fair value through P/L | 58 | 65 |
| Derivatives held for trading | 451 | 1,844 |
| Hedging derivatives | 1,036 | 1,797 |
| **c) Interests received on financial liabilities** | **215** | **10** |
| Interests received on financial liabilities[2] | 215 | 10 |
| **Interest expense** | **(2,620)** | **(5,430)** |
| **a) Interest expense on liabilities not measured at fair value** | **(618)** | **(1,358)** |
| Interbank borrowings and deposits | (59) | (331) |
| Customer borrowings and deposits | (57) | (191) |
| Debt securities | (474) | (794) |
| Subordinated debt | 0 | (1) |
| Amounts covered by sovereign guarantees[1] | (25) | (38) |
| Other | (2) | (3) |
| **b) Interest expense on liabilities measured at fair value** | **(1,764)** | **(4,061)** |
| Liabilities designated at fair value through P/L | (21) | (32) |
| Derivatives held for trading | (394) | (1,747) |
| Hedging derivatives | (1,349) | (2,283) |
| **c) Interests paid on financial assets** | **(237)** | **(11)** |
| Interests paid on financial assets[2] | **(237)** | **(11)** |
| **Net interest income** | **60** | **128** |

*(1) This item includes fees paid to the States for the guarantees they granted to Dexia's debt as well as the amount of the deferred conditional guarantee fee. See also note 4.4.c. Related-party transactions – Transactions with the Belgian, French and Luxembourg States.*
*(2) Dexia presents separately positive interests on financial liabilities and negative interests on financial assets.*
*(3) Of which relating to leases: EUR 33 million in 2023 (EUR 24 million in 2022).*

## 5.2. Fees and Commissions

| | 2022 | | | 2023 | | |
|---|---|---|---|---|---|---|
| (in EUR million) | Income | Expense | Net | Income | Expense | Net |
| Lending activity | 2 | 0 | 2 | 2 | (1) | 1 |
| Payment services | 0 | (6) | (6) | 0 | (4) | (4) |
| Financial engineering | 0 | 0 | 0 | 1 | 0 | 1 |
| Services on securities other than custodial services | 0 | (1) | 0 | 0 | (1) | (1) |
| Intermediation on *bond lending* and *reverse repo* | 0 | (8) | (8) | 0 | (1) | (1) |
| Other | 2 | 0 | 2 | 2 | 0 | 2 |
| **TOTAL** | **5** | **(16)** | **(11)** | **4** | **(8)** | **(4)** |

Fees and commissions related to financial assets and financial liabilities which are not at fair value through profit or loss are below materiality.

## 5.3. Net gains (losses) on financial instruments at fair value through profit or loss

| (in EUR million) | 2022 | 2023 |
|---|---|---|
| Net trading income[5] | (26) | (51) |
| Net result of hedge accounting | 256 | 15 |
| Net result of financial assets designated at fair value through profit or loss | 0 | 4 |
| Net result of financial liabilities designated at fair value through profit or loss[1] | 11 | (1) |
| Net result on non-trading financial assets mandatorily at fair value through profit or loss[2] | 24 | 9 |
| Funding costs associated with non-collateralised derivatives (FVA)[3][4] | 23 | 9 |
| Change in fair value of derivatives attributable to counterparty risk (credit value adjustment)[3] | 45 | 11 |
| Change in fair value of derivatives attributable to own credit risk (debit value adjustment)[3] | (11) | (4) |
| Net result of foreign exchange transactions | 23 | (8) |
| **TOTAL** | **346** | (15) |
| *(1) among which derivatives included in a fair value option strategy* | *(140)* | *(5)* |
| *(2) among which derivatives included in an economic hedge strategy* | *118* | *18* |

*(3) FVA, CVA et DVA are booked in the result of trading activities*

*(4) In accordance with the provisions of IFRS 13 and in line with market practice, the Dexia Group developed a methodology for the calculation, from June 2015, of a Funding Valuation Adjustment (FVA) aimed at measuring the funding costs associated with non-collateralised derivatives.*

*(5) Includes EUR -11 million (EUR -25 million en 2022) of interest income and expenses on trading derivatives.*
*Also includes an amount of EUR -29 million (EUR +15 million in 2022) related to the partial hedge of the ineffectiveness of fair value hedges.*

Interest received and paid on assets, liabilities and derivatives are recorded under interest margin, except for interest on trading derivatives measured at fair value through profit or loss (excluding economic hedging derivatives which are held for risk management purposes but for which hedge accounting is not applied).

Consequently, net income from hedge accounting, net income from financial liabilities designated at fair value through profit or loss and net income from non-trading financial assets mandatorily measured at fair value through profit or loss include only the change in the clean value of derivatives, the revaluation of assets and liabilities included in a hedging relationship and the revaluation of the portfolio measured at fair value through profit or loss.

### Analysis of net result of hedge accounting

| (in EUR million) | 2022 | 2023 |
|---|---|---|
| **Fair value hedges** | **265** | **14** |
| Fair value changes of the hedged item attributable to the hedged risk | (7,930) | (274) |
| Fair value changes of the hedging derivatives | 8,195 | 288 |
| **Cash flow hedges** | **(8)** | **1** |
| Discontinuation of cash flow hedge accounting (Cash flows no longer expected to occur) | (8) | 1 |
| **Portfolio hedge** | **0** | **0** |
| Fair value changes of the hedged item | (417) | 40 |
| Fair value changes of the hedging derivatives | 417 | (40) |
| **TOTAL** | **256** | **15** |
| *Discontinuation of cash flow hedge accounting (cash flows still expected to occur) – amounts recorded in interest margin* | **3** | **3** |

In 2022, Fair value hedge ineffectiveness includes EUR +329 million income related to the transition of fair value derivative contracts indexed to GBP, JPY and CHF LIBOR, recorded in the context of the IBOR benchmark reform, as well as EUR +43 million income related to the restructuring of inflation-indexed hedging derivatives.

The balance of the variation is mainly linked to the evolution of the prime rates, i.e. the difference between the spot and short-term rates (CBS) of the CIRS (Currency Interest Rate Swaps) and to the volatility linked to these same CBS when the cash collaterals are paid in a currency other than the nominal currency of the derivative.

## 5.4. Net gains (losses) on financial assets measured at FVOCI

| (in EUR million) | 2022 | 2023 |
|---|---|---|
| Net gain (loss) on disposals of loans measured at FVOCI | (6) | (5) |
| Net gain (loss) on disposals of bonds measured at FVOCI | 0 | 1 |
| **TOTAL** | **(6)** | **(4)** |

## 5.5. Net gains (losses) on financial instruments measured at AC

| (in EUR million) | 2022 | 2023 |
|---|---|---|
| Net gain (loss) on disposals of loans measured at AC[(1)(2)] | (12) | (19) |
| Net gain (loss) on disposals of bonds measured at AC[(1)(3)] | (24) | (17) |
| Net gain (loss) on redemption of borrowings and deposits | (7) | (3) |
| Net gain (loss) on redemption of debt securities | 0 | (1) |
| **TOTAL** | **(43)** | **(41)** |

*(1) Except for gains or losses on impaired securities, which are included in the cost of credit risk.*
*(2) Is mainly due to early repayment of loans.*
*(3) Is mainly due to sales made in order to reduce the concentration risk on certain positions.*

## 5.6. Other income

| (in EUR million) | 2022 | 2023 |
|---|---|---|
| Litigations[(1)] | 50 | 15 |
| Other income[(2)] | 10 | 4 |
| **TOTAL** | **60** | **19** |

*(1) Dexia is subject to an extensive legal and regulatory framework in the countries where it operates. In this legal context, Dexia may be involved in various legal actions, in particular civil, administrative and criminal proceedings and, as such, carries out a detailed review of pending litigation presenting a significant risk every quarter. The movements in reversals and allowances included respectively in notes 5.6. Other income and 5.7. Other expenses correspond to Management's updated estimate of these risks on the basis of the elements available at the time (procedures in progress, court decisions already taken, results of negotiations / settlement protocols, experience of other companies faced with similar cases, as well as, where appropriate, opinions and reports from independent legal experts).*
*(2) The final settlement of these disputes on the basis of court rulings and memoranda of understanding is recorded under "Other income" and "Other expenses" in notes 5.6. and 5.7. "Other income" also includes write-offs of commercial debts that are no longer due.*

Details of the litigations can be found in Note 3.6.

## 5.7. Other expenses

| (in EUR millions) | 2022 | 2023 |
|---|---|---|
| Provisions for litigations[(1)] | (35) | (5) |
| Other expenses[(2)] | (1) | 0 |
| **TOTAL** | **(36)** | **(5)** |

*(1) Dexia is subject to an extensive legal and regulatory framework in the countries where it operates. In this legal context, Dexia may be involved in various legal actions, in particular civil, administrative and criminal proceedings and, as such, carries out a detailed review of pending litigation presenting a significant risk every quarter. The movements in reversals and allowances included respectively in notes 5.6. Other income and 5.7. Other expenses correspond to Management's updated estimate of these risks on the basis of the elements available at the time (procedures in progress, court decisions already taken, results of negotiations / settlement protocols, experience of other companies faced with similar cases, as well as, where appropriate, opinions and reports from independent legal experts).*
*(2) The final settlement of these disputes on the basis of court rulings and memoranda of understanding is recorded under "Other income" and "Other expenses" in notes 5.6. and 5.7.*

Details of the litigations can be found in Note 3.6.

## 5.8. Operating expenses

| (in EUR million) | 2022 | 2023 |
|---|---|---|
| Payroll costs | (81) | (97) |
| General and administrative expenses | (195) | (276) |
| **TOTAL** | **(276)** | **(373)** |

### a. Payroll Costs

| (in EUR million) | 2022 | 2023 |
|---|---|---|
| Compensation and salary expense | (54) | (56) |
| Social security and insurance expense | (21) | (18) |
| Employee benefits | (6) | (6) |
| Restructuring costs | 2 | (14) |
| Other | (3) | (3) |
| **TOTAL** | **(81)** | **(97)** |

### b. Employee information

| | 2022 | 2023 |
|---|---|---|
| *(Average full time equivalent)* | **Fully consolidated** | **Fully consolidated** |
| Executive staff | 10 | 9 |
| Administrative staff | 459 | 441 |
| **TOTAL** | **469** | **450** |

| | 2022 | | | | |
|---|---|---|---|---|---|
| *(Average full time equivalent)* | **France** | **Italy** | **Other Europe** | **USA** | **Total** |
| Executive staff | 6 | 2 | 1 | 1 | 10 |
| Administrative staff | 363 | 72 | 17 | 7 | 459 |
| **TOTAL** | **369** | **74** | **18** | **8** | **469** |

| | 2023 | | | | |
|---|---|---|---|---|---|
| *(Average full time equivalent)* | **France** | **Italy** | **Other Europe** | **USA** | **Total** |
| Executive staff | 6 | 1 | 1 | 1 | 9 |
| Administrative staff | 353 | 63 | 16 | 9 | 441 |
| **TOTAL** | **359** | **64** | **17** | **10** | **450** |

### c. General and administrative expenses

| (in EUR million) | 2022 | 2023 |
|---|---|---|
| Cost of premises | (3) | (3) |
| Rent expense[(1)] | (2) | (2) |
| Fees | (51) | (66) |
| Marketing, advertising and public relations | 0 | (1) |
| IT expense | (59) | (61) |
| Software, research and development | 0 | (1) |
| Maintenance and repair | (1) | (1) |
| Insurance (except related to pensions) | (2) | (2) |
| Other taxes[(2)] | (64) | (40) |
| Other general and administrative expenses[(3)] | (13) | (100) |
| **TOTAL** | **(195)** | **(276)** |

*(1) This amount does not include IT equipment rental expenses, which are included in the "IT expense" line.*

*(2) This item includes an expense (EUR -64 million in 2022 and EUR -37 million in 2023) corresponding to 77.5% (85% in 2022) of the amount of the payment to the annual contribution to the Single Resolution Fund (SRF) set up by the European authorities under the Single Supervisory Mechanism.*

*(3) A provision in the liabilities of EUR -90 million has been set aside for the risk of non-recovery of all sums paid for the irrevocable payment commitments to the Single Resolution Board, as part of the Single Resolution Fund collection mechanism.*

## 5.9. Depreciation, amortisation and impairment of tangible fixed assets and intangible assets

| **Depreciation and amortisation** (in EUR million) | 2022 | 2023 |
|---|---|---|
| Depreciation of other tangible fixed assets | (7) | (7) |
| Amortization of intangible assets | (4) | (4) |
| **TOTAL** | **(10)** | **(11)** |

**Impairment**

Nil.

**Losses or gains**

Nil.

## 5.10. Cost of credit risk

| | 2022 | | | | |
|---|---|---|---|---|---|
| (in EUR million) | **Stage 1** | **Stage 2** | **Stage 3** | **POCI[(1)]** | **TOTAL** |
| Financial assets at amortised cost – Customer loans and advances | (1) | 17 | (2) | (1) | **14** |
| Financial assets at amortised cost – Interbank debt securities | | | (4) | | **(4)** |
| Financial assets at amortised cost – Customer debt securities | (4) | (15) | | | **(19)** |
| Financial assets at fair value through OCI – Customer loans and advances | | 7 | | | **7** |
| Other accounts receivable | | | (2) | | **(2)** |
| Off-balance sheet commitments | | 1 | | | **1** |
| **TOTAL** | **(5)** | **10** | **(7)** | **(1)** | **(3)** |

*(1) POCI: Purchased or originated credit impaired debt instruments.*

| (in EUR million) | 2023 Stage 1 | Stage 2 | Stage 3 | POCI[1] | TOTAL |
|---|---|---|---|---|---|
| Financial assets at amortised cost – Customer loans and advances | | 18 | 10 | (8) | **20** |
| Financial assets at amortised cost – Interbank debt securities | | | (2) | | **(1)** |
| Financial assets at amortised cost – Customer debt securities | 11 | (49) | 2 | | **(35)** |
| Financial assets at fair value through OCI – Customer loans and advances | | 1 | 2 | 3 | **7** |
| Other accounts receivable | | | (2) | | **(2)** |
| Off-balance sheet commitments | | 1 | 8 | | **9** |
| **TOTAL** | **12** | **(29)** | **19** | **(5)** | **(2)** |

*(1) POCI: Purchased or originated credit impaired debt instruments.*

**Detail**

| Stage 1 | 2022 | | | 2023 | | |
|---|---|---|---|---|---|---|
| (in EUR million) | Additions | Recoveries | Total | Additions | Recoveries | Total |
| Financial assets at amortised cost – Customer loans and advances | (1) | 0 | **(1)** | 0 | 1 | **0** |
| Financial assets at amortised cost – Customer debt securities | (10) | 6 | **(4)** | (1) | 12 | **11** |
| **TOTAL** | **(11)** | **6** | **(5)** | **(1)** | **13** | **12** |

| Stage 2 | 2022 | | | 2023 | | |
|---|---|---|---|---|---|---|
| (in EUR million) | Additions | Recoveries | Total | Additions | Recoveries | Total |
| Financial assets at amortised cost – Customer loans and advances | (33) | 51 | **17** | (21) | 39 | **18** |
| Financial assets at amortised cost – Customer debt securities | (61) | 46 | **(15)** | (112) | 64 | **(49)** |
| Financial assets at fair value through OCI – Customer loans and advances | (5) | 11 | **7** | (3) | 5 | **1** |
| Off-balance sheet commitments | (1) | 2 | **1** | (1) | 1 | **1** |
| **TOTAL** | **(101)** | **111** | **10** | **(137)** | **108** | **(29)** |

| Stage 3 | 2022 | | | |
|---|---|---|---|---|
| (in EUR million) | Additions | Recoveries | Losses | Total |
| Financial assets at amortised cost – Customer loans and advances | (21) | 19 | | **(2)** |
| Financial assets at amortised cost – Interbank debt securities | (59) | 57 | (2) | **(4)** |
| Financial assets at amortised cost – Customer debt securities | (2) | 2 | | |
| Financial assets at fair value through OCI – Customer loans and advances | | 1 | | |
| Other accounts receivable | (2) | | | **(2)** |
| **TOTAL** | **(85)** | **79** | **(2)** | **(7)** |

| Stage 3 | 2023 | | | |
|---|---|---|---|---|
| (in EUR million) | Additions | Recoveries | Losses | Total |
| Financial assets at amortised cost – Customer loans and advances | (31) | 43 | (2) | **10** |
| Financial assets at amortised cost – Interbank debt securities | (26) | 25 | | **(2)** |
| Financial assets at amortised cost – Customer debt securities | | 2 | | **2** |
| Financial assets at fair value through OCI – Customer loans and advances | (1) | 3 | | **2** |
| Other accounts receivable | (1) | | | **(2)** |
| Off-balance sheet commitments | | 8 | | **8** |
| **TOTAL** | **(60)** | **81** | **(3)** | **19** |

## 5.11. Net gains (losses) on other assets

| (in EUR million) | 2022 | 2023 |
|---|---|---|
| Gains/losses on the disposal of assets held for sale[1] | 0 | (52) |
| **TOTAL** | **0** | **(52)** |

*(1) Amount recorded as part of the agreement to sell leasing entities signed on December 8, 2023.*

## 5.12. Income tax

| Detail of tax expense | 2022 | 2023 |
|---|---|---|
| (in EUR million) | | |
| Income tax on current year | (15) | (19) |
| Deferred taxes on current year | (8) | 64 |
| **TAX ON CURRENT YEAR RESULT (A)[1]** | **(23)** | **45** |
| Income tax on previous year | 0 | 2 |
| **OTHER TAX EXPENSE (B)** | **0** | **2** |
| **TOTAL (A) + (B)** | **(23)** | **47** |

*(1) Includes an amount of EUR +54 million relating to the transfer of a securities portfolio of EUR 8.7 billion from the Dublin branch to the Paris head office.*

### Effective corporate income tax charge

In accordance with article 219 I. of the French General Tax Code (CGI), the corporate income tax rate is 25% (unless otherwise stipulated) on all taxable profits for the 2023 and subsequent financial years. The 3.3% social contribution remains applicable (based on the amount of corporate income tax for the part exceeding EUR 763,000).
The deferred tax rate for the French companies of the Dexia Group is now 25.825% (25% rate, as in force since 2022, plus the social security contribution of 3.3%) knowing that no deferred tax asset is recognised. The rate applied to foreign subsidiaries results is the one applicable locally according to the national legislation.

The average tax rate recorded in 2023 is -12.43 % and 27.88 % in 2022.
The difference with the French rate can be explained as follows:

| (in EUR million) | 2022 | 2023 |
|---|---|---|
| **Net income before tax** | **82** | **(360)** |
| **Tax base** | **82** | **(360)** |
| Statutory tax rate | 25.83% | 25.83% |
| **Theoretical corporate income tax at the standard rate** | **(21)** | **93** |
| Impact of differences between foreign tax rates and the standard French tax rate | 11 | (177) |
| Tax effect of non-deductible expenses | (15) | (66) |
| Tax effect of non-taxable income | 0 | 3 |
| Other additional taxes or tax savings | 8 | (15) |
| Tax effect from reassessment of unrecognised deferred tax assets | (5) | 207 |
| **Tax on current year** | **(23)** | **45** |
| **Effective tax rate** | **27.88%** | **-12.43%** |

### Tax consolidation

DEXIA HOLDING Établissement Stable France is the head of the tax consolidation group, bringing together the following companies:
Dexia
Dexia FB France
Dexiarail
DCL Evolution
Dexia RB France
Dexia Blue
Dexia White
Alsatram

Tax savings made by the tax group, as a result of losses, are recorded by DEXIA HOLDING Établissement Stable France (outside the scope of Dexia). However an addendum to the tax consolidation's agreement between DEXIA HOLDING Établissement Stable France and Dexia allows the latter under certain conditions to benefit from tax savings as a result of its own losses and up to the level of tax transfers performed by its subsidiaries to DEXIA HOLDING Établissement Stable France.

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# 6. Note on off-balance sheet items

These notes will be supplemented with the information in the following notes:
– note 7.3.: Information on guarantees
– note 1.2.d.: paragraph "Nature of risks associated with Dexia's entities interests in consolidated structured entities"
– note 2.13.: Transfer of financial assets
– note 4.3.: Offsetting of financial assets and financial liabilities

## 6.1. Regular way trade

| (in EUR million) | 31/12/2022 | 31/12/2023 |
|---|---|---|
| Assets to be delivered | 3,188 | 3,785 |
| Liabilities to be received | 2,272 | 3,474 |

## 6.2. Guarantees

| (in EUR million) | 31/12/2022 | 31/12/2023 |
|---|---|---|
| Guarantees given to credit institutions | 23 | 61 |
| Guarantees given to customers | 369 | 322 |
| Guarantees received from credit institutions | 75 | 22 |
| Guarantees received from customers | 2,452 | 2,387 |
| Guarantees received from the States (1) | 37,564 | 38,622 |

*(1) See note 4.4.c. "Transactions with the Belgian, French and Luxembourg States" and note 3.4. "Debt securities"*

## 6.3. Loan commitments

| (in EUR million) | 31/12/2022 | 31/12/2023 |
|---|---|---|
| Unused lines granted to credit institutions | 7 | 0 |
| Unused lines granted to customers | 251 | 203 |
| Unused lines granted from credit institutions | 1,718 | 1,649 |
| Unused lines granted from customers | 192 | 0 |

## 6.4. Other commitments

| (in EUR million) | 31/12/2022 | 31/12/2023 |
|---|---|---|
| Financial instruments given as collateral and other commitments given | 17,365 | 6,480 |
| Financial instruments received as collateral and other commitments received | 6,293 | 8,491 |

# 7. Note on risk exposure

*(Some amounts may not add up due to rounding differences)*



## 7.0. Risk exposure and hedging strategy

We refer to chapter Risk management of Management Report, pages 17 to 27.

## 7.1. Fair value

### a. Fair value measurement and fair value hierarchy of financial instruments

We refer to note 1.1. Accounting policies and valuation methods, paragraph 1.1.7. Fair value of financial instruments.

### b. Fair value of financial instruments at amortised cost

The following tables compare the fair value with the carrying amount of financial instruments not measured at fair value.

| | 31/12/2022 | | |
|---|---|---|---|
| (in EUR million) | Carrying amount | Fair value | Unrecognised Fair value adjustment |
| Cash and central banks | 2,024 | 2,024 | 0 |
| Debt securities | 26,774 | 22,578 | (4,195) |
| Interbank loans and advances | 6,881 | 6,879 | (2) |
| Customer loans and advances | 20,734 | 18,869 | (1,865) |
| Interbank borrowings and deposits | 3,149 | 3,139 | (10) |
| Customer borrowings and deposits | 4,765 | 4,729 | (36) |
| Debt securities | 36,690 | 36,054 | (636) |
| Subordinated debt | 23 | 23 | 0 |

| | 31/12/2023 Continuing operations | | |
|---|---|---|---|
| (in EUR million) | Carrying amount | Fair value | Unrecognised Fair value adjustment |
| Debt securities | 26,115 | 22,553 | (3,562) |
| Interbank loans and advances | 8,102 | 8,102 | 0 |
| Customer loans and advances | 19,613 | 17,920 | (1,693) |
| Interbank borrowings and deposits | 1,398 | 1,401 | 3 |
| Customer borrowings and deposits | 3,058 | 3,107 | 49 |
| Debt securities | 37,998 | 35,991 | (2,007) |
| Subordinated debt | 35 | 35 | 0 |

| | 31/12/2023 Activities held for sale | | |
|---|---|---|---|
| (in EUR million) | Carrying amount | Fair value | Unrecognised Fair value adjustment |
| Interbank loans and advances | 25 | 25 | 0 |
| Customer loans and advances | 763 | 736 | (28) |
| Interbank borrowings and deposits | 2 | 2 | 0 |

### c. Methods used to determine the fair value of financial instruments

The following tables provide an analysis of the Fair value of financial assets and financial liabilities, based on the degree to which the fair value is observable (Level 1 to 3). The fair value measurement is recurring for financial instruments at Fair value. The non-recurring fair value measurement is not significant for Dexia.

#### Fair value of financial assets

| | 31/12/2022 | | | |
|---|---|---|---|---|
| (in EUR million) | Level 1 | Level 2 | Level 3 | Total |
| Cash and central banks | | 2,024 | | 2,024 |
| Financial assets at fair value through profit and loss | | 756 | 1,491 | 2,247 |
| ** Trading derivatives* | | *756* | *1,491* | *2,247* |
| Financial assets mandatorily at FVTPL | | 714 | 536 | 1,250 |
| ** Debt securities* | | *5* | | *5* |
| ** Loans and advances* | | *709* | *533* | *1,242* |
| ** Equity instruments* | | | *2* | *2* |
| Hedging derivatives | | 1,700 | 59 | 1,759 |
| Financial assets at fair value through OCI | | 1,053 | 528 | 1,581 |
| ** Debt securities* | | *451* | | *451* |
| ** Loans and advances* | | *575* | *524* | *1,099* |
| ** Equity instruments* | | *27* | *4* | *31* |
| Financial assets at amortised cost – Debt securities | 13,794 | 8,375 | 409 | 22,578 |
| Financial assets at amortised cost – Interbank loans and advances | | 6,835 | 44 | 6,879 |
| Financial assets at amortised cost – Customer loans and advances | | 12,205 | 6,664 | 18,869 |
| **TOTAL** | **13,794** | **33,663** | **9,731** | **57,188** |

#### Fair value of financial liabilities

| | 31/12/2022 | | | |
|---|---|---|---|---|
| (in EUR million) | Level 1 | Level 2 | Level 3 | Total |
| Financial liabilities at fair value through profit and loss | | 2,025 | 2,101 | 4,126 |
| ** Financial liabilities designated at Fair value* | | *456* | | *456* |
| ** Trading derivatives* | | *1,568* | *2,101* | *3,669* |
| Hedging derivatives | | 4,363 | 3,989 | 8,352 |
| Interbank borrowings and deposits | | 1,896 | 1,243 | 3,139 |
| Customer borrowings and deposits | | 4,613 | 115 | 4,729 |
| Debt securities | 97 | 29,015 | 6,943 | 36,054 |
| Subordinated debt | | 3 | 19 | 23 |
| **TOTAL** | **97** | **41,916** | **14,411** | **56,423** |

#### Fair value of financial assets

| | 31/12/2023 | | | |
|---|---|---|---|---|
| (in EUR million) | Level 1 | Level 2 | Level 3 | Total |
| Financial assets at fair value through profit and loss | | 657 | 1,870 | 2,527 |
| ** Trading derivatives* | | *657* | *1,870* | *2,527* |
| Financial assets designated at fair value | 128 | | | 128 |
| ** Debt securities* | *128* | | | *128* |
| Financial assets mandatorily at FVTPL | | 490 | 438 | 928 |
| ** Debt securities* | | *4* | *0* | *4* |
| ** Loans and advances* | | *486* | *437* | *923* |
| ** Equity instruments* | | | *1* | *1* |
| Hedging derivatives | | 298 | 285 | 583 |
| Financial assets at fair value through OCI | 77 | 591 | 464 | 1,132 |
| ** Debt securities* | *77* | *71* | | *148* |
| ** Loans and advances* | | *494* | *460* | *954* |
| ** Equity instruments* | | *27* | *4* | *31* |
| Financial assets at amortised cost – Debt securities | 15,789 | 6,530 | 234 | 22,553 |
| Financial assets at amortised cost – Interbank loans and advances | | 8,071 | 31 | 8,102 |
| Financial assets at amortised cost – Customer loans and advances | | 12,556 | 5,364 | 17,920 |
| Financial assets included in non current assets held for sale | | 25 | 736 | 761 |
| ** Interbank loans and advances, at amortised cost* | | *25* | | *25* |
| ** Customer loans and advances, at amortised cost* | | | *736* | *736* |
| **TOTAL** | **15,993** | **29,220** | **9,421** | **54,634** |

### Fair value of financial liabilities

| | 31/12/2023 | | |
|---|---|---|---|
| (in EUR million) | Level 2 | Level 3 | Total |
| Financial liabilities at fair value through profit and loss | 1,439 | 2,048 | 3,488 |
| ** Financial liabilities designated at Fair value* | *467* | | *467* |
| ** Trading derivatives* | *972* | *2,048* | *3,020* |
| Hedging derivatives | 3,559 | 4,482 | 8,041 |
| Interbank borrowings and deposits | 969 | 432 | 1,401 |
| Customer borrowings and deposits | 2,752 | 355 | 3,107 |
| Debt securities | 21,933 | 14,058 | 35,991 |
| Subordinated debt | 22 | 13 | 35 |
| Financial liabilities included in disposal groups held for sale | 2 | | 2 |
| ** Interbank borrowings and deposits* | *2* | | *2* |
| **TOTAL** | **30,677** | **21,389** | **52,066** |

## d. Transfer between level 1 and level 2

The tables hereunder present the amounts of financial instruments at Fair value, for which fair value measurement is recurring, still in the books at the end of the period and for which the methodology of valuation has been changed between level 1 and level 2.

| | 31/12/2022 | | 31/12/2023 | |
|---|---|---|---|---|
| (in EUR million) | From 1 to 2 | From 2 to 1 | From 1 to 2 | From 2 to 1 |
| Financial assets at fair value through other comprehensive income – debt securities | 52 | 0 | 0 | 0 |
| **Total financial assets** | 52 | 0 | 0 | 0 |

The amounts of transfers between levels are the amouts of fair value of financial instruments at the closing date.

## e. Level 3 reconciliation

| | 2022 | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| (in EUR million) | **Opening balance** | **Total gains/ losses in P&L** | **Unrealised or deferred gains/ losses** | **Acquisitions** | **Sales** | **Settlement** | **Transfer into level 3** | **Transfer out of level 3** | **Other movements[1]** | **Closing** |
| Non-trading financial assets mandatorily at fair value through profit or loss | | | | | | | | | | |
| *Debt securities* | *2* | | | | | *(2)* | | | | *0* |
| *Loans and advances* | *916* | *(69)* | | | *(128)* | *(182)* | *1* | | *(5)* | *533* |
| *Equity instruments* | *2* | | | | | | | | | *2* |
| Trading derivatives | 1,820 | (171) | | | | | 12 | (131) | (39) | 1,491 |
| Hedging derivatives | 73 | (14) | | | | | | | | 59 |
| Financial assets at fair value through other comprehensive income | | | | | | | | | | |
| *Loans and advances* | *698* | *9* | *(18)* | 2 | *(92)* | *(65)* | *1* | | *(12)* | *524* |
| *Equity instruments* | *5* | | | | | | | | | *5* |
| **TOTAL FINANCIAL ASSETS** | **3,516** | **(245)** | **(18)** | **2** | **(220)** | **(249)** | **13** | **(131)** | **(55)** | **2,614** |
| Trading derivatives | 2,406 | 178 | | | | | 7 | (68) | (422) | 2,101 |
| Hedging derivatives | 10,508 | (5,968) | 5 | | | | | (502) | (54) | 3,989 |
| **TOTAL FINANCIAL LIABILITIES** | **12,914** | **(5,790)** | **5** | **0** | **0** | **0** | **7** | **(570)** | **(476)** | **6,090** |

*(1) Other movements include exchange differences for companies in euros and translation differences for companies in foreign currencies. On the assets side, they amount to EUR -54 million recognised in the income statement . On the liabilities side, they amount to EUR -507 million recognised in the income statement and EUR +31 million recognised in Gains and losses recognized directly in equity.*

The amounts of transfers to level 3 or out of level 3 are the amounts of fair value at the closing date.

| (in EUR million) | 2023 | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Opening balance | Total gains/ losses in P&L | Unrealised or deferred gains/ losses | Sales | Settlement | Transfer into level 3 | Transfer out of level 3 | Other move-ments(1) | Closing |
| Non-trading financial assets mandatorily at fair value throught profit or loss | | | | | | | | | |
| *Loans and advances* | *533* | *2* | | *(30)* | *(72)* | | | *4* | *437* |
| Equity instruments | 2 | | | | (2) | | | | 1 |
| Trading derivatives | 1,491 | 257 | | | | 130 | (8) | | 1,870 |
| Hedging derivatives | 59 | 226 | | | | 4 | (3) | | 285 |
| Financial assets at fair value through other comprehensive income | | | | | | | | | |
| *Loans and advances* | *524* | *4* | *(5)* | *(52)* | *(12)* | *1* | | *1* | *460* |
| *Equity instruments* | *4* | | | | | | | | *4* |
| **TOTAL FINANCIAL ASSETS** | **2,614** | **489** | **(5)** | **(82)** | **(86)** | **135** | **(11)** | **4** | **3,057** |
| Trading derivatives | 2,101 | (54) | | | | | (27) | 29 | 2,048 |
| Hedging derivatives | 3,989 | 454 | | | | 4 | | 35 | 4,482 |
| **TOTAL FINANCIAL LIABILITIES** | **6,090** | **400** | **0** | **0** | **0** | **4** | **(28)** | **63** | **6,530** |

*(1) Other movements include exchange differences for companies in euros and translation differences for companies in foreign currencies. On the assets side, they amount to EUR +4 million recognised in the income statement. On the liabilities side, they amount to EUR +70 million recognised in the income statement and EUR -7 million recognised in Gains and losses recognized directly in equity.*

The amounts of transfers to level 3 or out of level 3 are the amounts of fair value at the closing date.

### f. Sensitivity of the fair value of level 3 financial instruments to reasonably possible alternative assumptions

Dexia measures the fair value of the level 3 financial instruments using some unobservable inputs. As this unobservable character injects a certain degree of uncertainty into the valuation, an analysis of the fair value sensitivity of Level 3 instruments to alternative assumptions was performed as of 29th December 2023. The sensitivity analysis has been conducted using reasonably possible inputs or applying assumptions in line with the valuation adjustment policies for the financial instruments in question.

The tables hereunder summarize the financial assets and liabilities classified as Level 3 for which alternative assumptions in one or more unobservable inputs would lead to a significant variation in fair value.

| (in EUR million) | 2022 | | | | |
|---|---|---|---|---|---|
| Financial instruments | Non observables inputs | Alternative assumptions | | Impacts on fair value measurement | |
| | | Worst case | Best case | Worst case | Best case |
| Bonds | Credit spread | +/- one standard deviation | | (0.002) | 0.002 |
| Loans | Credit spread | 612 bps | 65 bps | (127.0) | 55.5 |
| CDS | Credit spread | +/- one standard deviation | | (27.0) | 8.6 |
| Derivatives | Interest Rate | +/- one standard deviation | | (2.3) | 2.3 |
| | Spread of CBS | +/- one standard deviation | | (3.1) | 3.1 |
| | Inflation | +/- one standard deviation | | (0.9) | 0.9 |
| Total | | | | (160.3) | 70.5 |

| (in EUR million) | 2023 | | | | |
|---|---|---|---|---|---|
| Financial instruments | Non observables inputs | Alternative assumptions | | Impacts on fair value measurement | |
| | | Worst case | Best case | Worst case | Best case |
| Bonds | Credit spread | +/- one standard deviation | | - | - |
| Loans | Credit spread | 455 bps | 95 bps | (52.5) | 40.4 |
| CDS | Credit spread | +/- one standard deviation | | (20.2) | 4.9 |
| Derivatives | Interest Rate | +/- one standard deviation | | (0.7) | 0.7 |
| | Spread of CBS | +/- one standard deviation | | (1.4) | 1.4 |
| | Inflation | +/- one standard deviation | | (0.3) | 0.3 |
| Total | | | | (75.1) | 47.8 |

The unobservable input in the valuation of credit default swaps (CDS) and bonds classified in level 3 is the credit spread. The alternative assumptions used to measure the fair value sensitivity of those financial instruments are based on the dispersion of the spreads used for their valorisation, and consist of applying a shock of +/- one standard deviation to the credit spreads. The sensitivity of the CDS' fair value is estimated range from EUR -20.2 million EUR in the adverse scenario to EUR +4.9 million in the favorable scenario. As at 31 December 2022, the sensitivity of the CDS' fair value was estimated range from EUR -27 million to EUR +8.6 million.

It worth noting that as at 29th December 2023, there is no bond fair valued and classified in Level 3 within Dexia's bonds portfolios. As at 31 December 2022, the sensitivity of such bonds' fair value was estimated range from -2,344 EUR to +2,344 EUR.

For the loans classified in level 3, the alternative assumptions consist in using the minimum and maximum spreads observed when valuating similar assets by Dexia. The impact of those alternative assumptions is estimated to EUR -52.5 million for the worst-case scenario and to EUR +40.4 million for the best-case scenario (vs. -127 million EUR and +55.5 million EUR respectively, as at 31 December 2022).

For level 3 derivatives, the unobservable market inputs are mainly the interest rate, the inflation and the currency basis spreads (CBS). The alternative assumptions used by Dexia are based on the dispersion of available market data by risk factor and pillar. The sensitivity of each derivative is then determined for a variation of +/- one standard deviation in these inputs. The total impact on the fair value is estimated range between EUR -2.4 million for the worst-case scenario and EUR +2.4 million for the best-case scenario (vs. -6.4 million EUR and +6.4 million EUR respectively, as at 31 December 2022).

### g. Difference between transaction prices and modelled values (deferred day one profit)

No amount was booked as deferred DOP (Day One Profit)

## 7.2. Credit risk exposure

Dexia's credit risk exposure is expressed as Exposure at Default (EAD). It corresponds to the best estimate of the credit risk exposure in case of default.

EAD is one of the parameters used for the calculation of capital requirements, pursuant to Regulation (EU) No 575/2013 and as amended by Regulation (EU) 2019/876. Its definition varies depending on the approach used for the calculation of capital requirements. For the calculation of its own risk-weighted assets, Dexia uses both the standard approach and mainly the external ratings-based approach for securitisations.

- For loans and bonds, the EAD corresponds to the book value, taking into account accrued interest and the impact of hedge accounting;
- For derivatives, the EAD is calculated by applying the SA-CCR method as introduced by EU Regulation 2019/876 amending EU Regulation 575/2013 (Articles 274 to 280);
- For off-balance sheet commitments, the EAD represents the product of the amounts of the commitments (nominal) and a credit conversion factor (CCF). Dexia Group applies the standard method (art. 111 of Regulation (EU) 575/2013) for the determination of credit conversion factors.

As from 1 January 2021, Dexia has modified the EAD used for external communication purposes, in order to bring it in line with the EAD used in the COREP reporting. To this end, Dexia will now publish an EAD net of provisions as defined by IFRS 9.

### a. Concentration by credit risk

#### Concentration by geographic region

| (in EUR million) | 31/12/2022 | 31/12/2023 | |
|---|---|---|---|
| | | Continuing operations | Activities held for sale (leasing) |
| France | 9,487 | 6,951 | 830 |
| Italy | 13,406 | 13,074 | |
| Great Britain | 11,114 | 10,962 | |
| Germany | 766 | 693 | |
| United States | 3,239 | 2,994 | |
| Spain | 2,991 | 2,658 | |
| Japan | 2,157 | 1,788 | |
| Portugal | 2,378 | 2,105 | |
| Other European countries (2) | 2,144 | 2,626 | |
| Canada | 247 | 157 | |
| Central and Eastern Europe (3) | 423 | 394 | |
| Switzerland | 30 | 27 | |
| South and Central America | 52 | 36 | |
| Scandinavian countries | 97 | 61 | |
| Southeast Asia | 3 | 1 | |
| Tunisia | 41 | 35 | |
| Other (1) | 1,184 | 1,171 | |
| **TOTAL** | **49,761** | **45,734** | **830** |

*(1) Includes the supranational entities*
*(2) Includes Belgium, the Netherlands, Luxembourg, Greece and Ireland.*
*(3) Includes Hungary and Austria*

## Concentration by sector of the counterparty

| (in EUR million) | 31/12/2022 | 31/12/2023 | |
|---|---|---|---|
| | | Continuing operations | Activities held for sale (leasing) |
| Central governments | 15,032 | 13,416 | 22 |
| Local public sector(1) | 20,696 | 17,899 | 700 |
| Financial institutions | 4,276 | 5,048 | 37 |
| Corporates | 3,031 | 2,999 | 17 |
| ABS/MBS | 1,036 | 1,055 | |
| Monoline | 1,142 | 1,103 | |
| Project finance | 4,207 | 3,828 | 3 |
| Others (including Individuals, SME, self-employed) | 339 | 387 | 52 |
| **TOTAL** | **49,761** | **45,734** | **830** |

*(1) As at 31/12/2022, this category includes: EUR 6,006 million on Italy, EUR 488 million on Portugal and EUR 2,253 million on Spain, and as at 31/12/2023, this category includes: EUR 5,764 million on Italy, EUR 128 million on Portugal and EUR 2,007 million on Spain.*

## Exposure at Default (EAD) by credit rating grades

The tables below show the exposure in case of default of financial assets subject to an ECL impairment model introduced by IFRS 9 (see 1.1.6.2.5 Impairment on financial assets).

The exposures are classified depending of the evolution of credit risk since initial recognition: exposures without significant deterioration in credit quality since initial recognition are allocated in Stage 1, exposures with significant deterioration in credit quality since initial recognition but that do not have objective evidence of a credit loss are allocated in Stage 2 and defaulted exposures are allocated in stage 3.

| Exposure at Default (EAD COREP) (in EUR million) | 31/12/2022 | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | AAA to AA- | | | A+ to BBB- | | | Non investment grade | | | Unrated | | |
| | Stage 1 | Stage 2 (1) | Stage 3 | Stage 1 | Stage 2 | Stage 3 | Stage 1 | Stage 2 | Stage 3 | Stage 1 | Stage 2 | Stage 3 |
| Central governments | 5,142 | 27 | | 9,763 | 15 | | | | 41 | | | |
| Local public sector | 2,412 | 451 | | 10,176 | 2,702 | 23 | 29 | 3,500 | 69 | 1 | 1 | |
| Financial institutions | 154 | | | 2,442 | 133 | | 1 | | | | | |
| Corporates | | | | 2,277 | 729 | | | 16 | | | | |
| Monolines | | | | 672 | 450 | 20 | | | | | | |
| ABS/MBS | 1,009 | | | | | | 28 | | | | | |
| Project finance | | | | 1,656 | 1,167 | | 24 | 574 | 144 | | | |
| Others (including Individuals, sme, self-employed) | 73 | | | 7 | | | | | | | | |

*(1) The rating takes into account the effects of credit risk mitigations. Exposures (EAD) in stage 2 may have rating grades AAA to AA-, due to the effect of the guarantees.*

| Exposure at Default (EAD COREP) – continuing operations (in EUR million) | 31/12/2023 | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | AAA to AA- | | | A+ to BBB- | | | Non investment grade | | | Unrated | | |
| | Stage 1 | Stage 2 (1) | Stage 3 | Stage 1 | Stage 2 | Stage 3 | Stage 1 | Stage 2 | Stage 3 | Stage 1 | Stage 2 | Stage 3 |
| Central governments | 3,202 | 500 | | 9,668 | 8 | | | | 35 | | | |
| Local public sector | 1,451 | 364 | | 9,264 | 2,878 | 23 | 17 | 2,796 | 37 | 1 | 2 | |
| Financial institutions | 73 | 70 | | 2,893 | 165 | | 3 | | | | | |
| Corporates | | | | 1,603 | 1,386 | | | 4 | | | | |
| Monolines | | | | 671 | 432 | | | | | | | |
| ABS/MBS | 1,021 | | | | | | 34 | | | | | |
| Project finance | | | | 1,440 | 1,165 | | | 499 | 106 | | | |
| Others (including Individuals, sme, self-employed) | 90 | | | | | | | | | | | |

*(1) The rating takes into account the effects of credit risk mitigations. Exposures (EAD) in stage 2 may have rating grades AAA to AA-, due to the effect of the guarantees.*

| Exposure at Default (EAD COREP) – activities held for sale | 31/12/2023 | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | AAA to AA- | | | A+ to BBB- | | | Non investment grade | | |
| (in EUR million) | Stage 1 | Stage 2 (1) | Stage 3 | Stage 1 | Stage 2 | Stage 3 | Stage 1 | Stage 2 | Stage 3 |
| Central governments | | 22 | | | | | | | |
| Local public sector | 289 | 23 | | 208 | 103 | | 5 | 24 | 48 |
| Financial institutions | | | | 32 | 6 | | | | |
| Corporates | | | | 6 | | | | 10 | |
| Monolines | | | | | | | | | |
| ABS/MBS | | | | | | | | | |
| Project finance | | | | | 3 | | | | |
| Others (including Individuals, sme, self-employed) | 0 | 1 | | 47 | | | | | |

*(1) The rating takes into account the effects of credit risk mitigations. Exposures (EAD) in stage 2 may have rating grades AAA to AA-, due to the effect of the guarantees.*

## Purchased or originated credit impaired debt instruments

| | 31/12/2022 | | 31/12/2023 | |
|---|---|---|---|---|
| (in EUR million) | AAA to AA- | Non "investment grade" | AAA to AA- | Non "investment grade" |
| Central governments | 36 | | | |
| Local public sector | 13 | 10 | 0 | 37 |

## b. Maximum credit risk exposure (EAD) by class of financial instruments

| | 31/12/2022 | | | 31/12/2023 | | | 31/12/2023 | | |
|---|---|---|---|---|---|---|---|---|---|
| | | | | Continuing operations | | | Activities held for sale (leasing) | | |
| (in EUR million) | Credit risk exposure before financial effect of the collateral | Financial effect of the collateral | Credit risk exposure | Credit risk exposure before financial effect of the collateral | Financial effect of the collateral | Credit risk exposure | Credit risk exposure before financial effect of the collateral | Financial effect of the collateral | Credit risk exposure |
| **a) Assets not subject to impairment** | | | | | | | | | |
| Non trading financial assets mandatorily at FVTPL | 1,248 | | 1,248 | 954 | | 954 | | | |
| Trading derivatives | | | 1,067 | | | 988 | | | |
| Hedging derivatives | | | 87 | | | 79 | | | |
| **b) Assets subject to impairment** | | | | | | | | | |
| Financial assets at fair value through OCI (excluding variable income securities) | 1,556 | | 1,556 | 1,225 | | 1,225 | | | |
| Financial assets at amortised cost | 50,757 | 6,673 | 44,085 | 45,281 | 4,878 | 40,402 | 791 | 13 | 779 |
| **c) Off balance sheet items** | | | | | | | | | |
| Loans commitments granted | 118 | | 118 | 111 | | 111 | | | |
| Assets pledged as collateral (1) | 5,502 | 4,240 | 1,262 | 4,391 | 2,802 | 1,589 | | | |
| Other financial instruments | 339 | | 339 | 386 | | 386 | 52 | | 52 |
| **TOTAL** | | | **49,761** | | | **45,734** | | | **830** |

*(1) Collateral is mainly comprised of assets pledged as collateral under repurchase agreements.*

*Following the implementation of CRR2 in June 2021, the exposure of derivatives is calculated using the SA-CCR approach. Therefore, it is no longer relevant to distinguish between the effects of collateral and the computational effects of this new methodology. The maximum exposure (before application of collateral) is therefore not presented for this type of product.*

Dexia holds financial collaterals composed of cash collaterals and term deposits, and to a lesser extent, of investment grade bonds *(mainly AAA- AA sovereign or banking issuers).*

*Only financial collaterals eligible under Basel and directly held by Dexia are considered.*

## c. Forbearance

Regarding Dexia activities, restructured loans include 3 different types of restructuring:

1. Restructuring related to commercial relationships with customers, which represented almost all restructuring until 2011;
2. Restructuring related to litigations, mainly on structured loans, with customers without any financial difficulties;
3. Restructuring related to financial difficulties of the counterparty both under normal relationship or under litigations.

In accordance wih the EBA's definition of Forbearance, only the 3rd case is considered as forborne loan in the context of this analysis. Forbearance measures consist of concessions towards a debtor facing or about to face difficulties in meeting its financial commitments.

The forborne outstandings decreased from EUR 234 million in 2022 to EUR 218 million in 2023. The decrease in forborne exposures results from exposure disposals and from reclassifications of exposures at the end of their probationary period.

### d. Collateral and other credit enhancements obtained by taking possession of collateral during the period

There are no assets of this type in 2022 and in 2023.

### e. Reconciliation of loss allowance amount variation

| (in EUR million) | 2022 As at 1 Jan. | Transfers between stages[2] | Decreases due to derecognition | Changes due to change in credit risk[1] | Decrease in allowance account due to write-offs | Other adjust-ments[3] | As at 31 Dec. |
|---|---|---|---|---|---|---|---|
| **Allowances for financial assets without increase in credit risk since initial recognition (Stage 1)** | **9** | **(15)** | | **19** | | | **14** |
| **Financial assets at amortised cost** | **9** | **(15)** | | **19** | | | **13** |
| - Customer debt securities | 9 | (15) | | 19 | | | 12 |
| - Customer loans and advances | | 1 | | | | | 1 |
| **Allowances for financial assets with significant increase in credit risk since initial recognition but not credit-impaired (Stage 2)[1]** | **153** | **13** | | **(22)** | | **(22)** | **121** |
| **Financial assets at amortised cost** | **141** | **19** | | **(21)** | | **(22)** | **116** |
| - Customer debt securities | 48 | 19 | | (4) | | 2 | 66 |
| - Customer loans and advances | 92 | | | (17) | | (25) | 50 |
| **Financial assets at fair value through other comprehensive income** | **12** | **(6)** | | **(1)** | | | **5** |
| - Customer loans and advances | 12 | (6) | | (1) | | | 5 |
| **Allowances for credit-impaired debt instruments (Stage 3)[2]** | **151** | | | **5** | | **(3)** | **152** |
| **Financial assets at amortised cost** | **144** | | | **3** | | **(3)** | **144** |
| - Interbank debt securities | 56 | | | 2 | | (4) | 55 |
| - Customer debt securities | 2 | | | | | | 2 |
| - Customer loans and advances | 85 | | | 1 | | 1 | 87 |
| **Financial assets at fair value through other comprehensive income** | **3** | | | | | | **3** |
| - Customer loans and advances | 3 | | | | | | 3 |
| **Other accounts receivable** | **4** | | | **1** | | | **5** |
| **Allowances for purchased or originated credit impaired debt instruments** | **6** | | | **1** | | | **7** |
| **Financial assets at amortised cost** | **6** | | | **1** | | | **7** |
| - Customer loans and advances | 6 | | | 1 | | | 7 |
| **TOTAL ALLOWANCES FOR FINANCIAL ASSETS** | **318** | **(1)** | | **2** | | **(26)** | **294** |
| **Provisions on commitments and financial guarantees given** | | | | | | | |
| Total provisions on commitments and financial guarantees given (Stage 2) | 2 | | | | | | 1 |
| Total provisions on commitments and financial guarantees given (Stage 3) | 8 | | | | | | 8 |
| **TOTAL PROVISIONS ON COMMITMENTS AND FINANCIAL GUARANTEES GIVEN** | **10** | | | | | | **10** |

*(1) In 2022, despite an unfavorable macroeconomic environment, impairment of receivables instruments in stage 2 decrease mainly due to the reduction of EADs as a result of amortization and early repayment.*
*(2) The total of the "Transfers" column represents the amount transferred to income following the review of provisions at the time of the change of stage.*
*(3) Includes exchange differences, as well as an error correction with a favorable effect of EUR +25 million on expected credit losses as at January 1, 2022, booked against opening equity, linked to data quality work carried out during the first half of the year which revealed that the original ratings of some counterparties were incorrect.*

In 2022, there were no recoveries directly recognised in profit or loss or write-offs directly recognised in profit or loss.

| (in EUR million) | 2023 | | | | | | |
|---|---|---|---|---|---|---|---|
| | As at 1 Jan. | Transfers between stages (1) | Decreases due to derecognition | Changes due to change in credit risk | Decrease in allowance account due to write-offs | Other adjust-ments(2) | As at 31 Dec. |
| **Allowances for financial assets without increase in credit risk since initial recognition (Stage 1)** | **14** | **(1)** | | **(12)** | | **2** | **2** |
| **Financial assets at amortised cost** | **13** | **(1)** | | **(12)** | | **2** | **2** |
| - Customer debt securities | 12 | (1) | | (12) | | 2 | 2 |
| - Customer loans and advances | 1 | | | (1) | | | |
| **Allowances for financial assets with significant increase in credit risk since initial recognition but not credit-impaired (Stage 2)** | **121** | **85** | **(2)** | **(55)** | | **(11)** | **139** |
| **Financial assets at amortised cost** | **116** | **84** | **(1)** | **(53)** | | **(11)** | **135** |
| - Customer debt securities | 66 | 84 | (1) | (35) | | 2 | 116 |
| - Customer loans and advances | 50 | | | (19) | | (13) | 19 |
| **Financial assets at fair value through other comprehensive income** | **5** | | | **(2)** | | | **3** |
| - Customer loans and advances | 5 | | | (2) | | | 3 |
| **Allowances for credit-impaired debt instruments (Stage 3)** | **152** | **1** | | **(14)** | | **(9)** | **130** |
| **Financial assets at amortised cost** | **144** | | | **(13)** | | **(9)** | **123** |
| - Interbank debt securities | 55 | | | 2 | | (8) | 48 |
| - Customer debt securities | 2 | | | (2) | | | |
| - Customer loans and advances | 87 | | | (12) | | (1) | 74 |
| **Financial assets at fair value through other comprehensive income** | **3** | **1** | | **(3)** | | | **1** |
| - Customer loans and advances | 3 | 1 | | (3) | | | 1 |
| **Other accounts receivable** | **5** | | | **2** | | | **7** |
| **Allowances for purchased or originated credit impaired debt instruments** | **7** | | **(1)** | **8** | | **5** | **20** |
| **Financial assets at amortised cost** | **7** | | **(1)** | **8** | | | **15** |
| - Customer loans and advances | 7 | | (1) | 8 | | | 15 |
| **Financial assets at Fair value through other comprehensive income** | | | | | | **5** | **5** |
| - Interbank loans and advances | | | | | | | |
| - Customer loans and advances | | | | | | 5 | 5 |
| **TOTAL ALLOWANCES FOR FINANCIAL ASSETS** | **294** | **84** | **(3)** | **(73)** | | **(12)** | **291** |
| **Provisions on commitments and financial guarantees given** | | | | | | | |
| Total provisions on commitments and financial guarantees given (Stage 2) | 1 | | | (1) | | | 1 |
| Total provisions on commitments and financial guarantees given (Stage 3) | 8 | | | (8) | | | |
| **TOTAL PROVISIONS ON COMMITMENTS AND FINANCIAL GUARANTEES GIVEN** | **10** | | | **(9)** | | | **1** |

*(1) The total in the "Transfers between stages" column represents the amount transferred to income following reviews of provisions at the time of phase changes. In 2023, this amount is notably impacted by the transition to stage 2 of part of the water distribution sector in the United Kingdom.*

*(2) Includes foreign exchange differences, as well as the classification in "Non-current assets held for sale" of impairment losses on financial assets held by leasing companies.*

In 2023, there were no recoveries directly recognised in profit or loss or write-offs directly recognised in profit or loss.

## f. Purchased or originated credit impaired assets

| | Undiscounted expected credit losses at initial recognition recognised during the period | |
|---|---|---|
| (in EUR million) | 2022 | 2023 |
| **Financial assets at amortised cost** | (13) | (12) |
| **Financial assets at FVOCI** | | (5) |

## g. Reconciliation of gross carrying variation

| | 2022 | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | As at 1 Jan. | Transfers between stage 1 and stage 2 | | Transfers between stage 2 and stage 3 | | Transfers between stage 1 and stage 3 | | Other variations | As at 31 Dec. |
| (in EUR million) | | To stage 2 from stage 1 | To stage 1 from stage 2 | To stage 3 from stage 2 | To stage 2 from stage 3 | To stage 3 from stage 1 | To stage 1 from stage 3 | | |
| **Amortised cost** | **76,018** | | | | | | | **(21,349)** | **54,669** |
| - Debt securities[1] | 34,669 | | | | | | | (7,761) | 26,908 |
| ** stage 1* | *29,171* | *(884)* | *348* | | | | | *(7,084)* | *21,551* |
| ** stage 2* | *5,360* | *884* | *(348)* | | | | | *(657)* | *5,239* |
| ** stage 3* | *137* | | | | | | | *(20)* | *118* |
| -Interbank loans and advances[2] | 17,306 | | | | | | | (10,425) | 6,881 |
| ** stage 1* | *17,227* | | | | | | | *(10,400)* | *6,828* |
| ** stage 2* | *79* | | | | | | | *(25)* | *53* |
| - Customer loans and advances[3] | 24,043 | | | | | | | (3,163) | 20,880 |
| ** stage 1* | *18,309* | *(119)* | *507* | | | | *2* | *(2,318)* | *16,380* |
| ** stage 2* | *5,382* | *119* | *(507)* | *(13)* | *32* | | | *(816)* | *4,197* |
| ** stage 3* | *352* | | | *13* | *(32)* | | *(2)* | *(29)* | *302* |
| **FVOCI** | **1,886** | | | | | | | **(328)** | **1,558** |
| -Debt securities | 368 | | | | | | | 83 | 451 |
| ** stage 1* | *368* | | | | | | | *83* | *451* |
| - Customer loans and advances[4] | 1,518 | | | | | | | (411) | 1,107 |
| ** stage 1* | *651* | *(54)* | *198* | | | | | *(222)* | *574* |
| ** stage 2* | *836* | *54* | *(198)* | | | | | *(186)* | *505* |
| ** stage 3* | *31* | | | | | | | *(3)* | *28* |
| **Other accounts receivable** | **89** | | | | | | | **25** | **114** |
| ** stage 1* | *85* | | | | | | | *24* | *109* |
| ** stage 3* | *4* | | | | | | | *1* | *5* |

*(1) Decrease of EUR -7.8 billion, mainly due to sales made to reduce the Group's concentration risk for EUR -0.5 billion, and to the impact of the evolution of interest rates on fair value hedges for EUR -6.1 billion.*
*(2) Decrease of EUR -10.4 billion, mainly due to the decrease of cash collateral paid by EUR -10.4 billion.*
*(3) Decrease of EUR -3.2 billion, mainly due to early repayments of loans for EUR -0.2 billion, and to the impact of the evolution of interest rates on fair value hedges for EUR -4.1 billion and on cash collateral paid for EUR -1.7 billion. On the other hand, reverse repo operations were up by EUR +3.6 billion.*
*(4) Decrease of EUR -0.4 billion, mainly due to sales made as part of the proactive deleveraging strategy for EUR -0.3 billion.*

The transfers are those as at 31 December 2022.

| (in EUR million) | 2023 | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | As at 1 Jan. | Transfers between stage 1 and stage 2 | | Transfers between stage 2 and stage 3 | | Transfers between stage 1 and stage 3 | | Other variations | As at 31 Dec. |
| | | To stage 2 from stage 1 | To stage 1 from stage 2 | To stage 3 from stage 2 | To stage 2 from stage 3 | To stage 3 from stage 1 | To stage 1 from stage 3 | | |
| **Amortised cost** | **54,669** | | | | | | | **(564)** | **54,105** |
| - Debt securities | 26,908 | | | | | | | (627) | 26,282 |
| ** stage 1* | *21,551* | *(1,021)* | *61* | | | | | *235* | *20,826* |
| ** stage 2* | *5,239* | *1,021* | *(61)* | | | | | *(829)* | *5,370* |
| ** stage 3* | *118* | | | | | | | *(33)* | *85* |
| - Interbank loans and advances[1] | 6,881 | | | | | | | 1,221 | 8,102 |
| ** stage 1* | *6,828* | *(3)* | | | | | | *1,189* | *8,014* |
| ** stage 2* | *53* | *3* | | | | | | *32* | *88* |
| - Customer loans and advances[2] | 20,880 | | | | | | | (1,159) | 19,721 |
| ** stage 1* | *16,380* | *(131)* | *1* | | | | *1* | *(259)* | *15,992* |
| ** stage 2* | *4,197* | *131* | *(1)* | *(37)* | *2* | | | *(811)* | *3,482* |
| ** stage 3* | *302* | | | *37* | *(2)* | | *(1)* | *(89)* | *247* |
| **FVOCI** | **1,558** | | | | | | | **(447)** | **1,111** |
| - Debt securities | 451 | | | | | | | (303) | 148 |
| ** stage 1* | *451* | | | | | | | *(303)* | *148* |
| - Customer loans and advances | 1,107 | | | | | | | (144) | 964 |
| ** stage 1* | *574* | *(33)* | *11* | | | | | *(119)* | *433* |
| ** stage 2* | *505* | *33* | *(11)* | *(14)* | *5* | | | *(34)* | *484* |
| ** stage 3* | *28* | | | *14* | *(5)* | | | *10* | *47* |
| **Other accounts receivable** | **114** | | | | | | | **14** | **128** |
| ** stage 1* | *109* | | | | | | | *13* | *122* |
| ** stage 3* | *5* | | | | | | | *1* | *6* |

*(1) Increase of EUR +1.2 billion, mainly due to the increase in sight accounts.*
*(2) Decrease of EUR -1.2 billion, mainly due to early repayment of loans (EUR -1 billion), to the transfer of loans held by leasing companies to "Non-current assets held for sale" (EUR -0.8 billion) and to a decrease in cash collateral paid (EUR -0.4 billion). Conversely, reverse repo transactions rose by EUR +1.3 billion.*

The transfers are those as at 31 December 2023.

## h. Credit risk on loans and advances designated at fair value through profit or loss

| | Maximum exposure to credit risk | Change in Fair value attributable to changes in the credit risk | |
|---|---|---|---|
| (in EUR million) | | For the period | Cumulative |
| As at 31 December 2022 | 0 | 0 | 0 |
| As at 31 December 2023 | 128 | 0 | 0 |

There are no derivatives covering this exposure.
As at 31 December 2023, there is no amount related to changes in credit risk in the change in fair value.
Credit risk is mainly, but not exclusively, captured by changes in the credit spread.

## i. Modified assets

Nil.

## j. Written-off assets that are still subject to enforcement activity

Nil.

## 7.3. Collateral

### a. Nature of the assets received as collateral if this collateral can be sold or repledged

| (in EUR million) | 31/12/2022 Fair value of collateral held | 31/12/2022 Fair value of collateral sold or repledged | 31/12/2023 Fair value of collateral held | 31/12/2023 Fair value of collateral sold or repledged |
|---|---|---|---|---|
| Debt securities | 3,598 | 3,598 | 4,952 | 4,952 |
| **TOTAL** | **3,598** | **3,598** | **4,952** | **4,952** |

In 2022, collaterals are obtained in connection with the repurchase agreement activities.

### b. Financial assets pledged as collateral for liabilities or contingent liabilities

| (in EUR million) | 31/12/2022 | 31/12/2023 |
|---|---|---|
| **Carrying amount of financial assets pledged as collateral for liabilities** | 26,185 | 15,988 |

The amount of EUR 26 billion in 2022 and of EUR 16 billion in 2023 represents the amount of liquidity paid over as collateral for derivatives and assets pledged as collateral for funding received from the European Investment Bank, agreements for the temporary lending of stocks or other secured funding. These amounts do not include the amount of the Guaranteed Investment Contracts (GICs) of EUR 485 million in 2023 and EUR 1,025 million for 2022.

## 7.4. Sensitivity to interest rate risk and other market risks

### Market risk

#### Risk measurement

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

- Value at Risk (VaR) measures the expected potential loss for a 99% confidence interval and for a ten-day holding period. 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 returns of risk factors.
- Limits in terms of positions, maturity, market and authorised products are put in place per type of activity. They guarantee consistency between global risk limits and the operational thresholds used by the 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 reviewed and updated. The consolidated stress test results and the corresponding analysis are presented to the Risk Committee on a quarterly basis.

#### Exposure to market risk

Dexia's trading portfolio is made up of two groups of activity:

- transactions initiated by trading activities in financial instruments up to the date of the orderly resolution of the Dexia Group, mainly hedged on a back-to-back basis,
- transactions intended to hedge risks arising from divestments or sales of assets carried out under the orderly resolution plan.

The main risks of the trading portfolio are :

- interest rate risk, particularly in the euro and dollar zones,
- cross-currency basis swap risk,
- BOR-OIS basis risk in the same currency.

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

**Value at Risk (VaR)**

Details of the VaR of the trading portfolios are shown in the table below. At the end of December 2023, total VaR consumption was EUR 2.3 million, compared with EUR 2.0 million at the end of 2022.

**Value at Risk of Trading portfolios**

| (in EUR million) **VaR (10 days, 99%)** | 2022 | 2023 |
|---|---|---|
| Average | 1.9 | 2.3 |
| End of period | 2.0 | 2.3 |
| Maximum | 3.5 | 4.6 |
| Minimum | 0.9 | 1.4 |

**Sensitivity of banking portfolios measured at fair value to changes in credit spreads**

The portfolio classified at fair value through equity had a sensitivity to an increase in credit spreads of EUR -0.6 million per basis point as at 31 December 2023 compared with EUR -0.7 million per basis point as at 31 December 2022.

The portfolio classified at fair value through profit or loss is sensitive to an increase in credit spreads of EUR -0.5 million per basis point as at 31 December 2023, compared with EUR -0.6 million per basis point as at 31 December 2022. Of these assets at fair value through profit or loss, those not meeting the SPPI criterion had a sensitivity of EUR -0.3 million per basis point as at 31 December 2023, compared with EUR -0.4 million per basis point as at 31 December 2022.

### Transformation risk

Dexia's Asset and Liability Management (ALM) policy aims to reduce liquidity risk as much as possible and to limit exposure to interest rate and exchange rate risk.

#### Management of interest rate and foreign exchange risk

### Measurement of interest rate risk

Interest rate risk is measured using sensitivities. Risk sensitivity measures reflect the balance sheet exposure to a parallel movement of 1% in the yield curve. The sensitivity of the net present value of exposures measured in accrued interest to a movement in interest rates is the main indicator used to measure risk, set limits and monitor risk.

Overall sensitivities and partial sensitivities by time interval are the main risk indicators on which the Asset and Liability Risk Committee, organised within ALCO, bases its risk management. Dexia's structural interest rate risk is mainly concentrated on long-term European interest rates and results from the imbalance between Dexia's assets and liabilities after hedging interest rate risk.

The sensitivity of long-term ALM was EUR -46.2 million as at 31 December 2023, compared with EUR -40.8 million as at 31 December 2022. This is in line with the ALM strategy, which aims to minimise the volatility of the net interest margin.

| (in EUR million) | 2022 | 2023 |
|---|---|---|
| Sensitivity | (40.8) | **(46.2)** |
| Limit | +/-130 | **+/-130** |

## 7.5. Liquidity risk

### A. Analysis by term to maturity

A large part of the balance sheet constits 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 deposits and saving deposits are included in the "Demand" column, even though they have no fixed repayment date.

### a. Analysis of assets

| | 31/12/2022 | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| (in EUR million) | Demand | Less than 3 months | 3 months to 1 year | 1 to 5 years | Over 5 years | Undetermined maturity | Accrued interest | Fair value adjustment | Impairment | TOTAL |
| Cash and central banks | 2,024 | | | | | | | | | 2,024 |
| Financial assets at fair value through profit or loss | | 65 | 120 | 405 | 656 | 10 | 452 | 1,789 | | 3,497 |
| *of which Trading derivatives* | | | | | | | *436* | *1,811* | | *2,247* |
| Hedging derivatives | | | | | | | 98 | 1,661 | | 1,759 |
| Financial assets at fair value through OCI | | 356 | 108 | 347 | 804 | 31 | 10 | (68) | (8) | 1,581 |
| Financial assets at amortised cost – Debt securities | 1 | 16 | 184 | 2,133 | 22,026 | | 265 | 2,282 | (135) | 26,774 |
| Financial assets at amortised cost – Interbank loans and advances(1) | 1,090 | 14 | 15 | 27 | 8 | 5,723 | 9 | (3) | | 6,881 |
| Financial assets at amortised cost – Customer loans and advances(1) | | 3,838 | 676 | 2,051 | 9,049 | 4,076 | 70 | 1,120 | (145) | 20,734 |
| Fair value revaluation of portfolio hedge | | | | | | | | (116) | | (116) |
| Accruals and other assets | | 274 | | | | 13 | | | (5) | 282 |
| *Subtotal financial assets used to calculate the gap* | *3,115* | *4,563* | *1,102* | *4,964* | *32,542* | *9,853* | | | | |
| Non-financial assets | | | | | | 26 | | | | 26 |
| **TOTAL** | **3,115** | **4,563** | **1,102** | **4,964** | **32,542** | **9,879** | **905** | **6,666** | **(294)** | **63,442** |

*(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 liability. The ultimate maturity is the maturity date of the derivative.*

## b. Analysis of liabilities excluding shareholders' equity

| (in EUR million) | 31/12/2022<br>Demand | Less than 3 months | 3 months to 1 year | 1 to 5 years | Over 5 years | Undetermined maturity | Accrued interest | Fair value adjustment | TOTAL |
|---|---|---|---|---|---|---|---|---|---|
| Financial liabilities at fair value through profit and loss | | | | 108 | 303 | | 330 | 3,384 | 4,126 |
| *of which Trading derivatives* | | | | | | | *330* | *3,339* | *3,669* |
| Hedging derivatives | | | | | | | 208 | 8,144 | 8,352 |
| Financial liabilities at amortised cost – Interbank borrowings and deposits[(1)] | 46 | 877 | 209 | 153 | 375 | 1,476 | 13 | | 3,149 |
| Financial liabilities at amortised cost – Customer borrowings and deposits[(1)] | 232 | 4,139 | 4 | 1 | 268 | 113 | 8 | | 4,765 |
| Financial liabilities at amortised cost – Debt securities | | 6,110 | 9,372 | 21,171 | 1,547 | | 202 | (1,712) | 36,690 |
| Fair value revaluation of portfolio hedge | | | | | | | | (2) | (2) |
| Subordinated debts | | | | | 19 | 3 | | | 23 |
| Accruals and other liabilities | 24 | 316 | 14 | 8 | 21 | 5 | | | 387 |
| *Subtotal financial liabilities used to calculate the gap* | *302* | *11,442* | *9,598* | *21,440* | *2,533* | *1,597* | | | |
| Non-financial liabilities | | | | | | 132 | | | 132 |
| **TOTAL** | **302** | **11,442** | **9,598** | **21,440** | **2,533** | **1,729** | **762** | **9,815** | **57,622** |

*(1) Cash collateral received 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 receiver derivative, the cash collateral received becomes paid cash collateral and is then included in receivables. The ultimate maturity is the maturity date of the derivative.*

Net liquidity gap as at 31/12/2022

| (in EUR million) | Demand | Less than 3 months | 3 months to 1 year | 1 to 5 years | Over 5 years | Undetermined maturity |
|---|---|---|---|---|---|---|
| **NET LIQUIDITY GAP AS AT 31/12/2022** | **2,813** | **(6,879)** | **(8,496)** | **(16,477)** | **30,009** | **8,256** |

This table does not take into account the liquidity of the asset or its eligibility for refinancing; some listed long-term assets may be sold in case of liquidity requirements.

## a. Analysis of assets

| (in EUR million) | 31/12/2023<br>Demand | Less than 3 months | 3 months to 1 year | 1 to 5 years | Over 5 years | Undetermined maturity | Accrued interest | Fair value adjustment | Impairment | Total |
|---|---|---|---|---|---|---|---|---|---|---|
| Financial assets at fair value through profit or loss | | 20 | 74 | 322 | 636 | 10 | 294 | 2,227 | | 3,583 |
| *of which Trading derivatives* | | | | | | | *283* | *2,244* | | *2,527* |
| Hedging derivatives | | | | | | | 81 | 502 | | 583 |
| Financial assets at fair value through OCI | | 109 | 76 | 303 | 669 | 31 | 13 | (59) | (10) | 1,132 |
| Financial assets at amortised cost – Debt securities | 1 | 30 | 730 | 2,357 | 19,556 | | 277 | 3,331 | (166) | 26,115 |
| Financial assets at amortised cost – Interbank loans and advances[(1)] | 2,168 | | | | 8 | 5,889 | 37 | | | 8,102 |
| Financial assets at amortised cost – Customer loans and advances[(1)] | | 4,706 | 174 | 1,472 | 8,350 | 3,687 | 81 | 1,252 | (108) | 19,613 |
| Fair value revaluation of portfolio hedge | | | | | | | | (76) | | (76) |
| Accruals and other assets | | 183 | | | | (10) | | | (7) | 166 |
| *Subtotal financial assets used to calculate the gap* | *2,169* | *5,047* | *1,053* | *4,455* | *29,219* | *9,608* | | | | |
| Non-financial assets | | | | | | 37 | | | | 37 |
| **TOTAL CONTINUING OPERATIONS** | **2,169** | **5,047** | **1,053** | **4,455** | **29,219** | **9,645** | **782** | **7,177** | **(291)** | **59,255** |
| *Non current assets held for sale used to calculate the gap – activities held for sale* | *26* | *68* | *34* | *187* | *534* | | *1* | | *(12)* | *837* |
| Non financial assets – activities held for sale | | | | | | (51) | | | | (51) |
| **TOTAL** | **2,195** | **5,115** | **1,087** | **4,642** | **29,752** | **9,593** | **783** | **7,177** | **(304)** | **60,041** |

*(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 liability. The ultimate maturity is the maturity date of the derivative.*

### b. Analysis of liabilities excluding shareholders' equity

| (in EUR million) | 31/12/2023 Demand | Less than 3 months | 3 months to 1 year | 1 to 5 years | Over 5 years | Undetermined maturity | Accrued interest | Fair value adjustment | TOTAL |
|---|---|---|---|---|---|---|---|---|---|
| Financial liabilities at fair value through profit and loss | | | | 146 | 268 | | 206 | 2,868 | 3,488 |
| *of which Trading derivatives* | | | | | | | *200* | *2,820* | *3,020* |
| Hedging derivatives | | | | | | | 436 | 7,605 | 8,041 |
| Financial liabilities at amortised cost – Interbank borrowings and deposits(1) | 61 | 229 | 74 | 68 | 264 | 673 | 29 | | 1,398 |
| Financial liabilities at amortised cost – Customer borrowings and deposits(1) | | 2,714 | | | 302 | 25 | 14 | 3 | 3,058 |
| Financial liabilities at amortised cost – Debt securities | | 8,942 | 13,977 | 15,702 | 9 | | 214 | (845) | 37,998 |
| Fair value revaluation of portfolio hedge | | | | | | | | (3) | (3) |
| Accruals and other liabilities | 2 | 313 | | | | 1 | | | 316 |
| Subordinated debts | | | | | 13 | 22 | | | 35 |
| *Subtotal financial liabilities used to calculate the gap* | *63* | *12,198* | *14,051* | *15,915* | *855* | *721* | | | |
| Non financial liabilities | | | | | | 140 | | | 140 |
| **TOTAL CONTINUING OPERATIONS** | **63** | **12,198** | **14,051** | **15,915** | **855** | **860** | **901** | **9,628** | **54,471** |
| *Liabilities included in disposal group held for sale used to calculate the gap* | | *4* | *1* | *2* | *17* | | *4* | | *27* |
| Non financial liabilities – activities held for sale | | | | | | 18 | | | 18 |
| **TOTAL** | **63** | **12,202** | **14,052** | **15,917** | **872** | **878** | **904** | **9,628** | **54,517** |

*(1) Cash collateral received 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 receiver derivative, the cash collateral received becomes paid cash collateral and is then included in receivables. The ultimate maturity is the maturity date of the derivative.*

**Net liquidity gap as at 31/12/2023**

| (in EUR million) | Demand | Less than 3 months | 3 months to 1 year | 1 to 5 years | Over 5 years | Undetermined maturity |
|---|---|---|---|---|---|---|
| **NET LIQUIDITY GAP AS AT 31/12/2023 - CONTINUING OPERATIONS** | **2,106** | **(7,150)** | **(12,998)** | **(11,460)** | **28,364** | **8,887** |
| **NET LIQUIDITY GAP AS AT 31/12/2023 - ACTIVITIES HELD FOR SALE** | **26** | **64** | **33** | **185** | **516** | **0** |

This table does not take into account the liquidity of the asset or its eligibility for refinancing; some listed long-term assets may be sold in case of liquidity requirements.

### B. Steps taken to improve Dexia Group's liquidity

Steps taken to improve Dexia Group's liquidity are described in the Management Report, chapter "Information on capital and liquidity".

## 7.6. Currency risk

FX exposure in Dexia is created by:
– Investments and divestments in other than the euro subsidiaries and branches
– Retained earnings from other than the euro entities
– Mismatches between assets, liabilities and off-balance sheet items denominated in other than the euro currencies.

The FX position is monitored by measuring the adverse change in P&L associated to a FX rate move.
Current management of the FX risk focuses on the risk arising from the conversion of cumulated P&L and net interest margin in foreign currency. The general principle of ALM is to hedge a FX economic risk as soon as it is known. Under the current risk framework, the limits on local FX positions are below a EUR 1 million equivalent on every currency. Besides, there is no directional FX position in the trading book.
We also refer to the Management Report, chapter Risk Management.

| Classification by original currency | 31/12/2022 | | | | | |
|---|---|---|---|---|---|---|
| (in EUR million) | EUR | GBP | USD | JPY | Other currencies | Total |
| Total assets | 38,670 | 10,186 | 13,740 | 596 | 251 | 63,442 |
| Total liabilities and shareholders' equity | 38,723 | 10,208 | 13,664 | 596 | 251 | 63,442 |
| NET BALANCE SHEET POSITION | (54) | (23) | 76 | 0 | 0 | 0 |

| Classification by original currency | 31/12/2023 | | | | | |
|---|---|---|---|---|---|---|
| (in EUR million) | EUR | GBP | USD | JPY | Other currencies | Total |
| Total assets | 33,057 | 9,426 | 16,858 | 475 | 224 | 60,041 |
| Total liabilities and shareholders' equity | 32,895 | 9,640 | 16,806 | 475 | 224 | 60,041 |
| NET BALANCE SHEET POSITION | 163 | (214) | 52 | 0 | 0 | 0 |

## 7.7. Hedge accounting

**Derivatives Held for Risk Management and Hedge Accounting**

Dexia aims to minimize balance sheet mismatches between assets and liabilities in order to ensure the stability of its income, notably against interest rate risk and foreign currency risk.

Dexia has recourse to hedge accounting for specified financial assets or financial liabilities ("micro hedge") or for portfolios of fixed rate financial assets and portfolios of fixed rate financial liabilities ("macro hedge") which are exposed to a change in fair value due to movements in benchmark interest rates.

The fair value of fixed rate bonds (asset side) and issuances (liability side) are commonly hedged at inception using derivatives, documented as Fair Value Hedge (FVH). The residual interest rate risk exposure is notably linked to portfolios composed of long-dated amortizing fixed rate loans of small notional amounts. It is managed from a macro-hedge perspective, through a natural hedge between fixed rate assets and liabilities, and using interest rate derivatives, documented as portfolio Fair Value Hedges under IAS 39 "carveout" standard as adopted by the European Union ("European Portfolio Hedge", "EPH").

Dexia also hedges the benchmark interest rate risk of a part of its future floating rate issuances using interest rate derivatives, documented as Cash Flow Hedge (CFH). The foreign currency exposure arising from foreign currency denominated financial assets or liabilities are micro hedged by Dexia using cross currency swaps documented as Cash Flow Hedges (CFH) of foreign currency risk.

Moreover, some Fair Value Through Profit or Loss (FVTPL) assets are economically hedged by derivatives which are classified as Held for trading derivatives under IFRS but included in the banking book for prudential reporting (economic hedge). These are mainly derivatives which are hedging non SPPI financial assets or financial assets held with an objective of realising cash flows through the sale of these assets. The volatility related to the interest risk of these assets is offset by the change in the fair value of the economic hedging derivatives but the volatility related to other risks and particularly credit risk remains.

As permitted by the transitional provisions of IFRS 9, Dexia maintained the current hedge accounting requirements of IAS 39 for all its micro and macro-hedge relationships until the future standard on macro-hedging is entered into force.

**(i) Fair Value Hedge of Interest Rate Risk**

Dexia uses interest rate swaps or cross currency interest rate swaps to hedge its exposure to changes in the fair values of fixed rate liabilities (notes issued measured at amortised cost) and fixed rate or structured SPPI assets (mainly bonds measured at amortised cost or fair value through other comprehensive income) in respect of a benchmark (BOR or overnight Risk Free Rate (RFR)) interest rate. Floating/fixed interest rate swaps or floating/ structured interest rate swaps are matched to balance sheet items so as to closely align with the critical terms of the hedged item.

Only the benchmark interest rate risk component is hedged using these derivatives in fair value hedge relationship. Other risks, such as credit risk, are managed but not hedged by Dexia. The interest rate risk component is determined as the change in fair value of the fixed rate balance sheet items arising solely from changes in benchmark interest rate curves. Such changes are usually the largest component of the overall change in fair value.

A derivative designated as a hedging instrument must be highly effective both prospectively and retrospectively in offsetting changes in fair value or cash flows arising from the hedged risk. The effectiveness of the hedge is verified by comparing changes in fair value of the hedged items attributable to changes in the hedged benchmark rate of interest with changes in the fair value of derivatives, with the expected ratio between the two changes ranging from 80% to 125%. The non-effective portion of the hedging relationship recognized in "Net result of hedge accounting" (see note 5.3. "Net gains (losses) on financial instruments at fair value through profit or loss") is mainly related to the difference in the discounting between the hedged item and the hedging instrument, as interest rate swaps are discounted with an overnight Risk Free Rate (RFR) curve or a RFR curve adjusted to take into account the terms of the collateral remuneration, while balance sheet item discounting is based on the benchmark interest rate documented in fair value hedge (BOR or overnight Risk Free Rate (RFR)).

Changes in the fair value of derivatives in respect of Credit Valuation Adjustment (CVA), Debit Valuation Adjustment (DVA) and Funding Valuation Adjustment (FVA) are booked in the result of trading activities (see note 5.3. "Net gains (losses) on financial instruments at fair value through profit or loss").

**(ii) Cash Flow Hedge of Interest Rate Risk and balance sheet items in foreign currencies**

Dexia uses fixed/floating interest rate swaps to hedge the interest rate risks in respect of the benchmark interest rate (mainly Libor USD and Euribor), and cross currency swaps to hedge foreign currency risks (mainly US dollar and UK ster-

ling) arising from its balance sheet items denominated in foreign currencies. Cash Flow Hedge strategies are implemented:
– Either to transform non-EUR floating rate cash flows into EUR floating rate cash flows by the use of cross-currency swaps, so as to mitigate the existing Dexia's foreign currency exposure,
– Or to transform EUR floating rate cash flows into EUR fixed rate cash flows. Dexia hedges interest rate risk to the extent of benchmark interest rate exposure on its floating rate notes or its highly probable future floating rate issuances to mitigate variability in its cash flows.

Hedge accounting is applied where hedge relationships meet the hedge accounting criteria. Derivatives designated as hedging instruments must be highly effective both prospectively and retrospectively in offsetting changes in fair value or cash flows arising from the hedged risk. In addition, for cash flow hedges of its future floating rate issuances, Dexia demonstrates the highly probable nature of forecast cash flows.

**(iii) Macro-hedging of Interest Rate Risk through European Portfolio Hedge (EPH)**

Dexia applies fair value hedge of the interest rate exposure of a portfolio of financial assets or financial liabilities under IAS 39 "carve-out" standard as adopted by the European Union. The hedged risk corresponds to the exposure to changes in the fair value attributable to a benchmark interest rate risk, which is associated with a portfolio or an identified amount of a portfolio of financial assets or liabilities. Different categories of assets or liabilities and in particular loans or securities measured at amortised cost or fair value through other comprehensive income may be designated by Dexia as qualifying hedged items. Only vanilla interest rate swaps are used as hedging instruments.

Dexia demonstrates that a high degree of effectiveness exists both prospectively and retrospectively by periodically demonstrating that notional amounts on hedging derivatives and hedged items offset each other and no overhedging situation exists.

As the exposure from the portfolio may change (for example due to a derecognition or modification of a hedged item or a hedging instrument), to avoid the situation of over-hedging, Dexia adjusts when needed the existing strategies by removing hedging instruments or by entering into new derivatives designated in EPH.

**(iv) IBOR reform**

Information on the reform for the replacement of the IBOR benchmark indices by alternative benchmark indices and on the impact of this reform on hedge accounting is presented in notes 1.1.2.4 Reform of benchmark rates (IBOR). As at 31 December 2023, the notional amount of hedging instruments for which there are uncertainties related to the interest rate reform amounts to EUR 74 million. Quantitative information on all financial assets and liabilities affected by the interest rate reform is presented in note 4.9.

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## a. Hedging derivatives by risk category for each type of hedge

### 1. Detail of derivatives designated as fair value hedges

| | 31/12/2022 | | | | 31/12/2023 | | | |
|---|---|---|---|---|---|---|---|---|
| | Notional amount | Assets – carrying amount | Liabilities – carrying amount | Change in fair value used for calculating hedge ineffectiveness | Notional amount | Assets – carrying amount | Liabilities – carrying amount | Change in fair value used for calculating hedge ineffectiveness |
| (in EUR million) | | Hedging derivatives | Hedging derivatives | | | Hedging derivatives | Hedging derivatives | |
| **Interest rate derivatives** | **45,595** | **768** | **6,503** | **8,195** | **38,641** | **160** | **7,119** | **291** |
| OTC options | 8 | | | 1 | | | | |
| OTC other | 45,587 | 768 | 6,503 | 8,193 | 38,641 | 160 | 7,119 | 291 |
| **Rate and foreign exchange derivatives(*)** | **4,289** | **521** | **1,495** | | **3,944** | **111** | **649** | **(3)** |
| OTC other | 4,289 | 521 | 1,495 | | 3,944 | 111 | 649 | (3) |
| **TOTAL** | **49,884** | **1,289** | **7,998** | **8,195** | **42,585** | **271** | **7,768** | **288** |

*(*) The "rate and foreign exchange derivatives" line includes cross currency interest rate swaps designated as hedges of both interest rate risk in a fair value hedging relationship and foreign exchange risk in a cash flow hedging relationship. Only the interest rate risk component is designated in a fair value hedge relationship. The carrying amount of these derivatives relating to the foreign exchange risk component is presented in the table "Details of instruments designated as cash flow hedges".*

### 2. Detail of derivatives designated as cash flow hedges

| | 31/12/2022 | | | | 31/12/2023 | | | |
|---|---|---|---|---|---|---|---|---|
| | Notional amount | Assets – carrying amount | Liabilities – carrying amount | Change in fair value used for calculating hedge ineffectiveness | Notional amount | Assets – carrying amount | Liabilities – carrying amount | Change in fair value used for calculating hedge ineffectiveness |
| (in EUR million) | | Hedging derivatives | Hedging derivatives | | | Hedging derivatives | Hedging derivatives | |
| **Interest rate derivatives** | **288** | **1** | **14** | **73** | **122** | **0** | **19** | **101** |
| OTC other | 288 | 1 | 14 | 73 | 122 | 0 | 19 | 101 |
| **Foreign exchange derivatives(*)** | **2,354** | **234** | **193** | **41** | **912** | **119** | **132** | **(91)** |
| OTC other | 2,354 | 234 | 193 | 41 | 912 | 119 | 132 | (91) |
| **TOTAL** | **2,642** | **234** | **207** | **114** | **1,034** | **119** | **152** | **10** |

*(*) The line "Foreign exchange derivatives" includes de carrying amount relating to the foreign exchange risk component of Cross Currency Interest rate swaps. These derivatives are designated as hedges of both the interest rate risk in a fair value hedge relationship and the foreign exchange risk in a cash flow hedge relationship and are also presented on the line "Rate and foreign exchange derivatives" in the table "Details of instruments designated as fair value hedges".*

| (in EUR million) | 31/12/2022 | 31/12/2023 |
|---|---|---|
| Amount removed from equity and included in the carrying amount of a non-financial instrument (in case of a cash flow hedge on a highly probable transaction) | **Nil** | **Nil** |

### 3. Detail of derivatives designated in portfolio hedge of interest rate risk

| (in EUR million) | 31/12/2022 | | | 31/12/2023 | | |
|---|---|---|---|---|---|---|
| | Notional amount | Assets – carrying amount | Liabilities – carrying amount | Notional amount | Assets – carrying amount | Liabilities – carrying amount |
| | | Hedging derivatives | Hedging derivatives | | Hedging derivatives | Hedging derivatives |
| Portfolio fair value hedges of interest rate risk | 5,590 | 235 | 147 | 5,011 | 193 | 122 |
| **TOTAL** | **5,590** | **235** | **147** | **5,011** | **193** | **122** |

### 4. Detail of derivatives designated as hedges of a net investment in a foreign entity

Nil.

## b. Hedged items by risk category for each type of hedge

### 1. Fair value hedges

| (in EUR million) | 31/12/2022 | | | 31/12/2023 | | |
|---|---|---|---|---|---|---|
| | Carrying amount of the hedged item | Accumulated amount of hedge adjustments included in the carrying amount of hedged items | Change in value of the hedged item used as the basis for recognising hedge ineffectiveness | Carrying amount of the hedged item | Accumulated amount of hedge adjustments included in the carrying amount of hedged items | Change in value of the hedged item used as the basis for recognising hedge ineffectiveness |
| Financial assets at fair value through OCI | 673 | 10 | (238) | 299 | 22 | (22) |
| *Interest rate risk* | *673* | *10* | *(238)* | *299* | *22* | *(22)* |
| Financial assets at amortised cost – Debt securities | 18,932 | 2,282 | (5,774) | 17,864 | 3,331 | 612 |
| *Interest rate risk* | *18,932* | *2,282* | *(5,774)* | *17,864* | *3,331* | *612* |
| Financial assets at amortised cost – Interbank loans and advances | 42 | (3) | (1) | | | 3 |
| *Interest rate risk* | *42* | *(3)* | *(1)* | | | *3* |
| Financial assets at amortised cost - Customer loans and advances | 7,340 | 1,120 | (3,966) | 6,979 | 1,252 | (5) |
| *Interest rate risk* | *7,340* | *1,120* | *(3,966)* | *6,979* | *1,252* | *(5)* |
| Interbank borrowings and deposits | | | (21) | | | |
| *Interest rate risk* | | | *(21)* | | | |
| Debt securities | 28,694 | (1,712) | (2,028) | 23,503 | (842) | 862 |
| *Interest rate risk* | *28,694* | *(1,712)* | *(2,028)* | *23,503* | *(842)* | *862* |
| **TOTAL (FINANCIAL ASSETS LESS FINANCIAL LIABILITIES)** | **(1,707)** | **5,121** | **(7,930)** | **1,639** | **5,447** | **(274)** |

### 2. Cash flow hedges

| | 31/12/2022 | | | 31/12/2023 | | |
|---|---|---|---|---|---|---|
| (in EUR million) | Change in value of the hedged item used as the basis for recognising hedge ineffectiveness | Cash flow hedge reserve[1] | Cash flow hedge reserve for discontinued hedges | Change in value of the hedged item used as the basis for recognising hedge ineffectiveness | Cash flow hedge reserve | Cash flow hedge reserve for discontinued hedges |
| Financial assets at fair value through OCI | 3 | 8 | | 8 | | |
| *Foreign exchange risk* | *3* | *8* | | *8* | | |
| Financial assets at amortised cost – Debt securities | (22) | (109) | | (196) | 86 | |
| *Foreign exchange risk* | *(22)* | *(109)* | | *(196)* | *86* | |
| Financial assets at amortised cost – Customer loans and advances | (13) | (25) | | 87 | (113) | |
| *Interest rate risk* | *81* | *38* | | *3* | *35* | |
| *Foreign exchange risk* | *(95)* | *(63)* | | *84* | *(147)* | |
| Interbank borrowings and deposits | 89 | 2 | (38) | (92) | (90) | (35) |
| *Interest rate risk* | *86* | *(11)* | *(38)* | *(5)* | *(16)* | *(35)* |
| *Foreign exchange risk* | *3* | *13* | | *(87)* | *(75)* | |
| **TOTAL (FINANCIAL ASSETS LESS FINANCIAL LIABILITIES)** | **(122)** | | | **(9)** | | |
| **TOTAL** | | **(125)** | **(38)** | | **(117)** | **(35)** |

*(1) Figures as at 31 December 2022 have been revised.*

### 3. Net investment hedge

Nil.

### 4. Portfolio fair value hedge of interest rate risk

| | 31/12/2022 | 31/12/2023 |
|---|---|---|
| (in EUR million) | Carrying amount of the hedged item | Carrying amount of the hedged item |
| Financial assets at fair value through OCI | 155 | 141 |
| Financial assets at amortised cost – Customer loans and advances | 4,921 | 5,069 |
| Debt securities | 100 | 100 |

## c. Profile of timing of the nominal amount of the hedging instrument and average prices or rates

### 1. Derivatives designated as fair value hedges

| | 31/12/2022 | | | | 31/12/2023 | | | |
|---|---|---|---|---|---|---|---|---|
| | Maturity | | | | Maturity | | | |
| | Less than 3 months | 3 months to 1 year | 1 to 5 years | Over 5 years | Less than 3 months | 3 months to 1 year | 1 to 5 years | Over 5 years |
| Interest rate derivatives | | | | | | | | |
| * Notional amount (in EUR million) | 1,795 | 6,755 | 19,738 | 17,307 | 2,010 | 5,601 | 15,344 | 15,685 |
| * Average fixed interest rate | 0.79% | 1.18% | 0.77% | 3.26% | 0.66% | 0.62% | 1.12% | 4.41% |
| Interest rate and foreign exchange derivatives | | | | | | | | |
| * Notional amount (in EUR million) | | | 1,483 | 2,806 | | 1,354 | 70 | 2,519 |
| * Average EUR-USD exchange rate | | | 1.0989 | | | 1.0989 | | |
| * Average EUR-JPY exchange rate | | | 142.0133 | 162.3715 | | | 142.0133 | 162.3715 |
| * Average USD-JPY exchange rate | | | | 116.3613 | | | | 116.8417 |
| * Average USD-GBP exchange rate | | | | 0.5649 | | | | 0.5597 |
| * Average fixed interest rate | | | 1.69% | 3.05% | | 1.63% | 2.95% | 3.01% |

### 2. Derivatives designated as cash flow hedges

| | 31/12/2022 | | | | 31/12/2023 | | | |
|---|---|---|---|---|---|---|---|---|
| | Maturity | | | | Maturity | | | |
| | Less than 3 months | 3 months to 1 year | 1 to 5 years | Over 5 years | Less than 3 months | 3 months to 1 year | 1 to 5 years | Over 5 years |
| Interest rate derivatives | | | | | | | | |
| * Notional amount (in EUR million) | 88 | 61 | 36 | 103 | | | 22 | 100 |
| * Average fixed interest rate | 1.57% | 5.86% | 3.93% | 3.97% | | | 3.93% | 3.97% |
| Interest rate and foreign exchange derivatives | | | | | | | | |
| * Notional amount (in EUR million) | | 1,405 | 770 | 180 | | 740 | | 173 |
| * Average EUR-GBP exchange rate | | | | | | | | |
| * Average USD-GBP exchange rate | | | | 0.5098 | | | | 0.5223 |
| * Average EUR-USD exchange rate | | 1.0842 | 1.1827 | | | 1.1827 | | |

## d. Impact of hedge accounting in the statement of comprehensive income

### 1. Fair value hedges

| | 31/12/2022 | | 31/12/2023 | |
|---|---|---|---|---|
| | Hedge ineffectiveness recognised in P/L | Hedge ineffectiveness recognised in OCI | Hedge ineffectiveness recognised in P/L | Hedge ineffectiveness recognised in OCI |
| (in EUR million) | Net gains (losses) on financial instruments at fair value through profit or loss of the consolidated statement of income | Gains and losses directly recognised in equity of the balance sheet | Net gains (losses) on financial instruments at fair value through profit or loss of the consolidated statement of income | Gains and losses directly recognised in equity of the balance sheet |
| Interest rate risk | 264 | | 17 | |
| Foreign exchange risk | | | (3) | |
| **TOTAL** | **265** | | **14** | |

### 2. Cash flow hedges

| | 31/12/2022 | | | 31/12/2023 | | |
|---|---|---|---|---|---|---|
| | Change in the value of the hedging instrument recognised in OCI | Hedge ineffectiveness recognised in profit or loss | Amount reclassified from the cash flow hedge reserve to profit or loss - discontinued hedge | Change in the value of the hedging instrument recognised in OCI | Hedge ineffectiveness recognised in profit or loss | Amount reclassified from the cash flow hedge reserve to profit or loss - discontinued hedge |
| (in EUR million) | Gains and losses directly recognised in equity of the balance sheet | Net gains (losses) on financial instruments at Fair value through profit or loss of the consolidated statement of income | Net gains (losses) on financial instruments at Fair value through profit or loss of the consolidated statement of income | Gains and losses directly recognised in equity of the balance sheet | Net gains (losses) on financial instruments at Fair value through profit or loss of the consolidated statement of income | Net gains (losses) on financial instruments at Fair value through profit or loss of the consolidated statement of income |
| Interest rate risk | 81 | | (8) | 100 | | 1 |
| Foreign exchange risk | 41 | | | (91) | | |
| **TOTAL** | **122** | | **(8)** | **9** | | **1** |

### 3. Net Investment hedge

Nil.

# 8. Segment and geographic reporting

### a. Segment reporting

Having completed its commercial entity disposal programme as required under the resolution plan, Dexia is now focused on managing its residual assets in run-off, protecting the interests of the Group's State shareholders and guarantors and avoid any systemic risk, in line with the company's mission. In line with the Group's profile and strategy, Dexia's performance is now shown at a consolidated level on the basis of a single division entitled "Management of activities in run-off", without specific allocation of funding and operating expenses by segment of activity.

### b. Geographic reporting

| (in EUR million) | France | Ireland | Italy | United States | Total |
|---|---|---|---|---|---|
| As at 31 December 2022 | | | | | |
| **NET BANKING INCOME[1]** | **289** | **97** | **(23)** | **8** | **371** |
| As at 31 December 2023 | | | | | |
| **NET BANKING INCOME[1]** | **163** | **(70)** | **(10)** | **(6)** | **78** |

*(1) See note 1.3. "Significant items included in the income statement".*

Geographic reporting is done based on booking centers, being the country of the company having recorded the transaction and not the country of the counterparty at the transaction.

# 9. Impact of the group's transformation on the publication of financial statements: maintenance of the banking format for the publication of parent company financial statements and abandonment of the publication of consolidated financial statements in 2024.

Following the withdrawal of its banking license, Dexia will continue, as a non-financial entity, the extinctive management of its balance sheet and the carrying of its portfolio acquired as part of a banking activity. In order to comply, on the one hand, with the true and fair view principle defined in Article L 13-14 of the French Commercial Code and, on the other hand, with the principle of consistency of accounting methods between accounting periods defined in Article L 123-17 of the French Commercial Code, Dexia will continue to apply the ANC regulation no. 2014-07 of November 26, 2014 relating to the financial statements of companies in the banking sector for the preparation of its parent company financial statements in 2024.

Regarding the publication of consolidated financial statements, the fact that Dexia now has a limited number of subsidiaries has led the Board of Directors to consider abandoning the publication of consolidated financial statements and, consequently, of IFRS financial statements. To this end, the Board of Directors compared the statutory financial statements with a pro forma consolidated financial statement prepared under French GAAP, in order to identify the differences between the two sets of accounts. This analysis was undertaken with two considerations under review. Firstly, the materiality of the differences between the statutory and consolidated financial statements. The differences were deemed immaterial and did not call into question the true and fair view of the financial statements. Secondly, it examined the risks included in the subsidiaries in relation to the risks these entities represent in the statutory financial statements. Following the absorption of Dexia Crediop and the sale of the leasing subsidiaries in France, the remaining active subsidiaries are located in the United States. They are fully financed by Dexia, with guarantees given by Dexia to the latter, so that any credit loss in the subsidiary translates into an almost identical loss in Dexia's statutory financial statements. Insofar as almost all the financing is carried out by Dexia and the credit risks are reflected, directly or indirectly, in the statutory financial statements, the Board of Directors also concluded that the non-consolidation of these entities did not call into question the true and fair view of the financial statements.

As a result, as from 2024, Dexia will continue to publish statutory financial statements under French GAAP, for which historical data is available and has been certified by the Statutory Auditors, but will cease to produce consolidated financial statements under IFRS.

The table below shows the reconciliation of the IFRS consolidated financial statements to the French GAAP parent company financial statements, broken down as follows:

### The effect of consolidation, related to:

– Residual subsidiaries as at December 31, 2023: these subsidiaries are of negligible importance, with an impact on total balance sheet of EUR -406 million, including an impact on equity of EUR -102 million.

– Asset disposal effects between the head office and its subsidiaries: the amounts recognized in this respect have an overall impact of EUR -151 million on the total balance sheet and equity.

### The impact of IFRS requirements that have no equivalent in French GAAP can be grouped into four main categories:

– Recognition of hedges: IFRS provides for the systematic revaluation of hedging derivatives and of the hedged risk where a FVH relationship exists, whereas under French GAAP the derivative is revalued only if the hedged balance sheet item requires it. The amounts recognised in the balance sheet in this respect have an overall impact on equity of EUR -702 million.

– Remeasurement at fair value: IFRS requires derivatives and balance sheet items to be remeasured at fair value for certain types of transactions and management purposes. The amounts recognised in this respect have a total impact of EUR +48 million on equity.

– Provisions for credit risk: IFRS sets out different conditions for recognising provisions for credit risk. Mainly, IFRS require provisions for expected losses, whereas French GAAP accounting standards are based on the notion of proven losses. The overall impact on equity is EUR +136 million.

– Other valuation differences represent smaller amounts, with an overall impact on equity of EUR +25 million.

### The impact of the reclassifications :

The financial statements in IFRS and French accounting standards do not present the same publication lines. The *Reclassifications* column breaks down the amounts from the IFRS balance sheet into the lines provided for under French GAAP. Insofar as differences in valuation methods have been identified in the previous column, these reclassifications are presented for French GAAP amounts. The only reclassification impacting equity concerns the EUR 56 million TSSDI as at December 31, 2023, which is represented in equity under IFRS and classified as subordinated liabilities under French GAAP.

### The impact of French GAAP requirements that have no equivalent in IFRS, which are grouped below:

– Revaluations related to changes in securities management intent: differences in value arising from the reclassification of securities as a result of changes in management intent (rare cases of transfer from available-for-sale securities to held-to-maturity securities, or exceptional cases of transfer from held-for-trading securities to available-for-sale securities) are spread over the life of the securities under French GAAP. The overall impact on equity is estimated at EUR -800 million.

– Impairment on available-for-sale securities: in accordance with the principle of prudence, French accounting standards provide for the recognition at each reporting date of unrealized losses on available-for-sale securities. The overall impact of this loss allowance on equity amounts to EUR -360 million.

– Restructuring of loans and/or derivatives: differences in value arising from the restructuring of loans and/or derivatives, including the effects of the index reform, are spread over the life of the instrument under French GAAP. The overall impact on equity is estimated at EUR +704 million.

– Collective provisions: under French GAAP, non-specific provisions (collective provisions) are recorded on credit portfolios or other related outstanding commitments, to cover the risk of loss of value in the absence of specific provisions, and when there is an objective indication that losses are likely. The impact of these provisions on equity amounted to EUR -120 million.

– Other valuation differences represent smaller amounts, with an overall impact on equity of EUR -19 million.

## Balance sheet: transition from IFRS to French GAAP

| **ASSETS** (in EUR million) | Consolidated financial statements under IFRS | Scope effect: discontinuation of consolidation | Cancellation of IFRS impact | Reclassifications | Sub-total | **ASSETS** (in EUR millions) | Restatements under French GAAP | Consolidated financial statements under French GAAP |
|---|---|---|---|---|---|---|---|---|
| Financial assets at fair value through profit or loss | 3,583 | (410) | (72) | (3,101) | 0 | | | |
| Hedging derivatives | 583 | (58) | (638) | 113 | 0 | | | |
| Financial assets at fair value through other comprehensive income | 1,132 | (265) | 36 | (903) | 0 | | | |
| Financial assets at amortised cost – Debt securities | 26,115 | 2,530 | (1,181) | 27,464 | 0 | | | |
| | | | | 11,913 | 11,913 | II. Governement securities eligible for Central Bank refinancing | (659) | 11,254 |
| | | | | *220* | *220* | *Available-for-sale securities* | *(37)* | *183* |
| | | | | *11,693* | *11,693* | *Held-to-maturity securities* | *(622)* | *11,071* |
| | | | | 12,941 | 12,941 | V. Bonds and other fixed-income securities | (246) | 12,695 |
| | | | | *29* | *29* | *Held-for-trading securities* | *29* | *58* |
| | | | | *3,181* | *3,181* | *Available-for-sale securities* | *(137)* | *3,044* |
| | | | | *9,731* | *9,731* | *Held-to-maturity securities* | *(138)* | *9,593* |
| | | | | 57 | 57 | VII. Long term equity investments | | 57 |
| Financial assets at amortised cost – Interbank loans and advances | 8,102 | 80 | | (6,206) | 1,976 | III. Interbank loans and advances | | 1,976 |
| Financial assets at amortised cost – Customer loans and advances | 19,613 | (1,837) | (1,338) | (1,531) | 14,907 | IV. Customer loans and advances | | 14,907 |
| Fair value revaluation of portfolio hedges | (76) | | 76 | | 0 | | | |
| Current tax assets | 25 | (2) | | (23) | 0 | | | |
| Accruals and other assets | 166 | 193 | | (359) | 0 | | | |
| | | | | 9,799 | 9,799 | XIII. Other assets | | 9,799 |
| | | | | 4,007 | 4,007 | XIV. Accruals | 946 | 4,953 |
| Non current assets held for sale | 786 | (788) | | 2 | 0 | | | |
| Tangible fixed assets | 10 | | (9) | | 1 | VIII. Tangible assets | | 1 |
| Intangible assets | 2 | | | | 2 | IX. Intangible assets | | 2 |
| **TOTAL ASSETS** | **60,041** | **(557)** | **(3,126)** | **(755)** | **55,603** | | **41** | **55,644** |

| **LIABILITIES** (in EUR million) | Consolidated financial statements under IFRS | Scope effect: discontinuation of consolidation | Cancellation of IFRS impact | Reclassifications | Sub-total | **LIABILITIES** (in EUR millions) | Restatements under French GAAP | Consolidated financial statements under French GAAP |
|---|---|---|---|---|---|---|---|---|
| Financial liabilities at fair value through profit or loss | 3,488 | (283) | (87) | (3,118) | 0 | | | |
| Hedging derivatives | 8,041 | (193) | (3,074) | (4,774) | 0 | | | |
| Interbank borrowings and deposits | 1,398 | (219) | | (627) | 552 | II. Interbank borrowings and deposits | | 552 |
| Customer borrowings and deposits | 3,058 | 466 | (268) | 34 | 3,290 | III. Customer deposits | | 3,290 |
| Debt securities | 37,998 | | 827 | 210 | 39,035 | IV. Debt securities | 17 | 39,052 |
| Fair value revaluation of portfolio hedges | (3) | | 3 | | 0 | | | |
| Current tax liabilities | 2 | | | (2) | 0 | | | |
| Deferred tax liabilities | 5 | (5) | | | 0 | | | |
| Accruals and other liabilities | 316 | (8) | (12) | (296) | 0 | | | |
| | | | | 768 | 768 | *V. Other liabilities* | 2 | 770 |
| | | | | 7,050 | 7,050 | *VI. Accruals* | 243 | 7,293 |
| Liabilities included in disposal groups held for sale | 46 | (46) | | | 0 | | | |
| Provisions | 133 | (3) | | | 130 | VII. Provisions for risks and charges | 374 | 504 |
| Subordinated debt | 35 | (13) | (22) | 56 | 56 | VII. Subordinated debts | | 56 |
| ***Equity*** | ***5,524*** | ***(253)*** | ***(493)*** | ***(56)*** | ***4,722*** | ***Equity*** | ***(595)*** | ***4,127*** |
| Capital stock and related reserves | 2,465 | | | (2,186) | 279 | XI. Capital stock | | 279 |
| | | | | 2,174 | 2,174 | XII. Additional paid-in capital | 500 | 2,674 |
| Consolidated reserves | 3,519 | (353) | (884) | (44) | 2,238 | XIII. Reserves and retained earnings | (956) | 1,282 |
| Gains and losses directly recognised in equity | (149) | (37) | 186 | | 0 | | | |
| Net result of the period | (311) | 137 | 205 | | 31 | XVII. Net income (loss) of the year | (139) | (108) |
| **TOTAL LIABILITIES** | **60,041** | **(557)** | **(3,126)** | **(755)** | **55,603** | | **41** | **55,644** |

### Reconciliation of equity

| (in EUR million) | Amounts as at 31/12/2023 |
|---|---|
| **Equity under IFRS (including the result of 2023)** | **5,524** |
| ***Scope effect: discontinuation of consolidation*** | ***(253)*** |
| ***Cancellation of IFRS impact*** | ***(493)*** |
| Recording of hedges | (702) |
| Impairment of financial assets: stage 1 and stage 2 | 136 |
| Remeasurement at fair value | 48 |
| Other adjustments | 25 |
| ***TSSDI: Shareholders'equity under IFRS versus subordinated liabilities under French GAAP*** | ***(56)*** |
| **Equity after deconsolidation and cancellation of IFRS impact** | **4,722** |
| ***Restatements under French GAAP*** | ***(595)*** |
| Impact of changes in management intent | (800) |
| Impairment on available-for-sale securities | (360) |
| Restructuring of loans and/or derivatives (including index reform) | 704 |
| Collective provisions | (120) |
| Other adjustments | (19) |
| **Equity under French GAAP (including the result of 2023)** | **4,127** |

# Statutory auditors' report on the consolidated financial statements

For the year ended December 31, 2023

To the Shareholders' Meeting of Dexia,

## Opinion

In compliance with the engagement entrusted to us by your Shareholders' Meeting, we have audited the accompanying consolidated financial statements of Dexia for the year ended December 31, 2023.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as of December 31, 2023, and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

The audit opinion expressed above is consistent with our report to the Audit Committee.

## Basis for opinion

### Audit Framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the "Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements" section of our report.

### Independence

We conducted our audit engagement in compliance with independence requirements of the French Commercial Code (code de commerce) and the French Code of Ethics (code de déontologie) for statutory auditors, for the period from January 1, 2023, to the date of our report, and specifically we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No. 537/2014.

Furthermore, the non-audit services that we provided to your Company and its controlled undertakings during the financial year that are not disclosed in the management report or in the notes to the consolidated financial statements are as follows:

– Consultations on accounting and regulatory matters,

– Issuance of certificates and reports required by law and regulations,

– Issuance of findings reports resulting from agreed upon procedures related to the debanking process.

## Justification of Assessments – Key Audit Matters

In accordance with the requirements of Articles L.821-53 et R.821-180 of the French Commercial Code (code de commerce) relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the consolidated financial statements as a whole, approved in the conditions mentioned above, and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the consolidated financial statements.

Management report
Declaration of corporate governance
Consolidated financial statements
Financial statements
General information

| **Going concern basis of accounting used for the preparation of the financial statements** *(See notes 1.1.1.2 et 4.4.c to the Consolidated Financial Statements)* | |
|---|---|
| **Key Audit Matter** | **How our audit addressed the key audit matter** |
| Dexia's ability to continue as a going concern is based on the revised orderly resolution plan of the Dexia Group, approved by the European Commission on December 28, 2012.<br>This plan, further reassessed by the Dexia Board of Directors on December 13, 2023, is based, among others, on the following assumptions and uncertainties:<br>– Dexia has reviewed the macroeconomic senarios used for the assessment of the credit losses expected under IFRS 9 and has retained a "central" macroeconomic scenario, drawn up based on the most recent projections of the European Central Bank, published in December 2023, supplemented by the scenarios published by the national central banks when available ;<br>– Dexia is sensitive to changes in its macro-economic environment and to market parameters, including exchange rates, interest rates and credit spreads. A negative change in these parameters in the long term could weigh heavily on the Company's liquidity and solvency. It could also have an impact on the valuation of assets, financial liabilities or OTC derivatives. Dexia also remains subject to the constraints and uncertainties related to its operating model as well as the risks related to going concern, inherent to the specific nature of an entity under a resolution plan.<br>– the continuation of the resolution plan relies on the maintenance of Dexia's rating at a level equivalent or superior to the Investment Grade ranking. It supposes that Dexia maintains a sound funding capacity through the issuance of debts guaranteed by the Belgian and French States and the collection of secured financing.<br>– In the context of the Group's transformation including the debanking, effective starting January 1, 2024, uncertainties related to the evolution of the law or the accounting rules regarding the Group's resolution duration could influence the resolution's initially anticipated trajectory.<br><br>After taking account of all of the items presented above, Dexia management considered that they do not call into question either the fundamental aspects of the Group's orderly resolution or the application of the going concern basis of accounting used for the preparation of the consolidated financial statements in accordance with the IAS 1 "Presentation of the financial statements" standard.<br><br>After taking account of all the items presented above, we considered the Going concern basis of accounting used for the preparation of the consolidated financial statements as of December 31, 2023 as a key audit matter. | We have examined the most recent assessment made on December 13, 2023 by Dexia's Executive Committee and Board of Directors of its ability to continue as a going concern during a period of twelve months starting at the closing date of the financial year, as required by IAS 1 "Presentation of the financial statements" standard, as well as the elements used to justify the assessment and the underlying documentation.<br><br>We implemented the following procedures in accordance with professional standard NEP 570 "Going concern":<br>– through discussion with management and based on the documentation made available to us, we have assessed the elements on which the liquidity projections were based by Dexia;<br>– we assessed the design and implementation of the internal control process with regard to liquidity projections;<br>– we have considered the main regulatory ratios as of December 31, 2023 (Liquidity Coverage Ratio, Common Equity Tier 1) in light of the requirements applicable at that date to the Dexia Group. We have also considered the projections of key indicators implemented by the Governance starting January 1, 2024, date from which Dexia is no longer subject to banking supervision requirements.<br>– we have discussed with management the assumptions underlying the most recent version of the business plan approved by the Board of Directors on December 13, 2023;<br><br>Finally, we assessed the appropriateness and relevance of the going concern disclosures in the notes to the consolidated financial statements, including the uncertainties surrounding the main assumptions underlying the preparation of the financial statements on a going concern basis. |

| **Classification of financial assets at amortized cost and business model**<br>*(See notes 1.1.6.2.1, 2.5 à 2 .7 et 5.5 to the Consolidated Financial Statements)* | |
|---|---|
| **Key Audit Matter** | **How our audit addressed the key audit matter** |
| On the initial recognition of financial assets in accordance with IFRS 9, Dexia's management exercised judgment when analyzing (i) the contractual terms and (ii) the business model.<br><br>Dexia exercised its judgement to determine the appropriate assessment level of its business model. Any major planned sale of financial assets held in the business model where the objective is to collect contractual cash flows over the term of the financial instrument is analyzed by the Transaction Committee and must be authorized by the Executive Committee and the Board of Directors.<br><br>Pursuant to IFRS 9, the change in business model led to the reclassification as of the first day of the following reporting period of the relevant financial asset portfolios previously recognized at amortized cost, to the categories "financial assets at fair value through equity" or "financial assets at fair value through profit or loss" depending on the business models defined by management and approved by the Board of Directors<br><br>The total amount of net gains or losses resulting from the derecognition of financial assets at amortized cost amounts to - 41 M€ at December 31, 2023.<br><br>Given the context of resolution specific to Dexia and the possible accounting impacts in its consolidated financial statements of a change in economic models, we considered the classification of assets at amortized cost as a key point of the audit. | We have assessed, with respect to the applicable accounting standards, Dexia's judgement of its business model for the management of financial assets.<br>In this respect, we performed the following procedures:<br>– Reading the minutes of the main governance committee meetings;<br>– Assess the effectiveness of the control system for monitoring the sale of financial assets;<br>– Reviewing the means of monitoring sales of financial assets classified in the "amortized cost" accounting category.<br>– Review of the accounting impacts of disposal of securities and loans classified as "amortized cost";<br>– Control of compliance with the disposal thresholds established by Dexia to assess the economic model of its asset portfolios classified at "amortized cost".<br><br>Finally, we reviewed the disclosures in the notes to the consolidated financial statements regarding the analysis of the business model adopted for the management of financial assets. |

| **Operational risks linked to the information systems**<br>*(See note 1.6 to the Consolidated Financial Statements)* | |
|---|---|
| **Key Audit Matter** | **How our audit addressed the key audit matter** |
| As a banking group, Dexia is dependent, for its operational activities, on the reliability and security of its information systems.<br><br>Its activities take place in the specific context of the management of the existing assets portfolios in rundown, in the context of the orderly resolution plan validated by the European Commission on December 28, 2012.<br><br>In this context, and in order to ensure operational continuity, Dexia has outsourced its IT function (development, production and infrastructure) and back offices to an external service provider.<br><br>Within the framework of the Group's operational transformation, Dexia signed a contract in 2022 to transfer its credit back-office activity to a new banking service provider, which was effectively implemented starting October 31, 2023.<br><br>In this specific context, the management of operational risk related to the performance of the information systems and the automated treatment of accounting and financial information is considered to be a key audit matter. | The assessment of the general IT controls used throughout the accounting and financial information processing chains is a key step in our audit approach.<br>The audit work performed, with the assistance of our IT specialists, consisted in particular of:<br>– understanding the structure of the IT landscape and the processes and controls related to the production of the accounting and financial information;<br>– examining the way Dexia handled the impacts of IT incidents that occurred during the accounting period and the related corrective actions implemented;<br>– assessing the operating effectiveness of general IT controls (access right management to the applications and data, change management and application development, and management of the IT operations) and the key automated controls on significant information systems;<br>– performing detailed procedures on manual journal entries, related to write access rights, and reviewing journal entries and their documentation;<br>– understanding the control and supervision framework currently deployed by Dexia related to the key services rendered by the external service provider.<br>– Review of the outstanding loans migrated to Arkéa Banking Services systems<br>– Review of the effectiveness of Arkéa Banking Services' internal control<br><br>Finally, we have reviewed the disclosures in the notes to the consolidated financial statements on the operational risks with relation to the information systems. |

| **Assessment of credit risk and measurement of impairment**<br>*(See notes 1.1.6.2.5, 2.4 à 2.7, 3.6, 5.10 et 7.2 to the Consolidated Financial Statements)* | |
|---|---|
| **Key Audit Matter** | **How our audit addressed the key audit matter** |
| The impairment recorded by Dexia to cover the credit risks inherent in its banking activities is determined in accordance with the provisions of IFRS 9, and therefore the principle of expected credit losses.<br>The measurement of the expected credit losses on financial assets requires the use of judgment by management:<br>– assessing the level of credit risk and the potential significant increase in credit risk to classify exposures under stage 1 and stage 2;<br>– assessing the level of credit risk and the existence of an objective impairment indicator for the classification of exposures in stage 3;<br>– estimating for each stage the amount of expected losses;<br>– setting up, in a climate of uncertainty, macro-economic projections to be integrated at the same time in the criteria used for the increase in credit risk and for the measurement of expected losses;<br><br>As of December 31, 2023, the gross amount of financial assets exposed to credit risk was €55, 247 million ; total impairment amounted to €284 million, and the cost of risk for Dexia in 2023 was a net  endowment of €2 million.<br>As the classification of exposures in the different credit risk stages and the determination of expected losses require management's judgment and estimates, we considered the assessment of the level of credit risk to be a key audit matter. | We have assessed the design and implementation of Dexia's internal control framework for credit risk and have tested the operating effectiveness of the key controls related to the assessment of credit risk and the measurement of expected losses.<br>Our procedures included, among others, the following processes:<br>– Governance :<br>• we have taken note of the internal control system governing the definition and validation of the impairment models and the parameters used to calculate this impairment, and of the work and conclusions of the risk management department concerning the internal validation of the IFRS 9 impairment models;<br>• we focused on management's assessment of the impacts of the geopolitical and economic crisis on provisions for outstanding loans.<br>– Classification of exposures per stage :<br>• we have checked the appropriate classification of outstanding amounts by stage;<br>• we analyzed the Group's assessment of the impacts of the geopolitical and economic crisis on asset classification<br>• with the assistance of our specialists in charge of credit risk, we have validated the methodologies adopted by Dexia for the measurement of the increase in credit risk and its correct operational implementation in the information systems.<br>– Measurement of expected losses:<br>• we assessed the methodologies adopted to determine the parameters used for the impairment calculation and their changes in the context of the crisis, their correct operational implementation in the information systems and the effectiveness of the key controls regarding data quality<br>• for the specific impairment on financial assets classified in stage 3, we have assessed, based on sampling, the management assumptions and data used for to estimate impairment.<br>• we also assessed the reasonableness and appropriateness of the macro-economic projections made by management, the definition of various scenarios and the weighting levels adopted by the Group.<br><br>Finally, we reviewed the disclosures in the notes to the consolidated financial statements. |

<table>
<tr><th colspan="2">Valuation of financial instruments classified in level 3 in the fair value hierarchy<br>(See notes 1.1.26, 1.1.7, 1.3, 2.3, 2.4, 3.1, 4.1, 4.9, 5.3, 5.4, 7.1 et 7.4 to the Consolidated Financial Statements)</th></tr>
<tr><th>Key Audit Matter</th><th>How our audit addressed the key audit matter</th></tr>
<tr><td>In conducting its market activities, Dexia holds financial instruments classified in level 3 in the fair value hierarchy. These instruments are recorded at fair market value estimated by valuation models, for which the parameters are either unobservable or cannot be corroborated directly with publicly available market data.<br>The fair value calculated may be subject to additional value adjustments to take into account certain market, liquidity and counterparty risks, including for the derivatives:<br>– Credit Value Adjustment (CVA): takes into account the risk of counterparty default;<br>– Debit Value Adjustment (DVA): takes into account Dexia's own credit risk;<br>– Funding Value Adjustment (FVA): takes into account the financing costs for the non-collateralized derivatives;<br>– and the use of a discounting curve based on a daily rate curve (OIS).<br>The techniques used by Dexia to value financial instruments, as well as to determine additional value adjustments, involve significant judgment as to the methodologies defined, the choice of valuation parameters and adjustments to fair value, as well as in the selection and use of internal valuation models.<br><br>These financial instruments classified at level 3 in the fair value hierarchy, described in Note 7.1, represent € 9 421 million in assets and €21 389 million liabilities on the consolidated balance sheet at December 31, 2023.<br><br>Due to the substantial outstanding amounts and the material judgement used to determine the market value, we considered the measurement of financial instruments classified in level 3 to be a key audit matter.</td><td>We have assessed the relevance of the key controls defined and implemented by Dexia in the context of the valuation of financial instruments classified in level 3, those relating to:<br>– The governance set up by the risk department to validate and verify valuation models;<br>– The determination of fair value adjustments.<br>We also relied on our valuation experts to conduct, based on samples:<br>– A review of the level of reserves and material value adjustments. We have notably analyzed the relevance of methodologies implemented and conducted an analytical review of impacts recognized.<br>– An analysis of the relevance of the valuation parameters used; we notably analyzed the relevance of the data used and assessed compliance with the hierarchy of sources;<br>– An independent valuation review using our own models.<br><br>We have also examined the system for calculating and exchanging collateral on derivative instruments and have analyzed the main calculation differences with the counterparties for these instruments in order to confirm our assessment of the reliability of the valuations performed by Dexia.<br><br>Finally, we have ensured that there has been no significant change in the criteria for classifying the Group's financial instruments within the fair value levels as defined by IFRS 13.</td></tr>
</table>

# Specific Verifications

We have also performed in accordance with professional standards applicable in France the specific verifications required by law and regulations of the information pertaining to the Group presented in the management report of the Board of Directors.
We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

# Other Legal and Regulatory Verifications or Information

## Format of presentation of the consolidated financial statements intended to be included in the annual financial report

We have also verified, in accordance with the professional standard applicable in France relating to the procedures performed by the statutory auditor relating to the annual and consolidated financial statements presented in the European single electronic format, that the presentation of the consolidated financial statements intended to be included in the annual financial report mentioned in Article L. 451-1-2, I of the French Monetary and Financial Code (code monétaire et financier), prepared under the responsibility of the Chief Executive Officer, complies with the single electronic format defined in the European Delegated Regulation No 2019/815 of December 17, 2018.
As it relates to consolidated financial statements, our work includes verifying that the tagging of these consolidated financial statements complies with the format defined in the above delegated regulation.
Due to the technical limitations inherent in the macro-tagging of the consolidated financial statements in accordance with the single European electronic reporting format, it is possible that the content of certain tags in the notes to the financial statements may not be rendered identically to the consolidated financial statements attached to this report.
We have no responsibility to verify that the consolidated financial statements that will ultimately be included by your company in the annual financial report filed with the AMF are in agreement with those on which we have performed our work.

## Appointment of the Statutory Auditors

We were appointed as statutory auditors of Dexia by the Shareholders' Meeting held on May 16, 2008 for Deloitte & Associés and June 28, 1996 for Mazars.
As of December 31, 2023, Deloitte & Associés was in its 16th year of uninterrupted engagement and Mazars in its 28th year.

# Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with French accounting principles, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.
In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.
The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risk management systems and where applicable, its internal audit, regarding the accounting and financial reporting procedures.
The consolidated financial statements were approved by the Board of Directors.

# Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

## Objectives and audit approach

Our role is to issue a report on the consolidated financial statements. Our objective is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.
As specified in Article L.821-55 of the French Commercial Code (code de commerce), our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.
As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:
• Identifies and assesses the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from

fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

• Obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control;

• Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the consolidated financial statements;

• Assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the consolidated financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein;

• Evaluates the overall presentation of the consolidated financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation;

• Obtains sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. The statutory auditor is responsible for the direction, supervision and performance of the audit of the consolidated financial statements and for the opinion expressed on these consolidated financial statements.

## Report to the Audit Committee

We submit a report to the Audit Committee which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report, if any, significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgement, were of most significance in the audit of the consolidated financial statements of the current period and which are therefore the key audit matters that we are required to describe in this report.

We also provide the Audit Committee with the declaration provided for in Article 6 of Regulation (EU) No. 537/2014, confirming our independence within the meaning of the rules applicable in France such as they are set in particular by Articles L.821-27 à L.821-34 of the French Commercial Code and in the French Code of Ethics (code de déontologie) for statutory auditors. Where appropriate, we discuss with the Audit Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

*Paris La Défense, April 29, 2024*

*The Statutory Auditors*

MAZARS

Laurence KARAGULIAN Franck BOYER

DELOITTE & ASSOCIÉS

Charlotte Vandeputte

# 2023

Financial statements

# Balance sheet

## Assets

| (in EUR million) | | Note | As at 31/12/2022 | As at 31/12/2023 |
|---|---|---|---|---|
| I. | Cash, central banks and postal checking accounts | *2.1* | 1,771 | 0 |
| II. | Government securities | *2.2* | 8,810 | 11,254 |
| III. | Interbank loans and advances | *2.3* | 6,732 | 1,976 |
| IV. | Customer loans and advances | *2.4* | 15,045 | 14,907 |
| V. | Bonds and other fixed-income securities | *2.5* | 9,988 | 12,695 |
| VI. | Equities and other variable-income securities | *2.6* | 0 | 0 |
| VII. | Long-term equity investments | *2.7* | 537 | 57 |
| VIII. | Intangible assets | *2.8* | 3 | 2 |
| IX. | Tangible fixed assets | *2.9* | 1 | 1 |
| X. | Unpaid capital | | 0 | 0 |
| XI. | Uncalled capital | | 0 | 0 |
| XII. | Treasury stock | | 0 | 0 |
| XIII. | Other assets | *2.10* | 9,408 | 9,799 |
| XIV. | Accruals | *2.10* | 4,146 | 4,953 |
| **TOTAL ASSETS** | | | **56,441** | **55,644** |

## Liabilities and equity

| (in EUR million) | | Note | As at 31/12/2022 | As at 31/12/2023 |
|---|---|---|---|---|
| I. | Central banks and postal checking accounts | | 0 | 0 |
| II. | Interbank borrowings and deposits | *3.1* | 1,763 | 552 |
| III. | Customer deposits | *3.2* | 4,262 | 3,290 |
| IV. | Debt securities | *3.3* | 38,023 | 39,052 |
| V. | Other liabilities | *3.4* | 1,589 | 770 |
| VI. | Accruals | *3.4* | 6,250 | 7,293 |
| VII. | Provisions for risks and charges | *3.5* | 349 | 504 |
| VIII. | Subordinated debt | *3.6* | 56 | 56 |
| IX. | General banking risks reserve | | 0 | 0 |
| **EQUITY** | | *3.7* | **4,149** | **4,127** |
| XI. | Capital stock | | 279 | 279 |
| XII. | Additional paid-in capital | | 2,588 | 2,674 |
| XIII. | Reserves and retained earnings | | 749 | 1,282 |
| XVII. | Net income (loss) for the year | | 533 | (108) |
| **TOTAL LIABILITIES AND EQUITY** | | | **56,441** | **55,644** |

# Off-balance sheet items

| (in EUR million) | Note | As at 31/12/2022 | As at 31/12/2023 |
|---|---|---|---|
| **COMMITMENTS GIVEN** | | | |
| I. Financing commitments given | *4.1* | 701 | 448 |
| II. Guarantee commitments given | *4.2* | 2,311 | 2,047 |
| III. Other commitments given | *4.3* | 11,373 | 2,259 |
| **COMMITMENTS RECEIVED** | | | |
| IV. Financing commitments received | *4.4* | 1,718 | 1,649 |
| V. Guarantee commitments received | *4.4* | 6,824 | 5,848 |
| VI. Commitments related to securities | *4.5* | 0 | 0 |
| VII. Commitments related to foreign currency transactions | *4.6* | 41,101 | 55,465 |
| VIII. Commitments related to forward and derivative financial instruments | *4.7* | 176,134 | 155,845 |

# Income statement

| (in EUR million) | Note | As at 31/12/2022 | As at 31/12/2023 |
|---|---|---|---|
| I. Interest income | *5.1* | 1,970 | 5,133 |
| II. Interest expense | *5.1* | (1,798) | (4,840) |
| III. Income from variable-income securities | *5.2* | 17 | 30 |
| IV. Fee and commission income | *5.3* | 0 | 1 |
| V. Fee and commission expenses | *5.3* | (14) | (5) |
| VI. A Net gains (losses) on held-for-trading portfolio transactions | *5.4* | 89 | 15 |
| VI. B Net gains (losses) on available-for-sale portfolio transactions | *5.4* | 71 | 12 |
| VI. C Net gains (losses) on held-to-maturity portfolio transactions | *5.4* | 32 | 0 |
| VII. Other banking income | *5.8* | 10 | 15 |
| VIII. Other banking expenses | *5.8* | (1) | 0 |
| **NET BANKING INCOME (LOSS / PROFIT)** | | **376** | **361** |
| IX. General operating expenses | *5.5* | (254) | (364) |
| X. Depreciation and amortisation | | (3) | (5) |
| **GROSS OPERATING INCOME (LOSS / PROFIT)** | | **119** | **(8)** |
| XI. Cost of risk | *5.6* | 25 | (99) |
| **OPERATING INCOME (LOSS / PROFIT) AFTER COST OF RISK** | | **144** | **(107)** |
| XII. Net gains (losses) on non-current assets | *5.7* | 400 | (4) |
| **INCOME (LOSS / PROFIT) BEFORE TAX** | | **544** | **(111)** |
| XIII. Non-recurring items | *5.9* | 0 | 12 |
| XIV. Corporate income tax | *5.10* | (11) | (9) |
| XV. Net change in general banking risks reserve | | 0 | 0 |
| **NET INCOME (LOSS / PROFIT)** | | **533** | **(108)** |
| BASIC EARNINGS PER SHARE (EUR) | | 1,91 | (0,39) |
| FULLY DILUTED EARNINGS PER SHARE (EUR) | | 1,91 | (0,39) |

# Appendix to the financial statements

## Presentation and valuation rules

### 1.1. Significant events in the financial year

#### Withdrawal of Dexia's banking licence and investment services authorisations

In a letter dated 11 December 2023, the European Central Bank (ECB) approved the withdrawal of Dexia's banking licence and investment services authorisations with effect from 1 January 2024. The application had been submitted by the Dexia Group to the Autorité de Contrôle Prudentiel et de Résolution (ACPR) on 4 July 2023. The withdrawal of Dexia's banking licence and investment services authorisations is part of the ongoing implementation of the orderly resolution plan validated by the European Commission in December 2012 and will, in the long term, simplify Dexia's organisation, in particular by stopping regulatory production, and improve its cost trajectory. It is based on a detailed analysis of the impacts and risks, which has shown that the Dexia Group is perfectly capable of pursuing this resolution process outside banking regulations without affecting the Group's ability to carry out its resolution or the quality of the monitoring of its portfolio. Since 1 January 2024, Dexia has continued its orderly resolution as a non-bank.

#### Cross-border merger of Dexia and Dexia Crediop

On 30 September 2023, Dexia finalised the cross-border merger by absorption of its 100%-owned subsidiary Dexia Crediop. From an accounting and tax point of view, the merger took effect on 1 July 2023. At the same time, an unregulated branch *(sede secondaria)* of Dexia started operations in Rome in support of Dexia in Paris.
Following this operation, Dexia automatically assumes all the rights and obligations of Dexia Crediop existing at the effective date of the merger. Dexia Crediop's assets and liabilities, valued respectively at EUR 7.1 billion and EUR 6.6 billion in its accounts as at 30 June 2023, were recorded in Dexia's statutory accounts on 1 July 2023. A merger bonus of EUR 85.7 million was recorded in Dexia's equity in 2023.

In parallel with the implementation of the merger between Dexia and Dexia Crediop, Dexia also undertook the transfer of its loans granted to Italian local authorities to a new ad hoc vehicle, regulated under Article 106 of the Italian Banking Law, which enables it to continue to manage them after the withdrawal of its banking licence.
During the first half of 2023, Dexia 's loans to Italian local authorities were thus transferred to this dedicated vehicle, managed by the regulated Italian service provider Zenith, and are fully financed by Dexia via subscriptions to securities issued by the vehicle. As at 31 December 2023, these loans were classified in the "Investment securities" category and represent a nominal amount of EUR 2.9 billion in Dexia's consolidated balance sheet.

#### Irrevocable payment commitments

A provision of EUR -90 million for the risk of non-recovery of sums paid under irrevocable payment commitments to the Single Resolution Board has been recorded in 2023 as part of the Single Resolution Fund collection mechanism.

#### Valuation of equity investments

On 8 December 2023, Dexia and the BAWAG Group signed a sale agreement for the five unregulated leasing entities of the Dexia Group: DCL Evolution, Alsatram and Dexiarail, as well as Dexia Flobail and Dexia CLF Régions Bail, respectively renamed Dexia FB France and Dexia RB France, following the withdrawal of their financing authorisation, approved by the ACPR on 27 October 2023. This sale agreement was finalised on 1 February 2024.
The sale price was used as the reference value for determining the value of the holdings in the leasing entities.
• The value of the investment in Dexia FB France has been maintained at EUR 22 million at 31/12/2023.
• The value of the investment in Dexia RB France has been reduced to EUR 5 million, i.e. an impairment of the investment of EUR 3 million in respect of 2023.
• The value of the other holdings in Alsatram, DCL Evolution and Dexiarail is assessed at EUR 1 each. In addition, further impairments of EUR 22 million were recorded on loans granted by Dexia to its leasing subsidiaries.
• A provision for contingencies of EUR -29 million was recorded in respect of the decrease in the value in use of the subsidiary Dexia Holding Inc, insofar as the equity interests and loans granted to the subsidiary are already fully impaired.

### 1.2. Operational risk management during the resolution period

In 2023, Dexia continued to adapt its structure and operational processes to its orderly resolution mandate. This resolution phase is, by its very nature, conducive to the development of operational risks, particularly as a result of factors such as the departure of key people, the possible demotivation of members of staff or the modification of treatment processes. In particular, projects to outsource certain activities may represent a source of operational risk during the implementation phases, but in the medium term should ensure the Bank's operational continuity and limit the operational risks associated with systems, processes and people. Operational risks associated with major transformation projects are also monitored on a quarterly basis to ensure that corrective action is taken to reduce the most significant risks. Finally, psychosocial risks are closely monitored at Dexia, together with preventive and support actions (cf. chapter "Non-financial Declaration. Corporate social responsibility" in the Dexia Holding annual report).

## 1.3. Events after the balance sheet date

On 8 December 2023, Dexia signed a sale agreement providing for the purchase by the BAWAG Group of its five unregulated leasing entities.
This transaction represents leasing outstandings of almost EUR 750 million, corresponding to around 80 contracts concluded mainly with public sector counterparties. The transaction was finalised on 1 February 2024. An impact of EUR -52 million was recorded under in the Dexia consolidated financial statements as at 31 December 2023, of which EUR -4 million in "gains/losses on fixed assets" and an amount of EUR -22 million in "cost of risk".

## 1.4. Accounting policies and valuation methods used to present the financial statements

### Going concern

The statutory financial statements of Dexia as at 31 December 2023 have been prepared in accordance with the going concern accounting rules.
Since 1 January 2024, Dexia has continued its orderly resolution as a non-bank. The withdrawal of Dexia's banking licence and investment services authorisations is part of the ongoing implementation of the Group's orderly resolution plan. It is based on a detailed analysis of the impacts and risks, which has shown that the Dexia Group is perfectly capable of continuing this resolution process outside banking regulations and that this withdrawal will in no way affect the Group's ability to carry out its resolution or the quality of the monitoring of its portfolio. In particular:

- Dexia maintains its ability to finance itself via the debt issue guaranteed by the Belgian and French States, which retains HQLA Level 1 qualification. To recall, Dexia's State guarantee was extended in 2022, for a period of ten years.
- Dexia also retains direct access to clearing houses and the main trading platforms, which are essential for managing its orderly resolution.

Following the withdrawal of Dexia's authorisations, the rating agencies affirmed Dexia's *senior unsecured* rating at *Investment Grade*, with a stable outlook.
The pursuit of Dexia's orderly resolution is based on a certain number of hypotheses constituting the business plan underlying the Group's resolution, which are reassessed on the basis of the information available at each balance sheet date. These assumptions, and the remaining areas of uncertainty, are summarised below:

- Although it manages its risks proactively, Dexia remains sensitive to changes in the macroeconomic environment and market parameters such as exchange rates, interest rates and credit spreads. An unfavourable evolution of these parameters over time could weigh on the liquidity and solvency positions. It could also have an impact on the valuation of assets, financial liabilities or OTC derivatives. Dexia also remains subject to the constraints and uncertainties linked to its operating model as well as to the risks associated with the continuity of operations, inherent to Dexia's specific nature as an entity in resolution.
- The continuation of the resolution process is based on maintaining Dexia's rating at a level equivalent to or higher than *Investment Grade.* It also assumes that Dexia retains a good funding capacity via the issue of debt guaranteed by the Belgian and French States and the raising of secured funding.
- Finally, residual uncertainties linked, for example, to changes in legislation or accounting rules over the duration of the Group's resolution, could influence the initially anticipated resolution trajectory.

At the time of closing the consolidated financial statements as at 31 December 2023, management reviewed each of these assumptions and areas of uncertainty.

- By virtue of meticulous preparation, the withdrawal of Dexia's banking authorisation was correctly understood by the market, which enabled Dexia to launch its long-term issue programme in January 2024, with two benchmark transactions of EUR 1.5 billion and GBP 750 million, which were very favourably received. In addition, Dexia maintains a liquidity reserve deemed adequate to cope with stressed market conditions. This liquidity reserve amounted to EUR 13.4 billion at December 2023 and includes the contingency reserve, for a total amount of EUR 3.8 billion in cash, which replaces the *Emergency Liquidity Agreement* (ELA) of the national banks since the withdrawal of the banking licence.
- Within the framework of the preparation of the consolidated financial statements as at 31 December 2023, Dexia has reviewed the macroeconomic scenarios used for the measurement of expected credit losses within the framework of IFRS 9 and has adopted a macroeconomic base case scenario, developed on the basis of the most recent projections of the European Central Bank (ECB), published in December 2023, supplemented by the scenarios published by the national central banks where available. The ECB's central scenario revises macroeconomic growth in the European Union slightly downwards for 2024. A similar trend is observed in the UK, while US projections are revised slightly upwards. Despite high inflation, the disinflationary process is set to continue in the years ahead. Labour markets should remain resilient overall.

After having taken into account all these elements and uncertainties, the management of Dexia confirms that as at 31 December 2023, they do not call into question the fundamentals of the orderly resolution of the Group or the assessment of the adequacy of the application of the going concern assumption. Consequently, the statutory financial statements can be prepared in accordance with the principles and standards contained in European Council Directives governing the financial statements of banking institutions, in compliance with Regulation No. 2014-07, relating to the accounts of banking sector companies.

### a. Changes in accounting policies and valuation methods applied to the financial statements

The accounting policies and valuation methods applied to the financial statements take into account the following regulatory changes:

- Retirement reform: the law 2023-270 of 14 April 2023 concerning the retirement reform *("Loi n° 2023-270 du 14 avril 2023 de financement rectificative de la Sécurité Sociale pour 2023")* has been promulgated and issued in the official journal on 15 April 2023. This law came into effect on 1 September 2023 and focuses on two main themes: the gradual increase of the legal retirement age (from 62 to 64 years) and the extension of the required contribution period for full pension benefits. Early retirement schemes (for long careers, disability, permanent incapacity, or invalidity) are maintained and adapted.

In the financial statements, the changes resulting from the retirement reform constitute a modification of the retirement plan, both for end-of-career indemnity plans and early retirement plans. Dexia having opted for method 2 in application of the ANC recommendation 2013-02, all rights to benefits for past services are recognised as an expense.
The impact of this reform on Dexia's financial statements is not significant.

• New jurisprudence on paid leave: in its three decisions of 13 September 2023, the French Supreme Court *(Cour de cassation)* has given precedence to the EU law over the French Labor Code, overriding French provisions on paid leave and sick leave. These decisions improve employees' rights to paid leave in terms of acquiring paid leave during work stoppage and modify the cost of paid leave for companies. The amounts estimated and provisioned by Dexia on 31 December 2023 are not material.

• International Tax Reform Pillar 2: Dexia is currently outside the scope of the Pillar 2 regulation (worldwide minimum tax) in the framework of the OECD's international tax reform due to the amount of its net banking income.

## b. Measurement of items in the balance sheet, off-balance sheet and income statement in the summary financial statements

The financial statements have been prepared in accordance with the rules of prudence and generally accepted accounting principles based on fundamental assumptions:
• going concern assumption;
• independence of accounting periods;
• consistency of methods.

### Customer loans

Any loans approved but not yet disbursed are shown as off-balance sheet items.
Current and accrued interest on customer loans is recognised in banking income on an accrual basis, as is the interest on overdue payments. Interest on non-performing loans reported in net banking income is neutralised by the recognition of an equivalent amount of impairment.
Related fees and commissions received and incremental transaction costs on extending or acquiring credits, if significant, are spread over the effective life of the loan. Other fees received are recorded directly to income.
All early repayment penalties on loans are taken into income at the repayment date.
Customer loans are stated in the balance sheet net of provisions for possible losses. They are broken out into four separate categories: performing loans, restructured performing loans, non-performing loans under collection and doubtful non-performing loans.
A loan is considered to be non-performing as soon as it carries an incurred credit risk which makes it probable that Dexia will not recover all or part of the amounts due under the counterparty's commitment. Any loan is classified as non-performing:
• if one or more repayments are more than three months overdue, or, regardless of whether any payments have been missed, if it can be assumed that there is an incurred risk, in accordance with the prudential definition of default published by the European Banking Authority and regulation published by the ECB as single supervisor;
• or if a loan is considered as contentious and subject to legal proceedings (formal alert procedures, file for bankruptcy…).

When a loan is non-performing, an impairment loss is recorded corresponding to the difference between the carrying amount of the asset and the present value of estimated future recoverable cash flows discounted at the financial assets' effective interest rate, taking into account the financial situation of the counterparty, its economic perspective and any guarantees net of the cost of realizing any payment from the guarantor. Interest is written down in full.
Non-performing loans are considered to be doubtful as soon as their repayment becomes highly uncertain and it becomes apparent that they will eventually be written off.
Non-performing loans are downgraded from "under collection" to "doubtful" either one year at the latest after becoming non-performing, or immediately if the loan had previously been classified as a restructured performing loan. The interest on these loans is no longer included in interest income once they have been classified as doubtful non-performing.
Loans that have been restructured due to the financial situation of a debtor are included in the restructured performing loans category until their final maturity. They are written down for impairment in an amount equal to the present value of the future interest payments gap. This write-down is taken immediately into expense under the cost of risk and is reversed into income on an accrual basis over the remaining term of the loan.

### Securities transactions

The securities held by Dexia are recorded on the balance sheet under the following asset headings:
• government securities eligible for Central Bank refinancing;
• bonds and other fixed-income securities;
• equities and other variable-income securities.
In accordance with Regulation n° 2014-07, they are broken out in the notes to the financial statements into "Held-for-trading securities", "Available-for-sale securities", "Held-to-maturity securities" and "Portfolio securities".

### Held-for-trading securities

• Held-for-trading securities are securities traded on a liquid market that are purchased or sold with the intention of being sold or repurchased within a short period of time. The Dexia held-for-trading portfolio consists primarily of adjustable-rate bonds. Held-for-trading securities are taken to the balance sheet at cost, including accrued interest and excluding acquisition costs. At each period end, they are marked to market (see "Available-for-sale securities" for calculation of market value) and the resulting unrealised gain or loss is taken to the income statement.

### Available-for-sale securities

These consist of securities that are not recognised as held-for-trading securities, held-to-maturity securities, portfolio securities, other long-term investments, investments in associates or investments in related parties.
The portfolio consists primarily of fixed and adjustable-rate bonds, but also includes some variable-income securities. Fixed-rate bonds are generally hedged against interest rate risks by means of interest rate and/or currency swaps classified as hedges. The use of this technique has the effect of creating synthetic adjustable or variable-rate assets that are immunised against interest rate risks.
Available-for-sale securities are taken to the balance sheet at cost, excluding acquisition costs and accrued interest, which are recorded separately. Any premiums or discounts, corresponding to the difference between the acquisition cost and redemption price, are recorded on the balance sheet and

amortised to the income statement on a quasi-yield-to-maturity basis over the remaining life of the securities. This method is applied to all securities in the portfolio.

At the reporting date, in application of the prudence principle, available-for-sale securities are recorded on the balance sheet at the lower of their acquisition cost and their selling price at the reporting date, after taking into account gains on micro hedging transactions for purposes of calculating the reduction in their value.

For the calculation of the realisable value (or the market value, as defined in the notes to the financial statements):

• if the market for a financial instrument is active, quoted market prices available for identical assets are used to assess the market value. These reliable market quotes correspond to the best evidence of the market value of a financial instrument. Determining whether or not an active market exists is based on criteria such as trading volume, market liquidity, bid-ask spread, etc.

• if no active market is available for a given financial instrument, valuation techniques are used. The valuation model should take into account all the factors that market participants would consider when pricing the asset. In such cases, Dexia uses its own valuation models, taking account of market conditions at the date of the valuation as well as of any changes in the credit risk quality of these financial instruments and market liquidity.

If the potential decrease in the value of the securities exceeds the related unrealised hedging gain, a provision corresponding to the difference is deducted from the securities' carrying amount. A reserve is booked on the liabilities side of the balance sheet for any unrealised hedging losses that are not offset by an increase in the market value of the hedged securities.

Gains and losses on disposals of marketable available-for-sale securities are calculated on a FIFO basis.

Any available-for-sale securities transferred to the held-to-maturity portfolio are transferred at cost.

Any provisions for impairment that are no longer required at the date of transfer are released to the income statement over the remaining life of the securities.

## Held-to-maturity securities

Held-to-maturity securities consist of fixed-income securities with fixed maturities that have been acquired or transferred from "available-for-sale securities" and "held-for-trading securities" with the explicit intention of being held to maturity.

They are either financed with back-to-back resources or hedged in order to neutralise the effect of interest rate fluctuations on earnings. The hedging instruments used consist solely of interest rate and/or currency swaps.

The use of these specific, allocated hedges has the effect of creating synthetic adjustable – or variable-rate assets that are immunised against interest rate risks.

Held-to-maturity securities are stated at cost, excluding acquisition costs and accrued interest at the date of acquisition, which are recorded separately. Premiums and discounts, representing the difference between the cost of the securities, excluding accrued interest, and the redemption price, are amortised on a yield-to-maturity basis over the remaining life of the securities.

Unrealised gains are not recognised, and no provisions are booked for unrealised losses at the balance sheet date except in cases where:

• the ability of the issuer to honor its repayment obligations appears uncertain;

• it is probable that the securities will not be held to maturity due to a change in circumstances.

Should held-to-maturity securities be sold or transferred to another portfolio category for an amount that is material relative to the total value of all held-to-maturity securities, Dexia would no longer be authorised to classify any securities previously or subsequently acquired as held-to-maturity until the third following full fiscal year. However, the following sales and transfers are not covered by this restriction:

• sale or transfer close to the maturity or to the redemption date of the security or occurring after receipt of almost all of the original principal of the security ;

• sale or transfer caused by an isolated event, beyond the entity's control, which is not expected to happen again and which the entity was not able to reasonably anticipate;

• sale or transfer that does not call into question the bank's intention of maintaining its other held-to-maturity securities until their actual maturity (e.g. sale of one particular held-to-maturity security whose issuer's credit quality has deteriorated significantly, or in the case of held-for-trading or available-for-sale securities that were previously transferred into held-to-maturity under extraordinary market conditions that required a change of strategy and which may once more be traded on an active market). All previously acquired held-to-maturity securities are reclassified as "available-for-sale securities" at their carrying amount at the same time that the other securities are reclassified.

## Portfolio securities

This category includes variable-income securities purchased on a regular basis with the intention of selling them at a profit in the medium-term. At the time of purchase, the company has no intention of investing in the long-term development of the issuer's business or of actively participating in its day-to-day management.

Portfolio securities are taken to the balance sheet at cost excluding acquisition costs. At each period end, they are stated at the lower of historical cost and fair value to the Group. Fair value is determined based on a range of criteria, including the issuer's outlook and the length of the estimated holding period. For listed securities, fair value is the average market price determined over a sufficiently long period in view of the estimated holding period to eliminate the impact of any wide swings in market prices. At each period end, and for each line of securities, if the fair value represents less than carrying amount, a provision is booked for the unrealised loss. For the purpose of determining the provision, unrealised losses are not netted against unrealised gains, which are not recognised.

Gains and losses on disposals of portfolio securities are determined on a FIFO basis.

### Sale and repurchase agreements and lending of securities

Securities may be sold under repurchase agreements, lent or borrowed for the purpose of reducing Dexia's short-term liquidity cost.

The securities may or may not be physically delivered to the buyer.

When securities are sold under a repurchase agreement, a debt corresponding to the value of the repurchase commitment is recognised on the balance sheet. The interest paid on the funds received is recognised in the income statement on an accrual basis.

Gains and losses on repurchase agreements are calculated using the same method as for outright sales, depending on the portfolio from which the securities were taken.
Transactions involving the simultaneous cash sale and forward purchase of the same securities are accounted for in the same way as repurchase agreements. The cash held in connection with repurchase agreements is periodically adjusted to take account of changes in the market value of the securities during the term of the contract, so as to reduce the credit risk incurred by the buyer as a result of any impairment in value of the collateral represented by the securities.
Loaned securities are reclassified as receivables for an amount equal to the carrying amount of the loaned securities. At each balance sheet date, the receivable is remeasured using the valuation principles applicable to the securities that have been loaned.
Borrowed securities are recorded as held-for-trading securities, with a contra entry to a liability to the lender. At each balance sheet date, the borrowed securities and the corresponding liability are remeasured using the valuation principles applicable to held-for-trading securities. Borrowed securities and the corresponding debt are presented on a net basis under "Other liabilities".

## Long-term investments

### Investments in associates

Investments in associates represent investments that are intended to be useful to the Group's activities over the long term. They are intended to be held on a long-term basis to exercise influence or control over the issuer.
They are stated at cost excluding any related acquisition costs. At the balance sheet date, these shares are measured at the lower of cost and value in use, which represents the amount that the company would be willing to pay in order to obtain these securities if it had to acquire them, taking into consideration its objective in holding them. This value in use is estimated by reference to various criteria such as the profitability and profitability outlook of the issuer, shareholders' equity and the economic environment. Unrealised losses, calculated for each line of securities, are recognised as an impairment without offsetting by any unrealised gains. Unrealised gains are not recognised.
In the event of disposal of part of the Group's interest in an associate, the resulting gain or loss is determined on a FIFO basis. Gains or losses on disposals and movements in impairment provisions and reversals are recorded under "Net gains (losses) on non-current assets" in the income statement.

### Other long-term investments

This category comprises variable-income securities acquired with the aim of developing long-term business ties with the issuer, although Dexia is not in a position to influence the management of the issuer due to the small proportion of voting rights held. Other long-term securities are taken to the balance sheet at cost, excluding acquisition costs. At each period end, they are stated at the lower of historical cost and fair value. The fair value is determined for listed and unlisted securities held over the long term based on the amount the company would agree to pay to obtain the securities, given its investment objective, if it were to acquire them. Gains and losses on disposals of long-term investment securities are determined on a FIFO basis. Gains or losses on disposals and movements in impairment provisions and reversals are recorded under "Net gains (losses) on non-current assets" in the income statement.

## Tangible and intangible assets

These assets are stated at cost and depreciated or amortised using the straight-line method over their estimated useful life, at the rate at which their future economic benefits are consumed.
Unless otherwise stated, furniture and fixtures are depreciated over ten years and office equipment generally over five years. Software is amortised over three to five years.

## Other assets

This heading includes mainly collateral (guarantee deposits) receivable under swap transactions, which is recognised at its carrying amount.

## Debt securities

Debt securities include bonds and negotiable debt securities.

### Bonds

Bonds are recorded at face value. All related accrued interest is computed at contractual rates and recorded under interest expense.
Zero-coupon bonds are recorded at their issue price. At each period end, accrued interest for the period, computed on the basis of the yield to maturity announced at the time of issue, is charged to the income statement as expenses on debt securities and an equivalent amount is added to the debt on the liabilities side of the balance sheet until the maturity date so as to gradually increase the carrying amount of the debt to the amount repayable at maturity.
Bond issuance costs are deferred and amortised on a straight-line basis over the life of the bonds. Premiums paid or received on bonds acquired by Dexia are recognised directly through profit or loss.
Bonds denominated in foreign currencies are accounted for in the same way as foreign currency transactions.

### Negotiable debt securities

Negotiable debt securities are stated at face value. Interest on medium-term notes, BMTN (domestic short- or medium-term notes) and negotiable certificates of deposit is recorded under "Interest expense" on an accrual basis. Prepaid interest on commercial paper is recorded under "Accrued assets" on the transaction date and amortised over the residual life of the paper.

### Discounts and premiums on debt securities

Bond discounts and premiums and redemption premiums are amortised on a straight-line basis over the remaining life of the bonds from the date of acquisition. They are recorded on the consolidated balance sheet under the relevant liabilities accounts. Amortisation is taken to the income statement under "Interest expense on bonds and other fixed-income securities".

## Other liabilities

This heading includes mainly collateral (guarantee deposits) payable under swap transactions, which is recognised at its carrying amount. The debt representing the value of borrowed securities included in this item is presented net of the value of these borrowed securities.

## Reserves

Provisions for risks and charges are set aside at their present value when:
- Dexia has a present legal or constructive obligation as a result of past events;

• it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
• a reliable estimate of the amount of the obligation can be made.

General (or collective) provisions on customer loans are included in this heading. These provisions cover the risk of loss in value not covered by specific impairment where at the balance sheet date there is objective evidence that probable losses are present in certain segments of the portfolio or other lending-related commitments, followed up under the watch list process, that have benefited from restructuring measures with concessions granted to borrowers with financial difficulties or that belong to economic sectors presenting indications of high credit risk. These losses are estimated based upon historical patterns of default rate and losses in each segment and adjusted to the current macro-economic environment to date and forward looking over the next 3 years.

Regulatory tax reserves are set aside in the financial statements for accelerated tax depreciation. Reserves against forward and derivative financial instruments are booked in accordance with the rules specified in the paragraph concerning forward and derivative financial instruments.

Retirement and other post-employment benefits are calculated in accordance with the local regulations applicable in each country and are recognised as expenses for the year. These commitments are recalculated each year using an actuarial method and recognised under reserves in accordance with Recommendation 2013-02 on the evaluation and recognition of pension liabilities for annual and consolidated accounts prepared in accordance with French accounting standards.

### Subordinated liabilities

Subordinated debts include funds received from the issuance of dated or undated notes or debt, which in the event of liquidation of the issuer may only be repaid after all other creditor claims have been settled. Accrued interest payable on subordinated debts, if any, is recorded as related payables and as an expense in the income statement. These securities do not pay interest. Subordinated redeemable notes issued by Dexia are considered as Tier 2 capital for the purpose of calculating the European capital adequacy ratio, in accordance with EC Regulation n° 575/2013.

### Forward and derivative financial instruments

Dexia uses forward and derivative financial instruments in the normal course of business, mainly as hedges against interest rate and currency risks and, to a lesser extent, in order to take advantage of favourable interest rate and currency trends. The instruments used include interest rate and/or currency swaps, FRAs, caps, floors, interest rate options, futures, credit default swaps and credit spread options.

Forward and derivative financial instruments are valued and accounted for in four transaction categories, in accordance with Regulation n° 2014-07 based on the initial purpose of the transaction.

The four transaction categories are specific hedges, macro-hedges, isolated open positions and specialist portfolio management; each has its own rules for measurement and recognition.

For transactions in all categories, the commitment or notional amount is recorded as an off-balance sheet commitment over the life of the contract, i.e. from the date of signing of the contract to its maturity or the start date of the reference period in the case of forward rate agreements. The amount of the commitment is adjusted to reflect any changes in notional amounts, so as to show at all times the maximum current or future commitment. Each contract is recorded separately and is classified in one of the above four categories. The accounting treatment of gains and losses depends on the underlying purpose of the transaction, as determined by its category.

Upfront equalisation payments on hedging transactions are amortised over the remaining life of the instrument. All transactions are amortised on a quasi-yield-to-maturity basis.

### Hedging transactions

#### Micro hedging

Micro-hedges are used to cover interest rate risks on a specific item or group of items with similar characteristics, identified at the outset. The criteria applied to determine whether transactions qualify as micro-hedges are as follows:
• the hedged item must contribute to the bank's overall exposure to fluctuations in prices or interest rates;
• the contracts must be purchased or sold for the specific purpose, and must have the specific effect, of reducing the bank's exposure to fluctuations in prices or interest rates in respect of the hedged item and must be identified as such at the outset.

Instruments meeting this definition consist primarily of swaps acquired as micro-hedges of primary issues, bonds held in the "available-for-sale" and "held-to-maturity" portfolios and customer loans. The hedging instruments have the effect of creating synthetic variable- or adjustable-rate assets or liabilities, which are immunised against interest rate risks.

Expenses and income on micro-hedges are recorded in the income statement in the same way as the expenses and income on the hedged item or group of similar items.

In cases where the hedged item is repaid early or disposed of, the equalisation payment received or paid due to the early unwinding of the hedging instrument is recognised in profit or loss on the date of termination. However, in the event of early repayment with refinancing, the equalisation payment paid by Dexia is charged against income only for the portion that do not exceed gains recorded in income on the symmetric position. The excess of the equalisation payments to be deferred are recorded in accrued assets or liabilities.

In the case where the hedging item is unwound or replaced by another instrument with continuation of the hedged instrument, the equalization payment is spread over the remaining life of the hedged item.

#### Macro hedging

This category includes contracts that are intended to hedge and manage Dexia's overall exposure to interest rate risks on assets, liabilities and off-balance-sheet items, other than micro-hedges, contracts representing isolated open positions and contracts acquired for specialist portfolio management purposes.

Macro-hedges have the effect of reducing Dexia's overall exposure to interest rate risks on its business transactions.

Expenses and income on macro-hedges are recorded in the income statement on an accrual basis under "Interest expense on macro-hedges" and "Interest income on macro-hedges". The contra entry is recorded on the balance sheet in an accruals account until such time as the funds are collected or disbursed.

In the event of the unwinding of a macro-hedge, the equalisation payment is recognised directly through profit or loss.

### Position management

Dexia conducts two types of position management transactions:
• specialist held-for-trading portfolio management;
• position-taking.

### Specialist held-for-trading portfolio management

This activity covers transactions with local authorities and their symmetrical transactions entered into with banks. Its purpose is the specialist management of a held-for-trading portfolio comprising specific interest rate swaps and other interest rate-based derivatives.

The held-for-trading portfolio is actively managed based on sensitivity criteria, with predefined interest rate exposure limits set internally in accordance with the Arrêté of 3 November 2014 as amended. Positions are centralised and results calculated on a daily basis.

Gains and losses are recognised on a mark-to-market basis, as follows:
• total future cash flows are marked to market on a monthly basis and the resulting unrealised gain or loss is taken to the income statement;
• all payments made or received are recorded directly in the income statement.

Mark-to-market gains and losses on derivatives are calculated using the replacement cost method. This method consists of taking each individual contract and simulating a new contract, which, at the balance sheet date, closes the open position created by the original contract. The differences in cash flows between the actual and simulated contracts are then discounted.

The valuation of this portfolio's operations takes into account the following elements:
• portfolio management costs and Bid/Ask reserve to take into account the difference between bid prices and ask prices, considering that the market value is based on market data quoted at mid-market level;
• an adjustment to take into account the risk of default of the counterparty (Credit Valuation Adjustment (CVA)) for non-collateralised derivatives for which there is a risk on the fair value of the derivative on the closing date as well as on the expected changes in value over the life of the derivative;
• an adjustment to take into account the funding costs associated with uncollateralised derivative instruments (Funding Valuation Adjustment (FVA)). As these uncollateralised derivatives are not subject to margin calls, the bank benefits from savings in funding or bears the cost depending on the direction of its net balance sheet position, corresponding to the market values of these derivative instruments. The funding cost level used in determining the FVA reflects the financing of the exposure of uncollateralised derivatives at rates different from overnight rates;
• an overnight Risk-Free Rate (RFR) curve or an RFR curve adjusted to take into account the conditions of the collateral remuneration as derivative's discounting curves.

For the purposes of this activity, Dexia centrally manages the risks generated by the portfolios. Risk is transferred using internal contracts. These contracts are put in place, recorded and valued in accordance with Regulation n° 2014-07.

#### Position-taking

Derivatives held in the position-taking portfolio are intended to keep isolated positions open in order to take advantage of any favourable interest rate movements. The portfolio also includes all contracts (including credit derivatives) that do not fulfil the criteria for classification as specialist portfolio management.

Gains and losses are recognised in accordance with the prudence principle as follows:
• provisions for risks are booked for any unrealised losses calculated as a result of periodic mark-to-market valuations; unrealised gains are not recognised in the income statement;
• interest and equalisation payments are recognised in the income statement on an accrual basis.

### Foreign exchange transactions

Dexia uses currency swaps and forward purchases and sales of foreign currencies to hedge its currency risks. Currency swaps are used to match funding currencies with the currencies of the assets financed. Forward purchases and sales of foreign currencies are used to offset or reduce the impact of exchange rate fluctuations on specific items or groups of similar items. A limited number of unhedged foreign exchange positions are also established in connection with Dexia's position-taking activities.

In accordance with Regulation n° 2014-07, currency instruments are classified as either hedged transactions or position-management transactions. This categorisation determines the applicable accounting treatment for the related gains and losses.

Currency instruments in both categories are recorded as off-balance-sheet commitments over the life of the contract, i.e. from the date of signing of the contract to the start date of the reference period.

Each contract is recorded separately and is classified in one of the above categories. The accounting treatment of gains and losses depends on the underlying purpose of the transaction, as determined by its category.

### Hedging transactions

Forward points – the difference between the forward rate and the spot rate – are recognised in the income statement on an accrual basis. The position is initially recorded at the spot rate and its value is gradually adjusted over the life of the contract to take account of the forward points.

### Position-transactions management

These represent forward currency transactions that do not meet the criteria for qualification as hedged forward currency transactions as defined in Regulation n° 2014-07, in that they do not relate simultaneously to loans and borrowings or to spot currency transactions. Such transactions are entered into with the aim of taking advantage of exchange rate movements.

Gains and losses on position-management transactions are determined and accounted for by translating movements in the currency accounts into euros at the forward rate applicable to the remaining terms of the contracts.

### Foreign currency transactions

In accordance with Regulation n° 2014-07, Dexia recognises foreign currency transactions in accounts opened and denominated in each of the currencies concerned.

Specific foreign currency position accounts are maintained in each currency showing the position in that currency and the euro equivalent.

At each period end, the difference between the value of the foreign currency position account translated into euro at the year-end spot rate and the value of the foreign currency position in the euro equivalent account is taken to the income statement.

### Cost of risk
The cost of risk includes movements in loss reserves on interbank and customer loans, fixed-income held-to-maturity securities (in the case of recognised risk of default by the issuer) and off-balance-sheet items (other than off-balance sheet derivatives), as well as loan losses, recoveries of loans written off in prior years, and movements in other provisions and reserves for credit risks and contingencies relating to these items.

### Non-recurring items
Non-recurring items consist of expenses and income that are generated by exceptional events or circumstances and do not relate to the ordinary activities of the company. They represent material items of income and expense that do not depend on decisions made in connection with the routine management of the business or of the company's assets and liabilities, but which result from external events that are exceptional in terms of their infrequency and their impact on net income. Only items of this nature, that have a significant impact on profit and loss for the period, are classified as non-recurring income and expenses.

### Corporate income tax
In accordance with I of article 219 of the General Tax Code *(Code Général des Impôts (CGI))* and except for specific provisions, the corporate income tax rate is 25% for all taxable profits for the accounting year 2023 and the following years. The social contribution of 3.3% remains applicable (based on the amount of the corporate income tax for the part which exceeds EUR 763,000).
The deferred tax rate for French companies within the group Dexia is 25.825% (25% rate of CIT, as in force from 2022, plus the 3.3% social contribution). The rate applicable on contributions of foreign branches is the rate applied in the countries in which they operate according to each national legislation.
Dexia does not apply the deferred tax method in its annual accounts.

### Tax consolidation
Dexia is in the scope of the tax consolidation the parent company of which since 1 January 2002 has been the permanent establishment (Dexia Holding ES) located in France.
Dexia Holding ES is solely liable for corporation tax and its additional contributions to be paid by the group. Dexia's tax expense is recorded in the accounts on stand-alone basis, as if there were no tax consolidation.
The savings generated by the tax consolidation group are recorded at Dexia Holding ES (out of Dexia's scope).
However, in accordance with an amendment to the tax treaty signed in 2011 between Dexia Holding ES and Dexia, the tax savings generated by Dexia and its subsidiaries are reallocated to Dexia.

### Locations and activities in tax haven countries and territories
In compliance with Article L.511-45.of the French Monetary and Financial Code, it should be noted that Dexia has no offices (branches, subsidiaries or special purpose entities), affiliates or other exclusively or jointly controlled de facto or de jure interests in entities in countries that do not have administrative assistance agreements with France.

### Company consolidating the financial statements of Dexia
Dexia Holding, Place du Champ de Mars 5, B-1050 Brussels, Belgium.

# 2. Notes to the assets

## 2.1. Cash, balances with central bank and post offices (item I – assets)

### a. Accrued interest

| | |
|---|---|
| | 0 |

### b. Detailed analysis, excluding accrued interest

| (in EUR million) | As at 31/12/2022 | As at 31/12/2023 |
|---|---|---|
| Cash | 0 | 0 |
| Deposits with central banks and issuing institutions | 1,771 | 0 |
| Deposits with postal checking accounts | 0 | 0 |
| **TOTAL** | **1,771** | **0** |

## 2.2. Government securities eligible for Central Bank refinancing (item II – assets)

### a. Accrued interest

| | |
|---|---|
| (in EUR million) | 179 |

### b. Analysis by residual maturity, excluding accrued interest

| (in EUR million) | As at 31/12/2022 | As at 31/12/2023 | Less than 3 months | 3 months to 1 year | 1 to 5 years | Over 5 years |
|---|---|---|---|---|---|---|
| | 8,737 | 11,075 | 0 | 411 | 788 | 9 876 |

### c. Analysis by type of portfolio and movements for the year, excluding accrued interest

| | Banking activity and other | | | Total |
|---|---|---|---|---|
| (in EUR million) | Held for trading | Available for sale | Held to maturity | |
| **Costs as at 31/12/2022** | **0** | **237** | **8,503** | **8,740** |
| Movements for the year: | | | | |
| • acquisitions[1] | 0 | 0 | 2,664 | 2,664 |
| • disposals and redemptions | 0 | (15) | (116) | (131) |
| • transfers | 0 | 0 | 0 | 0 |
| • translation adjustments | 0 | 1 | 1 | 2 |
| • other[2] | 0 | (5) | (158) | (163) |
| **Costs as at 31/12/2023** | **0** | **218** | **10,894** | **11,112** |
| **Impairment as at 31/12/2022** | **0** | **(3)** | **0** | **(3)** |
| Movements for the year: | | | | |
| • charges | 0 | (37) | 0 | (37) |
| • recoveries | 0 | 3 | 0 | 3 |
| • translation adjustments | 0 | 0 | 0 | 0 |
| • other | 0 | 0 | 0 | 0 |
| **Impairment as at 31/12/2023** | **0** | **(37)** | **0** | **(37)** |
| **Net carrying amount as at 31/12/2023** | **0** | **181** | **10,894** | **11,075** |

*Additional information concerning government securities is provided in note 2.5.*
*(1) Acquisitions concern securities received from Dexia Crediop on July 1, 2023.*
*(2) The other variations are premium/discount variations.*

### d. Transfers between portfolios

No transfers were made between portfolios in 2023.

### e. Listed and unlisted securities, excluding accrued interest

An analysis of listed and unlisted securities is presented in note 2.5.g.

Management report
Declaration of corporate governance
Consolidated financial statements
Financial statements
General information

## 2.3. Interbank loans and advances (item III – assets)

### a. Accrued interest

| | |
|---|---|
| (in EUR million) | 21 |

### b. Analysis by residual to maturity, excluding accrued interest

| (in EUR million) | As at 31/12/2022 | As at 31/12/2023 | Less than 3 months | 3 months to 1 year | 1 to 5 years | Over 5 years |
|---|---|---|---|---|---|---|
| Demand loans and advances | 974 | 1,601 | 1 601 | 0 | 0 | 0 |
| Term loans and advances[1] | 5 745 | 354 | 0 | 0 | 27 | 327 |
| TOTAL | 6,719 | 1,955 | 1,601 | 0 | 27 | 327 |

### c. Analysis of non-performing loans, excluding accrued interest

No non-performing and litigious loans.

### d. Analysis by degree of subordination, excluding accrued interest

| (in EUR million) | As at 31/12/2022 | As at 31/12/2023 |
|---|---|---|
| Subordinated interbank loans[1] | 25 | 0 |
| Non-subordinated interbank loans | 5,720 | 354 |
| TOTAL | 5,745 | 354 |

*(1) The subordinated loan of EUR 25 million in 2022 concerned the subsidiary Dexia Crediop.*

### e. Analysis of subordinated non-performing loans, excluding accrued interest

No non-performing and litigious loans.

## 2.4. Customer loans and advances (item IV – assets)

### a. Accrued interest

| | |
|---|---|
| (in EUR million) | 102 |

### b. Analysis by residual to maturity, excluding accrued interest

| (in EUR million) | As at 31/12/2022 | As at 31/12/2023 | Less than 3 months | 3 months to 1 year | 1 to 5 years | Over 5 years |
|---|---|---|---|---|---|---|
| | 14,951 | 14,805 | 5,762 | 524 | 680 | 7,839 |

### c. Analysis by type of borrower, excluding accrued interest

| | As at 31/12/2022 | As at 31/12/2023 | | |
|---|---|---|---|---|
| (in EUR million) | Total | Public sector | Other sectors | Total |
| Performing loans | 14,474 | 5,772 | 8,533 | 14,305 |
| Restructured performing loans | 0 | 0 | 0 | 0 |
| Non-performing loans under collection | 477 | 39 | 461 | 500 |
| Doubtful non-performing loans | 0 | 0 | 0 | 0 |
| TOTAL | 14,951 | 5,811 | 8,994 | 14,805 |

### d. Analysis of non-performing loans, excluding accrued interest

| Valuation of risk<br>(in EUR million) | As at 31/12/2022 | As at 31/12/2023 |
|---|---|---|
| Gross non-performing loans under collection | 678 | 705 |
| Accumulated impairment | (201) | (205) |
| NET NON-PERFORMING LOANS UNDER COLLECTION | 477 | 500 |
| Gross doubtful non-performing loans | 6 | 0 |
| Accumulated impairment | (6) | 0 |
| NET DOUBTFUL NON-PERFORMING LOANS | 0 | 0 |

### e. Analysis by degree of subordination, excluding accrued interests

| (in EUR million) | As at 31/12/2022 | As at 31/12/2023 |
|---|---|---|
| Subordinated customer loans | 0 | 0 |
| Non-subordinated customer loans | 14,951 | 14,805 |
| **TOTAL** | **14,951** | **14,805** |

## 2.5. Bonds and other fixed-income securities (item V – assets)

### a. Accrued interest

| | |
|---|---|
| (in EUR million) | 101 |

### b. Analysis by residual maturity, excluding accrued interest

| (in EUR million) | As at 31/12/2022 | As at 31/12/2023 | Less than 3 months | 3 months to 1 year | 1 to 5 years | Over 5 years |
|---|---|---|---|---|---|---|
| | 9,891 | 12,594 | 0 | 9 | 641 | 11,944 |

### c. Analysis by type of issuer, excluding accrued interest

| **Analysis by type of issuer, excluding accrued intered** (in EUR million) | As at 31/12/2022 | As at 31/12/2023 |
|---|---|---|
| Public sector issuers | 5,830 | 5,482 |
| Other issuers | 4,061 | 7,112 |
| **TOTAL** | **9,891** | **12,594** |

### d. Analysis by type of portfolio and movements for the year, excluding accrued interest

| | Banking activity and other | | | Total |
|---|---|---|---|---|
| (in EUR million) | Held for trading | Available for sale | Held to maturity | |
| **COSTS AS 31/12/2022** | **50** | **3,619** | **6,354** | **10,023** |
| Movements for the year: | | | | |
| • acquisitions(1) | 0 | 0 | 3,429 | 3,429 |
| • disposals and redemptions | 0 | (297) | (202) | (499) |
| • transfers | 0 | 0 | 0 | 0 |
| • other movements(2) | 7 | 0 | (42) | (35) |
| • translation adjustments | 1 | (216) | (11) | (226) |
| **COSTS AS 31/12/2023** | **58** | **3,106** | **9,528** | **12,692** |
| **IMPAIRMENT AS AT 31/12/2022** | **0** | **(132)** | **0** | **(132)** |
| Movements for the year: | | | | |
| • charges | 0 | (125) | 0 | (125) |
| • recoveries | 0 | 152 | 0 | 152 |
| • transfers | 0 | 0 | 0 | 0 |
| • other movements | 0 | 0 | 0 | 0 |
| • translation adjustments | 0 | 7 | 0 | 7 |
| **IMPAIRMENT AS AT 31/12/2023** | **0** | **(98)** | **0** | **(98)** |
| **IMPAIRMENT AS AT 31/12/2023** | **58** | **3,008** | **9,528** | **12,594** |

*(1) Acquisitions concern the securities received from Dexia Crediop on July 1, 2023 and from FSA Portfolio Asset Limited (UK).*
*(2) Other movements in trading securities are related to fair value and to the evolution of premium/discount on other portfolios.*

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## e. Analysis by type of portfolio

| (in EUR million) | As at 31/12/2022 Held for trading | Available for sale | Held to maturity | Total | As at 31/12/2023 Held for trading | Available for sale | Held to maturity | Total |
|---|---|---|---|---|---|---|---|---|
| **Government securities** | **0** | **234** | **8,576** | **8,810** | **0** | **183** | **11,071** | **11,254** |
| Gross carrying amount | 0 | 197 | 8,961 | 9,158 | 0 | 182 | 10,277 | 10,459 |
| Premiums/discounts | 0 | 40 | (458) | (418) | 0 | 36 | 617 | 653 |
| Related receivables | 0 | 0 | 73 | 73 | 0 | 2 | 177 | 179 |
| Impairment | 0 | (3) | 0 | (3) | 0 | (37) | 0 | (37) |
| Market value | 0 | 212 | 8,195 | 8,407 | 0 | 208 | 11,188 | 11,396 |
| **Bonds and other fixed-income securities** | **50** | **3,529** | **6,409** | **9,988** | **58** | **3,044** | **9,593** | **12,695** |
| Gross carrying amount | 50 | 3,660 | 6,166 | 9,876 | 58 | 3,130 | 9,275 | 12,463 |
| Premiums/discounts | 0 | (41) | 188 | 147 | 0 | (24) | 253 | 229 |
| Related receivables | 0 | 42 | 55 | 97 | 0 | 36 | 65 | 101 |
| Impairment | 0 | (132) | 0 | (132) | 0 | (98) | 0 | (98) |
| Market value | 50 | 3,986 | 6,905 | 10,941 | 58 | 3,494 | 10,274 | 13,826 |
| **Total securities portfolio** | **50** | **3,763** | **14,985** | **18,798** | **58** | **3,227** | **20,664** | **23,949** |
| **PROVISIONS FOR RISKS AND CHARGES[(1)]** | **0** | **(295)** | **(2)** | **(297)** | **0** | **(225)** | **0** | **(225)** |

*(1) The EUR -225 million provision to risks and charges is related to losses on hedges of available-for-sale securities. This provision is presented as a liability (see note 3.5.).*

## f. Analysis by type of counterparty

| (in EUR million) | As at 31/12/2022 Held for trading | Available for sale | Held to maturity | Total | As at 31/12/2023 Held for trading | Available for sale | Held to maturity | Total |
|---|---|---|---|---|---|---|---|---|
| **Government securities** | **0** | **234** | **8,576** | **8,810** | **0** | **183** | **11,071** | **11,254** |
| Central governments | 0 | 215 | 7 189 | 7 404 | 0 | 179 | 9 582 | 9 761 |
| Local governments | 0 | 19 | 1 387 | 1 406 | 0 | 4 | 1 489 | 1 493 |
| Credit institutions | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Bonds and other fixed-income securities** | **50** | **3,529** | **6,409** | **9,988** | **58** | **3,044** | **9,593** | **12,695** |
| Central governments | 0 | 1,538 | 943 | 2,481 | 0 | 1,270 | 930 | 2,200 |
| Local governments | 0 | 1,003 | 2,405 | 3,408 | 0 | 848 | 2,485 | 3,333 |
| Credit institutions | 0 | 260 | 102 | 362 | 0 | 234 | 97 | 331 |
| Other private-sector entities | 50 | 728 | 2,959 | 3,737 | 58 | 692 | 6,081 | 6,831 |
| **Total securities portfolio** | **50** | **3,763** | **14,985** | **18,798** | **58** | **3,227** | **20,664** | **23,949** |

## g. Analysis by listing of securities

| (in EUR million) | As at 31/12/2022 Held for trading | Available for sale | Held to maturity | Total | As at 31/12/2023 Held for trading | Available for sale | Held to maturity | Total |
|---|---|---|---|---|---|---|---|---|
| **Government securities** | **0** | **234** | **8,576** | **8,810** | **0** | **183** | **11,071** | **11,254** |
| Listed securities[(1)] | 0 | 230 | 8,574 | 8,804 | 0 | 179 | 11,068 | 11,247 |
| Unlisted securities | 0 | 4 | 2 | 6 | 0 | 4 | 3 | 7 |
| **Bonds and other fixed-income securities** | **50** | **3,529** | **6,409** | **9,988** | **58** | **3,044** | **9,593** | **12,695** |
| Listed securities[(1)] | 50 | 812 | 5,191 | 6,053 | 58 | 758 | 4,666 | 5,482 |
| Unlisted securities | 0 | 2,717 | 1,218 | 3,935 | 0 | 2,286 | 4,927 | 7,213 |
| **Total securities portfolio** | **50** | **3,763** | **14,985** | **18,798** | **58** | **3,227** | **20,664** | **23,949** |

*(1) "Listed" means quoted on a securities exchange.*

### h. Analysis by degree of subordination, excluding accrued interest

| (in EUR million) | As at 31/12/2022 | As at 31/12/2023 |
|---|---|---|
| Subordinated bonds and other subordinated fixed-income securities issued by credit institutions | 0 | 0 |
| Subordinated bonds and other subordinated fixed-income securities issued by other issuers | 0 | 0 |
| Non-subordinated bonds and other non-subordinated fixed-income securities | 9,891 | 12,594 |
| **TOTAL** | **9,891** | **12,594** |
| of which: listed subordinated bonds and other listed subordinated fixed-income securities | 0 | 0 |

### i. Transfers between portfolios

No portfolio transfers in 2023.

### j. Quality of outstanding amounts at the end of the year excluding accrued interest

| Valuation of risk (in EUR million) | As at 31/12/2022 | As at 31/12/2023 |
|---|---|---|
| Gross non-performing loans under collection | 149 | 82 |
| Accumulated impairment | (63) | (45) |
| **NET NON-PERFORMING LOANS UNDER COLLECTION** | **86** | **37** |

## 2.6. Equities and other variable-income securities (item VI – assets)

### a. Analysis by type of portfolio and movements for the year

| | Banking activity and other | Total |
|---|---|---|
| (in EUR million) | Held for trading | |
| **Costs as 31/12/2022** | **18** | **18** |
| Movements for the year: | | |
| • acquisitions | 0 | 0 |
| • disposals and redemptions | 0 | 0 |
| • other movements | 0 | 0 |
| • translation adjustments | 0 | 0 |
| **Costs as 31/12/2023** | **18** | **18** |
| **Impairment as at 31/12/2022** | **(18)** | **(18)** |
| Movements for the year: | | |
| • charges | 0 | 0 |
| • recoveries | 0 | 0 |
| • other movements | 0 | 0 |
| • translation adjustments | 0 | 0 |
| **Impairment as at 31/12/2023** | **(18)** | **(18)** |
| **NET CARRYING AMOUNT AS AT 31/12/2023** | **0** | **0** |

### b. Transfers between porfolios (excluding insurance business)

No transfers were made between portfolios in 2023.

### c. Unrealised gains and losses on variable income securities

## 2.7. Long-term equity investments (item VII – assets)

### a. Accrued interest

| (in EUR million) | 0 |
|---|---|

### b. Analysis by type of issuer and movements for the year

| (in EUR million) | Related parties | Other long-term equity investments | Total |
|---|---|---|---|
| **Cost as at au 31/12/2022** | **3,089** | **39** | **3,128** |
| Movements for the year: | | | |
| • acquisitions[1] | 0 | 3 | 3 |
| • disposals and redemptions | 0 | (1) | (1) |
| • transfers | 0 | 0 | 0 |
| • translation adjustments | 0 | 0 | 0 |
| • other movements | (776) | 0 | (776) |
| **Cost as at au 31/12/2023** | **2,313** | **41** | **2,354** |
| **Impairment as at 31/12/2022** | **(2,584)** | **(7)** | **(2,591)** |
| Movements for the year: | | | |
| • charges | (3) | (4) | (7) |
| • recoveries | 0 | 0 | 0 |
| • reversals | 0 | 0 | 0 |
| • transfers | (2) | 2 | 0 |
| • translation adjustments | 0 | 0 | 0 |
| • other movements[2] | 301 | 0 | 301 |
| **Impairment as at 31/12/2023** | **(2,288)** | **(9)** | **(2,297)** |
| **NET CARRYING AMOUNT AS AT 31/12/2023** | **25** | **32** | **57** |

*(1) Acquisitions concern equity investments resulting from the merger with Dexia Crediop.*
*(2) Movements relating to Dexia Crediop investment following the merger-absorption.*

### c. Listing of securities

| (in EUR million) | Net carrying amount as at 31/12/2023 |
|---|---|
| Unlisted securities | 57 |
| **TOTAL** | **57** |

### d. Significant investments

| (in EUR million) | Gross carrying amount as at 31/12/2023 | Impairment as at 31/12/2023 | Net carrying amount as at 31/12/2023 |
|---|---|---|---|
| Listed securities | 0 | 0 | 0 |

| Unlisted securities (in EUR million) | Gross carrying amount as at 31/12/2023 | Impairment as at 31/12/2023 | Net carrying amount as at 31/12/2023 | % interest in capital | Interest in capital as at 31/12/2023 | Last balance sheet date |
|---|---|---|---|---|---|---|
| **TOTAL** | **2,354** | **(2,297)** | **57** | | | |
| of which: | | | | | | |
| DEXIA HOLDINGS Inc. | 2,283 | (2,283) | 0 | 100 % | (81) | 31/12/2023 |
| DEXIA FB FRANCE | 22 | 0 | 22 | 100 % | 50 | 31/12/2023 |
| DEXIA RB FRANCE | 8 | (3) | 5 | 100 % | 28 | 31/12/2023 |

## 2.8. Intangible assets (item VIII – assets)

### Detailed analysis and movements for the year

| (in EUR million) | Other intangible assets |
|---|---|
| **GROSS CARRYING AMOUNT AS AT 31/12/2022** | **159** |
| Movements of the year: | |
| • increases[1] | 35 |
| • decreases[2] | (20) |
| • other | 0 |
| • translation adjustments | 0 |
| **GROSS CARRYING AMOUNT AS AT 31/12/2023** | **174** |
| **Amortisation and impairment as at 31/12/2022** | **(156)** |
| Movements for the year: | |
| • charges[1] | (37) |
| • recoveries[2] | 21 |
| • other | 0 |
| • translation adjustments | 0 |
| **Amortisation and impairment as at 31/12/2023** | **(172)** |
| **NET CARRYING AMOUNT AS AT 31/12/2023** | **2** |

Intangible assets primarily include software purchased and in-house software development costs that have been capitalised.

*(1) Increases and charges pertain to fixed assets originating from Dexia Crediop subsidiary that underwent a merger-absorption process.*
*(2) Decreases corresponding to disposals.*

## 2.9. Tangible fixed assets (item IX – assets)

### Detailed analysis and movements for the year

| (in EUR million) | Land and buildings | Fixtures, equipment, furniture and vehicles | Other tangible non-current assets | Assets under construction and prepayments | Total |
|---|---|---|---|---|---|
| **COST AS AT 31/12/2022** | **0** | **0** | **12** | **0** | **12** |
| Movements of the year: | | | | | |
| • increases[1] | 0 | 0 | 5 | 0 | 5 |
| • decreases | 0 | 0 | (1) | 0 | (1) |
| • other | 0 | 0 | 0 | 0 | 0 |
| • translation adjustments | 0 | 0 | 0 | 0 | 0 |
| **COST AS AT 31/12/2023** | **0** | **0** | **16** | **0** | **16** |
| **AMORTISATION AND IMPAIRMENT AS AT 31/12/2022** | **0** | **0** | **(11)** | **0** | **(11)** |
| Movements for the year: | | | | | |
| • charges[1] | 0 | 0 | (5) | 0 | (5) |
| • recoveries | 0 | 0 | 1 | 0 | 1 |
| • other | 0 | 0 | 0 | 0 | 0 |
| • translation adjustments | 0 | 0 | 0 | 0 | 0 |
| **AMORTISATION AND IMPAIRMENT AS AT 31/12/2023** | **0** | 0 | **(15)** | **0** | **(15)** |
| **NET CARRYING AMOUNT AS AT 31/12/2023** | **0** | **0** | **1** | **0** | **1** |

*(1) Increases and charges pertain to fixed assets originating from Dexia Crediop subsidiary that underwent a merger-absorption process.*

## 2.10. Other assets and accruals (items XIII and XIV – assets)

### Detailed analysis of other assets and accruals

| (in EUR million) | As at 31/12/2022 | As at 31/12/2023 |
|---|---|---|
| **OTHER ASSETS** | | |
| Premiums paid on swaptions issued | 0 | 0 |
| Premiums paid on options | 31 | 31 |
| Guarantee deposits paid[1] | 9,336 | 9,699 |
| Tax receivables[2] | 18 | 37 |
| Deferred tax assets | 0 | 0 |
| Other non-current financial assets | 0 | 0 |
| Other | 23 | 32 |
| **TOTAL OTHER ASSETS** | **9,408** | **9,799** |

*(1) Guarantee deposits paid consist nearly entirely of collateral deposited under contracts with the primary counterparties trading on derivatives markets.*

| (in EUR million) | As at 31/12/2022 | As at 31/12/2023 |
|---|---|---|
| **ACCRUALS** | | |
| Premiums and deferred charges on borrowings | 71 | 210 |
| Premiums on loans and other deferred charges on loans | 94 | 88 |
| Premiums and deferred charges on hedging transactions | 2,051 | 1,648 |
| *Premiums and deferred charges on trading transactions* | 480 | 451 |
| Accrued income on hedging transactions | 535 | 783 |
| *Accrued income on trading transactions* | 371 | 589 |
| Unrealised translation losses | 476 | 366 |
| Other accrued income | 68 | 818 |
| **TOTAL ACCRUALS** | **4,146** | **4,953** |

## 2.11. Analysis of assets by currency

### Classification by original currency

| (in EUR million) | As at 31/12/2023 |
|---|---|
| In EUR | 28,429 |
| In other EU currencies | 0 |
| In all other currencies | 27,215 |
| **TOTAL ASSETS** | **55,644** |

# 3. Notes to the liabilities and equity

## 3.1. Interbank borrowings and deposits (item II – liabilities and equity)

### a. Accrued interest

| (in EUR million) | 25 |
|---|---|

### b. Analysis by residual maturity, excluding accrued interest

| (in EUR million) | As at 31/12/2022 | As at 31/12/2023 | Less than 3 months | 3 months to 1 year | 1 to 5 years | Over 5 years |
|---|---|---|---|---|---|---|
| Demand deposits | 85 | 61 | 61 | 0 | 0 | 0 |
| Term deposits | 1,674 | 466 | 227 | 67 | 43 | 129 |
| **TOTAL** | **1,759** | **527** | **288** | **67** | **43** | **129** |

## 3.2. Customer deposits (item III – liabilities and equity)

### a. Accrued interest

| | |
|---|---|
| (in EUR million) | 82 |

### b. Analysis by residual maturity, excluding accrued interest

| (in EUR million) | As at 31/12/2022 | As at 31/12/2023 | Less than 3 months | 3 months to 1 year | 1 to 5 years | Over 5 years |
|---|---|---|---|---|---|---|
| Demand deposits | 0 | 0 | 0 | 0 | 0 | 0 |
| Term deposits | 4,255 | 3,208 | 2 714 | 0 | 0 | 494 |
| TOTAL | 4,255 | 3,208 | 2 714 | 0 | 0 | 494 |

### c. Analysis by type of issuer, excluding accrued interest

| (in EUR million) | As at 31/12/2022 | As at 31/12/2023 |
|---|---|---|
| Public sector | 115 | 298 |
| Other sectors | 4 140 | 2 910 |
| TOTAL | 4 255 | 3 208 |

## 3.3. Debt securities (item IV – liabilities and equity)

### a. Accrued interest

| | |
|---|---|
| (in EUR million) | 124 |

### b. Analysis by residual maturity, excluding accrued interest

| (in EUR million) | As at 31/12/2022 | As at 31/12/2023 | Less than 3 months | 3 months to 1 year | 1 to 5 years | Over 5 years |
|---|---|---|---|---|---|---|
| Interbank and other negotiable debt securities | 37,913 | 38,928 | 5,896 | 16,729 | 16,275 | 28 |
| Debt securities | 0 | 0 | 0 | 0 | 0 | 0 |
| TOTAL | 37,913 | 38,928 | 5,896 | 16,729 | 16,275 | 28 |

As at 31 December 2023, Dexia Crédit Local's issues are covered by the State guarantee mechanism for EUR 38,6 billion.

### c. Analysis by type of security and movements for the year, excluding accrued interest

| (in EUR million) | Interbank and other negotiable debt securitites |
|---|---|
| AS AT 31/12/2022 | 37,913 |
| Movements for the year: | |
| • new issues | 16,764 |
| • redemptions | (15,517) |
| • translation adjustments | (232) |
| • other | 0 |
| AS AT 31/12/2023 | 38,928 |

## 3.4. Other liabilities and accruals (item V and VI – liabilities and equity)

### Details of other liabilities and accruals

| Accruals and other liabilities (in EUR million) | As at 31/12/2022 | As at 31/12/2023 |
|---|---|---|
| Guarantee deposits received[1] | 1,531 | 722 |
| Premiums on options sold | 23 | 0 |
| Representative debt of the value of the securities borrowed | 0 | 0 |
| Other creditors | 35 | 48 |
| **TOTAL OTHER LIABILITIES** | **1,589** | **770** |
| **ACCRUALS** | | |
| Deferred income on loans | 24 | 5 |
| Discounts recognised on purchase of receivables | 0 | 0 |
| Deferred income on hedging transactions | 2,435 | 3,077 |
| Deferred income on trading transactions | 1,371 | 780 |
| Deferred gains on hedging contracts | 0 | 3 |
| Accrued charges on hedging transactions | 639 | 1,141 |
| Accrued charges on trading transactions | 460 | 751 |
| Unrealised translation gains | 167 | 278 |
| Other deferred income | 0 | 0 |
| Other accrued charges | 76 | 55 |
| Other accrued liabilities | 1,078 | 1,203 |
| **TOTAL ACCRUALS** | **6,250** | **7,293** |

*(1) Guarantee deposits received correspond mainly to cash collateral received.*

## 3.5. Provisions for risks and charges (item VII – liabilities and equity)

| (in EUR million) | As at 31/12/2022 | Charges | Recoveries | Translation adjust-ments | As at 31/12/2023 |
|---|---|---|---|---|---|
| Pensions and similar commitments | 0 | 1 | 0 | 0 | 1 |
| Financing commitments | 28 | 100 | (10) | 2 | 120 |
| Other financial instruments[1] | 297 | 20 | (87) | (5) | 225 |
| Other risks and charges | 24 | 138 | (4) | 0 | 158 |
| **TOTAL** | **349** | **259** | **(101)** | **(3)** | **504** |

*(1) Provisions for risks on other financial instruments are presented in note 2.5 d for the breakdown by type of portfolio.*

## 3.6. Subordinated debt (item VIII – liabilities and equity)

### a. Accrued interest (in EUR million)

| | |
|---|---|
| (in EUR million) | 0 |

### b. Movements for the year, excluding accrued interest

| (in EUR million) | Total |
|---|---|
| **AS AT 31/12/2022** | **56** |
| Movements of the year: | |
| • new issues | 0 |
| • redemptions | 0 |
| • translation adjustments | 0 |
| • other movements | 0 |
| **AS AT 31/12/2023** | **56** |

### c. Details of individual subordinated borrowings

| Currency | Maturity | Amount in millions | a) Early repayment conditions<br>b) Subordination conditions<br>c) Convertibility conditions | Interest rate (%) |
|---|---|---|---|---|
| EUR | No fixed maturity | 56.3 | a) Early repayment possible at each due date for interest payments with effect from 18/11/2015 after approval by the French Prudential Control Authority(1).<br>b) Repayment at per value after all creditors but preferred ranking over subordinated profit-sharing loans and preference shares<br>c) No conversion | Fixed rate 4.30 from 2015 EURIBOR 3M +1.73 |

*(1) Prohibition to pay discretionary coupons on T1 Hybrids following the resolution plan approved by the European Commission on 28/12/2012.*

## 3.7. Equity

### Detailed analysis of equity

| (in EUR million) | Montant |
|---|---|
| **AS AT 31/12/2022** | |
| Capital stock | 279 |
| Additional paid-in capital | 2,588 |
| Commitments to increase capital stock and additional paid-in capital | 0 |
| Legal reserve | 50 |
| Non-distributable reserve | 0 |
| General reserves | 0 |
| Retained earnings | 699 |
| Translation adjustments | 0 |
| Net profit for the year(2) | 533 |
| Interim dividends | 0 |
| **EQUITY AS AT 31/12/2022** | **4,149** |
| Movements for the year: | |
| Capital stock | 0 |
| Additional paid-in capital | 86 |
| Commitments to increase capital stock and additional paid-in capital | 0 |
| Reserves and retained earnings(1) | 533 |
| Legal reserve | 0 |
| Non-distributable reserve | 0 |
| Translation adjustments | 0 |
| Dividends paid (-) | 0 |
| Net loss for the year | (108) |
| Other movements | (533) |
| **AS AT 31/12/2023** | |
| Capital stock | 279 |
| Additional paid-in capital | 2,674 |
| Commitments to increase capital stock and additional paid-in capital | 0 |
| Legal reserve | 50 |
| Non-distributable reserve | 0 |
| General reserves | 0 |
| Retained earnings | 1,232 |
| Translation adjustments | 0 |
| Net profit for the year(2) | (108) |
| Interim dividends | 0 |
| **EQUITY AS AT 31/12/2023** | **4,127** |

*(1) A merger bonus of 85.7M euros was recorded in Dexia's equity in 2023, related to the cross-border merger between Dexia and Dexia Crediop.*
*(2) The ordinary general assembly held on May 23, 2023, decided to fully allocate the net profit of the year 2022 of EUR 533 millions to the retained earnings account, bringing it to EUR 1 232 million.*
*(3) It is proposed at the Ordinary General Assembly of May 21, 2024, to allocate the result of the financial year to retained earnings.*

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## 3.8. Analysis of liabilities and equity by currency

| **Classification by currency of origin** (in EUR million) | **As at 31/12/2023** |
|---|---|
| In EUR | 28,430 |
| In other EU currencies | 0 |
| In all other currencies | 27,214 |
| **TOTAL LIABILITIES AND EQUITY** | **55,644** |

## 3.9. Other notes to the balance sheet

### Transactions with related parties – Analysis by type

| (in EUR million) | | | **Total** | **Of which, related parties(1)** |
|---|---|---|---|---|
| Assets | Items III and IV | Interbank loans and advances and Customer loans and advances | 16,883 | 1,367 |
| | Items V, VI and VII | Securities held | 12,752 | 2,963 |
| | Items XIII and XIV | Other assets and accruals | 14,752 | 100 |
| Liabilities | Items II and III | Interbank borrowings and deposits and customer deposits | 3,842 | 272 |
| | Items IV | Debt securities | 39,052 | 0 |
| | Items VIII | Subordinated debt | 56 | 0 |
| | Items V and VI | Other liabilities and accruals | 8,063 | 113 |

*(1) Related parties correspond to those from Dexia Holding's consolidation scope.*

# 4. Notes to the off-balance sheet items

## 4.1. Financing commitments given (item I – off balance sheet)

This item includes financing commitments given and commitments given on securities and on loaned foreign currencies. Financing commitments on loans include lines of credit approved but not disbursed as at 31 December 2022.

### Analysis by type of beneficiary

| (in EUR million) | **As at 31/12/2022** | **As at 31/12/2023** |
|---|---|---|
| Commitments to credit institutions | 450 | 80 |
| Commitments to customers | 251 | 368 |
| Currencies lent but not yet delivered | 0 | 0 |
| **TOTAL** | **701** | **448** |

## 4.2. Guarantee commitments given (item II – off-balance sheet)

### a. Analysis by type of beneficiary

| (in EUR million) | **As at 31/12/2022** | **As at 31/12/2023** |
|---|---|---|
| Commitments to credit institutions | 726 | 672 |
| Commitments to customers | 1,585 | 1,375 |
| **TOTAL** | **2,311** | **2,047** |

### b. Analysis by type of transaction

| (in EUR million) | **As at 31/12/2022** | **As at 31/12/2023** |
|---|---|---|
| Guarantee commitments given: | | |
| • guarantees | 2 311 | 2 047 |
| • endorsements | 0 | 0 |
| • liens on assets | 0 | 0 |
| **TOTAL** | **2 311** | **2 047** |

### c. Contingent liabilities and risks and losses not quantifiable at the date of preparation of the financial statements

Upon completion of these financial statements, there were no contingent liabilities, risks or losses that were not quantifiable.

## 4.3. Assets pledged as collateral (item III – off-balance sheet)

| (in EUR million) | Assets pledged as at 31/12/2022[1] | Assets pledged as at 31/12/2023[1] |
|---|---|---|
| As collateral for debts and commitments of the company | 0 | 0 |
| Balance sheet liabilities | 0 | 0 |
| Off-balance sheet items | 11,373 | 2,259 |
| **TOTAL** | **11,373** | **2,259** |

*(1) Carrying amount of the assets pledged.*

## 4.4. Financing and guarantee commitments received (items IV and V – off-balance sheet)

These items include all financing commitments and guarantees received from credit institutions, and commitments received on securities and foreign currency borrowings.

| (in EUR million) | As at 31/12/2022 | As at 31/12/2023 |
|---|---|---|
| Financing commitments received from credit institutions | 1,718 | 1,649 |
| Currencies borrowed but not yet received | 0 | 0 |
| Guarantees received from credit institutions | 1,220 | 1,076 |
| Guarantees received from local authorities or claims on local authorities acquired as guarantees | 2,201 | 2,414 |
| Other commitments received | 3,403 | 2,358 |
| **TOTAL** | **8,542** | **7,797** |

## 4.5. Commitments related to securities (item VI – off-balance sheet)

### a. Analysis by type of transaction

Nil

### b. Isolated open positions

| | |
|---|---|
| Unrealised gains on isolated open positions | 0 |

## 4.6. Commitments related to foreign currency transactions (item VII – off-balance sheet)

Spot and forward currency transactions are presented in their accounting currency value and converted based on the year-end exchange rate. The item "currencies receivable" amounted to EUR 27.2 billion and the item "currencies payable" to EUR 27.6 billion as at 31 December 2023. The items non-accrued deferral/discount, non-accrued interest in hedged currencies and HB currency adjustment accounts amount to EUR 610 million.

## 4.7. Commitments related to forward and derivative financial instruments (item VIII – off-balance sheet)

### a. Analysis by type of use and instrument

| Type of transaction (in EUR million) | As at 31/12/2022 | As at 31/12/2023 | Hedging | | Trading | | Fair value as at 31/12/2023 |
|---|---|---|---|---|---|---|---|
| | | | Macro-hedging | Micro-hedging | Isolated open position | Specialised trading portfolio management | |
| Foreign currency instruments[1] | 20,370 | 27,633 | 17,242 | 4,737 | 0 | 5,654 | (893) |
| • forward currency purchases and sales | 7,607 | 16,935 | 16,935 | 0 | 0 | 0 | (278) |
| • currency and interest rate swaps | 12,763 | 10,698 | 307 | 4,737 | 0 | 5,654 | (615) |
| • currency futures | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| • currency options | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| • forward currency agreements | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | | | | | | | |
| Other financial instruments | 176,134 | 155,845 | 47,453 | 40,621 | 254 | 67,517 | (6,908) |
| Interest rate instruments[2] | | | | | | | |
| • interest rate swaps | 173,436 | 152,620 | 47,453 | 39,526 | 175 | 65,466 | (7,008) |
| • futures | 1,242 | 1,540 | 0 | 0 | 0 | 1,540 | 0 |
| • forward rate agreements | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| • interest rate options | 12 | 10 | 0 | 0 | 0 | 10 | 0 |
| | | | | | | | |
| Other forward purchases and sales[3] | | | | | | | |
| • other options | 1,444 | 1,675 | 0 | 1,095 | 79 | 501 | 100 |
| • *other futures* | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| • other forward purchases and sales | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **TOTAL** | **196,504** | **183,478** | **62,965** | **45,358** | **254** | **73,171** | **(7,801)** |

*(1) Amount to be delivered*
*(2) Face value / notional amount.*
*(3) Purchase / selling price agreed between the parties*

### b. Analysis by type of market

| Type of transaction (in EUR million) | Over-the-counter market | Organised market | Total as at 31/12/2023 |
|---|---|---|---|
| Foreign currency instruments | 27,633 | | 27,633 |
| Other financial instruments: | | | |
| • interest rate instruments | 43,349 | 110,821 | 154,170 |
| • other forward purchases and sales | 580 | 1,095 | 1,675 |
| **TOTAL** | **71,562** | **111,916** | **183,478** |

### c. Analysis of forward contracts and options

| Type of transaction (in EUR million) | Forward contracts | Options | Total as at 31/12/2023 |
|---|---|---|---|
| Foreign currency instruments | 27,633 | 0 | 27,633 |
| Other financial instruments: | | | |
| • interest rate instruments | 154,160 | 10 | 154,170 |
| • other forward purchases and sales | 1,675 | 0 | 1 675 |
| **TOTAL** | **183,468** | **10** | **183,478** |

### d. Analysis by residual maturity

| Type of transaction (in EUR million) | Up to 1 year | 1 to 5 years | Over 5 years | Total as at 31/12/2023 |
|---|---|---|---|---|
| Foreign currency instruments | 19,605 | 1,804 | 6,224 | 27,633 |
| Other financial instruments: | | | | 0 |
| • interest rate instruments | 52,361 | 46,977 | 54,832 | 154,170 |
| • other forward purchases and sales | 0 | 0 | 1,675 | 1,675 |
| **TOTAL** | **71,966** | **48,781** | **62,731** | **183,478** |

### e. Statement of off-balance sheet forward transactions in securities, foreign exchange and other forward financial instruments

Commitments on forward interest rate instruments are recorded in accordance with the provisions of ANC Regulation No. 2014-07:
• for firm transactions, amounts are recorded at the nominal value of the contracts;
• for contingent transactions, amounts are recorded at the face value of the underlying instrument.

The use of forward financial instruments by Dexia is part of the following three strategies:

**• Asset/Liability management**
This management includes operations the purpose of which is to hedge and manage the institution's overall interest rate risk. This ALM management is carried out principally through swaps and future contracts.

**• Hedging transactions affected**
The purpose of the transactions listed in this category is to hedge the interest rate risk affecting an item or a set of homogeneous items, identified at the outset. This category mainly includes swaps used to micro-hedge primary issues, securities in the investment or investment bond portfolio and customer assets. The combination of these assets or liabilities and their specific hedge makes it possible to construct synthetic assets or liabilities indexed on variable or revisable rates and therefore immune to interest rate risk. Also classified in this category are currency swaps, which are set up to transform resources into the currency of the uses to which they are put, this transformation having the effect of reducing the exchange rate risk.

**• Position management transactions**
This strategy is broken down into two types of activity:
– an activity known as specialised management of a trading portfolio,
– a position-taking activity.
The specialised management of a trading portfolio includes transactions concluded with local authorities and their symmetrical transactions negotiated with bank counterparties. The transactions processed are mainly interest rate swaps. The operations included in this activity are subject to specialised sensitivity management.
The objective of the position-taking activity is to maintain isolated open positions in order to benefit, as the case may be, from changes in interest rates or currency exchange rates. The transactions implemented are mainly interest rate swaps and forward foreign exchange transactions.

### f. Risk monitoring

Risk measurement is carried out on a regular basis by the risk management department. The main risk indicator at Dexia, as in the whole Dexia Holding, is the VaR. The VaR calculated by the Dexia Holding measures the potential loss within a 99% confidence interval for a reference period of ten days. The risk management system consists of allocating to each entity and for each market activity the following elements:
• a list of currencies and structures which may be traded,
• a VaR limit.

## 4.8. Transactions with related parties

### a. Analysis by type

| (in EUR million) | | | Total | Of which, related parties(1) |
|---|---|---|---|---|
| Off-balance sheet | Item I | Financing commitments given | 448 | 245 |
| | Item II | Guarantee commitments given | 2,047 | 1,665 |
| | Item IV | Financing commitments received | 1,649 | 0 |
| | Item V | Guarantee commitments received | 5,848 | 1,299 |
| | Items III, VI, VII et VIII | Other commitments given and received | 213,569 | 22 |

*(1) Related parties are entities included within the consolidation scope of the Dexia Group.*

### b. Transactions with the Belgian, French and Luxembourg States

#### Guarantee mechanism in favour of Dexia holding's financing

#### 2013 guarantee agreement

On 24 January 2013, the French, Belgian and Luxembourg States and Dexia Holding and Dexia entered into a Guarantees Issuance Agreement, and granted an Independent Guarantee pursuant to such Guarantees Issuance Agreement in favour of Dexia (main issuer and main operating entity of the Group) pursuant to the Belgian royal decree of 19 December 2012 amending the royal decree of 18 October 2011 granting a State guarantee for certain loans of Dexia Holding and Dexia (as ratified by the law of 17 June 2013 "portant des dispositions fiscales et financières et des dispositions relatives au développement durable"), the French Enabling Law, as amended by the amending finance law n° 2012-1510 of 29 December 2012 and the Luxembourg Enabling Law.

Pursuant to this 2013 Guarantee, the three States guarantee severally, but not jointly, the performance by Dexia of its repayment obligations resulting from certain financings provided by qualified, institutional or professional investors (within the meaning of the Guarantee), provided that these obligations arise from certain financings contracted or issued in the form of securities and financial instruments, deposits and borrowings (with a maximum maturity of ten years) between 24 January 2013 and 31 December 2021.
This Guarantee is effective immediately. It replaces the 2011 Temporary Guarantee which is terminated without retroactive effect and without prejudice to any rights arising pursuant to guaranteed obligations entered into or issued prior to the effectiveness of the Guarantee.
The States' several but not joint guarantee pursuant to this Agreement may not exceed a maximum aggregate limit of EUR 85 billion in principal, it being understood that the amounts which are so capped include outstanding guaranteed obligations pursuant to the Guarantee, the 2011 Temporary Guarantee, or any other guarantee granted pursuant

to the Guarantees Issuance Agreement but exclude outstanding guaranteed obligations pursuant to the 2008 Guarantee Agreement described below.
The States guarantee the repayment obligations in the following proportion:
(i) 51.41% for the Belgian State (corresponding to a maximum amount of EUR 43.6985 billion);
(ii) 45.59% for the French State (corresponding to a maximum amount of EUR 38.7515 billion); and
(iii) 3.0% for the Luxembourg State (corresponding to a maximum amount of EUR 2.55 billion).

Pursuant to the Guarantee Issuance Agreement, the following guarantee fee is due to the States:
(i) an upfront commission equal to 0.50% of the EUR 85 billion limit, less the upfront commission already paid in connection with the 2011 Temporary Guarantee i.e. a balance of EUR 150 million.
(ii) a monthly fee, calculated at a rate per annum of 0.05% on the amount outstanding under the guaranteed obligations, both on the preexisting guaranteed amounts outstanding under the 2011 Temporary Guarantee and the new guaranteed amounts outstanding under guarantees issued in accordance with the Guarantees Issuance Agreement (it being understood that such monthly fee shall, with respect to the portion of the outstanding amount of the guaranteed obligations that would be held by BDF Gestion SA or by the Banque de France, the National Bank of Belgium, be calculated in accordance with the 2011 Temporary Guarantee Agreement (as long as the ECB accepts the all-in fee principle).

## 2022 guarantee agreement

Following the approval[1] by the European Commission of the extension of the Dexia Holding funding guarantee for a further period of ten years as from 1 January 2022, the French and Belgian States adopted the legal texts relating to this extension on 29 December 2020 and 27 June 2021 respectively [2]&[3].
To recall, the extended funding guarantee (2022 guarantee) retains most of its current features and therefore remains joint, unconditional, irrevocable and on first demand. However, the following changes have been made to the guarantee scheme:
The new guarantee ceiling is EUR 75 billion, of which EUR 72 billion to cover the Group's debt issues and EUR 3 billion for intraday interbank overdrafts in euros and foreign currencies.
The Luxembourg State no longer participates in the guarantee mechanism. Its 3% quota is divided between the Belgian and French States in proportion to their current respective shares of 51.41% and 45.59%, i.e. 53% for Belgium and 47% for France.
The extended guarantee came into force on 1 January 2022. The 2013 guarantee, although expiring on 31 December 2021, continues to produce its effects for all guaranteed bonds issued by Dexia until 31 December 2021 and this for a maximum maturity period of ten years since their issue date.

*(1) https://ec.europa.eu/commission/presscorner/detail/en/mex_19_5875*
*(2) Cf. Dexia Holding Press Release dated 28 May 2021, available at www.dexia.com.*
*(3) Law 2020-1721 of 29 December 2020 on finance for 2021, published in the Official Journal on 30 December 2020 and Law of 27 June 2021 relating to various financial provisions, published in the Belgian Official Gazette on 9 July 2021.*

The remuneration of the guarantor States pursuant to the 2022 guarantee comprises a basic remuneration and a conditional deferred commission. This particular remuneration structure allows the full implementation of the burden-sharing principle which underlies the orderly resolution of Dexia Holding and which imposes a requirement that any improvement in the financial situation of Dexia Holding benefits only the States as shareholders and guarantors.
The basic remuneration is 5 basis points per annum on the guaranteed amounts outstanding, payable monthly. This commission would also be increased by a conditional deferred commission, payable in the event that two conditions materialise. These two conditions are cumulative and are set out in the Decision of the European Commission of 27 September 2019, i.e. (i) Dexia and Dexia Holding may become liable to the holders of hybrid Tier 1 securities bearing the ISIN code FR0010251421 and XS0273230572 respectively, which means in practice that Dexia or Dexia Holding may be put into liquidation, and (ii) Dexia no longer has the authorisation as a credit institution provided for in Article L. 511-10 of the Monetary and Financial Code.
The pricing of this commission will be progressive as from 2022 and will reach an annual rate of 135 basis points in 2027 on outstanding amounts issued under the extended guarantee framework. This commission applies to the outstanding guaranteed debt issued by Dexia and is guaranteed by Dexia Holding SA.
The accounting treatments of these payments to the guarantor States have been the subject of detailed analyses by Dexia Holding.
From an accounting point of view, the treatment is different in the consolidated accounts under IFRS of Dexia Holding and Dexia as well as in the social accounts under French GAAP of Dexia. There is no impact in the Belgian GAAP financial statements of Dexia Holding, as the commission applies to the outstanding guaranteed debt issued by Dexia.
In Dexia's consolidated financial statements, the amount of the conditional deferred commission is recognised as a cost in the statement of income and will be recorded in Interest expense – Amounts covered by sovereign guarantees. On the balance sheet, a corresponding amount is recorded in Subordinated debt. Furthermore, the recognition of the conditional deferred commission results in a negative impact on the accounting equity, linked to the result of the year.
The outstanding debt guaranteed under the 2013 and 2022 Guarantee Agreements is disclosed on a daily basis on the website of the National Bank of Belgium (http://www.nbb.be/DOC/DQ/warandia/index.htm).
As at 31 December 2023, the total outstanding amount of bonds guaranteed by the three States was EUR 38.6 billion.
In 2023, Dexia Holding paid a total monthly remuneration of EUR 18.8 million to the States for these guarantees. In 2023, the amount recorded in the accounts for the conditional deferred fee is EUR 22.2 million.

## Supervisory Agreement

On December 22, 2023, the Kingdom of Belgium and the French Republic signed a Supervision Agreement with Dexia Holding and Dexia. The purpose of this agreement was to establish a supervisory framework which replaced the prudential banking framework to which Dexia and Dexia Holding were subject prior to the withdrawal of Dexia's credit institution authorisation and the cessation of Dexia Holding's status as a financial company, in the interests of the continuation of Dexia's orderly resolution, the guarantor States and the proper assessment of Dexia by its counterparties.

This Supervisory Agreement came into force on January 1, 2024 and will remain in force until the assets of Dexia and its subsidiaries have been fully amortized.
The Supervisory Agreement provides in particular for the establishment of a Supervisory Committee to assist Dexia's Board of Directors with regard to the evolution of Dexia's financial and operational situation. The remuneration of the members of the Committee is fixed by mutual agreement between the States and is paid by Dexia.

# 5. Notes to the income statement

## 5.1. Interest income and interest expense (items I and II – income statement)

| (in EUR million) | | As at 31/12/2022 | As at 31/12/2023 |
|---|---|---|---|
| **INTEREST INCOME ON:** | | | |
| Interbank loans | (a) | 145 | 579 |
| Customer loans and advances | (b) | 387 | 959 |
| Bonds and other fixed-income securities | (c) | 543 | 1,151 |
| Macro hedging transactions | (d) | 895 | 2,444 |
| **TOTAL INTEREST INCOME** | | **1,970** | **5,133** |
| **INTEREST EXPENSE ON:** | | | |
| Interbank borrowings and deposits | (a) | (170) | (359) |
| Customer deposits | (b) | (125) | (373) |
| Bonds and other fixed-income securities | (c) | (608) | (1,751) |
| Macro hedging transactions | (d) | (895) | (2,357) |
| **TOTAL INTEREST EXPENSE** | | **(1,798)** | **(4,840)** |
| **NET** | | **172** | **293** |

The net interest margin is higher than in 2022, due to the rise in interest rates, particularly short-term rates, and, to a lesser extent, the reduction of cash collateral over the year, the financing of which weighs on the net interest margin.

### a. Interest income and expenditure on transactions with credit institutions

This item includes EUR 9 million of transactions with related parties.
The charge relating to the State guarantee, which amounts to EUR 19 million in 2023 compared with EUR 22 million in 2022, is included in this item.

### b. Interest income and expenditure on customer transactions

Interest income and expenditure on customer transactions amounted to EUR 586 million. This includes income from financing and guaranteev commitments of EUR 7 million.

### c. Interest and similar income and expenditure on bonds and fixed-income securities

The item represents EUR 1,151 million of income from accrued interest on bonds and other fixed income securities, income and expenditure from the spreading of discounts and premiums on investment and marketable securities, as well as the result of hedging transactions on these securities.
Concerning expenditure, the item amounts to EUR -1,751 million for Dexia.
In addition to interest and expenditure on bonds and fixed-income securities, it also includes the result of interest-rate hedging transactions, where these are identified from the outset as being linked to negotiable debt securities, bond issues or subordinated debt.

### d. Income and expenditure on macro-hedging transactions

Macro-hedging income amounted to EUR 2,444 million and macro-hedging expenditure to EUR -2,357 million.

## 5.2. Income from variable-income securities (item III – income statement)

| (in EUR million) | As at 31/12/2022 | As at 31/12/2023 |
|---|---|---|
| Related parties | 16 | 30 |
| Other related parties and long-term investments | 1 | 0 |
| Equities and other variable-income securities | 0 | 0 |
| **TOTAL** | **17** | **30** |

*(1) The amount of EUR 30 million corresponds to the dividend payment of DEXIA FB FRANCE.*

## 5.3. Analysis of fees and commissions (items IV and V – income statement)

### a. Analysis of fee and commission income (item IV – income statement)

| **Type** (in EUR million) | As at 31/12/2022 | As at 31/12/2023 |
|---|---|---|
| Loans | 0 | 1 |
| Other financial services | 0 | 0 |
| **TOTAL** | **0** | **1** |

### b. Analysis of fee and commission expenses (item V – income statement)

| **Type** (in EUR million) | As at 31/12/2022 | As at 31/12/2023 |
|---|---|---|
| Loans | 0 | 0 |
| Corporate actions | (9) | (1) |
| Other financial services | (5) | (4) |
| **TOTAL** | **(14)** | **(5)** |

## 5.4. Analysis of gains and losses on portfolio transactions (item VI – income statement)

| (in EUR million) | As at 31/12/2022 | As at 31/12/2023 |
|---|---|---|
| Gains (losses) on: | | |
| • held-for-trading securities | 5 | 1 |
| • foreign currency transactions | (28) | 38 |
| • other financial instruments | 112 | (24) |
| **Sub-total** | **89** | **15** |
| Results of investment portfolio and similar transactions: | | |
| • available-for-sale and similar securities[(1)] | 79 | 25 |
| • Gains and losses on disposals | (8) | (13) |
| **Sub-total** | **71** | **12** |
| • Held-to-maturity securities | 32 | 0 |
| **Sub-total** | **32** | **0** |
| **TOTAL** | **192** | **27** |

*(1) Movements on available for sale portfolio are detailed in notes 2.2 and 2.5.*

## 5.5. General operating expenses (item IX – income statement)

### a. Detailed analysis

| (in EUR million) | As at 31/12/2022 | As at 31/12/2023 |
|---|---|---|
| **Personnel costs** | **(66)** | **(88)** |
| • Salaries and wages | (45) | (52) |
| • Social security | (23) | (22) |
| • Restructuring cost | 2 | (14) |
| **Other administrative expenses** | **(188)** | **(275)** |
| • Taxes and duties | 1 | (4) |
| • Other administrative expenses[(1)] | (189) | (271) |
| **TOTAL** | **(254)** | **(363)** |

*(1) The increase in 2023 is due to the recognition of a provision of -90 million euros in liabilities for non-repayment risk, corresponding to the total amount of collateral paid on irrevocable payment undertakings (IPAs) to the Single Resolution Board (SRB).*

### b. Employee Information

| (in EUR million) | As at 31/12/2022 | As at 31/12/2023 |
|---|---|---|
| **Total employee as at 31 December[(1)]** | **379** | **430** |
| • executive management | 7 | 8 |
| • other management | 329 | 353 |
| • administrative personnel | 43 | 69 |
| **Personnel costs (in EUR million)** | **(67)** | **(88)** |
| • salaries and direct benefits | (46) | (52) |
| • payroll taxes | (18) | (17) |
| • other personnel costs | (3) | (19) |
| **Provisions for pensions (in EUR million)** | **1** | **0** |
| • recoveries (+) | (4) | (1) |
| • charges (-) | 5 | 1 |
| **TOTAL** | **(66)** | **(88)** |

*(1) The increase in headcount over 2023 is linked to the merger-absorption of Dexia's Crediop subsidiary.*

## 5.6. Cost of risk (item XI – income statement)

| (in EUR million) | Charges and losses | Reversals and recover | Total au 31/12/2023 |
|---|---|---|---|
| Provisions for impairment and losses on loans | (25) | 27 | 2 |
| Provisions for risks | (102) | 1 | (101) |
| Regulatory provisions | 0 | 0 | 0 |
| **TOTAL** | **(127)** | **28** | **(99)** |

The cost of risk is EUR -99 million in 2023. This is mainly due to:
• an allocation to provisions of EUR -82 million on the water distribution sector in the United Kingdom,
• a provision of EUR -20 million for the decrease in the value in use of the subsidiary Dexia Holding Inc,
• an additional provision of EUR -22 million for impairment of loans granted to credit-leasing entities.

## 5.7. Net gains (losses) on non-current assets (item XII – income statement)

| (in EUR million) | As at 31/12/2022 | | Total as at 31/12/2022 | As at 31/12/2023 | | Total as at 31/12/2023 |
|---|---|---|---|---|---|---|
| | Affiliated Entreprises | Others | | Affiliated Entreprises | Others | |
| Charges to impairment[(1)] | 0 | 0 | 0 | (5) | 0 | (5) |
| Recoveries of impairment[(2)] | 400 | 0 | 400 | 0 | 0 | 0 |
| **SUB-TOTAL** | **400** | **0** | **400** | **(5)** | **0** | **(5)** |
| Disposal losses | 0 | 0 | 0 | 0 | 0 | 0 |
| Disposal gains | 0 | 0 | 0 | 0 | 0 | 0 |
| **SUB-TOTAL** | **0** | **0** | **0** | **0** | **0** | **0** |
| **TOTAL** | **400** | **0** | **400** | **(5)** | **0** | **(5)** |

*(1) The 2023 allocations concern leasing companies.*
*(2) The 2022 reversal concerns the provision of the investment in Dexia Crediop subsidiary.*

## 5.8. Other banking income and expenses

### a. Other banking income (item VII – income statement)

| (in EUR million) | As at 31/12/2022 | As at 31/12/2023 |
|---|---|---|
| Other banking income | 10 | 0 |
| Other miscellaneous income | 0 | 15 |
| **TOTAL** | **10** | **15** |

### b. Other banking expenses (item VIII – income statement)

| (in EUR million) | As at 31/12/2022 | As at 31/12/2023 |
|---|---|---|
| Other banking expenses | (1) | 0 |
| Other miscellaneous expenses | 0 | 0 |
| **TOTAL** | **(1)** | **0** |

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## 5.9. Non-recurring items (item XIII – income statement)

| (in EUR million) | As at 31/12/2022 | As at 31/12/2023 |
|---|---|---|
| Non-recurring income[1] | 0 | 12 |
| Non-recurring expenses | 0 | 0 |

*(1) Non-recurring income includes a correction of a modeling error on a bond schedule.*

## 5.10. Corporate income tax (item XIV – income statement)

### a. Analysis of tax expense

| (in EUR million) | As at 31/12/2022 | As at 31/12/2023 |
|---|---|---|
| Corporate income tax | (11) | (9) |
| Deferred taxes | 0 | 0 |
| **TAXES ON NET INCOME FOR THE YEAR (A)** | **(11)** | **(9)** |
| Provisions for tax litigation (B) | 0 | 0 |
| **TOTAL (A) + (B)** | **(11)** | **(9)** |

Since 2002, Dexia Holding's permanent establishment in France has been the parent company of the tax consolidation group of which Dexia is one of the member subsidiaries.

An amendment to the tax agreement between Dexia Holding permanent establishment and Dexia, signed in 2011, allows tax savings from Dexia and its subsidiaries to be reallocated to Dexia under certain conditions.

The following companies are members of the tax consolidation group for the 2023 financial year: French permanent establishment of Dexia Holding, Dexia, ALSATRAM, DCL Evolution, Dexia RB France, Dexia FB France, DexiaRail, DXBLUE, DXWHITE.

### b. Withdrawal of the banking licence

In a letter dated December 11, 2023, the European Central Bank (ECB) validated the withdrawal of Dexia's credit institution licence and investment services authorisations.

A ruling dated 27 June 2023 was granted by the Tax Legislation Department to Dexia Holding, authorising the company to maintain the application of certain provisions of the General Tax Code, the benefit of which is normally subordinated to the status of credit institution. It is therefore accepted that the transactions carried out by Dexia as part of its orderly resolution plan continue to be subject to the corporation tax regime applicable to credit institutions after the withdrawal of authorisation. Therefore, in order to be able to apply the provisions of the second paragraph of Article 38(4) and Articles 38 bis A, 38 bis B and 38 bis C of the CGI, these transactions will have to be accounted for in accordance with ANC accounting regulation number 2014-07 of 26 November 2014 relating to the accounts of companies in the banking sector.

### c. Cross-border merger

On 30 September 2023, Dexia finalised the cross-border merger by absorption of its 100%-owned subsidiary Dexia Crediop. From an accounting and tax point of view, the merger takes effect for Dexia on 1 July 2023. At the same time, an unregulated branch of Dexia started operations in Rome, supporting Dexia in Paris. As a result of this merger, Dexia Crediop ceased to exist on 30 September 2023 and Dexia now automatically assumes all the rights and obligations of Dexia Crediop existing at the effective date of the merger.

## 5.11. Financial relationships with members of the Management Board and the Board of Directors

| (in EUR million) | |
|---|---|
| **COMPENSATION PAID TO THE MEMBERS OF THE MANAGEMENT BOARD AND THE BOARD OF DIRECTORS OF THE COMPANY IN RESPECT OF THEIR FUNCTIONS WITHIN THE COMPANY AND ITS SUBSIDIARIES AND ASSOCIATED COMPANIES** | |
| Management Board | 3 |
| Board of Directors | 0 |
| **TOTAL** | **3** |

| | |
|---|---|
| **AMOUNT OWED, CONTINGENT LIABILITIES IN THEIR FAVOUR AND OTHER MATERIAL COMMITMENTS UNDERWRITTEN IN THEIR FAVOUR** | |
| Management Board | 0 |
| Board of Directors | 0 |
| **TOTAL** | **0** |

# 6. Subsidiaries and equity investments as at 31 december 2023

| Sociétés | Capital Stock | Additional paid-in capital, reserves and retained earnings | Revenue or net banking income (loss) for last fiscal year | Net income (loss) for last fiscal year |
|---|---|---|---|---|
| **1 - DETAILS OF SUBSIDIARIES AND EQUITY INVESTMENTS WHOSE CARRYING AMOUNT EXCEEDS 1% OF DEXIA'S CAPITAL STOCK** | | | | |
| **A - SUBSIDIARIES (50% TO 100% OF EQUITY)** | | | | |
| (in EUR) | | | | |
| **Dexia Holdings INC.**[1]<br>575 Fifth Avenue, 14th Floor<br>NY 10017 New York | 2,383,808,235 | (2,463,540,285) | (1,175,326) | (1,556,609) |
| **DEXIA FB FRANCE**<br>1 Passerelle des Reflets - Tour CBX La Défense 2<br>92913 La Défense | 6,074,563 | 2,499,754 | 2,884,525 | 41,370,652 |
| **DEXIA RB FRANCE**<br>1 Passerelle des Reflets - Tour CBX La Défense 2<br>92913 La Défense | 7,625,000 | 17,421,816 | 3,263,643 | 2,650,446 |

(1) Companies that produce financial statements only under IFRS.

| | | | | |
|---|---|---|---|---|
| **2 – GENERAL INFORMATION** | | | | |
| **A - OTHER SUBSIDIARIES NOT INCLUDED IN SECTION 1-A AND OTHER EQUITY SECURITIES WHERE THE CAPITAL HELD EXCEEDS 10%** | | | | |
| - French companies | | | | |
| - Foreign companies | | | | |
| **B - OTHER SUBSIDIARIES AND EQUITY INVESTMENTS WHERE THE CAPITAL HELD IS LESS THAN 10%** | | | | |
| - French companies | | | | |
| - Foreign companies | | | | |

| Interest in equity (%) | Carrying amount of stock | | Dividends received by Dexia Crédit Local during the fiscal year | Loans and advances granted by Dexia Crédit Local | Guarantees given by Dexia Crédit Local | Activity |
|---|---|---|---|---|---|---|
| | Gross | Net | | | | |
| | | | | | | |
| | | | | | | |
| | | | | | | |
| 100,00 % | 2,283,076,144 | 0 | 0 | 0 | 0 | Bank, credit institution |
| 100,00 % | 22,241,202 | 22,241,202 | 30,000,000 | 79,652,008 | 148,089,669 | Holding company |
| 100,00 % | 7,941,401 | 7,941,401 | 0 | 266,288,022 | 199,346,629 | Lease financing of local investments |
| | | | | | | |
| | | | | | | |
| | | | | | | |
| | 1,497,490 | 170,003 | 0 | 547,392,113 | 345,590,974 | |
| | 2,896,537 | 471,749 | 0 | 0 | 0 | |
| | | | | | | |
| | 8,804,621 | 2,561,144 | 142,973 | 107,930,476 | 8,339,349 | |
| | 27,326,761 | 26,500,000 | 240,669 | 0 | 0 | |

# Statutory auditors' report on the financial statements

For the year ended December 31, 2023



To the Shareholders' Meeting of Dexia,

## Opinion

In compliance with the engagement entrusted to us by your Shareholders' Meeting, we have audited the accompanying financial statements of Dexia for the year ended December 31, 2023.
In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company as of December 31, 2023 and of the results of its operations for the year then ended in accordance with French accounting principles.
The audit opinion expressed above is consistent with our report to the Audit Committee.

## Basis for Opinion

### Audit Framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.
Our responsibilities under those standards are further described in the "Statutory Auditors' Responsibilities for the Audit of the Financial Statements" section of our report.

### Independence

We conducted our audit engagement in compliance with the independence requirements of the French Commercial Code (code de commerce) and the French Code of Ethics (code de déontologie) for statutory auditors, for the period from January 1, 2023 to the date of our report, and specifically we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No 537/2014.
Furthermore, the non-audit services that we provided to your Company and its controlled undertakings during the financial year that are not disclosed in the management report or in the notes to the financial statements are as follows:
– Consultations on accounting and regulatory matters,
– Issuance of certificates and reports required by law and regulations,
– Issuance of findings reports resulting from agreed upon procedures related to the debanking process.

## Justification of Assessments – Key Audit Matters

In accordance with the requirements of Articles L.821-53 and R.821-180 of the French Commercial Code relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in our audit of the financial statements of the current period, as well as how we addressed those risks.
These matters were addressed in the context of our audit of the financial statements as a whole, approved in the conditions mentioned above, and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the financial statements.

**Going concern basis of accounting used for the preparation of the financial statements**
*(See Notes 1.2 et 1.4 to the Financial Statements)*

| Key Audit Matter | How our audit addressed the key audit matter |
| --- | --- |
| Dexia’s ability to continue as a going concern is based on the revised orderly resolution plan of the Dexia Group, approved by the European Commission on December 28, 2012.<br>This plan, further reassessed by the Dexia Board of Directors on December 13, 2023, is based, among others, on the following assumptions and uncertainties<br>– Within the framework of the preparation of the 2023 financial statements, Dexia has retained a “central” macroeconomic scenario, drawn up based on the most recent projections of the European Central Bank, published in December 2023, supplemented by the scenarios published by the national central banks when available ;<br>– Dexia is sensitive to changes in its macro-economic environment and to market parameters, including exchange rates, interest rates and credit spreads. A negative change in these parameters in the long term could weigh heavily on the Company’s liquidity and solvency. It could also have an impact on the valuation of assets, financial liabilities or OTC derivatives. Dexia also remains subject to the constraints and uncertainties related to its operating model as well as the risks related to going concern, inherent to the specific nature of an entity under a resolution plan.<br>– the continuation of the resolution plan relies on the maintenance of Dexia’s rating at a level equivalent or superior to the Investment Grade ranking. It supposes that Dexia maintains a sound funding capacity through the issuance of debts guaranteed by the Belgian and French States and the collection of secured financing.<br>– In the context of the Group’s transformation including the debanking, effective starting January 1, 2024, uncertainties related to the evolution of the law or the accounting rules regarding the Group’s resolution duration could influence the resolution’s initially anticipated trajectory.<br>After taking account of all of the items presented above, Dexia management considered that they do not call into question either the fundamental aspects of the Group’s orderly resolution or the application of the going concern basis of accounting.<br>After taking account of all the items presented above, we considered the Going concern basis of accounting used for the preparation of the financial statements as of December 31, 2023 as a key audit matter. | We have examined the most recent assessment made on December 13th, 2023 by Dexia’s Executive Committee and Board of Directors of its ability to continue as a going concern during a period of twelve months starting at the closing date of the financial year, as well as the elements used to justify the assessment and the underlying documentation.<br>We implemented the following procedures in accordance with professional standard NEP 570 “Going concern”:<br>– through discussion with management and based on the documentation made available to us, we have assessed the elements on which the liquidity projections were based by Dexia;<br>– we assessed the design and implementation of the internal control process with regard to liquidity projections;<br>– we have considered the main regulatory ratios as of December 31, 2023 (Liquidity Coverage Ratio, Common Equity Tier 1) in light of the requirements applicable at that date to the Dexia Group. We have also considered the projections of key indicators implemented by the Governance starting January 1, 2024, date from which Dexia is no longer subject to banking supervision requirements.<br>– we have discussed with management the assumptions underlying the most recent version of the business plan approved by the Board of Directors on December 13th, 2023;<br><br>Finally, we assessed the appropriateness and relevance of the going concern disclosures in the notes to the consolidated financial statements, including the uncertainties surrounding the main assumptions underlying the preparation of the financial statements on a going concern basis. |

**Operational risks linked to the information systems**
*(See note 1.2 to the Financial Statements)*

| Key Audit Matter | How our audit addressed the key audit matter |
| --- | --- |
| As a banking group, Dexia is dependent, for its operational activities, on the reliability and security of its information systems.<br><br>Its activities take place in the specific context of the management of the existing assets portfolios in rundown, in the context of the orderly resolution plan validated by the European Commission on December 28, 2012.<br><br>In this context, and in order to ensure operational continuity, Dexia has outsourced its IT function (development, production and infrastructure) and back offices to an external service provider.<br><br>Within the framework of the Group’s operational transformation, Dexia signed a contract in 2022 to transfer its credit back-office activity to a new banking service provider, which was effectively implemented starting October 31, 2023. In this specific context, the management of operational risk related to the performance of the information systems and the automated treatment of accounting and financial information is considered to be a key audit matter. | The assessment of the general IT controls used throughout the accounting and financial information processing chains is a key step in our audit approach.<br>The audit work performed, with the assistance of our IT specialists, consisted in particular of:<br>– understanding the structure of the IT landscape and the processes and controls related to the production of the accounting and financial information;<br>– examining the way Dexia handled the impacts of IT incidents that occurred during the accounting period and the related corrective actions implemented;<br>– assessing the operating effectiveness of general IT controls (access right management to the applications and data, change management and application development, and management of the IT operations) and the key automated controls on significant information systems;<br>– performing detailed procedures on manual journal entries, related to write access rights, and reviewing journal entries and their documentation;<br>– understanding the control and supervision framework currently deployed by Dexia related to the key services rendered by the external service provider.<br>– Review of the outstanding loans migrated to Arkéa Banking Services systems<br>– Review of the effectiveness of Arkéa Banking Services’ internal control<br><br>Finally, we have reviewed the disclosures in the notes to the financial statements on the operational risks with relation to the information systems. |

| **Assessment of credit risk and measurement of impairment**<br>*(See notes 1.4, 2.3, 2.4 et 5.6 to the Financial Statements)* | |
|---|---|
| **Key Audit Matter** | **How our audit addressed the key audit matter** |
| Dexia to credit risk resulting from the inability of its clients to meet their financial obligations.<br><br>The measurement of credit risk requires the use of judgment by management;<br><br>Once identified, the risk results in the recognition of impairment of the related assets and provisions for the off-balance sheet loan commitments.<br><br>Firstly, Dexia determines specific impairment and provisions based on an estimation of the individual risk of non-recoverability and of the loss given default.<br><br>In addition, in the economic context marked by uncertain geopolitical conditions, for asset portfolios considered as sensitive, placed on a watch list and on which no specific impairment is recognized, or for assets with an identified proven sector-based risk, collective provisions are determined based on statistical models including professional judgment in the different stages of the calculation, especially for the definition of homogeneous asset portfolios and for the determination of the risk parameters used in the impairment models.<br><br>As of December 31, 2023, the gross amount of doubtful and non-performing loans was €705 million, while specific and collective impairment amounted to €205 million. Finally, the cost of risk for Dexia was a net charge of - €99 million.<br><br>We considered the assessment of credit risk and the measurement of impairment in a context marked by uncertain geopolitical and economic conditions to be a key audit matter as they require judgement and estimates by management. | We have reviewed the adequacy of the control process related to credit risk and tested the operating effectiveness of the key controls implemented by management.<br>The key controls mainly concern the identification and monitoring of loans and advances to be impaired and of restructured doubtful loans; compliance with the methodologies defined by Dexia for the estimation of provisions and impairment; the quality and traceability of data used; and the calculation of data from the upstream management and risk systems and its input into the accounting systems.<br>In conducting our audit work on impairments and provisions at the closing date, we took into consideration the most materially significant single outstanding exposures and/or the most materially significant asset portfolios where Dexia professional judgement is key in determining the impairment and provisions, particularly in the complex and evolving context of uncertain geopolitical and economic conditions.<br>The tests included amongst others:<br>– the identification of single files with objective evidence of credit risk: for a selection of files deemed as sound by management, we have assessed the level of credit risk;<br>– the estimation of the specific individual impairment losses: we have assessed, for a sample, the assumptions retained by management in the estimation of the recorded impairment losses;<br>– the estimation of collective provisions;<br>• we have assessed the relevance of methodologies used by Dexia, more specifically the aggregation of assets with similar exposures;<br>• we analyzed the assessment made by Dexia of the impacts of the geopolitical and economic context on asset classification.<br><br>Finally, we have reviewed the disclosures in the notes to the financial statements. |

| **Valuation of financial instruments**<br>*(See notes 1.4.b, 2.5, 4.7, 5.1.c et 5.4 to the Financial Statements)* | |
|---|---|
| **Key Audit Matter** | **How our audit addressed the key audit matter** |
| In conducting its market activities, Dexia holds financial instruments as assets and liabilities recorded at market value. These instruments are recorded at fair market value estimated by valuation models, for which the parameters are either unobservable or cannot be corroborated directly with publicly available market data.<br>The market value is determined according to different approaches depending on the nature and complexity of the instrument: use of directly observable quoted prices, valuation models with predominantly observable parameters or valuation models with largely unobservable parameters.<br>The valuations obtained may be subject to additional value adjustments to take into account specific market, liquidity or counterparty risks.<br>The methods used by Dexia to value these instruments may therefore include a significant part of professional judgment regarding the choice of models and data used.<br>As of December 31, 2023, forward financial instruments represented €183,5 billion in off-balance sheet commitments, and bonds and other fixed income securities totaled €13 billion on the assets side of Dexia's balance sheet.<br>Due to the significant nature of the outstanding amounts and the use of judgement to determine the market value, we considered the valuation of financial instruments to be a key audit matter, in particular for instruments valued using non-observable parameters. | We have assessed the relevance of the key controls, defined and implemented by Dexia in the context of the measurement of financial instruments at market value, in particular those relating to:<br>– the governance set up by the risk department to validate and verify valuation models;<br>– the determination of fair value adjustments.<br>We have also relied on our valuation experts to conduct, on a sample basis:<br>– A review of the level of reserves and material value adjustments. We have notably analyzed the relevance of methodologies implemented and conducted an analytical review of impacts recognized;<br>– An analysis of the relevance of the valuation parameters used; we notably analyzed the relevance of the data used and assessed compliance with the hierarchy of sources;<br>– An independent valuation review using our own models.<br>We have also examined the system for calculating and exchanging collateral on derivative instruments and have analyzed the main calculation differences with the counterparties in order to support our assessment of the reliability of the valuations performed by Dexia.<br>Finally, we reviewed the disclosures in the notes to the financial statements relating to the valuation of financial instruments. |

| Valuation of equity securities, other long-term securities and shares in affiliated companies *(See notes 1.1, 1.3, 2.7 et 5.7 to the Financial Statements)* | |
|---|---|
| **Key Audit Matter** | **How our audit addressed the key audit matter** |
| Equity securities, other long-term securities and shares in affiliated companies are recognized in the balance sheet of Dexia for a net carrying amount of €57 million.<br>These securities were recognized at acquisition cost, less expenses. At the year-end, they are valued individually at the lower of acquisition cost and value in use, which is representative of the amount the company would be prepared to pay to obtain these securities if it had to acquire them, given its holding objective. This value in use is estimated with reference to a range of criteria such as the current and expected future profitability of the issuer, its equity or the economic environment.<br>Impairment is recognized in respect of unrealized capital losses, calculated by security line, without offset against unrealized capital gains. To cover any losses beyond its capital contribution, Dexia may, where appropriate, recognize impairment in respect of long-term receivables or current accounts, or recognize an additional contingency provision. Capital gains or losses on disposals and movements in endowments or write-downs are recorded in the « Gains ou pertes sur actifs immobilisés » section of the P&L.<br>Given the sensitivity of the model used to variations in the data and assumptions on which the estimates are based, we have considered the valuation of these securities to be a key audit matter. | Our work mainly consisted in:<br>– Assessing the justification of the valuation methods and figures used by management to determine the values in use;<br>– Assessing the relevance of the cash flow forecasts in relation to the most recent update of the orderly resolution plan approved by the Board of Directors on December 13, 2023 and key assumptions such as the discount rate;<br>– Testing the mathematical accuracy of the value in use calculations adopted by the company;<br>– Meeting with management to compare the net carrying amount adopted with the outlook resulting from the Dexia orderly resolution plan.<br>Finally, we reviewed the disclosures on equity securities, other long-term securities and shares in affiliated companies in the notes to the financial statements. |

# Specific verifications

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by laws and regulations.

## Information given in the management report and in the other documents provided to shareholders with respect to the financial position and the financial statements

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the management report of the Board of Directors and in the other documents with respect to the financial position and the financial statements provided to the shareholders, except for the point below:
The fair presentation and the consistency with the financial statements of the information relating to the payment periods mentioned in Article D.441-6 of the French Commercial Code call for the following comment: as indicated in the management report, this information does not include banking and related transactions, as your Company considers that they do not fall within the scope of the information to be produced.

## Report on corporate governance

We attest that Board of Directors' report on corporate governance sets out the information required by Article L.225-37-4 of the French Commercial Code.

# Other Legal and Regulatory Verifications or Information

## Format of presentation of the financial statements intended to be included in the annual financial report

We have also verified, in accordance with the professional standard applicable in France relating to the procedures performed by the statutory auditor relating to the annual and consolidated financial statements presented in the European single electronic format, that the presentation of the financial statements intended to be included in the annual financial report mentioned in Article L. 451-1-2, I of the French Monetary and Financial Code (code monétaire et financier), prepared under the responsibility of the Chief Executive Officer, complies with the single electronic format defined in the European Delegated Regulation No 2019/815 of December 17, 2018.
Based on the work we have performed, we conclude that the presentation of the financial statements intended to be included in the annual financial report complies, in all material respects, with the European single electronic format.
We have no responsibility to verify that the financial statements that will ultimately be included by your company in the annual financial report filed with the AMF are in agreement with those on which we have performed our work.

## Appointment of the Statutory Auditors

We were appointed as statutory auditors of Dexia by the Shareholders' Meeting held on May 16, 2008 for Deloitte & Associés and June 28, 1996 for Mazars.
As of December 31, 2023, Deloitte & Associés was in its 16th year of uninterrupted engagement and Mazars in its 28th year.

## Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with French accounting principles, and for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risk management systems and where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The annual financial statements were approved by the Board of Directors.

## Statutory Auditors' Responsibilities for the Audit of the Financial Statements

### Objectives and audit approach

Our role is to issue a report on the financial statements. Our objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As specified in Article L.821-55 of the French Commercial Code, our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- Identifies and assesses the risks of material misstatement of the financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control;
- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the financial statements;
- Assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein;
- Evaluates the overall presentation of the financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.

### Report to the Audit Committee

We submit a report to the Audit Committee which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report, if any, significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the financial statements of the current period and which are therefore the key audit matters that we are required to describe in this report.

We also provide the Audit Committee with the declaration provided for in Article 6 of Regulation (EU) No. 537/2014, confirming our independence within the meaning of the rules applicable in France such as they are set in particular by Articles L.821-27 à L.821-34 of the French Commercial Code and in the French Code of Ethics for statutory auditors. Where appropriate, we discuss with the Audit Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

*Paris La Défense, April 29, 2024*

*The Statutory Auditors*

MAZARS

Laurence KARAGULIAN Franck BOYER

DELOITTE & ASSOCIÉS

Charlotte Vandeputte

# 2023

## General information

# Legal and administrative information

## 1. Regarding the company

| | |
|---|---|
| **Company history** | Dexia was one of the three principal entities of the Dexia Group, the Franco-Belgian financial group created in 1996 through the merger of Crédit Local de France and Crédit Communal de Belgique, two credit institutions specialised in the financing of local governments and participants in local economies. Dexia, set against the major restructuring of the Group and the implementation of the Group's orderly resolution plan, is the main subsidiary of the Dexia Group. |
| **Corporate name**<br>**Trade name** | As specified in its by-laws, the Company's corporate name is Dexia. The Company uses the trade name Dexia. |
| **Country of origin**<br>**Incorporation date and term** | The country of origin of the Company is France. It was incorporated in Paris on 28 August 1989 for a term of 99 years. |
| **Registration number** | The Company is registered with the Clerk of the Commercial Court of Nanterre under no. 351 804 042, and its APE business identifier code is 6492Z. |
| **Registered office** | Since 1 March 2007, the Company's registered office and principal place of business has been located at: Tour CBX La Défense 2 - 1, Passerelle des Reflets, 92913 La Défense, France<br>(tel: +33 1 58 58 77 77). |
| **Legal form**<br>**Applicable legislation** | Legal form<br>Applicable legislation Dexia is a French limited company (société anonyme) with a Board of Directors, as governed by Articles L.225- 17 et seq. of the French Com-mercial Code and Article L.511-1 of the French Monetary and Financial Code. |
| **Business purpose** | The purposes for which the Company is established are:<br><br>• to conduct in France and abroad any and all credit operations promoting local development, including notably public services and facilities, mainly for the benefit of local governments and public-sector corporations, local government-backed agencies, local semi-public companies, concessionary public service companies and, more generally, agencies carrying out develop-ment and housing schemes, or which have entered into an agreement with a local govern-ment for the construction or management of local public facilities;<br><br>• to carry out, for the benefit of the above parties, insurance brokerage activities and any advisory and assistance work in matters of financial management, financial engineering and, more generally, to offer any and all services to facilitate their financial management subject to the legislative provisions relating to the exercise of certain regulated professions;<br><br>• to receive cash deposits from local governments and local public entities in accordance with the regulations applicable to such bodies;<br><br>• to hold the funds lent to customers, pending their use; and<br><br>• to issue debt securities in France and abroad in order to fund the Company's lending operations.<br><br>For this purpose, the Company may:<br><br>• create subsidiaries;<br><br>• hold shares in companies whose activities are likely to facilitate the achievement of the Company's business purpose;<br><br>• create and manage guarantee funds to ensure repayment of loans made to the agencies mentioned in the first paragraph of this section.<br><br>The Company may also carry out any and all transactions falling within the scope of its busi-ness purpose on behalf of agencies and institutions set up to serve the public interest. |

| | |
|---|---|
| **Fiscal year** | The Company's fiscal year begins 1 January and ends 31 December. |
| **Appropriation of net income** | Net income for the year, less any prior-year losses and the appropriations provided for in Article 37 of the by-laws (5% for the legal reserve prescribed by law) plus any retained earnings, is available for distribution to shareholders.<br>The shareholders' meeting determines the fraction of income available for distribution to be paid out to shareholders in the form of dividends, based on the recommendations of the Board of Directors. The balance of income available for distribution, if any, is allocated either to retained earnings or to one or more reserves, by resolution of the Shareholders' Meeting, which also approves the use to be made of said reserves.<br>The shareholders' meeting may also resolve to pay dividends out of distributable reserves; in this case, the related resolution must clearly indicate from which reserves the dividends are to be taken. Insofar as possible, dividends are, however, taken first from distributable income for the period.<br>The terms and conditions for payment of dividends are set by the share-holders' meeting or, failing that, by the Board of Directors, but dividends must be paid within nine months of the fiscal year-end, unless this period is extended by order of the President of the French Commercial Court ruling on an application by the Board of Directors.<br>Notwithstanding the foregoing, and in the cases provided for by applicable legislation, the Board of Directors is authorized to pay interim dividends to be deducted from the total dividends for the year just ended or the current year, prior to the approval of the related financial statements. The amounts and payment dates of such interim dividends will be decided by the Board of Directors. When the final dividend is set, the shareholders' meeting will be responsible for verifying that the provisions of the above-mentioned paragraph have been fully complied with in respect of the total dividend (including any interim dividend). |
| **Shareholders' meetings** | **Notice of shareholders' meetings**<br>Shareholders' meetings are called in accordance with applicable regulations. They are conducted at the Company's registered office or any other location mentioned in the meet-ing notice.<br>All shareholders are entitled to obtain copies of the documents they need to be able to make informed decisions and to make a reasoned assessment of the management and control of the Company.<br>The types of documents concerned and the rules governing their transmission to or consul-tation by shareholders are prescribed by law and all applicable regulations.<br>**Right to attend shareholders' meetings**<br>All shareholders are entitled to attend shareholders' meetings upon presentation of proof of identity, provided that their shares are fully paid-up.<br>Shareholders may choose to be represented by another shareholder.<br>Proxies should be filed at the registered office at least five days before the shareholders' meeting.<br>**Voting rights**<br>Shares carry voting rights based on the proportion of capital represented. Each share entitles the owner to one vote.<br>Each person present at the shareholders' meeting is entitled to exercise one vote for each share held and for each share for which he or she holds a proxy. |
| **Place where Company's legal documents may be viewed** | All documents and information concerning the Company may be consulted at its registered office. Please address any requests to:<br>Pierre Crevits, Chief Executive Officer |
| **Responsibility for information** | Véronique Hugues, Executive Vice-President (+33 1 58 58 69 39). |

# 2. Outlook[(1)]

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| **Recent events** | Since its entry into orderly resolution in 2011, Dexia has been implementing a proactive strategy of reducing business and the balance sheet through the sale of its commercial franchises and asset portfolios. The year 2022 was marked by the continued simplification of the international network, and the deployment of structuring actions concerning the revision of the operational model, in particular outsourced services and their implementation methods. |
| **Trends** | Subject to the risks and contingencies identified in the present Annual Report, the Dexia Group and Dexia in particular will be moving forward with the implementation of the principles set out in the Group's revised orderly resolution plan, as approved by the European Commission on 28 December 2012. Dexia no longer has any commercial activities in it previous markets, including the public sector financing. After having sold the main part of its commercial franchises, the Group will focus now on the run-off management of outstanding loans, using the guarantee mechanism from the abovementioned. |
| **Control** | To the best of the Company's knowledge, no agreement exists – including under the terms of the restructuring plan in effect – whose implementation could, at a later date, bring about a change in its control. |
| **Legal and arbitration proceedings** | Readers are invited to refer to the text presented on page 96 of this annual report concerning litigations. |
| **Material changes** | Since the last fiscal year for which audited financial statements have been published, the Dexia Group continued the implementation of its orderly resolution plan. In this context, it proceeded with the sale of some of its commercial franchises. |
| **Major contracts** | The Company currently has no material contracts (other than those entered into as part of the normal course of its business) that may give any member of the Group a right or obligation with a material impact on its ability to fulfil its obligations to holders of issued securities. |

*(1) The forward-looking elements presented in this section must not be interpreted as guarantees that the forward-looking information will prove accurate or that the desired results will be achieved. The forward-looking statements include a certain number of risks, which may or may not be known or established, but remain subject to contingencies, notably resulting from changes in the macroeco-nomic environment within which the Dexia Group operates. If they were to materialise, these risks could result in the Group's future development, performance and results being different from the objectives suggested and set out.*

# Declaration of the person responsible for the annual report

The person responsible for the Dexia registration document (annual report) is:
Pierre Crevits, Chief Executive Officer of Dexia.

## Declaration of the person responsible for the annual report

I the undersigned, Pierre Crevits, Chief Executive Officer of Dexia,

Hereby declare, to the best of my knowledge, that the financial statements have been prepared in accordance with all applicable accounting standards and present a true and fair view of the assets, financial position and results of the Company and of all the companies included in the scope of consolidation, and that the management report on page 2 of this annual report presents a true and fair view of changes in the revenues, results and financial position of the Company and of all the companies included in the scope of consolidation and a description of the main risks and uncertain-ties to which they are exposed.

La Défense, 29 April 2024

Pierre Crevits
Chief Executive Officer

Dexia’s annual report 2023 has been published by the Communication Department.
This report is also available in French.
In case of discrepancy between the English and the French versions of the annual report,
the text of the French version shall prevail.
Due to environmental concern, Dexia decided not to print its annual report.
It can be downloaded on www.dexia.com

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DEXIA