

Dexia

Results 1H 2019

10 September 2019 – Presentation to the press



DEXIA

Simplification of the
international network

- Finalisation of the sale of **Dexia Kommunalbank Deutschland** to Helaba
- Closure of the **Dexia branch in Madrid**
- Transformation of the **Dexia branch in New York** into a representative office

Reduction of balance sheet
and risks

- **Total Balance sheet down by 15%** to EUR 134.6 bn (EUR -24 bn)
- **Asset portfolios decreased by EUR 5.8 bn** as at 30 June 2019
 - EUR 3.8 bn of assets sold, of which EUR 2.4 bn US assets
 - EUR 2 bn of natural amortisation and early repayments
- As at 5 September 2019
 - EUR 6.7 bn of assets sold, of which EUR 5.0 bn US assets
 - Agreement to sell almost all of the exposure to the **Chicago Board of Education**

Transformation of Dexia Crédit Local New York

- **Downsizing the Group's geographical footprint and operational simplification** within the Group
 - Transfer of the asset portfolios, funding and derivatives related to these operations to Dexia Crédit Local in Paris
 - Centralisation of management processes to Paris
 - Transformation of the entity into a representative office

Approval of two additional asset sales programmes

- **Specific programme dedicated to the sale of US assets** aimed at reducing the operational risk linked to the transformation of DCL New York, considering current favourable market conditions
- Approval of a **second asset sales programme**
 - Context of evolution and strengthening of regulatory requirements applicable to the Group
 - Objective of reducing market risk, including liquidity risk, whilst maintaining solvency

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Administrative simplification of the Group

Proposal to delist
Dexia shares

- **Decision to convene an extraordinary shareholders' meeting to rule on**
 - A proposal to **delist Dexia shares** from the Euronext Brussels regulated market
 - A conditional proposal* to **convert dematerialised shares** into registered shares, with the introduction of an accompaniment of identified shareholders
 - A conditional proposal* for the early application of the **New Companies Code**

* Subject to acceptance of delisting by Euronext Brussels

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Uncertain economic environment and impact of non-recurring elements

Net income Group share: EUR -546 m



Recurring income

EUR -151 m

- Net banking income at EUR -7 m, reflecting an increased transformation cost and a net margin affected by persisting **historically low interest rates**
- EUR -59 m in **regulatory taxes and contributions**
- **Positive contribution of the cost of risk**, at EUR 23 m¹



Accounting volatility

EUR -112 m

- Accounting volatility reflecting the impact of external parameters in the valuation of derivatives
- Unfavourable evolution of OIS and BOR rates, swaps LT EUG/GBP



Non-recurring elements

EUR -283 m

- EUR -155 m of losses linked to **active balance sheet management**
- Negative net impact of the **sale of DKD** (EUR -115 m) but gain of 0.15% on solvency ratios

(1) Positive CdR in view of reversals of provisions following the disposal of provisioned exposures

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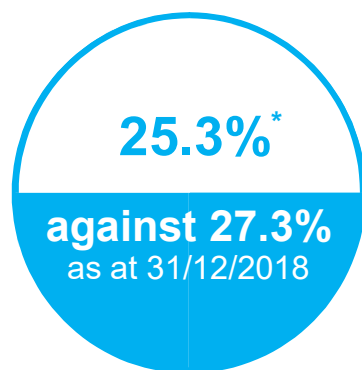
Key figures

Balance sheet



- **Balance sheet down 15%** on the end of 2018
- Impact of the **sale of Dexia Kommunalbank Deutschland** (EUR -24 bn)
- Continuation and acceleration of the **asset portfolio reduction**
- **Balance sheet total sensitive to interest rate evolution**

Solvency



- Impact of the **half-year net annual result**
- **Additional prudential deductions**
- Observance of the Total Capital SREP (>13.85%)

Guaranteed debt***



EUR 32.6 bn



EUR 28.9 bn

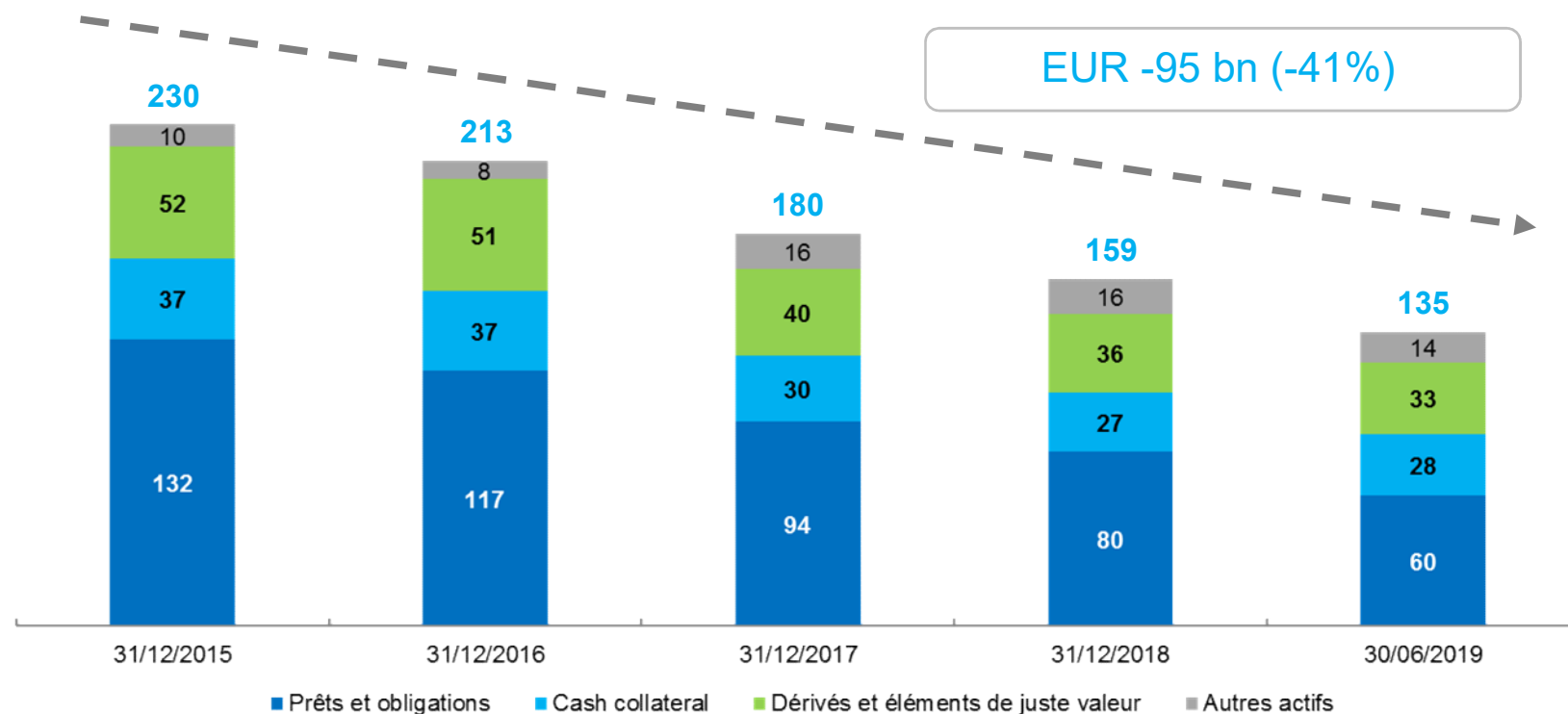


EUR 1.9 bn

* Total Capital ratio ** as at 30/08/2019 *** Notification of the prolongation of the funding guarantee beyond 2022 introduced by the Belgian and French States on 26 February 2019

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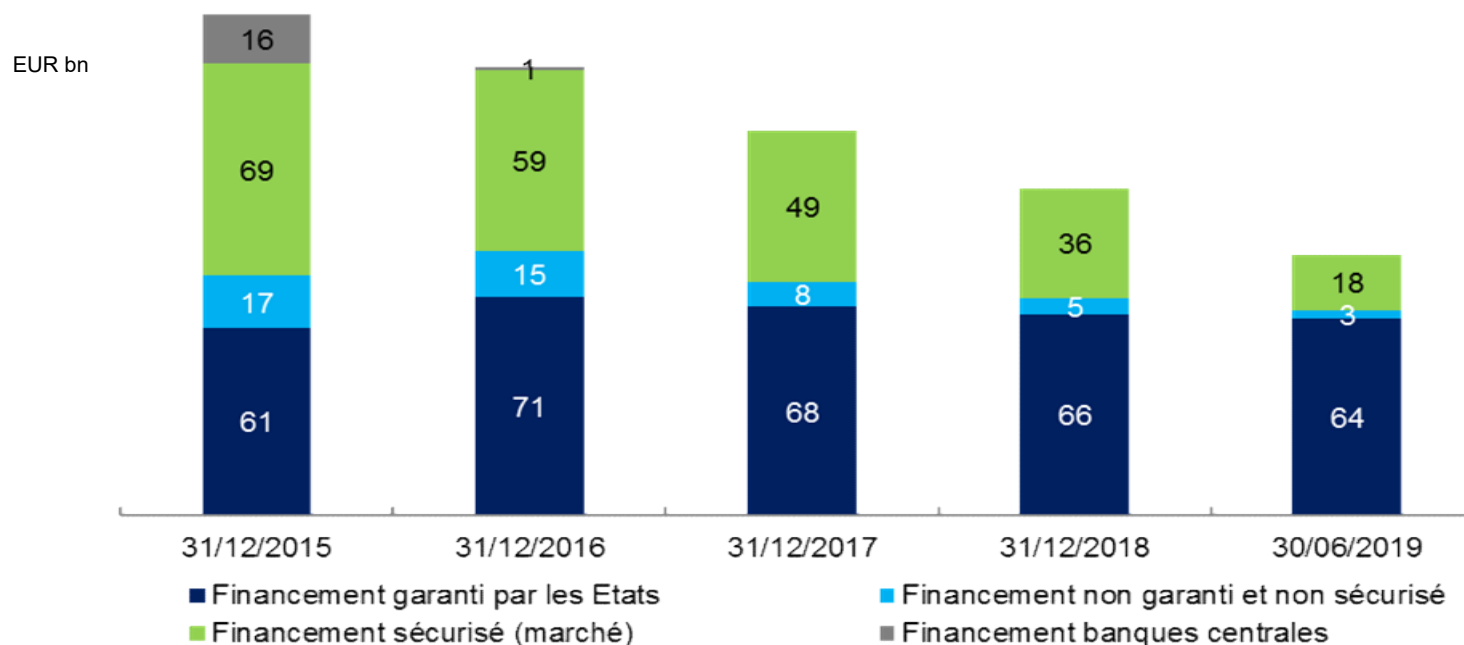
Evolution of the balance sheet total since 2015



- **Acceleration of the reduction of portfolios** of bonds and loans since 2016, by proactive balance sheet management
- **Entity disposals:** Dexia Israel (2018) and Dexia Kommunalbank Deutschland (2019)
- **Balance sheet total sensitive to the evolution of external parameters**, in particular long-term interest rates

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Evolution of the funding requirement since 2015

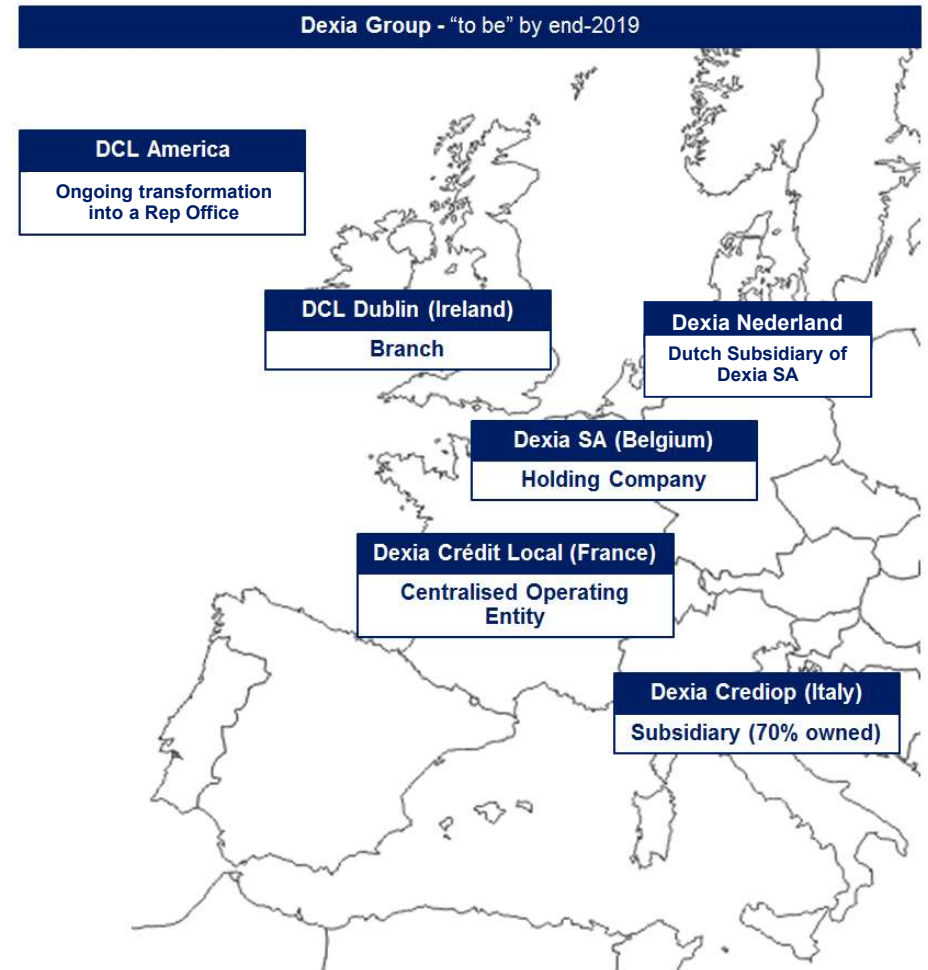
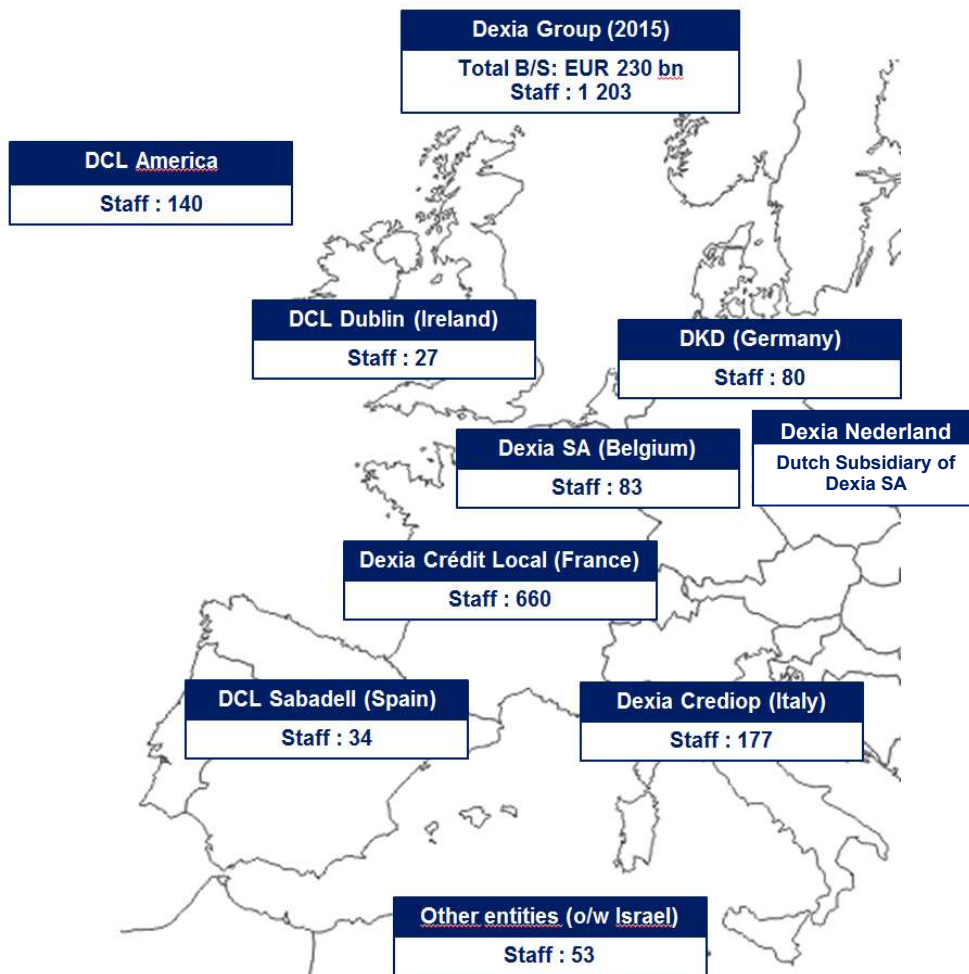


■ Significant facts of the half year

- **Reduction of the funding requirement** as a consequence of the reduction of asset portfolios and the sale of Dexia Kommunalbank Deutschland
- Absence of use of central bank funding (since September 2017)
- Liquidity reserve EUR 16.1 bn, of which 45% in the form of cash deposits with central banks
- **Observance of liquidity ratios** with a *Liquidity Coverage Ratio* at 254% (>100%) and a *Net Stable Funding Ratio* >100%

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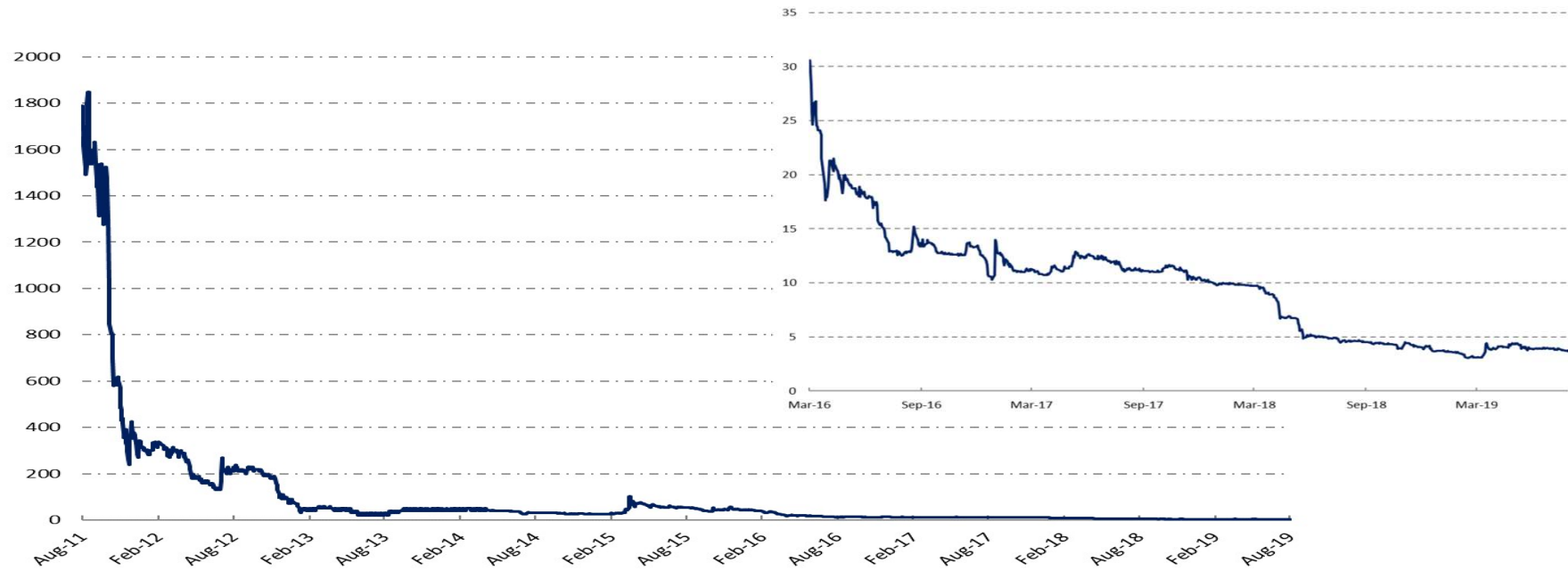
Reduction of the Group's geographical footprint since 2015



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Evolution of the Dexia share price

Dexia share price (Brussels Stock Exchange)

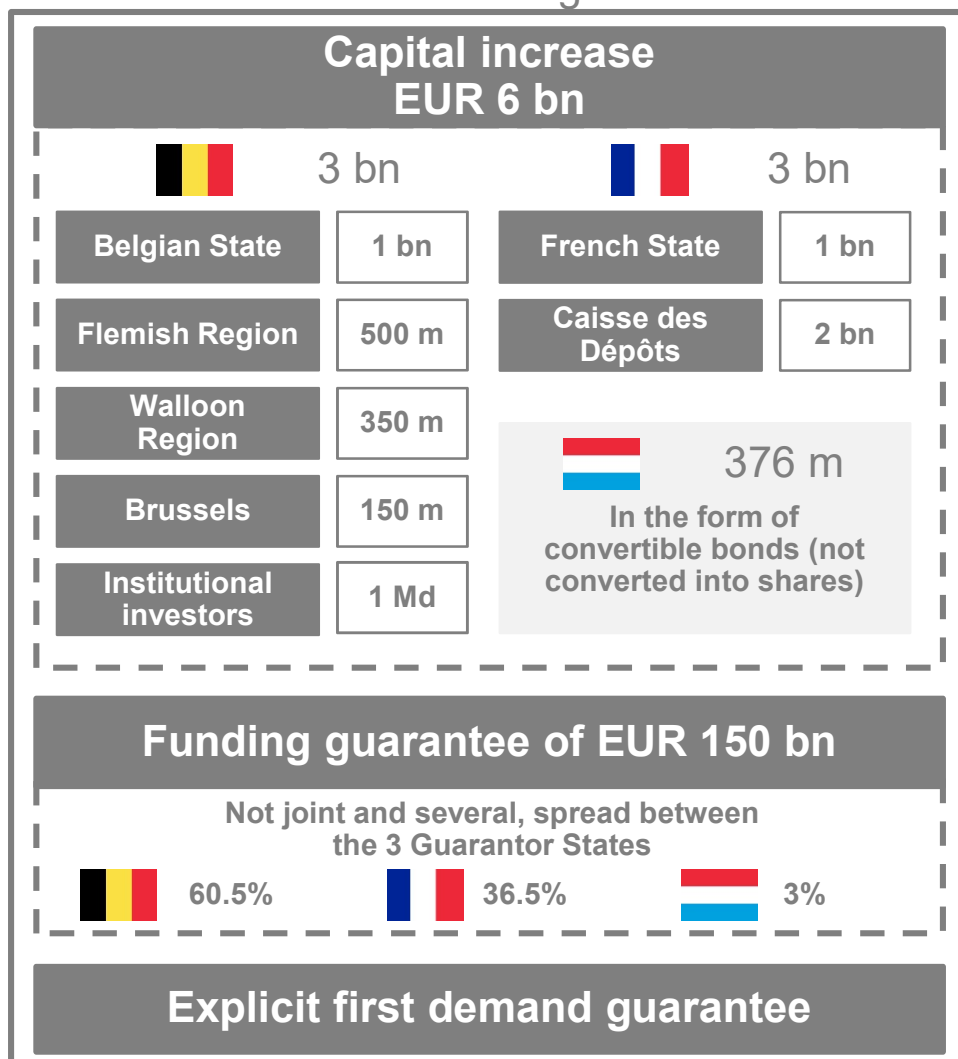


- Share price tending towards zero since 2012, reflecting the absence of any residual economic value

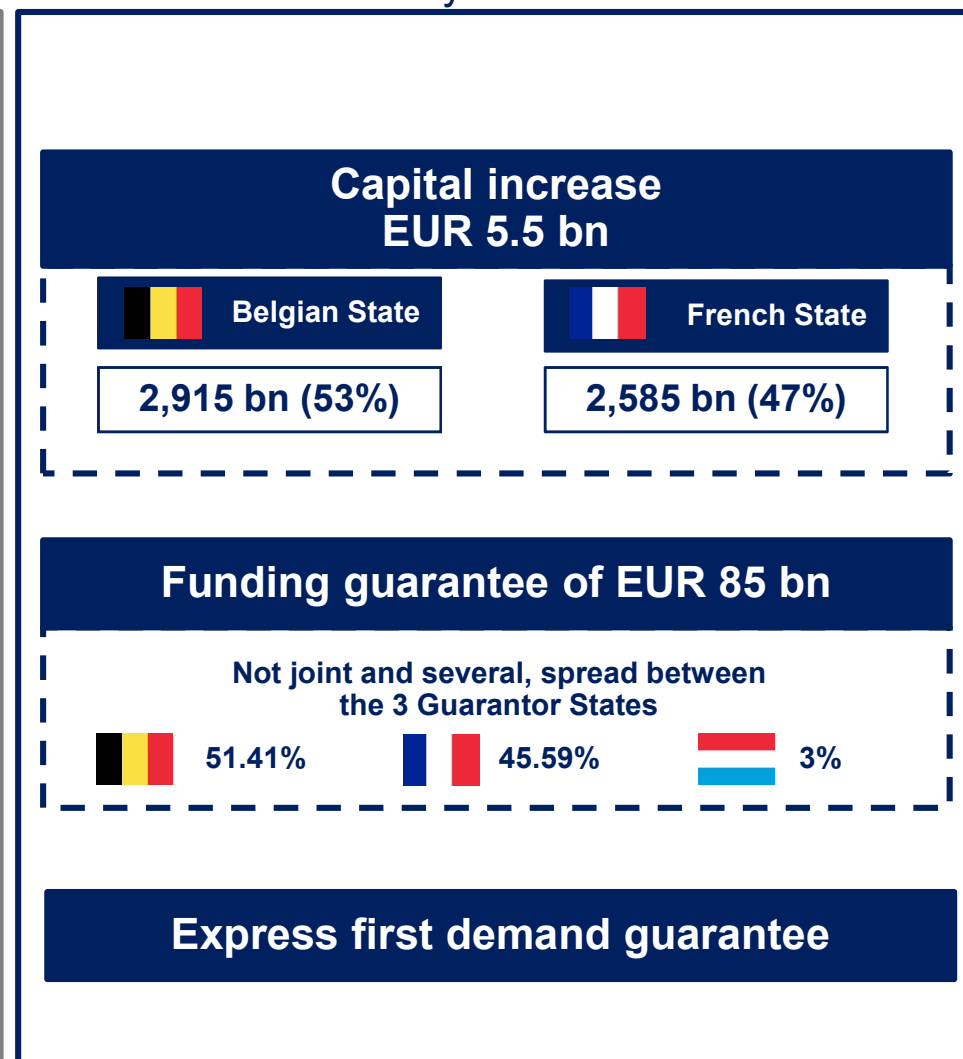
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Summary of State aid

Decision by the European Commission
on 26 February 2010
on the restructuring of Dexia



Decision by the European Commission
on 28 December 2012
on the orderly resolution of Dexia



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Summary of fees paid to the States for the guarantees

(EUR M)	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	TOTAL
Guarantee 2008	36	493	490	337	173	97	16					1 642
<i>o/w fees related to the funding guarantee</i>	36	432	380	290	173	97	16					1 424
<i>o/w fees related to the guarantee on the Financial Products Portfolio</i>		61	110	47								218
Guarantee 2011				225	420							645
<i>o/w implementation fees</i>				225	50							275
<i>o/w fees on guaranteed funding</i>					370							370
Guarantee 2013					150	57	54	34	34	34	34	397
<i>o/w implementation fees</i>					150							150
<i>o/w fees on guaranteed funding</i>						57	54	34	34	34	34	247
TOTAL	36	493	490	562	743	154	70	34	34	34	34	2 684
Belgium	22	299	299	341	436	84	37	17	17	17	17	1 586
France	13	181	180	206	285	66	31	16	16	16	16	1 046
Luxembourg	1	13	11	15	22	4	2	1	1	1	1	72

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