S&P Global
Ratings

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Dexia Credit Local

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Related Criteria

Dexia Credit Local

SACP	bb	+	Support	+3	+	Additional Factors	0

Anchor	bbb+	
Business Position	Adequate	0
Capital and Earnings	Adequate	0
Risk Position	Weak	-2
Funding	Below Average	-1
Liquidity	Moderate	

Support	
ALAC Support	0
GRE Support	+3
Group Support	0
Sovereign Support	0

Issuer Credit Rating
BBB/Stable/A-2

Major Rating Factors

Strengths:	Weaknesses:
• Government-related entity with high likelihood of extraordinary government support from Belgium and France. • State ownership and funding guarantee provided for a sizable amount. • Loss-making entity in the long run, although the first-time application of a new accounting rule (International Financial Reporting Standards [IFRS] 9) has significantly bolstered its solvency ratios.	• Tail risks resulting from concentration on single names and geographies, like Italy. • Wholesale funding structure influenced by capital markets' appetite for government-guaranteed and secured funding. • High sensitivity of liquidity needs to interest rates due to almost completely swapped balance-sheet.

Outlook: Stable

S&P Global Ratings' outlook on France-domiciled Dexia Credit Local (DCL) is stable. This reflects our expectation that the bank will implement an orderly wind-down of its operations and continue to benefit from the strong commitment of the Belgian and French governments in this process over the next two years. The ratings already factor in our expectation that, although DCL will be loss-making for several years, its capitalization will remain adequate when compared with risks, as deleveraging continues. A downgrade of Belgium or France would not in itself prompt a negative rating action on the issuer credit rating (ICR) but it would have an impact on the issue ratings assigned to DCL's debt guaranteed by these states.

We might lower the ratings on DCL if, contrary to our expectations, the bank was unable to maintain sufficient access to market funding to implement its wind-down plan. We could also lower the ratings if the likelihood of government support were to diminish, or if the pandemic induced material delays in the bank's deleveraging plan, or effects on its results and solvency beyond our expectations.

Ratings upside is remote, given the level of ongoing and extraordinary government support factored into the ratings.

Rationale

Our ratings on DCL rely on a consolidated analysis of the Dexia group (Dexia) and incorporate our view of DCL's core status within Dexia, for which it is the main bank. Our ratings also encompass the continued strong commitment of the Belgian and French governments to assist the group in its orderly wind-down. Formerly active in financing the European public local sector, Dexia was successively hurt by the financial and the eurozone debt crises. Both revealed the risks of running wholesale funded assets with long tenors which were expanding too fast. Dexia entered an orderly resolution in 2012, as approved by the European Commission.

Dexia's stand-alone group creditworthiness stands at 'bb'. The bank remains constrained by its dependence on its shareholders' funding support through its sovereign-guaranteed debt programs and potentially significant liquidity needs. Dexia's risk profile is also typified by a complex balance sheet and by unsecured assets with long tenors that remain sensitive to a deterioration of economic conditions, primarily in Europe. We acknowledge that, over the past years, Dexia has executed its wind-down plan with some successes, though. The group reduced its size, international footprint, operating complexity, and risks, and improved its solvency ratios. Accelerated asset sales have helped strengthen its capital beyond our expectations. Such improvement has diminished the risk of immediate recapitalization by shareholders, and may broaden the options for the next steps of its orderly wind-down.

That said, in our view, there is no credible scenario that would not require a form of funding support from the sovereigns. Therefore, as we expected, in the autumn of 2019, the European Commission approved the prolongation of the State guarantees to DCL for a 10-year period as from Jan. 1, 2022. We note that the scheme contemplates a guarantee commission payable by Dexia to the states should a liquidation occur. This commission would likely absorb any net liquidation proceeds leading to losses on tier-1 instruments that we rate 'D' (default).

Finally, DCL's (ICR), which incorporates three notches of uplift above Dexia's Group stand-alone credit profile (SACP), reflects our opinion that there is a high likelihood of timely and sufficient extraordinary support from the Belgian and French states in the event of financial distress.

Anchor: 'bbb+', reflecting exposures mainly in France, Italy, the U.K., the U.S., and Spain

Under our bank criteria, we use our Banking Industry Country Risk Assessment economic risk and industry scores to determine a bank's anchor, the starting point in assigning an ICR. The anchor for DCL is 'bbb+', based on an industry risk score of '3' with negative trends, for France, where the Dexia group's main operating entity, DCL, is domiciled. The anchor is also based on a blended economic risk score rounded at '4', reflecting Dexia's asset exposure that is mainly located in France, Italy, the U.K., the U.S., and Spain.

Table 1

Dexia Credit Local--Key Figures

	--Fiscal year ended Dec. 31--				
(Mil. €)	**2019**	**2018**	**2017**	**2016**	**2015**
Adjusted assets	120,297.0	158,767.0	180,903.0	212,739.0	230,254.0
Customer loans (gross)	32,005.0	35,444.0	99,833.0	119,906.0	128,732.0
Adjusted common equity	4,477.0	4,946.0	5,114.0	4,221.0	5,132.5
Operating revenues	(413.0)	(226.0)	(72.0)	651.0	907.0
Noninterest expenses	379.0	386.0	421.0	407.0	470.0
Core earnings	(494.0)	(503.0)	(473.0)	426.0	236.8

Source: Dexia's consolidated accounts.

Business position: Focus on the management of residual assets in run-off

Our assessment of Dexia's business position as neutral to its SACP. This primarily reflects the stability provided by the French and Belgian governments' commitment to support the orderly wind-down of Dexia, whose business activities have been discontinued for a while. In our view, state support compensates for the weaknesses and uncertainties inherent to DCL's wind-down. Over the duration of the orderly resolution, DCL will also be sensitive to fluctuations in the macroeconomic environment and market parameters, including credit spreads, exchange rates, and interest rates. We believe that Pierre Crevits, Dexia's new CEO, will continue to execute DCL's mandate and manage its balance-sheet to preserve liquidity, capital and ultimately the interests of all parties, including State guarantors.

Over the past couple of years, the bank has demonstrated its ability to meet banking regulation requirements. The fact that DCL enhanced its regulatory capital ratios late 2018 following implementation of the new IFRS 9 accounting rule, may create further options for the group, including quicker footprint reduction in the next couple of years. The group has reached its target perimeter, with a balance sheet of €120 billion as of Dec. 31, 2019, compared with €413 billion at year-end 2011.

Under today's orderly resolution plan, its balance sheet should reach about €100 billion at year-end 2021 through natural amortization and targeted asset sales. Years 2019 and early 2020 were marked by major steps. These include the sale of Dexia Kommunalbank Deutchland GmbH (DKD) and Dexia Israel, the closure of DCL's branches in Madrid and Lisbon, as well as the ongoing transformation of its New York branch into a representative office. We understand that the group's deleveraging will continue to take place through natural amortization of the portfolio, and an asset sale

plan focused on asset-value optimization within an annual budget. DCL could accelerate the plan when market opportunities arise, as exemplified by year 2019, which was characterized by a marked reduction of its balance-sheet and risks. In that year, DCL approved additional asset sales programs, targeting a further decrease of €13 billion by 2021.

Following an assessment of the group's simplification and financial priorities, DCL's management has agreed to outsource operational processing of market activities to Cognizant, and further centralize activities. We believe this will improve DCL's operational efficiency and cost savings, while allowing more flexibility regarding progressive reduction of income, and mitigate the impact of heavy investment, ensuring longer-term sustainable operations.

Table 2

Dexia Credit Local--Business Position					
	--Fiscal year ended Dec. 31--				
(%)	**2019**	**2018**	**2017**	**2016**	**2015**
Return on average common equity	(12.1)	(7.6)	(10.1)	8.5	4.8

Source: Dexia's consolidated accounts.

Capital and earnings: Entering the COVID-19 crisis with strong regulatory capital ratios, but new losses will contribute to capital depletion

Our adequate assessment for Dexia relies on our projected risk-adjusted capital (RAC) ratio standing in the midst of the 7% to 10% bucket in the years to come. Our calculation takes into account the deficiency in Dexia's credit-loss-absorbing capacity, highlighted by our negative earnings buffer, higher impairment charges in light of some risk concentrations together with ongoing deleveraging. We also expect that reduction in operational cost-base and in risk-weighted assets are unlikely to offset loss accumulation. DCL will remain, in our view, loss-making for several years, contributing to capital depletion.

Dexia's RAC ratio stood at 11% at year-end 2019, up from 8.9% at year-end 2018. This increase is well beyond our expectations. It is a result of significant progression in the group's orderly wind-down, achieving a reduction of its balance sheet by one-fourth in 2019.

As of year-end 2019, Dexia's regulatory total capital ratio stood at 27.2%, stable compared with year-end 2018. With the introduction of a new IFRS 9 accounting standard as of Jan. 1, 2018, DCL has reclassified most assets 'available for sale' to 'amortized cost', cancelling a large amount of latent losses previously reported in equity. If such a reclassification decreased the group's sensitivity to credit spread variations on these assets, this change has, in our view, raised regulatory ratios above some level as it may appear as a strength for the group. We consider that this accounting change does not fully capture the underlying risk of large unrealized losses embedded into DCL's portfolio. Our capital measures usually do not reflect a benefit or loss if fair value changes. However, in some instances, we may reflect unrealized losses on debt securities into our measure of capital based on the nature of the underlying risk, if we believe such losses reflect a sustainable deterioration in credit risk, as opposed to interest rate fluctuations (see §55 of "Criteria | Financial Institutions - General: Risk-Adjusted Capital Framework Methodology," published July 20, 2017, on RatingsDirect). As time goes by though, we expect these unrealized losses to steadily reduce alongside the decline in DCL's asset base and subsequent recognition of losses.

Up until early 2020, Dexia's accelerated deleveraging strategy has included the disposal of heavily capital-demanding assets, such as asset-backed securities and subordinated bank exposures. The group took advantage of favourable market conditions to dispose of sovereign exposures, covered bonds, municipal loans, and ABS on student loan. Going forward, we expect Dexia's deleveraging to continue although at a slower pace than in 2019.

From 2020 onward, we are of the view that Dexia will continue to be loss-making. We expect FY2020 to be severely hurt by the aftereffects of the COVID-19 crisis. We note that some of the negative impacts observed in 2020 are expected to be temporary, such as swings in hedges inefficiencies, credit spreads, or financing value adjustments. While those should recover over time, some others, like rising impairment charges, should permanently impair the bank's earnings. In 2019, Dexia reported a €898 million loss compared with a €473 million loss in 2018. This is the result of the cost of the group's accelerated deleveraging strategy, which led to the sale of DKD and other portfolios, notably in the U.S. With an aim to execute a new deleveraging plan, in mid-2019, Dexia reclassified €6.5 billion of assets from amortized costs to fair value, resulting in a negative €314 million impact on its profit and loss account. Therefore, Dexia's regulatory capital ratios should become again more sensitive to fluctuations in credit spreads, in our opinion.

Table 3

Dexia Credit Local--Capital And Earnings

	--Fiscal year ended Dec. 31--				
(%)	**2019**	**2018**	**2017**	**2016**	**2015**
Tier 1 capital ratio	26.9	26.7	19.5	16.2	15.9
Adjusted common equity/total adjusted capital	100.0	100.0	100.0	100.0	100.0
Net interest income/operating revenues	2.9	(21.7)	(236.1)	30.4	28.6
Fee income/operating revenues	1.7	1.8	4.2	0.0	0.6
Market-sensitive income/operating revenues	98.5	110.6	352.8	76.2	75.1
Noninterest expenses/operating revenues	(91.8)	(161.5)	(584.7)	62.5	51.8
Preprovision operating income/average assets	(0.6)	(0.3)	(0.3)	0.1	0.2
Core earnings/average managed assets	(0.4)	(0.3)	(0.2)	0.2	0.1

Source: Dexia's consolidated accounts.

Table 4

Dexia Credit Local--Risk-Adjusted Capital Framework Data

	Exposure*	**Basel III RWA**	**Average Basel III RW(%)**	**S&P Global Ratings RWA**	**Average S&P Global Ratings RW (%)**
Credit risk					
Government and central banks	59,006,101,154	12,293,397,477	20.8	11,020,008,918	18.7
Of which regional governments and local authorities	33,349,335,255	4,393,268,453	13.2	5,190,024,948	15.6
Institutions and CCPs	19,640,271,896	1,394,898,893	7.1	1,506,926,271	7.7
Corporate	21,309,135,076	7,385,851,823	34.7	17,685,423,318	83.0
Retail	31,053	23,290	75.0	23,290	75.0
Of which mortgage	0	0	0.0	0	0.0

Table 4

Dexia Credit Local--Risk-Adjusted Capital Framework Data (cont.)					
Securitization§	1,410,008,598	438,974,101	31.1	1,265,255,521	89.7
Other assets	942,875,916	460,094,188	48.8	1,418,261,106	150.4
Total credit risk	102,308,423,692	21,973,239,772	21.5	32,895,898,423	32.2
Credit valuation adjustment					
Total credit valuation adjustment	--	952,173,174	--	5,649,763,961	--
Market risk					
Equity in the banking book	77,226,963	154,258,484	199.7	640,672,585	829.6
Trading book market risk	--	856,448,789	--	1,460,827,544	--
Total market risk	--	1,010,707,273	--	2,101,500,128	--
Operational risk					
Total operational risk	--	99,062,324	--	189,682,973	--
	Exposure*	**Basel III RWA**	**Average Basel III RW(%)**	**S&P Global Ratings RWA**	**Average S&P Global Ratings RW (%)**
Diversification adjustments					
RWA before diversification	--	27,263,142,857	--	40,836,845,485	100.0
Total diversification/ Concentration adjustments	--	--	--	13,762,439,511	33.7
RWA after diversification	--	27,263,142,857	--	54,599,284,996	133.7
		Tier 1 capital	**Tier 1 ratio (%)**	**Total adjusted capital**	**S&P Global Ratings RAC ratio (%)**
Capital ratio					
Capital ratio before adjustments		7,337	0.0	4,477,000,000	11.0
Capital ratio after adjustments		7,337	0.0	4,477,000,000	8.2

*Exposure at default. Securitization Exposure includes the securitization tranches deducted from capital in the regulatory framework. Exposure and S&P Global Ratings' risk-weighted assets for equity in the banking book include minority equity holdings in financial institutions. Adjustments to Tier 1 ratio are additional regulatory requirements (e.g. transitional floor or Pillar 2 add-ons). RWA--Risk-weighted assets. RW--Risk weight. RAC--Risk-adjusted capital. Sources: Dexia's consolidated accounts, S&P Global Ratings.

Risk position: A risk profile sensitive to any deterioration of the economic situation

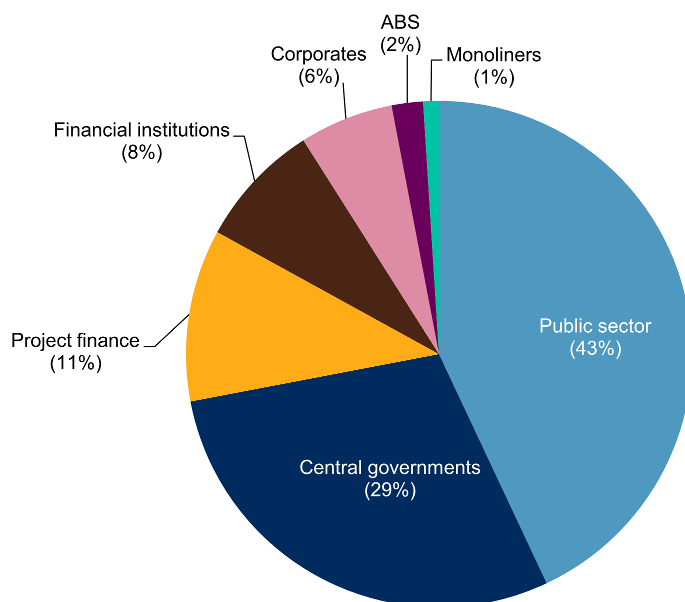
We assess Dexia's risk position as weak. This mainly reflects our view that the bank's complex balance-sheet and mostly unsecured exposures with very long maturities that are highly sensitive to any deterioration in economic conditions. Our assessment also takes into account significant geographic concentration in weaker economies, such as Italy (22%), and litigation risks, like in the Netherlands, although receding. Single–name risk concentration remains relatively high, in the light of the bank's loss position and capitalization. Although not driving it, our assessment finally encompasses any potential operational risks that could emerge throughout Dexia's wind-down plan.

Dexia's risk profile (see chart 1) reflects its position as a former leader in public financing and long-term investor in credit-spread securities portfolios. At year-end 2019, credit risk exposure amounted to €87.9 billion, evenly balanced between loans and bonds. Its exposures are predominantly to the public sector and to central governments. According

to DCL's internal system, around 90% of credit risk exposures as of year-end 2019 was investment grade ('AAA', 16%; 'AA', 8%; 'A', 30%; and 'BBB', 37%).

Chart 1

Breakdown Of Credit Risk Exposures
As of year-end 2019



Source: S&P Global Ratings.
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Increased risk in any of the countries where DCL is exposed to concentration risk, and any downgrades or defaults, would have a material adverse impact on the group's cost of credit risk and risk-weighted assets. This scenario is expected to materialize in 2020 as a result of the COVID-19 crisis. We view new loan loss provisions to be close to €0.3 billion in 2020, and should continue to stay at a comparatively high level in 2021-2022. In the past few years, DCL disposed of risky assets, such as those granted to Puerto Rico or the Chicago Board of Education. These disposals led to loan loss provisions reversals in 2018 and 2019. In addition to Italy, the other main remaining risk areas include Spanish and U.S. local authorities, and some project, corporate finance, and utilities exposures, notably in the U.K. We no longer consider the stock of sensitive loans to French local authorities and hospitals originated before the financial crisis as risky, thanks to implementation of the French support funds for structured loans. As of year-end 2019, DCL's non-performing loans stood at 1.7% of total gross loans and were adequately reserved for.

With the implementation of IFRS 9 from Jan. 1, 2018, and the reclassification of most of Dexia's assets at amortized cost, we believe that sensitivity of its exposures to credit spreads variations will reduce. Furthermore, DCL minimizes sensitivity to interest rate fluctuations through hedging strategies. However, the group remains exposed to liquidity risk

associated with the related derivatives, and to market risk from hedging strategies, such as basis risk on cross-currency swaps or between bank-offered rate tenors.

Table 5

Dexia Credit Local--Risk Position					
	--Fiscal year ended Dec. 31--				
(%)	2019	2018	2017	2016	2015
Growth in customer loans	(9.7)	(64.5)	(16.7)	(6.9)	(5.4)
Total managed assets/adjusted common equity (x)	26.9	32.1	35.4	50.4	44.9
New loan loss provisions/average customer loans	(0.8)	(0.2)	(0.0)	(0.1)	0.1
Net charge-offs/average customer loans	(0.4)	(0.1)	0.1	0.1	0.1
Gross nonperforming assets/customer loans + other real estate owned	1.7	2.3	0.9	0.9	1.0
Loan loss reserves/gross nonperforming assets	39.4	35.2	64.9	65.8	64.8

Source: Dexia's consolidated accounts.

Funding and liquidity: A bank relying on government guaranteed funding

We consider DCL's funding as below average, and its liquidity moderate. This is because the bank has no deposit base and lost access to the wholesale-nonguaranteed and unsecured funding markets on which it previously relied. DCL also remains vulnerable to confidence-sensitive market funding and dependent on investors' appetite for government guaranteed debt, which is its primary funding source. Under our criteria, such an assessment is commensurate with a Group SACP capped at 'bb'.

Over the last few years, DCL's funding plans have been focused on further reducing its dependence on the European Central Bank (ECB) via short- and medium-term government-guaranteed market issuances and market repo funding. As of year-end 2019, State guaranteed funding represented 85% of DCL group's funding, the balance being primarily made of non-guaranteed secured market funding. Since September 2017, DCL has had no recourse to ECB funding (down from €50 billion at year-end 2012). While our understanding is that Dexia, as a wind-down entity, will no longer be eligible to ECB funding as from Jan. 1, 2022, access to the Main Refinancing Operations remains available up to €5.2 billion until then. Over the medium-term, we believe that DCL, together with the French and Belgian States, will explore additional options to secure its liquidity. As any bank, we note that Dexia remains eligible to the Eligible Liquidity Assistance from the ECB should temporary liquidity issues occur.

DCL's funding remains concentrated on short-term funding, via various guaranteed programs in euros and in U.S. dollars, translating into a low stable funding ratio of 68% and broad liquid asset to short-term wholesale funding of 0.84x when compared with commercial banks at year-end 2019. We consider the risk of relying on market-sensitive funding sources as a key factor in our funding assessment. DCL's funding remains influenced by the capital market's appetite for the government-guaranteed or secured funding planned by the group. The amount outstanding on secured market funding was €10.8 billion at year-end 2019, and €60 billion for guaranteed funding. Yearly targeted volumes include a €4.5 billion of medium- and long-term State guaranteed debt, €12.5 billion for short-term guaranteed debt, and €3 billion for non-guaranteed repos. While we understand that investor appetite for State guaranteed debt has remained chilly since European countries entered lockdown to contain the COVID-19 pandemic, DCL issued a two-year, $1.5 billion guaranteed note in late April and a three-year, £1 billion guaranteed note in late May. As of today, the bank had completed 90% of its medium- and long-term funding plan.

As a result of an almost completely swapped balance sheet, DCL's liquidity needs vary depending on interest rates. Their level determines the bank's cash collateral requirements on derivatives, which are revised upwards in case of a decline in interest rates. As of year-end 2019, these requirements represented €21.8 billion (net), down €4.7 billion from December 2017. In the event of a 10-basis-point fall in 10-year rates, the cash collateral requirement would increase by about €600 million, according to the bank.

At year-end 2019, Dexia's liquidity reserve was €19.4 billion, up by €3.1 billion when compared with one year earlier. The cash part of the reserve (deposited both at the ECB and the Federal Reserve Bank) increased and stood at €9.8 billion as of year-end 2019. Dexia's liquid coverage ratio stood at 238% as of year-end 2019, up from 200% one year earlier.

Table 6

Dexia Credit Local--Funding And Liquidity

	--Fiscal year ended Dec. 31--				
(%)	**2019**	**2018**	**2017**	**2016**	**2015**
Core deposits/funding base	0.8	0.6	2.0	5.3	5.3
Customer loans (net)/customer deposits	5,219.2	6,392.4	3,784.4	1,460.1	1,426.7
Long-term funding ratio	61.1	57.3	60.2	56.7	46.7
Stable funding ratio	68.1	51.9	56.8	52.3	44.2
Short-term wholesale funding/funding base	42.5	46.1	41.4	44.5	54.7
Broad liquid assets/short-term wholesale funding (x)	0.9	0.8	0.4	0.3	0.3
Net broad liquid assets/short-term customer deposits	(78.2)	(150.8)	(526.0)	(520.7)	(851.2)
Short-term wholesale funding/total wholesale funding	42.8	46.4	42.3	47.0	57.8
Narrow liquid assets/three-month wholesale funding (x)	2.1	1.9	0.9	0.6	0.7

Source: Dexia's consolidated accounts.

External Support: Government related entity (GRE) with three notches of government support

The issuer credit rating on DCL is three notches higher than the Group SACP. We apply three notches of uplift because we believe there is a high likelihood of support from the French and Belgian governments, in the event of financial difficulties.

With a resolution regime in place, governments' ability to provide support may be less predictable than before, since a resolution could conceivably prevent governments from injecting capital to correct an acute solvency problem without first bailing in senior liabilities (i.e. a bail in). However, we believe there remains a high probability that France and Belgium would provide additional extraordinary support if required, in light of the following:

- France and Belgium hold large equity stakes in the Dexia group--respectively 46.8% and 52.8%;
- The bank is already in orderly resolution; and
- DCL is issuing government-guaranteed debt to fund itself.

DCL is a GRE. Our view of a high likelihood of extraordinary government support is based on our assessment of DCL's:

- Important role for both the French and Belgian governments, because ensuring a controlled run-off of DCL's balance sheet preserves financial stability and minimizes the cost for the states--as bank owners and guarantors of part of its liabilities.
- Very strong link with the French and Belgian governments. There is no credible scenario that would result in a change in ownership. Moreover, the commitment of the States was reinforced by the approval by the European Commission in September 2019 of the prolongation of the funding guarantee they provide for a period of 10 years as from Jan. 1, 2022. As of this date, the guarantee ceiling will stand at €75 billion (versus €85 billion as of today), and will continue to apply to DCL's senior notes having maturities of up to 10 years. The guarantee will be split between Belgium (53%), and France (47%), while Luxembourg, which is currently part of the guarantee scheme for a share up to 3%, will exit it.

Additional rating factors: None

No additional factors affect the rating.

Related entities

Italy-based Dexia Crediop SpA (Crediop; BBB/Negative/A-2), which previously specialized in public sector and infrastructure loans, is DCL's only major subsidiary. As of year-end 2019, it was 99.6% owned by DCL, and its total assets stood at €17.6 billion, 71% being granted to public administrations and 19% to banks. We view Crediop as a core subsidiary of DCL. This assessment reflects the particularities of Crediop being a part of a group which has entered an orderly resolution for a while and which has been therefore managed in a downsizing mode. The execution of DCL's wind-down process leaves numerous options to the group that can be combined. They include a management of portfolios in run-off, but also asset sales, like in Germany, and the transformation of local operations into lighter structures, like in New York.

Crediop was loss-making in 2019, and recapitalized by DCL for a total consideration of €120 million. We expect extraordinary support from DCL to continue to flow should the need be, as Crediop remains notably sensitive to the worsening economic conditions in Italy. We finally note that the cost of liquidity lines granted by DCL to Crediop increased in 2019, weighing on its operating revenues.

Rating on hybrid instruments

We rate legacy tier-1 instruments at 'D' (default), since we do not expect coupon payments to resume in our central scenario.

Related Criteria

- General Criteria: Group Rating Methodology, July 1, 2019
- General Criteria: Hybrid Capital: Methodology And Assumptions, July 1, 2019
- Criteria | Financial Institutions | General: Risk-Adjusted Capital Framework Methodology, July 20, 2017
- General Criteria: Methodology For Linking Long-Term And Short-Term Ratings, April 7, 2017
- General Criteria: Guarantee Criteria, Oct. 21, 2016
- General Criteria: Rating Government-Related Entities: Methodology And Assumptions, March 25, 2015

- General Criteria: Principles For Rating Debt Issues Based On Imputed Promises, Dec. 19, 2014
- Criteria | Financial Institutions | Banks: Assessing Bank Branch Creditworthiness, Oct. 14, 2013
- Quantitative Metrics For Rating Banks Globally: Methodology And Assumptions, July 17, 2013
- Criteria | Financial Institutions | Banks: Banking Industry Country Risk Assessment Methodology And Assumptions, Nov. 9, 2011
- General Criteria: Use Of CreditWatch And Outlooks, Sept. 14, 2009
- Criteria | Financial Institutions | Banks: Commercial Paper I: Banks, March 23, 2004

Anchor Matrix

Industry Risk	Economic Risk									
	1	2	3	**4**	5	6	7	8	9	10
1	a	a	a-	bbb+	bbb+	bbb	-	-	-	-
2	a	a-	a-	bbb+	bbb	bbb	bbb-	-	-	-
3	a-	a-	bbb+	**bbb+**	bbb	bbb-	bbb-	bb+	-	-
4	bbb+	bbb+	bbb+	bbb	bbb	bbb-	bb+	bb	bb	-
5	bbb+	bbb	bbb	bbb	bbb-	bbb-	bb+	bb	bb-	b+
6	bbb	bbb	bbb-	bbb-	bbb-	bb+	bb	bb	bb-	b+
7	-	bbb-	bbb-	bb+	bb+	bb	bb	bb-	b+	b+
8	-	-	bb+	bb	bb	bb	bb-	bb-	b+	b
9	-	-	-	bb	bb-	bb-	b+	b+	b+	b
10	-	-	-	-	b+	b+	b+	b	b	b-

Ratings Detail (As Of June 30, 2020)*

Dexia Credit Local		
Issuer Credit Rating		BBB/Stable/A-2
Commercial Paper		
Local Currency		A-2
Junior Subordinated		D
Senior Unsecured		AA
Senior Unsecured		BBB
Issuer Credit Ratings History		
25-Jan-2013	*Foreign Currency*	BBB/Stable/A-2
28-Mar-2012		BBB/Watch Neg/A-2
29-Nov-2011		BBB+/Watch Neg/A-2
25-Jan-2013	*Local Currency*	BBB/Stable/A-2
28-Mar-2012		BBB/Watch Neg/A-2
29-Nov-2011		BBB+/Watch Neg/A-2
Sovereign Rating		
France		AA/Stable/A-1+

Ratings Detail (As Of June 30, 2020)*(cont.)	
Related Entities	
Dexia Crediop SpA	
Issuer Credit Rating	BBB/Negative/A-2

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