Press release

DEXIA

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Dexia Group Consolidated Results H1 2020[1]

Operational continuity fully assured against the background of the crisis linked to the Covid-19 pandemic

- *Priority given to the protection of teams*
- *Rapid deployment of an operational crisis unit and the exceptional commitment of staff members*
- *Resilience of funding assured without recourse to central bank facilities*

Net income of EUR -759 million in the 1st half-year 2020, severely marked by the consequences of the pandemic

- *Recurring income (EUR -380 million) integrating a contained impact on the cost of risk (EUR -95 million): good intrinsic quality of the credit portfolio with less exposure to sectors sensitive to the crisis*
- *Accounting volatility items (EUR -293 million) reflecting the impact of the crisis on financial markets*
- *Non-recurring elements (EUR -86 million) principally associated with the balance sheet reduction strategy and the Group's transformation*

Balance sheet total of EUR 121.2 billion as at 30 June 2020

- *Ongoing policy of asset disposals despite a slowdown in the second quarter*

Robust Total Capital Ratio at 23.8% as at 30 June 2020

- *Total Capital at EUR 6.5 billion as at 30 June 2020 compared to EUR 7.4 billion as at 31 December 2020*
- *Stability of the regulatory excess capital compared to 31 December 2019 measured against the minimum solvency ratio required within the framework of the temporary easing measures granted by the European Central Bank*

Pierre Crevits, Dexia CEO, stated: "*Since the acceleration of the Covid-19 pandemic, our absolute priority has been to ensure the safety of our highly mobilised teams. In less than 10 days, the organisation was entirely switched to teleworking, enabling operational continuity to be maintained. Liquidity, historically the group's Achilles' heel, demonstrated good resilience, and there was no recourse to central bank facilities. Nevertheless, the result is strongly impacted by the crisis we are enduring, with half of the net loss for the half year attributable to it. The impact on the cost of risk remains contained, however, and attests to the intrinsic quality of the Group's credit portfolio and its lower exposure to sectors heavily affected by the crisis. Finally, Dexia continues to post solvency ratios which, although declining, are high and in excess of regulatory requirements*."

Gilles Denoyel, Chairman of the Dexia Board of Directors, said: "*I would particularly like to pay tribute to the considerable work accomplished by the management and the teams during this half-year, which has been deeply marked by a crisis of exceptional proportions. The very strong mobilisation of everyone has enabled the Group fully to ensure operational continuity. The rating agencies, Fitch, Moody's and S&P, have also reaffirmed, with a stable outlook, the ratings of Dexia Crédit Local and the debt guaranteed by the States. I am confident in the Group's ability, with all the agility that characterises it, to continue implementation of its orderly resolution, with the support of the State shareholders*."

[1] *The data in this Press Release are not audited.*

Introduction

The first-year 2020 was mainly marked by the very severe health and economic shock linked to the Covid-19 pandemic. The lockdown measures imposed by many governments to curb the spread of the virus led to a collapse of global activity and extreme volatility on the financial markets.

The crisis has had repercussions on the Group's half-year results and solvency, notably through accounting volatility items and additional value adjustments recognised in regulatory capital under the Prudent Valuation Adjustment (PVA). The Group also recorded an additional charge in cost of risk, although this remained limited given the good quality of its asset portfolios and its relatively low exposure to credit sectors identified as “sensitive”. The impact of these items on regulatory capital was largely offset by the rapid easing measures taken by supervisors.

Furthermore, in line with the strategy implemented since 2017, Dexia has not called on the facilities of central banks and has demonstrated its ability to fund itself in the segment of secured financing and State-guaranteed debt.

Finally, following the delisting of Dexia's share in December 2019 and in accordance with the applicable legal provisions, Dexia does not publish a half-year financial report as at 30 June 2020. Nevertheless, Dexia continues to communicate its half-year financial results through a press release. In line with the requirements of the l’Autorité des marchés financiers (AMF) in France, Dexia Crédit Local, the balance sheet of which represents almost the entire scope of Dexia, will continue to publish a half-year financial report.

1. Highlights

- *Multiple implications linked to the Covid-19 pandemic: priority given to the protection of teams and fully assured operational continuity*
- *Continuing proactive management of the balance sheet and risks*
- *Move to the standard method for valuing credit risk*
- *Adaptation of the terms of supervision of the Group and the evolution of governance*

A. Implications relating to Covid-19

From the very beginning of the crisis, Dexia has closely followed the evolution of the situation linked to the spread of Covid-19 throughout the world and particularly in Europe. The Group's Management Board rapidly activated an operational crisis unit to protect its teams. The efficient deployment of the necessary means and the exceptional mobilisation of the teams quickly enabled all staff members to work remotely. The department in charge of monitoring operational risks was fully involved in the coordination of this system, thus ensuring the continuity of all activities within a reinforced security framework.

In addition to the operational aspects, this unprecedented crisis has had multiple repercussions on the Group's organisation, business and results, which are detailed in Appendix 2 and in the various sections of this Press Release.

B. Proactive management of the balance sheet and risks, and simplification of the Group structure

Ongoing asset sales, albeit in more reduced volumes

In contrast to 2019, which saw a sharp acceleration in asset sales under very favourable market conditions, the first half of 2020 was impacted by the crisis caused by the Covid-19 pandemic. This resulted in an increase of credit spreads affecting all asset classes and a sharp contraction of liquidity despite the very ambitious asset purchase programmes implemented by the central banks.

At the end of June 2020, asset portfolios were EUR 5.2 billion lower than at the end of December 2019, including EUR 3.1 billion of disposals and early redemptions.

Asset sales continued in the first quarter and slowed in the second quarter of 2020, increasing the Group's exposure to changes in the fair value of assets held for sale.

Those sales were mainly concentrated on public sector assets (EUR 1.3 billion) and project and corporate finance (EUR 1.5 billion). Indeed, despite a difficult market context in the second quarter, Dexia successfully launched the sixth tranche of its loan sale programme to French local authorities. This transaction represents half of the sales in the second quarter of 2020 with 232 loans sold for an outstanding amount of EUR 0.6 billion.

Over the first half-year, the proportion of assets sold denominated in non-euro currencies remained significant, accounting for 58% of total sales, but was down compared with 2019, which saw strong activity in the sale of assets denominated in US dollars as part of the reduction and simplification of Dexia Crédit Local's activities in the United States.

The loss associated with sales and early redemptions amounted to EUR -62 million as at 30 June 2020, excluding the effect of the reclassification mentioned below.

Reclassification of an asset portfolio at fair value

On 19 July 2019, the Board of Directors approved the implementation of a new asset disposal programme aimed at reducing the Group's liquidity risk and its exposure to certain targeted counterparties while enabling it to preserve its solvency. This change in management intent resulted in a change in the IFRS economic model applicable to the selected portfolios as at 1 January 2020.

The assets concerned, which had been classified at amortised cost upon first-time application of IFRS 9, were reclassified at fair value through profit or loss or equity, resulting in an impact of EUR -196 million on equity via EUR -104 million on the income statement and EUR -92 million on the OCI reserve, respectively. This reclassification also increases the Group's sensitivity to changes in the fair value of those assets as long as there is no disposal of them.

In the first half-year 2020, in addition to the impact of the reclassification mentioned above, the combination of the disposal results and the variation in the fair value related to the high volatility on the markets, induced by the Covid-19 pandemic, resulted, for the reclassified assets, in an impact on the income statement of EUR -96 million.

Reduction of the sensitivity of the balance sheet and result to market parameters

For several years, Dexia has pursued an active ALM risk management policy, aimed in particular at reducing the sensitivity of its balance sheet and profitability trajectory to certain market parameters, such as base risks in euros or currencies. Although more complex to execute given the market circumstances, this risk hedging programme has continued in a good dynamic under the guidance of the Asset-Liability Management Committee (ALCO).

Ongoing simplification of the international network

The project to transform the New York branch of Dexia Crédit Local continued in 2020. After having successfully transferred the funding as well as the associated asset and derivative portfolios in 2019, on 30 April 2020, Dexia proceeded to transfer the entire residual balance sheet to Dexia Crédit Local's head office in Paris. This included staff costs, tax accounts and the entity's residual equity. The transformation of the branch into a representative office and the withdrawal of the banking licence will be carried out in the second half of 2020.

On 8 September 2020, Dexia finalised the acquisition of the remaining shares of Banco BPM SpA and BPER Banca SpA in Dexia Crediop. Following this transaction, Dexia Crédit Local owns 100% of its Italian subsidiary. At the same time, Dexia decided to examine various strategic options concerning the future of its subsidiary.

C. Move to the standard method for the valuation of credit risk-weighted assets

On 31 March 2020, Dexia moved from the advanced method to the standard method for the valuation of credit risk-weighted assets. This change in methodology, validated by the European Central Bank, allows a simplification of the bank's operational processes within a context of management in run-off.

It resulted in an increase in total credit risk-weighted assets as at 30 June 2020 (cf. “Solvency” section of this Press Release).

D. Alteration of the terms of supervision of the Dexia Group and evolution of governance

Adaptation of the terms of prudential supervision to the framework of the Group’s resolution

The European Central Bank (ECB) proposed a change in the terms of prudential supervision for the Dexia Group. The framework for the supervision of Significant Institutions (SI), adapted to large banking institutions in activity, was no longer really suitable for a bank in resolution like Dexia and the objectives of proportionality, efficiency and coherence targeted by the supervision were therefore no longer achieved.

Indeed, as of 1 July 2020, Dexia has left the group of significant institutions directly supervised by the ECB via the Joint Supervisory Team (JST) and is now placed, as a “Less Significant Institution” (LSI) within the framework of the single supervisory mechanism, under the supervision of the Autorité de Contrôle Prudentiel et de Résolution (ACPR), as the consolidating supervisor, and the National Bank of Belgium (NBB).

At an entity level, Dexia Crédit Local is supervised by the ACPR and Dexia Crediop by the National Bank of Italy.

The Group maintains regular relations with the supervisory authorities. In particular, within the context of the Covid-19 crisis, Dexia pays particular attention to maintaining a transparent dialogue with its supervisors.

Appointment of Pierre Crevits as CEO of the Dexia Group

On 20 May 2020, Dexia's Annual Shareholders' Meeting approved the appointment of Pierre Crevits as Director. The Board of Directors of Dexia then appointed him as Chief Executive Officer and Chairman of the Management Board of Dexia. As the governance of Dexia and Dexia Crédit Local is integrated, Pierre Crevits is also Chief Executive Officer and Chairman of the Management Board of Dexia Crédit Local.

E. Confirmation of the ratings of Dexia Crédit Local and the State-guaranteed debt

In June 2020, the three rating agencies (Fitch, Moody's and S&P) confirmed Dexia Crédit Local's ratings, with a stable outlook. The rating of the guaranteed debt issued by Dexia Crédit Local was also confirmed at AA- (Fitch), Aa3 (Moody's) and AA (S&P) (cf. Appendix 9 to this Press Release for the rating table).

Regular contacts are organised with the rating agencies as part of the annual review of ratings, but also in response to current events within the Group or external events which could have an impact on the Group.

F. Other significant events

Departure of the United Kingdom from the European Union (Brexit)

The agreement on the exit of the United Kingdom from the European Union, which entered into force on 31 January 2020, provides for a transition period until 31 December 2020, allowing governments to organise these exit arrangements in an orderly manner.

Delays in negotiations increase the degree of uncertainty as to the issue of this process.

Dexia has a liquidity reserve of EUR 18 billion as at 30 June 2020 and has notably reduced its liquidity needs in pounds sterling and extended the duration of its funding in the event of increased market volatility and tighter access to the market for refinancing in that currency.

As at 30 June 2020, Dexia's exposure to the United Kingdom amounted to EUR 22.1 billion. These assets are of very good credit quality, being 98% rated Investment Grade. The portfolio notably includes EUR 10.9 billion of exposures to the local public sector and EUR 7.4 billion of exposures to the project finance and corporate sector, mainly public sector related, including utilities, which are *a priori* not very sensitive to the consequences of the United Kingdom's exit from the European Union. Exposure to the sovereign is negligible. Consequently, no significant negative impact on the quality of the Group's credit portfolio is anticipated in the short term as a result of Brexit.

Reform of the reference indices (IBOR)

In order to increase the reliability and transparency of short-term reference rates (IBOR), a reform has been undertaken at a global level aimed at replacing these indices with new nearly risk-free rate benchmarks such as ESTR (EUR), SOFR (USD) and SONIA (GBP).

Dexia is exposed to the IBOR indices, mainly in euros, US dollars and pounds sterling, through financial instruments which will be replaced or modified within the context of this reform by replacing the reference interest rate or by inserting replacement clauses known as fall-back clauses.

The Group has instructed a steering committee to monitor the market and the various developments relating to this reform. The objective is to anticipate the consequences of the transition to the new reference rates as well as possible by managing the stock of existing contracts, carrying out legal analyses of the contracts concerned by the reform, and so on.

Concerning Dexia's derivative contracts processed with clearing houses, the transition from EONIA to ESTR (EUR) for cash collateral remuneration took place on 27 July 2020. The move from Federal Funds to SOFR (USD) is scheduled for 19 October 2020 and will impact the valuation of those derivatives. As the change in the fair value of the derivatives is offset by the payment or receipt of cash compensation, this changeover is not expected to have any impact on Dexia's income statement.

2. Results H1 2020

A – Presentation of the condensed consolidated financial statements of Dexia as at 30 June 2020

Going concern

The condensed consolidated financial statements of Dexia as at 30 June 2020 have been prepared in accordance with the accounting rules applicable to the situation of a going concern. This assumes a number of constitutive assumptions made in the business plan underlying the Dexia Group's resolution, which are developed in Appendix 1 to this Press Release.

B – Dexia Group consolidated results H1 2020

- *Reaffirmation of the principle of a going concern despite the severe context of the Covid-19 crisis*
- *Recurring elements (EUR -380 million): update of the macroeconomic scenario determining the expected credit losses and review of sensitive sectors; contained impact on the cost of risk (EUR -95 million)*
- *Accounting volatility items severely impacted by the shock on the crisis on the financial markets (EUR -293 million)*
- *Non-recurring elements (EUR -86 million) principally associated with the strategy of balance sheet reduction and Group transformation.*

In order to facilitate the reading of these results and to measure their dynamics over the year, Dexia breaks down its result into three distinct analytical segments.

Analytical presentation of the H1 2020 results of the Dexia Group

in EUR million	Recurring elements	Accounting volatility elements	Non-recurring elements	Total
Net banking income	***-93***	***-293***	***-169***	***-555***
Operating expenses and depreciation, amortisation and impairment of tangible fixed assets and intangible assets	*-194*	*0*	*-19*	*-212*
Gross operating income	***-287***	***-293***	***-188***	***-767***
Cost of credit risk	*-95*	*0*	*0*	*-95*
Net gains or losses on other assets	*0*	*0*	*101*	*101*
Net result before tax	***-382***	***-293***	***-86***	***-761***
Income tax	*1*	*0*	*0*	*1*
Result from discontinued operations, net of tax	*0*	*0*	*0*	*0*
Net income	***-381***	***-293***	***-86***	***-760***
Minority interests	*-1*	*0*	*0*	*-1*
Net income, Group share	***-380***	***-293***	***-86***	***-759***

The net income, Group share of EUR -759 million for the first half-year 2020 consists of the following elements:

- EUR -380 million allocated to recurring elements[2],
- EUR -293 million associated with accounting volatility items[3],
- EUR -86 million generated by non-recurring elements[4].

Recurring elements

Recurring elements			
in EUR million	***H1 2020***	***H1 2019***	***2019***
Net banking income	***-93***	***-7***	***-19***
Operating expenses and depreciation, amortisation and impairment of tangible fixed assets and intangible assets	***-194***	***-196***	***-347***
o/w Expenses excl. operational taxes	*-133*	*-137*	*-285*
o/w Operational taxes	*-61*	*-59*	*-62*
Gross operating income	***-287***	***-203***	***-366***
Cost of credit risk	*-95*	*23*	*265*
Net result before tax	***-382***	***-180***	***-101***
Income tax	*1*	*4*	*33*
Net income	***-381***	***-176***	***-68***
Minority interests	*-1*	*-25*	*-40*
Net income, Group share	***-380***	***-151***	***-28***

The net income Group share generated by recurring elements was EUR -380 million in the first half of 2020, compared with EUR -151 million at the end of June 2019.

Net banking income for the half-year was negative at EUR -93 million, mainly reflecting the Group's net interest margin (EUR -88 million), which is fully recorded in recurring income. In addition to the cost of carrying assets and the result of transformation, the net interest margin, by application of accounting principles, also includes interest associated with trading derivatives and their hedging (EUR -91 million). This negative effect is nonetheless offset by a symmetrical impact recorded in “Accounting volatility items”. Restated for this effect, the net interest margin is slightly lower, due in particular to the persistence of historically low interest rates.

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[2] *Recurring elements associated with the carry of assets such as portfolio income, funding costs, operating charges, cost of risk and taxes.*
[3] *Accounting volatility items associated with asset and liability fair value adjustments in particular including the impacts of the IFRS 13 accounting standard (CVA, DVA, FVA), the valuation of OTC derivatives, the various impacts relating to financial instruments booked at fair value through profit and loss (in particular non-SPPI assets) and the variation of value of derivatives hedging the WISE portfolio (synthetic securitisation of a portfolio of enhanced bonds).*
[4] *Non-recurring elements, in particular gains and losses on the disposal of holdings and instruments booked at amortised cost or at fair value through equity, costs and gains associated with litigation, cost and indemnities induced by the exit of projects or contracts, restructuring costs or exceptional operational taxes..*

Expenses for the half-year amounted to EUR -194 million, compared to EUR -196 million as at 30 June 2019 and include EUR -61 million of taxes and regulatory contributions, mostly booked in the first quarter in application of IFRIC 21. Excluding those taxes and contributions, general operating expenses decreased by 3% to EUR -133 million in the first half of 2020, compared to EUR -137 million in the first half-year 2019 and were notably impacted by costs related to various projects and the renovation of IT infrastructure.

In the first half-year 2020, the crisis materialised in an increase in the cost of risk which amounted to EUR -95 million. The quarterly evolution is contrasted, with a positive contribution of EUR +14 million in the first quarter of 2020, linked to reversals of provisions on assets sold and a charge of EUR -108 million in the second quarter of 2020, mainly composed of:

- EUR -78 million of collective provisions related to the update of the macroeconomic scenarios used for the assessment of expected credit losses under IFRS 9. The assumptions relating to these new scenarios are detailed in Appendix 2 of this Press Release.
- EUR -14 million of collective provisions following the review of sensitive sectors carried out by the Group. Following this review, Dexia systematically classified all counterparties likely to be weakened by the crisis in stage 2: airports, corporate real estate, French overseas authorities, oil and gas, tourism/entertainment and student housing financing in the United Kingdom. In addition, counterparties rated Non-Investment Grade in the private health sector in France have also been classified in stage 2. Finally, exposures belonging to other sectors, already identified as sensitive before the crisis, have also been included in stage 2 despite their higher rating quality: car parks and port infrastructure, toll motorways, public transport and real estate (cf. Appendix 2 to this Press Release).
- EUR -8 million for specific provisions, in particular following an in-depth analysis of non-performing counterparties aimed at estimating the consequences of the health crisis on their financial situation.

Income tax amounted to EUR +1 million.

Accounting volatility items

Accounting volatility items generate an impact of EUR -293 million at the end of June 2020, compared to EUR -112 million at the end of June 2019. The market rebound in the second quarter only partially offset the shock related to the Covid-19 crisis recorded at the end of March 2020.

The negative result for the half-year is mainly explained by three elements:

- A negative amount of EUR -196 million was recorded on hedging inefficiencies, notably due to the evolution of the BOR-OIS and EURIBOR versus LIBOR Sterling indices;
- The variation in the value of assets classified at fair value through profit or loss for an amount of EUR -125 million. The crisis led to a significant increase in credit spreads from mid-March onwards. This dynamic was partly reversed in the second quarter of 2020, leading to an improvement in the valuation of loans linked to project finance, combined with a deterioration of the valuation of public sector assets, particularly in France and Italy.
- A charge of EUR -85 million recorded under the Funding Value Adjustment (FVA), which represents the funding cost of uncollateralised derivatives[5]. The FVA is strongly negative due to the deterioration of the funding conditions of bank counterparties since the beginning of the Covid-19 crisis.

[5] *Mainly interest rate swaps entered into with customers and for which mechanisms for offsetting the variation of fair value (exchange of collateral) are not provided for.*

- A positive variation of EUR +95 million in the valuation of trading derivatives and related hedges. This positive effect is however offset by a symmetrical impact recorded in recurring income.

Non-recurring elements

The non-recurring elements booked over the half-year amounted to EUR -86 million and in particular include:

- An impact of EUR -104 million related to the reclassification of targeted assets under the asset disposal programme from the "amortised cost" category to the "fair value through profit or loss" category. This reclassification, which took place on 1 January 2020, follows a change in the management intent of the assets in question, which leads to a change in the IFRS economic model (cf. section "Proactive balance sheet and risk management and simplification of the Group's structure").
- Losses related to asset disposals and, to a lesser extent, liability redemptions for an amount of EUR -62 million.
- A net gain on other assets, linked to the recycling via the income statement of a EUR 101 million translation difference carried by the equity of Dexia Crédit Local New York, following the transfer of the entity's residual balance sheet to Dexia Crédit Local on 30 April 2020. This translation difference reflects the evolution of the US dollar between 30 June 2020 and the various historical periods in which the equity was built up.

3. Evolution of the Group's balance sheet, solvency and liquidity situation

A – Balance sheet and solvency

- *Dexia's Total Capital Ratio at 23.8% at the end of June 2020, against 27.2% as at 31 December 2019*
- *Prudential capital impacted by the effects of the crisis associated with the Covid-19 pandemic*
- *Stability of the regulatory excess capital compared to 31 December 2019, measured against the minimum solvency ratio required within the framework of temporary easing measures granted by the ECB*

a – Half-year balance sheet evolution

As at 30 June 2020, the Group's consolidated balance sheet total amounted to EUR 121.2 billion, compared with EUR 134.6 billion as at 30 June 2019 and EUR 120.3 billion as at 31 December 2019. The increase in the balance sheet total over the first half of 2020 is mainly explained by the fall in interest rates linked to the Covid-19 crisis, which is reflected in an increase in fair value items and cash collateral and neutralises the impact of asset sales and the natural amortisation of commercial portfolios.

On the assets side, and at constant exchange rates, the reduction of commercial portfolios (EUR -5.2 billion) is fully offset by the increase in fair value items (EUR +4.8 billion) and posted cash collateral (EUR +3 billion).

On the liabilities side, and at constant exchange rates, the strong increase in the fair value of liabilities and derivatives and in the amount of cash collateral received (EUR +5.4 billion) is slightly offset by the reduction in the stock of market funding (EUR -1.8 billion).

Over the half-year, the impact of foreign exchange variations on the balance sheet amounted to EUR -1.5 billion.

b - Solvency

As at 30 June 2020, Dexia Total Capital amounted to EUR 6.5 billion, compared to EUR 7.4 billion as at 31 December 2019. It is burdened by the negative net income for the year (EUR -759 million).

The effects of the Covid-19 crisis are having a strong impact on the Group's solvency. Additional value adjustments taken into account in regulatory capital within the context of the Prudent Valuation Adjustment (PVA) amounted to EUR -264 million as at 30 June 2020, despite a positive impact of EUR +89 million related to the increase in the diversification factor provided for by the temporary adjustment to the CRR (Quick Fix CRR) approved by the European Parliament in June 2020 (cf. Appendix 2 to this Press Release).

Dexia also made use of the temporary adjustment to the CRR to reintegrate into regulatory capital any new expected credit losses recognised under IFRS 9 (dynamic phase-in), resulting in a positive impact of EUR +79 million.

In addition, in line with ECB requirements, two significant items are deducted from regulatory capital:

- The theoretical amount of the loss corresponding to the remediation of the non-compliance with the large exposure ratio which, at 30 June 2020, amounts to EUR -144 million[6],
- The amount of irrevocable payment commitments (IPC) to resolution funds and other guarantee funds amounts to EUR -59 million.

Finally, following its onsite inspection of credit risk in 2018, the ECB issued a number of recommendations. As a result, Dexia deducted from its prudential capital an amount of EUR -53 million as additional specific provisions.

As at 30 June 2020, risk-weighted assets amounted to EUR 27.2 billion, of which EUR 25 billion for credit risk, EUR 1.2 billion for market risk and EUR 1 billion for operational risk. Credit risk-weighted assets increased by EUR 1.9 billion, the decrease due to the reduction of the asset portfolio being offset by an increase induced by the transition to the standard method for the valuation of these risk-weighted assets (cf. “Highlights” section of this Press Release). This increase is offset by a EUR 2 billion decrease in market risk-weighted assets due to the reversal of an additional capital charge recorded as at 31 December 2019 at the request of the ECB.

Taking these elements into account, Dexia's Common Equity Tier 1 ratio was 23.4% as at 30 June 2020, compared to 26.8% at the end of 2019. The Total Capital ratio was 23.8%, compared to 27.2% at the end of 2019, which is above the minimum level of 15.25% required for 2020 by the ECB within the context of the Supervisory Review and Evaluation Process (SREP) and temporarily reduced to 11.25% as a result of the temporary easing measures related to the Covid-19 pandemic (cf. Appendix 2 to this press release).

Dexia Crédit Local's Common Equity Tier 1 and Total Capital ratios also meet the minimum requirements, at 20% and 20.2% respectively as at 30 June 2020.

[6] *Cf. Dexia Press Releases of 5 February and 26 July 2018, available at www.dexia.com.*

B – Evolution of the Dexia Group's liquidity situation

- *Continuing reduction of the Group's funding requirements, strengthening its resilience in a market context stressed by the Covid-19 related health crisis*
- *High level of LCR without recourse to ECB facilities, in line with the strategy validated in 2017*
- *Execution of 90% of the long-term financing programme and the Group's ability to mobilise its liquidity cushion on the secured debt market*

As a consequence of the reduction of the asset portfolio, outstanding loans were down EUR 2.7 billion compared to 31 December 2019, to EUR 71.2 billion as at 30 June 2020, despite a EUR 2.7 billion increase in net cash collateral, due to lower interest rates. Net cash collateral amounted to EUR +24.6 billion as at 30 June 2020.

After a first quarter severely disrupted by the impacts of the pandemic, the markets stabilised from April onwards. At the height of the crisis, refinancing was carried out on the secured funding market, which demonstrated very strong resilience in terms of both volume and price. Guaranteed issuance activity enjoyed good momentum in both the short and long term from the second quarter of 2020 onwards. During the first half-year, Dexia Crédit Local successfully launched various long-term public transactions in euros, US dollars and pounds sterling, enabling it to raise EUR 4 billion, or 90% of the annual long-term funding programme, at a competitive funding cost.

In terms of funding mix, secured funding amounted to EUR 10 billion at June 30, 2020 and funding guaranteed by the States represents 83% of outstanding funding, i.e. EUR 59 billion.

In line with the strategy followed since 2017, Dexia did not call on the refinancing operations of the European Central Bank, confirming its ability to mobilise its reserves on the repo market and to issue State-guaranteed debt, including in the context of the particularly severe crisis linked to the Covid-19 pandemic.

As at 30 June 2020, the Group's liquidity reserve amounted to EUR 18 billion, of which EUR 7 billion in the form of cash deposits with central banks.

At the same date, the Group's Liquidity Coverage Ratio (LCR) stood at 213% compared with 238% as at 31 December 2019. This ratio is also respected at a subsidiary level, each exceeding the required minimum of 100%. The Group's Net Stable Funding Ratio (NSFR) amounted to 133.5% compared with 130.4% as at 31 December 2019.

Appendices

Appendix 1 – Going concern

The condensed consolidated financial statements of Dexia as at 30 June 2020 were prepared in line with the accounting rules applicable to a going concern in accordance with the accounting standards IAS 1 § 25 and 26. This requires a number of constituent assumptions underlying the business plan for the resolution of the Dexia Group, decided upon by the European Commission in December 2012, and reassessed on the basis of the elements available on the date on which the consolidated financial statements were approved.

In particular, the assumptions and estimates made by management have changed compared to the 2019 annual closing, in order to take into account the strong uncertainties regarding the intensity and duration of the economic crisis generated by the Covid-19 pandemic. The latter have reinforced the use of judgment and estimates for the preparation of the condensed consolidated financial statements as at 30 June 2020.

The principal assumptions and areas of uncertainty are summarised below:

- The business plan assumes the maintenance of the banking licence of Dexia Crédit Local and the maintenance of the Dexia Crédit Local rating at a level equivalent to or higher than the level of Investment Grade.
- The ongoing resolution assumes that Dexia retains a sound funding capacity, relying in particular on the appetite of investors for debt guaranteed by the Belgian, French and Luxembourg States as well as on the Group’s capacity to raise secured funding.
- The latest update of the business plan takes account of a revision of the funding plan relying on the last market conditions observable on the date on which the consolidated financial statements were approved. Since the Group’s entry into orderly resolution, Dexia has continuously reduced its funding requirement and extended the maturity of the funding raised, with a view to the prudent management of its liquidity. The acceleration of asset sales decided during the summer of 2019 notably enabled a EUR 13.7 billion decrease in the Group's financing requirements compared to the end of June 2019, supported by the rapid reduction in the US dollar funding requirement.
- The Group was able to maintain a high liquidity reserve which, as at 30 June 2020, amounted to EUR 18 billion, of which EUR 7 billion in the form of cash. Considered adequate with the restriction of access to funding from the ECB announced on 21 July 2017[7], this liquidity reserve enabled Dexia to cope with the strong tensions which arose within the unprecedented context of the health and economic crisis linked to Covid-19. In particular, Dexia demonstrated its ability to mobilise significant liquidity reserves on the secured debt market, which remained active, without recourse to ECB facilities. To date, 90% of the secured long-term funding programme has been executed on the bond market under conditions in line with the 2020 annual budget. Finally, the confirmation by the European Commission of the extension of the liquidity guarantee granted by the Belgian and French States beyond 31 December 2021, for a maximum amount of EUR 75 billion, is an essential element of support for the continuation of the Group's orderly resolution.
- The macroeconomic hypotheses underlying the business plan are revised as part of the half-year reviews of the overall plan. An update of the financial projections was made on the basis of the latest market data available and presented to the Board of Directors of Dexia on 29 July 2020. In particular, it integrated a new macroeconomic scenario involving a slower economic recovery, a more pronounced deterioration of the economy and a prolonged period of very low interest rates, resulting in an increase in the Group's cost of risk and funding requirements and a continued erosion of its transformation result. It also takes into account the non-renewal, as at 1 January 2019, of the specific

[7] *On 21 July 2017, the ECB announced the end of access to the ’Eurosystem for liquidation structures as from 31 December 2021.*

approach granted by the ECB to the supervision of the Dexia Group and the results of its on-site inspection (OSI) on operational risk and outsourced activities.

- When assessing the appropriateness of the going concern, the management has challenged the consistency of the strategic choices made by its shareholders on the basis of these long-term financial forecasts. The management also factored in the constraints and uncertainties related to its operating model as well as the risks associated with its operational continuity, given its specific nature of a bank in run-off and increased by the context of teleworking imposed by the Covid-19 pandemic. Dexia took the appropriate actions to mitigate such risks.

Uncertainties remaining with regard to implementation of the business plan over the duration of the Group's resolution may involve a significant change of the Group's resolution trajectory as initially anticipated. In particular, this plan is likely to be impacted by new developments in accounting and prudential rules.

Although it manages these risks very proactively, the Dexia Group is also very sensitive to changes in the macroeconomic environment and market parameters such as exchange rates, interest rates or credit spreads. An unfavourable evolution of these parameters over time could have an adverse impact on the Group's liquidity and solvency levels. It could also have an impact on the valuation of financial assets, liabilities or OTC derivatives, the changes of which at fair value are recognised in the income statement or through shareholders' equity and could lead to a change in the Group's regulatory capital. In particular, in view of the decisions taken by the Board of Directors concerning the implementation of a plan to sell assets for a total of approximately EUR 13 billion[8], Dexia is exposed to the evolution of fair value of these assets until their effective disposal.

Finally, the Group is exposed to certain operational risks, specific to the resolution environment in which it operates.

At this stage, these uncertainties do not raise any question as to the nature or the fundamentals of the resolution, which justifies the decision to establish the condensed consolidated financial statements in accordance with the "going concern" principles pursuant to IAS 1.

Moreover, Dexia is closely monitoring the evolution of the situation related to the spread of Covid-19 throughout the world and particularly in Europe. On the date on which the Group's half-year condensed consolidated financial statements were approved, the severity of the pandemic has had major consequences on the financial markets. The impact on the cost of risk remains contained at the end of June 2020. Nevertheless, the crisis could have a severe and lasting impact on economic growth and could, over time, lead to a more significant deterioration of the quality of assets considered "sensitive" held by the Group, which is still difficult to assess at this stage.

Dexia rapidly implemented the necessary measures to ensure the safety of its teams and operational continuity within a context of containment of the Group's staff members and subcontractors. Its liquidity reserves enable it to face possible new market tensions and the measures to relax solvency ratios announced by the supervisors have kept its excess capital unchanged compared to the end of 2019.

As a consequence, after taking into account all these elements developed in part in Appendix 2 to this Press Release, Dexia management confirms that as at 30 June 2020, the condensed consolidated financial statements can be prepared on a going concern basis in accordance with IAS 1 § 25 and 26. The analysis of the effects of the Covid-19 crisis carried out by Dexia's management has not led it to call into question the assessment of the going concern assumption.

[8] *Impact of the reduction of debt in 2022 in the plan validated by the Board of Directors on 19 July 2019.*

Appendix 2 – Impacts relating to Covid-19

The first half-year 2020 was strongly marked by the Covid-19 pandemic crisis which caused an unprecedented health and economic shock and led States and central banks to take exceptional measures to stop the spread of the virus and to support the economy. Although the economic consequences of the crisis are still very uncertain in the medium term, it has led the Group to implement various precautionary measures within the specific context of an orderly resolution in which it is involved.

Protection of teams and operational continuity

From the very beginning of the crisis, Dexia has closely monitored the evolution of the situation related to the spread of Covid-19. The Group's Management Board quickly activated an operational and a strategic crisis unit to protect its teams, and implemented all the necessary measures to enable them to work remotely.

Meeting on a daily basis, the operational crisis unit has ensured the operational continuity of the company as well as the management of all the human impacts related to this situation. By virtue of the involvement of all those concerned and the very strong mobilisation of teams, the switch to teleworking was quickly made for all staff members, enabling all the bank's activities to be maintained.

All the work carried out on IT systems, particularly the ambitious project to renovate the IT infrastructure, has enabled the rapid deployment of teleworking teams and fully ensured operational continuity.

In addition, a customised training offer was deployed. In particular, this has enabled the Group to address topics such as work-life balance, stress management, project management and remote management.

Deterioration of credit risk as a consequence of the crisis

(i) Review of the macroeconomic scenarios and sensitive sectors

Within this historical context of a pandemic, the assumptions made and estimates established for the preparation of the condensed consolidated financial statements as at 30 June 2020 have changed compared to those used for the 2019 financial year-end. In particular, the Dexia Group 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 under IFRS 9.

Thus, for the preparation of the half-year condensed consolidated financial statements, the Group has adopted a "central" macroeconomic scenario based on the projections published by the ECB[9] and by the FED[10] in June 2020. It is based on the assumption that there will be some resurgence of infections over the next few quarters, requiring partial containment measures until a medical solution is available, in mid-2021. The macroeconomic scenario for the euro zone thus forecasts a decline in real gross domestic product (GDP) in 2020 of 8.7%, followed by a rebound of 5.2% in 2021 and 3.3% in 2022. Outside the euro zone, world GDP is expected to fall by 4% in 2020, followed by a 6% rebound in 2021 to reach 3.9% in 2022.

The uncertainties surrounding this central scenario are taken into account in the level of collective provisions by also considering the optimistic and severe scenarios published by the ECB. These scenarios are detailed on the ECB's website[1].

In addition to these automatic classifications in stage 2, linked to the review of macroeconomic scenarios and the significant increase in credit risk (SICR), Dexia has also carried out a review of sensitive sectors, recognising new sensitive sectors and expanding existing sensitive sectors. All counterparties likely to be weakened by the crisis were systematically classified in stage 2. This relates in particular to airports, corporate

[9] https://www.ecb.europa.eu/pub/projections/html/ecb.projections202006_eurosystemstaff~7628a8cf43.en.html
[10] https://www.federalreserve.gov/monetarypolicy/files/fomcprojtabl20200610.pdf).

real estate, French overseas authorities, the oil, gas and tourism/entertainment sectors and the financing of student housing in the United Kingdom (cf. Results section of this Press Release). Dexia has also carried out an in-depth analysis of non-performing counterparties in order to estimate the consequences of the health crisis on their financial situation.

All of these elements are reflected by an increase in the Group's cost of risk, which amounted to EUR -95 million at the end of June 2020 (cf. Results section of this Press Release).

(ii) Rescheduling of bank loans (moratoria) and granting of secured loans

In the first half-year 2020, the Dexia Group has been led to offer certain clients the rescheduling of bank loans and granted moratoria on maturities totalling approximately EUR 36 million.

In France, maturities of EUR 9 million, representing an outstanding amount of EUR 222 million, were rescheduled during the first half of 2020 and the terms and conditions involved deferring the repayment of loans granted by an average of six months.

In Italy, the measures implemented to combat the Covid-19 pandemic led to a significant reduction in local authority revenues. Various agreements, intended to extend the capital due in 2020, have been signed by the Ministry of Economy and Finance, Cassa Depositi e Prestiti and certain Italian banks. Dexia Crediop did not adhere to these agreements and wished to favour a bilateral relationship on a case-by-case basis with its borrowers. Within this context, during the first half of 2020, maturities of EUR 27 million, representing a total outstanding amount of EUR 197 million, benefited from a deferral of capital maturities of the year 2020, with an increase in the average term of one year.

In application of the provisions of IFRS 9, the impact of the moratoria, which is not material, has been recorded in the income statement under “Net gains arising on derecognition of financial assets measured at amortised cost”.

In addition to the rescheduling of bank loans, the States have also adopted a series of measures to support the economy, including the granting of loans guaranteed by the States. Given its status as an entity in resolution, Dexia is not authorised to grant new financing and therefore has not granted any guaranteed loans.

Impact on the financial markets and measures of exceptional magnitude taken by central banks

The severity of the pandemic has had a major impact on the financial markets, prompting central banks to take unprecedented measures to support market liquidity by lowering key interest rates, conducting massive asset buyback programmes, or setting up various refinancing facilities.

In March 2020, the ECB launched a EUR 750 million Pandemic Emergency Purchase Programme (PEPP), which was increased to EUR 1.350 billion in June.

Furthermore, the ECB also launched a third targeted longer-term refinancing operation (TLTRO III) with more flexible terms and conditions.

Finally, as of March 2020, the ECB has exceptionally and temporarily authorised banks to carry out their activity with ratio levels which may be below the LCR liquidity ratio.

(i) Funding risk

Despite market tensions, Dexia, which had a liquidity reserve of nearly EUR 20 billion at the end of December 2019, did not experience any refinancing problems at the height of the crisis. The resilience of the secured funding market enabled the Group to meet its funding requirements, in very attractive volumes and prices, while the market for government-guaranteed debt was not very active. Following the reopening of the guaranteed debt market from the end of April, Dexia resumed its long-term refinancing programme, enabling it to execute 90% of its annual programme as at 30 June 2020. In line with the strategy pursued since 2017, the Group did not make use of the ECB's refinancing facilities.

Furthermore, the various indicators measuring the Group's liquidity did not deteriorate, with Dexia's Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR) standing at 213% and 133.5 % respectively at the end of June 2020 (cf. “Liquidity” section of this Press Release).

(ii) Market risk

The crisis is also reflected by a fall and very high volatility in the value of financial assets, all market segments combined, a continued fall in interest rates, with 10-year euro rates once again entering negative territory, an appreciation of the euro and marked movements in interest rate and currency bases. These various elements impacted accounting volatility in the first half of 2020 (cf. Results section of this Press Release).

Furthermore, within this context, the asset disposal activity continued in the first quarter, and then slowed in the second quarter 2020. The reclassification of the assets covered by the asset disposal plan, approved by the Board of Directors on 19 July 2019, led to an increase in the sensitivity of the Group's income and equity to changes in credit spreads, which resulted in significant changes in the fair value of the assets concerned during the first half-year 2020 (cf. “Highlights” section of this Press Release).

Finally, the fall of interest rates resulted in an increase in fair value items on the balance sheet and in the net collateral cash posted by Dexia to its derivative counterparties (cf. “Balance sheet” section of this Press Release).

Temporary measures to ease banks’ regulatory capital requirements

Within the framework of the fight against the crisis caused by the Covid-19 epidemic, on 12 March 2020 the ECB announced measures to ease capital requirements under the SREP. These measures resulted in the relaxation of the capital conservation buffer and additional capital (P2G - Pillar 2 guidance). In conjunction with the ECB's announcement, some national authorities such as France and the United Kingdom also reset the countercyclical buffer to zero.

By integrating these easing measures, the capital requirement applicable to Dexia amounts to 11.25% on a consolidated basis, compared to 15.25% initially communicated for the year 2020.

Furthermore, on 18 June 2020 the European Parliament validated a series of temporary adjustments to the Capital Requirements Regulation (CRR Quick-Fix)), allowing banks to mitigate the impact of the Covid-19 pandemic on their regulatory capital. Thus, the transitional provisions allow the reintegration into regulatory capital of potential new expected credit losses recognised in 2020 and 2021 under IFRS 9.

A temporary increase of the diversification factor from 50% to 66% applicable within the context of the prudent valuation (Prudent Valuation Adjustment - PVA) was also authorised, making it possible to limit the amount of the additional value adjustment to be taken into account in the calculation of prudential capital.

Finally, risk-weighted assets (RWA) for sovereign exposures of European Union member states were temporarily reduced to 0% for exposures denominated and financed in the national currency of another member state.

Dexia and its subsidiaries made use of these temporary provisions when preparing their prudential statements and their solvency ratios as at 30 June 2020 (cf. “Solvency” section of this Press Release).

It should be noted that the temporary neutralisation, at a regulatory capital level, of the changes in fair value of certain sovereign and public sector assets classified at fair value through equity and the temporary reduction of 25% of risk-weighted assets (RWA) of certain infrastructure exposures will be applied by Dexia respectively in the 3rd and 4th quarter of 2020.

Financial results and prudential reporting

The impact of the crisis caused by the Covid-19 pandemic has had consequences on the Group's half-year condensed consolidated financial statements, which are commented in detail in the Press Release.

Furthermore, Dexia was not significantly impacted with regard to:

- Deferred tax assets, as these are considered non-recoverable within the framework of the Group's orderly resolution.
- Tangible fixed assets: Dexia is a tenant of its buildings and the lease agreements have a residual term of less than ten years. In addition, the Group did not benefit from any rent relief following the crisis.
- Intangible fixed assets: these are very limited given the framework of Dexia's resolution.
- Discontinuation of hedging relationships, as they are almost perfectly matched. In the absence of new specific credit provisions and the impact of the moratoria, there was no breach of hedging relationships related to Covid-19.

The ECB has granted banks additional time in which to implement corrective actions to the non-critical recommendations from previous inspections and may also, at the request of each bank, grant additional time for the submission of certain regulatory reports to facilitate business continuity. To date, Dexia has not made use of this flexibility and has fully respected the timetable set for the submission of the various reports.

The EBA has also decided to postpone the 2020 stress test exercise for all banks until 2021.

On the date on which the half-year condensed consolidated financial statements were approved, Dexia has taken into account these various elements and concluded that they do not call into question its assessment of the Group's going concern (cf. note on Going Concern).

Appendix 3 – Consolidated income statement (non audited figures)

Consolidated income statement - ANC format			
in EUR million	*H1 2020*	*H1 2019*	*2019*
Net banking income	***-555***	***-279***	***-746***
Operating expenses and depreciation, amortisation and impairment of tangible fixed assets and intangible assets	*-212*	*-208*	*-379*
Gross operating income	***-767***	***-487***	***-1.125***
Cost of credit risk	*-95*	*23*	*265*
Net gains or losses on other assets	*101*	*0*	*0*
Net result before tax	***-761***	***-464***	***-860***
Income tax	*1*	*4*	*33*
Result from discontinued operations, net of tax*	*0*	*-111*	*-111*
Net income	***-760***	***-571***	***-938***
Minority interests	*-1*	*-25*	*-40*
Net income, Group share	***-759***	***-546***	***-898***

Appendix 4 - Balance sheet key figures (non-audited figures)

Balance sheet key figures			
in EUR million	**30-06-2019**	**31-12-2019**	**30-06-2020**
Total assets	**134 634**	**120 326**	**121 172**
of which			
Cash and central banks	6 752	9 844	6 363
Financial assets at fair value through profit or loss	15 243	14 247	17 404
Hedging derivatives	1 311	1 378	1 240
Financial assets at fair value through other comprehensive income	2 626	2 837	4 097
Financial assets at amortised cost - Debt securities	45 492	36 301	39 934
Financial assets at amortised cost - Interbank loans and advances	26 588	23 087	23 016
Financial assets at amortised cost - Customer loans and advances	35 293	31 785	28 465
Total liabilities	**127 114**	**112 964**	**114 817**
of which			
Financial liabilities at fair value through profit or loss	14 790	14 780	16 444
Hedging derivatives	21 944	19 184	21 439
Interbank borrowings and deposits	19 659	11 778	12 283
Customer borrowings and deposits	3 004	3 851	2 690
Debt securities	66 519	62 728	61 268
Total equity	**7 520**	**7 362**	**6 355**
of which			
Equity, Group share	7 207	7 302	6 295

Appendix 5 – Regulatory equity (non-audited figures)

in EUR million	30-06-19	31-12-19	30-06-20
Common Equity Tier 1	7 478	7 308	6 365
Total Capital	7 649	7 404	6 461
Risk-weighted assets	30 276	27 263	27 175
Common Equity Tier 1 ratio	24,7%	26,8%	23,4%
Total Capital ratio	25,3%	27,2%	23,8%

Appendix 6 – Credit risk exposure (EAD) (non-audited figures)

Exposure by geographic region		
in EUR million	31-12-2019	30-06-2020
United Kingdom	21 404	22 132
Italy	19 478	19 556
France	17 730	18 700
United States	8 881	4 984
Spain	5 418	4 967
Portugal	4 050	3 833
Japan	3 804	3 275
Other European countries	1 628	2 588
Central and Eastern Europe	905	963
Canada	1 182	719
Germany	1 058	649
Southeast Asia	121	191
Switzerland	146	135
Scandinavian countries	81	97
South and Central America	164	33
Other (1)	1 857	1 938
Total	**87 907**	**84 760**

(1) including supranationals, Austria.

Exposure by category of counterparty		
in EUR million	31-12-19	30-06-20
Local public sector	37 809	35 926
Central governments	25 871	24 904
Project finance	9 329	7 950
Financial institutions	6 852	7 340
Corporate	5 286	6 173
ABS/MBS	1 410	1 311
Monolines	1 349	1 157
Individuals, SME and self-employed	1	0
Total	**87 907**	**84 760**

Exposure by rating (internal rating system)		
	31-12-19	**30-06-20**
AAA	16,91%	15,4%
AA	7,73%	8,7%
A	29,96%	25,5%
BBB	36,90%	41,5%
Non Investment Grade	7,49%	7,5%
D	0,77%	0,8%
Not Rated	0,22%	0,5%
Total	**100%**	**100%**

Appendix 7 – Group sector exposure (EAD) (non-audited figures)

Group sector exposure to certain countries							
in EUR million	***Total***	*o/w local public sector*	*o/w corporate and project finance*	*o/w financial institutions*	*o/w ABS/MBS*	*o/w sovereign exposures*	*o/w monolines*
United Kingdom	**22 132**	10 911	7 383	1 764	1 266	36	772
Italy	**19 556**	8 551	269	160	3	10 574	0
France	**18 700**	6 661	1 953	2 310	0	7 454	322
United States	**4 984**	2 251	1 292	1 039	3	336	63
Spain	**4 967**	3 223	1 010	291	38	406	0
Portugal	**3 833**	708	53	13	0	3 059	0
Japan	**3 275**	2 999	0	275	0	0	0
Germany	**649**	0	105	541	0	3	0

Group sectorial exposure per rating								
in EUR million	**Total**	*AAA*	*AA*	*A*	*BBB*	*NIG°*	*D*	*no rating*
Local public sector	**35.925**	3.203	5.063	12.088	10.418	4.843	231	79
Central governments	**24.904**	9.871	0	1.226	13.672	135	0	0
Project finance	**7.950**	0	20	1.556	4.675	1.237	462	0
Financial institutions	**7.340**	0	1.110	4.558	1.617	47	0	9
Corporate	**6.172**	0	0	1.423	4.710	21	4	13
ABS/MBS	**1.310**	2	1.209	4	0	95	0	0
Monolines	**1.157**	0	0	772	63	0	0	322
Individuals, SME and self-employed	**0**	0	0	0	0	0	0	0
Total	**84.760**	13.076	7.402	21.627	35.155	6.379	697	424

° Non Investment Grade

Appendix 8 – Asset quality (non-audited figures)

Asset quality			
in EUR million		31-12-19	30-06-20
Impaired assets[1]		615	655
Specific impairments[2]		143	150
Of which	*Stage 3*	*136*	*142*
	POCI	*7*	*8*
Coverage ratio[3]		23,25%	23,0%
Collective provisions		166	244
Of which	*Stage 1*	*5*	*19*
	Stage 2	*161*	*225*

(1) Outstanding : computed according the applicable perimeter defined under IFRS 9 (FV through OCI + Amortised Cost + Off Balance)
(2) Impairments : according the portfolio taken into account for the calculation of the outstanding, inclusive the impairments related to POCI
(3) Specific impairments-to-Impaired assets ratio

Appendix 9 – Ratings

Ratings as at 30 June 2020			
	Long term	Outlook	Short term
Dexia Crédit Local			
Fitch	BBB+	Stable	F1
Moody's	Baa3	Stable	P-3
Moody's - Counterparty Risk (CR) Assessment	*Baa3(cr)*		*P-3(cr)*
Standard & Poor's	BBB	Stable	A-2
Dexia Crédit Local (guaranteed debt)			
Fitch	AA-	-	F1+
Moody's	Aa3	Stable	P-1
Standard & Poor's	AA	-	A-1+

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