

Dexia

Annual Results 2020

4 March 2021 – Press Presentation



DEXIA

Annual Results 2020

Operational continuity fully assured within the context of the Covid-19 crisis

Implications relating to Covid-19

- Priority given to the **protection of teams**
- Rapid deployment of **teleworking**
- **Exceptional commitment** of staff members
- Regular monitoring of the **well-being of staff members**
- **Resilience of funding** assured without recourse to central bank facilities
- Reaffirmation of the principle of **operational continuity**

“2020 has been marked by a health crisis with unprecedented social and economic repercussions. Against that background, the Group rapidly mobilised to protect the health of its staff members, who continued to exert a great deal of energy to carry out our mission: to reduce the Group's balance sheet in an orderly manner, in the interests of all stakeholders. This crisis has affected us all in different ways and has reminded us of the importance of values such as agility, trust, cohesion and commitment to the general interest, which form the basis of the Group's leadership model.”

Pierre Crevits, CEO

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Progress in the simplification of the Dexia network in the United States and Italy

Continuation of the process of simplification of the international network

- **Transformation of the Dexia Crédit Local branch in New York**
 - **Transfer of the entirety of the residual balance sheet** to Dexia Crédit Local in Paris in April 2020
 - **Transformation of the entity into a representative office and withdrawal of the banking licence** finalised in December 2020
 - Commencement of the **restructuring of the remaining US entities**, Dexia Financial Products Holdings Inc. and FSA Global Funding Ltd
- **Dexia Crediop**, Dexia Crédit Local subsidiary in Italy
 - **Ongoing examination of various strategic options** concerning the future of the subsidiary
 - 100% holding since **the acquisition of the residual shares of the minority shareholders** Banco BPM and BPER Banca SpA in September 2020
 - **Strengthening of equity** via a capital increase of EUR 75 million and the grant of a subordinated loan of EUR 25 million
 - Validation of the **disposal of a portfolio of EUR 3.2 billion** of loans, bonds and derivatives to Dexia Crédit Local

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Proactive management of the balance sheet and off-balance sheet

Ongoing asset disposal programme

- **Asset portfolio down by EUR 9 billion** over the year 2020
 - EUR -4.7 billion of assets sold or redeemed early, of which
 - EUR -2.2 billion of project financing to large corporates
 - EUR -2.1 billion of public sector assets
 - **Long average maturity** of the assets sold: 9 years
 - Large proportion of **assets not denominated in euros**
- **70% of the target set for the end of 2022** already realised at the end of 2020
- Programme of **reduction and simplification of the derivatives portfolio**
- **Compression exercises** on the portfolio with the aim of **simplifying operational management**
- **Early unwinding of around forty swap contracts** swaps with customers

Proactive management of the off-balance sheet

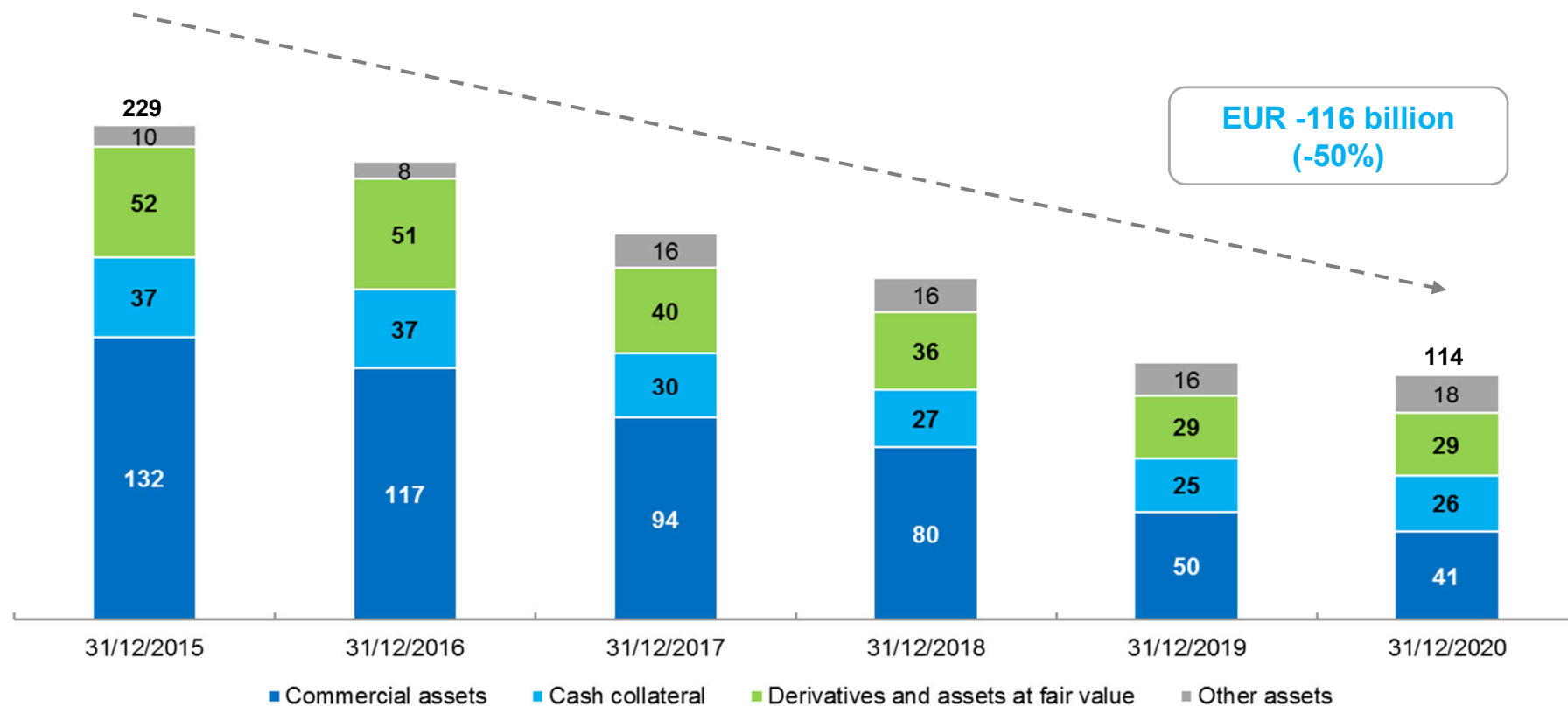
“

I would like in particular to pay tribute to the considerable work accomplished by the management and teams during this year so deeply marked by a crisis unparalleled in its intensity and duration. The very strong mobilisation of everyone has enabled the Group not only to ensure the continuity of its activities, but also to pursue the implementation of its orderly resolution, with the full support of its Board of Directors and the support of the two State shareholders. ”

Gilles Denoyel, Chairman of the Board of Directors

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Evolution of the size of the balance sheet since 2015



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Net result impacted by the consequences of the pandemic

Net income Group share: EUR -618 million



Recurring result

EUR -475 m

- **Net banking income** of EUR +1 million, in particular reflecting the impact of **low interest rates** on the net interest margin and the transformation result
- **Operating costs** of EUR -307 million, down by EUR 40 million
- **Cost of risk** at EUR -169 million, of which EUR -96 million directly linked to the Covid19 crisis and EUR -51 million of collective provisions on Tunisia



Accounting volatility

EUR -31 m

- **Variation of the value of assets classified at fair value by result** (EUR -69 million)
- Favourable evolution of EUR +35 million by virtue of the **Funding Value Adjustment (FVA)**, the **Credit Value Adjustment (CVA)** and the **Debt Valuation Adjustment (DVA)**



Non-recurring elements

EUR -112 m

- EUR -104 million linked to the **reclassification of target assets within the framework of the asset disposal programme** from the category “amortised cost” to the category “fair value through P&L”
- EUR -72 million of losses linked to **asset disposals and liability repurchases**
- **Net gain on other assets** linked to recycling via P&L of conversion difference related to Dexia Crédit Local New York equity (EUR +101 million)

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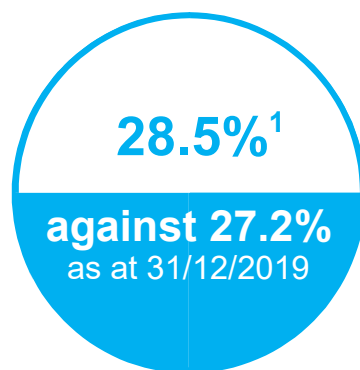
Key figures

Balance sheet



- **Balance sheet down EUR -6 billion (-5%)**, entirely attributable to the reduction of the commercial asset portfolio
- Asset portfolio at **EUR 41 billion**, of which EUR 22 billion of bonds and EUR 19 billion of loans

Solvency



- **Negative impact on net income (EUR -618 million)**
- **Risk-weighted assets down** EUR -3.1 billion at EUR 24.2 billion
- **Positive effects of temporary adjustments of the CRR**

Guaranteed debt



EUR 28.5 billion



EUR 25.3 billion



EUR 1.7 billion

(1) Total Capital ratio (2) as at 31/12/2020

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