Dexia

Annual results 2022

10 March 2023 – Presentation to the press

DEXIA

Annual results 2022
Highlights (1/2)

Progress in the Group's orderly resolution

- **Further simplification of the entities network**
  - Ongoing simplification of the French leasing subsidiaries and of the US entities
  - Implementation of the merger by absorption of Dexia Crediop by Dexia Crédit Local by September 2023

- **Structural actions undertaken for the redesign of the operating model**
  - Partnerships with Citi and Arkéa Banking Services for the management of payments and the back-office processing of loans respectively
  - Launch of a tender offer for the management of the market back office

"Last year, our Group accelerated its transformation, in particular with the launch of the merger by absorption of its Italian subsidiary by Dexia Crédit Local and the adaptation of its operating model in the field of payments and loans. It also continued to reflect on its longer-term strategic orientations. I would like to thank Dexia's management and teams for their unfailing commitment to the Group's resolution and I am delighted with the strong support of the Belgian and French States, which are backing the company's activity and reflections."

Gilles Denoyel, Chairman of the Board of Directors

Annual results 2022
Highlights (2/2)

Completion of the asset disposal programme

- **Asset portfolio down by EUR 2.4 bn** over 2022
  - EUR 1.3 bn of assets sold or redeemed early,
  - assets sold with an average life of about 8 years
  - 78% of assets sold or repaid are denominated in EUR
  - Reduction of the concentration risk on the Japanese public sector and the Republic of Portugal
- Dexia reached **the target volume** set by the Board in July 2019, **at a cost of 35% less than the allocated loss budget**

Resilience in a challenging macroeconomic context

- No direct exposure to Ukraine or Russia
- No exposure to US regional banks and limited exposure to Credit Suisse and UBS
- At this stage, no deterioration on the short-term secured debt market or on the secured financing market
- Liquidity reserve of EUR 10.8 bn, calibrated to cope with stressed market conditions

“The year 2022 was marked by a contrasting macroeconomic environment, characterised on the one hand by a particularly complex geopolitical situation and on the other hand by the continuing rise in interest rates, which was favourable to Dexia. Within this context, the Group recorded a significant reduction in its balance sheet and its funding requirements, which increased its resistance to possible liquidity stress and further improved its solvency ratios, which are at a high level. I salute the constant commitment of staff members who, once again this year, have done a remarkable job in managing the Group's resolution.”

Pierre Crevits, CEO

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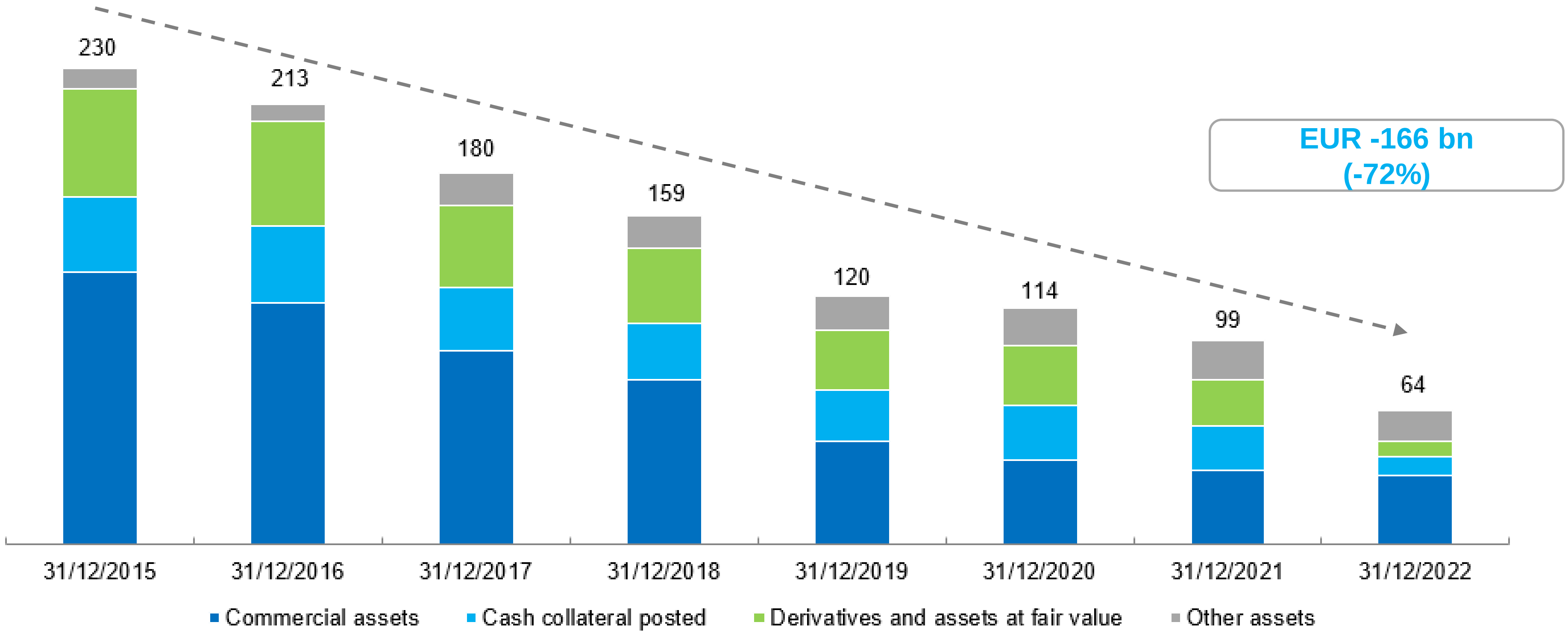
Evolution of the size of the balance sheet since 2015



Annual results 2022

Focus on the income statement

Net income Group share: EUR +5 m

Recurring result

EUR -260 m

- Improvement of the net interest margin by EUR +10 m, to EUR +47 m, mainly due to the decrease of the cash collateral cost over the year
- Operating costs at EUR -275 m, impacted by taxes and regulatory contributions (EUR -65 m)
- Cost of risk at EUR -3 m, integrating the potential consequences of the conflict in Ukraine and the increase of energy prices

Accounting volatility

EUR +312 m

- Income of EUR +329 m associated with the transition of fair value hedging derivatives contracts within the context of the benchmark reform
- Unfavourable impact of fair value hedging inefficiencies (EUR -107 m)
- Positive impact (EUR +58 m) of the Funding Value Adjustment (FVA), Credit Value Adjustment (CVA) and Debit Valuation Adjustment (DVA)
- Positive change in the value of assets classified at fair value through profit or loss (EUR +24m)

Non-recurring elements

EUR -46 m

- EUR -46 m of losses associated with asset disposals
- EUR +8 m net positive impact of provisions for litigation
- Impact of EUR -34 m mainly associated with restructuring and transformation costs
- A net positive impact of EUR +26 m, mainly related the restructuring of derivatives and the optimisation of the funding of the Group's leasing entities

Annual results 2022
Key figures as at 31 December 2022

Balance sheet

EUR 64,3 billion

EUR 98,7 biilion
as at 31/12/2021

- **Balance sheet down by EUR -34,4 bn (-35%),** driven by a favourable environment of rising interest rates and, to a lesser extend, by the reduction of the asset portfolio
- **Asset portfolio at EUR 32,9 bn,** of which EUR 18.9 bn in bonds and EUR 15.4 bn in loans

Solvency

41%[1]

against 31.6%
as at 31/12/2020

- **Improvement** of the solvency mostly **driven by the decrease in risk-weighted assets** (EUR -5.2 bn), at EUR 16.4 bn as at 31 December 2022
- **Total Capital Ratio much higher than the minimum required** within the framework of the SREP

Guaranteed debt

EUR 37.6 bn

EUR 19.4 bn	**EUR 17.2 bn**	**EUR 0.9 bn**

(1) Total Capital Ratio

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