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CREDIT OPINION
5 September 2023

Update

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Dexia Credit Local

Update following rating action

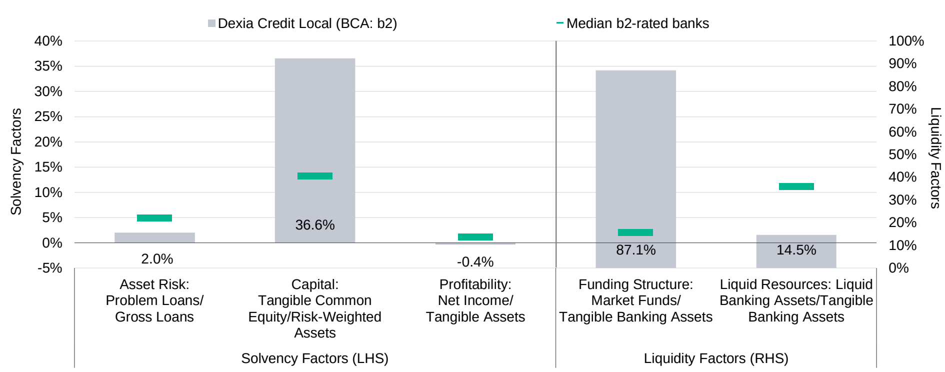
Summary

Dexia Credit Local's (DCL) long-term deposit and senior unsecured debt ratings of Baa3 with a stable outlook reflect its Baseline Credit Assessment (BCA) of b2; and a very high probability of support from the Government of France (Aa2 stable) and the Government of Belgium (Aa3 stable) and the application of our Basic Loss Given Failure (LGF) approach, resulting in a five-notch rating uplift from the Adjusted BCA.

The b2 BCA reflects our view that the orderly resolution of DCL has so far been unfolding smoothly, in particular because of the large support provided by the governments of Belgium and France through the government-guaranteed debt scheme. Nevertheless, the BCA also reflects the fact that DCL might need additional capital injection from the governments during its prolonged run-off period.

We believe that any additional support needed from public authorities by an entity already in runoff would not result in a resolution under the terms and conditions of the European Union (EU) Bank Recovery and Resolution Directive (BRRD). Therefore, we assume that, in practice, the group is out of the scope of the EU BRRD, and, hence, we apply our Basic LGF approach instead of our Advanced LGF approach, implying no LGF uplift from the Adjusted BCA for the bank's deposit and senior unsecured ratings.

Exhibit 1
Rating Scorecard - Key financial ratios



Source: Moody's Financial Metrics

This report was republished on 07 September 2023 with the corrected contact list.

RATINGS

Dexia Credit Local

Domicile	Paris, France
Long Term CRR	Baa3
Type	LT Counterparty Risk Rating - Fgn Curr
Outlook	Not Assigned
Long Term Debt	Baa3
Type	Senior Unsecured - Dom Curr
Outlook	Stable
Long Term Deposit	Baa3
Type	LT Bank Deposits - Fgn Curr
Outlook	Stable

Please see the ratings section at the end of this report for more information. The ratings and outlook shown reflect information as of the publication date.

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Credit strengths

» Funding facilitated by a large State-guaranteed debt programme.

» State ownership and government support for both capital and funding, which imply a high probability of further government support in case of need.

Credit challenges

» Concentration risk is high, despite good average asset quality.

» Dexia group is unable to generate profit on a sustained basis.

Outlook

The outlook on DCL's long-term deposit and senior unsecured debt ratings is stable, reflecting our view that in the absence of any major exogenous shock affecting the bank's solvency or funding capacity, its wind-down will likely unfold according to the resolution plan.

Factors that could lead to an upgrade

» DCL's BCA could be upgraded as a result of the bank's better-than-expected performance in the implementation of the orderly run-off plan. An upgrade of the bank's long-term ratings is unlikely, even if its BCA were to be upgraded.

Factors that could lead to a downgrade

» Significant deviations from the run-off plan could trigger a downgrade of DCL's BCA, which, in turn, could lead to a downgrade of the bank's long-term deposit and senior unsecured ratings, if at the same time public support were not adjusted accordingly.

» Any evidence from the guarantor States, or from the European Commission that additional government support in case of need would either not be provided or under conditions detrimental to unsecured creditors could also result in a downgrade of the bank's long-term deposit and senior unsecured ratings.

Key indicators

Exhibit 2
Dexia Credit Local (Consolidated Financials) [1]

	12-22[2]	12-21[2]	12-20[2]	12-19[2]	12-18[2]	CAGR/Avg.[3]
Total Assets (EUR Million)	53,795.0	74,601.0	83,538.0	88,126.0	124,273.0	(18.9)[4]
Total Assets (USD Million)	57,412.6	84,530.8	102,213.4	98,921.3	142,062.0	(20.3)[4]
Tangible Common Equity (EUR Million)	5,946.0	5,849.0	6,108.0	6,756.0	7,289.0	(5.0)[4]
Tangible Common Equity (USD Million)	6,345.9	6,627.5	7,473.5	7,583.6	8,332.4	(6.6)[4]
Problem Loans / Gross Loans (%)	2.0	1.7	1.8	1.7	2.3	1.9[5]
Tangible Common Equity / Risk Weighted Assets (%)	36.6	29.1	25.8	25.3	24.2	28.2[6]
Problem Loans / (Tangible Common Equity + Loan Loss Reserve) (%)	5.8	6.7	7.6	8.0	10.7	7.7[5]
Net Interest Margin (%)	0.1	0.1	0.0	0.1	0.1	0.1[5]
PPI / Average RWA (%)	0.5	-1.6	-1.9	-3.4	-1.3	-1.6[6]
Net Income / Tangible Assets (%)	0.1	-0.4	-0.8	-0.9	-0.2	-0.4[5]
Cost / Income Ratio (%)	77.5	-368.0	-183.9	-57.0	-551.5	-216.6[5]
Market Funds / Tangible Banking Assets (%)	87.1	91.2	92.0	88.0	70.8	85.8[5]
Liquid Banking Assets / Tangible Banking Assets (%)	14.5	17.7	17.7	16.7	14.1	16.1[5]
Gross Loans / Due to Customers (%)	2785.6	4301.1	5195.6	830.7	727.0	2768.0[5]

[1] All figures and ratios are adjusted using Moody's standard adjustments. [2] Basel III - fully loaded or transitional phase-in; IFRS. [3] May include rounding differences because of the scale of reported amounts. [4] Compound annual growth rate (%) based on the periods for the latest accounting regime. [5] Simple average of periods for the latest accounting regime. [6] Simple average of Basel III periods.
Sources: Moody's Investors Service and company filings

Profile

Dexia Credit Local (DCL) is Dexia group's sole operational entity and issuer. DCL is based in France, where it holds most of its assets. It has a branch in Ireland and a subsidiary in Italy, Dexia Crediop S.p.A. (Dexia Crediop, Baa3/Baa3 stable, b2[1]). Dexia group and DCL — historically active in public-sector financing — have been in runoff since year-end 2011. The Belgian and French states own 99.6% of the group[2].

The entities were subject to an orderly resolution plan as of year-end 2011 following the European sovereign debt crisis, which had a major impact on Dexia group. Given the bank's size and to prevent any systemic risk, the wind-down process began in October 2011 and was eventually approved by the European Commission (EC) in December 2012. As a result, the group stopped its commercial activity, and is now focused on fulfilling its contractual obligations and managing its balance sheet in runoff (mainly public sector and sovereign assets). Consequently, Dexia group and DCL's governance were unified and simplified in line with the bank's new remit. Dexia group's total assets amounted to €64.3 billion at end December-2022, down 35% from €98.7 billion at year-end 2021 and down 74% from €247 billion at year-end 2014.

Over the past 4 years, Dexia group simplified its structure by selling and closing most of the remaining branches abroad, amongst numerous measures aimed at reducing its operating costs. A major milestone in the simplification process is the announced merger by absorption between DCL and Dexia Crediop, which is expected to be finalized in September 2023. Furthermore in July 2023, DCL submitted a withdrawal request of its banking license. If accepted, which is likely, the group will have more room for further simplifying its risk management, processes, which will help reduce its operating costs.

Since 1 July 2020, Dexia group is no longer directly supervised by the European Central Bank (ECB) because it is a run-off entity. The supervision is undertaken by the French Autorité de Contrôle Prudentiel et de Résolution (ACPR) acting as the so called home supervisor and the National Bank of Belgium (NBB). If the licensing authority approves the banking license withdrawal request, Dexia will no longer be subject to banking supervision but will remain under the surveillance of an ad hoc body appointed by the French and Belgian states. While this body will have no administrative powers, it will provide both governments with an independent assessment of Dexia's risk management, solvency liquidity, etc. It will also have a say on the appointment of key senior staff ("fit and proper") and will be entitled to recommend corrective actions as necessary.

Detailed credit considerations

Unless otherwise specified, the figures and ratios mentioned below are based on Dexia group's consolidated accounts and not DCL on a standalone basis.

Average asset quality remains good but concentration risk is high

Since the implementation of the orderly resolution of Dexia group and along with the disposal of its viable franchises, the group has been managing the remaining assets in runoff. These assets mainly comprise long-term exposures to the public sector, sovereigns, etc. the final amortisation of which will extend beyond 2030.

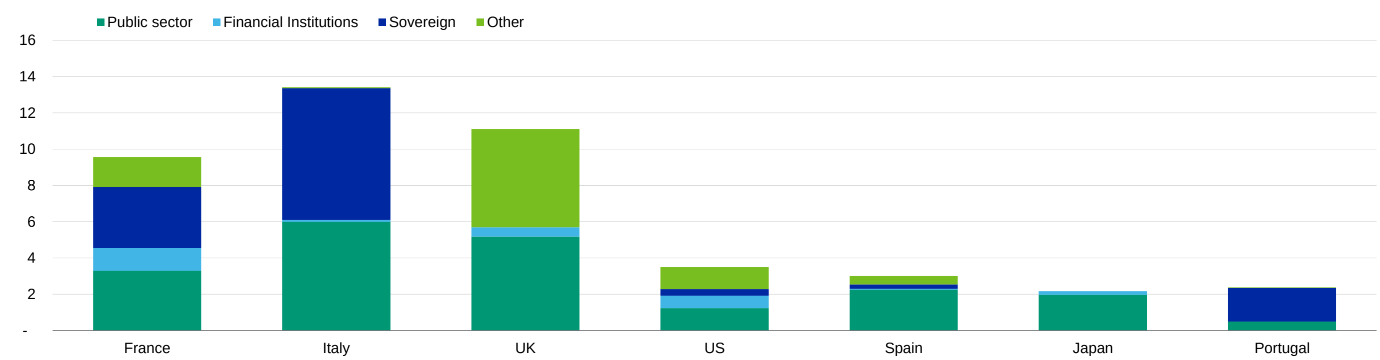
Since 2016, Dexia group has also been focusing on actively deleveraging its portfolio, in line with the management's strategy to accelerate the bank's downsizing. Albeit slower than last year due to the market volatility following the Russian invasion of Ukraine, the group's loan and bond portfolio decreased by €2.7 billion to €32.9 billion during 2022[3]. By the end of the first semester of 2022, Dexia achieved its asset reduction target under the plan validated by the Board of Directors in July 2019. Since the plan execution did not fully use the allocated losses, the bank decided to continue its deleveraging activities during the second semester of 2022.

The portfolio's average quality is good (91% of the group's total credit exposures were investment grade as of the end of December 2022, of which 42% were rated A or above). However, single-name concentration is high, implying the risk of a significant impact on the group's capital in case of an impairment on a large exposure — all the more so since Dexia group has no capacity to absorb credit losses with its recurring revenue. Dexia group has particularly high concentrations in the Italian and Spanish public sectors (Exhibit 3). As of the end of December 2022, its exposure to the Italian public sector and the Italian sovereign represented 94% and 113%, respectively, of its Common Equity Tier 1 (CET1) capital, and its exposure to the Spanish public sector represented 35% of its CET1 capital.

Exhibit 3

Asset concentration risk is high

Dexia group's credit exposures as of end-December 2022 (in € billion)



Source: Company reports

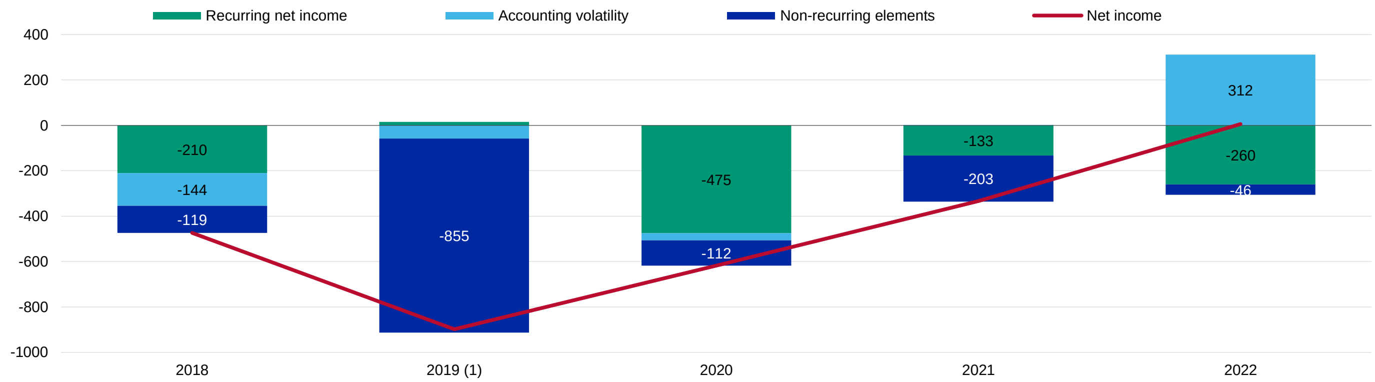
In 2022, the cost of risk was negligible at €3 million versus a positive contribution of €117 million in 2021. Out of the total loan loss provisions of 2022, €28 million were linked to the update of macroeconomic scenarios and €17 million resulted from the move of the exposure to UK hospital sector to Stage 2 from Stage 1, offset by the positive effects of rising interest rates (€-20 million) and portfolio evolution (€-32 million). Impaired assets amounted to €503 million (representing around 1.5% of the group's loan and bond portfolio and 7.5% of its regulatory capital base) as of the end of December 2022, 12.8% down from €577 million as of year-end 2021.

The Asset Risk score is adjusted three notches downwards to baa3 from the initial score of a3 to factor in the high concentration risks and potential losses during the runoff.

Dexia group is structurally loss-making

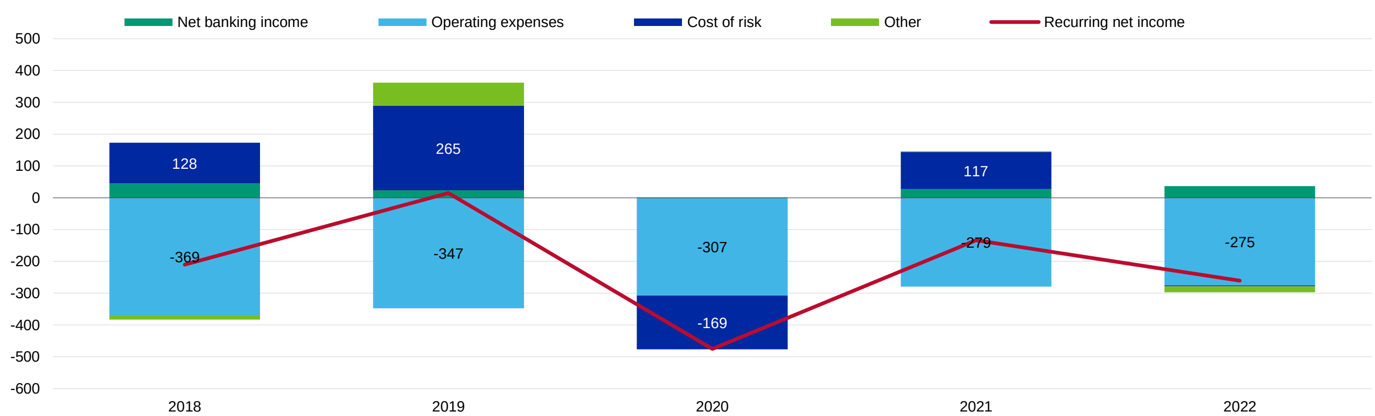
Despite its low cost of funding, Dexia group's earnings generation capacity is limited (Exhibit 4). The ongoing disposal of assets reduces its earnings base, while the decrease in operating costs remains slow (Exhibit 5). As a result, the group is structurally loss-making. Even in the absence of significant loan losses, we expect the group to continue posting further losses over the coming years.

Exhibit 4
Dexia group is structurally loss-making
Breakdown of net income (In € million)



(1) Non-recurring elements of 2019 included €403 million loss generated by asset disposals, €314 million negative impact of the reclassification of a portion of assets at amortised cost into the fair value category, and €115 million loss related to the sale of DKD.
Source: Company reports and Moody's Investors Service

Exhibit 5
Dexia group is loss-making as a result of decreased revenues which do not absorb operating expenses
Breakdown of recurring net income (in € million)



Source: Company reports and Moody's Investors Service

Dexia group's earnings will remain very sensitive to changes in funding conditions (notably the credit spread of French sovereign as the cost of its guaranteed debt is strongly correlated with government bonds) because of the very thin margins on its assets. They will also remain sensitive to changes in interest rates. The ultra-low interest rate environment materially weighed on the bank's income over the past five years. The rising interest rates since July 2022 are positive for Dexia's net banking income through an increase of net interest margins, even if it will not change its structural loss-making profile.

Dexia group's net result will also depend on the magnitude of loan losses, which in turn will depend on the macroeconomic environment. Extreme market volatility could also hurt Dexia's financial results because adverse movements in market parameters (exchange rates and credit spreads) could prompt negative valuation adjustments of assets, liabilities and derivatives. That being said, significant efforts have been made to reduce the results' sensitivity to variation in market parameters by reducing the number of derivative operations and by hedging basis risks.

Since 1 January 2022, Dexia is subject to additional guarantee fees under the prolongated state-guaranteed funding scheme. While the "normal fees", which are paid monthly to the guarantors under the previous scheme continues to be applied at a low 5 basis points of outstanding debt, the new scheme also includes a deferred fee system which will gradually increase from 5 basis points (in 2022) to 135 basis points (in 2027). The deferred fees will only become payable upon two conditions being met simultaneously, including (1) the liquidation of DCL and (2) the withdrawal of its banking license. They will therefore not weigh on the group's cash position during its run-off. However, this deferred charge will accrue in DCL's consolidated income statement - as per IFRS accounting rules - and will negatively impact its accounting equity[4] (€3.5 million have been accrued as of end December 2022).

The bank has been able to consistently reduce its operating costs by simplifying its international network and outsourcing some administrative activities. In 2022, Dexia secured partnerships with other banks for outsourcing the management of payments and loan back-office. The de-banking will allow Dexia to further reduce its regulatory and reporting costs.

The assigned Profitability score of caa1 reflects our expectations that the group will continue to generate recurring losses over the outlook horizon.

Dexia might require further recapitalisation during its multiyear wind-down process

Dexia group's total regulatory capital ratio was 41% as of the end of December 2022, up from 31.6% as of year-end 2021. This increase resulted from (i) a €5.2 billion decrease in its risk-weighted assets (RWAs) to €16.4 billion, (ii) a €0.2 billion increase in its regulatory capital base to €6.7 billion at end-December 2022. The €5.2 billion decrease in risk-weighted assets primarily stems from the positive impact of rising interest rates on fair value items and from the decline in the asset portfolio by a lesser extent. The ratio remains well above its Supervisory Review and Evaluation Process (SREP) requirement of 13.75%[5]. The banking license withdrawal will change the supervisory framework of the group as DCL will no longer be subject to the SREP capital requirements. Nonetheless, the body tasked with DCL's surveillance will monitor the solvency of Dexia and more broadly its creditworthiness and will be expected to report to the board of directors and the States eventually in case material deficiencies were identified.

The additional guarantee fee under the prolongated state-guaranteed funding scheme effective since the beginning of 2022 will also progressively weigh on the group's net result and therefore on its capital. Based on its projected financials and in the absence of a major shock triggering substantial credit losses or affecting the bank's funding capacity, however, we expect the group to maintain a stable capital ratio over the coming three to four years.

These elements are reflected in adjustments made to Dexia's Capital score. The assigned Capital score of b2 is positioned twelve notches below the Macro-Adjusted score to reflect the expected progressive erosion of the capital base as the runoff process unfolds.

Funding during the runoff period will rely on state-guaranteed debt and secured funding

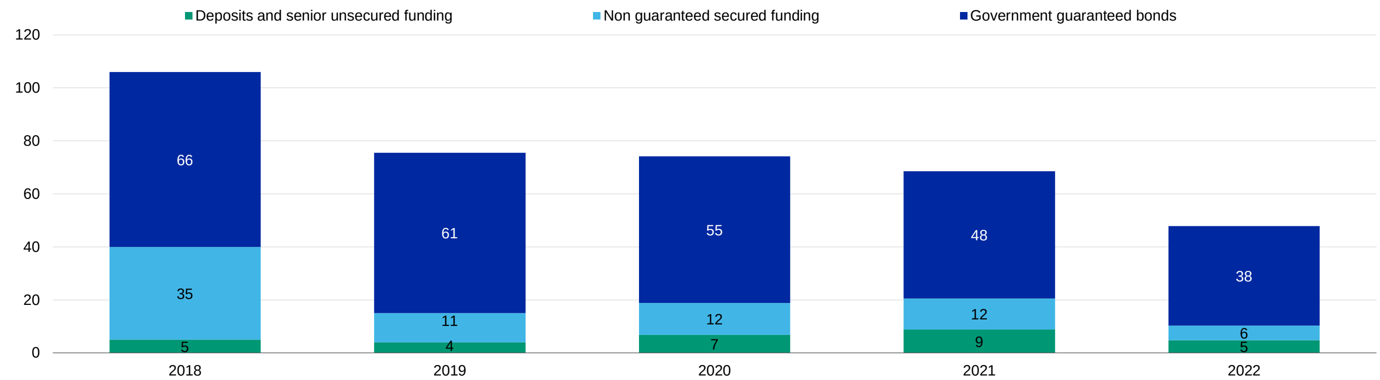
Dexia funds the wind-down of its assets through state-guaranteed debt and secured funding and no longer relies on central bank funding. Dexia relies on a prolonged guarantee scheme that runs until 31 December 2032; it is provided by the governments of Belgium and France in the proportions of 53% and 47% with a ceiling of €75 billion. This provides the bank with reasonable room to absorb potential strain that may result from an increase in collateral posting needs on hedging derivatives or higher haircuts imposed in repo transactions.

Dexia's funding needs have continued to decrease with the accelerated wind-down of the asset portfolio since 2019. As of December 2022, the outstanding balance of guaranteed debt amounted to €38 billion, down from €48 billion as of December 2021. Guaranteed debt currently represents close to 84% of Dexia group's funding sources (Exhibit 6). The bank's funding needs further reduced during 2022 as the amount of collateral posted on derivative transactions materially decreased as a result of the hike in interest rates. At the same time, the pace of the decrease in the asset portfolio will slow down because the asset reduction programme has been completed.

Exhibit 6

Guaranteed debt represents the bulk of Dexia group's funding

Breakdown of Dexia group's liabilities (in € billion)



Source: Company reports

Depending on market conditions and investors' appetite for government-guaranteed bonds (GGBs), there remains a risk that Dexia's access to the market nevertheless prove more difficult than expected and result in higher funding costs. In worst cases, this could compel it to rely on alternative measures, including resorting to the on-balance sheet contingency liquidity buffer that will replace the emergency liquidity assistance from the central banks (National Bank of Belgium and Banque de France) following the potential debanking. The state-guaranteed debt issued by Dexia group will keep benefitting from a 0% risk-weight for RWA calculation and qualifies as a level 1 asset in the calculation of the liquidity coverage ratio, which will support financial institutions' appetite for GGBs and help keep the average cost of state-guaranteed debt low. This mitigates the fact that Dexia group is still operating with relatively high funding gaps.

Besides guaranteed debt, Dexia group is still using secured funding as a cost-effective way to finance its assets, including transactions based on assets not eligible for central bank refinancing. Total secured funding amounted to around €5.5 billion at the end of December 2022 or 12% of total funding. In line with the wind-down plan, which foresaw a progressive replacement of central bank funding by new state-guaranteed issuances, Dexia group has discontinued its recourse to ECB funding since year-end 2017. The termination from 31 December 2021 onwards of the access to the Eurosystem monetary operations by banks in wind-down (yet allowing recourse to emergency liquidity assistance - ELA) therefore did not have any implications for Dexia group’s orderly wind-down process.

As of the end of December 2022, the group's liquidity coverage ratio was 177% (versus 176% as of year-end 2021), and its liquidity reserve amounted to €10.8 billion, of which €3.6 billion were in cash.

These elements are reflected in an assigned Combined Liquidity score of b1. The Funding Structure score is adjusted upwards by nine notches to baa3 to account for the fact that a significant part of Dexia group's wholesale funding is State-guaranteed and hence less confidence sensitive. The Liquid Resources score is adjusted downwards by eight notches to caa3 to take into account the fact that a large portion of Dexia group's assets is encumbered in secured funding transactions.

A negative one-notch qualitative adjustment reflects the difficulties associated with the implementation of the wind-down of a large balance sheet

The financial profile of b1 reflects the current situation of Dexia group, as well as the challenges involved with a multiyear runoff. A one-notch negative adjustment is made under our “complexity and opacity” criterion to reflect the uncertainties and lack of visibility associated with the implementation of a long-term wind-down of a large balance sheet composed of long-dated and illiquid assets. This leads to a BCA and an Adjusted BCA of b2 for DCL.

ESG considerations

Dexia Credit Local's ESG Credit Impact Score is Neutral-to-Low CIS-2

Exhibit 7
ESG Credit Impact Score

CIS-2
Neutral-to-Low

NEGATIVE IMPACT POSITIVE IMPACT

For an issuer scored CIS-2 (Neutral-to-Low), its ESG attributes are overall considered as having a neutral-to-low impact on the current rating; i.e., the overall influence of these attributes on the rating is non-material.

Source: Moody's Investors Service

Dexia Credit Local's (DCL's) **CIS-2** indicates that ESG considerations have no material impact on the current rating, which reflects the mitigating rating effect of support from the French and Belgium governments over DCL's ESG risk profile. Nonetheless, DCL faces moderate governance risks stemming from its state ownership and the operational complexities involved with its run-off. Environmental and social factors have a limited credit impact on the rating to date.

Exhibit 8
ESG Issuer Profile Scores

ENVIRONMENTAL
E-2
Neutral-to-Low

SOCIAL
S-3
Moderately Negative

GOVERNANCE
G-3
Moderately Negative

Source: Moody's Investors Service

Environmental

DCL's exposure to environmental risks is low. Given its former role as lender to the French public sector, DCL's exposure to environmental risks is closely linked to that of the French sovereign, which is low across all categories.

Social

DCL faces moderate social risks primarily related to customer relations and associated regulatory and litigation risks, requiring high compliance standards. The bank's exposure to social risks, namely to customer relations and demographic and societal trends, is below industry average given its current status as a run-off entity.

Governance

DCL's governance risks are moderate. Dual government ownership by the French and Belgian states involves some complexity in the completion of DCL's run-off. Nonetheless, governance risks are mitigated by the alignment of creditors and shareholders' interests insofar as a large share of the bank's funding benefits from the guarantee of the states.

ESG Issuer Profile Scores and Credit Impact Scores for the rated entity/transaction are available on Moodys.com. In order to view the latest scores, please click here to go to the landing page for the entity/transaction on MDC and view the ESG Scores section.

Support and structural considerations

Loss Given Failure (LGF) analysis

Should Dexia group need any additional support from public authorities, we believe this would not result in a resolution under the terms of the EU BRRD. Therefore, we assume that, in practice, Dexia group is out of the scope of the EU BRRD and, hence, we do not apply the Advanced LGF approach as used for banks subject to operational resolution regimes. Instead we apply the Basic LGF approach, which provides no uplift from the Adjusted BCA for DCL's senior debt and deposits.

The rating on preferred stocks of C(hyb) is six notches below the Adjusted BCA, as a result of the one-notch adjustment under our Basic LGF approach and five further notches, reflecting the fact that coupon payments and early redemption have been suspended on these securities, in accordance with the EC's decision in 2012.

Government support considerations

If Dexia group were to require further external support, we believe the probability of additional support from the governments of Belgium and France would be very high. The current exposures of these governments to Dexia group via their equity investments and guarantees on funding are such that both have a strong interest in preventing the bank's default. In case of default both States would directly be liable for maturing debts under the terms of their guarantee and because a liquidation process would likely entail greater losses for them than under an orderly wind down.

We assess a very high probability of government support for the senior unsecured creditors and junior depositors. This results in a five-notch uplift for DCL's senior unsecured debt rating and deposit rating to Baa3. Government support assumption is low for junior debts, resulting in no rating uplift.

Counterparty Risk (CR) Assessment

DCL's CR Assessment is Baa3 (cr)/Prime-3 (cr)

The CR Assessment benefits from one notch of rating uplift under our Basic LGF approach and four notches of government support uplift based on a very high support assumption from the governments of France and Belgium. The CR Assessment is positioned at the same level as the bank's deposit and senior unsecured ratings because we consider that the operational liabilities of an entity already in resolution are unlikely to benefit from any additional protection compared with depositors and senior creditors.

Counterparty Risk Ratings (CRRs)

DCL's CRRs are Baa3/Prime-3

The CRR benefits from one notch of rating uplift under our Basic LGF approach and four notches of government support uplift based on a very high support assumption from the governments of France and Belgium. The CRR is positioned at the same level as the bank's deposit and senior unsecured ratings as we consider that the CRR liabilities of an entity already in resolution are unlikely to benefit from any additional protection compared with depositors and senior creditors.

Methodology and scorecard

About Moody's Bank Scorecard

Our scorecard is designed to capture, express and explain in summary form our Rating Committee's judgement. When read in conjunction with our research, a fulsome presentation of our judgement is expressed. As a result, the output of our scorecard may materially differ from that suggested by raw data alone (though it has been calibrated to avoid the frequent need for strong divergence). The scorecard output and the individual scores are discussed in rating committees and may be adjusted up or down to reflect conditions specific to each rated entity.

Rating methodology and scorecard factors

Exhibit 9

Dexia Credit Local

Macro Factors							
Weighted Macro Profile	**Strong**	**100%**					
Factor		**Historic Ratio**	**Initial Score**	**Expected Trend**	**Assigned Score**	**Key driver #1**	**Key driver #2**
Solvency							
Asset Risk							
Problem Loans / Gross Loans		2.0%	a3	↔	baa3	Single name concentration	
Capital							
Tangible Common Equity / Risk Weighted Assets (Basel III - transitional phase-in)		36.6%	aa2	↔	b2	Stress capital resilience	
Profitability							
Net Income / Tangible Assets		-0.4%	caa1	↔	caa1	Return on assets	Expected trend
Combined Solvency Score			baa1		b1		
Liquidity							
Funding Structure							
Market Funds / Tangible Banking Assets		87.1%	caa3	↔	baa3	Term structure	Lack of market access
Liquid Resources							
Liquid Banking Assets / Tangible Banking Assets		14.5%	ba1	↔	caa3	Asset encumbrance	Expected trend
Combined Liquidity Score			b3		b1		
Financial Profile					b1		
Qualitative Adjustments					Adjustment		
Business Diversification					0		
Opacity and Complexity					-1		
Corporate Behavior					0		
Total Qualitative Adjustments					-1		
Sovereign or Affiliate constraint					Aa2		
BCA Scorecard-indicated Outcome - Range					b1 - b3		
Assigned BCA					b2		
Affiliate Support notching					0		
Adjusted BCA					b2		

Balance Sheet is not applicable.

Debt Class	De Jure waterfall		De Facto waterfall		Notching		LGF Notching Guidance vs. Adjusted BCA	Assigned LGF notching	Additional Notching	Preliminary Rating Assessment
	Instrument volume + subordination	Sub-ordination	Instrument volume + subordination	Sub-ordination	De Jure	De Facto				
Counterparty Risk Rating	-	-	-	-	-	-	-	1	0	b1
Counterparty Risk Assessment	-	-	-	-	-	-	-	1	0	b1 (cr)
Deposits	-	-	-	-	-	-	-	0	0	b2
Senior unsecured bank debt	-	-	-	-	-	-	-	0	0	b2
Non-cumulative bank preference shares	-	-	-	-	-	-	-	-1	-5	c

Instrument Class	Loss Given Failure notching	Additional notching	Preliminary Rating Assessment	Government Support notching	Local Currency Rating	Foreign Currency Rating
Counterparty Risk Rating	1	0	b1	4	Baa3	Baa3
Counterparty Risk Assessment	1	0	b1 (cr)	4	Baa3(cr)	
Deposits	0	0	b2	5	Baa3	Baa3
Senior unsecured bank debt	0	0	b2	5	Baa3	
Non-cumulative bank preference shares	-1	-5	c	0	C (hyb)	

[1] Where dashes are shown for a particular factor (or sub-factor), the score is based on non-public information.
Source: Moody's Investors Service

Ratings

Exhibit 10

Category	Moody's Rating
DEXIA CREDIT LOCAL	
Outlook	Stable
Counterparty Risk Rating	Baa3/P-3
Bank Deposits	Baa3/P-3
Baseline Credit Assessment	b2
Adjusted Baseline Credit Assessment	b2
Counterparty Risk Assessment	Baa3(cr)/P-3(cr)
Issuer Rating	Baa3
Senior Unsecured -Dom Curr	Baa3
Pref. Stock Non-cumulative -Dom Curr	C (hyb)
Bkd Commercial Paper	P-1
DEXIA CREDIT LOCAL, NEW YORK BRANCH	
Outlook	Stable
Counterparty Risk Rating	Baa3/P-3
Bank Deposits	Baa3/P-3
Counterparty Risk Assessment	Baa3(cr)/P-3(cr)
Bkd Commercial Paper	P-1
DEXIA CREDIOP S.P.A.	
Outlook	Stable
Counterparty Risk Rating	Baa3/P-3
Bank Deposits	Baa3/P-3
Baseline Credit Assessment	b2
Adjusted Baseline Credit Assessment	b2
Counterparty Risk Assessment	Baa3(cr)/P-3(cr)
Senior Unsecured -Dom Curr	Baa3

Source: Moody's Investors Service

Endnotes

1 The ratings shown are Dexia Crediop S.p.A.'s deposit rating, senior unsecured debt rating and BCA.

2 Belgium and France hold 52.8% and 46.8% of Dexia, respectively.

3 The Exposure at default (EAD) decreased to €50.5 billion at year-end 2022 from €73.8 billion at year-end 2021.

4 In DCL's statutory accounts (under French Gaap), however, the deferred fees will only be recognized as an off-balance-sheet item and therefore have no P&L impact as long as the probability of the simultaneous occurrence of the two conditions is deemed remote.

5 The 13.75% requirement includes Pillar 1 requirement (8%), Pillar 2 requirement (3.25%) and capital conservation buffer (2.5%). This requirement increased to 15% since 1 July 2023 following the increase of the UK and French countercyclical buffer.

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