Dexia Holding

Annual Results 2023

Press presentation

DEXIA

Highlights (1/4)

From a bank with a licence to a non-banking entity

- **Withdrawal of Dexia's banking licence and investment services authorisations on 1 January 2024**
  - Continuation of orderly resolution outside banking regulations within an appropriate framework
  - Maintenance of a robust risk management framework and introduction of a new surveillance model
  - Maintenance of the funding capacity via the issuance of government-guaranteed debt which retains HQLA Level 1 qualification and of a direct access to clearing houses and the main trading venues
- **Change of name and status of the entities**
  - Dexia Crédit Local remains a public limited company under French law and has been renamed Dexia
  - Dexia is no longer a financial holding company but remains a limited company under Belgian law and is renamed Dexia Holding

"Following the withdrawal of its banking and investment services authorisations, Dexia is continuing the management in run-off of its balance sheet and asset portfolio within a framework better suited to the transformation and orderly resolution of the Group. The Group is also maintaining a robust risk management framework and, thanks to the support and involvement of the States, the Group's shareholders and guarantors, has put a new surveillance model in place. I am also delighted that the rating agencies have confirmed Dexia's 'senior unsecured' rating at investment grade and I would like to pay tribute to the work of the management and teams in preparing and implementing these important changes."

Gilles Denoyel, Chairman of the Board of Directors

Annual Results 2023
Highlights (2/4)

Significant progress in the Group's transformation

- **Cross-border merger of Dexia and Dexia Crediop**
  - Merger completed on 30 September 2023, with retroactive accounting and tax effect from 1 July 2023
  - Disappearance of Dexia's last significant subsidiary
  - Creation of an unregulated Dexia branch in Rome
- **Sale of leasing activities**
- **Closure of Dexia's representative office in New York**
- **Relisting of hybrid Tier 1 debt instruments**
  - Transfer of trading in hybrid Tier 1 debt securities issued by Dexia Holding (XS0273230572) and Dexia (FR0010251421) to the unregulated market of the Euro MTF on 12 February 2024
  - State-guaranteed debt securities issued by Dexia continue to be listed and admitted to trading on the regulated market of the Luxembourg Stock Exchange

"Transformation was at the heart of the Group's activities in 2023, with structuring steps leading to the withdrawal of Dexia's banking licence and the exit from IFRS on 1 January 2024. By virtue of careful preparation, Dexia successfully issued its first two benchmarks as a non-bank at the beginning of the year. The reshaping of the operating model also made significant progress in 2024, with different partnerships coming to fruition. I would like to extend my heartfelt thanks to the teams who are committed to the Group's resolution on a daily basis and are making this remarkable transformation possible."

Pierre Crevits, *Chief Executive Officer*

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Highlights (3/4)

Simplification of the accounting framework and exit from IFRS

- **At Dexia Holding level**
  - From 1 January 2024, Dexia Holding will publish consolidated financial statements under Belgian banking standards and statutory financial statements under Belgian corporate standards
- **At Dexia level**
  - From 1 January 2024, Dexia will no longer produce consolidated financial statements under IFRS and will only publish statutory financial statements under French banking standards

Reshaping of the operating model

- Start-up on 1 November 2023 of the **contract with Arkéa Banking Services for the back-office processing of loans**
- Signature of a **letter of intent with EY in relation to the outsourcing of its production activities**, in particular **accounting** production and **risk indicators**
- Signature, in December 2023, of a **contract with BlackRock, for the outsourcing of market risk analysis, management of market middle- and backoffices and some of its accounting**, using the BlackRock Aladdin technology, with the aim of **switching over** services **during 2026**
- Signature, in February 2024, of an **agreement with Mount Street for the takeover of a team of eight bond management experts** and the **management of Dexia's bond portfolio**

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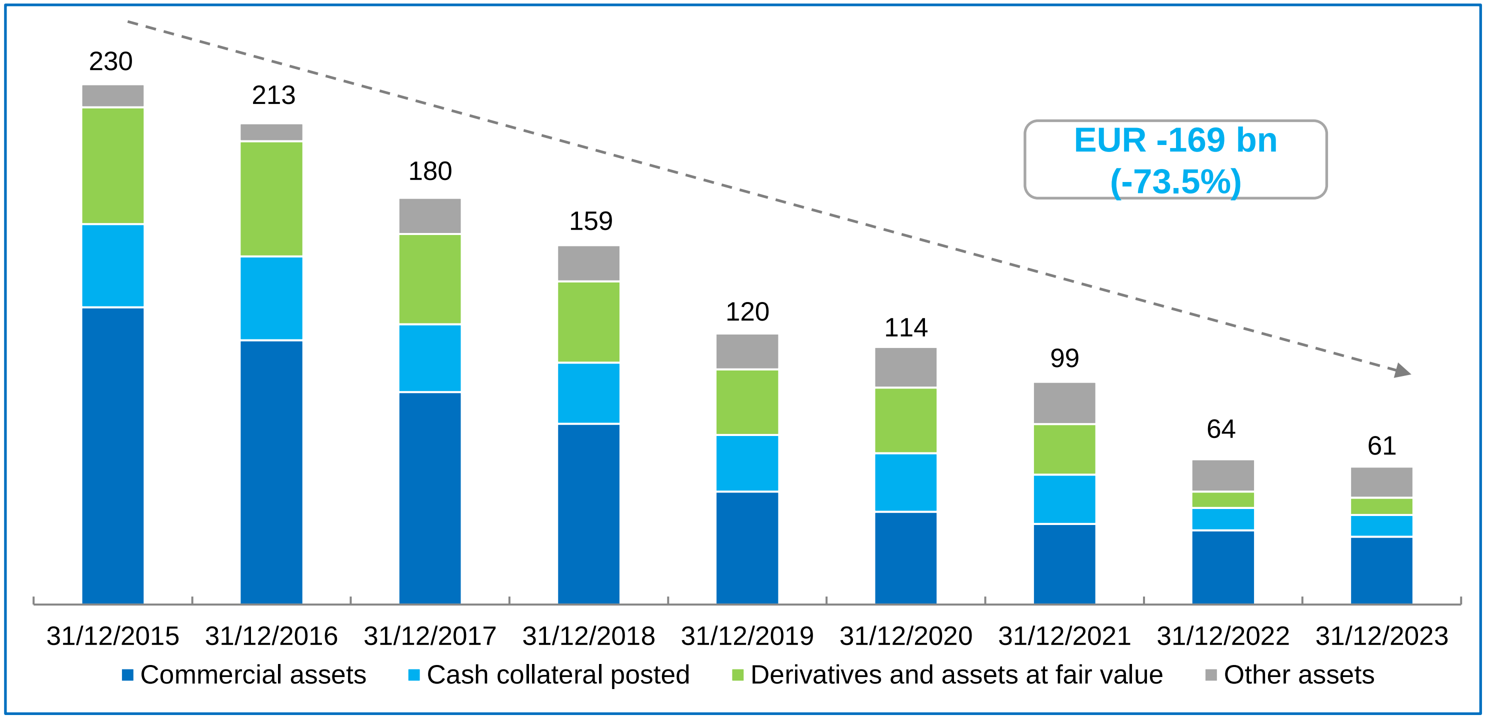
Highlights (4/4)

Active management of the asset portfolio and continued reduction of the balance sheet

- **9% reduction of the asset portfolio against a backdrop of rising interest rates**
  - EUR 1.3 billion of sales and early redemptions
  - EUR 1.6 billion of natural amortisation
- **Balance sheet down 5%, at EUR 61 billion as at 31 December 2023**
- **Reflection on the management of the asset portfolio in 2024**



Net income Group share: EUR -378 m

Recurring result

EUR -128 m

- Net interest margin improved by EUR +89 m to EUR +136 m, due to higher interest rates
- Operating expenditure of EUR -248 m, down following the reduction in taxes and regulatory contributions (EUR -25 m)
- Cost of risk of EUR -2 m, including an allocation to collective provisions on part of the water distribution sector in the United Kingdom, offset by a reduction of specific provisions linked to the early repayment of exposures

Accounting volatility

EUR -16 m

- Negative evolution (EUR -54 m) of the valuation of derivatives portfolios and Wise securitisation
- Positive impact of fair value hedge ineffectiveness (EUR +14 m)
- Positive impact (EUR +16 m) of the Funding Value Adjustment (FVA), Credit Value Adjustment (CVA) and Debit Valuation Adjustment (DVA)

Non-recurring elements

EUR -234 m

- EUR -43 m associated with asset disposals
- EUR -25 m net impact of provisions for litigation
- EUR -67 m in costs related to the withdrawal of the banking licence, the overhaul of the Group's operating model and the restructuring of the Italian entity
- EUR -90 m provision in liabilities for the risk of non-recovery of sums paid under irrevocable payment undertakings to the Single Resolution Board
- EUR -92 m impact associated with the disposal of credit-lease entities
- Deferred tax gain of EUR +78 m linked to the transfer of a portfolio of assets from Dexia's Dublin branch to the Paris head office

Annual Results 2023

Key figures as at 31 December 2023

Balance sheet

EUR 61.0 billion

EUR 64.3 billion as at 31/12/2022

- **Balance sheet down EUR -3.3 billion (-5%),** driven by the reduction in the asset portfolio
- **Asset portfolios at EUR 30 billion,** of which EUR 17.6 billion of bonds and EUR 12.4 billion of loans

Solvency

39.8%[1]

against 41% as at 31/12/2022

- **Withdrawal of Dexia's banking licence** on 1 January 2024
- **Dexia Group no more subject to prudential requirements** applicable to credit institutions
- **Attentive monitoring of solvency** maintained, via **indicators better adapted** to the specific features of an entity in **orderly resolution**.

Funding

EUR 38.6 billion

Guaranteed debt outstanding

- **Good reception** by investors of **Dexia's first benchmarks as a non-bank**: **68% of the long-term funding programme**[2] for 2024 already **realised**

EUR 20.1 billion

EUR 17.8 billion

EUR 0.7 billion

(1) Ratio Total Capital; (2) as at 30 April 2024

Prospects 2024

New indicators for monitoring liquidity and solvency[1]

Liquidity indicators

Survival horizon
4.5 months
31/12/2023

- Short-term liquidity indicator defined as the number of days during which Dexia can continue to carry on its activities with the cash and liquid assets at its disposal, without access to the funding markets
- As at 31 March 2024, the survival horizon improved to 8 months, reflecting the inclusion in the liquidity reserve of a contingency buffer, made up entirely of cash and intended to compensate for the loss of access to the emergency liquidity assistance (ELA) for banks following the withdrawal of Dexia's banking licence on 1 January 2024

MTLR
119%
31/12/2023

- Medium-Term Liquidity Ratio (MTLR), which relates the total funding at more than one year to the funding requirement for weighted non-liquid assets:

$$\frac{\textit{Static funding} > 1\textit{ year}}{\textit{Total funding requirement of non-liquid assets}} \geq 100\%,$$

*Where: total static funding > 1 year = 100% * (equity + liabilities with residual maturity > 1 year and funding requirements for non-liquid assets = 70%* (non-liquid assets) + 20% * margins on derivatives + 70% * initial margins on derivatives*

Solvency indicator

Leverage ratio
7.4%
31/12/2023

- Reports the level of statutory capital under French GAAP to the balance sheet total
- This definition is consistent with the CRR (Leverage Ratio), which sets a minimum leverage ratio of 3%

(1) *Indicators published at Dexia level, the operating entity carrying almost all the assets and the Group's issuer.*

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