Dexia S.A.

Update

Key Rating Drivers

Support Drives Ratings: Dexia S.A. (Dexia) is the main operating entity of Dexia Holding SA/NV, which is about 53% owned by Belgium and 47% by France. Dexia's ratings reflect Fitch Ratings' view that there is a high probability of additional support from Belgium (A+/Stable) and France (AA-/Negative), if required, to complete the orderly wind-down of the company. Such support is underlined by a Government Support Rating (GSR) of 'bbb+'.

Strong Evidence of Support: Our view is based on Dexia's ownership, large funding guarantees from Belgium and France, and their ability to provide financial support. Dexia had about EUR29 billion of guaranteed debt outstanding at end-May 2025, and we expect guarantee use to remain materially below the EUR75 billion limit applicable since January 2022. The guarantee is granted by Belgium and France under a 53%/47% split.

The Negative Outlook on Dexia's Long-Term Issuer Default Rating (IDR) reflects the Outlook on France's rating.

No Retroactive Application of BRRD: Fitch continues to factor in state support for Dexia despite the implementation of the EU's Bank Recovery and Resolution Directive (BRRD). This reflects Fitch's view that the BRRD will not be applied retroactively to Dexia, as long as its orderly wind-down progresses consistently with plans agreed with the European Commission.

No Viability Rating Assigned: We do not assign a Viability Rating to Dexia, because it cannot be meaningfully analysed as a viable entity in its own right and is no longer commercially active. Dexia is in orderly wind-down and mainly relies on state guarantees for funding.

Low Risk of Senior Bail-In: Fitch views the risk of senior creditor bail-in as low for Dexia. Operating as a non-bank, Dexia is no longer subject to regulatory capital requirements, which we believe could have triggered a bail-in of senior unsecured debt if breached.

Withdrawal of Banking Licence: Dexia surrendered its banking licence in January 2024. This is part of the ongoing implementation of the ordered resolution plan validated by the European Commission in December 2012. Fitch believes that this step constitutes significant progress in the orderly resolution.

Deleveraging Progressing Well: Dexia's balance sheet was about EUR52 billion at end-2024, compared with about EUR362 billion at end-2011 when Dexia was placed in orderly wind-down. Total assets have significantly decreased over the past two years, notably because the amount of cash collateral posted has reduced as interest rates have increased. Dexia has materially simplified its legal structure since the start of the orderly resolution, including the absorption of its last substantial subsidiary, Dexia Crediop, in September 2023.

Ratings

Foreign Currency

Long-Term IDR	BBB+
Short-Term IDR	F1
Derivative Counterparty Rating	BBB+(dcr)
Government Support Rating	bbb+

Sovereign Risk (France)

Long-Term Foreign-Currency IDR	AA-
Long-Term Local-Currency IDR	AA-
Country Ceiling	AAA

Outlooks

Long-Term Foreign-Currency IDR	Negative
Sovereign Long-Term Foreign-Currency IDR	Negative
Sovereign Long-Term Local-Currency IDR	Negative

Highest ESG Relevance Scores

Environmental	2
Social	3
Governance	3

Applicable Criteria

Bank Rating Criteria (March 2025)

Related Research

Fitch Downgrades Dexia S.A.'s Guaranteed Debt to 'A+' (June 2025)

Fitch Downgrades Belgium to 'A+'; Outlook Stable (June 2025)

Fitch Affirms France at 'AA-'; Outlook Negative (March 2025)

Fitch Revises Dexia S.A.'s Outlook to Negative; Affirms IDR at 'BBB+' (October 2024)

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Rating Sensitivities

Factors that Could, Individually or Collectively, Lead to Negative Rating Action/Downgrade

Dexia's GSR and IDR are sensitive to a weakening in Belgium and France's ability or propensity to provide additional support. As Belgium was downgraded to 'A+' in June 2025, we would now likely downgrade Dexia's ratings if France was also downgraded to the 'A' category. A material reduction in state ownership or state-guaranteed funding that is not a result of lower funding needs, leading to reduced incentive to provide additional support, would also be rating negative.

A material deviation from Dexia's wind-down plan agreed with the European Commission would lead to negative rating action. Fitch expects this would be likely to trigger a fresh state aid review and heighten the likelihood of the authorities requiring more stringent measures, which could include senior creditors sharing some of the burden. However, this is not our central scenario.

Factors that Could, Individually or Collectively, Lead to Positive Rating Action/Upgrade

An upgrade of the GSR and IDRs would be contingent on the two countries demonstrating even greater support, which we view as unlikely.

We could also upgrade Dexia's Long-Term IDR if it reduces the complexity and size of its balance sheet to well below the state-guaranteed debt size on a sustained basis, while the need for additional capital injection becomes remote.

Other Debt and Issuer Ratings

Rating Level	Rating
Guaranteed debt	A+/F1+
Deeply subordinated Tier 1 notes	C

Source: Fitch Ratings

Dexia's Short-Term IDR of 'F1' is the higher of the two possible options mapping to a 'BBB+' Long-Term IDR. This is because we view the sovereigns' propensity to support as more certain in the near term than in the long term. We also assess the risk of either of the two sovereigns paying their direct obligations ahead of providing support to Dexia as reasonably low.

The 'A+'/'F1+' ratings of Dexia's guaranteed debt are aligned with that of the lowest-rated guarantor, Belgium. Each sovereign is responsible for a share of the guarantee and Fitch rates Dexia's state-guaranteed debt on a "first-dollar-of-loss" basis. The guarantee is unconditional, irrevocable and on first demand.

The 'BBB+(dcr)' Derivative Counterparty Rating is at the same level as Dexia's Long-Term IDR, as the IDR is based on sovereign support and because derivative counterparties in France have no preferential status over other preferred senior obligations in a resolution.

Dexia's deeply subordinated Tier 1 notes' 'C' rating reflects the continued ban imposed by the European Commission on contractually non-mandatory coupon payments on these notes, and their poor recovery prospects.

Significant Changes from Last Review

Dexia continues to progress in accordance with its orderly resolution. The group surrendered its banking licence in January 2024 and adapted its risk-management framework under the control of an independent ad-hoc surveillance committee. Dexia's organisational structure was further streamlined, notably through the sale of its leasing entities. The group initiated an outsourcing programme for risk management, accounting and back-office functions, which should be completed by 2026.

Dexia reported a net loss of EUR267 million in 2024, reflecting accelerated asset disposals, transformation costs and provisioning related to a counterparty in the UK water distribution sector. However, the group maintained active management of its asset portfolio, executing two new asset disposal plans that contributed to the further decline of Dexia's balance sheet to about EUR52 billion at end-2024.

Financials

Financial Statements

	31 Dec 24		31 Dec 23	31 Dec 22	31 Dec 21
	Year end	Year end	Year end	Year end	Year end
	(USDm)	(EURm)	(EURm)	(EURm)	(EURm)
	Audited - unqualified	Audited - unqualified	Audited - unqualified	Audited - unqualified	Audited - unqualified
Summary income statement					
Net interest and dividend income	103	99	323	189	141
Net fees and commissions	-5	-5	-4	-14	-11
Other operating income	-98	-94	42	201	75
Total operating income	0	0	361	376	205
Operating costs	248	239	369	257	249
Pre-impairment operating profit	-248	-239	-8	119	-44
Loan and other impairment charges	59	57	99	-25	-154
Operating profit	-308	-296	-107	144	110
Other non-operating items (net)	36	35	8	400	26
Tax	6	6	9	11	n.a.
Net income	-277	-267	-108	533	136
Fitch comprehensive income	-277	-267	-108	533	136
Summary balance sheet					
Assets					
Gross loans	8,237	7,926	10,202	11,615	12,725
- Of which impaired	342	329	705	684	464
Loan loss allowances	183	176	205	207	185
Net loans	8,055	7,750	9,997	11,408	12,540
Interbank	1,896	1,824	1,976	6,732	5,961
Other securities and earning assets	31,443	30,254	28,916	22,972	22,293
Total earning assets	41,393	39,828	40,889	41,112	40,794
Cash and due from banks	n.a.	n.a.	n.a.	1,771	9,673
Other assets	13,080	12,585	14,755	13,558	24,679
Total assets	54,473	52,413	55,644	56,441	75,146
Liabilities					
Customer deposits	751	723	576	4,262	8,360
Interbank and other short-term funding	38,865	37,395	42,318	39,786	52,040
Other long-term funding	58	56	56	56	56
Total funding and derivatives	39,674	38,174	42,950	44,104	60,456
Other liabilities	10,787	10,379	8,567	8,188	11,074
Total equity	4,012	3,860	4,127	4,149	3,616
Total liabilities and equity	54,473	52,413	55,644	56,441	75,146
Exchange rate		USD1 = EUR0.962186	USD1 = EUR0.912742	USD1 = EUR0.937559	USD1 = EUR0.884173

Source: Fitch Ratings, Fitch Solutions, Dexia S.A.

Key Ratios

(%)	31 Dec 24	31 Dec 23	31 Dec 22	31 Dec 21
Profitability				
Net interest income/average earning assets	0.3	0.8	0.5	0.3
Non-interest expense/gross revenue	n.a.	102.2	68.4	121.5
Net income/average equity	-6.7	-2.6	14.2	3.9
Asset quality				
Impaired loans ratio	4.2	6.9	5.9	3.7
Growth in gross loans	-22.3	-12.2	-8.7	-17.3
Loan loss allowances/impaired loans	53.5	29.1	30.3	39.9
Loan impairment charges/average gross loans	0.6	0.8	-0.2	0.7
Capitalisation				
Tangible common equity/tangible assets	7.4	7.4	7.4	4.8
Funding and liquidity				
Gross loans/customer deposits	1,096.3	1,771.2	272.5	152.2
Customer deposits/total non-equity funding	1.9	1.3	9.7	13.8

Source: Fitch Ratings, Fitch Solutions, Dexia S.A.

Support Assessment

Commercial Banks: Government Support	
Typical D-SIB GSR for sovereign's rating level (assuming high propensity)	a or a-
Actual jurisdiction D-SIB GSR	ns
Government Support Rating	bbb+
Government ability to support D-SIBs	
Sovereign Rating	AA-/ Negative
Size of banking system	Negative
Structure of banking system	Negative
Sovereign financial flexibility (for rating level)	Positive
Government propensity to support D-SIBs	
Resolution legislation	Negative
Support stance	Neutral
Government propensity to support bank	
Systemic importance	Neutral
Liability structure	Positive
Ownership	Positive

The colours indicate the weighting of each KRD in the assessment.
Higher influence Moderate influence Lower influence

High Probability of Support

Fitch considers that there is a high probability that additional support would be provided to Dexia by Belgium and France, if required, to complete the orderly wind-down of the company. Both sovereigns are the main shareholders of Dexia's parent Dexia Holding.

Our view on support is based on the ownership of Dexia, the large funding guarantees provided by Belgium and France, of up to EUR75 billion, and both sovereigns' ability to provide financial support. The extension of the new guarantee from 2022 for 10 years did not change our view on support.

Dexia's assets represented a material portion of Belgium's 2024 GDP (about 8%) at end-2024, where the holding company is incorporated, and less than 2% of France's 2024 GDP.

Fitch continues to factor in state support for Dexia, despite the implementation of the BRRD. This reflects our view that the BRRD will not be applied retroactively to Dexia, as long as its orderly wind-down progresses in line with plans agreed with the European Commission.

Environmental, Social and Governance Considerations

FitchRatings **Dexia S.A.**

Banks
Ratings Navigator

Credit-Relevant ESG Derivation

Dexia S.A. has 5 ESG potential rating drivers

- Dexia S.A. has exposure to compliance risks including fair lending practices, mis-selling, repossession/foreclosure practices, consumer data protection (data security) but this has very low impact on the rating.
- Governance is minimally relevant to the rating and is not currently a driver.

			ESG Relevance to Credit Rating
key driver	0	issues	5
driver	0	issues	4
potential driver	5	issues	3
not a rating driver	4	issues	2
	5	issues	1

Environmental (E) Relevance Scores

General Issues	E Score	Sector-Specific Issues	Reference	E Relevance
GHG Emissions & Air Quality	1	n.a.	n.a.	5
Energy Management	1	n.a.	n.a.	4
Water & Wastewater Management	1	n.a.	n.a.	3
Waste & Hazardous Materials Management; Ecological Impacts	1	n.a.	n.a.	2
Exposure to Environmental Impacts	2	Impact of extreme weather events on assets and/or operations and corresponding risk appetite & management; catastrophe risk; credit concentrations	Business Profile (incl. Management & governance); Risk Profile; Asset Quality	1

Social (S) Relevance Scores

General Issues	S Score	Sector-Specific Issues	Reference	S Relevance
Human Rights, Community Relations, Access & Affordability	2	Services for underbanked and underserved communities: SME and community development programs; financial literacy programs	Business Profile (incl. Management & governance); Risk Profile	5
Customer Welfare - Fair Messaging, Privacy & Data Security	3	Compliance risks including fair lending practices, mis-selling, repossession/foreclosure practices, consumer data protection (data security)	Operating Environment; Business Profile (incl. Management & governance); Risk Profile	4
Labor Relations & Practices	2	Impact of labor negotiations, including board/employee compensation and composition	Business Profile (incl. Management & governance)	3
Employee Wellbeing	1	n.a.	n.a.	2
Exposure to Social Impacts	2	Shift in social or consumer preferences as a result of an institution's social positions, or social and/or political disapproval of core banking practices	Business Profile (incl. Management & governance); Financial Profile	1

Governance (G) Relevance Scores

General Issues	G Score	Sector-Specific Issues	Reference	G Relevance
Management Strategy	3	Operational implementation of strategy	Business Profile (incl. Management & governance)	5
Governance Structure	3	Board independence and effectiveness; ownership concentration; protection of creditor/stakeholder rights; legal /compliance risks; business continuity; key person risk; related party transactions	Business Profile (incl. Management & governance); Earnings & Profitability; Capitalisation & Leverage	4
Group Structure	3	Organizational structure; appropriateness relative to business model; opacity; intra-group dynamics; ownership	Business Profile (incl. Management & governance)	3
Financial Transparency	3	Quality and frequency of financial reporting and auditing processes	Business Profile (incl. Management & governance)	2
				1

How to Read This Page
ESG relevance scores range from 1 to 5 based on a 15-level color gradation. Red (5) is most relevant to the credit rating and green (1) is least relevant.

The Environmental (E), Social (S) and Governance (G) tables break out the ESG general issues and the sector-specific issues that are most relevant to each industry group. Relevance scores are assigned to each sector-specific issue, signaling the credit-relevance of the sector-specific issues to the issuer's overall credit rating. The Criteria Reference column highlights the factor(s) within which the corresponding ESG issues are captured in Fitch's credit analysis. The vertical color bars are visualizations of the frequency of occurrence of the highest constituent relevance scores. They do not represent an aggregate of the relevance scores or aggregate ESG credit relevance.

The Credit-Relevant ESG Derivation table's far right column is a visualization of the frequency of occurrence of the highest ESG relevance scores across the combined E, S and G categories. The three columns to the left of ESG Relevance to Credit Rating summarize rating relevance and impact to credit from ESG issues. The box on the far left identifies any ESG Relevance Sub-factor issues that are drivers or potential drivers of the issuer's credit rating (corresponding with scores of 3, 4 or 5) and provides a brief explanation for the relevance score. All scores of '4' and '5' are assumed to reflect a negative impact unless indicated with a '+' sign for positive impact.h scores of 3, 4 or 5) and provides a brief explanation for the score.

Classification of ESG issues has been developed from Fitch's sector ratings criteria. The General Issues and Sector-Specific Issues draw on the classification standards published by the United Nations Principles for Responsible Investing (PRI), the Sustainability Accounting Standards Board (SASB), and the World Bank.

CREDIT-RELEVANT ESG SCALE

How relevant are E, S and G issues to the overall credit rating?

5	Highly relevant, a key rating driver that has a significant impact on the rating on an individual basis. Equivalent to "higher" relative importance within Navigator.
4	Relevant to rating, not a key rating driver but has an impact on the rating in combination with other factors. Equivalent to "moderate" relative importance within Navigator.
3	Minimally relevant to rating, either very low impact or actively managed in a way that results in no impact on the entity rating. Equivalent to "lower" relative importance within Navigator.
2	Irrelevant to the entity rating but relevant to the sector.
1	Irrelevant to the entity rating and irrelevant to the sector.

The highest level of ESG credit relevance is a score of '3', unless otherwise disclosed in this section. A score of '3' means ESG issues are credit neutral or have only a minimal credit impact on the entity, either due to their nature or the way in which they are being managed by the entity. Fitch's ESG Relevance Scores are not inputs in the rating process; they are an observation on the relevance and materiality of ESG factors in the rating decision. For more information on Fitch's ESG Relevance Scores, visit https://www.fitchratings.com/topics/esg/products#esg-relevance-scores.

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