Press release

DEXIA

REGULATED INFORMATION

Brussels, Paris, 8 March 2024 – 05:45 PM

DEXIA GROUP CONSOLIDATED RESULTS 2023[1]

Withdrawal of the Dexia banking licence on 1 January 2024[2]

- *Continuation of the orderly resolution outside banking regulations in an adapted framework*
- *Maintenance of a robust risk management framework and establishment of a new surveillance model*
- *Maintenance of the ability to finance itself via government-guaranteed debt, which retains the HQLA Level 1 qualification and of the direct access to clearing houses and the main trading platforms*

New decisive stages for the Group's transformation

- *Progress in the simplification of the Group's structure via the merger of Dexia Crediop into Dexia, the sale of leasing activities and the closure of Dexia's representative office in New York*
- *Relisting Tier 1 hybrid debt instruments on the unregulated market of Euro MTF*
- *Simplification of the accounting framework and exit from IFRS as from 1 January 2024*
- *Continuation of the reshaping of the operating model*

Net loss of EUR -378 million as at 31 December 2023

- *EUR -234 million of non-recurring elements reflecting the rapid transformation of the Group*

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

- *Asset portfolio reduced by 9%, through EUR 1.3 billion of sales and early redemptions and EUR 1.6 billion of natural amortisation*
- *Balance sheet down 5% to EUR 61 billion as at 31 December 2023*
- *Reflection on the management of the asset portfolio in 2024*

Robust liquidity and solvency positions

- *Good reception by investors of Dexia's first benchmark transactions as a non-bank: 40% of the long-term funding programme for 2024 already completed*
- *Total Capital ratio of 39.8% as at 31 December 2023*

Pierre Crevits, Dexia CEO, stated: "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. Thanks to 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."

Gilles Denoyel, Chairman of the Dexia Board of Directors, stated: "Following the withdrawal of its banking and investment services authorisations, Dexia is continuing the run-off management 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 in place a new surveillance model. 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."

[1] The data presented in this Press Release are not audited.
[2] The withdrawal of Dexia Crédit Local's status as a credit institution on 1 January 2024 led to the change of its corporate name to "Dexia", which remains a public limited company under French law. This withdrawal also led to a change in the status of its parent company under Belgian law, Dexia SA/NV, which ceased to be a financial company but remained a public limited company. An Extraordinary Meeting of Shareholders of Dexia SA/NV, held on 19 January 2024, changed its corporate name to "Dexia Holding". In this press release, the terms "the Group or "the Dexia Group" refer to the Dexia Holding Group.

Introduction

In 2023, Dexia took further decisive steps in the implementation of the Group resolution, which led to the withdrawal of its banking licence and investment services authorisations on 1 January 2024. Since 1 January 2024, the Dexia Group has therefore continued its orderly resolution as a non-bank.

At the same time, the Group has completed an entire series of structural and business transformation operations, which will enable it to simplify its accounting framework and to stop producing consolidated IFRS accounts from 1 January 2024.

The Group also continued actively to manage its asset portfolio, which was reduced by 9% over the year. As a result, the balance sheet total stood at EUR 61 billion as at 31 December 2023, down 5% compared with 31 December 2022. The funding need fell by EUR 2 billion during 2023, to EUR 42.9 billion as at 31 December 2023.

The net profit generated by the Group in 2023 amounted to EUR -378 million, marked in particular by non-recurring items totalling EUR -234 million, which bear the hallmark of the Group's in-depth and rapid transformation in 2023.

The withdrawal of Dexia Crédit Local's status as a credit institution on 1 January 2024 led to the change of its corporate name to “Dexia”, which remains a limited company under French law. This withdrawal also led to a change in the status of its parent company under Belgian law, Dexia SA/NV, which ceased to be a financial holding company while remaining a limited company. An extraordinary shareholders’ meeting of Dexia SA/NV, held on 19 January 2024, changed its corporate name to “Dexia Holding”.

1. Significant events and transactions in 2023 and at the beginning of 2024

- *Withdrawal of Dexia's banking licence and investment services authorisations: maintenance of the Group's ability to carry out its orderly resolution and to finance itself; maintenance of a robust risk management framework and establishment of a new surveillance model*
- *Progress on the simplification of the Group's structure via the merger of Dexia Crediop into Dexia, the sale of the leasing activities and the closure of Dexia's representative office in New York*
- *Relisting of Tier 1 hybrid debt instruments on the unregulated market of Euro MTF*
- *Simplification of the accounting framework and exit from IFRS*
- *Continuation of the reshaping of the operating model*
- *Continuation of the reduction of the asset portfolio in 2023 and reflection on its management in 2024*

A. Decisive progress of the Group’s resolution

Withdrawal of Dexia’s banking licence and investment services authorisations as at 1 January 2024

Since 1 January 2024, Dexia has continued its orderly resolution as a non-bank.

To recall and as announced by the Dexia Group on 12 December 2023[3], by letter dated 11 December 2023, the European Central Bank (ECB) validated the withdrawal of Dexia's credit institution licence and investment services authorisations as from 1 January 2024. The application had been submitted by the Dexia Group to the *Autorité de Contrôle Prudentiel et de Résolution* (ACPR) on 4 July 2023[4].

The withdrawal of Dexia's banking licence and investment services authorisations is part of the ongoing implementation of the orderly resolution plan validated by the European Commission in December 2012 and will, in the long term, simplify Dexia's organisation, in particular through the cessation of regulatory production, and improve its cost trajectory. It is based on a detailed analysis of the impacts and risks, which has shown that the Dexia Group is perfectly capable of pursuing this resolution process outside banking regulations without affecting the Group's ability to carry out its resolution or the quality of the monitoring of its portfolio.

Within the framework of this analysis, particular attention was paid to maintaining an Investment Grade rating for Dexia. Given this change in status and as anticipated as a result of the change of methodological framework, S&P

[3] *Cf. Dexia Press Release dated 12 December 2023, available at www.dexia.com.*

[4] *Cf. Dexia Press Release dated 3 July 2023, available at www.dexia.com.*

automatically downgraded Dexia's senior unsecured rating by one notch on 2 January 2024 to BBB-/A-3, with a stable outlook. Moody's affirmed the rating on 24 January 2024 at Baa3/P-3, with a stable outlook (cf. Appendix 8 of this Press Release).

Furthermore, this change in status has had no impact on the Group's ability to finance itself via the issue of debt guaranteed by the Belgian and French States, as attested by the benchmarks successfully launched by Dexia at the beginning of 2024 (cf. the section "Evolution of the liquidity situation of the Dexia Group" in this Press Release). It is to be noted that the State-guaranteed debt issued by Dexia retains HQLA level 1 qualification[5]. Dexia also retains the possibility of conducting own account transactions on the financial markets as well as direct access to clearing houses and the main trading platforms, which are essential for the management of its orderly resolution.

For this new phase of its orderly resolution, the Group will maintain a robust risk management and monitoring system, supported by comprehensive reporting and a demanding risk appetite framework. Under the supervisory agreement signed on 22 December 2023 between the French and Belgian States and Dexia and Dexia Holding, an independent surveillance committee took up its duties on 1 January 2024. In a role adapted to the new context, it succeeds the banking supervision and is composed of four members. Two members are appointed by the French State and two by the National Bank of Belgium, on behalf of the Belgian State. These four members were chosen for their solid expertise in banking supervision. They carry out their duties and make their judgements in complete independence on the subjects entrusted to them.

The surveillance committee has responsibility for ensuring compliance with fit and proper requirements for candidates to the Board, the Management Board and internal control functions (risk management, compliance, internal audit). It also issues technical opinions on the assessment of Dexia Group risks and on the risks associated with any project the impact of which on Dexia's balance sheet, income statement, equity or liquidity position could, in the short, medium or long term, lead to alert thresholds being exceeded. It alerts the Board of Directors if a deficiency is observed in the quality of data or tools for monitoring risk indicators or in the organisation and internal control systems, or if Dexia's strategic decisions or their execution appear to be incompatible with the orderly resolution plan or the Group's risk appetite framework.

Significant progress in the Group's simplification

Cross-border merger of Dexia and Dexia Crediop

On 30 September 2023, Dexia finalised the cross-border merger by absorption of its 100%-owned subsidiary Dexia Crediop. From an accounting and tax point of view, the merger took effect on 1 July 2023. At the same time, an unregulated branch (*sede secondaria*) of Dexia started operations in Rome.

Following this operation, Dexia automatically assumes all the rights and obligations of Dexia Crediop existing at the effective date of the merger. Dexia Crediop's assets and liabilities, valued respectively at EUR 7.1 billion and EUR 6.6 billion in its accounts as at 30 June 2023, were recorded in Dexia's statutory accounts on 1 July 2023.

This merger marks the disappearance of Dexia's last significant subsidiary.

In parallel with the implementation of the merger between Dexia and Dexia Crediop, Dexia also undertook the transfer of its loans granted to Italian local authorities to a new ad hoc vehicle, regulated under Article 106 of the Italian Banking Law, which enables it to continue to manage them after the withdrawal of its banking licence.

During the first half of 2023, the Dexia Group's loans to Italian local authorities were thus transferred to this dedicated vehicle, managed by the regulated Italian service provider Zenith. As at 31 December 2023, these loans represented a nominal amount of EUR 2.9 billion in the consolidated balance sheet of Dexia Holding and they are fully financed by Dexia via the subscription to securities issued by the vehicle.

[5] *Confirmation in Notice 2023 of the ACPR, Section 6.1.1.6 relating to the eligibility of shares issued by operators in the financial sector:* *https://acpr.banque-france.fr/sites/default/files/media/2023/07/17/20230711_notice_college.pdf*

Sale of the leasing activities

On 8 December 2023, Dexia signed a sale agreement providing for the purchase by BAWAG Group of its five unregulated leasing entities: DCL Evolution, Alsatram, Dexiarail, Dexia Flobail and Dexia CLF Régions Bail, the latter two being renamed Dexia FB France and Dexia RB France respectively, following the withdrawal of their authorisation as finance companies, approved by the *Autorité de Contrôle Prudentiel et de Résolution* (ACPR) on 27 October 2023 and taking effect on the same date.

This transaction represents leasing outstandings of almost EUR 750 million, corresponding to around 80 contracts concluded mainly with public sector counterparties.

The transaction was finalised on 1 February 2024. An impact of EUR -92 million was recorded in the IFRS consolidated financial statements of Dexia Holding as at 31 December 2023, of which an amount of EUR -52 million was recorded under "net gains or losses on other assets" and an amount of EUR -40 million under "deferred taxes".

In accordance with the IFRS 5 accounting standard, the five leasing entities have been classified as "activities held for sale" in the consolidated financial statements of Dexia Holding and Dexia as at 31 December 2023. The assets and liabilities of these entities are presented on a separate line in the Group's consolidated balance sheet. As the activity of the leasing entities is not considered to be a discontinued operation within the meaning of the IFRS 5 accounting standard, their income statement is not isolated on a separate line of the consolidated income statement of Dexia Holding and Dexia.

Closure of the Dexia representative office in New York

In order to facilitate the transformation of the Group, Dexia closed its representative office in New York at the end of November 2023. The staff and activities of the representative office were transferred to Dexia Financial Products Services Holdings Inc., another New York entity of the Dexia Group. The Group's footprint in the United States now consists solely of Dexia Holdings Inc. which owns Dexia Financial Products Services Holdings Inc. and FSA Global Funding Ltd. As at 31 December 2023, the balance sheet of these entities amounted to EUR 1.8 billion.

Relisting Tier 1 hybrid debt instruments on the unregulated market of the Euro MTF

In line with the objective of simplifying its operations and, in particular, rationalising its accounting framework, on 26 January 2024 the Dexia Group requested the transfer of trading in hybrid Tier 1 debt securities issued by Dexia Holding (XS0273230572) and Dexia (FR0010251421) from the regulated market of the Luxembourg Stock Exchange to the unregulated market of the Euro MTF. These securities have been traded on the Euro MTF market since Monday 12 February 2024. This has no impact on the State-guaranteed debt securities issued by Dexia, which remain listed and admitted to trading on the regulated market of the Luxembourg Stock Exchange.

Simplification of the accounting framework and exit from IFRS

Following the merger between Dexia and Dexia Crediop, the Dexia Group undertook an in-depth analysis of Dexia's consolidation scope, which led to the recognition of the negligible interest represented, alone and collectively, by its subsidiaries. Consequently, as from 1 January 2024, Dexia abandoned the production of consolidated financial statements under IFRS and will only publish statutory accounts under French banking standards, in accordance with the accounting plan for credit institutions (*Plan comptable des établissements de 4redit* – PCEC). Although not subject to PCEC, Dexia prefers this presentation, in line with previous financial years and given the nature of its activity remains "banking".

Dexia Holding, Dexia's parent company, must continue to produce consolidated financial statements. However, following the withdrawal of Dexia's banking licence and investment services authorisations, Dexia Holding is no longer a financial holding company and is therefore no longer subject to the obligation to produce regulatory reports in IFRS. Furthermore, in the interests of simplification, Dexia Holding has transferred the trading of its Tier 1 hybrid capital securities (XS0273230572) to the unregulated market of the Euro MTF (cf. above). As a consequence, Dexia

Holding is no longer subject to the obligation to produce consolidated financial statements in IFRS[6] and, as from the financial year 2024, will publish its consolidated financial statements in accordance with the accounting standards applicable to banks in Belgium (Scheme B). Dexia Holding's estimated consolidated shareholders' equity under Belgian banking standards would amount to approximately EUR 5 billion as at 31 December 2023 (non-audited figures). Dexia Holding will continue to publish its statutory accounts according to the accounting standards applicable to corporates in Belgium.

Reshaping of the operating model

In 2023, the Dexia Group reassessed its operating model to accelerate the orderly resolution of its assets and adapt the organisational structure in line with this long-term goal. To achieve this, Dexia embarked on a transformational journey to redesign operational processes and outsource core services, such as risk management, middle and back office, accounting, and finance. Dexia selected providers with distinguished core competencies, market-leading technology and scale to support Dexia's strategic vision.

To this end, in 2022 Dexia signed a contract with Arkéa Banking Services for the back-office processing of Dexia's loans, which came into effect on 1 November 2023.

Dexia also undertook an in-depth analysis of different support functions, which led to the signing of a letter of intention with EY to outsource production activities, in particular the production of accounting and risk indicators.

Furthermore, at the end of December, Dexia signed a services agreement with BlackRock to outsource its market risk analytics, middle and back offices and part of its accounting services, leveraging BlackRock's Aladdin technology to unify market risk analytics, back-office activities and accounting across Dexia's entire portfolio, on one single platform and use Aladdin for the front office workflows. The implementation project has begun, with the goal of completing the outsourcing in 2026.

Finally, in February 2024, Dexia signed an agreement with Mount Street enabling the latter to take over a team of eight bond management experts and the servicing of Dexia's EUR 17 billion bond portfolio.

B. Management of the asset portfolio

Transfer of assets

Within the context of the Group's operational simplification, Dexia undertook the repatriation of assets and associated derivatives from its Dublin branch to its Paris head office.

During the year, almost the entire portfolio of the Dublin branch was transferred, representing EUR 8.7 billion of assets (nominal value). This transfer was carried out at market value and gave rise to the recognition of a deferred tax gain of EUR +74 million, which was recognised in the consolidated financial statements of Dexia Holding as at 31 December 2023 (cf. the *Dexia Group Consolidated Results 2023* section of this Press Release).

Further reduction of the asset portfolio in 2023, within the context of rising interest rates

As in 2022, the high volatility observed on the markets since the outbreak of the conflict in Ukraine continued to weigh on the pace of asset sales in 2023. Nevertheless, the general rise in interest rates in Europe and the United Kingdom encouraged Dexia's early repayment dynamic.

As a result, at the end of December 2023, asset portfolios were EUR 2.9 billion lower than at the end of December 2022, by virtue of EUR 1.3 billion in disposals and early repayments, 73% of which related to loans and 27% to bonds, and EUR 1.6 billion in natural amortisation.

[6] *Cf. EU Regulation 1606/2002.*

In 2023, 51% of the assets sold or redeemed early were denominated in euros. The assets sold have an average life of around 8 years.

Disposals and early repayments mainly concerned project finance and local public sector assets. In particular, more than 260 early loan repayments were made. This large number of transactions contributes to the ongoing simplification of the portfolio and its management.

Reflection on the management of the asset portfolio in 2024

The withdrawal of the banking licence represented for the Dexia Group an opportunity to reconsider the management intentions for its asset portfolio. Within this context, the Dexia Group has launched an in-depth analysis of its asset portfolio and could, in the event of favourable market conditions, accelerate its sale in 2024. The Group would target as a priority certain homogeneous categories of assets, with a view to operational simplification and cost reduction, as well as assets allowing a reduction in credit risk.

It should be noted that, according to French banking accounting standards, the withdrawal of Dexia's banking licence can be considered to be an exceptional event meeting the conditions to have recourse to the derogation provided for by the texts[7], and allowing Dexia to review its strategy of holding and classifying its investment securities in 2024. At the end of 2024, Dexia could therefore review the accounting classification of its residual securities in order to align it with its future management intentions.

C. Evolution of the Group's governance

On 26 January 2023, the Board of Directors of Dexia Holding co-opted Anne Blondy-Touret as a non-executive director. Her definitive appointment was approved by Dexia's ordinary shareholders' meeting on 24 May 2023.

On 10 March 2023, the Board of Directors of Dexia Holding co-opted Ludovic Planté as a non-executive director. His definitive appointment was approved by the ordinary shareholders' meeting of Dexia Holding on 24 May 2023. Ludovic Planté resigned on 13 October 2023. He was replaced by Pierre Darbre, appointed by the extraordinary shareholders' meeting of 19 January 2024.

On 24 May 2023, the ordinary shareholders' meeting of Dexia Holding decided to renew the terms of office as directors of Tamar Joulia-Paris and Giovanni Albanese Guidi.

Dexia's Board of Directors has appointed Jean Le Naour Chief Operating Officer and member of the Management Board of Dexia Holding from 1 June 2023, to replace Patrick Renouvin, who has retired.

As the governance of Dexia Holding and Dexia is integrated, Anne Blondy-Touret and Pierre Darbre are also non-executive directors of Dexia. Jean Le Naour is also Chief Operating Officer and Exercutive Vice-President of Dexia.

With the aim of simplifying its internal committee structure, Dexia Holding has changed its governance structure from 1 February 2024, by creating an Executive Committee composed of the members of the Management Board and the heads of Communication and Investor Relations, Human Resources, Transformation and the General Secretariat.

Strictly speaking, the Management Board focuses on implementing the strategy approved by the Board of Directors and preparing and implementing decisions relating to corporate governance. The Executive Committee is responsible for overseeing the Group's operational management, monitoring projects and transformations, and coordinating the various activity lines.

As at 1 February 2024, the Management Board comprised Pierre Crevits, Chief Executive Officer, Véronique Hugues, Chief Financial Officer, Giovanni Albanese Guidi, Chief Risk Officer, Benoît Debroise, Head of Funding and Markets, Pascal Gilliard, Head of Assets and Jean Le Naour, Chief Operating Officer. The Executive Committee comprises the members of the Management Board and Nathalie Bonnecarrère, Head of Human Resources, Fabienne Carlier,

[7] *Article 2341-2 of the regulation ANC 2014-07*

Head of Communication and Investor Relations, Nicolas Dupont, General Secretary and Olivier Paring, Head of Transformation.

2. Annual results 2023

- *Recurring elements (EUR -128 million): improvement in the net interest margin (EUR +136 million) due to the rise in interest rates and impact of taxes and regulatory contributions (EUR -40 million)*
- *Limited accounting volatility elements (EUR -16 million)*
- *Non-recurring elements (EUR -234 million) reflecting the Group's rapid transformation in 2023*

A – Presentation of the consolidated financial statements of Dexia Holding as at 31 December 2023

Going concern

The consolidated financial statements of Dexia Holding as at 31 December 2023 have been prepared in accordance with the going concern accounting rules of IAS 1 § 25 and 26. This makes a certain number of assumptions constituting the business plan underlying the resolution of the Dexia Group, developed in Appendix 1 of this Press Release.

B –Consolidated annual results of the Dexia Group

In order to facilitate the reading of its results and to measure the dynamics over the year, Dexia Holding breaks down its results into three distinct analytical segments.

The net income Group share of EUR -378 million as at 31 December 2023 is composed of the following items:

- EUR -128 million are attributable to recurring elements;
- EUR -16 million are associated with accounting volatility elements;
- EUR -234 million are generated by non-recurring elements.

Analytical presentation of the Dexia Group results 2023

in EUR million	Recurring elements	Accounting volatility elements	Non-recurring elements	Total
Net banking income	***132***	***-16***	***-65***	***52***
Operating expenses and depreciation, amortisation and impairment of tangible fixed assets and intangible assets	*-248*	*0*	*-156*	*-404*
Gross operating income	***-116***	**-16**	**-221**	**-352**
Cost of credit risk	*-2*	*0*	*0*	*-2*
Net gains or losses on other assets	*0*	*0*	*-52*	*-52*
Pre-tax income	***-118***	***-16***	***-273***	***-406***
Income tax	*-11*	*0*	*38*	*26*
Result from discontinued operations, net of tax	*0*	*0*	*2*	*2*
Net income	**-128**	**-16**	**-234**	**-378**
Minority interests	0	0	0	0
Net income, Group share	**-128**	**-16**	**-234**	**-378**

Recurring elements

Recurring elements		
in EUR million	***2023***	***2022***
Net banking income	***132***	***37***
Operating expenses and depreciation, amortisation and impairment of tangible fixed assets and intangible assets	***-248***	***-275***
o/w expenses excluding operational taxes	*-207*	*-211*
o/w operational taxes	*-40*	*-65*
Gross operating income	***-115***	***-239***
Cost of credit risk	*-2*	*-3*
Pre- tax income	***-118***	***-242***
Income tax	*-11*	*-19*
Net income	***-128***	***-260***
Minority interests	*0*	*0*
Net income, Group share	***-128***	***-260***

Net income, Group share from recurring items was EUR -128 million as at 31 December 2023, compared with EUR -260 million at the end of December 2022.

Net banking income mainly reflects the net interest margin, which corresponds to the cost of carrying assets and the Group's transformation result. The net interest margin was EUR 89 million higher than as at 31 December 2022, reaching EUR +136 million as at 31 December 2023, due to the rise in interest rates, particularly short-term rates, and, to a lesser extent, the contraction of cash collateral over the year, the financing of which weighed on the net interest margin.

At EUR -248 million, costs were EUR -27 million lower than as at 31 December 2022, mainly as a result of the reduction in taxes and regulatory contributions (EUR -25 million) linked to the reduction of the contribution to the Single Resolution Fund. Excluding operating taxes, costs are also slightly lower than as at 31 December 2022, underlining the attention paid to their sound management.

The cost of risk was EUR -2 million as at 31 December 2023. A charge to collective provisions, linked to the transition to Stage 2 of a part of the water distribution sector in the United Kingdom, was partially offset, inter alia, by the update of the basic macroeconomic scenario used to assess expected credit losses under IFRS 9 and by the effects of rising interest rates and changes in the portfolio (rating changes, disposals, natural amortisation). In total, these elements had a net impact of EUR -18 million on the stock of collective provisions for the year, almost entirely offset by reversals of specific provisions, notably linked to the total or partial early repayment of certain exposures, for a net amount of EUR +17 million.

Accounting volatility elements

Accounting volatility elements amounted to EUR -16 million as at 31 December 2023 compared with EUR +312 million at the end of December 2022, following the strongly positive contribution of the reform of the monetary reference indices (IBOR). The main items impacting the result for the year were:

- The negative change (EUR -54 million) in the valuation of the derivatives portfolios and the Wise securitisation;
- The positive contribution of EUR +14 million from fair value hedge inefficiencies;
- The positive impact (EUR +16 million) of the *Funding Value Adjustment* (FVA), the *Credit Value Adjustment* (CVA) and the *Debit Valuation Adjustment* (DVA).

Non-recurring elements

Non-recurring elements bear the brunt of the far-reaching transformation of the Group to be implemented in 2023, and amounted to EUR -234 million as at 31 December 2023, compared with EUR -46 million as at 31 December 2022. They include in particular:

- Losses on asset disposals of EUR -43 million, compared with EUR -46 million as at 31 December 2022.
- A net impact of EUR -25 million linked to developments in litigation.
- Restructuring and transformation costs of EUR -67 million, mainly related to the context of the Group's resolution and including in particular the study costs related to the withdrawal of Dexia's banking licence and the reshaping of the Group's operating model, as well as the costs of restructuring Dexia's Italian entity.
- A provision of EUR -90 million for the risk of non-recovery of sums paid in respect of irrevocable payment commitments to the Single Resolution Board, as part of the collection mechanism of the Single Resolution Fund.
- An amount of EUR -52 million recorded under "net gains or losses on other assets" and an amount of EUR -40 million in deferred tax related to the disposal of leasing entities.
- A deferred tax gain of EUR +78 million mainly linked to the transfer of the portfolio of assets from Dexia's Dublin branch to the Paris head office, at a face value different from the book value of the assets transferred[8].

Non-recurring elements

in EUR million	*2023*	*2022*
Net banking income	***-65***	***-12***
Operating expenses and depreciation, amortisation and impairment of tangible fixed assets and intangible assets	*-156*	*-34*
Gross operating income	***-221***	***-46***
Cost of credit risk	*0*	*0*
Net gains or losses on other assets	*-52*	*0*
Pre-tax income	***-273***	***-46***
Income tax	*38*	*0*
Result from discontinued operations, net of tax	*2*	*0*
Net income	***-234***	***-46***
Minority interests	*0*	*0*
Net income, Group share	***-234***	***-46***

[8] *In accordance with the norm IAS 12, this temporary difference gives rise to the recognition of deferred tax.*

3. Evolution of the Group's balance sheet, solvency and liquidity situation

A – Balance sheet and solvency

- *Balance sheet down by 5% compared with the end of 2022, to EUR 61 billion as at 31 December 2023, driven by the reduction of the asset portfolio*
- *Robust Total Capital ratio of 39.8% as at 31 December 2023, down from 41%[9] as at 31 December 2022*

a – Annual evolution of the balance sheet

As at 31 December 2023, Dexia Holding's consolidated balance sheet total amounted to EUR 61 billion, against EUR 64.3 billion as at 31 December 2022, i.e. a decrease of EUR 3.3 billion, driven by the reduction of the asset portfolio.

On the assets side, the decrease in the balance sheet is mainly explained, at constant exchange rate, by the reduction of the asset portfolio (EUR -3 billion).

The latter now stands at EUR 30 billion and is made up of EUR 17.6 billion in bonds and EUR 12.4 billion in loans, mainly denominated in euros. It includes exposure to Italian sovereigns and the European public sector (Spain, Portugal), as well as residual portfolios of UK, US and Japanese assets.

On the liabilities side, the change in the balance sheet is mainly reflected, at constant exchange rate, by the reduction of the stock of market funding (EUR -2 billion) and, to a lesser extent, by the decline in fair value items and cash collateral received (EUR -1 billion).

Over the year, the impact of exchange rate fluctuations on changes in the balance sheet was negligible.

b - Solvency

As at 31 December 2023, Dexia Holding's "Total Capital" amounted to EUR 6.4 billion, against EUR 6.7 billion as at 31 December 2022, down as a result of the loss for the year (EUR -378 million).

Following the on-site inspection on credit risk carried out in 2018, the ECB issued a number of recommendations. As a result, Dexia deducts from its prudential capital an amount of EUR -21 million as a supplement for specific provisions.

The additional value adjustments taken into account in regulatory capital as part of the *Prudent Valuation Adjustment* (PVA) are stable at EUR -6 million as at 31 December 2023.

The amount recorded for the *Debit Valuation Adjustment* (DVA) is also virtually stable, at EUR 20 million as at 31 December 2023.

Lastly, as a result of the end of the transitional provisions designed to mitigate the impact of the IFRS 9 expected credit loss provision model (static phase-in), no amount has been recognised in 2023, compared with a positive impact of EUR +44 million at the end of 2022.

As at 31 December 2023, risk-weighted assets amounted to EUR 16.1 billion compared with EUR 16.3 billion at the end of December 2022, of which EUR 13.1 billion related to credit risk, EUR 1 billion to market risk and EUR 2 billion to operational risk. This slight decrease is entirely attributable to credit risk and is mainly linked to the reduction of the asset portfolio.

Taking these elements into account, Dexia Holding's Total Capital ratio amounted to 39.8% as at 31 December 2023 against 41%[9] at the end of 2022, a level well above the minimum of 16% required for the year 2023 within the framework of the Supervisory Review and Evaluation Process (SREP).

[9] *This figure includes the net positive result for the year.*

As at 31 December 2023, Dexia's Total Capital ratio was also above the minimum requirements, at 34.8%, compared to 35.7%[10] as at 31 December 2022.

Since the withdrawal of Dexia's banking licence on 1 January 2024, Dexia and Dexia Holding are no longer subject to the prudential requirements applicable to credit institutions. Consequently, Dexia and Dexia Holding will no longer publish prudential solvency ratios. A close monitoring of solvency will nevertheless be maintained, using more economic indicators, better adapted to the specific features of an entity in orderly resolution. These indicators will be described in the 2023 annual reports of Dexia and Dexia Holding and published in the 2024 annual reports.

B – Evolution of the Dexia Group's liquidity situation

- *Good reception by investors of Dexia's first benchmarks as a non-bank: 40% of the long-term funding programme for 2024 already completed*
- *Further reduction of the funding need to EUR 42.9 billion as at 31 December 2023 despite a slight increase in net cash collateral over the year*
- *Liquidity buffer of EUR 13.4 billion at the end of December 2023, including a contingency buffer of EUR 3.8 billion, which replaces the emergency liquidity mechanism of the national banks since the withdrawal of the banking licence*

After two consecutive years of sharp decline linked to rising interest rates, the level of net collateral cash posted by the Group to its derivatives counterparties increased slightly to EUR 8.9 billion as at 31 December 2023, compared with EUR 8.3 billion as at 31 December 2022. As a result of the reduction of portfolios, the funding need nevertheless contracted by EUR 2 billion during 2023, to EUR 42.9 billion as at 31 December 2023.

In a prudent approach, taking into account a volatile market context and the announcement that Dexia's banking licence would be withdrawn on 1 January 2024, the Dexia Group finalised its long-term issue programme for the year in May, with the execution of a GBP 500 million benchmark in April, followed by a EUR 1.5 billion transaction in May. In addition, the careful preparation of the market for the withdrawal of the banking licence enabled Dexia to launch its long-term issuance programme as a non-bank as soon as the markets reopened at the beginning of 2024, via two benchmarks of EUR 1.5 billion and GBP 750 million, which were very well received by investors. Following these two benchmark transactions, Dexia has already completed around 40% of its long-term funding programme for 2024.

In terms of the funding mix, secured funding amounted to EUR 3.1 billion as at 31 December 2023 and State-guaranteed funding represented 90% of outstanding funding, i.e. EUR 38.6 billion.

The Group's liquidity buffer increased by EUR 2.6 billion during the year, to EUR 13.4 billion as at 31 December 2023. It is made up of cash and eligible securities and is calibrated to enable Dexia to cope with stressed market conditions. It now includes a contingency buffer, for a total amount of EUR 3.8 billion in cash, which replaces the *Emergency Liquidity Agreement* (ELA) of the national banks since the withdrawal of Dexia's banking licence (cf. *Significant events and transactions* section of this Press Release).

As at 31 December 2023, Dexia Holding's *Liquidity Coverage Ratio (*LCR) was 302% compared with 177% as at 31 December 2022. The LCR ratio is also respected at the level of its subsidiary Dexia, which also exceeds the minimum requirement of 100%. Dexia Holding's *Net Stable Funding Ratio* (NSFR) amounted to 135%.

Since the withdrawal of Dexia's banking licence on 1 January 2024, Dexia and Dexia Holding are no longer subject to the prudential requirements applicable to credit institutions. Consequently, Dexia and Dexia Holding will no longer publish prudential liquidity ratios. A close monitoring of liquidity will nevertheless be maintained via more economic indicators, better adapted to the specific features of an entity in orderly resolution. These indicators will be described in the 2023 annual reports of Dexia and Dexia Holding and published in the 2024 annual reports.

[10] *This figure includes the net positive result for the year.*

Appendices

Appendix 1 – Going concern

The consolidated financial statements of Dexia Holding as at 31 December 2023 have been prepared in accordance with the going concern accounting rules of IAS 1 § 25 and 26.

Since 1 January 2024, Dexia has continued its orderly resolution as a non-bank. The withdrawal of Dexia's banking licence and investment services authorisations is part of the ongoing implementation of the Group's orderly resolution plan. It is based on a detailed analysis of the impacts and risks, which has shown that the Dexia Group is perfectly capable of continuing this resolution process outside banking regulations and that this withdrawal will in no way affect the Group's ability to carry out its resolution or the quality of the monitoring of its portfolio. In particular:

- Dexia maintains its ability to finance itself via the debt issue guaranteed by the Belgian and French States, which retains HQLA Level 1 qualification. To recall, Dexia's State guarantee was extended in 2022, for a period of ten years.
- Dexia also retains direct access to clearing houses and the main trading platforms, which are essential for managing its orderly resolution.

Following the withdrawal of Dexia's authorisations, the rating agencies affirmed Dexia's *senior unsecured* rating at *Investment Grade*, with a stable outlook.

The pursuit of the Group's orderly resolution is based on a certain number of hypotheses constituting the business plan underlying the Group's resolution, which are reassessed on the basis of the information available at each balance sheet date. These assumptions, and the remaining areas of uncertainty, are summarised below:

- Although it manages its risks proactively, the Dexia Group remains sensitive to changes in the macroeconomic environment and market parameters such as exchange rates, interest rates and credit spreads. An unfavourable evolution of these parameters over time could weigh on the Group's liquidity and solvency. It could also have an impact on the valuation of assets, financial liabilities or OTC derivatives. Dexia also remains subject to the constraints and uncertainties linked to its operating model as well as to the risks associated with the continuity of operations, inherent to Dexia's specific nature as an entity in resolution.
- The continuation of the resolution process is based on maintaining Dexia's rating at a level equivalent to or higher than *Investment Grade*. It also assumes that Dexia retains a good funding capacity via the issue of debt guaranteed by the Belgian and French States and the raising of secured funding.
- Finally, residual uncertainties linked, for example, to changes in legislation or accounting rules over the duration of the Group's resolution, could influence the initially anticipated resolution trajectory.

At the time of closing the consolidated financial statements as at 31 December 2023, management reviewed each of these assumptions and areas of uncertainty.

- By virtue of meticulous preparation, the withdrawal of Dexia's banking authorisation was correctly understood by the market, which enabled the Group to launch its long-term issue programme in January 2024, with two benchmark transactions of EUR 1.5 billion and GBP 750 million, which were very favourably received. In addition, Dexia maintains a liquidity reserve deemed adequate to cope with stressed market conditions. This liquidity reserve amounted to EUR 13.4 billion at December 2023 and includes the contingency reserve, for a total amount of EUR 3.8 billion in cash, which replaces the *Emergency Liquidity Agreement* (ELA) of the national banks since the withdrawal of the banking licence.
- Within the framework of the preparation of the consolidated financial statements as at 31 December 2023, Dexia has reviewed the macroeconomic scenarios used for the measurement of expected credit losses within the framework of IFRS 9 and has adopted a macroeconomic base case scenario, developed on the basis of the most recent projections of the European Central Bank (ECB), published in December 2023, supplemented by the scenarios published by the national central banks where available. The ECB's central scenario revises macroeconomic growth in the European Union slightly downwards for 2024. A similar trend is observed in the UK, while US projections are revised slightly upwards. Despite high inflation, the disinflationary process is set to continue in the years ahead. Labour markets should remain resilient overall.

After having taken into account all these elements and uncertainties, the management of Dexia Holding confirms that as at 31 December 2023, they do not call into question the fundamentals of the orderly resolution of the Group or the assessment of the adequacy of the application of the going concern assumption. Consequently, the consolidated financial statements can be prepared in accordance with the rules applicable to a going concern in accordance with IAS 1 § 25 and 26.

Appendix 2 – Consolidated income statement (non-audited data)

Consolidated income statement – ANC format		
in EUR million	**2023**	**2022**
Net banking income	**52**	**336**
Operating expenses and depreciation, amortisation and impairment of tangible fixed assets and intangible assets	-404	-309
Gross operating income	**-352**	**27**
Cost of credit risk	-2	-3
Net gains or losses on other assets	-52	0
Pre-tax income	**-406**	**24**
Income tax	26	-19
Result from discontinued operations, net of tax	2	0
Net income	**-378**	**5**
Minority interests	0	0
Net income, Group share	**-378**	**5**

Appendix 3 – Simplified balance sheet (non-audited data)

Principal balance sheet aggregates – ANC format		
in EUR million	**31-12-2022**	**31-12-2023**
Total assets	**64,288**	**60,955**
of which		
Cash and central banks	2,024	0
Financial assets at fair value through profit or loss	3,497	3,583
Hedging derivatives	1,759	583
Financial assets at fair value through other comprehensive income	1,581	1,132
Financial assets at amortised cost – Debt securities	26,961	26,278
Financial assets at amortised cost – Interbank loans and advances	6,887	8,105
Financial assets at amortised cost – Customer loans and advances	21,370	20,342
Total liabilities	**57,580**	**54,590**
of which		
Financial liabilities at fair value through profit or loss	4,126	3,488
Hedging derivatives	8,352	8,041
Interbank borrowings and deposits	2,960	1,326
Customer borrowings and deposits	4,765	3,058
Debt securities	36,690	37,998
Total equity	**6,708**	**6,365**
of which		
Equity, Group share	6,652	6,309

Appendix 4 – Capital adequacy (non-audited data)

in EUR million	**31-12-2022**	**31-12-2023**
Common Equity Tier 1	6,605	6,302
Total Capital	6,701	6,398
Risk-weighted assets	16,338	16,092
Common Equity Tier 1 Ratio	40.4%[11]	39.2%
Total Capital Ratio	41.0%[11]	39.8%

[11] *This figure includes the positive net result for the year.*

Appendix 5 – Exposure to credit risk (non-audited data) expressed in EAD

Exposure by geographic zone

in EUR million	31-12-2022	31-12-2023		
	Total	Total	Of which discontinued operations (Leasing)	Of which continuing operations
Italy	13,406	13,074		13,074
United Kingdom	11,114	10,962		10,962
France	9,553	7,811	830	6,981
United States and Canada	3,486	3,151		3,151
Spain	3,006	2,665		2,665
Belgium	2,287	2,360		2,360
Portugal	2,378	2,105		2,105
Japan	2,157	1,788		1,788
Australia	1,016	930		930
Germany	766	693		693
Central and Eastern Europe	423	394		394
Other countries	889	1,401		1,401
Total	**50,484**	**47,335**	**830**	**46,505**

Exposure by type of counterparty

in EUR million	31-12-2022	31-12-2023		
	Total	Total	Of which discontinued operations (Leasing)	Of which continuing operations
Local Public Sector	20,696	18,599	700	17,899
Sovereigns	15,656	14,157	22	14,135
Financial institutions	4,277	5,083	37	5,046
Project finance	4,207	3,831	3	3,828
Corporate	3,043	3,026	17	3,010
Monolines	1,142	1,103	0	1,103
ABS/MBS	1,052	1,062	0	1,062
Others	410	474	52	422
Total	**50,484**	**47,335**	**830**	**46,505**

Exposure by rating (internal rating system)

	31-12-2022	31-12-2023		
	Total	Total	Of which discontinued operations (Leasing)	Of which continuing operations
AAA	14.4%	12.4%	0.5%	11.9%
AA	6.1%	4.6%	0.2%	4.4%
A	21.5%	23.8%	0.6%	23.2%
BBB	48.5%	50.6%	0.3%	50.3%
Non-Investment Grade	8.6%	7.5%	0.1%	7.4%
D	0.6%	0.6%	0.1%	0.5%
No rating	0.5%	0.6%	0.0%	0.6%
Total	**100%**	**100%**	**1.8%**	**98.2%**

Appendix 6 – Group sector exposure (EAD on final counterparties - non-audited data)

Sector exposure on certain countries								
in EUR million	**Total**	*of which local public sector*	*of which corporate and project finance*	*of which financial institutions*	*of which ABS /MBS*	*of which sovereigns*	*of which monolines*	*of which others*
Italy	**13,074**	5,764	0	244	0	7,066	0	0
United Kingdom	**10,962**	4,997	3,547	547	1,055	0	816	0
France	**7,811**	2,813	1,018	1,427	0	2,063	263	226
United States and Canada	**3,151**	1,074	1,040	802	0	204	24	6
Spain	**2,665**	2,007	381	7	7	264	0	0
Belgium	**2,360**	0	10	165	0	2,179	0	7
Portugal	**2,105**	128	24	0	0	1,953	0	0
Japan	**1,788**	1,592	0	196	0	0	0	0

Sector exposure by rating								
in EUR million	**Total**	*AAA*	*AA*	*A*	*BBB*	*NIG**	*D*	*no rating*
Local public sector	**18,599**	1,250	1,018	4,690	8,605	2,906	128	3
Sovereigns	**14,157**	4,447	0	657	9,019	0	35	0
Financial institutions	**5,083**	0	143	4,444	491	5	0	0
Project finance	**3,831**	0	0	293	2,858	568	112	0
Corporate	**3,026**	0	0	54	2,948	14	0	10
Monolines	**1,103**	0	0	1,103	0	0	0	0
ABS/MBS	**1,062**	0	1,028	0	0	34	0	0
Others	**474**	149	0	48	0	0	0	278
Total	**47,335**	**5,845**	**2,188**	**11,288**	**23,920**	**3,528**	**274**	**292**

** Non-investment grade.*

Appendix 7 – Asset quality (non-audited data)

			Asset quality			
(in EUR million)			31-12-2022	31-12-2023		
				Total	Of which discontinued operations (Leasing)	Of which continuing operations
Impaired assets[(1)]			503	433	48	384
Specific provisions[(2)]			167	150	0	150
	of which	*Stage 3*	*160*	*130*	*0*	*130*
		POCI	*7*	*20*	*0*	*20*
Coverage ratio[(3)]			33.2%	34.7%		39%
Collective provisions			136	154	12	141
	of which	*Stage 1*	*14*	*2*	*0*	*2*
		Stage 2	*122*	*152*	*12*	*139*

(1) Outstanding: computed according the applicable perimeter defined under IFRS 9 (FV through OCI + amortised cost + off balance).
(2) Provisions in accordance with the part of the portfolio taken into account in calculating outstanding.
(3) Ratio between specific provisions and impaired assets.

Appendix 8 – Ratings

Rating as at 8 March 2024			
	Long-term	Outlook	Short-term
Dexia			
Fitch	BBB+	Stable	F1
Moody's	Baa3	Stable	P-3
Moody's - Counterparty Risk (CR) Assessment	*Baa3(cr)*		*P-3(cr)*
S&P Global Ratings	BBB-	Stable	A-3
Dexia (guaranteed debt)			
Fitch	AA-	-	F1+
Moody's	Aa3	Stable	P-1
S&P Global Ratings	AA	-	A-1+