Press release

DEXIA

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Dexia Group consolidated results H1 2019[1]

Acceleration of the Group's transformation

- *Balance sheet total down 15%, to EUR 134.6 billion as at 30 June 2019*
- *Sale of Dexia Kommunalbank Deutschland, closure of the Dexia Crédit Local branch in Madrid and launch of the transformation of the Dexia Crédit Local branch in New York as a representative office*
- *Continued momentum in reducing commercial portfolios and the implementation of two new asset disposal programmes*

Net income of EUR -546 million for the first half-year 2019

- *Net recurring income of EUR -151 million: net interest margin under pressure due to historically low interest rates; high impact of regulatory taxes and contributions and positive contribution of the cost of risk*
- *Non-recurring elements (EUR -283 million) integrating the impact of the disposal of Dexia Kommunalbank Deutschland (EUR -115 million) and losses associated with the proactive strategy of asset portfolio reduction (EUR -155 million)*

Dexia's Total Capital ratio at 25.3% as at the end of June 2019, against 27.3% as at 31 December 2018

Wouter Devriendt, CEO of Dexia, stated: "*The first half of 2019 saw a significant acceleration in the Group's transformation. The achievements are remarkable and the result of tremendous teamwork. Under favourable market conditions, particularly in the United States, we exceeded our objectives of reducing commercial portfolios, continuing to reduce risks and our geographical footprint. Indeed, we finalised the sale of our German subsidiary Dexia Kommunalbank Deutschland, closed our Madrid branch and began the transformation of our New York branch. We also continued and accelerated our asset disposal programme, which resulted in the sale of almost EUR 7 billion in assets. I would like to thank the Group's employees most sincerely for having been so tireless in their efforts to make these achievements possible.*"

Gilles Denoyel, Chairman of the Board of Directors of Dexia, said: "*During the first half of 2019, we accelerated the implementation of our roadmap by anticipating the execution of several strategic objectives. All stakeholders are actively involved in the Group's orderly resolution. Indeed, in May and then in July the Board of Directors approved two ambitious asset disposal programmes, the execution of which is already underway. The Belgian and French States set the process in motion with a view to renewing Dexia's funding guarantee beyond 31 December 2021 and negotiations with the European Commission are going well, a response expected in the coming weeks. Once again, I would like to acknowledge the important work accomplished by management and teams over the past few months.*"

[1] *The detailed figures of this Press Release have not been audited.*

Introduction

Since its entry into orderly resolution, Dexia has been implementing a proactive strategy to reduce its activities and the Group's balance sheet. The first half of 2019 represents an important step in this dynamic, due in particular to the completion of the sale of Dexia Kommunalbank Deutschland (DKD), its banking subsidiary in Germany, the closure of DCL Madrid and the launch of the transformation of the American branch of Dexia Crédit Local (DCL New York). In addition, the Group maintained good momentum in the sale of its commercial asset portfolios and took, in May and then in July, structuring decisions on two new disposal programmes.

The Group took advantage of favourable market conditions, in particular in the United States, to implement this strategy. In this highly volatile environment, the Group continues to seek all measures to simplify and reduce risks.

In accordance with the legislation in force, for the period ending 30 June 2019, Dexia is publishing a press release relating to the condensed consolidated financial statements. Dexia's 2019 half-yearly financial report will be published in full on 11 September 2019.

1. Significant events and transactions

- *Dynamic strategy to reduce the balance sheet and risks*
- *Disposal of DKD and simplification of the international network: closure of DCL Madrid and launch of the transformation of DCL New York*

A. Balance sheet reduction and simplification of the Group structure

Asset portfolio reduction

Other than the sale of DKD, at the end of June 2019, the asset portfolios were down by EUR 5.8 billion compared to the end of December 2018, including EUR 3.8 billion in disposals, EUR 0.4 billion in early redemptions and EUR 1.6 billion in natural amortisation. The proportion of assets denominated in non-euro currencies is significant and amounts to 75% of total sales over the half-year.

As part of DCL New York's transformation and in order to facilitate the transfer of the entity's balance sheet to the head office of Dexia Crédit Local in Paris, the Board of Directors decided to sell a significant portfolio of assets held by that branch (cf. the section “Transformation of the Dexia Crédit Local Branch in New York”). Market dynamics in the United States made it possible to implement this decision under favourable conditions. During the half-year, Dexia sold EUR 2.4 billion of US assets, with an impact of EUR -89 million on the Group's result. The assets sold include the entire ABS student loan portfolio (EUR 1.1 billion) as well as public sector assets (EUR 1.3 billion).

On 5 September 2019, the amount of sales amounted to EUR 6.7 billion, of which EUR 5.0 billion of US assets. The Group also reached an agreement for the sale of almost all of its exposure to the Chicago Board of Education.

The Group also continued its proactive disposal of other asset classes.

In addition, on 19 July 2019, the Board of Directors approved the implementation of a second asset disposal programme. This programme falls within the framework of changes to and strengthening of the regulatory requirements applicable to the Group (cf. the section “Strengthening of the prudential requirements”) and reflects a prudent approach to risk management. In particular, it targets sales, which will enable Dexia to reduce its exposure to market risk, including liquidity risk, while preserving its solvency position.

These two strategic decisions taken by the Board of Directors result in a change in the business model applicable to the selected portfolios. The assets concerned, which had been classified at amortised cost at the time of the first application of IFRS 9, will be reclassified at fair value through profit or loss (FVP&L) or

fair value through equity (FVOCI) on 1 July 2019 for the US asset portfolio and on 1 January 2020 for the second portfolio respectively.

The disposals planned within the framework of these two plans will in time reduce Dexi'as credit risk exposure and its balance sheet sensitivity, although in the meantime the reclassification of those assets in fair value will expose Dexia to changes in macroeconomic conditions.

Closure of Dexia Crédit Local Madrid

Following the restructuring undertaken in 2016 and the transfer of all assets to Dexia Crédit Local head office in Paris in 2018, Dexia definitively closed the Madrid branch on 29 March 2019.

Finalisation of the sale of DKD to Helaba

On 1 May 2019, after obtaining all the regulatory authorisations, Dexia concluded the sale of DKD to Helaba for a total amount of EUR 352 million.

For Dexia, this transaction is reflected by a EUR 24.4 billion reduction of its balance sheet total. The net impact of the sale on the statement of income amounts to EUR -115 million, but the impact on the Group's solvency ratios is slightly positive and amounts to 15 basis points. These impacts have been booked in the Dexia consolidated financial statements as at 30 June 2019.

Dexia Crédit Local has terminated the letters of support granted to DKD, with effect as at the date of conclusion of the sale.

DKD now operates under the name of KOFIBA-Kommunalfinanzierungsbank GmbH.

Transformation of the Dexia Crédit Local branch in New York

At the beginning of 2019, Dexia Crédit Local began implementing the transformation of its New York branch. This project, which is within the framework of the Group's process of reducing its geographical footprint and simplifying operations, has three components:

- The transfer to Dexia Crédit Local's Paris head office of the portfolios of assets, funding and derivatives related to these operations. This transfer is planned for 1 October 2019;
- The centralisation of management processes currently under the responsibility of Dexia Crédit Local New York;
- The transformation, during the first half of 2020, of Dexia Crédit Local New York as a representative office.

In order to facilitate the transfer of asset portfolios and to reduce the operational risk associated with such transfer, Dexia initiated a programme of US asset disposals, which should continue throughout 2019 (cf. the section "Asset portfolio reduction").

B. *Strengthening of prudential requirements*

As previsously stated[2], since the start of 2019 Dexia has no longer benefited from the approach to supervision which had applied to the Group since 2015.

Furthermore, on 14 February 2019[3], the ECB informed the Dexia Group of the qualitative and quantitative prudential requirements with regard to solvency applicable to Dexia SA and its subsidiaries as from 1 March 2019, in accordance with Council Regulation (EU) No 1024/2013 dated 15 October 2013. These requirements rely in particular on the conclusions drawn from the Supervisory Review and Evaluation Process (SREP).

C. *Evolution of Group governance*

On 25 February 2019, the Dexia Board of Directors appointed Patrick Renouvin who succeeded Aline Bec as Dexia's Chief Operating Officer as from 1 May 2019.

Patrick Renouvin has sound experience, acquired in particular with the Banque Postale, of which he was a member of the Management Board and Head of the Solutions unit (information technologies, payments, organisation). He has also held various posts with Société Générale and worked in consultancy firms.

On 4 February 2019, the Dexia Board of Directors appointed Claire Cheremetinski as a non-executive director of Dexia, replacing Lucie Muniesa.

On 21 March 2019, the Dexia Board of Directors appointed Tamar Joulia-Paris as a non-executive director of Dexia as from 22 April 2019, replacing Martine De Rouck.

As the governance of Dexia and Dexia Crédit Local is integrated, Patrick Renouvin is also Executive Vice-President and Chief Operating Officer of Dexia Crédit Local. Claire Cheremetinski and Tamar Joulia-Paris are also directors of Dexia Crédit Local.

2. Results H1 2019

A – *Presentation of Dexia's condensed consolidated financial statements as at 30 June 2019*

Going concern

The condensed consolidated financial statements of Dexia as at 30 June 2019 were established in accordance with the accounting rules applicable to a going concern. This relies on a certain number of assumptions made in the business plan underlying the resolution of the Dexia Group, developed in the Appendix to this Press Release.

[2] *Cf. Dexia press release dated 26 July 2018, available at www.dexia.com.*
[3] *Cf. Dexia press release dated 18 February 2019, available at www.dexia.com*

B – Dexia Group consolidated results H1 2019

- *Net income Group share of EUR -546 million: significant impact of non-recurring elements (EUR -283 million) associated with finalisation of the sale of DKD (EUR -115 million), asset disposals (EUR -155 million) and of accounting volatility elements (EUR -112 million).*
- *Net recurring income (EUR -151 million) principally impacted by regulatory taxes and contributions (EUR -59 million) and the persistence of low rates, partially offset by a positive contribution of the cost of risk (EUR +23 million).*

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

(in EUR million)	Recurring elements	Accounting volatility elements	Non-recurring elements	Total
Net banking income	***-7***	***-112***	***-160***	***-279***
General operating expenses, amortisation and impairment of tangible fixed assets and intangible assets	*-196*	*0*	*-12*	*-208*
Gross operating income	***-203***	***-112***	***-172***	***-487***
Cost of credit risk	*23*	*0*	*0*	*23*
Net gains or losses on other assets	*0*	*0*	*0*	*0*
Pre-tax income	***-180***	***-112***	***-172***	***-464***
Income tax	*4*	*0*	*0*	*4*
Result from discontinued operations, net of tax	*0*	*0*	*-111*	*-111*
Net income	***-176***	***-112***	***-283***	***-571***
Minority interests	*-25*	*0*	*0*	*-25*
Net income Group share	***-151***	***-112***	***-283***	***-546***

The net income Group share of EUR -546 million for H1 2019 is composed of the following items:

- EUR -151 million attributable to recurring elements[4];
- EUR -112 million associated with account volatility elements[5];
- EUR -283 million generated by non-recurring elements[6].

[4] Recurring elements associated with the carry of assets such as portfolio income, funding costs, operating charges, cost of risk and taxes.
[5] Accounting volatility elements associated with asset and liability fair value adjustments in particular including the impacts of the IFRS 13 accounting standard (CVA, DVA, FVA), the valuation of OTC derivatives, the various impacts relating to financial instruments booked at fair value through profit and loss (in particular non-SPPI assets) and the variation of value of derivatives hedging the WISE portfolio (synthetic securitisation of a portfolio of enhanced bonds).
[6] Non-recurring elements, in particular gains and losses on the disposal of holdings and instruments booked at amortised cost or at fair value through equity, costs and gains associated with litigation, cost and indemnities induced by the exit of projects or contracts, restructuring costs as well as costs associated with Group strategic restructuring projects or exceptional operational taxes.

Recurring elements

Recurring elements			
(in EUR million)	***H1 2019***	***H1 2018 (*)***	***2018***
Net banking income	***-7***	***30***	***45***
Operating expenses and depreciation, amortisation and impairment of tangible fixed assets and intangible assets	***-196***	***-220***	***-369***
o/w Expenses excl. operational taxes	*-137*	*-135*	*-280*
o/w Operational taxes	*-59*	*-85*	*-88*
Gross operating income	***-203***	***-190***	***-323***
Cost of credit risk	*23*	*49*	*128*
Net result before tax	***-180***	***-141***	***-195***
Income tax	*4*	*-34*	*-40*
Net income	***-176***	***-175***	***-236***
Minority interests	*-25*	*-5*	*-26*
Net income, Group share	***-151***	***-170***	***-210***

(*) Pro forma for H1 2018.

The net income Group share from recurring elements was EUR -151 million in the first half-year 2019, against EUR -170 million at the end of June 2018.

Over the half-year, net banking income was negative at EUR -7 million, reflecting the net interest margin, which corresponds to the asset carrying cost, as well as the result of the Group's transformation. The net interest margin is down, particularly due to the persistence of historically low interest rates.

Costs for the half-year were EUR -196 million, against EUR -220 million as at 30 June 2018. Of that amount, EUR -59 million are booked under income by virtue of regulatory taxes and contributions, the majority booked in Q1 in application of the IFRIC 21 accounting standard. The fall of EUR -24 million in costs compared with H1 2018 results from the decrease of regulatory taxes and contributions in line with the reduction of the size of the Group and the improvement of its risk profile. Despite the acceleration of the simplification of the international network, the amount of the Group's general operating expenses is liable to be impacted in H2 2019 by transformation costs and in particular those for renewing the IT infrastructure.

The cost of risk was EUR +23 million and is principally explained by reversals of provisions as a consequence the disposal of impaired exposures.

The tax charge was positive, at EUR 4 million.

Accounting volatility elements

In an environment marked by uncertainties related to Brexit, international trade tensions and accommodating signals from central banks, accounting volatility elements generated an impact of EUR -112 million at the end of June 2019, compared to EUR -217 million at the end of June 2018. This amount reflects the unfavourable evolution of the spread between the BOR and OIS rates in euros and pounds sterling and EUR/GBP cross currency basis swaps.

Non-recurring elements

Non-recurring elements booked over the half-year amounted to EUR -283 million and in particular included:

- losses associated with asset disposals and, to a lesser extent, repurchases of liabilities (EUR -155 million);
- the net impact of the sale of DKD (EUR -115 million). This amount includes the net loss on the disposal as well as the net result of DKD as at 30 June 2019 (EUR -9.2 million);
- allocations and reversals of provisions for litigation, the net impact of which was EUR -6 million;
- provisions for restructuring costs, in an amount of EUR -8 million, in particular including the cost of the transformation of DCL New York;
- an exceptional contribution from Dexia Crediop to the Italian national resolution fund (EUR -2 million).

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

A – Balance sheet and solvency

- *15% reduction of the balance sheet total compared to the end of 2018, associated with the sale of DKD and the reduction of the asset portfolio, despite a significant fall of interest rates*
- *Dexia's Total Capital ratio at 25.3% at the end of June 2019, against 27.3% as at 31 December 2018*

a – Half-yearly evolution of the balance sheet

As at 30 June 2019, the Group's consolidated balance sheet total stood at EUR 134.6 billion, compared to EUR 158.8 billion as at 31 December 2018.

On the assets side and at constant exchange rates, the significant decrease resulting from the deconsolidation of DKD (EUR-24.4 billion) and the asset portfolio reductions (EUR -5.8 billion) was partially offset by an increase in fair value elements (EUR +4.6 billion) and cash collateral paid by the Group to its derivative counterparties (EUR +3 billion) due to the sharp decrease in interest rates compared to 31 December 2018.

The balance sheet total remains very sensitive to changes in this market parameter. In particular, a 10 basis point decrease in long-term interest rates, principally in pounds sterling, is likely to lead to an increase of EUR 0.7 billion in the balance sheet total.

On the liabilities side, at constant exchange rates, in addition to the impact of the deconsolidation of DKD, the evolution of the balance sheet is mainly reflected in a reduction of the stock of market funding (EUR -5.9 billion), an increase in the fair value of liabilities and derivatives (EUR +4.4 billion) and the amount of cash collateral received (EUR +1.3 billion).

The impact of exchange rate fluctuations on the evolution of the balance sheet is negligible.

b - Solvency

As at 30 June 2019, the Dexia Group's Common Equity Tier 1 capital was EUR 7.5 billion, compared to EUR 8.1 billion as at 31 December 2018 and was principally impacted by the negative net income for the period (EUR -546 million).

In line with the requirements of the European Central Bank, two elements were deducted from regulatory capital in a total amount of EUR -156 million:

- the theoretical loss corresponding to remediation on a failure to observe the constraint regarding large exposures, for an amount of EUR -107 million[7];
- the amount of irrevocable payment commitments (IPCs) to resolution funds and other guarantee funds, which amounts to EUR -49 million.

In addition, following its on-site inspection of credit risk in 2018, the ECB issued a number of recommendations. As a result, Dexia deducted an amount of EUR -208 million from its prudential équity as a supplement for specific provisions, notably EUR -86 million on the exposure to the Chicago Board of Education (CBOE). Dexia will integrate all the conclusions of these inspections when they are finalised.

Risk-weighted assets decreased very slightly during the half-year to EUR 30.3 billion as at 30 June 2019, of which EUR 28.4 billion for credit risk, EUR 0.9 billion for market risk and EUR 1 billion for operational risk.

Taking these elements into account, Dexia's Common Equity Tier 1 ratio stood at 24.7% as at June 30, 2019, compared to 26.7% at the end of 2018. The Total Capital ratio was 25.3%, compared with 27.3% at the end of 2018, a level higher than the minimum required by the European Central Bank for 2019 as part of the Supervisory Review and Evaluation Process (SREP)[8].

Dexia Crédit Local's Common Equity Tier 1 and Total Capital ratios also meet the minimum requirements, at 21.5% and 22.0% respectively as at 30 June 2019.

B – Evolution of the Dexia Group's liquidity situation

- *Significant reduction of the funding volume in the first half-year 2019, partially linked to the deconsolidation of DKD*
- *Evolution of the funding mix, State-guaranteed funding representing 76% of total outstanding*
- *Absence of recourse to Eurosystem funding since September 2017*

As a consequence of the sale of DKD and the reduction of the asset portfolio, outstanding funding decreased by EUR -21.4 billion compared to 31 December 2018, to EUR 84.9 billion as at 30 June 2019, despite an increase of EUR +1.8 billion in net cash collateral, linked to the decrease in interest rates. The net amount of cash collateral amounted to EUR 24.5 billion as at 30 June 2019.

The change in the funding mix was significant and was almost entirely due to the reduction in secured funding (EUR -17.3 billion compared to the end of December 2018) due to the deconsolidation of DKD, the outstanding covered bonds of which amounted to EUR 13.6 billion as at 31 December 2018. There was also a reduction in unsecured funding (EUR -4.1 billion compared to the end of December 2018) due in particular to the deconsolidation of DKD (EUR -1.3 billion) and a decrease in State-guaranteed funding (EUR -1.6 billion), bringing the outstanding amount to EUR 63.9 billion at the end of June 2019, representing 76% of total outstanding funding at that date.

During the half-year, Dexia Crédit Local successfully launched various long-term public transactions in euros, US dollars and pounds sterling, raising EUR 5.7 billion, or 80% of the annual long-term funding programme at a competitive funding cost. Short-term funding activity in guaranteed format was also strong, with an average maturity at issuance of 8.1 months.

The Group has not used central bank funding since September 2017.

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[7] *Cf. Dexia press releases of 5 February and 26 July 2018, available at www.dexia.com.*
[8] *Cf. Dexia press release of 18 February 2019, available at www.dexia.com*

As at 30 June 2019, the Dexia Group had a liquidity reserve of EUR 16.1 billion, 45% of which is in the form of cash deposits with central banks.

On the same date, the Group's Liquidity Coverage Ratio (LCR) stood at 254%, compared to 202% as at 31 December 2018. This ratio is also respected at subsidiary level, each exceeding the required minimum of 100%. The Group's Net Stable Funding Ratio (NSFR), estimated on the basis of the latest proposals for amendments to the RRC, would be above the target threshold of 100%, as a result of the group's efforts since 2013 to improve its funding profile.

Appendices

Appendix 1 – Going concern The condensed consolidated financial statements of Dexia as at 30 June 2019 were prepared in accordance with the accounting rules applicable to a going concern. This requires a number of constituent assumptions underlying the business plan for the resolution of the Dexia Group, decided upon by the European Commission in December 2012. They are listed below:

- The macroeconomic hypotheses underlying the business plan are revised as part of the half-yearly reviews of the overall plan. The update made on the basis of market data observable as at 31 December 2018 and validated by the Board of Directors of Dexia on 23 April 2019 integrates the regulatory developments known to date, including the final version of the CRD IV Directive. It also takes account of the extremely positive impact on the Dexia Group's regulatory capital of the first-time application of the IFRS 9 accounting standard as from 1 January 2018 and of the non-renewal, as from 1 January 2019, of the specific approach implemented by the European Central Bank for the supervision of the Dexia Group[9]. This update does not integrate all of the results of on-site inspections (OSI) by the European Central Bank, in particular the inspections on credit risk, IT risk and operational risk and outsourced activities, on which the definitive reports have not yet been received by Dexia.
- The ongoing resolution assumes that Dexia retains a sound funding capacity, relying in particular on the appetite of investors for debt guaranteed by the Belgian, French and Luxembourg States as well as on the Group's capacity to raise secured funding.
- The latest update of the business plan takes account of a revision of the funding plan relying on the last observable market conditions. In addition, since the end of 2012, Dexia has considerably reduced its funding requirement, diversified its access to different funding sources and taken advantage of favourable market conditions to extend the maturity of its liabilities, with a view to the prudent management of its liquidity. In particular, this enables the Group to maintain a level of liquidity reserves which is deemed appropriate considering the restriction of access to European Central Bank funding announced on 21 July 2017[10].
- The business plan assumes the maintenance of the banking licences of Dexia and Dexia Crédit Local and the maintenance of the Dexia Crédit Local rating at a level of Investment Grade.

Regular revisions of the business plan lead to adjustments to the original plan and over time involved a significant change of the Group's resolution trajectory as initially anticipated, particularly in terms of profitability, solvency and funding structure. At this stage, they do not raise any question as to the nature or the fundamentals of the resolution, which justifies the decision to establish the financial statements in accordance with "going concern" principles.

However, over the duration of the Group's resolution, uncertainties remain regarding the implementation of the business plan:

- In particular, this plan is likely to be impacted by new developments in accounting and prudential rules.
- The Dexia Group is also very sensitive to the evolution of the macroeconomic environment and to market parameters, particularly exchange rates, interest rates and credit spreads. An unfavourable evolution of these parameters over time could weigh on the Group's liquidity and its solvency position, for instance by increasing the amount of cash collateral paid by Dexia to its derivatives counterparties or an impact on the valuation of financial assets and liabilities and OTC derivatives, fluctuations of which are booked in the income statement and are liable to result in a fluctuation of

[9] Cf. Press Release issued by Dexia on 26 July 2018, available at www.dexia.com.
[10] On 21 July 2017 the European Central Bank announced the end of access to the Eurosystem for wind-down entities as from 31 December 2021.

the level of the Group's regulatory capital. In particular, considering decisions taken by the Board of Directors in relation to the implementation of two asset sales programmes, for a total amount of approximately EUR 18 billion, Dexia is exposed to the evolution of macroeconomic conditions and market parameters on these assets until their effective disposal.

- Discussions are ongoing between the European Commission and the Belgian and French States on the conditions of the renewal of the State guarantee as from 1 January 2022[11].
- Finally, the Group is exposed to certain operational risks, specific to the resolution environment in which it operates.

Appendix 2 – Consolidated income statement

Consolidated income statement - ANC format			
(in EUR million)	***H1 2019***	***H1 2018 (*)***	***2018***
Net banking income	***-279***	***-232***	***-232***
Operating expenses and depreciation, amortisation and impairment of tangible fixed assets and intangible assets	*-208*	*-231*	*-386*
Gross operating income	***-487***	***-463***	***-618***
Cost of credit risk	*23*	*49*	*128*
Net gains or losses on other assets	*0*	*8*	*8*
Net result before tax	***-464***	***-406***	***-482***
Income tax	*4*	*-34*	*-40*
Result from discontinued operations, net of tax*	*-111*	*16*	*23*
Net income	***-571***	***-424***	***-499***
Minority interests	*-25*	*-5*	*-26*
Net income, Group share	***-546***	***-419***	***-473***

(*) Pro forma for H1 2018.

[11] *Cf. Press Release issued by Dexia on 26 February 2019, available at www.dexia.com.*

Appendix 3 - Balance sheet key figures (non-audited figures)

Balance sheet key figures			
(in EUR million)	**30-06-2018**	**31-12-2018**	**30-06-2019**
Total assets	**168,340**	**158,804**	**134,634**
of which			
Cash and central banks	9,881	9,269	6,752
Financial assets at fair value through profit or loss	15,468	13,421	15,243
Hedging derivatives	4,627	1,263	1,311
Financial assets at fair value through other comprehensive income	7,893	4,916	2,626
Financial assets at amortised cost - Debt securities	48,868	45,502	45,492
Financial assets at amortised cost - Interbank loans and advances (1)	27,191	23,665	26,588
Financial assets at amortised cost - Customer loans and advances (1)	52,739	35,158	35,293
Non current assets held for sale	0	24,375	0
Total liabilities	**160,547**	**150,963**	**127,114**
of which			
Financial liabilities at fair value through profit or loss (2)	13,117	11,872	14,790
Hedging derivatives (2)	25,487	21,151	21,944
Interbank borrowings and deposits (3)	28,262	20,091	19,659
Customer borrowings and deposits (3)	6,424	4,873	3,004
Debt securities	86,258	67,960	66,519
Liabilities included in disposal groups held for sale	0	24,055	0
Total equity	**7,793**	**7,841**	**7,520**
of which			
Equity, Group share	7,437	7,504	7,207

(1) Since 31 December 2018, the definition of credit institutions in the financial statements and in the FINREP regulatory statements has been harmonised. Some counterparties have been reclassified from "Loans and receivables from credit institutions" to "Loans and receivables from customers". As a result, the figures as at 30 June 2018 have been revised: an amount of EUR 4,829 million has been reclassified from "Loans and receivables from credit institutions and similar entities, at amortised cost" to "Loans and receivables from customers, at amortised cost".

(2) Pro forma for 30 June 2019.

(3) Since 31 December 2018, the definition of credit institutions in the financial statements and in the FINREP regulatory statements has been harmonised. Some counterparties have been reclassified from "Amounts owed to credit institutions" to "Amounts owed to customers". As a result, the figures as at 30 June 2018 have been revised: an amount of EUR 2,991 million has been reclassified from "Amounts due to credit institutions and similar" to "Amounts due to customers".

Appendix 4 – Regulatory equity (non-audited figures)

(in EUR million)	30-06-2018	31-12-2018	30-06-2019
Common Equity Tier 1	8,192	8,119	7,478
Total Capital	8,402	8,278	7,649
Risk-weighted assets	32,749	30,365	30,276
Common Equity Tier 1 ratio	25.0%	26.7%	24.7%
Total Capital ratio	25.7%	27.3%	25.3%

Appendix 5 – Credit risk exposure (non-audited figures)

Exposure by geographic region				
(in EUR million)	31-12-2018			30-06-2019
	Total	o/w discontinued operations (DKD)	o/w continuing operations	
United Kingdom	21,114	53	21,061	21,301
Italy	21,883	837	21,046	21,222
France	22,271	54	22,216	18,794
United States	15,017	152	14,865	12,818
Spain	7,421	28	7,393	6,497
Japan	5,469	0	5,469	5,802
Portugal	4,422	235	4,187	4,391
Canada	1,882	0	1,882	1,724
Belgium	1,936	1,406	531	1,170
Germany	16,714	14,805	1,909	1,133
Central and Eastern Europe (1)	889	0	889	953
Switzerland	353	0	353	490
South and Central America	345	0	345	336
Luxembourg	49	0	49	219
Southeast Asia	202	0	202	212
Scandinavian countries	218	20	198	135
Greece	78	0	78	74
Netherlands	106	26	80	20
Austria	1,023	1,014	10	7
Other (2)	2,249	267	1,983	2,018
Total	**123,643**	**18,896**	**104,747**	**99,316**

(1) Without Austria and Hungary.
(2) Including supranationals, Austria, Ireland and Hungary.

Exposure by category of counterparty				
(in EUR million)	31-12-2018			30-06-2019
	Total	o/w discontinued operations (DKD)	o/w continuing operations	
Local public sector	65,804	16,651	49,153	48,464
Central governments	27,081	1,666	25,416	23,438
Project finance	10,299	14	10,286	10,201
Financial institutions	10,406	557	9,849	8,635
Corporate	5,733	0	5,732	5,672
Monolines	1,488	0	1,488	1,488
ABS/MBS	2,831	9	2,822	1,418
Individuals, SME and self-employed	1	0	1	1
Total	**123,643**	**18,896**	**104,747**	**99,317**

Exposure by rating (internal rating system)				
	31-12-2018			30-06-2019
	Total	o/w discontinued operations (DKD)	o/w continuing operations	
AAA	19.1%	23.0%	18.4%	14.5%
AA	17.0%	66.3%	8.1%	9.0%
A	25.2%	3.3%	29.2%	30.5%
BBB	29.4%	6.6%	33.6%	36.5%
Non Investment Grade	7.9%	0.7%	9.1%	7.3%
D	1.1%	0.0%	1.3%	1.4%
Not Rated	0.3%	0.0%	0.3%	1.0%
Total	**100%**	**100%**	**100%**	**100%**

Appendix 6 – Group sector exposure to certain countries (non-audited figures)

Group sector exposure to certain countries							
(in EUR million)	***Total***	*o/w local public sector*	*o/w corporate and project finance*	*o/w financial institutions*	*o/w ABS/MBS*	*o/w sovereign exposures*	*o/w monolines*
United Kingdom	**21,301**	10,177	7,990	1,064	1,307	61	702
Italy	**21,222**	9,060	311	247	5	11,600	0
France	**18,794**	8,982	2,455	1,795	0	5,563	0
United States	**12,818**	7,735	895	1,539	25	1,838	786
Spain	**6,497**	4,093	1,336	540	80	449	0
Japan	**5,802**	5,022	0	759	0	21	0
Portugal	**4,391**	1,375	54	11	1	2,941	0
Germany	**1,133**	0	114	1,014	0	4	0

Appendix 7 – Asset quality (non-audited figures)

Asset quality				
(in EUR million)			**31-12-2018**	**30-06-2019**
Impaired assets[1]			1,273	1,269
Specific impairments[2]			305	287
	Of which	*Stage 3*	*299*	*280*
		POCI	*6*	*7*
Coverage ratio[3]			23.9%	22.6%
Collective provisions			345	327
	Of which	*Stage 1*	*5*	*5*
		Stage 2	*340*	*322*

(1) Outstanding computed according the applicable perimeter defined under IFRS 9 (FV through OCI + Amortised Cost + Off Balance).
(2) Impairments according the portfolio taken into account for the calculation of the outstanding, inclusive the impairments related to POCI.
(3) Specific impairments-to-Impaired assets ratio.

Appendix 8 – Ratings

Ratings as at 15 July 2019			
	Long term	**Outlook**	**Short term**
Dexia Crédit Local			
Fitch	BBB+	Stable	F1
Moody's	Baa3	Stable	P-3
Moody's - Counterparty Risk (CR) Assessment	*Baa3(cr)*		*P-3(cr)*
Standard & Poor's	BBB	Stable	A-2
Dexia Crédit Local (guaranteed debt)			
Fitch	AA-	-	F1+
Moody's	Aa3	Stable	P-1
Standard & Poor's	AA	-	A-1+

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