PRESS RELEASE

Paris, 22 February 2023

A very solid financial performance driven by the strength of Sfil's business model

In line with Sfil's financial performance in 2021, earnings were also highly robust in 2022. Sfil generated a consolidated net banking income of EUR 243 million (up by 3.5% 2021) and a consolidated net income of EUR 86 million (+12% compared with 2021).

The activity was relatively dynamic in spite of volatile interest rates and heavy constraints related to the rate setting mechanism for the usury rate.

Sfil has forged a new partnership with Banque des Territoires, which is effective since November 2022. This scheme aims to provide French local authorities and hospitals with fixed rate very long-term funding, with maturities between 25 and 40 years.

In addition, Sfil launched a new range of social loans with La Banque Postale in order to support French local authorities in financing investments related to health, education, sport, culture, development and regional cohesion.

At the end of the Board meeting on 17 February 2023, Philippe Mills, Chief Executive Officer of Sfil, declared "*2022 demonstrated once again the strength of our business model and its robustness in a troubled global environment. Developing new loan offerings and forging partnerships within our Group demonstrate the collective success that Sfil has symbolized for the last ten years. In this year that marks its tenth anniversary year and in a world where the utility of public service in its different forms is increasing, we need Sfil more than ever in order to finance environmental and social transitions.*"

- **A very solid financial performance in 2022 that reflects again the strength of Sfil's business model:** consolidated net accounting income[1] rose to a **record level of EUR 86 million** (+EUR 10 million from 2021). After adjusting non-recurring items[2], **net income remained at a solid level of EUR 62 million in line with the targets of the #Objectif2026 strategic plan**, thus demonstrating the strength of the public development bank model.
- **Local public sector lending was resilient despite the significant constraints related to the usury rate**: the Sfil/La Banque Postale arrangement **originated loans for a total amount of EUR 4.1 billion** (-16% compared with 2021), and **Sfil acquired EUR 4.8 billion** (+9% compared with 2021) of loans. **Green and social loans rose to 37% of 2022 production** (+10 points compared with 2021). In addition, the **new partnership with Banque des Territoires** (another entity of Caisse des Dépôts) has been effective since November 2022, with the first loans being granted before the year-end.
- **The export credit activity was relatively modest at EUR 0.7 billion,** the conclusion of some major transactions having been delayed until 2023. **However, the business outlook over the next two years is still very positive.**
- **A very strong funding platform to support the environmental and social transitions:** Sfil issued **debt securities for a total amount of EUR 6.4 billion** in 2022, including **EUR 1.3 billion of green and social bonds.** Sfil also finalized its **new framework for green, social and sustainable bonds in October 2022**, in order to expand its sustainable refinancing capacities.

Key financial metrics

In EUR	**2021**	**2022**
Consolidated net accounting income	76 million	86 million
Consolidated net recurring income	79 million	62 million
Loans acquired from La Banque Postale and Banque des Territoires	4.4 billion	4.8 billion
Loans originated by La Banque Postale and Banque des Territoires	4.9 billion	4.1 billion
Transferred export credit loans	2.2 billion	0.7 billion
Bond issuance	8.2 billion	6.4 billion
Of which sustainable bonds	*1.3 billion*	*1.3 billion*
Of which covered bonds	*5.9 billion*	*4.9 billion*
Cost/income ratio[3]	49%	54%
ROE	4.5%	5.0%
CET 1 ratio	34.6%	40.3%

[1] Consolidated financial statements prepared under IFRS as adopted by the European Union and approved by the SFIL Board of Directors on February 17, 2023

[2] IFRS accounting income restated to eliminate fair value adjustments related to hedging, fair value adjustments related to the credit spread on assets that do not meet the SPPI criteria and are recognized at fair value through profit or loss (although intended to be held to maturity), and the gains or losses on any disposals or early repayments of assets in runoff

[3] The cost/income ratio is based on operating expenses (excluding the contribution to the Single Resolution Fund) and recurring net banking income.

A very solid 2022 financial performance that reflects again the strength of Sfil's business model

In 2022, **consolidated net banking income rose to EUR 243 million** (up by 3.5% from 2021) and **consolidated net accounting income reached EUR 86 million** increasing by 12% compared with 2021. This historic performance included a high level of positive non-recurring items (revaluation effects on financial assets recognized at fair value through profit and loss and a one-off revenue related to the early redemption of a legacy asset in runoff). The continued public-health crisis and the invasion of Ukraine had very little impact on Sfil and Caffil.

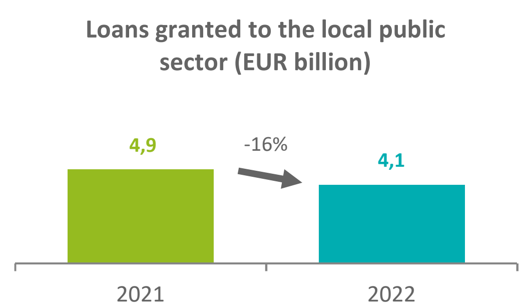
Consolidated net recurring income came down to EUR 62 million in 2022, against EUR 79 million in 2021, in an environment where the rate setting mechanism for the usury rate constrained margins and inflation weighed heavily on Sfil's cost base. While it decreased in 2022 in comparison with the historic results achieved in 2021, **consolidated net recurring income nonetheless remained solid and aligned with the targets set under the #Objectif2026 strategic plan.** It also **demonstrated again the resilience of Sfil's public development bank model** in less favorable economic circumstances.

The cost of risk was EUR 0.3 million in 2022 (versus a net reversal of EUR 3 million in 2021) reflecting the financial soundness of public sector borrowers. **These improved credit risk metrics, which again reached a new all-time low since Sfil was created, demonstrate the excellent quality of the asset portfolio.** Non-performing exposures sharply declined in 2022 (EUR 234 million) compared with 2021 (EUR 442 million) and only represented 0.3% of Sfil's exposures.

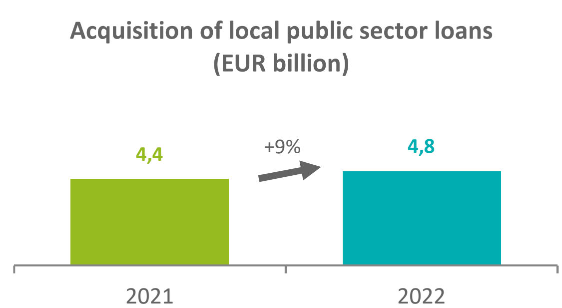
A sustained activity in 2022 despite an unfavorable environment

Local public sector

Loan origination to the local public sector amounted to EUR 4.1 billion in 2022, of which EUR 3.5 billion were granted to local authorities and their affiliates and EUR 0.6 billion to public hospitals. The activity was severely affected by the rate setting mechanism for the usury rate; this limited the volume of fixed-rate loans that are the main financing mechanism for the local public sector.



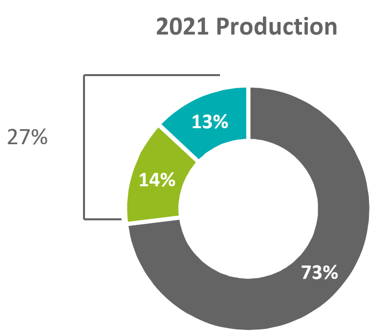
Loan acquisitions nevertheless remained at a steady level, with a **9% increase in acquisitions from La Banque Postale.**

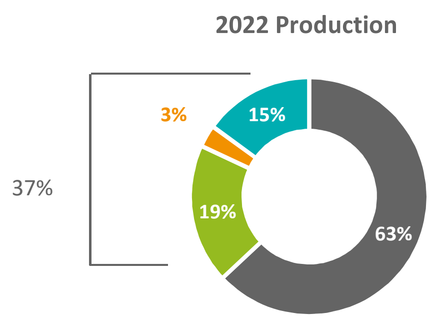


In 2022, Sfil took another step forward in supporting the local public sector, in line with the targets set under the #Objectif2026 strategic plan. Accordingly, **the new partnership with Banque des Territoires has been in place since November 2022**. This offer **complements the loans offered via La Banque Postale** and aims to provide fixed-rate lending with maturities between 25 and 40 years to finance investments by local authorities and public hospitals.

Sfil also launched a new range of social loans with La Banque Postale. This new offering aims to support local authorities in financing investments related to health, education, sport, culture, development and regional cohesion. It met with **strong demand** when launched, resulting in EUR 140 million granted **between October 2022 and the year-end**, i.e. **9% of total loan origination** over that period.

These developments in offered products will support the local public sector in its investment efforts to finance the environmental and social transitions. This trend is reflected in the **growing weight of thematic loans, which represented 37% of production in 2022 compared with 27% in 2021**.

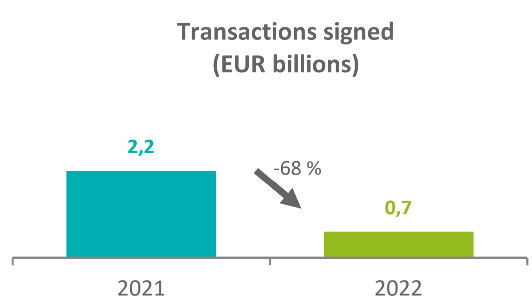




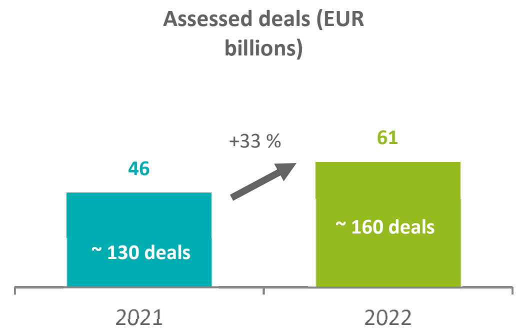
■ Non-thematic loans
■ Green loans to local authorities
■ Social loans to local authorities
■ Social loans to public hospitals

Export credit

Sfil concluded **two transactions for a total amount of EUR 0.7 billion** in 2022, with the closing of certain major projects postponed to 2023.



However, this is a cyclical effect does not undermine the outlook for credit export, which remains very positive in a context of tighter financing conditions by central banks. Indeed, **the number of assessed deals in 2022 increased to around 160, with a total amount of EUR 61 billion – the highest level since Sfil started refinancing export credit operations** in 2015.



In the medium and long term, the underlying trends of the export credit activity will be sustained by the level of investments needed for the environmental and energy transitions, as well as by security and sovereignty issues, as borrowers will face tighter financing conditions.

In addition, **Sfil is seeking to expand its export operations to sustainable projects** guaranteed by EU member states or multilateral institutions. However, this development is subject to the European Commission's prior authorization.

A very strong funding platform to support the environmental and social transitions

Financing and liquidity

In 2022, Sfil issued debt securities for a total amount of EUR 6.4 billion, of which EUR 4.9 billion in covered bonds by Caffil and EUR 1.5 billion by SFIL. Funding costs (against the swap curve) increased very moderately in 2022 compared with2021, despite the high volatility in interest rates and widening spreads. **By keeping its funding costs under control, Sfil was able to continue offering competitive financing conditions to its counterparties.**

In accordance with the targets set in the #Objectif2026 strategic plan, **Sfil finalized a new framework for green, social and sustainable bonds in October 2022**. Beyond green loans granted to French local authorities, this new framework now enables **refinancing social loans granted to French local authorities and environmentally- or socially-oriented export credit transactions.**

A first thematic bond of EUR 750 million was issued under this new framework in November 2022. Its purpose is to refinance green investments by the French local public sector in areas such as soft mobility, waste management and recycling, and renewable energies.

Sfil issued EUR 1.3 billion of thematic bonds in 2022, which represented 19% of the funding raised over the year, in line with the 25% target set for 2024 in Sfil's strategic plan.

Solvency

CET1 ratio was 40.3% at the end of 2022, up from 34.6% (+5.7 points compared with 2021). It was **significantly above the minimum requirement of 7.42%** set by the European supervisor under the Supervisory Review and Evaluation Process. This ratio, indicative of the very high credit quality of Sfil's exposures, was driven by the combined effect of an increase in own funds and a decrease in risk-weighted assets following the rise in interest rates that led to a reduced value of the hedged risk of fixed-rate assets.

Credit ratings

Sfil's robust financial position is confirmed by its credit ratings:

- In December 2022, Standard & Poor's confirmed its long-term credit rating at AA and revised the outlook from stable to negative, in line with the French sovereign rating;
- Similarly, in January 2023, DBRS confirmed its credit rating at AA (high), aligned with France's sovereign rating;
- **In January 2023, Moody's upgraded Sfil's rating from Aa3 to Aa2, equal to the sovereign rating for France, with a stable outlook.**

	Moody's	Standard & Poor's	DBRS
Long-term rating	Aa2	AA	AA (high)
Outlook	Stable	Negative	Stable
Short-term rating	P-1	A-1+	R-1 (high)
Last update	January 3, 2023	December 6, 2022	January 31, 2023

Sfil's excellent credit ratings, all of which now match the sovereign ratings, reflect the strategic relevance of its public-service mission and its proximity to the French government.

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More information at sfil.fr

Appendix 1: Consolidated financial statements of SFIL, prepared under IFRS as adopted by the European Union[4]

Assets

(EUR millions)	**12/31/2021**	**12/31/2022**
Central banks	3,961	1,969
Financial assets at fair value through profit or loss	3,518	2,743
Hedging derivatives	3,310	2,396
Financial assets at fair value through equity	403	243
Financial assets at amortized cost	59,039	56,252
Fair value revaluation of portfolio hedge	1,988	170
Current tax assets	9	15
Deferred tax assets	73	64
Tangible assets	8	7
intangible assets	23	21
Other assets	2,466	2,728
TOTAL ASSETS	**74,799**	**66,608**

Liabilities

(EUR millions)	**12/31/2021**	**12/31/2022**
Central banks	-	-
Financial liabilities at fair value through profit or loss	762	359
Hedging derivatives	5,557	5,134
Financial liabilities at amortized cost	65,250	59,090
Fair value revaluation of portfolio hedge	430	66
Current tax liabilities	3	2
Deferred tax liabilities	-	-
Other liabilities	1,088	219
Provisions	23	19
Subordinated debt	-	-
EQUITY	**1,686**	**1,720**
Capital	1,445	1,445
Reserves and retained earnings	215	234
Net result through equity	(50)	(45)
Net income	76	86
TOTAL LIABILITIES	**74,799**	**66,608**

The decrease in total balance sheet between 2021 and 2022 is mainly due to the sharp rise in interest rates, which led to an adjustment in the valuations of interest rate derivatives and the hedged risk of fixed-rate financial assets and liabilities.

[4]*Financial statements prepared approved by the Board of Directors of Sfil on 17 February 2023. The audit procedures conducted by the Statutory Auditors are in progress.*

Income statement

(EUR millions)	2021	2022
Interest income	2,259	2,321
Interest expense	(2,098)	(2,150)
Fee and commission income	8	5
Fee and commission expense	(3)	(4)
Net result of financial instruments at fair value through profit or loss	52	33
Net result of financial instruments at fair value through equity	-	1
Gains or losses resulting from derecognition of financial assets at amortized cost	17	37
Gains or losses resulting from reclassification of financial assets at amortized cost to fair value through profit or loss	-	-
Other income	0	0
Other expense	(0)	(0)
NET BANKING INCOME	**235**	**243**
Operating expenses	(97)	(107)
Depreciation and amortization of property and equipment and intangible assets	(18)	(18)
GROSS OPERATING INCOME	**119**	**118**
Cost of risk	3	0
OPERATING INCOME	**122**	**119**
Net gains (losses) on other assets	(0)	-
INCOME BEFORE TAX	**122**	**119**
Income tax	(46)	(33)
NET INCOME	**76**	**86**
EARNINGS PER SHARE (in euro)		
Basic	8.24	9.21
Diluted	8.24	9.21

Appendix 2: Financial statements of Caffil, prepared on a voluntary basis under IFRS as adopted by the European Union[5]

Assets

(EUR millions)	**12/31/2021**	**12/31/2022**
Central banks	3,796	1,808
Financial assets at fair value through profit or loss	3,518	2,690
Hedging derivatives	3,172	1,550
Financial assets at fair value through equity	-	-
Financial assets at amortized cost	58,564	56,831
Fair value revaluation of portfolio hedge	1,988	170
Current tax assets	35	35
Deferred tax assets	59	45
Other assets	22	93
TOTAL ASSETS	**71,154**	**63,223**

Liabilities

(EUR millions)	**12/31/2021**	**12/31/2022**
Central banks	-	-
Financial liabilities at fair value through profit or loss	802	305
Hedging derivatives	5,177	4,552
Financial liabilities at amortized cost	62,840	56,647
Fair value revaluation of portfolio hedge	430	66
Current tax liabilities	1	0
Deferred tax liabilities	-	-
Other liabilities	454	185
Provisions	5	3
Subordinated debt	-	-
EQUITY	**1,446**	**1,465**
Capital	1,350	1,350
Reserves and retained earnings	57	29
Net result through equity	(18)	(9)
Net income	57	95
TOTAL LIABILITIES	**71,154**	**63,223**

The decrease in total balance sheet between 2021 and 2022 is mainly due to the sharp rise in interest rates, which led to an adjustment in the valuations of interest rate derivatives and the hedged risk of fixed-rate financial assets and liabilities.

[5] *Financial statements approved by the Executive Board of Directors on 15 February 2023. The audit procedures conducted by the Statutory Auditors are in progress.*

Income statement

(EUR millions)	**2021**	**2022**
Interest income	2,068	2,111
Interest expense	(1,916)	(1,945)
Fee and commission income	4	0
Fee and commission expense	(3)	(3)
Net result of financial instruments at fair value through profit or loss	32	44
Net result of financial instruments at fair value through equity	-	1
Gains or losses resulting from derecognition of financial assets at amortized cost	17	26
Gains or losses resulting from reclassification of financial assets at amortized cost to fair value through profit or loss	-	-
Gains or losses resulting from reclassification of financial assets at fair value through equity to fair value through profit or loss	-	-
Other income	0	0
Other expense	(0)	(0)
NET BANKING INCOME	**200**	**234**
Operating expenses	(104)	(110)
GROSS OPERATING INCOME	**96**	**124**
Cost of risk	6	6
OPERATING INCOME	**102**	**130**
Net gains (losses) on other assets	-	-
INCOME BEFORE TAX	**102**	**130**
Income tax	(45)	(35)
NET INCOME	**57**	**95**
EARNINGS PER SHARE *(in euro)*		
Basic	4.24	7.07
Diluted	4.24	7.07