Rating Report

SFIL SA

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DBRS

Insight beyond the rating.

Ratings

Issuer	Obligation	Rating	Rating Action	Trend
SFIL SA	Long-Term Issuer Rating	AA (high)	New Rating Sept' 18	Stable
SFIL SA	Short-Term Issuer Rating	R-1 (high)	New Rating Sept' 18	Stable

See back of report for complete rating list.

Rating Drivers

Factors with Positive Rating Implications

1. Given the already high rating level stemming from the high likelihood of support from the French State, upward rating pressure would require additional comfort in relation to potential support from the State.

Factors with Negative Rating Implications

1. Given the strong link with the Sovereign, downward rating pressure could come from a deterioration in the ratings of the Republic of France or from a weakening in the likelihood of support.
2. A material deterioration in the capital levels, risk profile or earnings could also lead to negative rating pressure.

Rating Considerations

Franchise Strength: Full ownership (direct and indirect) by the French government. Leading domestic position in public sector financing and export credit refinancing, which are critical activities in France. Strong likelihood of support from the French State.

Earnings Power: SFIL was profitable in 2016 and 2017 after 3 years of losses due to the de-risking of the legacy structured portfolio. Margins are low due to the Bank's public sector financing mandate and this, combined with a relatively high cost-to-income ratio, has moderated profits. Active de-risking of the legacy portfolio has led to releases of provisions positively impacting profitability.

Risk Profile: Low risk profile due to French public sector exposures. De-risking process of the legacy portfolio of sensitive structured loans almost completed. Foreign sovereign bond exposure mainly consists of Italian and Spanish debt.

Liquidity and Funding: SFIL is wholesale funded however this is mitigated by its State ownership, as SFIL benefits from funding provided by its shareholders. Strong liquidity profile as public-sector lending can be used as collateral with the ECB.

Capitalisation: Overall sound capital levels. Leverage ratio is relatively weak when compared to commercial banks, however SFIL is expected to meet the regulatory requirements under the proposed leverage ratio framework for public development banks.

Financial Information

SFIL SA

EUR Millions	**31/12/2017**	**31/12/2016**	**31/12/2015**	**31/12/2014**	**31/12/2013**
Total Assets	72,432	78,937	83,683	88,002	83,528
Equity	1,469	1,388	1,385	1,409	1,417
Pre-provision operating income (IBPT)	71	31	-36	-42	-82
Net Income	54	18	-59	-34	-69
Net Interest Income / Risk Weighted Assets (%)	3.01%	2.62%	1.57%	1.24%	2.30%
Risk-Weighted Earning Capacity (%)	1.27%	0.56%	-0.61%	-0.74%	NA
Post-provision Risk-Weighted Earning Capacity (%)	1.66%	0.88%	-0.51%	-0.74%	NA
Efficiency Ratio (%)	61.41%	76.98%	141.86%	156.00%	152.90%
Impaired Loans % Gross Loans	0.98%	0.93%	1.06%	0.70%	0.38%
Common Equity Tier 1 (as reported)	22.61%	22.75%	24.70%	23.87%	NA

Source: SNL, Company Financials, DBRS. All figures are in EUR unless otherwise noted.

Issuer Description

SFIL SA (SFIL or the Bank) is a French public development bank with two public policy missions: public sector financing and refinancing of export credit agreements. SFIL had total assets of EUR 72 billion as of December 31, 2017.

Rating Rationale

SFIL's support designation of SA1 implies the expectation of predictable support from its shareholders. DBRS currently rates the Republic of France's Long-Term Foreign Currency Issuer Rating at AAA with a Stable Trend. The Issuer Rating for SFIL is one notch below the Issuer Rating of the sovereign, reflecting a high likelihood of support from the French State in case of need. DBRS notes that due to its ownership and the expectation of support, SFIL's ratings are positioned above its intrinsic creditworthiness.

Franchise Strength

SFIL is a French public development bank, founded in February 2013. With total assets of EUR 72 billion at end-2017, SFIL is the 7th largest financial institution in France by asset size. The entity was created following the bankruptcy of the French-Belgian banking group Dexia. The Belgian part of Dexia, which combined public sector financing activities and retail banking, was transformed into Belfius. The French part, Dexia Credit Local (DCL), that focused only on public-sector financing was transformed into a public financing bank, approved by the Autorité de Contrôle Prudentiel et de Regulation (ACPR), the French regulator.

SFIL, with its commercial partner, La Banque Postale (LBP), is the leader in public sector financing in France, leveraging off LBP's extensive domestic network and its franchise inherited from DCL. The Bank had a 23% market share at end-2017, servicing 15,000 borrowers and providing EUR 20 billion loans to the French public sector since its establishment. At end-2017 the Bank had 405 employees

SFIL owns 100% of the Caisse Française de Financement Local (CAFFIL), through which it refinances medium and long-term loans offered by LBP in partnership with the Caisse des Dépôts et Consignations (CDC) to local authorities and public health institutions. LBP has committed to transfer to CAFFIL for refinancing all the loans that would be eligible for its cover pool. At end-2017 CAFFIL's portfolio of assets amounted to EUR 56 billion.

In May 2015 in order to strengthen the export capacity of French companies, SFIL was mandated by the State to create a system dedicated to the refinancing of major export credit agreements, insured by BPI France Assurance Export. By 2017 SFIL had become the leading liquidity provider in France for export credits, reaching above 50% market share. Since starting business in mid-2016, it has refinanced EUR 3.3 billion credits. The Bank currently targets an additional 70 potential deals corresponding to approximately EUR 23 billion.

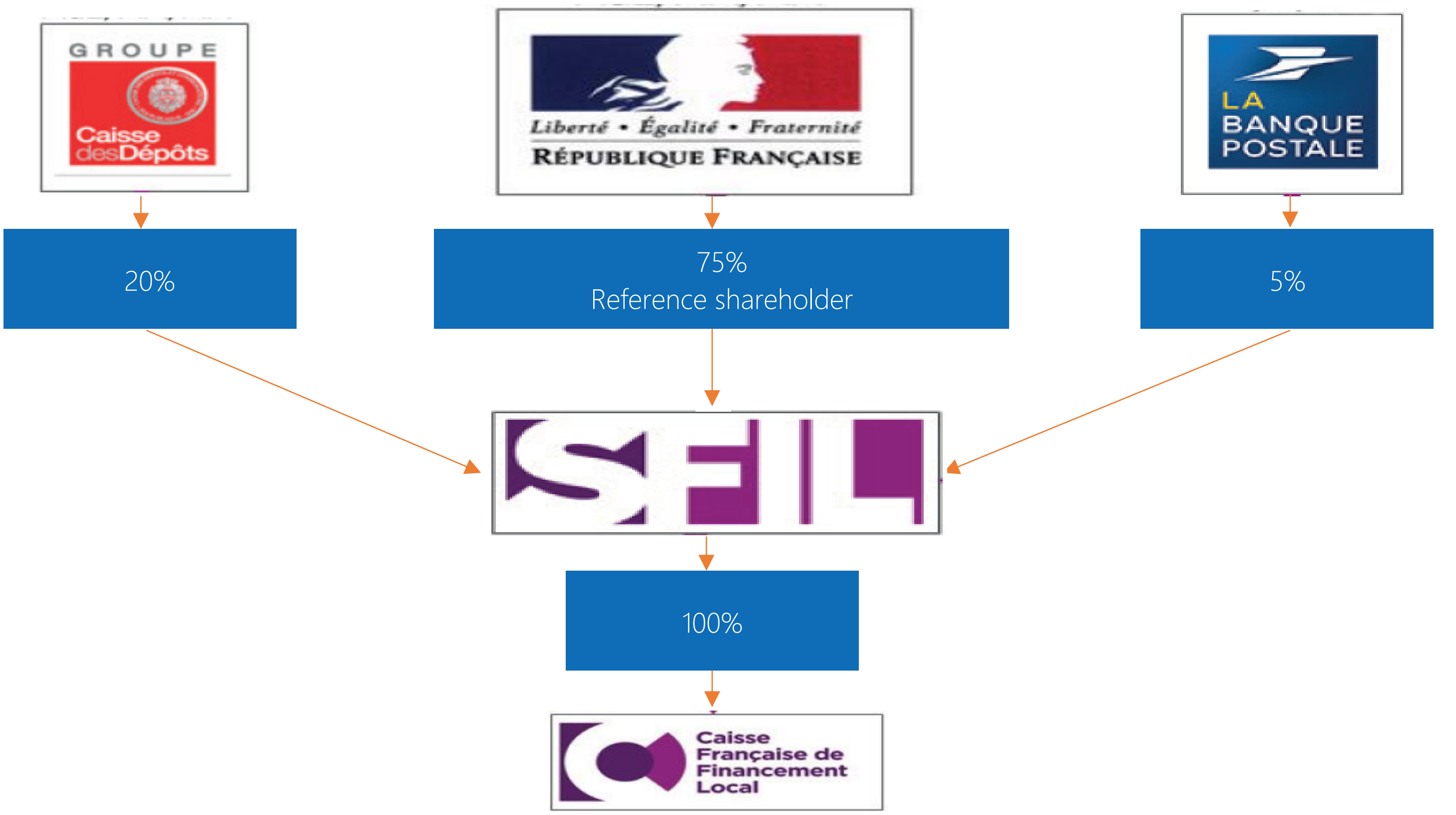
Since its creation, the Bank has worked on reducing the legacy portfolio of structured loans inherited from Dexia. The restructuring has had a positive impact on SFIL's asset quality and was supported by the French government's efforts to reduce public sector borrowers' exposure to structured loans. This process of asset quality improvement has continued in 2017, even after the termination of the French government's assistance fund put in place to support exposed public sector borrowers.

SFIL is ultimately 100% owned by the French State (rated AAA by DBRS) split between direct and indirect ownership:

- Direct ownership: 75% by the French Government,
- Indirect ownership: 20% by CDC and the remaining 5% by LBP. The two institutions are ultimately 100% owned by the French State.

As the main and reference shareholder under French Law, the French State is represented on the board of directors and the CEO is appointed by presidential decree. The Board has 15 members, including one representative from the French State and nine members appointed by General Assembly meeting, of which two are designed by the State, one by the CDC, one by LBP. Five members are representatives of the employees. For strategic decisions regarding SFIL, a majority is required amongst the members, giving the State veto rights. On top of this, the French State is deeply involved in the management of the Bank with regards to key topics such as the business plan, funding and liquidity as well as asset quality.

As reference shareholder, the French Republic is committed to ensuring that SFIL is able to maintain continuity of its activities and honour its financial commitments at any point in time. This commitment is documented in a letter of comfort issued to the French financial supervisor ACPR. French law (Art.10.1.(e) (i), LCR delegated act) also explicitly mentions the obligation to recapitalise SFIL (among other financial institutions) and the Banque de France can request shareholders to provide necessary support. In consequence, debt issued by SFIL is classified as LCR Level 1.



Sources: DBRS, Company documents

Earnings Power

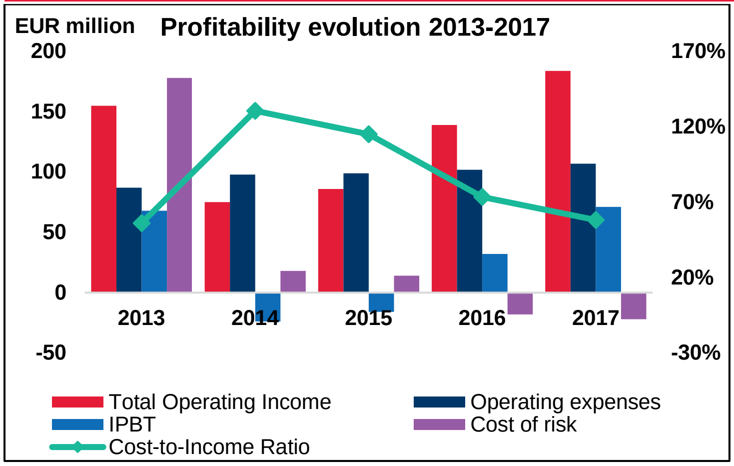
As it is carrying out a public service mandate, SFIL does not have a goal to maximise profits. Hence, profitability is moderate given the low margins on its loan portfolio, and net interest income represents a large part of the Bank's operating revenues.

SFIL was profitable in 2017, with net income of EUR 54 million up from EUR 18 million in 2016. This was mostly driven by growth in net interest income (NII) as well as a release of loan provisions. NII grew 22% YoY in 2017, as a result of loan book growth and a reduction in funding costs on the back of issuances completed in 2017. Total operating income reached EUR 184 million, up 32% YoY. Nevertheless, profitability remains fairly low, with total operating income representing roughly 0.20% of SFIL's total assets.

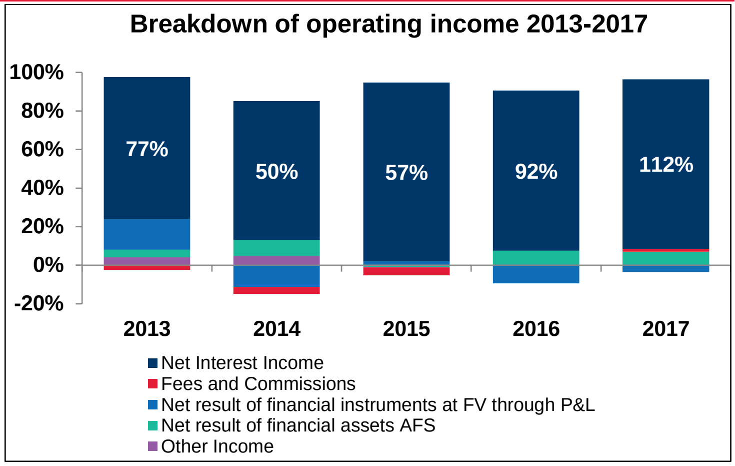
SFIL's operating expenses grew 5% to EUR 107 million in 2017, mainly as a result of investments in its IT systems. The Bank's cost base remains relatively low, since SFIL has no branch network and the workforce is small compared to its asset size. SFIL's operating costs represented only 0.15% of total assets in 2017, a much lower level than for commercial banks. However, SFIL's revenue generation capacity reflects the focus on low-risk public sector lending. In 2017 the Bank's cost-income ratio was 58%, compared to 73% in 2016.

For the second consecutive year, SFIL made a release of provisions: EUR 22 million in 2017 and EUR 18 million in 2016, as a result of reducing its portfolio of sensitive structured loans.

DBRS expects margins to be maintained at the current level with a reduction of funding costs offsetting some margin pressure. In addition, the mandate to refinance export credit should positively impact the Bank's earnings going forward.



Sources: DBRS, Company documents

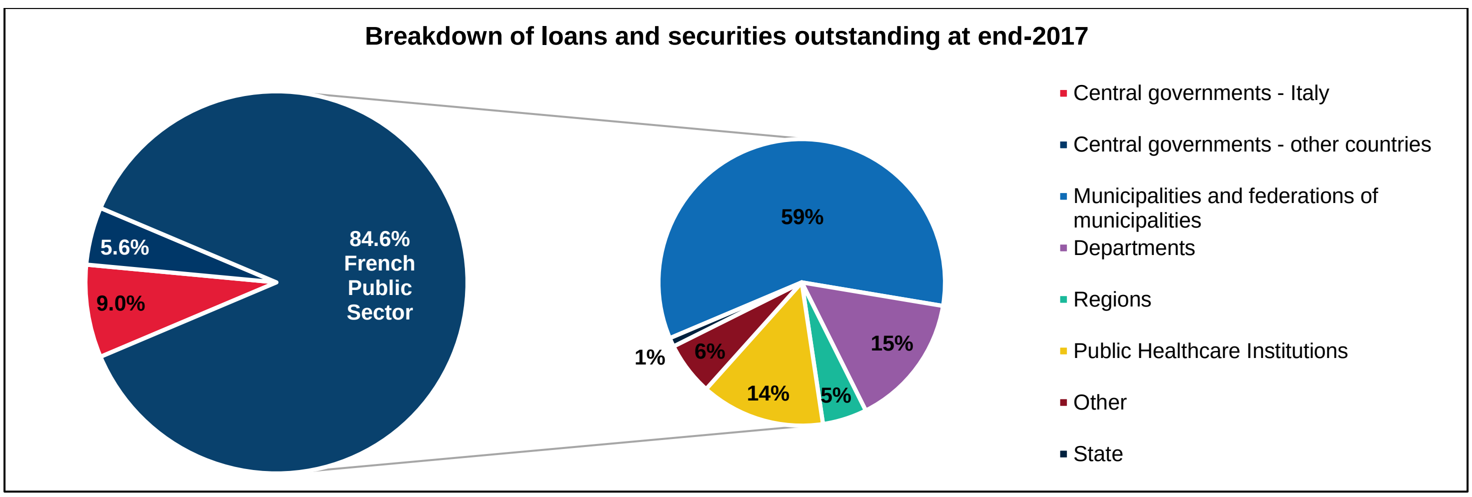


Sources: DBRS, Company documents

Risk Profile

DBRS considers SFIL's risk profile to be solid, underpinned by high quality exposures and low levels of market and operational risk. As of end-2017, credit risk accounted for 88% of SFIL's total risk-weighted assets (RWA), with credit value adjustments at 7% and operational risk at 5%.

SFIL's outstanding loan and securities portfolio amounted to EUR 54.5 billion at end-2017, compared to EUR 54.8 billion at end-2016. The vast majority of the portfolio relates to the French Public Sector, which accounted for 85% of the total at end-2017. The remainder related to central government entities outside of France, the two largest being Italy (9%) and Switzerland (2%). These loans were originated by Dexia prior to 2013 and are in run-off mode. Since SFIL's inception in 2013 these loans have been reduced by 30%. The export credit activity represented for the first time only 1% of total outstanding loans and securities at end-2017, as these loans are recent and have drawdown periods.



Sources: DBRS, Company documents

DBRS notes that new lending has been focused on the French public sector. In 2017, through CAFFIL, SFIL acquired EUR 3.3 billion of public sector loans from its partner, LBP. In addition, the loan book grew by EUR 300 million in relation to new loans granted as part of de-risking of the legacy structured loans portfolio and by EUR 200 million, reflecting export loans origination.

The French public-sector loan portfolio consists primarily of municipalities and federations of municipalities (59%), departments (15%) and public healthcare institutions (14%).

Asset quality trends

Reflecting the generally high quality of the portfolio, the non-performing loans (NPL) ratio was 0.98% (0.93% at end-2016). DBRS does not expect the export credit agreement refinancing activity to materially impact SFIL's asset quality given the guarantee provided by BPI

France on behalf of the French State. New loans originated for the public sector lending activity pass through an independent and thorough screening process by the originator (LBP) and SFIL, before being taken over by CAFFIL's cover pool.

Active de-risking process of the legacy structured loans issued by DCL

Upon its establishment in 2013, SFIL inherited a substantial amount of problematic structured loans (sensitive loans) that had been granted to the French Public Sector by Dexia prior to the crisis. Since its establishment the Bank has been actively engaged in reducing and derisking this legacy portfolio. The restructuring process has been supported by the French State. The restructuring of sensitive loans would typically involve SFIL and the borrower reaching an agreement to convert the structured loan into a standard fixed rate loan contract whereby the cost of conversion would be capitalised i.e. assumed by the borrower, while in exchange SFIL would offer more beneficial conditions than previously. The French government, in its 2014 "Loi de Finances" (Finance Law), created an assistance fund for local governments (up to EUR 3 billion) and hospitals (EUR 400 million) exposed to legacy sensitive loans. To benefit from the assistance fund, borrowers had to renounce the right to sue their lenders. These mechanisms facilitated SFIL's restructuring efforts and have been supportive for SFIL's asset quality. The total legacy portfolio had reduced to EUR 1.2 billion as of end-2017 from EUR 8.5 billion at end-2013. DBRS views positively the fact that the de-risking process is now almost entirely completed, especially with regards to small borrowers who had contracted loans indexed on the EUR/CHF exchange rate and represented the most challenging part.

Litigation

SFIL inherited a substantial amount of litigation in relation to borrowers who had received improper treatment of the effective annual interest rate (TEG) in loan documentation. The government addressed this industry-wide issue through a new law, adopted and enforced in July 2014, which significantly reduced the residual legal risks for SFIL. The underlying legal risk has also been reduced as the number of litigation cases has decreased from 39 in 2016 to 25 at end-2017 and 20 at end-June 2018.

Sovereign Debt Exposure

DBRS views SFIL's exposure to foreign sovereign debt as manageable. At end-2017 it totalled EUR 654 million, decreasing from EUR 760 million at end-2016, and this represented 44% its equity base and 50% of its CET1 capital. However, DBRS also notes that the majority was related to Italy (69%), whilst Spain represented 31%, resulting in some credit and market risk.

Market and Interest Rate Risk

The Bank manages interest rate and foreign currency risks in accordance with the French legal framework regulating Sociétés de Credit Foncier (SCF). DBRS considers that SFIL, through CAFFIL, has adequate policies in place to properly and actively manage its market risk exposure. At end-2017, a change of 100 basis points in interest rates would have had minimal impact on the Bank.

Funding and Liquidity

SFIL's funding structure is entirely reliant on wholesale funding. The Bank's main funding source consists of covered bonds issued by CAFFIL (representing 81% of total liabilities). SFIL's funding structure combined with its exposure to the French public sector makes the Bank naturally exposed to a downturn in the covered bond market. Nevertheless, DBRS notes that SFIL has not experienced any notable difficulties in tapping the markets. In addition, since January 2017 SFIL has been registered as a European agency, which means that its issues can be purchased by the ECB under the public-sector asset purchase programme (PSPP). DBRS also notes that the Bank has recently begun to diversify its funding sources, with the launch of an EMTN programme of up to EUR 10 billion in 2016. Under the programme SFIL raised EUR 1 billion of funding in 2016, EUR 2 billion and USD 0.9 billion in 2017 and EUR 3.2 billion and USD 1.7 billion in 1H18. The EMTN programme evidences the Bank's good access to market funding. SFIL plans to progressively replace funding provided by the CDC and LBP with EMTNs. Covered bonds should remain the main source of funding.

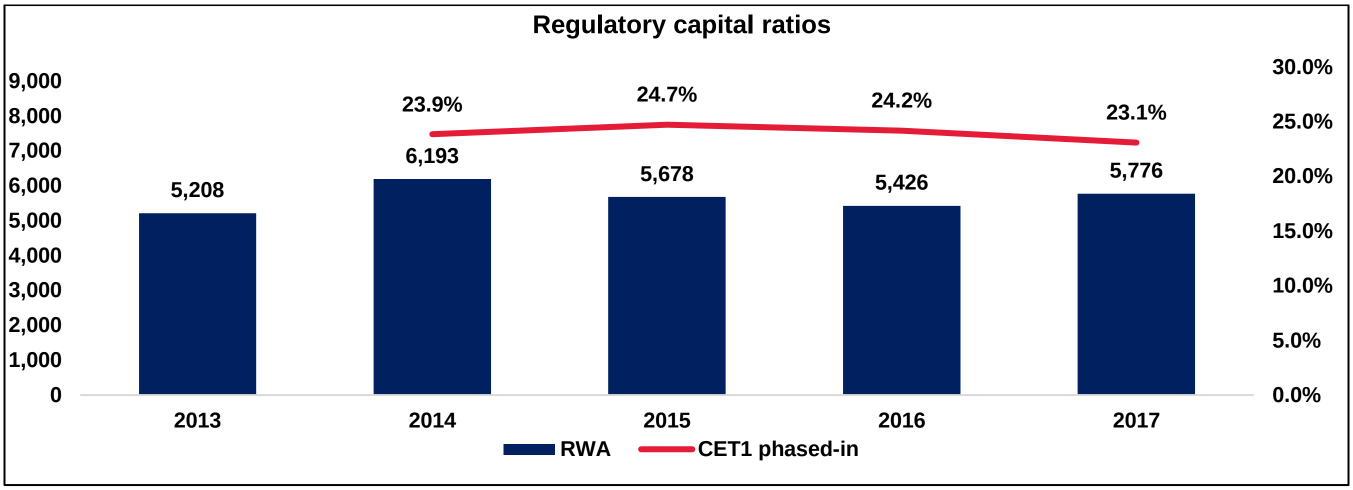
SFIL's two shareholders, CDC and LBP, provide the remaining funding, which is mainly used to fund CAFFIL's over-collateralisation, margin payments made under SFIL's derivative contracts and SFIL's liquid assets portfolio. Over-collateralisation is required to meet the regulatory requirements and to maintain adequate rating levels. LBP funds CAFFIL's over-collateralisation related to new public sector lending (loans acquired by CAFFIL from LBP). LBP is also committed to covering SFIL's liquidity needs arising from collateral posting on the negative mark-to-market positions of hedging derivatives contracted by SFIL in the markets. The CDC finances cash collateral needs related to SFIL's derivative contracts, over-collateralisation of credit export loans and of the historical book (balance-sheet prior to 2013). It also provides funding necessary to restructure legacy problem loans.

CAFFIL has issued around EUR 30 billion of covered bonds since 2013, of which around EUR 6 billion in 2017. CAFFIL had unencumbered, central bank eligible assets of EUR 2.6 billion at end-2017, which amply covers more than 180 days of liquidity shortfall as required for SCFs. In addition, SFIL reported at end-2017 a Liquidity Coverage Ratio (LCR) of 725% and CAFFIL at 371%.

Capitalisation

DBRS views SFIL's capitalisation as solid. At end-2017 the Bank reported a phased-in CET 1 ratio of 23.1% and Total Capital Ratio of 23.8%. The capital buffer is well above the requirements of the European Central Bank's Supervisory Evaluation Process (SREP) for 2017, set at 7.125% for Common Equity Tier 1 (CET1). The Tier 1 capital requirement has been set at 8.625% for 2018 and the total capital requirement at 10.625%. According to the Bank, the first-time application of IFRS 9 had an overall positive impact of near 1% on the CET1 solvency ratio.

SFIL's capital ratios reflect predominantly low risk exposures with an average risk weight of only 6.67%. Consequently, RWAs were a relatively low EUR 5.8 billion at end-2017. The Bank's phased-in leverage ratio was 2% at end-2017 (1.9% fully loaded), which is low when compared to those reported by commercial banks. However, SFIL expects to meet the regulatory requirements under the proposed leverage ratio framework for public development banks. In November 2017, the European Commission published a proposal to amend the current regulations, which would include the possibility for public development banks to exclude certain assets from the calculation of their leverage exposure. The final adoption is expected around the end of the current year with an effective entry into force of the binding leverage ratio two years after the final adoption.



Sources: DBRS, Company documents

SFIL SA	31/12/2017	31/12/2016	31/12/2015	31/12/2014	31/12/2013
	EUR	EUR	EUR	EUR	EUR
EUR Millions	**IFRS**	**IFRS**	**IFRS**	**IFRS**	**IFRS**
Balance Sheet					
Cash and deposits with central banks	2,855	5,268	5,891	3,724	4,872
Lending to/deposits with credit institutions	295	390	2,530	2,847	2,948
Financial Securities*	5,350	6,915	4,665	3,697	3,008
- Trading portfolio	0	0	0	0	0
- At fair value	0	0	0	0	0
- Available for sale	2,790	2,037	1,304	2,820	1,084
- Held-to-maturity	0	0	0	0	0
- Other	2,560	4,878	3,361	877	1,924
Financial derivatives instruments	7,233	9,494	9,823	11,545	7,781
- Fair Value Hedging Derivatives	NA	NA	NA	NA	NA
- Mark to Market Derivatives	NA	NA	NA	NA	NA
Gross lending to customers	57,067	59,788	63,338	66,285	66,399
- Loan loss provisions	53	106	129	110	84
Insurance assets	NA	NA	NA	NA	NA
Investments in associates/subsidiaries	NA	NA	NA	NA	NA
Fixed assets	NA	NA	NA	NA	NA
Goodwill and other intangible assets	29	20	13	4	0
Other assets	64	113	116	116	113
Total assets	**72,432**	**78,937**	**83,683**	**88,002**	**83,528**
Total assets (USD)	86,974	83,249	90,891	106,527	115,084
Loans and deposits from credit institutions	4,215	6,720	8,837	9,788	10,472
Repo Agreements in Deposits from Customers	0	0	NA	NA	NA
Deposits from customers	0	0	0	0	0
- Demand	NA	NA	NA	NA	NA
- Time and savings	NA	NA	NA	NA	NA
Issued debt securities	56,315	57,681	57,740	58,501	57,129
Financial derivatives instruments	8,950	11,063	13,537	15,399	11,784
- Fair Value Hedging Derivatives	NA	NA	NA	NA	NA
- Other	NA	NA	NA	NA	NA
Insurance liabilities	NA	NA	NA	NA	NA
Other liabilities	0	0	0	0	0
- Financial liabilities at fair value through P/L	NA	NA	NA	NA	NA
Subordinated debt	0	0	0	0	0
Hybrid Capital	0	0	0	0	0
Equity	1,469	1,388	1,385	1,409	1,417
Total liabilities and equity funds	**72,432**	**78,937**	**83,683**	**88,002**	**83,528**
Income Statement					
Interest income	2,657	3,341	4,095	4,500	5,238
Interest expenses	2,483	3,199	4,006	4,423	5,118
Net interest income and credit commissions	174	142	89	77	120
Net fees and commissions	3	0	-4	-4	-4
Trading / FX Income	NA	NA	NA	NA	NA
Net realised results on investment securities (available for sale)	NA	NA	NA	NA	NA
Net results from other financial instruments at fair value	NA	NA	NA	NA	NA
Net income from insurance operations	NA	NA	NA	NA	NA
Results from associates/subsidiaries accounted by the equity method	0	0	0	0	0
Other operating income (incl. dividends)	7	-3	1	-3	32
Total operating income	184	139	86	75	155
Staff costs	51	49	47	44	34
Other operating costs	0	0	0	0	0
Depreciation/amortisation	NA	NA	NA	NA	NA
Total operating expenses	113	107	102	99	87
Pre-provision operating income	**71**	**31**	**-16**	**24**	**68**
Loan loss provisions**	-22	-18	14	18	178
Post-provision operating income	93	49	-30	-42	-110
Impairment on tangible assets	NA	NA	NA	NA	NA
Impairment on intangible assets	0	0	0	0	0
Other non-operating items***	0	0	0	0	0
Pre-tax income	93	49	-30	-42	-110
(-)Taxes	39	31	29	-8	-41
(-)Other After-tax Items (Reported)	0	0	0	0	0
(+)Discontinued Operations (Reported)	0	0	0	0	0
(-)Minority interest	0	0	0	0	0
Net income	**54**	**18**	**-59**	**-34**	**-69**
Net income (USD)	61	20	-65	-45	-92

*Includes derivatives when breakdown unavailable, **LLP includes Impairments on financial assets, ***Incl. Other Provisions

SFIL SA EUR Millions	31/12/2017 EUR IFRS	31/12/2016 EUR IFRS	31/12/2015 EUR IFRS	31/12/2014 EUR IFRS	31/12/2013 EUR IFRS
Off-balance sheet and other items					
Asset under management	NA	NA	NA	NA	NA
Derivatives (notional amount)	NA	NA	NA	NA	NA
BIS Risk-weighted assets (RWA)	5,776	5,426	5,678	6,193	5,208
No. of employees (end-period)	405	402	401	383	318
Earnings and Expenses					
Earnings					
Net interest margin [1]	0.24%	0.18%	0.11%	0.09%	0.14%
Yield on average earning assets	3.63%	4.26%	4.98%	5.48%	6.09%
Cost of interest bearing liabilities	4.10%	4.97%	6.02%	6.48%	7.57%
Pre-provision earning capacity (total assets basis) [2]	0.09%	0.04%	-0.04%	-0.05%	-0.09%
Pre-provision earning capacity (risk-weighted basis) [3]	1.27%	0.56%	-0.61%	-0.74%	NA
Net Interest Income / Risk Weighted Assets	3.01%	2.62%	1.57%	NA	2.30%
Non-Interest Income / Total Revenues	5.43%	-2.16%	-3.49%	-2.67%	22.58%
Post-provision earning capacity (risk-weighted basis)	1.66%	0.88%	-0.51%	-0.74%	NA
Expenses					
Efficiency ratio (operating expenses / operating income)	61.41%	76.98%	141.86%	156.00%	152.90%
All inclusive costs to revenues [4]	61.41%	76.98%	141.86%	156.00%	152.90%
Operating expenses by employee	279,012	266,169	304,239	305,483	745,283
Loan loss provision / pre-provision operating income	-30.99%	-58.06%	16.67%	0.00%	-34.15%
Provision coverage by net interest income	-790.91%	-788.89%	-1483.33%	NA	428.57%
Profitability Returns					
Pre-tax return on Tier 1 (excl. hybrids)	6.98%	3.89%	-2.14%	-2.84%	-7.10%
Return on equity	3.68%	1.30%	-4.26%	-2.41%	-4.87%
Return on average total assets	0.07%	0.02%	-0.07%	-0.04%	-0.08%
Return on average risk-weighted assets	0.96%	0.32%	-0.99%	-0.60%	NA
Dividend payout ratio [5]	NA	NA	NA	NA	NA
Internal capital generation [6]	NA	NA	NA	NA	NA
Growth					
Loans	-4.47%	-5.58%	-4.48%	-0.21%	-7.89%
Deposits	NA	NA	NA	NA	NA
Net interest income	22.54%	59.55%	15.58%	-35.83%	-49.79%
Fees and commissions	NA	-100.00%	0.00%	0.00%	0.00%
Expenses	5.61%	-12.30%	4.27%	-50.63%	160.44%
Pre-provision earning capacity	129.03%	-186.11%	-14.29%	-48.78%	-149.40%
Loan-loss provisions	22.22%	200.00%	NA	-100.00%	0.00%
Net income	200.00%	-130.51%	73.53%	-50.72%	-175.82%
Risks					
RWA% total assets	7.97%	6.87%	6.79%	7.04%	6.24%
Credit Risks					
Impaired loans % gross loans	0.98%	0.93%	1.06%	0.70%	0.38%
Loss loan provisions % impaired loans	9.50%	19.03%	19.17%	23.76%	33.07%
Impaired loans (net of LLPs) % pre-provision operating income [7]	753.52%	1603.23%	-1511.11%	-840.48%	-207.32%
Impaired loans (net of LLPs) % equity	36.42%	35.81%	39.28%	25.05%	12.00%
Liquidity and Funding					
Customer deposits % total funding	0.00%	0.00%	0.00%	0.00%	0.00%
Total wholesale funding % total funding [8]	100.00%	100.00%	100.00%	100.00%	100.00%
- Interbank % total funding	6.96%	10.43%	13.27%	14.33%	15.49%
- Debt securities % total funding	93.04%	89.57%	86.73%	85.67%	84.51%
- Subordinated debt % total funding	0.00%	0.00%	0.00%	0.00%	0.00%
Short-term wholesale funding % total wholesale funding	6.96%	10.43%	13.27%	14.33%	15.49%
Liquid assets % total assets	11.74%	15.93%	15.64%	11.67%	12.96%
Net short-term wholesale funding reliance [9]	-6.70%	-8.82%	-6.02%	-0.62%	-0.49%
Adjusted net short-term wholesale funding reliance [10]	-6.70%	-8.82%	-6.02%	-0.62%	-0.49%
Customer deposits % gross loans	0.00%	0.00%	0.00%	0.00%	0.00%
Capital [11]					
Tier 1	23.06%	23.24%	24.74%	23.87%	29.76%
Tier 1 excl. All Hybrids	23.06%	23.24%	24.74%	23.87%	29.76%
Core Tier 1 (As-reported)	22.61%	22.75%	24.70%	23.87%	NA
Tangible Common Equity / Tangible Assets	1.99%	NA	NA	NA	NA
Total Capital	23.37%	23.55%	25.50%	24.56%	29.93%
Retained earnings % Tier 1	NA	NA	NA	NA	NA

[1] (Net interest income + dividends)% average interest earning assets.
[2] Pre-provision operating income % average total assets.
[3] Pre-provision operating income % average total risk-weighted assets.
[4] (Operating & non-op. costs) % (op. & non-op. revenues)
[5] Paid dividend % net income.
[6] (Net income - dividends) % shareholders' equity at t-1.
[7] We take into account the stock of LLPs in this ratio.
[8] Whole funding excludes corporate deposits.
[9] (Short-term wholesale funding - liquid assets) % illiquid assets
[10] (Short-term wholesale funding - liquid assets- loans maturing within 1 year) % illiquid assets
[11] Capital ratios of Interim results exclude profits for the year
* Interim information is annualised where needed.

Rating Methodology

The applicable methodology is the Global Methodology for Rating Banks and Banking Organisations (July 2018), which can be found on our website under Methodologies.

Ratings

Issuer	Debt	Rating	Rating Action	Trend
SFIL SA	Long-Term Issuer Rating	AA (high)	New Rating Sept' 18	Stable
SFIL SA	Short-Term Issuer Rating	R-1 (high)	New Rating Sept' 18	Stable
SFIL SA	Long-Term Senior Debt	AA (high)	New Rating Sept' 18	Stable
SFIL SA	Short-Term Debt	R-1 (high)	New Rating Sept' 18	Stable

Notes:
All figures are in Euros unless otherwise noted.

For the definition of Issuer Rating, please refer to Rating Definitions under Rating Policy on www.dbrs.com.

Generally, Issuer Ratings apply to all senior unsecured obligations of an applicable issuer, except when an issuer has a significant or unique level of secured debt.

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