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Press release

SFIL: a powerful and resilient model in support of the economic recovery

Since September 30, 2020, SFIL is a new member of the Groupe Caisse de Dépôts, the new major public financial group.

SFIL will thus be able to provide the major public financing group with its well-performing financing platform, which maintained access to the financial markets under excellent conditions despite the instability from the health and economic crisis. The crisis has in fact strengthened SFIL's strategic positioning and demonstrated its financial resilience, a strong characteristic of public development banks.

Loans to French local government entities and public hospitals: a high-performing system to support the France Relance (French Recovery) plan

The LBP/SFIL system is a leader in this business: for the 5th consecutive year in 2019, it was the leading local authority funder, with a market share of 29.2% (Observatoire Finance Active 2020).

In 2020, new loans continued at a high pace (€2.8 billion mid-October versus €3.4 billion as of the same date in 2019 and only €2.0 billion in 2014, the last year of municipal elections), demonstrating the performance of the SFIL/LBP system and its resilience in a crisis period. The impact of the electoral cycle on the municipalities and groups of municipalities is marked, with a decline typically seen between the year before the elections and the year after. But loans to regions, departments and hospitals grew strongly in 2020.

Since the start of the SFIL/LBP business, €32.2 billion in loans have been granted to local authorities and public hospitals, benefiting approximately 7,000 borrowers (including approximately 3,800 municipalities with less than 5,000 inhabitants and 309 Public Hospitals). The maturity of loans granted has increased: more than half of the loans granted in recent years had a maturity longer than 15 years versus 18% in 2013.

Refinancing large export contracts: a counter-cyclical effect should be apparent from 2021

SFIL has been the leading liquidity provider for large French export contracts since 2016. With a market share of more than 40% since 2017, SFIL thus plays a crucial role for French exports: it has refinanced a total of €8.1 billion in export credits insured by BPI Assurance Export on behalf of the French Republic, enabling 14

transactions to be completed, representing more than €14 billion in contracts for 10 exporters, on 4 continents, with 15 partner banks.

Over 2020, the short-term effect of the health crisis has been an overall slowdown in the pace of contract negotiations. Nonetheless, for projects in the preliminary study phase, market demand for SFIL's system is very high, with 50% more requests compared to last year. In addition, export credit is expected to play its counter-cyclical role in supporting certain sectors such as, in particular, civil aviation. SFIL will be active in financing this sector with export credits.

In the medium term, the increased attention paid to sustainable development issues and the France Relance (French Recovery) plan, which will have beneficial effects on the competitiveness of the French industrial base, should support export business in the areas of water, waste, clean transport, renewable and carbon-free energies and telecommunications. The financing provided by SFIL will be critical in support of these developments.

High-performing and resilient financing capacity

The SFIL Group is one of the main European bond issuers, with an annual issuance program of €6-8 billion in recent years. Since the beginning of the pandemic, SFIL launched five bond issues, including one social bond dedicated to hospital financing.

Thus, at mid-October, the SFIL Group has issued €6.6 billion. This issuance volume is consistent with the expected pace of its 2020 annual program and has been achieved at budgeted cost for secured bonds and slightly better than budget for other types of bonds.

Since its creation at the beginning of 2013, €47.8 billion of long-term financing has been raised, generally with very long maturities (nearly half of the issues have a maturity longer than 10 years) and from a very broad investor base (575 different investors). Since 2019, thematic bond issues have been launched to specifically finance French public hospitals (social bond issues) or local authority projects with a positive ecological impact (green bond issues).

The Group's bond issues regularly receive awards from the specialist press (10 times in total since 2019) in particular for social or green bond issues, including the "Most impressive funding strategy during Covid pandemic" by GlobalCapital.

5-year financial projections increased

The positive trend in SFIL's business in its two main business lines and the excellent financing conditions have led SFIL to revise upwards its business forecasts for the period 2020-2025.

Average annual growth of 5% in business (NBI) is expected over the period, supported by a high capitalization level (CET1 solvency ratio stable around 30%).

SFIL's strong social and environmental commitments accurately reflect its DNA as a public development bank.

After joining the United Nations Global Compact and producing an annual CSR report reflecting its commitments, actions and areas for progress, SFIL recently requested an assessment by the non-financial rating agency Sustainalitics.

The rating this year positions SFIL in the top decile of the rating universe and its industry segment with an overall score of 7.7/10 - negligible ESG risk. SFIL is also placed among the top performers in the Development Bank category by ranking 7th out of 93.

SFIL is committed to the success of the France Relance (French Recovery) plan, in particular through green bonds

Out of the €100 billion National Recovery Plan, more than €20 billion of investments must be made in partnership with local authorities, for which the LBP/SFIL system will be an additional financing instrument.

As the leading public investor, local authorities directly contribute to financing green investments in a multitude of local or network public services.

SFIL/LBP's green loans offering fully conforms with the France Relance (French Recovery) Plan and enables an easier access to this type of financing for local authorities.

The "Green Bonds" issue by SFIL and CAFFIL (1st green bond issue of €750 million in 2019) allows us to offer loans dedicated to financing green investments. Reporting on these financings will measure their positive ecological impacts.

Since the launch of the range in June 2019 through mid-October, €936 million of green loans have been identified in recent new loan production and may be allocated to the first issue. To date in 2020, new green loans represented 9% of new loans to local authorities.

The key role of the SFIL/LBP system in hospital financing

Since its creation in 2013, the SFIL/LBP system has become the leading funder of public hospitals with €4.0 billion of loans granted and 309 public hospitals financed.

In 2019, the system granted €650 million of loans, thus providing nearly one-third of the sector's financing, with an average term of 20 years and mainly at fixed rates. In 2020, the system performed even better (+16% as of 10/9/2020 compared to the same period in 2019).

SFIL's first social bond issues (€2 billion since 2019) have promoted the introduction of a loan offer exclusively dedicated to public hospitals. This offer is in line with the France Relance (French Recovery) Plan and the previous emergency measures enacted to support hospitals (new plan for public hospitals with a public investment component and a self-financing component, with the assumption of one-third of their debt by CADES (€13 billion)).

The national recovery plan seeks to remedy the chronic under-investment in French hospitals by setting major investment priorities. The SFIL/LBP system may act as an additional financing instrument to the governmental budget of €6 billion for the health and medico-social sectors.

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