

Paris, 30<sup>th</sup> of March 2021

## Press release

### **SFIL posts very solid 2020 results, illustrating the resilience and relevance of its public development bank model in the context of a crisis of exceptional scale.**

- On the occasion of the publication of its annual financial report, SFIL announces net income of EUR 44 million for 2020 (compared with EUR 50 million in 2019), a cost/income ratio of 63% (65% in 2019) and an excellent CET1 solvency level of 29.4% (24.4% in 2019).
- These results show the strong resilience of the SFIL model, which is characterized by:
  - (i) a very fast-growing and highly countercyclical local public sector lending activity,
  - (ii) a very slight increase in the cost of risk due to the high quality of SFIL's assets,
  - (iii) ongoing excellent financing conditions despite market turbulence,
  - (iv) an excellent fit with the low interest rate environment through the Group's secured bond financing model.
- Under the France Relance national recovery plan, SFIL will continue to fully play its role as the leading funder of the local public sector and large export credit contracts.

#### **Key figures at 31 December 2020**

- Consolidated net income: EUR 44 million
- Net banking income: EUR 180 million
- Operating expenses EUR 112 million
- Cost of risk: EUR 5.8 million (less than 1 basis point of outstandings)
- Cost/income ratio: 63%
- Total assets (consolidated financial statements): EUR 77 billion
  
- CET 1 ratio: 29.4%, vs. the ECB's SREP requirement of 7.75%, of which 0.75% under the Pillar 2 requirement (P2R), the lowest level of all banks included in Europe's Single Supervisory Mechanism.
  
- New loans to the local public sector (fiscal year 2020): EUR 5.6 billion
- New export refinancing loans (fiscal year 2020): EUR 0.2 billion
- Bond issues (fiscal year 2020): EUR 7.2 billion, of which EUR 1.5 billion in the form of green or social issues

#### **External ratings**

- Moody's: Aa3
- Standard & Poor's: AA
- DBRS: AA (high)

## **Higher financial and non-financial ratings following the transfer of control to the CDC. Two of the three financial rating agencies align SFIL's rating with that of the State.**

SFIL's financial ratings remained unchanged. S&P has changed its methodology and now bases SFIL's rating directly on France's sovereign rating, considering that exceptional direct support from the State remains possible if necessary following the transfer to the CDC of the majority of SFIL's capital, which saw no change in the company's status or activities. DBRS has also changed its rating approach to align SFIL's rating with that of the French State and the CDC. Sustainalytics rates SFIL's ESG risk as negligible and has assigned it the seventh highest score out of 93 public financial institutions worldwide.

## **Financing and market access conditions that remained excellent in a context of continued development of SFIL's green and social themed issues**

Despite volatile market conditions in the first half of the year, SFIL was able to carry out its EUR 7.2 billion financing program under excellent conditions, with financing exceeding budget by more than EUR 1 billion but remaining within its budgeted cost. The financing activity was also marked by the strengthening of the Group's ESG franchise, with SFIL's first euro-denominated green issue (after CAFFIL's inaugural green issue of 2019) and its second social covered bond issue dedicated to hospital financing. These themed issues, which earned the Group awards from the trade press, help it grow its investor base, which expanded by 48 investors to a total of 588.

## **Extremely active financing of French local government entities and public hospitals in 2020 and a strengthened funding leadership position for the SFIL/LBP scheme**

The SFIL/La Banque Postale scheme continued to perform strongly, maintaining its position as the French local public sector's biggest funding provider, which it has held since 2015. In 2020, the volume of new loans that SFIL and its partner LBP granted to local government entities and public hospitals reached EUR 5.6 billion, almost matching the record of EUR 5.7 billion chalked up in 2019. The market expanded rapidly, especially for regional and departmental authorities and hospitals and despite the impact of the municipal and inter-municipal electoral cycle. The average new loan maturity was 19 years. Since it launched its green loan range in 2019, SFIL has granted some EUR 1.1 billion of green loans to local authorities.

## **Export credit activity contracted in 2020 due to the health situation, but has a positive outlook from 2021 due to its countercyclical nature**

A new contract in the renewable energy sector was signed in 2020 against a backdrop of a general slowdown in the pace of transactions related to the health crisis. At the same time, SFIL's market mechanism saw a 40% year-on-year increase in the number of requests for projects in the preliminary phase. Export credit is expected to play a countercyclical role from 2021 in several key sectors such as civil aeronautics, where a first contract has already been refinanced in 2021, and infrastructure in emerging countries.

## **Steep decline in arrears and a rising solvency ratio**

Arrears came to EUR 37 million, down sharply from December 31, 2020 (EUR 65 million) due to the resolution of one of the last remaining inherited disputes. Non-performing exposures (NPEs) also fell sharply to EUR 721 million (EUR 1,390 million in 2019). NPE outstandings have fallen by two-thirds since 2016. The solvency ratio came to 29.4%, up by 5 points compared with the end of 2019.

## **A five-year performance greatly exceeding the forecasts of SFIL's strategic plan**

Combined results for the period 2016-2020 stood at EUR 229 million, more than double the amount forecast in SFIL's strategic plan.

*"The 2020 results, significantly higher than the budget forecasts, are excellent. They illustrate the strength of SFIL's public development bank model and its extremely robust management. As part of the CDC group, with a high-performance financing platform and adapted to the low interest rate environment, SFIL can effectively harness savings from around the world to support the recovery and ecological transition in France's regions."*

Philippe Mills, Chief Executive Officer of SFIL.

[See the 2020 financial report, published on SFIL.FR](#)

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