



Au service des territoires  
et des exportations

## PRESS RELEASE

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### **2021 annual results**

## **Record results in a very strong business environment New strategic plan #Objectif2026**

In 2021, SFIL posted the best financial results since its creation (net banking income, net income, cost-to-income ratio, risk indicators) in the context of a very strong business activity. This performance illustrates the strength of its public development bank model and its crucial role as the leading lender in its two business lines: financing the French local public sector and refinancing major export credit contracts.

Supporting recovery plans and its customers' energy and climate transition challenges are at the heart of SFIL's new strategic plan, #Objectif2026.

### **2021 financial results**

- SFIL announces its best ever financial results for 2021 and a significant improvement from 2020, which had already demonstrated the Group's great resilience and the strength of its business model in the context of the Covid-19 health crisis.
- Consolidated net income, established according to IFRS, was EUR 76 million in 2021 (compared with EUR 44 million in 2020), the cost/income ratio was 52% (63% in 2020) and the CET1 solvency ratio was 34.6% (29.4% in 2020).
- At the same time, all risk metrics (arrears, Stage 3 financial assets and non-performing exposures) fell sharply to the lowest levels since SFIL's creation, illustrating the financial strength of its public sector customers in a post-crisis environment.

## 2021 business overview

- The SFIL/LBP set up produced EUR 4.9 billion in loans to French local government entities and public hospitals, and SFIL refinanced EUR 2.2 billion in new export credits during the year. SFIL thus maintained its leading position in its two business lines, with market shares of around 20% for the financing of French local government entities and around 40% for the refinancing of major export credits.
- SFIL issued a record total volume of EUR 8.2 billion in debt securities on international financial markets (EUR 5.9 billion in covered bonds and EUR 2.3 billion in SFIL EMTN) at very favorable financial conditions (French government yield+9 basis points on average). The financing program was marked by maturity extensions: SFIL's first 5-year USD issue and its first 10-year euro issue, and CAFFIL's first 25-year benchmark, resulting in a particularly long average maturity at issuance of 10.8 years. Social and green thematic issues amounted to EUR 1.25 billion in 2021, used to finance investments by public hospitals and local government entity projects in favor of the ecological transition.
- Social and environmental responsibility is at the heart of SFIL's *raison d'être*. In this respect, several concrete actions were carried out in 2021:
  - support for the ecological transition of the local public sector and France's recovery plan by providing EUR 680 million in green loans to local government entities;
  - continued integration of climate issues and control of SFIL's environmental impact through i) strengthened governance and consideration of climate issues, ii) taking account of ESG criteria in the asset investment policy; measurement of the company's third carbon footprint and partial offsetting of residual emissions;
  - intensifying employee training and awareness raising.

## Strategic plan #Objectif2026

Following the success of its first strategic plan, SFIL announces the launch of its second plan entitled #Objectif2026.

This plan, which furthers the strategic priorities of the Caisse des Dépôts Group, aims to accentuate SFIL's growth by leveraging the very positive market momentum and the robustness of SFIL's financing model and capabilities.

### **An ambitious strategic plan at the heart of the transformation challenges of the local public sector**

The strengthening of public involvement through France's recovery plan, the national low-carbon strategy and the "Ségur" government healthcare program puts the local public sector at the heart of the challenges of transforming our economy. In this context, SFIL aims to consolidate its position as the leading lender to the French local public sector. The purpose of its new strategic plan, #Objectif2026, is to address these opportunities by implementing new financing goals at the service of our clients.

In particular, it aims to:

- increase the volume of social, green and sustainable thematic issues within a new sustainable bond framework (percentage of thematic issues: 25% by 2024);
- support the development of Banque des Territoires and finance its offering of very long-term fixed-rate loans dedicated to local government entities (objective of EUR 500 million of new loans per year from 2023);
- roll out a new offering for local government entities – social loans – for their projects in the fields of education, culture and leisure in particular, in partnership with La Banque Postale (target of EUR 900 million per year by 2025);
- strengthen support for hospitals as part of the Ségur healthcare investment program (20% increase in funding granted to hospitals by 2024);
- develop initiatives to promote sustainable investments among local government entities and share SFIL's expertise on climate transition issues in the local public sector.

The climate transition and the challenges of sustainable development will also support the development of French exports, which SFIL is supporting with its mission to refinance major export contracts. In addition, a review will be undertaken to develop SFIL's approach to export credit in order to strengthen the financing of sustainable projects.

### **A robust public development bank with exceptional refinancing capacity**

SFIL's financing strategy is based on a model with robust characteristics that is recognized by the financial markets. This model is based on:

- well-established issuer status, with excellent SREP, financial and non-financial assessments by the supervisory authorities and rating agencies;
- a strategy of ongoing diversification of funding channels;
- a large and diverse investor base.

SFIL's balance sheet is expected to grow by 10% by 2026, with a positive outlook if the investments required for the transition of local government entities and French exporters' customers are made rapidly.

*"By publishing today the best financial results in its short history, SFIL shows itself to be more than ever the key ally of local government entities, public hospitals and major French exporters in speeding up their transition to a low-carbon economy. Our new strategic plan #Objectif2026 enables SFIL to capture all the opportunities related to these major transformation challenges,"* said Philippe Mills, SFIL's CEO.

## Key figures as of December 31, 2021 (IFRS consolidated financial statements):

- Recurring net income: EUR 79 million / Net accounting income: EUR 76 million;
  - Recurring net banking income: EUR 222 million;
  - Operating expenses & depreciation and amortization: EUR (115) million;
  - Cost of risk: EUR 3 million / ECL EUR 59 million, or less than 1 basis point of financial assets recognized at amortized cost and financing commitments;
  - Cost-to-income ratio on recurring NBI: 52%;
  - Balance sheet assets: EUR 75 billion;
  - Arrears: EUR 13 million;
  - Financial assets recognized at amortized cost and financing commitments classified as Stage 3 (carrying amount before impairment): EUR 377 million;
  - Non-performing loans: EUR 442 million;
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- CET1 ratio: 34.6% vs. 7.75% required by the ECB (SREP), of which 0.75% under the Pillar 2 requirement (P2R), the lowest level of all banks included in Europe's Single Supervisory Mechanism. Total solvency ratio: 35.3%, or 3.1 times the minimum requirement;
  - Leverage ratio: 9% (based on the methodological principles of the CRR2 regulation), well above the regulatory minimum of 3%;
  - Liquidity ratios well above the regulatory minimum, SFIL consolidated liquidity coverage ratio (LCR): 949%; SFIL consolidated net stable funding ratio (NSFR): 120%;
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- New loans to the local public sector (fiscal year 2021): EUR 4.9 billion (including EUR 0.7 billion in green loans to local government entities and EUR 0.7 billion in social loans to public hospitals);
  - New export refinancing loans (fiscal year 2021): EUR 2.2 billion;
  - Bond issues (fiscal year 2021): EUR 8.2 billion, of which EUR 1.25 billion in the form of green or social issues.

### External financial ratings:

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

### External non-financial ratings

- Sustainalytics: 6.6 risk score (negligible risk) - 9th out of 116 development banks (as of December 17, 2021)

## Financial statements prepared in accordance with IFRS<sup>(1)</sup>

### Assets

<i>(EUR millions)</i>	<b>12/31/2020</b>	<b>12/31/2021</b>
Central banks	1,932	3,961
Financial assets at fair value through profit or loss	4,266	3,518
Hedging derivatives	5,154	3,310
Financial assets at fair value through equity	625	403
Financial assets measured at amortized cost		
Loans and advances to banks at amortized cost	328	312
Loans and advances to customers at amortized cost	49,867	50,881
Securities at amortized cost	9,124	7,846
Fair value revaluation of portfolio hedge	2,842	1,988
Current tax assets	3	9
Deferred tax assets	79	73
Tangible assets	13	8
Intangible assets	26	23
Accruals and other assets	2,777	2,466
<b>TOTAL ASSETS</b>	<b>77,036</b>	<b>74,799</b>

## Liabilities

<i>(EUR millions)</i>	<b>12/31/2020</b>	<b>12/31/2021</b>
Central banks	-	-
Financial liabilities at fair value through profit or loss	1,037	762
Hedging derivatives	7,595	5,557
Financial liabilities at amortized cost		
Due to banks at amortized cost	-	-
Customer borrowings and deposits at amortized cost	-	-
Debt securities at amortized cost	64,398	65,250
Fair value revaluation of portfolio hedge	739	430
Current tax liabilities	5	3
Deferred tax liabilities	-	-
Accruals and other liabilities	1,572	1,088
Provisions	23	23
Subordinated debt	-	-
<b>EQUITY</b>	<b>1,667</b>	<b>1,686</b>
Share capital	1,445	1,445
Reserves and retained earnings	204	215
Other comprehensive income	(26)	(50)
Net income	44	76
<b>TOTAL LIABILITIES</b>	<b>77,036</b>	<b>74,799</b>

## Income statement

<i>(EUR millions)</i>	<b>2020</b>	<b>2021</b>
Interest income	2,472	2,259
Interest expense	(2,337)	(2,098)
Fee and commission income	19	8
Fee and commission expense	(2)	(3)
Net result of financial instruments at fair value through profit or loss	20	52
Net result of financial instruments at fair value through equity	-	-
Gains or losses resulting from derecognition of financial instruments at amortized cost	7	17
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	1	0
Other expense	(0)	(0)
<b>NET BANKING INCOME</b>	<b>180</b>	<b>235</b>
Operating expenses	(94)	(97)
Depreciation and amortization of tangible and intangible assets	(18)	(18)
<b>GROSS OPERATING INCOME</b>	<b>68</b>	<b>119</b>
Cost of risk	(6)	3
<b>OPERATING INCOME</b>	<b>62</b>	<b>122</b>
Net gains (losses) on other assets	-	(0)
<b>INCOME BEFORE TAX</b>	<b>62</b>	<b>122</b>
Income tax	(18)	(46)
<b>NET INCOME</b>	<b>44</b>	<b>76</b>
<b>EARNINGS PER SHARE (in EUR)</b>		
- basic	4.75	8.24
- diluted	4.75	8.24

## Net income and unrealized or deferred gains and losses through other comprehensive income (OCI)

<i>(EUR millions)</i>	2020	2021
<b>NET INCOME</b>	<b>44</b>	<b>76</b>
<b>Items that may subsequently be reclassified through profit or loss</b>	<b>3</b>	<b>(25)</b>
Unrealized or deferred gains and losses on financial assets at fair value through equity	(0)	(0)
Unrealized or deferred gains and losses on cash flow hedges	4	(33)
Tax on items that may subsequently be reclassified through profit or loss	(1)	9
<b>Items that may not be reclassified through profit or loss</b>	<b>(0)</b>	<b>0</b>
Actuarial gains and losses on defined-benefit plans	(0)	0
Tax on items that may not subsequently be reclassified through profit or loss	0	(0)
<b>Total unrealized gains and losses through OCI</b>	<b>3</b>	<b>(25)</b>
<b>NET INCOME AND GAINS OR LOSSES THROUGH OCI</b>	<b>47</b>	<b>52</b>

### Impact of the war in Ukraine on the consolidated financial statements prepared under IFRS:

The foreseeable impacts to date of the war in Ukraine are limited for the SFIL Group. As a reminder, the SFIL Group has no offices outside France. In addition, the Group has no exposure in Russia or Belarus and only one exposure in Ukraine, which represented, as of December 31, 2021, an outstanding balance sheet amount of EUR 51.1 million and EUR 17.4 million in off-balance sheet financing commitment. This exposure was granted as part of the export credit business and is fully guaranteed by the French State. SFIL is therefore not directly exposed to credit risk thereon. SFIL nevertheless decided, as of February 24, 2022, to place this asset on the watchlist and therefore to classify it as Stage 2. The increase in expected credit losses (ECL) associated with this downgrade is very limited and represents around EUR 0.3 million.

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<sup>(1)</sup> IFRS consolidated financial statements approved by the Board of Directors of SFIL on March 18, 2022. The audit procedures have been performed and the audit report is being prepared.