PRESS RELEASE

Paris, September 14, 2022

2022 Interim Results

In the first half of 2022, SFIL posted excellent earnings, in line with its 2021 results.

Activity was strong, with financing conditions remaining very satisfactory despite a much more volatile global economic environment. This illustrates the resilience and relevance of SFIL's public development bank model.

Philippe Mills, SFIL's Chief Executive Officer, said "*Despite a turbulent economic and geopolitical environment, the excellent results in the first half of 2022 perfectly illustrate the soundness of the SFIL Group, the strength of its public development bank model and its key role in financing the French regions and major exports. These results reflect the trust of our investors, our clients and our partners, as well as the teams' commitment to implement our strategic plan.*"

- **Excellent 2022 half-year financial results: EUR 46 million in consolidated net accounting income** (IFRS) compared with EUR 28 million at June 30, 2021
- **Robust activity: €3.3 billion in local public sector loans** originated by its partner La Banque Postale, 6% higher than in the first half of 2021.
- **Stronger financial position: the Group issued EUR 4.1 billion in debt securities**, including EUR 3.1 billion in covered bonds and EUR 1 billion in SFIL EMTN.

Key figures at June 30, 2022

Consolidated net accounting income	46 million
Consolidated recurring net income	34 million
Consolidated total balance sheet	69.1 billion
Loans acquired from La Banque Postale	3.3 billion
Transferred export credit loans	0.1 billion
Bond issuance	4.1 billion
Cost/income ratio on recurring gross operating income	59%
CET 1 ratio	36.4%

Excellent 2022 half-year financial results

The SFIL Group reported consolidated net accounting income (accordingly with IFRS) of EUR 46 million vs. EUR 28 million at June 30, 2021.

Recurring net income[(1)] reached EUR 34 million (vs. EUR 33 million at June 30, 2021).

The Group recorded **recurring net banking income of EUR 100 million** and recurring operating expenses of EUR 59 million, resulting in a cost/income ratio of 59%.

The cost of risk improved with a net impairment reversal of EUR 7 million during the period, in line with the financial soundness of local public sector borrowers. All credit risk metrics trended downwards, demonstrating the high quality of the asset portfolio.

Robust activity

In the first half of the year, SFIL acquired nearly EUR 3.3 billion in local public sector loans originated by its partner La Banque Postale, a 6% increase compared with the first half of 2021.

At the same time, the SFIL/La Banque Postale scheme granted **EUR 1.1 billion in loans to local governments** (stable volume compared with the first half of 2021), **including EUR 298 million in green loans** (27% of new loans to local governments compared with 17% in 2021) and **EUR 279 million to public health institutions** (up 11% compared with the first half of 2021). A few examples of transactions are presented in the appendix to this press release.

At a time of rapidly rising interest rates, loan production was initially robust at the beginning of the year, before slowing down due to the mechanism for setting the usury rate. The marked decorrelation between the usury rate and market rates in the second quarter severely limited the volume of fixed-rate loans, the main financing mechanism for the local public sector.

In the export-credit business, a EUR-0.1-billion transaction was approved in the first half of 2022 (see appendix). Over the same period, the number and volume of transactions under review reached a record level. Depending on the negotiation progress, a high volume of transactions could therefore be approved by the end of 2022 or in 2023. **The**

[(1)] IFRS accounting income restated for fair value adjustments related to hedging, fair value adjustments related to the credit spread on assets that do not meet the SPPI criteria recognized at fair value through profit or loss (although intended to be held), the linearization of certain expenses taken into account as of January 1 of each year in connection with the application of IFRIC 21

SFIL Group has approved a total of 21 transactions amounting to EUR 10.6 billion since it launched this activity in 2016.

Stronger financial position

Financing and liquidity

The Group's financing conditions remained very satisfactory in the first half of 2022. During the period, **the Group issued EUR 4.1 billion in debt securities**, including EUR 3.1 billion in *covered bonds* and EUR 1 billion in SFIL EMTN.

The SFIL Group also executed d its social and environmental policy through its debt-issuance program with a thematic bond issuance of **EUR 500 million exclusively dedicated to financing French public hospitals**, bringing the Group’s total thematic issuances up to EUR 5 billion at June 30, 2022.

Despite the more volatile market environment marked by rising interest rates and the reduction in the European Central Bank’s purchase programs, **the SFIL Group’s financing costs remained under control** (on average, French Treasury bonds (OAT) +22bp in the first half of 2022 vs. +9bp in 2021). The SFIL Group’s excellent signature enables it to offer the public sector competitive financing conditions coupled with long maturities, whether in low or normal interest rate environments.

The SFIL Group’s liquidity ratios are also significantly higher than the minimum requirement of 100%, pointing to a solid liquidity structure.

Risk and solvency metrics

The risk metrics at June 30, 2022 were the best ever recorded since the Group's creation, illustrating borrowers' financial soundness despite an uncertain macroeconomic environment. Unpaid loans were at an all-time low of EUR 4 million. At the same date, non-performing exposures amounted to EUR 297 million, down by nearly 33% compared with December 31, 2021. With no direct exposure to Ukrainian risk, the Group has a gross exposure of EUR 64 million in its export-credit business that is 100% guaranteed by the French Republic.

The Group’s CET1 ratio was 36.4%, up from 34.6% (+1.8 points) at the end of 2021.

Outlook under the Objectif 2026 strategic plan

In 2021, SFIL, a subsidiary of the Caisse des Dépôts Group, a new phase in its young history with the Objectif 2026 strategic plan, which aims to build on the robustness of the public development bank model in order to strengthen its support for the climate transition.

Among the actions taken to date,

- the structuring of the new partnership with La Banque des Territoires (another entity of the group Caisse des Dépôts) has continued. The aim of this scheme, which complements the one that currently exists with LBP, is to **offer local governments and public health institutions very long-term fixed-rate financing for green and social projects**.

- SFIL and LBP also continued to **roll out the range of green loans to local governments during the first half of the year.**

- In the second half of 2022, the Group will also partner with LBP to launch **a new range of social loans for local governments.** This financing will be mainly for investments in the areas of education, culture, leisure and social and family initiatives.

- The medium-term outlook for export credit is supported by the investments needed for the climate transition and by the resurgence of longstanding issues of security and sovereignty at a time when the conditions to access financing are becoming more stringent for borrowers. **An increase in investments financed by export credit is therefore expected.**

- In addition, SFIL is working to facilitate the financing of sustainable projects that benefit from credit insurance provided by EU states or multilateral institutions. This development is subject to prior authorization by the European Commission.

- In terms of refinancing through the issue of debt securities, the SFIL Group will continue to develop its social, green and sustainable thematic issues within a new framework of sustainable issuances that will be launched in the second half of the year.

View the 2022 half-year financial report
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Main financial statements prepared under IFRS

as adopted by the European Union

Consolidated income statement at June 30, 2022

EUR millions	**H1 2021**	**H1 2022**
NET BANKING INCOME	**103**	**126**
Operating expenses	(53)	(58)
Depreciation and amortization of property and equipment and intangible assets	(9)	(8)
GROS OPERATING INCOME	**42**	**59**
Cost of risk	(1)	7
OPERATING INCOME	**41**	**66**
Net gains (losses) on other assets	0	-
INCOME BEFORE TAX	**41**	**66**
Income tax	(13)	(20)
NET INCOME	**28**	**46**
EARNINGS PER SHARE (in EUR)		**-**
- Basic	2,99	4,99
- Diluted	2,99	4,99

Consolidated balance sheet at June 30, 2022

EUR millions	**31 Dec. 2021**	**30 June 2022**
Central banks	3 961	2 550
Financial Assets at fair value throught profit or loss	3 518	3 024
Hedging derivatives	3 310	2 386
Financial Assets at fair value through equity	403	289
Financial Assets at amortized cost		
Loans and advances to banks at amortized cost	312	297
Loans and advances to customers at amortized cost	50 881	50 416
Securities at amortized cost	7 846	6 674
Fair value revaluation of portfolio hedge	1 988	777
Current tax assets	9	2
Deferred tax assets	73	76
Tangible assets	8	6
Intangible assets	23	22
Accruals and other assets	2 466	2 532
TOTAL ASSET	**74 799**	**69 050**

EUR millions	**12/31/2021**	**6/30/2022**
Central banks	-	-
Financial liabilities at fair value through profit or loss	762	453
Hedging derivatives	5 557	4 968
Financial liabilities at amortized cost		
Due to banks at amortized cost	-	-
Customer borrowings and deposits at amortized cost	-	-
Debt securities at amortized cost	65 250	61 374
Fair value revaluation of portfolio hedge	430	211
Current tax liabilities	3	10
Deferred tax liabilities	-	-
Accruals and other liabilities	1 088	274
Provisions	23	21
Subordinated debt	-	-

EQUITY	**1 686**	**1 737**
Capital	1 445	1 445
Reserves and retained earnings	215	292
Net result through equity	(50)	(46)
Net income	76	46
TOTAL LIABILITIES	**74 799**	**69 050**

Examples of transactions completed in the first half of 2022

Local governments

Occitanie region – 4 loans totaling €40 million up to 20 years

- Purpose: investments in the region

Perpignan Méditerranée Communauté Urbaine - 15-year €10 million green loan

- Purpose: installation of bicycle paths under the "Bicycle Plan"
- Thematic issue: soft mobility and clean transport
- Total project cost: €10M

Town of Harnes - 10-year €0.5 million green loan

- Purpose: Updating of LED public lighting
- Thematic issue: energy efficiency
- Total project cost: €3.5M

Public hospitals

Rennes University Hospital Center (CHU) – 32-year €110 million social loan

- Purpose: large-scale real estate project to consolidate all the Medicine-Surgery-Obstetrics activity and technical facilities at the single site in Pontchaillou, currently the main site of the CHU
- Thematic issue: health
- Total project cost: €585M

Export credit

Republic of Côte d'Ivoire – 12-year €68M loan

- Purpose: renovation of a 75 km section of La Côtière, between Grand Lahou and Fresco. La Côtière is a 332 km road that runs along the coast of the Gulf of Guinea and connects Abidjan to San Pedro, the largest cocoa port in the world. Its renovation will help to significantly reduce travel time between the two cities, reduce the accident rate, traffic jams and related pollution, and open up the surrounding areas.
- Export company: Razel-Bec is the public works subsidiary of the Fayat Group, France's largest independent French construction group and a world leader in road equipment. Razel-Bec generated €932M in revenue in 2021 and employs 4,900 people. The company operates in the areas of civil engineering, tunneling, linear infrastructure and earthworks, dams, urban engineering, environment and quarries. With a focus on international projects, it is developing its business in Africa, the Middle East and Southeast Asia.
- Total project cost: €85M