

SOLID 2023 INTERIM RESULTS DRIVEN BY AN ACCELERATION IN GREEN AND SOCIAL LENDING TO THE LOCAL PUBLIC SECTOR AND A HISTORIC LEVEL OF ACTIVITY FOR EXPORT FINANCE

Robust financial performance in an disrupted economic environment

- **Recurring net banking income¹ stable at EUR 99 million** (-EUR 1 million vs 1H22) despite inflationary pressures and 2022 loan volumes constrained by the usury rate for the local public sector
- Slight increase in **recurring operating expenses at EUR 63 million** (+EUR 3 million vs 1H22)
- **Cost of risk of +EUR 1 million** (-EUR 6 million vs 1H22)
- **Recurring net income of EUR 27 million** (-EUR 7 million vs 1H22) demonstrating the robustness of the public development bank model
- **Excellent credit quality of asset portfolio** in line with the financial soundness of the local public sector; **non-performing exposures at an all-time low of 0.3% of assets**

Significant growth in thematic loans and declining volumes as key drivers of public sector lending

- **Loan origination of EUR 1.1 billion** (-EUR 0.3 billion vs 1H22), investment decisions being delayed by the current economic environment (increased inflation and interest rates)
- Progressive launch of the new **partnership with Banque des Territoires** with **EUR 0.13 billion** of new loans granted
- **Significant growth in thematic loans to 60% loan origination** (vs 41% in 1H22), in particular **social loans to local authorities (17%)** launched at the end of 2022
- **Loan acquisition down to EUR 2.2 billion** (-EUR 1.1 billion vs 1H22)

Historic level of activity for export finance

- **Best interim performance** since the activity started in 2016 with the conclusion of **4 transactions** for a total amount of **EUR 2.8 billion** (1H22 : 0.1 billion) involving **9 exporters**
- **Direct contribution to SDGs 9 and 11** for 3 of the 4 transactions concluded in the period
- Refinancing of the **project “Abidjan Metro Line 1”**, aiming to develop urban passenger transport in the Ivorian capital, awarded **“Deal of the year Africa” award** at the TFX Global export forum in June 2023
- **Highly positive outlook** underpinned by a very high number and volume of deals under assessment, 170 for **EUR 63 billion**

A sound financial structure

- **CETI ratio of 38.9%** (4Q22: 40.3%) nearly 5 times higher than the minimum requirement
- **Strong liquidity position** with LCR at 213% and NSFR at 123%

Following the Board meeting on 8 September 2023, **Philippe Mills, Chief Executive Officer of Sfil** declared *“In an economic environment still disrupted by inflation, Sfil’s results remain solid results and reflect the relevance of its public development bank model. For the past 10 years, Sfil has played a major role in supporting local authorities and large French exporters. We will dedicate the next 10 years to financing strategic and ecological transitions. This is the context for both the accelerated development of thematic loans to the local public sector and the financing of sustainable and resilient export infrastructures such as the Abidjan Metro Line.”*

¹ See methodology hereafter

Robust financial performance in a disrupted economic environment

Despite inflationary pressures and the delayed effect of the usury rate on 2022 volume of loans granted to the local public sector, **recurring net banking income²** was **stable at EUR 99 million**.

Recurring operating expenses increased to **EUR 62 million** (+EUR 3 million vs 1H22) more heavily impacted by rising inflation in 2023.

Cost of risk was a reversal of EUR 1 million (vs EUR 7 million in 1H22).

Recurring net income remained at **a solid EUR 27 million** (-EUR 7 million vs 1H22), reflecting the robustness of Sfil's model of public development bank.

EUR million	Recurring		Reported	
	1H22	1H23	1H22	1H23
Net banking income	100	99	126	91
Operating expenses	(59)	(62)	(67)	(68)
Gross operating income	41	37	59	23
Cost of risk	7	1	7	1
Income before tax	48	38	66	24
Income tax	(14)	(11)	(20)	(8)
Net income	34	27	46	16

Under the application IFRS standards, **reported net banking income** came down to **EUR 91 million** (-EUR 35 million vs 1H22). This trend reflects the valuation impact of financial assets recognized at fair value through profit and loss, which was +EUR 25 million in 1H22 and became negative to EUR 8 million in 1H23.

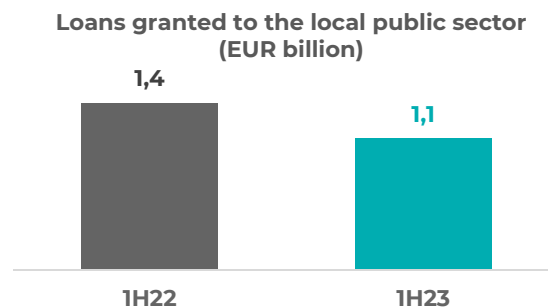
Reported operating expenses remained under control at EUR 68 million, with the decrease in the contribution to the Single Resolution Fund (-EUR 3.9 million vs 2022) helping to contain the rise in recurring expenses.

Reported net income amounted to EUR 16 million (vs EUR 46 million in 1H22).

Credit risk metrics (past dues, stage 3 assets and non-performing exposures) **were again at an all-time low** since the creation of Sfil, demonstrating the excellent credit quality of the portfolio. In particular, **non-performing exposures** represented **0.3% of assets** or EUR 210 million (-10% vs 4Q22).

Significant growth in thematic loans and declining volumes as key drivers of public sector lending

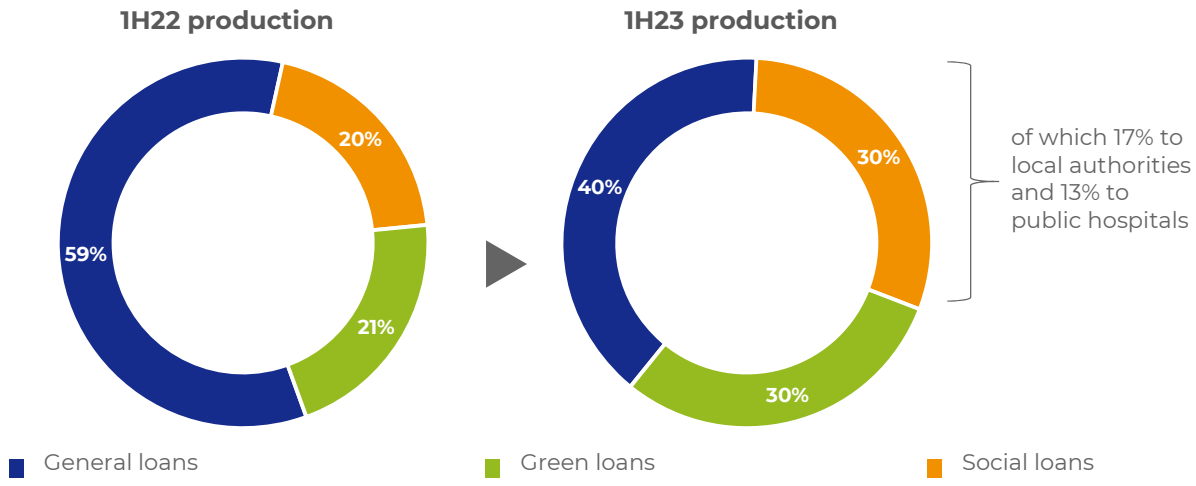
Loan origination amounted to EUR 1.1 billion, of which **EUR 0.95 billion to local authorities** and **EUR 0.15 billion to public hospitals**. The economic environment prevailing during 1H23 (rising inflation and interest rates) slowed investment decisions in the local public sector.



² Reported financial information restated for fair value adjustments of hedges or related to the credit spread of financial assets at fair value through profit and loss and the linearization of some expenses fully recognized as from 1 January in line with the application of IFRIC 21

In this context, the new partnership with Banque des Territoires, launched at the end of 2022, started gradually during 1H23 with **EUR 0.13 billion** of loans granted. The new loan offer aims to **support local authorities and public hospitals in financing sustainable environmental and social investments** with long maturities between 25 and 40 years.

The first half of 2023 emphasized the investment efforts that local public sector has undertaken in order to support ecological and social transitions. **Green and social loans accounted for 60% of the loan production**. In particular, **social loans to local authorities**, representing **17% of production at the end of June 2023**, confirmed the strong demand from local authorities, noted at the launch of the offer at the end of 2022, for the financing of thematic such as health, sport, culture, development and territorial cohesion.



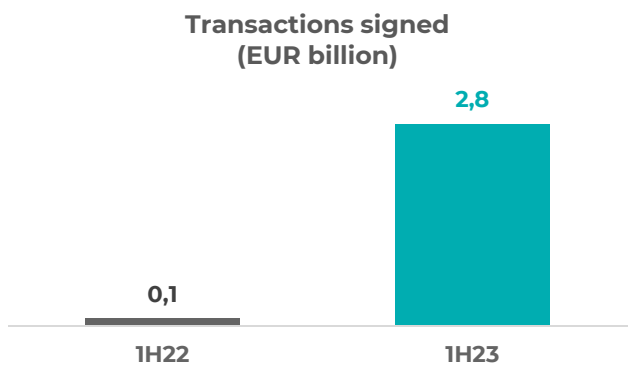
Sfil acquired EUR 2.2 billion in loans to the local public sector from its partners compared with EUR 3.3 billion in 1H22. This decline reflected the 2022 loan volume originated by the Sfil / La Banque Postale scheme, which had been constrained by the rate setting mechanism for the usury rate.

In 10 years of existence, with its partners, Sfil has granted EUR 45.1 billion to public sector borrowers.

A historic level of activity for export finance

During 1H23, Sfil concluded **four transactions for a total amount of EUR 2.8 billion** resulting in **EUR 4.1 billion in export contracts** involving **9 exporters**, 5 of which benefited from the Sfil's refinancing scheme for the first time.

It marked the best half-year performance for the export finance activity since its launch, in terms of committed amount, signed transactions or supported exporters.

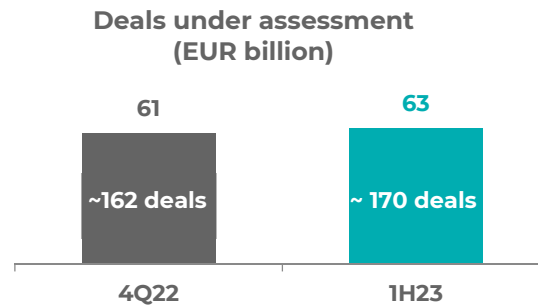


This record performance was achieved in a context of renewed geopolitical tensions, increasing prices for contracts and overall tighter financing conditions, all of which exacerbate the need for a refinancing scheme such as the one that Sfil offers.

Transactions concluded in 1H23 also demonstrated Sfil's commitment to sustainable development. **Three of the four projects financed contribute to SDG 9** (Industry, innovation, infrastructure) and **SDG 11** (Sustainable cities and communities) **in destination countries**. In particular, **the “Abidjan Metro Line 1” project**, which aims to increase and improve the offer of urban passenger transport in the Ivorian capital, **received the “Deal of the year Africa” award at the TFX Global export forum in June 2023**.

Since 2016, Sfil has refinanced 26 operations for a total amount of EUR 13.9 billion leading to the conclusion of EUR 24.9 billion in export contract.

The outlook for credit-export are highly positive for 2H23 and 2024. Indeed, at the end of 1H23, **the number of deals under assessment was around 170 for a total amount of EUR 63 billion** – the highest level since Sfil started this activity in 2016.



A sound financial structure

Funding and liquidity position

Despite a market environment that remained quite volatile, **Sfil issued EUR 4.2 billion in debt securities**, i.e. **52% of its 2023-funding program**. In 1H23, Sfil and Caffil respectively raised EUR 2.3 billion in medium-term notes and EUR 1.9 billion in covered bonds.

Although higher than in 2022, **the funding costs remained under control in 1H23 given current market conditions**. The excellent signature of the group Sfil gives us the ability to offer the French local authorities and exporters competitive financing conditions on long maturities, regardless of the interest rate environment.

Liquidity ratios reflect Sfil's strong liquidity position: at 30 June 2023, LCR and NSFR reached respectively 213% and 123 %, well above the minimum requirement of 100%.

Capital adequacy

CET1 ratio was 38.9% in 1H23, stable compared with 4Q22. It was significantly above the minimum requirement of 7.87% set by the European supervisor under the Supervisory Review and Evaluation Process.

Credit ratings

Sfil's robust financial position is confirmed by its credit ratings:

- In January 2023, Moody's upgraded Sfil's rating to Aa2, equal to the sovereign rating for France, with a stable outlook;
- DBRS confirmed in May 2023 its rating AA (high) and stable outlook;
- In June 2023, Standard & Poor's confirmed its long-term credit rating to AA with a negative outlook.



	Moody's	DBRS	Standard & Poor's
Long-term	Aa2	AA (high)	AA
Outlook	Stable	Stable	Negative
Short-term	P-1	R-1 (high)	A-1+
Last update	3 January 2023	26 May 2023	5 June 2023

Sfil's excellent credit ratings, all aligned with the sovereign ratings, reflect the strategic relevance of its public-service mission and its proximity to the French government.

Press contact: christine.lair@sfil.fr or Relations.Presse@sfil.fr

Investor relations: Ralf Berninger - ralf.berninger@sfil.fr

More information at sfil.fr

Appendix 1: Interim consolidated financial statements prepared under IFRS as adopted by the European Union³

Assets

<i>(EUR million)</i>	4Q22	1H23
Central banks	1,969	1,265
Financial assets at fair value through profit or loss	2,743	2,432
Hedging derivatives	2,396	2,569
Financial assets at fair value through equity	243	79
Financial assets at amortized cost	56,252	57,342
Fair value revaluation of portfolio hedge	170	137
Current tax assets	15	6
Deferred tax assets	64	67
Tangible assets	7	36
Intangible assets	21	21
Other assets	2,728	2,970
TOTAL ASSETS	66,608	66,924

Liabilities

<i>(EUR million)</i>	4Q22	1H23
Central banks	-	-
Financial liabilities at fair value through profit or loss	359	217
Hedging derivatives	5,134	5,250
Financial liabilities at amortized cost	59,090	59,386
Fair value revaluation of portfolio hedge	66	37
Current tax liabilities	2	4
Deferred tax liabilities	-	-
Other liabilities	219	277
Provisions	19	16
Subordinated debt	-	-
EQUITY	1,720	1,738
Capital	1,445	1,445
Reserves and retained earnings	234	320
Net result through equity	(45)	(43)
Net income	86	16
TOTAL LIABILITIES	66,608	66,924

³ The Board of Directors approved the interim consolidated financial statements on 8 September 2023.

Income Statement

<i>(EUR million)</i>	1H22	1H23
Interest income	1,135	1,973
Interest expense	(1,057)	(1,891)
Fee and commission income	3	5
Fee and commission expense	(2)	(2)
Net result of financial instruments at fair value through profit or loss	40	0
Net result of financial instruments at fair value through equity	0	1
Gains or losses resulting from derecognition of financial assets at amortized cost	7	5
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	0	0
Other expense	(0)	(0)
NET BANKING INCOME	126	91
General operating expenses	(58)	(59)
Depreciation and amortization of property and equipment and intangible assets	(8)	(9)
GROSS OPERATING INCOME	59	23
Cost of risk	7	1
OPERATING INCOME	66	24
Net gains (losses) on other assets	-	-
INCOME BEFORE TAX	66	24
Income tax	(20)	(8)
NET INCOME	46	16