

# MOODY'S

## RATINGS

### **Rating Action: Moody's Ratings affirms the Aa2 long-term deposit and senior unsecured ratings of SFIL; outlook stable**

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16 May 2024

Paris, May 16, 2024 -- Moody's Ratings (Moody's) today affirmed SFIL's long-term issuer, senior unsecured debt and deposit ratings of Aa2. The outlook on these ratings remains stable. Moody's also affirmed SFIL's Baseline Credit Assessment (BCA) and Adjusted BCA of a3, together with all other ratings and assessments, including SFIL's short-term deposit and issuer ratings of Prime-1, its long-term and short-term Counterparty Risk Assessments (CR Assessments) of Aa2(cr) and Prime-1(cr), respectively, and its long-term and short-term Counterparty Risk Ratings (CRRs) of Aa2 and Prime-1, respectively. Moody's also affirmed the short-term Deposit Note/CD program and commercial paper ratings at P-1 and the senior unsecured MTN program rating at (P)Aa2.

#### RATINGS RATIONALE

The affirmation of SFIL's long-term deposit and senior unsecured debt ratings of Aa2 reflects (1) the affirmation of SFIL's BCA of a3; (2) the application of Moody's Advanced Loss Given Failure (LGF) analysis, which, given the volume of the bank's senior unsecured debt results in two notches of uplift from the Adjusted BCA of a3; and (3) a government support uplift of two notches reflecting a very high support probability from its ultimate owner, the Government of France (Aa2 stable) through Caisse Des Depots et Consignations (CDC, Aa2 stable) which owns since 2020 all of SFIL's shares but one still owned by the French government.

The affirmation of the a3 BCA reflects the bank's leading position in the French public-sector financing and its low-risk profile, because of solid asset quality and adequate funding and liquidity. SFIL's very high nominal leverage and moderate profitability are consistent with such low-risk profile and assigned public-service mission.

SFIL has successfully originated new business through the distribution network of La Banque Postale (LBP, A2/A2 stable, baa2), its main historical commercial partner for

public-sector lending, and more recently through CDC's Banque des Territoires. SFIL is also gradually scaling up its credit export refinancing activities, insured by Bpifrance Assurance Export (sixth largest global Export Credit Agency in 2023) and guaranteed by the French government, which diversifies SFIL's revenue sources at very low risk.

The two public policy missions of SFIL underpin Moody's view of a very high probability of support from the Government of France in case of need. This is also supported by a letter of support provided by CDC, complemented by a letter of support by the French government.

## OUTLOOK

The outlook on SFIL's long-term issuer, senior unsecured debt and deposit ratings is stable, in line with the outlook on the Government of France's debt rating.

## FACTORS THAT COULD LEAD TO AN UPGRADE OR DOWNGRADE OF THE RATINGS

SFIL's long-term ratings could be upgraded as a result of an upgrade of the Government of France's debt rating.

SFIL's BCA could be downgraded as a result of worse-than-expected asset performance or weakening capitalization. SFIL's long-term ratings could also be downgraded in the event of a downgrade of France's sovereign rating. A lower BCA, or a significant change in the bank's liability structure that would entail a material reduction in the volume of long-term senior unsecured debt, and, hence, an increase in loss given-failure, would not necessarily lead to a downgrade of SFIL's long-term ratings, given the very high probability of government support assigned to such instrument.

## PRINCIPAL METHODOLOGY

The principal methodology used in these ratings was Banks Methodology published in March 2024 and available at <https://ratings.moodys.com/rmc-documents/409852>. Alternatively, please see the Rating Methodologies page on <https://ratings.moodys.com> for a copy of this methodology.

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