We finance
what matters most

2025 Interim Financial Report

Business activity

€2.1 bn
Export credit contracts signed for EUR 3.1 billion of export transactions

€2.0 bn
Loans to the French public sector acquired

€5.9 bn
Long-term debt issues

Balance sheet and operating results

€73.3 bn
Balance sheet assets

€68.0 bn
Bond issues

€+113 mn
Recurring NBI

€+34 mn
Recurring net income

53.3%
Operating ratio

Financial structure

43.5%
CET1 ratio

3,462%
LCR Ratio
€46.6 bn
in mobilizable assets

128%
NSFR Ratio

Financial ratings

Aligned with those of the French sovereign debt

Moody's	S&P	DBRS
Aa3	AA-	AA High

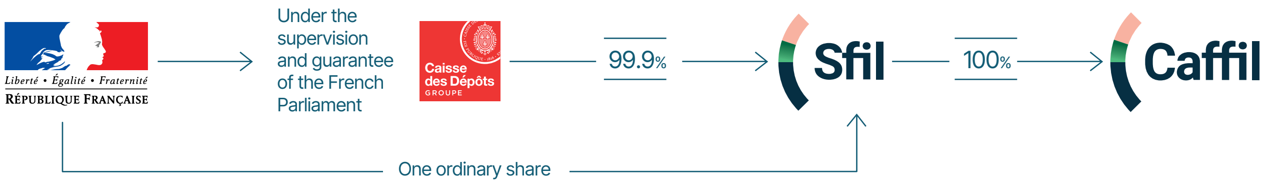
1. General business environment

The *Autorité de Contrôle Prudentiel et de Résolution (ACPR)* College, the French administrative authority responsible for the supervision of banking and insurance undertakings, authorized Sfil as a bank on 16 January 2013. On 30 September 2020, when the French Republic (retaining one share), herafter referred to as "the French State", and La Banque Postale sold their stakes to Caisse des Dépôts, the latter became the reference shareholder of Sfil. The French State continues to be present on the Board of Directors through a non-voting board member, given the public interest missions entrusted to Sfil.

The fully public shareholding structure is one of the characteristics of the public development bank model under which Sfil operates. The objective of public development banks is not to maximize their profit or market share, but to carry out public policy missions entrusted to them by the public authorities (central government, region or local authorities) in order to compensate for identified market failures while ensuring their own viability. Within this framework, Sfil is one of the key components of the financing system dedicated to local authorities and public hospitals set up in early 2013 following the European Commission agreement of 28 December 2012. This scheme aims to provide a sustainable response to the scarcity of long-term financing for French local authorities and public hospitals. By its decision of 18 December 2024, the European Commission authorized the extension of the system to French public entities, namely public institutions and French public sector entities *sui generis* or exposures guaranteed by the latter.

From 2015, Sfil was also entrusted with another key mission, that of financing large export credit contracts (i.e. for a minimum amount of €70m) benefiting from a French public guarantee. The objective is to strengthen the export competitiveness of French companies within the framework of a market system, in line with a public refinancing scheme that also exists in several OECD countries, and this by leveraging on the Group's excellent refinancing capacities on the international financial markets. Initially authorized by the European Commission for a period of five years, it was renewed in 2020 for a further seven years. The European Commission's decision of 18 December 2024 also broadened the scope of the export credit contracts financing activity: Sfil can now intervene in transactions of French interest and benefiting from a guarantee issued by other export credit agencies of the European Union or multilateral lenders.

As a reminder, since 31 January 2013, Sfil has held 100% of the capital of Caisse Française de Financement Local (Caffil), its sole subsidiary, with the status of *société de crédit foncier* governed by articles L.513-2 et seq. of the French Monetary and Financial Code (*Code monétaire et financier*). Sfil is the institution that supports the activities of Caffil, as specified by regulations concerning its status of *société de crédit foncier*, in particular in accordance with articles L.513-15 and L.513-2 of the French Monetary and Financial Code. In this context, Sfil is Caffil's servicer, and provides full operational management of its subsidiary within the framework of the management agreement it signed with Caffil.



1.1 French local public sector lending

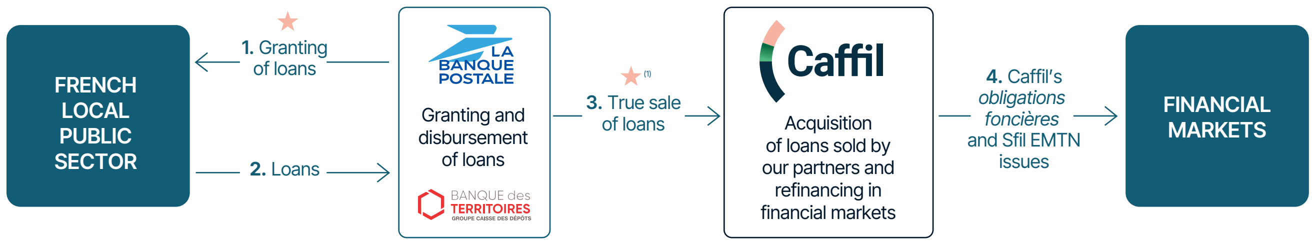
The Sfil Group, integrated into Caisse des Dépôts Group, is at the heart of a system whose objective is to provide French local public sector, i.e. to date French local authorities and public hospitals, with sustainable and efficient access to long-term bank financing.

In this context, Sfil finances the investments of French local authorities and public hospitals through two partnerships with La Banque Postale and Banque des Territoires. Each of these partnerships includes a transfer agreement. These schemes share the following characteristics:

- the partners originate loans to French local authorities and public hospitals, then sell them to Caffil, the Group's *société de crédit foncier*;
- the loan offer is intended for all types of local authorities throughout France, from the smallest municipalities to the largest inter-municipal, departmental or regional structures;
- deliberately simply designed, these originated loans, for a minimum amount of €40,000, are exclusively denominated in euros and bear a fixed interest rate or a single-indexed (Euribor + margin) or double-phased (fixed rate then variable rate) interest rate;
- the Sfil Group finances acquired loans by issuing *obligations foncières* (covered bonds) and EMTNs. When these loans are use-of-proceeds loans (i.e. green or social loans to local authorities or loans to public hospitals), they are financed by green, social or sustainable bonds (see section 1.3 E).

These partnerships enable the Group to maintain control of its credit risk:

- before origination, the two entities involved carry out an initial analysis of the counterparty. The loans that do not meet the credit and eligibility criteria set by the Sfil Group cannot be transferred to its balance sheet. These eligibility criteria are strictly governed by law and internal management policies;
- in the case of the partnership with La Banque Postale, before each acquisition of loans by Caffil, a new analysis of loans is carried out. Any loan that no longer meets the criteria may be temporarily or permanently refused before the transfer.



★ *Caffil's credit decision-making process*
(1) Only in the case of the partnership with La Banque Postale

More specifically, loans originated by La Banque Postale:

- have maturities mainly between 10 and 30 years;
- since mid-2019, also consist of green loans whose purpose is to finance investments by local authorities that contribute to the environmental transition and sustainable development in the fields of renewable energies, water management and sanitation, waste management and recovery, soft mobility and clean transport, and energy efficiency in construction and urban planning;
- since the end of 2022, La Banque Postale has offered a range of social loans intended to finance the social investments of local authorities in the fields of health, education, sport, culture, development and regional cohesion.

The range of loans marketed by Banque des Territoires:

- covers long periods of between 25 and 40 years;
- is mainly intended for the financing of investments that contribute to the environmental transition, on green themes identical to those developed with La Banque Postale or the financing of public hospitals. Since June 2024, the offer also covers three social themes (sport, culture and community life; health, social and family action; as well as education and professional training).

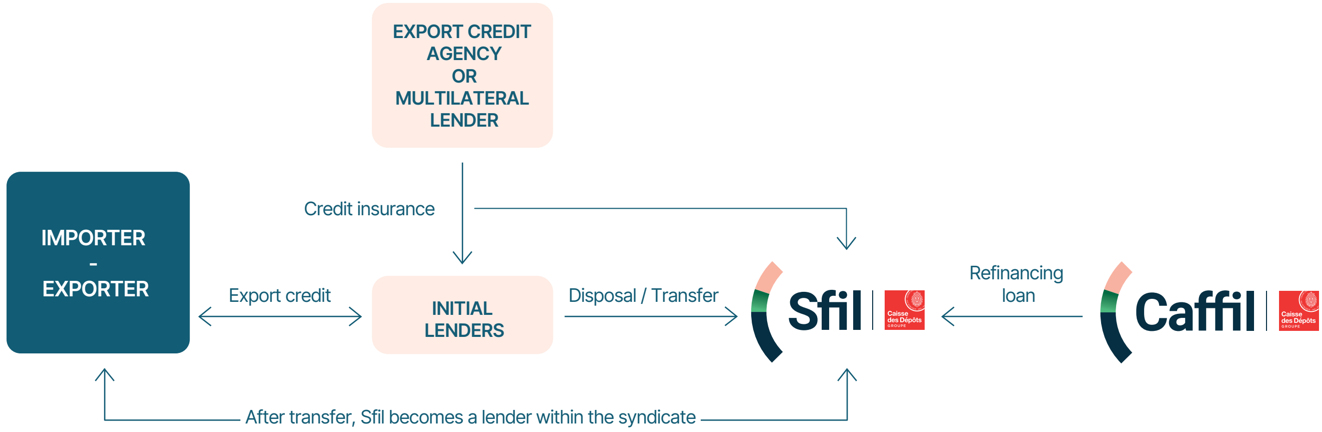
1.2 Financing of export credits

The second public interest mission of the Sfil Group is to ensure the financing of export contracts that are of French interest and that are covered by export credit agencies of the European Union or multilateral lenders.

The scheme is open to all partner banks of French exporters for their loans insured by export credit agencies in the European Union or multilateral lenders. In this context, Sfil organizes its relations through bilateral agreements with almost all the banks that are active in the French export credit market. Sfil may acquire a portion of the interest of each of these banks in an export credit transaction (maximum 95% of this interest depending on the size of the transactions and the number of lenders involved).

The scheme operates as follows:

- Sfil contributes to the financial proposal prepared by one or more banks of the banking syndicate granting the buyer credit covered by an export credit insurance granted by a member state of the European Union or a multilateral lender;
- the export credit agencies, acting in the name, on behalf of, and under the control of their respective States or governing bodies, issue insurance policies or guarantees. The guarantor State or multilateral lender bears the risks associated with these guarantees;
- after signing the export credit agreement, the partner banks sell to Sfil a share of the loan, the rights attached to it as well as those attached to the portion of the loan that they retain. They retain the portion of the loan that does not benefit from credit insurance;
- Caffil grants Sfil a refinancing loan which is backed by the acquired export credit. In this context, the portion of the export credit acquired by Sfil is pledged to Caffil. Sfil's rights to compensation under the credit insurance policy are also delegated by Sfil to Caffil.
- Caffil finances these loans by issuing *obligations foncières* (covered bonds). When these export credit contracts are eligible for the Green, Social and Sustainability Bond Framework, they are refinanced by green, social or sustainable bonds (see section 1.3 E).



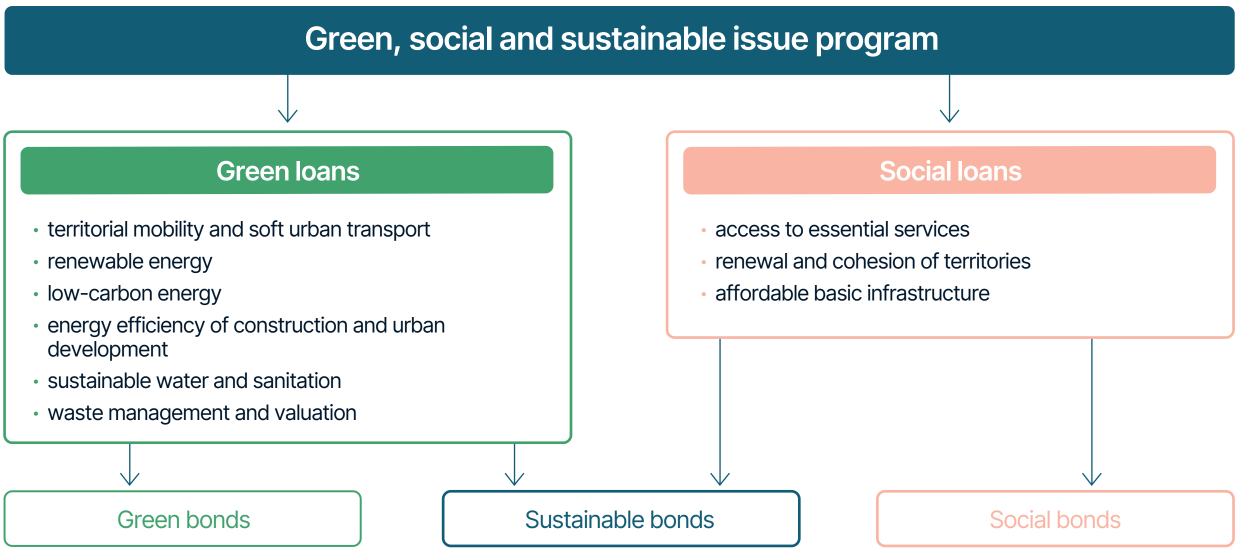
As at 30 June 2025, the transactions financed by the Sfil Group are fully covered by Bpifrance Assurance Export, the export credit agency acting in the name, on behalf of, and under the control of the French Republic.

1.3 Bond issuance by the Sfil Group

In order to refinance its two activities, the Sfil Group, *via* its subsidiary Caffil, issues *obligations foncières* (covered bonds) in the form of benchmark public issues but also in the form of private placements, particularly in the registered covered bonds format, adapted to its large investor base. These instruments are characterized by the legal privilege, which, as a priority, allocates the sums from Caffil's cover pool to pay their interest and reimbursements. They carry the European Covered Bond (Premium) label. This source of financing is the main source of liquidity for the Sfil Group.

In addition to and in order notably to diversify the Group's sources of financing and investor base, Sfil itself regularly issues medium-term debt securities in the form of bonds issues in euros and US dollars and short-term debt securities *via* its specific issuance program for debt securities of less than one year (NeuCP issuance program).

Lastly, in line with its sustainable development policy, in order to support its borrowers in their investments in favor of the environmental transition and social cohesion, the Sfil Group has issued green and social bonds since 2019. These issues are governed by the Green, Social and Sustainability Bond Framework of October 2022. The updated November 2024 version of this program includes all key areas of green and social investments of French local authorities and public hospitals. The financing of French export contracts presenting significant environmental and/or social benefits has also been included in the objectives.



The Sfil Group has already issued social bonds to finance the French public hospital sector in a separate program, the Social Note Framework. This remains applicable to all bonds previously issued under this program and remains publicly available.

2. Interim activity report

2.1 Highlights

2.1.1 Geopolitical and macroeconomic context

The first half of 2025 was marked by the continued conflicts in Ukraine and the Middle East, as well as by changes in international trade policies. The level of uncertainty remains high and fuels volatility on the financial markets, while the French political environment remained uncertain during the period.

The euro strengthened against the dollar in view of the global trade context and the investment needs, particularly military, of European countries. The European Central Bank, observing an inflation rate in the Eurozone approaching the 2% target, continued its monetary easing policy during the first half of the year. It has reduced its key rates by 100 basis points since the beginning of the year. After growth of close to 1% for the Union in 2024, European economic activity has evolved in a context that particularly affects economies vulnerable to US trade policies, such as Germany and Denmark. Fiscal constraints coupled with moderate productivity growth in countries such as France and Italy could also constrain the economic outlook. However, European countries' announcements of investments in defense could nuance this outlook.

For its part, the economic activity in the United States contracted in the first quarter of the year. The US Federal Reserve maintained its key rates in the 4.25%-4.5% range, in a context of inflation of around 2.5%.

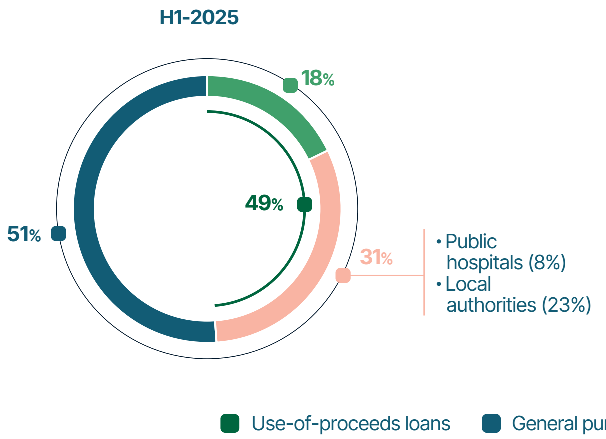
2.1.2 Interim activity

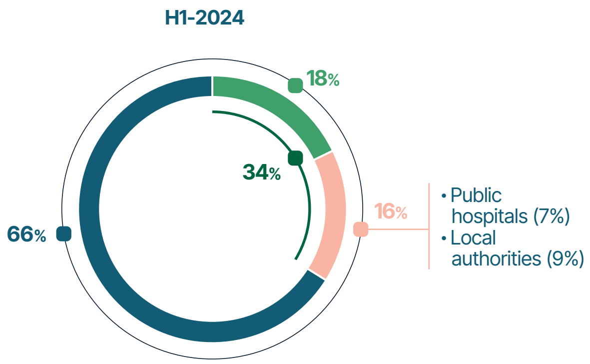
French local public sector lending

In the first half of 2025, the financing of French local authorities and public hospitals reached €2bn in loans granted within the framework of its partnerships with *La Banque Postale* and *Banque des Territoires*. Although down by 28% compared to the first half of 2024, which was particularly dynamic, the first half of 2025 nevertheless represented a higher level of activity compared to previous years of the current electoral cycle (+24% compared to the average activity of the first half of the years 2020-2024). In addition, the year 2025 is the last year before the 2026 elections of the municipal bloc. Pre-election years are generally characterized by a marked increase in local investment. Compared to the first half of 2019 (which was the last year of the previous election cycle), the activity in the first half of 2025 was up by 30%.

Loan production was strong across all local authorities, reaching €1.9bn (-28% compared with the first half of 2024, but 35% higher than the 2020-2024 average). The activity was particularly strong for municipal groupings and departments. The former, and in particular the major cities, have made extensive use of borrowing in order to accelerate the finalization of their investment programs, in this last year before the coming elections of the municipal bloc. The latter saw their overall financial position continue to deteriorate under the effect of pressure on their revenues (further decline in transfer taxes and VAT) and under the effect of the increase in social spending, among other things. This situation has led them to resort more heavily to borrowing to finance the maintenance of their investments.

Use-of-proceeds loans represented 45% of the financing granted to local authorities. Sfil and its partners granted €0.36bn in green loans and €0.5bn in social loans to French local authorities. The substantial amount of these use-of-proceeds loans over the period confirms the strong appetite of local authorities, and in particular for the departments for which social loans cover a significant part of their investments in school buildings. These financing instruments also confirm the relevance of our public development bank model.





The volume of loans granted to public hospitals amounted to €0.16bn, down by 21% compared to the first half of 2024. Although in difficulty due to a fragile financial position, public hospitals have continued to implement their investments to a certain extent, in particular on structuring operations, supported by the Ségur Plan. However, due to the increase in their costs (inflation, raw materials), some of these projects had to be redirected towards the renovation of buildings. In this context, Sfil continued providing financing to public hospitals, based on a long-term assessment of their financial situation and of the positioning of their healthcare offer (healthcare added value).

Financing of export credits

The first half of 2025 saw the conclusion of two export credit transactions for a total amount transferred to Sfil amounting to €2.1bn (up by 26% compared to the first half of 2024), which led to the conclusion of €3.1bn of export contracts. These two transactions concerned the defense sector, one of the major areas of French and European sovereignty policies.

In addition, in the first half of 2025, Sfil also crossed the threshold of €20bn in financed export credits. Since the launch of its export business at the end of 2015, the financing granted has reached €20.6bn, enabling the conclusion of €35.3bn in export contracts. More specifically, €9.8bn was devoted to supporting the French defense industrial and technological base.

Bond issuance

The bond markets were marked in the first half of 2025 by the continuation of the ECB's monetary policy easing cycle, whereas the US Federal Reserve kept its rates unchanged over the period. This underlying context, buoyant for the bond issuance in the sovereign, supranational, agency (SSA) and covered bond segments, resulted in strong overall investor demand in the first half of the year as well as a movement in the performance of spreads against swaps.

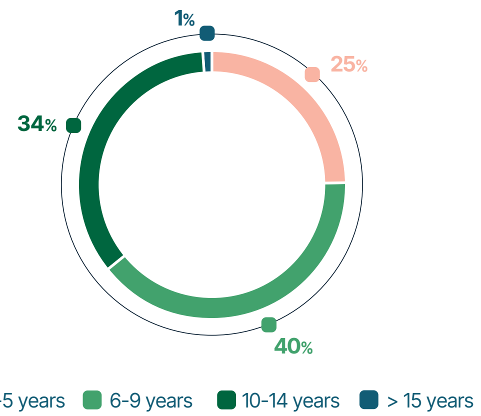
In addition, the improvement in market sentiment on French sovereign risk led to a gradual easing of spreads against swaps on French sovereign bonds over the period, favoring the performance of spreads against swaps from agencies and French covered bonds over the period.

However, the degree of uncertainty in the geopolitical, economic and financial environment remained high during the first half of the year, with alternating phases of tension and easing, mainly linked to the negotiations on tariffs introduced by the US administration at the beginning of the second quarter. The volatility observed during these phases of tension did not, however, affect the overall smooth functioning of the primary market for SSA and covered bond issues.

In this context, the Sfil Group carried out a total volume of long-term issues of €5.9bn, in line with the Group's refinancing program, with:

- €5.25bn on the public primary market;
- €0.15bn *via* a matching transaction carried out on an existing Caffil reference line;
- €0.53bn in private placements.

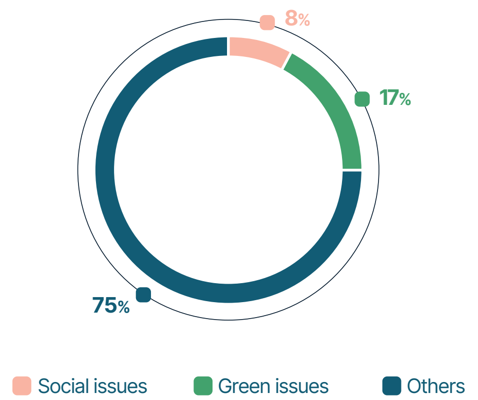
The average maturity of the issues and private placements completed during the first half of 2025 was 8.4 years. The Sfil Group was thus able to refinance itself over long maturities, despite an unstable geopolitical and economic context, by relying in particular on Caffil's long-term issuance capacity in the covered bonds segment.



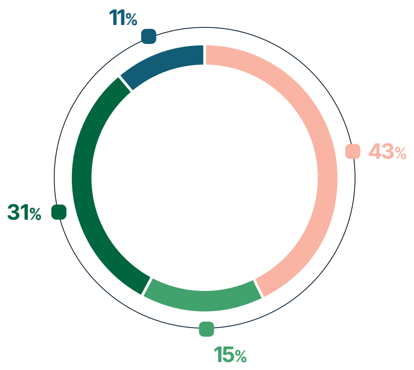
The Sfil Group carried out five public issues *via* its two issuers, Sfil and Caffil:

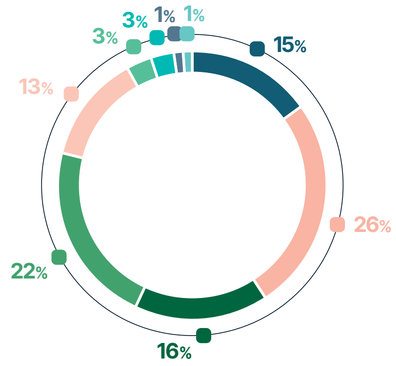
- a 8.5-year maturity *obligation foncière* issued by Caffil in January 2025 for €1.25bn;
- a 5-year maturity bond issued by Sfil in January 2025 for €1.5bn;
- a 10-year maturity green *obligation foncière* issued by Caffil in April 2025 for €1bn;
- a 12-year maturity social *obligation foncière* issued by Caffil in May 2025 for €0.5bn;
- a 7-year maturity bond issued by Sfil in January 2025 for €1bn.

These issues were carried out under financial conditions close to those of the State, with a financing cost of around OAT+3 basis points over the period. In total, the sustainable bonds issued in the first half of the year represented 25% of the financing program completed over the period, i.e. a level of progress in line with the strategic objective of reaching 33% over the 2025-2030 period.



The breakdown of benchmark public issues carried out during the first half of 2025 is presented below:





In addition, Sfil continued using its program for issuing debt securities at less than one year (NeuCP issuance program). As at 30 June 2025, Sfil's outstanding debt securities of less than one year amounted to €0.7bn.

2.1.3 Financial structure

The Common Equity Tier 1 (CET1) capital ratio was 43.5% as at 30 June 2025 compared to 42.2% as at 31 December 2024.

The leverage ratio [1] reached 9.5% as at 30 June 2025 (stable compared to 2024).

The short-term liquidity ratio (LCR) was 3,462% on a consolidated basis as at 30 June 2025. The assets that can be mobilized to meet a liquidity need amounted to €46.6bn.

The Net Stable Funding Ratio (NSFR), which compares the proportion of available stable funding over required stable funding on a one-year horizon, reached 128% as at 30 June 2025 on a consolidated basis.

All credit ratings were aligned with the sovereign rating of France.

	Moody's Ratings	Morningstar DBRS	S&P Global Ratings
Long-term rating	Aa3	AA (high)	AA-
Outlook	Stable	Negative	Negative
Short-term rating	P-1	R-1 (high)	A-1+
Date of update	17 Dec 2024	28 Mar 2025	4 Mar 2025

On 4 March 2025, as for all other French public agencies, S&P Global Ratings downgraded the outlook for Sfil's long-term rating to negative as a result of the similar change in sovereign rating made on 28 February 2025. The long-term rating is confirmed at AA-.

Similarly, on 28 March 2025, Morningstar DBRS revised the outlook for Sfil's long-term rating to negative and confirmed the AA (high) rating following the similar action on France's sovereign rating which took place on 21 March 2025.

The Aa3 (stable outlook) rating assigned by Moody's Ratings did not change during the first half of 2025.

(1) Calculated in accordance with Regulation (EU) 2019/876.

2.1.4 ESG commitments

In April 2025, the Sfil Group signed up to the Poseidon Principles, which aim to promote a low-carbon future for the global maritime industry. The Poseidon Principles are consistent with the policies and ambitions of the International Maritime Organization, including its 2023 strategy on greenhouse gas emissions. This ambition foresees that emissions from international shipping are expected to reach net-zero by 2050 compared to 2008 levels, with intermediate targets in 2030 and 2040, and takes into account the emissions of the full lifecycle of fuels, from their production to their end use by a ship (named the "well-to-wake" approach). By joining the Poseidon Principles, Sfil reiterates its commitment to building less polluting and less carbon-intensive ships and thus strengthens its contribution to the alignment of maritime financing with international climate objectives.

In addition, in March 2025, Sfil launched a study on climate change adaptation measures with French local authorities in order to support them on this topic. To this end, it began soliciting a panel of borrowers *via* a questionnaire designed to collect information on the adaptation measures put in place in the face of the physical risks to which they are exposed.

Lastly, in June 2025, the Board of Directors approved the ESG roadmap for 2025-2026. This roadmap covers Sfil's strategic orientations, regulatory changes and the expectations of the various stakeholders in terms of sustainable development. It is structured around pillars such as the financing offer, ESG performance management, the human resources policy and ESG risk modeling.

As a reminder, in order to support its customers, Sfil has planned to mobilize €17.5bn over the 2024-2030 period in favor of the environmental transition. This commitment is fully aligned with the conduct of public policy missions, and in particular supporting the ecological and energy transition of French territories and of destination countries through the export financing of sustainable and resilient infrastructures.

In addition, Sfil also plans to mobilize nearly €12bn in social loans over this period to support French public hospitals and local authorities. These may have a social dimension (public safety and health, education and training, culture and sport, health and social action, etc.).

Objective 2030	Business	Cumulative 2022-2023	Cumulative 2024 - June 2025
€17.5bn in favor of the environmental transition	Financing of the French local public sector Financing of export credits	€2.7bn	€2.2bn
€12bn for health and social projects of local authorities	Financing of the French local public sector	€1.7bn	€2.0bn

2.1.5 Artificial intelligence

As part of the "Objective 2026" strategic plan, in terms of strengthening its innovation and transformation approach, Sfil has implemented an approach and deployed artificial intelligence (AI) solutions. In particular, this includes:

- the deployment of a generative AI tool called "SfilGPT", accessible to all employees for the purpose of acculturation and daily use, and the development of functionalities developed with employees;
- two proofs of concept (POCs) developed with students during a hackathon dedicated to climate risks and knowledge of local public sector customers.

From an organizational point of view, Sfil has trained all its employees in the use of AI. It has also adopted an internal charter for the uses of AI.

2.2 Interim results

The consolidated net income of Sfil, prepared in accordance with IFRS, amounted to +€43m as at 30 June 2025, a 13% increase from 30 June 2024. This change is mainly due to the recurring income. Non-recurring items (2) generated an income of €7m at the end of June 2024 compared with an income of €8m at the end of June 2025, as detailed in the table below.

	30 Jun 2025					30 Jun 2024				
		Restated non-recurring items					Restated non-recurring items			
	Reported income	Fair value adjustment of hedging	Fair value adjustment of non-SPPI loans	Linearization over the year of expenses recognized in 1H25	Recurring income	Reported income	Fair value adjustment of hedging	Fair value adjustmen t of non-SPPI loans	Linearization over the year of expenses recognized in 1H25	Recurring income
Net Banking Income	129	(5)	21	-	113	114	1	10	-	103
General operating expenses	(64)	-	-	(4)	(60)	(60)	-	-	(3)	(57)
GROSS OPERATING INCOME	**65**	**(5)**	**21**	**(4)**	**53**	**55**	**1**	**10**	**(3)**	**46**
Cost of risk	2	-	-	-	2	(4)	-	-	-	(4)
PROFIT (LOSS) BEFORE TAX	**67**	**(5)**	**21**	**(4)**	**55**	**51**	**1**	**10**	**(3)**	**42**
Income tax	(24)	1	(3)	1	(21)	(13)	(0)	(3)	1	(11)
NET INCOME	**43**	**(4)**	**15**	**(3)**	**34**	**38**	**1**	**8**	**(2)**	**31**

In the first half of 2025, non-recurring items were more specifically related to (i) the volatility of the valuation of the portfolio of derivatives for -€4m, (ii) impact of the valuation of loans that do not meet the SPPI criterion in application of IFRS 9 for +€15m, and (iii) the linearization over the year of taxes fully recognized at 1 January in accordance with IFRIC 21 for -€3m.

Restated for these non-recurring items, the recurring net income as at 30 June 2025 amounted to €34m, up by €3m compared to 30 June 2024. An item-by-item analysis of this change in recurring net income highlighted that:

- the net banking income amounted to €113m, an increase of 10% compared with the first half of 2024, driven by the growth in the level of activity since 2023 and despite the increase in financing costs caused by the volatility on the financial markets;
- the general operating expenses were kept under control and amounted to €60m (+5% compared with the first half of 2024);
- the cost of risk decreased by €2m. It mainly reflects a €6m allocation to French public hospitals given their deteriorated financial position, which was offset by a reversal of €9m related in particular to the resolution of a dispute. This level of cost of risk reflects the excellent quality of Sfil's exposures;
- the income tax includes the exceptional contribution of large companies in France of €7m.

(2) The restated non-recurring items are as follows: • the fair value adjustments concerning hedgings: as a reminder, since 2013 carrying amount adjustments have affected hedging implemented by the Sfil Group to cover its interest rate and foreign exchange risks. These adjustments basically concern accounting for adjustments linked to the application of IFRS 13, which mainly introduced the recognition of valuation adjustments with reference to CVA (Credit Valuation Adjustment) and DVA (Debit Valuation Adjustment). These accounting valuation adjustments are recorded in the income statement as net gains or losses on financial instruments at fair value through profit or loss; • the changes in the valuation of a portfolio of non-SPPI loans (recognized at fair value through profit or loss under IFRS 9 although intended to be retained) due to the change in its credit spread; • the linear extrapolation of certain charges and taxes taken into account as of January 1 of each year as per IFRIC 21.

2.3 Changes in the main balance sheet items

The assets on the Sfil Group's balance sheet mainly consist of:

- loans and securities;
- cash collateral paid in respect of the derivative portfolio;
- cash assets in the form of cash deposited at the *Banque de France*.

The liabilities on the Sfil Group's balance sheet mainly consist of:

- bond issues (*obligations foncières* and registered covered bonds issued by Caffil and bonds issued by Sfil under its EMTN program);
- the certificates of deposit issued by Sfil;
- cash collateral received;
- equity and other resources.

The main items on the Sfil Group's consolidated balance sheet (management data) [3] as at 30 June 2025 are presented in the table below:

(€bn, value after currency swaps)

ASSETS	LIABILITIES
73.3	73.3
of which main balance sheet items in notional amount	of which main balance sheet items in notional amount
70.4	**70.4**
Cash assets 2.4	Bond issues 68.0
Securities 8.8	Certificates of deposit 0.7
Loans 57.5	Cash collateral received 0.1
Cash collateral 1.7	Equity 1.6
	Other 0

2

2.3.1 Assets

The net change in the Sfil Group's main assets in the first half of 2025 amounted to +€2.2bn. This change can be analyzed as follows:

(€bn, value after currency swaps)	1H25
Beginning of the period	**68.2**
Acquisition and disbursement of loans to the local public sector and export credit	4.0
Amortization of loans and securities to the local public sector and export credit	(2.5)
Change in cash collateral	(0.2)
Change in cash investment securities	0.7
Change in cash assets	0.3
Other	(0.1)
End of the period	**70.4**

In the first half of 2025, Sfil acquired €2.7bn in loans to the French local public sector originated by *La Banque Postale* and *Banque des Territoires*. This amount, stable compared to the first half of 2024, reflects the sustained level of activity observed in 2024 as the end of the municipal bloc's electoral cycle approaches. Use-of-proceeds loans represented 36% of the loans acquired (compared to 44% in the first half of 2024) and comprised:

- €0.4bn in green loans to local authorities (€0.6bn in the first half of 2024);
- €0.5bn in social loans to local authorities (€0.3bn in the first half of 2024);
- €0.1bn in loans to hospitals (€0.3bn in the first half of 2024).

The export credit activity resulted in €1.3bn of drawdowns on off-balance sheet financing commitments. This also reflects the very good levels of production of this activity.

As at 30 June 2025, Sfil had paid €1.7bn in cash collateral, a decrease of €0.2bn compared to the end of 2024.

The cash investment portfolio, consisting mainly of covered bonds and European public sector securities, increased by €0.7bn to reach an outstanding amount of €5.4bn as at 30 June 2025.

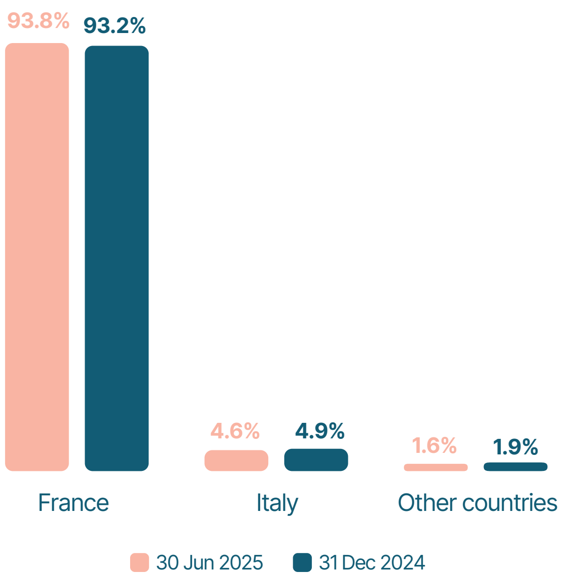
(3) As regards the loans shown in the tables hereinafter, the notional balance sheet item concept which is an alternative performance indicator, corresponds to outstanding principal for euro transactions and, for foreign currency transactions, the euro equivalent value after swap hedging. Notional balance sheet items notably exclude hedging relationships and accrued interest not yet due.

Breakdown of outstanding public sector loans and securities

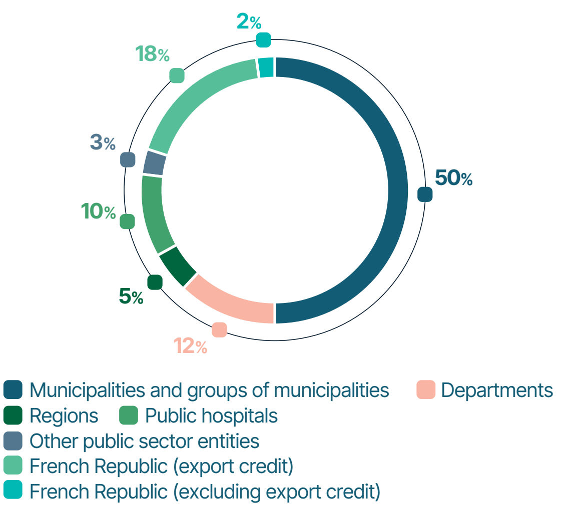
The outstanding loans and securities of the Sfil Group totaled €66.3bn, of which €62.6bn to the public sector.

New loans are exclusively originated with the French local public sector or fully guaranteed by the latter. The loans in respect of the export credit activity represented an outstanding balance sheet of €10.4bn, i.e. 16% of the outstanding loans and securities on the balance sheet. The other assets with or guaranteed by the local public sector in France represented approximately 73% of the loans and securities of the Sfil Group.

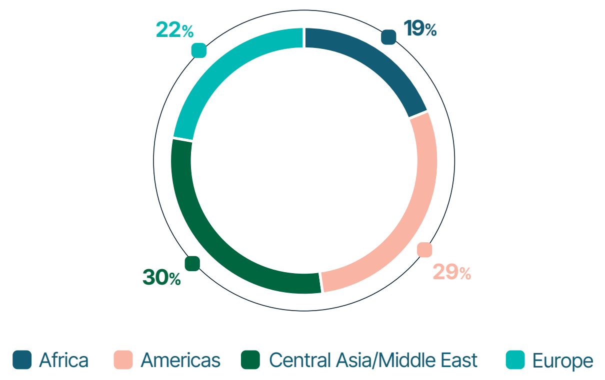
After taking into account the guarantees granted, France was largely predominant with nearly 94% of the total outstandings to the public sector. Excluding France, the largest exposure was local authorities in Italy and sovereign exposures in Italy (less than 5%). These loans and securities, now under run-off management, correspond to geographically diversified exposures to public authorities.



The breakdown by type of counterparty of loans and securities granted to the French public sector was as follows:



The graph below shows the geographical breakdown of the importers concerned by the credits granted within the export credit activity, which as at 30 June 2025 represented 18% of the overall activity.



Exposure to banks

Four types of exposures to banks were recognized on the consolidated balance sheet:

- cash assets deposited with the *Banque de France* amounting to €2.3bn;
- cash invested in bank securities (mainly covered bonds) amounting to €3.6bn;
- cash collateral payments in the total amount of €1.7bn to banking institutions or clearing houses to hedge the counterparty risk on the derivative portfolio;
- in a much more marginal proportion, deposits in current bank accounts opened with credit institutions.

2.3.2 Liabilities

The net change in the Sfil Group's main liabilities in the first half of 2025 amounted to +€2.2bn. This change can be analyzed as follows:

(€bn, value after currency swaps)	1H25
Beginning of the period	**68.2**
Bonds	2.6
of which new issues	5.9
of which amortization	(3.3)
of which buybacks	-
Change in outstanding certificates of deposit	(0.1)
Change in cash collateral received	(0.2)
Equity and other items	(0.1)
End of the period	**70.4**

The change in outstanding bonds was related to +€2.5bn for Sfil and +€3.4bn for Caffil:

- Sfil issued €2.5bn of EMTN bonds, but none of the bonds in stock were amortized;
- new issues of covered bonds by Caffil for €3.4bn also offset the amortization of the stock of €3.3bn.

As at 30 June 2025, Sfil had received €0.1 bn in cash collateral, a decrease of €0.2bn compared to the end of 2024.

2.4 Post-closing events

On 10 July 2025, regarding the case relating to the taxation in Ireland of the results of the former branch of Dexia Municipal Agency (former company name of Caffil) in Dublin, which closed in 2013, the French tax authorities announced their decision to close the mutual agreement procedure under the Franco-Irish treaty. As a result of the settlement agreement between Caffil and Dexia SA, this will generate a revenue of €5m in the 2H25 financial statements.

2.5 Outlook for the second half of 2025

In the second half of the year, Sfil will continue to implement the priorities defined for 2025, in line with the "Objective 2026" strategic plan:

- execute the financing program under the best possible financing terms;
- maintain leadership in its two activities, while maintaining a very low risk profile;
- continue supporting its clients in their efforts to promote the transition;
- strengthen its innovation and transformation strategy.

The uncertainties of the geopolitical and macroeconomic context are not expected to disrupt the finalization of the financing program, already 70% completed as at 30 June 2025, with the aim being to continue the issuance strategy on long maturities.

Local authorities are a pole of stability, with satisfactory financial health, particularly for the municipal bloc, and planned investment programs that continue to be ambitious as the end of the electoral cycle approaches. In this context, activity is expected to also be dynamic in the second half of the year, and more particularly for use-of-proceeds loans, whose volume is expected to continue to increase, driven by several factors:

- the continuation of local investments in the last year preceding the municipal bloc elections, with a corollary increase in financing needs related in particular to the challenges of combating the effects of global warming;
- the increase in green and social loans for investments by local authorities in support of public policies for environmental transition and social cohesion; with the support of the implementation of the Green Fund increased to €1.15bn and the creation of a regional climate fund endowed with €0.2bn;
- the adoption in 2025 of the new objectives of the National Low Carbon Strategy 3 and of the National Plan for Adaptation to Climate Change (PNACC-3), the publication of which has been delayed.

The financing activity of the local public sector will also depend on the possible impacts of the discussions initiated between the government and associations of elected representatives as part of the preparation of the draft finance law for 2026, in which the government wants local authorities to participate in the budgetary consolidation effort.

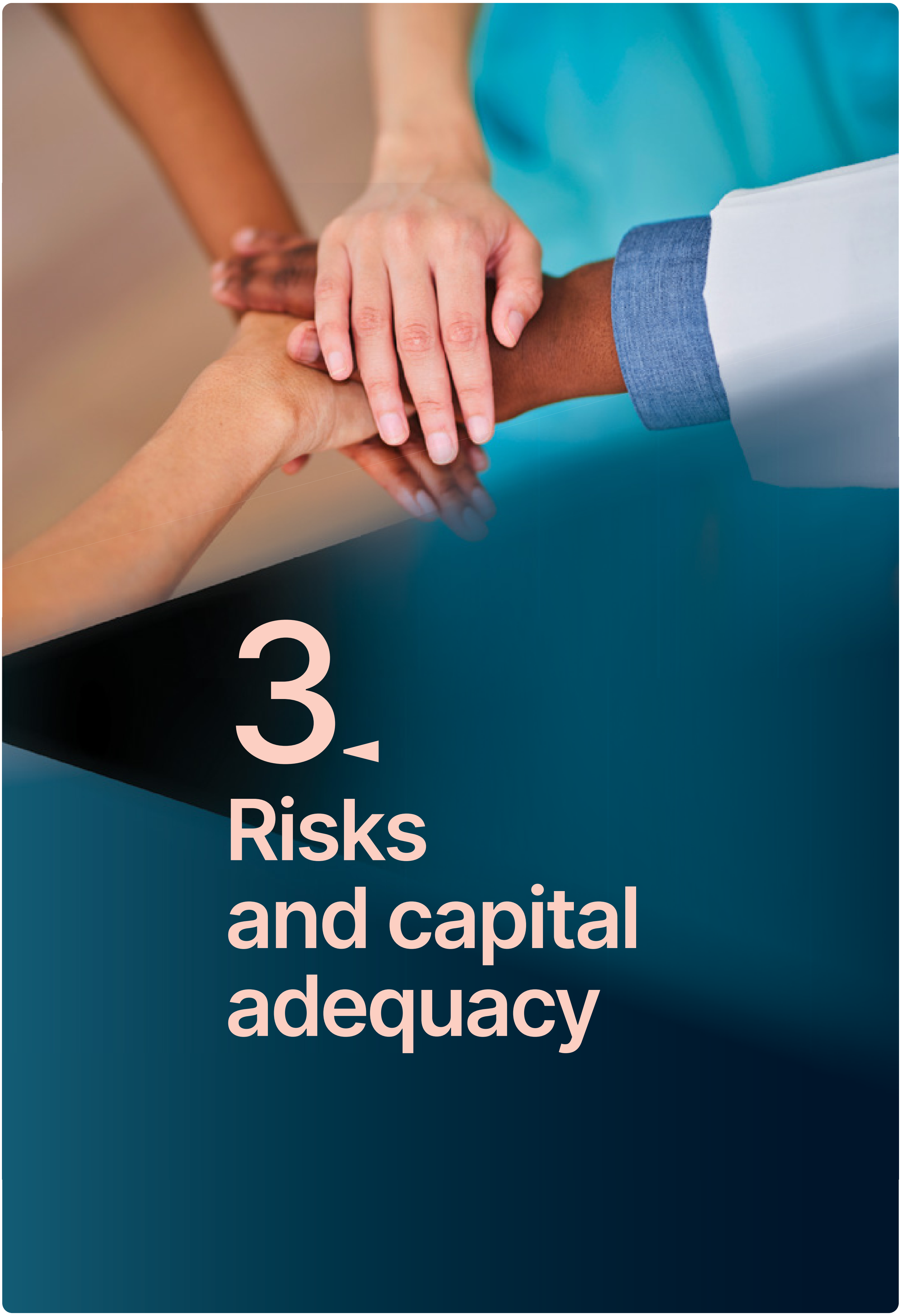
Despite their financial difficulties, Sfil will also continue to support public hospitals in the realization of investments encouraged by the *Ségur de la Santé*.

Following the European Commission's decision of 18 December 2024, which authorizes the expansion of the French local public sector financing activity, the Sfil Group and its partner *La Banque Postale* are working on its operational implementation and aim to complete a first transaction by the end of 2025.

The outlook for export-credit financing is also very positive. Indeed, requests to the Sfil system remain at a very high level, with an average of 18 requests per month since the beginning of the 2025 financial year. The active files amounted to €69bn for a total of 175 files, of which about 30% concern the defense sector. This trend demonstrates Sfil's key role in providing financial support to the French defense industrial and technological base. However, there is still uncertainty regarding the timing of the signing of new contracts in this sector, given that the related processing times can be particularly long.

The second half of 2025 could also be marked by the conclusion of a financing transaction in the nuclear sector, another sector with a sovereignty dimension. This will be a first since the launch of the export credit financing activity, as this transaction is fully in line with Sfil's objectives in terms of financing for emission reductions. Indeed, with regard to electricity production, according to the projections of the International Energy Agency and in line with its mission to support French exporters, Sfil only finances export operations involving low-carbon, renewable or nuclear energy projects, and, more selectively, gas-fired power plants if they contribute to improving the carbon intensity of the energy mix of the destination country.

In parallel and following the European Commission's agreement of 18 December 2024 authorizing Sfil to expand its activities to transactions covered by export credit agencies in the European Union other than Bpifrance Assurance Export, the first opportunities will start to be examined by the end of the 2025 financial year. Discussions are currently underway on this subject and will continue in the second half of 2025 with both the commercial banks potentially interested in a transfer to Sfil, and with the export credit agencies concerned.



3. Risks and capital adequacy

Pillar 3, in the terminology of the Basel Committee, deals with market discipline. It complements Pillar 1 (minimum capital requirements) and Pillar 2 (prudential supervision process) with data that supplement financial communication.

Chapter 4 "Risks and capital adequacy" presents the information relating to the risks of the Sfil Group in order to satisfy:

- the requirements of Part eight of EU Regulation no. 2019/876 of May 20, 2019 on prudential requirements applicable to credit institutions and investment firms and more specifically to the information to be published. This regulation is applied in various technical standards published by the European Commission and the European Banking Authority (EBA) aimed at improving the comparability of information published by institutions. The format and references of the Pillar 3 tables are in line with the entry into force on 28 June 2021 of EU Implementing Regulation no. 2021/637;
- the requirements of accounting standards relating to the nature and extent of risks. Certain disclosures required by IFRS 7 and IAS 1 are included in this section;
- the requirements of transparency and publication of prudential information on the management of ESG risks, and more specifically the physical and transition risks related to climate change, pursuant to article 449 bis of EU Regulation no. 2019/876 (CRR 2) and in accordance with the content provided for by the EBA in the technical implementation standard (ITS) adopted on November 30, 2022.

The Basel 3 agreements, as approved in November 2010, are translated into European law by Directive no. 2013/36/EU (CRD 4) and EU Regulation no. 575/2013 of 26 June 2013 (CRR) supplemented:

- in June 2019 by EU Directive no. 2019/878 (CRD 5) and EU Regulation no. 2019/876 (CRR 2); then
- in May 2024 by Directive no. 2024/16/19 (CRD 6, applicable from 10 January 2026 subject to transposition into national law) and EU Regulation no. 2024/1623 (CRR 3, in force since 1 January 2025)

which transpose the finalization of Basel 3 into European law. The amendments relate in particular to a review of the credit risk, credit valuation adjustment risk and operational risk frameworks.

The Board of Directors examines chapter 4 "Risks and capital adequacy" and verifies that the controls have been carried out and that the regulatory requirements in terms of disclosure are complied with, including the provisions of article 432 of the EU Regulation No. 2019/876 (CRR 2) on non-material, sensitive and confidential information.

Certification

We, the undersigned, Ms. Virginie CHAPRON-DU JEU and Mr. Philippe MILLS, hereby certify the adequacy of the institution's risk management systems, including liquidity, and affirm that the risk management systems, including liquidity, put in place since the creation of Sfil in February 2013 are appropriate in view of the institution's profile and strategy.

Paris, 3 September 2025.

3.1 Interim summary of risks

3.1.1 Key figures

EU KM1 - KEY METRICS

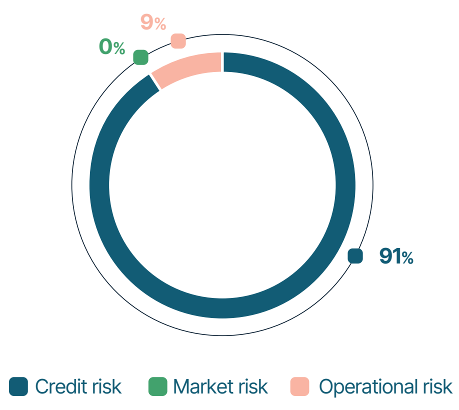
		a	b	c	d	e
€m		30 Jun 2025	31 Mar 2025	31 Dec 2024	30 Sep 2024	30 Jun 2024
	AVAILABLE OWN FUNDS *(amounts)*					
1	Common Equity Tier 1 (CET1) capital	1,457	1,448	1,431	1,454	1,540
2	Tier 1 capital	1,457	1,448	1,431	1,454	1,540
3	Total capital	1,457	1,448	1,431	1,454	1,541
	RISK-WEIGHTED EXPOSURE AMOUNTS					
4	Total risk exposure amount	3,349	3,266	3,392	3,436	4,126
4a	Total pre-floor risk exposure amount	3,349	3,266			
	CAPITAL RATIOS *(as a percentage of the risk-weighted exposure amount)*					
5	Common Equity Tier 1 ratio	43.52%	44.32%	42.18%	42.33%	37.32%
5b	Common Equity Tier 1 ratio with an unfloored TREA	43.52%	44.32%			
6	Common Equity Tier 1 ratio	43.52%	44.32%	42.18%	42.33%	37.32%
6b	Common Equity Tier 1 ratio with an unfloored TREA	43.52%	44.32%			
7	Total capital ratio	43.52%	44.32%	42.18%	42.33%	37.34%
7b	Total capital ratio with an unfloored TREA	43.52%	44.32%			
	ADDITIONAL OWN FUNDS REQUIREMENTS TO ADDRESS RISKS OTHER THAN THE RISK OF EXCESSIVE LEVERAGE *(as a percentage of the risk-weighted exposure amount)*					
EU 7d	Additional own funds requirements to address risks other than the risk of excessive leverage	1.00%	1.00%	1.00%	1.00%	1.00%
EU 7e	*of which: to be made up of CET1 capital*	0.56%	0.56%	0.56%	0.56%	0.56%
EU 7f	*of which: to be made up of Tier 1 capital*	0.75%	0.75%	0.75%	0.75%	0.75%
EU 7g	Total SREP own funds requirements	9.00%	9.00%	9.00%	9.00%	9.00%
	COMBINED BUFFER REQUIREMENT AND TOTAL CAPITAL REQUIREMENT *(as a percentage of the risk-weighted exposure amount)*					
8	Capital conservation buffer	2.50%	2.50%	2.50%	2.50%	2.50%
EU 8a	Conservation buffer due to macro-prudential or systemic risk identified at the level of a Member State	0.00%	0.00%	0.00%	0.00%	0.00%
9	Institution specific countercyclical capital buffer	0.92%	0.92%	0.91%	1.01%	0.90%
EU 9a	Systemic risk buffer	0.00%	0.00%	0.00%	0.00%	0.00%
10	Global Systemically Important Institution buffer	0.00%	0.00%	0.00%	0.00%	0.00%
EU 10a	Other Systemically Important Institution buffer	0.00%	0.00%	0.00%	0.00%	0.00%
11	Combined buffer requirement	3.42%	3.42%	3.41%	3.51%	3.40%
EU 11a	Overall capital requirements	12.42%	12.42%	12.41%	12.51%	12.40%
12	CET1 available after meeting the total SREP own funds requirements	34.52%	35.32%	33.18%	33.33%	28.34%
	LEVERAGE RATIO					
13	Total exposure measure	15,399	14,891	14,889	14,538	15,583
14	Leverage ratio	9.46%	9.72%	9.61%	10.00%	9.88%

3

€m		a 30 Jun 2025	b 31 Mar 2025	c 31 Dec 2024	d 30 Sep 2024	e 30 Jun 2024
	ADDITIONAL OWN FUNDS REQUIREMENTS TO ADDRESS THE RISK OF EXCESSIVE LEVERAGE *(as a percentage of the total exposure measurement)*					
EU 14a	Additional own funds requirements to address the risk of excessive leverage	0.00%	0.00%	0.00%	0.00%	0.00%
EU 14b	of which: to be made up of CET1 capital *(percentage points)*	0.00%	0.00%	0.00%	0.00%	0.00%
EU 14c	Total SREP leverage ratio requirements	3.00%	3.00%	3.00%	3.00%	3.00%
	LEVERAGE RATIO BUFFER REQUIREMENT AND OVERALL LEVERAGE RATIO REQUIREMENT *(as a percentage of the total exposure measurement)*					
EU 14d	Leverage ratio buffer requirement	0.00%	0.00%	0.00%	0.00%	0.00%
EU 14e	Overall leverage ratio requirement *(%)*	3.00%	3.00%	3.00%	3.00%	3.00%
	LIQUIDITY COVERAGE RATIO					
15	Total high-quality liquid assets (HQLA) *(weighted average value)*	4,551	4,437	3,970	3,808	3,262
EU 16a	Cash outflows *(total weighted value)*	1,118	1,277	1,292	1,307	1,184
EU 16b	Cash inflows *(total weighted value)*	637	625	653	646	592
16	Total net cash outflows *(adjusted value)*	525	687	691	711	652
17	Liquidity coverage ratio	1,421.12%	1,168.97%	987.52%	890.43%	840.59%
	NET STABLE FUNDING RATIO					
18	Total available stable funding	63,296	61,712	61,597	60,117	59,041
19	Total required stable funding	49,585	50,040	49,273	48,200	47,835
20	NSFR Ratio	127.65%	123.33%	125.01%	124.73%	123.43%

3.1.2 Risk profile

The Sfil Group's weighted risks decreased to €3.3bn as at 30 June 2025 (compared to €3.4bn at the end of 2024), mainly due to the decrease in weighted risks on credit risk and operational risk, following the application of CRR3.



Solvency	Description and materiality
Credit and counterparty	• **Loans granted by the Sfil Group that constitute exposures solely to the public sector.** An extremely low historical default rate on loans to the French local public sector; export credit financing of French interest and covered by export credit agencies in the European Economic Area or multilateral lenders, both for political and commercial risk; • Cash invested in low-risk fixed-income assets; counterparty risk relating to the portfolio of derivatives limited given the quality of the counterparties and the use of netting.
Market	• **No trading portfolio and therefore no market risks** in the regulatory sense thanks to the Sfil Group's nature as a public development bank.
Climate and environmental risks	• **Relatively limited direct exposure to the economic sectors that emit the most** greenhouse gases (public borrowers and, for export loans, exclusion of sectors exposed to fossil fuels) • Exposure to physical risk reflecting that of the French territory.
Operational and non-compliance	• Granular mapping and monitoring with a **very low number of incidents of limited materiality.**

CET1 ratio	Total capital ratio	Leverage ratio
43.5%	43.5%	9.5%
(*versus* a regulatory requirement of 8.56%)	(*versus* a regulatory requirement of 12.50%)	(*versus* a regulatory requirement of 3%)

Balance sheet risk	Description and materiality
Rate	• **Systematic hedging** of the fixed-rate balance sheet items *via* a natural matching of assets and liabilities or the implementation of interest rate derivatives.
Foreign exchange	• **Foreign currency outstandings systematically hedged** from entry on the balance sheet to maturity.
Liquidity	• **Financing mainly raised on long maturities** (nearly 10 years on average); • Rigorous management of the illiquidity risk exposure using **internal and regulatory stress scenarios;** • Commercial pricing policy consisting in **passing on all financing costs in the loans granted.**

LCR Ratio	NSFR Ratio
3,462%	128%
(*versus* a regulatory requirement of 100%)	(*versus* a regulatory requirement of 100%)

In line with the risk appetite defined by the shareholders and approved by its Board of Directors, the risk profile of the Sfil Group is low as indicated in the above analysis.

3.2 Risk management system

The risk management system is detailed on pages 98 to 109 in the 2024 annual financial report.

3.3 Capital management and capital adequacy

Under the Single Supervisory Mechanism, Sfil is subject to the direct supervision of the ECB. The results of the SREP (Supervisory Review and Evaluation Process) are notified annually by the ECB to the General management to define capital requirements.

As at 30 June 2025, the Total Capital equity requirement was 12.50%, of which:

- 8% for Pillar 1 Total Capital, the level applicable to all entities;
- 1% in respect of the Pillar 2 requirement, of which 0.56% in Common Equity Tier 1 (CET1) capital and 0.75% in Tier 1 capital;
- 2.50% for the capital conservation buffer, the level applicable to all entities;
- 1% in respect of the countercyclical buffer on relevant exposures.

In addition, as at 30 June 2025, the CET1 Capital requirement was 8.56% and the T1 capital requirement was 10.25%.

The CET1 ratio reached 43.5% as at 30 June 2025 (compared to 42.2% as at 3 December 2024). It is, therefore, significantly higher than the minimum requirement of 8.56% set by the European supervisor as part of the supervisory review and evaluation process (SREP). The increase in the ratio is mainly due to the decrease in the weighted risks, following the implementation of CRR3, as well as the increase in capital.

Sfil and its subsidiary Caffil benefit from an exemption from the application of capital requirements on an individual basis, as provided for in article 7 of the CRR.

3.3.1 Countercyclical buffer

EU CCYB1 - GEOGRAPHICAL DISTRIBUTION OF CREDIT EXPOSURES RELEVANT FOR THE CALCULATION OF THE COUNTERCYCLICAL BUFFER

		a	b	c	d	e	f	g	h	i	j	k	l	m
		General credit exposures		Relevant credit exposures - market risk				Own funds requirements						
€m		Exposure value under the standardized approach	Exposure value under the IRB approach	Sum of long and short positions of trading book exposures for standardized approach	Value of trading book exposures for internal models	Securitization exposures - Exposure value for non-trading book	Total exposure value	Relevant credit risk exposures - credit risk	Relevant credit exposures - market risk	Relevant credit exposures - securitization positions in the non-trading book	Total	Risk-weighted exposure amounts	Own funds requirement weights (%)	Counter-rcyclical buffer rate (%)
010	**BREAKDOWN BY COUNTRY:**													
	France	1,526	-	-	-	-	1,526	51	-	-	51	640	67.08%	1.00%
	Canada	627	-	-	-	-	627	10	-	-	10	125	13.13%	0.00%
	Sweden	254	-	-	-	-	254	2	-	-	2	31	3.21%	2.00%
	Finland	238	-	-	-	-	238	2	-	-	2	24	2.49%	0.00%
	Norway	204	-	-	-	-	204	2	-	-	2	20	2.14%	2.50%
	Netherlands	129	-	-	-	-	129	2	-	-	2	21	2.18%	2.00%
	Germany	87	-	-	-	-	87	1	-	-	1	17	1.82%	0.75%
	Ireland	61	-	-	-	-	61	2	-	-	2	31	3.22%	1.50%
	Denmark	38	-	-	-	-	38	1	-	-	1	8	0.80%	2.50%
	Belgium	27	-	-	-	-	27	0	-	-	0	3	0.29%	1.00%
	Spain	4	-	-	-	-	4	0	-	-	0	1	0.08%	0.00%
	New Caledonia	3	-	-	-	-	3	0	-	-	0	5	0.53%	0.00%
	Other	29	-	-	-	-	29	2	-	-	2	29	3.04%	0.00%
020	**TOTAL**	**3,227**	**-**	**-**	**-**	**-**	**3,227**	**76**	**-**	**-**	**76**	**955**	**100.00%**	

EU CCYB2 - AMOUNT OF INSTITUTION-SPECIFIC COUNTER-CYCLICAL CAPITAL BUFFER

€m		a
1	**TOTAL RISK EXPOSURE AMOUNT**	**3,349**
2	Institution-specific counter-cyclical capital buffer rate	0.92%
3	Institution-specific counter-cyclical capital buffer requirement	31

3.3.2 Composition of capital

EU CC1 - COMPOSITION OF REGULATORY OWN FUNDS

€m		(a) Amounts	(b) Source based on reference numbers/ letters of the balance sheet under the regulatory scope of consolidation
Common Equity Tier 1 (CET1): instruments and reserves			
1	Capital instruments and related share premium accounts	1,445	a
	of which: Instrument type 1	1,445	
	of which: Instrument type 2	-	
	of which: Instrument type 3	-	
2	Retained earnings	85	b
3	Accumulated other comprehensive income (and other reserves)	41	c + d
EU-3a	Funds for general banking risk	-	
4	Amount of qualifying items referred to in article 484 (3) of the CRR and the related share premium accounts subject to phase-out from CET1	-	
5	Minority interests (amount allowed in consolidated CET1)	-	
EU-5a	Independently reviewed interim profits, net of any foreseeable charge or dividend	-	
6	**COMMON EQUITY TIER 1 (CET1) CAPITAL: BEFORE REGULATORY ADJUSTMENTS**	**1,572**	
Common Equity Tier 1 (CET1) capital: regulatory adjustments			
7	Additional value adjustments (negative amount)	(2)	
8	Intangible assets (net of related tax liabilities) (negative amount)	(20)	f
10	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability where the conditions in article 38 (3) CRR are met) (negative amount)	(58)	g
11	Fair value reserves related to gains and losses on cash flow hedges of financial instruments that are not valued at fair value	-	e
12	Negative amounts resulting from the calculation of expected loss amounts	-	
13	Any increase in equity that results from securitized assets (negative amount)	-	
14	Gains or losses on liabilities valued at fair value resulting from changes in the institution's credit standing	-	
15	Defined-benefit pension fund assets (negative amount)	-	
16	Direct, indirect and synthetic holdings by an institution of own CET1 instruments (negative amount)	-	
17	Direct, indirect and synthetic holdings of the CET1 instruments of financial sector entities where those entities have reciprocal cross-holdings with the institution designed to artificially inflate the own funds of the institution (negative amount)	-	
18	Direct, indirect and synthetic holdings of the CET1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	-	
19	Direct, indirect and synthetic holdings of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	-	
EU-20a	Exposure amount of the following items which qualify for a risk weighting of 1,250%, where the institution opts for the deduction	-	
EU-20b	of which: qualifying holdings outside the financial sector (negative amount)	-	
EU-20c	of which: securitization positions (negative amount)	-	
EU-20d	of which: unsettled trading positions (negative amount)	-	
21	Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability where the conditions in article 38 (3) CRR are met) (negative amount)	-	
22	Amount exceeding the 17.65% threshold (negative amount)	-	
23	of which: direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities in which it has a significant investment	-	
25	of which: deferred tax assets arising from temporary differences	-	
EU-25a	Losses for the current financial year (negative amount)	-	
EU-25b	Foreseeable tax charges relating to CET1 items, except where the institution suitably adjusts the amount of CET1 items insofar as such tax charges reduce the amount up to which those items may be used to cover risks or losses (negative amount)	-	
27	Qualifying AT1 deductions that exceed the AT1 items of the institution (negative amount)	-	
27a	Other regulatory adjustments	(34)	

€m		(a) Amounts	(b) Source based on reference numbers/ letters of the balance sheet under the regulatory scope of consolidation
28	**TOTAL REGULATORY ADJUSTMENTS TO COMMON EQUITY TIER 1 (CET1) CAPITAL**	**(114)**	
29	**COMMON EQUITY TIER 1 (CET1) CAPITAL**	**1,457**	
Additional Tier 1 capital (AT1): instruments		-	
30	Capital instruments and related share premium accounts	-	
31	of which: classified as equity under applicable accounting standards	-	
32	of which: classified as liabilities under applicable accounting standards	-	
33	Amount of qualifying items referred to in article 484 (4) of the CRR and related share premium accounts subject to phase-out from AT1	-	
EU-33a	Amount of qualifying items referred to in article 494a (1) of the CRR subject to phase-out from AT1	-	
EU-33b	Amount of qualifying items referred to in article 494b (1) of the CRR subject to phase-out from AT1	-	
34	Qualifying Tier 1 capital included in consolidated AT1 capital (including minority interests not included in row 5) issued by subsidiaries and held by third parties	-	
35	of which: instruments issued by subsidiaries subject to phase-out		
36	**ADDITIONAL TIER 1 (AT1) CAPITAL: BEFORE REGULATORY ADJUSTMENTS**	**-**	
Additional Tier 1 (AT1) capital: regulatory adjustments			
37	Direct, indirect and synthetic holdings by an institution of own AT1 instruments (negative amount)	-	
38	Direct, indirect and synthetic holdings of AT1 instruments of financial sector entities where those entities have reciprocal cross-holdings with the institution designed to artificially inflate the own funds of the institution (negative amount)	-	
39	Direct, indirect and synthetic holdings of AT1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	-	
40	Direct, indirect and synthetic holdings of the AT1 instruments of financial sector entities in which the institution has a significant investment (net of eligible short positions) (negative amount)	-	
42	Qualifying AT2 deductions that exceed the T2 items of the institution (negative amount)	-	
42a	Other regulatory adjustments to AT1 capital	-	
43	**TOTAL REGULATORY ADJUSTMENTS TO ADDITIONAL TIER 1 (AT1) CAPITAL**	**-**	
44	**ADDITIONAL TIER 1 (AT1) CAPITAL**	**-**	
45	**TIER 1 CAPITAL (T1 = CET1 + AT1)**	**1,457**	
Tier 2 (T2) capital: instruments			
46	Capital instruments and related share premium accounts	-	
47	Amount of qualifying items referred to in article 484 (5) of the CRR and the related share premium accounts subject to phase-out from T2 as described in article 486 (4) of the CRR	-	
EU-47a	Amount of qualifying items referred to in article 494a (2) of the CRR subject to phase out from T2	-	
EU-47b	Amount of qualifying items referred to in article 494b (2) of the CRR subject to phase out from T2	-	
48	Qualifying own funds instruments included in consolidated T2 capital (including minority interests and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties	-	
49	of which: instruments issued by subsidiaries subject to phase-out	-	
50	Credit risk adjustments	-	
51	**TIER 2 (T2) CAPITAL BEFORE REGULATORY ADJUSTMENTS**	**-**	
Tier 2 (T2) capital: regulatory adjustments			
52	Direct, indirect and synthetic holdings by an institution of own T2 instruments and subordinated loans (negative amount)	-	
53	Direct, indirect and synthetic holdings of the T2 instruments and subordinated loans of financial sector entities where those entities have reciprocal cross holdings with the institution designed to artificially inflate the own funds of the institution (negative amount)	-	
54	Direct, indirect and synthetic holdings of the T2 instruments and subordinated loans of financial sector entities in which the institution does not have a significant investment (amount above 10% threshold, net of eligible short positions) (negative amount)	-	
55	Direct, indirect and synthetic holdings by the institution of T2 instruments and subordinated loans of financial sector entities in which the institution has a significant investment (net of eligible short positions) (negative amount)	-	
EU-56a	Qualifying eligible liabilities deductions that exceed the eligible liabilities items of the institution (negative amount)	-	
EU-56b	Other regulatory adjustments to T2 capital	-	

€m		(a) Amounts	(b) Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
57	**TOTAL REGULATORY ADJUSTMENTS TO TIER 2 (T2) CAPITAL**	**-**	
58	**TIER 2 (T2) CAPITAL**	**-**	
59	**TOTAL CAPITAL (TC = T1 + T2)**	**1,457**	
60	**TOTAL RISK EXPOSURE AMOUNT**	**3,349**	
Capital ratios and requirements, including buffers			
61	Common Equity Tier 1 (CET1) capital	43.52%	
62	Tier 1 capital	43.52%	
63	Total capital	43.52%	
64	Institution CET1 overall capital requirements	8.48%	
65	of which: capital conservation buffer requirement	2.50%	
66	of which: counter-cyclical capital buffer requirement	0.92%	
67	of which: systemic risk buffer requirement	-	
EU-67a	of which: Global Systemically Important Institution (G-SII) or Other Systemically Important Institution (O-SII) buffer requirement	-	
EU-67b	of which: additional own funds requirements to address the risks other than the risk of excessive leverage	0.56%	
68	**COMMON EQUITY TIER 1 CAPITAL** *(as a percentage of the risk exposure amount)* **AVAILABLE AFTER MEETING THE MINIMUM CAPITAL REQUIREMENTS**	**34.52%**	
Amounts below the thresholds for deduction (before risk weighting)			
72	Direct and indirect holdings of own funds and eligible liabilities of financial sector entities in which the institution does not have a significant investment (amount below 10% threshold, net of eligible short positions)	-	
73	Direct and indirect holdings by the institution of the CET1 instruments of financial sector entities in which the institution has a significant investment (amount below 17.65% threshold, net of eligible short positions)	-	
75	Deferred tax assets arising from temporary differences (amount below 17.65% threshold, net of related tax liabilities when the conditions in article 38 (3) of the CRR are met)	-	
Applicable caps on the inclusion of provisions in Tier 2 capital			
76	Credit risk adjustments included in T2 in respect of exposures subject to the standardized approach (prior to the application of the cap)	-	
77	Cap on inclusion of credit risk adjustments in T2 under the standardized approach	36	
78	Credit risk adjustments included in T2 for exposures subject to the internal ratings-based approach (prior to the application of the cap)	-	
79	Cap for inclusion of credit risk adjustments in T2 under the internal ratings-based approach	-	
Capital instruments subject to phase-out (only applicable between 1 Jan 2014 and 1 Jan 2022)			
80	Current cap on CET1 instruments subject to phase out arrangements	-	
81	Amount excluded from CET1 due to cap (excess over cap after redemption and maturities)	-	
82	Current cap on AT1 instruments subject to phase out arrangements	-	
83	Amount excluded from AT1 due to cap (excess over cap after repayments and maturities)	-	
84	Current cap on T2 instruments subject to phase out arrangements	-	
85	Amount excluded from T2 due to cap (excess over cap after repayments and maturities)	-	

EU CC2 - RECONCILIATION OF REGULATORY OWN FUNDS TO BALANCE SHEET IN THE AUDITED FINANCIAL STATEMENTS

		a	c
		Balance sheet as in published financial statements	Reference
€m		As at period end	
ASSETS - BREAKDOWN BY ASSET CLASSES ACCORDING TO THE BALANCE SHEET IN THE PUBLISHED FINANCIAL STATEMENTS			
1	Central banks	2,343	
2	Financial Assets at fair value through profit or loss	1,588	
3	Hedging derivatives	2,204	
4	Financial Assets at fair value through equity	-	
5	Loans and advances to banks at amortized cost	35	
6	Loans and advances to customers at amortized cost	56,164	
7	Securities at amortized cost	8,966	
8	Fair value revaluation of portfolio hedge	181	
9	Current tax assets	1	
10	Deferred tax assets	58	g
11	Tangible assets	29	
12	Intangible assets	20	f
13	Accruals and other assets	1,716	
14	**TOTAL ASSETS**	**73,306**	
LIABILITIES - BREAKDOWN BY ASSET CLASSES ACCORDING TO THE BALANCE SHEET IN THE PUBLISHED FINANCIAL STATEMENTS			
1	**Central banks**	**-**	
2	Financial liabilities at fair value through profit or loss	121	
3	Hedging derivatives	3,559	
5	Due to banks at amortized cost	-	
6	Customer borrowings and deposits at amortized cost	-	
7	Debt securities at amortized cost	67,736	
8	Fair value revaluation of portfolio hedge	32	
9	Current tax liabilities	6	
10	Deferred tax liabilities	(0)	
11	Accruals and other liabilities	223	
12	Provisions	14	
13	Subordinated debt	-	
14	**TOTAL LIABILITIES**	**71,691**	
SHAREHOLDERS' EQUITY *(IN €M)*			
1	Share capital	1,445	a
2	Reserves and retained earnings	172	
3	of which retained earnings	85	b
4	of which other reserves	87	c
5	of which interim dividend on the profit for the 2024 financial year	-	
6	Net result through equity	(46)	d
7	of which unrealized or deferred gains and losses of cash flow hedges derivatives	-	e
8	Net income for the period	43	
9	**TOTAL SHAREHOLDERS' EQUITY**	**1,615**	

3.3.3 Risk-weighted assets

EU OV1 - OVERVIEW OF TOTAL RISK EXPOSURE AMOUNTS

		Total risk exposure amount (TREA)		Total own funds requirements
		a	b	c
€m		30 Jun 2025	31 Mar 2025	30 Jun 2025
1	**CREDIT RISK (EXCLUDING CCR)**	**2,802**	**2,787**	**224**
2	*Of which standardized approach*	2,802	2,787	224
3	*Of which foundation IRB (F-IRB) approach*	-	-	-
4	*Of which slotting approach*	-	-	-
EU 4a	*Of which equities under the simple risk weighted approach*	-	-	-
5	*Of which advanced IRB (A-IRB) approach*	-	-	-
6	**COUNTERPARTY CREDIT RISK - CCR**	**53**	**44**	**4**
7	*Of which standardized approach*	52	44	4
8	*Of which internal model method (IMM)*	-	-	-
EU 8a	*Of which exposures to a CCP*	0	0	0
9	*Of which other*	1	-	0
10	**CREDIT VALUATION ADJUSTMENTS RISK - CVA RISK**	**177**	**118**	**14**
EU 10a	*Of which standardized approach (SA)*	-	-	-
EU 10b	*Of which basic approach (F-BA and R-BA)*	177	118	14
EU 10c	*Of which simplified approach*	-	-	-
15	**SETTLEMENT RISK**	**-**	**-**	**-**
16	**SECURITIZATION EXPOSURES IN THE NON-TRADING BOOK (AFTER THE CAP)**	**-**	**-**	**-**
17	*Of which SEC-IRBA approach*	-	-	-
18	*Of which SEC-ERBA (including IAA)*	-	-	-
19	*Of which SEC-SA approach*	-	-	-
EU 19a	*Of which 1,250%/deduction*	-	-	-
20	**POSITION, FOREIGN EXCHANGE AND COMMODITIES RISKS (MARKET RISK)**	**-**	**-**	**-**
21	*Of which alternative standardized approach (A-SA)*	-	-	-
Art. 21a	*Of which simplified standardized approach (S-SA)*	-	-	-
22	*Of which internal models approach*	-	-	-
EU 22A	**LARGE EXPOSURES**	**-**	**-**	**-**
23	**OPERATIONAL RISK**	**317**	**317**	**25**
EU 24A	**EXPOSURE TO CRYPTO-ASSETS**	**-**	**-**	**-**
25	**AMOUNTS BELOW THE THRESHOLDS FOR DEDUCTION (SUBJECT TO 250% RISK WEIGHT)**	**-**	**-**	**-**
26	**OUTPUT FLOOR APPLIED** *(%)*	**-**	**-**	**-**
27	Floor adjustment (prior to the application of the transitional cap)	-	-	-
28	Floor adjustment (after application of the transitional cap)	-	-	-
29	**TOTAL**	**3,349**	**3,266**	**268**

3.3.4 Leverage ratio

As at 30 June 2025, the leverage ratio stood at 9.5%, stable compared to the level of 9.6% at the end of 2024.

EU LR1 - LRSUM: SUMMARY RECONCILIATION OF ACCOUNTING ASSETS AND LEVERAGE RATIO EXPOSURES

€m		a Applicable amount
1	Total assets as per published financial statements	73,306
2	Adjustment for entities which are consolidated for accounting purposes but are outside the scope of prudential consolidation	-
3	(Adjustment for securitized exposures that meet the operational requirements for the recognition of risk transference)	-
4	(Adjustment for temporary exemption of exposures to central banks (if applicable))	-
5	(Adjustment for fiduciary assets recognized on the balance sheet in accordance with the applicable accounting framework but excluded from the total exposure measure pursuant to article 429a (1) (i) of the CRR)	-
6	Adjustment for regular-way purchases and sales of financial assets subject to trade date accounting	-
7	Adjustment for eligible cash pooling transactions	-
8	Adjustment for derivative financial instruments	(853)
9	Adjustment for securities financing transactions (SFTs)	3
10	Adjustment for off-balance sheet items (*i.e.* conversion to credit equivalent amounts of off-balance sheet exposures)	8,875
11	(Adjustment for prudent valuation adjustments and specific and general provisions which have reduced Tier 1 capital)	(5)
EU-11a	(Adjustment for exposures excluded from the total exposure measure pursuant to article 429a (1) (ca) of the CRR)	-
EU-11b	(Adjustment for exposures excluded from the total exposure measure pursuant to article 429a (1) (j) of the CRR)	-
12	Other adjustments	(65,926)
13	**TOTAL EXPOSURE MEASURE**	**15,399**

EU LR2 - LRCOM: LEVERAGE RATIO - COMMON DISCLOSURE

		Exposures to the leverage ratio under CRR	
		a	b
€m		30 Jun 2025	31 Mar 2025
ON-BALANCE SHEET EXPOSURES (EXCLUDING DERIVATIVES AND SFTS)			
1	On-balance sheet items (excluding derivatives and SFTs, but including collateral)	71,096	70,868
2	Gross-up for derivatives collateral provided, where deducted from the balance sheet assets pursuant to the applicable accounting framework	-	-
3	(Deductions of receivables assets for cash variation margin provided in derivatives transactions)	(1,496)	(1,510)
4	(Adjustment for securities received under securities financing transactions that are recognized as an asset)	-	-
5	(General credit risk adjustments to on-balance sheet items)	-	-
6	(Asset amounts deducted in determining Tier 1 capital)	(101)	(115)
7	**Total on-balance sheet exposures (excluding derivatives and SFTs)**	**69,498**	**69,243**

€m		Exposures to the leverage ratio under CRR	
		a	b
		30 Jun 2025	31 Mar 2025
DERIVATIVES EXPOSURES			
8	Replacement cost associated with SA-CCR derivatives transactions (*i.e.* net of eligible cash variation margin)	767	910
EU-8a	Derogation for derivatives: replacement costs contribution under the simplified standardized approach	-	-
9	Add-on amounts for potential future exposure associated with SA-CCR derivatives transactions	591	606
EU-9a	Derogation for derivatives: Potential future exposure contribution under the simplified standardized approach	-	-
EU-9b	Exposure determined under original exposure method	-	-
10	(Exempted CCP leg of client-cleared trade exposures) (SA-CCR)	-	-
EU-10a	(Exempted CCP leg of client-cleared trade exposures) (simplified standardized approach)	-	-
EU-10b	(Exempted CCP leg of client-cleared trade exposures) (original exposure method)	-	-
11	Adjusted effective notional amount of written credit derivatives	-	-
12	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	-	-
13	**Total derivatives exposures**	**1,357**	**1,516**
SECURITIES FINANCING TRANSACTION (SFT) EXPOSURES			
14	Gross SFT assets (with no recognition of netting), after adjustment for sales accounting transactions	-	-
15	(Netted amounts of cash payables and cash receivables of gross SFT assets)	-	-
16	Counterparty credit risk exposure for SFT assets	3	-
EU-16a	Derogation for SFTs: Exposure to counterparty credit risk in accordance with articles 429e (5) and 222 of the CRR	-	-
17	Agent transaction exposures	-	-
EU-17a	(Exempted CCP leg of client-cleared SFT exposure)	-	-
18	**Total securities financing transaction exposures**	**3**	**-**
OTHER OFF-BALANCE SHEET EXPOSURES			
19	Off-balance sheet exposures at gross notional amount	8,875	7,695
20	(Adjustments for conversion to credit equivalent amounts)	-	-
21	(General provisions deducted in determining Tier 1 capital and specific provisions associated with off-balance sheet exposures)	(5)	(6)
22	**Off-balance sheet exposures**	**8,870**	**7,689**
EXCLUDED EXPOSURES			
EU-22a	(Exposures excluded from the total exposure measure pursuant to article 429a (1) (ca) of the CRR)	-	-
EU-22b	(Exposures exempted pursuant to article 429a (1) (j) of the CRR (on and off balance sheet))	-	-
EU-22c	(Excluded exposures of public development banks (or units) - Public sector investments)	-	-
EU-22d	(Excluded exposures of public development banks (or units) - Promotional loans)	(45,877)	(46,073)
EU-22e	(Excluded passing-through promotional loan exposures by non-public development banks (or units))	-	-
EU-22f	(Excluded guaranteed parts of exposures arising from export credits)	(18,452)	(17,484)
EU-22g	(Excluded excess collateral deposited at triparty agents)	-	-
EU-22h	(Excluded CSD-related services of CSD/institutions pursuant to article 429a (1) (o) of the CRR)	-	-
EU-22i	(Excluded CSD-related services of designated institutions pursuant to article 429a (1) (p) of the CRR)	-	-
EU-22j	(Reduction of the exposure value of pre-financing or intermediate loans)	-	-
EU-22k	(Exclusions of shareholder exposures pursuant to article 429a (1) (da) of the CRR)	-	-
EU-22l	(Exposures deducted pursuant to article 429a (1) (q) of the CRR)	-	-
EU-22m	**(Total excluded exposures)**	**(64,329)**	**(63,557)**

€m		Exposures to the leverage ratio under CRR	
		a	b
		30 Jun 2025	31 Mar 2025
CAPITAL AND TOTAL EXPOSURE MEASURE			
23	**Tier 1 capital**	**1,457**	**1,448**
24	**Total exposure measure**	**15,399**	**14,891**
LEVERAGE RATIO			
25	Leverage ratio	9.46%	9.72%
EU-25	Leverage ratio (excluding the impact of the exemption of public sector investments and promotional loans)	2.38%	2.37%
25a	Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves)	9.46%	9.72%
26	Regulatory minimum leverage ratio requirement	3.00%	3.00%
EU-26a	Additional own funds requirements to address the risk of excessive leverage	0.00%	0.00%
EU-26b	of which: to be made up of CET1 capital	0.00%	0.00%
27	Leverage ratio buffer requirement	0.00%	0.00%
EU-27a	Overall leverage ratio requirement	3.00%	3.00%
CHOICE ON TRANSITIONAL ARRANGEMENTS AND RELEVANT EXPOSURES			
EU-27b	Choice on transitional arrangements for the definition of the capital measure	Fully phased-in	Fully phased-in
DISCLOSURE OF MEAN VALUES			
28	Mean of daily values of gross SFT assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivable	-	-
29	Quarter-end value of gross SFT assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables	-	-
30	Total exposure measure (including the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	15,399	14,891
30a	Total exposure measure (excluding the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	15,399	14,891
31	Leverage ratio (including the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	9.46%	9.72%
31a	Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	9.46%	9.72%

EU LR3 - LRSPL: BREAKDOWN OF ON-BALANCE-SHEET EXPOSURES (EXCLUDING DERIVATIVES, SFTS AND EXEMPTED EXPOSURES)

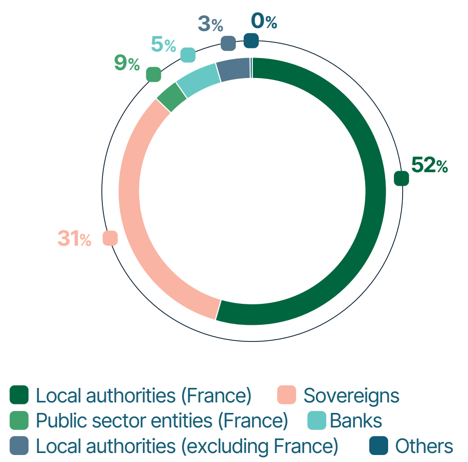
€m		a
CRR LEVERAGE RATIO EXPOSURES		
EU-1	Total on-balance sheet exposures (excluding derivatives, SFTs, and exempted exposures), of which:	13,928
EU-2	Trading book exposures	-
EU-3	Banking book exposures, of which:	13,928
EU-4	Covered bonds	2,390
EU-5	Exposures treated as sovereigns	5,758
EU-6	Exposures to regional governments, multilateral development banks, international organizations and public sector entities not treated as sovereigns	3,276
EU-7	Institutions	1,024
EU-8	Exposures secured by mortgages on immovable property	-
EU-9	Retail exposures	-
EU-10	Corporates	1,002
EU-11	Exposures in default	96
EU-12	Other exposures (e.g. equity, securitizations, and other non-credit obligation assets)	382

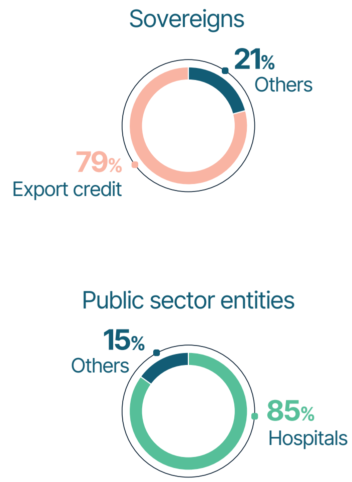
3.4 Main risks of the Sfil Group

Definitions, as well as information on the organization, governance and risk monitoring system, are detailed on pages 129 to 193 in the 2024 annual financial report.

3.4.1 Credit risk

The credit risk exposures excluding property, plant and equipment amounted to €79.4bn as of 30 June 2025 and break down by borrower category as follows:





Concentration limits [Not audited]

In order to control the Sfil Group's overall credit risk profile and limit risk concentrations, concentration limits have been defined by group of related customers, by type of counterparty, by internal rating level and by region, as well as sectoral or geographical limits on export credit. Limits by rating apply to both credit ratings and ratings reflecting exposure to climate risks. Limits on bank counterparties are defined both at the level of the Sfil Group and at the level of Sfil or Caffil considered individually. These limits are monitored proactively by the Risks division, and may be adjusted (or even frozen) at any time according to the evolution of the associated risks.

It should be noted that the local public sector is not very sensitive to changes in the economic environment.

Exposure to credit risks, includes:

- for assets other than derivatives: the amount shown on the balance sheet;
- for derivatives: the standardized approach to measure the credit risk of a counterparty (SA-CCR methodology) was applied, in accordance with the recommendations of the Basel Committee;
- for off-balance sheet commitments: the undrawn amount of financing commitments, which is shown in the notes to the financial statements.

The exposure to credit risk is broken down by geographic region and by counterparty and instrument category, taking into account the guarantees received. This means that when the credit risk is guaranteed by a third party whose weighted risk (within the meaning of Basel regulations) is less than that of the direct borrower, the exposure is included in the guarantor's region and business sector.

Breakdown of exposure to credit risks (1)

Analysis of exposure by geographic region *€m*	30 Jun 2025	31 Dec 2024
France	72,637	69,476
Germany	338	336
Belgium	123	128
Italy	3,303	3,474
Spain	344	464
Other European Union countries	1,066	1,091
Switzerland	401	511
Norway	204	238
United Kingdom	7	24
United States and Canada	903	854
Japan	30	30
TOTAL EXPOSURE	**79,356**	**76,626**

Analysis of exposure by category of counterparty *€m*	30 Jun 2025	31 Dec 2024
Sovereigns	24,491	21,964
Local public sector	50,866	50,741
Other assets guaranteed by public sector entities	132	137
Financial institutions	3,814	3,727
Other exposures	53	56
TOTAL EXPOSURE	**79,356**	**76,626**

Analysis of exposure by category of instrument *€m*	30 Jun 2025	31 Dec 2024
Central banks	2,343	2,016
Loans and advances at fair value through profit of loss	1,580	1,674
Hedging derivatives	1,142	1,278
Bonds at fair value through equity	-	-
Loans to banks at amortized cost	31	47
Loans to customers at amortized cost	56,363	55,442
Securities at amortized cost	8,986	8,532
Accruals and other assets	85	77
Financing commitments	8,825	7,559
TOTAL EXPOSURE	**79,356**	**76,626**

(1) The metric used is exposure at default. These are exposures subject to credit risk and counterparty risk.

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Accounting measurement of risk and link with prudential definitions

The following table shows the performing and non-performing accounting exposures (in the prudential sense) on demand accounts, loans, securities and off-balance sheet commitments broken down by accounting stage with the associated accounting provisions:

EU CR1: PERFORMING AND NON-PERFORMING EXPOSURES AND RELATED PROVISIONS

		a	b	c	d	e	f
		Gross carrying amount / Nominal amount					
		Performing exposures			Non-performing exposures		
€m			Of which Stage 1	Of which Stage 2		Of which Stage 2	Of which Stage 3
005	Cash balances at central banks and other demand deposits	2,369	2,369	-	-	-	-
010	Loans and advances	57,607	52,962	3,074	188	-	173
020	Central banks	-	-	-	-	-	-
030	General governments	51,192	46,915	2,879	185	-	169
040	Credit institutions	10	10	-	-	-	-
050	Other financial corporations	-	-	-	-	-	-
060	Non-financial institutions	6,406	6,037	196	3	-	3
070	Of which SMEs	-	-	-	-	-	-
080	Households	-	-	-	-	-	-
090	Debt securities	8,970	8,492	479	2	-	2
100	Central banks	-	-	-	-	-	-
110	General governments	5,310	4,831	479	2	-	2
120	Credit institutions	3,661	3,661	-	-	-	-
130	Other financial corporations	-	-	-	-	-	-
140	Non-financial institutions	-	-	-	-	-	-
150	Off-balance sheet exposures	8,844	8,231	613	69	-	69
160	Central banks	-	-	-	-	-	-
170	General governments	4,849	4,282	567	69	-	69
180	Credit institutions	56	56	-	-	-	-
190	Other financial corporations	-	-	-	-	-	-
200	Non-financial institutions	3,939	3,893	45	-	-	-
210	Households	-	-	-	-	-	-
220	**TOTAL**	**77,791**	**72,054**	**4,166**	**260**	**-**	**244**

g	h	i	j	k	l	m	n	o
Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions							Collateral and financial guarantees received	
Performing exposures - Accumulated impairment and provisions			Non-performing exposures - Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions			Accumulated partial write-offs	On performing exposures	On non-performing exposures
	Of which Stage 1	Of which Stage 2		Of which Stage 2	Of which Stage 3			
-	-	-	-	-	-	-	-	-
(33)	(4)	(29)	(7)	-	(2)	-	11,272	40
-	-	-	-	-	-	-	-	-
(30)	(3)	(28)	(7)	-	(2)	-	4,989	37
(0)	(0)	-	-	-	-	-	9	-
-	-	-	-	-	-	-	-	-
(2)	(1)	(1)	(0)	-	(0)	-	6,274	3
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
(7)	(4)	(3)	(0)	-	(0)	-	-	-
-	-	-	-	-	-	-	-	-
(6)	(3)	(3)	(0)	-	(0)	-	-	-
(1)	(1)	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
5	0	4	0	-	0		8,598	69
-	-	-	-	-	-		-	-
4	0	4	0	-	0		4,836	69
-	-	-	-	-	-		-	-
-	-	-	-	-	-		-	-
1	0	0	-	-	-		3,761	-
-	-	-	-	-	-		-	-
(45)	**(8)**	**(36)**	**(7)**	**-**	**(2)**	**-**	**19,869**	**110**

The breakdown of exposures to non-financial corporations by industry and by quality, and the related accounting impairments, is detailed below:

EU CQ5: CREDIT QUALITY OF LOANS AND ADVANCES TO NON-FINANCIAL CORPORATIONS BY INDUSTRY

		a	b	c	d	e	f
		Gross carrying amount					
			Of which non-performing		Of which loans and advances subject to impairment	Accumulated impairment	Accumulated negative changes in fair value due to credit risk on non-performing exposures
€m				Of which defaulted			
010	Agriculture, forestry and fishing	-	-	-	-	-	-
020	Mining and quarrying	97	-	-	97	(0)	-
030	Manufacturing	-	-	-	-	-	-
040	Electricity, gas, steam and air conditioning supply	413	-	-	413	(1)	-
050	Water supply	-	-	-	-	-	-
060	Construction	29	3	3	16	(0)	-
070	Wholesale and retail trade	-	-	-	-	-	-
080	Transport and storage	4,958	-	-	4,958	(1)	-
090	Accommodation and food service activities	-	-	-	-	-	-
100	Information and communication	72	-	-	72	(0)	-
110	Financial and insurance activities	15	-	-	15	(0)	-
120	Real estate activities	760	-	-	601	(0)	-
130	Professional, scientific and technical activities	-	-	-	-	-	-
140	Administrative and support service activities	59	-	-	59	(0)	-
150	Public administration and defense, compulsory social security	-	-	-	-	-	-
160	Education	-	-	-	-	-	-
170	Human health and social action	6	-	-	6	(0)	-
180	Arts, entertainment and recreation	-	-	-	-	-	-
190	Other services	-	-	-	-	-	-
200	**TOTAL**	**6,410**	**3**	**3**	**6,237**	**(3)**	**-**

Prudential risk measurement - Calculation of own funds requirement

The following table presents the performing and non-performing accounting exposures (in the prudential sense) on loans, securities and off-balance sheet commitments with the associated accounting provisions:

EU CQ4: QUALITY OF NON-PERFORMING EXPOSURES BY GEOGRAPHY

		a	b	c	d	e	f	g
		Gross carrying amount / nominal amount						
			Of which non-performing					
€m				Of which defaulted	Of which subject to impairment	Accumulated impairment	Provisions on off-balance sheet commitments and financial guarantees given	Accumulated negative changes in fair value due to credit risk on non-performing exposures
010	**On balance sheet exposures**	**66,769**	**191**	**175**	**65,181**	**(42)**		**(5)**
020	AE	170	-	-	170	(0)		-
030	AR	57	-	-	57	(0)		-
040	AT	126	-	-	126	(0)		-
050	AU	-	-	-	-	-		-
060	BE	121	-	-	121	(0)		-
070	BJ	169	-	-	169	(0)		-
080	CA	730	-	-	730	(0)		-
090	CH	534	-	-	534	(0)		-
100	CI	455	-	-	455	(0)		-
110	DE	316	-	-	316	(0)		-
120	DK	38	-	-	38	(0)		-
130	EG	994	-	-	994	(8)		-
140	ES	338	-	-	338	(0)		-
150	FI	313	-	-	313	(0)		-
160	FR	50,261	160	145	48,676	(24)		(5)
170	GB	297	-	-	297	(0)		-
180	ID	2,046	-	-	2,046	(0)		-
190	IE	62	-	-	62	(0)		-
200	IT	3,306	-	-	3,306	(6)		-
210	JP	30	-	-	30	(0)		-
220	KY	102	-	-	102	(0)		-
230	KZ	368	-	-	368	(0)		-
240	LU	-	-	-	-	-		-
250	MT	391	-	-	391	(0)		-
260	NC	8	4	4	8	(0)		-
270	NL	179	-	-	179	(0)		-
280	NO	203	-	-	203	(0)		-
290	PA	1,967	-	-	1,967	(1)		-
300	PF	48	-	-	48	(0)		-
310	PT	3	-	-	0	(0)		-
320	QA	554	-	-	554	(0)		-
330	SE	325	-	-	325	(0)		-
340	SN	41	0	-	41	(0)		-
350	TN	24	-	-	24	(0)		-
360	UA	27	27	27	27	(0)		-
370	US	2,155	-	-	2,155	(0)		-
380	UZ	9	-	-	9	(0)		-
390	**Off-balance sheet exposures**	**8,913**	**69**	**-**	**-**	**-**	**5**	

		a	b	c	d	e	f	g
		Gross carrying amount / nominal amount						
			Of which non-performing					
€m				Of which defaulted	Of which subject to impairment	Accumulated impairment	Provisions on off-balance sheet commitments and financial guarantees given	Accumulated negative changes in fair value due to credit risk on non-performing exposures
400	BJ	56	-	-	-	-	0	
410	CI	276	-	-	-	-	0	
420	DE	4	-	-	-	-	-	
430	EG	567	-	-	-	-	4	
440	ES	52	-	-	-	-	-	
450	FR	1,707	-	-	-	-	0	
460	GB	38	-	-	-	-	0	
470	ID	2,591	-	-	-	-	0	
480	KY	1,615	-	-	-	-	0	
490	KZ	490	-	-	-	-	0	
500	RS	1,402	-	-	-	-	-	
510	SN	115	69	-	-	-	0	
510	**TOTAL**	**75,682**	**260**	**175**	**65,181**	**(42)**	**5**	**(5)**

EU CQ1: CREDIT QUALITY OF FORBORNE EXPOSURES

		a	b	c	d	e	f	g	h
		Gross carrying amount / nominal amount of exposures with forbearance measures				Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions		Collateral received and financial guarantees received on forborne exposures	
			Non-performing forborne						
€m		Performing forborne	Total	Of which defaulted	Of which impaired	On performing forborne exposures	On non-performing forborne exposures	Total	of which: collateral and financial guarantees received on non-performing exposures with forbearance measures
005	Cash balances at central banks and other demand deposits	-	-	-	-	-	-	-	-
010	Loans and advances	120	93	93	85	(0)	(3)	62	35
020	Central banks	-	-	-	-	-	-	-	-
030	General governments	97	93	93	85	(0)	(3)	38	35
040	Credit institutions	-	-	-	-	-	-	-	-
050	Other financial corporations	-	-	-	-	-	-	-	-
060	Non-financial institutions	24	-	-	-	(0)	-	24	-
070	Households	-	-	-	-	-	-	-	-
080	Debt securities	-	-	-	-	-	-	-	-
090	Loan commitments given	-	-	-	-	-	-	-	-
100	**TOTAL**	**120**	**93**	**93**	**85**	**(0)**	**(3)**	**62**	**35**

EVALUATION OF ASSET QUALITY [NOT AUDITED]

This table presents a breakdown of credit risk exposures by risk weight, as used for the calculation of own funds requirements for credit risk. This analysis confirms the excellent quality of the portfolio assets. More than 85% of the portfolio has a weighting of 0% and almost 99% of the portfolio has a weighting that is less than or equal to 20%.

€m	0%	]0% - 20%]	More than 20%	**Total**
Central banks	2,343	-	-	2,343
Financial Assets at fair value through profit or loss	1,364	168	47	1,580
Derivatives	962	29	152	1,142
Loans and advances to banks at amortized cost	5	15	11	31
Loans and advances to customers at amortized cost	50,420	5,612	331	56,363
Securities at amortized cost	3,330	5,072	584	8,986
Accruals and other assets	20	6	59	85
Financing commitments	8,703	123	-	8,825
TOTAL EXPOSURE	**67,147**	**11,025**	**1,184**	**79,356**
SHARE OF TOTAL EXPOSURE	**84.61%**	**13.89%**	**1.49%**	**100.00%**

The following table presents the exposures in the event of default broken down by risk weighting:

EU CR5 - STANDARDIZED APPROACH

Exposure classes *€m*		Risk weight						
		0%	2%	4%	10%	20%	30%	35%
		a	b	c	d	e	f	g
1	Central governments or central banks	23,529	-	-	-	-	-	-
2	Non-central governments and public sector entities	42,656	-	-	-	7,944	-	-
EU 2a	Regional governments or local authorities	36,328	-	-	-	6,863	-	-
EU 2b	Public sector entities	6,329	-	-	-	1,082	-	-
3	Multilateral development banks	-	-	-	-	-	-	-
EU 3a	International organizations	-	-	-	-	-	-	-
4	Institutions	-	-	-	-	375	397	-
5	Covered bonds	-	-	-	1,725	665	-	-
6	Corporates	-	-	-	-	16	-	-
6.1	Of which specialized lending	-	-	-	-	-	-	-
7	Subordinated debt and equities	-	-	-	-	-	-	-
EU 7a	Subordinated debt	-	-	-	-	-	-	-
EU 7b	Equity	-	-	-	-	-	-	-
8	Retail customers	-	-	-	-	-	-	-
9	Exposures secured by mortgages on immovable property and ADC exposures	-	-	-	-	-	-	-
9.1	Secured by mortgages on residential property - non-IPRE	-	-	-	-	-	-	-
9.1.1	Without split treatment	-	-	-	-	-	-	-
9.1.2	With split treatment (guaranteed)	-	-	-	-	-	-	-
9.1.3	With split treatment (not guaranteed)	-	-	-	-	-	-	-
9.2	Secured by mortgages on residential property - IPRE	-	-	-	-	-	-	-
9.3	Secured by mortgages on commercial property - non-IPRE	-	-	-	-	-	-	-
9.3.1	Without split treatment	-	-	-	-	-	-	-
9.3.2	With split treatment (guaranteed)	-	-	-	-	-	-	-
9.3.3	With split treatment (not guaranteed)	-	-	-	-	-	-	-
9.4	Secured by mortgages on commercial property - IPRE	-	-	-	-	-	-	-
9.5	Acquisition, Development and Construction (ADC)	-	-	-	-	-	-	-
10	Exposures in default	-	-	-	-	-	-	-
EU 10a	Institutions and corporates with a short-term credit assessment	-	-	-	-	260	-	-
EU 10b	Collective investment undertakings	-	-	-	-	-	-	-
EU 10c	Other items	-	-	-	-	-	-	-
EU 11C	**TOTAL**	**66,185**	**-**	**-**	**1,725**	**9,261**	**397**	**-**

Risk weight																			
40%	45%	50%	60%	70%	75%	80%	90%	100%	105%	110%	130%	150%	250%	370%	400%	1,250%	Other	Total	Of which unrated
h	i	j	k	l	m	n	o	p	q	r	s	t	u	v	w	x	y	z	aa
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	23,529	23,529
-	-	26	-	-	-	-	-	52	-	-	-	-	-	-	-	-	-	50,679	-
-	-	-	-	-	-	-	-	52	-	-	-	-	-	-	-	-	-	43,243	42,914
-	-	26	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	7,436	7,352
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	773	527
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,390	-
-	-	-	-	-	-	-	-	186	-	-	-	-	-	-	-	-	-	203	402
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	78	-	-	-	-	-	78	-
-	-	-	-	-	-	-	-	-	-	-	-	78	-	-	-	-	-	78	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	0	-	-	-	116	-	-	-	-	-	117	-
-	-	122	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	382	268
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	53	-	-	-	-	-	-	-	-	-	53	53
0	**-**	**148**	**-**	**-**	**-**	**-**	**-**	**292**	**-**	**-**	**-**	**195**	**-**	**-**	**-**	**-**	**-**	**78,203**	**-**

The following table presents the exposures in the event of default before and after application of credit risk mitigation (CRM) measures:

EU CR4 - STANDARDIZED APPROACH - CREDIT RISK EXPOSURE AND CRM EFFECTS

		Exposures before CCF and before CRM		Exposures post CC F and post CRM		RWA and RWA density	
	Exposure classes *€m*	On balance sheet exposures	Off-balance sheet exposures	On balance sheet exposures	Off-balance sheet exposures	RWA	RWA density *(%)*
		a	b	c	d	e	f
1	Central governments or central banks	8,762	4,849	14,916	8,613	-	0%
2	Non-central governments and public sector entities	50,206	31	50,470	208	1,654	3%
EU 2a	Regional governments or local authorities	42,140	-	43,065	178	1,425	3%
EU 2b	Public sector entities	8,067	31	7,405	31	229	3%
3	Multilateral development banks	-	-	-	-	-	100%
EU 3a	International organizations	-	-	-	-	-	100%
4	Institutions	773	-	773	-	194	25%
5	Covered bonds	2,390	-	2,390	-	305	13%
6	Corporates	6,586	3,941	203	-	190	94%
6.1	Of which specialized lending	526	1,555	-	-	-	100%
7	Subordinated debt and equities	78	-	78	-	117	150%
EU 7a	Subordinated debt	78	-	78	-	117	150%
EU 7b	Equity	-	-	-	-	-	100%
8	Retail customers	-	-	-	-	-	100%
9	Exposures secured by mortgages on immovable property and ADC exposures	-	-	-	-	-	100%
9.1	Secured by mortgages on residential property - non-IPRE	-	-	-	-	-	100%
9.2	Secured by mortgages on residential property - IPRE	-	-	-	-	-	100%
9.3	Secured by mortgages on commercial property - non-IPRE	-	-	-	-	-	100%
9.4	Secured by mortgages on commercial property - IPRE	-	-	-	-	-	100%
9.5	Acquisition, Development and Construction (ADC)	-	-	-	-	-	100%
10	Exposures in default	152	-	117	-	175	150%
EU 10a	Institutions and corporates with a short-term credit assessment	382	-	382	-	113	30%
EU 10b	Collective investment undertakings	-	-	-	-	-	100%
EU 10c	Other items	53	-	53	-	53	100%
12	**TOTAL**	**69,383**	**8,821**	**69,383**	**8,821**	**2,802**	**4%**

EU CR3 - OVERVIEW OF CRM TECHNIQUES: DISCLOSURE OF THE USE OF CRM TECHNIQUES

€m		Unsecured carrying amount	Secured carrying amount	Of which secured by collateral	Of which secured by financial guarantees	Of which secured by credit derivatives
		a	b	c	d	e
1	Loans and advances	48,813	11,312	-	11,312	-
2	Debt securities	8,966	-	-	-	
3	**TOTAL**	**57,778**	**11,312**	**-**	**11,312**	**-**
4	Of which non-performing exposures	143	40	-	40	-
EU-5	Of which defaulted	129	39			

Other information

EU CR1-A: MATURITY OF EXPOSURES

		a	b	c	d	e	f
		Net exposure value					
€m		Sight	≤ 1 year	> 1 year ≤ 5 years	> 5 years	No stated maturity	Total
1	Loans and advances	5	236	4,658	52,857	-	57,756
2	Debt securities	-	751	3,680	4,535	-	8,966
3	**TOTAL**	**5**	**987**	**8,338**	**57,392**	**-**	**66,722**

3.4.2 Counterparty risk

Monitoring system

EU CCR1 - ANALYSIS OF CCR EXPOSURE BY APPROACH

		a	b	c	d	e	f	g	h
€m		Replacement cost (RC)	Potential future exposure (PFE)	EEPE	Alpha factor used for calculating regulatory exposure value	Exposure value pre-CRM	Exposure value post-CRM	Exposure value	Risk-weighted exposure amount (RWEA)
EU-1	EU - original exposure method (for derivatives)	-	-		1.4	-	-	-	-
EU-2	EU - simplified SA-CCR (for derivatives)	-	-		1.4	-	-	-	-
1	SA-CCR (for derivatives)	550	267		1.4	1,704	1,143	1,141	52
2	IMM (for derivatives and SFTs)	-	-	-	-	-	-	-	-
2a	Of which securities financing transactions netting sets	-	-	-	-	-	-	-	-
2b	Of which derivative and long settlement transactions netting sets	-	-	-	-	-	-	-	-
2c	Of which from contractual cross-product netting sets	-	-	-	-	-	-	-	-
3	Financial collateral simple method (for SFTs)	-	-	-	-	-	-	-	-
4	Financial collateral comprehensive method (for SFTs)	-	-	-	-	56	4	4	1
5	VaR for SFTs	-	-	-	-	-	-	-	-
6	**TOTAL**	**-**	**-**	**-**	**-**	**1,760**	**1,147**	**1,145**	**52**

EU CCR3 - STANDARDIZED APPROACH - CCR EXPOSURES BY REGULATORY EXPOSURE CLASS AND RISK WEIGHTS

		Risk weight											
		a	b	c	d	e	f	g	h	i	j	k	l
	Exposure classes *€m*	0%	2%	4%	10%	20%	50%	70%	75%	100%	150%	Other	Total exposure value
1	Central governments or central banks	962	-	-	-	-	-	-	-	-	-	-	962
2	Regional governments or local authorities	-	-	-	-	-	-	-	-	-	-	-	-
3	Public sector entities	-	-	-	-	-	-	-	-	-	-	-	-
4	Multilateral development banks	-	-	-	-	-	-	-	-	-	-	-	-
5	International organizations	-	-	-	-	-	-	-	-	-	-	-	-
6	Institutions	-	8	-	-	27	3	-	-	-	-	149	186
7	Corporates	-	-	-	-	-	-	-	-	-	-	-	-
8	Retail customers	-	-	-	-	-	-	-	-	-	-	-	-
9	Institutions and corporates with a short-term credit assessment	-	-	-	-	4	0	-	-	-	-	-	4
10	Other items	-	-	-	-	-	-	-	-	-	-	-	-
11	**TOTAL EXPOSURE VALUE**	**962**	**8**	**-**	**-**	**31**	**3**	**-**	**-**	**-**	**-**	**149**	**1,153**

EU CCR5 - COMPOSITION OF COLLATERAL FOR CCR EXPOSURES

		a	b	c	d	e	f	g	h
		Collateral used in derivative transactions				Collateral used in SFTs			
		Fair value of collateral received		Fair value of posted collateral		Fair value of collateral received		Fair value of posted collateral	
	Collateral type *€m*	Segregated	Unsegregated	Segregated	Unsegregated	Segregated	Unsegregated	Segregated	Unsegregated
1	Cash - domestic currency	-	177	-	420	-	52	-	-
2	Cash - other currencies	-	-	-	-	-	-	-	-
3	Domestic sovereign debt	-	-	-	-	-	-	-	-
4	Other sovereign debt	-	-	-	-	-	-	-	-
5	Government agency debt	-	-	-	-	-	-	-	-
6	Corporate bonds	-	-	-	-	-	-	-	-
7	Equity	-	-	-	-	-	-	-	-
8	Other collateral	-	-	-	-	-	-	-	-
9	**TOTAL**	**-**	**177**	**-**	**420**	**-**	**52**	**-**	**-**

EU CCR8 - EXPOSURES TO CLEARING HOUSES WITH CENTRAL COUNTERPARTIES

€m		a Exposure value	b Risk-weighted exposure amount (RWEA)
1	**Exposures to qualifying central counterparties (total)**		**0**
2	Exposures for trades at qualifying CCPs (excluding initial margin and default fund contributions); of which	2	0
3	i) OTC derivatives	2	0
4	ii) Exchange-traded derivatives	-	-
5	iii) Securities financing transactions	-	-
6	iv) Netting sets where cross-product netting has been approved	-	-
7	Segregated initial margin	-	-
8	Non-segregated initial margin	-	-
9	Prefunded default fund contributions	-	-
10	Unfunded default fund contributions	-	-
11	**Exposures to non-qualifying central counterparties (total)**	**-**	**-**
12	Exposures for trades at non-qualifying CCPs (excluding initial margin and default fund contributions); of which	-	-
13	i) OTC derivatives	-	-
14	ii) Exchange-traded derivatives	-	-
15	iii) Securities financing transactions	-	-
16	iv) Netting sets where cross-product netting has been approved	-	-
17	Segregated initial margin	-	-
18	Non-segregated initial margin	-	-
19	Prefunded default fund contributions	-	-
20	Unfunded default fund contributions	-	-

3.4.3 Liquidity risk

Mobilizable assets as of 30 June 2025

The total amount of assets that can be mobilized to meet liquidity needs amounts to €46.6bn. This amount includes available cash and secured funding from the ECB or the market. In extreme circumstances, the Sfil Group may use the credit lines opened with Caisse des Dépôts and La Banque Postale.

€m	
Central bank deposits	2,339
High Quality Liquid Assets (HQLA) - exposures to credit institutions	2,446
High Quality Liquid Assets (HQLA) - excluding exposures to credit institutions	3,447
Other eligible securities available at the central bank	1,056
Eligible private loans with central banks	37,280
TOTAL LIQUIDITY RESERVES	**46,569**

Summary view of regulatory ratios (LCR and NSFR)

Ratio	Base	Regulatory limit	Ratio at 6.30.2025
Liquidity Coverage Ratio (LCR)	Consolidated	100%	3,462%
	Individual	100%	infinite ratio
Net Stable Funding Ratio (NSFR)	Consolidated	100%	128%
	Individual	100%	116%

Details of consolidated LCR and NSFR

The breakdown of the consolidated LCR is shown below:

EU LIQ1 - QUANTITATIVE INFORMATION ON THE LIQUIDITY COVERAGE RATIO (LCR)

Scope of consolidation: on a consolidated basis *€m*		a	b	c	d	e	f	g	h
		Total unweighted value (average)				Total weighted value (average)			
EU 1a	Quarter ending on 6 Jun 2025	30 Jun 2025	31 Mar 2025	31 Dec 2024	30 Sep 2024	30 Jun 2025	31 Mar 2025	31 Dec 2024	30 Sep 2024
EU 1b	Number of data points used in the calculation of averages	12	12	12	12	12	12	12	12
HIGH QUALITY LIQUID ASSETS (HQLA)									
1	Total High Quality Liquid Assets (HQLA)					4,551	4,437	3,970	3,808
CASH OUTFLOWS									
2	Retail deposits and deposits from small business customers, of which:	-	-	-	-	-	-	-	-
3	Stable deposits	-	-	-	-	-	-	-	-
4	Less stable deposits	-	-	-	-	-	-	-	-
5	Unsecured wholesale funding	392	434	438	403	392	434	438	403
6	Operational deposits (all counterparties) and deposits in networks of cooperative banks	-	-	-	-	-	-	-	-
7	Non-operational deposits (all counterparties)	-	-	-	-	-	-	-	-
8	Unsecured debt	392	434	438	403	392	434	438	403
9	Secured wholesale funding					-	-	-	-
10	Additional requirements	1,043	1,131	1,096	1,169	718	834	842	891
11	Outflows related to derivative exposures and other collateral requirements	286	313	349	392	286	313	349	392
12	Outflows related to loss of funding on debt products	396	489	464	468	396	489	464	468
13	Credit and liquidity facilities	361	330	282	309	36	33	28	31
14	Other contractual funding obligations	13	13	17	18	8	8	12	13
15	Other contingent funding obligations	-	-	-	-	-	-	-	-
16	**Total cash outflows**					**1,118**	**1,277**	**1,292**	**1,307**

Scope of consolidation: on a consolidated basis *€m*		a	b	c	d	e	f	g	h
		Total unweighted value (average)				Total weighted value (average)			
CASH INFLOWS									
17	Secured lending transactions (e.g. reverse repurchase agreements)	-	-	-	-	-	-	-	-
18	Inflows from fully performing exposures	585	561	583	571	367	352	364	353
19	Other cash inflows	271	273	289	294	271	273	289	294
EU-19a	(Difference between total weighted inflows and total weighted outflows arising from transactions in third countries where there are transfer restrictions or which are denominated in non-convertible currencies)					-	-	-	-
EU-19b	(Excess inflows from a related specialized credit institution)					-	-	-	-
20	Total cash inflows	856	835	872	865	637	625	653	646
EU-20a	Fully exempt inflows	-	-	-	-	-	-	-	-
EU-20b	Cash inflows subject to 90% cap	-	-	-	-	-	-	-	-
EU-20c	Cash inflows subject to 75% cap	856	835	872	865	637	625	653	646
TOTAL ADJUSTED VALUE									
EU-21	Liquidity buffer					4,551	4,437	3,970	3,808
22	**TOTAL NET CASH OUTFLOWS**					**525**	**687**	**691**	**711**
23	**LIQUIDITY COVERAGE RATIO**					**1,421.12%**	**1,168.97%**	**987.52%**	**890.43%**

Changes in the LCR are closely linked to the maturity of Sfil and Caffil's long-term financing within 30 days of the reference date. Outside the maturity periods of long-term issues, the LCR is high because disbursements are low and largely covered by the liquidity reserve.

The consolidated LCR at the end of June 2025 was 3,462%, and therefore remains well above the regulatory requirement, for each observation period.

EU LIQ2: NET STABLE FUNDING RATIO

The details of the NSFR are presented below:

		a	b	c	d	e
		Unweighted value by residual maturity				
	currency amount	No maturity	< 6 months	6 months to < 1 year	≥ 1 year	Weighted value
AVAILABLE STABLE FUNDING ITEMS						
1	**Capital items and instruments**	**1,457**	**-**	**-**	**-**	**1,457**
2	Equity	1,457	-	-	-	1,457
3	Other capital instruments		-	-	-	-
4	**Retail deposits**		**-**	**-**	**-**	**-**
5	Stable deposits		-	-	-	-
6	Less stable deposits		-	-	-	-
7	**Wholesale funding:**		**3,030**	**6,033**	**58,705**	**61,721**
8	Operational deposits		-	-	-	-
9	Other wholesale funding		3,030	6,033	58,705	61,721
10	**Interdependent liabilities**		**-**	**-**	**-**	**-**
11	**Other liabilities:**	**106**	**-**	**-**	**117**	**117**
12	NSFR derivative liabilities	106				
13	All other liabilities and capital instruments not included in the above categories.		-	-	117	117
14	**Total available stable funding**					**63,296**
REQUIRED STABLE FUNDING ITEMS						
15	**Total High Quality Liquid Assets (HQLA)**					**390**
EU-15a	**Assets encumbered for a residual maturity of one year or more in a cover pool**		**-**	**-**	**50,168**	**42,643**
16	**Deposits held at other financial institutions for operational purposes**		**-**	**-**	**-**	**-**
17	**Performing loans and securities:**		**3,046**	**2,439**	**4,381**	**5,660**
18	Performing securities financing transactions with financial customers collateralized by Level 1 HQLA subject to 0% haircut.		-	-	-	-
19	Performing securities financing transactions with financial customer collateralized by other assets and loans and advances to financial institutions		0	0	31	31
20	Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs, of which:		2,651	2,228	4,216	5,212
21	With a risk weight of less than or equal to 35% under the Basel II Standardized Approach for credit risk		2,623	2,213	4,054	5,053
22	Performing residential mortgages, of which:		-	-	-	-
23	With a risk weight of less than or equal to 35% under the Basel II Standardized Approach for credit risk		-	-	-	-
24	Other loans and securities that are not in default and do not qualify as high quality liquid assets, including exchange-traded equities and trade finance on-balance sheet products		395	211	1,645	1,701
25	**Interdependent assets**		**-**	**-**	**-**	**-**
26	**Other assets:**		**4,460**	**9**	**332**	**449**
27	Physical traded commodities				-	-
28	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs		-	-	51	43
29	NSFR derivative assets		-			-
30	NSFR derivative liabilities before deduction of variation margin posted		2,106			105
31	All other assets not included in the above categories		2,354	9	281	301
32	**Off-balance sheet items**		**-**	**-**	**8,852**	**443**
33	**Total required stable funding**					**49,585**
34	**NET STABLE FUNDING RATIO**					**128%**

3.4.4 Interest rate risk

As Sfil has no trading activity, interest rate risk is limited to “banking book” activities (IRRBB - Interest Rate Risk of the Banking Book).

EU IRRBB1 – SENSITIVITY OF THE ECONOMIC VALUE OF TIER 1 CAPITAL

	a	b	c	d
	Sensitivity of the economic value of equity (EVE) *€m*		Sensitivity of the net interest margin (NIM) *€m*	
Regulatory scenarios	30.06.2025	31.03.2025	30.06.2025	31.03.2025
1 Upward parallel shock	(103)	(116)	(12)	(16)
2 Downward parallel shock	253	266	14	16
3 Steepening of the curve	5	3		
4 Flattening of the curve	30	34		
5 Increase in short rates	(18)	(20)		
6 Decrease in short rates	70	75		

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3.4.5 ESG risks

The first half of 2025 was marked by the completion of the thematic review initiated in 2022 by the European Central Bank with all supervised institutions, including Sfil. The purpose of this exercise was to assess the integration of these risks into the strategy, governance and risk management systems of credit institutions. This key step is part of Sfil's strategy to pursue a trajectory in line with prudential expectations and to sustainably strengthen the integration of climate and environmental risks in all its activities. Furthermore, Sfil applied the transitional provisions that the EBA proposed on its May 2025 consultation. These transitional provisions allowed to suspend the Green Asset Ratio (GAR) disclosure requirements until the amended Implementing Technical Standards (ITS) come into force.

ESG 1: BANKING BOOK – CLIMATE CHANGE TRANSITION RISK: CREDIT QUALITY OF EXPOSURES BY SECTOR, ISSUES AND RESIDUAL MATURITY

		a	b	c	d	e
		Gross carrying amount *€m*				
Sector/Sub-sector			Of which exposures to companies excluded from the EU Paris-aligned benchmarks in accordance with article 12 (1) (d) to (g) and article 12 (2) of Regulation (EU) 2020/1818	Of which environmentally sustainable (CCM)	Of which stage 2 exposures	Of which non-performing exposures
1	Exposures to sectors that highly contribute to climate change*	6,258	-	-	190	3
2	**A – Agriculture, forestry and fishing**	**-**	**-**	**-**	**-**	**-**
3	**B – Mining and quarrying**	**97**	**-**	**-**	**-**	**-**
4	*B.05 – Mining of coal and lignite*	*-*	*-*	*-*	*-*	*-*
5	*B.06 - Extraction of crude petroleum and natural gas*	*97*	*-*	*-*	*-*	*-*
6	*B.07 – Mining of metal ores*	*-*	*-*	*-*	*-*	*-*
7	*B.08 – Other mining and quarrying*	*-*	*-*	*-*	*-*	*-*
8	*B.09 – Mining support services activities*	*-*	*-*	*-*	*-*	*-*
9	**C – Manufacturing**	**-**	**-**	**-**	**-**	**-**
10	*C.10 – Manufacture of food products*	*-*	*-*	*-*	*-*	*-*
11	*C.11 – Manufacture of beverages*	*-*	*-*	*-*	*-*	*-*
12	*C.12 – Manufacture of tobacco products*	*-*	*-*	*-*	*-*	*-*
13	*C.13 – Manufacture of textiles*	*-*	*-*	*-*	*-*	*-*
14	*C.14 – Manufacture of wearing apparel*	*-*	*-*	*-*	*-*	*-*
15	*C.15 – Manufacture of leather and related products*	*-*	*-*	*-*	*-*	*-*
16	*C.16 – Manufacture of wood and of products of wood and cork, except furniture; manufacture of articles of straw and plaiting materials*	*-*	*-*	*-*	*-*	*-*
17	*C.17 – Manufacture of pulp, paper and paperboard*	*-*	*-*	*-*	*-*	*-*
18	*C.18 – Printing and service activities related to printing*	*-*	*-*	*-*	*-*	*-*
19	*C.19 – Manufacture of coke oven products*	*-*	*-*	*-*	*-*	*-*
20	C.20 – Production of chemicals	-	-	-	-	-
21	*C.21 – Manufacture of pharmaceutical preparations*	*-*	*-*	*-*	*-*	*-*
22	*C.22 – Manufacture of rubber products*	*-*	*-*	*-*	*-*	*-*
23	*C.23 – Manufacture of other non-metallic minerals products*	*-*	*-*	*-*	*-*	*-*
24	*C.24 – Manufacture of basic metals*	*-*	*-*	*-*	*-*	*-*
25	C.25 – Manufacture of fabricated metal products, except machinery and equipment	-	-	-	-	-

f	g	h	i	j	k	l	m	n	o	p
Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions *€m*			GHG financed emissions (scope 1, scope 2 and scope 3 emissions of the counterparty) *tons of CO_2 equivalent*		GHG emissions (column i): gross carrying amount percentage of the portfolio derived from company-specific reporting					
	Of which stage 2 exposures	Of which non-performing exposures		Of which stage 3 financed emissions		≤ 5 years	> 5 years ≤ 10 years	> 10 years ≤ 20 years	> 20 years	Weighted average maturity
(2)	(1)	(0)	1,096,892	173,592	97%	133	3,073	2,972	81	10
-	-	-	-	-	-	-	-	-	-	-
(0)	**-**	**-**	**129,915**	**120,689**	**100%**	**-**	**97**	**-**	**-**	**-**
-	-	-	-	-	-	-	-	-	-	-
(0)	*-*	*-*	*129,915*	*120,689*	*100%*	*-*	*97*	*-*	*-*	*-*
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
-	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-

		a	b	c	d	e
		Gross carrying amount €m				
Sector/Sub-sector			Of which exposures to companies excluded from the EU Paris-aligned benchmarks in accordance with article 12 (1) (d) to (g) and article 12 (2) of Regulation (EU) 2020/1818	Of which environmentally sustainable (CCM)	Of which stage 2 exposures	Of which non-performing exposures
26	*C.26 – Manufacture of computer, electronic and optical products*	-	-	-	-	-
27	*C.27 – Manufacture of electrical equipment*	-	-	-	-	-
28	C.28 – Manufacture of machinery and equipment n.e.c.	-	-	-	-	-
29	*C.29 – Manufacture of motor vehicles, trailers and semi-trailers*	-	-	-	-	-
30	C.30 – Manufacture of other transport equipment	-	-	-	-	-
31	*C.31 – Manufacture of furniture*	-	-	-	-	-
32	*C.32 – Other manufacturing*	-	-	-	-	-
33	*C.33 – Repair and installation of machinery and equipment*	-	-	-	-	-
34	**D – Electricity, gas, steam and air conditioning production and supply**	**413**	**-**	**-**	**117**	**-**
35	*D35.1 – Electric power generation, transmission and distribution*	*413*	-	-	*117*	-
36	*D35.11 – Production of electricity*	*320*	-	-	*24*	-
37	*D35.2 – Manufacture of gas; distribution of gaseous fuels through mains*	-	-	-	-	-
38	*D35.3 – Steam and air conditioning production and supply*	-	-	-	-	-
39	**E – Water supply; sewerage, waste management and remediation activities**	**-**	**-**	**-**	**-**	**-**
40	F – Construction	**29**	**-**	**-**	**-**	**3**
41	*F.41 – Construction of buildings*	*4*	-	-	-	*3*
42	*F.42 – Civil engineering*	*18*	-	-	-	-
43	*F.43 – Specialized construction activities*	*7*	-	-	-	-
44	**G – Wholesale and retail trade; repair of motor vehicles and motorcycles**	**-**	**-**	**-**	**-**	**-**
45	**H – Transportation and storage**	**4,958**	**-**	**-**	**-**	**-**
46	*H.49 – Land transport and transport via pipelines*	*501*	-	-	-	-
47	*H.50 – Water transport*	*4,408*	-	-	-	-
48	*H.51 – Air transport*	*50*	-	-	-	-
49	*H.52 – Warehousing and support activities for transportation*	-	-	-	-	-
50	*H.53 – Postal and courier activities*	-	-	-	-	-
51	**I – Accommodation and food service activities**	**-**	**-**	**-**	**-**	**-**
52	**L – Real estate activities**	**760**	**-**	**-**	**73**	**-**
53	Exposures to sectors other than those that highly contribute to climate change*	151	-	-	6	-
54	**K – Financial and insurance activities**	**15**	**-**	**-**	**-**	**-**
55	**Exposures to other sectors (NACE codes J, M - U)**	**137**	**-**	**-**	**6**	**-**
56	**TOTAL**	**6,410**	**-**	**-**	**196**	**3**

* *In accordance with the Commission delegated regulation EU) 2020/1818 supplementing regulation (EU) 2016/1011 as regards minimum standards for EU Climate Transition Benchmarks and EU Paris-aligned Benchmarks -Climate Benchmark Standards Regulation - Recital 6: Sectors listed in Sections A to H and Section L of Annex I to Regulation (EC) No 1893/2006*

f	g	h	i	j	k	l	m	n	o	p
Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions *€m*			GHG financed emissions (scope 1, scope 2 and scope 3 emissions of the counterparty) *tons of CO_2 equivalent*		GHG emissions (column i): gross carrying amount percentage of the portfolio derived from company-specific reporting					
	Of which stage 2 exposures	Of which non-performing exposures		Of which stage 3 financed emissions		≤ 5 years	> 5 years ≤ 10 years	> 10 years ≤ 20 years	> 20 years	Weighted average maturity
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
(1)	**(1)**	**-**	**210,439**	**26,669**	**100%**	**24**	**53**	**337**	**0**	**13**
(1)	*(1)*	-	*210,439*	*26,669*	*100%*	*24*	*53*	*337*	*0*	*13*
(0)	*(0)*	-	*120,145*	*25,394*	*100%*	*24*	-	*297*	*0*	*15*
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
-	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
(0)	**-**	**(0)**	**-**	**-**	**-**	**7**	**17**	0	**4**	**9**
(0)	-	*(0)*	-	-	-	*0*	*3*	-	-	*9*
(0)	-	-	-	-	-	-	*13*	*0*	*4*	*11*
(0)	-	-	-	-	-	*7*	-	-	-	*3*
-	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
(1)	**-**	**-**	**738,538**	**26,234**	**97%**	**-**	**2,646**	**2,312**	**-**	**10**
(0)	-	-	*154,742*	*4,201*	*73%*	-	*133*	*368*	-	*11*
(1)	-	-	*522,519*	*22,017*	*100%*	-	*2,463*	*1,944*	-	*10*
(0)	-	-	*61,277*	*16*	*100%*	-	*50*	-	-	*7*
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
-	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
(0)	**(0)**	**-**	**18,000**	**-**	**100%**	**102**	**260**	**322**	**76**	**11**
(0)	(0)	-	-	-	-	15	72	65	0	9
(0)	**-**	**-**	**-**	**-**	**-**	**15**	**-**	**-**	**-**	**3**
(0)	**(0)**	**-**	**-**	**-**	**-**	**-**	**72**	**65**	**0**	**9**
(3)	**(1)**	**(0)**	**1,096,892**	**173,592**	**97%**	**147**	**3,145**	**3,036**	**81**	**10**

3

ESG 2: BANKING BOOK – CLIMATE CHANGE TRANSITION RISK: LOANS COLLATERALIZED BY REAL ESTATE – ENERGY EFFICIENCY OF COLLATERAL

The real estate loans in Sfil's portfolio are not collateralized by underlying immovable property. These are loans granted to social housing organizations that have been guaranteed by French local authorities.

		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o		p
		Total gross carrying amount €m																
			Level of energy efficiency (EP score in kWh/m² of collateral)						Level of energy efficiency (EPC label of collateral)							Without energy performance certificate label of collateral		
Counterparty sector			0; ≤ 100	> 100; ≤ 200	> 200; ≤ 300	> 300; ≤,400	> 400; ≤ 500	> 500	A	B	C	D	E	F	G			Of which level of energy efficiency (energy performance score in kWh/m² of collateral) estimated
1	**TOTAL EU**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2	Of which loans collateralized by commercial immovable property	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3	Of which loans collateralized by residential immovable property	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4	Of which collateral obtained by taking possession: residential and commercial immovable properties	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5	Of which Level of energy efficiency (EP score in kWh/m² of collateral) estimated	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6	**TOTAL NON-EU**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
7	Of which loans collateralized by commercial immovable property	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8	Of which loans collateralized by residential immovable property	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9	Of which collateral obtained by taking possession: residential and commercial immovable properties	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10	Of which Level of energy efficiency (EP score in kWh/m² of collateral) estimated	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

ESG 3: BANKING BOOK - CLIMATE CHANGE TRANSITION RISK INDICATORS: ALIGNMENT METRICS

	a	b	c	d	e	f
	Sector	NACE sectors	Total gross carrying amount of the portfolio *€m*	Alignment metric	Year of reference	Distance to IEA NZE 2050 scenario
1	Power	Electricity, gas, steam and air conditioning supply	320	gCO_2e/kWh	2025	-20%
2	Fossil fuel combustion	Extraction of hydrocarbons	97	gCO_2e/kWh	2025	-4%
3	Fossil fuel combustion	Distribution of gaseous fuels through mains	133	gCO_2e/kWh	2025	0%
4	Air transport	Passenger air transport	50	tCO_2e/million p.km	2025	54%

ESG 4 – BANKING BOOK – EXPOSURES TO THE TOP 20 MOST CARBON-INTENSIVE COMPANIES

Sfil relied on the information published by the Climate Accountability Institute to identify any exposure to the 20 highest-emitting entities in the world. Sfil has no exposure to these counterparties.

	a	b	c	d	e
	Gross carrying amount (aggregate)	Gross carrying amount of the exposure to counterparties compared to total gross carrying amount (aggregate)*	Of which environmentally sustainable (CCM)	Weighted average maturity	Number of top 20 polluting firms included
1	-	-	-	-	-

* *For counterparties among the top 20 carbon emitting companies in the world*

ESG 5 - BANKING BOOK - CLIMATE CHANGE PHYSICAL RISK INDICATORS: EXPOSURES SUBJECT TO PHYSICAL RISK

Sfil's portfolio mainly consists of exposures to French local authorities. As a result, the work carried out on physical risk focused on these counterparties. The work focused on the following chronic and acute hazards: storms, cyclones, fires, floods, earthquakes, drought, heat waves, coastal erosion, shrinkage and swelling of clays, sea level rise, risk of snow loss. The IPCC RCP 8.5 scenario (the most pessimistic) is used whenever possible. This table presents exposures to counterparties for which the physical risk is considered high or very high.

Sfil is continuing its work on physical risk in order to cover its entire portfolio, and in particular its exposures to non-financial counterparties, which are covered by this table.

	a	b	c	d	e	f	g	h	i	j	k	l	m	n	o
		Total gross carrying amount €m													
		Of which exposures sensitive to impact from climate change physical events													
			Breakdown by maturity bucket										Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions		
	Variable: Geographical area subject to climate change physical risk - acute and chronic events		≤ 5 years	> 5 years ≤ 10 years	> 10 years ≤ 20 years	> 20 years	Weighted average maturity	Of which exposures sensitive to impact from chronic climate change events	Of which exposures sensitive to impact from acute climate change events	Of which exposures sensitive to impact from both chronic and acute climate change events	Of which stage 2 expo-sures	Of which non-performing expo-sures		Of which stage 2 expo-sures	Of which non-performing expo-sures
1	A – Agriculture, forestry and fishing	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2	B – Mining and quarrying	97	-	97	-	-	8	-	-	97	-	-	(0)	-	-
3	C – Manufacturing	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4	D – Electricity, gas, steam and air conditioning production and supply	413	-	-	40	0	13	-	-	40	40	-	(0)	(0)	-
5	E – Water supply; sewerage, waste management and remediation activities	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6	F – Construction	29	-	-	-	-	-	-	-	-	-	-	-	-	-
7	G – Wholesale and retail trade; repair of motor vehicles and motorcycles	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8	H – Transport and storage	4,958	-	183	-	-	9	-	-	183	-	-	(0)	-	-
9	L – Real estate activities	760	-	-	-	-	-	-	-	-	-	-	-	-	-
10	Loans collateralized by residential immovable property	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11	Loans collateralized by commercial immovable property	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12	Repossessed collaterals	-	-	-	-	-	-	-	-	-	-	-	-	-	-
13	Other exposures to non-financial counterparties	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14	General governments	39,608	712	1,848	4,596	1,565	14	-	-	8,721	213	21	(3)	(2)	(0)

3.5 Cross-reference table of Pillar 3 requirements

CRR art.	Topic	Report section	Pages
447 and 438	Key metrics	3.1.1 Key figures	23
437, 438, 440, 451	Equity	3.3.2 Composition of capital	27 - 30
442, 435, 444	Credit risk	3.4.1 Credit risk	35 - 47
439, 431, 453	Counterparty risk	3.4.2 Counterparty risk	48 - 50
451a, 435	Liquidity risk	3.4.3 Liquidity risk	50 - 53
448(1)	Interest rate risk	3.4.4 Interest rate risk	54 - 55
449 a	ESG risks	3.4.5 ESG risks	56 - 62

4. Consolidated financial statements

4.1 Financial statements

4.1.1 Assets

€m	*Note*	30 Jun 2025	31 Dec 2024
Central banks	*2.1*	2,343	2,016
Financial Assets at fair value through profit or loss	*2.2*	1,588	1,690
Hedging derivatives		2,204	2,142
Financial Assets at fair value through equity	*2.3*	-	-
Financial Assets at amortized cost			
Loans and advances to banks at amortized cost	*2.4*	35	56
Loans and advances to customers at amortized cost	*2.4*	56,164	55,007
Securities at amortized cost	*2.4*	8,966	8,514
Fair value revaluation of portfolio hedge		181	380
Current tax assets		1	1
Deferred tax assets		58	74
Tangible assets		29	28
Intangible assets		20	19
Accruals and other assets		1,716	1,940
TOTAL ASSET		**73,306**	**71,869**

4.1.2 Liabilities

€m	*Note*	30 Jun 2025	31 Dec 2024
Central banks		-	-
Financial liabilities at fair value through profit or loss	3.1	121	335
Hedging derivatives		3,559	3,886
Financial liabilities at amortized cost			
Due to banks at amortized cost	3.2	-	-
Customer borrowings and deposits at amortized cost		-	-
Debt securities at amortized cost	3.2	67,736	65,640
Fair value revaluation of portfolio hedge		32	39
Current tax liabilities		6	1
Deferred tax liabilities		-	-
Accruals and other liabilities		223	349
Provisions	3.3	14	15
Subordinated debt		-	-
EQUITY		**1,615**	**1,602**
Capital		1,445	1,445
Reserves and retained earnings		172	155
Net result through equity		(46)	(67)
Net income		43	69
TOTAL LIABILITIES		**73,306**	**71,869**

4.1.3 Income Statement

€m	Note	1H25	2024	1H24
Interest income	5.1	2,338	5,070	2,613
Interest expense	5.1	(2,239)	(4,884)	(2,528)
Fee and commission income	5.2	2	5	2
Fee and commission expense	5.2	(2)	(4)	(2)
Net result of financial instruments at fair value though profit or loss	5.3	26	19	28
Net result of financial instruments at fair value though equity	5.4	-	-	-
Gains or losses resulting from derecognition of financial instruments at amortized cost	5.5	2	3	1
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	0
Other expense		(0)	(0)	(0)
NET BANKING INCOME		**129**	**209**	**114**
Operating expenses	5.6	(57)	(103)	(53)
Depreciation and amortization of property and equipment and intangible assets	5.7	(6)	(14)	(7)
GROS OPERATING INCOME		**65**	**92**	**55**
Cost of risk	5.8	2	1	(4)
OPERATING INCOME		**67**	**93**	**51**
Net gains (losses) on other assets		-	(0)	(0)
INCOME BEFORE TAX		**67**	**93**	**51**
Income tax	5.9	(24)	(24)	(13)
NET INCOME		**43**	**69**	**38**
EARNINGS PER SHARE *(€)*				
• basic		4.63	7.44	4.05
• diluted		4.63	7.44	4.05

4.1.4 Net income and unrealized or deferred gains and losses through equity

€m	1H25	2024	1H24
NET INCOME	**43**	**69**	**38**
Items that may subsequently be reclassified through profit or loss	**21**	**(18)**	**(10)**
Unrealized or deferred gains and losses of financial assets at fair value through equity	-	(0)	0
Unrealized or deferred gains and losses of cash flow hedges derivatives	(0)	(0)	0
Unrealized or deferred gains and losses of cost of hedging derivatives	28	(24)	(13)
Tax on items that may subsequently be reclassified through profit or loss	(7)	6	3
Items that may not be reclassified through profit or loss	**-**	**(0)**	**-**
Actuarial gains and losses on defined-benefit plans	-	(0)	-
Tax on items that may not subsequently be reclassified through profit or loss	-	0	-
Total unrealized gains or losses through equity	**21**	**(18)**	**(10)**
NET INCOME AND GAINS OR LOSSES THROUGH EQUITY	**64**	**51**	**28**

4.1.5 Equity

€m	Capital and reserves: Share capital, additional paid-in capital	Capital and reserves: Retained earnings and net income for the period	Capital and reserves: Total	Unrealized or deferred gains and losses: Remeasurement gains (losses) related to post-employment benefit plans, after tax	Unrealized or deferred gains and losses: Net change in fair value of financial assets at fair value through equity, after tax	Unrealized or deferred gains and losses: Net change in fair value of cash flow hedging derivatives, after tax	Unrealized or deferred gains and losses: Net change in fair value of cost of hedging derivatives, after tax	Total	Total equity
EQUITY AS OF 1 JAN 2024	**1,445**	**312**	**1,757**	**1**	**0**	**0**	**(49)**	**(49)**	**1,709**
Stocks issued	-	-	-	-	-	-	-	-	-
Dividends	-	(42)	(42)	-	-	-	-	-	(42)
Changes in fair value of financial assets through equity	-	-	-	-	(0)	-	-	(0)	(0)
Changes in fair value of derivatives through equity	-	-	-	(0)	-	(0)	(18)	(18)	(18)
Net income for the period	-	69	69	-	-	-	-	-	69
Distribution of reserves	-	(31)	(31)	-	-	-	-	-	(31)
Interim dividend on retained earnings	-	(55)	(55)	-	-	-	-	-	(55)
Interim dividend on profit for the year	-	(30)	(30)	-	-	-	-	-	(30)
Other movements	-	-	-	-	-	-	-	-	-
EQUITY AS OF 31 DEC 2024	**1,445**	**224**	**1,669**	**0**	**-**	**0**	**(67)**	**(67)**	**1,602**
Stocks issued	-	-	-	-	-	-	-	-	-
Dividends	-	(52)	(52)	-	-	-	-	-	(52)
Changes in fair value of financial assets through equity	-	-	-	-	-	-	-	-	-
Changes in fair value of derivatives through equity	-	-	-	-	-	(0)	21	21	21
Net income for the period	-	43	43	-	-	-	-	-	43
Other movements	-	-	-	-	-	-	-	-	-
EQUITY AS OF 30 JUN 2025	**1,445**	**215**	**1,660**	**0**	**-**	**0**	**(46)**	**(46)**	**1,615**

4.1.6 Cash flow statement

€m	1H25	1H24
NET INCOME BEFORE TAX	**67**	**51**
+/- Net depreciation and amortization of tangible and intangible fixed assets	6	7
+/- Depreciation and write-downs	(3)	4
+/- Expense/income from investing activities	-	-
+/- Expense/income from financing activities	-	-
+/- Other non-cash items	(241)	(163)
Non-monetary items included in net income before tax and other adjustments	**(238)**	**(152)**
+/- Cash from interbank operations	(350)	109
+/- Cash from customer operations	(1,065)	(1,735)
+/- Cash from financing assets and liabilities	(533)	(38)
+/- Cash from not financing assets and liabilities	(10)	(14)
- Income tax paid	(76)	(20)
Decrease/(increase) in cash from operating activities	**(2,034)**	**(1,699)**
CASH FLOW FROM OPERATING ACTIVITIES (A)	**(2,205)**	**(1,800)**
CASH FLOW FROM INVESTING ACTIVITIES (B)	**(7)**	**(5)**
+/- Cash from or for shareholders	(52)	(42)
+/- Other cash from financing activities	2,575	1,358
CASH FLOW FROM FINANCING ACTIVITIES (C)	**2,523**	**1,315**
EFFECT OF CHANGES IN EXCHANGE RATES ON CASH (D)	**-**	**-**
INCREASE/(DECREASE) IN CASH EQUIVALENTS (A + B + C + D)	**311**	**(490)**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	**2,063**	**3,008**
Cash and balances with central banks (assets & liabilities)	2,016	2,979
Interbank accounts (assets & liabilities) and loans/sight deposits	47	29
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	**2,374**	**2,518**
Cash and balances with central banks (assets & liabilities)	2,343	2,472
Interbank accounts (assets & liabilities) and loans/sight deposits	31	46
CHANGE IN NET CASH	**311**	**(490)**

4.2 Notes to the financial statements

Note 1 Accounting and valuation policies

1.1 Applicable accounting standards

1.1.1 Application of the accounting standards endorsed by the European Union

Applicable benchmark

The Group produces its consolidated condensed financial statements in compliance with IAS 34 Interim financial reporting; they were subject to a limited review by the Statutory Auditors. The accompanying notes relate to the interim significant items and should be read in conjunction with the consolidated financial statements as of31 December 2024. They have been prepared in compliance with International Financial Reporting Standards (IFRS), as endorsed by and applicable within the European Union; they were audited by the Statutory Auditors. The Group's activities do not show any seasonal, cyclical or occasional aspects.

The consolidated condensed financial statements are furthermore in accordance with ANC Recommendation 2022-01 of 8 April 2022 regarding disclosure of consolidated financial statements for banking reporting entities under IFRS.

Information about closing

The consolidated condensed financial statements for the period from 1 January 2025 to 30 June 2025 were approved by the Board of directors on 5 September 2025.

The quantitative impacts on the financial statements and qualitative information associated with the war in Ukraine are presented by the company in note 8 below.

Accounting principles applied to the financial statements are detailed in note 1.2 below.

1.1.2 IASB and IFRIC texts endorsed by the European Union and effective as of 1 January 2025

- Amendments to **IAS 21 Lack of Exchangeability**: published by the IASB in August 2023, adopted by the European Union on 24 November 2024 (EU Regulation No. 2024/2862) and immediately applicable to financial years beginning on or after 1 January 2025: these amendments specify when a currency is convertible and how to determine the exchange rate in the absence of convertibility.

  The Group is not affected by these amendments as it does not carry out transactions in non-convertible currencies.

1.1.3 IASB and IFRIC texts endorsed by the European Union or in the process of being endorsed but not yet applicable

- Amendments to **IFRS 7 and IFRS 9 Classification and Measurement of Financial Instruments**: published by the IASB in May 2024, endorsed by the European Union on 27 May 2025 (EU Regulation No.2025/1047) and mandatory for annual periods beginning on or after 1 January 2026, with the option of earlier application, these amendments specify 3 topics.
  - They specify the classification of financial assets, particularly those with contingent characteristics (whether ESG-related or not). When the nature of the contingent event is not directly linked to a change in the risks or cost base of the loan, an additional SPPI test must be performed to determine whether or not the contingent contractual flows differ significantly from those of an identical asset without a clause.
  - They clarify the derecognition of a financial liability settled by electronic transfer, notably by allowing an entity to consider a financial liability that will be settled by means of an electronic payment system to be discharged before the settlement date if the following criteria are met: there is no possibility of withdrawing, interrupting or canceling the payment instruction, no possibility of accessing the amount used for settlement following the payment instruction, and if the settlement risk associated with the electronic payment system is insignificant.
  - Lastly, they specify the disclosures to be made concerning investments made in equity instruments designated at fair value through other comprehensive income, as well as on contractual conditions likely to modify the timing or amount of contractual cash flows.

  The Group does not anticipate any major impact, in particular from the application of the guidance for assessing the SPPI nature of its loans with ESG characteristics.
- **IFRS 18 Presentation and Disclosures in Financial Statements**: published by the IASB in April 2024, not yet endorsed by the European Union and mandatory for annual periods beginning on or after 1 January 2027, with the option of earlier application, this standard introduces three new types of requirement aimed at improving the presentation of financial performance information provided by companies, so that investors have a better basis for analysis and comparison of companies.

  The Group is currently working to determine the impact of this standard on its financial statements.

1.2 Accounting principles applied to the financial statements

The financial statements are prepared on a going concern basis. They are stated in €m unless otherwise specified. The preparation of financial information requires management to make estimates and assumptions that affect the amounts reported. In order to make these assumptions and estimates, management uses the information available at the date of financial statement preparation and exercises its judgment. While management believes it has considered all available information when making these assumptions, actual results may differ from such estimates and the differences may have a material impact on the financial statements.

Judgments were principally made in the following areas:

- classification of financial instruments;
- determination of the occurrence of a significant increase in credit risk since initial recognition;
- determination of whether or not there is an active market for financial instruments measured at fair value;
- hedge accounting;
- existence of a present obligation with probable outflows in the event of litigation.

These judgments are detailed in the following chapters.

Estimates were principally made in the following areas:

- determination of fair value for financial instruments measured at fair value;
- assessment of the amount of expected credit losses, in particular in the framework of the definition of macroeconomic scenarios used;
- estimates of future taxable profits for the recognition and measurement of deferred tax assets.

Estimates and judgement are also used to estimate climate and environmental risks. Governance and commitments on these risks are outlined in the management report. Information on the effect and consideration of climate risks on credit risk management is presented in paragraph 1.2.5.7 "impairment of financial assets" and in note 7 "Note on risk exposure". The accounting treatment of major financial instruments with margin clauses indexed to ESG (Sustainability-linked loans) criteria is presented in Note 1.2.5.3 "financial assets measured at amortized cost".

1.2.1 Consolidation

The consolidated financial statements of the Group include all entities under its control. Controlled entities are fully consolidated.

The Group controls a subsidiary when the following conditions are all met:

- the Group has the power over the relevant activities of the entity, through voting rights or other rights;
- the Group is exposed to or has rights to variable returns from its involvement with the entity;
- the Group has the ability to use its power over the entity to affect the amount of those returns.

The analysis of the level of control is reviewed when a change occurs in one of these criteria. Subsidiaries are consolidated on the date that the Group gains control. All intra-group transactions and balances, including unrealized gains or losses resulting from intra-group transactions, are eliminated on consolidation.

The scope of consolidation as of 30 June 2025 is the same as that as of 31 December 2024.

1.2.2 Offsetting financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet when there is a legally enforceable right to set off the recognized amounts and there is an intention for both parties to settle expected future cash flows on a net basis or to simultaneously realize the asset and settle the liability.

1.2.3 Foreign currency transactions

Foreign currency transactions are accounted for using the exchange rate prevailing on the transaction date.

As a reminder, the main feature of a monetary item is the right to receive (or the obligation to deliver) a fixed or determinable number of units of currency. Under IAS 21, monetary assets and liabilities denominated in foreign currencies are recognized at closing rates and any resulting exchange differences are recognized in profit or loss.

Financial assets denominated in a foreign currency and measured at fair value through the item Other comprehensive income are accounted for as monetary items under IFRS 9: the exchange difference resulting from the adjustment of the amortized cost of these assets is recognized in profit or loss, while further adjustments of the carrying amount (except the loss allowance for expected credit losses: see below) are recognized in equity.

The Group holds no non-monetary asset or liability denominated in a foreign currency.

1.2.4 Trade date and settlement date accounting

All purchases and sales of financial assets are recognized on settlement date, which is the date that a financial asset is received or delivered by one company of the Group. Derivative instruments are recognized at fair value on the transaction date.

1.2.5 Financial assets

When the Group becomes party to the contractual provisions of a financial asset, the latter is classified under one of the three categories instituted by IFRS 9, depending on the business model it is held within on the one hand and the characteristics of its contractual cash flows on the other hand.

1.2.5.1 Business model

The inclusion of Group's financial assets within business models is assessed at a level that reflects how groups of financial assets are managed together to achieve Group's business objectives, which are:

- refinancing local government entities and public hospitals through the acquisition of medium/long-run loans granted by La Banque Postale or la Banque des Territoires;
- refinancing export credit contracts covered by Bpifrance Assurance Export insurance policy on behalf of and under the control of the French Republic;
- more marginally, reducing the sensitivity of remaining sensitive structured loans held by the Group.

This assessment implies most of the time the use of judgment and relies on facts, circumstances and, generally speaking, all relevant evidence that is available for the Group at the date of the assessment. These relevant evidence can be broken down into two groups:

- qualitative evidence: how the performance of the business model and the financial assets held within that business model are evaluated and reported to the Group's key management personnel, the risks that affect the performance of the business model and the financial assets held within that business model and, in particular, the way in which those risks are managed, how managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected);
- quantitative evidence: the frequency, value and timing of sales in prior reporting periods, the reasons for those sales and expectations about future sales activity.

It can be inferred from this assessment that the Group only uses the collect model and, marginally, the collect and sell model for certain securities acquired by the Group to invest surplus cash. The Group does not hold any financial assets for trading purposes, *i.e.* the Group does not acquire, incur or hold financial assets for the purpose of realizing a net gain through selling or repurchasing them it in the near term.

1.2.5.2 Characteristics of contractual cash flows (SPPI criterion)

The SPPI (Solely Payments of Principal and Interests) criterion test is intended to assess whether the contractual cash flows of a financial asset are consistent with the ones of a basic lending agreement, *i.e.* payment of principal and interest on that outstanding principal. Irrespective of the legal form of the asset and the nature of its rate (fixed or variable), this is the case when the contractual cash flows comprise only a compensation for the time value of money, a compensation for the credit risk derived from the outstanding principal for a given time period, if applicable a compensation for other basic lending risks (*e.g.* liquidity risk) and costs (*e.g.* administrative costs) associated with holding the asset for a given period of time, plus if applicable a margin.

Most of the time a qualitative analysis is sufficient to determine whether the asset is SPPI compliant or not. Sometimes, an additional quantitative analysis is necessary: it intends to compare the contractual cash flows of the financial asset considered with the ones of a benchmark asset. If the gap assessed through this comparison is not material, the asset is assimilated to a basic lending agreement.

1.2.5.3 Financial assets measured at amortized cost

A financial asset is classified and subsequently measured at amortized cost if it is compliant with both of the tow following conditions:

- this financial asset is held within a business model, objective of which is to hold financial assets in the purpose of collecting contractual cash flows (collect model);
- contractual provisions of this asset result, at specified dates, in cash flows which embed only the repayment of principal and interest on the outstanding principal (SPPI criterion).

First impact loans were granted by the Group to support companies in their sustainability efforts through an incentive mechanism to revise the margin based on ESG criteria specific to the borrower or to its achievement of sustainable objectives (Sustainability-linked loans). The analysis of these loans basic lending arrangements since they met this de minimis character as well as the other SPPI criteria.

At initial recognition, the Group recognizes a financial asset belonging to this category at fair value, including if applicable any premium/discount and transaction costs. Subsequently, the financial asset is measured at amortized cost, which corresponds to its carrying amount at initial recognition minus repaid principal, plus or minus as appropriate the amortization of the premium/discount and transaction costs calculated using the effective interest rate method and taking into account any loss allowance for expected credit losses. The latter reduces the carrying amount of the financial asset with an offsetting entry to the profit or loss as cost of risk.

Due and accrued interest on loans and fixed income securities belonging to this category as well as the amortization of premium/discount and transaction costs, calculated using the effective interest rate method, are recognized in the net interest margin.

The effective interest rate is the rate that accurately discounts the expected future cash flows over the expected life of the financial instrument or, where more appropriate, a shorter period, so as to obtain the gross carrying amount of the financial instrument or, if the underlying instrument is a purchased or originated credit-impaired financial asset or has been subsequently impaired (see below), its net carrying amount (which takes into account in particular the loss allowance for expected credit losses). The calculation of this rate takes into account the commissions received or paid by the parties which, because of their nature, form an integral part of the effective rate of the contract, possible premiums and discounts and transaction costs. Transaction costs are incremental costs that are directly attributable to the acquisition of a financial instrument and are used for the calculation of the effective interest rate. An incremental cost is one that would not have been incurred if the entity had not acquired the financial instrument.

1.2.5.4 Financial assets measured at fair value through the item Other comprehensive income

A financial asset is classified and subsequently measured at fair value through the item Other comprehensive income if it is compliant with both of the two following conditions:

- this financial asset is held within a business model, which objective is both to collect the contractual cash flows and to sell financial assets (collect and sale model);
- contractual provisions of this asset result, at specified dates, in cash flows which embed only the repayment of principal and interest on the outstanding principal (SPPI criterion).

4

At initial recognition, the Group recognizes a financial asset belonging to this category at fair value, including if applicable any premium/discount and transaction costs. Subsequently, the unrealized gains or losses stemming from the variation of the fair value of this asset are recognized as other comprehensive income in equity, except an amount corresponding to the loss allowance for expected credit losses, which is recognized in profit or loss as cost of risk.

Due and accrued interest on loans and fixed income securities belonging to this category as well as the amortization of premium/discount and transaction costs, calculated using the effective interest rate method (see above), are recognized in the net interest margin.

1.2.5.5 Financial assets measured at fair value through profit or loss

A financial asset which does not belong to any of the two categories described above (amortized cost and fair value through the item Other comprehensive income) falls under this category and is classified and subsequently measured at fair value through profit or loss: this category is mainly composed of financial assets that are not SPPI compliant.

At initial recognition, the Group recognizes a financial asset belonging to this category at fair value, including if applicable any premium/discount and excluding transaction costs. Subsequently, the unrealized gains or losses stemming from the variation of the fair value of this asset are recognized in profit or loss as net banking income.

In accordance with the principles stated under ANC Recommendation 2022-01 issued on 8 April 2022, the Group decided to recognize separately:

- the fair value variations excluding accrued interest; they are recognized under the item Net result of financial instruments at fair value through profit or loss of the net banking income;
- due and accrued interest; they are recognized in the net interest margin.

1.2.5.6 Designation options

The Group does not use the following options:

- option to designate a financial asset as measured at fair value through profit or loss: this option can be exercised only if it eliminates or significantly reduces a recognition inconsistency for assets or liabilities (accounting mismatch);
- option to present in other comprehensive income subsequent changes in fair value of particular investments in equity instruments; the Group does not hold such instruments.

1.2.5.7 Impairment of financial assets

Defining the impairment base

A loss allowance for expected credit losses is calculated for all financial assets measured at amortized cost or at fair value through the item Other comprehensive income. At each closing date, they are broken down into three Stages:

- Stage 1: credit risk on the financial asset has not increased significantly since its initial recognition;
- Stage 2: credit risk on the financial asset has increased significantly since its initial recognition;
- Stage 3: the asset has defaulted.

At each closing date, the loss allowance for expected credit losses of a financial asset is measured as:

- the amount corresponding to the expected credit losses during the next 12 months for Stage 1 assets;
- the amount corresponding to the expected credit losses to maturity for Stage 2 and Stage 3 assets.

No loss allowance is recognized at initial recognition for purchased or originated credit-impaired financial assets. Interest incomes generated by these assets are determined using an effective interest rate that embeds expected credit losses. Subsequently, the loss allowance recognized on these assets corresponds to the accumulated variations of lifetime expected credit losses from initial recognition. The Group does not primarily intend to purchase or originate purchased or originated credit-impaired financial assets.

Assessing whether credit risk has significantly increased

The assessment of credit risk increase is performed on an individual basis: the Group does not use the collective basis approach. The objective of the assessment is to compare the default risk at closing date with its default risk at the date of initial recognition. This assessment takes into consideration all reasonable and supportable information that is relevant and that is available for the Group without incurring undue cost or making undue effort, in particular qualitative and quantitative information on past events (use of historic metrics), on current economic environment and on expectations on future economic environment (forward-looking information). In practice, the assessment of credit risk increase is realized at counterparty level:

- either through the comparison of the probability of default (PD) at maturity (weighted average PD of the forward-looking scenarios) with the PD at initial recognition;
- or through the characterization of risk levels (ratings coming from internal rating systems) year-to-year migrations towards risk levels regarded as risky (higher historic default rates).

The contracts of a counterparty are classified in Stage 3 when the counterparty is in one or other of the following situations:

- it is in “default” within the meaning of the CRR because it is unlikely to pay: it is probable that the counterparty will not repay all or part of its debt, without taking any guarantees into account, if applicable;
- it presents an arrear in payment past due of more than 90 days, irrespective of whether this counterparty is or is not in “default” within the meaning of the CRR.

The contracts of a counterparty in one or the other of the situations previously described are also considered as Non-Performing Exposures from a prudential perspective. On the perimeter being broken down into Stages, the accounting base of Stage 3 is therefore larger than the one of the “default” within the meaning of the CRR and is broadly in line with the one of Non-Performing Exposures, with just one significant difference: counterparties already in Forbearance and to which a new Forbearance has been granted and/or an incident of payment past due of between 31 and 90 days has occurred. The contracts of a counterparty in this situation are considered as Non-Performing Exposures from a prudential perspective but remain classified in Stage 2 from an accounting perspective (see below).

The contracts of a counterparty are classified in Stage 2 when, without however being in one or the other of the situations in Stage 3 (see above), the counterparty is in one or the other of the following situations characterizing a significant increase in credit risk:

- it is followed by the Watchlist Committee, due to an increase in its credit risk, or it is in Forbearance, which means that the Group has refrained the enforcement of its rights towards counterparty facing financial difficulties;
- it presents arrears in payment past due of strictly between 31 and 90 days;
- its rating presents one of the following characteristics: it has become non-Investment grade (internal rating inferior or equal to BB+), it has no internal rating, it has experimented or is to experiment a rating migration regarded as risky in the forward-looking scenarios. The rating migrations regarded as risky have been assessed on the basis of a statistical analysis using historical data and complemented by the use of expert judgment.

If none of the situations detailed above has occurred, the significant increase in credit risk is not characterized and the contracts of the counterparty remain classified in Stage 1.

Stages transitions must be compliant with the following rules:

- for the contracts of a counterparty in "default", exiting from Stage 3 and "default" (and getting back to Stage 2 or Stage 1) can only occur after a cure period of at least one year during which the counterparty is still considered as being in "default" within the meaning of the CRR and the contracts of this counterparty remain classified in Stage 3. Exit must in addition be formally decided in Default Committee and is conditional to the full repayment of arrears if any. It shall be noted that this cure period is not applicable to the contracts of a counterparty that was in Stage 3 without simultaneously being in "default" in the meaning of the CRR;
- for the contracts in Forbearance, exiting from Stage 2 or as appropriate Stage 3 (and getting back to Stage 1) can only occur after a cure period of at least two years which starts from the date when the forbearance had been granted if the counterparty was not in "default" within the meaning of the CRR or from the date of exit from "default" if it was.

Measuring the amount of the expected credit loss

The loss allowance recognized on the contract is equal to the average of expected credit losses of each of the scenarios weighted by their respective probability of occurrence. For all material portfolios, the definition of scenarios integrates a forward-looking dimension, which consists in projecting macroeconomic and financial variables and assessing their impacts. These scenarios are built upon either projections realized by the credit risk direction, or quantitative studies.

In the case of French local authorities, the main hypothesis as well as the scenarios and their weighting are presented below. The hypothesis of these scenarios are regularly updated. Three scenarios are thus constructed based on the 2023 and 2024 economic outlook estimates from the La Banque Postale Research Department, published in September 2024. The forward-looking forecasts 2025-2027 are based on the macroeconomic forecasts of the baseline scenario of the Caisse des Dépôts Group economists, updated in October 2024.

The most significant variables used in determining credit losses (inflation rate, GDP growth, 10-year OAT rates) for each scenario are detailed below:

Baseline scenario *(data in %)*	**2025**	2026	2027
Inflation	1.8	2.0	2.0
Growth in GDP	1.0	1.0	1.0
OAT 10 years	3.0	2.9	2

Favourable scenario *(data in %)*	**2025**	2026	2027
Inflation	1.6	1.9	2.0
Growth in GPD	1.5	1.5	1.3
OAT 10 years	3.0	2.9	2.9

Adverse scenario *(data in %)*	**2025**	2026	2027
Inflation	5.5	4.0	3.5
Growth in GPD	-1.5	0.0	0.5
OAT 10 years	5.5	5.5	5.5

Consideration of climate issues and weighting of scenarios:

- in the central scenario (weighted at 55%), overarching assumptions regarding the indexation of key operating and capital revenue and expenditure aggregates are applied to La Banque Postale forecasts. For investments, the effects of the electoral cycle are taken into account (an increase in investments at the end of the cycle and a decrease at the beginning of the municipal electoral cycle). Given the absence, by the end of 2024, of a finance law enacted for 2025, the central scenario notably factors in the increase in employer contribution rates to the National Pension Fund for Local Government Employees announced in the 2025 Social Security Financing Bill. It also assumes a freeze on operating grants and tax compensations paid by the state to local authorities, which appears to stem from the passage of a special law.

  Regarding investments, the scenario gives limited consideration to the climate challenges faced by local authorities, both in terms of transition risks toward a decarbonized economy and physical risks. Indeed, the amount of these additional investments (€1bn per year starting in 2025) is significantly lower than the estimate provided by I4CE in its study "Local Authorities: Investment and Engineering Needs for Carbon Neutrality" (EUR 11 billion). The decline in climate-related investments is also partly attributed to the reduction in the green fund (from €1bn to €1bn) planned in the 2025 budget proposal of the Barnier government. Lastly, the reduction in gross savings and the absence of a finance law enacted at the beginning of the year would also contribute to limiting or delaying the amount of investments, particularly in 2025;

- in the favorable scenario (weighted at 15%), based on more positive macroeconomic trends, certain budgetary components are indexed as follows: state grants are indexed to 50% of inflation (instead of being frozen as in the central scenario); personnel costs increase at a slightly more moderate pace; and there is less effort on investment expenditures compared to the central scenario;
- in the adverse scenario (30% weighted), the macroeconomic assumptions (GDP growth, inflation, and unemployment) are less favorable due to a recession in 2025, high inflation combined with a rise in unemployment, and elevated interest rate levels. Tax revenues and service income are indexed at 100% to inflation (compared to 50% of GDP and 90% of inflation in the central scenario). However, operating revenues are impacted by the inclusion of deductions from local government revenues, as outlined in the 2025 Finance Billl, aimed at involving local authorities in the effort to restore public finances. A freeze on investment spending in nominal terms is also assumed, given the contraction in savings (reduced self-financing capacity and more restricted access to funding), along with a postponement of climate-related investments. Additionally, the electoral cycle effect results in lower investment levels starting in 2026.

The impact of changing weights between the three scenarios on the amounts of expected credit losses is deemed very limited. as well as the inclusion of capital expenditure and adaptation to the climate transition. As an illustration, as of 30 June 2025, the following table presents the accounted ECL (€47.3m) and the unweighted ECL of the three scenarios. The respective weights of each scenario and the detail of macro-budgetary variables used are also specified.

Scenarios	Weight	French local communities financial ratios*	2025	2026	2027	Unweighted ECL *(€m)*	Weighted ECL *(€m)*
Baseline	**55%**	Deleveraging ratio (in years)	5.86	6.51	7.32	**46.8**	**47.3**
		Leveraging ratio (in % of RRF*)	78.9%	80.3%	83.0%		
		Gross savings ratio (in % of RRF*)	13.5%	12.3%	11.3%		
Adverse	**30%**	Deleveraging ratio (in years)	7.45	8.90	11.19	**49.1**	
		Leveraging ratio (in % of RRF*)	79.3%	81.3%	85.2%		
		Gross savings ratio (in% of RRF*)	10.6%	9.1%	7.6%		
Favorable	**15%**	Deleveraging ratio (in years)	5.58	5.84	6.20	**45.8**	
		Leveraging ratio (in % of RRF*)	78.1%	78.1%	78.9%		
		Gross savings ratio (in % of RRF*)	14.0%	13.4%	12.7%		

RRF: real operating revenue

* *Definitions of ratios used:*

- *Deleveraging capacity is a solvency ratio calculated by dividing outstanding debt by gross savings. This ratio expresses the theoretical number of years required for a local authority to repay all its debt if it were to devote all its cash flow to it.*
- *Leveraging ratio: obtained by calculating the ratio between medium- and long-term debt (numerator) and operating revenue (denominator), the latter being current revenue (taxes, government grants, revenue from public services). Operating revenues are characterized by a certain regularity, and are allocated first and foremost to the payment of the community's current expenses, known as management expenses (personnel costs, purchases and supplies, social assistance, etc.) and to the payment of debt (capital and interest). The debt ratio is used to measure the debt incurred to finance investments, and to assess its level in relation to current revenue.*
- *Gross savings ratio: local authority budgets are divided into an operating section and an investment section. The operating section organizes current expenditure and receipts (taxes, government grants, receipts from the operation of public services). Gross savings is the calculated balance of operating revenues less operating expenses (current expenses and interest on debt). The gross savings rate is obtained by dividing gross savings by operating revenue. It is used to measure the community's operating performance (including debt interest payments), before taking into account its investment policy.*

Further work is underway to establish a methodology for rating climate risks in the local public sector. These ratings will eventually be used to calculate ECLs. Modeling work is in progress.

For the contracts classified in Stage 1 or Stage 2, the expected credit losses equals the present value of the product of three parameters discounted at the original effective interest rate of the contract: the probability of default (PD), the exposure at default (EAD) and the loss given default (LGD), respectively on a one-year horizon for the contracts classified in Stage 1 and on the residual lifetime horizon for the contracts classified in Stage 2. The three parameters depend on the scenario and the year considered. The Group has capitalized on the framework of calculation of these parameters under Basel regulation and has introduced adjustments so as to comply with specific provisions of IFRS 9. This approach has resulted in the definition of IFRS 9 specific models for each material portfolio. More precisely, specific models have been developed so as to calculate PD and LGD for local authorities and inter-municipal grouping with own-source tax revenue, given that this portfolio is the most material for the Group. These calculations have been performed by taking the following steps:

- a migration through-the-cycle matrix is built upon available historical data;
- it is then distorted to derive point-in-time PD as well as migration point in time matrix;
- the latter is used in the scenarios, taking into account forward-looking information.

For the contracts classified in Stage 3, the expected credit losses are computed according to two different methodologies depending on the type of counterparty:

- as regards local authorities and inter-municipal grouping with own-source tax revenue, the methodology is the same as for Stages 1 and 2. PD is set at 100% (recognized default) and a "Default" LGD model has been developed;
- as regards other counterparties, the expected credit losses equal the loss at maturity, *i.e.* the difference between the sequence of cash flows contractually due to the Group and the sequence of cash flows that the Group expects to recover, both discounted at the original effective interest rate. Depending on the materiality of the contract, the cash flows that the Group expects to recover are calculated either through individual simulations performed by the credit risk division or through standard recovery scenarios using predefined management rules. These flows are, if applicable, net of any flows derived from realizing securities which form an integral part of contractual provisions.

At each closing date, the classification in Stages and the loss allowances for expected credit losses are subject to analysis and are validated by the impairment committee prior to their accounting. Besides, back testing procedures have been set up so as to annually monitor the efficiency of the framework of expected credit losses calculation under IFRS 9; they encompass data quality, portfolio structure and expectations quality.

Recognizing the impairment

Positive and negative variations of the amount of the loss allowance for expected credit losses are recognized in cost of risk.

When an asset is determined by management as being irrecoverable, it is derecognized (see below): the loss allowance for expected credit losses is reversed and the net loss is recognized in profit or loss as cost of risk. Subsequent recoveries, if any, are also recognized in cost of risk.

1.2.5.8 Derecognition of financial assets

A financial asset is derecognized when and only when the contractual rights to the cash flows from this asset expire or if this asset is transferred and the transfer meets one of the following conditions:

- substantially all the risks and rewards of ownership of this asset have been transferred; or
- substantially all the risks and rewards of ownership of this asset have been neither transferred nor retained and the control on this asset has not been retained. If the control on this asset has been retained, the underlying asset continues to be recognized to the extent of Group's continuing involvement in it.

The gain or loss realized when derecognizing a financial asset equals the difference between on the one hand the consideration received (net of transaction costs and including any new asset obtained less any new liability assumed) and on the other hand the carrying amount of this asset measured at the date of derecognition. It is recognized in profit or loss of the reporting period considered as net banking income.

Case of disposals

Financial assets are derecognized on disposal. The gain or loss realized on disposal takes into account the followings:

- for financial assets measured at amortized cost, the carrying amount of the disposed asset is systematically determined based on the "first in, first out" approach (FIFO method) on a portfolio basis;
- for financial assets measured at fair value through the item Other comprehensive income, cumulative gains or losses previously recognized in equity are, applying FIFO method, reversed in profit or loss on disposal, under the item of the net banking income used for recognizing the net gains and losses of this category.

Case of repos and reverse repos operations

Sold securities that are subject to a commitment to repurchase them at a predetermined price (repos) are not derecognized and remain on the balance sheet in their original category. The corresponding liability is recognized as financial liabilities at amortized cost. The asset is reported as pledged in the notes.

Securities purchased under commitment to sell at a predetermined price (reverse repos) are recognized off-balance sheet and the corresponding loans are recognized on the balance sheet as financial assets at amortized cost.

The difference between the sale and the repurchase price is recognized as interest income or expense and is capitalized and amortized over the term of the maturity of the contract using the effective interest rate method.

Case of prepayments

The prepayment of a loan results in general in the payment of a penalty which is included within the gain or the loss realized on derecognition.

In the case of a prepayment without refinancing, the loan does not exist any loner and is derecognized.

In the case of a prepayment with refinancing, the accounting treatment differs depending on whether the restructured terms are substantially different from the original terms; it is in particular the case in one of the following situations:

- the restructured loan is not classified in the same accounting category as the original loan, either because its contractual cash flows are from now compliant with the SPPI criterion (while they were not originally) or because they are not any longer (while they were originally);
- the net present value of the cash flows under the new conditions, including any fees paid net of any fees received, is more than 10% different from the net present value of the cash flows remaining from the original loan, both of these present values being discounted at the original effective interest rate.

If restructured terms are not substantially different from original terms, the original loan is not derecognized. Its gross carrying amount is adjusted so as to reflect the post-restructuring terms, including costs and fees incurred; it corresponds to the present value of the cash flows of the restructured loan discounted at the original effective interest rate (or, in the case of purchased or originated credit-impaired assets, at this rate adjusted so as to reflect credit quality). Such an adjustment, called "catch-up" effect, constitutes the excess of the restructured margin of the loan over its original margin: it is immediately recognized in profit or loss of the reporting period, within the net interest margin. Furthermore, for financial assets measured at amortized cost or at fair value through the item Other comprehensive income, the Group assesses whether, due to the modifications in the terms, a significant increase in credit risk since initial recognition has occurred: if so, an adjustment of the loss allowance for expected credit losses is recognized (see above).

If restructured terms are substantially different from original terms, the original loan is derecognized and the loan under restructured terms is recognized as a new financial asset. Its gross carrying amount is adjusted so as to reflect market conditions; it corresponds to the present value of the restructured cash flows discounted at the effective interest rate of a loan granted under normal market conditions at the date when the loan is restructured. Such an adjustment constitutes the excess of the restructured margin of the loan over normal market conditions at the date when the loan is restructured: it is immediately recognized in profit or loss of the reporting period, under the item of the net banking income used for recognizing the net gains and losses of the category of the derecognized financial asset.

1.2.6 Financial liabilities

1.2.6.1 Financial liabilities held for trading

The Group does not hold financial liabilities belonging to this category.

1.2.6.2 Financial liabilities designated at fair value through profit or loss

The Group does not use this option.

1.2.6.3 Financial liabilities at amortized cost

Financial liabilities at amortized cost are mainly *obligations foncières* and other resources that benefit from the privilege defined in article L.513-11 of the Monetary and Financial Code. Financial liabilities at amortized cost also include unsecurred LT issues and certificates of deposit issued by Sfil.

At initial recognition, the Group recognizes a financial liability belonging to this category at fair value, which is its nominal value including if applicable any reimbursement and issue premiums and transaction costs (mainly fees and commissions on bond issues). Subsequently, the financial liability is measured at amortized cost, which corresponds to its carrying amount at initial recognition plus or minus as appropriate the amortization of premiums and transaction costs calculated using the effective interest rate method.

Due and accrued interest on financial liabilities belonging to this category, as well as the amortization of premiums and transaction costs calculated using the effective interest rate method, are recognized in the net interest margin.

Bonds issued which are denominated in foreign currencies are accounted for using the same method as foreign currency transactions (see above).

1.2.6.4 Derecognition of financial liabilities

A financial liability is derecognized when and only when it is extinguished, *i.e.* when the obligation specified in the contract is discharged, cancelled or expires.

The restructuring of a financial liability results in the derecognition of this financial liability when the restructured terms are substantially different from the original terms (see above).

1.2.7 Derivatives

The Group has decided to apply the provisions of IFRS 9 for hedge accounting from 1 January 2022. In accordance with paragraph 6.1.3 of IFRS 9, IFRS 9 applies prospectively from that date to all the Group's micro-hedging relationships. Macro-hedging relationships continue to be recognized in accordance with the provisions of IAS 39, in compliance with the provisions of European Commission regulation 2086/2004 amending IAS 39 (IAS 39 "carve out"). Moreover, the Group discloses the financial information on hedge accounting that is required under IFRS 7 as amended by IFRS 9.

All derivatives are initially recognized on the balance sheet at fair value and then are revalued at their fair value. The fair value of derivatives is calculated either on the basis of prices observed in listed markets or by using internal valuation models.

The amount registered on the balance sheet includes the premium paid or received after amortization, the amount of changes in fair value and accrued interest, which together make up the fair value of the derivative. Derivative instruments are recognized as assets if their fair value is positive and as liabilities if it is negative.

1.2.7.1 Derivatives not documented in a hedging relationship

The Group enters into derivative contracts for the unique purpose of hedging its exposures to interest rate or foreign exchange positions. However, some derivatives must be measured at fair value through profit or loss at closing date; they are:

- the ones which failed hedge effectiveness tests at closing date;
- the ones which hedge financial assets that are measured at fair value through profit or loss. It comprises mainly the financial assets that are not compliant with the SPPI criterion. In this case, the revaluation of the derivative hedges natively the revaluation of the hedged risk of the hedged item, making pointless the documentation of a hedging relationship;

Both realized and unrealized gains and losses on these derivatives, measured at fair value through profit or loss at closing date, are recognized in profit or loss within the net banking income.

1.2.7.2 Derivatives documented in a hedging relationship

Hedging derivatives can be classified as either:

- hedges of the fair value of a recognized asset or liability or a firm commitment (fair value hedge); or
- hedges of a future cash flows that might eventually impact the future profit or loss and that is attributable to a recognized asset or liability or a forecast and highly probable future transaction (cash flow hedge).

Hedge accounting may be used for such derivatives, provided certain criteria are met:

- the hedging relationship only includes qualifying hedging instruments and qualifying hedged items;
- the hedging relationship is formally designated at inception and documented in a structured manner that describes: the hedging strategy, the entity's risk management objective, the hedging instrument, the item being hedged, the nature of the risk being hedged, and how the entity assesses the effectiveness of the hedge;
- the hedging relationship meets all of the following hedge effectiveness constraints that together constitute the prospective effectiveness test:
  - there is an economic relationship between the hedged item and the hedging instrument;
  - the effect of the credit risk does not be predominant over the changes in value that result from the economic link;
  - there is no lack of balance in the used hedge ratio that would create hedge ineffectiveness.
- concerning cash-flow hedges, the forecast transaction that constitutes the hedged item must be highly probable and involve exposure to a variability in cash flows that could ultimately affect net income.

Changes in the fair value of derivatives that are designated and documented in a fair value hedging relationship, and that respect the criteria set out above, are recognized in profit or loss, along with the corresponding change in fair value of the hedged items that are attributable to that specific hedged risk. Regarding notably structured financial instruments, the existence of a perfect hedge with a derivative, and the documentation of the associated hedging relationship, have the effect of reevaluating the hedged risk of the financial instrument, in parallel with the revaluation of the hedging derivative.

The effective portion of the changes in the fair value of derivatives that are designated and documented in a cash flow hedging relationship and that respect the criteria set out above, is recognized in equity. The non-efficient portion of the changes in the fair value of the derivatives is recognized in profit or loss. Considering that hedged items are financial instruments or futures transactions, amounts deferred in equity are recycled to profit or loss and classified as income or expense when the hedged items affects the profit or loss.

In addition, the component of the change in fair value for hedging derivatives corresponding to the basis spread (if any) is, in accordance with the option offered by IFRS 9, initially recognized in other comprehensive income. As the basis spread of the hedged items is linked to a series of future transactions, the amounts recorded in equity are reclassified in net income and classified as income or expense when the hedged items affect net income.

If at any time the hedge no longer meets the criteria for hedge accounting, one of the following accounting treatments shall be applied:

- in the case of a fair value hedge, the portion attributable to the hedged risk of the adjustment to the carrying amount of a hedged interest-bearing financial instrument is amortized to profit or loss over the residual maturity of the hedged item by adjusting the effective interest rate on the hedged item;
- in the case of a cash flow hedge, the amounts deferred in equity during the previous reporting periods, i.e. the effective portion of the changes in the fair value of derivatives, are maintained in equity until the derecognition or the extinguishment of the hedged item. They are recycled to profit or loss when or as the item formerly hedged impacts profit or loss.

1.2.7.3 Hedging of the interest rate risk of a portfolio

The Group uses the provisions of IAS 39 as adopted by the European Union (IAS 39 carve-out) because it better reflects the way the Group manages its financial instruments.

The objective of hedging relationships is to reduce the interest rate risk exposure stemming from certain categories of assets or liabilities designated as the hedged items.

The Group performs a comprehensive analysis of its interest rate risk exposure. It consists in assessing fixed-rate exposure generated by all fixed-rate balance sheet items. The Group selects financial assets and liabilities to be included in the hedge of the portfolio's interest rate risk exposure. The same methodology is constantly applied to select financial assets and liabilities that are included in the portfolio. Financial assets and liabilities are classified by time-buckets. Hence, when they are removed from the portfolio, they must be removed from all time-buckets on which they have an impact.

The Group chose to put together homogeneous portfolios of loans and portfolios of bonds. Based on this gap analysis, which is realized on a net basis, the Group defines at inception the risk exposure to be hedged, the length of time-buckets and the testing method and frequency.

Most of macro-hedging instruments used by the Group are plain-vanilla interest rate swaps designated at inception within a fair value hedge of fixed-rate resources or expenses. Hedge effectiveness is assessed through the use of target schedules. Prospective (realized at inception) and retrospective (realized at each half-year and annual closing date) effectiveness tests are intended to ensure there is no "over" hedging: they are successful if, for each time-bucket of the target schedule, the nominal amount of hedged items is superior to the notional amount of hedging derivatives.

Hedging instruments are made up of a portfolio of derivatives, in which positions may be offset. Hedging items are recognized at fair value (including accrued interest expense or income) with fair value adjustments recognized in profit or loss.

Revaluation related to the hedged risk is recognized on the balance sheet (respectively in asset or liability depending on whether the groups of hedged items are assets or liabilities) as Fair value revaluation of portfolio hedge with fair value adjustments recognized in profit or loss.

1.2.8 Fair value of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal market, or in its absence, the most advantageous market the Group has access to on that date. The fair value of a liability reflects its non-performance risk, which includes in particular the Group's own credit risk.

Market prices are used to determine fair value where an active market exists. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on a going concern basis. Active market prices are not, however, available for a significant number of the financial assets and liabilities held or issued by the Group.

If a financial instrument is not listed on an active market, valuation techniques are used. Valuation techniques include the use of market data from recent arm's length transactions between knowledgeable, willing parties, if available, reference to the current fair value of another instrument that is substantially the same if any, and valuation models.

A valuation model reflects what the transaction price would have been on the measurement date in current market conditions. The valuation model incorporates all the factors that market participants would consider when pricing the instrument; for example modifications in the credit risk quality of the underlying financial instruments as well as instrument and market liquidity. Within this framework, the Group uses its own valuation models and market assumptions, *i.e.* present value of cash flows or any other techniques based on market conditions existing at closing date.

1.2.8.1 Fair value of financial instruments measured at amortized cost

The following additional comments are applicable to the fair value of financial instruments measured at amortized cost presented in note 7 of the financial statements:

- the fair value of fixed-rate loans is estimated by comparing market interest rates when the loans were granted with current market interest rates offered on similar loans;
- caps, floors and prepayment penalties are included in determining the fair value these instruments.

1.2.8.2 Financial instruments measured at fair value

Non-derivative financial assets measured at fair value, either through other comprehensive income or through profit or loss, and derivative instruments are measured at fair value by reference to listed market prices when available. When listed market prices are not available, fair value is estimated on the basis of valuation models or discounted cash flows method, using as much as possible observable, and if necessary non-observable market data.

For non-derivative financial assets measured at fair value and for derivative instruments, when listed prices are not available, the pricing model attempts to reflect as accurately as possible the market conditions on the valuation date as well as any changes in the credit quality of these financial instruments and the market liquidity.

To determine the fair value of its derivatives, the Group uses different discount curves depending on whether collateral was actually exchanged. Collateralized derivatives related future cash-flows are discounted using an OIS-based curve or an €STER curve for centrally cleared derivatives for which the discounting index has transitioned in the year 2020. In contrast, uncollateralized derivatives related future cash-flows are discounted using an Euribor-based curve. This differential treatment reflects the different financing costs associated with the derivatives used (FVA – funding valuation adjustment). As a reminder, Caisse Française de Financement Local does not pay any collateral to its derivative counterparties, if they benefit from the legal privilege on assets, as well as the legal holders of covered bonds.

In addition, a value adjustment is included in the fair value of derivatives to reflect the impact of counterparty's credit risk (CVA – credit valuation adjustment) or the Group's own credit risk (DVA – debit valuation adjustment). Value adjustment allows switching from a fair value based on cash flows discounted at risk-free rate, *i.e.* without considering credit risk, into a fair value including this risk. Its calculation is based on the risk exposures combined with loss rates including market parameters.

1.2.9 Deferred taxes

Deferred taxes are recognized using the liability method to account for temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. The tax rates enacted or substantively enacted at closing date are used to determine deferred taxes.

Deferred tax assets are recognized to the extent that it is probable that sufficient future taxable profit will be available against which the temporary differences can be utilized.

Deferred tax liabilities are recognized to account for temporary differences arising from investments in subsidiaries, jointly controlled companies and associates, except where the timing of the reversal of the temporary difference cannot be controlled and it is probable that the difference will not reverse in the foreseeable future.

Deferred taxes relating to fair value remeasurements of financial assets measured at fair value through other comprehensive income and cash flow hedges, and other operations which are charged or credited directly to other comprehensive income, are also charged or credited to other comprehensive income.

1.2.10 Tangible and intangible assets

Fixed assets consist exclusively of operating tangible and intangible assets. These assets are held for production or administrative purposes. Fixed assets are recognized as assets if:

- it is probable that the associated future economic benefits will flow to the entity; and
- their cost can be measured reliably.

Fixed assets are recognized at acquisition cost plus any directly attributable expenses.

Software developed internally, when it meets the criteria for recognition, is recognized at its development cost, which includes external expenditures on hardware and services and staff expenses that can be directly attributed to its production and preparation for use.

After initial recognition, fixed assets are carried at cost less accumulated depreciation and impairment. When they are ready to be used, fixed assets are depreciated linearly over their expected useful life. Depreciation is recognized in profit or loss under the item Depreciation and amortization property and equipment and intangible assets.

The component approach is applied to all fixed assets. The depreciation periods are as follows:

Components	Depreciation period
Technical Installations	10 years
Fixtures and fittings	10 years
IT equipment	3 years
Software developed or acquired*	3 or 5 years
Office equipment	10 years

* *Purchased licenses and equipments are depreciated over 3 years. The depreciation period of internally developed softwares depends on whether they are strategic. Those which are considered strategic, are amortized over 5 years; those which are not are amortized over 3 years.*

Fixed assets are tested for impairment when impairment indicators are identified. When the carrying amount of a fixed asset is greater than its estimated recoverable amount, an impairment charge is recognized and the carrying amount of the fixed asset is written down to the estimated recoverable amount. Impairment charges are recognized in profit or loss under the item Depreciation and amortization property and equipment and intangible assets.

Gains or losses on disposal of fixed assets are charged to Net gains (losses) on other assets.

1.2.11 Leases

The Group contracts leases as lessee and it is not involved in sale and leaseback transactions. Most of the leases entered into by the Group are commercial leases governed by the French trade law (*Code de Commerce*), commonly referred to as "3/6/9 leases".

In compliance with the provisions of IFRS 16 standard, a contract is or contains a lease if it conveys, for a period of time in exchange for consideration, the right to control the use of an identified asset, namely both rights:

- to obtain substantially all the economic benefits from the use of this asset. It may be the case directly or indirectly and in several ways: for example by using or holding the asset; and
- to direct the use of this asset. It is evidenced when the Group has the right to direct how and for what purpose this asset is used or, when these parameters are predetermined, the Group has the right to operate the asset or has designed it.

This consideration shall be allocated to each of the lease and non-lease components of the contract, each lease component within the contract being accounted for as a distinct lease and separately from non-lease components. However, as a practical expedient, non-lease components may not be separated from the lease component they are associated to, the whole being then accounted for as a single lease.

Short-term leases and leases for which the underlying asset is of low value when it is new may be exempted. Non material leases are also exempted. Lease payments associated with those leases are recognized on a straight-line basis under the item Operating expenses over the lease term.

4

The lease term starts from the commencement date and extends over the period during which the lease is non-cancellable, taking into consideration each extension option that the lessee is reasonably certain to exercise and each termination option that the lessee is reasonably certain not to exercise. It shall not go beyond the period for which the contract is enforceable; the contract is no longer enforceable as soon as the lessee and the lessor each have the unilateral right to terminate the contract with no more than an insignificant penalty.

At initial recognition, which occurs at the commencement date of the lease, the Group recognizes:

- a right-of-use asset. This asset is initially measured at cost, which corresponds to the amount of the initial measurement of the lease liability including if applicable any lease payments already made, any initial direct costs incurred by the Group and any final restoration costs;
- a lease liability. This liability is initially measured at the present value of the lease payments yet not made discounted using the interest rate implicit in the lease or, by default, using the Group's incremental borrowing rate.

The lease payments included in this measurement are the contractual payments for the right to use the underlying asset; they comprise:

- fixed payments, net of any lease incentives receivable;
- variable payments, which depend on an index or a rate. The measurement is performed using the index or the rate in force at the commencement date;
- if applicable, amounts due under residual value guarantees;
- if applicable, the exercise price of any purchase option that the Group is reasonably certain to exercise;
- if however the Group has assessed the lease term assuming it exercises a termination option, the penalties incurred in this event.

Subsequently, the Group measures the right-of-use asset at cost:

- minus accumulated depreciation and, if applicable, impairment. From the commencement date, depreciation is being accounted for, linearly over the shorter period between the useful expected life of this asset and the lease term. The useful expected life shall however be used if the Group is reasonably certain to exercise a purchase option it has or if the legal ownership of the asset is transferred to the Group before the end of the lease term;
- taking into account if applicable any remeasurement of the lease liability.

Subsequently, the Group measures the lease liability at amortized cost, which corresponds to its carrying amount at initial recognition:

- plus accrued interest;
- minus the part of the payments made during the reporting period which corresponds to the repayed capital;
- taking into account if applicable any remeasurement of the lease liability or any lease modification.

Any remeasurement of the lease liability is recognized with an offsetting entry to the right-of-use corresponding asset and, in the event that it leads to reduce to zero the carrying amount of this asset or to reduce the lease duration, with an offsetting entry to the profit or loss for the remaining. The lease liability is remeasured by discounting the revised lease payments using:

- either the revised discount rate at the reameasurement date (the interest rate implicit in the lease or, by default, the Group's incremental borrowing rate). It is especially the case when the lease term is modified. It is also the case when the lease is modified in a way that the lease modification shall not be accounted for as a separate lease;
- or the discount rate used for the initial recognition of the lease liability. It is especially the case on the fixing date of the index or the rate on which is based the sequence of future variable payments.

Regarding leases-related disclosures in the financial statements:

- right-of-use assets are recognized under the item Tangible assets or Intangible assets as the case may be;
- depreciation allowances of right-of-use assets and, if applicable, impairment loss allowances are recognized under the item Depreciation and amortization of property and equipment and intangible assets;
- lease liabilities are recognized under the item Accruals and other liabilities;
- due and accrued interest on lease liabilities are recognized in the net interest margin.

1.2.12 Provisions

Provisions mainly include mainly provisions for litigations, restructuring, and loan commitments.

Regarding mainly litigations and restructuring, under IAS 37, a provision is recognized when and only when:

- the Group has a present legal or constructive obligation as a result of past events;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate of the amount of the obligation can be made.

A provision is measured at the present value of the expenditures expected to be required to settle the obligation. The discount rate used is the pre-tax rate that reflects current market assessments of the time value of money.

Regarding loan commitments, the followings must be distinguished (see above):

- loan commitments measured at fair value through profit or loss: they are fully in the scope of IFRS 9. Therefore, they are not impaired for expected credit losses but valued and their valuation is recognized on the asset side;
- other loan commitments: they are in the scope of the provisions of IFRS 9 related to derecognition and impairment only. Therefore, loss allowances for expected credit losses related to these commitments are measured and recognized the same way as the ones related to financial assets measured at amortized cost or fair value through other comprehensive income. The assessment of whether credit risk has significantly increased since initial recognition is performed from the date on which the Group is irrevocably and legally committed, *i.e.* from the issuing of a letter of loan offer. Besides, related loss allowances are recognized as liabilities through net income under "Cost of risk".

1.2.13 Employee benefits

Staff expenses include all costs related to employees, particularly expenses of the reporting period related to profit-sharing and incentive plans. Employee benefits are classified in four categories:

1.2.13.1 Short-term benefits

Short-term benefits are those expected to be settled wholly in twelve months after the end of the annual reporting period during which employee services are rendered; they are not discounted and are recognized as an expense of the reporting period. Annual leave is recognized when the benefits are granted to the employee. To this purpose, a provision is recognized based on rights vested by employees at the closing date.

1.2.13.2 Long-term benefits

These benefits, generally related to seniority, are paid to current employees. Their payment is deferred for more than twelve months after the end of the reporting period during which the employees rendered the related service. They represent, specially, long service awards. The actuarial gains and losses related to these benefits and all service costs are recognized immediately in profit or loss.

1.2.13.3 Termination benefits

Employee termination benefits result either from the decision by Sfil to terminate an employment contract before the legal retirement age or by a decision of voluntary redundancy in exchange for termination benefits. A charge for termination benefits at the end of the employment contract is recognized only when Sfil is no longer able to withdraw its offer.

1.2.13.4 Post-employment benefits

Post-employment benefits are only made of defined contribution plans. The assets of these plans are generally held by insurance companies or pension funds. The pension plans are generally funded by payments from both Sfil and its employees.

Under defined benefit plans, Sfil has a formal or constructive obligation to provide the agreed benefits to current and former employees. Actuarial and investment risks fall on Sfil; as a result, this obligation is measured and recognized as a liability under the item Provisions.

Post-employment benefit obligations are measured using an actuarial valuation technique that includes demographic and financial assumptions and the Projected Unit Credit Method, under which each period of service gives rise to an additional unit of benefit entitlement and each unit is measured separately to build up the final obligation.

The defined benefit net liability recognized in the balance sheet is valued by independent actuaries and represents the present value of defined benefit obligations reduced by the fair value of plan assets (if any).

When the fair value of assets exceeds the amount of the obligation, an asset is recognized if it represents a future economic benefit for Sfil in form of a reduction in future contributions to the plan or a future partial refund.

Remeasurements of defined benefit net liability (or asset) and the fair value of its covering assets is subject to adjustments due to changes in actuarial assumptions, which results in revaluating the liability (or asset) recognized under defined contribution plans. Actuarial gains and losses resulting from these adjustments are recognized as other comprehensive income at the closing date.

Under defined benefit plans, the expense recognized as staff expenses represents in particular the acquired rights during the reporting period by each employee and comprises the current service cost and past service cost arising from plan amendments, curtailments or settlements.

1.2.14 Interest income and expense

For all interest-bearing instruments, interest income and expense are recognized in profit or loss using the effective interest rate method (see above).

Accrued interest is recognized on the balance sheet under the same item as the related financial assets or liabilities.

1.2.15 Commissions

Most of the commissions arising from the Group's activities are recognized on an accrual basis over the life of the underlying transaction.

Loan commitment commissions are recognized as an adjustment to the effective interest rate and recognized in net interest margin if the loan is withdrawn.

1.2.16 Earnings per share

Basic earnings per share before dilution are calculated by dividing net income available for shareholders by the weighted average number of shares outstanding at closing date.

1.2.17 Cash and cash equivalents

For the purpose of the cash flow statement, cash and cash equivalents include balances at central banks and interbank deposits and demand deposits on credit institutions.

1.2.18 Related-party transactions

Two parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party when making financial or operational decisions. The Group is owned by the Caisse des Dépôts Group, company registered in France, and by French State. Within this framework, related-party transactions are those with companies owned directly or indirectly by the same final shareholders, in particular the subsidiaries of Caisse des Dépôts group, and with directors.

1.2.19 Segment reporting

The Group's unique activity involves the financing or refinancing of loans to public sector entities and exporters.

The Group conducts its business solely from France. It has no direct activity in other countries and is unable to present a relevant geographic breakdown of its results.

Note 2 Notes to the assets

2.1 Central banks

€m	30 Jun 2025	31 Dec 2024
Mandatory reserve deposits with central banks	-	-
Other deposits	2,343	2,016
TOTAL	**2,343**	**2,016**

2.2 Financial assets at fair value through profit or loss

2.2.1 Analysis by nature

€m	30 Jun 2025	31 Dec 2024
Loans and advances to customers	1,582	1,676
Non Hedging derivatives*	6	14
TOTAL	**1,588**	**1,690**

* *Sfil is only authorized to enter into derivative transactions for hedging purposes. However, as certain hedging derivatives do not meet all the conditions required by IFRS to be classified as hedging instruments for accounting purposes, they are classified as derivative instruments at fair value through profit or loss.*
Furthermore, as from 1 January 2018 and the entry into force of IFRS 9, derivatives used to hedge assets reclassified as assets measured at fair value through profit or loss can no longer be classified as hedging instruments for accounting purposes. They are therefore now allocated to this category.

2.2.2 Analysis of loans and advances to customers analysis by type of counterparty

€m	30 Jun 2025	31 Dec 2024
Public sector	1,410	1,498
Other - guaranteed by a State or local government	173	178
TOTAL	**1,582**	**1,676**

2.3 Financial assets at fair value through equity

2.3.1 Analysis by nature

€m	30 Jun 2025	31 Dec 2024
Stocks	-	-
Bonds	-	-
TOTAL	**-**	**-**

2.3.2 Analysis by counterparty

€m	30 Jun 2025	31 Dec 2024
Public sector	-	-
Credit institutions	-	-
TOTAL	**-**	**-**

2.4 Financial assets at amortized cost

	30 Jun 2025										
	Gross amount				Impairment				Net carrying amount	Accumulated partial write-offs	Accumulated total write-offs
€m	*Stage 1*	*Stage 2*	*Stage 3*	*Total*	*Stage 1*	*Stage 2*	*Stage 3*	Total			
Sight accounts	26	-	-	26	-	-	-	-	26	-	-
Credit institutions	10	-	-	10	(0)	-	-	(0)	10	-	-
LOANS AND ADVANCES TO BANKS AT AMORTIZED COST	**35**	**-**	**-**	**35**	**(0)**	**-**	**-**	**(0)**	**35**	**-**	**-**
Public sector	46,915	2,879	169	49,962	(3)	(28)	(2)	(32)	49,930	-	-
Non-financial institutions	6,037	196	3	6,237	(1)	(1)	(0)	(3)	6,234	-	-
LOANS AND ADVANCES T O CUSTOMERS AT AMORTIZED COST	**52,952**	**3,074**	**173**	**56,199**	**(4)**	**(29)**	**(2)**	**(35)**	**56,164**	**-**	**-**
Public sector	4,831	479	2	5,312	(3)	(3)	(0)	(6)	5,306	-	-
Credit institutions	3,661	-	-	3,661	(1)	-	-	(1)	3,660	-	-
Non-financial institutions	-	-	-	-	-	-	-	-	-	-	-
BONDS AT AMORTIZED COST	**8,492**	**479**	**2**	**8,973**	**(4)**	**(3)**	**(0)**	**(7)**	**8,966**	**-**	**-**
TOTAL	**61,479**	**3,553**	**175**	**65,207**	**(8)**	**(32)**	**(2)**	**(42)**	**65,165**	**-**	**-**

	31 Dec 2024										
	Gross amount				Impairment				Net carrying amount	Accumulated partial write-offs	Accumulated total write-offs
€m	*Stage 1*	*Stage 2*	*Stage 3*	*Total*	*Stage 1*	*Stage 2*	*Stage 3*	Total			
Sight accounts	42	-	-	42	-	-	-	-	42	-	-
Credit institutions	14	-	-	14	(0)	-	-	(0)	14	-	-
LOANS AND ADVANCES TO BANKS AT AMORTIZED COST	**56**	**-**	**-**	**56**	**(0)**	**-**	**-**	**(0)**	**56**	**-**	**-**
Public sector	45,689	2,877	173	48,740	(3)	(23)	(6)	(31)	48,709	-	-
Non-financial institutions	6,144	154	3	6,301	(2)	(1)	(0)	(3)	6,298	-	-
LOANS AND ADVANCES TO CUSTOMERS AT AMORTIZED COST	**51,833**	**3,032**	**177**	**55,041**	**(5)**	**(23)**	**(6)**	**(34)**	**55,007**	**-**	**-**
Public sector	4,386	515	2	4,903	(6)	(4)	(0)	(10)	4,893	-	-
Credit institutions	3,621	-	-	3,621	(1)	-	-	(1)	3,620	-	-
Non-financial institutions	-	-	-	-	-	-	-	-	-	-	-
BONDS AT AMORTIZED COST	**8,007**	**515**	**2**	**8,524**	**(7)**	**(4)**	**(0)**	**(10)**	**8,514**	**-**	**-**
TOTAL	**59,896**	**3,546**	**179**	**63,622**	**(11)**	**(27)**	**(6)**	**(44)**	**63,578**	**-**	**-**

Loans and advances to customers at amortized cost include a gross amount at 31 December 2024 and 30 June 2025 of €388m and €391m respectively, corresponding to loans granted by the Sfil Group to support customers in their sustainability initiatives, through an incentive mechanism to revise the margin in line with ESG criteria. All these exposures were allocated to Stage 1 for the two years concerned.

Gross amounts increased by around €1.6bn in the first half of 2025, mainly as a result of the strong performance of Sfil's two main activities, namely financing loans to local authorities and French public hospitals, as well as refinancing large export contracts. The increase in amortized cost securities is related to the acquisition of covered bonds and securities from credit institutions or the public sector, aimed at investing surplus cash.

Amounts allocated to Stage 2 and Stage 3 remain overall stable.

Expected credit losses allocated to Stage 1 and Stage 3 decreased by €3m and €4m, respectively. Meanwhile, expected credit losses allocated to Stage 2 increased by €5m, driven in particular by the deterioration of the financial health of public hospitals in France.

The Sfil Group's forborne exposures correspond to exposures to which renegotiation measures have been applied in a context of financial difficulty on the part of the debtor (actual or future). Renegotiation measures consist of concessions such as payment deferrals, interest rate reductions, maturity rescheduling, debt write-offs or changes in contractual terms.

As of 30 June 2025, the number of forborne contracts stood at 62, with 46 borrowers, for a total risk exposure of €211m.

Note 3 Notes to the liabilities

3.1 Financial liabilities at fair value through profit or loss

€m	30 Jun 2025	31 Dec 2024
Non hedging derivatives*	121	335
TOTAL	**121**	**335**

* *Group Sfil is only authorized to enter into derivative transactions for hedging purposes. However, as certain hedging derivatives do not meet all the conditions required by IFRS to be classified as hedging instruments for accounting purposes, they are classified as derivative instruments at fair value through profit or loss.*
Furthermore, as from 1 January 2018 and the entry into force of IFRS 9, derivatives used to hedge assets reclassified as assets measured at fair value through profit or loss can no longer be classified as hedging instruments for accounting purposes. They are therefore now allocated to this category.

3.2 Financial liabilities at amortized cost

€m	30 Jun 2025	31 Dec 2024
Current account	-	-
Securities sold under repurchase agreements	-	-
Term deposits	-	-
Sub-total due to credit institutions at amortized cost	**-**	**-**
Certificates of deposit*	717	814
Euro medium term notes*	14,319	12,052
Obligations foncières	46,213	46,409
Registered covered bonds	6,486	6,365
Sub-total debt securities at amortized cost	**67,736**	**65,640**
TOTAL	**67,736**	**65,640**

* *Unlike obligations foncières and registered covered bonds, these bonds do not benefit from the legal privilege.*

3.3 Provisions

€m	31 Dec 2024	Additions to provisions	Used amount	Unused amounts reversed during the period	Increase in the discounted amount due to the passage of time and effect of any change in the discount rate	Other movements	30 Jun 2025
Commitments and guarantees given	7	0	-	(1)	-	-	7
Provision on pensions	8	0	-	(0)	-	-	8
Other provisions	-	-	-	-	-	-	-
TOTAL	**15**	**1**	**-**	**(1)**	**-**	**-**	**14**

Note 4 Other notes on the balance sheet

The hedging derivatives described below are in line with the Sfil group's risk policy, detailed in section 3.4.4 "Interest rate risk" of chapter 3 Risks and capital adequacy.

4.1 Transactions with related parties

Analysis by nature

	Parent company[1]		Other related parties[2]	
€m	**30 Jun 2025**	31 Dec 2024	**30 Jun 2025**	31 Dec 2024
ASSETS				
Financial assets at fair value through profit or loss	-	-	-	-
Hedging derivatives	-	-	1	-
Financial assets at fair value through equity	-	-	-	-
Loans and advances to banks at amortized cost	0	0	-	-
Securities at amortized cost	-	-	41	40
Accruals and other assets	0	1	1	1
LIABILITIES				
Hedging derivatives	-	-	2	-
Due to banks	-	-	-	-
Debt securities at amortized cost	-	-	488	344
Accruals and other liabilities	-	-	0	0
INCOME STATEMENT				
Interest income	0	3	3	2
Interest expense	(1)	(2)	(7)	(11)
Fee and commission income	-	-	2	5
Fee and commission expense	-	-	(0)	(0)
Net result of financial assets ar fair value through profit or loss	-	1	(2)	(3)
Net result of financial assets ar fair value through equity	-	-	-	-
Gains or losses resulting from derecognition of financial instruments at amortized cost	-	-	-	-
Other income	-	-	-	-
Other expense	-	-	-	-
Operating expenses	-	-	-	-
Cost of risk	-	-	-	-
OFF BALANCE SHEET				
Foreign exchange derivatives	-	-	-	-
Interest rate derivatives	-	-	369	-
Financing commitments received	4,000	4,000	1,000	1,000
Financing commitments given[3]	31	111	-	-

(1) This item includes transactions with Caisse des Dépôts, the parent company of Sfil.

(2) This item includes transactions with La Banque Postale and Bpifrance, subsidiaries of Caisse des Dépôts Group.

(3) At the end of 2022, Sfil Group signed a partnership agreement with Caisse des Dépôts to offer local authorities and public hospitals in France a new long- and very long-term fixed-rate product. Within this framework, Sfil Group will make cash advances to Caisse des Dépôts corresponding to the amounts of loans granted by the latter. In return, Caisse des Dépôts undertakes to sell the loan to the Sfil Group at the end of the drawdown phase.

Note 5 Notes to the income statement

5.1 Interest income - interest expense

Sfil presents interest calculated using the effective interest rate method on financial instruments measured at amortized cost or at market value through equity under the headings "Interest income" and "Interest expense".

These headings also include interest income and expense on financial instruments recognized at fair value through profit or loss because they do not meet the SPPI criterion due to the fact that the cash flows received do not consist solely of principal and interest payments. However, the change in value calculated excluding accrued interest on these financial instruments at fair value through profit or loss is recorded under Net result of financial instruments at fair value through profit or loss (*see note 5.3*).

Interest income and expense on hedging derivatives are included with the revenue generated by the associated hedged items. Meanwhile, certain derivatives not classified as hedging instruments for accounting purposes are held as economic hedges of financial instruments carried at fair value through profit or loss; the interest income and expense on these hedging derivatives are included in the headings recording the interest on these financial instruments.

	1H25			1H24		
€m	**Income**	**Expense**	**Net**	Income	Expense	Net
Loans/loans with credit institutions	-	-	-	-	-	-
Loans/loans with customers	29	-	29	47	-	47
Derivatives outside the hedging relationship	27	(31)	(4)	40	(41)	(2)
FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS	**56**	**(31)**	**25**	**86**	**(41)**	**45**
Hedging derivatives	1,434	(1,565)	(131)	1,643	(1,885)	(241)
HEDGING DERIVATIVES	**1,434**	**(1,565)**	**(131)**	**1,643**	**(1,885)**	**(241)**
Securities	-	-	-	0	(0)	(0)
FINANCIAL ASSETS AT FAIR VALUE THROUGH EQUITY	**-**	**-**	**-**	**0**	**(0)**	**(0)**
Central bank accounts	40	0	40	70	-	70
Accounts and loans with credit institutions*	36	(25)	10	54	(18)	36
Accounts and loans with customers*	635	-	635	596	-	596
Securities	138	(617)	(480)	164	(584)	(420)
Other	-	-	-	-	-	-
FINANCIAL ASSETS AND LIABILITIES AT AMORTIZED COST	**848**	**(642)**	**206**	**884**	**(602)**	**282**
TOTAL	**2,338**	**(2,239)**	**100**	**2,613**	**(2,528)**	**85**

* *Interest income and expenses evaluated using the effective interest rate method amounted to €884m and €-602m, respectively, as of 30 June 2024, and €848m and €-642m as of 30 June 2025.*

As of 30 June 2025, as well as 30 June 2024, with the return to a positive interest rate environment, negative interest paid on financial instruments in assets and received on financial instruments in liabilities was zero.

5.2 Fees and commissions

€m	**1H25**	1H24
Servicing commission received from La Banque Postale	2	2
Other commission	(2)	(2)
TOTAL	**1**	**0**

5.3 Net result of financial instruments at fair value through profit or loss

All interest received and paid on assets, liabilities and derivatives is recorded in the interest margin, as required by IFRS. Consequently, net gains or losses on hedging transactions only include changes in the clean value of derivatives and the re-valuation of assets and liabilities included in a hedging relationship.

€m	1H25	1H24
Net result on financial assets or liabilities at fair value through profit or loss	29	26
Net result of hedge accounting	(3)	2
Net result of foreign exchange transactions	1	0
TOTAL	**26**	**28**

Analysis of net result of hedge accounting

€m	1H25	1H24
FAIR VALUE HEDGES	**(6)**	**5**
Fair value changes in the hedged item attributable to the hedged risk	(56)	196
Fair value changes in the hedging derivatives	50	(191)
CASH FLOW HEDGES	**-**	**(0)**
Fair value changes in the hedging derivatives – ineffective portion	-	-
Discontinuation of cash flow hedge accounting (Cash flows no longer expected to occur)	-	(0)
PORTFOLIO HEDGE	**5**	**1**
Fair value changes in the hedged item	(163)	(227)
Fair value changes in the hedging derivatives	169	228
CVA/DVA IMPACT	**(3)**	**(3)**
TOTAL	**(3)**	**2**

5.4 Net result of financial instruments at fair value through equity

€m	1H25	1H24
Net result of disposal on bonds at fair value though equity	-	-
Net results on disposal or prepayment of hedging derivatives instruments at fair value through equity	-	-
TOTAL	**-**	**-**

5.5 Gains and losses resulting from derecognition of financial instruments at amortized costs

€m	**1H25**	1H24
Net result on disposal or prepayment of bonds at amortized cost	-	-
Net result on disposal or prepayment of loans and advances to banks at amortized cost	-	-
Net result on disposal or prepayment of loans and advances to customers at amortized cost	2	1
Net result on disposal or prepayment of due to banks at amortized cost	-	-
Net result on disposal or prepayment of debt securities at amortized cost	-	-
TOTAL	**2**	**1**

Detail of on derecognition of assets and liabilities at amortized cost

	1H25		1H24	
€m	**Notional amount**	**Impact on result**	Notional amount	Impact on result
Net result on disposal, prepayment or restructuring of bonds at amortized cost	**-**	**-**	**-**	**-**
Prepayment of securities at amortized cost	-	-		-
Net result on disposal, prepayment or restructuring of loans and advance to credit institutions at amortized cost	**-**	**-**	**-**	**-**
Prepayment of loans and advances to credit institutions at amortized cost	-	-	-	-
Restructuring of loans and advances to credit institutions at amortized cost	-	-	-	-
Net result on disposal, prepayment or restructuring of loans and advances to customers at amortized cost	**76**	**2**	**30**	**1**
Prepayment of loans and advances to customers	25	2	4	0
Restructuring of loans and advances to customers*	51	0	26	0
SUB-TOTAL ASSETS	**76**	**2**	**30**	**1**
Net result of prepayment of debt to banks at amortized cost	**-**	**-**	**-**	**-**
Prepayments of debt to banks	-	-	-	-
Net result of prepayment of debt securities at amortized cost	**-**	**-**	**-**	**-**
Prepayment of debt securities at amortized cost			-	-
SUB-TOTAL LIABILITIES	**-**	**-**	**-**	**-**
TOTAL		**2**		**1**

* *Gains and losses arising from the derecognition of financial assets or liabilities at amortized cost are mainly associated with the business of restructuring loans to local public sector customers, which leads to the upfront recognition of income in accordance with IFRS principles (see note 1.2.5.8).*

5.6 Operating expenses

€m	**1H25**	1H24
Payroll costs	(32)	(30)
Other general and administrative expenses	(18)	(16)
Taxes	(7)	(7)
TOTAL	**(57)**	**(53)**

5.7 Depreciation and amortization, property and equipment and intangible assets

€m	**1H25**	1H24
Depreciation and amortization on tangible assets	(1)	(1)
Depreciation and amortization on intangible assets	(4)	(5)
IFRS16 impact	(1)	(1)
TOTAL	**(6)**	**(7)**

5.8 Cost of risk

	1H25					
€m Specific Impairment	**1 Jan**	**Transfers between Stages and Exchange Rate Impact**	**Allocations**	**Reversals**	**Write-off**	**30 Jun**
Stage 1	-	-	-	-	-	-
Stage 2	-	-	-	-	-	-
Stage 3	-	-	-	-	-	-
FINANCIAL ASSETS AT FAIR VALUE THROUGH EQUITY	**-**	**-**	**-**	**-**	**-**	**-**
Stage 1	(0)	-	-	0	-	(0)
Stage 2	-	-	-	-	-	-
Stage 3	-	-	-	-	-	-
LOANS AND ADVANCES TO BANKS AT AMORTIZED COST	**(0)**	**-**	**-**	**0**	**-**	**(0)**
Stage 1	(5)	(0)	(1)	2	-	(4)
Stage 2	(23)	1	(8)	2	-	(29)
Stage 3	(6)	0	(1)	5	-	(2)
LOANS AND ADVANCES TO CUSTOMERS AT AMORTIZED COST	**(34)**	**0**	**(9)**	**8**	**-**	**(35)**
Stage 1	(7)	0	(0)	3	-	(4)
Stage 2	(4)	(0)	(0)	1	-	(3)
Stage 3	(0)	-	(0)	-	-	(0)
BONDS AT AMORTIZED COST	**(10)**	**0**	**(0)**	**4**	**-**	**(7)**
Stage 1	(1)	0	(0)	-	-	(0)
Stage 2	(5)	(0)	(0)	1	-	(4)
Stage 3	-	(0)	(0)	-	-	(0)
OFF-BALANCE SHEET COMMITMENTS	**(6)**	**0**	**(0)**	**1**	**-**	**(5)**
EXPECTED CREDIT LOSSES	**(50)**	**0**	**(10)**	**13**	**-**	**(47)**
OTHER ITEMS INCLUDED IN THE COST OF RISK	**-**	**-**	**(0)**	**0**	**(1)**	**-**
TOTAL	**-**	**-**	**(10)**	**13**	**(1)**	**-**
COST OF RISK	**-**	**-**	**2**			**-**

€m Specific Impairment	1H24 1 Jan	Transfers between Stages and Exchange Rate Impact	Allocations	Reversals	Write-off	30 Jun
Stage 1	(0)	-	-	0	-	(0)
Stage 2	-	-	-	-	-	-
Stage 3	-	-	-	-	-	-
FINANCIAL ASSETS AT FAIR VALUE THROUGH EQUITY	**(0)**	**-**	**-**	**0**	**-**	**(0)**
Stage 1	5	(5)	-	0	-	(0)
Stage 2	(6)	6	-	-	-	-
Stage 3	-	-	-	-	-	-
LOANS AND ADVANCES TO BANKS AT AMORTIZED COST	**(0)**	**-**	**-**	**0**	**-**	**(0)**
Stage 1	12	(21)	(1)	6	-	(4)
Stage 2	(38)	15	(11)	6	-	(28)
Stage 3	(11)	6	(0)	0	-	(5)
LOANS AND ADVANCES TO CUSTOMERS AT AMORTIZED COST	**(37)**	**(0)**	**(13)**	**12**	**-**	**(38)**
Stage 1	2	(7)	(2)	0	-	(7)
Stage 2	(11)	7	-	1	-	(4)
Stage 3	(0)	-	(0)	-	-	(0)
BONDS AT AMORTIZED COST	**(9)**	**(0)**	**(2)**	**1**	**-**	**(11)**
Stage 1	(2)	1	(1)	1	-	(1)
Stage 2	(3)	(1)	(4)	2	-	(6)
Stage 3	(0)	-	-	-	-	-
OFF-BALANCE SHEET COMMITMENTS	**(5)**	**(0)**	**(5)**	**3**	**-**	**(7)**
EXPECTED CREDIT LOSSES	**(51)**	**(0)**	**(20)**	**15**	**-**	**(56)**
OTHER ITEMS INCLUDED IN THE COST OF RISK	**-**	**-**	**-**	**0**	**-**	**-**
TOTAL	**-**	**-**	**(20)**	**16**	**-**	**-**
COST OF RISK	**-**	**-**	**(4)**			**-**

5.9 Corporate income tax

€m	1H25	1H24
Current taxes	(10)	(4)
Deferred taxes	(8)	(9)
Exceptional corporate tax surcharge for large companies*	(7)	-
Other income taxes on previous exercise	0	-
TOTAL	**(24)**	**(13)**

* *The 2025 Finance Act introduced an exceptional corporate tax surcharge for large companies. This surcharge is based on the average corporate income tax owed for the 2024 and 2025 fiscal years. The applicable rate for the Sfil Group is 41.2%*

Note 6 Note on off-balance sheet items

6.1 Regular way trade

€m	30 Jun 2025	31 Dec 2024
Assets and currencies to be delivered*	52	-
Liabilities and currencies to be received	-	-

* This corresponds to interbank repurchase agreement transactions with a future value date.

6.2 Guarantees

€m	30 Jun 2025	31 Dec 2024
Guarantees received from credit institutions	-	-
Enhanced guarantees(1)	18,949	17,199
Loan guarantee commitments received	-	-
Guarantees received from customers(2)	1,030	1,104

(1) *The export financing and financing commitments granted by the Sfil Group are backed by a 100% unconditional and irrevocable guarantee from the French Republic, known as the enhanced guarantee. It is worth noting that the Sfil Group no longer utilizes this mechanism for operations concluded since September 2024 but continues to benefit from the export credit insurance provided by Bpifrance Export. This development is part of the group's ongoing efforts to simplify its operations.*

(2) *Guarantees received from customers are generally granted by local authorities.*

6.3 Financing commitments

€m	30 Jun 2025	31 Dec 2024
Loan commitments granted to credit institutions(1)	-	-
Loan commitments granted to customers(1)	8,844	7,533
Loan commitments received from credit institutions(2)	5,025	5,000
Loan commitments received from customers	-	-

(1) *Financing commitments on loans and lines of credit related to contracts issued but not paid out. These amounts mainly relate to commitments on operations in the export credit activity.*

(2) *Commitments on this line correspond to financing commitments received from Caisse des Dépôts and La Banque Postale for €4bn and €1bm respectively. With regard to the Caisse des Dépôts financing commitment, Sfil records the total commitments relating to existing tranches only, which are limited to €4bn. This amount does not take into account the possibility provided for in the financing agreement with Caisse des Dépôts to negotiate additional financing in good faith.*

In the first half of 2025, this amount also includes two bonds issued with a future value date, amounting to €25m.

6.4 Other commitments

€m	30 Jun 2025	31 Dec 2024
Commitments given(1)	17	17
Engagements received from Caisse des Dépôts(2)	31	111
Commitments received(3)	10	16

(1) *This refers for €13m to the irrevocable payment undertaking to the Single Resolution Fund. These commitments are collateralized by interest-bearing cash deposits of the same amount. The European ruling rejecting the appeal against the Single Resolution Board by a bank regarding the reimbursement of commitments from a subsidiary whose banking license has been revoked did not result in any changes to Sfil's accounting for these commitments.*

(2) *At the end of 2022, Caffil signed a partnership agreement with Caisse des Dépôts to offer local authorities and public hospitals in France a new long-term fixed-rate product. Under this agreement, Caffil makes cash advances to Caisse des Dépôts corresponding to the amounts of loans granted by the latter. In return, Caisse des Dépôts undertakes to sell the loan to Caffill at the end of the drawdown phase.*

(3) *Mainly loans guaranteed by public authorities.*

6.5 Impairments on financing commitments and other commitments granted

€m	Financing commitments and financial guarantees under IFRS 9 as of 30 Jun 2025									Commitments and financial guarantees measured at fair value	
	Gross amount				Impairment						
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Net carrying amount	Nominal amount	Accumulated negative changes in fair value due to credit risk on non-performing commitments
Granted to credit institutions	-	-	-	-	-	-	-	-	-	-	-
Granted to customers	8,162	613	69	8,844	(0)	(4)	(0)	(5)	8,839	-	-
TOTAL	**8,162**	**613**	**69**	**8,844**	**(0)**	**(4)**	**(0)**	**(5)**	**8,839**	**-**	**-**

€m	Financing commitments and financial guarantees under IFRS 9 as of 31 Dec 2024									Commitments and financial guarantees measured at fair value	
	Gross amount				Impairment						
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Net carrying amount	Nominal amount	Accumulated negative changes in fair value due to credit risk on non-performing commitments
Granted to credit institutions	-	-	-	-	-	-	-	-	-	-	-
Granted to customers	6,849	683	-	7,533	(1)	(5)	-	(6)	7,527	-	-
TOTAL	**6,849**	**683**	**-**	**7,533**	**(1)**	**(5)**	**-**	**(6)**	**7,527**	**-**	**-**

Financing commitments increased by €1.3bn in the first half 2025. This development is mainly due to the strong export activity observed over the period. Expected credit losses have slightly decreased, primarily due to the amortization of financing commitments allocated to Stage 2.

Note 7 Notes on risk exposure

IFRS 7 requires two main categories of information:

- Information on the significance of financial instruments in relation to the company's financial position and results (presentation by classes of instruments);
- "Qualitative" and "quantitative" information regarding the nature and extent of financial risks and how the entity manages these risks (sensitivity analysis to market risks and information on liquidity and credit risks).

Regarding the positioning of the information required by IFRS 7, the standard allows for this information to be disclosed outside the financial statements, within the management report or, for example, a risk management report.

In line with this provision, the Sfil Group now presents qualitative and quantitative information on the nature and extent of financial risks in Chapter 3, Risks and Capital Adequacy, of its annual financial report.

7.1 Fair value

This note presents the fair value adjustments that are not recognized, in income or in equity, because they correspond to assets or liabilities valued at amortized cost in the IFRS accounts.

These fair value adjustments take into account the features of the relevant assets and liabilities (maturity, hedging of interest rate risk, amortization profile, and, for assets, their rating); they also take into account current market conditions in terms of price or spread of these same operations, or operations to which they could be assimilated. The breakdown of assets and liabilities as a function of the method used to determine their fair value is shown in Note 7.1.3. below; it can be seen that most assets are valued according to a technique that takes into account the fact that significant parameters are not observable for the assets since the exposure primarily consists of loans, a form of debt that is not listed on liquid markets. For the valuation of liabilities, certain observable parameters have been used.

These fair values provide interesting information but are not relevant for drawing conclusions on the value of the company or on the income generated in the future. The assets and liabilities stand out for being consistent in rates and maturity and moreover are intended to be maintained on the balance sheet until their maturity, given the specialized activity of the company.

7.1.1 Composition of the fair value of the assets

	30 Jun 2025		
€m	**Book value**	**Fair value**	**Unrecognized fair value adjustment**
Central banks	2,343	2,343	-
Financial assets at fair value through profit or loss	1,588	1,588	-
Hedging derivatives	2,204	2,204	-
Financial assets at fair value through equity	-	-	-
Loans and advances to banks at amortized cost	35	35	(0)
Loans and advances to customers at amortized cost	56,164	53,083	(3,081)
Bonds at amortized cost	8,966	8,569	(396)
Fair value revaluation of portfolio hedge	181	-	(181)
TOTAL	**71,482**	**67,824**	**(3,658)**

	31 Dec 2024		
€m	Book value	Fair value	Unrecognized fair value adjustment
Central banks	2,016	2,016	-
Financial assets at fair value through profit or loss	1,690	1,690	-
Hedging derivatives	2,142	2,142	-
Financial assets at fair value through equity	-	-	-
Loans and advances to banks at amortized cost	56	56	(0)
Loans and advances to customers at amortized cost	55,007	51,923	(3,084)
Bonds at amortized cost	8,514	8,003	(510)
Fair value revaluation of portfolio hedge	380	-	(380)
TOTAL	**69,806**	**65,831**	**(3,975)**

7.1.2 Composition of the fair value of the liabilities, excluding equity

€m	30 Jun 2025 Book value	Fair value	Unrecognized fair value adjustment
Financial liabilities at fair value through profit or loss	121	121	-
Hedging derivatives	3,559	3,559	-
Due to banks at amortized cost	-	-	-
Debt securities at amortized cost	67,736	64,309	(3,426)
Fair value revaluation of portfolio hedge	32	-	(32)
TOTAL	**71,448**	**67,989**	**(3,459)**

€m	31 Dec 2024 Book value	Fair value	Unrecognized fair value adjustment
Financial liabilities at fair value through profit or loss	335	335	-
Hedging derivatives	3,886	3,886	-
Due to banks at amortized cost	-	-	-
Debt securities at amortized cost	65,640	62,127	(3,513)
Fair value revaluation of portfolio hedge	39	-	(39)
TOTAL	**69,901**	**66,348**	**(3,553)**

7.1.3 Methods used to determine the fair value of financial instruments

The fair value of a financial instrument is determined on the basis of prices that can be observed in the market for the instrument itself or for a comparable instrument, or with the help of a technical evaluation utilizing observable market data. A hierarchy of the methods used to establish fair value has been drawn up. It is composed of the following three levels:

- level 1 corresponds to the instruments considered to be liquid, i.e. that their valuation is based on the price observed in a liquid market, for which Sfil assured itself of the existence of a large number of contributors. Level 1 securities include in particular certain government bonds.
- level 2 uses another method to determine the value of instruments for which Sfil can not observe market prices, but observes such for similar instruments by the same issuer or guarantor listed in the market. In this case, observable prices and other data observable in the market are used and an adjustment is made to account for the degree of the security's illiquidity.
- in level 3, when there is no active market or observable market data, the fair value of instruments is determined by using a valuation spread developed from an internal model. Level 3 Hedging derivatives are valued using these internal models.

The measurement of derivatives is based on an analysis combining the observability of the market data used in the assessment and the robustness of the valuation models measured in terms of efficiency to provide a valuation in market consensus. The result of this application is that the derivatives used by Sfil Group in hedging its activities are primarily of level 2.

For the derivatives in level 3, this classification mainly involves hybrid, structured products (interest rate – foreign exchange), spread (correlation) products and options on interest rates. This classification is mainly due to the fact that these products present complex payoffs which require an advanced statistical model with variable parameters which are sometimes unable to be seen in the market.

€m Fair value of financial assets	30 Jun 2025 Level 1	Level 2	Level 3	Total
Central banks	2,343	-	-	2,343
Financial assets at fair value through profit or loss	-	5	1,583	1,588
Hedging derivatives	-	2,201	3	2,204
Financial assets at fair value through equity	-	-	-	-
Loans and advances to banks at amortized cost	26	9	0	35
Loans and advances to customers at amortized cost	-	-	53,083	53,083
Bonds at amortized cost	5,563	2,169	837	8,569
TOTAL	**7,932**	**4,385**	**55,507**	**67,824**

€m Fair value of financial assets	31 Dec 2024 Level 1	Level 2	Level 3	Total
Central banks	2,016	-	-	2,016
Financial assets at fair value through profit or loss	-	13	1,677	1,690
Hedging derivatives	-	2,132	10	2,142
Financial assets at fair value through equity	-	-	-	-
Loans and advances to banks at amortized cost	42	14	0	56
Loans and advances to customers at amortized cost	-	-	51,923	51,923
Bonds at amortized cost	4,799	2,316	888	8,003
TOTAL	**6,857**	**4,476**	**54,498**	**65,831**

€m Fair value of financial liabilities	30 Jun 2025 Level 1	Level 2	Level 3	Total
Financial liabilities at fair value through profit or loss	-	111	10	121
Hedging derivatives	-	3,533	25	3,559
Due to banks at amortized cost	-	-	-	-
Debt securities at amortized cost	53,333	5,055	5,920	64,309
TOTAL	**53,333**	**8,700**	**5,956**	**67,989**

€m Fair value of financial liabilities	31 Dec 2024 Level 1	Level 2	Level 3	Total
Financial liabilities at fair value through profit or loss	-	303	32	335
Hedging derivatives	-	3,855	31	3,886
Due to banks at amortized cost	-	-	-	-
Debt securities at amortized cost	51,074	5,273	5,779	62,127
TOTAL	**51,074**	**9,432**	**5,842**	**66,348**

Sensitivity of the market value of level 3 financial instruments to changes in reasonably possible hypotheses

The following table gives a synthetic view of financial instruments in level 3 for which changes in hypotheses concerning one or more non-observable parameter would cause a significant change in market value. These amounts illustrate the interval of uncertainty inherent in the recourse to judgment in estimating parameters of level 3 or in the choice of valuation techniques and models. They reflect the uncertainty of valuation which is effective at the date of valuation. Although this uncertainty essentially results from the sensitivity of the portfolio at the date of valuation, it does not make it possible to foresee or to deduct future variations in the market value any more than they represent the effect of extreme market conditions on the value of the portfolio. To estimate sensitivity, Sfil either values financial instruments using reasonably possible parameters or applies hypotheses based on its policy of additional valuation adjustments.

€m	30 Jun 2025	31 Dec 2024
Uncertainty inherent in level 3 market parameters	1	1
Uncertainty inherent in level 3 derivatives valuation models	2	6
SENSITIVITY OF THE MARKET VALUE OF LEVEL 3 FINANCIAL INSTRUMENTS	**3**	**7**

7.1.4 Transfer between level 1 and 2

€m	30 Jun 2025	31 Dec 2024
Level 1 to level 2	-	-
Level 2 to level 1	-	-

7.2 Off-setting of financial assets and liabilities

7.2.1 Financial assets subject to off-setting, enforceable master netting arrangements and similar agreements

	30 Jun 2025					
				Other amounts in the application scope but not offset		
€m	Gross amounts before off-setting	Gross amounts off-set according to IAS 32	Net Amounts presented in the balance sheet	Effect of master netting arrangements	Financial Instruments received as collateral	Net Amounts according to IFRS 7 and 13
Loans and advances at fair value through profit or loss	2,210	-	2,210	(1,415)	(91)	704
Derivatives (including hedging instruments)	1,582	-	1,582	-	-	1,582
Loans and advances to banks at amortized cost	35	-	35	-	-	35
Loans and advances to customers at amortized cost	56,164	-	56,164	-	-	56,164
TOTAL	**59,992**	**-**	**59,992**	**(1,415)**	**(91)**	**58,486**

	31 Dec 2024					
				Other amounts in the application scope but not offset		
€m	Gross amounts before off-setting	Gross amounts off-set according to IAS 32	Net Amounts presented in the balance sheet	Effect of master netting arrangements	Financial Instruments received as collateral	Net Amounts according to IFRS 7 and 13
Loans and advances at fair value through profit or loss	2,156	-	2,156	(1,225)	(220)	710
Derivatives (including hedging instruments)	1,676	-	1,676	-	-	1,676
Loans and advances to banks at amortized cost	56	-	56	-	-	56
Loans and advances to customers at amortized cost	55,007	-	55,007	-	-	55,007
TOTAL	**58,896**	**-**	**58,896**	**(1,225)**	**(220)**	**57,451**

7.2.2 Financial liabilities subject to off-setting, enforceable master netting arrangements and similar agreements

€m	30 Jun 2025					
				Other amounts in the application scope but not offset		
	Gross amounts before off-setting	Gross amounts off-set according to IAS 32	Net Amounts presented in the balance sheet	Effect of master netting arrangements	Financial Instruments received as collateral	Net Amounts according to IFRS 7 and 13
Derivatives (including hedging instruments)	3,680	-	3,680	(1,415)	(1,492)	773
Due to banks at amortized cost	-	-	-	-	-	-
Customer borrowings and deposits at amortized cost	-	-	-	-	-	-
TOTAL	**3,680**	**-**	**3,680**	**(1,415)**	**(1,492)**	**773**

€m	31 Dec 2024					
				Other amounts in the application scope but not offset		
	Gross amounts before offsetting	Gross amounts offset according to IAS 32	Net Amounts presented in the balance sheet	Effect of master netting arrangements	Financial Instruments received as collateral	Net Amounts according to IFRS 7 and 13
Derivatives (including hedging instruments)	4,221	-	4,221	(1,225)	(1,763)	1,233
Due to banks at amortized cost	-	-	-	-	-	-
Customer borrowings and deposits at amortized cost	-	-	-	-	-	-
TOTAL	**4,221**	**-**	**4,221**	**(1,225)**	**(1,763)**	**1,233**

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7.3 Exposure to credit, climate and interest rate risks

The information on the management of credit risk, climate risk and interest rate risk required by IFRS 7 is presented in Chapter 3 Risks and capital adequacy.

Note 8 Impact of the war in Ukraine on the financial statements of the Company

The foreseeable impacts of the war in Ukraine are very limited for the Sfil group. As a reminder, the Sfil Group has no operations outside France. In addition, the Group has no exposure to Russia or Belarus, and only one exposure to Ukraine, which represented €27m on the balance sheet at 30 June 2025. This exposure was granted as part of Sfil's export credit business and is 100% guaranteed by the French Republic. Sfil is therefore not directly exposed to credit risk on this file. Nevertheless, as of 24 February 2022, Sfil had decided to place this asset on the watchlist. At the end of 2024, considering the financial deterioration of Ukraine and the geopolitical context, Sfil decided to downgrade its entire exposure to Ukraine to Stage 3, despite the absence of any defaults on this contract. This downgrade resulted in the recognition of an expected credit loss of €0.1m, which had no material impact on the company's results.

Note 9 Post-closing events

On 10 July 2025, regarding the case relating to the taxation in Ireland of the results of the former branch of Dexia Municipal Agency (former company name of Caffil) in Dublin, which closed in 2013, the French tax authorities announced their decision to close the mutual agreement procedure under the Franco-Irish treaty. As a result of the settlement agreement between Caffil and Dexia SA, this will generate a revenue of €5m in the 2H25 financial statements.

4.3 Statutory Auditors' report on the interim financial information

For the period from 1 January to 30 June 2025

To the annual general meeting of Sfil S.A.,

Sfil S.A.
112-114 avenue Emile Zola
75015 Paris, France

To the shareholders,

In compliance with the assignment entrusted to us by your annual general meeting and in accordance with the requirements of article L. 451-1-2 III of the French Monetary and Financial Code ("Code monétaire et financier"), we hereby report to you on:

- the review of the accompanying half-yearly consolidated financial statements of Sfil S.A., for the period from 1 January to 30 June 2025,
- the verification of the information presented in the half-yearly management report.

These half-yearly consolidated financial statements are the responsibility of the Board of Directors. Our role is to express a conclusion on these financial statements based on our review.

Conclusion on the financial statements

We conducted our review in accordance with professional standards applicable in France.

A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

A review is substantially less in scope than an audit conducted in accordance with professional standards applicable in France and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying half-yearly consolidated financial statements do not give a true and fair view of the assets and liabilities and of the financial position of the Group as at 30 June 2025 and of the results of its operations for the period then ended in accordance with IFRS as adopted by the European Union.

Specific verification

We have also verified the information presented in the half-yearly management report on the half-yearly consolidated financial statements subject to our review. We have no matters to report as to its fair presentation and consistency with the half-yearly consolidated financial statements.

Neuilly-sur-Seine, 9 September 2025

PricewaterhouseCoopers Audit

Ridha Ben Chamek

Paris la Défense, 9 September 2025

KPMG S.A.

Jean-François Dandé

The statutory auditors

French original signed by Jean-François Dandé and Ridha Ben Chamek

5.

Statement by the person responsible

Statement by the person responsible

I hereby affirm that, to the best of my knowledge, these interim financial statements have been prepared in conformity with the applicable accounting standards and provide an accurate and fair view of the assets and liabilities, financial position and earnings of the issuer, as well as of the companies included in the consolidation, and that the attached interim activity report presents a fair image of the significant events that have taken place during the first six months of the financial year and their impact on the interim financial statements, the main transactions between related parties, and a description of all the major risks and uncertainties concerning the remaining six months of the financial year.

Paris, 9 September 2025

Philippe MILLS

Chief Executive Officer

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