

SFIL S.A.

May 5, 2026

This report does not constitute a rating action.

Credit Highlights

Overview

Key strengths	Key risks
Integral link with the French government as a fully state-owned financial institution, wholly owned by Caisse des Dépôts et Consignations (CDC).	Performance remained robust in 2025, but macroeconomic conditions in 2026 are likely to present greater challenges. Also, LRGs typically scale back investment and refinancing activity during the first years of a new municipal mandate, weighing on origination volumes.
Critical role as the leading financier of French local and regional governments (LRGs) and public hospitals, underpinning an almost certain likelihood of government support.	Tighter financing conditions, combined with high volumes of low variable-rate Livret A lending, could weigh on lending volumes to local authorities.
Strategic mission for the French government's economic policy as the principal provider of refinancing for export credit.	The inherently thin margins on LRG lending could come under further pressure from rising funding costs in currently volatile financial markets.

S&P Global Ratings expects SFIL (A+/Stable/A-1) would receive direct extraordinary support from the French government in the event of financial distress. Although the state bears no legal obligation regarding SFIL's solvency, we believe the government remains firmly committed to providing the entity with sufficient liquidity and capital to operate, comply with regulatory requirements, and honor its financial obligations. In addition to a letter of comfort from its reference shareholder CDC, France itself has issued a letter of comfort affirming its commitment to ensuring SFIL can continue its activities and meet its obligations should CDC be unable to do so.

Outlook

The stable outlook on SFIL mirrors that on France. We believe that SFIL will retain its critical role for and integral link with the French government and, therefore, expect the ratings to move in line with those on the sovereign.

Downside scenario

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SFIL S.A.

We would lower the ratings on SFIL following a similar rating action on France, if the central government were to change SFIL's full public-sector entity status, or if SFIL's role were to diminish.

Upside scenario

We would raise our ratings on SFIL if we took a similar rating action on France and the likelihood of extraordinary government support for the entity remained almost certain.

Rationale

We equalize our ratings on SFIL with those on France (unsolicited; A+/Stable/A-1). This reflects our view that SFIL's critical role for and integral link with the French government make it almost certain that the sovereign would provide timely and sufficient extraordinary support in the event of financial distress.

S&P Global Ratings considers that SFIL executes strategic government policies and we do not view the likelihood of government support as being subject to transition risk. In our view, the French government's general propensity to support government-related entities is not in doubt.

Our assessment of an almost certain likelihood of government support rests on two pillars:

- Its integral link with the French government as a 100% public-sector-owned financial institution, wholly owned by CDC and benefiting from the state's robust support and close supervisory oversight.
- Its critical role for France as the leading loan refinancer to French LRGs and public hospitals and the principal provider of refinancing for export credit, with a market share of almost 40%. The European Commission (EC) has recognized SFIL as a development bank, acknowledging a structural market failure in the financing of French LRGs. Financial access is vital for these entities, given they account for close to 70% of civilian public investment in France—investment that is essential for infrastructure maintenance and ecological transition. The EC has likewise validated SFIL's export mission, confirming that private institutions do not provide these services to a sufficient extent.

SFIL heads into 2026 in a generally favorable position. It benefits from record-level capitalization, minimal credit risk, robust liquidity, competitive financing conditions, and a sound financial position. Key growth drivers include the broadened lending mandate (LRGs' satellites or off-balance sheet entities), the growing export credit pipeline particularly in defense and nuclear energy, and the structural demand for long-term ecological transition financing. While near-term conditions warrant careful attention, including a potential moderation in LRG lending volumes as the new municipal mandate takes effect, and continued market volatility affects funding costs and margins, SFIL is well-positioned to navigate these factors.

SFIL's unique public-policy mandate, near-sovereign credit profile, and exceptional asset quality provide a strong buffer against these challenges. The bank's strategic relevance to French public finance continues to grow, supported by its expanding ESG activities and deepening export-credit role in sectors such as nuclear and defense.

SFIL supports French public investment by lending to LRGs and public hospitals

SFIL S.A.

SFIL plays a pivotal role in France's economic strategy as the leading loan refiner to LRGs and public hospitals. Established in 2013, the bank was designed to ensure French local authorities' stable, long-term funding access. Its primary mission is to refinance loans originated principally by La Banque Postale (LBP) and, to a lesser extent, Banque des Territoires (BDT) for French LRGs and public health institutions. Since its inception, SFIL has refinanced over €60 billion in public-sector loans.

In 2025, lending to the French local public sector reached a sound €5.6 billion in new loans, though below the record €6.3 billion achieved in 2024. This moderation primarily reflects competitive pressure from lending indexed to the variable Livret A rate, which averaged close to 2% throughout 2025, well below fixed rates. Notably, 36% of 2025 lending was green or social (€0.8 billion in green loans and €1.1 billion in social loans), underscoring SFIL's deepening commitment to sustainable finance.

SFIL's market dominance in LRG lending is well established. The group holds about 20% of outstanding loans to French local authorities, with an overall market share in annual lending of 20%-30%. SFIL provides financing to over 10,000 local authorities and close to 800 public healthcare institutions, covering nine out of 10 municipalities with more than 10,000 inhabitants.

Early 2026 saw the first signing of a transaction financing a waste treatment facility. This significant development followed the EC's December 2024 decision to extend the scope of SFIL's lending activity beyond traditional local authorities and hospitals. The bank can now finance the satellite organizations and the off-balance-sheet entities of local authorities, such as public transportation companies, which should further stimulate growth.

Lending to public hospitals has remained reasonably modest because budgetary pressures and limited investment capacity continue to constrain the sector. France's €19 billion Ségur Plan de la Santé is expected to accelerate hospital investments, benefiting SFIL given its leading position in hospital finance.

While 2025 lending held up well, the outlook for 2026 is more subdued. The start of a new municipal mandate has historically been accompanied by a decline in local investment and refinancing activity, which is likely to weigh on origination volumes. However, ongoing investments in transportation—particularly at the regional level—and in the ecological transition should continue to sustain financing needs. At the same time, tighter financing conditions risk curbing demand from local authorities, and persistently elevated funding costs in a volatile market environment could further compress the already narrow margins characteristic of LRG lending.

SFIL is developing a partnership with Banque des Territoires (BdT)

Since 2023, SFIL has broadened its scope through a strategic partnership with BDT, reinforcing its position among the public-sector banking entities operating as part of the CDC group. Within the CDC, several entities engage in banking activities: Bpifrance supports SMEs and corporates; LBP operates in the competitive sector; and BDT focuses exclusively on long-term public-sector financing. LBP handles loans with maturities of less than 25 years, while BDT specializes in loans exceeding 25 years.

SFIL refinances new fixed-rate loans with 30-to-40 year maturities originated by BDT, complementing LBP's loan production while maintaining a strong emphasis on green projects. Management expects loan origination by BDT to increase in the coming years, up to €500 million per year in the medium term, as demand for long-term ecological transition financing grows.

SFIL has a growing role in export credit refinancing

SFIL remains the leading provider of large export credit refinancing, with a portfolio exceeding €22 billion since the activity was launched in 2015 and a market share around 40%. In 2025, four transactions totaling €3.6 billion were signed, contributing to the conclusion of €10.3 billion in export contracts and representing a significant increase from the €2.4 billion signed in 2024. Since 2015, SFIL has financed defense transactions totaling €9.8 billion, providing significant support for the French technological and industrial base.

A landmark transaction in 2025 was SFIL's participation as lead lender to the Sizewell C nuclear power plant project in the U.K.—one of the largest energy infrastructure projects in Europe, valued at around £38 billion. SFIL participated in the financing of £5 billion insured by BPI-Assurance Export.

The outlook for export credit remains very positive, especially in the defense, nuclear, and naval sectors. In 2025, SFIL's expansion into operations backed by guarantees from European export credit agencies and multilateral lenders other than Bpifrance Assurance Export further broadened the platform's reach.

Financial Profile

Capital adequacy and credit quality

SFIL maintains an exceptionally robust capital position. Its common equity Tier 1 (CET1) ratio stood at 46.8% at year-end 2025—a further strengthening from 42.2% at end-2024—far exceeding the 8.56% SREP minimum set by the European supervisor. Non-performing exposures remained extremely low in 2025, at less than 0.10% of total assets (0.26% at end-2024), cost of risk was a net €4 million reversal, and 85% of the asset portfolio is now weighted at 0%.

Funding and liquidity

SFIL's business model is based on its ability to access funding at very low cost, given structurally thin asset margins. The bank is entirely wholesale funded, consistent with its public-sector peers, and is not a deposit-taking institution. It secures roughly three quarters of its refinancing through covered bonds issued via its subsidiary CAFFIL—the largest French covered bond issuer by outstanding volume. SFIL is also a regular direct issuer in the financial markets, with outstanding benchmark transactions close to €14 billion. By combining covered bonds with direct issuances, this diversified funding strategy allows SFIL to secure favorable refinancing terms, with its 2025 consolidated rates nearly matching the yield on 10-year French government bonds. In 2025, one third of bonds issued carried green, social, or sustainable labels—a proportion expected to hold through 2030.

Liquidity reserves remain substantial at well over €40 billion, supported by the direct eligibility of SFIL's public-sector portfolio as ECB collateral, access to repo transactions, and €4 billion in backup credit facilities provided by CDC Group. The LCR ratio of 313% and NSFR of 125% both significantly exceed regulatory requirements.

For 2026, SFIL plans €1 billion–€3 billion in direct issuance (including NEU CP and EUR/USD benchmark bonds) alongside €6 billion–€8 billion in covered bond issuance through CAFFIL, and aims for 33% in sustainable and social issuance. By early 2026, SFIL had already prefinanced over 50% of its expected funding needs, providing a buffer against financial market volatility and rising interest rates.

Profitability

SFIL's profitability continued to demonstrate resilience in 2025. Recurring net banking income reached €221 million, up 2% from 2024, supported by higher activity levels despite rising financing costs related to financial market volatility. Operating expenses remained under control at €121 million, yielding a cost-to-income ratio of 54.6% (53.9% in 2024).

Income before tax increased to €104 million (up 3% year-on-year). However, following an exceptional tax contribution charged to large companies (€10 million impact), net income reached €67 million (down 10% versus 2024).

Related Criteria

- [General Criteria: Environmental, Social, And Governance Principles In Credit Ratings](#), Oct. 10, 2021
- [General Criteria: Methodology For Linking Long-Term And Short-Term Ratings](#), April 7, 2017
- [General Criteria: Rating Government-Related Entities: Methodology And Assumptions](#), March 25, 2015
- [General Criteria: Principles Of Credit Ratings](#), Feb. 16, 2011

Related Research

- [France](#), Dec. 1, 2025
- [France Ratings Lowered To 'A+/A-1' From 'AA-/A-1+' On Heightened Risks To Budgetary Consolidation; Outlook Stable](#), Oct. 17, 2025
- [French Government-Related Entities Ratings Lowered To 'A+/A-1' After Similar Action On France; Outlooks Stable](#), Oct. 21, 2025
- [Caisse des Dépôts et Consignations](#), Dec. 18, 2025

Ratings Detail (as of May 05, 2026)*

SFIL	
Issuer Credit Rating	A+/Stable/A-1
Commercial Paper	
<i>Local Currency</i>	A-1
Senior Unsecured	A+
Issuer Credit Ratings History	
21-Oct-2025	A+/Stable/A-1
04-Mar-2025	AA-/Negative/A-1+
04-Jun-2024	AA-/Stable/A-1+
06-Dec-2022	AA/Negative/A-1+

*Unless otherwise noted, all ratings in this report are global scale ratings. S&P Global Ratings' credit ratings on the global scale are comparable across countries. S&P Global Ratings' credit ratings on a national scale are relative to obligors or obligations within that specific country. Issue and debt ratings could include debt guaranteed by another entity, and rated debt that an entity guarantees.

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