Press release

Paris, 20 February 2024

VERY SOLID 2023 RESULTS DRIVEN BY A RECORD LEVEL OF LENDING ACTIVITY

Higher recurring net income despite a disrupted economic environment

- **Recurring net banking income moderately down at EUR 198 million** (-6% vs 2022) despite a disrupted economic environment and the full-year impact of 2022 loan volumes constrained by the usury rate for the local public sector
- **Operating expenses at EUR 118 million** (-5.6% vs 2022), reflecting a tight control of general and administrative costs (+1% vs 2022) in a context of continued inflationary pressures in 2023
- **Reversal in cost of risk** (-2 basis points) and **non-performing exposures at an all-time low of 0.2% of assets**, reflecting the **excellent credit quality** of asset portfolio
- **Recurring net income of EUR 65 million (+4.8% vs 2022)** illustrating the performance of public development bank model

Record level of activity for export credit refinancing

- **Best performance since the activity started in 2016** with the conclusion of **6 operations** involving **10 exporters** for a total amount of **EUR 5 billion** (vs EUR 0.7 billion in 2022)
- **Direct contribution to SDGs 7, 9 et 11** for 4 of the 6 transactions concluded in the period
- Refinancing of the **"Abidjan Metro Line 1" project** awarded **« Deal of the year Africa »** at the TXF Global export forum in June 2023

Public sector lending activity in the higher range of the period, with a strong growth in thematic loans

- **Loan origination of EUR 4.3 billion (+4,9% vs 2022)**, with activity levels contrasting between local authorities (+15% vs 2022) and public hospitals (-48% vs 2022)
- Launch of the new **partnership with Banque des Territoires** with **EUR 0.2 billion** of loans granted
- **Accelerated growth in green and social thematic loans to 43% of loan origination** (vs 37% in 2022), in particular **social loans to local authorities (14% in 2023)**

Highly positive 2024 outlook and ambitious decarbonization targets

- **Highly optimistic business outlook** underpinned by a particularly high number and volume of deals under assessment, **176 for EUR 62 billion**
- **Expected growth in local and hospital investments in 2024,** in light of public initiatives to accelerate climate investments by local authorities
- **Ambitious targets for financed emission reduction** published in 2023 for our local public sector loans and export credit portfolio; nearly **EUR 30 billion of green and social loans over the 2024-2030 period**

Following the Board meeting on 16 February 2024, **Philippe Mills, Chief Executive Officer of Sfil**, stated « *In this year which marked our 10th anniversary, we achieved an unprecedented level of activity of EUR 9.3 billion, 50% more than the average recorded over the last 7 years. Since 2013, we have granted more than EUR 64 billion of financing, including EUR 6.6 billion of green and social loans. Relying on our dynamic activities and talented people, we have all the required assets to confirm in 2024 the excellent 2023 performance.*"

Higher recurring net income despite a disrupted economic environment

Recurring net banking income[1] was EUR 198 million in 2023 (-6% vs 2022), despite increased financing costs in a context of significant volatility in financial markets and the effect of the usury rate on 2022 volume of loans to local public sector.

Operating expenses came down to EUR 118 million (-5.6% vs 2022). The decrease in the contribution to the Single Resolution Fund (-38% vs 2022) more than offset the slight increase in general and administrative costs that remained under control (+1% vs 2022) despite higher inflation levels throughout 2023.

Cost of risk was a reversal of EUR 11 million (-2 basis points) down from 2022 (EUR 0 million). This trend reflects the financial soundness of Sfil's borrowers.

	Recurring		Reported	
EUR million	**2022**	**2023**	**2022**	**2023**
Net banking income	211	**198**	243	**178**
Operating expenses	(125)	(118)	(125)	(118)
Gross operating income	**86**	**80**	**118**	**60**
Cost of risk	0	11	0	11
Income before tax	**87**	**91**	**119**	**70**
Income tax	(25)	(25)	(33)	**(14)**
Net income	**62**	**65**	**86**	**56**

Recurring net income[1] was EUR 65 million, +4.8% up from 2022. This performance is in line with the objectives of our model of public development bank and reflects the strength of such positioning in a less favorable macro-economic context.

Under the applicable IFRS standards, net banking income came down to EUR 178 million (-27% vs 2022). It reflects the valuation impact of financial assets recognized at fair value through profit and loss, which was +EUR 14 million in 2022 and became negative to EUR 20 million in 2023 as well as a one-off profit in 2022 after an early repayment of a run-off asset.

Reported net income was EUR 56 million compared with EUR 86 million in 2022.

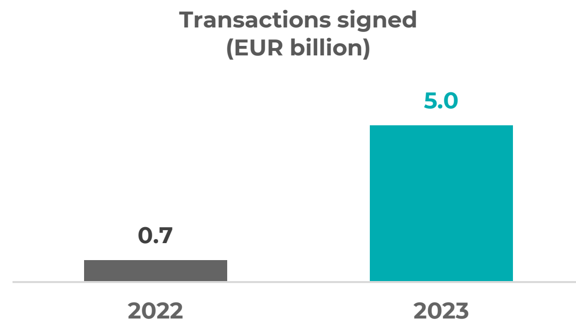
Credit risk metrics (past dues, stage 3 assets and non-performing exposures) were again at an all-time low since the creation of Sfil, demonstrating the excellent credit quality of the portfolio. In particular, non performing exposures represented 0.2% (vs 0.3% in 2022) of assets or EUR 168 million (-28% vs 2022).

[1] *Reported financial information restated for fair value adjustments of hedges or related to the credit spread of financial assets at fair value through profit and loss, and an exceptional tax income in 2023.*

Record levels of activity for export finance

In 2023, we concluded 6 transactions for a total amount of EUR 5 billion resulting in EUR 7.3 billion in export contracts involving 10 exporters, 5 of which benefited from the Sfil's refinancing scheme for the first time.

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



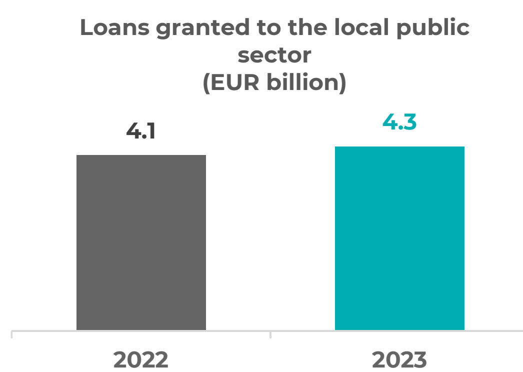
For the first time since its launch, export credit activity exceeded public sector lending activity in terms of volume. We achieved this record performance in a context of geopolitical tensions, contracts price inflation and tighter overall financing conditions, all of which reinforce the attractiveness of the refinancing scheme we offer.

Transactions concluded in 2023 also demonstrated our commitment to sustainability. 4 of the 6 projects financed contributed to SDG 7 (Affordable and clean energy), SDG 9 (Industry, innovation, infrastructure) and SDG 11 (Sustainable cities and communities) in destination countries. In particular, the "Abidjan Metro Line 1" project received the *"Deal of the year Africa"* award at the TXF Global export forum in June 2023.

Public sector lending activity in the higher range of the period, with a strong growth in thematic loans

Loan origination amounted to EUR 4.3 billion in 2023 (+4.9% vs 2022), with underlying contrasted situations according to the type of borrowers.

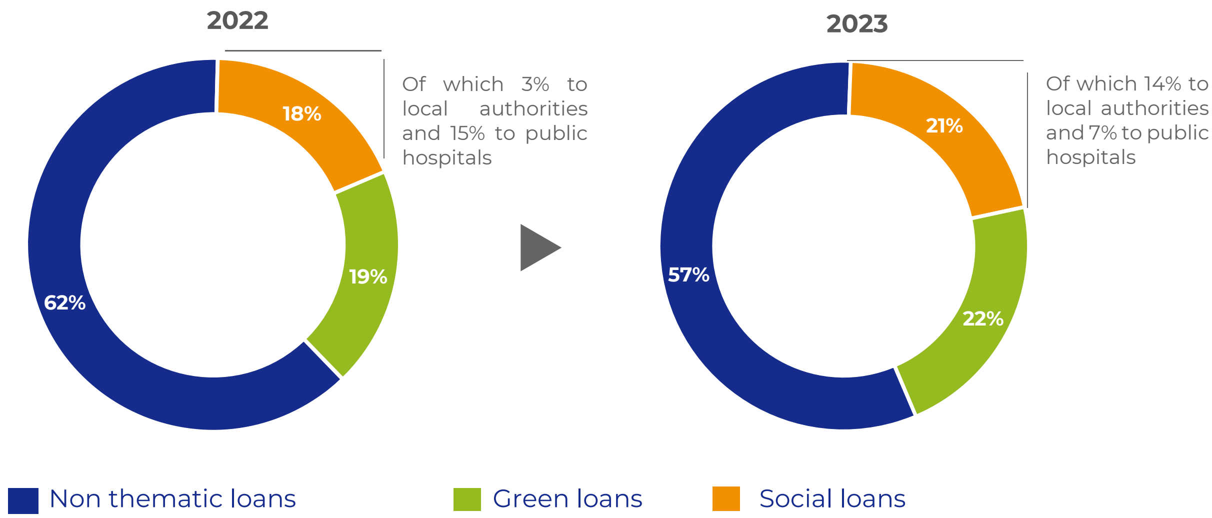
Loan to local authorities rose by 15% to EUR 4 billion, despite an economic context (rising inflation and interest rates) that slowed down investment decisions.



By contrast, loans to public hospitals fell by 48% to EUR 322 million, mainly due to delays in major projects following a sharp rise in construction costs which made necessary to reschedule planned expenditures.

In this context, the new partnership with Banque des Territoires launched at the end of 2022 started gradually in 2023 with EUR 0.2 billion of loans granted. This loan offer, with a target of EUR 0.5 billion originated over time, aims to support local authorities and public hospitals in financing sustainable environmental and social investments with maturities between 25 and 40 years.

2023 emphasized the investment efforts that local public sector has undertaken in order to support ecological and energy transition and regional cohesion in France. Green and social loans accounted for 43% of production (vs 37% in 2022). In particular, social loans to local authorities, EUR 0.6 billion or 14% of production in 2023, confirmed the strong demand from local authorities, noted at the launch of the offer at the end of 2022. This loan offer is designed to finance thematic such as health, sport, culture, development and territorial cohesion.

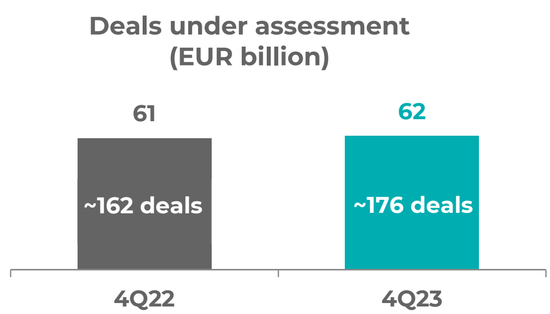


We acquired EUR 3.4 billion in loans to local public sector from our partners compared with EUR 4.8 billion in 2022. This decline mainly reflected the 2022 loan volume (mainly acquired in 2023) which had been strongly constrained by the rate setting mechanism for the usury rate.

Highly positive 2024 outlook and ambitious decarbonization targets

In 2024, we will carry on with the implementation of our strategic plan, with the priority to maintain the leadership in our 2 activities.

The outlook for credit export is highly optimistic for 2024. Indeed, the volume of deals under review reached a record high at the end of 2023, with around 176 operations under assessment for a total amount of approximately EUR 62 billion.



Lending to the local public sector is expected to increase in 2024, under the combined effect of more favorable financial conditions and a rise in local and hospital investments. In particular, the volume of thematic loans is expected to increase in line with public initiatives to mitigate the impacts of climate change (budget increase for the French green fund "*Fonds vert*", a revised version of the French Low-Carbon Strategy or the introduction of a "green budget" for local authorities) and an acceleration in the partnership with Banque des Territoires.

Moreover, and in order to actively participate in the ecological and energy transition, we set at year-end 2023 our targets for reducing financed emissions by 2030[2].

To this end, for the local public sector in France, we aim to reduce by 40% the monetary intensity of financing to 92 gCO_2e/€ for scopes 1, 2 and 3 (upstream and downstream), with reference to France's National Low Carbon Strategy.

With regard to export credit, we will not finance any new projects related to the oil, gas and coal sectors (exploration, production, transport, storage, refining or distribution).

In the power generation sector, we will only provide financing to transactions involving low-carbon renewable or nuclear energy projects and more selectively on gas-fired plants if they contribute to improving the carbon intensity of the electricity mix in destination countries.

Finally, for shipping, we will start the process to become a signatory of the Poseidon Principles. In that stance, we aim to reach a negative-or-zero climate alignment score of our portfolio by 2030 accordingly with the current trajectory adopted by the Poseidon Principles.

To achieve these objectives, we will mobilize EUR 17.5 billion in green loans over the period 2024-2030, *via* our 2 activities. In addition, in order to support them in the social challenges they face, we will dedicate EUR 12 billion to financing public hospitals and social investments by French local authorities.

A sound financial structure

Funding and liquidity position

Sfil and Caffil issued EUR 3 billion and EUR 3.6 billion respectively on global financial markets. In total, the Group issued EUR 6.6 billion in long-term debt with an average maturity of 7 years.

Although higher than in 2022, financing costs remained under control given market conditions marked by high volatility, inflationary pressures and the monetary tightening policy of central banks. Our excellent credit rating gives us the ability to offer the French local authorities and exporters competitively priced financing on long maturities, regardless of the interest-rate environment.

We have a robust liquidity structure, with LCR and NSFR ratios of 301% and 122% respectively, above the minimum requirement of 100%.

Capital adequacy

CET1 ratio was 37.5% at the end of December 2023. This is well above the minimum requirement of 7.92% set by the European supervisor as part of the Supervisory Review and Evaluation Process (SREP).

[2] *See press release dated December 19, 2023*

Credit ratings

Our robust position is confirmed by our credit ratings which were confirmed during 2023.

	Moody's	DBRS	Standard & Poor's
Long-term	Aa2	AA (high)	AA
Outlook	Stable	Stable	Negative
Short-term	P-1	R-1 (high)	A-1+
Last update	27 December 2023	26 May 2023	5 June 2023

These excellent credit ratings, all aligned with the sovereign ratings, reflect the strategic relevance of our public-service mission and our proximity to the French Government.

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Appendix 1 : Consolidated financial statements prepared under IFRS as adopted by the European Union[3]

Assets

EUR millions	12/31/2022	12/31/2023
Central banks	1,969	2,980
Financial Assets at fair value throught profit or loss	2,743	2,251
Hedging derivatives	2,396	2,189
Financial Assets at fair value through equity	243	80
Financial Assets at amortized cost	-	-
Loans and advances to banks at amortized cost	87	67
Loans and advances to customers at amortized cost	49,956	51,393
Securities at amortized cost	6,209	7,985
Fair value revaluation of portfolio hedge	170	405
Current tax assets	15	13
Deferred tax assets	64	67
Tangible assets	7	32
Intangible assets	21	21
Accruals and other assets	2,728	2,165
TOTAL ASSET	**66,608**	**69,648**

Liabilities

EUR millions	12/31/2022	12/31/2023
Central banks	-	-
Financial liabilities at fair value through profit or loss	359	431
Hedging derivatives	5,134	4,318
Financial liabilities at amortized cost	-	-
Due to banks at amortized cost	-	-
Customer borrowings and deposits at amortized cost	-	-
Debt securities at amortized cost	59,090	62,894
Fair value revaluation of portfolio hedge	66	53
Current tax liabilities	2	2
Deferred tax liabilities	-	-
Accruals and other liabilities	219	227
Provisions	19	13
Subordinated debt	-	-
EQUITY	**1,720**	**1,709**
Capital	1,445	1,445
Reserves and retained earnings	234	256
Net result through equity	(45)	(49)
Net income	86	56
TOTAL LIABILITIES	**66,608**	**69,648**

[3]The Sfil's Board of Directors approved the consolidated financial statements on 16 February 2024. The audit procedures carried out by the Statutory Auditors are in progress.

Income Statement

EUR millions	2022	2023
Interest income	2,321	4,740
Interest expense	(2,150)	(4,576)
Fee and commission income	5	8
Fee and commission expense	(4)	(4)
Net result of financial instruments at fair value though profit or loss	33	1
Net result of financial instruments at fair value though equity	1	-
Gains or losses resulting from derecognition of financial instruments at amortized cost	37	9
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
Other expense	(0)	(0)
NET BANKING INCOME	**243**	**178**
Operating expenses	(107)	(103)
Depreciation and amortization of property and equipment and intangible assets	(18)	(16)
GROS OPERATING INCOME	**118**	**60**
Cost of risk	0	11
OPERATING INCOME	**119**	**70**
Net gains (losses) on other assets	-	(0)
INCOME BEFORE TAX	**119**	**70**
Income tax	(33)	(14)
NET INCOME	**86**	**56**
EARNINGS PER SHARE (in EUR)	**-**	**-**
- Basic	9.21	6.08
- Diluted	9.21	6.08