PRESS RELEASE

Paris, 10 September 2024

VERY SOLID 2024 INTERIM RESULTS
DRIVEN BY A RECORD ACTIVITY OF LOCAL AUTHORITY LENDING

Higher recurring income in a volatile economic environment

- **Higher recurring net banking income at EUR 103 million** (+4% vs 1H23) reflecting the excellent level of activity since 2023
- **Operating expenses at EUR 57 million** (-8% vs 1H23), resulting from the end of the constitution period of the SRF and operational costs under control (-6% vs 1H23)
- **Cost of risk under 1 basis point**
- **Recurring net result at EUR 31 million** (+15% vs 1H23)

Outstanding level of lending to local authorities

- **Loan origination of EUR 2.8 billion** (+157% vs 1H23), with a particularly sharp increase in loans to large local authorities (EUR 2.1 billion in 1H23)
- **Significant growth in use-of-proceeds loans at EUR 976 million** (+49% vs 1H23)
- Since 2013, **more than EUR 50 billion in loans granted to the French local public sector**, including almost EUR 45 billion to local authorities
- **Acquisition of loans up to EUR 2.8 billion** (+27% vs 1H23)
- **Dynamic activity anticipated in 2H24**, supported by increasing investment budgets for local authorities

Dynamic export credit refinancing

- **2 transactions** for a total amount of **EUR 1.7 billion** (vs EUR 2.8 billion in 1H23)
- **"Deal of the year Central Asia 2023"** award at the TXF Global export forum in June 2024
- **Very positive business outlook** supported by around 170 deals under assessment for a total amount of nearly **EUR 68 billion**

A very robust financial structure

- **Consistently low credit risk metrics** with a residual level of past dues of EUR 2 million and **a non-performing exposure rate of 0.2% of assets,** reflecting the excellent quality of asset portfolio
- **CET1 ratio at 37.3 %** (37.5% in December 2023), more than 4 times higher than the minimum requirement
- **Strong liquidity position** with LCR at 270% and NSFR at 123.5% and the successful implementation of long-term financing programs

Implementation of the ESG roadmap

- **EUR 512 million of green loans** to the French local public sector
- **EUR 464 million of social loans** in favor of public hospitals and socially driven investments of local authorities

Following the Board meeting on 6 September 2024, **Philippe Mills, Chief Executive Officer of Sfil**, stated « *We achieved an excellent performance in the first half of 2024, driven by a historic level of activity in public sector lending activity. We are fully aligned with the trajectory of our "Objective 2026" strategic plan. All of our employees are fully committed to working alongside our clients to support them in their projects in favor of net-zero transition.* »

Higher recurring income in a volatile economic environment

Recurring net banking income[1] reached EUR 103 million in 1H24 up +4% from 1H23, despite rising financing costs and volatility in financial markets. This performance reflects the very high activity in export-credit refinancing (FY23 and 1H24) as well as in public sector lending (1H24).

Recurring operating expenses came down to EUR 57 million (-8% vs 1H23). The end of the contribution to the Single Resolution Fund (hereinafter SRF) was combined with tight control of operational costs (-6% vs 1H23).

The cost of risk recorded an allowance of EUR 4 million in 1H24 (vs a reversal of EUR 1 million in 1H23). It was less than 1 basis point of total assets at amortized cost, thus demonstrating the high quality of our asset portfolio.

	Recurring		Reported	
EUR million	**1H24**	**1H23**	**1H24**	**1H23**
Net banking income	**103**	99	**114**	91
Operating expenses	(57)	(62)	(60)	(68)
Gross operating income	**46**	**37**	**55**	**23**
Cost of risk	(4)	1	(4)	1
Income before tax	**42**	**38**	**51**	**24**
Income tax	(11)	(11)	(13)	**(8)**
Net income	**31**	**27**	**38**	**16**

Recurring net income was EUR 31 million, +15% up vs 1H23. This performance highlights the relevance of our model of public development bank in a changing geopolitical and economic environment and the strict control of operational costs.

Under the applicable IFRS standards, net banking income came up to EUR 114 million (+25% vs 1H23). It reflects the valuation impact of financial assets recognized at fair value through profit and loss (EUR +11 million in 1H24 vs EUR -8 million in 1H23).

Operating expenses came down to EUR 60 million (-12% vs 1H23) under the combined effect of the end of contribution to SRF and operational costs under control, as mentioned above.

Reported net income increased to EUR 38 million (vs EUR 16 million in 1H23).

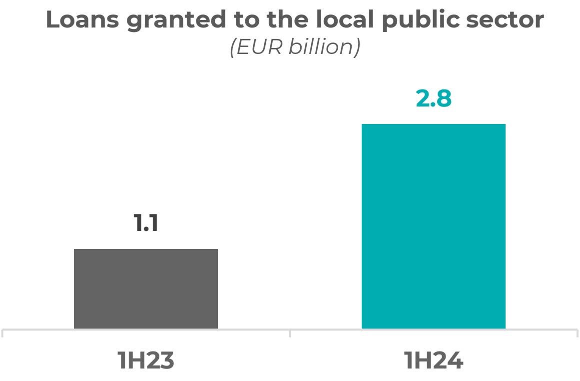
Credit risk metrics (past dues, stage 3 assets and non-performing exposures) remained at record lows despite the 3.8% increase in portfolio assets, reflecting the excellent quality of our asset portfolio. In particular, non-performing exposures represented EUR 155 million (-7.7% compared to YE23), or 0.2% of assets.

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

Outstanding level of lending to local authorities

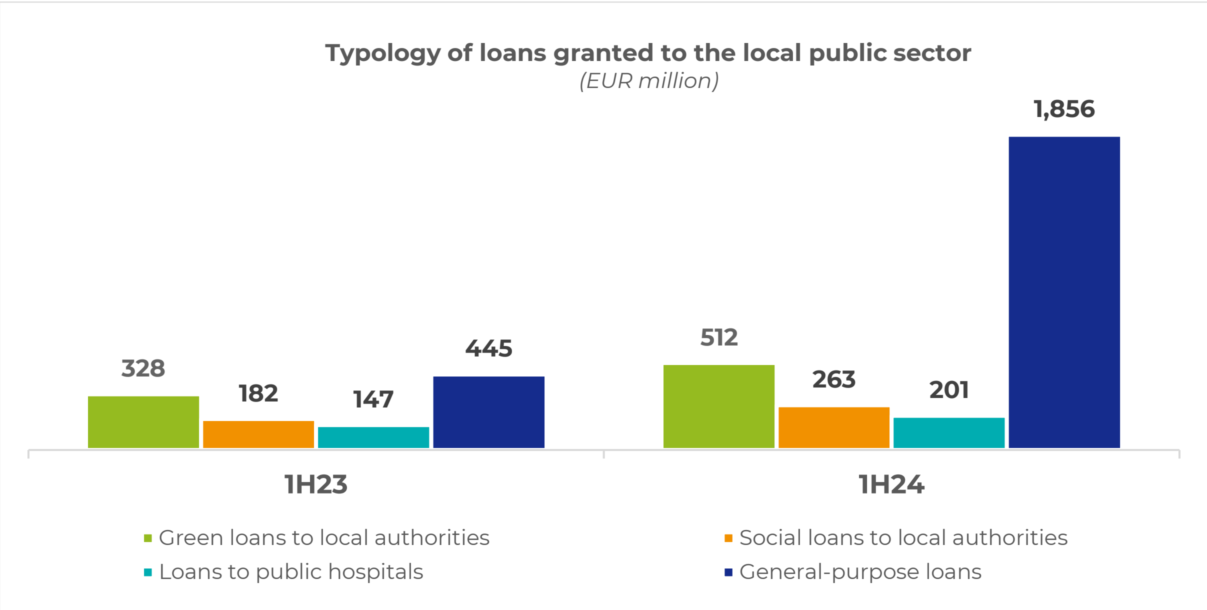
Loan origination amounted to **EUR 2.8 billion in 1H24 (+157% vs 1H23), the best first interim performance since Sfil was created in 2013.**

This record level was mainly driven by large local authorities (i.e. groups of municipalities, departments and regions) with a volume granted of EUR 2.1 billion in 1H24 (compared with EUR 524 million in 1H23, i.e. a 297% increase).



Indeed, over the period, these categories of clients borrowed the necessary amounts for their investment projects, in particular to benefit from more advantageous financial conditions than in 2023 when inflation and interest rates were extremely high. Another reason for the acceleration is the approaching end of electoral cycle.

Use-of-proceeds loans granted to local authorities were up by 52%. This significant rise in green loans (EUR 512 million, i.e. +56% vs 1H23) and social loans (EUR 263 million, i.e. +45% vs 1H23) confirmed their strong interest for these financing instruments dedicated to investment efforts undertaken to serve the ecological and energy transition and territorial cohesion.



Loans to public hospital, for their part, were slightly up at EUR 201 million (vs EUR 147 million in 1H23) in a context of moderate recovery of their investments.

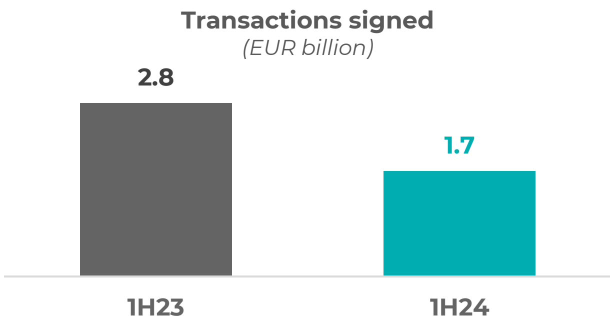
As of the end of June 2024, we have granted, with our partners (La Banque Postale and Banque des Territoires), more than EUR 50 billion in loans to the French local public sector since 2013, including more than EUR 45 billion to local authorities. We have financed projects across the French territory for local authorities of all sizes. The asset portfolio is largely diversified, including loans from up to EUR 200 million to the regions to a few thousand euros to smaller local authorities.

We acquired EUR 2.8 billion of loans to the local public sector in 1H24 from our partners (vs EUR 2.2 billion in 1H23). The 27% increase between the two periods reflected the more intensive loan origination in 4Q23.

Local authorities provide stability, with a sound financial health and ambitious investment programs planned during the last phase of electoral cycle. In this context, **the activity is set to remain dynamic in 2H24.**

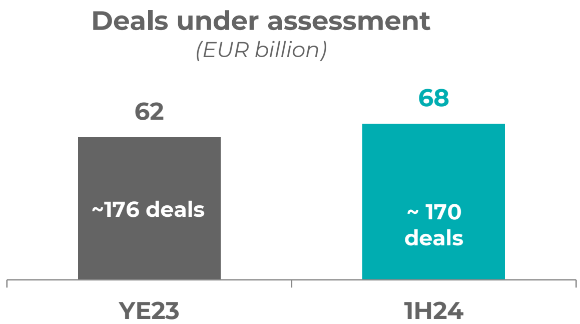
Dynamic export-credit refinancing

We concluded **2 transactions for a total amount of EUR 1.7 billion** resulting in EUR 3.1 billion in export contracts. In line with our mandate, these operations contributed to Sustainable Development Goal N°8 aimed at moving towards full employment on French national territory.



In addition, we received at the TXF Global export forum in June 2024 the **« Deal of the year Central Asia 2023 » award** for financing locomotives for sustainable freight and passenger transport in Kazakhstan.

The outlook for export-credit refinancing is very positive for 2H24 and beyond. **Around 170 deals are under assessment for a total amount of around EUR 68 billion.**



A very robust financial structure

Funding and liquidity position

We issued EUR 4.9 billion of long-term debt in 1H24 broken down between EUR 2.2 billion for Sfil and 2.7 billion for Caffil.

We benefited in particular from dynamic activity in the primary market which was supported by strong demand from investors across a broad spectrum of maturities, and particularly long maturities. In that context, the average maturity of issues in 1H24 is 9 years (vs 7 years in 2023). After issuing 10-year and 12-year covered bonds respectively In January and March, Caffil issued a EUR 0.5 billion covered bond with a 15-year maturity in May 2024. This transaction was a resounding success, with 160 investors involved and an order book of EUR 7.4 billion. **With 261 different Investors that subscribed to our bond Issues over the period, it is the first time we had such a diverse Investor base**.

After a beginning of the semester characterized with sustained and dynamic demand for long maturities on the bond market, the end of the period was more volatile. Indeed, the announcement of early legislative elections in France resulted in a widening of the OAT-Bund spread and of French credit spreads in general. However, the observed impact on our refinancing cost remained moderate. Particularly, Sfil issued a EUR 1.25 billion bond with a 5-year maturity on 11 July under attractive market conditions. **We completed more than 70% of its 2024 issuance program with this transaction.**

Our liquidity structure is a very strong liquidity structure, illustrated by LCR and NSFR ratios of 270% and 123.5% respectively. These levels are well above the minimum requirement of 100%.

Capital adequacy

CET1 ratio was 37.3 % as of 30 June 2024 (vs 37.5% as of 31 December 2023). This is well above the minimum requirement of 8.56 % set by the European supervisor as part of the Supervisory Review and Evaluation Process (SREP).

Credit ratings

Our credit ratings, all aligned with France's sovereign rating, reflect our financial strength.,

	Moody's	DBRS	Standard & Poor's
Long-term	Aa2	AA (high)	AA-
Outlook	Stable	Stable	Stable
Short-term	P-1	R-1 (high)	A-1+
Last update	16 May 2024	29 January 2024	4 June 2024

Our ratings by Moody's and DBRS remained unchanged as of 30 June 2024.

On 4 June 2024, Standard & Poor's downgraded Sfil's rating from AA (negative outlook) to AA- (stable outlook) similarly to all other French public agencies. This development resulted from a mechanical adjustment in relation with the public shareholding of Sfil following the downgrade of France's sovereign rating which occurred on 31 May 2024. Standard &Poor's downgraded the French sovereign rating from AA (negative outlook) to AA- (stable outlook) on that occasion

ESG commitments

At the end of 2023, we announced that we will mobilize EUR 17 billion by 2030 in favor of the ecological and energy transition and EUR 12 billion in social loans.

By the end of June 2024, Sfil granted EUR 512 million in green loans to the French local public sector. As the export credit activity is more cyclical, we have not refinanced any « green projects » over the past period. However, the outlook in this area is very positive given the financing needs in the basic infrastructure sector related to net zero transition.

Over the period, we also financed EUR 464 million in support of public hospitals and social investments by local authorities (public safety and health, education and training, culture and sport, health and social action...).

Appendix 1: Condensed consolidated financial statements prepared under IFRS as adopted by the European Union

Assets

(EUR million)	YE2023	1H24
Central banks	2,980	2,473
Financial assets at fair value through profit or loss	2,251	1,953
Hedging derivatives	2,189	2,279
Financial assets at fair value through equity	80	16
Financial assets at amortized costs	59,446	61,617
Fair value revaluation of portfolio hedge	405	121
Current tax assets	13	14
Differed tax assets	67	61
Tangible assets	32	30
Intangible assets	21	21
Accruals and other assets	2,165	2,127
TOTAL ASSET	**69,648**	**70,711**

Liabilities

(EUR million)	YE2023	1H24
Central banks	-	-
Financial liabilities at fair value through profit or loss	431	327
Hedging derivatives	4,318	4,289
Financial liabilities at amortized costs	62,894	64,104
Fair value revaluation of portfolio hedge	53	30
Current tax liabilities	2	2
Differed tax liabilities	-	-
Accruals and other liabilities	227	250
Provisions	13	15
Subordinated debt	-	-
Equity	1,709	1,694
Capital	*1,445*	*1,445*
Reserves and retained earnings	*256*	*270*
Net result through equity	*(49)*	*(58)*
Net income	*56*	*38*
TOTAL LIABILITIES	**69,648**	**70,7112**

Income Statement

(EUR million)	**1H23**	**1H24**
Interest income	1,973	2,613
Interest expense	(1,891)	(2,528)
Fee and commission income	5	2
Fee and commission expense	(2)	(2)
Net result of financial instruments at fair value through profit or loss	0	28
Net result of financial instruments at fair value through equity	1	-
Gains or losses resulting from derecognition of financial assets at amortized cost	5	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
Other expense	(0)	(0)
NET BANKING INCOME	**91**	**114**
General operating expenses	(59)	(53)
Depreciation and amortization of property and equipment and intangible assets	(9)	(7)
GROSS OPERATING INCOME	**23**	**55**
Cost of risk	1	(4)
OPERATING INCOME	**24**	**51**
Net gains (losses) on other assets	-	(0)
INCOME BEFORE TAX	**24**	**51**
Income tax	(8)	(13)
NET INCOME	**16**	**38**
EARNINGS PER SHARE (In EUR)		
- Basic	1.69	4.05
- Diluted	1.69	4.05

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