

© Finance Department– Région Ile-de-France

INVESTOR PRESENTATION

Treasury



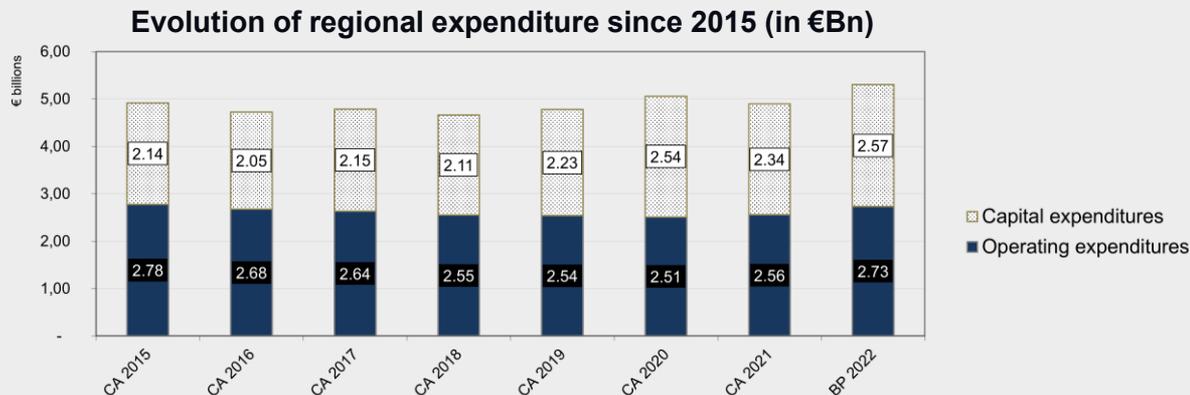
May 2022

 Région
Île de France

Important notice

- This Presentation has been prepared by Région Ile-de-France for information only and should not be used for any other purpose; it does not constitute and should not be considered or interpreted as an offer to subscribe the notes or as a solicitation of the interest of investors to subscribe the notes as described in the Presentation (the “Notes”). [The offering and sale of the Notes in France will only be available to qualified investors (excluding individuals) within the meaning of and in compliance with article L. 411-2 of the French *Code Monétaire et Financier*. The Notes are not intended for public offering in France.]
- The Recipient is acting on its own behalf. The Recipient has decided and will decide either alone or with the assistance of the Recipient's own advisers, whether to purchase the Notes, and has evaluated or will evaluate the appropriateness and suitability of an investment in the Notes. Region Ile-de-France advises the Recipients to consult any useful regulatory or contractual documents which the Recipients wish to consult. Investment in the Notes involves financial risk. The Recipient has sufficient knowledge and experience in financial and business matters to analyse and evaluate the merits, suitability and risks of investing in the Notes. The Recipient is capable of bearing the risks relating to its investment in the Notes. The Recipient has made all legal, tax, accounting, regulatory, financial and other assessments it deems relevant in connection with its purchase of the Notes and has conducted its own analysis of the financial situation, business and solvency of the Région Ile-de-France and of the Notes prior to making any investment in the Notes. It is each Recipient's responsibility to confirm that it is authorized to subscribe or invest in the Notes.
- Information in this document are indicative and in draft form. They may evolve, be complemented or modified after the date of this document.
- This Presentation may not be forwarded or distributed to any other person and may not be reproduced, in whole or in part, in any manner whatsoever without Region Ile-de-France's prior written consent.
- The distribution, reproduction or partial reproduction of the Presentation may be restricted by law or regulation in certain countries, and accordingly, this Presentation should not be distributed or reproduced, even partially, in those countries. Région Ile-de-France does not represent or warrant that the Notes will be lawfully offered in compliance with any applicable registration or other requirements in any such jurisdiction or pursuant to an exemption available thereunder, and does not assume any responsibility for facilitating any offering in any such jurisdiction.
- The Notes have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the “**Securities Act**”). The Notes may not be offered, sold or delivered, directly or indirectly, within the United States or directly or indirectly to U.S. Persons except in accordance with Regulation S under the Securities Act (“**Regulation S**”).
- Région Ile-de-France shall not bear any responsibility in the case where a Recipient distributes or makes any use of this Presentation without its authorisation and without the relevant authorities' authorisation in the relevant jurisdictions.
- The Recipient agrees and accepts that the Presentation is confidential and must not be disclosed to any third party (except for the Recipient's external advisors on the condition that such external advisors respect the obligation of confidentiality) and must not be reproduced, in a whole or in part, without prior written consent of Région Ile-de-France.

A balanced and controlled budget (1/3)



Strong focus on investments since 2016

Operating expenditures have **decreased significantly**, thanks to strong efforts to reduce regional administration costs (including those of its associated structures) :

- Non-replacement of one out of two vacancies,
- Rationalization of the resources of the associated bodies,
- Optimized purchasing policy.

Efforts to reduce operating costs were **hailed** by the French national **Court of Auditors in 2019** and by the **Regional Chamber of Auditors in 2020**.

Budget 2022 – Resources (€5.3Bn) (2/3)

The Region resources (€5.3Bn) are composed of revenues (mainly tax related) for **87%** and borrowings for **13%**

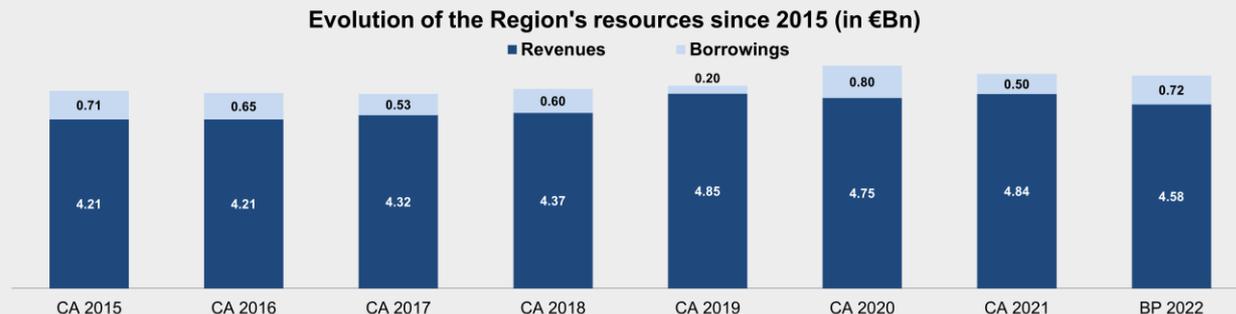
Tax revenues : €3.8Bn (72% of the budget 2022)

- A portion of the Domestic Tax on the Consumption of Energy Products (TICPE) (€1Bn)
- A share of the Value Added Tax (€1,6Bn)

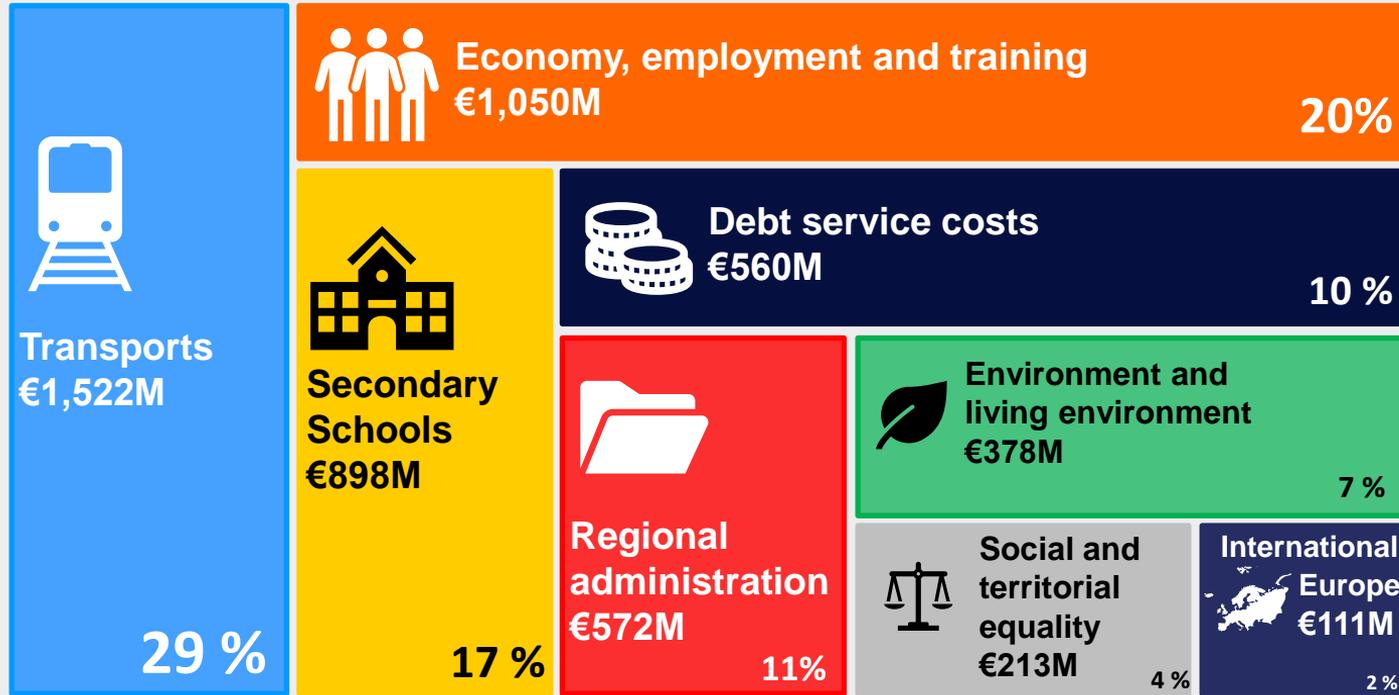
Transfers from the French State: €0.2Bn (4% of the budget 2022)

Misc.: €0.6Bn (11% of the budget 2022) such as European funds, police fines,...

Borrowings: envelope of €0.7Bn (13% of the budget 2022)



Budget 2022 – Expenditures (€5.3Bn) (3/3)



45% of the budget 2022 (exc. debt) dedicated to investments (€2.114Bn)

A strong financial situation (1/2)

	2015	2016	2017	2018	2019	2020	2021	BP2022
Gross operating balance (€M)	718	776	1,014	1,052	1,574	1,448	1,465	908
Current margin rate (%)	20.5	22.5	27.8	29.2	38.2	36.5	36.4	24.9
Debt payback ratio (years) ¹	7.5	7.2	5.5	5.4	3.4	4.0	4.1	7.0
Self-financing capacity (%) ²	57.8	67.8	70.9	81.2	103.9	84.9	97.5	66.0

Calculations including recovery of the result of the previous year N-1 (+€1.0M in 2015; +€4.2M in 2016; +€141.7M in 2017; +€66.3M in 2018, +€306.9M in 2019, +€276.3M in 2020 and +€483.5M in 2021)

¹ Outstanding debt relative to gross saving

² Self-financing in relation to non-debt capital expenditure

A strong financial situation (2/2)

- With the stability of the debt stock in 2021, the regional **deleveraging capacity remains stable** (4.1 years), compared to 2020 (4.0 years). This level of deleveraging capacity is **half lower than the national reference ceiling** defined in the 2018-2022 public finance programming law (9 years).
- Beyond that, the gross savings generated over the 2019 financial year (€1.465 billion) show a savings rate of more than 36.4%, **this rate remains stable over the last three periods**, despite the health crisis of 2020-2021.
- For its part, the self-financing rate **increased by more than 12 points over one year to reach 97.5% in 2021**.

Financial ratings

MOODY'S

« **Aa2** »

Stable outlook

Short term note : P-1

Date : October 2021*

- «**Strong operational performance** »
- « **a strong governance framework** and sound debt management practices »
- «**The region's sophisticated financial** management, exemplified by its long-term strategy for **ecology and sustainable development**, also contributes to the rating »

FitchRatings

« **AA** »

Negative outlook

Short term note : F1+

Date : October 2021*

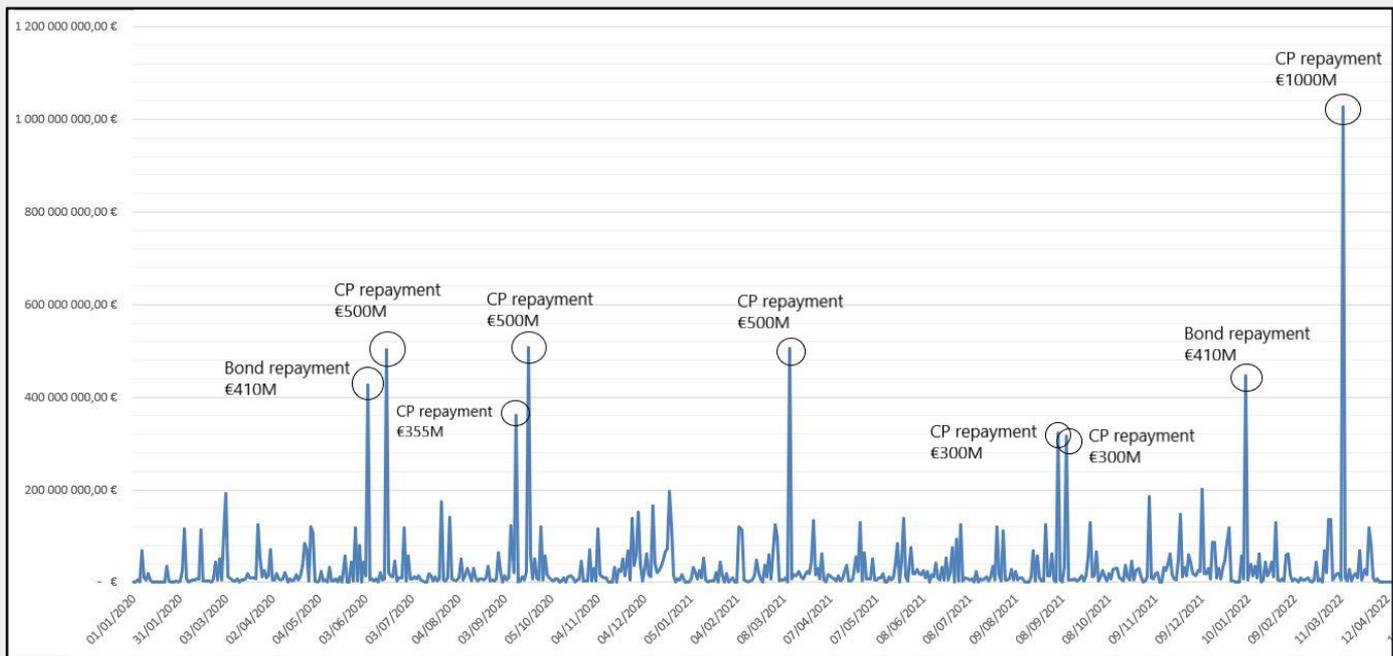
- «*Île-de-France **controls its spending**, which translates into a continuous decline in operating expenses over the past five years*»
- «*The debts of the Ile-de-France **region carry little risk** »*
- «*The Region has **strong access to liquidity** in various formats »*
- «*We have revised the Autonomous Credit Profile (SCP) of the Ile-de-France from 'aa' to 'aa+', following an **improvement in the region's debt sustainability ratios** in our rating case (...) The IDR of Ile-de-France remains unchanged because it is now capped by that of the French State (AA/Negative). The negative outlook also reflects that of the sovereign »*

- Agency reports are available on the region's website : <https://www.iledefrance.fr/region-funding>

A diversified financing strategy offering a large access to short and long term liquidity

- **€1,5bn** NEU-CP short term program in French law (2002)
 - Rated : P-1 (Moody's) ; F1+ (Fitch)
- A revolving facility of **€587M** until December 2022 (in the process of renewal)
 - Drawing request for D+1
 - Exceptional rates conditions (established in 2007)
- **€7Bn EMTN program**
 - €5.43Bn outstanding by end-2021
 - 1st French local authority EMTN program (2001) and largest bond issues amongst French local authorities
- A **long term partnership with EIB** to finance sustainable investment projects
 - Outstanding debt mobilized as of March 2021: €400M
- Opportunistic use of bank loans

Predictable cash flow



- Between 01/01/2020 and 05/04/2022, **the daily mediane expenditure is €10M.**
- There are only 10 peaks in disbursements of more than €200 million, relating to predictable flows and managed by the Finance division.

A protective legal framework

- **Budget balance golden rule** (art. L1612-4 of the Code Général des Collectivités Territoriales – CGCT; see appendix) :
 - The operating section must be voted in balance
 - The investment section must also be voted in balance
 - ⇒ ***Borrowings are investment revenues that can only finance investment expenditures***
 - The gross operating surplus and own investment earnings must at least cover debt amortization
- **Debt service (interest + capital) is a mandatory expense** (art. L4321 of the CGCT)
- **State controls on local authorities:**
 - Legal control
 - Accounting operations control : separation between the authorizing payment officer – Région Ile-de-France- and the accountant ensuring the payment – the national State administration
 - Regional accounts houses controls (Chambres Régionales des Comptes)
- **National State insurance (no explicit guarantees) :**
 - State ensures payments of tax proceeds and grants (In accordance with conditions set in the Finance Law)
 - Obligation to provide financial compensation for local authorities in the case of transfer of competencies or creation of new competencies (Art. 72-2 of the Constitution ; see appendix)

History of TCN emissions

Date de versement	Refund date	Duration in days	Amount issued
12/07/2018	14/01/2019	186	€500M
14/01/2019	16/09/2019	245	€500M
17/09/2019	17/06/2020	274	€500M
09/06/2020	11/09/2020	94	€355M
09/06/2020	11/12/2020	185	€145M
11/09/2020	11/03/2021	181	€500M
07/12/2020	07/09/2021	274	€300M
11/03/2021	10/12/2021	274	€200M
11/03/2021	13/09/2021	186	€300M
13/09/2021	14/03/2022	182	€1,000M
10/12/2021	09/12/2022	364	€200M
14/02/2022	13/02/2023	364	€300M
14/03/2022	14/06/2022	92	€900M

Contacts and documentation

Finance Department

direction.finances@iledefrance.fr



Paul BERARD

Deputy General Manager - Finance

paul.berard@iledefrance.fr



Manuel THOMAS

Finance Director (Head of funding & treasury)

manuel.thomas@iledefrance.fr