

**FIRST SUPPLEMENT DATED 6 NOVEMBER 2020
TO THE BASE PROSPECTUS DATED 19 MAY 2020**



**€10,000,000,000
Euro Medium Term Note Programme**

This first supplement (the “**First Supplement**”) is supplemental to, and should be read in conjunction with, the base prospectus dated 19 May 2020 which was approved by the *Autorité des marchés financiers* (the “**AMF**”) under number No. 20-203 on 19 May 2020 (the “**Base Prospectus**”), as prepared in relation to the €10,000,000,000 Euro Medium Term Note Programme (the “**Programme**”) of SFIL (the “**Issuer**”). The Base Prospectus as supplemented constitutes a base prospectus for the purpose of Article 8 of Regulation (EU) 2017/1129 of the European Parliament and of the Council dated 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, as amended (the “**Prospectus Regulation**”).

Application has been made for approval of the First Supplement to the AMF in its capacity as competent authority pursuant to the Prospectus Regulation. This First Supplement has been prepared pursuant to Article 23 of the Prospectus Regulation for the following purposes: (i) incorporating by reference the information contained in the *Rapport financier semestriel 2020* in French language of the Issuer filed with the AMF (the “**2020 Half-Year Report**”), (ii) updating the Base Prospectus following the publication of the press release dated 30 September 2020 relating to the signing of an agreement for the transfer of majority of SFIL’s capital to Caisse des Dépôts et Consignations, (iii) updating the Base Prospectus following the publication of the press release dated 28 October 2020, (iv) updating the Base Prospectus following the change of the Statutory Auditors, (v) updating the Base Prospectus regarding the modification from "outlook negative" to "under review - negative" of its long-term rating assigned by DBRS and (vi) updating the Base Prospectus following the signature by SFIL of an updated declaration of support of CAFFIL on 5 November 2020.

With this respect, the following sections shall be updated and amended:

- i. updating the cover note of the Base Prospectus;
- ii. updating the section entitled “Risk Factors”;
- iii. updating the section entitled “Documents incorporated by reference”;
- iv. updating the section entitled “Description of the Issuer”;
- v. updating the section entitled “Recent Developments”;
- vi. updating the section entitled “General Information”; and
- vii. updating the football team of the Base Prospectus

Save as disclosed in this First Supplement, no significant new factor, material mistake or material inaccuracy has arisen or has been noted which may affect the assessment of the Notes since the approval of the Base Prospectus.

Unless the context otherwise requires, terms defined in the Base Prospectus shall have the same meaning when used in this First Supplement.

To the extent that there is any inconsistency between (a) any statement in this First Supplement and (b) any other statement in or incorporated by reference in the Base Prospectus, the statements in (a) above will prevail.

In accordance with Article 23.2 of the Prospectus Regulation and to the extent applicable, investors who have already agreed to purchase or subscribe for Notes to be issued under the Programme before this

First Supplement is published have the right to withdraw their acceptances within a time limit of minimum two working days after publication of this First Supplement. This right to withdraw shall expire by close of business on 10 November 2020, provided that the Notes had not yet been delivered to the investors at the time when the significant new factor, material mistake or material inaccuracy arose or was noted. Investors may notify the Issuer should they wish to exercise the right of withdrawal.

Copies of this First Supplement (a) may be obtained, free of charge, at the registered office of the Issuer (1-3, rue du Passeur de Boulogne 92130 Issy-les-Moulineaux, France) during normal business hours and (b) will be available on the website of the AMF (www.amf-france.org) and of the Issuer (www.sfil.fr) so long as any of the Notes issued under the Programme are outstanding.

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COVER NOTE

On the cover page of the Base Prospectus, the tenth paragraph is deleted and replaced as follows:

"The long term senior debt of the Issuer has been assigned a rating of AA with a stable outlook by S&P Global Ratings Europe Limited ("**S&P**"), Aa3 with a stable outlook by Moody's France SAS ("**Moody's**") and AA (high) under review - negative by DBRS Ratings GmbH ("**DBRS**"). The Notes issued under the Programme may be unrated or rated differently. The rating of Notes (if any) will be specified in the Final Terms. Each of S&P, Moody's and DBRS is established in the European Union. Each of S&P, Moody's and DBRS is registered under Regulation (EC) No. 1060/2009 on credit ratings agencies, as amended (the "**CRA Regulation**") and is included in the list of credit rating agencies registered in accordance with the CRA Regulation published on the European Securities and Markets Authority's website (www.esma.europa.eu/supervision/credit-rating-agencies/risk) as of the date of this Base Prospectus. A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, change or withdrawal at any time by the assigning rating agency."

RISK FACTORS

The section entitled “**Risk factors**” on pages 15 to 32 of the Base Prospectus is amended as follows:

- The second and third sentence of the first paragraph of the risk factor entitled "**1.1 Risks arising from implementation of Basel III Risk-Weighted Asset Framework**" of the section entitled "**I. RISK FACTOR RELATING TO THE ISSUER**" on page 16 of the Base Prospectus is deleted and replaced as follows:

“As of 30 June 2020, SFIL's capital level is high (CET1 capital ratio: 30%; Total capital ratio: 30,5%) given its capital requirements (CET1 capital: 9.5%; Total capital: 11.25%). As of 30 June 2020, SFIL's leverage ratio is 8.9% and exceeds the minimum 3% requirement.”

- The fourth paragraph of the risk factor entitled “**2.1 Risk of default**” of the section entitled "**I. RISK FACTOR RELATING TO THE ISSUER**" on pages 18 and 19 of the Base Prospectus is deleted and replaced as follows:

“As an illustration, exposure to credit risk, which is measured using the "Exposure at Default" (EAD) metric, amounted to EUR 76.7 billion as of 30 June 2020 (excluding fixed assets and accruals and other liabilities):

- nearly 60% of this exposure originates from French local public authorities (regions, departments and authorities);
- 16% of these exposures are included in "Sovereign" items including 68% as a result of the export credit activity;
- 11% of these exposures come from public sector entities, including 85% from public stakeholders in the healthcare sector.”

- The following paragraphs are added at the end of the risk factor entitled “**2.1 Risk of default**” of the section entitled "**I. RISK FACTOR RELATING TO THE ISSUER**" on page 19 of the Base Prospectus as follows:

“The impacts of the Covid-19 pandemic are limited at this stage for local public administrations and the French public sector entities.

As a public development bank and the leading financier of public hospitals in partnership with La Banque Postale ("**LBP**"), SFIL supported all health institutions as part of the national mobilization to fight against the global pandemic. SFIL proposed offset payment of 6 months without late payment interest and penalties, for their loan maturities between March 12, 2020 and June 30, 2020.

The following tables present the details of the payment delays operations granted as at June 30, 2020 to health institutions, according to the format proposed by the European Banking Authority in its guidelines GL/2020/07 appendix 3 of June 2, 2020 on the publication of information concerning the measures implemented by institutions in response to the Covid-19 pandemic (table no. 3 of the EBA concerning Information on newly originated loans and advances provided under newly applicable public guarantee schemes introduced in response to Covid-19 crisis is not applicable to SFIL):

- Information on outstanding loans to health institutions that have been subject to payment delays:

	Gross carrying amount (in EUR)					
	Performing loans			Non-performing loans		
		Of which exposures with	Of which instruments with significant		Of which exposures with forbearan	Of which unlikely to pay that are

			forbearance measures	increase in credit risk since their initial recognition, but which are not doubtful (Stage 2)		ce measures	not past due or past due <= 90 days
Loans subject to payment delays	247,996,380	224,258,013	-	43,721,704	23,738,367	-	17,276,624
	Accumulated impairment, Accumulated negative changes in fair value due to credit risk (in EUR)						
		Performing loans			Non-performing loans		
			Of which exposures with forbearance measures	Of which instruments with significant increase in credit risk since their initial recognition, but which are not doubtful (Stage 2)		Of which exposures with forbearance measures	Of which unlikely to pay with past due or past due <= 90 days
Loans subject to payment delays	-2,153,573	-1,707,249	-	-349,504	-446,324	-	-385,879

The absence of new non-performing exposure flows in gross carrying amount should be noted.

- Breakdown of the payment delay granted to health institutions by residual maturity:

	Number of obligors	Gross carrying amount (in EUR)							
			Of which legislative moratoria	Of which expired	Residual maturity of payment delays				
					<= 3 months	> 3 months <= 6 months	> 6 months <= 9 months	> 9 months <= 12 months	> 1 year
Loans for which payment	28	249,554,385							

delays was offered									
Loans for which payment delays have been granted	27	247,996,380	-	-	12,804,954	235,191,426	-	-	-

Requests for payment delays were also received from certain local authorities or French public sector entities. The Covid-19 epidemic had a more significant impact on the export credit portfolio, and specifically on the financing of cruise ships built by the Chantiers de l'Atlantique, due to the interruption of cruise operations. The entire portfolio was placed on the watchlist. However, all of the export credit portfolio is 100% guaranteed by the French Republic via BPI AE credit insurance policies which explains that the risk attached to this portfolio remains moderate.”

- The risk factor entitled “**3.1 Credit rating of SFIL will be affected by the credit rating of the French State**” of the section entitled “**I. RISK RELATING TO THE ISSUER**” on pages 20 and 21 of the Base Prospectus is deleted and replaced as follows:

“3.1 Credit rating of SFIL will be affected by the credit rating of CDC and the French State

The shareholding structure of SFIL, parent company of Caisse Française de Financement Local changed in 2020. On September 30, the State, CDC and LBP announced the finalization of the acquisition by CDC (that held a 20% stake to date) of all of the SFIL shares held by LBP (i.e. 5%) and of all of the shares held by the State (i.e. 75%), with the exception of one ordinary share that the State retained in accordance with the terms of the agreement announced on 9 October 2019 and 4 March 2020. Caisse des Dépôts et Consignations (“CDC”) is the new SFIL's reference shareholder. The State will continue to have a seat on SFIL's Board of Directors by means of a non-voting director, in view of the public interest missions entrusted to SFIL.

SFIL's shareholding structure is still fully public. Its shareholders will ensure that SFIL's financial solidity is preserved and its economic base protected and will continue to provide it with the necessary support, in accordance with the applicable regulations. CDC, SFIL's new reference shareholder, confirmed its commitment in a letter of support, completed by a letter of support from the State, in the context of SFIL's continuing status as a State-owned development bank.

As of 30 September 2020, the French State has been assigned a rating of Aa2 outlook stable by Moody's France SAS ("**Moody's**"), AA outlook stable by S&P Global Ratings Europe Limited ("**S&P**") and AA (high) with a stable trend by DBRS Ratings GmbH ("**DBRS**") and SFIL's Notes has been assigned a rating of Aa3 outlook stable by Moody's, AA outlook stable by S&P and AA (high) under review - negative by DBRS.

The credit rating of SFIL is closely linked to that of the French State. Moreover, in the context of its activities of refinancing large export credits, SFIL also grants export credit loans that are 100% insured by the French State and managed by the French public export credit agency under its control, on its behalf and in its name. The export credits are thus considered as exposures to the French State. The French State's ability to meet its payment obligations may be affected by its levels of indebtedness, social spending obligations, interest rates and tax revenue collections, each of which could be adversely affected by deterioration in general economic conditions. Deteriorating economic conditions, such as those that could result from the Covid-19 crisis, could therefore have an adverse effect on the credit quality of the assets of SFIL.

In the event of a downgrade of the credit rating of the French State, ratings of SFIL and of the Notes may be affected. If the credit rating of the Notes were reduced due to these factors, such downgrade may adversely affect the value of SFIL's outstanding Notes, increase SFIL's cost of borrowing and adversely affect SFIL's ability to issue new Notes.”

- The last sentence of the risk factor entitled “**3.2 Risk of a liquidity shortfall that may affect the Issuer's ability to settle its debt commitments in a timely fashion**” of the section entitled “**I. RISK RELATING TO THE ISSUER**” on page 21 of the Base Prospectus is deleted and replaced as follows:

“As an illustration, LCR ratio reached 1.804% at the end of December 2019 and 349% as of 30 June 2020 and the amount of liquidity reserves amounted to EUR 27 billion as of 31 December 2019.”

- The risk factor entitled “**5.2 Risk relating to the public policy missions with which SFIL has been entrusted by the French State and the authorization to operate or the agreements with the assets providers may not be extended**” of the section entitled “**I. RISK RELATING TO THE ISSUER**” on pages 23 and 24 of the Base Prospectus is deleted and replaced as follows:

"5.2 Risk relating to the public policy missions with which SFIL has been entrusted by the French State and the authorization to operate or the agreements with the assets providers may not be extended

SFIL has been entrusted by the French State, with the two following public policy missions:

- in 2013, to fund the needs of the French local public sector and public hospitals. LBP, which will retain a central role in the system, decided to renew its partnership early with SFIL until end 2026 for the commercialization of medium- and long term loans to local authorities and public hospitals;
- in 2015, to refinance large French export contracts, with the objective to support French exports in terms of financial competitiveness. In this context, loans granted by SFIL are guaranteed by the French State. The European Commission's authorization for the export credit refinancing activity carried out by Bpifrance Assurance Export on behalf of the State was renewed on May 7, 2020 based on the maintained diagnosis of a market failure for export credit refinancing and the appropriate and necessary nature of the intervention of a public development bank, such as SFIL, to remedy it. The duration of this authorization was extended to 7 years (instead of 5 years for the first), expiring in 2027. In addition to

this, on 9 March 2018, the French government announced its plan to create a new guarantee analogous to export credit insurance, which will cover the financing of large projects deemed strategic for France's economy. The financing of these projects will benefit from the French State guarantee with no precondition of underlying exports. After obtaining the necessary authorizations, SFIL will be able to participate in the scheme and be refinanced by CAFFIL using the enhanced guarantee mechanism (irrevocable and unconditional 100% guarantee by the French State). The operational implementation of this activity extension is expected to commence later in 2020. Since 2015, SFIL's market share of this activity has remained above 40% (source: <https://www.txfnews.com/>).

If one of these two public policy missions of SFIL were to be modified by the French State, it could lead to a strong reduction of new assets and more generally it could materially affect SFIL's business, financial condition, cash flows and results of operations.

Moreover, changes in regulation could lower advantage for collateral providers of using SFIL as a refinancing tool. More generally, the authorization to operate or the agreements with the assets providers may not be renewed. In such a case, this could make it more difficult for SFIL to purchase or originate new eligible loans and credit exposures and lead to a strong reduction of new assets, or otherwise adversely affect SFIL's business, financial condition, cash flows and results of operations."

DOCUMENTS INCORPORATED BY REFERENCE

The section entitled "Documents incorporated by reference" on pages 35 to 37 of the Base Prospectus is deleted and replaced as follows for the purposes of adding the 2020 Half-Year Report of the Issuer:

"This Base Prospectus shall be read and construed in conjunction with the sections set out in the cross-reference tables below included in the following documents which have been previously or simultaneously filed with the *Autorité des marchés financiers* (the "AMF") and shall be incorporated in, and form part of, this Base Prospectus:

- a) the Half-Year Report in the French language of the Issuer for the period ended 30 June 2020 (the "**2020 Half-Year Report**"; <https://sfil.fr/wp-content/uploads/2020/09/SFIL-Rapport-financier-semestriel-2020-FR-2.pdf>);
- b) the *Rapport financier* 2019 in the French language of the Issuer filed with the AMF, which includes the audited consolidated annual financial statements of the Issuer for the period ended 31 December 2019 and the related statutory auditors' report (the "**2019 Financial Report**"; <https://sfil.fr/wp-content/uploads/2020/03/Rapport-financier-annuel-2019.pdf>);
- c) the *Rapport financier* 2018 in the French language of the Issuer filed with the AMF, which includes the audited consolidated annual financial statements of the Issuer for the period ended 31 December 2018 and the related statutory auditors' report (the "**2018 Financial Report**"; <https://sfil.fr/wp-content/uploads/2019/04/Rapport-financier-annuel-2018-secure.pdf>);
- d) the terms and conditions of the Notes contained in pages 79 to 113 of the base prospectus of the Issuer dated 27 September 2016 which received visa no. 16-449 from the AMF (the "**2016 EMTN Conditions**"; <https://sfil.fr/wp-content/uploads/2014/03/20160927-SFIL-Base-Prospectus.pdf>), the terms and conditions of the Notes contained in pages 81 to 115 of the base prospectus of the Issuer dated 27 September 2017 which received visa no. 17-517 from the AMF (the "**2017 EMTN Conditions**"; <https://sfil.fr/wp-content/uploads/2019/03/BP-VISA.pdf>), the terms and conditions of the Notes contained in pages 82 to 113 of the base prospectus of the Issuer dated 15 May 2018 which received visa no. 18-175 from the AMF (the "**2018 EMTN Conditions**"; <https://sfil.fr/wp-content/uploads/2019/03/BP-EMTN-SFIL-2018-1.pdf>) and the terms and conditions of the Notes contained in pages 87 to 122 of the base prospectus of the Issuer dated 16 May 2019 which received visa no. 19-210 from the AMF (the "**2019 EMTN Conditions**"; <https://sfil.fr/wp-content/uploads/2019/05/BASE-PROSPECTUS-SFIL-16-05-2019-19-210.pdf>), together with the 2016 EMTN Conditions, the 2017 EMTN Conditions and the 2018 EMTN Conditions, the "**EMTN Conditions**"),

Such information shall be deemed to be incorporated in, and form part of this Base Prospectus, save that any statement contained in the information which is deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purpose of this Base Prospectus to the extent that a statement contained herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Base Prospectus.

The free English translations of the 2019 Financial Report and the 2018 Financial Report are available without charge on the website of the Issuer (www.sfil.fr).

All documents incorporated by reference in this Base Prospectus may be obtained, without charge upon request, during usual business hours on any weekday, at the registered office of the Issuer (1-3 rue du Passeur de Boulogne, 92130 Issy-les-Moulineaux, France) so long as any of the Notes are outstanding. Such documents will be published on the website of the Issuer (www.sfil.fr).

The EMTN Conditions are incorporated by reference in this Base Prospectus for the purposes only of further issues of Notes to be assimilated (*assimilées* for the purpose of French law) and form a single Series with Notes already issued under the relevant EMTN Conditions. To the extent that only the EMTN Conditions are specified to be incorporated by reference therein, the non-incorporated parts of the base prospectuses of the Issuer dated 27 September 2016, 27 September 2017, 15 May 2018 and 16 May 2019 are not relevant for investors or are covered elsewhere in the Base Prospectus.

For the purposes of the Prospectus Regulation, the documents incorporated by reference in this Base Prospectus shall be read in connection with the following cross-reference table below. For the avoidance of doubt, any information not listed in the cross-reference list below but included in the documents incorporated by reference is either contained in the relevant sections of this Base Prospectus or is not relevant to the Issuer. Furthermore, "N/A" in the cross-reference table below means that the information is not relevant for the purposes of Annex 6 of the Commission Delegated Regulation (EU) 2019/980 of 14 March 2019 supplementing the Prospectus Regulation (the "**Commission Delegated Regulation**").

DOCUMENTS INCORPORATED BY REFERENCE (ANNEX 6 OF THE COMMISSION DELEGATED REGULATION)	Pages of the 2018 Financial Report	Pages of the 2019 Financial Report	Pages of the 2020 Half-Year Report
<u>11. FINANCIAL INFORMATION CONCERNING THE ISSUER'S ASSETS AND LIABILITIES, FINANCIAL POSITION AND PROFITS AND LOSSES</u>			
<u>11.1. Historical Financial Information</u>			
11.1.1. Audited historical financial information covering the latest two financial years (or such shorter period as the issuer has been in operation) and the audit report in respect of each year			
Audited historical financial information for the latest two financial years	p.63	p.95	N/A
Audit reports for the latest two financial years	p.108	p.142	N/A
11.1.3. Accounting standards	p.63	p.95	N/A
11.1.5. Audited financial information prepared according to national accounting standards			
– Balance sheet	p.63 and 113	p.96 and 148	N/A
– Income statement	p.64 and 114	p.97 and 150	N/A
– Cash flow statement	p.66	p.99	N/A
– Statement of changes in consolidated equity	p.65 and 115	p.98 and 151	N/A
– Accounting policies and explanatory notes	p.67 to 103 and 116 to 129	p.100 to 141 and 152 to 170	N/A
11.1.6. Consolidated financial statements			
If the issuer prepares both stand-alone and consolidated financial statements, include at least the consolidated financial statements in the registration document	p.113 to 129	p.148 to 170	N/A

11.1.7. Age of financial information			
The balance sheet date of the last year of audited financial information may not be older than 18 months from the date of the registration document.	p.63 to 112	p.96 to 146	N/A
<u>11.2. Interim and other financial information</u>	N/A	N/A	p.32 to 74
<u>11.3. Auditing of historical annual financial information</u>			
11.3.1. The historical financial information must be independently audited	p.108 to p.112	p.142 to 146	IFRS Auditors' report (limited review) p.72 to 74
11.3.2. Indication of other information in the registration document which has been audited by the auditors	p.130 to 132 and 133 to 138	p.171 to 173	N/A
11.3.3 Where financial data in the registration document is not extracted from the issuer's audited financial statements state the source of the data and state that the data is unaudited	N/A	N/A	N/A

"

DESCRIPTION OF THE ISSUER

The section entitled “**Description of the Issuer**” on pages 90 to 102 of the Base Prospectus is amended as follows:

- the eleventh paragraph of the section entitled "**1. HISTORY AND DEVELOPMENT OF THE ISSUER**" on page 91 of the Base Prospectus is deleted and replaced as follows:

"To ensure the financing for these missions, SFIL Group benefits from five financing sources as described below:

- *CAFFIL Obligations Foncières*: SFIL Group's main source of financing comes from the issue of covered bonds by CAFFIL. The outstanding of CAFFIL's covered bonds was EUR 49.8 billion as of 31 December 2019. The market for public issues of covered bonds in euros (benchmark size) was very active in 2019 with a primary offering volume of EUR 140 billion (compared to EUR 138 billion in 2018 and EUR 115 billion in 2017). This level of activity is mainly due to the coming to maturity of a significant volume of bonds (EUR 107 billion). In 2019, the presence of German, French and Canadian issuers (respectively 21%, 19% and 8% of the offering) has been significant. The latter notably took advantage of more favorable conditions in euros than in dollars. We can also note the return of periphery jurisdiction issuers (Spain, Italy and Portugal for a total of around 10% of the offering) and the United Kingdom (5% of the offering). This high level of activity was well absorbed by investors despite the slowdown in the Eurosystem purchasing program in the primary market up to November. Investor demand was also supported at the beginning of the year by higher spreads than in 2018. Having ended its new issue purchase program, the European Central Bank decided at the beginning of September to relaunch it in order to support growth and inflation in Europe. At end-2019, the outstanding of covered bonds purchased by the European Central Bank under its programs was EUR 264 billion. It remained stable in 2019 after a EUR 22 billion increase during 2018.

During the first half of 2020, CAFFIL was very active in the public issue market by adding 2 new maturities to its reference curve and by carrying out its second social theme issue:

- on February 4, a first issue with a rare 20-year maturity of EUR 750 million;
- on April 28, a social theme public issue dedicated to the refinancing of the French public hospital sector for EUR 1 billion with a 5-year maturity. The very substantial subscription from a broad base of international investors for this operation shows the considerable recognition by market operators of this first issue of covered bonds related to Covid-19;
- on June 16, a new issue with a 10-year maturity for EUR 1 billion.

EUR 22 million in private placements were carried out alongside these public transactions. Over the half-year, the average length of financing raised by CAFFIL is close to 11 years;

- SFIL EMTN Issues: SFIL Group's second source of financing is from bond issues in EUR and USD under the EMTN format. SFIL's total EMTN bond outstandings came to EUR 7.1 billion as of 31 December 2019. The French market of the "agency" sector in which SFIL issues saw a significant increase in volumes in 2019 at EUR 21.7 billion (up +64% vs 2018 at EUR 13.3 billion). This change is notably due to the arrival of new issuers, two of which benefited from programs solely focusing on green/sustainable themes. These formats have seen their use strongly increase with almost one-third of issues (EUR 7 billion) generated by all French agencies under the green or sustainable labels. In 2019, in a context of significant rate decreases, long maturities were the most in demand with 65% of 10-year transactions or more whereas this part of the curve only represented 22% in 2018. Lastly, on the currency side, French agencies were active in USD, going from a volume of USD 4.5 billion in 2018 to USD 6.4 billion in 2019. These transactions were launched during the first half year, in which the financial conditions - for issuers - made refinancing in USD rather than euros more attractive. In the first half of 2020, SFIL continued to maintain its franchise as an issuer of bonds to the French agency segment by making regular public issues in dollars. Over the period, SFIL raised the equivalent of EUR 1.14 billion through a 3-year dollar issue launched in May for USD 1.25 billion. With this transaction, SFIL posts a reference curve in euros (4 maturities) and another in dollars (3 maturities) for total discounted bond outstandings at the end of the period of EUR 7.2 billion;
- ESG Financing: As part of its public policy missions, SFIL Group made its first "social" and "green" issues in 2019. These two issues were respectively dedicated to financing French public hospitals and financing projects to promote the ecological transition within French local authorities. These thematic issues will become a regular and significant source of refinancing for SFIL Group in future years, particularly as part of its role as a public development bank dedicated exclusively to financing a sustainable future. SFIL Group's thematic bond outstanding amounted to EUR 1.750 billion as of 31 December 2019 (this amount is included in the outstanding of covered bonds indicated previously). The first half-year of 2020 saw the continued implementation of SFIL Group's social and environmental policy as part of its refinancing, which resulted in the successful launch of its second social theme bond issue by CAFFIL in April 2020 (first issue of European covered bonds related to Covid-19) which followed the inaugural issue under this format in 2019;
- NEU CP Program: In addition to the Group's bond issues, SFIL also issues NEU CP. SFIL had EUR 0.6 billion of outstanding NEU CP as of 31 December 2019. In the first half of 2020, SFIL remained an active issuer of debt securities dated at less than 12 months under its negotiable European commercial paper (NEU CP) program. As of June 30, 2020, its total NEU CP outstandings stood at EUR 682 million.
- Shareholder refinancing: As of 31 December 2019, the financing that SFIL received under the loan agreements with its shareholders amounted to EUR 0.4 billion for La Banque Postale ("**LBP**") and zero for the Caisse des Dépôts et Consignations ("**CDC**"). Shareholder refinancing was gradually replaced from 2016 by financing obtained by SFIL in the financial markets. However, shareholder refinancing remains available, notably in the event of likely liquidity requirements generated during a situation of stress. The SFIL Group's other source of financing is the debt provided by CDC and LBP under existing credit facility agreements. As at June 30, 2020, the financing received by SFIL from these two shareholders amounted to EUR 0.4 billion, unchanged from December 31, 2019; it had no financing outstanding with CDC as of June 30, 2020."
- The section entitled "**2. BUSINESS OVERVIEW**" on pages 92 to 96 of the Base Prospectus is amended as follows:
 - The sub-paragraph "**(i) Financing of local public sector loans**" of the paragraph "**2.1 Principal Activities**" on pages 92 and 93 of the Base Prospectus is deleted and replaced as follows:

"(i) Financing of local public sector loans

This activity was launched following the shortage of long-term funding for French local authorities. It was decided by the French State that it was necessary to provide a stable access to long dated funding for public investments. This decision was confirmed by the European Commission on 28 December 2012. LBP, which will retain a central role in the system, decided to renew its partnership early with SFIL until end 2026 for the commercialization of medium and long-term loans to local authorities and public hospitals. The objective is to enable local authorities and public hospitals to benefit from enhanced financing conditions.

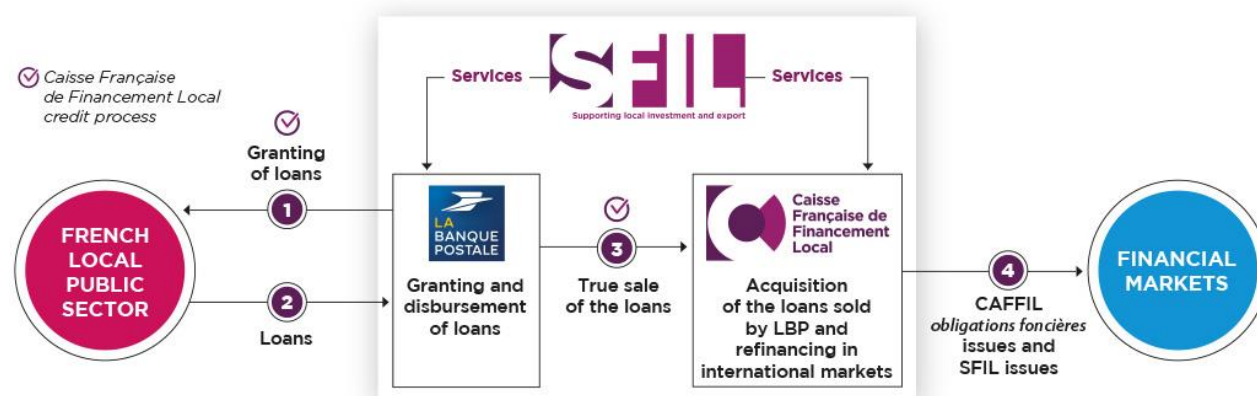
Through its *société de crédit foncier* CAFFIL, the Issuer refinances medium and long-term loans offered by LBP to local authorities and public hospitals in France. SFIL and CAFFIL are mutually dependent. Due to its size, performance of CAFFIL has an impact on SFIL's revenues.

Since 2013, CAFFIL has been a regular issuer in the covered bond market with an overall volume issued around 30 billion euros.

SFIL lies at the heart of a system that serves the State's commitment to provide French local government entities and public healthcare institutions with continuous and efficient access to long-term bank financing, alongside the offers of commercial banks and French and European public institutions operating in this sector. This system, which was launched following European Commission authorization on December 28, 2012, makes it possible to refinance LBP's loans to French local government entities and assist the relevant borrowers in their efforts to reduce their outstanding sensitive loans.

The diagram below describes the operational financing system for French local authorities and public hospitals.

Operational flow diagram of the system



The local public sector financing activity involves CAFFIL acquiring from LBP loans that it has marketed.

The loans in question are simple, being exclusively at fixed rates or with a single indexation (Euribor + margin) or two-phase structure (fixed rate then variable rate). Certain loans involve a staggered-release phase or benefit from a deferred start-date mechanism. The range of amounts extends from EUR 40,000 to several tens of millions of euros. Maturities range mainly between 10 and 30 years. New loans are mostly repayment loans with an initial average life of around 10 years.

This loan offer is intended for all types of local government entity throughout France, from the smallest municipalities to the largest inter-municipal or regional structures.

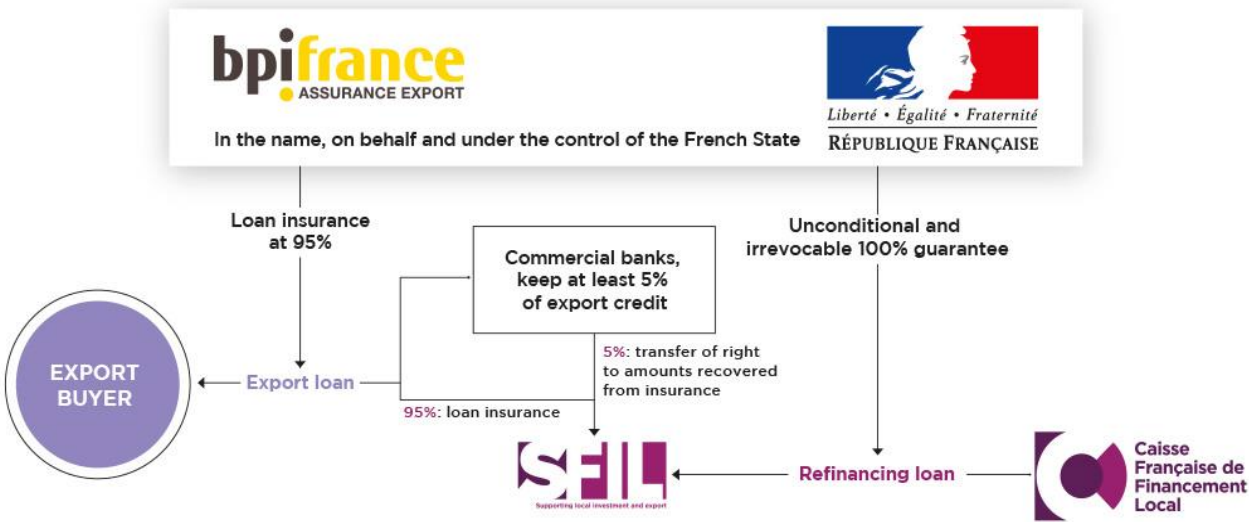
Since mid-2019, LBP also markets green loans with the aim of financing local investments that contribute to the ecological transition carried out by the local authorities. These loans are refinanced by SFIL Group's green issues as part of a green emissions program dedicated in accordance with the best market standards ("framework").

The public hospital financing activity is also carried out through the acquisition by CAFFIL of loans marketed by LBP. Since 2019, all of these loans are refinanced by SFIL Group's social issues as part of an issue program dedicated to financing French public hospitals in accordance with the best market standards ("framework"). Note that the transaction launched during the first half of 2020 specifically responds to the investment requirements resulting from the current health crisis."

- The following sub-paragraph is added at the end of the paragraph entitled "(ii) Partnership with La Banque Postale and servicing and financing provided to CAFFIL" on page 93 of the Base Prospectus:

"During the health crisis lockdown period, thanks to the rapid activation of its remote working system for almost all staff, SFIL maintained the operational continuity of its servicing to LBP with an unchanged level of service compared to normal. The performance indicators in place to measure the quality of the services that SFIL provided for the first half of 2020 were satisfied at 100%."

- The paragraph "(iii) Export credit refinancing" on pages 94 and 95 of the Base Prospectus is modified as follows:
- ✓ The actual graph inserted in the Base Prospectus after the words "Presentation of the set-up:" on page 94 of the Base Prospectus is deleted and replaced by the following:



- ✓ the following paragraph is added before the last sentence of the paragraph on page 95 of the Base Prospectus:

"The European Commission's authorization for the export credit refinancing activity carried out by Bpifrance Assurance Export on behalf of the State was renewed on May 7, 2020 based on the maintained diagnosis of a market failure for export credit refinancing and the appropriate and necessary nature of the intervention of a public development bank, such as SFIL, to remedy it. The duration of this authorization was extended to 7 years (instead of 5 years for the first), expiring in 2027."

- The paragraph "**2.3 Recent Evolutions**" on page 96 of the Base Prospectus is deleted and replaced as follows:

"2.3 Recent Evolutions

We present below three key figures of SFIL as of 31 December 2019 and 30 June 2020:

- as of 30 June 2020, SFIL had EUR 77.8 billion consolidated balance sheet assets;
- as of 30 June 2020, SFIL had a CET1 Ratio of 30 %; and
- as of 31 December 2019, 340 employees were working for SFIL.

Following the supervisory review and evaluation process (SREP) conducted by the European Central Bank in 2019, SFIL's CET1 capital requirement on a consolidated basis was set at 7.99% as of 1 January 2020. It consists of: (i) 4.50% in respect of Pillar 1 CET1 capital, the level applicable to all institutions, (ii) 0.75% in respect of the Pillar 2 requirement (P2R), unchanged compared with the last year following the 2018 SREP, (iii) 2.50% in respect of the conservation buffer, the level applicable to all institutions and (iv) 0,24 % in respect of contracyclic buffer calculated on estimated basis. As of June 30, 2020, the SFIL Group's consolidated CET1 and total capital ratios came to 30.0% and 30.5%, respectively, a level representing more than twice the minimum requirement set by the European supervisory authority. The CET1 ratio improved by 5.60% compared to its level of 24.4% at December 31, 2019. This improvement is mainly due to the decrease of Risk Weighted Assets (RWA) related to several changes in methods for calculating regulatory equity requirements.

The Capital Requirements Regulation No. 575/2013 dated June 26, 2013 has introduced a leverage ratio, which corresponds to the amount of Tier 1 capital as a proportion of the total exposure of the entity concerned. Data collection in accordance with the regulatory format began in 2014 and entities have published their leverage ratio since the fiscal year starting January 1, 2015, without this ratio being subject to a specific quantitative requirement.

Based on the methodological principles of currently applicable regulations, the SFIL Group's leverage ratio was 2.0% as of June 30, 2020.

However, these regulations were recently amended by Regulation No. 876/2019 of May 20, 2019. The amendments in question, applicable as from end-June 2021, provide for the introduction of a minimum leverage ratio requirement of 3%, as well as measures designed to exclude development loans and the Export Credit business when calculating the total exposure. When these amendments come into force, the SFIL Group will therefore benefit from specific, tailored leverage ratio calculation rules.

Calculated using the methodological principles of the amended regulations, the SFIL Group's leverage ratio is 8.9% and thus comfortably exceeds this minimum 3% requirement.

In June 2019, SFIL was notified of the implementation by the ACPR's resolution college of the Single Resolution Board's decision of 16 April 2019 setting the minimum requirement for own funds and eligible liabilities (MREL) for SFIL on a consolidated basis. Based on data as of 31 December 2017, this requirement is set at 1.94% of the SFIL Group's total liabilities and own funds (TLOF). As of 31 December 2019, eligible liabilities exceeded this requirement by more than five times. As of June 30, 2020, the eligible liabilities are over six times higher than this requirement."

- The section entitled "**3. ORGANISATIONAL STRUCTURE**" on pages 96 to 98 of the Base Prospectus is deleted and replaced as follows:

"3. ORGANISATIONAL STRUCTURE

The Banque de France may ask CDC, as reference shareholder, and the French State to provide the necessary support to SFIL in accordance with Article L.511-42 of the French Code *monétaire et financier*.

The shareholding structure of SFIL changed in 2020. On September 30, 2020, the State, CDC and LBP announced the finalization of the acquisition by CDC (that held a 20% stake to date) of all of the SFIL shares held by LBP (i.e. 5%) and all of the SFIL shares held by the State (i.e. 75%), with the exception of one ordinary share that the State retained in accordance with the terms of the agreement announced on 9 October 2019 and 4 March 2020. CDC is SFIL's new reference shareholder. The State will continue to have a seat on SFIL's Board of Directors by means of a non-voting director, in view of the public interest missions entrusted to SFIL.

This operation enables the public financial institutions to continue to serve the French territory, by grouping them within a large public financial group, formed around CDC and La Poste.

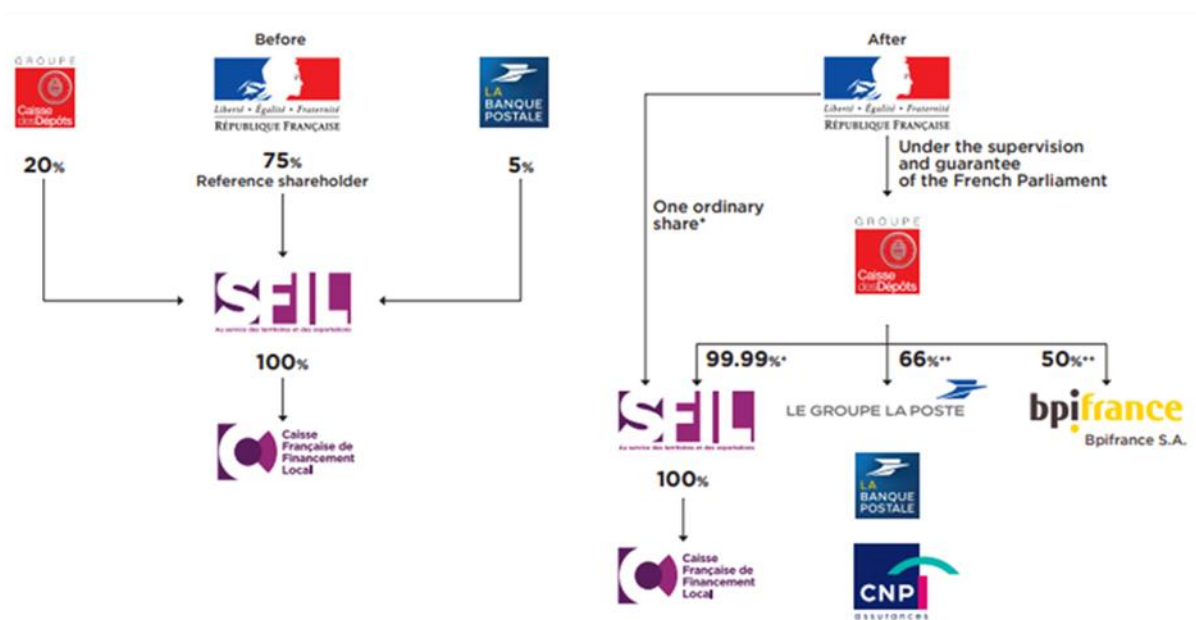
SFIL's shareholding structure is still fully public. Its shareholders will ensure that SFIL's financial solidity is preserved and its economic base protected and will continue to provide it with the necessary support, in accordance with the applicable regulations. CDC, SFIL's new reference shareholder, confirmed its commitment in a letter of support, completed by a letter of support from the State, in the context of SFIL's continuing status as a State-owned development bank. On its side, on 5 November 2020, SFIL signed an updated declaration of support of CAFFIL.

The share capital of the Issuer is held as follows:

- 99,99999% by the CDC (i.e. 1,857,145 preferred shares and 7,428,579 ordinary shares);
- 0.00001% by the French State via the Agence des Participations de l'Etat, which is a French government shareholding agency (i.e 1 ordinary share).

CAFFIL is a subsidiary of SFIL. CAFFIL is a *société de crédit foncier* governed by Articles L.515-13 *et seq.* of the French *Code monétaire et financier*.

Shareholding structure of the Issuer before and after September 30, 2020:



*The Caisse des Dépôts holds all the SFIL shares with the exception of one ordinary share retained by the French State.

**The French State holds 50% of the capital of Bpifrance S.A. (through EPIC Bpifrance) and 34% of La Poste's capital.

- The section entitled "**4. ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES**" on pages 98 to 100 of the Base Prospectus is deleted and replaced as follows:

" 4. ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES

The Issuer is organized around a Board of Directors, an Executive Committee, a Governance and Appointments and Corporate Social Responsibility Committee, a Compensation Committee, a Financial Statements Committee and a Risks and Internal Control Committee.

Board of Directors

The Board of Directors is composed of 17 members:

- Pierre Sorbets (Chairman of the Board of Directors)
- Philippe Mills (Chief Executive Officer)
- Caisse des Dépôts et Consignations represented by Olivier Fabas
- Serge Bayard
- Virginie Chapron du Jeu
- Brigitte Daurelle
- Laetitia Dordain
- Eckhard Forst
- Cathy Kopp
- Pierre Laurent
- Fabienne Moreau
- Quentin de Nantes
- five members elected employee representatives: Pascal Cardineaud, Marion Domalain, Frédéric Guillemin, Thomas Morisse and Sandrine Peraud-Chemla. Following new elections organized in November 2020, the number of members elected employees representatives will be reduced from five to three at the beginning of December 2020. The Board of Directors will be reduced to 15 members at this date.

The main functions of the board members outside of the Issuer are the following:

Pierre Sorbets (Chairman of the Board of Directors of SFIL)	Chairman of Magnard Finance Conseil
Philippe Mills (Chief Executive Officer)	Chairman of the Supervisory Board of CAFFIL; Chairman of the Board of Directors of EAPB
Olivier Fabas (CDC representative)	Head of the Financial Institutions and Private Equity division – Managing Director Caisse des Dépôts et Consignations – Strategic Investments
Serge Bayard	Director of Business and Territory Development of La Banque Postale
Virginie Chapron du Jeu	Director of CDC Group Finance, member of the Group Executive Committee Caisse des Dépôts et Consignations
Brigitte Daurelle	Chief Executive Officer of Euroclear Belgium, Euroclear France and Euroclear Nederland
Laetitia Dordain	Director of the Consignments and Specialized Deposits Department, Caisse des Dépôts et Consignations
Eckhard Forst	Chairman of the Managing Board of NRW Bank

Cathy Kopp	Independent member of the Board of Directors, SFIL
Pierre Laurent	Director of the Development Department “Banque des territoires” Caisse des Dépôts et Consignations
Fabienne Moreau	Director of the Accounting and Regulatory Department Caisse des Dépôts et Consignations
Quentin de Nantes	In charge of participations within the financial institutions and capital investment division of the Strategic Investments Management Department Caisse des Dépôts et Consignations

Their business addresses are c/o SFIL, 1-3 rue du passeur de boulogne, 92130 Issy les Moulineaux, France.

The management team

The management team is composed of Executive Management and 8 other members in charge of divisions or central functions who make up the Management Committee. This committee meets at least once per week.

The members of the Executive Management are Philippe Mills (Chief Executive Officer) and François Laugier (Deputy Chief Executive Officer).

The members of the Executive Committee are Philippe Mills (Chief Executive Officer, Chairman of the Board of Directors of EAPB), François Laugier (Deputy Chief Executive Officer), Stéphane Costa de Beauregard (Outstanding loans manager), Nathalie Derue (Risk Manager), Gilles Gallerne (Chairman of the Management Board of CAFFIL), Béatrice Gosserez (Corporate secretary and Chief Compliance Officer), Sami Gotrane (Financial Markets Manager), Florent Lecinq (Chief Financial and Operating Officer), Pierre-Marie Debreuille (Chief Export credit), and Frédéric Meyer (Human Resources manager).

Financial Statements Committee and Risks and Internal Control Committee

The Financial Statements Committee examines in particular the financial statements of SFIL and CAFFIL, as well as the corresponding statutory auditors' reports, the strategy of SFIL and the budget.

The Risks and Internal Control Committee is in charge of studying the procedures employed in internal control activities at SFIL and CAFFIL, the reports on compliance and audit activities, the reports on risk surveillance, etc.

The Financial Statements Committee and the Risks and Internal Control Committee are made up of a maximum of seven members who are Board of Directors members but are not involved in SFIL's executive management. Members are chosen on the basis of their skills and their potential contribution to the work of the committee in question. These committees are chaired by an independent member of the Board with proven skills in finance and accounting. These committees meet at least four times per year.

The members of the Financial Statements Committee are: Brigitte Daurelle (Chair of the Committee), Olivier Fabas, Eckhard Forst, Fabienne Moreau, Quentin de Nantes, Sandrine Peraud-Chemla and Pierre Sorbets.

The members of the Risks and Internal Control Committee are: Eckhard Forst (Chairman of the Committee), Brigitte Daurelle, Olivier Fabas, Pierre Laurent, Thomas Morisse, Quentin de Nantes and Pierre Sorbets.

Conflicts of interest or declaration of no-conflict of interest

The Issuer certifies that, to the best of its knowledge, there are no potential conflicts of interest between the duties of its corporate officers towards the Issuer and their private interests and other duties.

- The section entitled "**5. MAJOR SHAREHOLDERS**" on page 100 of the Base Prospectus is deleted and replaced as follows:

" 5. MAJOR SHAREHOLDERS

Share capital currently stands at EUR 130,000,150.00 represented by 9,285,725 nominative shares.

The shares are divided into two categories:

- 7,428,580 ordinary shares (*actions ordinaires*); and
- 1,857,145 preferred shares (*actions de préférence*).

There are no other securities that grant rights to shares in the capital of SFIL.

SFIL is publicly owned. The share capital of SFIL is held as follows:

- 99,99999% by the CDC, i.e. 1,857,145 preferred shares and 7,428,579 ordinary shares;
- 0.00001% by the French State via the Agence des Participations de l'Etat, which is a French government shareholding agency (i.e 1 ordinary share)."

- The subparagraph (iii) entitled "Declaration of support" of the section entitled "**7. MATERIAL CONTRACTS**" on pages 101 and 102 of the Base Prospectus is deleted and replaced as follows:

"(iii) Declaration of support

On 5 November 2020, SFIL signed an updated declaration of support of CAFFIL, which is reproduced as follows:

"Since 31 January 2013, SFIL is the reference shareholder of Caisse Française de Financement Local, a société de crédit foncier, governed by Articles L.513-2 et seq. of the Monetary and Financial Code and holds 99.99% of its capital.

SFIL will continue to stand as reference shareholder and hold more than 99% of the capital of Caisse Française de Financement Local on a long-term basis.

SFIL, its reference shareholder CDC and the French State, will ensure, subject to EU State Aid rules, that Caisse Française de Financement Local always be able to pursue its activity in an ongoing manner and that its economic base is protected and its financial strength preserved, in compliance with the requirements of banking regulations."

Original text in French:

Depuis le 31 janvier 2013, SFIL est l'actionnaire de référence de la Caisse Française de Financement Local, société de crédit foncier soumise aux dispositions des articles L.513-2 et suivants du Code monétaire et financier et détient 99,99% de son capital.

SFIL continuera de jouer le rôle d'actionnaire de référence de la Caisse Française de Financement Local et détiendra durablement plus de 99% du capital.

SFIL, son actionnaire de référence la CDC et l'Etat français feront en sorte, sous réserve des règles de l'Union Européenne relatives aux aides d'Etat, de protéger la base économique de la Caisse Française de Financement Local et de préserver sa viabilité financière tout au long de son existence conformément aux obligations imposées par la réglementation bancaire en vigueur.

Philippe MILLS

Directeur Général
SFIL"

RECENT DEVELOPMENTS

The section entitled “**Recent Developments**” on page 103 of the Base Prospectus is deleted and replaced as follows:

"The management of Covid-19 pandemic crisis

The first half of 2020 saw the emergence of the new Covid-19 pandemic, with quarantine measures and restrictions on mobility for the populations. This major health crisis has caused severe disruptions in most of the economic and business sectors and geographic areas, as well as on financial markets. It has acted as a catalyst on the weaknesses of the various economic players. For SFIL and its Notes, the impact of the pandemic on its specific risk factors has currently been rather limited. Therefore, the understanding and assessment of the effects of the crisis did not lead SFIL to change the probability of occurrence, impact or ranking of its risk factors nor to add a new risk factor.

From the first days of March 2020, SFIL set up a crisis unit dedicated to managing the Covid-19 pandemic crisis, with 3 main objectives:

- Protecting the health of internal and external employees (the few employees that were infected by the virus - confirmed or possible cases - all recovered);
- Maintaining the institution's operational capacity in order to ensure business continuity;
- Managing all increased risks during this period.

This crisis unit, steered by the Deputy Chief Executive Officer and the Risk Director, comprising representatives of most of SFIL's departments (Risks, IT System, Finance, Financial Markets, Human Resources, Legal, Communication, Purchasing, etc.) met 24 times during the period.

Amongst the actions carried out by this crisis unit, we can note:

- the implementation and management of remote working for all internal and external employees;
- the increase in the capacity of collaborative working tools, audio and video conferences, documentary sharing;
- the reinforcement of cyber risk monitoring and awareness raising of employees with regard to this risk during the period;
- specific monitoring of key activities, essential externalized services, IT projects and business lines.

A review of the most critical processes was also conducted to ensure business continuity, identify the increased risks during this lockdown period and implement new controls if required. This review indicated that business continuity with massive use of remote working could be carried out under good conditions. Some additional procedures and controls were set up during the lockdown period. They did not detect any major anomalies in the usual procedures.

During the Covid-19 crisis, SFIL's strategy - based on its public development bank model - showed its strength and large resilience capacity notably in terms of solvency and liquidity. As regards operations, the bank, which was prepared, was able to adapt its organization and IT systems to function entirely remotely during the lockdown phase, then to gradually return its employees to its Issy-les-Moulineaux and Lyon sites from June with the implementation of social distancing measures to fully ensure staff safety. During this period, all of the teams were mobilized, all activities were fully guaranteed and SFIL did not use the furlough scheme set up by the public authorities.

Overall, SFIL was able to manage all of its risks and, as a public development bank, will be able to provide its full support to the public policies required for the economic recovery.

The French local public sector financing activity saw a half-year at a very sustained level, despite the lockdown. It is close to the level for the same period in 2019, with 2019 being a record year in terms of production.

SFIL decided to deploy two approaches to support borrowers facing difficulties due to the health crisis:

- One, proactive and systematic, by proposing payment terms to all health players in recognition of their exceptional involvement in the Covid-19 pandemic. SFIL proposed payment terms of 180 days to these borrowers for all of their loan contract maturities between March 12 and June 30, 2020, without any late interest or penalties invoiced. As at June 30, 2020, 27 health institutions had benefited from these payment terms from SFIL.
- The other approach is to respond to requests from local authorities and equivalent faced with temporary cash flow difficulties due to the health crisis caused by the decline in revenue from specific activities, related to economic, cultural and touristic activities (cinemas, swimming pools, car parks, thermal baths, etc), on a case by case basis. As at June 30, 2020, 62 borrowers had requested new payment terms from SFIL. The payment terms granted should be compared to the base of maturities called: over the period from March 12 to June 30, almost 9,800 local authorities had maturities for a cumulative amount of EUR 913 million. The current requests therefore represent 0.6% of borrowers and less than 2% of the maturity amounts.

In order to maintain contact with its borrowers during the lockdown period and best meet their requests, the use of audio and video conference tools was strongly developed to replace in-person meetings.

In the export credit area, SFIL is present in all cruise ship financing operations through French export credits signed since 2016. In this context, SFIL entered into the approach developed jointly by the European export credit guarantee agencies to provide liquidity support for export credits for cruise companies, in a sector particularly affected by the epidemic. The latter were impacted by the brutal interruption to their business due to the health crisis and their need to continue to face inherent fixed costs. This liquidity support consists of deferring the repayment of the principal amount of the credits for an 18-month period.

In the other sectors concerned by SFIL export credit and refinancing, the impact of the successive lockdown periods in the different regions of the world, led, in the short term, to a slowdown in on-going negotiations for certain projects. No new contracts were signed during the first half-year. However, over the medium term and as part of the economic recovery, the use of SFIL export credit and refinancing could play a counter-cyclical role. From the end of March, this led to a 30 to 50% increase in bank requests. This trend was confirmed at the end of the half-year indicating a possible stronger use of SFIL export credits and refinancing over the coming months and years.

SFIL Group's issue program for the first half of 2020 was not generally affected by the health crisis. The return to normal for financial markets from mid-April thanks to the vigorous and rapid action of the central banks constituted a favorable context for progress in SFIL Group's program, with a social issue on April 28 dedicated to hospital financing, an issue in USD on May 27 and an issue in EUR on June 16. These issues were all carried out in excellent financial conditions with very diversified investors. SFIL Group's ability to access the market remains intact with a constantly growing investor base. SFIL Group's social issue program was recognized by the financial press on several occasions:

- Covered Bond Report Awards for Excellence 2019 – Best ESG Issue,
- Global Capital SRI Awards 2019 – Most impressive social of sustainability issuer,
- IFR Awards 2019 – Best Social Bond,
- Environmental Finance Bond Awards 2020 – Best social bond – asset based and covered bonds,
- Covered Bond Report Awards for Excellence 2020 - Best ESG Issue.

Since the beginning of March 2020, with regard to risk management, attention has been paid to the credit risks and the impacts sector-specific shocks, particularly on the cruise industry, on the liquidity risks, on the operational risks for the Group, to cyber risk and the risk of fraud during such a period. The induced effects of market volatility as a result of the pandemic on valuation standards within the framework of the IFRS9 accounting standard and liquidity requirements was also a consideration. All of these risks were subject to specific *monitoring* and regular reporting to the supervisor.

As part of the measures to ensure business continuity, a crisis unit was set up from the beginning of March to analyze the pandemic's progression and take the necessary measures to ensure operating continuity and risk monitoring with, notably, mid-March, the implementation of remote working for all

employees. The professional activity continued with the maintained risk management system. For example, the regulatory reporting deadlines were met.

The lockdown began to be lifted at the start of June with a cautious and gradual return of employees and service providers to the premises, in a protective framework of distancing and health security. The few employees that were infected (confirmed or possible cases) by the virus all recovered.

The main regulatory ratios remained at very high levels, with little fluctuation. The Group's fully-loaded CET1 ratio stood at 30%, confirming its unswerving financial stability.

The impact of the health crisis on SFIL's financial results is limited and confined to temporary and reversible effects, mainly due to the deterioration and volatility observed in the financial markets since mid-March. The Group's accounting result at end June is almost balanced (EUR -2 million) whilst recurring net income (which precisely corrects the impact of changes in value of balance sheet items, and specifically non SPPI loans) reached EUR +24 million, exceeding the budget and the first half year 2019 under the effect of an increase in NBI which reached EUR 98 million and an operating ratio limited to 56% (despite the increase in the contribution to the Urban Renewal Fund - FRU).

Increases in provisions, mainly due to the decision to put all export credit exposures for the cruise sector on the watchlist, also relate to the health crisis, taking the net accounting income, restated for the impacts of the health crisis, to EUR +29 million.

Overall, the management of the acute phase of the health crisis was a triple success for SFIL from the point of view of protecting employee health, maintaining operational capacity and demonstrating the resilience of its business model.

Debt securities amount

The Issuer's debt securities under the Programme increased by an amount of EUR 530 million between 31 December 2019 and 21 October 2020.

Modification of Auditors

KPMG SA and PricewaterhouseCoopers Audit are Auditors to the Issuer since September 30, 2020.

Transfer of majority of SFIL's capital to CDC

Implementation of the transfer to the CDC of the control of SFIL, in accordance with the agreement signed on 4 March 2020 was effective on September 30, 2020. This operation contributes to the ongoing streamlining of the organization of public financial institutions in the service of France's regions, by merging them into a major public financing hub, structured around the CDC and La Poste.

Press release dated 30 September 2020:

Finalization of the transfer of SFIL to the Group Caisse des Dépôts

The French Republic, CDC and LBP announced today that they have finalized the transfer of the majority of SFIL's share capital to CDC, in accordance with and under the same conditions as the agreements between SFIL's shareholders dated March 4th, 2020 and October 9th, 2019.

SFIL will continue to be fully publicly owned: under the agreement, its shareholders will continue to ensure that its financial strength is preserved and its economic base protected, while providing the necessary support in accordance with applicable regulations. Based on the public policy missions entrusted to SFIL - the financing of the local public sector and the refinancing of large export contracts - the French Government will continue to be represented on the board of directors via a censor (non-voting director).

Created in February 2013, SFIL became in 2015 the leading lender to French local authorities and public hospitals in partnership with LBP with EUR 32 billion in long-term loans provided. The excellence of this SFIL/LBP partnership, renewed in anticipation, is an additional strength for the new large public financial group. The support mechanism for French exporters of the new large public financial group will also be strengthened by SFIL's crucial role in financing large export contracts. Thanks to its deep and efficient access to financial markets that is being used to serve the French economy, SFIL has become the first liquidity provider in this market segment (EUR 8.1 billion in financings granted since 2016).

"SFIL and its teams are pleased to join Caisse des Dépôts Group to contribute to the success of the new major public financial group. SFIL is a valuable complementary tool for Caisse des Dépôts Group, particularly with its extremely well performing financing platform, which has maintained an access to financial markets at excellent conditions despite the instability caused by the pandemic and economic crisis. This resilience is a strong characteristic of public development banks. Thanks to its green bond and social bond issuance, SFIL's financing capacities will fully contribute to the "France Relance" plan for the success of the economic recovery and the ecological transition of the French territories", commented Philippe Mills, CEO of SFIL.

Press contact: christine.lair@sfil.fr or Relations.Presse@SFIL.FR

More information at sfil.fr

Press release dated 28 October 2020

SFIL: a powerful and resilient model in support of the economic recovery

Since September 30, 2020, SFIL is a new member of the Groupe Caisse de Dépôts, the new major public financial group.

SFIL will thus be able to provide the major public financing group with its well-performing financing platform, which maintained access to the financial markets under excellent conditions despite the instability from the health and economic crisis. The crisis has in fact strengthened SFIL's strategic positioning and demonstrated its financial resilience, a strong characteristic of public development banks.

Loans to French local government entities and public hospitals: a high-performing system to support the France Relance (French Recovery) plan

The LBP/SFIL system is a leader in this business: for the 5th consecutive year in 2019, it was the leading local authority funder, with a market share of 29.2% (Observatoire Finance Active 2020).

In 2020, new loans continued at a high pace (€2.8 billion mid-October versus €3.4 billion as of the same date in 2019 and only €2.0 billion in 2014, the last year of municipal elections), demonstrating the performance of the SFIL/LBP system and its resilience in a crisis period. The impact of the electoral cycle on the municipalities and groups of municipalities is marked, with a decline typically seen between the year before the elections and the year after. But loans to regions, departments and hospitals grew strongly in 2020.

Since the start of the SFIL/LBP business, €32.2 billion in loans have been granted to local authorities and public hospitals, benefiting approximately 7,000 borrowers (including approximately 3,800 municipalities with less than 5,000 inhabitants and 309 Public Hospitals). The maturity of loans granted has increased: more than half of the loans granted in recent years had a maturity longer than 15 years versus 18% in 2013.

Refinancing large export contracts: a counter-cyclical effect should be apparent from 2021

SFIL has been the leading liquidity provider for large French export contracts since 2016. With a market share of more than 40% since 2017, SFIL thus plays a crucial role for French exports: it has refinanced a total of €8.1 billion in export credits insured by BPI Assurance Export on behalf of the French Republic, enabling 14 transactions to be completed, representing more than €14 billion in contracts for 10 exporters, on 4 continents, with 15 partner banks.

Over 2020, the short-term effect of the health crisis has been an overall slowdown in the pace of contract negotiations. Nonetheless, for projects in the preliminary study phase, market demand for SFIL's system is very high, with 50% more requests compared to last year. In addition, export credit is expected to play its counter-cyclical role in supporting certain sectors such as, in particular, civil aviation. SFIL will be active in financing this sector with export credits.

In the medium term, the increased attention paid to sustainable development issues and the France Relance (French Recovery) plan, which will have beneficial effects on the competitiveness of the French industrial base, should support export business in the areas of water, waste, clean transport, renewable and carbon-free energies and telecommunications. The financing provided by SFIL will be critical in support of these developments.

High-performing and resilient financing capacity

The SFIL Group is one of the main European bond issuers, with an annual issuance program of €6-8 billion in recent years. Since the beginning of the pandemic, SFIL launched 5 bond issues, including one social bond dedicated to hospital financing.

Thus, at mid-October, the SFIL Group has issued €6.6 billion. This issuance volume is consistent with the expected pace of its 2020 annual program and has been achieved at budgeted cost for secured bonds and slightly better than budget for other types of bonds.

Since its creation at the beginning of 2013, €47.8 billion of long-term financing has been raised, generally with very long maturities (nearly half of the issues have a maturity longer than 10 years) and from a very broad investor base (575 different investors). Since 2019, thematic bond issues have been launched to specifically finance French public hospitals (social bond issues) or local authority projects with a positive ecological impact (green bond issues).

The Group's bond issues regularly receive awards from the specialist press (10 times in total since 2019) in particular for social or green bond issues, including the "Most impressive funding strategy during Covid pandemic" by GlobalCapital.

5-year financial projections increased

The positive trend in SFIL's business in its two main business lines and the excellent financing conditions have led SFIL to revise upwards its business forecasts for the period 2020-2025.

Average annual growth of 5% in business (NBI) is expected over the period, supported by a high capitalization level (CET1 solvency ratio stable around 30%).

SFIL's strong social and environmental commitments accurately reflect its DNA as a public development bank.

After joining the United Nations Global Compact and producing an annual CSR report reflecting its commitments, actions and areas for progress, SFIL recently requested an assessment by the non-financial rating agency Sustainalities.

The rating this year positions SFIL in the top decile of the rating universe and its industry segment with an overall score of 7.7/10 - negligible ESG risk. SFIL is also placed among the top performers in the Development Bank category by ranking 7th out of 93.

SFIL is committed to the success of the France Relance (French Recovery) plan, in particular through green bonds

Out of the €100 billion National Recovery Plan, more than €20 billion of investments must be made in partnership with local authorities, for which the LBP/SFIL system will be an additional financing instrument.

As the leading public investor, local authorities directly contribute to financing green investments in a multitude of local or network public services.

SFIL/LBP's green loans offering fully conforms with the France Relance (French Recovery) Plan and enables an easier access to this type of financing for local authorities.

The "Green Bonds" issue by SFIL and CAFFIL (1st green bond issue of €750 million in 2019) allows us to offer loans dedicated to financing green investments. Reporting on these financings will measure their positive ecological impacts.

Since the launch of the range in June 2019 through mid-October, €936 million of green loans have been identified in recent new loan production and may be allocated to the first issue. To date in 2020, new green loans represented 9% of new loans to local authorities.

The key role of the SFIL/LBP system in hospital financing

Since its creation in 2013, the SFIL/LBP system has become the leading funder of public hospitals with €4.0 billion of loans granted and 309 public hospitals financed.

In 2019, the system granted €650 million of loans, thus providing nearly one-third of the sector's financing, with an average term of 20 years and mainly at fixed rates. In 2020, the system performed even better (+16% as of 10/9/2020 compared to the same period in 2019).

SFIL's first social bond issues (€2 billion since 2019) have promoted the introduction of a loan offer exclusively dedicated to public hospitals. This offer is in line with the France Relance (French Recovery) Plan and the previous emergency measures enacted to support hospitals (new plan for public hospitals with a public investment component and a self-financing component, with the assumption of one-third of their debt by CADES (€13 billion)).

The national recovery plan seeks to remedy the chronic under-investment in French hospitals by setting major investment priorities. The SFIL/LBP system may act as an additional financing instrument to the governmental budget of €6 billion for the health and medico-social sectors.

Press contact: christine.lair@sfil.fr ou Relations.Presse@SFIL.FR

Investors contact: Ralf Berninger - ralf.berninger@sfil.fr"

GENERAL INFORMATION

The section “**General Information**” on pages 143 to 147 of the Base Prospectus is amended as follows:

- The paragraph entitled “**(2) Corporate authorisations**” on page 143 of the Base Prospectus is deleted and replaced as follows:

"The Issuer has obtained all necessary corporate and other consents, approvals and authorisations in France in connection with the update of the Programme.

Under French law, any drawdown of Notes under the Programme, to the extent that such Notes constitute *obligations*, requires the prior authorisation of the Board of Directors (*conseil d'administration*) of the Issuer which may delegate its powers to an authorised officer.

For this purpose, on 11 September 2020 the Board of Directors (*Conseil d'administration*) of the Issuer (i) authorised the issue of notes and assimilated debt securities (*obligations et titres assimilés*) up to €3,000,000,000 for a period of one year from 11 September 2020 and (ii) delegated, the power to issue such notes and assimilated debt securities (*obligations et titres assimilés*) (x) to Mr. Philippe Mills, *Directeur Général* of the Issuer, to Francois Laugier, *Directeur Général Adjoint* of the Issuer, Sami Gotrane, *Directeur des marchés financiers* of the Issuer and Florent Lecinq, *Directeur financier* of the Issuer and (y) up to €1,000,000,000 per issue, to Olivier Eudes, *Directeur des activités de marchés* of the Issuer and Emmanuel Dupuy, *Directeur pilotage financier-Directeur financier adjoint* of the Issuer, each with the capacity to act separately."

- The paragraph entitled “**(5) Significant change in the Issuer's financial position or financial performance**” on page 144 of the Base Prospectus is deleted and replaced as follows:

"Save as disclosed in the Base Prospectus as supplemented by this First Supplement and in particular with respect to the Covid-19 crisis, there has been no significant change in the financial position or financial performance of the Issuer since 30 June 2020 (being the date of its last financial period for which financial information has been published)."

- The paragraph entitled “**(11) Auditors**” on page 145 of the Base Prospectus shall be deleted and replaced as follows:

"Ernst & Young et Autres (Paris La Défense, 1-2 Place des Saisons, 92400 Courbevoie, France) and Deloitte & Associés (6, place de la Pyramide – 92908 Paris-La Défense) have audited and rendered unqualified audit opinions in their reports on the financial statements of the Issuer for the financial years ended 31 December 2018 and 31 December 2019 and a limited review report on the interim financial statements of the Issuer as at 30 June 2020.

KPMG SA and PricewaterhouseCoopers Audit are Auditors to the Issuer since September 30, 2020.

The French auditors carry out their duties in accordance with the principles of *Compagnie Nationale des Commissaires aux Comptes* (CNCC)."

- The first sentence of the paragraph entitled “**(12) Rating**” on page 145 of the Base Prospectus is deleted and replaced as follows:

"The long term senior debt of the Issuer has been assigned a rating of AA with a stable outlook by S&P Global Ratings Europe Limited (“**S&P**”), Aa3 with a stable outlook by Moody's France SAS (“**Moody's**”) and AA (high) under review - negative by DBRS Ratings GmbH (“**DBRS**”)."

FOOTBALL TEAM

The football team on pages 149 to 150 of the Base Prospectus is amended as follows:

- The identities of the Auditors to the Issuer are deleted and replaced as follows:

Auditors to the Issuer

Until 29 September 2020

Ernst & Young et Autres

Paris La Défense
1-2 Place des Saisons
92400 Courbevoie
France

Deloitte & Associés

6, place de la Pyramide
92908 Paris-La Défense
France

Since 30 September 2020

KPMG SA

Tour Eqho, 2, avenue Gambetta
92066 Paris-La-Défense Cedex
France

PricewaterhouseCoopers Audit

63, rue de Villiers
92200 Neuilly sur Seine
France

PERSON RESPONSIBLE FOR THE INFORMATION GIVEN IN THE FIRST SUPPLEMENT

I declare, to the best of my knowledge, that the information contained in this First Supplement is in accordance with the facts and that this First Supplement makes no omission likely to affect its import.

SFIL

1 à 3, rue du Passeur de Boulogne
92130 Issy-les-Moulineaux
France

Duly represented by:
François Laugier
Directeur Général Adjoint

Duly authorised
on 6 November 2020



This First Supplement has been approved on 6 November 2020 by the AMF, in its capacity as competent authority under Regulation (EU) 2017/1129.

The AMF has approved this First Supplement after having verified that the information it contains is complete, coherent and comprehensible within the meaning of Regulation (EU) 2017/1129.

This approval is not a favorable opinion on the Issuer described in the First Supplement.

This First Supplement obtained the following approval number: n°20-539.