

**THIRD SUPPLEMENT DATED 6 NOVEMBER 2020
TO THE BASE PROSPECTUS DATED 12 JUNE 2020**



CAISSE FRANÇAISE DE FINANCEMENT LOCAL
(société de crédit foncier duly licensed as a French specialised credit institution)
Euro 75,000,000,000 Euro Medium Term Note Programme
for the issue of *Obligations Foncières*
Due from one month from the date of original issue

This third supplement (the “**Third Supplement**”) is supplemental to, and should be read in conjunction with, the base prospectus dated 12 June 2020 which was approved by the *Autorité des marchés financiers* (the “**AMF**”) under number No. 20-253 on 12 June 2020, as supplemented by the first supplement to the base prospectus dated 11 September 2020 which was approved by the AMF under number No. 20-452 on 11 September 2020 and the second supplement to the base prospectus dated 6 October 2020 which was approved by the AMF under number No. 20-494 on 6 October 2020 (the “**Second Supplement**” and, together, the “**Base Prospectus**”), as prepared in relation to the €75,000,000,000 Euro Medium Term Note Programme (the “**Programme**”) of Caisse Française de Financement Local (the “**Issuer**” or “**CAFFIL**”). 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 Third Supplement to the AMF in its capacity as competent authority pursuant to the Prospectus Regulation. This Third Supplement has been prepared pursuant to Article 23 of the Prospectus Regulation for the following purposes: (i) updating the Base Prospectus regarding the modification from "outlook negative" to "under review - negative" of SFIL's long-term rating assigned by DBRS, (ii) updating the Base Prospectus following the publication of the press release dated 28 October 2020 and (iii) 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. the section entitled “Risk Factors”;
- ii. the section entitled “Business Overview”;
- iii. the section entitled “Organisational Structure”; and
- iv. the section entitled “Recent Developments” of the Base Prospectus.

Save as disclosed in this Third Supplement, no significant new factor, material mistake or material inaccuracy has arisen or has been noted which may affect the assessment of the *Obligations Foncières* 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 Third Supplement.

To the extent that there is any inconsistency between (a) any statement in this Third 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 *Obligations Foncières* to be issued under the Programme before this Third Supplement is published have the right to withdraw their acceptances within a time limit of minimum two working days after publication of this Third Supplement. This right to withdraw shall expire by close of business on 10 November 2020, provided that the *Obligations Foncières* 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 Third 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.caffil.fr) so long as any of the *Obligations Foncières* issued under the Programme are outstanding.

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RISK FACTORS

The section entitled “**Risk Factors**” on pages 18 to 46 of the Base Prospectus is amended as follows:

- The fourth paragraph of the risk factor entitled “**3.1 Credit rating of Caisse Française de Financement Local's *Obligations foncières* may be affected by the credit rating of SFIL and the French State**” of the section entitled “**I. RISK RELATING TO THE ISSUER**” is deleted and replaced as follows:

“As of 27 October 2020, Moody's France SAS (“**Moody's**”), S&P Global Ratings Europe Limited (“**S&P**”) and DBRS Ratings Limited or any entity that is part of DBRS and any successor to the relevant rating activity (“**DBRS**”) assigned the following ratings to the French State, CDC, SFIL and CAFFIL's *Obligations foncières*:

	S&P	Moody's	DBRS
French State	AA <i>outlook stable</i>	Aa2 <i>outlook stable</i>	AA (high) <i>outlook stable</i>
CDC	AA <i>outlook stable</i>	Aa2 <i>outlook stable</i>	Not rated
SFIL	AA <i>outlook stable</i>	Aa3 <i>outlook stable</i>	AA (high) <i>under review - negative</i>
CAFFIL	AA+	Aaa	AAA

”

BUSINESS OVERVIEW

The section “**Business Overview**” on pages 120 to 125 of the Base Prospectus is amended as follows:

- The last paragraph of the sub-section entitled “**Liabilities**” on page 121 of the Base Prospectus is deleted and replaced as follows:

“In addition, on 5 November 2020, SFIL, the parent company of Caisse Française de Financement Local, signed an updated declaration of support of Caisse Française de Financement Local, ensuring that *"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"*. This declaration of support is reproduced in this Base Prospectus.”

ORGANISATIONAL STRUCTURE

The section “**Organisational Structure**” on pages 126 to 130 of the Base Prospectus is amended as follows:

- The ninth paragraph and the declaration of support of Caisse Française de Financement Local dated 31 January 2013 of the sub-section entitled “**Servicing and financing provided by SFIL**” on pages 127 and 128 of the Base Prospectus are deleted and replaced as follows:

“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 “**Recent Developments**” on page 136 of the Base Prospectus is amended as follows:

- The tenth paragraph as amended by the Second Supplement is amended as follows:

“The Issuer's debt securities (*Obligations Foncières* and registered covered bonds) increased by an amount of EUR 1,3 billion between 31 December 2019 and 21 October 2020.”

- The following press release is inserted after the press release dated 30 September 2020 inserted by the Second Supplement:

“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 Sustainalitics.

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

More information at sfil.fr”

PERSON RESPONSIBLE FOR THE INFORMATION GIVEN IN THE THIRD SUPPLEMENT

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

Caisse Française de Financement Local

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

Duly represented by:
Gilles Gallerne
Président du directoire
Duly authorised
on 6 November 2020



This Third 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 Third 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 favourable opinion on the Issuer described in this Third Supplement.

The Third Supplement has the following approval number: 20-540.