

**THIRD SUPPLEMENT DATED 7 APRIL 2020
TO THE BASE PROSPECTUS DATED 16 MAY 2019**



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

This third supplement (the “**Third Supplement**”) is supplemental to, and should be read in conjunction with, the Base Prospectus dated 16 May 2019, as supplemented by the First Supplement to the Base Prospectus dated 17 September 2019 and the Second Supplement dated 21 October 2019, 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 the Directive 2003/71/EC as amended (the “**Prospectus Directive**”). The *Autorité des marchés financiers* (the “**AMF**”) has granted visa No.19-210 on 16 May 2019 to the Base Prospectus, visa No. 19-443 on 17 September 2019 to the First Supplement and visa 19-498 on 21 October 2019 to the Second Supplement.

Application has been made for approval of the Third Supplement to the AMF in its capacity as competent authority pursuant to Article 212-2 of its *Règlement Général* which implements the Prospectus Directive.

This Third Supplement constitutes a supplement to the Base Prospectus and has been prepared pursuant to Article 16.1 of the Prospectus Directive and Article 212-25 of the *Règlement Général* of the AMF for the following purposes:

- (i) incorporating by reference the information contained in the *Rapport financier annuel 2019* in French language of the Issuer filed with the AMF, which includes the audited consolidated annual financial statements of the Issuer for the financial year ended 31 December 2019 and the related statutory auditors' report (the “**2019 Financial Report**”);
- (ii) updating section B.5, B.10, B.12, B.13., B.15 and B.16 in the English and French versions of the Summary of the Programme;
- (iii) updating the section entitled “Risk Factors”;
- (iv) updating the section entitled “Information incorporated by reference”;
- (v) updating the section entitled “Description of the Issuer”;
- (vi) updating the section entitled “Recent Developments”; and
- (vii) updating the section entitled “General Information” of the Base Prospectus.

Save as disclosed in this Third Supplement, there has been no other significant new factor, material mistake or inaccuracy relating to information included in the Base Prospectus which is material in the context of the Programme since the publication 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.

To the extent applicable, and provided that the conditions of Article 212-25 I of the *Règlement Général* of the AMF are fulfilled, investors who have already agreed to purchase or subscribe for Notes to be issued under the Programme before this Third Supplement is published, have the right, according to Article 212-25 II of the *Règlement Général* of the AMF, 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 9 April 2020.

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, (b) will be available on the website of the AMF (www.amf-france.org) and on the website of the Issuer (www.sfil.fr) and (c) will be available during normal business hours at the specified office of the Fiscal Agent (Banque Internationale à Luxembourg, société anonyme 69, route d'Esch, L-2953 Luxembourg, Grand-Duchy of Luxembourg) so long as any of the Notes issued under the Programme are outstanding.

TABLE OF CONTENTS

| | |
|---|----|
| SUMMARY OF THE PROGRAMME..... | 4 |
| RESUME EN FRANÇAIS DU PROGRAMME (FRENCH SUMMARY OF THE PROGRAMME | 10 |
| RISK FACTORS | 16 |
| INFORMATION INCORPORATED BY REFERENCE..... | 17 |
| DESCRIPTION OF THE ISSUER | 20 |
| RECENT DEVELOPMENTS..... | 28 |
| GENERAL INFORMATION..... | 29 |
| PERSON RESPONSIBLE FOR THE INFORMATION GIVEN IN THE THIRD SUPPLEMENT | 30 |

SUMMARY OF THE PROGRAMME

The section entitled “**Summary of the Programme**” on pages 6 to 31 of the Base Prospectus is amended as follows:

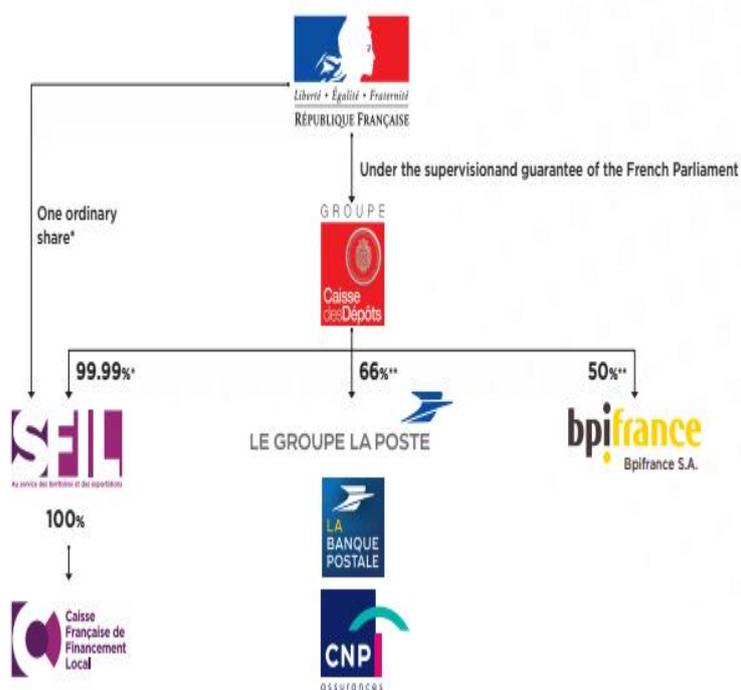
- The item B.5 entitled "A description of the Issuer's Group and the Issuer's position within the Group" under section B. "Issuer" on pages 9 to 10 of the Base Prospectus is deleted and replaced by the following:

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|------------|---|--|
| B.5 | A description of the Issuer's Group and the Issuer's position within the Group | <p>The share capital of the Issuer is held at 75% by the French State via the Agence des Participations de l’Etat (French government shareholding agency), 20% by Caisse des Dépôts et Consignations (“CDC”) and 5% by La Banque Postale.</p> <p>Since the Issuer was created, the French State plays a special role by contributing 75% of the Issuer’s capital, and as the reference shareholder by supplying prudential authorities with a strong commitment to provide financial support, in compliance with current banking regulations.</p> <p>We present below a chart detailing the shareholder structure of SFIL:</p> <div style="text-align: center;"> </div> <p>On 15 November 2018, as part of the project to create a major public finance hub centered around CDC and La Poste, the French State and CDC announced that they had entered into discussions with a view to entrusting the control of SFIL to CDC. SFIL’s shareholder base will remain – as today – 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. This change in shareholding structure is expected to take place at the same time as the changes to that of La Poste and CNP Assurances.</p> <p>Following the discussions announced on 15 November 2018, the French Government, CDC and La Banque Postale announced on 9 October 2019 the signing of an agreement in principle for the transfer of majority of SFIL’s capital to CDC. On completion of the transaction, which should occur during the first quarter of 2020 (subject to the necessary authorizations), CDC would own all of SFIL’s share capital except for one ordinary share to be retained by the French State.</p> |
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Lastly, implementation of the transfer to CDC of the control of SFIL, in accordance with the agreement signed on March 4, 2020, should be completed during the first half-year 2020. This operation will contribute 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 CDC and La Poste.

The CDC will become SFIL's reference shareholder

- SFIL's fully public shareholder structure
- Maintaining the status of a public development bank
- The Caisse des Dépôts and the French State have agreed to protect SFIL's economic base and financial viability



* Subject to approval from the relevant authorities. The Caisse des Dépôts will hold all shares in 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 item B.10 entitled "Qualifications in the auditors' report" under section B. "Issuer" on page 10 of the Base Prospectus is deleted and replaced by the following:

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| <p>B.10</p> | <p>Qualifications in the auditors' report</p> | <p>Statutory auditors' reports on the audited annual accounts established under IFRS as adopted by the European Union and on the audited annual accounts established under French GAAP for the period ended 31 December 2018 contain observation without qualifying their opinions.</p> <p>Statutory auditors' reports on the audited annual accounts established under IFRS as adopted by the European Union and on the audited annual accounts established under French GAAP for the period ended 31 December 2019 contain observation without qualifying their opinions.</p> |
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- The item B.12 entitled "Selected historical key financial information" under section B. "Issuer" on pages 10 to 11 of the Base Prospectus is deleted and replaced by the following:

| <p>B.12</p> | <p>Selected historical key financial information</p> | <p>Selected historical key financial information (IFRS Consolidated):</p> <p>Comparative annual financial data - In EUR millions</p> <table border="1" data-bbox="671 443 1295 969"> <thead> <tr> <th></th> <th>31/12/2019 (Audited)</th> <th>31/12/2018¹ (Audited)</th> </tr> </thead> <tbody> <tr> <td>Total Balance Sheet</td> <td>74,796</td> <td>72,722</td> </tr> <tr> <td>Debt Securities</td> <td>62,466</td> <td>60,068</td> </tr> <tr> <td>Equity</td> <td>1,621</td> <td>1,563</td> </tr> <tr> <td>Net Banking Income</td> <td>166</td> <td>186</td> </tr> <tr> <td>Net Income</td> <td>50</td> <td>63</td> </tr> </tbody> </table> <p>Statements of no significant or material adverse change</p> <p>There has been no significant change in the financial or trading position of the Issuer or the Group since 31 December 2019 (being the end of the last financial period for which audited financial statements have been published).</p> <p>There has been no material adverse change in the prospects of the Issuer since 31 December 2019 (being the end of the last financial period for which audited financial statements have been published).</p> <p>Concerning the Coronavirus (COVID-19) pandemic, the SFIL Group is following the recommendations of the World Health Organization and the French government and has implemented the measures necessary to maintain operational continuity in all its business activities, in particular, almost all of its workers are working remotely and a crisis cell has been meeting daily to adapt the working methods used. The SFIL Group's teams have been very closely monitoring the disruptions to the financial markets since the crisis began. The impact on current and planned future operations for SFIL and CAFFIL, and on their counterparties (customers, banks, partners) are being reassessed regularly. No impact was identified that may have significant consequences on the group's financial situation and its capacity to honour its commitments. Time lags in the collection of income from some of its assets (consisting entirely of exposures to public sector borrowers) may be considered, as well as the postponement of certain bond issues in the event of unfavourable market conditions.</p> <p>Nevertheless, the liquidity risk is limited by the good matching of the maturity profiles of assets and liabilities and the ability to benefit from the financing</p> | | 31/12/2019 (Audited) | 31/12/2018¹ (Audited) | Total Balance Sheet | 74,796 | 72,722 | Debt Securities | 62,466 | 60,068 | Equity | 1,621 | 1,563 | Net Banking Income | 166 | 186 | Net Income | 50 | 63 |
|---------------------|---|--|--|--------------------------------|--|---------------------|--------|--------|-----------------|--------|--------|--------|-------|-------|--------------------|-----|-----|------------|----|----|
| | 31/12/2019 (Audited) | 31/12/2018¹ (Audited) | | | | | | | | | | | | | | | | | | |
| Total Balance Sheet | 74,796 | 72,722 | | | | | | | | | | | | | | | | | | |
| Debt Securities | 62,466 | 60,068 | | | | | | | | | | | | | | | | | | |
| Equity | 1,621 | 1,563 | | | | | | | | | | | | | | | | | | |
| Net Banking Income | 166 | 186 | | | | | | | | | | | | | | | | | | |
| Net Income | 50 | 63 | | | | | | | | | | | | | | | | | | |

¹ IFRS 9 applicable. IFRS 9 came into force on 1st January 2018. It includes three main components: the classification and measurement of financial instruments, the provisioning of loans, securities and financing commitments, and hedge accounting, for which SFIL has chosen to continue to apply IAS 39 pending the entry into force of the future macro-hedging standard.

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| | | proposed by the European Central Bank through high-quality assets in the portfolio. Moreover, the quality of SFIL's shareholding structure, its status as a public development bank, the quality of CAFFIL's and SFIL's standings, the very rigorous risk management and the solid solvency ratio are all advantages within the current context. |
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- The item B.13 entitled "Recent material events relevant to the evaluation of the Issuer's solvency" under section B. "Issuer" on page 11 of the Base Prospectus is deleted and replaced by the following:

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| B.13 | Recent material events relevant to the evaluation of the Issuer's solvency | <p>Not applicable, as at the date of this Supplement and to the best of the Issuer's knowledge, there have not been any recent events which are to a material extent relevant to the evaluation of the Issuer's solvency since 31 December 2019.</p> <p>Concerning the Coronavirus (COVID-19) pandemic, the SFIL Group is following the recommendations of the World Health Organization and the French government and has implemented the measures necessary to maintain operational continuity in all its business activities, in particular, almost all of its workers are working remotely and a crisis cell has been meeting daily to adapt the working methods used. The SFIL Group's teams have been very closely monitoring the disruptions to the financial markets since the crisis began. The impact on current and planned future operations for SFIL and CAFFIL, and on their counterparties (customers, banks, partners) are being reassessed regularly. No impact was identified that may have significant consequences on the group's financial situation and its capacity to honour its commitments. Time lags in the collection of income from some of its assets (consisting entirely of exposures to public sector borrowers) may be considered, as well as the postponement of certain bond issues in the event of unfavourable market conditions.</p> <p>Nevertheless, the liquidity risk is limited by the good matching of the maturity profiles of assets and liabilities and the ability to benefit from the financing proposed by the European Central Bank through high-quality assets in the portfolio. Moreover, the quality of SFIL's shareholding structure, its status as a public development bank, the quality of CAFFIL's and SFIL's standings, the very rigorous risk management and the solid solvency ratio are all advantages within the current context.</p> <p>Furthermore, 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 2019 SREP, (iii) 2.50% in respect of the conservation buffer, the level applicable to all institutions and (iv) 0.24 % in respect of contracyclical buffer calculated on estimated basis.</p> |
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- The item B.15 entitled "Principal activities of the Issuer" under section B. "Issuer" on page 12 of the Base Prospectus is deleted and replaced by the following:

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| B.15 | Principal activities of the Issuer | <p>The Issuer carries out four principal activities:</p> <ul style="list-style-type: none"> • Refinancing of local public sector loans, a public policy mission entrusted by the French State to the Issuer in 2013, within a strictly defined framework, initially granted by La Banque Postale to eligible local authorities and public healthcare facilities via issuance of covered bonds (<i>obligations foncières</i>) by Caisse Française de Financement Local ("CAFFIL") since 2013; • Providing specialized services to La Banque Postale and CAFFIL |
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| | | <p>allowing for the proper operation of the scheme;</p> <ul style="list-style-type: none"> • Reducing the sensitivity of certain structured loans contained in the assets on the balance sheet of CAFFIL, in line with the objectives defined by the French State in terms of the management of public finances and respecting the Issuer’s strategic interests; and • Refinancing the insured part of large export credit contracts, a public policy mission entrusted by the French State to the Issuer in 2015. Those export credits initially arranged and granted by commercial banks are refinanced via issuance of covered bonds by CAFFIL. <p>SFIL has the project to also refinance credits covered by the “<i>Garantie des Projets Stratégiques</i>”. This new insurance product has been announced by French Prime Minister Edouard Philippe on February 2018 and has been now authorized via a decree published in December 2018. The idea of the government is to give its cover credits to finance projects not linked to an exportation but which represent a “strategic” interest for the French economy. The eligibility of a credit to this new guaranty will be ultimately a case by case decision made by the French authorities. SFIL plans to act for this new guarantee following the same structure as for a classical export credit insurance. This enlarged scope will create additional business opportunities for SFIL.</p> <p>In December 2019, French authorities have notified European Commission of (i) the renewal of the export credit authorization due in 2020, after 5 years operation and (ii) the extension of SFIL refinancing activity to credits benefiting from the new Strategic Project Guarantee. Clarifications and exchanges are on going between French State and European Commission and should come to a conclusion in the coming months.</p> |
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- The item B.16 entitled "Extent to which the Issuer is directly or indirectly owned or controlled" under section B. "Issuer" on pages 12 to 13 of the Base Prospectus is deleted and replaced by the following:

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| B.16 | Extent to which the Issuer is directly or indirectly owned or controlled | <p>The French State is the "reference shareholder" of the Issuer under French regulation. The Banque de France may ask the French State, as reference shareholder, to provide the necessary support to the Issuer in accordance with Article L.511-42 of the French <i>Code monétaire et financier</i>.</p> <p>The share capital of the Issuer is held as follows:</p> <ul style="list-style-type: none"> • 75% by the French State via the Agence des Participations de l’Etat (French government shareholding agency), <i>i.e.</i> 6,964,293 ordinary shares; • 20% by CDC, <i>i.e.</i> 1,857,145 preferred shares; and • 5% by La Banque Postale, <i>i.e.</i> 464, 287 ordinary shares. <p>On 15 November 2018, as part of the project to create a major public finance hub centered around CDC and La Poste, the French State and CDC announced that they had entered into discussions with a view to entrusting the control of SFIL to CDC. SFIL’s shareholder base will remain – as today – 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. This change in shareholding structure is expected to take place at the same time as the changes to that of La Poste and CNP Assurances.</p> <p>Following the discussions announced on 15 November 2018, the French Government, CDC and La Banque Postale announced on 9 October 2019 the</p> |
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| | | <p>signing of an agreement in principle for the transfer of majority of SFIL's capital to CDC. On completion of the transaction, which should occur during the first quarter of 2020 (subject to the necessary authorizations), CDC would own all of SFIL's share capital except for one ordinary share to be retained by the French State.</p> <p>Lastly, implementation of the transfer to CDC of the control of SFIL, in accordance with the agreement signed on March 4, 2020, should be completed during the first half-year 2020. This operation will contribute 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 CDC and La Poste.</p> |
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**RESUME EN FRANÇAIS DU PROGRAMME
(FRENCH SUMMARY OF THE PROGRAMME)**

The section entitled “**Résumé en Français du Programme (French Summary of the Programme)**” on pages 32 to 59 of the Base Prospectus is amended as follows:

- The item B.5 entitled "*Description du Groupe de l'Emetteur et de la position de l'Emetteur au sein du Groupe*" under section B. "Issuer" on pages 35 to 36 of the Base Prospectus is deleted and replaced by the following:

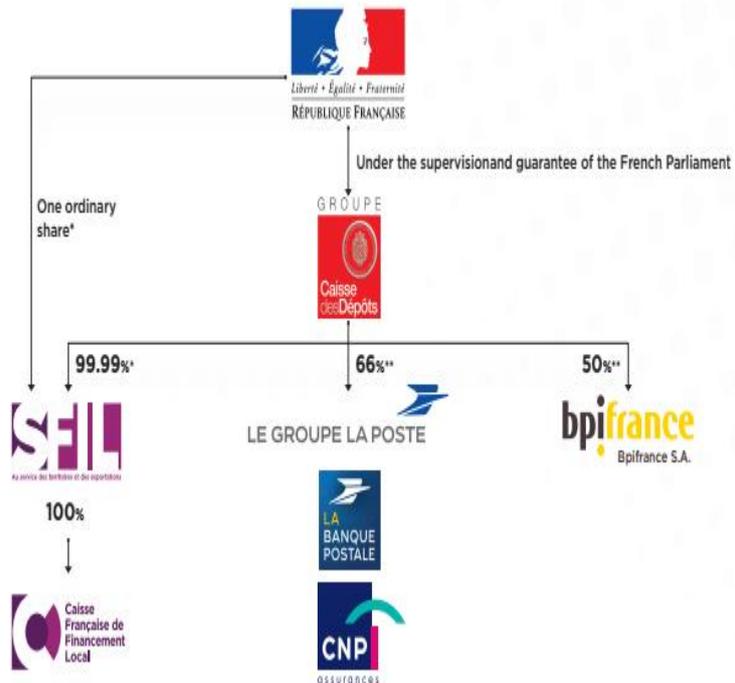
| | | |
|------------|--|---|
| B.5 | Description du Groupe de l'Emetteur et de la position de l'Emetteur au sein du Groupe | <p>Le capital social de l'Emetteur est détenu à 75 % par l'Etat français par l'intermédiaire de l'Agence des Participations de l'Etat, 20% par la Caisse des Dépôts et Consignations (la "CDC") et 5% par La Banque Postale.</p> <p>Depuis que l'Emetteur a été créé, l'Etat français joue un rôle particulier en ayant apporté 75% du capital et fourni aux autorités prudentielles, en tant qu'actionnaire de référence, un engagement fort de soutien financier, en conformité avec ce que prévoit les réglementations bancaires.</p> <p>Nous présentons ci-dessous un schéma capitalistique de SFIL :</p> <div style="text-align: center;"> </div> <p>Le 15 novembre 2018, dans le cadre du projet de création d'un pôle majeur de financement public autour de la CDC et de La Poste, l'Etat français et la CDC ont annoncé qu'ils étaient entrés en discussions en vue de transférer le contrôle de SFIL à la CDC. L'actionnariat de SFIL restera entièrement public, comme aujourd'hui. Ses actionnaires veilleront à ce que sa solidité financière soit préservée, sa base économique soit protégée et continueront à fournir à celle-ci le soutien qui lui est nécessaire, conformément à la réglementation applicable. Cette évolution actionnariale interviendrait selon le même calendrier que les modifications concernant l'actionnariat de La Poste et de CNP Assurances.</p> <p>L'Etat, la CDC et La Banque Postale ont annoncé le 9 octobre 2019 la signature d'un accord de principe précisant les modalités de transfert de la majorité du capital de SFIL à la CDC, conformément aux discussions annoncées le 15 novembre 2018. A l'issue de l'opération, qui devrait être finalisée au cours du premier trimestre 2020</p> |
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sous réserve des autorisations nécessaires, la CDC posséderait l'ensemble du capital de SFIL, à l'exception d'une action ordinaire qui serait conservée par l'Etat.

Enfin, la mise en œuvre du transfert à la CDC du contrôle de SFIL, conformément à la convention signée le 4 mars 2020, devrait être achevée au cours du premier semestre 2020. Cette opération contribuera à la poursuite de la rationalisation de l'organisation des établissements financiers publics au service des régions de France, en les regroupant en un pôle majeur de financement public, structuré autour de la CDC et de La Poste.

The CDC will become SFIL's reference shareholder

- SFIL's fully public shareholder structure
- Maintaining the status of a public development bank
- The Caisse des Dépôts and the French State have agreed to protect SFIL's economic base and financial viability



* Subject to approval from the relevant authorities. The Caisse des Dépôts will hold all shares in SFIL 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 item B.10 entitled "*Réserves contenues dans le rapport des Commissaires aux comptes*" under section B. "Issuer" on page 36 of the Base Prospectus is deleted and replaced by the following:

| | | |
|-------------|--|---|
| B.10 | Réserves contenues dans le rapport des Commissaires aux comptes | <p>Les rapports des commissaires aux comptes, sur les états financiers annuels audités établis selon le référentiel IFRS tel qu'adopté dans l'Union européenne et sur les états financiers annuels audités selon le référentiel français pour la période s'achevant le 31 décembre 2018 contiennent des observations qui ne remettent pas en cause la certification des comptes.</p> <p>Les rapports des commissaires aux comptes, sur les états financiers annuels audités établis selon le référentiel IFRS tel qu'adopté dans l'Union européenne et sur les états financiers annuels audités selon le référentiel français pour la période s'achevant le 31 décembre 2019 contiennent des observations qui ne remettent pas en cause la certification des comptes.</p> |
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- The item B.12 10 entitled "*Informations financières historiques clés sélectionnées* " under section B. "Issuer" on pages 36 to 37 of the Base Prospectus is deleted and replaced by the following:

| B.12 | Informations financières historiques clés sélectionnées | <p>Informations financières historiques clés sélectionnées (consolidés IFRS) :</p> <p>Données financières annuelles comparées - En millions d'euro</p> <table border="1" data-bbox="778 450 1241 824"> <thead> <tr> <th data-bbox="778 450 1010 539"> 31/12/2019 (Audité) </th> <th data-bbox="1010 450 1241 539"> 31/12/2018² (Audité) </th> </tr> </thead> <tbody> <tr> <td data-bbox="778 539 1010 600">74,796</td> <td data-bbox="1010 539 1241 600">72,722</td> </tr> <tr> <td data-bbox="778 600 1010 660">62,466</td> <td data-bbox="1010 600 1241 660">60,068</td> </tr> <tr> <td data-bbox="778 660 1010 721">1,621</td> <td data-bbox="1010 660 1241 721">1,563</td> </tr> <tr> <td data-bbox="778 721 1010 781">166</td> <td data-bbox="1010 721 1241 781">186</td> </tr> <tr> <td data-bbox="778 781 1010 824">50</td> <td data-bbox="1010 781 1241 824">63</td> </tr> </tbody> </table> <p>Déclarations relatives à l'absence de changement significatif ou de changement défavorable significatif</p> <p>Il ne s'est produit aucun changement significatif dans la situation financière ou commerciale de l'Emetteur ou du Groupe depuis le 31 décembre 2019 (étant la fin du dernier exercice financier pour lequel des états financiers vérifiés ont été publiés).</p> <p>Il ne s'est produit aucun changement défavorable significatif dans les perspectives de l'Emetteur depuis le 31 décembre 2019 (étant la fin du dernier exercice financier pour lequel des états financiers vérifiés ont été publiés).</p> <p>S'agissant de l'épidémie de Coronavirus (Covid-19), le groupe SFIL suit les recommandations de l'Organisation mondiale de la santé et du gouvernement français et a mis en place les mesures nécessaires pour maintenir la continuité opérationnelle de toutes ses activités, notamment avec le travail à domicile de la quasi-totalité de ses collaborateurs et une cellule de crise qui se réunit chaque jour afin d'adapter les modes de fonctionnement. Depuis le début de la crise, les perturbations des marchés financiers ont été suivies de très près par les équipes du groupe SFIL. Leurs impacts sur les opérations actuelles et prévues de SFIL et CAFFIL et sur leurs contreparties (clients, banques, partenaires) sont régulièrement réévalués. Il n'a pas été identifié d'impact pouvant avoir des conséquences significatives sur la situation financière du groupe et sa capacité à honorer ses engagements. Des décalages temporels dans la perception des revenus de certains de ses actifs (entièrement constitués d'expositions sur des emprunteurs du secteur public) peuvent être envisagés, ainsi que le report de certaines émissions obligataires au cas où les conditions de marché ne seraient pas favorables.</p> <p>Néanmoins, la bonne adéquation des profils de maturité des actifs et passifs et la capacité à bénéficier des financements proposés par la Banque Centrale Européenne grâce aux actifs de grande qualité en portefeuille limitent le risque de liquidité. Par ailleurs, la qualité de l'actionnariat de SFIL, son statut de banque publique de</p> | 31/12/2019 (Audité) | 31/12/2018² (Audité) | 74,796 | 72,722 | 62,466 | 60,068 | 1,621 | 1,563 | 166 | 186 | 50 | 63 |
|-------------------------------|--|--|-------------------------------|---|--------|--------|--------|--------|-------|-------|-----|-----|----|----|
| 31/12/2019 (Audité) | 31/12/2018² (Audité) | | | | | | | | | | | | | |
| 74,796 | 72,722 | | | | | | | | | | | | | |
| 62,466 | 60,068 | | | | | | | | | | | | | |
| 1,621 | 1,563 | | | | | | | | | | | | | |
| 166 | 186 | | | | | | | | | | | | | |
| 50 | 63 | | | | | | | | | | | | | |

² Norme IFRS 9 applicable. La norme comptable IFRS 9 est entrée en application le 1^{er} janvier 2018. Elle comporte trois volets principaux : la classification et l'évaluation des instruments financiers, le provisionnement des prêts, titres et engagement de financement et la comptabilité de couverture pour laquelle SFIL a choisi de continuer à appliquer la norme IAS 39 dans l'attente de l'entrée en vigueur de la future norme relative à la macro-couverture.

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| | développement, la qualité des signatures CAFFIL et SFIL, la gestion très rigoureuse du risque et la solidité de son ratio de solvabilité constituent des atouts dans le contexte actuel. |
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- The item B.13 entitled "*Evénement récent présentant un intérêt significatif pour l'évaluation de la solvabilité de l'Emetteur*" under section B. "Issuer" on page 37 of the Base Prospectus is deleted and replaced by the following:

| | | |
|-------------|--|---|
| B.13 | Evénement récent présentant un intérêt significatif pour l'évaluation de la solvabilité de l'Emetteur | <p>Sans objet, à la date du Supplément et à la meilleure connaissance de l'Emetteur, il ne s'est produit aucun événement récent qui présente un intérêt significatif pour l'évaluation de la solvabilité de l'Emetteur depuis le 31 décembre 2019.</p> <p>S'agissant de l'épidémie de Coronavirus (Covid-19), le groupe SFIL suit les recommandations de l'Organisation mondiale de la santé et du gouvernement français et a mis en place les mesures nécessaires pour maintenir la continuité opérationnelle de toutes ses activités, notamment avec le travail à domicile de la quasi-totalité de ses collaborateurs et une cellule de crise qui se réunit chaque jour afin d'adapter les modes de fonctionnement. Depuis le début de la crise, les perturbations des marchés financiers ont été suivies de très près par les équipes du groupe SFIL. Leurs impacts sur les opérations actuelles et prévues de SFIL et CAFFIL, et sur leurs contreparties (clients, banques, partenaires) sont régulièrement réévalués. Il n'a pas été identifié d'impact pouvant avoir des conséquences significatives sur la situation financière du groupe et sa capacité à honorer ses engagements. Des décalages temporels dans la perception des revenus de certains de ses actifs (entièrement constitués d'expositions sur des emprunteurs du secteur public) peuvent être envisagés, ainsi que le report de certaines émissions obligataires au cas où les conditions de marché ne seraient pas favorables.</p> <p>Néanmoins, la bonne adéquation des profils de maturité des actifs et passifs et la capacité à bénéficier des financements proposés par la Banque Centrale Européenne grâce aux actifs de grande qualité en portefeuille limitent le risque de liquidité. Par ailleurs, la qualité de l'actionnariat de SFIL, son statut de banque publique de développement, la qualité des signatures CAFFIL et SFIL, la gestion très rigoureuse du risque et la solidité de son ratio de solvabilité constituent des atouts dans le contexte actuel.</p> <p>De plus, à la suite de l'exercice de revue et d'évaluation (<i>SREP – Supervisory Review and Evaluation Process</i>) mené par la Banque Centrale Européenne en 2019, l'exigence de fonds propres de CET1 que SFIL doit respecter sur base consolidée s'élève à 7,99% à compter du 1^{er} janvier 2020. Il se compose de (i) 4,50% au titre du CET1 capital exigible en Pilier 1, niveau applicable à tous les établissements, (ii) 0,75% au titre du P2R (<i>Pillar 2 requirements</i>), inchangé par rapport à l'année dernière à l'issue de l'évaluation SREP 2019, (iii) 2,50% au titre du coussin de conservation, niveau applicable à tous les établissements et (iv) 0,24% en ce qui concerne le volant contracyclique calculé sur une base estimée.</p> |
|-------------|--|---|

- The item B.15 entitled "*Principales activités de l'Emetteur*" under section B. "Issuer" on page 38 of the Base Prospectus is deleted and replaced by the following:

| | | |
|-------------|--|---|
| B.15 | Principales activités de l'Emetteur | <p>L'Emetteur remplit quatre principales activités :</p> <ul style="list-style-type: none"> refinancement des prêts au secteur public local, une mission de politique publique confiée par l'Etat français à l'Emetteur en 2013, dans un cadre strictement défini, initialement octroyés par La Banque Postale aux collectivités et établissements publics de santé éligibles via l'émission par la Caisse Française de Financement Local ("CAFFIL") d'obligations foncières (<i>covered bonds</i>) depuis 2013 ; la prestation de services spécialisés auprès de La Banque Postale et CAFFIL permettant le fonctionnement du dispositif ; la désensibilisation de certains crédits structurés inscrits au bilan de CAFFIL, |
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| | | <p>en ligne avec les objectifs définis par l'Etat français en matière de gestion des finances publiques et en respectant les intérêts stratégiques de l'Emetteur.</p> <ul style="list-style-type: none"> le refinancement de la part assurée de grands contrats de crédit export, une mission de politique publique confiée par l'Etat français à l'Emetteur en 2015. Ces contrats de crédit export initialement arrangés et accordés par des banques commerciales sont refinancés par l'émission d'obligations foncières par CAFFIL.SFIL a pour projet de refinancer également les crédits couverts par la "Garantie des Projets Stratégiques". Ce nouveau produit d'assurance a été annoncé par le Premier Ministre Edouard Philippe en février 2018 et a maintenant été autorisé par un décret publié en décembre 2018. L'idée du gouvernement est de donner des crédits de couverture pour financer des projets qui ont un intérêt jugé "stratégique" pour l'économie française, sans être nécessairement lié à une exportation sous-jacente. L'éligibilité d'un crédit à cette nouvelle garantie sera décidée en dernier lieu au cas par cas par les autorités françaises. SFIL prévoit d'agir pour cette nouvelle garantie en suivant la même structure qu'une assurance de crédit export classique. Ce champ élargi créera des opportunités commerciales supplémentaires pour SFIL. <p>En décembre 2019, les autorités françaises ont notifié à la Commission Européenne (i) le renouvellement de l'autorisation de crédit à l'exportation à échéance 2020, après cinq ans de fonctionnement et (ii) l'extension de l'activité de refinancement de SFIL aux crédits bénéficiant de la nouvelle garantie de projet stratégique.</p> <p>Des clarifications et des échanges sont en cours entre l'Etat français et la Commission Européenne, et devraient aboutir dans les prochains mois.</p> |
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- The item B.16 entitled "*Entité(s) ou personne(s) détenant ou contrôlant directement ou indirectement l'Emetteur*" under section B. "Issuer" on pages 38 to 39 of the Base Prospectus is deleted and replaced by the following:

| | | |
|-------------|---|---|
| B.16 | <p>Entité(s) ou personne(s) détenant directement ou indirectement l'Emetteur</p> | <p>L'Etat français est "l'actionnaire de référence" de l'Emetteur en vertu de la réglementation française. La Banque de France peut demander à l'Etat français, en sa qualité d'actionnaire de référence, de fournir le soutien nécessaire à l'Emetteur conformément à l'article L.511-42 du Code monétaire et financier.</p> <p>Le capital social de l'Emetteur est détenu comme suit :</p> <ul style="list-style-type: none"> 75% par l'Etat français, <i>via</i> l'Agence des Participations de l'Etat, soit 6.964.293 actions ordinaires ; 20% par la CDC, soit 1.857.145 actions de préférence ; et 5% par La Banque Postale, soit 464.287 actions ordinaires. <p>Le 15 novembre 2018, dans le cadre du projet de création d'un pôle majeur de financement public autour de la CDC et de La Poste, l'Etat français et la CDC ont annoncé qu'ils étaient entrés en discussions en vue de transférer le contrôle de SFIL à la CDC. L'actionnariat de SFIL restera entièrement public, comme aujourd'hui. Ses actionnaires veilleront à ce que sa solidité financière soit préservée, sa base économique soit protégée et continueront à fournir à celle-ci le soutien qui lui est nécessaire, conformément à la réglementation applicable. Cette évolution actionnariale interviendrait selon le même calendrier que les modifications concernant l'actionnariat de La Poste et de CNP Assurances.</p> <p>L'Etat, la CDC et La Banque Postale ont annoncé le 9 octobre 2019 la signature d'un accord de principe précisant les modalités de transfert de la majorité du capital de SFIL à la CDC, conformément aux discussions annoncées le 15 novembre 2018. A l'issue de l'opération, qui devrait être finalisée au cours du premier trimestre 2020 sous réserve des autorisations nécessaires, la CDC posséderait l'ensemble du capital de SFIL, à l'exception d'une action ordinaire qui serait conservée par l'Etat.</p> |
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| | | Enfin, la mise en œuvre du transfert à la CDC du contrôle de SFIL, conformément à la convention signée le 4 mars 2020, devrait être achevée au cours du premier semestre 2020. Cette opération contribuera à la poursuite de la rationalisation de l'organisation des établissements financiers publics au service des régions de France, en les regroupant en un pôle majeur de financement public, structuré autour de la CDC et de La Poste. |
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RISK FACTORS

The section entitled “**Risk Factors**” on pages 60 to 80 of the Base Prospectus is amended as follows:

- The risk factor entitled “*16. Credit rating of SFIL will be affected by the credit rating of the French State*” under heading “**I. Risks relating to the Issuer and its operations**” on pages 68 to 69 of the Base Prospectus is deleted and replaced by the following:

“16. Credit rating of SFIL will be affected by the credit rating of the French State

The shareholding of SFIL renders it indirectly dependent on the situation of the French State, the shares of SFIL being currently owned by the French State (75%), Caisse des Dépôts et Consignations (“**CDC**”) (20%) and La Banque Postale (5%). The credit rating of SFIL is therefore closely linked to that of the French State. Moreover, in the context of the extension of its activities to the refinancing of large export credit, SFIL will also grant export credit loans. These loans will be 100% insured by the French public export credit agency under the French State’s control, on its behalf and in its name. The export credits will thus be 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 could therefore have a material adverse effect on the credit quality of the assets of SFIL.

On 15 November 2018, as part of the project to create a major public finance hub centered around CDC and La Poste, the French State and CDC announced that they had entered into discussions with a view to entrusting the control of SFIL to CDC. SFIL’s shareholder base will remain – as today – 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. This change in shareholding structure is expected to take place at the same time as the changes to that of La Poste and CNP Assurances.

Following the discussions announced on 15 November 2018, the French Government, CDC and La Banque Postale announced on 9 October 2019 the signing of an agreement in principle for the transfer of majority of SFIL’s capital to CDC. On completion of the transaction, which should occur during the first quarter of 2020 (subject to the necessary authorizations), CDC would own all of SFIL’s share capital except for one ordinary share to be retained by the French State

Lastly, implementation of the transfer to CDC of the control of SFIL, in accordance with the agreement signed on March 4, 2020, should be completed during the first half-year 2020. This operation will contribute 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.

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.”

INFORMATION INCORPORATED BY REFERENCE

The section entitled “**Information incorporated by reference**” on pages 83 to 85 of the Base Prospectus is hereby deleted and replaced as follows for the purposes of adding the 2019 Financial Report of the Issuer:

“This Base Prospectus should be read and construed in conjunction with the sections referred to in the table below included in:

- the *Rapport financier annuel* 2019 in French language of the Issuer filed with the AMF, which includes the audited consolidated annual financial statements of the Issuer for the financial year ended 31 December 2019 and the related statutory auditors' report (the "**2019 Financial Report**");
- the *Rapport financier annuel* 2018 in 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**");
- 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 *Autorité des marchés financiers* (the "**2016 EMTN Conditions**"), 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 *Autorités des marches financiers* (the "**2017 EMTN Conditions**") and 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 *Autorité des marchés financiers* (the "**2018 EMTN Conditions**", together with the 2016 EMTN Conditions and the 2017 EMTN Conditions, the "**EMTN Conditions**"),

which have been previously published or are published simultaneously with this Base Prospectus and shall be incorporated in, and form part of, this Base Prospectus.

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.

This Base Prospectus, the 2018 Financial Report, the 2019 Financial Report and the EMTN Conditions will be available on the websites of the Issuer (www.sfil.fr) and the AMF (www.amf-france.org). The Final Terms related to the Notes admitted to trading on any Regulated Market in the EEA will be published on the website of the AMF at (www.amf-france.org). This Base Prospectus, the 2018 Financial Report, the 2019 Financial Report and the EMTN Conditions will also be available during usual business hours on any weekday (except Saturdays, Sundays and public holidays) for inspection and collection free of charge, at the specified office of the Fiscal Agent so long as any of the Notes are outstanding.

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

For the purposes of the Prospectus Directive, the information incorporated by reference in this Base Prospectus is set out in the following cross-reference table:

| Annex XI of the European Regulation 809/2004/EC of 29 April 2004 | Page / Paragraph |
|--|-------------------------|
| 8. PROFIT FORECASTS OR ESTIMATES | |
| If an issuer chooses to include a profit forecast or a profit estimate the registration document must contain the information items 8.1 and 8.2: | |
| 8.1 A statement setting out the principal assumptions upon which the issuer has based its forecast, or estimate. There must be a clear distinction between assumptions about factors which the members of the administrative, management or supervisory bodies can influence and assumptions about factors which are exclusively outside the | N/A |

| | | |
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| influence of the members of the administrative, management or supervisory bodies; be readily understandable by investors; be specific and precise; and not relate to the general accuracy of the estimates underlying the forecast. | | |
| 8.2 A report prepared by independent accountants or auditors stating that in the opinion of the independent accountants or auditors the forecast or estimate has been properly compiled on the basis stated and that the basis of accounting used for the profit forecast or estimate is consistent with the accounting policies of the issuer. | N/A | |
| 8.3 The profit forecast or estimate must be prepared on a basis comparable with the historical financial information. | N/A | |
| 11. FINANCIAL INFORMATION CONCERNING THE ISSUER'S ASSETS AND LIABILITIES, FINANCIAL POSITION AND PROFITS AND LOSSES | Pages of the 2018 Financial Report | Pages of the 2019 Financial Report |
| <u>11.1 Historical Financial Information</u> | | |
| Audited historical financial information covering the latest 2 financial years | | |
| the consolidated balance sheet | p.63 and 113 | p.96 and 148 |
| the income statement; | p.64 and 114 | p.97 and 150 |
| Statement of net profit and gains and losses recognised directly in equity capital; | p.64 | p.97 |
| Statement of changes in equity capital; | p.65 and 115 | p.98 and 151 |
| Cash Flow statement; | p.66 | p.99 |
| Notes to the consolidated financial statements | p.67 to 103 and 116 to 129 | p.100 to 141 and 152 to 170 |
| <u>11.2 Financial statements</u> | | |
| If the issuer prepares both own and consolidated financial statements, include at least the consolidated financial statements in the registration document. | p.63 to 103 p.113 to 129 | p.96 to 141 p.148 to 170 |
| <u>11.3 Auditing of historical annual financial information</u> | | |
| A statement that the historical financial information has been audited. If audit reports on the historical financial information have been refused by the statutory auditors or if they contain qualifications or disclaimers, such refusal or such qualifications or disclaimers must be reproduced in full and the reasons given. | p.108 to p.112 | p.142 to 146 |
| An 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 |
| 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 |
| <u>11.4 Age of latest financial information</u> | | |

| | | |
|--|-------------|-------------|
| 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 |
| 11.5 Interim and other financial information | | |
| If the issuer has published quarterly or half yearly financial information since the date of its last audited financial statements, these must be included in the registration document. If the quarterly or half yearly financial information has been reviewed or audited the audit or review report must also be included. If the quarterly or half yearly financial information is unaudited or has not been reviewed state that fact. | N/A | |
| If the registration document is dated more than nine months after the end of the last audited financial year, it must contain interim financial information, covering at least the first six months of the financial year. If the interim financial information is unaudited state that- fact. | N/A | |
| The interim financial information must include comparative statements for the same period in the prior financial year, except that the requirement for comparative balance sheet information may be satisfied by presenting the years end balance sheet. | | |

Any information not listed in the cross-reference list but included in the documents incorporated by reference is given for information purposes only.”

DESCRIPTION OF THE ISSUER

The section entitled “**Description of the Issuer**” on pages 124 to 137 of the Base Prospectus is amended as follows:

- The section entitled “**2. BUSINESS OVERVIEW**” on pages 125 to 130 of the Base Prospectus is deleted and replaced with the following:

"2. BUSINESS OVERVIEW

SFIL is a credit institution authorised and directly supervised by the European Central Bank and is ranked in the top 10 of the credit institutions in France by assets³.

2.1 Principal activities

SFIL carries out four missions:

- financing, within a strictly defined framework, loans initially granted by La Banque Postale to eligible local government entities and public hospitals⁴ - via issuance of *Obligations Foncières* by Caisse Française de Financement Local ("CAFFIL");
- refinancing large export credit contracts;
- SFIL's provision of specialized services to La Banque Postale and to CAFFIL to enable the system to function correctly; and
- the continuation and near-completion, in line with the State's public finances management objectives and SFIL's strategic interests, of the program to reduce the sensitivity of certain structured loans contained in CAFFIL's balance sheet when SFIL was created.

(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.

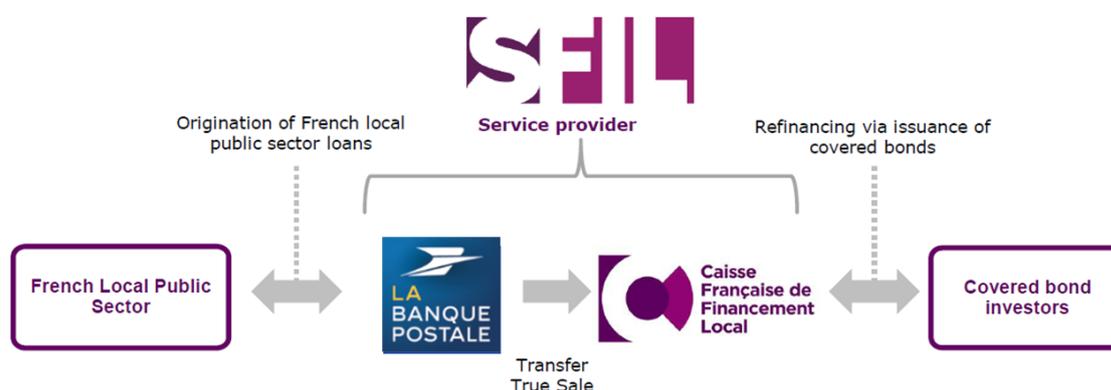
The objective is to enable local authorities and public hospitals to benefit from enhanced financing conditions.

Through its *société de crédit foncier* (CAFFIL), the Issuer refinances medium and long-term loans offered by La Banque Postale 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.

³ List of significant supervised entities and the list of less significant institutions, European Central Bank, 04.09.2014

⁴ Eligibility within the meaning of the law on *sociétés de crédit foncier*, pursuant to which on-balance sheet hedging assets can be considered collateral of issued *obligations foncières*



Since 2013 SFIL, altogether with La Banque Postale, is a significant lender to the French local public sector with 3.3 billion Euros in 2013, 4.1 billion Euros in 2014, 5 billion Euros in 2015, 4 billion Euros in 2016, 3.4 billion Euros in 2017, 3.7 billion Euros in 2018. In 2019, SFIL continued to play a major role as lender to the French local public sector with 5.7 billion Euros in new loans.

Since the creation of SFIL in 2013, new loans are granted exclusively to French local public sector borrowers. Through its subsidiary CAFFIL, SFIL also holds loans and bonds to public sector entities that were originated before 2013 with non-French counterparts. As of 31 December 2019, 89% of the assets of SFIL, measured by principal amount, are assets with French counterparts, 8% with Italian and 3% with other counterparts.

(ii) Partnership with La Banque Postale and servicing and financing provided to CAFFIL

Since 2013, SFIL supplies services for the medium- and long-term financing activity in the local public sector (local authorities and public healthcare facilities) engaged in by La Banque Postale. Within this framework, SFIL provides services at all stages along the chain of loan issue and management (loan offerings, back office management, asset and liability management reporting, management control, accounting, third-party management, etc.).

SFIL also coordinates and directs projects needed by La Banque Postale for its business, in particular by adapting the applications it makes available.

Likewise SFIL and La Banque Postale work together in order to propose to certain customers of La Banque Postale the possibility to reschedule their loans held by CAFFIL. Some of the services are provided to CAFFIL. The role of SFIL as servicer of CAFFIL since 2013 primarily involves the following:

- to ensure the complete operational management of CAFFIL (day-to-day management as well as the operational management of the reduction in the sensitivity of the structured loans on the balance sheet of CAFFIL), as defined by the regulations applicable to *sociétés de crédit foncier*, in particular Article L.513-15 of the French *Code monétaire et financier*; and
- to provide CAFFIL with the derivatives and non-privileged funding it needs to carry out its activities including the financing of the over collateralization.

(iii) Export credit refinancing

In 2015, the French State gave SFIL the mission to refinance large export credits in order to bolster the competitiveness of French export offers.

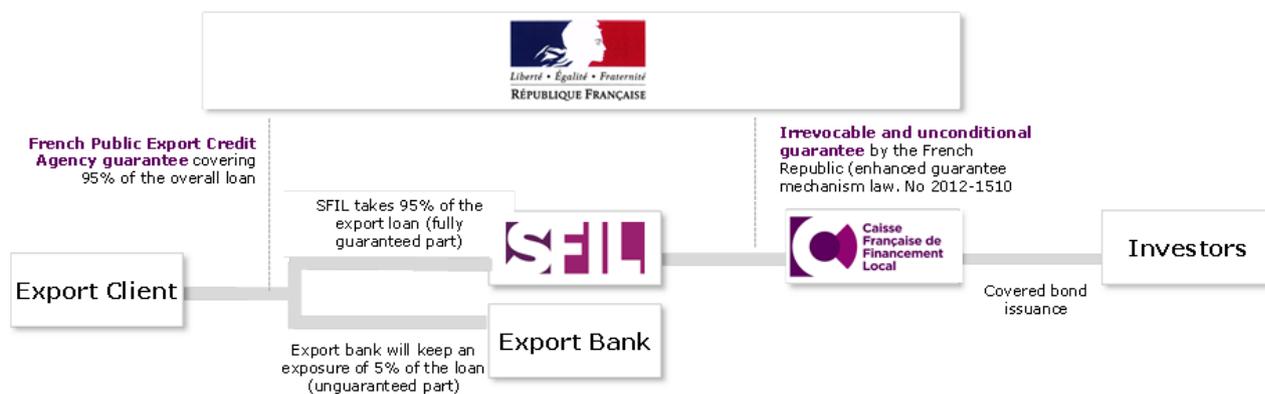
Export credits are a key factor in the financial aspect of exporters' commercial offers. Basically structured in the form of buyer credits, they may take advantage of a credit insurance against the political and commercial risks granted by the French public export credit agency.

The objective of this new set-up designed to support French exports is to improve the financial offer that accompanies export contracts in terms of volume, maturity and cost. The vast majority of countries of the Organisation for Economic Cooperation and Development rely on a public set up for the refinancing of export loans through two different models: (i) direct lender where the public entity takes the place of commercial banks or (ii) refinancing platform where the public entity leaves the structuring, arranging and roles as well as the uninsured part of the credits to the commercial banks.

Following feasibility studies undertaken by SFIL in cooperation with the French public export credit agency and French authorities, the second model was chosen. The European Commission granted on 5 May 2015, its authorisation to expand the scope of SFIL's activities as a public development bank, in the refinancing of export credits in order to resolve market failure in this sector.

Following this decision, the operational launch of this business line was organized, resources were progressively allocated to this activity, and internal management processes and risk control systems were set up.

Presentation of the set up:



- Within the framework of this organization, SFIL offers to take the place of export banks as lender of all or a part (generally up to 95%) of the portion insured by the French public export credit agency, the uninsured portion to be kept by the export bank.
- SFIL becomes lender of the record in the export credit and benefits from a 100% insurance cover on its part.
- The export bank keeps the risk on the uninsured portion and maintains the commercial relationship over the life of the transaction.
- The export loans acquired by SFIL are refinanced through CAFFIL, which benefits from the enhanced guarantee mechanism introduced in the 2012 law of finance.

The structure that has been set up operates with significant interaction between SFIL and Bpifrance Assurance Export⁵, on the one hand, and export banks on the other.

In that respect, a standard protocol has been drawn up, governing relations between SFIL and any export bank wishing to make use of this scheme. As of 31 December 2019, twenty-five institutions, including the most active banks in the French export credit market, had signed this agreement and can use SFIL for their operations.

Since its inaugural deal signed in June 2016, SFIL has closed 14 deals reaching a total amount of €8.1 billion in export credit refinancing:

- 2 deals in 2016, with 5 banks for €650 million;
- 4 deals in 2017 with 8 banks for €2.6 billion;
- 4 deals in 2018 with 13 banks for €3.8 billion; and
- 4 deals in 2019 with 7 banks for €1.0 billion.

⁵ Historically, Coface was the French public export credit agency, delivering insurance policy in the name of and with the guarantee of the French State. Following the amended 2015 finance law, the role of managing public guarantees for foreign trade has been transferred on 31 December 2016 from Coface to Bpifrance. Bpifrance Assurance Export, a 100% subsidiary of Bpifrance is in charge of delivering these guarantees, under the French State's control, on its behalf and in its name.

Since 2016, SFIL has become the 1st liquidity provider on the French export credit market with a market share above 40%. In total, SFIL has enabled the successful closing partnership with the commercial banks of EUR 14 billion of export credits for 10 exporters in 5 sectors: Cruise, Defence, Power, Infrastructure, Oil&Gas.

For the future the export credit activity targets an annual volume of 2 billion Euros to 2.5 billion Euros in average per year.

Since export credit refinancing is not linked, from the point of view of the economic or the financial cycle, to the local public finance sector, this new business line will make it possible to sustain SFIL's results without modifying its strategic positioning as a development bank that refinances public assets, or its risk profile.

SFIL has the project to refinance also credits covered by the "*Garantie des Projets Stratégiques*". This new insurance product has been announced by French Prime Minister Edouard Philippe on February 2018 and has been now authorized via a decree published in December 2018. The idea of the government is to give its cover credits to finance projects not linked to an exportation but which represent a "Strategic" interest for the French Economy. The eligibility of a credit to this new guaranty will be ultimately a case by case decision made by the French Authorities. SFIL plans to act for this new guarantee following the same structure as for a classical export credit insurance.

In December 2019, French authorities have notified European Commission of (i) the renewal of the export credit authorization due in 2020, after 5 years operation and (ii) the extension of SFIL refinancing activity to credits beneficiating from the new Strategic Project Guarantee. Clarifications and exchanges are on going between French State and European Commission and should come to a conclusion in the coming months.

This enlarged scope will create additional business opportunities for SFIL.

(iv) Sensitivity reduction

Through its subsidiary CAFFIL, SFIL holds structured loans considered as sensitive that were granted to French customers of Dexia Credit Local. Certain of these customers initiated legal proceedings against Dexia Credit Local, CAFFIL and/or SFIL.

The policy applied by SFIL since its creation at the beginning of 2013 made it possible to effect a significant reduction in the size of the portfolio of sensitive structured loans.

Efforts to reduce loan sensitivity remained significant in 2019, as EUR117 million in sensitive structured loans were transformed into fixed rate loans, close to the level that was reached in 2017, with 32 operations (37 in the previous year). Lastly, 208 borrowers, including 197 local governments, cancelled their litigation proceedings. At the end of 2019, there were still 15 lawsuits before the courts, versus 18 in 2018 and 25 in 2017.

2.2 Principal markets

SFIL operates in two markets: lending to the French local public sector and refinancing of export loans benefiting from a French public guaranty.

The main characteristics of the local public sector market are the following:

- French local government debt reached a total amount of EUR 206 billion at the end of 2018. This represents 8.7% of GDP, well below the average of 11.6% for local and regional governments in the European Union (source: Eurostat).
- Over recent years, the financial performance of French local authorities has been very solid with a consolidated budget surplus of EUR 2.3 billion for the year 2018. French local authorities had also posted a consolidated budget surplus for the years 2017 and 2016 (source: Eurostat).

The French export credit market experienced a modest year in 2019⁶ :

- 2019 was characterized by relatively smaller volumes of new export credits with less than 80bn\$ globally compared to 2018, which was historically high.
- With 2,2 billions new export credit insurance granted for new financing, Bpifrance Assurance Export also experienced a small year in 2019

⁶ Source : TXF (<https://www.txfnews.com>)

2.3 Recent evolutions

We present below three key figures of SFIL as of 31 December 2019:

- SFIL had EUR 74,8 billion consolidated balance sheet assets;
- SFIL had a CET1 Ratio of 24.4 %; and
- 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 2019 SREP, (iii) 2.50% in respect of the conservation buffer, the level applicable to all institutions and (iv) 0.24 % in respect of contracyclical buffer calculated on estimated basis.

During 2019, SFIL fully accomplished its fundamental missions, which involve (i) refinancing, via its subsidiary CAFFIL, loans granted by La Banque Postale to eligible local authorities and public healthcare facilities, (ii) supplying specialized services to La Banque Postale and CAFFIL, (iii) continuing to implement the policy to reduce the sensitivity of the portfolio of structured loans (this mission is close to completion), and (iv) refinancing major export contracts. Five benchmark transactions launched since 2016 leading to a total outstanding of EUR 7.1 billion equivalent (transactions in Euros and in US Dollars). These transactions confirmed the establishment of SFIL as a new issuer in the French agency segment. This positioning was also confirmed in January 2017 with SFIL being added in the list of European agencies that are bought by the European Central Bank for its Public Sector Purchase Program (PSPP)."

- The section entitled "**3. ORGANISATIONAL STRUCTURE**" on pages 130 to 131 of the Base Prospectus is deleted and replaced with the following:

"3. ORGANISATIONAL STRUCTURE

"The French State is the "reference shareholder" of SFIL under French regulation underlining the commitment of the French State to ensure oversight and to influence strategic decisions, as well as its determination to provide its support to SFIL's on-going financial transactions if so required.

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

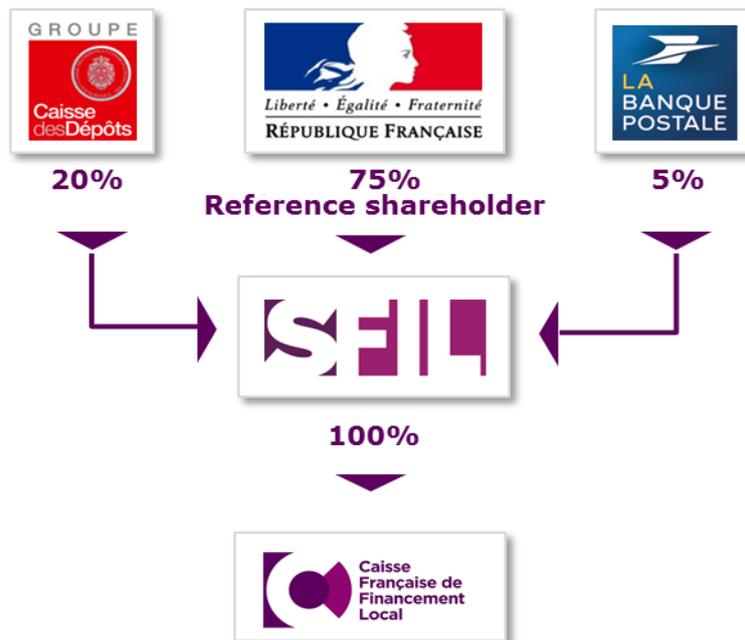
Obligations of the reference shareholder are documented via a letter of comfort to the regulator, clearly defining support and involvement of the French State. The French State has the intention to remain a reference shareholder in the long run. On its side, on 31 January 2013, SFIL signed a declaration of support of CAFFIL.

The share capital of the Issuer is held as follows:

- 75% by the French State via the Agence des Participations de l'Etat (French government shareholding agency);
- 20% by Caisse des Dépôts et Consignations ("CDC"); and
- 5% by La Banque Postale.

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*.

We present below a chart detailing the shareholder structure of SFIL:



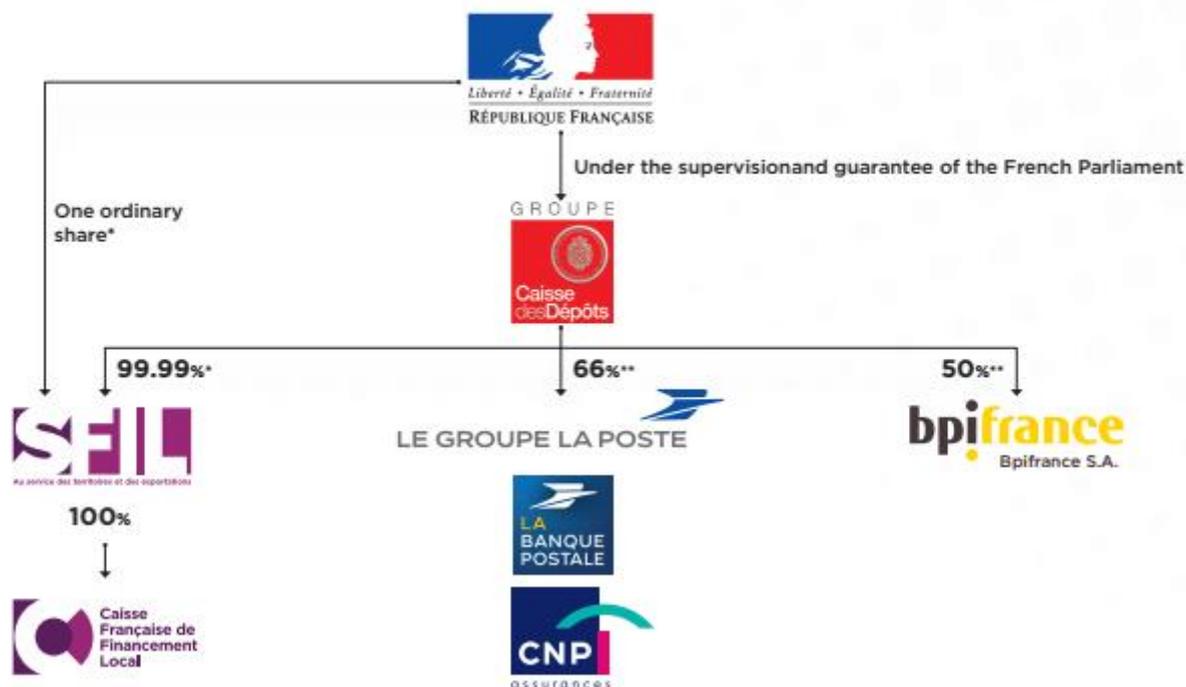
On 15 November 2018, as part of the project to create a major public finance hub centered around CDC and La Poste, the French State and CDC announced that they had entered into discussions with a view to entrusting the control of SFIL to CDC. SFIL's shareholder base will remain – as today – fully public. 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. This change in shareholding structure is expected to take place at the same time as the changes to that of La Poste and CNP Assurances.

Following the discussions announced on 15 November 2018, the French Government, CDC and La Banque Postale announced on 9 October 2019 the signing of an agreement in principle for the transfer of majority of SFIL's capital to CDC. On completion of the transaction, which should occur during the first quarter of 2020 (subject to the necessary authorizations), CDC would own all of SFIL's share capital except for one ordinary share to be retained by the French State.

Lastly, implementation of the transfer to CDC of the control of SFIL, in accordance with the agreement signed on March 4, 2020, should be completed during the first half-year 2020. This operation will contribute 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 CDC and La Poste.

The CDC will become SFIL's reference shareholder

- SFIL's fully public shareholder structure
- Maintaining the status of a public development bank
- The Caisse des Dépôts and the French State have agreed to protect SFIL's economic base and financial viability



* Subject to approval from the relevant authorities. The Caisse des Dépôts will hold all shares in 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 “**6. LEGAL AND ARBITRATION PROCEEDINGS**” on pages 134 to 135 of the Base Prospectus is deleted and replaced with the following:

"6. LEGAL AND ARBITRATION PROCEEDINGS

Litigation related to structured loans

CAFFIL has, in its portfolio, some structured loans considered as sensitive which had been granted to French clients by Dexia Crédit Local before the acquisition of CAFFIL by SFIL. Certain of these customers initiated legal proceedings against Dexia Crédit Local, CAFFIL and/or SFIL.

In 2019, the outstanding sensitive structured loans and the number of legal proceedings decreased significantly. As of 31 December 2019, 91% of these loans were no longer sensitive.

Reduction in outstanding sensitive structured loans

SFIL's application of its policy to reduce the sensitivity of the structured loans of CAFFIL was effective in 2019, with a volume of EUR 117 million in sensitive loans transformed into fixed rate contracts, representing approximately EUR 5.6 billion since the beginning of 2013.

Since the beginning of 2013, outstanding sensitive loans have been reduced by 91%, from EUR 8.5 billion to EUR 0.75 billion, as the result of the following:

- proactive operations conducted by SFIL to reduce loan sensitivity with the help of the support funds, including the operations already accomplished with a post-closing value date;
- the natural amortization of the loans; and

- the use by certain customers of the derogatory mechanism of the support funds. In point of fact, some customers chose to keep their structured loans temporarily while still having the opportunity to benefit from the assistance of the support fund for local governments in the event that the structured component of their loan would be activated (assistance in paying interest at a degraded rate as anticipated by the rules governing the support fund). On 31 December 2019, the outstanding loans represent EUR 347 million for 52 customers.

At the same time, 717 customers (82%) definitively moved out of the category of sensitive customers. The reduction in sensitivity was even more marked for the customers with the most sensitive exposure; more than 95% of borrowers with loans initially indexed on EUR/CHF no longer have any. On the basis of the operations conducted at the end of 2019 with an effective date after 31 December 2019, and subsequent to the deduction of outstanding loans benefiting from assistance in paying degraded coupons, outstanding sensitive loans will be at most EUR 1.2 billion by the end of 2018 (a decrease of at least EUR 7.7 billion since 31 December 2012, or 91%) for 162 customers.

Significant decrease in the number of lawsuits

As regards litigation, there were 15 borrowers with disputed structured loans as of 31 December 2019, compared with 18 as of 31 December 2018, 25 as of 31 December 2017, 39 as of 31 December 2016 and 131 as of 31 December 2015. Since SFIL's creation, 208 borrowers have dropped their claims against the Group. A highlight of 2018 was a *Cour de cassation* ruling on 28 March confirming the validity of the structured loans recorded on CAFFIL's balance sheet. By two other decisions dated 24 May 2018 and 26 June 2019, the *Cour de cassation* confirmed the validity of such loans

Thus, since the entry into force on 30 July 2014 of the law on securing of structured loan contracts concluded by public sector entities, more than 50 court decisions, including three decisions of the *Cour de cassation* and 16 court of appeal rulings, have confirmed the validity of such contracts. However, court decisions concerning two borrowers were partially unsatisfactory for CAFFIL, being noted that these decisions relate to proceedings that are still ongoing.

Other litigations

For the record, in 2015, French tax authorities undertook a tax audit about the corporate income tax paid for 2012 and 2013. Following the tax assessment, the tax authorities expressed their disagreement with the tax treatment of the following two points: the taxation in Ireland of the income from the Dublin branch of Dexia Municipal Agency, which was closed in 2013, and the deductibility of provisions for non-performing loans. In order to safeguard its rights to the disputed adjustment, in 2017 the tax authority initiated a tax audit relating to the consequences of its previous assessment of taxable income for the 2014 to 2016 fiscal years. The two points of disagreement resulting from the former tax audit (FY 2012 and 2013) still held. CAFFIL had set aside a tax provision to cover the eventuality of an unfavorable outcome. However, since 2016 CAFFIL has contested the tax authority's position on the results of the former branch in Ireland, presenting its case within the legal recourse framework provided for under current laws and regulations.

As of the end of 2018, the tax authority had levied adjustments relating to the 2012 and 2013 tax audit. It nevertheless reduced the amount of the adjustment relating to the add-back of the results of the former branch in Ireland, but maintained the principle of taxation of these results in France. CAFFIL settled this adjustment at the end of 2018 and kept in its accounts the amount of the provision set aside in respect of sums not yet paid including those that will be called in 2020."

RECENT DEVELOPMENTS

The section entitled “**Recent Developments**” on page 138 of the Base Prospectus is deleted in its entirety and replaced by the following:

Concerning the Coronavirus (COVID-19) pandemic, the SFIL Group is following the recommendations of the World Health Organization and the French government and has implemented the measures necessary to maintain operational continuity in all its business activities, in particular, almost all of its workers are working remotely and a crisis cell has been meeting daily to adapt the working methods used. The SFIL Group's teams have been very closely monitoring the disruptions to the financial markets since the crisis began. The impact on current and planned future operations for SFIL and CAFFIL, and on their counterparties (customers, banks, partners) are being reassessed regularly. No impact was identified that may have significant consequences on the group's financial situation and its capacity to honour its commitments. Time lags in the collection of income from some of its assets (consisting entirely of exposures to public sector borrowers) may be considered, as well as the postponement of certain bond issues in the event of unfavourable market conditions.

Nevertheless, the liquidity risk is limited by the good matching of the maturity profiles of assets and liabilities and the ability to benefit from the financing proposed by the European Central Bank through high-quality assets in the portfolio. Moreover, the quality of SFIL's shareholding structure, its status as a public development bank, the quality of CAFFIL's and SFIL's standings, the very rigorous risk management and the solid solvency ratio are all advantages within the current context.

GENERAL INFORMATION

The section entitled “General Information”, on pages 174 to 176 of the Base Prospectus is amended as follows:

- The paragraph (4) shall be deleted and replaced as follows:

"(4) Significant change and material adverse change

There has been no significant change in the financial or trading position of the Issuer since 31 December 2019 nor any material adverse change in the prospects of the Issuer since 31 December 2019.

Concerning the Coronavirus (COVID-19) pandemic, the SFIL Group is following the recommendations of the World Health Organization and the French government and has implemented the measures necessary to maintain operational continuity in all its business activities, in particular, almost all of its workers are working remotely and a crisis cell has been meeting daily to adapt the working methods used. The SFIL Group's teams have been very closely monitoring the disruptions to the financial markets since the crisis began. The impact on current and planned future operations for SFIL and CAFFIL, and on their counterparties (customers, banks, partners) are being reassessed regularly. No impact was identified that may have significant consequences on the group's financial situation and its capacity to honour its commitments. Time lags in the collection of income from some of its assets (consisting entirely of exposures to public sector borrowers) may be considered, as well as the postponement of certain bond issues in the event of unfavourable market conditions.

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- The paragraph (6) shall be deleted and replaced as follows:

"(6) Litigation

Except as disclosed in the paragraph entitled "6. LEGAL AND ARBITRATION PROCEEDINGS" of the "Description of the Issuer" section on pages 24 to 25 of this Third Supplement, neither the Issuer nor any member of the Group is or has been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware), during a period covering at least the previous twelve (12) months which may have, or have had in the recent past, significant effects on the Issuer and/or the Group's financial position or profitability."

- The paragraph (8) shall be deleted and replaced as follows:

"(8) Auditors

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 reports on the consolidated financial statements of the Issuer for the financial years ended 31 December 2018 and 31 December 2019. The French auditors carry out their duties in accordance with the principles of *Compagnie Nationale des Commissaires aux Comptes* (CNCC)."

PERSON RESPONSIBLE FOR THE INFORMATION GIVEN IN THE THIRD SUPPLEMENT

I hereby certify, having taken all reasonable care to ensure that such is the case, that, to the best of my knowledge, the information contained in this Third Supplement is in accordance with the facts and contains no omission likely to affect its import.

SFIL

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

Represented by François Laugier
Directeur Général Adjoint

Dated 7 April 2020



Autorité des marchés financiers

In accordance with Articles L. 412-1 and L. 621-8 of the French *Code monétaire et financier* and with the General Regulations (*Règlement Général*) of the *Autorité des marchés financiers* (“AMF”), in particular Articles 212-31 to 212-33, the AMF has granted to this Third Supplement the visa no. 20-129 on 7 April 2020

This document and the Base Prospectus may only be used for the purposes of a financial transaction if completed by Final Terms. It was prepared by the Issuer and its signatories assume responsibility for it.

In accordance with Article L. 621-8-1-I of the French *Code monétaire et financier*, the visa was granted following an examination by the AMF of "whether the document is complete and comprehensible, and whether the information it contains is coherent". It does not imply that the AMF has approved the appropriateness of the transaction or authenticated the accounting and financial information presented herein.

This visa has been granted subject to the publication of Final Terms in accordance with Article 212-32 of the AMF's General Regulations, setting out the terms of the securities being issued.