



THE LEADING FRENCH AGENCY SUPPORTING LOCAL INVESTMENT AND EXPORT



Green Bond Investor Presentation

October 2019



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EXECUTIVE SUMMARY

- SFIL Group is a **public development Bank** as defined by European Union regulations with two public policy missions:
 - provide long dated funding to **the French local public sector**
 - Refinance large **export loans guaranteed by the French State** as part of a public export credit scheme
- Under the agreement in principle between the State, CDC and La Banque Postale announced on 9th of October 2019, **CDC** would become the **reference shareholder** of SFIL and materialize its commitment by a **letter of support**, supplemented by a **letter of support from the French Government**, maintaining SFIL's status as **public development bank**.
- The French Government would **appoint a censor** sitting at SFIL's board of directors, considering the public interest missions entrusted to SFIL: financing local authorities and French public hospitals and export credit refinancing.
- SFIL will continue to be **wholly-owned by public sector institutions** as it is today: its shareholders will ensure that its financial strength is preserved and its economic base protected, while continuing to provide it with the necessary support in accordance with applicable regulations.
- Financing green investments by French local authorities is **at the heart of the public policy mission** at the service of local investments in France
- The new green bond framework has been set up to finance **green investments by French local authorities** with a focus on **Clean Transportation, Sustainable Water** and Sanitation Management, **Waste Management** and Valuation, **Energy efficiency** of construction and urban development **Renewable energy**

AGENDA

1. A PUBLIC SET UP WITH TWO PUBLIC MISSIONS

2. A SUSTAINABLE BUSINESS MODEL
3. GROUP FUNDING STRATEGY
4. ISSUANCE OF GREEN BONDS
5. APPENDIX

A PUBLIC SET UP WITH TWO PUBLIC MISSIONS

FIRST LENDER TO THE FRENCH LOCAL PUBLIC SECTOR

- SFIL was set up in 2013 by the State to ensure a **stable access to long dated funding** for the French local public sector
- Local public sector are provided in **partnership with La Banque Postale to be extended until 2026**
- Since 2015, SFIL is the **leading loan provider** to the French local public sector with a **market share between 20% and 25%**
- **EUR 27 billion new local public sector loans** have been provided since 2013 with **maturities between 10 and 30 years**



A PUBLIC SET UP WITH TWO PUBLIC MISSIONS

LEADING LIQUIDITY PROVIDER FOR FRENCH EXPORT LOANS

- The refinancing of large **French export contracts** was entrusted in 2015 by the French State – with the authorization of the European Commission - as second public policy mission to SFIL
- SFIL acts as pure **public refinancing platform with no direct origination activity** in partnership with commercial banks
- The activity is limited to large **export loans fully guaranteed by the French Republic** – SFIL does not refinance any private sector exposures
- With **EUR 7.4 billion** of loans refinanced since June 2016 SFIL is the leading liquidity provider (45% market share) for the re-financing of large export loans with a public guarantee



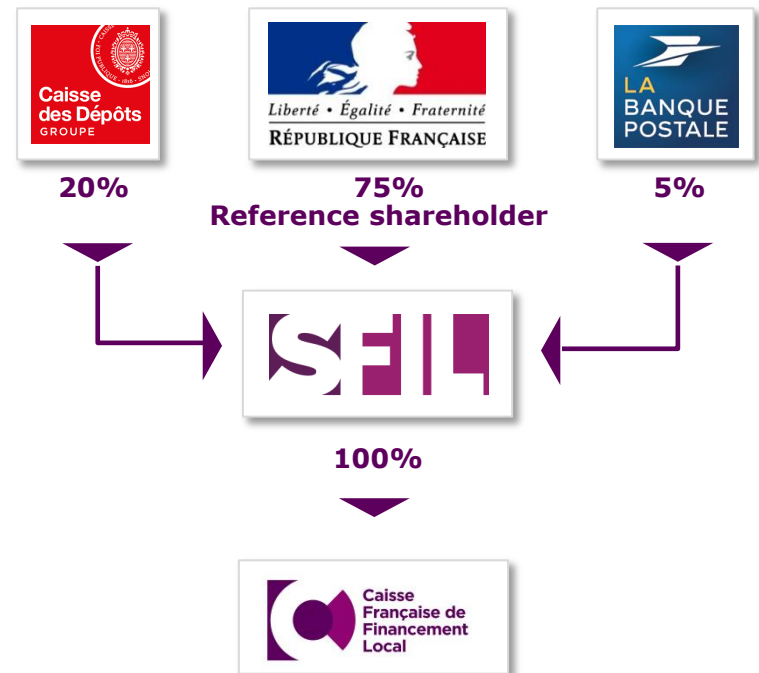
A PUBLIC SET UP WITH TWO PUBLIC MISSIONS

PUBLIC OWNERSHIP AND CLOSE LINKS TO THE STATE

- 100% publicly owned, fully regulated financial institution supervised by the ECB and 7th French credit institution by assets
- Debt issued by SFIL **classified as LCR Level 1** under Article 10.1.(e)(i) of the LCR delegated act

*"The issuer is ... incorporated or established by the central government of a Member State ... [that is] **under the legal obligation to protect** [its] ... **economic basis and maintain its financial viability throughout its life-time...**"*

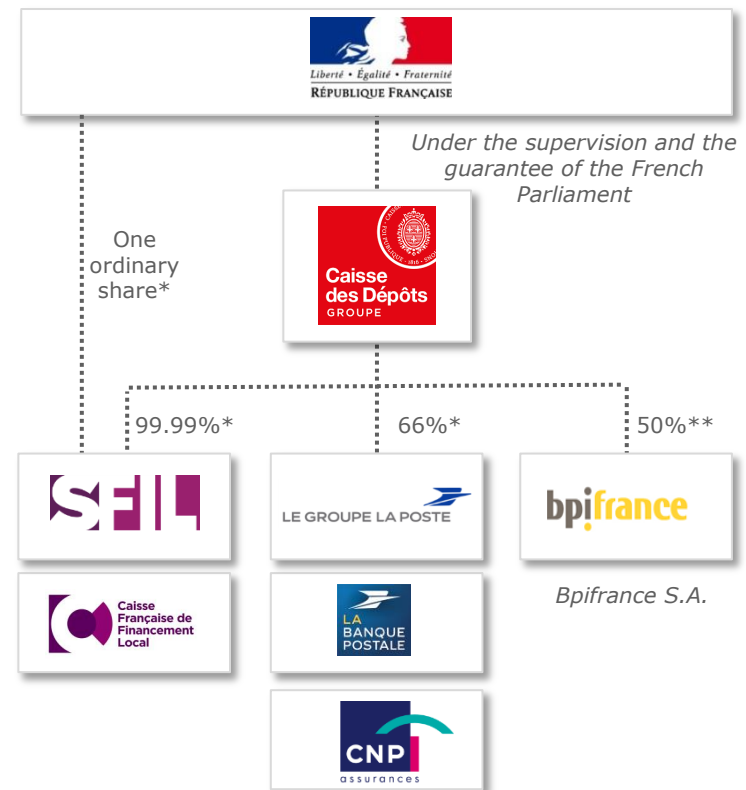
- Bonds issued by SFIL are eligible for **asset purchases under PSPP**, CAFFIL covered bonds are eligible for **CBPP3 purchases** and CAFFIL benchmark issuance is classified as **LCR level 1**
- Agreement in principle announced 9th October 2019: CDC would become **reference shareholder** of SFIL with 99.99% of its capital, and provide a letter of support, supplemented by a letter of support from the French Government, **maintaining SFIL's status as public development bank**



A PUBLIC SET UP WITH TWO PUBLIC MISSIONS

PUBLIC OWNERSHIP AND CLOSE LINKS TO THE STATE

- **August 2018:** Announcement of plans to create a **large public financial group** around CDC
- **November 2018:** announcement of the initiation of talks to **transfer control of SFIL to CDC** followed by an **agreement in principle** announced on October 9th 2019
- **CDC** would become the **reference shareholder** of SFIL with 99.99% of its capital and and materialize its commitment by a **letter of support** to SFIL
- The **French Government** would retain one ordinary share, **appoint a censor** sitting at SFIL's board of directors, and provide **a letter of support to SFIL**, maintaining its **status as public development bank**
- The **censor** will have an **evocative power** to make sure that SFIL's activity is **coherent with public policies** but will **not have voting rights**
- SFIL will continue to be **wholly-owned by public sector institutions**: shareholders will ensure that its financial strength is preserved and its economic base protected, while continuing to provide the necessary support in accordance with applicable regulations.



* Pending final agreement and approval

** The State indirectly holds a 50% stake in BPIfrance SA via EPIC BPIfrance and will retain a stake up to 34% in La Poste

A PUBLIC SET UP WITH TWO PUBLIC MISSIONS STRONG CREDIT RATINGS

- **100% public ownership** and commitment by shareholders to ensure that the economic basis of SFIL is protected and the financial strength preserved
- SFIL's rating **by S&P is equal to the State** and one notch below by Moody's and DBRS
- Strategic importance: key role for the financing of **two key segments** of the French economy
- There is an additional rating pick-up for covered bonds issued by CAFFIL

<i>Issuer Ratings</i>	<i>Moody's</i>	<i>S&P</i>	<i>DBRS</i>
<i>French Republic</i>	Aa2*	AA	AAA
<i>Issuer Ratings</i>	<i>Moody's</i>	<i>S&P</i>	<i>DBRS</i>
<i>SFIL – Long Term</i>	Aa3*	AA	AA (high)
<i>SFIL – Short Term</i>	P-1	A-1+	R-1 (high)
<i>CAFFIL – Long Term</i>	Aaa	AA+	AAA

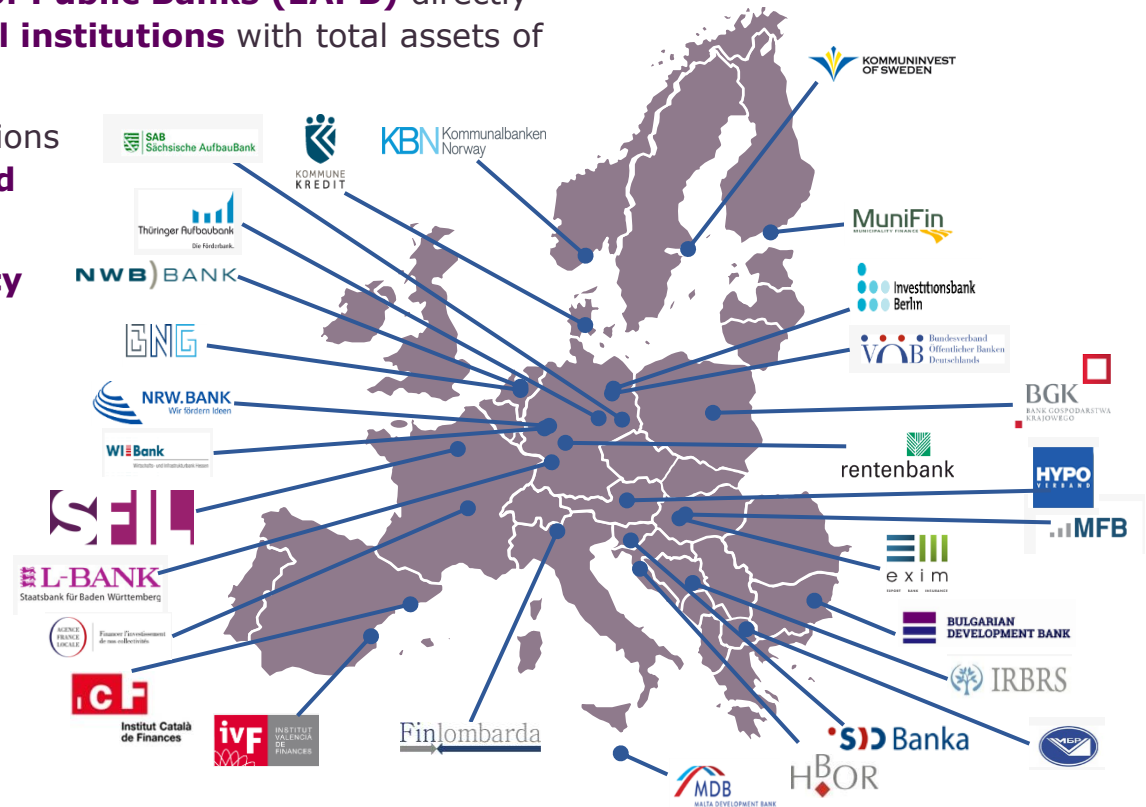
* Positive outlook

'In addition to retaining one ordinary share, the central government would continue to express its commitment to SFIL through a letter of support. Moreover, the State would have the right to appoint a censor to SFIL's board of directors. This supports our view that, post-acquisition, SFIL will continue to benefit from an almost certain likelihood of extraordinary support from the French government.' S&P Bulletin, October 10th 2019

A PUBLIC SET UP WITH TWO PUBLIC MISSIONS

EUROPEAN PEERS

- Similar set ups exist across Europe, most are members of the **European Association of Public Banks (EAPB)** directly representing **27 financial institutions** with total assets of **EUR 800 billion**
- Most of the larger institutions are **green or social bond** issuers
- SFIL holds the **presidency of the EAPB** since 2016
- European CRR and LCR regulations reflect the specific role of **public development banks**



A PUBLIC SET UP WITH TWO PUBLIC MISSIONS

SIMPLE AND STRAIGHTFORWARD BALANCE SHEET

- Simple balance sheet with **total assets of EUR 77.5 billion**, activity **limited to the refinancing of public sector assets**
- SFIL capital levels **very significantly above SREP requirements** of CET1 ratio of 7.75%, Tier 1 Capital Ratio of 9.25% and Total Capital Ratio of 11.25%
- Long term refinancing mainly via **issuance of covered bonds**, additional liquidity is raised **via issuance by SFIL** and via credit facilities provided by shareholders
- **Moderate profitability** (ROE of 4%) in line with role as public development bank

Consolidated main balance sheet items (including CAFFIL) June 30th, 2019 - (EUR billion, notional amounts)

<i>Loans and securities</i>	<i>57.1</i>	<i>Covered bonds</i>	<i>51.1</i>
<i>Cash assets</i>	<i>2.9</i>	<i>SFIL bond issuance</i>	<i>7,1</i>
<i>Cash collateral paid</i>	<i>2.4</i>	<i>Shareholder refinancing</i>	<i>0.7</i>
		<i>Commercial paper</i>	<i>0.6</i>
		<i>Cash collateral received</i>	<i>1.8</i>
		<i>Equity</i>	<i>1,6</i>
<i>CET1 ratio: 24.6%</i>			

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1. A PUBLIC SET UP WITH TWO PUBLIC MISSIONS

2. A SUSTAINABLE BUSINESS MODEL

3. GROUP FUNDING STRATEGY

4. ISSUANCE OF GREEN BONDS

5. APPENDIX

A SUSTAINABLE BUSINESS MODEL

SUSTAINABILITY STRATEGY BASED ON THREE PILLARS

public policy missions

- Activity strictly **limited within the scope of the two public missions**
- SFIL finances a large share of public investments in **education, public transport, water and waste management**
- Strict internal rules with a **low risk appetite**
- **Close local ties** thanks to a active partnership policy
- Regular **stakeholder dialogue**

internal policies

- Respect of the **principles of the Global Compact** and focus on the **sustainable development goals** as key principles
- Integration of **ESG criteria into internal policies**
- Strengthening of **transparency measures**
- New agreements on company level on **diversity and well being at work**
- 2018 **carbon footprint assessment** as basis further carbon emission reductions

employee involvement

- A large number of initiatives in areas including **waste recycling, reduction of paper consumption** initiated by the **Sustainable Development Committee**
- Employees are **strongly involved in various partnership projects** (Collège de France, Handeco)
- Regular events to raise **employee awareness** on issues including disabilities and recycling

A SUSTAINABLE BUSINESS MODEL

CORPORATE RESPONSIBILITY

- As public development bank, SFIL exercises its activity as defined under Article 429a CRR
 - Activity limited to advancing **specified objectives of financial, social or economic public policy**
 - **No maximization of profit or market share**
- As **signatory of the United Nations Global Compact**, SFIL aims to contribute to the achievement of key Sustainable Development Goals



- SFIL Group published its **first CSR Report this year**, the Group's **Social & Environmental Strategy** is publicly available, the recent **Carbon Footprint Assessment** will be used as a base for further CO2 emissions reductions

A SUSTAINABLE BUSINESS MODEL

COMMITMENT TO DIVERSITY

- SFIL is **strongly committed to diversity** with a large number of measures in place at the company level:
 - The 'Allodiscrim' mechanism to **prevent discrimination, inequality and harassment** by offering free and anonymous advice to employees
 - Partnership with the non-profit organizations such as 'Club Etre' and 'HANDECO PAS-à-PAS' to facilitate the **integration of disabled people** into the company
 - A partnership agreement with CABAT - the center for assistance to injured army members - aims to help **injured soldiers** to reintegrate into civilian professional life
 - SFIL supports **Collège de France, Institut Télémaque** and the project '**L'Envol**' of La Banque Postale, all supporting the education of talented young people coming from a **modest social background**



COLLÈGE
DE FRANCE
—1530—



HANDECO

Institut
Télémaque

L'ENVOL
LE CAMPUS



- Human resources has fixed **clear objectives with respect to gender equality including remuneration over the next** five years
- Under the Gender Equality Index calculated under French law, **SFIL has achieved a score of 87** points out of 100 well above the average of 83 points*

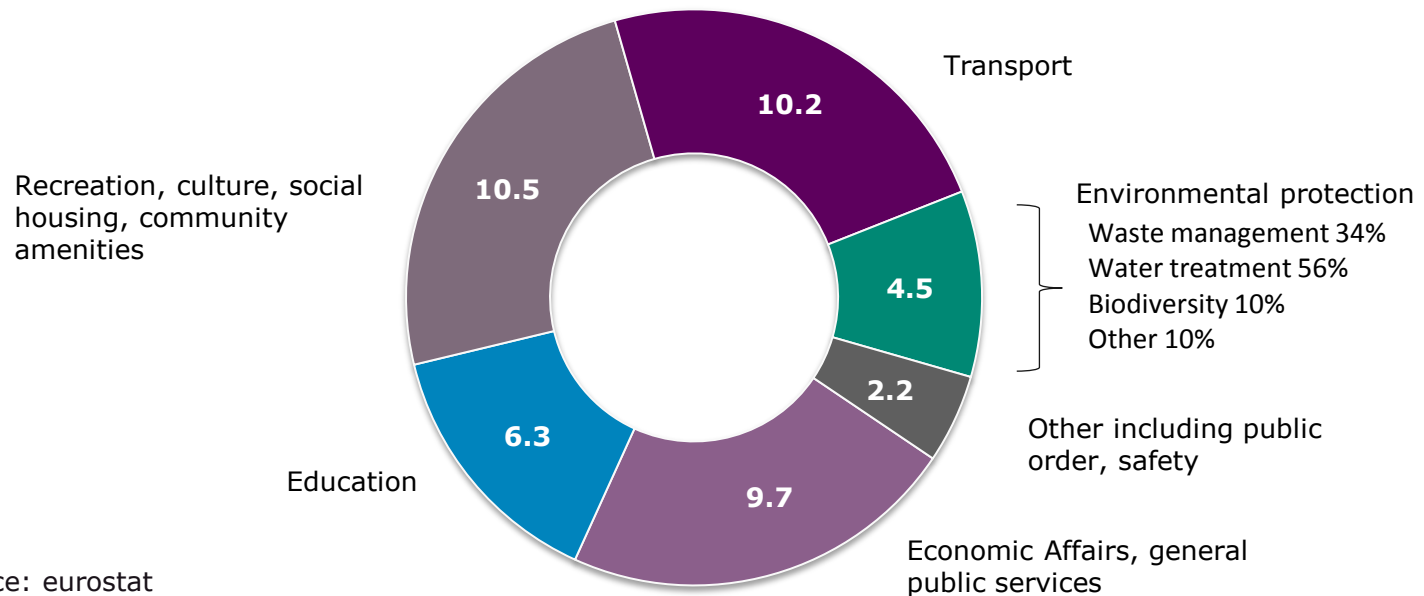
* French companies with more than 1000 employees

ISSUANCE OF GREEN BONDS

FOCUS ON FINANCING GREEN AND SOCIAL INVESTMENTS

- French local government responsibilities include key area for **green investments: clean local public transportation, waste management, water treatment**
- Spending on **environmental protection** by French local authorities represent **0.8% of GDP**, almost twice the European Union average

Distribution of French local government investments 2017 (EUR billion)



Source: eurostat

A SUSTAINABLE BUSINESS MODEL

EXPORT FINANCING ACTIVITY UNDER A STRICT FRAMEWORK

- The French export credit public system is **compliant with OECD environmental and social guidelines**
- In this context, a **social and environmental impact analysis** is performed by BPI France Assurance Export and made publicly available for all sensitive projects
- This impact analysis aims at making sure the project is in line with the host country regulation and with the **international relevant standards** such as those developed by the World bank or the IFC
- Energy projects based on **coal energy are excluded** from the French public export guarantee mechanism



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GROUP FUNDING STRATEGY

FIVE SOURCES OF LIQUIDITY

Provided by
shareholders CDC and
LBP

EUR 0,7 billion
outstanding as of
June 30th 2019

Credit facilities

CAFFIL covered bond issuance

Planned yearly issuance
via CAFFIL between EUR
4 and 6 billion

Regular EUR benchmark
issuance and PP
issuance under EMTN
and RCB format

Over EUR 50 billion
outstanding

Green & Social issuance

Regular benchmark
issuance by SFIL and
CAFFIL in the Green &
Social Bond market
Inaugural social bond by
CAFFIL in February 2019
Green bond framework
published October 2019

Diversification of
short dated
funding

Average
outstanding
around EUR 600 m

Domestic CP program

SFIL Benchmark issuance

Regular benchmark
issuance between 2 and
3 billion per year in EUR
and USD

Outstanding currently of
EUR 7.1 billion equivalent

GROUP FUNDING STRATEGY

REGULAR BENCHMARK ISSUANCE BY SFIL

- Focus on **benchmark issuance in EUR and USD** to build a reference curve in both markets
- Diversified investor base with **207 investors**

Regular USD-benchmark issuance

- Three outstanding **USD benchmark transactions**
- Focus on maturities **between 3 and 5 years**

Regular EUR-benchmark issuance

- Reference curve in **Euro made of four benchmark transactions**
- **Maturities up to 10 years**

- **Seven benchmark transactions** launched since 2016 leading to a total outstanding of **EUR 7.1 billion equivalent**
- **Two to three benchmark transactions per year** with focus on maturities between 3 and 10 years

GROUP FUNDING STRATEGY

CAFFIL - LEADING COVERED BOND ISSUER

- Issuance under **hard bullet, CRR and UCITS compliant, LCR level 1, CBPP 3 eligible**
- Over **EUR 33 billion raised since 2013 with 20 benchmark transactions**, annual issuance **between EUR 4 and 6 billion**, EUR 51 billion outstanding covered bonds

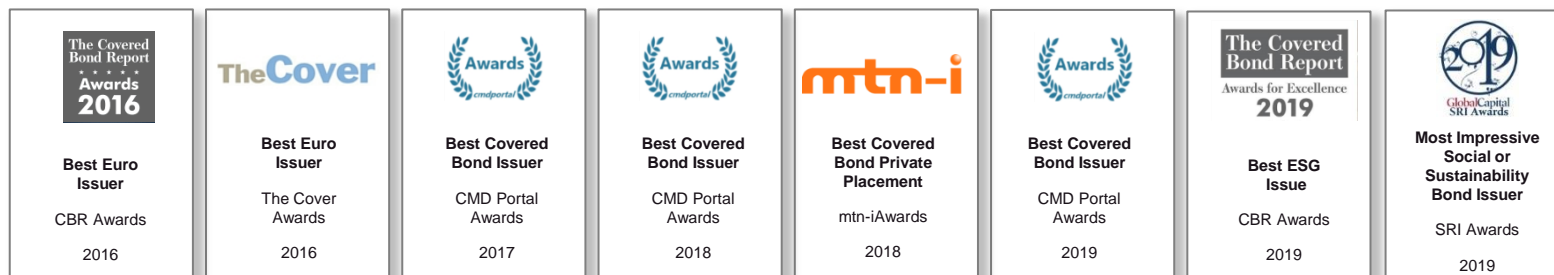
Benchmark issuance

- interest for **medium to long duration, 60% of issuance above 10 years**
- possible taps with a **minimum size of EUR 150m**
- Maximum outstanding volume per bond of **EUR 2 billion** (tap included)

Private placement activity

- **Lightly structured pay-off** in EUR incl. single callable and CMS-linked issuance
- Currencies for vanilla issuance: EUR, CHF, GBP, JPY, USD
- Minimum size: **EUR 10m** – no Maximum size, RCB assignment flexibility: EUR 1m

- High level of **investor recognition**:



GROUP FUNDING STRATEGY

GREEN AND SOCIAL BOND ISSUANCE (1/2)

- SFIL Group has set up a **social bond framework** in 2018 with a focus on financing investments by **French public hospitals**
- A **EUR 1 billion inaugural social bond benchmark** was issued in February 2019 under covered bond format by CAFFIL



- **Dedicated Green Loans** are proposed to French local authorities by SFIL in partnership with La Banque Postale since May 2019
- A **Green Bond Framework** has been set up to finance these Green Loans, an **inaugural benchmark** is planned for October 2019

Social bonds

- Loans to **French Public Hospitals**
- Asset selection in part based on internal **ESG scoring model** (healthcare value added)

Green bonds

- **Green loans** to local authorities
- Clean transportation, green buildings, waste management, water treatment, renewable energy

GROUP FUNDING STRATEGY

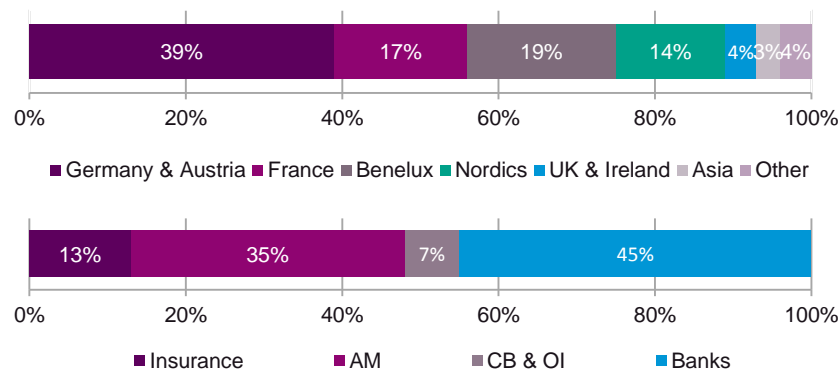
GREEN AND SOCIAL BOND ISSUANCE (2/2)

- Inaugural social bond benchmark by CAFFIL financing **investments by French public hospitals based** on the social bond framework of SFIL Group
- The transaction was launched following an **extensive European roadshow** targeting investors in Paris, London, Frankfurt, Copenhagen, Helsinki and in the Netherlands
- Strong investor demand, the orderbook above **EUR 2.6 billion after only two hours**, participation of **over 110 investors**, more than one third of the transaction has been allocated to **investors with a strong commitment to sustainable investment**
- This transaction marks the **first social covered bond out of France**, the first social bond by a **French public issuer** and the first European social bond **exclusively financing public hospitals**

Terms & Conditions

Issuer	CAFFIL
Volume	EUR 1 billion
Coupon	0.500%
Trade date	12/02/2019
Maturity date	19/02/2027
Reoffer Spread	MS +11 BP OAT +25BP
Reoffer Yield	0.578%

Investor distribution



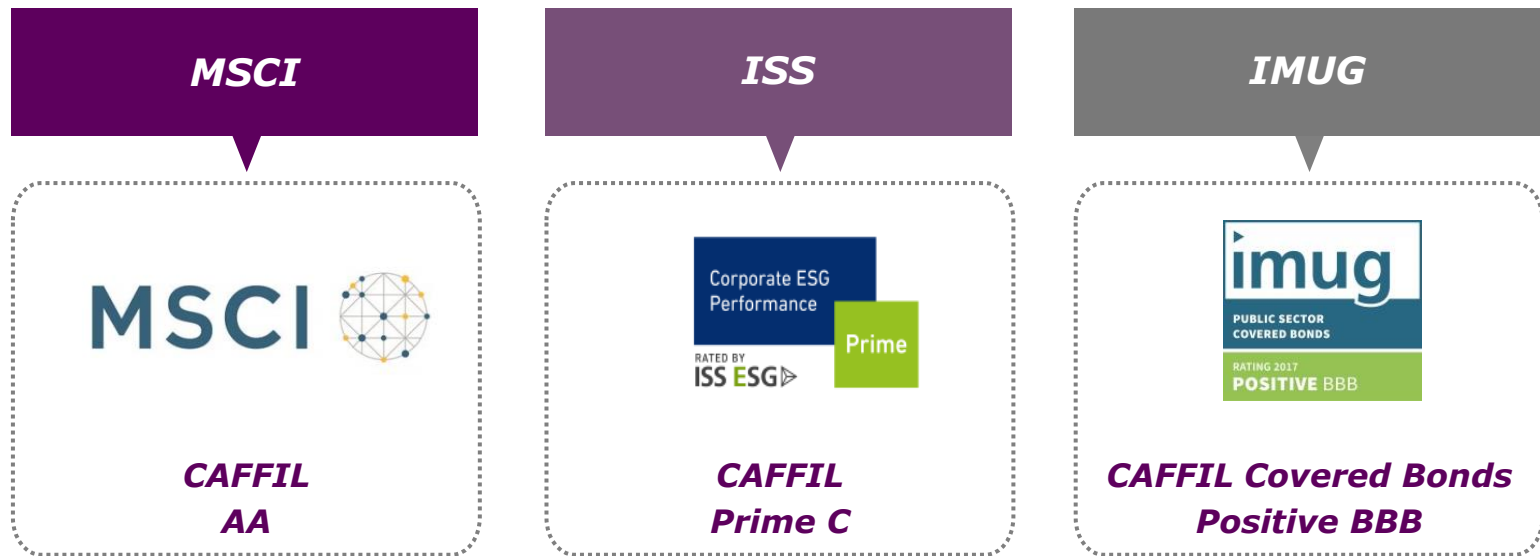
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ISSUANCE OF GREEN BONDS

STRONG ESG RATINGS

- **Strong ESG ratings** for CAFFIL or for covered bond issuance by CAFFIL



- **ESG ratings** reflect the environmental and social commitment of SFIL group
- In particular, ESG rating agencies have stressed **strong commitments by HR**, strong commitments in **terms of governance** and **high environmental and social standards** of the loan portfolio

ISSUANCE OF GREEN BONDS

RATIONALE FOR SFIL GROUP TO ISSUE GREEN BONDS

- The Green Bond Framework focuses **on 6 Core SDGs** which impact the most the sustainable development of French public sector



- For this reason, SFIL Group is further developing its funding strategy to **integrate regular issuance of green bonds** to finance green investments by French local authorities.
- SFIL Group is convinced that Green Bonds are an **effective tool** to channel investments towards assets that have environmental benefits and to provide transparency to investors.
- The financing of green and social investments by French local authorities **is at the heart** of the public policy mission of SFIL Group.

ISSUANCE OF GREEN BONDS

SFIL GROUP GREEN BOND FRAMEWORK

- Green Bonds may be issued by CAFFIL or by SFIL:

CAFFIL: ***Green Covered Bonds***

Obligations Foncières issued by CAFFIL will be used to refinance or finance Eligible Green Loans as defined in the Use of Proceeds section of SFIL Group Green Bond Framework.

SFIL: ***Green Bonds***

Direct, unconditional, unsecured and unsubordinated obligations of SFIL. Net proceeds will be used to refinance or finance Eligible Green Loans as defined in the Use of Proceeds section of SFIL Group Green Bond Framework by providing funding to CAFFIL.

- In accordance with the **ICMA Green Bond Principles 2018**, SFIL's Green Bond Framework contains the following key pillars:
 - Use of proceeds
 - Process for Project Evaluation and Selection
 - Management of Proceeds
 - Reporting

ISSUANCE OF GREEN BONDS

USE OF PROCEEDS

- The following Eligible Green Loan Categories have been included in the Framework: **Territorial mobility and soft urban transport, Sustainable Water and Sanitation and Climate Change Adaptation, Waste Management and Valuation, Energy efficiency of construction and urban development, Renewable Energy**
- For **Sustainable Water** and **Sanitation and Waste Management and Valuation** project categories the approach chosen by SFIL is twofold

Financing of specific projects
aligned with the Eligibility Criteria

Financing of “Pure player” French
Local Authorities where SFIL is
confident that all the Local Authority
activities fit solely within the list of
eligible project categories

- SFIL Group can only finance the investment expenses of the budget of French Local Authorities hence the proceeds of each Green Bond issuance **will not support operating expenditures**
- For the planned inaugural Green Bond Transaction, the objective is to finance **at least one third of new lending to green projects** and to refinance a maximum of two thirds of existing Green Loans

ISSUANCE OF GREEN BONDS

TERRITORIAL MOBILITY AND SOFT URBAN TRANSPORT

- **Individual Transportation:**

- Individual transportation vehicles (Light duty and heavy goods **100% electric**, related infrastructures such as **charging stations**; electric and conventional bicycles)
- Schemes for public access bicycles and electric cars
- **bicycle paths**

- **Mass Transportation:**

- **Public Transportation infrastructures:** (Subway stations and rails, tramway lines electrical regional Train Network, national electric Express Train Network, **electric vehicles: trains, wagons, buses**)
- maintenance and refurbishment of infrastructure
- Support to public transit infrastructures

- Exclusion of **financing or refinancing of** projects that include **thermal or hybrid engines**



ISSUANCE OF GREEN BONDS

SUSTAINABLE WATER, SANITATION, CLIMATE CHANGE ADAPTATION

- **'Pure player' Financing**, financing of investments by **French Water Authorities** ('Syndicats d'eaux'):
 - Agencies 100% dedicated to water resources and infrastructures management
 - Agencies with key sustainability objectives : fight against diffuse pollution, restoration of aquatic environments, management of water resources in the face of climate change, preservation of coastal areas
- **Financing of specific projects aligned with the Eligibility Criteria**
 - **Projects supporting water quality, efficiency and conservation:** Water supply network / Infrastructure, water treatment infrastructure and plants, transport and cleaning of wastewater, sanitation and dredging of waterbeds, reduction in water losses in water transfer and/or distribution
 - **Improving coastal resilience against climate change effects :** Flood protection and flood defenses



ISSUANCE OF GREEN BONDS

WASTE MANAGEMENT AND VALUATION

- **'Pure player' Financing**, financing of investments by **public companies and EPCI 100% dedicated to waste management and valuation** (in line with the exclusion list)
- **Financing of specific projects** (aligned with the eligibility criteria), acquisition, development, operation and maintenance of **new and ongoing waste management activities** including :
 - Collection and treatment or disposal of **municipal waste** ;
 - Waste Prevention, Waste Minimization, Waste Reuse, **Waste Recycling**;
 - **Energy Recovery** (e.g through landfill gas collection, anaerobic digestion plants, waste-to-energy generation, biomass gasification, mechanical biological treatment...)
- Exclusion of **landfills or waste incineration without energy recovery mechanism**



ISSUANCE OF GREEN BONDS

RENEWABLE ENERGY

- Acquisition, development, operation and maintenance of **renewable energy** activities such as:
 - Onshore and Offshore Wind projects;
 - Solar (Thermal/PV) projects;
 - Geothermal power plants with direct emissions <100g CO₂e/kWh;
 - Hydropower plants (<20MW generation capacity);
 - Biomass Plants
- SFIL has established a list of **criteria to exclude** any **nuclear power projects** as well as fossil fuel projects including **natural gas projects** or energy efficiency in fossil-based projects



ISSUANCE OF GREEN BONDS

ENERGY EFFICIENCY OF CONSTRUCTION

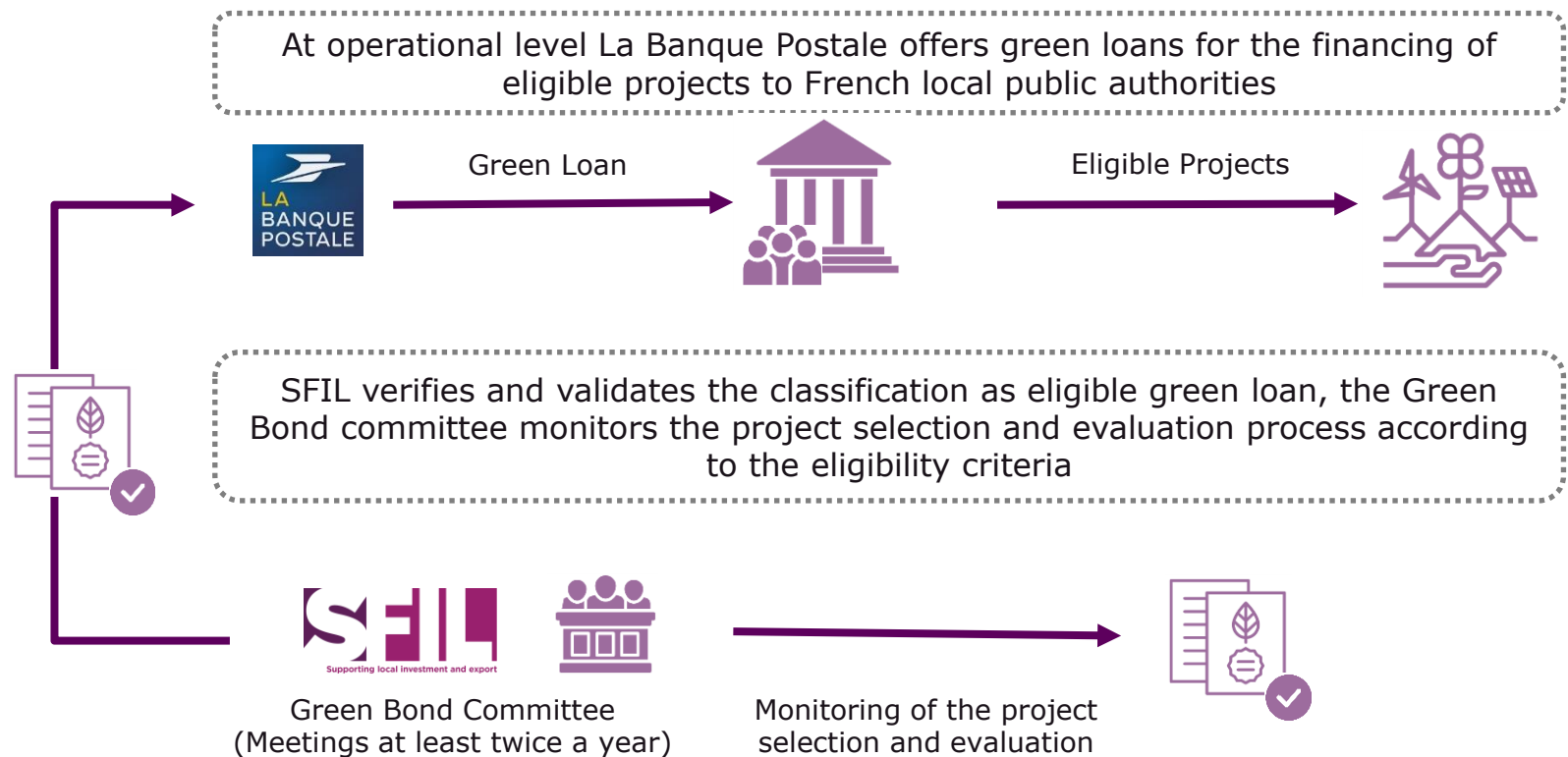
- **New construction of buildings** that comply with any of the following eligibility criteria:
 - Compliance with Nearly Zero-Energy Buildings (NZEB) standard or belong to the **top 15%** of the most energy-efficient buildings of the corresponding local market
 - At least one of the following environmental certifications or labels: LEED Gold or above, HQE Excellent or above, BREEAM Very Good or above or BePOS, E+/C-, BBC Effinergie +, BBCA, HPE, THPE (
- **Major renovation or Restructuring** that comply with any of the following criteria:
 - As per NZEB standard for France or demonstrating at least 30% of energy consumption savings or aiming at obtaining one or more of the environmental certification or labels listed above
- **Energy Efficiency**, investments **reducing energy consumption** by at least 20% including :
 - HVAC Systems, Solar Panels, Insulation retrofitting, LED relamping, Motion detectors roll-out
- Exclusion of any **fossil fuel based heating systems**



ISSUANCE OF GREEN BONDS

PROCESS FOR PROJECT EVALUATION AND SELECTION

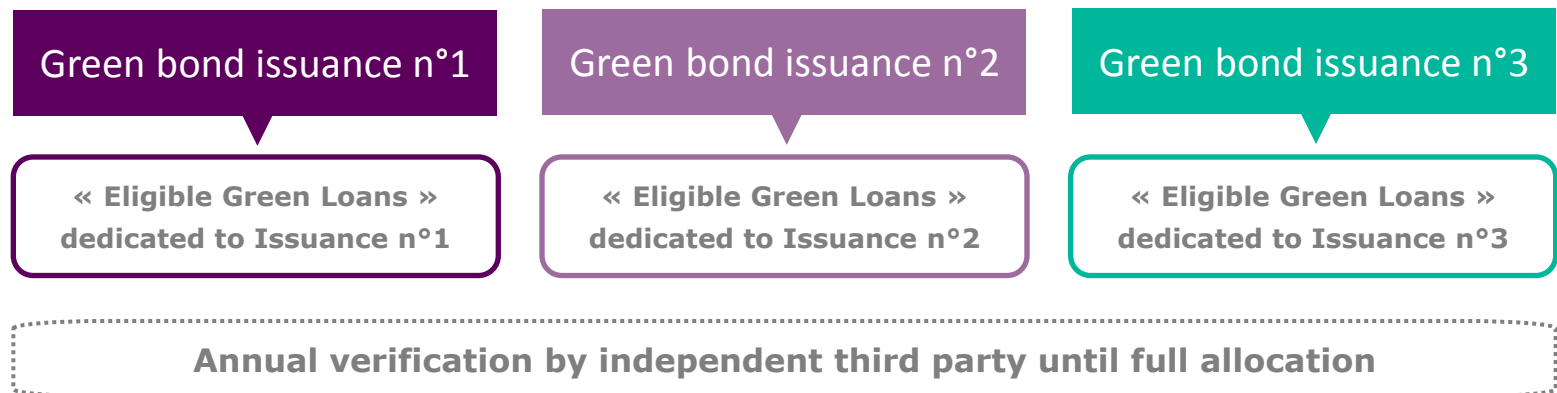
- The following process to monitor the evaluation and selection of projects to be considered as “Eligible Green Loans” has been implemented:



ISSUANCE OF GREEN BONDS

MANAGEMENT OF PROCEEDS

- SFIL Group has set up **internal systems to track the use of proceeds** of its Green Bonds and has established a **register** to monitor the “Eligible Green Loan”
- SFIL Group will manage its Green Bonds with a **transaction by transaction approach**, i.e. ensuring each transaction is allocated to a dedicated set of “Eligible Green Loans”
- Pending full allocation of net proceeds of each transaction, SFIL Group will keep record of the remaining balance of unallocated Green Bonds proceeds and invest such unallocated amount in money market products as per SFIL’s treasury policy.



ISSUANCE OF GREEN BONDS REPORTING

- An **Allocation and impact reporting** will be made available within one year from the date of each Green Bond issuance and annually thereafter until the net proceeds have been fully allocated ;

Allocation reporting

- Total amount of proceeds allocated to Green Bonds by eligible project category
- Number of “Eligible Green Loans” associated with each Green Bond issuance
- Average lifetime of the loans
- Split between financing and refinancing
- Total amount of proceeds pending allocation and type of temporary investments on a best effort basis

Impact reporting

- SFIL Group intends to report annually and until full allocation on environmental impact indicators of the “Eligible Green Loans” on a best effort basis;
- SFIL Group will strive to harmonize its reporting information with ICMA recommendations and the EU Green Bond Standard proposal.

ISSUANCE OF GREEN BONDS

EXAMPLE OF IMPACT REPORTING INDICATORS

Eligible Green Loans Categories		Examples of Impact Reporting Metrics
Territorial mobility and soft urban transport		<ul style="list-style-type: none"> • Tons of CO2e avoided • Avoided greenhouse gas emissions per EUR 1k invested (CO2e / kEUR)
Sustainable Water and Sanitation and climate Change Adaptation		<ul style="list-style-type: none"> • Number of kilometers of wastewater network (added or renewed); • Increase of waste water treatment capacity (%)
Waste Management and Valuation		<ul style="list-style-type: none"> • Increase in the percentage of household waste used for recycling and energy generation (%) • tCO2e avoided / year linked to energy produced from waste
Energy efficiency of construction and urban development	Green Buildings	<ul style="list-style-type: none"> • tCO2e avoided / year; m² constructed • Reduction of energy consumption (kWh/year) • tCO2e avoided / year; m² refurbished;
	Energy Efficiency	<ul style="list-style-type: none"> • tCO2e avoided / year • Reduction of energy consumption (kWh/year)
Renewable Energy		<ul style="list-style-type: none"> • tCO2e avoided / year; • tCO2 emissions avoided per financed MW (tCO2e/MW) • Renewable energy production (kWh)

ISSUANCE OF GREEN BONDS

EXTERNAL REVIEW

- **Second-Party Opinion**

- **Sustainalytics** was appointed to assess the sustainability, transparency and governance of SFIL Group's Green Bond Framework and its alignment with the ICMA Green Bond Principles 2018. The Second-Party Opinion dated August 2019 is publicly available on SFIL Group's website.



"Sustainalytics is of the opinion that the SFIL Group Green Bond Framework is credible and impactful and aligns with the four core components of the Green Bond Principles 2018 and Green Loan Principles 2018".

- **External verification of allocation reporting**

- **An independent third party** will verify on an annual basis until full allocation the allocation of the Green Bond net proceeds, as well as the compliance of loans financed by the Green Bond proceeds with the criteria defined in the Use of Proceeds section.

ISSUANCE OF GREEN BONDS

PLANNED GREEN BOND TRANSACTION

- **Bloomberg:** CAFFIL <govt>
- **Issuer:** Caisse Française de Financement Local
- **Expected Issue Ratings:** Aaa / AA+ / AAA (Moody's / S&P / DBRS)
- **Format:** Covered Bond - Obligations Foncières
CRR and UCITS compliant, LCR level 1, CBPP 3 eligible and benefit from a 10% risk weighting (standardized approach), ECBC Covered Bond Label, hard bullet
- **Governing Law:** French
- **Documentation*:** Off EMTN Programme dated 7th June 2019, supplemented on 17th September 2019, on 27th September 2019 and on 14th October 2019
- **Listing:** Paris and Luxembourg
- **Contemplated Maturity:** Intermediate to long maturity
- **Planned size:** Benchmark
- **Use of proceeds:** Will be used to finance and/or refinance, in whole or in part, loans as defined in the SFIL Group Green Bond Framework available on the Issuer's website
(<https://caissefrancaisedefinancementlocal.fr/en/investor/covered-bonds-issuance/>)
- **Bookrunners:** Crédit Agricole CIB, HSBC, Natixis, Société Générale CIB, Unicredit
- **Green Structuring Advisor:** Natixis

* Caution: The Base Prospectus and any supplements and the final terms, when published, will be available on the website of the Issuer: www.caissefrancaisedefinancementlocal.fr/www.sfil.fr and of the Autorité des Marchés Financiers.

ISSUANCE OF GREEN BONDS

KEY TAKE AWAYS

- SFIL Group is the French **local government and large export financing agency, 100% public ownership** and status as **public development bank**
- *'...post-acquisition, SFIL will continue to benefit from an almost certain likelihood of extraordinary support from the French government.'* S&P Bulletin, October 10th 2019
- CAFFIL – the covered bond issuer of the group - is well established as the **leading issuer of public sector covered bonds in Europe**
- SFIL Group is a **leading lender for green and social projects** in areas including local public transport, water and waste management, public healthcare and education
- French local government responsibilities include key area for **green investments: clean local public transportation, waste management, water treatment**
- The planned Green Bond transaction by CAFFIL will focus on the **financing of green investments by French local authorities and fully aligned with Green Bond Principles**
- SFIL Group is committed to the development of the green bond market and plans to be a **regular issuer in this market**



Aligned with
Green Bond
Principles



SUSTAINALYTICS Second Party
Opinion

AGENDA

1. A PUBLIC SET UP WITH TWO PUBLIC MISSIONS
2. A SUSTAINABLE BUSINESS MODEL
3. GROUP FUNDING STRATEGY
4. ISSUANCE OF GREEN BONDS

5. APPENDIX

ANNEX

FINAL AGREEMENT - ARTICLE 429A CRR

Specific treatment of public development credit institutions under Article 429a CRR

Article 429a - Exposures excluded from the exposure measure

1. By way of derogation from Article 429(4)(a), an institution may exclude any of the following exposures from its exposure measure: ...
 - d) where the institution is a **public development credit institution**, the exposures arising from assets that constitute **claims on central governments, regional governments, local authorities or public sector entities** in relation to public sector investments and promotional loans
2. For the purposes of point (d) and (e) of paragraph 1, public development credit institution means a credit institution that meets all of the following conditions:
 - a) it has been established by a Member State's central government, regional government or local authority;
 - b) its activity is **limited to advancing specified objectives of financial, social or economic public policy** in accordance with the laws and provisions governing that institution, including articles of association, on a non-competitive basis. For these purposes, public policy objectives may include the provision of financing for promotional or development purposes to specified economic sectors or geographical areas of the relevant Member State;
 - c) its goal is **not to maximize profit or market share**;
 - d) subject to state aid rules, the central government, regional government or local authority has an **obligation to protect the credit institution's viability** or directly or indirectly guarantees at least 90% of the credit institution's own funds requirements, funding requirements or promotional loans granted.
 - e) it does not take covered deposits as defined in point (5) of Article 2(1) of Directive 2014/49/EU or in the national law of Member States implementing that Directive that may be classified as fixed term or savings deposits from consumers as defined in point (a) of Article 3 of

ANNEX

AGREEMENT IN PRINCIPLE DATED OCTOBER 9TH



AGENCE DES
PARTICIPATIONS
DE L'ETAT



Press Release

Paris, October 9th, 2019

Agreement in principle for the acquisition of SFIL by Caisse de Dépôts signed by the French Government, Caisse des Dépôts and La Banque Postale

Following the discussions disclosed on November 15th 2018, the French Government, Caisse des Dépôts and La Banque Postale announce that they have signed an agreement in principle regarding the transfer to Caisse des Dépôts (CDC) of the participations in SFIL's capital currently held by La Banque Postale (5%) and the French Government (75% of capital), excluding one ordinary share that the French Government would retain.

Caisse des Dépôts, holding a 20% stake, would become the reference shareholder of SFIL with 99,99% of its capital and materialize its commitment by a letter of support, supplemented by a letter of support from the French Government, maintaining SFIL's status as public development bank.

The French Government would appoint a censor sitting at SFIL's board of directors, considering the public interest missions entrusted to SFIL: financing local authorities and French public hospitals and export credit refinancing.

La Banque Postale will remain a key player into the scheme. Thus, it will renew in advance its partnership with SFIL until end-2026, for the distribution of mid-and long-term loans to public local authorities and French public hospitals.

This project would further streamline the organization of public financial institutions serving the territories, by associating them with a public development bank, the seventh largest French bank by assets and the first issuer of public-sector covered bonds in Europe.

SFIL will continue to be wholly-owned by public sector institutions as it is today: its shareholders will ensure that its financial strength is preserved and its economic base protected, while continuing to provide it with the necessary support in accordance with applicable regulations.

Closing of the transaction, which would occur during the first quarter of 2020, remains subject to several conditions including:

- Approval by Caisse des Dépôts's Supervisory Board
- Information or consultation of relevant staff representative bodies
- Signing of a binding contract
- Approval from the competent French and European administrative and regulatory authorities

ANNEX

AGREEMENT IN PRINCIPLE DATED OCTOBER 9TH



Paris, October 9, 2019

PRESS RELEASE

Agreement in principle for the transfer of SFIL to *Caisse des Dépôts* Group

Following the discussions announced on November 15th 2018, the French Government, *Caisse des Dépôts* and *La Banque Postale* announced today the signing of an agreement in principle for the transfer of majority of SFIL's capital to *Caisse des Dépôts et Consignations* (CDC).

On completion of the transaction, which should occur during the first quarter of 2020 subject to the necessary authorizations to be granted by the relevant administrative and regulatory authorities, CDC would own all of SFIL's share capital except for one ordinary share to be retained by the French State, alongside the right to appoint a censor on SFIL's board of directors.

CDC would become the reference shareholder of SFIL and demonstrate its commitment to upholding SFIL's status as public development bank by a letter of support, supplemented by a similar letter from the State.

The exclusive partnership between SFIL and *La Banque Postale* to finance the French local public sector would be extended in advance to 2026.

Established in February 2013 and, profitable since mid-2015, SFIL has become the first lender to local public authorities and public hospitals in France (€ 27 bn long-term loans granted) and the first liquidity provider for major export contracts (€ 7.4 bn of financing granted since 2016), thanks to its deep and efficient access to financial markets in the service of the French economy.

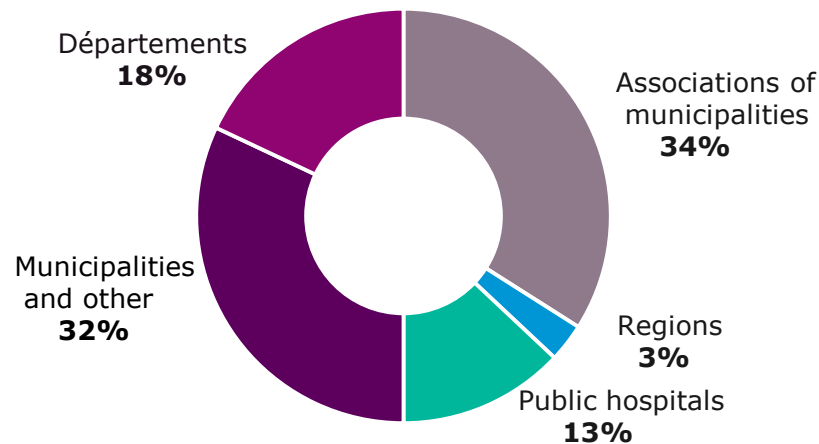
Building on their history of successes and deep expertise, SFIL and its team look forward to joining CDC Group and fully support the major public financial unit envisioned by the French Government, with the renewed ambition to offer better services to its customers and partners.

ANNEX

FOCUS ON FINANCING SOCIAL INFRASTRUCTURE

- SFIL Group is the first local public sector lender with **EUR 3.4 billion** new loans in 2017, **2018 lending of EUR 3.7 billion** and a market share between **20% and 25%** since 2014
- Focus on long maturities between **10 and 30 years** under amortizing format
- **Public hospitals with 13%** represent a significant part of the activity, SFIL has credit exposures to over 1000 public hospitals in France
- In 2018, 66% of new loans to public hospitals had a maturity above 15 years vs. 37% in 2013
- **Small minimum loan size** for public hospitals – in 2018 the smallest loan had a volume of 34k vs. EUR 50m for largest public hospital loan

2018 Local public sector lending

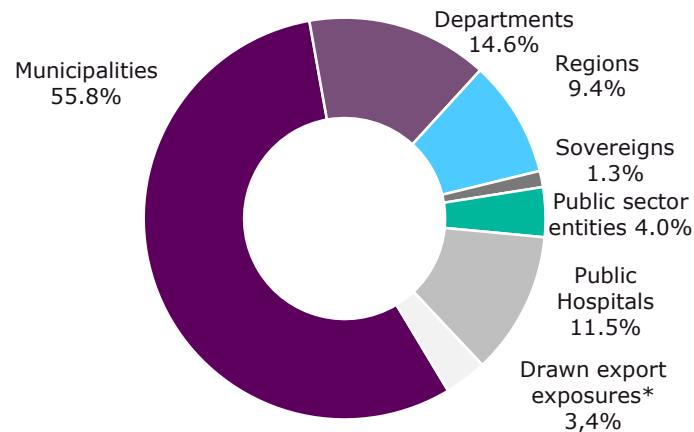
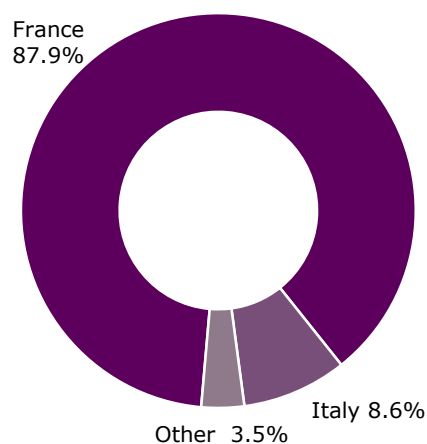


(La Banque Postale and SFIL local public sector lending 2018)

ANNEX

HIGHLY GRANULAR PUBLIC SECTOR PORTFOLIO

CAFFIL public sector portfolio as of June 30th 2019



*guaranteed by the French Republic

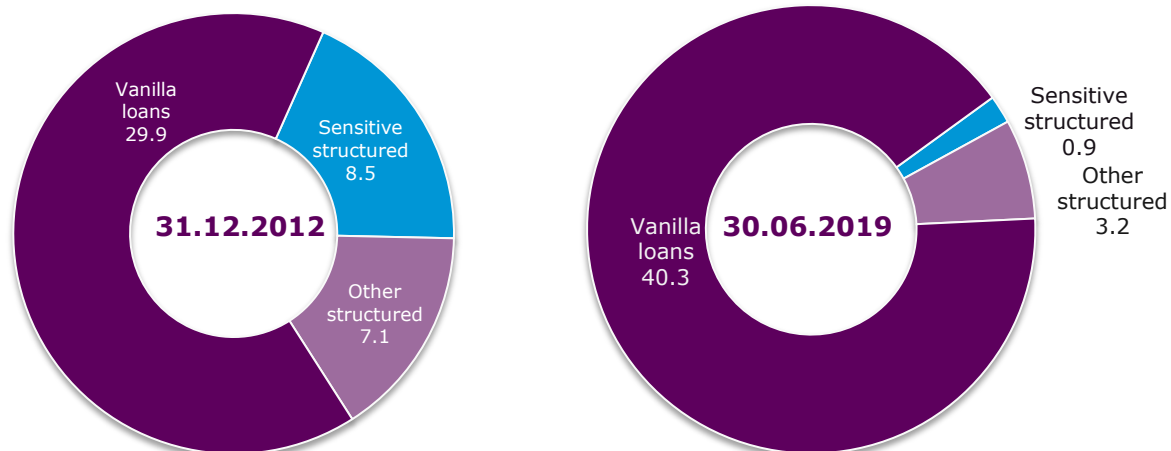
- High granularity with over **14,000 counterparties**
- Origination activity **limited to French assets** :
 - Local government and public hospital loans,
 - Export loans benefitting from a French State guarantee
- International legacy portfolio managed in runoff, **French assets to increase above 91%** over the coming 4 years
- The share of exposures linked to the **export activity** will increase gradually and should be **close to 15% within four to five years**

ANNEX

REDUCTION IN STRUCTURED LOANS SINCE THE CREATION OF SFIL

- Two support funds created by the French government in 2013 and 2014 helped to eliminate the **vast majority of sensitive structured loans**
- Since the creation of SFIL, the outstanding sensitive loans dropped from EUR 8.5 billion to EUR 0.9 billion (1.6% of the cover pool), a **decrease of 89%**.
- As of June 30th 2019 there were **16 remaining lawsuits** linked to structured loans, 207 counterparties have abandoned legal proceedings

Reduction in structured loans since the creation of SFIL (EUR billion)

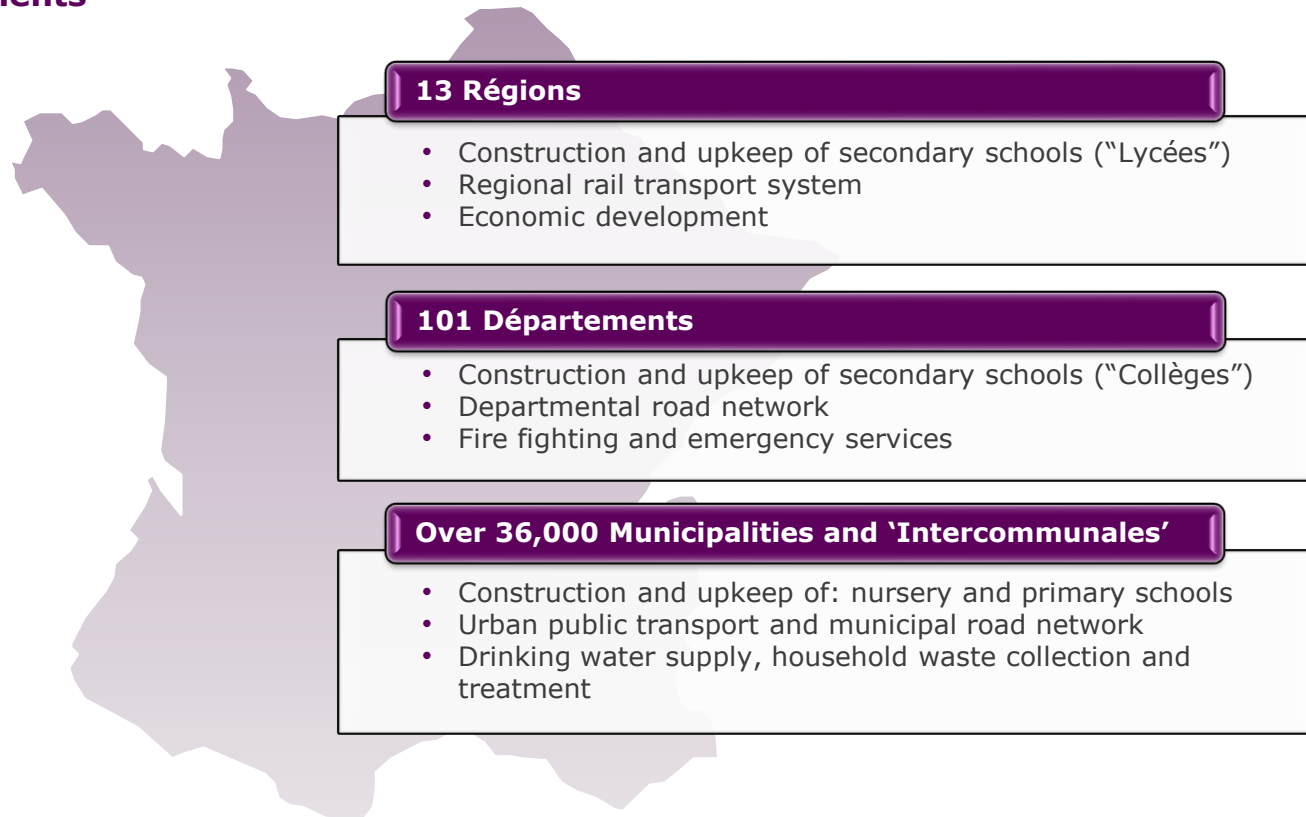


(all figures EUR billion), all figures CAFFIL

ANNEX

FIRST LENDER TO THE FRENCH LOCAL PUBLIC SECTOR

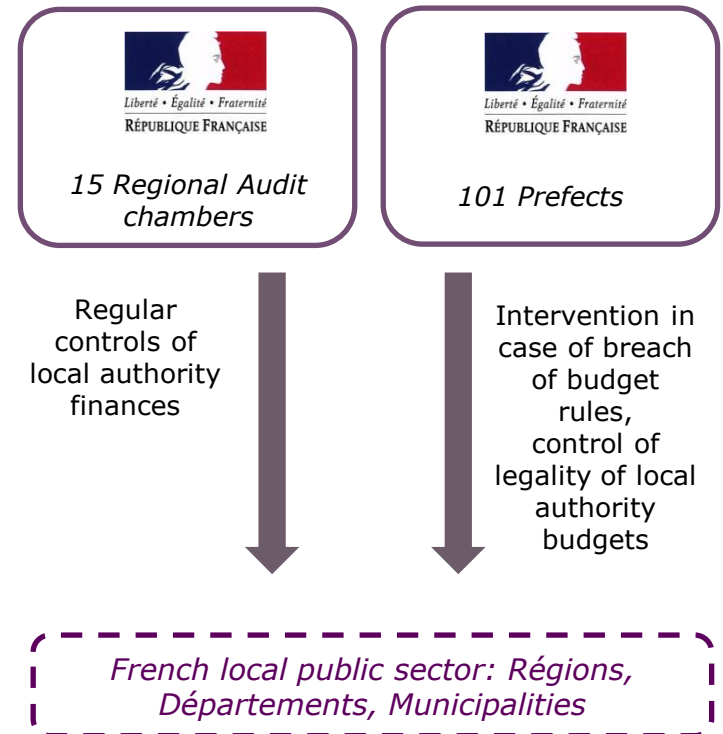
- French Local Authorities are in charge of **close to 60% of French public sector investments**



ANNEX

CONTROL FRAMEWORK AND BUDGET RULES

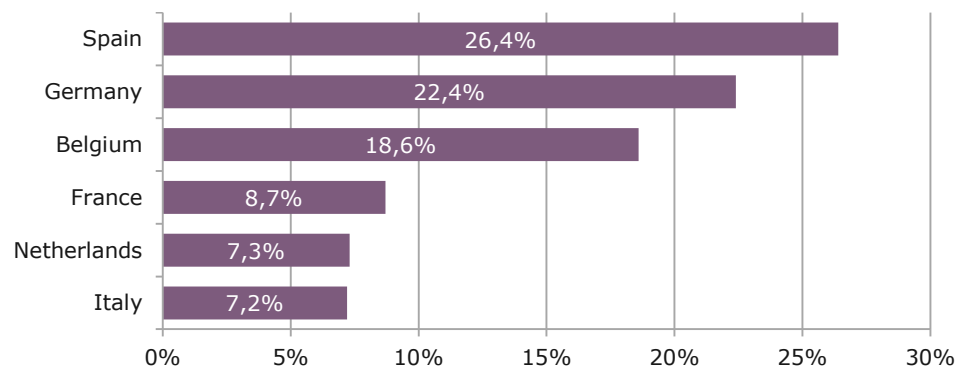
- Golden Rule as fundamental principle : local authorities may only **raise debt to finance new investments**
- **Strict state supervision** over all French Local Authorities through:
 - Controls of the legality of all decisions taken by the executive, **including the budget**
 - Controls by the **Regional Audit Chambers**
- **Prefect**, as the representative of the French State, has the right to:
 - Force a decrease in **current expenditures**
 - **Impose an increase in discretionary taxes** in cases of financial difficulty or breach of budget rules



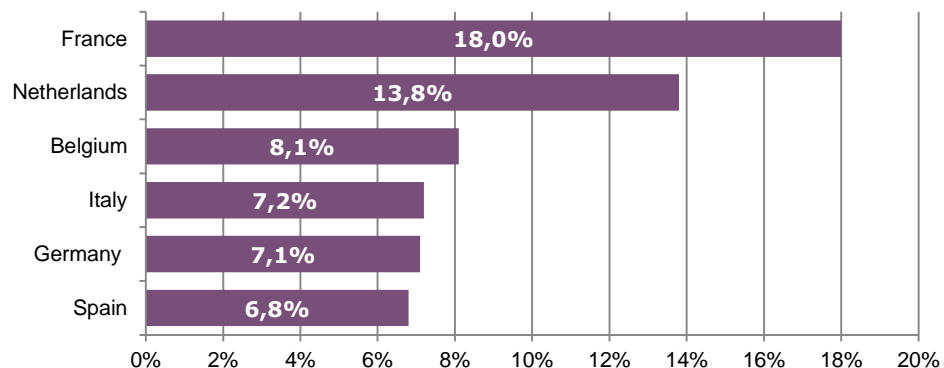
ANNEX

FRENCH LOCAL AUTHORITIES IN A EUROPEAN COMPARISON

French local authority debt at a low level of GDP in a European comparison



Investment share of Local and Regional Government Expenditures



(Source: Eurostat 2018 figures)

ANNEX

CAFFIL - LEADING COVERED BOND ISSUER

- **CAFFIL is the leading European public sector covered bond issuer** with outstanding above EUR 50 billion
- Very strong investor base with participation of **433 different investors** since 2013
- Issuance under SCF framework, cover pool limited to **public sector assets**
- Issuance under **hard bullet format**
- ECBC Covered Bond Label membership
- CAFFIL covered bonds are **CRR and UCITS compliant, LCR level 1, CBPP 3 eligible** and benefit from a **10% risk weighting** (standardized approach)
- Comfortable level of regulatory **overcollateralization of 11.6%** as of June 30th 2019

	<i>Moody's</i>	<i>S&P</i>	<i>DBRS</i>
<i>CAFFIL</i>	Aaa	AA+	AAA
<i>SFIL</i>	Aa3*	AA	AA (high)

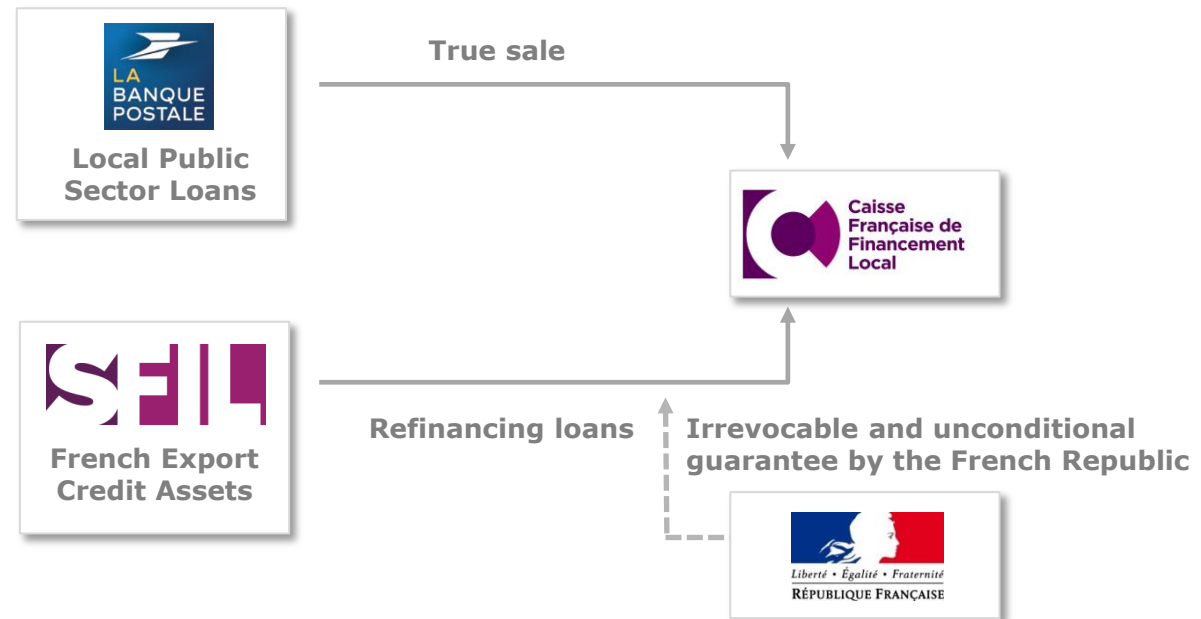
- Covered bond ratings of CAFFIL are capped one notch above SFIL for S&P

* Positive outlook

ANNEX

COVERED BOND ISSUANCE WITH ONE SINGLE COVER POOL

- **One single cover pool** for French local public sector loans and refinancing loans with French State guarantee
- Transfer of local public sector loans from La Banque Postale **via true sale to CAFFIL**
- Refinancing of export loans via a **refinancing loan from CAFFIL to SFIL** with an irrevocable and unconditional 100% guarantee by the French Republic (enhanced guarantee mechanism law n°2012-1510)



ANNEX

COVERED BOND FUNDING STRATEGY

- **Regular benchmark issuance in EUR** with a complete reference curve
- **Active private placement issuance** to meet investors needs under both EMTN and RCB format, focus on long maturities

Benchmark issuance

- interest for **medium to long duration**
- possible taps with a **minimum size of EUR 150m**
- Maximum outstanding volume per bond of **EUR 2 billion** (tap included)

Private placement activity

- Possibility of **lightly structured pay-off** in EUR including single callable and CMS-linked issuance
- Currencies for vanilla issuance: EUR, CHF, GBP, JPY, USD
- Minimum size: **EUR 10m** – no Maximum size, RCB assignment flexibility: EUR 1m

ANNEX

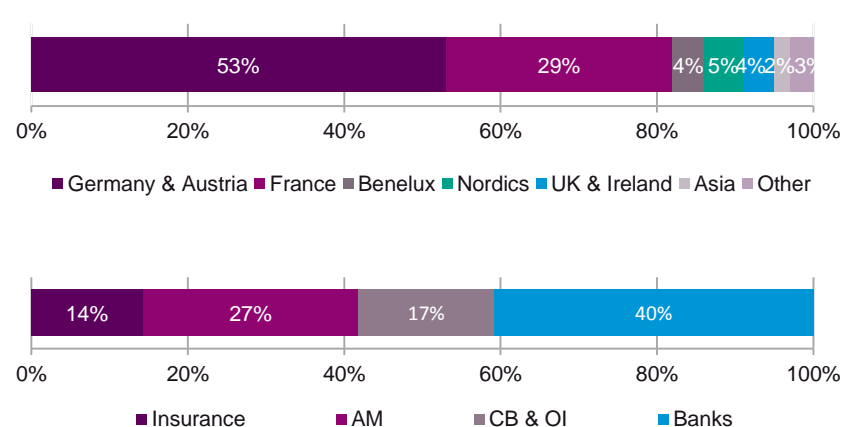
CAFFIL - EUR 1.25 BILLION DUAL TRANCHE TRANSACTION

- Great success of the first public transaction of CAFFIL in 2019 launched on January 8th 2019
- **EUR 1.25 billion dual tranche transaction** (6 and 15 years)
- A **consolidated order book of EUR 2.4 billion** reflecting the strong investor demand for both tranches with **110 different investors involved**

Terms & Conditions

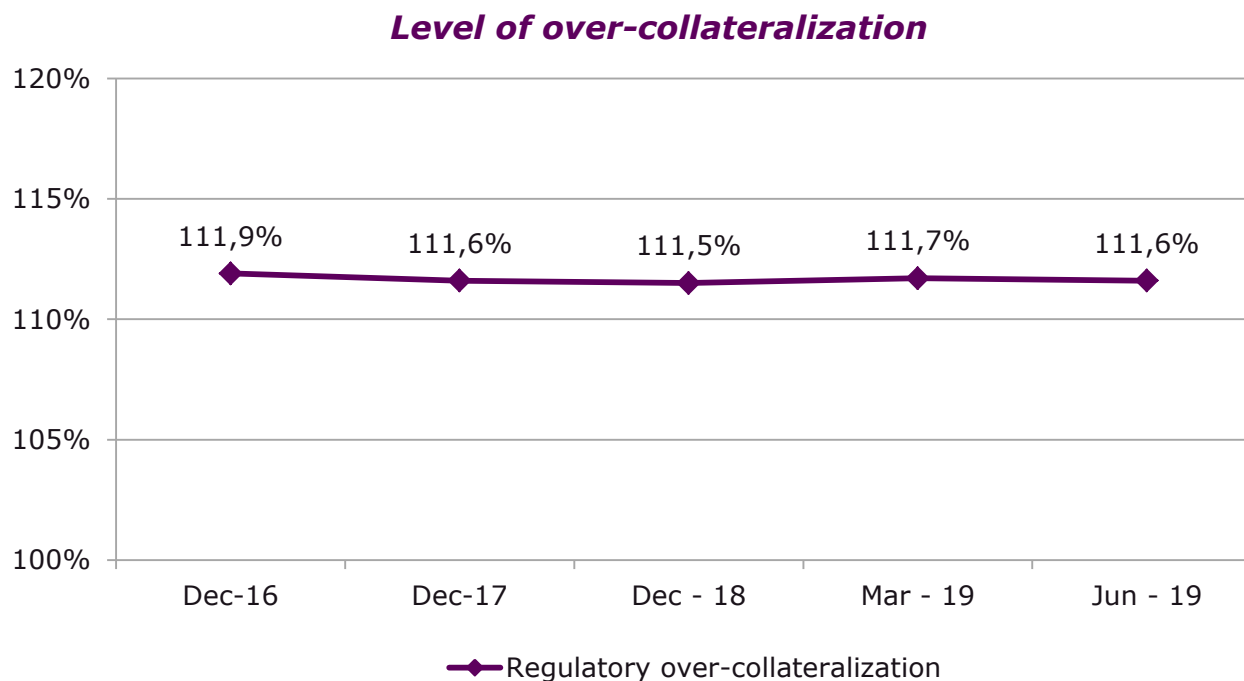
	6 Y tranche	15 Y tranche
Volume	EUR 750 m	EUR 500 m
Coupon	0.500%	1.450%
Trade date	08/01/2019	08/01/2019
Maturity date	16/01/2025	16/01/2034
Reoffer Spread	MS +16 BP	MS + 31 BP
	OAT +36 BP	OAT +34 BP
Reoffer Yield	0.513%	1.493%

Investor distribution



ANNEX

CAFFIL – COVERED BOND PROGRAM OVER-COLLATERAL



- Over-collateralization levels required by rating agencies: Moody's: 105% (February 2019), S&P: 109% (April 2019), DBRS: 105% (September 2018)

ANNEX

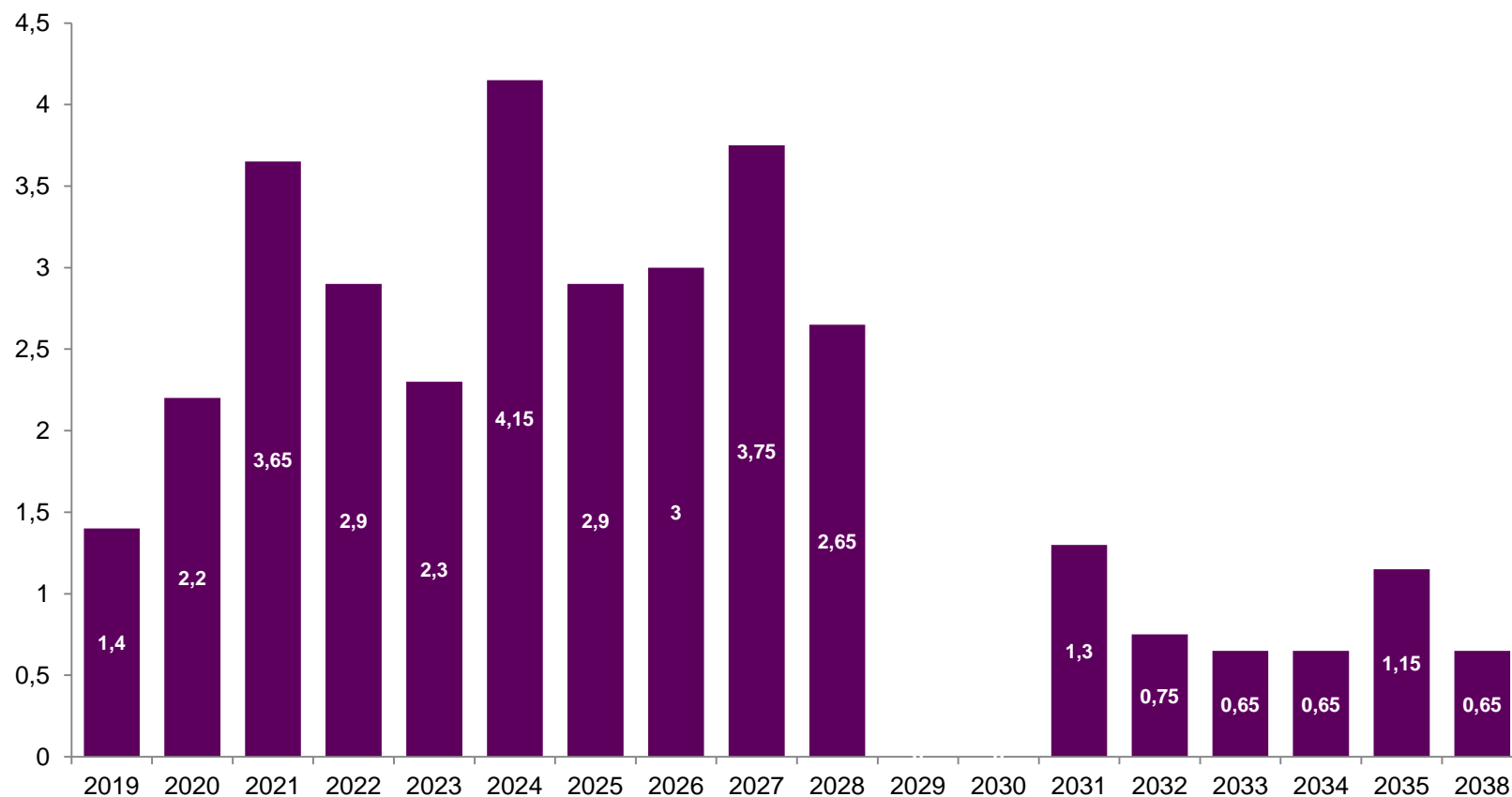
CAFFIL – SIX YEARS OF FUNDING ACTIVITY

2013 - 2018 benchmark issuance

Issue date	Transaction	Volume	Spread vs MS	Spread vs OAT
June 2018	1.500% CAFFIL 26/06/2038	EUR 500 m	+14 bps	+26 bps
April 2018	1.000% CAFFIL 25/04/2028	EUR 1.5 bn	+4 bps	+26.5 bps
Jan 2018	1.125% CAFFIL 19/01/2033	500 m	Flat	+10 bps
Jan 2018	0.500% CAFFIL 19/01/2026	1 bn	-10 bps	+17 bps
Sept 2017	0.750% CAFFIL 27/09/2027	EUR 750 m	-2 bps	+13 bps
May 2017	1.250% CAFFIL 11/05/2032	EUR 750 m	+20 bps	+14 bps
May 2017	0.375% CAFFIL 11/05/2024	EUR 1 bn	-5 bps	+15 bps
Jan 2017	0.750% CAFFIL 11/01/2027	EUR 1.5 bn	+8bps	+1.5bps
Nov 2016	1.125% CAFFIL 01/12/2031	EUR 500 m	+17 bps	+1 bps
June 2016	0.375% CAFFIL 23/06/2025	EUR 1 bn	+4 bps	+14 bps
April 2016	0.625% CAFFIL 13/04/2026	EUR 1.25 bn	+14 bps	+26 bps
Jan 2016	0.500% CAFFIL 13/04/2022	EUR 1 bn	+7 bps	+25 bps
Jan 2016	1.500% CAFFIL 13/01/2031	EUR 500 m	+25 bps	+8 bps
Oct 2015	0.625% CAFFIL 26/01/2023	EUR 1 bn	+5 bps	+20.5bps
Sept 2015	1.125% CAFFIL 09/09/2025	EUR 1 bn	+3 bps	-5.5bps
April 2015	0.200%CAFFIL 27/04/2023	EUR 1 bn	-11 bps	+9 bps
Jan 2015	1.250% CAFFIL 22/01/2035	EUR 500 m	+19 bps	+4 bps
Sept 2014	0.375% CAFFIL 16/09/2019	EUR 1.25 bn	-1 bp	+21 bps
April 2014	3.000% CAFFIL 02/10/2028	EUR 1 bn	+37 bps	+2 bps
Jan 2014	2.375% CAFFIL 17/01/2024	EUR 1 bn	+36 bps	+6 bps
Sept 2013	3.000% CAFFIL 02/10/2028	EUR 500 m	+50 bps	+7 bps
Jul 2013	1.750% CAFFIL 16/07/2020	EUR 1 bn	+31 bps	+27bps

ANNEX

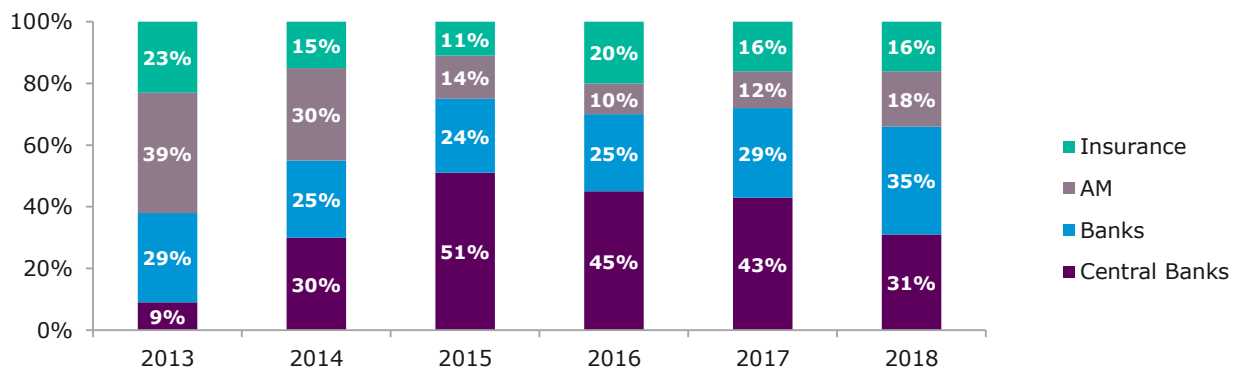
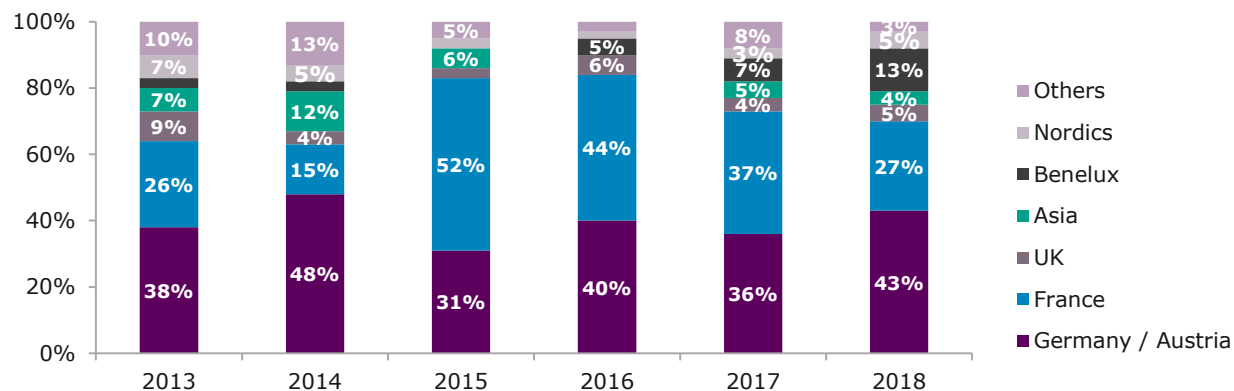
CAFFIL – EUR REFERENCE CURVE EVOLUTION



ANNEX

CAFFIL – SIX YEARS OF FUNDING ACTIVITY

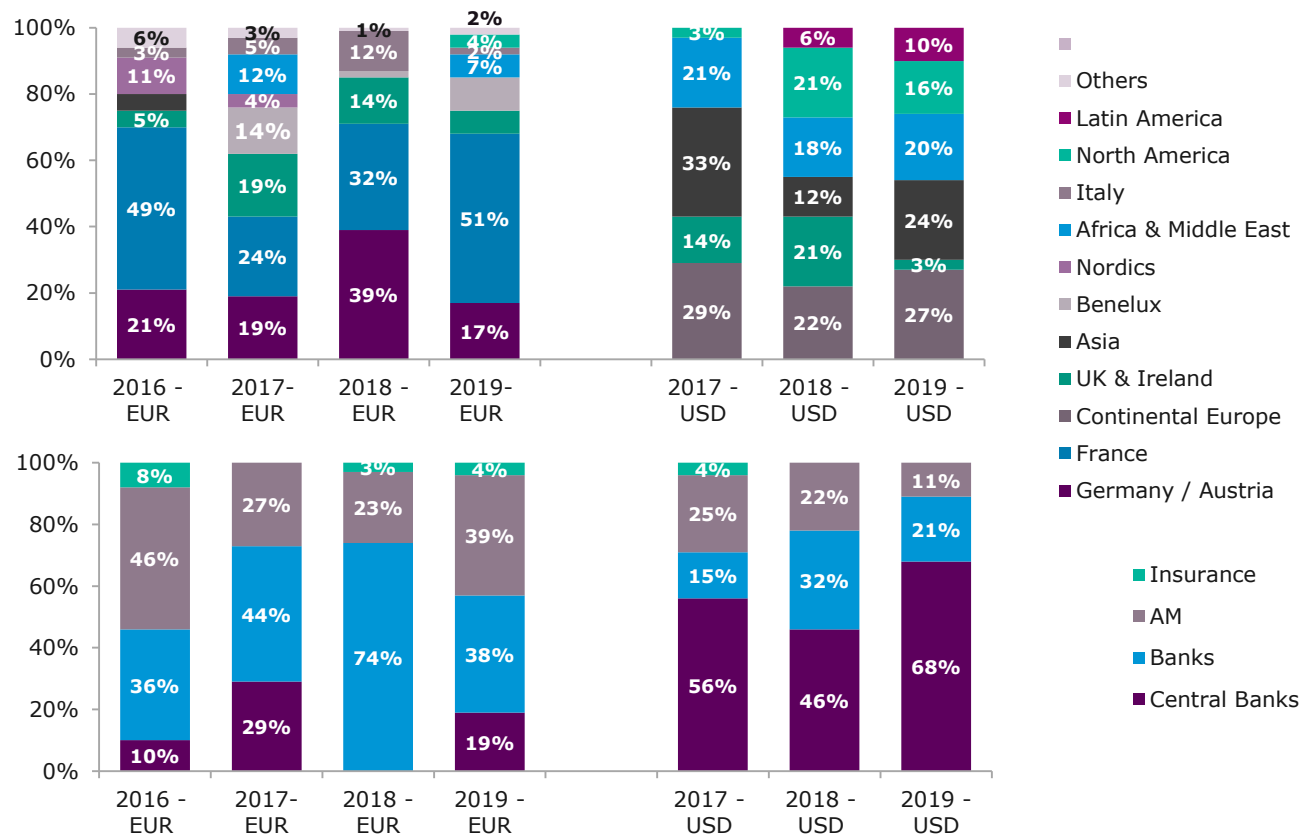
Investor breakdown of 2013 - 2018 benchmark issuance



ANNEX

SFIL – USD AND EUR BENCHMARK ISSUANCE

Investor breakdown of 2016 - 2018 benchmark issuance



ANNEX

SFIL – USD AND EUR BENCHMARK ISSUANCE

EUR benchmark issuance

Issue date	Transaction	Volume	Spread vs MS	Spread vs OAT
May 2019	0,000% SFIL 24/05/2024	EUR 1 bn	+3,8 bps	+29 bps
January 2018	0.750% SFIL 06/02/2026	EUR 1 bn	-5 bps	+20 bps
October 2017	0.100% SFIL 18/10/2022	EUR 1 bn	-13.4bps	+21 bps
October 2016	0.125% SFIL 18/10/2024	EUR 1 bn	Flat	+21 bps

USD benchmark issuance

Issue date	Transaction	Volume	Spread vs MS	Spread vs UST
April 2019	2.625% SFIL 25/04/2022	USD 1.25 bn	+18 bps	+24.8 bps
June 2018	3.000% SFIL 21/06/2021	USD 1 bn	+19 bps	+42 bps
June 2017	2.000% SFIL 30/02/2020	USD 1 bn	+33 bps	+49.3 bps

ANNEX

SOCIAL BOND FRAMEWORK IN LINE WITH ICMA PRINCIPLES

<i>Use of proceeds</i>	Social notes will be used to finance and/or refinance the portfolio of loans to French public hospitals (new loans and loans originated since 2013)
<i>Process for Project Evaluation and Selection</i>	Investment plans of public hospitals are coordinated by the Regional Health Agencies ensuring that investments are in line with overall public healthcare objectives In addition, the credit decision by SFIL is in part based on an extra-financial analysis of the public hospital to assess the Healthcare Added Value ("HAV") of a public hospital
<i>Management of proceeds</i>	internal systems track the use of proceeds of the Social Notes and monitor the Health Loan Portfolio. Social Notes are managed under a portfolio approach , i.e. the total outstanding amount of Social Notes is always lower than the size of the Health Loan Portfolio
<i>Reporting</i>	Allocation reporting will be available within one year from the date issuance and annually thereafter until full allocation. In addition, SFIL will report on social impact indicators



ANNEX

FINANCING OF FRENCH PUBLIC HOSPITALS

- The Social Bond framework of SFIL Group – for **issuance by both SFIL and CAFFIL** - has been set up to provide financing for investments by French public hospitals
- **Under the French public health act** ('Code de la Santé Publique'), public hospitals have clearly defined health policy and social policy missions :
 - Provision of **public health services for the whole population**
 - Reducing **social inequalities, gender inequality and regional inequalities**
 - Medical treatment is available people in a situation of hardship (the elderly, poor, homeless) and free of charge in the **absence of health insurance** cover
 - **Administrative help** is made available ensure full access to public services



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