THE FRENCH AGENCY SUPPORTING LOCAL INVESTMENT AND EXPORT

SFIL GROUP SOCIAL NOTE FRAMEWORK

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Any such event or failure to apply the proceeds of any issue of Social Bonds for any asset as aforesaid and/or withdrawal of any such opinion or certification or any such opinion or certification attesting that the Issuer is not complying in whole or in part with any matters for which such opinion or certification is opining or certifying on may have a material adverse effect on the value and marketability of such Social Bonds and also potentially the value of any other Social Bonds and/or result in adverse consequences for certain investors with portfolio mandates to invest in securities to be used for a particular purpose. For the avoidance of doubt, it is however specified that payments of principal and interest (as the case may be) on the Social Bonds shall not depend on the performance of the relevant asset.

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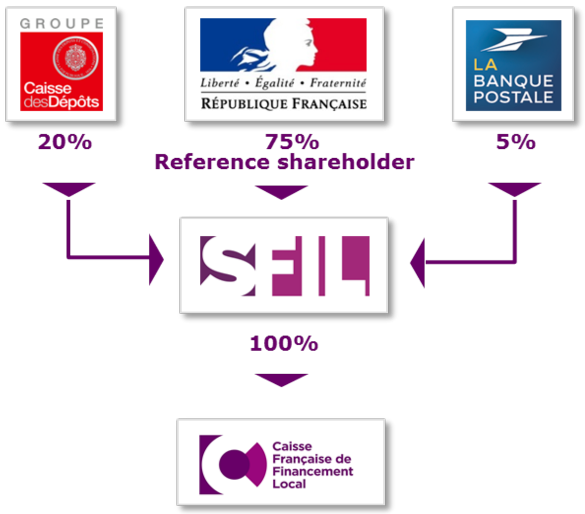
1. Introduction to SFIL Group

SFIL is the French local government and export financing agency. SFIL was created on February 1st, 2013 with the public policy mission to provide long dated funding for French local public sector investments. SFIL has the status of public development bank under European Union regulations. Since May 2015, SFIL also acts as a refinancing platform for large export contracts guaranteed by the French Republic.

SFIL is a 100% publicly owned fully regulated financial institution supervised by the ECB. The French Republic Government is the principal shareholder, with a 75% stake in its capital, the remainder being owned by Caisse des Dépôts et Consignations (20%) and La Banque Postale (5%). In November 2018 the French Republic and CDC announced the initiation of talks aimed at transferring the controlling stake in SFIL to Caisse des Dépôts et Consignations. This transfer will not impact the degree of commitment of the State to protect the economic basis of SFIL.



SFIL works closely with La Banque Postale as commercial partner for the origination of local government and public hospital loans. With a market share between 20% and 25% in local public sector, the setup is the leading finance provider in France for local public sector investments. On average, funding provided for French public hospital investments represents over 10% of all French local public sector funding provided by SFIL Group.

For the refinancing of export loans, SFIL acts as refinancing platform for banks working with French exporters. The refinancing activity is limited to 100% French government exposures. Export credit guarantees are managed by Bpifrance Assurance Export with the insurance provided directly by the French Republic. The State has announced plans to widen the scope of the French public export guarantee mechanism - and the mission of SFIL - to include strategic projects for the French economy from 2019 onwards.

SFIL Group raises funding on capital markets via regular issuance by its subsidiary Caisse Française de Financement Local (CAFFIL) and via direct issuance by SFIL:

- Covered bonds (obligations foncières) issued by CAFFIL represent the main source of funding for SFIL group. Loans to the French Public Sector are held on the balance sheet of CAFFIL and investors have a direct claim on these assets in case of insolvency of the issuer. CAFFIL has the legal status of Société de Crédit Foncier as defined by the Monetary and Financial Code. Covered bonds (obligations foncières) issued by CAFFIL comply with the requirements of article 52 of the Directive on Undertakings for Collective Investment in Transferable Securities (UCITS) and article 129 of the Capital Requirements Regulation (CRR).
- Since 2016, SFIL finances its activity via regular issuance of benchmark bonds in the agency market segment. In addition, since 2015 SFIL's short dated funding is raised via a French law domestic commercial paper program.

Focus on financing social and green investments in France

SFIL was set up by the State in 2013 with the mission to provide long dated funding for French local governments and public hospital investments. The French local public sector plays a key role for social infrastructure investment with a wide range of responsibilities

including:
- construction and upkeep of nurseries, kindergartens, primary and secondary schools
- local public transportation
- basic services such as drinking water supply, sewers, waste collection and treatment infrastructure
- municipal police forces
- public healthcare facilities

For the year 2016, French local governments accounted for close to 60% of all French public sector investments.

2. Rationale to issue Social Bonds

By the nature of its business, which includes providing long term funding for the French local public sector, SFIL has a social responsibility and contributes to the achievement of the United Nations Sustainable Development Goals (SDG), notably:
- SDG 3 - Ensure healthy lives and promote wellbeing for all at all ages,
- SDG 4 - Ensure inclusive and quality education for all and promote lifelong learning,
- SDG 9 - Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation, and
- SDG 11 - Make cities and human settlements inclusive, safe, resilient and sustainable.

SFIL Group is further developing its funding strategy to better reflects this ambition and social responsibility. To that end, Social Bonds are to become a substantial part of its toolbox for funding sustainable investments.

SFIL Group is convinced that Social Bonds are an effective tool to channel investments towards assets that have social benefits and to provide transparency to investors.

With the hope to broaden its investor base by attracting investors that seek to focus their investments on socially friendly assets, SFIL Group has designed this document (the Social Note Framework) in accordance with ICMA Social Bond Principles 2018. This Social Bond therefore aligns with market best practices.

3. SFIL Group Social Note Framework

Social Bonds, as defined in this Social Note Framework, may be covered bonds (obligations foncières) issued by CAFFIL or bonds issued by SFIL:
- Social covered bonds (obligations foncières) issued by CAFFIL will be used to refinance or finance the Eligible Health Loan Portfolio as defined in 3.1. All loans to the public healthcare sector are held on the balance sheet of CAFFIL
- Social bonds issued by SFIL are direct, unconditional, unsecured and unsubordinated obligations of SFIL. Net proceeds of Social Bonds issued by SFIL will be used to refinance or finance the Eligible Health Loan Portfolio as defined in 3.1. by providing funding to CAFFIL

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

3.1. Use of proceeds

An amount equivalent to the net proceeds of the Social Bond issues will be used to finance and/or refinance, in whole or in part the Health Loan Portfolio as defined below.

The "Health Loan Portfolio" consists of all existing and future public hospital loans originated by SFIL Group since 2013, in accordance with the French public hospital policy as defined by the French Law in the "Code de la Santé Publique" and contributing to the public hospital sector responsibilities, including:

- Provision of public health services for the whole population, regardless of the income, social or financial status, at any time, and for all medical and surgical specialties, all diagnostic and therapeutic possibilities, including rare diseases or extremely expensive, complex and long-term treatments;
- Research to continually improve care and develop new treatments;
- Training of doctors, midwives, pharmacists, dentists, healthcare executives, nurses, etc.

French law specifically requires public hospitals to provide support to vulnerable populations:

- Public hospitals are a key tool of the French health policy. One key objective of this policy is to reduce social inequalities, gender inequality and regional inequalities (article L1411-1 of the Code de la Santé Publique)
- Public hospitals have the mission to make necessary medical treatment available to each and every person, and to provide a continuous access to medical treatment (article L1110-1 of the Code de la Santé Publique). Any kind of discrimination for the access to medical treatment is explicitly prohibited (article L1110- 3).
- Provision of medico-social services targeting people in a situation of hardship (for example the elderly, the poor, the homeless). In the absence of health insurance cover, these services are provided free of charge : the French universal health insurance system (couverture médicale universelle - CMU) ensures access to medical treatment for people in a situation of hardship as no advances in cash are required for treatment by public hospitals. In addition, public hospitals provide administrative help and assistance to ensure full access to public services (article L. 6111-1-1 of the Code de la Santé Publique).
- Provision of healthcare services across all territories in France, including the most isolated territories (article L. 6112-2 of the Code de la Santé Publique)

3.2. Process for Asset Selection and Evaluation

In France, resources allocated to public hospitals are defined by the Regional Healthcare Agencies (ARS – Agences Régionales de Santé in French) in the annual Regional Healthcare Project (PRS – Projet Régional de Santé in French) based on a concertation with the different stakeholders. The role of Regional Healthcare Agencies is defined in the Code de le Santé Publique (art. L. 1431-2). In practice, Regional Healthcare Agencies are responsible for coordinating the different healthcare activities over the territory and allocating the related budget to the different public healthcare infrastructures. They are also in charge of all the health monitoring and the prevention of environmental and social risks related to safety issues among the region and within those infrastructures. SFIL's public mission consists in refinancing those loans to public hospitals after the financing decision was taken at the Regional Healthcare Agencies' level.

All public hospital loans financed by SFIL go through the same process of evaluation prior to approval.

Before the French public hospital loan is approved for transfer to SFIL, the Credit Risk department performs a two-step credit analysis:

1. The Financial analysis of the public hospital
2. The extra-financial analysis of the public hospital

The extra-financial analysis is performed by the Credit Risk department to assess the Healthcare Added Value ("HAV") of public hospitals, estimated as the quality of the medical coverage provided to all populations, in all areas in France.

For that purpose, the Credit Risk department has developed an internal proprietary scoring methodology. This methodology allows to calculate a Healthcare Added Value of each public hospital in the following medical specialties: Medicine, Surgery, Obstetrics ("MCO"), Psychiatrics, Follow-up and Rehabilitation Care, and Elderly care. The objective is to define for each of these medical specialties the social importance of the public hospital in its geographical area. To that extent, different indicators are taken into account within the assessment depending on the specialty, as shown in the table below:

Main Specialties	*Médecine Chirurgie Obstétrique (MCO) Medicine, Surgery, Obstetrics*	*Psychiatrie (PSY) Psychiatry*
Social Objective 1	For these two main medical specialties, the HAV of a public hospital depends on its capacity to deliver a wide and comprehensive medical coverage to a large population. The relative size of the hospital in its area and its wide-range of services are therefore key to determine its HAV. The best existing indicator to capture these aspects is therefore the market share of the hospital in its geographic area, based on the number of stays, compared to other medical institutions (e.g., private clinics)	
Social indicator 1 Used for HAV Scoring	Hospitals market share in its geographical area (department) Number of MCO stays in the public hospital divided by the total number of MCO stays in the department	Hospitals market share in its geographical area (department) Number of PSY stays in the public hospital divided by the total number of PSY stays in the department
Social objective 2	In addition to the size / comprehensiveness of the hospital, captured by the market share, the HAV of a MCO hospital services increases as it is located in geographic areas with increased population growth	For PSY, in addition the the size / comprehensiveness of the hospital, the HAV needs to capture the necessity of PSY services to be well distributed geographically, as such specialty is needed everywhere in France and as it is insufficiently developed in France
Social indicator 2 Used for HAV Scoring	Demographic growth rate in the department	Equipment rate for PSY services in the department

Additional Specialties	*Soin de Suite et Réadaptation (SSR) - Follow up and rehabilitation care*	*Prise en charge des Personnes Agées (PPA) - Elderly care*
Social objective	The HAV of SSR in a public hospital is related to the capacity of such service to host people coming out of other services (i.e. mainly from MCO & PSY). The level of activity in this medical specialty is therefore the best proxy of its HAV	PPA is a side activity to MCO, PSY and SSR. The most important social feature is that this service must be available, as much as possible, everywhere in France
Social indicator used for the Scoring	Occupation rate of this service	Department equipment rate for PPA services

Output = [0-100] Healthcare Added Value Scoring for each Hospital Based on a weighted average of the criteria mentioned above

The HAV of any hospital is a key decision factor before SFIL finances or extends a loan to any French Public Hospital; however there is no minimum threshold. Overall, volumes of credit made available will be higher for hospitals with high HAV scores.

Important loan decisions will be taken by the Credit Risk Committee chaired by the deputy CEO. All credit risk procedures and methodologies relating to public hospitals are reviewed by the Credit Risk Committee. The CEO, CFO, CRO and internal audit are all represented on the risk committee.

To ensure transparency on the allocation, a report including details of the Health Loan Portfolio based on the data submitted by the Credit Risk Department (e.g. identification of the public hospital, HAV score, amount of lending outstanding) is coordinated and maintained by Head of Investor Relations within SFIL Group Treasury & Financial Markets Department ("TMF"). TMF senior management is fully implicated in this process which also involves Risk Department, Accounting Department and Middle Office of the Public Sector Loan Management Division.

3.3. Management of Proceeds

SFIL Group has set up internal systems to track the use of proceeds of its Social Bonds and has established a register to monitor the Health Loan Portfolio. SFIL Group will manage its Social Bonds with a portfolio approach, i.e. making sure that the total outstanding amount of Social Bonds is always lower than the size of the Health Loan Portfolio.

Pending the full allocation of the net proceeds to the Health Loan Portfolio, SFIL Group will keep record of the remaining balance of unallocated Social Bonds proceeds and invest such unallocated amount in money market products as per SFIL's treasury policy.

The auditors will be requested to verify annually the allocation of the Social Bonds proceeds as documented in section 4.2.

3.4. Reporting

3.4.1. Allocation reporting

Allocation reporting will be available to investors within one year from the date of each Social Bond issuance and annually thereafter until the net proceeds have been fully allocated [and on a timely basis in the case of material developments]

The report will provide:

- the total amount of proceeds allocated to the Health Loan Portfolio
- the number of loans in the Health Loan Portfolio
- the average lifetime of the loans

3.4.2. Impact reporting

Where possible, SFIL intends, on a best effort basis, to report annually and until full allocation on social impact indicators of the Health Loan Portfolio. However, as the large number of underlying loans limits the amount of detail that can be made available, information will be presented in generic terms or on an aggregated portfolio basis (e.g. percentage allocated on a regional basis).

For illustration, SFIL will consider using the following indicative reporting indicators:

- Number of places and beds[1]
- Number of hospital stays[2] (stays of one or several days)

Additionally, when appropriate and subject to confidentiality obligations, SFIL may provide examples of French public hospitals investments which benefited from the financing of the Social Bond.

Both the allocation report and impact report will be made available via the SFIL's website.

In case several Social Bonds are issued within the year, there will be a single annual reporting for all Social Bond issuances under the Social Note Framework. The annual reporting is intended to follow the guidelines of the Social Bond Principles published by the International Capital Market Association, as amended from time to time.

[1] The number of places and beds measure the capacity of the hospitals. "Places" are used for partial hospitalization (medical treatments of less than 1 day) and "beds" are used for complete hospitalization (medical treatments of more than 1 day)

[2] The number of stays measures the number of visits in the hospital, independently from the visit duration (within one day or over several days)

4. External review

4.1. Second Party Opinion

Sustainalytics has been selected to assess the sustainability, transparency and governance of SFIL Group's Social Note Framework and its compliance with the ICMA Social Bond Principles 2018. The results will be documented in Sustainalytics' Second-Party Opinion, which will be available on SFIL Group's website.

4.2. External Verification

The allocation of the Social Bond net proceeds to the Health Loan Portfolio will be verified by the SFIL Group's auditors on an annual basis, starting within one year after issuance and until full allocation of the Social Bond proceeds.

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